



City of Avondale

City Council Meeting

Monday, May 1, 2023

Mayor and Council

Kenneth Weise, Mayor

Mike Pineda, Vice Mayor

Tina Conde, Council Member | Curtis Nielson, Council Member

Veronica Malone, Council Member | Gloria Solorio, Council Member

Max White, Council Member

Administration

Ron Corbin, City Manager

Cherlene Penilla, Assistant City Manager | Tracy Stevens, Assistant City Manager

Nicholle Harris, City Attorney | Marcella Carrillo, City Clerk

City Council Chambers

11465 West Civic Center Drive

Avondale, AZ 85323



City Council Meeting
Notice & Agenda
Monday, May 1, 2023

CITY COUNCIL CHAMBERS | 11465 WEST CIVIC CENTER DRIVE | AVONDALE, AZ 85323

**SPECIAL MEETING
5:30 PM
CALL TO ORDER BY MAYOR**

- 1. ROLL CALL BY THE CITY CLERK**
- 2. EMPLOYEE INTRODUCTION AND ANNOUNCEMENTS (DISCUSSION ONLY)**

City Attorney's Office

- Lisa Fitch, Legal Assistant

Development Services Department

- Frank Gonzalez, Building Plans Examiner

Human Resources Department

- Andy Mesquita, Human Resources Director
- Phil Cundiff, Risk Manager (Industrial Commission of Arizona and Arizona OSHA Recognition)

Information Technology Department

- Jacob Hunter, Help Desk Technician

Neighborhood & Family Services

- Alexia Grady, Management Analyst
- Anthony Quesada, Family Education Assistant
- Jaime Moen, Housing Rehabilitation Coordinator
- Mariela Gonzalez, Youth & Community Engagement Coordinator
- Mayra Garibo-Davila, Administrative Assistant
- Yvonne Bravo, Administrative Assistant

Office of Public Safety

- Gemma Nazerau, Administrative Assistant

Police Department

- Jonathon Martin, Assistant Chief (Promotion)
- Tom Alt, Lieutenant (Promotion)

Police Department (Continued)

- Morgan Ayers, Sergeant (Promotion)
- Joshua Selby, Sergeant (Promotion)
- Alyssa Taylor, Park Ranger
- Araceli Gonzales, Park Ranger
- Benjamin Beebe, Officer
- Leslie Green, Officer
- Jake McMains, Officer
- Roberto Cruz, Officer
- Juan Galindo, Officer
- Emanuel Johns, Officer
- Sean Wallace, Officer

3. PROCLAMATION - ECONOMIC DEVELOPMENT AND TRAVEL & TOURISM WEEK

The City Council will present a proclamation recognizing May 7 through May 13, 2023, as Economic Development and Travel & Tourism Week. This item is for discussion only.

4. ADJOURNMENT

Request to Speak: Anyone wishing to address the Council regarding items listed on the agenda or under unscheduled public appearance should submit a Request to Speak online at <http://www.avondaleaz.gov/requesttospeak> prior to consideration of that agenda item.

REGULAR MEETING 6:00 PM

CALL TO ORDER BY MAYOR PLEDGE OF ALLEGIANCE & MOMENT OF REFLECTION

1. ROLL CALL BY THE CITY CLERK

2. UNSCHEDULED PUBLIC APPEARANCES (Time is limited per person. Please state your name.)

3. PRESENTATION ITEM

a. CITY COUNCIL CHAMBER AUDIO AND VIDEO CHANGES

City Council will receive an update from staff regarding the audio and video changes to the Council Chamber. This item is for discussion only.

4. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

a. MINUTES

City Council will consider a request to approve the March 21, 2023 and April 3, 2023 City Council meeting minutes. The Council will take appropriate action.

b. AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH THE CITY AUDITOR, BARBARA COPPAGE

City Council will consider a request to approve an amendment to the Employment Agreement with City Auditor, Barbara Coppage and authorize the Mayor, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

c. RE-APPOINTMENT OF JUDGES PRO TEMPORE

City Council will consider a request to re-appoint the existing judges pro tempore to two-year terms expiring on June 1, 2025 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

d. SERIES 10 (BEER AND WINE STORE) LIQUOR LICENSE - HOME2SUITES BY HILTON

City Council will consider a request to recommend approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by Amy S Nations for the sale of alcohol at Home2Suites by Hilton located at 10275 W McDowell Road in Avondale and authorize the City Clerk to execute the necessary documents. The Council will take appropriate action.

e. VEHICLE PURCHASE BUDGET AND AWARD AUTHORITY

City Council will consider a request to: (a) approve a budget amendment in the amount \$645,000 from the Unanticipated Revenue line item for the purpose of ordering replacement vehicles scheduled for FY2024; (b) authorize administrative award authority for the outlined vehicle purchases; and (c) authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

f. RESOLUTION 1021-0523 - 2023-2024 HUD ANNUAL ACTION PLAN

City Council will consider a request to adopt Resolution 1021-0523 approving the City's 2023-2024 Annual Action Plan, identifying housing and community development needs and strategies and defining how Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds will be allocated next fiscal year and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

g. MAP OF DEDICATION - FULTON HOMES ACCLAIM - 99TH AVENUE - APPLICATION PL-22-0142

City Council will consider a request by Meikle Garrett of EPS Group, Inc., on behalf of the property owner, Fulton Homes, for approval of "Map of Dedication for Fulton Homes Acclaim – 99th Avenue", a Map of Dedication (MOD) to dedicate 37 feet of right-of-way along the 99th Avenue frontage of the Fulton Homes Acclaim development site, and authorize the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents. The Council will take appropriate action.

5. REGULAR AGENDA

a. ANNUAL COMPREHENSIVE FINANCIAL REPORT - FISCAL YEAR 2022

City staff will present the City's Annual Comprehensive Financial Report and the results of the annual audit for the fiscal year ended June 30, 2022. This item is for information and discussion only.

b. FISCAL YEAR 2024 BENEFITS UPDATE

City Council will receive an employee benefits update from the Human Resources Department. This item is for discussion only.

c. RESOLUTION 1022-0523 - ADOPTION OF THE FISCAL YEAR 2024 TENTATIVE BUDGET

City Council will consider a request to adopt Resolution 1022-0523, setting forth the fiscal year (FY) 2024 tentative budget and establishing the city's annual expenditure limitation and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

d. RESOLUTION 1023-0523 - INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF CHANDLER FOR CONVEYANCE OF RIGHTS (PURCHASE) OF NEW RIVER AGUA FRIA UNDERGROUND STORAGE PROJECT (NAUSP) STORAGE ENTITLEMENT

City Council will consider a request to adopt Resolution 1023-0523 approving the Intergovernmental Agreement with the City of Chandler for the Conveyance of Rights in the New River Agua Fria Underground Storage Project and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

e. RESOLUTION 1024-0523 - AGREEMENT FOR THE TEMPORARY ASSIGNMENT OF DECLARED FIRM LEASE CAPACITY IN THE NEW RIVER AGUA FRIA UNDERGROUND STORAGE PROJECT (NAUSP)

City Council will consider a request to adopt Resolution 1024-0523 approving the Agreement with the City of Chandler for the Temporary Assignment of Declared Firm Lease Capacity in the New River Agua Fria Underground Storage Project (NAUSP), and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

6. ADJOURNMENT

ALAMAR COMMUNITY FACILITIES DISTRICT BOARD MEETING
Convene immediately following the 6:00 PM City Council Meeting

CALL TO ORDER BY DISTRICT CHAIR

1. ROLL CALL BY THE DISTRICT CLERK

2. MINUTES

The board will consider a request to approve the June 6, 2022 and June 13, 2022 Alamar Community Facilities District Board meeting minutes. The Board will take appropriate action.

3. CFD RESOLUTION 1-2023 - ADOPTION OF THE ALAMAR COMMUNITY FACILITIES DISTRICT FISCAL YEAR 2024 TENTATIVE BUDGET

The District Board will consider a request to adopt CFD Resolution 1-2023, setting forth the fiscal year 2023-2024 tentative budget and authorize the Chairperson or District Manager, District Attorney and District Clerk to execute the necessary documents . The District Board will take appropriate action.

4. ADJOURNMENT

Council Members of the City of Avondale will attend either in person or by telephone or video conference call. Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1200 or TDD 623-333-0010 at least two business days prior to the Council Meeting.

Los miembros del Concejo de la Ciudad de Avondale participaran ya sea en persona o por medio de llamada telefonica o por vídeo. Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oído, o con necesidad de impresión grande o intérprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos días hábiles antes de la junta del Concejo.

CITY COUNCIL REPORT

SUBJECT: Proclamation - Economic Development and Travel & Tourism Week

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Ken Chapa, Economic Development and Tourism Director

THROUGH: Cherlene Penilla, Assistant City Manager, (623) 333-1015

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: Connected Community - Avondale will work directly and closely with our communities to develop programs and infrastructure that connect residents to the city's resources, the region, and each other.

PURPOSE:

The City Council will present a proclamation recognizing May 7 through May 13, 2023, as Economic Development and Travel & Tourism Week. This item is for discussion only.

BACKGROUND:

Economic Development Week was created by the International Economic Development Council (IEDC) in 2016 to increase awareness of local programs that create jobs, advance career development opportunities, and improve communities' quality of life everywhere. Over the last six years, 450+ campaigns have been made throughout the United States and Canada. EDOs have created millions of impressions, hundreds of news stories, blog entries, videos, events, and other activities.

The U.S. Travel Association celebrates National Travel & Tourism Week (NTTW), an annual industry tradition celebrating the value travel holds for our economy, businesses, personal well-being, and more. May 7-13, 2023, marks the 40th anniversary of NTTW.

The Avondale Economic Development and Tourism Department is an active member of both organizations.

DISCUSSION:

The City of Avondale recognizes the week of May 7 through May 13, 2023, as Economic Development and Travel & Tourism Week.

BUDGET IMPACT:

This item does not have a budget impact.

RECOMMENDATION:

This item is for discussion only.

Contact person for document distribution: n/a



PROCLAMATION

ECONOMIC DEVELOPMENT AND TRAVEL & TOURISM WEEK

May 7 - May 13, 2023

Whereas, the International Economic Development Council is the largest professional economic development organization dedicated to serving economic developers; and

Whereas, the U.S. Travel Association is the national, non-profit organization representing and advocating for all components of the travel industry; and

Whereas, the City of Avondale is recognized as number 72 of 73 Accredited Economic Development Organizations worldwide,

Whereas, the City's Destination Marketing Organization, Discover Avondale, was established in 2020; and

Whereas, the city of Avondale is a premier destination for tourists and visitors, attracting over one million visitors in 2022.

Whereas, The Avondale Economic Development and Tourism Department promotes economic well-being and quality of life for their communities through engaging in activities that focus on creating, retaining, and expanding jobs that facilitate growth, enhance wealth, and provide a stable tax base, and

Whereas, the Avondale Economic Development & Tourism Department supports vibrant communities to enhance the quality of life for Avondale residents.

NOW THEREFORE BE IT RESOLVED that the City of Avondale recognizes the week of May 7 through May 13, 2023, as Economic Development and Travel & Tourism Week, and reminds individuals of the importance of this community celebration which supports expanding career opportunities and making lives better.

Attest:

Mayor

City Clerk

CITY COUNCIL REPORT

SUBJECT: City Council Chamber Audio and Video Changes

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Marcella Carrillo, City Clerk

THROUGH: Cherlene Penilla, Assistant City Manager, (623) 333-1015

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area:

- Innovative Program and Service Delivery - Avondale will continue to serve as a model of innovative, efficient, and responsive government.
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PURPOSE:

City Council will receive an update from staff regarding the audio and video changes to the Council Chamber. This item is for discussion only.

BACKGROUND:

Due to COVID-19, the City Clerk's Office was tasked with hosting City Council meetings digitally. Working with the Information Technology Department, the City Clerk's Office was able to host all regular City Council meetings digitally, without any interruption. While the solution from 2020 worked, it was not intended for long-term use.

DISCUSSION:

The current configuration includes one camera within the Council Chamber and audio through an online platform. The future configuration will include four cameras within the Council Chamber and audio through the room sound system. The future setup will enhance the current service and allow residents an opportunity to easily watch live-streamed City Council meetings in the future.

BUDGET IMPACT:

The cost associated with the audio and video changes is within the Information and Technology Department's budget.

RECOMMENDATION:

This item is for discussion only.

Contact person for document distribution: n/a

CITY COUNCIL REPORT

SUBJECT: Minutes

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Marcella Carrillo, City Clerk

THROUGH: Cherlene Penilla, Assistant City Manager

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area: Connected Community - Avondale will work directly and closely with our communities to develop programs and infrastructure that connect residents to the city's resources, the region, and each other. The approval of this agenda item provides residents with access to a previous meeting's minutes. The meeting minutes provide another outlet for residents to connect with the City Council.

PURPOSE:

City Council will consider a request to approve the March 21, 2023 and April 3, 2023 City Council meeting minutes. The Council will take appropriate action.

BACKGROUND:

Pursuant to Arizona Revised Statute §§ 38-431.01(B), the City must provide written minutes of all City Council meetings.

DISCUSSION:

City Council held a meeting and the attached minutes have been prepared for approval.

BUDGET IMPACT:

This item has no budget impact.

RECOMMENDATION:

Staff recommends City Council approve the attached meeting minutes.

Contact person for document distribution: Chris Pierson

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
March 21, 2023

A **Special Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 5:05 p.m.

Members Present: Mayor Kenn Weise; Vice Mayor Mike Pineda; Council Members Tina Conde, Veronica Malone, Gloria Solorio and Max White.

Members Absent: Council Member Curtis Nielson.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Nicholle Harris, City Attorney; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Eric Bay, Public Works Assistant Director; Margaret Carey, Deputy City Clerk; Ken Chapa, Economic Development Services Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ted Flores, Acting Human Resources Director; Bryan Hughes, Parks and Recreation Director; Craig Jennings, Judge; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Director; Abril Ruiz-Ortega, Court Administrator; Larry Rooney, Fire Chief; Jeffrey Scheetz, Chief Information Officer; Harold Siguenza, Public Works Assistant Director; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Director; and Renee Weatherless, Finance and Budget Director.

Audience: No members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. WORK SESSION AGENDA

a. COUNCIL BUDGET DISCUSSION

City Council received an update from staff regarding the financial forecast, budget priorities, a draft of funded supplementals as well as other important considerations as the city prepares for the FY2024 budget adoption. This item was for discussion only, input and feedback were requested from City Council.

Renee Weatherless, Finance and Budget Director, reviewed revenue amounts for the General Fund through January, including last fiscal year actuals, the current year forecast and current year actuals. Revenue categories reviewed include sales tax; property tax; state shared; charges for services; licenses and fines as well as property sales and miscellaneous. Current year actuals through January 2023 total \$33.3 million compared to the forecasted amount at \$32.7 million.

Tax revenues are derived from 1.5 percent of all taxable goods (General Fund); 0.5 percent on taxable goods under \$5,000 (Public Safety Sales Tax Fund) and

0.5 percent on taxable goods less than \$5,000 (Streets/Transit/Water/Sewer). Revenue from retail sales taxes is trending 13 percent higher over the prior year. Contracting is trending 41 percent higher; however, this is a volatile category that tends to fluctuate. For all categories overall, there is a 14 percent upward trend over last year.

State shared revenues consist of: A portion of state income tax, state sales tax, vehicle license tax and gas tax (HURF). Income tax rates were reduced at the state level; however, the percentage of revenue was increased, with the newest projection at \$34.8 million. A drop in the rates is expected in two years and this is built into the forecast for 2024. Development revenue is based on the projected single-family homes and the average revenue generated per home. A review of single-family residential permit trends was provided. Overall, there has been a drop in permits; however, commercial permits have remained strong. Mayor Weise commented that the areas of volatility are sales tax, state shared revenue and development services fees.

An overview of the self-insured health insurance showed the Fiscal Year 2023 forecast at \$5.5 million. As of January 2023, the City is exceeding its claims, with a variance from forecast of negative 8 percent. Utility revenues are derived from water, sewer and solid waste. Water and sewer are running lower than the forecast for expenses. A full utility rate presentation is forthcoming in April.

For Fiscal Year 2024, there are revenue assumptions to develop the budget. Sales taxes are projected to decrease by 2.3 percent; however, an increase of 4 percent is projected for Fiscal Year 2025. There has been a revision in the baseline used to calculate ongoing sales tax revenue, resulting in a \$2 million shift from one-time revenue into ongoing revenue. The state shared revenue forecast has been updated based on the Joint Legislative Budget Committee data. Single family home permits are forecasted to total 300 to 500 annually. A review of ongoing versus one-time revenues was provided. Estimated sales tax totals for Fiscal Year 2023 from all sources are projected at \$82.4 million; \$80.4 million for Fiscal Year 2024; \$83.6 million for Fiscal Year 2025; \$87.6 million for Fiscal Year 2026 and \$93.7 million for Fiscal Year 2027. General Fund ongoing revenue for Fiscal Year 2024 is forecasted at \$107.3 million.

Ms. Weatherless provided an overview of the General Fund forecast fund balance above stabilization, with the Fiscal Year 2024 total projected at \$33.5 million.

Mayor Weise inquired as to a realistic amount for a fund balance. Ron Corbin, City Manager, stated that the City does a five-year projection. Staff is asked to submit all numbers for the next five years; however, many unknowns remain. He is comfortable with the amount for Fiscal Year 2026 being at \$9.9 million, because the projection for new home sales is conservative.

Ms. Weatherless stated that the expense assumptions in Fiscal Year 2024 for the Five-Year forecast incorporate the following factors:

- Includes recommended supplemental requests and CIP projects for Fiscal Year 2024

- Includes recommendations for comp and class study
- Accounts for SAFER and ARPA grant expiration
- Includes Alamar Fire Station staffing

Debt assumptions include the water treatment plant and the Alamar Public Safety facility. Small annual rate increases are planned for utilities, in order to keep pace with the cost of service, maintain necessary reserves and assist in funding the water treatment plant. Costs for employee compensation and benefits have been factored into the budget forecast. There is currently no change to offered employee benefits. Employer contribution rates to the City's retirement plan were reviewed. An overview of recommended supplementals was given. Department positions and salary rates were listed. The projection is for a total of 13.5 new full-time positions at a cost of \$1.9 million.

Mayor Weise inquired on the timing of the photo radar program. Chief Espinoza stated the photo radar program will be implemented by November 2023.

Council Member Malone inquired on the amount of vacancies within the Police Department. Chief Espinoza stated the department currently has six officer vacancies; however, there are around 15 individuals who are not working at any given time due to a variety of reasons.

Supplemental projections by department were reviewed, with total recommended requests as follows:

- General Government: \$2.6 million
- Public Safety: \$1.3 million
- Community Services: \$1.2 million
- Community & Economic Development: \$1.7 million
- Streets, Transportation and Utilities: \$1.8 million

Based on the comments of Council Member White, discussion ensued regarding the cost of credit card fees for City utility payments. Ms. Weatherless stated that the City is looking to implement ACH (direct checking) payment options, which have considerably lower fees. The budget for credit card fees for Fiscal Year 2023 is \$660,000 and \$700,000 for 2024. Total receipts for which the charges are based is \$40 million for Fiscal Year 2023.

In response to a question from Council Member White, Mr. Flores stated that the total amount provided for staff for tuition reimbursement for the fiscal year is \$100,000 with the total available per person at \$5,000. Mr. Corbin noted that a revised policy will be presented to Council in April, which will increase the amount slightly and expand qualification.

In response to a question by Mayor Weise, Mr. Flores confirmed that the taxable amount has increased which staff will be proposing to increase within the Chapter 14 policy change.

In response to a question by Council Member Malone, Mr. Corbin noted staff are proposing changes to the policy to include Associate, Bachelor's, Master's, and Doctorate programs in addition to certificate programs. Ms. Penilla confirmed Doctorate programs have never been included within the policy.

Mr. Corbin stated more details on the tuition reimbursement program will be provided at the April City Council meeting.

Council Member White inquired on the overtime supplemental request for the Police Department. Ms. Weatherless noted the request is new overtime that is a result of training. Both the Police and Fire & Medical Departments have overtime included in their base budgets. Mr. Espinoza elaborated on the training program and having staff train on overtime rather than be on the streets.

Mr. Corbin noted there is a request from Neighborhood and Family Services for mental health services. Mayor Weise expressed interest in a comprehensive mental health program for residents through a partnership with other West Valley cities.

Mr. Lopez spoke about his plan with the request, stating they have already engaged in conversation with existing partners at the resource center. Council Member Malone inquired on grant opportunities to enhance the program. Mr. Lopez stated his team will certainly look at grant opportunities.

Vice Mayor Pineda spoke about using data to make informed decisions, ensuring effectiveness of the additional resources.

The Fiscal Year 2024 budget recommendation summary is as follows:

- New positions: \$1.9 million
- Supplementals: \$8.6 million
- Capital projects: \$226.3 million

An overview of next steps in the budget process was provided.

In response to a question by Vice Mayor Pineda, Mr. Siguenza provided a background of the food scrap composting pilot program.

b. CAPITAL IMPROVEMENT PLAN BUDGET UPDATE

City Council received an update from staff regarding current Capital Improvement Plan projects and proposed projects for FY2024. This item was for discussion only, input and feedback were requested from City Council.

James Milanese, City Projects Administrator, provided a summary of the December 12, 2022 City Council meeting and reviewed the April transfers.

Mayor Weise noted the significant cost for the Water Reclamation Facility odor control and asked about the feasibility of delaying the project. As someone who lives near the facility, Mr. Corbin commented on the importance of addressing the smell. Council Member Malone concurred, noting upcoming development planned for the area. Eric Bay, Public Works Assistant Director, said there have been evaluations on the potential for postponing until the expansion takes place; however, there are obligations to surrounding areas. Equipment designed and installed now will work in conjunction with the plant expansion.

In response to a question by Council Member Malone, Mr. Siguenza stated they have not received any complaints regarding the smell in the area of the Water Reclamation Facility.

In response to a question by Council Member White, Mr. Bay explained the reasoning for the increase of cost of the Water Reclamation Facility Odor Control project.

Mr. Milanese reviewed items with planned budget increases for the Detention Center & Police Department.

Mr. Corbin commented that the City will save approximately \$1 million per year in operation costs by having its own detention center. It will provide significant benefits to operations in a range of areas, including keeping officers local and allowing them to return to duty in the City more quickly. In the near future, Council will begin to receive census reports on use of the facility. Discussion ensued regarding the detention facility project.

Mr. Milanese reviewed the Fire Station No. 171 project with a completion date of December 2025. Mr. Corbin noted the current construction of this facility will not occur until the demolition of the current detention facility.

In response to an inquiry by Mayor Weise, Mr. Milanese confirmed a full facilities assessment will be completed pursuant to state law.

Council Member Malone inquired on the number of bays in the current design, Mr. Corbin noted the current design includes four bays; however, he is working to get the design down to one bay. Mr. Milanese confirmed a training component will be included in the design of Fire Station #171.

Mr. Milanese reviewed the Pavement Management Program budget, with \$3 million budgeted each year for the next four years for surface treatments and \$9 million in Fiscal Year 2028. Old Town projects are being spaced out between Fiscal Year 2024 and 2026.

In response to a question from Council Member White, Mr. Stewart indicated that the current budget and goal projects a pavement condition index (PCI) increase of 1.4 over the next five years.

Brief updates were provided for the Aquatic Center, Old Town Phase II, Old Town Phase III, and the Dysart Road Sewer Improvements projects.

Mr. Milanese provided an overview and answered questions regarding recommended projects by functional area, including:

- Asset replacement
- General government projects
- Parks and Recreation projects

In response to a question from Council Member White, Rob Baer, Budget Manager, stated public transit vehicles are not included within the asset replacement funding as the vehicles are not owned by the City of Avondale.

Mr. Milanese provided information on the enterprise asset replacement database to track maintenance and replacement of various assets.

Council Member White inquired on the painting and resurfacing items for the American Sports Center. Mr. Milanese explained the sports fields were previously completed and next is the exterior painting of the facility as well as the basketball courts. Mr. Milanese confirmed the City owns the parking lot at the American Sports Center. Mr. Chapa stated there is a City parcel next to Dutch Bros that they are actively marketing. Mr. Corbin explained the City is actively seeking to have a restaurant be built on the empty lot which is the reason why the lot is not currently paved. Council Member White suggested maintenance be completed on the empty lot to prevent dust in the area.

Vice Mayor Pineda inquired on changing the behavior of individuals who are using the facilities in the BLVD area. Mr. Corbin explained blocking off an empty parking lot may add frustration to visitors.

Mr. Milanese provided information on the sand volleyball courts at The BLVD and the Agua Fria Wetlands recharge facility.

Council Member Malone inquired on the timing of Agua Fria Wetlands project once the design is complete. Mr. Hughes spoke about actively seeking grant options to have this item move forward. Mr. Milanese explained the request will get the project to be shovel ready.

Mayor Weise addressed the possibility of speeding up progress on the multi-modal trail system by delaying the sand volleyball court project and utilizing some of its funding. Mr. Corbin clarified that the sand volleyball court project is ready to go, while the multi-modal trail system is not yet ready to begin. The budget includes programming; however, there are significant design challenges to contend with before the project can move forward.

In response to a question from Council Member Malone, Mr. Hughes confirmed that the \$200,000 is for design of Donatela Park for year one. For the next two years of construction, the budget is \$2.4 million each year. This is to bring the City back into compliance with the federal grant awarded to Coldwater Park, which was demoed.

In response to a question from Council Member Conde, Mr. Milanese replied that the Community Center repurposing construction is currently underway. In response to a follow-up question from Council Member Conde, Mr. Milanese stated he can provide the building plans for the future facility.

Council Member White inquired about the gap in funding for the multi-modal trail system in 2027 and decreased funding for 2028. She also asked for confirmation that the trails will connect north/south and east/west. Mr. Hughes and Mr. Milanese clarified that the first three years of the project are for completion of designs and planning documents. The gaps are designed to assist in balancing the project workload. The plan is to connect into the regional trail system.

Mr. Milanese provided an overview and answered questions regarding recommended projects by functional area, including:

- Public Safety projects

Council Member White inquired on the expansion of the Police Communications division and the relocation of the Code Compliance division. Mr. Nannenga confirmed the Code Compliance division will eventually move to the 2nd floor of the City facility where the Fire and Medical Department administrative offices are currently located.

Mr. Milanese provided an overview and answered questions regarding recommended projects by functional area, including

- transportation projects, sewer projects, and water projects

In closing, Mr. Corbin provided accolades to the various staff members for their management of the capital improvement plan budget.

c. SALARY MARKET STUDY UPDATE

City Council received an update from staff regarding recent results of the salary market study and the recommended proposal based on the findings. This item was for discussion only, input and feedback were requested from City Council.

Ted Flores, Acting Human Resources Director, stated that the last time the City completed a classification and compensation study was in 2017. Industry best practices indicate that a review should be completed every five years.

The goals of the study include:

- Ensure compensation structure allows for growth and promotional opportunities
- Provide compensation necessary to attract and retain highly qualified employees
- Maintain an effective employee classification system that represents primary duties and the appropriate job titles

The current and proposed structures were reviewed.

In response to a question by Mayor Weise, Mr. Flores confirmed the MOU with the Fire Department expires in 2024.

In response to a question from Council Member Malone, Mr. Flores stated that the City currently has over 300 unique job titles.

Mr. Flores noted that in Fiscal Year 2023, City Council approved a classification and compensation study. All job titles were analyzed for classification, with all departments assisting with job information. A total of 96 job titles (not specific employees) were analyzed for compensation with a comparison against 12 Phoenix Metro area cities. Based on the data analysis, Avondale appears to be in good shape in terms of its compensation practices and is identified to be mid-point compared to the surrounding market. Only 12 of 96 positions benchmarked were falling behind in comparison to the market. Recommended grade changes were reviewed. Job titles benchmarked below market were adjusted to a higher grade.

The following job titles within the same job family will be adjusted accordingly:

- Building Maintenance Worker
- Senior Building Maintenance Worker
- Lead Building Maintenance Worker
- Parks Maintenance Worker

There were similar findings with positions not benchmarked under libraries, where there was linkage to other positions that needed adjustments. Based on the proposed structure, the City reaches 98 percent of benchmarked job titles above or within 5 percent of market and 29 job titles with grade increases. Of the 29, 12 job titles are benchmarked, and 17 job titles are linked to benchmarked positions.

Salary recommendations for the Fiscal Year 2024 budget are as follows:

- Amend MOU to increase firefighter wages by an additional 2 percent
- Increase Police and Sergeant step structure by 3 percent
- 5 percent for general employees unless the employee is at the maximum range.
 - 5 percent for employees receiving a grade increase due to market study
 - 3 percent merit for eligible employees meeting performance expectations
- Contract employee pay adjustments according to agreement
- City Council pay adjusted by the Consumer Price Index according to the City Charter

In response to a question from Council Member Malone, Mr. Corbin stated that the City has only lost one or two fire fighters due to wage competition from other cities. The upcoming MOU will include wage negotiations. Mr. Corbin confirmed the salaries for fire fighters will remain lower than the surrounding cities in the west valley; however, the union will have an opportunity to renegotiate pay in the fall.

Next steps are as follows:

- Receive the final salary study report from the consultant
- Job title recommendations to be evaluated with department heads

- Present to Council on April 17th on the employee benefit survey results
- Present study and benefits survey results to employees on April 27th

Mayor Weise commented that the job of Council Member and Mayor has changed since he came onto Council, requiring a much more significant time commitment. He would like to have a study performed to compare Valley majors and council members and potentially ask voters to approve a salary increase in 2024 or 2026. Mr. Corbin stated that the League puts out an annual survey, so this information will be easily accessible.

In response to questions from Council Member White, Mr. Corbin stated that there are approximately 800 City staff. Mr. Corbin confirmed that job titles will be consolidated and cleaned up. Council Member White inquired as to who the City engaged to conduct the employee benefits survey. Mr. Flores indicated that the survey was conducted internally; however, the consultant is currently engaged in surveying other jurisdictions that were benchmarked for positions. This will provide valuable comparable data.

3. ADJOURNMENT

There being no further business before the Council, Council Member Malone moved to adjourn the Special Meeting; Council Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Solorio	Aye
Council Member White	Aye
Vice Mayor Pineda	Aye
Mayor Weise	Aye

Meeting adjourned at 7:28 p.m.

Kenn Weise, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting of the Council of the City of Avondale held on the 21st day of March 2023. I further certify that the meeting was duly called and held, and that the quorum was present.

Marcella Carrillo, City Clerk

Date Approved by City Council

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
April 3, 2023

A **Special Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 5:32 p.m.

Members Present: Mayor Kenn Weise; Council Members Tina Conde, Veronica Malone, Curtis Nielson, Gloria Solorio and Max White.

Members Absent (Excused): Vice Mayor Mike Pineda.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Lisa Maxie-Mullins, Deputy City Attorney; Marcella Carrillo, City Clerk; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ted Flores, Acting Human Resources Director; Bryan Hughes, Parks and Recreation Director; Craig Jennings, Judge; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Director; Larry Rooney, Fire Chief; Mark Neerings, Assistant Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately fifteen members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. PROCLAMATION - WEEK OF THE YOUNG CHILD

City Council presented a proclamation to Valley of the Sun United Way and Arizona Association of Education of Young Children (AzAEYC) recognizing April 1-7 as the Week of the Young Child. This item was for discussion only.

Kelsey English, Recreation Coordinator of Parks & Recreation, introduced representatives from Valley of the Sun United Way and Arizona Association of Education Young Children. She gave an overview of the weeklong program and events. There were supportive comments regarding the City's Read On Avondale program. Mayor Weise read the proclamation.

3. HOMELESS SERVICES AND SONAR TEAM UPDATE

City Council received an update from staff on the City's homeless services. This item was for discussion only.

Brian Planty, Homeless Services Manager of Neighborhood & Family Services, provided an overview and update of the program. A photograph of the SONAR (Street Outreach Navigation and Resource) Team vehicle was shown, being one of the most visible

program tools in the City. The goal is to make homelessness rare, brief and nonrecurring. In 2019, the City, through partnership with Maricopa County Human Services Division, implemented emergency shelter services, outreach and case management for the Avondale community. In 2021, through the American Rescue Plan Act funding, a homeless services coordinator was added to the Neighborhood and Family Services team, which enhanced the City's ability to coordinate its citywide effort to address homelessness. Then in 2022, the City established its homeless services division.

Division priorities were listed and reviewed, including:

- Data collection and reporting
- Service coordination and community partnerships
- Strategic planning
- Bridge housing for families

Data collection and reporting is obtained through regional data synchrony of the Homeless Management Information System (HMIS) and Avondale specific data, consisting of a monthly SONAR dashboard, active outreach and engagement data and AviWise response data. Earlier in 2023, SONAR became the first municipal outreach team to be recognized in the West Valley as an entry point for continuum of care services. As an example of data collected, there were 85 hours of outreach in March 2023 with 233 service contacts (47 individuals, 13 of which were new for March), 9 exits and no returns.

The Unsheltered Encampment Policy compassionately addresses encampments by prioritizing connection to services in resolution of homelessness. Towards this goal, there is partnership with the Interdepartmental Homelessness Work group. Outreach partnerships exist with Phoenix Rescue Mission, Community Bridges and Human Services Campus. Avondale Baptist Church hosted a Project Connect event in 2022 and will do so again in October 2023. Early in 2023, A New Leaf began to provide family-specific services in connection with City schools. Within Avondale City agencies, there is interdepartmental coordination with various departments, including City Manager's Office; Police Department; Fire and Medical; Marketing and Public Relations; City Attorney's Office; Parks and Recreation; Public Works, Economic Development and the Courts. There is a monthly partner meeting with community partners as well as participation at formal community meetings and Interfaith Council.

Components of the strategic plan for homelessness resolution, which will ensure service sustainability, assessment of needs and development of a strategic plan include:

- Public forums for community engagement
- Collaboration with the Interdepartmental Homelessness Work group
- Needs assessment
- Engage community members with lived experience
- Three to six-month objectives
- Three to five-year objectives

There is a proposed intergovernmental agreement to develop six units of temporary shelter for families in Avondale. Anticipated completion is within 18 to 24 months.

In response to a question from Council Member Malone, Mr. Planty stated that Avondale regularly attends meetings via MAG with other local municipalities, where ideas are shared.

4. ADJOURNMENT

There being no further business before the Council, Council Member Malone moved to adjourn the Special Meeting; Council Member Conde seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Mayor Weise	Aye

Meeting adjourned at 6:02 p.m.

A **Regular Meeting** of the City Council of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 6:02 p.m.

Mayor Kenn Weise led the Pledge of Allegiance, followed by a moment of silent reflection.

Members Present: Mayor Kenn Weise; Council Members Tina Conde, Veronica Malone, Curtis Nielson, Gloria Solorio and Max White.

Members Absent (Excused): Vice Mayor Mike Pineda.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Lisa Maxie-Mullins, Deputy City Attorney; Marcella Carrillo, City Clerk; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ted Flores, Acting Human Resources Director; Bryan Hughes, Parks and Recreation Director; Craig Jennings, Judge; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Director; Larry Rooney, Acting Fire Chief; Mark Neerings, Assistant Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately twenty members of the public were present.

1. ROLL CALL BY THE CITY CLERK

2. UNSCHEDULED PUBLIC APPEARANCES

Michael Demlong introduced himself as a resident of a large subdivision on Flower Street. He requested a revision of the City code compliance ordinances to allow the inspection of backyards that may be of risk to neighbors. Specifically, a rental home with the address of 10533. The home is not used as a residence, but as a business. The property is not maintained and the weeds in the backyard are over a foot tall, which represents a fire risk for adjoining homes. Code Compliance personnel have indicated that there are current restrictions applicable to backyard areas. Mayor Weise stated that staff will work with Mr. Demlong to address his concerns.

Venisa Groll introduced herself as a resident living directly adjacent to the sober home. At the time of purchasing the home, she and her husband were not made aware that their home would be directly adjacent to the sober home. The house is unsupervised. She and her husband have been awoken at early morning hours by intoxicated residents. She and her husband do not feel safe in their home. Alcohol is hidden in common areas accessible to children.

Nicole Wilson introduced herself as a resident since 2022 and 30-year Airforce veteran. She requested that the City take the following actions prior to the opening of sober homes in the community: Help with registration before the home is established; have license on file; have management and supervisor contact information on file with the City; have an operation and management plan; have a good neighbor policy; limit the number of homes and employ a screening process for residents.

Brooke Dong introduced herself as an Avondale resident, also adjacent to the sober living home. She discussed her own experience with the sober home residents laying on the side of her home, under the window of her daughter's bedroom, observing them intoxicated walking directly in front of her front window. There have been aggressive acts against her 70 year-old women. In addition, she has observed them screaming throughout the neighborhood, being arrested, carried away in stretchers, intoxicated on numerous occasions at all times of the day, including sleeping intoxicated on the sidewalk. She has not observed any inspections of the home.

The City Clerk read the following public comments:

- Anna Gabertan stated, "Good afternoon, my husband and I bought our first home in the Alamar neighborhood a year and a half ago. We wanted to get away from the drugs and unsafe environment prevalent across much of central Phoenix. I work from home and we wanted to live somewhere where I could be comfortable working from home by myself all day, going on walks in the neighborhood by myself, and taking our future kids to play in the park. Recently with the sober home,

I have not felt comfortable walking around our community even in the middle of the day. Action needs to be taken and the sober home needs to be held to state standards for sober homes and have regular check-ins by the state.”

- Samuel Gabertan stated, “It has come to the attention of those living in the Alamar community, that we have been having issues with a sober living home. My wife and I, along with countless others in the community, chose to move to Avondale for it's expansion and the hopes of living in a wonderful, family oriented, and SAFE community. However, after seeing videos of members of the sober home trespass on other's property, hearing countless interactions with non-sober members in the neighborhood including at the parks where children play, and a complete disregard for any accountability on the side of the home, we do not feel like this is an appropriate place for them to continue their business. This is also very concerning with a brand-new elementary school opening across the neighborhood where many children will be walking to and from school. Please take action for this house as I am sure you would not feel safe letting any of your family members walk past a park with unattended members of a sober home partaking in the consumption of alcohol and drugs. There is a time and a place that is appropriate for a sober living home, and we are all hopeful that they make a full recovery. However, it clearly is not being managed correctly and they are allowed to roam freely, causing issues within the neighborhood. My wife and I have worked so hard for the achievement of buying our first home, it would be a shame for that to be ruined by a scenario such as this, one in which the safety of many is ignored. thank you for your time and consideration.”
- Diane DiCarlo stated, “As a resident of Alamar, I’m requesting City of Avondale Public health inspect the Alamar Phase 1 parks for hazardous substances in the Alamar parks as some questionable drug behavior has potentially taken place. Drug residues could potentially be damaging or fatal to a child. There is a sober living house in Phase 1. Request public health assurance it is safe to send our kids to the park.”

Relevant staff points of contact individuals were introduced to the speakers. Ron Corbin, City Manager, commented that this summer, staff will be bringing ordinance changes before City Council, which will address some of the concerns addressed today.

3. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the City Council at a work session. They are intended to be acted upon in one motion. Council members may pull items from consent if they would like them considered separately.

Mayor Weise asked if any Council Member wished to have an item removed from the Consent Agenda. Having no requests from Council, motion was made by Council Member White, seconded by Council Member Solorio, to approve the Consent Agenda.

Upon vote, the motion carried unanimously 6 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Mayor Weise	Aye

a. MINUTES

City Council approved the February 27, 2023 City Council meeting minutes.

b. QUARTERLY BUDGET TRANSFERS

City Council (a) approved quarterly budget transfers as summarized in the attached Exhibit A; (b) amended awarding authority based off the attached report; (c) modified the interfund transfer schedule; and (d) authorized the Mayor or City Manager and City Clerk to execute the necessary documents.

c. SERIES 10 (BEER AND WINE STORE) LIQUOR LICENSE - WALMART NASCAR TENT

City Council recommended approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by John Dean Curtis II for the sale of alcohol at the Walmart NASCAR Tent located at 7602 South Avondale Boulevard in Avondale and authorized the City Clerk to execute the necessary documents.

d. SERIES 10 (BEER AND WINE STORE) LIQUOR LICENSE - QUICKTRIP #1426

City Council recommended approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by Perry Charles Huellmantel for the sale of alcohol at Quicktrip #1426 located at 1550 North 107th Avenue in Avondale and authorized the City Clerk to execute the necessary documents.

e. SERIES 12 (RESTAURANT) LIQUOR LICENSE - CLAIM JUMPER RESTAURANT (CHANGE IN OWNERSHIP)

City Council recommended approval to the Arizona Department of Liquor License and Control of an application for a Series 12 (Restaurant) Liquor License submitted by Amy S. Nations for the sale of alcohol at Claim Jumper Restaurant located at 10125 West McDowell Road in Avondale and authorized the City Clerk to execute the necessary documents.

f. ORDINANCE 2021-0423 - CITY CODE AMENDMENT CHAPTER 13, ARTICLE VIII, SECTION 13-167, RELATING TO PEDDLERS, SOLICITORS AND CANVASSERS

City Council adopted Ordinance 2021-0423, amending the Avondale City Code Chapter 13, Article VIII, Section 13-167, requiring a background check be conducted for each applicant of a Peddlers, Solicitors and Canvassers Permit, removing the current requirement for a full background check conducted by the Department of Public Safety and replacing it with an in-house check, and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

g. ORDINANCE 2022-0423 - AMENDING THE AVONDALE CITY CODE, CHAPTER 26, DEVELOPMENT FEES

City Council adopted Ordinance 2022-0423, amending the Avondale City Code, Chapter 26 (Development Fees) to clarify the process for appealing development fee assessments and for pursuing a special fee determination and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

h. FINAL PLAT - AVALON MCDOWELL, A RE-PLAT OF LOT 1 OF BIOLIFE AVONDALE - APPLICATION PL-21-0402

City Council approved request by Lucien Asmar of Sustainability Engineering Group, LLC, on behalf of the property owner, Avalon McDowell, LLC, for approval of "Final Plat - Avalon McDowell", a Re-Plat of Lot 1 of BioLife Avondale, to divide Lot 1 into two new lots, and authorized the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

REGULAR AGENDA

a. PUBLIC HEARING - 2023 - 2024 HUD ANNUAL ACTION PLAN

City Council held a public hearing and received an update on the draft of the City's 2023-2024 Annual Action Plan which is required by the U.S. Department of Housing and Urban Development (HUD) as a condition of the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funding. This item was for discussion only, no action was taken.

Chris Lopez, Director of Neighborhood & Family Services, stated that the Annual Action Plan is an extension of the City's Five-Year Consolidated Plan. The Consolidated Plan functions as a needs assessment across the community and lays out the goals for the five-year period. The City is currently in its final year of the current consolidated plan and will develop the new plan upon commencement of the new fiscal year.

Funded activities included in the AAP must further goals in the Consolidated Plan, including:

1. Preserve and expand affordable housing inventory
2. Fund necessary public infrastructure and facilities
3. Support vital community services
4. Encourage business development and growth
5. Support efforts to prevent homelessness
6. Promote fair housing in Avondale
7. Reduce residential lead-based hazards

A list of proposed CDBG activities, funding allocations and expected outcomes for the coming year was reviewed. Activity categories include administration, facility improvements, Youth Services, Home Repair Program and Workforce Development. The total CDBG grant for 2023 is \$651,194. Activity Categories for the HOME Investment Partnerships include administration and down payment assistance. The timeline for the Annual Action Plan was reviewed.

Mayor Weise opened the public hearing and did not receive any requests to speak. Mayor Weise closed the public hearing and opened the floor for comments from Council.

Council Member Nielson inquired on the funded activity to reduce residential lead-based hazards. Mr. Lopez described the steps involved in lead mitigation efforts. This includes notification to all program participants regarding the requirements. As a recipient of federal funds, the City is mandated to ensure education of home rehab participants. This includes signing for receipt of a program manual. For homes built prior to 1978, there are additional requirements, including a thorough lead-based paint assessment. Currently this is completed via a third-party assessor. This step is incorporated into the remediation plan. Staff also participates in ongoing public education and outreach.

b. RESOLUTION 1016-0423 - INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY HUMAN SERVICES DEPARTMENT FOR THE FAMILY BRIDGE HOUSING PROJECT

City Council considered a request to adopt Resolution 1016-0423, approving an Intergovernmental Agreement with Maricopa County Human Services Department for \$1,700,000 toward the development of bridge housing for families in Avondale; approving the use of City resources (\$613,000 development) and initiated the process of procuring development and operational services with a non-profit partner; and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Brian Planty, Homeless Services Manager of Neighborhood & Family Services, discussed that bridge housing is a lower barrier shelter with limited eligible criteria. The services are offered, but not required. Individuals enter with a means to pay for housing; however, they may need additional skills or services to maintain their housing. There are few service requirements, exclusive of participation in permanent housing search. There are currently no dedicated family shelter units in Avondale, however, at least 16 families have been identified to be experiencing homelessness in Avondale at this time.

In July of 2021, Council approved \$650,000 of capital improvement plan funding for the development of bridge housing with four to five two-bedroom single-family units. On December 7th, 2021, the City entered into an agreement for the design and construction of the bridge housing units, with the City to act as the operator. The project was paused in August of 2022, due to supply chain difficulties, increases in construction costs and contractor performance. In October of 2022, Maricopa County Human Services Department approached the Neighborhood and Family Services Department for funding available for development of infrastructure, including shelter. City staff have been working with Maricopa County to negotiate the level of funding and expected outcome since that time. According to the proposed plan, Maricopa County Human Services Department will provide \$1.7 million for design and construction of six units of low barrier bridge shelter for families. The City will remain involved in the design and construction and will provide support for to the Homeless Services Division to ensure connection to services and assist in identifying additional programmatic and operational funding. The site will remain unchanged from the previous plan. The City looks to award the project to a nonprofit

development partner that will serve as the general contractor and the project program operator. Estimated project costs were reviewed.

Council Member Nielson asked for clarification on the figure on the 16 total unhoused families. Mr. Planty stated that such counts are difficult, as parents are often reluctant to reveal they and their children are homeless. The point in time counts are helpful in making these assessments. The City also utilizes data derived from the resource center. A family unit is designated to have at least one adult and at least minor child.

Council Member Malone asked how long families will be permitted to stay in bridge housing. Mr. Planty stated that families entering bridge housing will all have a means to pay rent, either through a voucher or through employment. Their time at bridge housing allows them to build income and/or skills necessary to prevent a return to homelessness. Generally, this involves an eight to twelve-month engagement. There is not a set timeline, as success is decreased when individuals feel they are up against a clock.

Council Member Nielson moved to adopt Resolution 1016-0423, approving an Intergovernmental Agreement with Maricopa County Human Services Department for \$1,700,000 toward the development of bridge housing for families in Avondale; approving the use of City resources (\$613,000 development) and initiated the process of procuring development and operational services with a non-profit partner; and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents; Council Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Mayor Weise	Aye

c. RESOLUTION 1015-0423 - ADOPTING THE FINAL DEVELOPMENT FEE STUDY

City Council considered a request to adopt Resolution 1015-0423 to adopt the Final Development Fee Study, which includes the final calculated development impact fees.

Mr. Robert Baer, Budget Manager of Finance & Budget, stated that adoption this evening is the final step in the update of impact fees. If adopted, the fees will become effective June 17th.

Mayor Weise asked Mr. Baer to address projects in the queue prior to the date the new fees become effective. Mr. Baer stated that if the developer has a site plan filed with the City prior June 17th, they will be subject to the current effective fees.

Council Member White moved to adopt Resolution 1015-0423 to adopt the Final Development Fee Study, which includes the final calculated development impact fees; Council Member Conde seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Conde	Aye
Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Mayor Weise	Aye

d. RESOLUTION 1017-0423 - NOTICE OF INTENT TO MODIFY WATER AND SEWER RATES

City Council (a) considered a request to adopt Resolution 1017-0423, providing a notice of intent to increase water and wastewater user charges; (b) considered a request to approve a request to authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents; and (c) received a presentation from staff on the forecast for the water, sewer and solid waste utilities and discussed potential rate changes for each.

Presented by Aaron White, Senior Budget Analyst of Finance & Budget, along with two Assistant Directors of Public Works, Eric Bay and Harold Siguenza. Mr. Bay gave an overview of water utility usage in the City. The City's customer base is currently at 26,500, the delivery of which is supported by various infrastructure. The City currently has 325 miles of water mains with an operating budget of \$15.8 million and five-year capital outlay at \$40.5 million. A total of 4.5 billion gallons were delivered in Fiscal Year 2022. Water costs have increased by 33 percent over the last couple fiscal years. Capital costs have increased at a rate of 60 percent. Personnel services have increased 23 percent and system supplies have increased by 8 percent.

There was a Drought Preparedness Plan (DPP) Stage 1 Declaration on February 15, 2023 with implementation of municipal, residential and nonresidential measures in accordance with the DPP. One of the costs included in the five-year capital outlay is the purchase of New River Agua Fria Underground Storage Project (NAUSP) storage entitlements.

A brief overview of the water capital project updates was provided:

- Rancho Santa Fe Tank rehabilitation
- BLVD well and transmission main
- North Avondale water pressure improvements
- Old Town improvements

Mr. White discussed the water rate changes timeline. The goals at the time of 2021 water proposed rates included a structural change to simplify rates, encourage conservation and to align rates to match the cost of service. The first step of the rate change became effective October of 2021 and the second in January 2023. An overview of a typical water customer bill was given. If the City were to fail to increase rates, the fund balance would go below the reserve requirement between Fiscal Year 2026 and 2027. The recommendation at this time is for a 2.65 percent rate increase. A typical customer will see an increase on their bill of about \$0.84 beginning in January of 2024 and another \$0.84 beginning January of 2025. The increases will allow revenues to keep up with increasing operating and capital costs. The fund balance will also be in line with the reserve requirement.

Mr. Bay gave a sewer system and rate increase overview. The system consists of approximately 25,000 customers and 225 miles of gravity mains. The overall operating budget is \$9.4 million, with the five-year capital outlay at approximately \$127.5 million. In Fiscal Year 2022, the system treated approximately 2.41 billion gallons. The sewer utility system is also facing upward expenditure pressures, including a 13 percent electricity increase, 60 percent increase in capital costs, 36 percent increased chemical costs and 29 percent increase in system supplies. Capital projects include Dysart Road Sewer Replacement and Rehabilitation, wastewater treatment plant improvements and odor control.

Mr. White stated that the sewer rate changes were on the same timeline as the water rates. Each had a similar goal of simplifying customer types and standardizing base rates as well as aligning rates to match cost of service. Review of a sample sewer bill was given. A typical residential customer pays approximately \$39.60 per month. If no increase is instituted, the sewer fund balance will dip below the reserve requirement between Fiscal Year 2026 and 2027. A 7 percent increase is recommended. Beginning with the first increase in January of 2024, typical bills will increase by \$2.80 and will increase by approximately \$3 in January of 2025. With the increase, revenues are projected to keep pace with increasing costs.

Mr. Siguenza provided an overview of the solid waste service. At this time, the City provides service to approximately 23,700 customers, collecting over 28,000 tons of trash, 4,571 tons of recycling and 6,652 tons of bulk waste. Costs for providing service are increasing in a number of areas, including:

- Fleet charges: 60 percent
- Administrative costs: 39 percent
- Personnel service: 40 percent
- Containers: 46 percent
- Risk Management cost: 350 percent

Mr. Bay noted that Solid Waste increases commenced on the same timeline as water and sewer, however, there was no rate increase between 2010 and 2021. The goal was to align rates to cost of service. The first increase occurred in October of 2021 at \$2 per

month with a second increase of \$2 per month in July of 2022. When the rates were presented to Council two years ago, it was assumed that there would be an ongoing \$1 annual rate increase through the next several years. The typical customer pays approximately \$24 per month. An increase of \$1 rate would result in the fund dipping below the reserve requirement next fiscal year. Therefore, the recommendation is for a \$1.50 monthly increase beginning in July of 2023 with an additional \$1.50 increase commencing in July of 2024. The increase will ensure that revenues generally keep pace with increased operating and capital costs. The overall increase to a typical customer in the three utility service areas is approximately \$5.14 in January of 2023 and \$5.34 in January of 2024. Next steps in the formal process were reviewed.

Mayor Weise commented about being in favor of these smaller, gradual rate raises, as they are less of a shock for customers while effectively supporting the system overall.

Council Member Malone asked about the possibility of changing the \$1.50 to \$1 and spreading the increase over three years in order to ease the effects of the raises on residents who are already adjusting to high inflation rates. Mr. Corbin noted that this is a Council decision. To spread the increase over three years would assume that another \$1.50 raise will not be necessary in three years. As inflation rises, it will likely be necessary that increases are standard for the foreseeable future. Mayor Weise added that delaying increases does not get easier over time. The public will have the opportunity to comment on the changes in the coming months.

Council Member Nielson asked for clarification that the increases will fix the shortfall over the next two years, particularly when considering that there may be increases in CAP water. Mr. Corbin acknowledged that there are no guarantees. The plan that has been presented was developed using the information known at this time and the proposed rates are what is required to balance the five-year CIP plan.

Council Member Nielson asked how water conservation levels by residents are measured. Mr. Bay stated that the City has an advanced utility billing system that tracks consumption. Mr. Corbin commented that that by moving to Stage 1 of the City's Drought Preparedness Plan, educational efforts will increase significantly. In addition, there will be a focus on ways that the City itself can use less water. HOA and corporate partners will also be educated in ways to reduce consumption.

Council Member White noted that sewer use relies heavily on electrical energy and asked whether the City uses fossil fuels or solar power for this need. Mr. Bay stated that the breakdown of power use is determined by the utility provider, the Salt River Project or the wastewater treatment plant. Mr. Corbin added that the City does not have its own solar power sources. Mr. Bay stated that the only electricity generated is for backup generation in the event of a power outage.

Council Member White asked about confirmation that the items collected for recycling actually are processed and recycled and not dumped with the regular trash. Mr. Bay confirmed that trash and recycling are separated. The loads are taken directly to the City of Phoenix recycling facility for processing.

Council Member White moved to adopt Resolution 1017-0423, providing a notice of intent to increase water and wastewater user charges and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents; Council Member Conde seconded the motion.

Upon vote, the motion was carried 5 to 1.

Council Member Conde	Aye
Council Member Malone	Nay
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Mayor Weise	Aye

e. PRESENTATION AND DISCUSSION OF THE CITY MANAGER'S RECOMMENDED BUDGET

City Council received a general overview of the City Manager's proposed budget for fiscal year 2024 (FY2024). This item was for discussion only.

Renee Weatherless, Director of Finance & Budget, provided an overview of the budget timeline to this point. Changes to the proposed budget were reviewed. In looking at ongoing and one-time expenses, the City will still see a structurally balanced budget for the General Fund. Total revenues for the General Fund for Fiscal Year 2024 is estimated at \$116.3 million. Approximately half of this comes from local sales tax and property taxes, approximately one-third comes from the state shared and the remainder from services, fines, sales and transfers.

The largest portion of General Fund expenditures consists of transfers to fund investments in capital, such as vehicles, asset replacement and debt service. Smaller portions of the General Fund go to public safety, general government, community services and economic development. Total calculated Citywide revenue is \$242.7 million. When combining all Citywide expenditures, 51 percent goes to capital improvements, 19 percent for general government and 13 percent for public safety. The total CIP budget is \$228 million, of which only \$61.6 million is represented by new dollars and with a \$166.3 million carryover. Next steps were reviewed.

City Council did not have any questions for Ms. Weatherless.

4. ADJOURNMENT

There being no further business before the Council, Council Member White moved to adjourn the Regular Meeting; Council Member Malone seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Conde	Aye
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Council Member Malone	Aye
Council Member Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Mayor Weise	Aye

Meeting adjourned at 7:30 p.m.

Kenn Weise, Mayor

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Meeting and Regular Meeting of the Council of the City of Avondale held on the 3rd day of April 2023. I further certify that the meeting was duly called and held, and that the quorum was present.

Marcella Carrillo, City Clerk

Date Approved by City Council

Exhibit A: Quarterly Budget Transfer Schedule - April 3, 2023

	From Account	From Project/Fund	To Account	To Project/Fund/Dept	Amount
(a)	50170000-99000; 28090000-69000	Water Contingency;Unanticipated Revenue	50170120-74000	Water Fund - Public Works	\$ 1,425,000
(b)	10190000-99000	General Fund Contingency	10114400-60070	General Fund - Finance and Budget	\$ 130,000
(c)	10190000-99000	General Fund Contingency	10170400-50000	General Fund - Public Works	\$ 30,000
(d)	51170900-86000-U0038	Distribution Pressure Improvements	51170900-86000-U0089	Northside Arsenic Treatment System Rehabilitation	\$ 250,000
(e)	28090000-69000	Unanticipated Revenues	30140900-86000-T0173	Signal and Intersection Improvements Avondale & Lower Buckeye	\$ 2,200,000
(f)	10155100-50100	General Fund - Parks and Recreation salaries	11055900-81100-P0083	Mountain View Park Expansion	\$ 275,000
(g)	53190000-99000	Sewer Contingency	54170900-86000-U0150	Water Reclamation Facility Odor Control System Upgrade	\$ 4,918,000
(h)	60270900-72000	Fleet Operations - Fuel	60270910-79000-A0233	Fleet Equipment Replacement Program	\$ 50,000

CITY COUNCIL REPORT

SUBJECT: Amendment to the Employment Agreement with the City Auditor, Barbara Coppage

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Barbara Coppage, City Auditor

THROUGH: N/A

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

PURPOSE:

City Council will consider a request to approve an amendment to the Employment Agreement with City Auditor, Barbara Coppage and authorize the Mayor, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

On October 17, 2022, City Council approved the Employment Agreement with Barbara Coppage to serve as the City Auditor, effective October 17, 2022. Under the current Agreement, the City Auditor's annual review shall occur on an annual basis.

DISCUSSION:

The purpose of this agenda item is to amend the Employment Agreement for the City Auditor, Barbara Coppage (the "Agreement") to revise the time frame for the City Auditor's annual review to coincide with the fiscal year. With this amendment, the City Auditor's annual review shall occur not later than June 30th of each year.

BUDGET IMPACT:

This item is budgeted through the City Auditor's departmental budget.

RECOMMENDATION:

Staff is requesting approval of an amendment to the Employment Agreement with Barbara Coppage.

Contact person for document distribution: Nicholle Harris, Ted Flores, Renee Weatherless

**FIRST AMENDMENT
TO
CITY AUDITOR EMPLOYMENT AGREEMENT**

THIS FIRST AMENDMENT TO CITY AUDITOR EMPLOYMENT AGREEMENT (this “First Agreement”) is made and entered into May 1, 2023, (the Effective Date”) by and between the City of Avondale, Arizona, an Arizona municipal corporation acting through its Mayor and Council of the City of Avondale Arizona (“City”) and Barbara Coppage (“Coppage” or “Employee”).

RECITALS

A. The City and Employee entered into an Employment Agreement, No. 22-351C dated October 17, 2022 for Employee to serve as the City Auditor (the “Agreement”). All capitalized terms not otherwise defined in this First Amendment have the same meanings as set forth in the Agreement.

B. The City and Employee desire to enter into this First Amendment to revise the time from for the Employee’s annual performance evaluation.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby incorporated into and are deemed an integral part of this Agreement, the mutual covenants set forth below and other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged by the parties hereto, the City and Coppage hereby agree as follows:

1. Amendment. Paragraph 5 of the Agreement is hereby deleted in its entirety and replaced with the following:

5. Prior to June 30 of each year, the City Council will formally evaluate and review the performance of Employee, defining such goals and performance objectives as deemed necessary. The annual performance review will include an opportunity for Employee to meet and discuss the review and shall include a Council review of the Employee’s compensation, which includes salary and benefits. It is understood that the award of any increase in Employee’s compensation or benefits, including Employee pay raise(s) shall be at the sole and exclusive discretion of the City Council. During the first year of appointment, the City Council will conduct a mid-year (March 2023) evaluation of the City Auditor’s performance.

2. Effect of Amendment. The Agreement is affirmed and ratified and, except as expressly modified herein, all terms and conditions of the Agreement shall remain in full force and effect.

3. Non-Default. By executing this First Amendment, the Employee affirmatively asserts that (i) the City is not currently in default, nor has been in default at

any time prior to this First Amendment, under any of the terms or conditions of the Agreement and (ii) any and all Employee claims, known and unknown, relating to the Agreement and existing on or before the date of this First Amendment are forever waived.

IN WITNESS WHEREOF, the parties have executed this First Amendment on the day and year first set forth above.

"Employee"

"City"

CITY OF AVONDALE, an Arizona municipal corporation

Barbara Coppage

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

Approved as to Form:

Nicholle Harris, City Attorney

CITY COUNCIL REPORT

SUBJECT: Re-appointment of Judges Pro Tempore

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Abril Ruiz-Ortega, Court Administrator

THROUGH: Craig L. Jennings, (623) 333-5813

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area:

- Creative and Sustainable Community Development - Avondale is committed to creating a sense of place, a community of residents and local businesses unified by pride and common values.

This agenda item will help the court improve external customer service delivery through the use of pro tempore judges.

PURPOSE:

City Council will consider a request to re-appoint the existing judges pro tempore to two-year terms expiring on June 1, 2025 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

Avondale City Code section 5-1(f) gives the City Council the authority to appoint judges pro tempore. During the May 17, 2021 meeting, the City Council appointed pro tempore judges to serve two-year terms to fill in during the absence of the City Judge. The City Attorney advises that the term for pro tempore judges be not less than two years. Their terms expire June 1, 2023.

DISCUSSION:

Judge Jennings is recommending the Council re-appoint the following to an additional two-year term through June 1, 2025:

Hon. Craig Ring
Hon. Joanne Landfair
Hon. Sherri Tolar Rollison
Hon. Tamika Nercella Wooten

The judges named above have been admitted to the practice of law for at least five years as required by Avondale City Code, section 5-1(f); have extensive judicial experience in the courts of limited jurisdiction and have completed the application, interview and selection process conducted with the help of the Avondale

Human Resources Department.

The panel of qualified judges authorized to serve in Avondale fill in for the absent City Judge when all sitting judges are summoned on an annual basis to judicial conferences and mandatory training. Pro tempore judges also fill in during the City Judge's scheduled vacation, sick, and holiday leave.

BUDGET IMPACT:

Judges pro tempore are compensated at an hourly rate of \$60.00 per hour. The court is increasing the rate from \$60.00 per hour to \$70.00. This rate is competitive with other courts in Maricopa County. The FY2024 budget has sufficient capacity to pay for this increase.

RECOMMENDATION:

It is recommended that the City Council re-appoint the existing pro tempore judges listed above to two-year terms expiring on June 1, 2025 and authorize the Mayor or City Manager and City Clerk to execute the necessary documents.

Contact person for document distribution:

**PROFESSIONAL SERVICES AGREEMENT
FOR JUDGE PRO TEMPORE SERVICES
BETWEEN
THE CITY OF AVONDALE
AND
CRAIG V. RING**

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is entered into as of the date signed below, between the City of Avondale, an Arizona municipal corporation (the "City"), and CRAIG V. RING (the "Consultant").

RECITALS

A. The City requires the services of a Judge Pro Tempore for the Avondale City Court to provide magistrate services when the Presiding Judge of the Court is unavailable.

B. Pursuant to Article XI, Section 4, of the City Charter of Avondale and Chapter 5, Article I, Section 5-1 of the City of Avondale City Code, the Council may appoint judges pro tempore of the Avondale City Court.

C. The City desires to appoint the Consultant to provide magistrate services for a term of two years as a Judge Pro Tempore of the of the Avondale City Court when the Presiding Judge of the Court is unavailable (the "Services").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Consultant hereby agree as follows:

1. **Term of Agreement.** The Consultant shall serve as Judge Pro Tempore for a two-year term commencing upon appointment by the City Council.

2. **Scope of Work.** The Consultant avows that it has been admitted to practice before the supreme court of any state for not less than five years and is currently a member in good standing of the State Bar of Arizona and possesses the knowledge, skills and experience to be a Judge Pro Tempore. The Consultant shall perform to the best of its abilities, in accordance with applicable professional standards, the powers and duties set forth and conferred upon it under the provisions of the State Constitution and statutes, the City Charter, and the ordinances and resolutions of the City for the continuance of this Agreement.

3. **Compensation.** The Consultant agrees to provide the Services on an as-needed basis, upon request from the City. The City shall pay the Consultant a sum of \$70.00 per hour for the Services provided during the term of this Agreement.

4. Facilities. The City shall make available, at all times during the term of this Agreement, adequate and comfortable physical facilities in which to perform the Judge Pro Tempore duties, including filing facilities, supplies, and equipment deemed necessary for the expedient and orderly operation of the Court.

5. Exclusivity. The City and the Consultant understand and agree that this Agreement does not guarantee a minimum number of hours or payment of compensation during the term of this Agreement. The Consultant at all times shall serve as an independent contractor of the City and may accept other employment or carry out any other business in the Consultant's discretion during the term of this Agreement in accordance with the Arizona Code of Judicial Conduct. The City reserves the right to obtain like services from another source when necessary.

6. Termination. The Consultant shall have the right to terminate the Agreement upon 30-days written notice to the Presiding Judge of the Avondale City Court. The City Council may terminate this Agreement prior to the expiration without cause. Notice of removal of office shall be delivered in writing to the Consultant.

7. Assignment; Delegation. No right or interest in this Agreement shall be assigned or delegated by the Consultant.

8. Conflict of Interest. This Agreement is subject to the provisions of ARIZ. REV. STAT. § 38-511. The City may cancel this Agreement without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or any of its departments or agencies is, at any time while this Agreement or any extension of this Agreement is in effect, an employee of any other party to this Agreement in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement.

9. Gratuities. The City may, by written notice to the Consultant, cancel this Agreement if it is found by the City that gratuities, in the form of economic opportunity, future employment, entertainment, gifts or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the City for the purpose of securing this Agreement. In the event this Agreement is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover and withhold from the Consultant an amount equal to 150% of the gratuity.

10. Applicable Law; Venue. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in Maricopa County, Arizona.

11. Amendments. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the Consultant.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first set forth below.

"City"

CITY OF AVONDALE,
an Arizona municipal corporation

Kenneth N. Weise, Mayor

Date: _____

ATTEST:

Marcella Carrillo, City Clerk

Date: _____

"Consultant"

By: Craig King

Name: Craig King

**PROFESSIONAL SERVICES AGREEMENT
FOR JUDGE PRO TEMPORE SERVICES
BETWEEN
THE CITY OF AVONDALE
AND
JOANNE F. LANDFAIR**

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is entered into as of the date signed below, between the City of Avondale, an Arizona municipal corporation (the "City"), and JOANNE F. LANDFAIR (the "Consultant").

RECITALS

A. The City requires the services of a Judge Pro Tempore for the Avondale City Court to provide magistrate services when the Presiding Judge of the Court is unavailable.

B. Pursuant to Article XI, Section 4, of the City Charter of Avondale and Chapter 5, Article I, Section 5-1 of the City of Avondale City Code, the Council may appoint judges pro tempore of the Avondale City Court.

C. The City desires to appoint the Consultant to provide magistrate services for a term of two years as a Judge Pro Tempore of the of the Avondale City Court when the Presiding Judge of the Court is unavailable (the "Services").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Consultant hereby agree as follows:

1. **Term of Agreement.** The Consultant shall serve as Judge Pro Tempore for a two-year term commencing upon appointment by the City Council.

2. **Scope of Work.** The Consultant avows that it has been admitted to practice before the supreme court of any state for not less than five years and is currently a member in good standing of the State Bar of Arizona and possesses the knowledge, skills and experience to be a Judge Pro Tempore. The Consultant shall perform to the best of its abilities, in accordance with applicable professional standards, the powers and duties set forth and conferred upon it under the provisions of the State Constitution and statutes, the City Charter, and the ordinances and resolutions of the City for the continuance of this Agreement.

3. **Compensation.** The Consultant agrees to provide the Services on an as-needed basis, upon request from the City. The City shall pay the Consultant a sum of \$70.00 per hour for the Services provided during the term of this Agreement.

4. Facilities. The City shall make available, at all times during the term of this Agreement, adequate and comfortable physical facilities in which to perform the Judge Pro Tempore duties, including filing facilities, supplies, and equipment deemed necessary for the expedient and orderly operation of the Court.

5. Exclusivity. The City and the Consultant understand and agree that this Agreement does not guarantee a minimum number of hours or payment of compensation during the term of this Agreement. The Consultant at all times shall serve as an independent contractor of the City and may accept other employment or carry out any other business in the Consultant's discretion during the term of this Agreement in accordance with the Arizona Code of Judicial Conduct. The City reserves the right to obtain like services from another source when necessary.

6. Termination. The Consultant shall have the right to terminate the Agreement upon 30-days written notice to the Presiding Judge of the Avondale City Court. The City Council may terminate this Agreement prior to the expiration without cause. Notice of removal of office shall be delivered in writing to the Consultant.

7. Assignment; Delegation. No right or interest in this Agreement shall be assigned or delegated by the Consultant.

8. Conflict of Interest. This Agreement is subject to the provisions of ARIZ. REV. STAT. § 38-511. The City may cancel this Agreement without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or any of its departments or agencies is, at any time while this Agreement or any extension of this Agreement is in effect, an employee of any other party to this Agreement in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement.

9. Gratuities. The City may, by written notice to the Consultant, cancel this Agreement if it is found by the City that gratuities, in the form of economic opportunity, future employment, entertainment, gifts or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the City for the purpose of securing this Agreement. In the event this Agreement is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover and withhold from the Consultant an amount equal to 150% of the gratuity.

10. Applicable Law; Venue. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in Maricopa County, Arizona.

11. Amendments. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the Consultant.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first set forth below.

“City”

CITY OF AVONDALE,
an Arizona municipal corporation

Kenneth N. Weise, Mayor

Date: _____

ATTEST:

Marcella Carrillo, City Clerk

Date: _____

“Consultant”

By: _____

Name: Joanne F. Landfair

**PROFESSIONAL SERVICES AGREEMENT
FOR JUDGE PRO TEMPORE SERVICES
BETWEEN
THE CITY OF AVONDALE
AND
SHERRI T. ROLLISON**

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is entered into as of the date signed below, between the City of Avondale, an Arizona municipal corporation (the "City"), and SHERRI T. ROLLISON (the "Consultant").

RECITALS

- A. The City requires the services of a Judge Pro Tempore for the Avondale City Court to provide magistrate services when the Presiding Judge of the Court is unavailable.
- B. Pursuant to Article XI, Section 4, of the City Charter of Avondale and Chapter 5, Article I, Section 5-1 of the City of Avondale City Code, the Council may appoint judges pro tempore of the Avondale City Court.
- C. The City desires to appoint the Consultant to provide magistrate services for a term of two years as a Judge Pro Tempore of the of the Avondale City Court when the Presiding Judge of the Court is unavailable (the "Services").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Consultant hereby agree as follows:

1. **Term of Agreement.** The Consultant shall serve as Judge Pro Tempore for a two-year term commencing upon appointment by the City Council.
2. **Scope of Work.** The Consultant avows that it has been admitted to practice before the supreme court of any state for not less than five years and is currently a member in good standing of the State Bar of Arizona and possesses the knowledge, skills and experience to be a Judge Pro Tempore. The Consultant shall perform to the best of its abilities, in accordance with applicable professional standards, the powers and duties set forth and conferred upon it under the provisions of the State Constitution and statutes, the City Charter, and the ordinances and resolutions of the City for the continuance of this Agreement.
3. **Compensation.** The Consultant agrees to provide the Services on an as-needed basis, upon request from the City. The City shall pay the Consultant a sum of \$70.00 per hour for the Services provided during the term of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first set forth below.

"City"

CITY OF AVONDALE
an Arizona municipal corporation

Kenneth N. Weise, Mayor

Date: _____

ATTEST:

Marcella Carrillo, City Clerk

Date: _____

"Consultant"

By: Sherri Rollison

Name: SHERRI ROLLISON

4/17/2023

4. Facilities. The City shall make available, at all times during the term of this Agreement, adequate and comfortable physical facilities in which to perform the Judge Pro Tempore duties, including filing facilities, supplies, and equipment deemed necessary for the expedient and orderly operation of the Court.

5. Exclusivity. The City and the Consultant understand and agree that this Agreement does not guarantee a minimum number of hours or payment of compensation during the term of this Agreement. The Consultant at all times shall serve as an independent contractor of the City and may accept other employment or carry out any other business in the Consultant's discretion during the term of this Agreement in accordance with the Arizona Code of Judicial Conduct. The City reserves the right to obtain like services from another source when necessary.

6. Termination. The Consultant shall have the right to terminate the Agreement upon 30-days written notice to the Presiding Judge of the Avondale City Court. The City Council may terminate this Agreement prior to the expiration without cause. Notice of removal of office shall be delivered in writing to the Consultant.

7. Assignment; Delegation. No right or interest in this Agreement shall be assigned or delegated by the Consultant.

8. Conflict of Interest. This Agreement is subject to the provisions of ARIZ. REV. STAT. § 38-511. The City may cancel this Agreement without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or any of its departments or agencies is, at any time while this Agreement or any extension of this Agreement is in effect, an employee of any other party to this Agreement in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement.

9. Gratuities. The City may, by written notice to the Consultant, cancel this Agreement if it is found by the City that gratuities, in the form of economic opportunity, future employment, entertainment, gifts or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the City for the purpose of securing this Agreement. In the event this Agreement is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover and withhold from the Consultant an amount equal to 150% of the gratuity.

10. Applicable Law; Venue. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in Maricopa County, Arizona.

11. Amendments. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the Consultant.

[SIGNATURES ON FOLLOWING PAGES]

**PROFESSIONAL SERVICES AGREEMENT
FOR JUDGE PRO TEMPORE SERVICES
BETWEEN
THE CITY OF AVONDALE
AND
THE LAW OFFICE OF TAMIKA WOOTEN**

THIS PROFESSIONAL SERVICES AGREEMENT (this "Agreement") is entered into as of the date signed below, between the City of Avondale, an Arizona municipal corporation (the "City"), and THE LAW OFFICE OF TAMIKA WOOTEN (the "Consultant").

RECITALS

A. The City requires the services of a Judge Pro Tempore for the Avondale City Court to provide magistrate services when the Presiding Judge of the Court is unavailable.

B. Pursuant to Article XI, Section 4, of the City Charter of Avondale and Chapter 5, Article I, Section 5-1 of the City of Avondale City Code, the Council may appoint judges pro tempore of the Avondale City Court.

C. The City desires to appoint the Consultant to provide magistrate services for a term of two years as a Judge Pro Tempore of the of the Avondale City Court when the Presiding Judge of the Court is unavailable (the "Services").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing introduction and recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Consultant hereby agree as follows:

1. Term of Agreement. The Consultant shall serve as Judge Pro Tempore for a two-year term commencing upon appointment by the City Council.

2. Scope of Work. The Consultant avows that it has been admitted to practice before the supreme court of any state for not less than five years and is currently a member in good standing of the State Bar of Arizona and possesses the knowledge, skills and experience to be a Judge Pro Tempore. The Consultant shall perform to the best of its abilities, in accordance with applicable professional standards, the powers and duties set forth and conferred upon it under the provisions of the State Constitution and statutes, the City Charter, and the ordinances and resolutions of the City for the continuance of this Agreement.

3. Compensation. The Consultant agrees to provide the Services on an as-needed basis, upon request from the City. The City shall pay the Consultant a sum of \$70.00 per hour for the Services provided during the term of this Agreement.

4. Facilities. The City shall make available, at all times during the term of this Agreement, adequate and comfortable physical facilities in which to perform the Judge Pro Tempore duties, including filing facilities, supplies, and equipment deemed necessary for the expedient and orderly operation of the Court.

5. Exclusivity. The City and the Consultant understand and agree that this Agreement does not guarantee a minimum number of hours or payment of compensation during the term of this Agreement. The Consultant at all times shall serve as an independent contractor of the City and may accept other employment or carry out any other business in the Consultant's discretion during the term of this Agreement in accordance with the Arizona Code of Judicial Conduct. The City reserves the right to obtain like services from another source when necessary.

6. Termination. The Consultant shall have the right to terminate the Agreement upon 30-days written notice to the Presiding Judge of the Avondale City Court. The City Council may terminate this Agreement prior to the expiration without cause. Notice of removal of office shall be delivered in writing to the Consultant.

7. Assignment; Delegation. No right or interest in this Agreement shall be assigned or delegated by the Consultant.

8. Conflict of Interest. This Agreement is subject to the provisions of ARIZ. REV. STAT. § 38-511. The City may cancel this Agreement without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the City or any of its departments or agencies is, at any time while this Agreement or any extension of this Agreement is in effect, an employee of any other party to this Agreement in any capacity or a consultant to any other party of this Agreement with respect to the subject matter of this Agreement.

9. Gratuities. The City may, by written notice to the Consultant, cancel this Agreement if it is found by the City that gratuities, in the form of economic opportunity, future employment, entertainment, gifts or otherwise, were offered or given by the Consultant or any agent or representative of the Consultant to any officer, agent or employee of the City for the purpose of securing this Agreement. In the event this Agreement is canceled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover and withhold from the Consultant an amount equal to 150% of the gratuity.

10. Applicable Law; Venue. This Agreement shall be governed by the laws of the State of Arizona and suit pertaining to this Agreement may be brought only in courts in Maricopa County, Arizona.

11. Amendments. This Agreement may be modified only by a written amendment signed by persons duly authorized to enter into contracts on behalf of the City and the Consultant.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first set forth below.

“City”

CITY OF AVONDALE,
an Arizona municipal corporation

Kenneth N. Weise, Mayor

Date: _____

ATTEST:

Marcella Carrillo, City Clerk

Date: _____

“Consultant”

By: 

Name: Tamika Wooten

CITY COUNCIL REPORT

SUBJECT: Series 10 (Beer and Wine Store) Liquor License - Home2Suites by Hilton

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Marcella Carrillo, City Clerk

THROUGH: Cherlene Penilla, Assistant City Manager, (623) 333-1015

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area:

- Diverse Recreation and Entertainment Opportunities – Avondale provides residents with the ability to connect with amenities, businesses, and their community, enhancing the opportunity to live, work, and enjoy a healthy, active, and affordable lifestyle.

The approval of this agenda item will promote Avondale community's social connectivity by providing a new social environment for family and friends. This item will increase visitor traffic to Avondale's local businesses.

PURPOSE:

City Council will consider a request to recommend approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by Amy S Nations for the sale of alcohol at Home2Suites by Hilton located at 10275 W McDowell Road in Avondale and authorize the City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

Home2Suites by Hilton is a new hotel located at 10275 West McDowell Road in Avondale. Issuance of a Series 10 (Beer and Wine Store) liquor license is required to allow alcohol sales on the premises. The establishment is outside of the state-mandated 300-foot separation requirement from schools.

DISCUSSION:

As required by state law and city ordinance, the application was posted for the required period of time. The Police, Fire & Medical, Development & Engineering Services and Finance Departments have reviewed the application and are recommending approval.

BUDGET IMPACT:

The liquor license application fee of \$250 has been paid in full.

RECOMMENDATION:

Staff is recommending City Council recommend approval to the Arizona Department of Liquor License and Control of an application for a Series 10 (Beer and Wine Store) Liquor License submitted by submitted by Amy

S Nations for the sale of alcohol at Home2Suites by Hilton located at 10275 W McDowell Road in Avondale and authorize the City Clerk to execute the necessary documents.

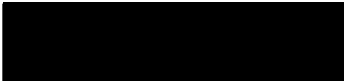
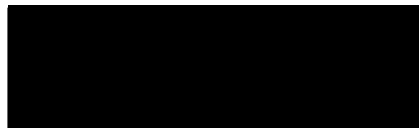
Contact person for document distribution: Maria James

State of Arizona
Department of Liquor Licenses and Control

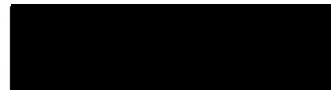
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Local Governing Body Report

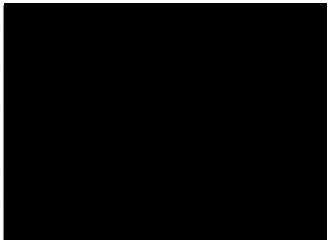
LICENSE

Number:		Type:	010 BEER AND WINE STORE
Name:	HOME2SUITES BY HILTON		
State:	Pending		
Issue Date:		Expiration Date:	
Original Issue Date:			
Location:	10275 W MCDOWELL ROAD AVONDALE, AZ 85392 USA		
Mailing Address:			
Phone:			
Alt. Phone:			
Email:			

AGENT

Name:	AMY S NATIONS
Gender:	Female
Correspondence Address:	
Phone:	
Alt. Phone:	
Email:	

OWNER

Name:	ROYAL HOSPITALITY AVONDALE INC	
Contact Name:	AMY S NATIONS	
Type:		State of Incorporation: CA
AZ CC File Number:		
Incorporation Date:		
Correspondence Address:		
Phone:		
Alt. Phone:		
Email:		

Officers / Stockholders

Name:
MAURICE PAUL CORREIA

Title:
President

% Interest:
94.69

ROYAL HOSPITALITY AVONDALE INC - President

Name: MAURICE PAUL CORREIA
Gender: Male

Correspondence Address:

Phone:
Alt. Phone:
Email:

MANAGERS

Name: MYRA ANN MORENO
Gender: Female
Correspondence Address:

Phone:
Alt. Phone:
Email:

APPLICATION INFORMATION

Application Number: 237075
Application Type: New Application
Created Date: 03/14/2023

QUESTIONS & ANSWERS

010 Beer and Wine Store

- 1) Are you applying for an Interim Permit (INP)?
Yes
A Document of type INTERIM PERMIT (INP) NOTARY PAGE is required.
- 2) Provide name, address, and distance of nearest school.
(If less than one (1) mile note footage)
RIO VISTA ELEMENTARY SCHOOL-2,541 FT
10237 W ENCANTO BLVD AVONDALE, AZ 85392
- 3) Are you one of the following? Please indicate below.
Property Tenant
Subtenant
Property Owner
Property Purchaser
Property Management Company
Property Owner
- 4) Is there a penalty if lease is not fulfilled?
No
- 5) Is the Business located within the incorporated limits of the city or town of which it is located?
Yes
- 6) What is the total money borrowed for the business not including the lease?
Please list each amount owed to lenders/individuals.
WELLS FARGO BANK- \$5,575,000.00
401 B STREET #2201 SAN DIEGO, CA 92101
- 7) Are there walk-up or drive-through windows on the premises?
No
- 8) Does the establishment have a patio?
No
- 9) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?
No

State of Arizona
Department of Liquor Licenses and Control

Created 03/16/2023 @ 09:42:19 AM

Local Governing Body Report

LICENSE

Number: INP070022814 Type: INP INTERIM PERMIT
Name: HOME2SUITES BY HILTON
State: Active
Issue Date: 03/16/2023 Expiration Date: 06/29/2023
Original Issue Date: 03/16/2023
Location: 10275 W MCDOWELL ROAD
AVONDALE, AZ 85392
USA
Mailing Address: [REDACTED]
USA
Phone: [REDACTED]
Alt. Phone: [REDACTED]
Email: [REDACTED]

AGENT

Name: AMY S NATIONS
Gender: Female
Correspondence Address: [REDACTED]
USA
Phone: [REDACTED]
Alt. Phone: [REDACTED]
Email: [REDACTED]

OWNER

Name: ROYAL HOSPITALITY AVONDALE INC
Contact Name: AMY S NATIONS
Type: CORPORATION
AZ CC File Number: 23459085 State of Incorporation: CA
Incorporation Date: 12/19/2022
Correspondence Address: PO BOX 2502
CHANDLER, AZ 85244
USA
Phone: (480)730-2675
Alt. Phone: [REDACTED]
Email: LIQUORLICENSE@AZLIC.COM

Officers / Stockholders

Name:
MAURICE PAUL CORREIA

Title:
President

% Interest:
94.69

ROYAL HOSPITALITY AVONDALE INC - President

Name: MAURICE PAUL CORREIA
Gender: Male
Correspondence Address:

Phone:
Alt. Phone:
Email:

MANAGERS

Name: MYRA ANN MORENO
Gender: Female
Correspondence Address:

Phone:
Alt. Phone:
Email:

APPLICATION INFORMATION

Application Number: 237076
Application Type: New Application
Created Date: 03/14/2023

QUESTIONS & ANSWERS

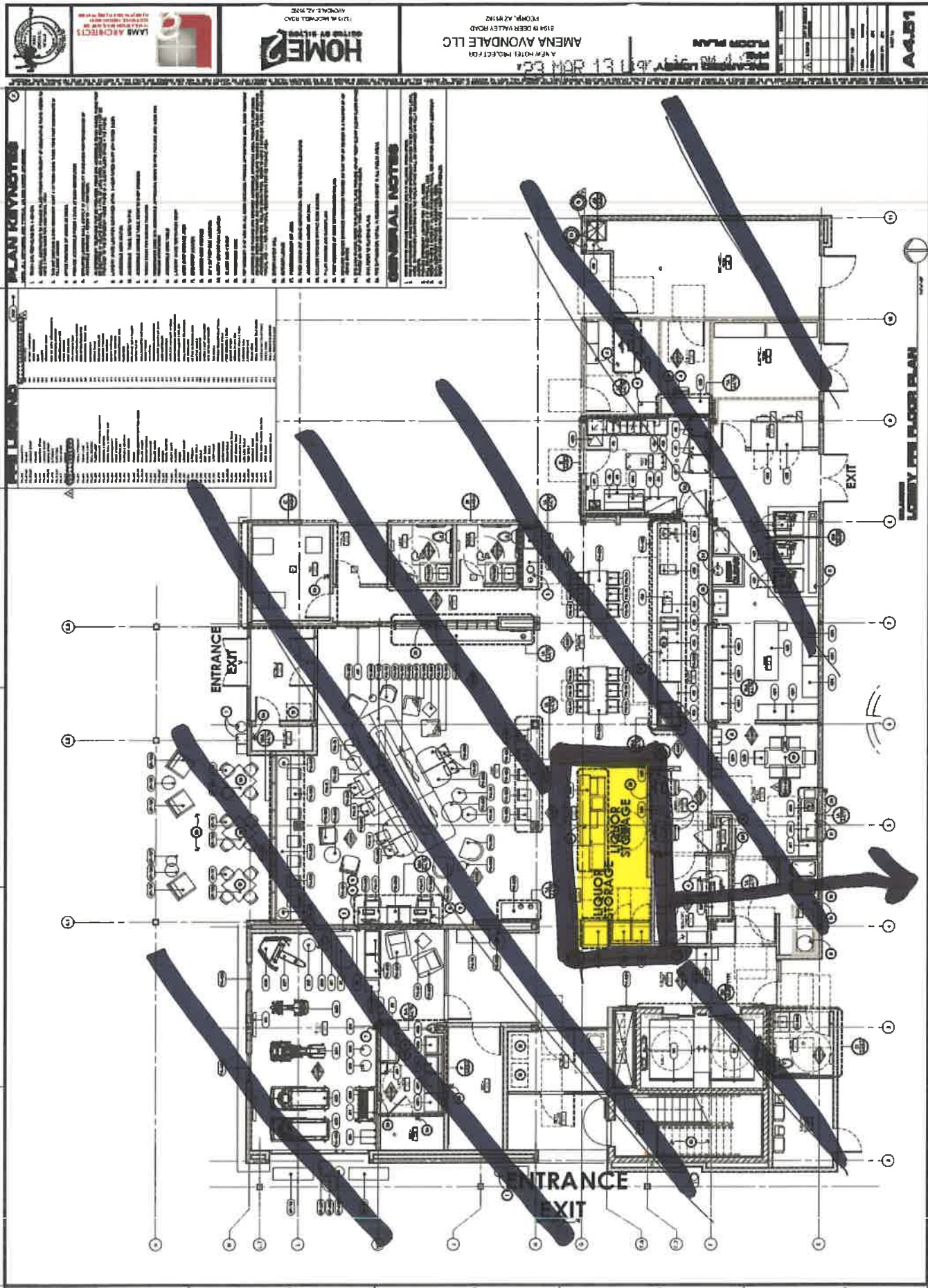
INP Interim Permit

- 1) Enter License Number currently at location
010070016227
- 2) Is the license currently in use?
No
How long has it been out of use?
12/31/2022
- 3) Will you please submit section 5, page 6, of the license application when you reach the upload page?
No



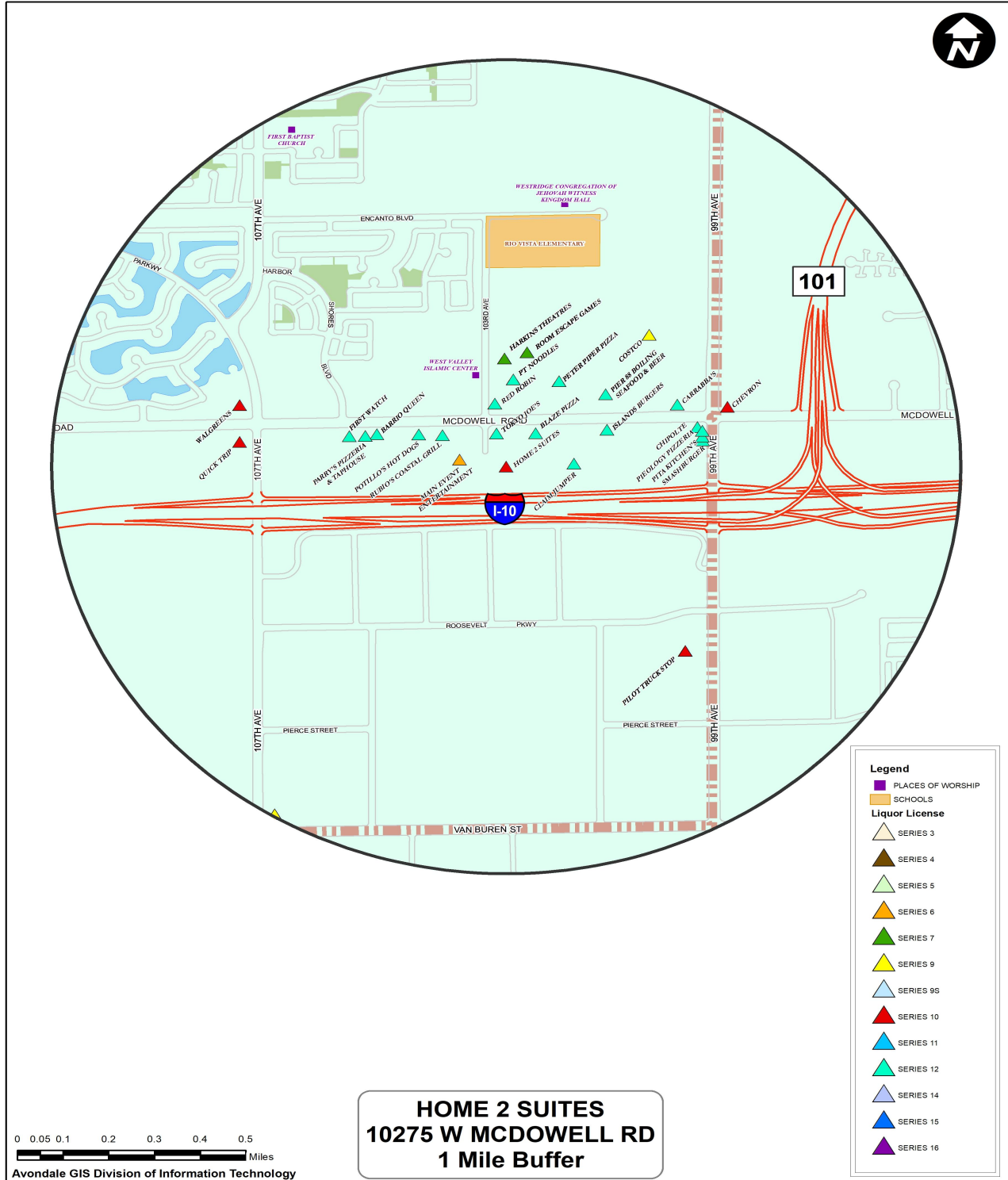
Total square footage of the hotel's 1st floor is 18,540 square feet

* Hotel doesn't have big licens. &



Licensed Premise → ☒ Not Licensed premise

GIS MAP





LICENSE REVIEW FORM

Type of License	Series 10- Beer and Wine Store
Applicant's Name	Amy Nations
Business Name	Home2Suites by Hilton
Business Address	10275 W McDowell Rd Avondale AZ 85392
Department Comments	
The General Plan designates this property as Freeway Commercial. The current Zoning of the property is Commercial (C-3). The use of a beer and wine store is consistent with the City of Avondale's adopted Zoning Ordinance.	
☐ Police Department	☐ Fire Department
☒ Development Services	☐ Finance Department
☒ Approved	☐ Denied
 _____ E-Signature	_____ City Clerk Title
Marcella Carrillo _____ Name	Apr 6, 2023 _____ Date

This license is scheduled for the City Council Meeting on: May 1, 2023

Please complete form by: April 17, 2023

LICENSE REVIEW FORM

Type of License	Series 10- Beer and Wine Store
Applicant's Name	Amy Nations
Business Name	Home2Suites by Hilton
Business Address	10275 W McDowell Rd Avondale AZ 85392
Department Comments	
All business license requirements have been met.	
☐ Police Department	☐ Fire Department
☐ Development Services	☒ Finance Department
☒ Approved	☐ Denied
<u><i>Audrey Tijerina</i></u> Audrey Tijerina (Apr 6, 2023 13:35 PDT)	Customer Service Representative
E-Signature	Title
<u>Audrey Tijerina</u>	<u>Apr 6, 2023</u>
Name	Date

This license is scheduled for the City Council Meeting on: May 1, 2023

Please complete form by: April 17, 2023

LICENSE REVIEW FORM

Type of License	Series 10- Beer and Wine Store
Applicant's Name	Amy Nations
Business Name	Home2Suites by Hilton
Business Address	10275 W McDowell Rd Avondale AZ 85392
Department Comments	
No comments	
☐ Police Department ☒ Fire Department	
☐ Development Services ☐ Finance Department	
☒ Approved ☐ Denied	
<u>Jason Napier</u> Jason Napier (Apr 6, 2023 13:44 PDT)	Fire Marshal
E-Signature	Title
Jason Napier	Apr 6, 2023
Name	Date

This license is scheduled for the City Council Meeting on: **May 1, 2023**

Please complete form by: **April 17, 2023**

LICENSE REVIEW FORM

Type of License	Series 10- Beer and Wine Store
Applicant's Name	Amy Nations
Business Name	Home2Suites by Hilton
Business Address	10275 W McDowell Rd Avondale AZ 85392
Department Comments	
No comments	
☒ Police Department ☐ Fire Department	
☐ Development Services ☐ Finance Department	
☒ Approved ☐ Denied	
 Ryan Myers (Apr 6, 2023 15:11 PDT)	Sergeant
E-Signature	Title
Ryan Myers	Apr 6, 2023
Name	Date

This license is scheduled for the City Council Meeting on: **May 1, 2023**

Please complete form by: **April 17, 2023**

CITY COUNCIL REPORT

SUBJECT: Vehicle Purchase Budget and Award Authority

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Kirk Beaty, Public Works Director

THROUGH: Tracy Stevens, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

Innovative Program and Service Delivery: Avondale will continue to serve as a model of innovative, efficient, and responsive government. This proactive action ensures that the City can maintain essential government services by timely replacement of aging components of the vehicle fleet.

PURPOSE:

City Council will consider a request to: (a) approve a budget amendment in the amount \$645,000 from the Unanticipated Revenue line item for the purpose of ordering replacement vehicles scheduled for FY2024; (b) authorize administrative award authority for the outlined vehicle purchases; and (c) authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The automotive industry has experienced massive disruptions to their supply chain for parts and microchips for the production of new vehicles. This, in turn, has caused major delays in delivering vehicles to customers. With demand for vehicles continuing to increase and continued disruption to the supply chain, vehicle manufacturers are limiting the number of vehicles that can be ordered and are allotting only a specific number of vehicles that will be sold by each of their regions in the United States. Manufacturers open order banks for new vehicles, but the time to order is limited based on these allotments. Once allotments are reached, order banks are closed for the year. Order banks will open in the 4th quarter of FY2023, before FY2024 funds are appropriated. Currently, the City of Avondale has experienced long delays in new vehicle deliveries, and we will continue to experience challenges in ordering new vehicles for the foreseeable future.

DISCUSSION:

The Public Works Fleet Services Division is seeking to order FY2024 vehicle replacements in the fourth quarter of FY2023 when the order banks are open in anticipation of receiving these vehicles by mid FY2024. This proactive approach will limit the further delays in replacing vehicles in a timely manner. This action is for replacement vehicles only as included in the attached list. New vehicles will be ordered during the FY2024 ordering window when they become available. Last fiscal year, City Council approved a similar measure, and this in turn facilitated the City's ability to procure vehicles and equipment in a timely manner.

BUDGET IMPACT:

The \$645,000 appropriation necessary to facilitate the commitment to purchase these vehicles exists in the Unanticipated Revenue line item and will be transferred to the appropriate department vehicle line items. This action does not commit the City to any additional expenditures that were not previously planned for the upcoming FY2024 budget.

RECOMMENDATION:

Staff recommends City Council authorize a budget amendment in the amount of \$645,000 from the Unanticipated Revenue line item, authorize administrative award authority for the outlined vehicle purchases, and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Contact person for document distribution: Harold Siguenza

Suzie Hunter

Russ Dangel

UNIT #	Year	Make	Model	Vehicle Type	Department	COST
1943	2015	Ford	F-550	Bucket Truck	Engineering Services Department	\$210,000
1955	2015	Ford	Expedition	SUV	Fire Department	\$45,000
2029	2017	Chevrolet	Impala	Sedan	Police Department	\$37,000
2048	2017	Chevrolet	Tahoe	Patrol Unit	Police Department	\$74,000
2052	2017	Chevrolet	Tahoe	Patrol Unit	Police Department	\$74,000
2085	2017	Ford	F-250	Utility Truck	Public Works	\$85,000
2161	2019	Ford	Transit 350	Detention Van	Police Department	\$120,000

CITY COUNCIL REPORT

SUBJECT: Resolution 1021-0523 - 2023-2024 HUD Annual Action Plan

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Chris Lopez, Neighborhood & Family Services Director

THROUGH: Cherlene Penilla, Assistant City Manager, (623) 333-1015

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Areas:

- Creative and Sustainable Community Development - Avondale is committed to creating a sense of place, a community of residents and local businesses unified by pride and common values.

This is accomplished by preserving Avondale's stock of affordable housing and funding, necessary public facilities and supporting vital community services.

PURPOSE:

City Council will consider a request to adopt Resolution 1021-0523 approving the City's 2023-2024 Annual Action Plan, identifying housing and community development needs and strategies and defining how Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds will be allocated next fiscal year and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

As an entitlement grantee, the City of Avondale receives an annual allocation of CDBG funds from HUD and HOME funds as a member of the Maricopa County HOME Consortium. HUD has allocated \$651,194 in CDBG funds to Avondale for Fiscal Year 2023-2024. The City will also receive \$214,593 in HOME funds through Maricopa County for Fiscal Year 2023-2024. The Federal objective of the CDBG program is to "develop viable urban communities by providing decent housing, a suitable living environment and economic opportunities for low-moderate income persons." The objective of the HOME Program is to "create affordable housing opportunities for low-income persons." City of Avondale goals and objectives with respect to CDBG and HOME are defined in the 5-Year Consolidated Plan which was approved by City Council in May 2020.

DISCUSSION:

The Consolidated Plan has identified housing, economic and social development needs of low-income and special needs persons as areas of opportunity and has prescribed strategies to address them. The Annual Action Plan serves as an update to the Consolidated Plan and identifies the goals, strategies and expected outcomes for the program year.

HUD requires that local governments engage the public in completing the Annual Action Plan. The

Neighborhood and Family Services (NFS) has sought input as part of the public participation process for the FY 2023-2024 Annual Action Plan. The first public hearing was held during the Neighborhood & Family Services Commission meeting on February 22, 2023. The draft Annual Action Plan was made available to the public on the NFS website, both city libraries and City Hall during the public comment period, which began March 15, 2023, and was extended through April 17, 2023. A Council Meeting was held on April 3, 2023 that served as a second public hearing.

Data gathered from the public participation process supports the community priorities, which remain as follows: Preserve and expand affordable housing inventory, fund necessary public infrastructure and facility renovations, support vital community services, encourage business development and growth, promote fair housing in Avondale, and reduce residential lead-based hazards in low-income, economically challenged neighborhoods.

To advance these goals, staff recommend the following activities and funding allocations for FY 2023-2024:

CDBG Allocations (totaling \$651,194)

1. Public Improvements - \$422,955
2. Youth Services (AviTEMP) - \$40,000
3. Workforce Development - \$50,000
4. Administration and Planning- \$138,239 (Home Rehabilitation will continue to occur with CDBG funds remaining from the previous program year in the amount of \$333,978)

HOME Allocations (totaling \$214,593)

1. First-time Home Buyer Down Payment Assistance Program - \$201,181
2. Administration - \$13,412 (This grant requires a 25% non-federal match totaling \$50,296 that will support the First Time Home Buyer Payment Assistance Program.)

BUDGET IMPACT:

The use of \$201,181 in HOME funds will require a 25% non-federal match, or \$50,296 from the City of Avondale, which will be included in the proposed budget for next fiscal year. CDBG funds do not require match.

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution approving the 2023-2024 Annual Action Plan.

Contact person for document distribution: Regina Marette

RESOLUTION NO. 1021-0523

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, APPROVING THE 2023-2024 ANNUAL ACTION PLAN AND AUTHORIZING ITS SUBMISSION TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR RECEIPT OF FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS; AND AUTHORIZING ACCEPTANCE OF HOME FUNDS FROM MARICOPA COUNTY AND THE RELATED HOME EXPENDITURES.

WHEREAS, Title 1 of the Housing and Community Development Act of 1974, as amended, establishes a Community Development Block Grant (“CDBG”) program for the purpose of developing viable urban communities by (i) providing decent housing and suitable living environments, (ii) expanding economic opportunities and (iii) preventing and/or eliminating conditions of slum and blight, principally for persons of low and moderate income; and

WHEREAS, the City of Avondale (the “City”) desires to receive CDBG funds and to continue to carry out CDBG-funded programs; and

WHEREAS, the U.S. Department of Housing and Urban Development (“HUD”) is expected to provide approximately \$651,194 in CDBG funds to the City for Fiscal Year 2023/2024; and

WHEREAS, the Code of Federal Regulations, 24 CFR Part 91 requires the submission to HUD and subsequent approval by HUD of an Annual Action Plan as a condition of receiving CDBG funds; and

WHEREAS, by Resolution 1028-0520, the City Council approved the 2020-2024 Five Year Consolidated Plan (the “Consolidated Plan”), as amended, which was subsequently approved by HUD; and

WHEREAS, the City prepared an updated 2023/2024 Annual Action Plan element of the Consolidated Plan listing activities to be funded in the 2023/2024 program year (the “2023/2024 Annual Action Plan”); and

WHEREAS, Maricopa County is expected to provide the City \$214,593 in HOME funds, which will require the City to contribute a matching amount equal to 25% from non-federal funds; and

WHEREAS, the City has completed public participation requirements in accordance with 24 CFR Part 91, including (i) a public hearing held on February 23, 2023, at which an opportunity for public comment was available, (ii) a 30-day comment period beginning March 15, 2023 and extending through April 17, 2023, during which time comments were able to be received from City residents for incorporation into the 2023/2024 Annual Action Plan and (iii) an additional public hearing held by the City Council on April 3, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The City Council hereby approves and authorizes the submission to HUD of the following: (i) the 2023/2024 Annual Action Plan and (ii) the allocation of CDBG funding to the activities to be undertaken as described below.

2023/2024 CDBG Annual Action Plan Allocations - Estimated		
Activity	Funding Source	Amount Proposed
Public Improvements	CDBG	\$422,955
Youth Services (AviTemp)	CDBG	\$40,000
Workforce Development	CDBG	\$50,000
Administration	CDBG	\$138,239
Total Grant		\$651,194

SECTION 3. The City Council hereby finds that expenditures as set forth in the 2023/2024 Annual Action Plan are necessary and appropriate and further, that said expenditures for the CDBG program will serve to assist low- and moderate-income individuals/ families (no less than 70 percent as described in federal regulations) and/or serve to prevent or eliminate conditions of slum or blight in the community.

SECTION 4. If the amount of funding approved by HUD is less than the total of estimates set forth in Section 2 above, the City Manager or designee is hereby authorized and directed to make adjustments as necessary to the activity allocations to ensure that the funds allocated are distributed to the listed activities in the proportions set forth in Section 2 above.

SECTION 5. The City Council hereby approves and authorizes (i) acceptance of the HOME funds in the amount of \$214,593 from Maricopa County, (ii) expenditure of the 25% match in the amount of \$50,296; and (iii) the allocation of HOME funding to the activities to be undertaken as described below.

2023/2024 HOME Annual Action Plan Allocations - Estimated		
Activity	Funding Source	Amount Proposed

First-Time Homebuyer Downpayment Assistance Program	HOME	\$201,181
Administration	HOME	\$13,412
Total Grant		\$214,593

SECTION 6. The Mayor, the City Manager or authorized designee, the City Clerk and the City Attorney are hereby authorized and directed to take all steps and execute all documents necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 1, 2023.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

CITY COUNCIL REPORT

SUBJECT: Map of Dedication - Fulton Homes Acclaim - 99th Avenue - Application PL-22-0142

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Jodie Novak, Director of Development Services

THROUGH: Tracy Stevens, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

STRATEGIC OUTCOME AREA: Creative and Sustainable Community Development

STRATEGY: Maintain and expand quality infrastructure and improve connectivity to city amenities.

PURPOSE:

City Council will consider a request by Meikle Garrett of EPS Group, Inc., on behalf of the property owner, Fulton Homes, for approval of "Map of Dedication for Fulton Homes Acclaim – 99th Avenue", a Map of Dedication (MOD) to dedicate 37 feet of right-of-way along the 99th Avenue frontage of the Fulton Homes Acclaim development site, and authorize the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The Fulton Homes Acclaim site is approximately 153.2 gross acres in size and is located at the northwest corner of Thomas Road and 99th Avenue (Exhibit A). The property was annexed to the City in October 1989 with an initial zoning of Agricultural (AG), then rezoned to Community Commercial (C-2) in January 2001. It was rezoned again to the Fulton Homes Acclaim Planned Area Development (PAD) in October 2020 (Exhibit B). A Preliminary Plat for 581 single-family residential lots was approved by City Council on January 19, 2021, and Final Plats for Phases 1A and 1B of the development were then approved on November 1, 2021, and March 23, 2022, respectively. Final Plats for Phases 2A, 2B, and 2C have not yet been submitted.

The Fulton Homes Acclaim property is designated Medium Density Residential (MDR) on the General Plan Land Use Map, as approved through a Major General Plan Amendment in October 2020 (Exhibit C). The MDR designation allows for development of planned detached single-family residential communities with larger setbacks and neighborhood facilities. The designation allows a density of 2.5 to 4 dwelling units/acre, with 2.5 units/acre as the target density. The approved Fulton Homes Acclaim PAD zoning is in conformance with the MDR designation.

The existing uses and zoning of surrounding properties include:

NORTH of the Osborn Road Alignment: Parkside Planned Area Development (PAD), a master-planned, 155-net-acre residential and mixed used development.

EAST of 99th Avenue: An undeveloped 141.42-acre property located in City of Phoenix's jurisdiction. The property is zoned Planned Unit Development – Mixed Use which allows for a combination of residential, commercial, and retail uses. The property is currently being farmed. The time frame for development is unknown.

SOUTH of Thomas Road: A 68.5-acre property zoned Agricultural (AG) with a Special Use District (SUD) overlay for the Holy Cross Cemetery and Mortuary use, which occupies the site.

WEST: Glenarm Farms, a 149-acre single-family development zoned RR-18 (Rural Residential, minimum 18,000 square foot lot area). The community is fully developed with residential homes and many lots have accessory structures for the keeping of horses and livestock.

SUMMARY OF REQUEST:

The previously-approved Final Plats for Phases 1A and 1B of Acclaim depict a 37-foot strip of land along 99th Avenue, to be dedicated to the City of Avondale by separate instrument. This strip is located between a 35-foot easement to the United States Bureau of Reclamation (for pipelines and other facilities related to the Salt River Project water distribution system) and the existing 66 feet of right-of-way within the 99th Avenue corridor. The applicant requests approval of an MOD (Exhibit D) to fulfill the dedication requirement noted on the approved Final Plats. When approved and recorded, the dedication will expand the existing 66-foot right-of-way to 103 feet (70 feet within the City of Avondale and 33 feet within the City of Phoenix).

ANALYSIS:

The proposed MOD has been reviewed by the City's contracted Registered Land Surveyor and the document has been confirmed as geometrically accurate and in conformance with Arizona Statutes governing the subdivision of real property.

The proposed MOD is in conformance with the City of Avondale Zoning Ordinance and Subdivision Regulations.

PUBLIC PARTICIPATION:

Public notification is not required for Maps of Dedication.

PLANNING COMMISSION ACTION:

The Planning Commission does not review Maps of Dedication.

DISCUSSION:

The proposed MOD is in conformance with the City of Avondale Zoning Ordinance and Subdivision Regulations. The conditions of approval are reasonable to ensure conformance with the provisions as outlined in the Avondale Zoning Ordinance and all other applicable City codes, ordinances, and policies.

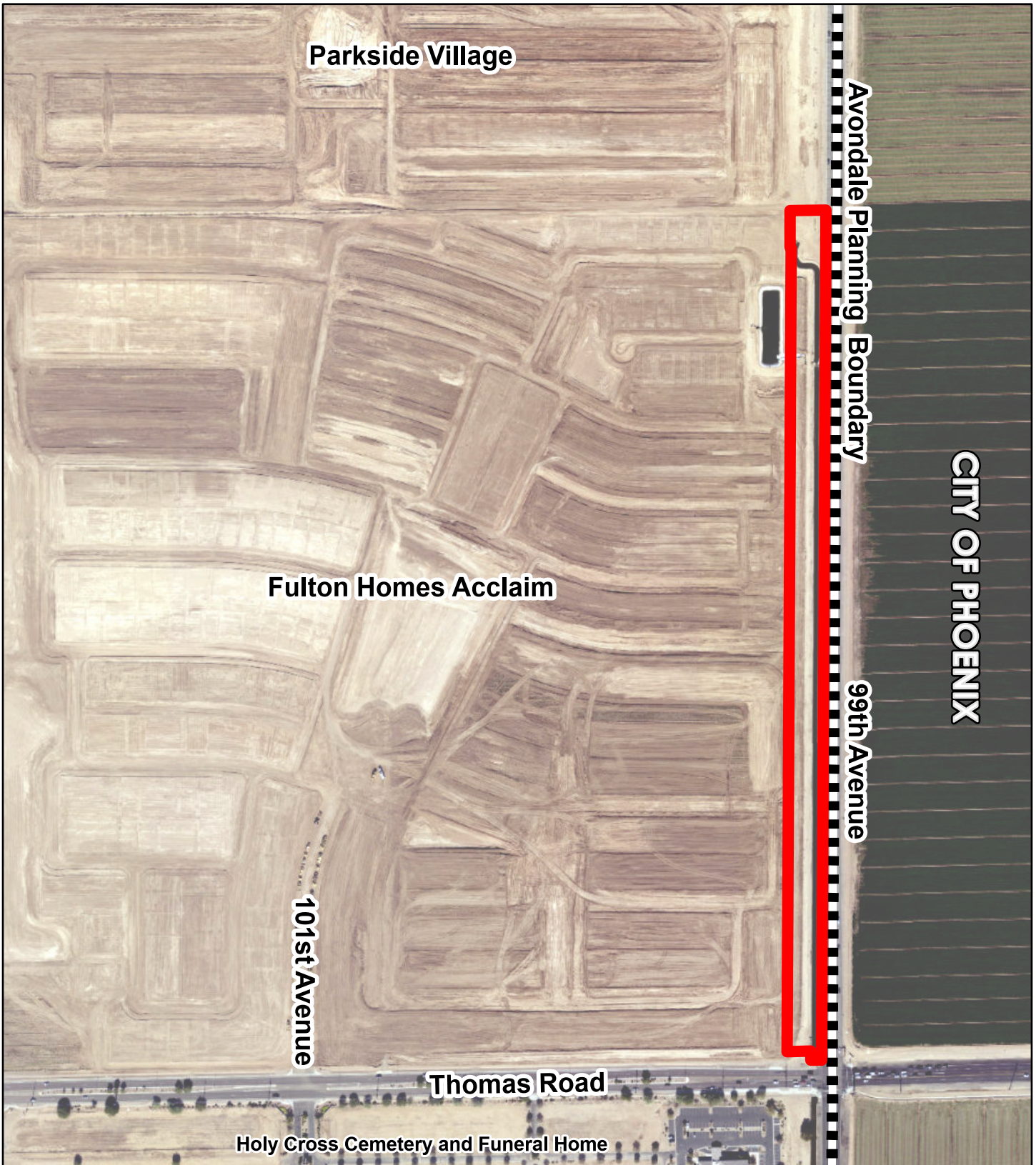
BUDGET IMPACT:

No budget impacts.

RECOMMENDATION:

Staff recommends that City Council approve Application PL-22-0142 subject to the following condition of approval: The recorded plat shall be in conformance with the Map of Dedication submitted electronically on March 21, 2023, and provided in Exhibit D.

Contact person for document distribution: Ann Dolmage

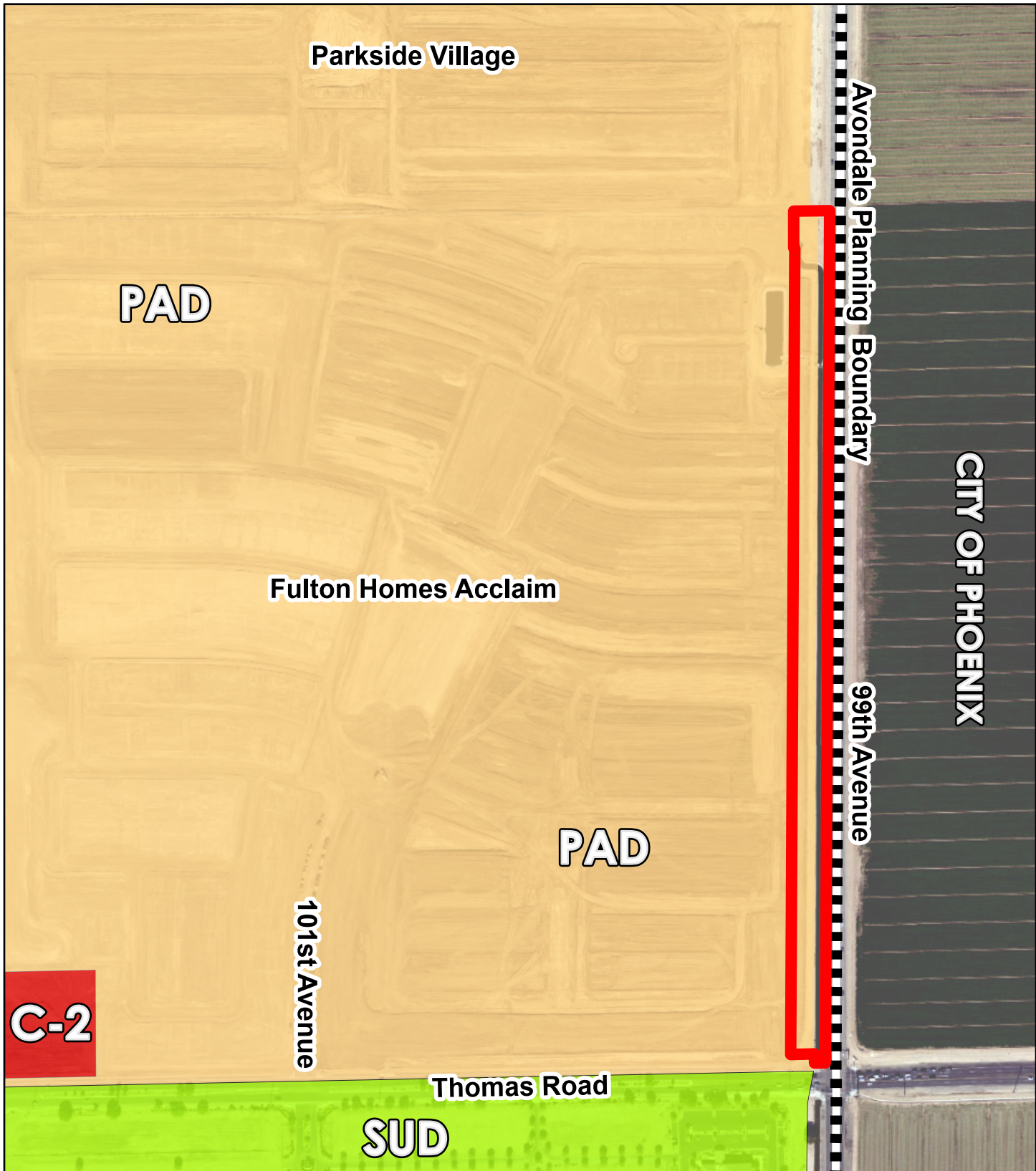


Aerial Map



Subject Property

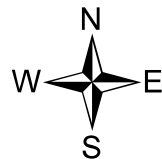


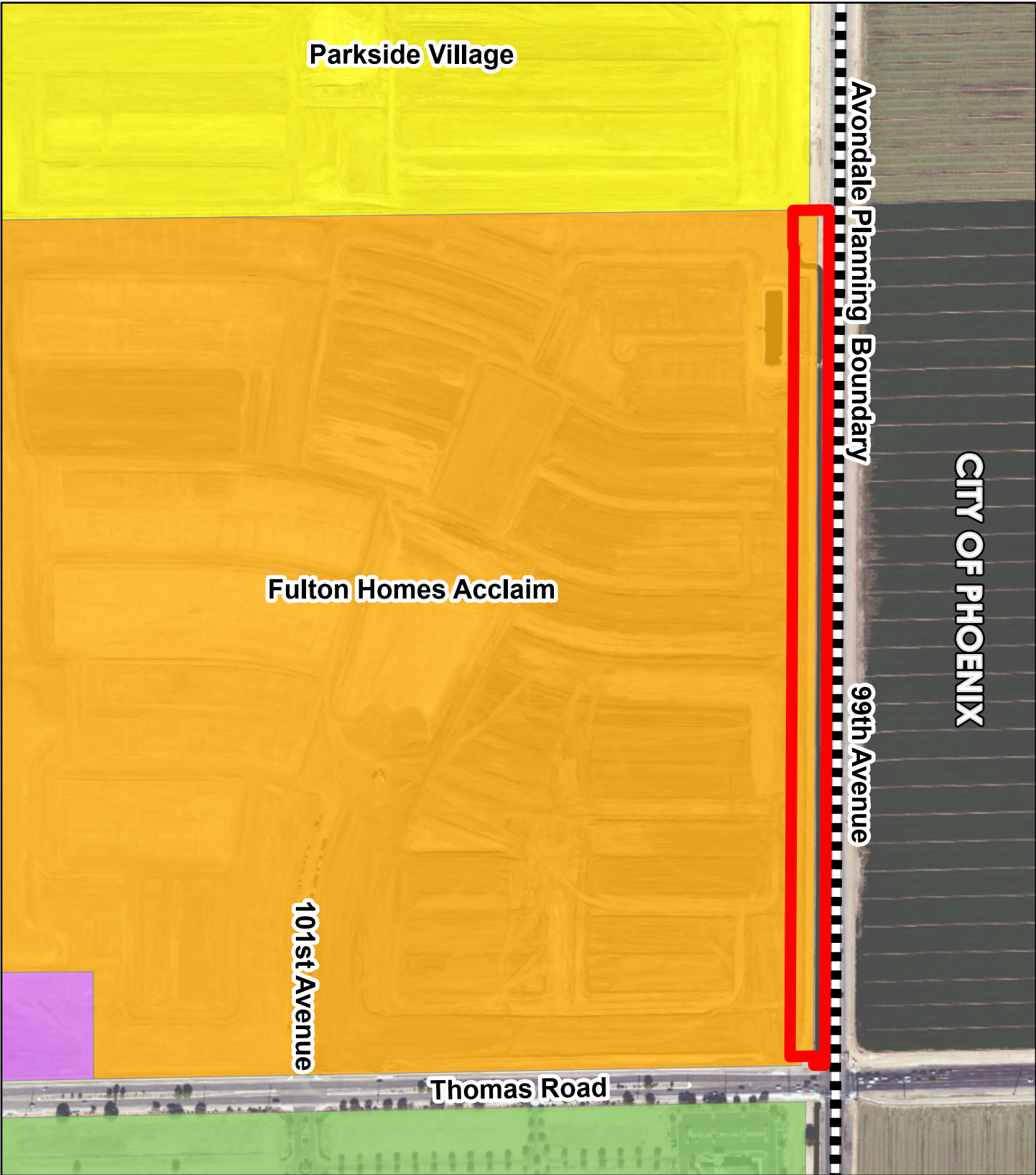


Zoning Vicinity



Subject Property





General Plan Land Use



Avondale

-  Mixed Use
-  Open Space
-  Medium Density Residential
-  Medium High Density Residential



Subject Property



mpollock Mar 26, 2023 12:46pm S:\Projects\2020\20-0146\Land Survey\Draws\Final Plots\20-0146_M06.dwg

Submitted electronically 3/21/23

MAP OF DEDICATION

FULTON HOMES ACCLAIM - 99TH AVENUE
A PORTION OF THE SOUTHEAST QUARTER OF
SECTION 29, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE
GILA AND SALT RIVER MERIDIAN
CITY OF AVONDALE, MARICOPA COUNTY, ARIZONA

DEDICATION

STATE OF ARIZONA
COUNTY OF MARICOPA

S.S.

KNOW ALL MEN BY THESE PRESENTS:

THAT FULTON HOMES, AN ARIZONA CORPORATION, AS OWNER, DOES HEREBY PUBLISH THIS MAP OF DEDICATION FOR "FULTON HOMES ACCLAIM - 99TH AVENUE", SITUATED IN THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AS SHOWN HEREON, AND HEREBY DECLARES THAT THIS PLAT SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH OF THE STREETS, LOTS, TRACTS AND EASEMENTS CONSTITUTING SAME, AND THAT THE STREETS, LOTS, TRACTS AND EASEMENTS SHALL BE KNOWN BY THE NAME, NUMBER OR LETTER GIVEN TO EACH RESPECTIVELY ON SAID PLAT.

OWNER HEREBY DEDICATES IN FEE, ALL RIGHTS TITLE AND INTEREST TO THE CITY FOR USE AS SUCH, THE STREET RIGHT OF WAYS AS SHOWN ON SAID MAP AND INCLUDED IN THE ABOVE DESCRIBED PREMISES.

IN WITNESS WHEREOF:

FULTON HOMES, AN ARIZONA CORPORATION, AS OWNER, HAS HEREUNTO CAUSED ITS NAME TO BE AFFIXED AND THE SAME TO BE ATTESTED BY THE SIGNATURE OF THE UNDERSIGNED OFFICER THIS ____ DAY OF _____, 2023.

BY: _____

ITS: _____

ACKNOWLEDGMENT

STATE OF ARIZONA
COUNTY OF MARICOPA

S.S.

ON THIS ____ DAY OF _____, 2023, BEFORE ME, PERSONALLY APPEARED _____ WHO ACKNOWLEDGED HIMSELF/HERSELF TO BE THE _____ BEING DULY AUTHORIZED TO DO SO ON BEHALF OF SAID ENTITY, EXECUTED THIS PLAT FOR THE PURPOSES THEREIN CONTAINED.

IN WITNESS WHEREOF, I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

NOTARY PUBLIC _____

MY COMMISSION EXPIRES: _____

LEGAL DESCRIPTION

A PORTION OF THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 3" MARICOPA COUNTY HIGHWAY DEPARTMENT BRASS CAP IN HAND HOLE AT THE EAST QUARTER CORNER OF SAID SECTION 29 FROM WHICH A WAC NAIL IN PAVEMENT WITHOUT ID, AT THE SOUTHEAST CORNER OF SAID SECTION 29, BEARS SOUTH 00 DEGREES 18 MINUTES 10 SECONDS WEST, 2638.01 FEET (BASIS OF BEARING);

THENCE ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 29, SOUTH 00 DEGREES 18 MINUTES 10 SECONDS WEST, 2605.00 FEET;

THENCE SOUTH 88 DEGREES 51 MINUTES 38 SECONDS WEST, 33.01 FEET;

THENCE NORTH 00 DEGREES 18 MINUTES 10 SECONDS EAST, 50.02 FEET;

THENCE SOUTH 88 DEGREES 51 MINUTES 38 SECONDS WEST, 72.02 FEET;

THENCE NORTH 00 DEGREES 18 MINUTES 10 SECONDS EAST, 2442.04 FEET;

THENCE NORTH 51 DEGREES 33 MINUTES 47 SECONDS WEST, 4.44 FEET;

THENCE NORTH 00 DEGREES 18 MINUTES 10 SECONDS EAST, 110.92 FEET;

THENCE NORTH 89 DEGREES 17 MINUTES 09 SECONDS EAST, 108.51 FEET TO THE POINT OF BEGINNING.

SAID PORTION OF LAND CONTAINS 270,357 SQUARE FEET OR 6.2065 ACRES MORE OR LESS.

NOTES

1. ALL LANDSCAPING WITHIN ADJACENT PUBLIC RIGHT-OF-WAY IS TO BE MAINTAINED BY THE FULTON HOMES ACCLAIM HOMEOWNERS' ASSOCIATION, EXCLUDING MEDIANS ON ARTERIAL STREETS.
2. ALL UTILITY AND PUBLIC SERVICE EASEMENTS, INCLUDING ANY LIMITATIONS OF EASEMENTS; AND CONSTRUCTION WITHIN SUCH EASEMENTS SHALL BE LIMITED TO UTILITIES, LANDSCAPING, AND WOOD, WIRE OR REMOVABLE SECTION TYPE FENCES.
3. ALL EXISTING OVERHEAD UTILITIES SHALL BE INSTALLED UNDERGROUND IN ACCORDANCE WITH CITY OF AVONDALE MUNICIPAL CODE AND AS REQUIRED BY THE ARIZONA CORPORATION COMMISSION.
4. NO ALTERATIONS SHALL BE MADE TO THE STORM WATER RETENTION AREAS AND APPROVED OR EXISTING CONVEYANCE PATTERNS THAT ARE A PART OF THESE PREMISES WITHOUT WRITTEN APPROVAL OF THE CITY OF AVONDALE.
5. NO STRUCTURES SHALL BE CONSTRUCTED IN OR ACROSS NOR SHALL OTHER IMPROVEMENTS OR ALTERATIONS BE MADE TO THE DRAINAGE FACILITIES THAT ARE A PART OF THIS SUBDIVISION WITHOUT WRITTEN AUTHORIZATION BY THE CITY OF AVONDALE.
6. NO WALLS/FENCES SHALL BE BUILT WITHOUT PRIOR CITY OF AVONDALE APPROVAL.
7. A MID FOR ACCLAIM WAS APPROVED BY AVONDALE'S CITY COUNCIL ON NOVEMBER 1, 2021

100-YEAR ASSURED WATER SUPPLY

THE AREA PLATTED HEREON LIES WITHIN THE DOMESTIC WATER SERVICE AREAS OF THE CITY OF AVONDALE WHICH IS DESIGNATED AS HAVING AN ASSURED WATER SUPPLY PURSUANT TO SECTION 45-5776 ARIZONA REVISED STATUTES.

APPROVALS & ACCEPTANCE OF DEDICATION

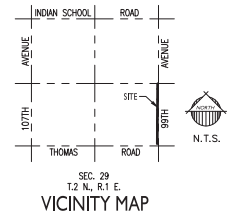
PLAT APPROVED AND DEDICATED RIGHT-OF-WAY AND EASEMENTS ACCEPTED BY THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA. APPROVED BY THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA THIS ____ DAY OF _____, 2023.

MAYOR _____ DATE _____

ATTEST: CITY CLERK _____ DATE _____

CITY ENGINEER _____ DATE _____

Exhibit D



DEVELOPER/OWNER

FULTON HOMES OF ARIZONA
9140 S. KYRENE
SUITE 202
TEMPE, ARIZONA 85284
TEL: (480) 753-6789

SHEET INDEX

- 1 COVER, NOTES, DEDICATION, SITE DATA, BASIS OF BEARING, LEGAL DESCRIPTIONS & CERTIFICATIONS
- 2 MAP OF DEDICATION

ENGINEER

EPS GROUP, INC.
1130 N. ALMA SCHOOL ROAD
SUITE 120
MESA, ARIZONA 85201
TEL: (480) 503-2250
CONTACT: BRIAN NICHOLLS, PE
EMAIL: BRIAN.NICHOLLS@EPSGROUPINC.COM

SITE DATA

ZONING C-2
RIGHT-OF-WAY AREA 6.2065 ACRES
TOTAL AREA 6.2065 ACRES

REFERENCE DOCUMENTS

- (R1) UNRECORDED ALTA/NGPS LAND TITLE SURVEY BY CLOUSE ENGINEERING, INC., JOB NO. 191203
- (R2) PLSS SUBDIVISION RECORD OF SURVEY GDACS, BOOK 699, PAGE 26, MCR.

BASIS OF BEARINGS

THE EAST LINE OF THE SOUTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, ALSO BEING THE CENTER LINE OF 99TH AVENUE PER THE PLSS SUBDIVISION GDACS RECORD OF SURVEY, RECORDED IN BOOK 699, PAGE 26, MARICOPA COUNTY RECORDS.

THE BEARING OF WHICH IS:

SOUTH 00 DEGREES 18 MINUTES 10 SECONDS WEST

BENCHMARK

CITY OF AVONDALE BENCHMARK - RIO THOMAS
MARK IS A NGS HORIZONTAL CONTROL DISK, STAMPED RIO THOMAS 2006, IN CONCRETE POST LEVEL WITH THE GROUND.

ELEVATION = 1023.86' NAVD88

CERTIFICATION

I, MICHAEL D. POLLOCK, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA, THAT THIS PLAT WAS PREPARED FROM A FIELD SURVEY MADE UNDER MY DIRECTION IN DECEMBER 2020, THAT THE SURVEY IS TRUE AND CORRECT AND THAT THE MONUMENTS SHOWN HEREON ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

MICHAEL D. POLLOCK REGISTRATION NO. 45378
EPS GROUP INC.
1130 N. ALMA SCHOOL RD.
SUITE 120
MESA, AZ 85201
480-503-2250

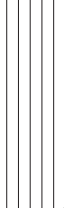
NOTES:
A.R.S. 32-151 STATES THAT THE USE OF THE WORD "CERTIFY" OR "CERTIFICATION" BY A PERSON OR FIRM THAT IS REGISTERED OR CERTIFIED BY THE BOARD IS AN EXPRESSION OF PROFESSIONAL OPINION REGARDING FACTS OR FINDINGS THAT ARE SUBJECT OF THE CERTIFICATION AND DOES NOT CONSTITUTE AN EXPRESS OR IMPLIED WARRANTY OR GUARANTEE.

1130 N. Alma School Rd. Suite 120
Mesa, AZ 85201
T: 480.503.2250 F: 480.805.1799
www.epsgr oupinc.com



Project
FULTON HOMES ACCLAIM - 99TH AVENUE
AVONDALE, ARIZONA
Map of Dedication

Revisions:



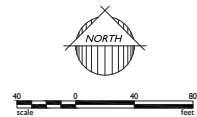
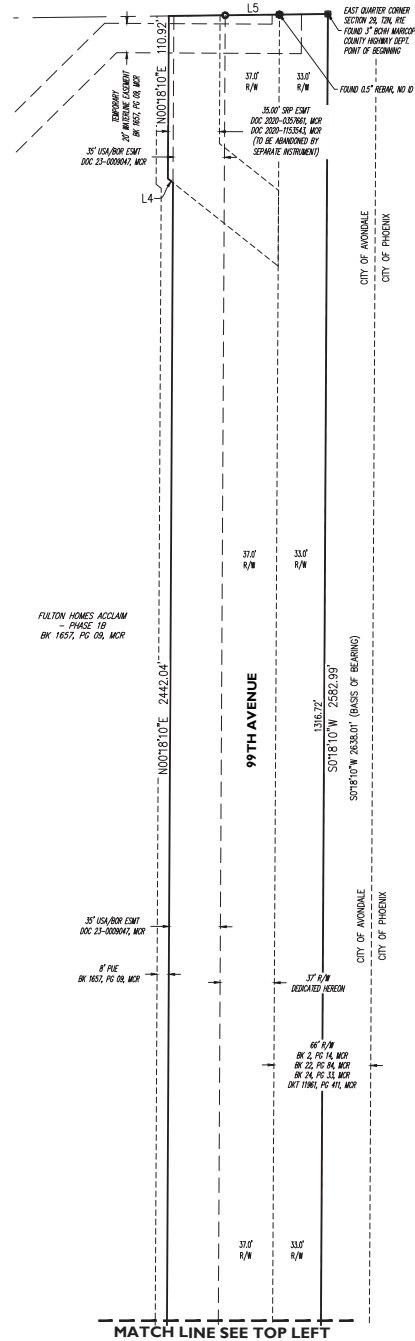
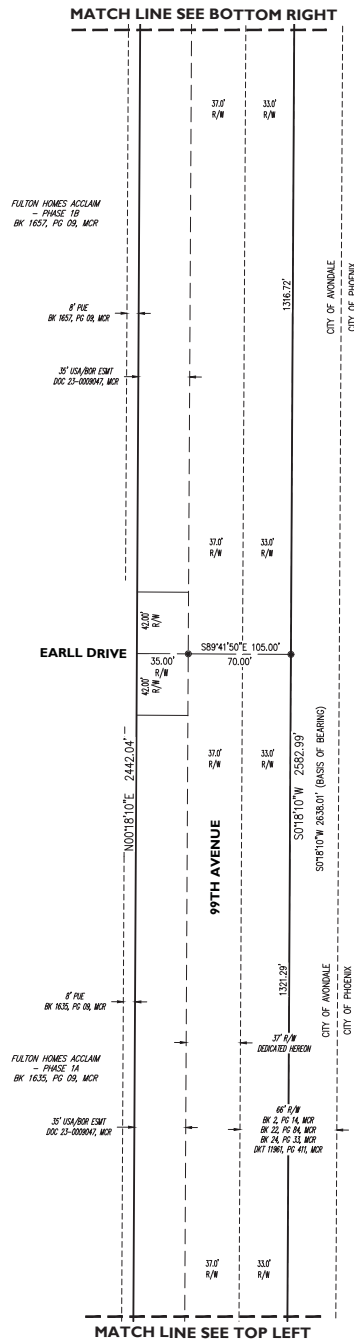
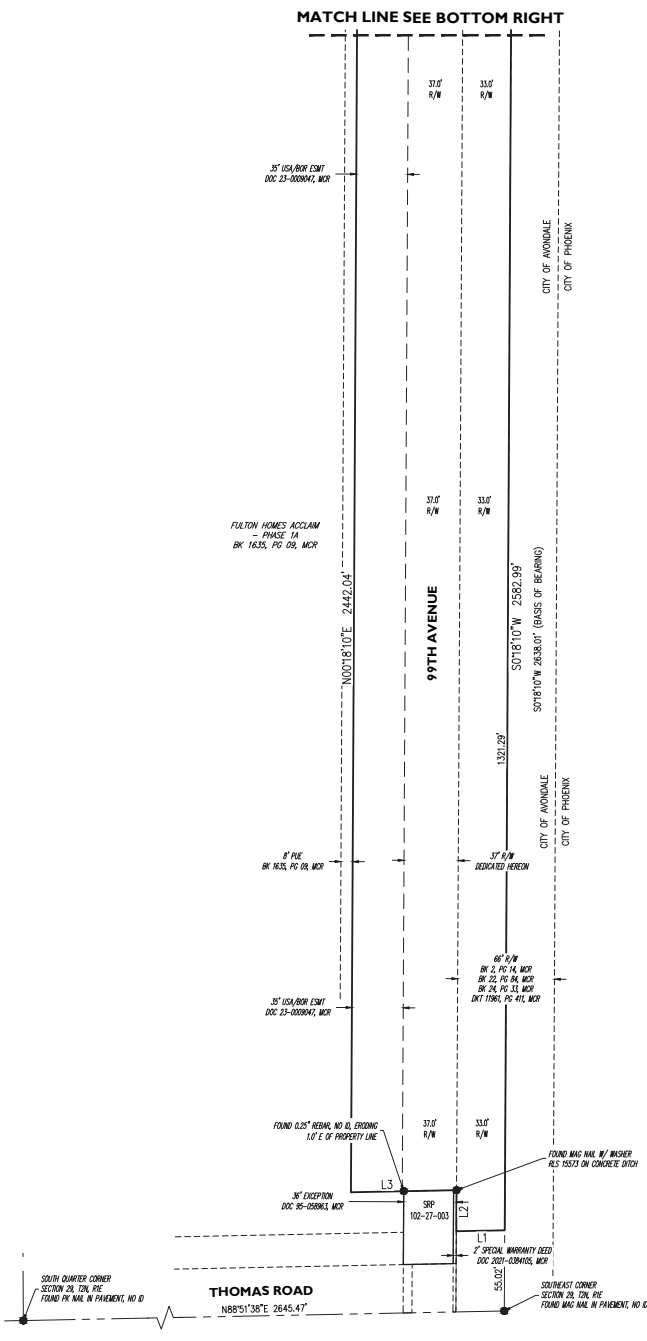
Drawn by: LPT
Reviewed by: MCP



Job No.
20-0146

COVER

Sheet No.
1
of 2



CITY COUNCIL REPORT

SUBJECT: Annual Comprehensive Financial Report - Fiscal Year 2022

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1016

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area:

- Innovative Program and Service Delivery - Avondale will continue to serve as a model of innovative, efficient, and responsive government.
-

PURPOSE:

City staff will present the City's Annual Comprehensive Financial Report and the results of the annual audit for the fiscal year ended June 30, 2022. This item is for information and discussion only.

BACKGROUND:

The City Charter requires that an independent certified public accountant perform an annual audit of the City's financial statements and supporting accounts and fiscal transactions, and render an opinion on the financial statements together with a report, including recommendations concerning policy and fiscal procedures, to the City Council and City Manager.

Additionally, Arizona Revised Statute 9-481 requires the certified public accountant who performed the audit to present the audit results and any findings to the governing body in a regular meeting without the use of a consent agenda, and the governing body shall demonstrate compliance with section 41-1494.

Section 41-1494 prohibits the city from requiring or funding employee training, orientation, or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex.

DISCUSSION:

Certified external auditors recently performed an annual audit of the City for the fiscal year ended June 30, 2022. The audit services included the following:

- Audit of the Annual Comprehensive Financial Report (ACFR)
- Examination of the City's compliance as to whether the City used highway user revenue fund monies for authorized transportation purposes (HURF Compliance)

ACFR

The auditors rendered an unmodified opinion ("clean opinion") on the financial statements and accompanying notes to the financial statements. The Independent Auditors' Report is presented on pages 11-13 of the ACFR

Management Letter

The misstatements detected by the auditors and corrected by management were considered material to the financial statements as a whole and were reported in the Management Letter. The auditors identified the primary causes of the misstatements were transitioning to a new financial system and staff turnover. The city is taking action to ensure the internal controls are properly designed and operating effectively to ensure the financial statements are presented in accordance with GAAP.

HURF Compliance

The auditors performed examination procedures to determine whether expenditures from HURF monies and any other dedicated state transportation revenues were spent pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2. The auditors rendered a clean opinion on compliance with the requirements.

Section 41-1494 Compliance

The city does not require or fund employee training, orientation, or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex.

BUDGET IMPACT:

There is no budgetary impact.

RECOMMENDATION:

This item is for information and discussion.

Contact person for document distribution:



AVONDALE, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

Avondale

ARIZONA

Photos Courtesy of GREY SHED STUDIO

CITY OF AVONDALE, ARIZONA

AVONDALE, ARIZONA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Issued by:
Finance and Budget Department

CITY OF AVONDALE, ARIZONA

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Avondale
Aspiring. Achieving. Accelerating.

INTRODUCTORY SECTION

Avondale
Aspiring. Achieving. Accelerating.

March 29, 2023

Honorable Mayor, Members of the City Council, and Management
City of Avondale
11465 West Civic Center Dr.
Avondale, AZ 85323

In accordance with the requirements of the City of Avondale's (the City) Charter, and on behalf of City Management, I am pleased to submit the City's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 (GAAS) 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 Heinfeld, Meech & Co., P.C., 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, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent 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, 2022, 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 controls are in place to ensure compliance with applicable laws, regulations, contracts, and grants related to those programs. Internal controls are 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 complement 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.

Profile of the City

The City of Avondale, incorporated in 1946, is located on the southwestern side of the Phoenix metropolitan area. The City’s planning area currently occupies 94 square miles and serves a population of approximately 90,000. Unique to Avondale are the three rivers which traverse the City; the Gila, Salt, and Agua Fria Rivers. The convergence of these rivers within Avondale presents an attractive vista offering natural recreation opportunities. Avondale is home to Phoenix Raceway, home of the NASCAR Cup Series Championship since 2020. The venue is a world-class motor sports park nestled in the foothills of the Estrella Mountains. 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 the public. Services include police, fire and medical, public transportation, libraries, human services, parks and recreation, streets maintenance, and general administration. The City also operates water, wastewater, and solid waste collection 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. The budget includes proposed expenditures and the means of funding. Various budget planning meetings are held during the months leading up to the final budget adoption. The City Council holds public hearings prior to the budget’s final adoption in order to obtain additional public 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. 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

The past year continued to be impacted by the COVID-19 pandemic. Arizona reached its maximum number of cases (151,585) during the week of January 9, 2022. The COVID-19 pandemic presented unprecedented challenges and caused much uncertainty for Avondale and the nation as a whole. When cases first started to rise in the United States, stay-at-home orders were issued, businesses shut down, and the stock market crashed. In addition to the human toll of the virus, there was much concern about the economic ramifications of the pandemic. Fortunately, the number of cases declined dramatically, reaching a low of 2,015 the week of April 3, 2022. This decline in cases allowed residents and businesses to substantially return to pre-pandemic activities.

To address the fallout of the COVID-19 pandemic, the US Congress passed multiple stimulus bills that addressed the economic fallout of the pandemic including increased unemployment benefits, support for businesses to help weather the pandemic, and direct assistance to taxpayers. Included in this list of bills is the American Rescue Plan Act (ARPA), which was signed on March 2021 and established the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to provide the City \$8.9 million from U.S. Department of Treasury in June 2021 and another \$8.9 million in June 2022. The city is required to obligate these funds by December 31, 2024 and expend by December 2026. The funds are being used to assist impacted households, small businesses, and nonprofits; provide aids to impacted industries such as tourism, travel, and hospitality; and make necessary investments in water, sewer, and broadband infrastructure.

While it is difficult to measure the impact of this legislation, revenues did not trend downwards as low as projected, and the legislation may have helped alleviate some of the economic stress caused by the pandemic. A few of the lasting impacts of the pandemic on the economy are supply chain issues due to various pandemic related shutdowns around the world. These supply chain issues have contributed to delays in manufacturing, construction, and overall supply of various goods.

Avondale has also been impacted by increases in fuel prices, which have been driven by various factors, including Russia's invasion of Ukraine on February 24, 2022. Subsequent worldwide sanctions have limited the global supply of oil and gas. Rising fuel prices, along with the supply chain issues, have contributed to rising inflation rates, which has caused more uncertainty in the economy.

The City was fortunate to be in a strong financial position prior to the pandemic. Reserves in the general fund were well above the 35% minimum fund balance requirement and the budget was structurally balanced, with on-going revenues well above on-going expenses.

The good news is that revenues for the City have continued to be strong. The major revenues for the General Fund include sales tax, state shared revenues, and license, permits, and charges for service. Comparing fiscal year 2021 to fiscal year 2022, overall sales tax revenues increased 16%, state shared revenues increased 15%, and license, permit, and fee revenue increased 27%. Due to these higher than forecasted revenues, Avondale will be able to continue investments in services and infrastructure for the public.

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 five-year Capital Improvement Plan (CIP) plan to ensure sustainable construction of projects upon commencement. Summary information from the multi-year forecast and five-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. The voters of the City have approved a Home Rule option as an alternative expenditure limitation every four years since 1981 with the most recent being on August 4, 2020. This resulted in the total budgeted expenditures, of each yearly budget, becoming the expenditure limitation for that year on a total budget basis. This alternative limitation is effective until June 30, 2025. However, on August 2, 2022, the voters permanently adjusted the 1980 base by \$10,408,000, which will commence in the 2023-2024 fiscal year.

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. The budgeted stabilization fund for fiscal year 2022 is \$23,187,990. In addition, net position in the Water and Wastewater Funds are maintained at a minimum of six months of operating expenditures which includes debt service payments but excludes depreciation expense. The Water and Wastewater Development and Equipment Replacement Funds are excluded from the operating reserve calculations. All other enterprise funds maintain a minimum of four months of operating expenses plus the amount required to meet annual debt service requirements.

Major Initiatives

The City has achieved various accomplishments throughout the fiscal year and has numerous major initiatives underway. Below are some of the highlights:

- Transitioned from an external employee benefit trust to a high-quality, financially sound, self-funded employee benefit plan with a new City of Avondale Employee Benefit Trust.
- Finalizing construction of Fire Station #175 on Van Buren Street and 127th Avenue, the City's fifth Fire Station.
- Sold the city-owned retail property near the American Sports Center for \$5 million.
- Completed several traffic projects including the Palm Lane extension, 119th Ave and McDowell Traffic Signal, the installation of speed cushions on several locations citywide, 119th Ave and Virginia roadway connection, and the road improvement at Roosevelt and 99th Ave.
- Welcomed many new businesses to locations throughout the city, including the McDowell Road corridor, the BLVD and Old Town.
- Provided local business support through bi-monthly local EDGE mixers, EDGE scholarship program, Business Summit, Avondale Local EDGE HUUB, Leading EDGE Award, and Business Celebration Events.
- Expanded fire and medical community outreach partnerships to three additional schools.
- Reduced property claims and worker's compensation claims by approximately 10%.
- Expanded public Wi-Fi to Friendship Park.
- Initiated citywide fiber design using American Rescue Plan Act (ARPA) funds.
- Launched the Visitor Center Gift Shop.
- Completed the Public Art Masterplan update.
- Provided rental and utility assistance to 1,492 households for a total amount of \$10.6 million through the Avondale Community Action Program.

- Provided over 46,000 meals at the resource center and to homebound clients through Senior Services.
- A 21,500 square feet Visitor and Conference Center was completed. The new building houses administrative offices, a visitor center, and a conference center. The conference center, a venue for meetings and social events, is the first of its kind in the city.
- Launched new events including the Family Campout, Poppin' in the Park, T.E.A.M 4 Kids, Ballet Folklorico Dance, Culinary Adventures, Tennis Lessons, and Itty Bitty Open.
- Avondale Fiesta recognized with the Arizona Parks and Recreation Association's Outstanding Cultural Event Award.

AWARDS AND ACKNOWLEDGMENT

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 Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

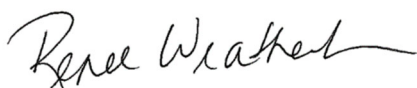
A Certificate of Achievement is valid for a one-year. This year's report will also be submitted to GFOA for consideration under the award program.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its fiscal year 2022 annual budget document. 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 staff of the Finance and Budget Department. I would like to express my 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 and City Management for their leadership and continued support to help maintain high standards of professionalism in the management of the City of Avondale's finances.

Respectfully submitted,



Renee Weatherless
Finance and Budget Director



Government Finance Officers Association

**Certificate of
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Reporting**

Presented to

**City of Avondale
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Operating Departments

Internal Services

CITY OF AVONDALE, ARIZONA

LIST OF PRINCIPAL OFFICIALS

Mayor and Council

Kenneth Weise, Mayor

Veronica Malone, Vice Mayor

Mike Pineda, Councilmember

Curtis Nielson, Councilmember

Bryan Kilgore, Councilmember

Pat Dennis, Councilmember

Tina Conde, Councilmember

MANAGEMENT STAFF

Cherlene Penilla, Acting City Manager

Tracy Stevens, Acting Assistant City Manager

FINANCIAL SECTION



Independent Auditor's Report

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

Report on Audit of Financial Statements

Opinions

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

In our opinion, the 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, the aggregate remaining fund information and the budgetary comparison statements for the General, Dedicated Sales Tax Revenue, Public Safety Sales Tax Revenues and Grants In Aid Funds, of the City of Avondale, Arizona, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Avondale, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2023, on our consideration of 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 results 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.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 29, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)



**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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, 2022. 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 1-5 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 June 30, 2022 by \$1.4 billion (net position). Of this amount, \$166.7 million represents unrestricted net position, an increase of \$24.2 million (17 percent) from the prior year, which may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased \$89.4 million (seven percent) from the prior year, resulting from a \$79.4 million (11 percent) increase in governmental activities net position and a \$10.0 million (two percent) increase in business-type activities net position between years.
- Governmental activities program revenues increased \$14.0 million (22 percent) and general revenues increased by \$9.0 million (nine percent) between years while expenses increased \$9.7 million during the same period. The increase in program revenue was primarily attributed to an increase in capital grants and contributions resulting from increased development fee activity and developer infrastructure donations. The increase in general revenues was primarily attributed to an increase in sales and use taxes revenues driven by a growing local economy.
- Business-type activities program revenues decreased \$2.9 million (five percent) and general revenues decreased by \$4.8 million (1,946 percent) over the previous year, while expenses increased \$536,848, or one percent. The decrease in general revenues was attributed to negative investment income during the year resulting from declines in the market value of the City's fixed income securities. The reduced market value was due to rising interest rates.
- Government-wide assets increased \$131.0 million (nine percent) from the prior year. This was largely due to a \$59.0 million increase in overall capital assets driven by the acquisition of donated infrastructure in Alamar CFD. The remaining increase was largely due to a \$51.0 million increase in cash balances from unspent debt issuances and strong sales tax collections.
- Government-wide liabilities increased \$16.8 million (nine percent) over the prior year. The increase was primarily due to the issuance of bonds during the fiscal year.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

FINANCIAL HIGHLIGHTS (CONTINUED)

- At year-end, the governmental funds reported combined fund balance of \$186.7 million, an increase of \$37.9 million over the previous year. Of this amount, \$115.8 million was either externally restricted or internally assigned or committed to specific purposes. The unassigned fund balance increased by \$7.4 million (12 percent) from the prior year.
- Combined governmental fund revenues of \$154.1 million increased \$18.9 million and expenditures of \$153.9 million increased \$12.1 million from the prior fiscal year.
- General Fund revenues exceeded budgeted revenues by \$13.5 million, while expenditures were \$12.3 million less than final budgeted expenditures during the year resulting a net budgetary savings of \$42.5 million.

OVERVIEW OF 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), streets and transportation, community services (health, welfare, and culture), and economic and community development. 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.

CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, 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 40 through 43 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.

Governmental funds. Government 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.

CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 49 and 52, respectively.

The City maintains twenty 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, Grants In Aid Fund, and Other Capital Projects 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 Other Capital Projects Fund, on pages 53-56. Budgetary comparison schedules are presented for the remaining governmental funds on pages 132-145.

Proprietary funds. 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. 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. The Water, Wastewater, and Sanitation Funds are considered to be major funds of the City.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Internal Service Funds. 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 following 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, fleet management services, and employee benefits programs. Additional information on the internal service funds is provided in combining statements.

Notes to the financial statements. 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 66-110 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, 2022, with comparative information from June 30, 2021.

Net position, as noted earlier, 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 \$1.4 billion at the close of the most recent year.

CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 241,273,564	\$ 182,795,500	\$ 144,256,212	\$ 130,771,805	\$ 385,529,776	\$ 313,567,305
Capital assets, net	736,432,115	672,452,892	451,615,638	456,545,724	1,188,047,753	1,128,998,616
Total assets	977,705,679	855,248,392	595,871,850	587,317,529	1,573,577,529	1,442,565,921
Deferred outflows of resources						
Deferred change on debt refunding	1,136,881	1,330,118	2,988	4,482	1,139,869	1,334,600
Deferred outflows related to pensions and other postemployment benefits	22,944,886	24,318,281	1,953,437	1,723,811	24,898,323	26,042,092
Total deferred outflows of resources	24,081,767	25,648,399	1,956,425	1,728,293	26,038,192	27,376,692
Current and other liabilities	29,305,108	33,979,609	5,373,569	6,410,310	34,678,677	40,389,919
Long-term liabilities	156,491,966	131,809,992	14,281,713	16,472,225	170,773,679	148,282,217
Total liabilities	185,797,074	165,789,601	19,655,282	22,882,535	205,452,356	188,672,136
Deferred inflows of resources						
Leases	3,139,936				3,139,936	
Deferred inflows related to pensions and other postemployment benefits	19,829,624	1,509,253	2,084,764	70,550	21,914,388	1,579,803
Total deferred inflows of resources	22,969,560	1,509,253	2,084,764	70,550	25,054,324	1,579,803
Net position:						
Net investment in capital assets	675,283,655	614,783,697	444,088,746	448,567,411	1,119,372,401	1,063,351,108
Restricted	59,186,035	48,808,455	23,818,992	25,036,989	83,005,027	73,845,444
Unrestricted	58,551,122	50,005,785	108,180,491	92,488,337	166,731,613	142,494,122
Total net position	\$ 793,020,812	\$ 713,597,937	\$ 576,088,229	\$ 566,092,737	\$ 1,369,109,041	\$ 1,279,690,674

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 \$89.4 million from the prior year.

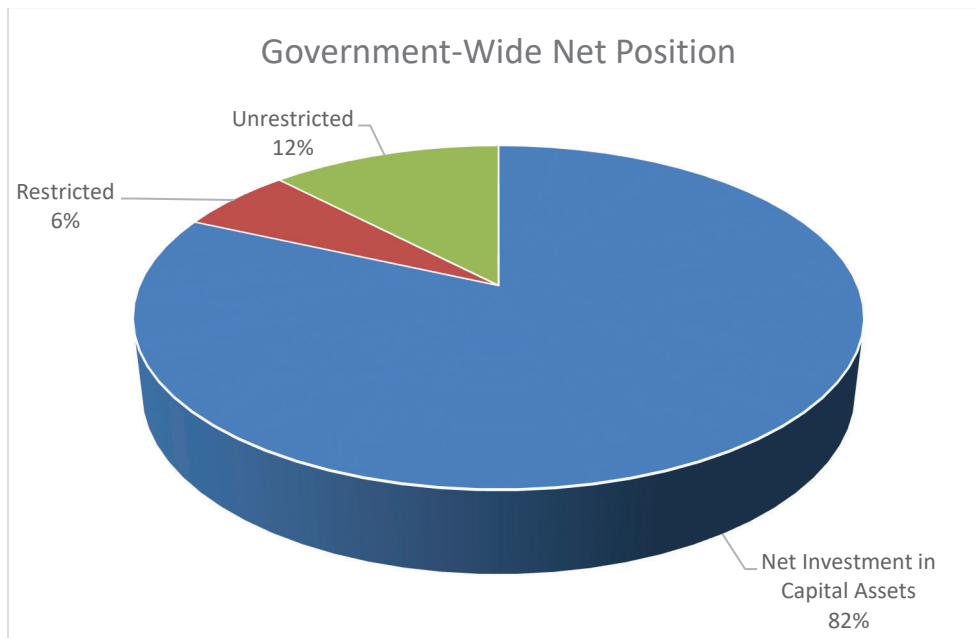
The largest portion of net position, net investment in capital assets of \$1.1 billion, reflects the City's investment in capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of bonds and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources related to refunded 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 \$56.0 million from the prior fiscal year.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Restricted net position of \$83.0 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 \$9.2 million from the prior fiscal year, which is largely due to accumulation of non-bond resources restricted for use on future capital projects.

Unrestricted net position of \$166.7 million may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position increased \$24.2 million from the prior fiscal year.



CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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, 2022, and June 30, 2021.

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 15,388,296	\$ 10,120,436	\$ 33,279,160	\$ 38,359,045	\$ 48,667,456	\$ 48,479,481
Operating grants and contributions	11,934,356	14,311,696			11,934,356	14,311,696
Capital grants and contributions	51,022,402	39,943,350	23,575,102	21,377,308	74,597,504	61,320,658
General revenues:						
Sales and use taxes	78,353,496	67,417,939			78,353,496	67,417,939
Property taxes	6,958,252	6,483,360			6,958,252	6,483,360
Franchise taxes	1,106,972	1,181,424			1,106,972	1,181,424
State-shared revenues	28,445,894	27,301,034			28,445,894	27,301,034
Investment income	(3,965,905)	98,749	(4,889,794)	5,234	(8,855,699)	103,983
Miscellaneous	1,165,562	2,263,119	74,502	241,132	1,240,064	2,504,251
Gain (loss) on disposal of capital assets	1,654,856		266,275		1,921,131	
Total revenues	192,064,181	169,121,107	52,305,245	59,982,719	244,369,426	229,103,826
Expenses:						
General government	23,637,972	21,739,830			23,637,972	21,739,830
Public safety	45,992,791	45,185,028			45,992,791	45,185,028
Streets and transportation	19,541,983	12,853,299			19,541,983	12,853,299
Community and economic development	8,519,858	9,610,270			8,519,858	9,610,270
Community services	14,289,084	12,937,512			14,289,084	12,937,512
Interest on long-term debt	1,980,618	1,886,735			1,980,618	1,886,735
Water			17,781,575	18,213,754	17,781,575	18,213,754
Wastewater			16,904,179	16,330,330	16,904,179	16,330,330
Sanitation			6,302,999	5,907,821	6,302,999	5,907,821
Total expenses	113,962,306	104,212,674	40,988,753	40,451,905	154,951,059	144,664,579
Increase (decrease) in net position before transfers	78,101,875	64,908,433	11,316,492	19,530,814	89,418,367	84,439,247
Transfers	1,321,000	1,449,000	(1,321,000)	(1,449,000)		
Increase (decrease) in net	79,422,875	66,357,433	9,995,492	18,081,814	89,418,367	84,439,247
Net position – July 1	713,597,937	647,240,504	566,092,737	548,010,923	1,279,690,674	1,195,251,427
Net position – June 30	\$ 793,020,812	\$ 713,597,937	\$ 576,088,229	\$ 566,092,737	\$ 1,369,109,041	\$ 1,279,690,674

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Total revenues for the current fiscal year were \$244.4 million, which is an increase of \$15.3 million over the previous year. Governmental activities revenues increased by \$22.9 million and business-type activities revenues decreased \$7.7 million over the prior year, while expenses increased \$9.6 million and \$536,848 for governmental and business-type activities, respectively.

Governmental Activities. Governmental activities increased the City's net position before transfers by \$78.1 million during the year, compared to \$64.9 million in the prior year. The increase from the prior year was primarily due to stronger than anticipated sales tax collections. Governmental activities accounted for 79 percent of the City's total revenues and 74 percent of total expenses during the year. Program revenues of \$78.3 million were 40 percent of governmental activities revenues during the year, compared to \$64.4 million, or 38 percent, of program revenues in 2021.

Program revenues increased from the prior fiscal year largely due to an increase in capital grants and contributions of \$11.1 million for donated infrastructure conveyed by developers during the year.

General revenues changed from the prior fiscal year mainly due to the following:

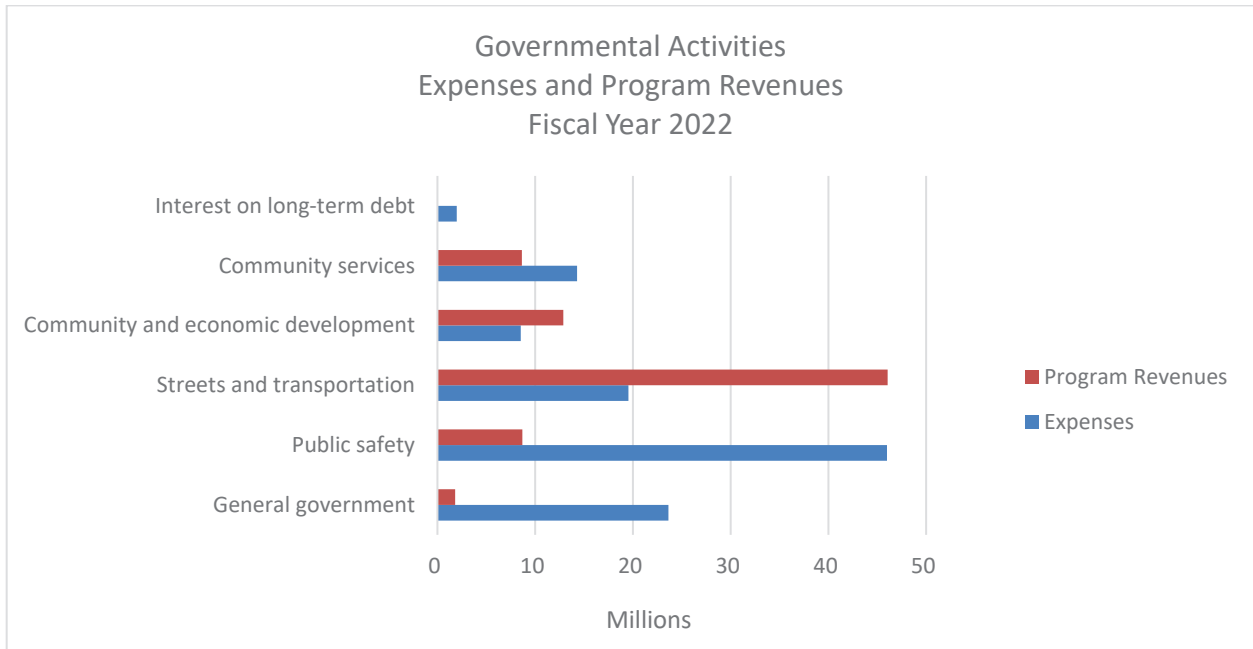
- Sales and use taxes increased \$10.9 million, or 16 percent, due to the continued strong economy and robust sales tax collections. Some of the increased sales tax collections may be due to the pent up demand from the pandemic and additional cash from the federal COVID-19 relief effects.
- Investment income decreased \$4.1 million as a result of declining fixed income investment market values due to rising interest rates. As interest rates rise, the market value of lower interest rate bonds declines. However, the loss is not realized until the bonds are sold.

Governmental activities program expenses increased by \$9.7 million due to a significant budget increase for fiscal year 2022. The increases were dispersed among most departments with the most significant increase in police to account for the City's growth and an agreement to provide police services for a neighboring city. Additionally, four positions were added to Development and Engineering Service department to respond to the increased workload of the growing city.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

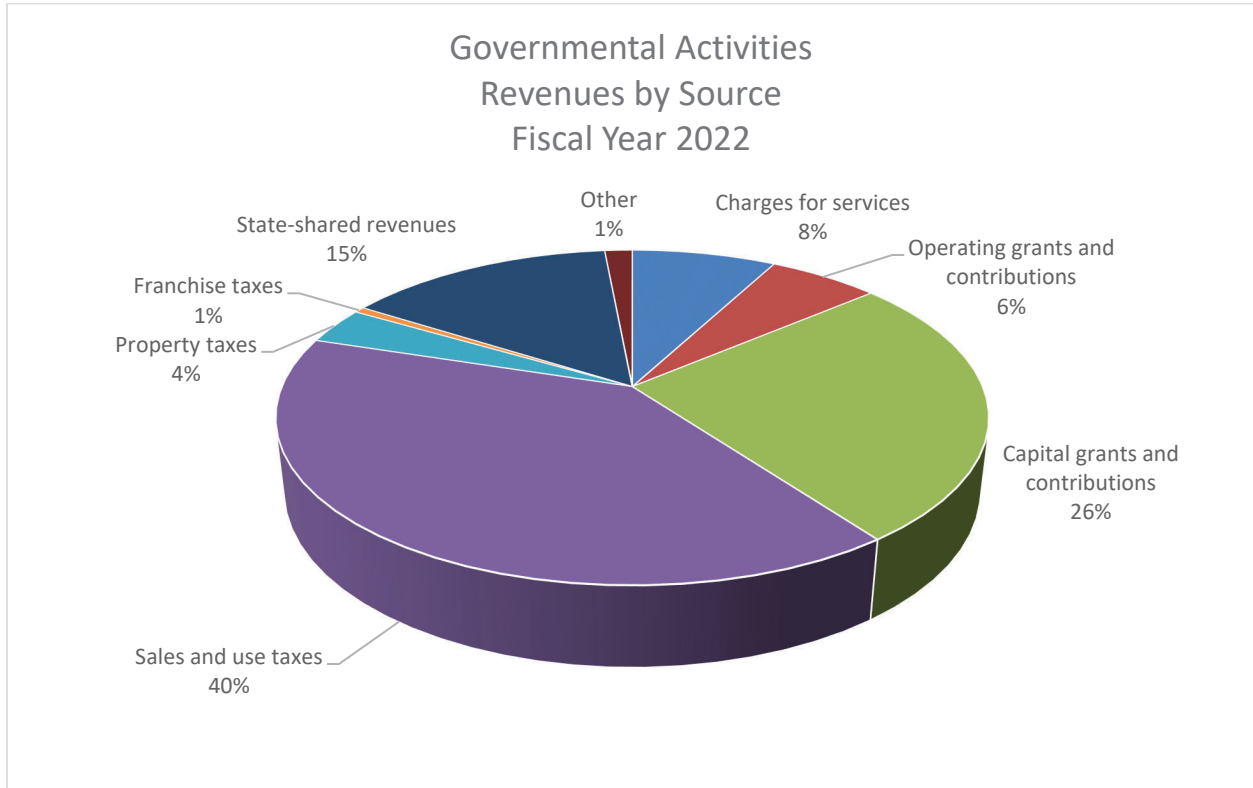
The following graph shows governmental activities functional revenues and expenses in order to demonstrate the extent to which the governmental functions produce direct revenues to offset related program expenses. It should be noted that this graph is not intended to represent a full cost allocation 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 (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

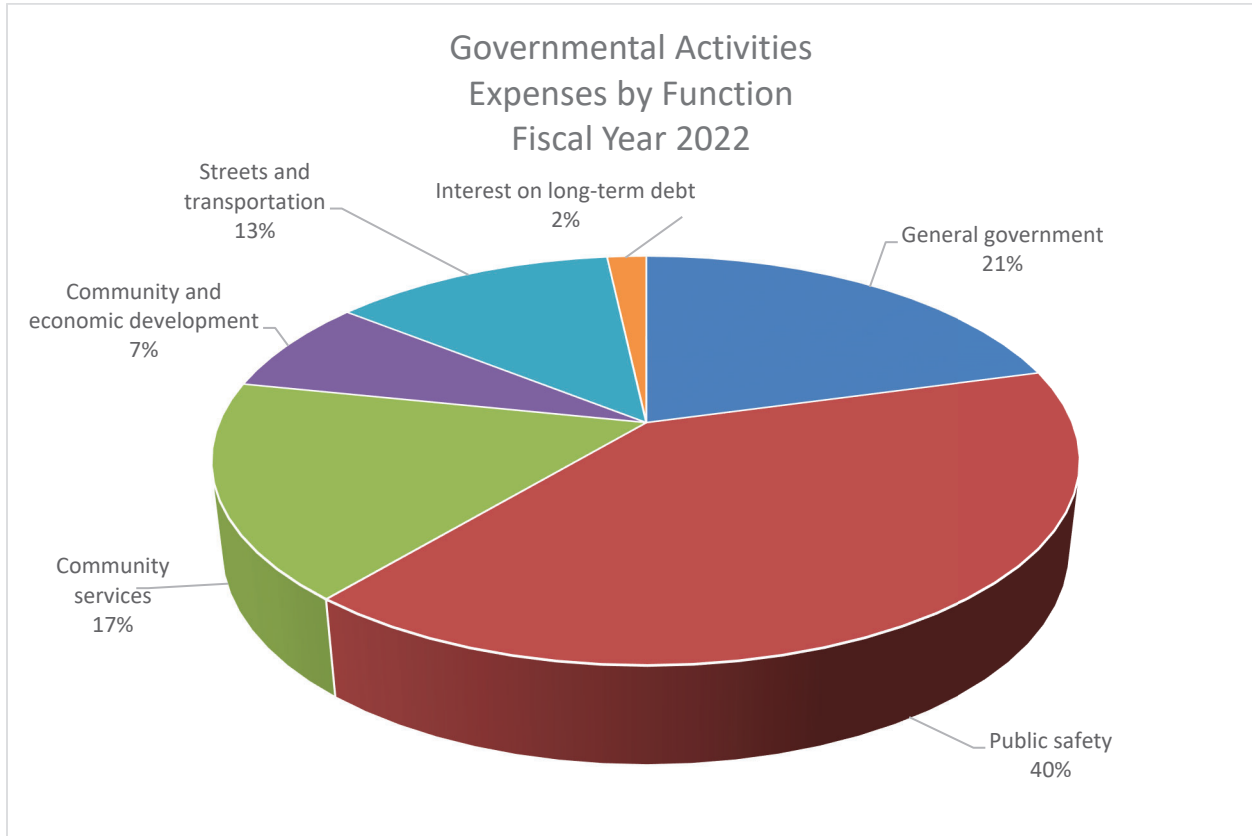
As seen in the following graph, the largest governmental activities revenue sources are sales and use taxes of \$78.4 million (40 percent), followed by state-shared revenues of \$28.4 million (15 percent), operating grants and contributions of \$11.9 million (six percent) and capital grants and contributions of \$51.0 million (26 percent).



**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's largest governmental activities expenses by function include public safety at \$46.0 million (40 percent), followed by general government at \$23.6 million (21 percent), and streets and transportation at \$19.5 million (17 percent) and community services at \$14.3 million (13 percent).



Business-type Activities. Business-type activities increased net position before transfers by \$11.3 million during the year, a decrease of \$8.2 million from the prior year. Program revenues decreased \$2.9 million and general revenues decreased \$4.8 million from the prior year, respectively, while expenses increased \$536,848 from the previous year. Business-type activities accounted for 21 percent of the City's total revenues and 26 percent of total expenses during the year.

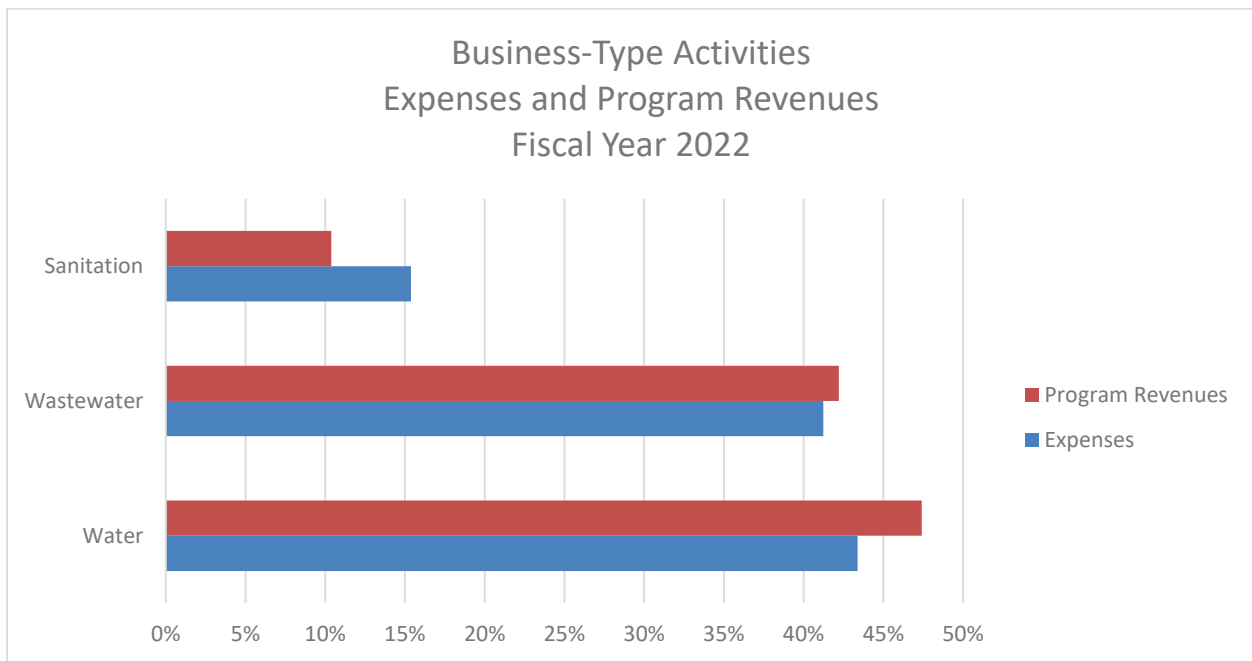
The significant change in business-type activities was the \$10.1 million capital contribution received for water and sewer system infrastructure.

Business-type activities program expenses increased by \$536,848, which is insignificant.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

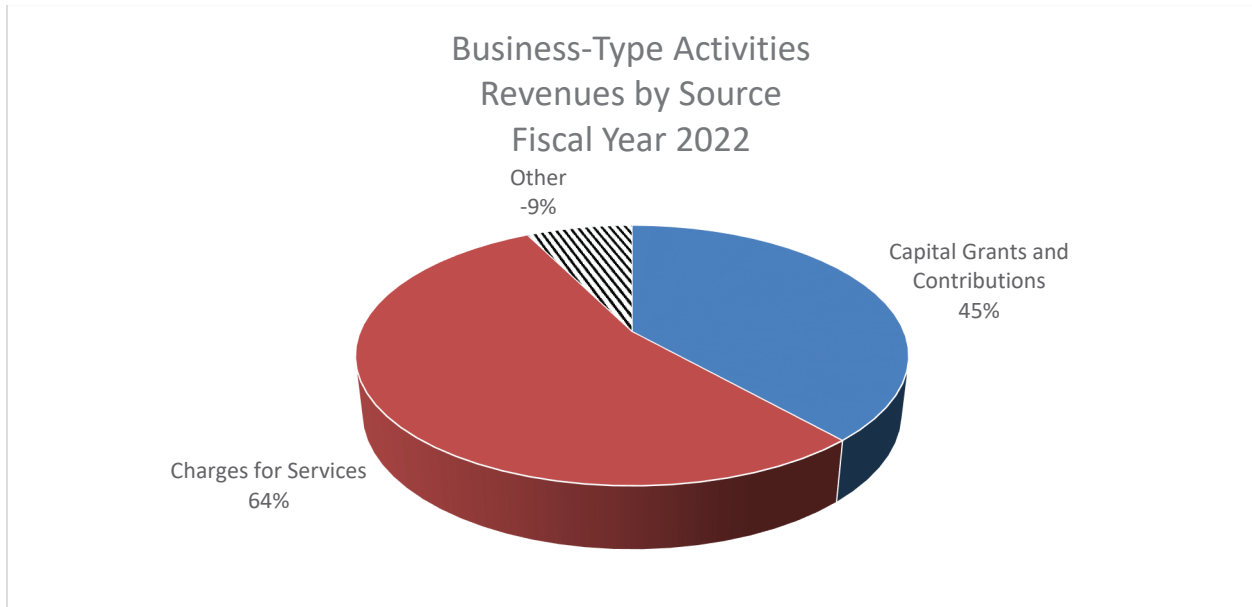
The following graph shows the revenues and expenses of the business-type activities in order to demonstrate the extent to which the business-type activities produce direct revenues to offset related program expenses. It should be noted that this graph is not intended to represent a full cost allocation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



**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's largest business-type activity is water services with program expenses of \$17.8 million and program revenues of \$27.0 million, followed by wastewater services with expenses of \$16.9 million and revenues of \$24.0 million, during the year.



Charges for services, which consist almost entirely of city water sales, sewer fees, and refuse collection fees, provided the largest share of revenues at \$33.3 million or 64 percent. Other revenues accounted for negative nine percent of total revenues due to negative investment income. The market value of the City's investments declined due to rising interest rates.

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.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

The financial performance of the City, as a whole, is reflected in its governmental funds. As of June 30, 2022, the City reported a combined fund balance of \$186.7 million, an increase of \$37.9 million over the previous year. Fund balance of \$69.8 million is unassigned and fund balance of \$11.1 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 \$1.1 million, restricted balances of \$81.3 million, and committed balances of \$23.4 million.

General Fund — The 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, streets and transportation, economic and community development, and community services. At year-end, fund balance of the General Fund was \$93.5 million compared to \$87.6 million in the prior year, an increase of \$5.9 million. The overall increase in fund balance during the year was largely due to revenues increasing \$11.5 over the previous year. Taxes and intergovernmental revenues increased \$11.2 million in total. Expenditures increased by \$10.9 million compared to the prior year. Net other financing sources and uses decreased by \$21.8 million over the previous year primarily due to transfers out of \$21.0 million to fund general capital projects.

Dedicated Sales Tax Revenue Fund — The 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 \$1.2 million from the previous year. Transfers out of \$511,000 were for annual debt service payments. Net fund activities increased fund balance by \$9.4 million from the previous year primarily due to the continued strong economy and robust sales tax collections.

Public Safety Sales Tax Revenue Fund — The 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 \$1.4 million over the prior year. Expenditures increased \$4.0 million from the prior fiscal year. Net fund activities decreased fund balance by \$659,407 from the previous year which is primarily due to the expansion in the police department to accommodate the growth of the City.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Grants In Aid Fund — The Fund accounts for grant funding and private donations/contributions for specific purposes not accounted for in other special revenue funds or otherwise committed or restricted to capital projects. Revenues decreased \$984,051 from the previous year while expenditures decreased by \$627,129 from the prior year. The City did not expend additional coronavirus relief, such as the CARES Act, funding during the fiscal year which caused a significant decrease in grant revenue. The City spent \$1.4 million of the \$17.9 million Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) monies received in fiscal years 2021 and 2022 ; the unexpended CSLFRF monies were reported as unearned revenue and increased fund liabilities.

Other Capital Projects Fund — The Fund accounts for capital resources and activities not accounted for in other capital projects funds. Net other financing sources and uses increased \$56.2 the previous year primarily due to the issuance of bonds (including associated premium) of \$30.8 million along with a transfer in from the General Fund of \$21.0 million. Expenditures increased by \$9.2 million from the prior year mainly due to various infrastructure and capital improvement projects.

Nonmajor governmental funds had an increase of \$5.4 million in revenues from the prior year mainly due to climbing collections of development fees revenues from new building permit issuances.

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 major enterprise funds, the Water Fund's net position of \$310.8 million consisted of \$232.9 million net investment in capital assets, \$9.4 million was restricted, and \$68.5 million was unrestricted. The Wastewater Fund's net position of \$252.1 million consisted of \$209.0 million net investment in capital assets, \$14.3 million was restricted, and \$28.7 million was unrestricted. The Sanitation Fund's net position of \$12.6 million consisted of \$2.2 million net investment in capital assets, \$59,458 of restricted, and \$10.4 million 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.

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 53-56. Budgetary comparison schedules for all other governmental funds can be found on pages 132-145.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

BUDGETARY HIGHLIGHTS (CONTINUED)

General Fund Budgetary Analysis. General Fund revenues of \$99.7 million exceeded budgeted inflows by \$13.5 million or 16 percent, while expenditures of \$71.5 million was only 85 percent of final budgeted expenses of \$83.8 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 \$92.3 million was amended by \$8.5 million to the final expenditure budget of \$83.8 million to transfer appropriation authority to the Other Capital Projects Fund related to new bonds proceeds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2022, the City had invested \$1.2 billion in governmental and business-type capital assets, net of accumulated depreciation. Total depreciation expense for the year was \$39.8 million, with \$21.2 million attributed to governmental activities and \$18.6 million to business-types activities. See Note 7 in the notes to the basic financial statements for further information regarding capital assets.

The following schedule presents capital asset balances as of June 30, 2022, and June 30, 2021.

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 316,223,457	\$294,436,380	\$ 16,327,912	\$ 16,313,747	\$ 332,551,369	\$ 310,750,127
Building and improvements	96,245,718	71,643,224	214,964		96,460,682	71,643,224
Improvements other than buildings	45,323,047	45,507,931	339,690	360,582	45,662,737	45,868,513
Vehicles, furniture and equipment	15,319,250	17,353,406	14,762,731	19,104,782	30,081,981	36,458,188
Infrastructure	234,808,358	224,652,887	412,889,031	414,925,450	647,697,389	639,578,337
Intangible assets	2,508,328	1,239,201	3,684,654	3,759,169	6,192,982	4,998,370
Construction in progress	24,609,975	17,619,863	3,396,656	2,081,994	28,006,631	19,701,857
Intangible right-to-use assets	1,393,982				1,393,982	
Total	<u>\$ 736,432,115</u>	<u>\$672,452,892</u>	<u>\$451,615,638</u>	<u>\$456,545,724</u>	<u>\$1,188,047,753</u>	<u>\$1,128,998,616</u>

The City's combined capital assets balances increased \$59.0 million from the prior fiscal year, with governmental activities increasing by \$64.0 million and business-type activities decreasing by \$4.9 million. More detail regarding the changes in capital asset balances is provided below.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

Governmental Activities. The \$64.0 million increase from the prior fiscal year consisted of \$120.9 million of capital assets additions, including \$33.7 million of transfers from construction in progress, offset by \$21.2 million in depreciation expense during the year. Capital additions included \$40.6 million of new construction in progress and \$20.7 million addition in dedicated infrastructure.

Business-type Activities. The \$4.9 million decrease from the prior fiscal year consisted of \$15.6 million of capital additions, and \$18.7 million in depreciation expense during the year. Capital additions included \$3.1 million of new construction in progress and \$12.2 million of addition in dedicated infrastructure.

The City has adopted a five-year capital improvement plan for years 2022 through 2026, with budgeted capital outlays totaling \$286.5 million. The plan, which includes \$140.9 million of budgeted capital outlays for 2022, takes into consideration all known capital needs and ties potential revenue sources to those needs. Anticipated funding for 2023 is through a combination of existing fund balances, development (impact) fees, bond proceeds, outside funding sources such as grants and intergovernmental cost-sharing agreements, operating and nonoperating 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, 2022, the City had total long-term obligations outstanding of \$170.8 million, an increase of five percent from the previous year. Of this balance, \$156.5 million was attributable to governmental activities and \$14.3 million was attributable to business-type activities. Of the total outstanding bonds of \$78.7 million, excluding unamortized discounts and premiums, \$46.8 million are general obligation bonds backed by the full faith and credit of the City and Alamar Community Facilities District, and \$31.9 million are revenue bonds secured by pledges of specific revenue sources of the City. Of the \$78.7 million of outstanding bonds, \$7.0 million is due within one year. Of the remaining long-term obligations, \$60.5 million reflects the City's net pension and other postemployment benefit (OPEB) liabilities and \$5.0 million of obligations under leases and financed purchases. See Note 9 in the notes to the basic financial statements for further information regarding long term obligations.

The Arizona Constitution imposes certain debt limitations on the City of 6 percent and 20 percent 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, 2022 and 2021, is \$35.5 million and \$39.1 million in the 6 percent capacity and \$140.2 million and \$131.1 million in the 20 percent capacity, respectively. Additional debt limitation and capacity information can be found in the statistical section of this report.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

The following schedule presents a summary of the City's outstanding long-term obligations as of June 30, 2022 and 2021.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Compensated absences	\$ 7,886,189	\$ 7,159,537	\$ 793,372	\$ 774,301	\$ 8,679,561	\$ 7,933,838
Financed purchases payable	3,537,441	3,824,370			3,537,441	3,824,370
Leases payable	1,444,474				1,444,474	
Claims payable	6,173,742	3,550,090			6,173,742	3,550,090
General obligation bonds	46,810,000	35,375,000			46,810,000	35,375,000
Pledged revenue obligations	25,134,087	17,331,662	180,919	251,338	25,315,006	17,583,000
CFD general obligation bonds	15,980				15,980	
Water and sewer revenue bonds			6,550,000	6,865,000	6,550,000	6,865,000
Unamortized premiums and discounts, net	10,984,454	5,385,537	798,961	866,457	11,783,415	6,251,994
Net pension/OPEB liabilities	54,505,599	72,954,480	5,958,461	8,787,492	60,464,060	81,741,972
Total	<u>\$156,491,966</u>	<u>\$145,580,676</u>	<u>\$ 14,281,713</u>	<u>\$ 17,544,588</u>	<u>\$170,773,679</u>	<u>\$163,125,264</u>

ECONOMIC FACTORS

Despite the pandemic, Avondale has continued to grow throughout fiscal year 2022. Single family residential permits are up by 69 percent year over year. Additionally, several large commercial projects are under construction or were completed during this fiscal year. City sales tax collections increased 16 percent in fiscal year 2022 and similar trends were seen with other General Fund revenue sources such as state-shared revenues.

More projects and housing developments are in the queue and there is also sufficient capacity for continued population and business growth in Avondale well into the future. Thus, the economic growth of the past fiscal year is projected to continue for several years.

The City's fiscal year 2023 budget is structurally balanced and maintains generous reserve requirements. The City maintains a minimum General Fund balance of no less than 35 percent of the prior year's uses of General Fund. This strong financial foundation allows for strategic investments into services and allows the city to continue to build essential infrastructure with minimal debt.

**CITY OF AVONDALE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

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

CITY OF AVONDALE, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 194,889,329	\$ 112,095,664	\$ 306,984,993
Receivables, net			
Accounts	2,513,650	7,531,626	10,045,276
Taxes	11,097,836		11,097,836
Interest	322,832	379,973	702,805
Leases	406,376		406,376
Due from governmental entities	3,716,287		3,716,287
Internal balances	(599,096)	599,096	
Inventories	366,325	893,039	1,259,364
Prepaid items	1,140,999		1,140,999
Restricted cash - fiscal agents	22,267,042	538,357	22,805,399
Restricted cash - customer deposits		3,586,755	3,586,755
Total current assets	236,121,580	125,624,510	361,746,090
Noncurrent assets:			
Leases receivable	2,743,984		2,743,984
Water storage credits inventory		18,400,924	18,400,924
Equity in joint ventures	760,565		760,565
Net other postemployment benefit assets	1,647,435	230,778	1,878,213
Capital assets not being depreciated	340,833,432	21,248,323	365,062,306
Capital assets, net of accumulated depreciation	395,598,683	430,367,315	822,985,447
Total noncurrent assets	741,584,099	470,247,340	1,211,831,439
Total assets	977,705,679	595,871,850	1,573,577,529
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred loss on refunding	1,136,881	2,988	1,139,869
Pension and other postemployment benefit plan items	22,944,886	1,953,437	24,898,323
Total deferred outflows of resources	24,081,767	1,956,425	26,038,192
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	7,294,587	1,500,728	8,795,315
Accrued payroll and employee benefits	941,154	23,262	964,416
Accrued interest payable	1,652,845	135,377	1,788,222
Deposits held for others	417,987	3,591,755	4,009,742
Due to other governments	217,339	122,447	339,786
Bonds payable	6,611,956	399,025	7,010,981
Unearned revenue	18,781,196		18,781,196
Claims payable	4,482,061		4,482,061
Compensated absences	6,308,951	634,698	6,943,649
Financed purchases payable	320,398		320,398
Leases payable	325,247		325,247
Total current liabilities	47,353,721	6,407,292	53,761,013
Noncurrent liabilities:			
Non-current portion of long-term obligations	138,443,353	13,247,990	151,691,343
Total noncurrent liabilities	138,443,353	13,247,990	151,691,343
Total liabilities	185,797,074	19,655,282	205,452,356

CITY OF AVONDALE, ARIZONA
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Leases	3,139,936		3,139,936
Pension and other postemployment benefit plan items	19,829,624	2,084,764	21,914,388
Total deferred inflows of resources	22,969,560	2,084,764	25,054,324
<u>NET POSITION</u>			
Net investment in capital assets	675,283,655	444,088,746	1,119,372,401
Restricted for:			
Streets and transportation	9,069,917		9,069,917
Grant and contributor purposes	2,841,778		2,841,778
Public safety	13,220,914		13,220,914
Debt service	814,570	538,357	1,352,927
Capital projects	31,591,421	23,049,857	54,641,278
Other postemployment benefits	1,647,435	230,778	1,878,213
Unrestricted	58,551,122	108,180,491	166,731,613
Total net position	\$ 793,020,812	\$ 576,088,229	\$ 1,369,109,041

CITY OF AVONDALE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Primary Government					
Governmental activities:					
General government	\$ 23,637,972	\$ 271,535	\$ 4,740	\$	\$ (23,361,697)
Public safety	45,992,791	3,842,898	3,087,416	3,154,604	(35,907,873)
Streets and transportation	19,541,983	2,420,242	5,370,936	43,494,338	31,743,533
Community and economic development	8,519,858	7,805,105	261,640		(453,113)
Community services	14,289,084	1,048,516	3,209,624	4,373,460	(5,657,484)
Interest on long-term debt	1,980,618				(1,980,618)
Total governmental activities	113,962,306	15,388,296	11,934,356	51,022,402	(35,617,252)
Business-type activities:					
Water	17,781,575	16,340,012		10,614,133	
Wastewater	16,904,179	11,035,424		12,960,969	
Sanitation	6,302,999	5,903,724			
Total business-type activities	40,988,753	33,279,160		23,575,102	
Total primary government	\$ 154,951,059	\$ 48,667,456	\$ 11,934,356	\$ 74,597,504	(35,617,252)
General revenues:					
Taxes:					
Sales and use taxes					78,353,496
Property taxes, levied for general purposes					3,260,871
Property taxes, levied for debt service					3,697,381
Franchise taxes					1,106,972
State-shared revenues, unrestricted					28,445,894
Investment income					(3,965,905)
Miscellaneous					1,165,562
Gain (loss) on disposal of capital assets					1,654,856
Transfers					1,321,000
Total general revenues and transfers					115,040,127
Changes in net position					79,422,875
Net position, beginning of year					713,597,937
Net position, end of year					\$ 793,020,812

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

Net (Expense) Revenue and
Changes in Net Position

Business-type Activities	Totals
\$	\$ (23,361,697)
	(35,907,873)
	31,743,533
	(453,113)
	(5,657,484)
	(1,980,618)
	<u>(35,617,252)</u>
9,172,570	9,172,570
7,092,214	7,092,214
(399,275)	(399,275)
<u>15,865,509</u>	<u>15,865,509</u>
<u>15,865,509</u>	<u>(19,751,743)</u>
	78,353,496
	3,260,871
	3,697,381
	1,106,972
	28,445,894
(4,889,794)	(8,855,699)
74,502	1,240,064
266,275	1,921,131
(1,321,000)	
<u>(5,870,017)</u>	<u>109,170,110</u>
9,995,492	89,418,367
<u>566,092,737</u>	<u>1,279,690,674</u>
<u>\$ 576,088,229</u>	<u>\$ 1,369,109,041</u>



FUND FINANCIAL STATEMENTS

CITY OF AVONDALE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Dedicated Sales Tax Revenue	Public Safety Sales Tax Revenue
ASSETS			
Cash and investments	\$ 83,642,527	\$ 21,729,503	\$ 11,016,068
Receivables, net			
Accounts	276,738	609	609
Taxes	7,685,058	1,675,779	1,675,754
Interest	189,959	34,239	28,403
Leases	3,150,360		
Due from other funds	3,765,692		
Due from governmental entities	1,171,529		
Inventories	11,104		
Prepaid items	326,547		36,424
Restricted cash - fiscal agents			
Total assets	<u>\$ 100,219,514</u>	<u>\$ 23,440,130</u>	<u>\$ 12,757,258</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,162,664	\$ 742,962	\$ 33,845
Accrued payroll and employee benefits	747,211		11,742
Bond interest payable			
Deposits held for others	417,987		
Due to other governments	217,339		
Bonds payable			
Due to other funds			
Unearned revenue			
Total liabilities	<u>3,545,201</u>	<u>742,962</u>	<u>45,587</u>
Deferred inflows of resources:			
Unavailable revenue - intergovernmental	27,436		
Unavailable revenue - other	11,575		
Leases	3,139,936		
Total deferred inflows of resources	<u>3,178,947</u>	<u></u>	<u></u>
Fund balances (deficits):			
Nonspendable	337,651		36,424
Restricted		22,697,168	12,675,247
Committed	23,187,990		
Assigned			
Unassigned	69,969,725		
Total fund balances	<u>93,495,366</u>	<u>22,697,168</u>	<u>12,711,671</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 100,219,514</u>	<u>\$ 23,440,130</u>	<u>\$ 12,757,258</u>

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

Grants In Aid	Other Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 17,954,692	\$ 18,756,187	\$ 31,028,990	\$ 184,127,967
7,444	300,000	94,052	679,452
	7,411	53,834	11,097,836
	2,096	54,062	308,759
			3,150,360
			3,765,692
1,409,305		1,226,414	3,807,248
		11,688	22,792
78,733		661,409	1,103,113
	14,002,240	8,264,802	22,267,042
<u>\$ 19,450,174</u>	<u>\$ 33,067,934</u>	<u>\$ 41,395,251</u>	<u>\$ 230,330,261</u>
\$ 167,179	\$ 3,719,541	\$ 428,623	\$ 7,254,814
168,325		2,977	930,255
		1,652,845	1,652,845
			417,987
			217,339
		6,611,956	6,611,956
12,523		3,387,067	3,399,590
<u>16,628,995</u>	<u>2,140,000</u>	<u>12,201</u>	<u>18,781,196</u>
<u>16,977,022</u>	<u>5,859,541</u>	<u>12,095,669</u>	<u>39,265,982</u>
982,912		189,582	1,199,930
			11,575
			<u>3,139,936</u>
<u>982,912</u>		<u>189,582</u>	<u>4,351,441</u>
78,733		673,097	1,125,905
1,411,507	27,005,242	17,514,154	81,303,318
	203,151		23,391,141
		11,103,494	11,103,494
		(180,745)	69,788,980
<u>1,490,240</u>	<u>27,208,393</u>	<u>29,110,000</u>	<u>186,712,838</u>
<u>\$ 19,450,174</u>	<u>\$ 33,067,934</u>	<u>\$ 41,395,251</u>	<u>\$ 230,330,261</u>



CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total governmental fund balances **\$ 186,712,838**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 1,053,246,205	
Less accumulated depreciation/amortization	<u>(317,145,914)</u>	736,100,291

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Intergovernmental	1,199,930	
Other	<u>11,575</u>	1,211,505

Deferred items related to the refunding of bonds are amortized over the life of the associated bond issue in the government-wide statements but not reported in the funds.

1,136,881

Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions/OPEB	22,654,940	
Deferred inflows of resources related to pensions/OPEB	<u>(19,519,604)</u>	3,135,336

Certain assets are not current financial resources and, therefore, are not reported in the funds.

Net other postemployment benefit assets	1,612,569	
Equity in joint ventures	<u>760,565</u>	2,373,134

The Internal Service Funds are used by management to charge the cost of risk management, fleet management, workers' compensation, and health insurance to the individual funds. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position.

5,028,245

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension and other postemployment benefits liabilities	(53,618,709)	
Compensated absences payable	(7,744,229)	
Financed purchases and leases payable	(4,981,915)	
Bonds payable and associated premium	<u>(76,332,565)</u>	<u>(142,677,418)</u>

Net position of governmental activities **\$ 793,020,812**

The notes to the basic 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, 2022

	General	Dedicated Sales Tax Revenue	Public Safety Sales Tax Revenue
Revenues:			
Taxes	\$ 57,269,850	\$ 12,745,404	\$ 12,745,403
Licenses and permits	8,344,118		
Intergovernmental	31,466,328		
Charges for services	2,604,389		
Fines, forfeitures, and penalties	1,036,240		
Investment income	(2,172,800)	(595,562)	(341,897)
Contributions	4,740		
Miscellaneous	1,190,012		
Total revenues	<u>99,742,877</u>	<u>12,149,842</u>	<u>12,403,506</u>
Expenditures:			
Current -			
General government	18,944,506		198,400
Public safety	35,001,067		8,302,421
Streets and transportation	1,955,708		
Community and economic development	5,476,628	978,028	
Community services	6,608,516		
Capital outlay	3,311,383	1,260,998	4,562,092
Debt service -			
Principal retirement	118,675		
Interest and fiscal charges	64,433		
Bond issuance costs			
Total expenditures	<u>71,480,916</u>	<u>2,239,026</u>	<u>13,062,913</u>
Excess (deficiency) of revenues over expenditures	<u>28,261,961</u>	<u>9,910,816</u>	<u>(659,407)</u>
Other financing sources (uses):			
Sale of capital assets	6,827		
Transfers in	3,170,709		
Transfers out	(25,590,805)	(511,000)	
Issuance of bonds			
Premium on sale of bonds			
Payment to refunded bond escrow agent			
Total other financing sources (uses)	<u>(22,413,269)</u>	<u>(511,000)</u>	
Changes in fund balances	<u>5,848,692</u>	<u>9,399,816</u>	<u>(659,407)</u>
Fund balances, beginning of year	87,646,674	13,297,352	13,371,078
Fund balances, end of year	<u><u>\$ 93,495,366</u></u>	<u><u>\$ 22,697,168</u></u>	<u><u>\$ 12,711,671</u></u>

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

<u>Grants In Aid</u>	<u>Other Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$	\$	\$	\$
		3,755,642	86,516,299
		12,184,045	20,528,163
4,990,699		8,519,482	44,976,509
			2,604,389
51,150		55,057	1,142,447
2,695	(11,626)	(697,961)	(3,817,151)
415,676	150,000	18,832	589,248
179,375	195,193	14,734	1,579,314
<u>5,639,595</u>	<u>333,567</u>	<u>23,849,831</u>	<u>154,119,218</u>
38,023	150,805	258,734	19,590,468
1,533,290		971,427	45,808,205
		5,815,501	7,771,209
322,510		233,280	7,010,446
3,007,050		444,375	10,059,941
1,288,916	32,435,161	9,701,275	52,559,825
		7,849,213	7,967,888
		2,611,647	2,676,080
	193,467	287,670	481,137
<u>6,189,789</u>	<u>32,779,433</u>	<u>28,173,122</u>	<u>153,925,199</u>
<u>(550,194)</u>	<u>(32,445,866)</u>	<u>(4,323,291)</u>	<u>194,019</u>
	5,435,373	20,412	5,462,612
100,000	21,000,000	7,256,629	31,527,338
(55,010)	(977,348)	(3,072,175)	(30,206,338)
	25,440,000	7,780,980	33,220,980
	5,347,813	1,238,825	6,586,638
		(8,881,022)	(8,881,022)
<u>44,990</u>	<u>56,245,838</u>	<u>4,343,649</u>	<u>37,710,208</u>
<u>(505,204)</u>	<u>23,799,972</u>	<u>20,358</u>	<u>37,904,227</u>
1,995,444	3,408,421	29,089,642	148,808,611
<u>\$ 1,490,240</u>	<u>\$ 27,208,393</u>	<u>\$ 29,110,000</u>	<u>\$ 186,712,838</u>

CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Changes in fund balances - total governmental funds **\$ 37,904,227**

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Expenditures for capitalized assets	\$ 51,496,391	
Less current year depreciation/amortization	<u>(21,133,642)</u>	30,362,749

The net effect of miscellaneous capital asset transactions (e.g. sales, contributions, transfers and disposals) not recorded in the governmental funds. 31,863,367

Issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.

Issuance of bonds	(30,803,793)	
Refunding bond transaction	<u>(221,825)</u>	(31,025,618)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Financed purchase principal retirement	286,929	
Lease principal retirement	298,003	
Bond principal retirement	<u>7,382,956</u>	7,967,888

Governmental funds report pension and other postemployment benefit contributions as expenditures. However, they are reported as deferred outflows of resources in the Statement of Net Position. The change in the net pension liability, adjusted for deferred items, is reported as pension expense in the Statement of Activities.

Current year pension and OPEB contributions	9,846,765	
Pension expense	<u>(9,774,760)</u>	72,005

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 tax revenues	(97,579)	
Intergovernmental revenues	657,547	
Other revenues	11,575	
Equity in joint venture expenses	169,194	
Deferred bond items on issuance of refunding debt expenses	(193,237)	
Amortization of deferred bond items	987,721	
Compensated absences expenses	<u>(704,616)</u>	830,605

The Internal Service Funds are used by management to charge costs of certain activities to the individual funds. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities. 1,269,183

Changes in net position in governmental activities **\$ 79,244,406**

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

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 46,878,000	\$ 46,878,000	\$ 57,269,850	\$ 10,391,850
Licenses and permits	6,934,000	6,934,000	8,344,118	1,410,118
Intergovernmental	27,930,100	27,930,100	31,466,328	3,536,228
Charges for services	2,211,500	2,211,500	2,604,389	392,889
Fines, forfeitures, and penalties	867,000	867,000	1,036,240	169,240
Investment income	320,000	322,000	(2,172,800)	(2,494,800)
Contributions	21,000	21,000	4,740	(16,260)
Miscellaneous	1,047,900	1,047,900	1,190,012	142,112
Total revenues	<u>86,209,500</u>	<u>86,211,500</u>	<u>99,742,877</u>	<u>13,531,377</u>
Expenditures:				
Current -				
City Council	329,100	322,800	257,114	65,686
City Administration	3,516,000	3,634,300	3,219,819	414,481
City Attorney	1,864,700	1,864,700	1,655,948	208,752
City Clerk	824,300	824,300	745,967	78,333
Finance and Budget	5,809,000	5,825,100	5,482,438	342,662
Human Resources	1,973,700	1,970,700	1,674,653	296,047
Information Technology	8,710,900	8,847,025	7,323,956	1,523,069
Marketing and Public Relations	1,098,200	1,098,200	939,347	158,853
Facilities	2,994,300	3,104,300	2,864,964	239,336
Indirect Costs	(5,219,700)	(5,219,700)	(5,219,700)	
Contingency	14,645,700	1,796,300		1,796,300
Police	22,876,200	22,803,200	21,215,385	1,587,815
Fire and Medical	11,279,100	12,056,700	11,511,541	545,159
City Court	1,297,100	1,272,100	1,170,401	101,699
Office of Public Safety		1,334,350	1,103,740	230,610
Development and Engineering Services	5,377,500	5,412,475	5,001,124	411,351
Economic Development	4,114,300	5,426,800	2,431,212	2,995,588
Neighborhood and Family Services	3,890,400	3,599,450	2,244,941	1,354,509
Parks and Recreation	5,120,900	4,961,700	4,363,575	598,125
Capital outlay	1,615,800	2,646,900	3,311,383	(664,483)
Debt service -				
Principal retirement	119,000	119,000	118,675	325
Interest and fiscal charges	65,000	65,000	64,433	567
Total expenditures	<u>92,301,500</u>	<u>83,765,700</u>	<u>71,480,916</u>	<u>12,284,784</u>
Excess (deficiency) of revenues over expenditures	<u>(6,092,000)</u>	<u>2,445,800</u>	<u>28,261,961</u>	<u>25,816,161</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	9,000	9,000	6,827	(2,173)
Transfers in	2,947,000	2,947,000	3,170,709	223,709
Transfers out	(40,145,100)	(42,095,100)	(25,590,805)	16,504,295
Total other financing sources (uses)	<u>(37,189,100)</u>	<u>(39,139,100)</u>	<u>(22,413,269)</u>	<u>16,725,831</u>
Changes in fund balances	<u>(43,281,100)</u>	<u>(36,693,300)</u>	<u>5,848,692</u>	<u>42,541,992</u>
Fund balances, beginning of year	87,646,674	87,646,674	87,646,674	
Fund balances, end of year	<u>\$ 44,365,574</u>	<u>\$ 50,953,374</u>	<u>\$ 93,495,366</u>	<u>\$ 42,541,992</u>

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

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEDICATED SALES TAX REVENUE
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 10,443,000	\$ 10,443,000	\$ 12,745,404	\$ 2,302,404
Investment income	154,000	154,000	(595,562)	(749,562)
Total revenues	<u>10,597,000</u>	<u>10,597,000</u>	<u>12,149,842</u>	<u>1,552,842</u>
Expenditures:				
Current -				
Community and economic development			978,028	(978,028)
Capital outlay	17,880,000	16,512,000	1,260,998	15,251,002
Total expenditures	<u>17,880,000</u>	<u>16,512,000</u>	<u>2,239,026</u>	<u>14,272,974</u>
Excess (deficiency) of revenues over expenditures	<u>(7,283,000)</u>	<u>(5,915,000)</u>	<u>9,910,816</u>	<u>15,825,816</u>
Other financing sources (uses):				
Transfers out	(999,000)	(1,249,000)	(511,000)	738,000
Total other financing sources (uses)	<u>(999,000)</u>	<u>(1,249,000)</u>	<u>(511,000)</u>	<u>738,000</u>
Changes in fund balances	<u>(8,282,000)</u>	<u>(7,164,000)</u>	<u>9,399,816</u>	<u>16,563,816</u>
Fund balances, beginning of year	13,297,352	13,297,352	13,297,352	
Fund balances, end of year	<u>\$ 5,015,352</u>	<u>\$ 6,133,352</u>	<u>\$ 22,697,168</u>	<u>\$ 16,563,816</u>

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

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY SALES TAX REVENUE
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 10,443,000	\$ 10,443,000	\$ 12,745,403	\$ 2,302,403
Investment income	78,000	78,000	(341,897)	(419,897)
Total revenues	<u>10,521,000</u>	<u>10,521,000</u>	<u>12,403,506</u>	<u>1,882,506</u>
Expenditures:				
Current -				
General government	198,400	198,400	198,400	
Public safety	9,124,900	9,029,900	8,302,421	727,479
Capital outlay	4,641,500	4,722,500	4,562,092	160,408
Total expenditures	<u>13,964,800</u>	<u>13,950,800</u>	<u>13,062,913</u>	<u>887,887</u>
Changes in fund balances	<u>(3,443,800)</u>	<u>(3,429,800)</u>	<u>(659,407)</u>	<u>2,770,393</u>
Fund balances, beginning of year	13,371,078	13,371,078	13,371,078	
Fund balances, end of year	<u><u>\$ 9,927,278</u></u>	<u><u>\$ 9,941,278</u></u>	<u><u>\$ 12,711,671</u></u>	<u><u>\$ 2,770,393</u></u>

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

CITY OF AVONDALE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANTS IN AID
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 4,727,200	\$ 4,931,100	\$ 4,990,699	\$ 59,599
Fines, forfeitures, and penalties	90,000	90,000	51,150	(38,850)
Investment income			2,695	2,695
Contributions	761,000	761,000	415,676	(345,324)
Miscellaneous	25,459,000	24,930,000	179,375	(24,750,625)
Total revenues	<u>31,037,200</u>	<u>30,712,100</u>	<u>5,639,595</u>	<u>(25,072,505)</u>
Expenditures:				
Current -				
General government	68,100	139,500	38,023	101,477
Public safety	26,892,900	6,061,403	1,533,290	4,528,113
Community and economic development	43,000	706,200	322,510	383,690
Community services	3,766,100	5,407,704	3,007,050	2,400,654
Capital outlay	772,500	4,202,132	1,288,916	2,913,216
Total expenditures	<u>31,542,600</u>	<u>16,516,939</u>	<u>6,189,789</u>	<u>10,327,150</u>
Excess (deficiency) of revenues over expenditures	<u>(505,400)</u>	<u>14,195,161</u>	<u>(550,194)</u>	<u>(14,745,355)</u>
Other financing sources (uses):				
Transfers in	50,000	100,000	100,000	
Transfers out			(55,010)	(55,010)
Total other financing sources (uses)	<u>50,000</u>	<u>100,000</u>	<u>44,990</u>	<u>(55,010)</u>
Changes in fund balances	<u>(455,400)</u>	<u>14,295,161</u>	<u>(505,204)</u>	<u>(14,800,365)</u>
Fund balances, beginning of year	1,995,444	1,995,444	1,995,444	
Fund balances, end of year	<u>\$ 1,540,044</u>	<u>\$ 16,290,605</u>	<u>\$ 1,490,240</u>	<u>\$ (14,800,365)</u>

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



CITY OF AVONDALE, ARIZONA
STATEMENT OF FUND NET POSITION -
PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds	
	Water	Wastewater
<u>ASSETS</u>		
Current assets:		
Cash and investments	\$ 58,187,390	\$ 42,916,133
Receivables, net		
Accounts	4,181,742	2,106,581
Interest	211,696	129,014
Inventories	636,730	151,853
Prepaid items		
Restricted cash - fiscal agents		538,357
Restricted cash - customer deposits	3,586,755	
Total current assets	<u>66,804,313</u>	<u>45,841,938</u>
Noncurrent assets:		
Water storage credits inventory	18,400,924	
Net other postemployment benefit assets	104,570	66,750
Capital assets not being depreciated	16,661,804	4,586,519
Capital assets, net of accumulated depreciation	<u>216,212,258</u>	<u>211,977,790</u>
Total noncurrent assets	<u>251,379,556</u>	<u>216,631,059</u>
Total assets	<u>318,183,869</u>	<u>262,472,997</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred loss on refunding		2,988
Pension and other postemployment benefit plan items	<u>822,750</u>	<u>582,686</u>
Total deferred outflows of resources	<u>822,750</u>	<u>585,674</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	782,712	643,857
Accrued payroll and employee benefits	2,157	10,484
Accrued interest payable		135,377
Deposits held for others	3,586,755	
Due to other governments	122,447	
Bonds payable		399,025
Due to other funds		
Claims payable		
Compensated absences	<u>263,398</u>	<u>196,500</u>
Total current liabilities	<u>4,757,469</u>	<u>1,385,243</u>
Noncurrent liabilities:		
Non-current portion of long-term obligations	<u>2,572,111</u>	<u>8,957,568</u>
Total noncurrent liabilities	<u>2,572,111</u>	<u>8,957,568</u>
Total liabilities	<u>7,329,580</u>	<u>10,342,811</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension and other postemployment benefit plan items	<u>883,138</u>	<u>620,291</u>
<u>NET POSITION</u>		
Net investment in capital assets	232,874,062	209,037,417
Restricted for:		
Debt service		538,357
Capital projects	9,341,844	13,708,013
Other postemployment benefits	104,570	66,750
Unrestricted	<u>68,473,425</u>	<u>28,745,032</u>
Total net position	<u>\$ 310,793,901</u>	<u>\$ 252,095,569</u>

Enterprise Funds		Governmental Activities: Internal Service Funds	
Sanitation	Totals		
\$ 10,992,141	\$ 112,095,664	\$ 10,761,362	
1,243,303	7,531,626	1,743,237	
39,263	379,973	14,073	
104,456	893,039	343,533	
	538,357	37,886	
	<u>3,586,755</u>		
<u>12,379,163</u>	<u>125,025,414</u>	<u>12,900,091</u>	
	18,400,924		
59,458	230,778	34,866	
	21,248,323		
<u>2,177,267</u>	<u>430,367,315</u>	<u>331,824</u>	
<u>2,236,725</u>	<u>470,247,340</u>	<u>366,690</u>	
<u>14,615,888</u>	<u>595,272,754</u>	<u>13,266,781</u>	
	2,988		
<u>548,001</u>	<u>1,953,437</u>	<u>289,946</u>	
<u>548,001</u>	<u>1,956,425</u>	<u>289,946</u>	
74,159	1,500,728	39,773	
10,621	23,262	10,899	
	135,377		
5,000	3,591,755		
	122,447		
	399,025		
		366,102	
		4,482,061	
<u>174,800</u>	<u>634,698</u>	<u>113,568</u>	
<u>264,580</u>	<u>6,407,292</u>	<u>5,012,403</u>	
<u>1,718,311</u>	<u>13,247,990</u>	<u>2,606,963</u>	
<u>1,718,311</u>	<u>13,247,990</u>	<u>2,606,963</u>	
<u>1,982,891</u>	<u>19,655,282</u>	<u>7,619,366</u>	
<u>581,335</u>	<u>2,084,764</u>	<u>310,020</u>	
2,177,267	444,088,746	331,824	
	538,357		
	23,049,857		
59,458	230,778	34,866	
<u>10,362,938</u>	<u>107,581,395</u>	<u>5,260,651</u>	
<u>\$ 12,599,663</u>	<u>\$ 575,489,133</u>	<u>\$ 5,627,341</u>	



CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total enterprise net position	\$ 575,489,133
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Amounts reported for *business-type activities* in the Statement of Net Position are different because:

The Internal Service Funds are used by management to charge the cost of risk management, fleet management, workers' compensation, and health insurance to the individual funds. A look-back adjustment applies to business-type activities and creates an internal balance.

	<u>599,096</u>
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Net position of business-type activities	<u><u>\$ 576,088,229</u></u>
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The notes to the basic 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
FOR THE YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Water	Wastewater	Sanitation
Operating revenues:			
Charges for services	\$ 16,340,012	\$ 11,035,424	\$ 5,903,724
Miscellaneous	74,502		
Total operating revenues	<u>16,414,514</u>	<u>11,035,424</u>	<u>5,903,724</u>
Operating expenses:			
Salaries, wages, and benefits	2,365,076	2,099,935	2,269,191
Contractual services, materials, and supplies	7,473,776	4,659,431	3,495,481
Insurance claims and expenses			
Depreciation and amortization	8,016,142	9,943,719	629,882
Total operating expenses	<u>17,854,994</u>	<u>16,703,085</u>	<u>6,394,554</u>
Operating income (loss)	<u>(1,440,480)</u>	<u>(5,667,661)</u>	<u>(490,830)</u>
Nonoperating revenues (expenses):			
Investment income	(2,658,740)	(1,752,275)	(478,779)
Gain (loss) on disposal of capital assets	14,425		251,850
Interest and fiscal charges		(204,757)	
Total nonoperating revenues (expenses)	<u>(2,644,315)</u>	<u>(1,957,032)</u>	<u>(226,929)</u>
Income (loss) before transfers and capital contributions	<u>(4,084,795)</u>	<u>(7,624,693)</u>	<u>(717,759)</u>
Transfers out	(921,000)	(400,000)	
Capital contributions	4,995,350	5,128,070	
Development fees	<u>5,618,783</u>	<u>7,832,899</u>	
Changes in net position	<u>5,608,338</u>	<u>4,936,276</u>	<u>(717,759)</u>
Total net position, beginning of year	305,185,563	247,159,293	13,317,422
Total net position, end of year	<u>\$ 310,793,901</u>	<u>\$ 252,095,569</u>	<u>\$ 12,599,663</u>

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

<u>Enterprise Funds</u>		Governmental Activities: Internal Service Funds
<u>Totals</u>		
\$ 33,279,160		\$ 13,079,391
74,502		3,113,194
<u>33,353,662</u>		<u>16,192,585</u>
6,734,202		1,201,963
15,628,688		2,464,684
		10,865,052
18,589,743		74,312
<u>40,952,633</u>		<u>14,606,011</u>
<u>(7,598,971)</u>		<u>1,586,574</u>
(4,889,794)		(148,754)
266,275		
(204,757)		
<u>(4,828,276)</u>		<u>(148,754)</u>
<u>(12,427,247)</u>		<u>1,437,820</u>
(1,321,000)		
10,123,420		
13,451,682		
<u>9,826,855</u>		<u>1,437,820</u>
565,662,278		4,189,521
<u>\$ 575,489,133</u>		<u>\$ 5,627,341</u>

CITY OF AVONDALE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Changes in net position - total enterprise funds	\$ 9,826,855
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Amounts reported for *business-type activities* in the Statement of Activities are different because:

The Internal Service Funds are used by management to charge costs of certain activities to the individual funds. A look-back adjustment applies to business-type activities and creates an internal balance, which reduced the expenses.

	168,637
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Changes in net position in business-type activities	\$ 9,995,492
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The notes to the basic financial statements are an integral part of this statement.

CITY OF AVONDALE, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Enterprise Funds				Governmental Activities: Internal Service Funds
	Water	Wastewater	Sanitation	Totals	
<u>Increase/Decrease in Cash and Cash Equivalents</u>					
Cash flows from operating activities:					
Cash received from customers	\$ 16,596,778	\$ 10,781,298	\$ 5,652,766	\$ 33,030,842	\$ 12,336,725
Cash payments to suppliers for goods and services	(7,920,852)	(4,302,486)	(3,603,243)	(15,826,581)	(11,915,729)
Cash payments to employees for services	(3,383,976)	(2,352,632)	(2,235,108)	(7,971,716)	(1,151,172)
Miscellaneous	74,502			74,502	3,113,194
Net cash provided by/used for operating activities	5,366,452	4,126,180	(185,585)	9,307,047	2,383,018
Cash flows from noncapital financing activities:					
Interfund (payment) borrowing					44,247
Transfers out	(921,000)	(400,000)		(1,321,000)	
Net cash provided by/used for noncapital financing activities	(921,000)	(400,000)		(1,321,000)	44,247
Cash flows from investing activities:					
Investment income	(2,769,483)	(1,752,275)	(498,849)	(5,020,607)	(153,140)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(698,220)	(2,980,948)		(3,679,168)	(84,942)
Principal payments on capital debt		(385,419)		(385,419)	
Interest payments on capital debt		(273,741)		(273,741)	
Development fees received	5,618,783	7,832,899		13,451,682	
Proceeds from sale of capital assets	35,319		251,850	287,169	
Net cash provided by/used for noncapital financing activities	4,955,882	4,192,791	251,850	9,400,523	(84,942)
Net increase/decrease in cash and cash equivalents	6,631,851	6,166,696	(432,584)	12,365,963	2,189,183
Cash and cash equivalents, beginning of year	55,142,294	37,287,794	11,424,725	103,854,813	8,572,179
Cash and cash equivalents, end of year	\$ 61,774,145	\$ 43,454,490	\$ 10,992,141	\$ 116,220,776	\$ 10,761,362
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>					
Operating income/loss	\$ (1,440,480)	\$ (5,667,661)	\$ (490,830)	\$ (7,598,971)	\$ 1,586,574
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:					
Depreciation expense	8,016,142	9,943,719	629,882	18,589,743	74,312
Difference between pension/OPEB expense and contributions	(970,308)	(256,481)	(13,609)	(1,240,398)	29,578
Changes in assets and liabilities:					
Increase/decrease in accounts receivable	256,766	(254,126)	(250,958)	(248,318)	(1,742,666)
Increase/decrease in inventories	(218,345)	(33,517)	(44,695)	(296,557)	(99,903)
Increase/decrease in prepaid items	1,103	198		1,301	(24,644)
Increase/decrease in accounts payable	275,735	390,264	(63,067)	602,932	(85,098)
Increase/decrease in accrued payroll and employee benefits	(10,753)	(11,769)	6,336	(16,186)	(823)
Increase/decrease in deposits	14,076			14,076	
Increase/decrease in due to other governments	(249,241)			(249,241)	
Increase/decrease in compensated absences	(37,839)	15,553	41,356	19,070	22,036
Increase/decrease in claims payable					2,623,652
Increase/decrease in unearned revenue	(270,404)			(270,404)	
Total adjustments	6,806,932	9,793,841	305,245	16,906,018	796,444
Net cash provided by/used for operating activities	\$ 5,366,452	\$ 4,126,180	\$ (185,585)	\$ 9,307,047	\$ 2,383,018
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>					
Cash and investments	\$ 58,187,390	\$ 42,916,133	\$ 10,992,141	\$ 112,095,664	\$ 10,761,362
Restricted cash - fiscal agents		538,357		538,357	
Restricted cash - customer deposits	3,586,755			3,586,755	
Total cash and cash equivalents	\$ 61,774,145	\$ 43,454,490	\$ 10,992,141	\$ 116,220,776	\$ 10,761,362
<u>Noncash Capital, Financing, and Investing Activities</u>					
Amortization of bond premiums and deferred charge on refunding	\$	\$ 65,996	\$	\$	\$
Capital contributions	4,995,350	5,128,070			

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

During the year ended June 30, 2022, the City implemented the provisions of GASB Statement No. 87, *Leases*. This Statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Beginning balances of leases receivable and deferred inflows of resources reported in the General Fund have been restated by \$3,564,350. Beginning balances of net capital assets and long-term obligations for leases payable reported in the governmental activities have been restated by \$1,742,477.

A. Reporting Entity

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.

The accompanying financial statements present the activities of the City (the primary government) and its blended component units collectively referred to as "the financial reporting entity." The component units referred to below and the following page 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.

The City of Avondale Employee Benefit Trust (EBT) was formed in 2021 for the purpose of managing the health insurance for City employees and their covered beneficiaries. The EBT is governed by five Trustees appointed by the City Manager. No more than one of the Trustees may be a member of the City Council, and no more than one of the Trustees may be a City employee. Although it is legally separate from the City, the EBT is reported as if it were part of the City government, because its sole purpose is to provide services exclusively to City employees through a self-insured health plan. The EBT's activity is reported in an internal service fund.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Avondale Risk Management Trust (RMT) was formed for the purpose of managing the City's property and liability self-insurance program. The RMT is governed by five Board members. The Board consists of three non-staff citizen members, one member of City Council and one employee. Although it is legally separate from the City, the RMT is reported as if it were part of the City government, because its sole purpose is to provide services exclusively to the City departments, employees, and council members in their official capacities. The RMT's activity is reported in an internal service fund.

The City of Avondale Workers' Compensation Trust (WCT) was formed for the purpose of managing the City's workers' compensation obligations. The WCT is governed by five Board members. The Board consists of three non-staff citizen members, one member of City Council and one employee. Although it is legally separate from the City, the RMT is reported as if it were part of the City government, because its sole purpose is to provide services exclusively to the City departments, employees, and council members in their official capacities. The RMT's activity is reported in an internal service fund.

The Alamar Community Facilities District was formed by petition to the City Council in 2018. Alamar's purpose is to acquire or construct public infrastructure in a specified area of the City. As a special purpose district and separate political subdivision under the Arizona Constitution, Alamar can levy taxes and issue bonds independently of the City. Property owned in the designated areas is assessed for Alamar's property taxes, and thus for the costs of operating the district. The Alamar Community Facilities District is governed by a board of directors that consists of the members of the Avondale City Council. The City has no liability for the district's debt once issued. Alamar's activities are reported in a special revenue fund, capital projects fund, and debt service fund.

Separately issued financial statements are not prepared for the blended component units.

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, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements: The fund financial statements provide information about the City's funds, including blended component units. Separate statements are presented for the governmental and proprietary 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.

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.

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

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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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 governmental and business-type activities columns of 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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 *Grants In Aid Fund*, a special revenue fund, accounts for grant funding and private donations/contributions for specific purposes not accounted for in other special revenue funds or otherwise committed or restricted to capital projects.

The *Other Capital Projects Fund*, a capital projects fund, accounts for capital resources and activities not accounted for in other capital project funds.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 refuse collection and disposal program, which includes solid waste and recycling.

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 and fleet management.

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 5, 2020, 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, 2025.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 1 through June 30 of each year.
2. A structurally balanced operating and capital budget are presented annually for Council review and adoption no later than July 1st of the fiscal year and in accordance with the requirements of state law.
3. The budget is adopted by the City Council by department and by fund (excluding the Alamar CFD). Budget transfers may be executed throughout the year when the adopted purpose varies from operational needs identified during the fiscal year pursuant to the following guidelines. Transfers must be fully executed before the authorization of or expenditure of funds.
4. Operating Budget Transfer Guidelines:
 - a. Use of contingency fund appropriation requires City Council approval.
 - b. Transfers of appropriation between funds require City Council authorization.
 - c. Transfers of appropriation to / from personal services (salaries, wages, and benefits) line items within the same department require City Manager approval and must be one-time in nature so as not to impact the department's authorized FTE counts. Savings in personal services will not be used to offset deficits in department operating budgets without written authorization from the City Manager.
 - d. Department heads are authorized for all other transfer types between divisions and category of expenditures within the same fund.
5. Staff monitor the budget and communicate potential over expenditures of fund and department budgets to Council.
6. A Capital Improvement Plan (CIP) is developed for a five-year period to allow for appropriate planning. The CIP shall be considered balanced when all sources of funds (revenue, transfers in, and fund balances) are greater than or equal to all uses of funds (expenditures, transfers out, and contingencies) by year for each fund in the capital program.
7. Projects are only approved with funding from designated sources that are known – or considered reasonably likely during the project's plan – and meet the project's estimated development costs and costs to support.
8. Changes to the approved CIP in terms of material individual project changes in scope, proposed transfer of funds between approved projects require City Council review and authorization.
9. Transfers of available appropriation in the CIP of under \$50,000 within projects of the same department and fund may be approved by the City Manager or designee. Such amendments are communicated quarterly to the Council. Transfers of available appropriation in the CIP greater than \$50,000 require City Council review and authorization.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 all pooled cash and investments, cash on hand, demand deposits, restricted cash with fiscal agents, and restricted cash for customer deposits.

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, in addition to certain nonpooled cash and investments held by the General, Dedicated Sales Tax Revenue, Public Safety Sales Tax Revenue, Highway User Revenue, Local Transportation Assistance, Alamar CFD Operating, Development Fees, Vehicle Replacement, Other Capital Projects, Water, Wastewater, Sanitation, Risk Management, and Workers' Compensation Funds. 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 nonpooled 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, Statement of Net Position, and Statement of Fund Net Position – Proprietary Funds.

H. Inventories

Supplies inventories are accounted for in the governmental fund and government-wide financial statements using the consumption method. These inventories consist of items that are held for sale in the ordinary course of operations. 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".

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 right-to-use 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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City has chosen not to apply the modified approach to any infrastructure networks, systems, or subsystems. Capital assets are depreciated using the straight-line method over the estimated useful life of the asset. Intangible right-to use assets are amortized over the shorter of the lease term or the underlying asset's useful life. The estimated useful lives and amortization periods are as follows:

Intangible right-to-use assets	30 to 40 years
Building and improvements	40 years
Improvements other than buildings	20 years
Water, sewer, and storm drain systems improvements	50 years
Street systems	20 to 40 years
Park facilities and streetscape	20 years
Artwork	20 years
Furniture	7 years
Machinery and equipment	3 to 15 years

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 assets that applies to future periods that will be recognized as an expense in future periods (i.e. deferred charges on the refunding and deferred outflows related to pensions and other postemployment benefits). Deferred inflows of resources represent the acquisition of net assets that applies to future periods that will be recognized as revenue and amortized in future periods (deferred inflows on pensions and other postemployment benefits).

Deferred inflows in the governmental funds represent revenues received more than 60 days after fiscal year end. These revenues will be recognized in the governmental fund financial statements in the next fiscal year, when available, and represent a reconciling item between the governmental fund financial statements and the governmental activities in the government-wide financial statements.

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 31 of each calendar year. All regular full-time employees may accumulate an unlimited number of sick leave hours.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As lessee, the City recognizes lease liabilities with an initial, individual value of \$100,000 or more. The City uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The City's estimated incremental borrowing rate is based on the interest rate from recent debt issuances.

As lessor, the City recognizes lease receivables with an initial, individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses an interest rate based on the applicable rate on federal securities as the discount rate to measure lease receivables.

O. 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.

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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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.

Q. Interfund Activity

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.

R. 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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 6, 2022, 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 Finance and Budget Director to assign fund balances for specific purposes. Any fund balance assignments must be reported to the City Manager in writing and such assignments will be identified and incorporated in the City's annual budget planning process.

The City Council established a two-tier fiscal stabilization arrangement as committed fund balance in the General Fund of no less than 35 percent of budgeted General Fund expenditures from the prior fiscal year to provide a comfortable margin of safety to address potential natural disasters, unexpected economic events, revenue shortfalls, or other budget contingencies. The two tiers include an emergency reserve of 25 percent and a rainy day reserve of 10 percent.

The first-tier commitment consists of a 25 percent Emergency Reserve that may only be used for the following reasons:

- Mitigate damage and expenditures caused by natural disasters or declared public emergency for which no reasonable budget adjustments are available to continue or restore essential services.
- Address emergency events that jeopardize the public safety.
- Provide and maintain essential services to the public during natural disasters or emergency events.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The second-tier commitment consists of a 10 percent Rainy-Day Reserve that may only be used under the following circumstances:

The stabilization reserves shall be used only if:

- The City experiences sudden and/or unexpected declines in ongoing revenues (taxes or shared revenues) or charges for service that is greater than 10 percent of General Fund operating revenues from the prior year.
- The City experiences sudden and/or unexpected declines in state-shared revenues that is greater than 10 percent of General Fund operating expenditures from the prior year.
- Provide and maintain essential services to the public during natural disasters or emergency events.

Once the City Manager, or their designee, has determined that it is necessary to spend down stabilization reserves, the City Manager shall provide written communication to the Council explaining the nature of the event/occurrence necessitating their use for Council approval. If the reserves are reduced below the minimum required levels, the City staff shall develop a plan for Council approval to restore the reserves to the appropriate 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 of the event, respectively. If the depletion occurs during an ongoing economic downturn, the City shall restore the funds within two (2) years of revenue stabilization, as applicable. The progress of replenishment shall be reported in the City's Annual Budget.

S. 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.

T. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. 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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances – At June 30, 2022, the Dedicated Sales Tax Revenue Bonds and Fleet Management Funds show deficits of \$180,745 and \$550,913, respectively.

The deficit in the Dedicate Sales Tax Revenue Bonds Fund was due to debt service requirements exceeding available resources in the fund. Future transfers to the fund are expected to eliminate the deficit.

The deficit in the Fleet Management Fund was mainly due to net pension and other postemployment benefit liabilities of \$670,881. 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. City management plans to eliminate the remaining net position deficit by recovering prior years' cumulative fleet management undercharges from user departments.

NOTE 3 – CASH AND INVESTMENTS

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) with no regulatory oversight. The pools as an investment company are not registered with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy.

Total City cash and investments as of June 30, 2022, are reported as follows:

Governmental activities	\$ 217,156,371
Business-type activities	116,220,776
Total	<u>\$ 333,377,147</u>
Cash on hand	\$ 3,865
Cash in banks	72,709,355
Investments	237,858,528
Restricted cash – fiscal agents	22,805,399
Total	<u>\$ 333,377,147</u>

Fair Value Measurement/Application for Investments and 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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

The City's formal investment policy manages its exposure to interest rate risk by requiring investments to match the anticipated cash flow requirements. Unless matched to a specific cash flow, the maturity of investments are limited to less than five years. Additionally, the City maintains a sufficient cash balance in its operating bank account to preclude the necessity of liquidating any investments at a loss. The City's investments at June 30, 2022, categorized within the fair value hierarchy established by accounting principles generally accepted in the United States of America, and accounting for credit and interest rate risk were as follows:

Investment Type	Category	Fair Value	Investment Maturities (in years)		Moody's Investor Services	Standard & Poor's
			Less than 1	1-5		
US Agency Mortgage Backed Securities	Level 2	\$ 20,642,673	\$ 3,258,163	\$ 17,384,510	Aaa	AA+
U.S. Treasury Securities	Level 1	148,337,858	12,672,556	135,665,302	Aaa	AA+
Corporate Bonds	Level 2	43,300,033		43,300,033	A3 to Aaa	BBB to AAA
			<u>\$ 15,930,719</u>	<u>\$196,349,845</u>		
State Treasurer's investment pool 5	Not Applicable	25,577,964	51 days average maturities			
Total		<u>\$ 237,858,528</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 5 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 5.

Investment income is comprised of the following for the year ended June 30, 2022:

	Governmental Activities	Business-type Activities
Interest earned	\$ 832,532	\$ 834,890
Change in the fair value of investments	(4,798,437)	(5,724,684)
Investment income	<u>\$ (3,965,905)</u>	<u>\$ (4,889,794)</u>

During the year, the investments balance increased \$59.3 million due to the City investing excess cash balances. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on these investments held at June 30, 2022, was \$10.5 million. 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.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

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

The City's formal investment policy manages its exposure to credit risk by requiring high grade investments. Additionally, the City maintains a sufficient cash balance in its operating bank account to preclude the necessity of liquidating any investments at a loss. The following describe the City's policy:

- Certificates of deposit in eligible depositories-50 percent sector limit, must be insured or fully collateralized.
- Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association; that are rated "A" (long-term) or A-1 (short-term) or the equivalent or better by a NRSRO-50% sector limit, five percent issuer limit.
- Commercial paper, of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States-50 percent sector limit, five percent issuer limit.
- Interest bearing savings accounts in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry. Deposits in excess of the insured amount are secured by collateral as outlined in A.R.S. §35-323.
- The pooled investment funds established by the state treasurer pursuant to A.R.S. §35-326.
- Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
- Bonds or other evidence of indebtedness of this state or any of its counties, incorporated cities or school districts-40 percent sector limit, five percent issuer limit.
- Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district-40% sector limit, 5% issuer limit. An investment shall not be made if:
 - The face value of all such obligations, and similar obligations outstanding, exceeds 50 percent of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
 - A default in payment of principal or interest on the obligations to be purchased has occurred within five years of the date of investment, or, if the obligations were issued less than five years before the date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years of the investment.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

- Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies-50 percent sector limit, five percent issuer limit.
- Repurchase agreements with a maximum maturity of one hundred eighty days-40 percent sector limit, 20 percent issuer limit.

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's formal investment policy requires deposits to be in banks and savings and loan institutions doing business in this state whose accounts are insured by federal deposit insurance for their industry. Deposits in excess of the insured amount must be secured by collateral as outlined in A.R.S. §35-323.

Cash in bank – The carrying amount of City's bank account deposits at June 30, 2022 was \$72,709,355 and the bank balance was \$76,313,663. The difference between the carrying amount and bank balance was due to outstanding checks and deposits, and other reconciling items. 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.

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's formal investment policy limits the concentration of investments by investment type, sector, and issuer to manage credit risk. Additionally, minimum credit ratings are required for the various investments.

At June 30, 2022, the following issuers represents more than five percent of the City's total investments: 62.0 percent in U.S. Treasury Notes, 9.0 percent in U.S. Agency Mortgage Backed Securities, and 11.0 percent invested in the State Treasurer's Investment Pool 5.

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.

Pursuant to A.R.S. a lien assessed against real and personal property attaches on the first day of January preceding assessment and levy; however, according to case law an enforceable legal claim to the asset doesn't arise.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – RECEIVABLES

Receivables in the General, Special Revenue, Debt Service, and Capital Projects 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, 2022, are \$150,574, \$97,305, and \$33,805, respectively. Uncollectible amounts related to current period revenues of the Water, Wastewater, and Sanitation Funds are \$38,108, \$41,982 and \$(714), respectively.

NOTE 6 – LEASES RECEIVABLE

The City leases a multipurpose recreational sports facility and building office space under the provisions of contracts classified as leases. The related receivables under the lease agreements have been recorded at the present value of their future minimum lease payments as of the inception date. Lease revenue of \$424,414 and related interest revenue of \$35,734 are recorded as miscellaneous revenue in the General Fund.

Future minimum lease payments to be received under the lease agreements at year end are summarized as follows:

Year ending June 30:

2023	\$ 449,724
2024	199,954
2025	150,000
2026	150,000
2027	150,000
2028-32	750,000
2033-37	750,000
2038-42	750,000
2043-44	300,000
Total	<u>\$ 3,649,678</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS

A summary of capital asset activity for governmental activities on the government-wide financial statements for the year ended June 30, 2022, follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$294,436,380	\$21,804,839	\$ 17,762	\$ 316,223,457
Construction in progress	17,619,863	40,626,061	33,635,949	24,609,975
Total capital assets, not being depreciated	<u>312,056,243</u>	<u>62,430,900</u>	<u>33,653,711</u>	<u>340,833,432</u>
Capital assets, being depreciated:				
Buildings and improvements	107,634,620	30,232,785	4,871,801	132,995,604
Improvements other than buildings	52,995,272	2,298,404		55,293,676
Vehicles, furniture and equipment	59,588,764	3,832,676	4,430,562	58,990,878
Infrastructure	440,041,207	20,687,714		460,728,921
Intangible Assets	1,965,259	1,378,689		3,343,948
Total capital assets being depreciated	<u>662,225,122</u>	<u>58,430,268</u>	<u>9,302,363</u>	<u>711,353,027</u>
Less accumulated depreciation for:				
Buildings and improvements	(35,991,396)	(1,867,534)	(1,109,044)	(36,749,886)
Improvements other than buildings	(7,487,341)	(2,483,288)		(9,970,629)
Vehicles, furniture and equipment	(42,235,358)	(5,866,832)	(4,430,562)	(43,671,628)
Infrastructure	(215,388,320)	(10,532,243)		(225,920,563)
Intangible Assets	(726,058)	(109,562)		(835,620)
Total accumulated depreciation	<u>(301,828,473)</u>	<u>(20,859,459)</u>	<u>(5,539,606)</u>	<u>(317,148,326)</u>
Total capital assets, being depreciated, net	<u>360,396,649</u>	<u>37,570,809</u>	<u>3,762,757</u>	<u>394,204,701</u>
Intangible right-to-use assets:				
Buildings and land improvements	1,742,477			1,742,477
Less accumulated amortization		(348,495)		(348,495)
Total intangible right-to-use assets, net	<u>1,742,477</u>	<u>(348,495)</u>		<u>1,393,982</u>
Governmental activities capital assets, net	<u>\$674,195,369</u>	<u>\$99,653,214</u>	<u>\$ 37,416,468</u>	<u>\$ 736,432,115</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – 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, 2022, follows:

Business-type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 16,313,747	\$ 14,165	\$	\$ 16,327,912
Intangible Assets	1,523,755			1,523,755
Construction in progress	2,081,994	3,097,311	1,782,649	3,396,656
Total capital assets, not being depreciated	19,919,496	3,111,476	1,782,649	21,248,323
Capital assets, being depreciated:				
Infrastructure	658,869,061	12,195,879		671,064,940
Buildings & Improvements	361,657			361,657
Vehicles, Furniture, & Equipment	43,847,731	212,616	4,272,587	39,787,760
Intangible Assets	2,980,551			2,980,551
Improvements other than buildings	808,883	59,984		868,867
Total capital assets being depreciated	706,867,883	12,468,479	4,272,587	715,063,775
Less accumulated depreciation for:				
Infrastructure	(244,305,268)	(13,870,641)		(258,175,909)
Buildings & Improvements	(137,649)	(9,044)		(146,693)
Vehicles, Furniture, & Equipment	(24,742,949)	(4,554,667)	(4,272,587)	(25,025,029)
Intangible Assets	(745,137)	(74,515)		(819,652)
Improvements other than buildings	(448,301)	(80,876)		(529,177)
Total accumulated depreciation	(270,379,304)	(18,589,743)	(4,272,587)	(284,696,460)
Total capital assets, being depreciated, net	436,488,579	(6,121,264)		430,367,315
Business-type activities capital assets, net	\$456,408,075	\$ (3,009,788)	\$ 1,782,649	451,615,638

Depreciation and amortization expenses were charged to governmental and business-type functions as follows:

Governmental Activities:	
General government	\$ 2,190,199
Public safety	2,875,326
Streets and transportation	11,649,295
Community and economic development	295,635
Community services	4,123,187
Internal Services	74,312
Total depreciation expense – governmental activities	<u>\$21,207,954</u>
Business-type Activities:	
Water	\$ 8,016,142
Wastewater	9,943,719
Sanitation	629,882
Total depreciation expense – business-type activities	<u>\$18,589,743</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

At year end, interfund balances and activity were as follows:

Due to/from other funds. At year end, four non-major funds had deficit cash balances of \$3,765,692. Deficit cash was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be repaid within one year.

Interfund transfers:

Transfers out	Transfers in				Total
	General Fund	Grants In Aid Fund	Other Capital Projects Fund	Non-Major Governmental and Other Funds	
General Fund	\$	\$ 100,000	\$ 21,000,000	\$ 4,490,805	\$25,590,805
Dedicated Sales Tax Revenue Fund				511,000	511,000
Grants In Aid Fund	55,010				55,010
Other Capital Projects Fund				977,348	977,348
Wastewater Fund	400,000				400,000
Water Fund	547,000			374,000	921,000
Non-Major Governmental and Other Funds	2,168,699			903,476	3,072,175
Total	<u>\$ 3,170,709</u>	<u>\$ 100,000</u>	<u>\$ 21,000,000</u>	<u>\$ 7,256,629</u>	<u>\$31,527,338</u>

Transfers out of the General Fund include \$21.0 million to the Other Capital Projects Fund, \$2.8 million to nonmajor governmental funds to finance various construction projects and \$1.5 million to service debt payment requirements. The \$511,000 transfer out of the Dedicated Sales Tax Revenue Fund was to service debt payment requirements in the nonmajor governmental funds.

Water and Wastewater Funds transferred \$547,000 and \$400,000 to the General Fund for operating activities. In addition, the Water Fund transferred \$374,000 to the nonmajor governmental funds to service debt payment requirements.

Remaining transfers were in the normal course of business and were according to the adopted budget.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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. The City also issued financed purchases and leases in the governmental activities and reports a liability for compensated absences in the governmental and business-type activities.

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, 2022, the City primarily paid for compensated absences from the General Fund.

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 35,375,000	\$ 13,670,000	\$ 2,235,000	\$ 46,810,000	\$ 2,335,000
Pledged revenue obligations	17,331,662	19,535,000	11,732,575	25,134,087	4,260,976
Community facilities district general obligation bonds		15,980		15,980	15,980
Premium	5,385,537	6,586,638	987,721	10,984,454	
Total bonds payable	<u>58,092,199</u>	<u>39,807,618</u>	<u>14,955,296</u>	<u>82,944,521</u>	<u>6,611,956</u>
Financed purchases payable	3,824,370		286,929	3,537,441	320,398
Leases payable	1,742,477		298,003	1,444,474	325,247
Claims payable	3,550,090	8,721,017	6,097,365	6,173,742	4,482,061
Net other postemployment benefit liability	142,862		101,366	41,496	
Net pension liability	72,811,618		18,347,515	54,464,103	
Compensated absences payable	<u>7,159,537</u>	<u>5,599,075</u>	<u>4,872,423</u>	<u>7,886,189</u>	<u>6,308,951</u>
Governmental activity long-term liabilities	<u>\$ 147,323,153</u>	<u>\$ 54,127,710</u>	<u>\$ 44,958,897</u>	<u>\$ 156,491,966</u>	<u>\$ 18,048,613</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Pledged revenue obligations	\$ 251,338	\$	\$ 70,419	\$ 180,919	\$ 74,025
Water and sewer revenue bonds	6,865,000		315,000	6,550,000	325,000
Premium	866,457		67,496	798,961	
Total bonds payable	<u>7,982,795</u>		<u>452,915</u>	<u>7,529,880</u>	<u>399,025</u>
Net other postemployment benefit liability	38,175		23,276	14,899	
Net pension liability	8,749,317		2,805,755	5,943,562	
Compensated absences payable	774,301	606,964	587,893	793,372	634,698
Governmental activity long-term liabilities	<u>\$ 17,544,588</u>	<u>\$ 606,964</u>	<u>\$ 3,869,839</u>	<u>\$ 14,281,713</u>	<u>\$ 1,033,723</u>

A. Governmental Activities Long-Term Debt

Financed Purchases. The City has acquired streetlights and HVAC equipment under the provisions of contracts classified as financed purchases payables. In accordance with GASB Statement No. 87 *Leases*, contracts previously recorded as capital leases have been reclassified as financed purchases payable in the fiscal year. Revenues from the Highway Users Revenue Fund, a non-major governmental fund, and the General Fund are used to pay the debt obligations.

Annual debt service requirements to maturity on financed purchases payable at year end are summarized as follows:

Year ending June 30:		Governmental Activities	
		Principal	Interest
	2023	\$ 320,398	\$ 89,670
	2024	342,304	81,344
	2025	365,245	72,448
	2026	389,272	62,955
	2027	414,425	52,834
	2028-32	1,281,157	137,266
	2033-37	424,640	11,694
Total		<u>\$ 3,537,441</u>	<u>\$ 508,211</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

Leases. The City has acquired office space under the provisions of a contract classified as a lease. The related obligation under the lease agreement has been recorded at the present value of its future minimum lease payments as of the inception date. Revenues from the Family Advocacy Center Fund, a non-major governmental fund, are used to pay the lease obligation. Amortization of right-to-use assets recorded under leases is included with depreciation expense.

The net present value and future minimum lease payments at year end were as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2023	\$ 325,247	\$ 64,837
2024	341,887	48,197
2025	378,976	30,260
2026	398,364	10,871
Total	<u>\$ 1,444,474</u>	<u>\$ 154,165</u>

The right-to-use assets recorded under leases that meet the City's capitalization threshold are as follows:

	Governmental Activities
Asset:	
Building improvements	\$ 1,742,477
Less: Accumulated amortization	348,495
Total	<u>\$ 1,393,982</u>

General Obligation Bonds. The general obligations bonds were issued for the purpose of constructing capital assets and related improvements, including a resource center, park improvements, police station expansion, new fire station, new detention center, a conference center, or refunding outstanding general obligation debt. 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. 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.

The City has \$28.7 million authorized but unissued general obligations bonds that could be used for water, sewer, and streets projects.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

The following issues are currently outstanding:

Series	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2022	Due Within One Year
Governmental activities:					
2017A Series Refunding Bonds	\$ 14,740,000	4.0-5.0%	7/1/22-29	\$ 13,850,000	\$ 1,635,000
2019 Series Bonds	21,390,000	3.0-5.0%	7/1/22-39	19,290,000	700,000
2021 Series Bonds	13,670,000	4.0-5.0%	7/1/22-41	13,670,000	
Total				<u>\$ 46,810,000</u>	<u>\$ 2,335,000</u>

Pledged Revenue Obligations. These obligations were issued to refund outstanding Municipal Development Corporation (MDC) Revenue Bonds and are backed by the City's general excise taxes, and in 2021, fund construction of an aquatic center. Principal payments are due annually and interest payments are due semiannually.

During the year ended June 30, 2022, the City issued \$7,765,000 million in refunding bonds, with an effective interest rate of 4.16 percent, to refund \$8,782,000 of outstanding general obligation bonds, with an average interest rate of 2.36 percent. The net proceeds of \$8,881,022, which includes \$1,235,825 of bond premium, (after payment of \$122,803 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent, to provide for payment of the refunded pledged revenue debt on December 21, 2021. As a result, the refunded pledged revenue obligation bonds are considered to be defeased, and the liability for those bonds has been removed from the government-wide financial statements. This refunding was undertaken to reduce total debt service payments over the next 10 years by \$494,040 and resulted in an economic gain of \$468,621.

The following issues are currently outstanding:

Series	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2022	Due Within One Year
Governmental activities:					
2016 Series Refunding Obligations (96.87% of total issue)	\$ 23,458,281	4.0-5.0%	7/1/22-24	\$ 5,599,087	\$ 2,290,976
2021 Series Obligations	11,770,000	5.0%	7/1/22-31	11,770,000	1,185,000
2021 Series Refunding Obligations	7,765,000	1.5-5.0%	7/1/22-31	7,765,000	785,000
Total				<u>\$ 25,134,087</u>	<u>\$ 4,260,976</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

Community Facilities District General Obligation Bonds. These obligations were issued to fund the construction of public infrastructure within the Alamar Community Facilities District. The general obligation bonds are secured by property taxes (ad valorem taxes) levied by the District on all taxable property within the District sufficient to pay all principal and interest on the bonds as they come due. The bonds are backed by the taxing authority of the District and are approved by the voters. Principal payments are due annually and interest payments are due semiannually. As previously stated in note 1, the City has no liability for the community facilities district's debt.

It is anticipated that general obligation bonds will continue to be issued in series over time when the secondary assessed value of the property within the District is sufficient to support the bond debt service at the target tax rate of \$3.85 per \$100 of net assessed limited property valuation.

The District has \$66.4 million authorized but unissued general obligations bonds (after the bond issuance in July 2022 described in Note 15) that could be used for constructing public infrastructure.

The following issue is currently outstanding:

Series	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2022	Due Within One Year
Governmental activities:					
2021 Series GO Bonds	\$ 15,980	2.0%	7/1/22	\$ 15,980	\$ 15,980

Annual debt service requirements to maturity on governmental activities bonds at June 30, 2022, are summarized as follows:

Year ending June 30:		Governmental Activities					
		General Obligation Bonds		Pledged Revenue Obligation Bonds		General Obligation Bonds - Alamar CFD	
		Principal	Interest	Principal	Interest		
2023		\$ 2,335,000	\$ 2,016,929	\$ 4,260,975	\$ 1,094,880	\$ 15,980	\$ 160
2024		2,925,000	1,877,600	4,017,376	881,994		
2025		3,080,000	1,745,175	2,590,736	727,870		
2026		3,235,000	1,605,925	1,770,000	630,750		
2027		3,395,000	1,449,725	1,840,000	547,600		
2028-32		12,830,000	4,953,375	10,655,000	1,271,850		
2033-37		10,015,000	2,736,075				
2038-42		8,995,000	717,425				
Total		\$ 46,810,000	\$ 17,102,229	\$ 25,134,087	\$ 5,154,944	\$ 15,980	\$ 160

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LONG-TERM OBLIGATIONS (CONTINUED)

B. Business-Type Activities Long-Term Debt

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 issue is currently outstanding:

Issue	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2022	Due Within One Year
Business-type activities:					
2016 Series Obligations	\$ 8,110,000	4.0%	7/1/22 - 7/1/36	\$ 6,550,000	\$ 325,000

Pledged Revenue Obligations. These obligations were issued to refund outstanding Municipal Development Corporation 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:

Issue	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2022	Due Within One Year
Business-type activities:					
2016 Series Refunding Obligations (3.13% of total issue)	\$ 756,719	4-5%	7/1/22 - 7/1/24	\$ 180,919	\$ 74,025

Annual debt service requirements to maturity on business-type activities bonds at June 30, 2022, are summarized as follows:

Year ending June 30:		Business-type Activities			
		General Obligation Bonds		Pledged Revenue Refunding Bonds	
		Principal	Interest	Principal	Interest
	2023	\$ 325,000	\$ 255,500	\$ 74,025	\$ 6,903
	2024	340,000	242,200	77,624	3,382
	2025	355,000	228,300	29,270	856
	2026	370,000	213,800		
	2027	380,000	198,800		
	2028-32	2,155,000	746,900		
	2033-37	2,625,000	270,500		
Total		<u>\$ 6,550,000</u>	<u>\$ 2,156,000</u>	<u>\$ 180,919</u>	<u>\$ 11,141</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$43.8 million of Pledged Revenue Refunding Obligations, Series 2016 and 2021 and Pledged Revenue Obligations, Series 2021. At year-end, \$25.3 million in bonds remains outstanding to be repaid with future excise tax revenues over the next ten years. For the year ended June 30, 2022, the excise taxes available to service debt was \$111.9 million, and the principal and interest on this debt was \$5.1 million (five percent of the available pledged revenues).
- The City has pledged future water and wastewater utility revenues to repay \$8.1 million of Water and Sewer System Revenue Obligations, Series 2016. At year-end, \$6.6 million in bonds remains outstanding to be repaid with future water and sewer revenues over the next 15 years. For the year ended June 30, 2022, the net water and wastewater utility net revenues available to service debt was \$30.0 million and the principal and interest on this debt was \$577,000 (two percent of the available net pledged revenues).

NOTE 10 – SELF-INSURANCE

The City is exposed to various risks of loss and administers and accounts for these risks in the Risk Management, Workers' Compensation, and Employee Benefits Funds, which are all internal service funds. 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 \$1,000,000 of any general liability and automobile liability occurrence and purchases commercial insurance to protect from losses in excess of \$50,000.

The excess commercial insurance coverages and limits follow:

Coverage	Limit
Property and Boiler & Machinery	\$ 250,000,000
Public Entity/Excess Liability	30,000,000
Crime	5,000,000
Privacy/Network Liability (Cyber)	10,000,000
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 \$750,000 for firefighters, police, and emergency medical technicians and \$500,000 for all other employees. The excess commercial insurance coverage limits are \$1.0 million per occurrence and aggregate and \$1.0 million for the liability period.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – SELF-INSURANCE (CONTINUED)

Beginning July 1, 2021, the City is self-insured against employee health and dental benefit claims for its employees and their dependents. The City is self-insured for the first \$150,000 of each claim not to exceed an annual aggregate of 125 percent of expected claims.

The City retains all risks not covered by commercial insurance carriers 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 funds since their inception.

Funds receiving insurance coverage pay monthly premiums to the Risk Management, Workers' Compensation, and Employee Benefits Funds 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 funds.

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.

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
<u>Risk Management</u>				
2021-22	\$ 2,621,780	\$ 2,478,015	\$ 525,431	\$ 4,574,364
2020-21	1,895,044	1,051,061	324,325	2,621,780
<u>Workers' Compensation</u>				
2021-22	928,310	340,940	489,672	779,578
2020-21	657,196	626,821	355,707	928,310
<u>Employee Benefits</u>				
2021-22	- 0 -	5,902,065	5,082,262	819,803
<u>Total</u>				
2021-22	3,550,090	8,721,020	6,097,365	6,173,745
2020-21	2,552,240	1,677,882	680,032	3,550,090

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS

The City contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2022, the City reported the following aggregate amounts related to pension and other post employment benefit plan to which it contributes.

	Governmental Activities	Business-type Activities	Total
Assets and liabilities			
Net pension liabilities			
ASRS	\$ 27,068,258	\$ 5,943,562	\$ 33,011,820
PSPRS	26,462,346		26,462,346
CORP	337,276		337,276
EORP	596,223		596,223
Net OPEB assets	(1,605,939)	(215,879)	(1,821,818)
Net OPEB liabilities	41,496	14,899	56,395
Total	\$ 52,899,660	\$ 5,742,582	\$ 58,642,242
Deferred outflows of resources			
Pension			
ASRS	\$ 8,665,376	\$ 1,902,551	\$ 10,567,927
PSPRS	13,746,539		13,746,539
CORP	208,033		208,033
EORP	53,810		53,810
OPEB	271,128	50,886	322,014
Total	\$ 22,944,886	\$ 1,953,437	\$ 24,898,323
Deferred inflows of resources			
Pension			
ASRS	\$ 8,576,207	\$ 1,883,129	\$ 10,459,336
PSPRS	8,839,917		8,839,917
CORP	560,948		560,948
EORP	38,311		38,311
OPEB	1,635,772	201,635	1,837,407
Total	\$ 19,651,155	\$ 2,084,764	\$ 21,735,919
Expenses			
Pension			
ASRS	\$ 5,089,364	\$ (509,812)	\$ 4,579,552
PSPRS	4,892,349		4,892,349
CORP	(24,230)		(24,230)
EORP	(19,639)		(19,639)
OPEB	(108,241)	(18,394)	(126,635)
Total	\$ 9,829,603	\$ (528,206)	\$ 9,301,397

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

The CORP, EORP, and OPEB plans are not further disclosed because of their relative insignificance to the City's financial statements.

The City's accrued payroll and benefits includes \$320,051 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2022. Also, the City reported \$3,037,087 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description. City employees 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. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on the ASRS 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:

	Retirement Initial Membership Date:	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* Any years, age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 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

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

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 survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 percent for long-term disability) of the members' annual covered payroll, and the City was required by statute to contribute at the actuarially determined rate of 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 percent for long-term disability) of the active members' annual covered payroll. The City's contributions to the pension plan for the year ended June 30, 2022 were \$3,828,922.

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to ASRS. The City was required by statute to contribute at the actuarially determined rate of 10.22 percent (10.13 for retirement and 0.09 percent for long-term disability). ACR contributions are included in employer contributions presented above.

During fiscal year 2022, the City paid for ASRS contributions as follows: 68 percent from the General Fund, 24 percent from other major funds, and eight percent from other funds.

Pension Liability. The net pension liability was measured as of June 30, 2021. The total liability used to calculate the net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The City's proportion of the net liability was based on the City's actual contributions to the applicable plan relative to the total of all participating employers' contributions to the plan for the year ended June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

At June 30, 2022, the City reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2021, the City's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2020 was:

Net Liability	City % Proportion	Increase (Decrease)
\$ 33,011,820	0.251	0.018

Pension Expense and Deferred Outflows/Inflows of Resources. The City has deferred outflows and inflows of resources related to the net pension liability. Certain changes in the net pension liability are recognized as pension expense over a period of time rather than the year of occurrence. The City's pension expense for the year ended June 30, 2022 was \$4,579,552.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 503,235	\$
Changes of assumptions or other inputs	4,296,752	
Net difference between projected and actual earnings on pension investments		10,459,306
Changes in proportion and differences between contributions and proportionate share of contributions	1,939,018	
Contributions subsequent to the measurement date	3,828,922	
Total	<u>\$ 10,567,927</u>	<u>\$ 10,459,306</u>

The amounts of deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an adjustment of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2023	\$ 1,213,546
2024	976,249
2025	(2,305,741)
2026	(3,604,355)

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

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

Actuarial valuation date	June 30, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Inflation	2.3%
Projected salary increases	2.9-8.4%
Permanent base increases	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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, excluding any 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	4.90%
Credit	20	5.20
Interest rate sensitive bonds	10	0.70
Real estate	20	5.70
Total	100%	

**CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – PENSIONS (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. The discount rate was lowered in the roll forward for the year June 30, 2021 from 7.5 percent, which was used for the actuarial assumptions at the valuation date. 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 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.0%	7.0%	8.0%
Net liability	\$ 51,924,829	\$ 33,011,820	\$ 17,243,605

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

B. Public Safety Personnel Retirement System

Plan Descriptions. City public safety employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSDCRP). 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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and employees who became PSPRS members on or after July 1, 2017, participate in either agent plans or cost-sharing plans (PSPRS Tier 3 Risk Pool). The PSPRS issues a publicly available financial report that includes their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

The PSPRS Tier 3 Risk Pool plans are not further disclosed because of their relative insignificance to the City’s financial statements.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

Benefits Provided. The PSPRS provides retirement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows.

	Initial Membership Date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and disability:		
Years of service and age required to receive benefit	20 years of service, at any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
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%
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 and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

Employees Covered by Benefit Terms. At June 30, 2022, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Retirees and beneficiaries	38	17
Inactive, non-retired members	31	4
Active members	87	59
Total	<u>156</u>	<u>80</u>

Contributions. State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2022, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS - Police	PSPRS - Fire
Active members – pension	7.65% to 11.65%	7.65% to 11.65%
City:		
Pension	28.39% to 32.39%	25.67% to 31.00%
Health insurance	0.13% to 0.34%	0.13% to 0.30%

Employers are also required to pay an Alternate Contribution Rate (ACR), for retired members who return to work in positions that would typically be filled by an employee who contributes to PSPRS. The City was required by statute to contribute at the actuarially determined rate of 18.58 percent for police retirees and 15.86 percent for fire retirees to the PSPRS. ACR contributions are included in employer contributions presented below.

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

	PSPRS - Police	PSPRS - Fire
Pension contributions	\$ 4,084,982	\$ 2,398,322

The City's pension contributions are paid by the same funds as the employee's salary, with the largest component coming from the General Fund.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

Pension Assets/Liabilities. At June 30, 2022, the City reported the following pension assets and liabilities.

	PSPRS - Police	PSPRS - Fire
Net Pension (Assets) Liabilities	\$ 17,471,046	\$ 8,991,300

The net pension assets/liabilities were measured as of June 30, 2021. The total pension liability used to calculate the net pension asset or liability was determined by an actuarial valuation as of that date.

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

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5%
Price inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. public equity	24%	4.08%
International public equity	16	5.20
Global private equity	20	7.67
Other assets (capital appreciation)	7	5.43
Core bonds	2	0.42
Private credit	20	5.74
Diversifying strategies	10	3.99
Cash – Mellon	1	-0.31
Total	<u>100%</u>	

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

Discount Rate. At June 30, 2021, the discount rate used to measure the total pension liability was 7.3 percent

The projection of cash flows used to determine the discount rate assumed that pension 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 plans' fiduciary net position was projected to be available to make all projected future benefit payments of current pension 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 (Assets)/Liabilities

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Police			
Balances at June 30, 2021	\$ 58,877,134	\$ 33,445,311	\$ 25,431,823
Service cost	1,881,975		1,881,975
Interest on the total pension liability	4,353,594		4,353,594
Differences between expected and actual experience in the measurement of the pension liability	(400,269)		(400,269)
Contributions – employer		3,294,964	(3,294,964)
Contributions – employee		753,573	(753,573)
Net investment income		9,844,974	(9,844,974)
Benefit payments, including refunds of employee contributions	(2,241,662)	(2,241,662)	
Administrative expense		(45,554)	45,554
Other changes		(51,880)	51,880
Net changes	3,593,638	11,554,415	(7,960,777)
Balances at June 30, 2022	<u>\$ 62,470,772</u>	<u>\$ 44,999,726</u>	<u>\$ 17,471,046</u>

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
PSPRS - Fire			
Balances at June 30, 2021	\$ 41,663,499	\$ 27,720,450	\$ 13,943,049
Service cost	1,374,881		1,374,881
Interest on the total pension liability	3,090,479		3,090,479
Differences between expected and actual experience in the measurement of the pension liability	1,066,550		1,066,550
Contributions – employer		1,951,256	(1,951,256)
Contributions – employee		559,214	(559,214)
Net investment income		8,010,490	(8,010,490)
Benefit payments, including refunds of employee contributions	(1,406,105)	(1,406,105)	
Administrative expense		(37,301)	37,301
Net changes	4,125,805	9,077,554	(4,951,749)
Balances at June 30, 2022	<u>\$ 45,789,304</u>	<u>\$ 36,798,004</u>	<u>\$ 8,991,300</u>

Sensitivity of the Net Pension (Assets) Liabilities to Changes in the Discount Rate. The following presents the City's net pension (assets) liabilities calculated using the discount rate noted above, as well as what the City's net pension (assets) liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PSPRS - Police:			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 27,420,218	\$ 17,471,046	\$ 9,493,665
PSPRS - Fire			
Rate	6.30%	7.30%	8.30%
Net pension (assets) liability	\$ 16,296,728	\$ 8,991,300	\$ 3,072,346

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report. The report is available on the PSPRS website at www.psprs.com.

Pension Expense. For the year ended June 30, 2022, the City recognized the following as pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	\$ 3,174,775	\$ 1,539,105

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – PENSIONS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
PSPRS - Police:		
Differences between expected and actual experience	\$ 2,279,668	\$ 625,534
Changes of assumptions or other inputs	1,649,216	
Net difference between projected and actual earnings on pension plan investments		4,463,915
Contributions subsequent to the measurement date	4,084,982	
Total	<u>\$ 8,013,866</u>	<u>\$ 5,089,449</u>
PSPRS - Fire		
Differences between expected and actual experience	\$ 1,941,621	\$ 342,948
Changes of assumptions or other inputs	1,392,730	
Net difference between projected and actual earnings on pension plan investments		3,585,989
Contributions subsequent to the measurement date	2,398,322	
Total	<u>\$ 5,732,673</u>	<u>\$ 3,928,937</u>

The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date as reported in the table above will be recognized as an increase in the net pension assets or a reduction of the net pension liabilities in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expenses as follows:

Year Ending June 30:	PSPRS - Police	PSPRS - Fire
2023	\$ (158,516)	\$ (213,835)
2024	(279,518)	(236,093)
2025	(540,857)	(382,020)
2026	(1,025,390)	(751,457)
2027	438,080	318,035
Thereafter	405,636	670,784

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – FUND BALANCES

The fund balance classifications of the governmental funds as of June 30, 2022 were as follows:

	General Fund	Dedicated Sales Tax Revenue Fund	Public Safety Sales Tax Revenue Fund	Grants in Aid Fund	Other Capital Projects Fund	Non-Major Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	\$ 11,104	\$	\$	\$	\$	\$ 11,688
Prepaid items	326,547		36,424	78,733		661,409
Restricted:						
Streets and transportation						8,512,366
Courts						509,243
Grant and contributor purposes				1,411,507		96,111
Public safety			12,675,247			
Debt service						814,570
Capital projects					27,005,242	7,528,923
Water, sewer, streets and transportation		22,697,168				
Crime victim advocacy						52,941
Committed:						
Budgetary stabilization	23,187,990					
Capital projects					203,151	
Assigned:						
Vehicle replacement						10,710,745
Equipment replacement						392,749
Unassigned	69,969,725					(180,745)
Total fund balances	<u>\$ 93,495,366</u>	<u>\$ 22,697,168</u>	<u>\$ 12,711,671</u>	<u>\$ 1,490,240</u>	<u>\$ 27,208,393</u>	<u>\$ 29,110,000</u>

NOTE 13 – 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, 2022, and some grants have been audited as of June 30, 2022. The City expects no material disallowance of expenditures.

CITY OF AVONDALE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – CONTINGENCIES, COMMITMENTS AND OTHER CLAIMS (CONTINUED)

Contractual Commitments. The City had major contractual commitments related to various capital projects at June 30, 2022. As of June 30, 2022, the City had spent \$28.0 million on these projects and had remaining contractual commitments with contractors of \$18.6 million. These projects are being financed from development fees, bond proceeds, intergovernmental revenues, operating and capital grants, and general operating fund balances. The project categories and remaining commitments at June 30, 2022 are as follows:

	<u>Balance</u>
Street construction and improvements	\$ 3,948,002
Park construction and improvements	1,114,036
Public safety construction and improvements	1,795,924
Aquatic center construction	3,425,225
One-time capital projects	5,815,304
Water system construction and improvements	1,850,462
Sewer system construction and improvements	<u>614,671</u>
Total	<u>\$ 18,563,624</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, 2022, was \$760,565, or 0.87 percent of the RWC's total net position. The RWC Annual Comprehensive Financial Report is available from the Regional Wireless Cooperative, 200 West Washington Street, 12th Floor, Phoenix, Arizona, 85003.

NOTE 15 – SUBSEQUENT EVENT

On July 14, 2022, the Alamar Community Facilities District, a blended component unit of the City of Avondale, issued \$3.7 million in General Obligation Bonds, Series 2022. The proceeds of the issuance will be used to help fund public infrastructure improvements in the District and pay costs related to the issuance. The interest rate is 5.0 percent with a final maturity of July 15, 2047. Principal will be paid annually, and interest will be paid semiannually. The District will levy ad valorem property taxes on all taxable property within the District in an amount sufficient to pay the interest and principal on the bonds. The City of Avondale will have no obligation of repayment of the bonds

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF AVONDALE, ARIZONA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ARIZONA STATE RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
City's proportion of the net pension (assets) liability	0.25%	0.23%	0.23%	0.22%	0.21%
City's proportionate share of the net pension (assets) liability	\$ 33,011,820	\$ 40,436,632	\$ 33,554,983	\$ 30,846,826	\$ 32,841,652
City's covered payroll	\$ 28,133,798	\$ 25,518,191	\$ 24,271,500	\$ 22,151,275	\$ 20,721,364
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	117.34%	158.46%	138.25%	139.26%	158.49%
Plan fiduciary net position as a percentage of the total pension liability	78.58%	69.33%	73.24%	73.40%	69.92%
	<u>2017</u>	<u>2016</u>	<u>2015</u>		
Measurement date	June 30, 2016	June 30, 2015	June 30, 2014		
City's proportion of the net pension (assets) liability	0.21%	0.20%	0.20%		
City's proportionate share of the net pension (assets) liability	\$ 33,876,740	\$ 31,729,753	\$ 29,600,287		
City's covered payroll	\$ 19,651,484	\$ 18,779,494	\$ 18,032,916		
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	172.39%	168.96%	164.15%		
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	69.49%		

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

CITY OF AVONDALE, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - POLICE
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total pension liability				
Service cost	\$ 1,881,975	\$ 1,883,469	\$ 2,082,977	\$ 1,946,106
Interest	4,353,594	3,900,492	3,552,659	3,186,313
Changes of benefit terms				
Differences between expected and actual experience	(400,269)	2,354,080	(207,819)	326,924
Changes of assumptions or other inputs			1,724,828	
Benefit payments, including refunds of employee contributions	(2,241,662)	(1,617,666)	(1,443,623)	(1,793,686)
Net change in total pension liability	<u>3,593,638</u>	<u>6,520,375</u>	<u>5,709,022</u>	<u>3,665,657</u>
Total pension liability—beginning	<u>58,877,134</u>	<u>52,356,759</u>	<u>46,647,737</u>	<u>42,982,080</u>
Total pension liability—ending	<u><u>\$ 62,470,772</u></u>	<u><u>\$ 58,877,134</u></u>	<u><u>\$ 52,356,759</u></u>	<u><u>\$ 46,647,737</u></u>
Plan fiduciary net position				
Contributions—employer	\$ 3,294,964	\$ 2,781,031	\$ 2,793,143	\$ 2,451,734
Contributions—employee	753,573	786,026	802,184	825,215
Net investment income	9,844,974	421,649	1,545,862	1,759,091
Benefit payments, including refunds of employee contributions	(2,241,662)	(1,617,666)	(1,443,623)	(1,793,686)
Hall/Parker settlement				(981,953)
Administrative expense	(45,554)	(34,374)	(27,850)	(27,473)
Other changes	(51,880)	(57,998)	(16,823)	(5,262)
Net change in plan fiduciary net position	<u>11,554,415</u>	<u>2,278,668</u>	<u>3,652,893</u>	<u>2,227,666</u>
Plan fiduciary net position—beginning	<u>33,445,311</u>	<u>31,166,643</u>	<u>27,513,750</u>	<u>25,286,084</u>
Plan fiduciary net position—ending	<u><u>\$ 44,999,726</u></u>	<u><u>\$ 33,445,311</u></u>	<u><u>\$ 31,166,643</u></u>	<u><u>\$ 27,513,750</u></u>
Net pension (assets) liability—ending	<u><u>\$ 17,471,046</u></u>	<u><u>\$ 25,431,823</u></u>	<u><u>\$ 21,190,116</u></u>	<u><u>\$ 19,133,987</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.03%	56.81%	59.53%	58.98%
Covered payroll	\$ 10,471,894	\$ 8,395,893	\$ 8,403,967	\$ 8,742,614
Net pension (assets) liability as a percentage of covered payroll	166.84%	302.91%	252.14%	218.86%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 1,976,541	\$ 1,525,046	\$ 1,415,787	\$ 1,331,141
2,821,376	2,457,622	2,231,813	1,846,508
381,272	2,654,715		295,006
966,425	(894,754)	367,549	380,206
771,117	1,538,022		2,093,103
(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)
5,787,280	6,019,425	2,889,919	4,911,301
37,194,800	31,175,375	28,285,456	23,374,155
<u>\$ 42,982,080</u>	<u>\$ 37,194,800</u>	<u>\$ 31,175,375</u>	<u>\$ 28,285,456</u>
\$ 1,823,389	\$ 1,683,672	\$ 1,318,663	\$ 1,232,188
976,415	932,789	861,574	743,958
2,570,277	118,764	689,299	2,121,707
(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)
(23,143)	(17,489)	(17,204)	(3,445)
21,812	(380,099)	1,164	(472,452)
4,239,299	1,076,411	1,728,266	2,587,293
21,046,785	19,970,374	18,242,108	15,654,815
<u>\$ 25,286,084</u>	<u>\$ 21,046,785</u>	<u>\$ 19,970,374</u>	<u>\$ 18,242,108</u>
<u>\$ 17,695,996</u>	<u>\$ 16,148,015</u>	<u>\$ 11,205,001</u>	<u>\$ 10,043,348</u>
58.83%	56.59%	64.06%	64.49%
\$ 8,903,336	\$ 8,099,025	\$ 7,704,528	\$ 7,503,472
198.76%	199.38%	145.43%	133.85%

CITY OF AVONDALE, ARIZONA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM - FIRE
LAST EIGHT FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total pension liability				
Service cost	\$ 1,374,881	\$ 1,323,149	\$ 1,441,304	\$ 1,418,344
Interest	3,090,479	2,818,243	2,606,870	2,309,854
Changes of benefit terms				
Differences between expected and actual experience	1,066,550	702,714	(392,200)	574,991
Changes of assumptions or other inputs			841,106	
Benefit payments, including refunds of employee contributions	(1,406,105)	(927,059)	(1,074,604)	(968,557)
Net change in total pension liability	<u>4,125,805</u>	<u>3,917,047</u>	<u>3,422,476</u>	<u>3,334,632</u>
Total pension liability—beginning	<u>41,663,499</u>	<u>37,746,452</u>	<u>34,323,976</u>	<u>30,989,344</u>
Total pension liability—ending	<u>\$ 45,789,304</u>	<u>\$ 41,663,499</u>	<u>\$ 37,746,452</u>	<u>\$ 34,323,976</u>
Plan fiduciary net position				
Contributions—employer	\$ 1,951,256	\$ 1,682,468	\$ 1,584,692	\$ 1,682,744
Contributions—employee	559,214	591,599	497,947	512,464
Net investment income	8,010,490	352,659	1,315,049	1,520,488
Benefit payments, including refunds of employee contributions	(1,406,105)	(927,059)	(1,074,604)	(968,557)
Hall/Parker settlement				(824,447)
Administrative expense	(37,301)	(28,754)	(23,850)	(23,842)
Other changes			(10,545)	250
Net change in plan fiduciary net position	<u>9,077,554</u>	<u>1,670,913</u>	<u>2,288,689</u>	<u>1,899,100</u>
Plan fiduciary net position—beginning	<u>27,720,450</u>	<u>26,049,537</u>	<u>23,760,848</u>	<u>21,861,748</u>
Plan fiduciary net position—ending	<u>\$ 36,798,004</u>	<u>\$ 27,720,450</u>	<u>\$ 26,049,537</u>	<u>\$ 23,760,848</u>
Net pension (assets) liability—ending	<u>\$ 8,991,300</u>	<u>\$ 13,943,049</u>	<u>\$ 11,696,915</u>	<u>\$ 10,563,128</u>
Plan fiduciary net position as a percentage of the total pension liability	80.36%	66.53%	69.01%	69.23%
Covered payroll	\$ 6,745,865	\$ 6,422,114	\$ 5,733,847	\$ 6,012,478
Net pension (assets) liability as a percentage of covered payroll	133.29%	217.11%	204.00%	175.69%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
\$ 1,296,498	\$ 1,059,427	\$ 980,484	\$ 837,218
2,098,727	1,702,937	1,544,325	1,312,216
170,572	2,475,378		106,903
(55,836)	216,529	(131,687)	50,110
303,190	1,109,853		932,687
(317,165)	(469,042)	(355,057)	(352,875)
3,495,986	6,095,082	2,038,065	2,886,259
27,493,358	21,398,276	19,360,211	16,473,952
<u>\$ 30,989,344</u>	<u>\$ 27,493,358</u>	<u>\$ 21,398,276</u>	<u>\$ 19,360,211</u>
\$ 955,224	\$ 940,588	\$ 851,284	\$ 769,757
642,054	729,183	597,484	506,808
2,229,110	102,392	585,392	1,788,116
(317,165)	(469,042)	(355,057)	(352,875)
(20,124)	(15,135)	(14,673)	(2,904)
2,937	(84,529)	(8,867)	(254,889)
3,492,036	1,203,457	1,655,563	2,454,013
18,369,712	17,166,255	15,510,692	13,056,679
<u>\$ 21,861,748</u>	<u>\$ 18,369,712</u>	<u>\$ 17,166,255</u>	<u>\$ 15,510,692</u>
<u>\$ 9,127,596</u>	<u>\$ 9,123,646</u>	<u>\$ 4,232,021</u>	<u>\$ 3,849,519</u>
70.55%	66.82%	80.22%	80.12%
\$ 5,659,091	\$ 5,500,657	\$ 5,207,816	\$ 5,123,433
161.29%	165.86%	81.26%	75.14%

**CITY OF AVONDALE, ARIZONA
SCHEDULE OF PENSION CONTRIBUTIONS
ALL PENSION PLANS
LAST NINE FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Arizona State Retirement System:				
Actuarially determined contribution	\$ 3,828,921	\$ 3,314,660	\$ 2,922,778	\$ 2,718,912
Contributions in relation to the actuarially determined contribution	<u>3,828,921</u>	<u>3,314,660</u>	<u>2,922,778</u>	<u>2,718,912</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 31,881,107	\$ 28,133,798	\$ 25,518,191	\$ 24,271,500
Contributions as a percentage of covered payroll	12.01%	11.78%	11.45%	11.20%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	\$ 4,084,982	\$ 3,511,743	\$ 2,781,031	\$ 2,832,186
Contributions in relation to the actuarially determined contribution	<u>4,084,982</u>	<u>3,511,743</u>	<u>2,781,031</u>	<u>2,832,186</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 11,122,884	\$ 10,471,894	\$ 8,395,893	\$ 8,403,967
Contributions as a percentage of covered payroll	36.73%	33.53%	33.12%	33.70%
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	\$ 2,398,322	\$ 1,984,099	\$ 1,682,468	\$ 1,858,991
Contributions in relation to the actuarially determined contribution	<u>2,398,322</u>	<u>1,984,099</u>	<u>1,682,468</u>	<u>1,858,991</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
City's covered payroll	\$ 7,461,345	\$ 6,745,865	\$ 6,422,114	\$ 5,733,847
Contributions as a percentage of covered payroll	32.14%	29.41%	26.20%	32.42%

NOTE: The pension schedules in the required supplementary information are intended to show information for ten years, and additional information will be displayed as it becomes available.

See accompanying notes to this schedule.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,414,489	\$ 2,233,763	\$ 2,132,186	\$ 2,043,209	\$ 1,929,522
<u>2,414,489</u>	<u>2,233,763</u>	<u>2,132,186</u>	<u>2,043,209</u>	<u>1,929,522</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 22,151,275	\$ 20,721,364	\$ 19,651,484	\$ 18,779,494	\$ 18,032,916
10.90%	10.78%	10.85%	10.88%	10.70%
\$ 2,452,912	\$ 1,823,389	\$ 1,683,672	\$ 1,318,663	\$ 1,232,188
<u>1,485,625</u>	<u>1,823,389</u>	<u>1,683,672</u>	<u>1,318,663</u>	<u>1,232,188</u>
<u>\$ 967,287</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 8,742,614	\$ 8,903,336	\$ 8,099,025	\$ 7,704,528	\$ 7,503,472
16.99%	20.48%	20.79%	17.12%	16.42%
\$ 1,391,519	\$ 955,224	\$ 940,588	\$ 851,284	\$ 769,757
<u>581,486</u>	<u>955,224</u>	<u>940,588</u>	<u>851,284</u>	<u>769,757</u>
<u>\$ 810,033</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$ 6,012,478	\$ 5,659,091	\$ 5,500,657	\$ 5,207,816	\$ 5,123,433
9.67%	16.88%	17.10%	16.35%	15.02%

CITY OF AVONDALE, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 1 – PENSION PLAN SCHEDULES

Actuarial Assumptions for Valuations Performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Factors that Affect Trends. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2020, actuarial valuation. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

The actuarial assumptions used in the June 30, 2021 valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2017 actuarial valuation.

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's OR plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

The City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS COMBINING FUND 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 Funds 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.

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.

Alamar CFD Operating Fund accounts for resources required to operate and maintain public infrastructures in the Alamar Community Facilities District within the City.

Debt Service Funds

General Obligation Bonds Fund accounts for the accumulation 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 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.

Alamar CFD Fund accounts for the accumulation resources and payment of principal and interest on the Alamar Community Facility District's general obligation bonds. The principal and interest on general obligation bonds is normally paid with revenues generated from the secondary property tax levy on property within the District sufficient to make the required debt service payments.

Capital Projects Funds

Development Fees 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.

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.

Alamar CFD Bond Fund accounts general obligation proceeds issued to construct public infrastructures in the Alamar Community Facilities District within the City.

NOTE: The City's major funds changed between fiscal year 2020-21 and 2021-21. The Development Fees and General Obligations Bonds Fund became nonmajor funds while the Other Capital Projects Fund became a major fund.

CITY OF AVONDALE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue		
	Highway User Revenue	Local Transportation Assistance	Senior Programs
ASSETS			
Cash and investments	\$ 7,693,328	\$ 431,345	\$ 59,350
Receivables, net			
Accounts		2	
Taxes			
Interest	11,700	3,544	
Due from governmental entities	650,956	144,556	88,394
Inventories		11,688	
Prepaid items	545,863		264
Restricted cash - fiscal agents			
Total assets	<u>\$ 8,901,847</u>	<u>\$ 591,135</u>	<u>\$ 148,008</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND			
BALANCES			
Liabilities:			
Accounts payable	\$ 271,976	\$ 6,477	\$ 7,790
Accrued payroll and employee benefits		56	
Bond interest payable			
Bonds payable			
Due to other funds			
Unearned revenue			
Total liabilities	<u>271,976</u>	<u>6,533</u>	<u>7,790</u>
Deferred inflows of resources:			
Unavailable revenue - intergovernmental		144,556	45,026
Fund balances (deficits):			
Nonspendable	545,863	11,688	264
Restricted	8,084,008	428,358	94,928
Assigned			
Unassigned			
Total fund balances	<u>8,629,871</u>	<u>440,046</u>	<u>95,192</u>
Total liabilities, deferred inflows of resources			
and fund balances	<u>\$ 8,901,847</u>	<u>\$ 591,135</u>	<u>\$ 148,008</u>

Special Revenue				Debt Service	
Judicial Funds	Family Advocacy Center	Environmental Fees	Alamar CFD Operating	General Obligation Bonds	Dedicated Sales Tax Revenue Bonds
\$ 510,057	\$	\$ 1,191,442	\$ 855	\$	\$
		54,829			1,571
			328	53,506	
	342,508				
	30,911				
				3,380,879	2,294,170
<u>\$ 510,057</u>	<u>\$ 373,419</u>	<u>\$ 1,246,271</u>	<u>\$ 1,183</u>	<u>\$ 3,434,385</u>	<u>\$ 2,295,741</u>
\$ 814	\$ 19,101 2,921	\$ 3,873	\$	\$	\$
				1,045,879	128,066
				2,335,000	2,166,104
	255,344			53,253	182,316
	12,201				
<u>814</u>	<u>289,567</u>	<u>3,873</u>		<u>3,434,132</u>	<u>2,476,486</u>
	30,911				
509,243	52,941	1,242,398	1,183	253	
					(180,745)
<u>509,243</u>	<u>83,852</u>	<u>1,242,398</u>	<u>1,183</u>	<u>253</u>	<u>(180,745)</u>
<u>\$ 510,057</u>	<u>\$ 373,419</u>	<u>\$ 1,246,271</u>	<u>\$ 1,183</u>	<u>\$ 3,434,385</u>	<u>\$ 2,295,741</u>

CITY OF AVONDALE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Debt Service</u>		<u>Capital Projects</u>
	<u>Other Debt Service</u>	<u>Alamar CFD</u>	<u>Development Fees</u>
<u>ASSETS</u>			
Cash and investments	\$ 815,816	\$	\$ 9,257,248
Receivables, net			
Accounts			37,650
Taxes			
Interest			4,873
Due from governmental entities			
Inventories			
Prepaid items			
Restricted cash - fiscal agents	2,573,614	16,139	
Total assets	<u>\$ 3,389,430</u>	<u>\$ 16,139</u>	<u>\$ 9,299,771</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,500	\$	\$ 117,092
Accrued payroll and employee benefits			
Bond interest payable	478,741	159	
Bonds payable	2,094,872	15,980	
Due to other funds			2,896,154
Unearned revenue			
Total liabilities	<u>2,575,113</u>	<u>16,139</u>	<u>3,013,246</u>
Deferred inflows of resources:			
Unavailable revenue - intergovernmental			
Fund balances (deficits):			
Nonspendable			
Restricted	814,317		6,286,525
Assigned			
Unassigned			
Total fund balances	<u>814,317</u>	<u></u>	<u>6,286,525</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,389,430</u>	<u>\$ 16,139</u>	<u>\$ 9,299,771</u>

Capital Projects		
Vehicle Replacement	Equipment Replacement	Total Non-Major Governmental Funds
\$ 10,676,800	\$ 392,749	\$ 31,028,990
		94,052
		53,834
33,945		54,062
		1,226,414
		11,688
	84,371	661,409
		8,264,802
<u>\$ 10,710,745</u>	<u>\$ 477,120</u>	<u>\$ 41,395,251</u>
\$	\$	\$ 428,623
		2,977
		1,652,845
		6,611,956
		3,387,067
		12,201
		<u>12,095,669</u>
		<u>189,582</u>
	84,371	673,097
		17,514,154
10,710,745	392,749	11,103,494
		(180,745)
<u>10,710,745</u>	<u>477,120</u>	<u>29,110,000</u>
<u>\$ 10,710,745</u>	<u>\$ 477,120</u>	<u>\$ 41,395,251</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue		
	Highway User Revenue	Local Transportation Assistance	Senior Programs
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental	6,526,024	443,436	372,230
Fines, forfeitures, and penalties			
Investment income	(98,626)	(71,536)	2
Contributions			18,832
Miscellaneous	4,218	10,500	
Total revenues	<u>6,431,616</u>	<u>382,400</u>	<u>391,064</u>
Expenditures:			
Current -			
General government	48,100		
Public safety			
Streets and transportation	3,950,554	1,853,182	
Community and economic development	836		
Community services			444,375
Capital outlay	1,439,727		
Debt service -			
Principal retirement	168,254		
Interest and fiscal charges	32,849		
Bond issuance costs			
Total expenditures	<u>5,640,320</u>	<u>1,853,182</u>	<u>444,375</u>
Excess (deficiency) of revenues over expenditures	<u>791,296</u>	<u>(1,470,782)</u>	<u>(53,311)</u>
Other financing sources (uses):			
Sale of capital assets			
Transfers in	1,395,778		
Transfers out			
Issuance of bonds			
Premium on sale of bonds			
Payment to refunded bond escrow agent			
Total other financing sources (uses)	<u>1,395,778</u>	<u></u>	<u></u>
Changes in fund balances	<u>2,187,074</u>	<u>(1,470,782)</u>	<u>(53,311)</u>
Fund balances, beginning of year	6,442,797	1,910,828	148,503
Fund balances (deficits), end of year	<u>\$ 8,629,871</u>	<u>\$ 440,046</u>	<u>\$ 95,192</u>

Special Revenue				Debt Service	
Judicial Funds	Family Advocacy Center	Environmental Fees	Alamar CFD Operating	General Obligation Bonds	Dedicated Sales Tax Revenue Bonds
\$	\$	\$	\$ 779	\$ 3,738,611	\$
	1,177,792	293,614			
55,057 5		350		549	564
			16		
<u>55,062</u>	<u>1,177,792</u>	<u>293,964</u>	<u>795</u>	<u>3,739,160</u>	<u>564</u>
	202,300	327	1,292	900	3,480
76,282	895,145				
		201,649			
		37,208			
	298,003			2,335,000	2,166,104
	72,929			1,771,579	256,131
<u>76,282</u>	<u>1,468,377</u>	<u>239,184</u>	<u>1,292</u>	<u>4,107,479</u>	<u>2,425,715</u>
<u>(21,220)</u>	<u>(290,585)</u>	<u>54,780</u>	<u>(497)</u>	<u>(368,319)</u>	<u>(2,425,151)</u>
	210,000			320,179	
	<u>210,000</u>			<u>320,179</u>	
<u>(21,220)</u>	<u>(80,585)</u>	<u>54,780</u>	<u>(497)</u>	<u>(48,140)</u>	<u>(2,425,151)</u>
530,463	164,437	1,187,618	1,680	48,393	2,244,406
<u>\$ 509,243</u>	<u>\$ 83,852</u>	<u>\$ 1,242,398</u>	<u>\$ 1,183</u>	<u>\$ 253</u>	<u>\$ (180,745)</u>

(Continued)

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Debt Service</u>		<u>Capital Projects</u>
	<u>Other Debt Service</u>	<u>Alamar CFD</u>	<u>Development Fees</u>
Revenues:			
Taxes	\$	\$ 16,252	\$
Licenses and permits			11,890,431
Intergovernmental			
Fines, forfeitures, and penalties			
Investment income	292		(102,637)
Contributions			
Miscellaneous			
Total revenues	<u>292</u>	<u>16,252</u>	<u>11,787,794</u>
Expenditures:			
Current -			
General government	1,620		
Public safety			
Streets and transportation			
Community and economic development			30,795
Community services			
Capital outlay			7,319,370
Debt service -			
Principal retirement	2,865,872	15,980	
Interest and fiscal charges	477,887	272	
Bond issuance costs	284,170	3,500	
Total expenditures	<u>3,629,549</u>	<u>19,752</u>	<u>7,350,165</u>
Excess (deficiency) of revenues over expenditures	<u>(3,629,257)</u>	<u>(3,500)</u>	<u>4,437,629</u>
Other financing sources (uses):			
Sale of capital assets			
Transfers in	2,541,367	3,500	2,185,805
Transfers out	(106,187)		(2,962,488)
Issuance of bonds	7,765,000		
Premium on sale of bonds	1,238,825		
Payment to refunded bond escrow agent	(8,881,022)		
Total other financing sources (uses)	<u>2,557,983</u>	<u>3,500</u>	<u>(776,683)</u>
Changes in fund balances	<u>(1,071,274)</u>		<u>3,660,946</u>
Fund balances, beginning of year	1,885,591		2,625,579
Fund balances, end of year	<u>\$ 814,317</u>	<u>\$</u>	<u>\$ 6,286,525</u>

Capital Projects			
Vehicle Replacement	Equipment Replacement	Alamar CFD Bonds	Total Non-Major Governmental Funds
\$	\$	\$	\$ 3,755,642
			12,184,045
			8,519,482
			55,057
(428,264)	1,340		(697,961)
			18,832
			14,734
<u>(428,264)</u>	<u>1,340</u>	<u></u>	<u>23,849,831</u>
		715	258,734
			971,427
		11,765	5,815,501
			233,280
			444,375
458,905	446,065		9,701,275
			7,849,213
			2,611,647
			287,670
<u>458,905</u>	<u>446,065</u>	<u>12,480</u>	<u>28,173,122</u>
<u>(887,169)</u>	<u>(444,725)</u>	<u>(12,480)</u>	<u>(4,323,291)</u>
18,120	2,292		20,412
600,000			7,256,629
		(3,500)	(3,072,175)
		15,980	7,780,980
			1,238,825
			(8,881,022)
<u>618,120</u>	<u>2,292</u>	<u>12,480</u>	<u>4,343,649</u>
<u>(269,049)</u>	<u>(442,433)</u>	<u></u>	<u>20,358</u>
10,979,794	919,553		29,089,642
<u>\$ 10,710,745</u>	<u>\$ 477,120</u>	<u>\$</u>	<u>\$ 29,110,000</u>

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Highway User Revenue		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental	5,849,000	6,526,024	677,024
Fines, forfeitures, and penalties			
Investment income	28,000	(98,626)	(126,626)
Contributions			
Miscellaneous		4,218	4,218
Total revenues	<u>5,877,000</u>	<u>6,431,616</u>	<u>554,616</u>
Expenditures:			
Current -			
General government	48,100	48,100	
Public safety			
Streets and transportation	4,091,000	3,950,554	140,446
Community and economic development		836	(836)
Community services			
Capital outlay	3,615,000	1,439,727	2,175,273
Debt service -			
Principal retirement	169,000	168,254	746
Interest and fiscal charges	33,000	32,849	151
Total expenditures	<u>7,956,100</u>	<u>5,640,320</u>	<u>2,315,780</u>
Excess (deficiency) of revenues over expenditures	<u>(2,079,100)</u>	<u>791,296</u>	<u>2,870,396</u>
Other financing sources (uses):			
Transfers in		1,395,778	1,395,778
Total other financing sources (uses)		<u>1,395,778</u>	<u>1,395,778</u>
Changes in fund balances	<u>(2,079,100)</u>	<u>2,187,074</u>	<u>4,266,174</u>
Fund balances, beginning of year	6,442,797	6,442,797	
Fund balances, end of year	<u>\$ 4,363,697</u>	<u>\$ 8,629,871</u>	<u>\$ 4,266,174</u>

Local Transportation Assistance			Senior Programs		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
218,000	443,436	225,436	379,600	372,230	(7,370)
20,500	(71,536)	(92,036)		2	2
	10,500	10,500	17,100	18,832	1,732
<u>238,500</u>	<u>382,400</u>	<u>143,900</u>	<u>396,700</u>	<u>391,064</u>	<u>(5,636)</u>
1,942,200	1,853,182	89,018			
230,000		230,000	430,961	444,375	(13,414)
<u>2,172,200</u>	<u>1,853,182</u>	<u>319,018</u>	<u>430,961</u>	<u>444,375</u>	<u>(13,414)</u>
<u>(1,933,700)</u>	<u>(1,470,782)</u>	<u>462,918</u>	<u>(34,261)</u>	<u>(53,311)</u>	<u>(19,050)</u>
<u>1,082,200</u>		<u>(1,082,200)</u>			
<u>1,082,200</u>		<u>(1,082,200)</u>			
<u>(851,500)</u>	<u>(1,470,782)</u>	<u>(619,282)</u>	<u>(34,261)</u>	<u>(53,311)</u>	<u>(19,050)</u>
1,910,828	1,910,828		148,503	148,503	
<u>\$ 1,059,328</u>	<u>\$ 440,046</u>	<u>\$ (619,282)</u>	<u>\$ 114,242</u>	<u>\$ 95,192</u>	<u>\$ (19,050)</u>

(Continued)

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Judicial Funds		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Licenses and permits			
Intergovernmental			
Fines, forfeitures, and penalties	73,600	55,057	(18,543)
Investment income	5,000	5	(4,995)
Contributions			
Miscellaneous			
Total revenues	<u>78,600</u>	<u>55,062</u>	<u>(23,538)</u>
Expenditures:			
Current -			
General government			
Public safety	163,400	76,282	87,118
Streets and transportation			
Community and economic development			
Community services			
Capital outlay	5,500		5,500
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>168,900</u>	<u>76,282</u>	<u>92,618</u>
Excess (deficiency) of revenues over expenditures	<u>(90,300)</u>	<u>(21,220)</u>	<u>69,080</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses)			
Changes in fund balances	<u>(90,300)</u>	<u>(21,220)</u>	<u>69,080</u>
Fund balances, beginning of year	530,463	530,463	
Fund balances, end of year	<u>\$ 440,163</u>	<u>\$ 509,243</u>	<u>\$ 69,080</u>

Family Advocacy Center			Environmental Fees		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
1,366,900	1,177,792	(189,108)	291,000	293,614	2,614
200,000		(200,000)		350	350
<u>1,566,900</u>	<u>1,177,792</u>	<u>(389,108)</u>	<u>291,000</u>	<u>293,964</u>	<u>2,964</u>
202,300	202,300			327	(327)
1,697,800	895,145	802,655			
			333,380	201,649	131,731
29,200		29,200		37,208	(37,208)
	298,003	(298,003)			
	72,929	(72,929)			
<u>1,929,300</u>	<u>1,468,377</u>	<u>460,923</u>	<u>333,380</u>	<u>239,184</u>	<u>94,196</u>
<u>(362,400)</u>	<u>(290,585)</u>	<u>71,815</u>	<u>(42,380)</u>	<u>54,780</u>	<u>97,160</u>
<u>263,900</u>	<u>210,000</u>	<u>(53,900)</u>	<u></u>	<u></u>	<u></u>
<u>263,900</u>	<u>210,000</u>	<u>(53,900)</u>	<u></u>	<u></u>	<u></u>
<u>(98,500)</u>	<u>(80,585)</u>	<u>17,915</u>	<u>(42,380)</u>	<u>54,780</u>	<u>97,160</u>
164,437	164,437		1,187,618	1,187,618	
<u>\$ 65,937</u>	<u>\$ 83,852</u>	<u>\$ 17,915</u>	<u>\$ 1,145,238</u>	<u>\$ 1,242,398</u>	<u>\$ 97,160</u>

(Continued)

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2022

	Alamar CFD Operating		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$ 1,400	\$ 779	\$ (621)
Licenses and permits			
Intergovernmental			
Fines, forfeitures, and penalties			
Investment income			
Contributions			
Miscellaneous	534,000	16	(533,984)
Total revenues	<u>535,400</u>	<u>795</u>	<u>(534,605)</u>
Expenditures:			
Current -			
General government	535,000	1,292	533,708
Public safety			
Streets and transportation			
Community and economic development			
Community services			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>535,000</u>	<u>1,292</u>	<u>533,708</u>
Excess (deficiency) of revenues over expenditures	<u>400</u>	<u>(497)</u>	<u>(897)</u>
Other financing sources (uses):			
Transfers in			
Total other financing sources (uses)			
Changes in fund balances	<u>400</u>	<u>(497)</u>	<u>(897)</u>
Fund balances, beginning of year	1,680	1,680	
Fund balances, end of year	<u>\$ 2,080</u>	<u>\$ 1,183</u>	<u>\$ (897)</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 1,400	\$ 779	\$ (621)
291,000	293,614	2,614
7,813,500	8,519,482	705,982
73,600	55,057	(18,543)
53,500	(169,805)	(223,305)
217,100	18,832	(198,268)
534,000	14,734	(519,266)
<u>8,984,100</u>	<u>8,732,693</u>	<u>(251,407)</u>
785,400	252,019	533,381
1,861,200	971,427	889,773
6,033,200	5,803,736	229,464
333,380	202,485	130,895
430,961	444,375	(13,414)
3,879,700	1,476,935	2,402,765
169,000	466,257	(297,257)
33,000	105,778	(72,778)
<u>13,525,841</u>	<u>9,723,012</u>	<u>3,802,829</u>
<u>(4,541,741)</u>	<u>(990,319)</u>	<u>3,551,422</u>
<u>1,346,100</u>	<u>1,605,778</u>	<u>259,678</u>
<u>1,346,100</u>	<u>1,605,778</u>	<u>259,678</u>
<u>(3,195,641)</u>	<u>615,459</u>	<u>3,811,100</u>
10,386,326	10,386,326	
<u>\$ 7,190,685</u>	<u>\$ 11,001,785</u>	<u>\$ 3,811,100</u>

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	General Obligation Bonds		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$ 3,724,000	\$ 3,738,611	\$ 14,611
Investment income	10,000	549	(9,451)
Total revenues	<u>3,734,000</u>	<u>3,739,160</u>	<u>5,160</u>
Expenditures:			
Current -			
General government	10,000	900	9,100
Debt service -			
Principal retirement	2,335,000	2,335,000	
Interest and fiscal charges	1,772,000	1,771,579	421
Bond issuance costs			
Total expenditures	<u>4,117,000</u>	<u>4,107,479</u>	<u>9,521</u>
Excess (deficiency) of revenues over expenditures	<u>(383,000)</u>	<u>(368,319)</u>	<u>14,681</u>
Other financing sources (uses):			
Transfers in		320,179	320,179
Transfers out			
Issuance of bonds			
Premium on sale of bonds			
Payment to refunded bond escrow agent			
Total other financing sources (uses)		<u>320,179</u>	<u>320,179</u>
Changes in fund balances	<u>(383,000)</u>	<u>(48,140)</u>	<u>334,860</u>
Fund balances, beginning of year	48,393	48,393	
Fund balances (deficits), end of year	<u>\$ (334,607)</u>	<u>\$ 253</u>	<u>\$ 334,860</u>

Dedicated Sales Tax Revenue Bonds			Other Debt Service		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
31,000	564	(30,436)		292	292
31,000	564	(30,436)		292	292
8,000	3,480	4,520	4,000	1,620	2,380
2,365,000	2,166,104	198,896	2,860,000	2,865,872	(5,872)
280,000	256,131	23,869	587,000	477,887	109,113
				284,170	(284,170)
2,653,000	2,425,715	227,285	3,451,000	3,629,549	(178,549)
(2,622,000)	(2,425,151)	196,849	(3,451,000)	(3,629,257)	(178,257)
			1,640,000	2,541,367	901,367
				(106,187)	(106,187)
				7,765,000	7,765,000
				1,238,825	1,238,825
			(8,782,000)	(8,881,022)	(99,022)
			(7,142,000)	2,557,983	9,699,983
(2,622,000)	(2,425,151)	196,849	(10,593,000)	(1,071,274)	9,521,726
2,244,406	2,244,406		1,885,591	1,885,591	
\$ (377,594)	\$ (180,745)	\$ 196,849	\$ (8,707,409)	\$ 814,317	\$ 9,521,726

(Continued)

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	Alamar CFD		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Taxes	\$	\$ 16,252	\$ 16,252
Investment income			
Total revenues		<u>16,252</u>	<u>16,252</u>
Expenditures:			
Current -			
General government			
Debt service -			
Principal retirement	36,000	15,980	20,020
Interest and fiscal charges	300	272	28
Bond issuance costs	<u>3,700</u>	<u>3,500</u>	<u>200</u>
Total expenditures	<u>40,000</u>	<u>19,752</u>	<u>20,248</u>
Excess (deficiency) of revenues over expenditures	<u>(40,000)</u>	<u>(3,500)</u>	<u>36,500</u>
Other financing sources (uses):			
Transfers in		3,500	3,500
Transfers out			
Issuance of bonds			
Premium on sale of bonds			
Payment to refunded bond escrow agent			
Total other financing sources (uses)		<u>3,500</u>	<u>3,500</u>
Changes in fund balances	<u>(40,000)</u>		<u>40,000</u>
Fund balances, beginning of year			
Fund balances (deficits), end of year	<u>\$ (40,000)</u>	<u>\$</u>	<u>\$ 40,000</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 3,724,000	\$ 3,754,863	\$ 30,863
41,000	1,405	(39,595)
<u>3,765,000</u>	<u>3,756,268</u>	<u>(8,732)</u>
22,000	6,000	16,000
7,596,000	7,382,956	213,044
2,639,300	2,505,869	133,431
3,700	287,670	(283,970)
<u>10,261,000</u>	<u>10,182,495</u>	<u>78,505</u>
<u>(6,496,000)</u>	<u>(6,426,227)</u>	<u>69,773</u>
1,640,000	2,865,046	1,225,046
	(106,187)	(106,187)
	7,765,000	7,765,000
	1,238,825	1,238,825
<u>(8,782,000)</u>	<u>(8,881,022)</u>	<u>(99,022)</u>
<u>(7,142,000)</u>	<u>2,881,662</u>	<u>10,023,662</u>
<u>(13,638,000)</u>	<u>(3,544,565)</u>	<u>10,093,435</u>
4,178,390	4,178,390	
<u>\$ (9,459,610)</u>	<u>\$ 633,825</u>	<u>\$ 10,093,435</u>

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Development Fees		Variance -
	Budget	Actual	Positive (Negative)
Revenues:			
Licenses and permits	\$ 6,823,000	\$ 11,890,431	\$ 5,067,431
Investment income		(102,637)	(102,637)
Contributions			
Miscellaneous			
Total revenues	<u>6,823,000</u>	<u>11,787,794</u>	<u>4,964,794</u>
Expenditures:			
Current -			
General government			
Streets and transportation			
Community and economic development		30,795	(30,795)
Capital outlay	10,732,000	7,319,370	3,412,630
Debt service -			
Bond issuance costs			
Total expenditures	<u>10,732,000</u>	<u>7,350,165</u>	<u>3,381,835</u>
Excess (deficiency) of revenues over expenditures	<u>(3,909,000)</u>	<u>4,437,629</u>	<u>8,346,629</u>
Other financing sources (uses):			
Sale of capital assets			
Transfers in		2,185,805	2,185,805
Transfers out		(2,962,488)	(2,962,488)
Issuance of bonds			
Premium on sale of bonds			
Total other financing sources (uses)		<u>(776,683)</u>	<u>(776,683)</u>
Changes in fund balances	<u>(3,909,000)</u>	<u>3,660,946</u>	<u>7,569,946</u>
Fund balances, beginning of year	2,625,579	2,625,579	
Fund balances (deficits), end of year	<u>\$ (1,283,421)</u>	<u>\$ 6,286,525</u>	<u>\$ 7,569,946</u>

Vehicle Replacement			Equipment Replacement		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 190,000	\$ (428,264)	\$ (618,264)	\$ 2,000	\$ 1,340	\$ (660)
<u>190,000</u>	<u>(428,264)</u>	<u>(618,264)</u>	<u>2,000</u>	<u>1,340</u>	<u>(660)</u>
2,898,000	458,905	2,439,095	1,352,000	446,065	905,935
<u>2,898,000</u>	<u>458,905</u>	<u>2,439,095</u>	<u>1,352,000</u>	<u>446,065</u>	<u>905,935</u>
<u>(2,708,000)</u>	<u>(887,169)</u>	<u>1,820,831</u>	<u>(1,350,000)</u>	<u>(444,725)</u>	<u>905,275</u>
62,000	18,120	(43,880)		2,292	2,292
600,000	600,000				
<u>662,000</u>	<u>618,120</u>	<u>(43,880)</u>	<u></u>	<u>2,292</u>	<u>2,292</u>
<u>(2,046,000)</u>	<u>(269,049)</u>	<u>1,776,951</u>	<u>(1,350,000)</u>	<u>(442,433)</u>	<u>907,567</u>
10,979,794	10,979,794		919,553	919,553	
<u>\$ 8,933,794</u>	<u>\$ 10,710,745</u>	<u>\$ 1,776,951</u>	<u>\$ (430,447)</u>	<u>\$ 477,120</u>	<u>\$ 907,567</u>

(Continued)

CITY OF AVONDALE, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2022

	Other Capital Projects		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Licenses and permits	\$	\$	\$
Investment income		(11,626)	(11,626)
Contributions		150,000	150,000
Miscellaneous		195,193	195,193
Total revenues		333,567	333,567
Expenditures:			
Current -			
General government	61,000	150,805	(89,805)
Streets and transportation			
Community and economic development			
Capital outlay	70,079,000	32,435,161	37,643,839
Debt service -			
Bond issuance costs	130,000	193,467	(63,467)
Total expenditures	70,270,000	32,779,433	37,490,567
Excess (deficiency) of revenues over expenditures	(70,270,000)	(32,445,866)	37,824,134
Other financing sources (uses):			
Sale of capital assets	6,790,000	5,435,373	(1,354,627)
Transfers in	36,149,000	21,000,000	(15,149,000)
Transfers out		(977,348)	(977,348)
Issuance of bonds	8,700,000	25,440,000	16,740,000
Premium on sale of bonds		5,347,813	5,347,813
Total other financing sources (uses)	51,639,000	56,245,838	4,606,838
Changes in fund balances	(18,631,000)	23,799,972	42,430,972
Fund balances, beginning of year	3,408,421	3,408,421	
Fund balances (deficits), end of year	\$ (15,222,579)	\$ 27,208,393	\$ 42,430,972

Alamar CFD Bonds			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 6,823,000	\$ 11,890,431	\$ 5,067,431
			192,000	(541,187)	(733,187)
				150,000	150,000
				195,193	195,193
			7,015,000	11,694,437	4,679,437
20,000	715	19,285	81,000	151,520	(70,520)
20,000	11,765	8,235	20,000	11,765	8,235
				30,795	(30,795)
			85,061,000	40,659,501	44,401,499
			130,000	193,467	(63,467)
40,000	12,480	27,520	85,292,000	41,047,048	44,244,952
(40,000)	(12,480)	27,520	(78,277,000)	(29,352,611)	48,924,389
			6,852,000	5,455,785	(1,396,215)
			36,749,000	23,785,805	(12,963,195)
	(3,500)	(3,500)		(3,943,336)	(3,943,336)
40,000	15,980	(24,020)	8,740,000	25,455,980	16,715,980
				5,347,813	5,347,813
40,000	12,480	(27,520)	52,341,000	56,102,047	3,761,047
			(25,936,000)	26,749,436	52,685,436
			17,933,347	17,933,347	
\$	\$	\$	\$ (8,002,653)	\$ 44,682,783	\$ 52,685,436



**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.

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.

Employee Benefits Fund accounts for the City's self-insured health and dental programs for employees. The fund charges the city departments a set premium amount per participating employee. 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.

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF FUND NET POSITION -
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Risk Management	Workers' Compensation	Fleet Management
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 4,637,716	\$ 2,822,558	\$
Receivables, net			
Accounts	1,000,000		11,789
Interest	14,073		
Inventories			343,533
Prepaid items	9,366		
Total current assets	<u>5,661,155</u>	<u>2,822,558</u>	<u>355,322</u>
Noncurrent assets:			
Net other postemployment benefit assets	3,975	4,402	26,489
Capital assets, net of accumulated depreciation	<u>83,453</u>		<u>248,371</u>
Total noncurrent assets	<u>87,428</u>	<u>4,402</u>	<u>274,860</u>
Total assets	<u>5,748,583</u>	<u>2,826,960</u>	<u>630,182</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension and other postemployment benefit plan items	<u>32,141</u>	<u>38,760</u>	<u>219,045</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	15,694	1,358	22,721
Accrued payroll and employee benefits		671	9,489
Due to other funds			366,102
Claims payable	3,376,128	286,130	
Compensated absences	<u>15,459</u>	<u>21,036</u>	<u>77,073</u>
Total current liabilities	<u>3,407,281</u>	<u>309,195</u>	<u>475,385</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	<u>1,298,500</u>	<u>618,314</u>	<u>690,149</u>
Total noncurrent liabilities	<u>1,298,500</u>	<u>618,314</u>	<u>690,149</u>
Total liabilities	<u>4,705,781</u>	<u>927,509</u>	<u>1,165,534</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension and other postemployment benefit plan items	<u>34,399</u>	<u>41,015</u>	<u>234,606</u>
<u>NET POSITION</u>			
Net investment in capital assets	83,453		248,371
Restricted for:			
Other postemployment benefits	3,975	4,402	26,489
Unrestricted	<u>953,116</u>	<u>1,892,794</u>	<u>(825,773)</u>
Total net position	<u>\$ 1,040,544</u>	<u>\$ 1,897,196</u>	<u>\$ (550,913)</u>

Employee Benefits	Totals
\$ 3,301,088	\$ 10,761,362
731,448	1,743,237
	14,073
	343,533
<u>28,520</u>	<u>37,886</u>
<u>4,061,056</u>	<u>12,900,091</u>
	34,866
	<u>331,824</u>
	<u>366,690</u>
<u>4,061,056</u>	<u>13,266,781</u>
	<u>289,946</u>
	39,773
739	10,899
	366,102
819,803	4,482,061
	<u>113,568</u>
<u>820,542</u>	<u>5,012,403</u>
	<u>2,606,963</u>
	<u>2,606,963</u>
<u>820,542</u>	<u>7,619,366</u>
	<u>310,020</u>
	331,824
	34,866
<u>3,240,514</u>	<u>5,260,651</u>
<u>\$ 3,240,514</u>	<u>\$ 5,627,341</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Risk Management	Workers' Compensation	Fleet Management
Operating revenues:			
Charges for services	\$ 1,618,100	\$ 606,016	\$ 3,230,168
Miscellaneous	96,064		1,025
Total operating revenues	<u>1,714,164</u>	<u>606,016</u>	<u>3,231,193</u>
Operating expenses:			
Salaries, wages, and benefits	30,364	256,188	915,411
Contractual services, materials, and supplies	168,018	54,344	2,155,165
Insurance claims and expenses	3,037,767	513,008	
Depreciation and amortization	48,828		25,484
Total operating expenses	<u>3,284,977</u>	<u>823,540</u>	<u>3,096,060</u>
Operating income (loss)	<u>(1,570,813)</u>	<u>(217,524)</u>	<u>135,133</u>
Nonoperating revenues (expenses):			
Investment income	(149,669)	179	
Total nonoperating revenues (expenses)	<u>(149,669)</u>	<u>179</u>	
Changes in net position	<u>(1,720,482)</u>	<u>(217,345)</u>	<u>135,133</u>
Total net position, beginning of year	2,761,026	2,114,541	(686,046)
Total net position, end of year	<u><u>\$ 1,040,544</u></u>	<u><u>\$ 1,897,196</u></u>	<u><u>\$ (550,913)</u></u>

Employee Benefits	Totals
\$ 7,625,107	\$ 13,079,391
3,016,105	3,113,194
<u>10,641,212</u>	<u>16,192,585</u>
	1,201,963
87,157	2,464,684
7,314,277	10,865,052
	<u>74,312</u>
<u>7,401,434</u>	<u>14,606,011</u>
<u>3,239,778</u>	<u>1,586,574</u>
<u>736</u>	<u>(148,754)</u>
<u>736</u>	<u>(148,754)</u>
<u>3,240,514</u>	<u>1,437,820</u>
	4,189,521
<u>\$ 3,240,514</u>	<u>\$ 5,627,341</u>

CITY OF AVONDALE, ARIZONA
COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	Risk Management	Workers' Compensation
<u>Increase/Decrease in Cash and Cash Equivalents</u>		
Cash flows from operating activities:		
Cash receipts from customers	\$ 1,618,100	\$ 606,159
Cash payments to suppliers for goods and services	(2,289,831)	(715,483)
Cash payments to employees for services	(122,362)	(150,676)
Miscellaneous	96,064	
Net cash provided by/used for operating activities	<u>(698,029)</u>	<u>(260,000)</u>
Cash flows from noncapital financing activities:		
Interfund (payment) borrowing		
Cash flows from investing activities:		
Investment income	(154,055)	179
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		
Net increase/decrease in cash and cash equivalents	<u>(852,084)</u>	<u>(259,821)</u>
Cash and cash equivalents, beginning of year	<u>5,489,800</u>	<u>3,082,379</u>
Cash and cash equivalents, end of year	<u>\$ 4,637,716</u>	<u>\$ 2,822,558</u>
<u>Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities</u>		
Operating income/loss	\$ (1,570,813)	\$ (217,524)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:		
Depreciation expense	48,828	
Difference between pension/OPEB expense and contributions	(95,593)	102,290
Changes in assets and liabilities:		
Increase/decrease in accounts receivable	(1,000,000)	143
Increase/decrease in inventories		
Increase/decrease in prepaid items	2,927	
Increase/decrease in accounts payable	(39,554)	601
Increase/decrease in accrued payroll and employee benefits		(1,497)
Increase/decrease in compensated absences	3,595	4,719
Increase/decrease in claims payable	<u>1,952,581</u>	<u>(148,732)</u>
Total adjustments	<u>872,784</u>	<u>(42,476)</u>
Net cash provided by/used for operating activities	<u>\$ (698,029)</u>	<u>\$ (260,000)</u>

NOTE: The City began presenting cash and investments as one line item in the 2022 report when these accounts were presented separately in prior years. As a result, beginning cash and cash equivalents for this statement includes prior year ending investment balances to account for the change in presentation.

<u>Fleet Management</u>	<u>Employee Benefits</u>	<u>Totals</u>
\$ 3,218,807	\$ 6,893,659	\$ 12,336,725
(2,300,264)	(6,610,151)	(11,915,729)
(878,873)	739	(1,151,172)
<u>1,025</u>	<u>3,016,105</u>	<u>3,113,194</u>
<u>40,695</u>	<u>3,300,352</u>	<u>2,383,018</u>
44,247		44,247
	736	(153,140)
<u>(84,942)</u>		<u>(84,942)</u>
	<u>3,301,088</u>	<u>2,189,183</u>
		<u>8,572,179</u>
\$ <u><u> </u></u>	\$ <u><u>3,301,088</u></u>	\$ <u><u>10,761,362</u></u>
\$ 135,133	\$ 3,239,778	\$ 1,586,574
25,484		74,312
22,881		29,578
(11,361)	(731,448)	(1,742,666)
(99,903)		(99,903)
949	(28,520)	(24,644)
(46,145)		(85,098)
(65)	739	(823)
13,722		22,036
<u> </u>	<u>819,803</u>	<u>2,623,652</u>
<u>(94,438)</u>	<u>60,574</u>	<u>796,444</u>
\$ <u><u>40,695</u></u>	\$ <u><u>3,300,352</u></u>	\$ <u><u>2,383,018</u></u>



STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons with other school districts.

Operating Information

These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.

Note: For locally assessed property (i.e., excluding mines, utilities, etc.) Proposition 117, approved by voters in 2012, amended the Arizona Constitution to require that all property taxes after fiscal year 2014-15 be based upon property values limited to five percent in annual growth. The aggregate assessed value of all taxable properties within a taxing jurisdiction (i.e., after applying assessment ratios based on the use of a property), including property values with a growth limit, is currently referred to as net limited assessed value and formerly as primary assessed value. In accordance with Proposition 117, this value is used for all taxing purposes beginning fiscal year 2015-16. Aggregate assessed value without a growth limit is currently referred to as net full cash assessed value and formerly as secondary assessed value. This remains the value utilized for determining debt capacity limits.

CITY OF AVONDALE, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2013	2014¹	2015	2016
Governmental activities				
Net investment in capital assets	\$ 494,754,961	\$ 499,739,936	\$ 504,180,483	\$ 503,290,685
Restricted	20,548,326	23,376,185	27,279,288	31,111,470
Unrestricted	50,737,518	14,469,385	16,252,006	23,773,087
Total governmental activities net position	<u>\$ 566,040,805</u>	<u>\$ 537,585,506</u>	<u>\$ 547,711,777</u>	<u>\$ 558,175,242</u>
Business-type activities				
Net investment in capital assets	\$ 479,033,932	\$ 474,668,428	\$ 469,377,530	\$ 458,698,957
Restricted	12,092,990	8,607,019	7,247,176	11,795,732
Unrestricted	46,511,771	42,327,797	43,955,822	48,661,412
Total business-type activities net position	<u>\$ 537,638,693</u>	<u>\$ 525,603,244</u>	<u>\$ 520,580,528</u>	<u>\$ 519,156,101</u>
Primary government				
Net investment in capital assets	\$ 973,788,893	\$ 974,408,364	\$ 973,558,013	\$ 961,989,642
Restricted	32,641,316	31,983,204	34,526,464	42,907,202
Unrestricted	97,249,289	56,797,182	60,207,828	72,434,499
Total primary government net position	<u>\$1,103,679,498</u>	<u>\$1,063,188,750</u>	<u>\$1,068,292,305</u>	<u>\$1,077,331,343</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 The beginning net position for 2018 was restated due to implementation of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*.

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

SCHEDULE 1

2017	2018²	2019	2020	2021	2022
\$ 514,022,743	\$ 512,002,472	\$ 534,401,329	\$ 557,935,106	\$ 614,783,697	\$ 675,283,655
31,791,041	37,254,164	43,841,243	48,362,118	48,808,455	59,186,035
21,900,625	33,300,813	36,069,630	40,943,280	50,005,785	58,551,122
<u>\$ 567,714,409</u>	<u>\$ 582,557,449</u>	<u>\$ 614,312,202</u>	<u>\$ 647,240,504</u>	<u>\$ 713,597,937</u>	<u>\$ 793,020,812</u>
\$ 449,877,043	\$ 446,239,125	\$ 444,455,024	\$ 440,909,317	\$ 448,567,411	\$ 444,088,746
26,297,393	15,578,778	21,853,516	23,923,066	25,002,166	23,818,992
43,521,686	60,239,113	72,371,991	83,178,540	92,488,337	108,180,491
<u>\$ 519,696,122</u>	<u>\$ 522,057,016</u>	<u>\$ 538,680,531</u>	<u>\$ 548,010,923</u>	<u>\$ 566,057,914</u>	<u>\$ 576,088,229</u>
\$ 963,899,786	\$ 958,241,597	\$ 978,856,353	\$ 998,844,423	\$ 1,063,351,108	\$ 1,119,372,401
58,088,434	52,832,942	65,694,759	72,285,184	73,810,621	83,005,027
65,422,311	93,539,926	108,441,621	124,121,820	142,494,122	166,731,613
<u>\$ 1,087,410,531</u>	<u>\$ 1,104,614,465</u>	<u>\$ 1,152,992,733</u>	<u>\$ 1,195,251,427</u>	<u>\$ 1,279,655,851</u>	<u>\$ 1,369,109,041</u>

CITY OF AVONDALE, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 12,769,952	\$ 12,331,057	\$ 12,920,373	\$ 13,902,546	\$ 14,309,548	\$ 17,413,185	\$ 13,286,390	\$ 17,518,396	\$ 21,739,830	\$ 23,637,972
Public safety	26,087,882	27,920,756	29,193,364	31,025,502	42,260,573	38,601,762	38,891,455	42,226,785	45,185,028	45,992,791
Highways and streets ¹	12,144,322	12,363,230	14,148,176	12,849,769	12,539,013	13,797,634	14,906,217	14,895,706	12,606,011	-
Streets and transportation ¹	-	-	-	-	-	-	-	-	-	19,541,983
Health and welfare ²	3,937,970	3,491,716	3,086,230	3,509,117	3,200,864	3,592,893	3,476,278	3,387,949	4,379,888	-
Community and economic development	5,036,147	5,489,089	5,318,125	6,205,863	6,418,604	6,354,065	6,924,053	8,066,194	9,610,270	8,519,858
Culture and recreation ²	3,813,472	4,783,299	5,048,110	5,576,173	5,416,224	5,964,961	6,790,207	7,338,930	8,557,624	-
Transportation ¹	1,236,160	1,280,435	890,857	744,751	890,706	1,138,438	1,357,022	1,212,967	247,288	-
Community services ²										14,289,084
Interest on long-term debt	4,357,797	3,788,220	3,574,631	3,368,741	2,887,484	1,268,556	1,722,511	2,276,266	1,886,735	1,980,618
Total governmental activities expenses	69,383,702	71,447,802	74,179,866	77,182,462	87,923,016	88,131,494	87,354,133	96,923,193	104,212,674	113,962,306
Business-type activities:										
Water utility	15,879,676	15,313,614	14,978,673	15,648,760	16,242,773	16,560,738	15,843,476	16,994,862	18,213,754	17,781,575
Wastewater utility	11,500,364	11,992,043	12,039,948	11,862,023	12,389,737	11,620,939	10,355,180	14,409,900	16,330,330	16,904,179
Sanitation utility	3,860,578	4,373,521	4,573,971	4,742,323	4,578,856	4,809,711	5,028,104	5,598,710	5,907,821	6,302,999
Total business-type activities expenses	31,240,618	31,679,178	31,592,592	32,253,106	33,211,366	32,991,388	31,226,760	37,003,472	40,451,905	40,988,753
Total primary government expenses	\$ 100,624,320	\$ 103,126,980	\$ 105,772,458	\$ 109,435,568	\$ 121,134,382	\$ 121,122,882	\$ 118,580,893	\$ 133,926,665	\$ 144,664,579	\$ 154,951,059
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,962,825	\$ 1,791,970	\$ 2,024,897	\$ 1,959,842	\$ 1,747,987	\$ 2,074,885	\$ 175,579	\$ 242,267	\$ 211,385	\$ 271,535
Public safety	458,799	469,192	515,920	493,996	516,750	440,119	389,186	422,326	720,835	3,842,898
Highways and streets ¹	-	-	-	-	-	97,442	-	-	-	-
Streets and transportation ¹	-	-	-	-	-	-	-	-	-	2,420,242
Community and economic development	862,360	800,438	1,118,951	1,501,234	2,637,557	3,255,772	4,595,774	5,107,216	8,693,777	7,805,105
Culture and recreation ²	360,924	333,734	404,179	404,776	369,495	383,379	413,902	327,337	494,439	-
Community services ²	-	-	-	-	-	-	-	-	-	1,048,516
Operating grants and contributions	9,373,853	9,393,303	8,653,787	8,362,914	9,058,945	9,759,508	10,156,821	16,024,179	14,311,696	11,934,356
Capital grants and contributions	1,973,402	1,118,868	2,044,100	2,552,008	5,509,985	5,841,412	14,680,697	14,634,525	39,943,350	51,022,402
Total governmental activities program revenues	14,992,163	13,907,505	14,761,834	15,274,770	19,840,719	21,852,517	30,411,959	36,757,850	64,375,482	78,345,054
Business-type activities:										
Charges for Services:										
Water	11,882,083	12,227,233	11,527,730	12,840,329	14,655,947	15,451,443	15,024,198	15,829,321	17,809,542	16,340,012
Wastewater	7,746,807	7,963,581	7,988,157	8,247,723	9,133,838	9,731,664	10,515,981	10,140,190	15,123,431	11,035,424
Sanitation	4,954,195	5,032,187	5,055,904	5,104,181	5,139,643	5,247,119	5,326,271	5,323,312	5,426,072	5,903,724
Capital grants and contributions	1,042,780	653,419	1,299,643	3,590,768	4,107,998	4,242,922	3,293,949	11,498,981	21,377,308	23,575,102
Total business-type activities program revenues	25,625,865	25,876,420	25,871,434	29,783,001	33,037,426	34,673,148	34,160,399	42,791,804	59,736,353	56,854,262
Total primary government program revenues	\$ 40,618,028	\$ 39,783,925	\$ 40,633,268	\$ 45,057,771	\$ 52,878,145	\$ 56,525,665	\$ 64,572,358	\$ 79,549,654	\$ 124,111,835	\$ 135,199,316

(Continuation)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense) Revenue										
Governmental activities	\$ (54,391,539)	\$ (57,540,297)	\$ (59,418,032)	\$ (61,907,692)	\$ (68,082,297)	\$ (66,278,977)	\$ (56,942,174)	\$ (60,165,343)	\$ (39,837,192)	\$ (35,617,252)
Business-type activities	(5,614,753)	(5,802,758)	(5,721,158)	(2,470,105)	(173,940)	1,681,760	2,933,639	5,788,332	19,284,448	15,865,509
Total primary government net (expenses) revenues	<u>\$ (60,006,292)</u>	<u>\$ (63,343,055)</u>	<u>\$ (65,139,190)</u>	<u>\$ (64,377,797)</u>	<u>\$ (68,256,237)</u>	<u>\$ (64,597,217)</u>	<u>\$ (54,008,535)</u>	<u>\$ (54,377,011)</u>	<u>\$ (20,552,744)</u>	<u>\$ (19,751,743)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales and use taxes	\$ 35,929,759	\$ 37,639,556	\$ 40,955,916	\$ 43,352,256	\$ 46,473,655	\$ 49,443,328	\$ 52,003,028	\$ 55,933,503	\$ 67,417,939	\$ 78,353,496
Property taxes, levied for general purposes	2,302,649	2,421,361	2,478,599	2,607,457	2,681,915	2,794,009	2,939,551	3,140,055	3,026,822	3,260,871
Property taxes, levied for debt service	2,268,323	3,209,741	3,373,624	3,336,779	3,275,427	3,166,482	4,174,643	4,168,579	3,456,538	3,697,381
Franchise taxes	1,101,693	1,132,811	1,150,766	1,090,135	1,135,350	1,256,448	1,223,384	1,136,532	1,181,424	1,106,972
State shared revenues, unrestricted	16,617,488	17,896,107	19,151,120	19,590,959	20,499,811	21,713,658	22,314,405	23,670,592	27,301,034	28,445,894
Investment income	(127,021)	408,645	342,423	399,174	400,040	660,720	3,113,051	3,536,012	98,749	(3,965,905)
Gain on sale of capital assets	19,498	56,600	138,810	248,858	268,568	(40,759)	590,335	(27,200)	-	1,654,856
Miscellaneous	1,170,396	1,571,790	2,103,045	1,895,539	3,036,698	2,748,927	2,167,739	1,835,572	2,263,119	1,165,562
Transfers	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(300,000)	(300,000)	1,449,000	1,321,000
Total governmental activities	<u>59,132,785</u>	<u>64,186,611</u>	<u>69,544,303</u>	<u>72,371,157</u>	<u>77,621,464</u>	<u>81,592,813</u>	<u>88,226,136</u>	<u>93,093,645</u>	<u>106,194,625</u>	<u>115,040,127</u>
Business-type activities:										
Investment income	(69,172)	279,812	286,576	381,482	310,375	500,622	2,678,897	3,197,825	5,234	(4,889,794)
Gain on sale of capital assets	-	83,030	25,231	155,204	104,002	124,425	38,168	44,235	-	266,275
Miscellaneous	263,193	241,999	236,635	358,992	149,584	456,716	-	-	241,132	74,502
Transfers	150,000	150,000	150,000	150,000	150,000	150,000	300,000	300,000	(1,449,000)	(1,321,000)
Total business-type activities	<u>344,021</u>	<u>754,841</u>	<u>698,442</u>	<u>1,045,678</u>	<u>713,961</u>	<u>1,231,763</u>	<u>3,017,065</u>	<u>3,542,060</u>	<u>(1,202,634)</u>	<u>(5,870,017)</u>
Total primary government	<u>\$ 59,476,806</u>	<u>\$ 64,941,452</u>	<u>\$ 70,242,745</u>	<u>\$ 73,416,835</u>	<u>\$ 78,335,425</u>	<u>\$ 82,824,576</u>	<u>\$ 91,243,201</u>	<u>\$ 96,635,705</u>	<u>\$ 104,991,991</u>	<u>\$ 109,170,110</u>
Changes in Net Position										
Governmental activities	\$ 4,741,246	\$ 6,646,314	\$ 10,126,271	\$ 10,463,465	\$ 9,539,167	\$ 15,313,836	\$ 31,283,957	\$ 32,928,302	\$ 66,357,433	\$ 79,422,875
Business-type activities	(5,270,732)	(5,047,917)	(5,022,716)	(1,424,427)	540,021	2,913,523	5,950,705	9,330,392	18,081,814	9,995,492
Total primary government	<u>\$ (529,486)</u>	<u>\$ 1,598,397</u>	<u>\$ 5,103,555</u>	<u>\$ 9,039,038</u>	<u>\$ 10,079,188</u>	<u>\$ 18,227,359</u>	<u>\$ 37,234,662</u>	<u>\$ 42,258,694</u>	<u>\$ 84,439,247</u>	<u>\$ 89,418,367</u>

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

¹ In fiscal year 2021-22, functional groupings Highway and streets and Transportation were combined to form functional group Streets and transportation.² In fiscal year 2021-22, functional groupings Health and welfare, and Culture and recreation were combined to form functional group Community services.

CITY OF AVONDALE, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable:				
Inventory	\$ 2,202	\$ 449	\$ -	\$ 434
Prepaid items	131,888	131,306	342,255	112,432
Due from other funds	1,200,000	4,156,428	3,838,468	833,000
Advances to other funds	-	-	-	-
Restricted for:				
Public safety	171,150	130,205	335,058	254,758
Committed to:				
Budgetary stabilization	15,389,437	18,934,773	19,405,505	20,092,995
Assigned to:				
Other purposes	5,453,049	8,721,580	4,882,920	3,997,254
Unassigned	10,382,138	1,800,250	7,521,330	16,497,354
Total General Fund	<u>\$ 32,729,864</u>	<u>\$ 33,874,991</u>	<u>\$ 36,325,536</u>	<u>\$ 41,788,227</u>
All other governmental funds				
Nonspendable:				
Inventory	\$ 281,218	\$ 309,973	\$ 320,636	\$ 305,262
Prepaid items	671,092	688,572	361,123	400,766
Restricted for:				
Transit services	1,627,956	1,137,018	977,138	1,356,976
Highway and streets	3,601,986	3,853,579	4,673,503	5,826,016
Streets and transportation	-	-	-	-
Court	613,134	634,184	657,831	639,778
Grant and contributor purposes	119,721	597,631	914,738	817,062
Public safety	3,362,724	4,685,520	6,033,061	7,438,683
Debt service	5,830,512	7,879,134	8,430,380	8,912,477
Capital projects	2,442,036	792,935	1,291,443	1,388,787
Water, sewer and street projects	1,099,439	1,765,548	2,251,750	2,908,567
Crime victim advocacy	154,178	131,924	163,340	141,475
Committed to:				
Capital projects	3,956,556	322,646	263,234	3,544,816
Crime victim advocacy	51,393	43,974	54,447	47,158
Assigned to:				
Vehicle replacement	8,438,757	8,171,863	7,519,081	7,271,801
Equipment replacement	335,328	664,109	762,199	1,051,461
Capital projects	4,588,564	7,178,750	7,728,456	5,245,637
Transit services	-	-	-	-
Unassigned	(185,532)	(632,375)	(741,111)	(35,283)
Total all other governmental funds	<u>\$ 36,989,062</u>	<u>\$ 38,224,985</u>	<u>\$ 41,661,249</u>	<u>\$ 47,261,439</u>

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

SCHEDULE 3

2017	2018	2019	2020	2021	2022
\$ 6,526	\$ -	\$ 185,773	\$ 9,415	\$ 9,414	\$ 11,104
66,495	86,099	207,169	507,805	239,543	326,547
-	-	-	-	-	-
833,000	833,000	128,000	128,000	128,000	-
102,794	50,965	77,977	248,072	-	-
21,400,558	21,867,357	26,907,594	21,752,584	23,098,061	23,187,990
12,651,519	2,386,030	6,990,024	-	-	-
15,704,372	22,849,263	22,997,628	36,695,305	64,171,656	69,969,725
<u>\$ 50,765,264</u>	<u>\$ 48,072,714</u>	<u>\$ 57,494,165</u>	<u>\$ 59,341,181</u>	<u>\$ 87,646,674</u>	<u>\$ 93,495,366</u>
\$ 307,706	\$ 267,598	\$ 382,970	\$ 19,971	\$ 14,230	\$ 11,688
61,168	7,765	189,741	765,442	653,890	334,862
1,579,099	1,752,045	1,621,340	2,050,132	1,896,598	-
7,169,856	8,739,999	7,454,379	3,938,426	5,889,551	-
-	-	-	-	-	8,512,366
613,041	575,788	568,017	548,403	530,463	509,243
1,337,527	1,805,961	2,216,806	2,251,488	2,125,315	1,507,618
7,790,078	8,602,953	9,772,966	11,573,467	13,371,078	12,675,247
6,117,403	7,598,789	7,846,612	8,656,344	4,178,390	814,570
1,436,817	2,664,535	21,794,996	24,946,031	9,045,005	34,534,165
4,059,144	5,659,841	7,617,695	8,872,136	13,297,352	22,697,168
143,216	156,204	274,366	337,224	122,878	52,941
1,667,731	2,969,597	-	-	-	203,151
47,738	52,068	91,452	112,410	40,959	-
6,923,450	7,979,615	8,885,144	11,275,728	10,979,794	10,710,745
1,013,680	1,298,485	1,073,667	2,183,868	838,141	392,749
4,787,077	15,498,698	12,025,797	14,637,867	-	-
-	-	-	115,567	-	-
(77,490)	(77,490)	(1,717,345)	-	(1,821,707)	(180,745)
<u>\$ 44,977,241</u>	<u>\$ 65,552,451</u>	<u>\$ 80,098,603</u>	<u>\$ 92,284,504</u>	<u>\$ 61,161,937</u>	<u>\$ 92,775,768</u>

CITY OF AVONDALE, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2013	2014	2015	2016
Revenues				
Taxes	\$ 41,645,010	\$ 44,454,517	\$ 48,121,583	\$ 50,433,911
Licenses and permits	2,076,599	1,435,548	2,532,559	3,687,377
Intergovernmental	25,607,050	26,568,228	27,061,879	27,914,071
Charges for services	1,129,782	1,111,375	1,244,710	1,233,719
Fines, forfeitures, and penalties	1,357,243	1,219,003	1,403,457	1,255,197
Investment income	(130,638)	406,914	335,873	375,359
Contributions	268,399	814,318	320,386	315,948
Miscellaneous	1,222,169	1,682,888	2,345,170	2,087,860
Total revenues	<u>73,175,614</u>	<u>77,692,791</u>	<u>83,365,617</u>	<u>87,303,442</u>
Expenditures				
General government	11,679,121	11,106,677	11,269,744	12,885,068
Public safety	24,810,275	26,267,504	27,588,742	29,453,443
Highways and streets ¹	1,766,303	1,943,651	3,645,538	2,354,255
Streets and transportation ¹	-	-	-	-
Health and welfare ²	3,966,243	3,542,511	3,109,810	3,590,178
Economic and community development	5,055,207	5,341,635	5,491,412	6,049,229
Culture and recreation ²	2,480,049	3,509,702	3,851,074	3,716,124
Community services	-	-	-	-
Transportation ¹	1,234,845	1,277,281	894,655	704,440
Debt Service				
Principal	13,712,314	5,278,486	6,324,153	6,436,835
Interest and other charges	4,621,821	3,844,374	3,614,285	3,409,627
Bond issuance costs	-	-	-	-
Capital outlay	4,656,036	12,992,364	11,544,285	7,799,212
Total expenditures	<u>73,982,214</u>	<u>75,104,185</u>	<u>77,333,698</u>	<u>76,398,411</u>
Excess of revenues over (under) expenditures	(806,600)	2,588,606	6,031,919	10,905,031
Other Financing Sources (Uses)				
Bond issuance	-	-	-	-
Refunding bonds issued	9,275,000	-	-	-
Payment to refunding bonds escrow agent	(9,469,388)	-	-	-
Bond premium (discount)	427,048	-	-	-
Capital leases	-	-	-	-
Sale of capital assets	19,498	58,094	187,050	295,690
Transfer in	18,827,399	15,114,320	19,485,856	15,549,460
Transfer out	(18,961,369)	(15,379,970)	(19,818,016)	(15,687,300)
Total other financing sources (uses)	<u>118,188</u>	<u>(207,556)</u>	<u>(145,110)</u>	<u>157,850</u>
Net change in fund balances	<u>\$ (688,412)</u>	<u>\$ 2,381,050</u>	<u>\$ 5,886,809</u>	<u>\$ 11,062,881</u>
Debt service as a percentage of noncapital expenditures	26.4%	14.7%	15.1%	14.4%

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

¹ In fiscal year 2021-22, functional groupings Highway and streets and Transportation were combined to form functional group Streets and transportation.

² In fiscal year 2021-22, functional groupings Health and welfare and Culture and recreation were combined to form functional group Community services.

SCHEDULE 4

2017	2018	2019	2020	2021	2022
\$ 53,621,688	\$ 56,655,533	\$ 60,385,319	\$ 64,299,980	\$ 75,211,122	\$ 86,516,299
5,297,673	7,142,796	4,427,131	5,541,167	13,421,020	20,528,163
29,665,270	31,229,183	32,551,139	39,587,746	41,207,834	44,976,509
1,677,400	2,149,686	1,502,560	1,701,390	1,953,877	2,604,389
1,059,626	1,275,599	1,257,723	1,094,797	1,034,521	1,142,447
380,740	627,961	2,915,435	3,333,448	98,219	(3,817,151)
362,695	338,603	514,193	420,716	681,515	589,248
2,373,397	2,295,587	2,167,739	1,835,572	1,655,973	1,579,314
<u>94,438,489</u>	<u>101,714,948</u>	<u>105,721,239</u>	<u>117,814,816</u>	<u>135,264,081</u>	<u>154,119,218</u>
12,325,497	14,597,179	12,853,986	15,344,639	18,074,080	19,590,468
31,889,715	34,895,720	36,287,670	37,073,434	40,622,318	45,808,205
2,572,848	2,908,744	3,433,985	3,831,136	2,528,919	-
-	-	-	-	-	7,771,209
3,300,924	3,719,705	3,456,788	3,196,520	4,082,446	-
6,094,461	6,332,025	6,885,367	7,644,528	8,998,339	7,010,446
3,849,886	4,185,181	4,764,881	4,699,724	5,033,025	-
-	-	-	-	-	10,059,941
772,784	1,029,151	1,248,002	1,111,568	134,950	-
7,131,893	6,621,797	8,315,593	7,710,198	12,044,381	7,967,888
3,282,008	1,914,361	2,003,434	2,639,197	2,249,666	2,676,080
-	-	-	-	-	481,137
<u>13,693,511</u>	<u>12,936,782</u>	<u>27,127,880</u>	<u>31,674,938</u>	<u>48,007,738</u>	<u>52,559,825</u>
<u>84,913,527</u>	<u>89,140,645</u>	<u>106,377,586</u>	<u>114,925,882</u>	<u>141,775,862</u>	<u>153,925,199</u>
9,524,962	12,574,303	(656,347)	2,888,934	(6,511,781)	194,019
-	-	21,390,000	10,096,000	-	25,455,980
23,457,070	21,350,000	-	-	-	7,765,000
(29,768,467)	(23,395,316)	-	-	-	(8,881,022)
3,012,110	2,464,479	2,930,479	-	-	6,586,638
304,326	4,542,254	-	-	-	-
283,585	487,210	1,333,351	135,768	2,242,707	5,462,612
15,862,362	27,045,943	18,514,412	56,646,323	10,221,007	31,527,338
(15,983,109)	(27,186,213)	(19,544,292)	(55,734,108)	(8,769,007)	(30,206,338)
<u>(2,832,123)</u>	<u>5,308,357</u>	<u>24,623,950</u>	<u>11,143,983</u>	<u>3,694,707</u>	<u>37,710,208</u>
<u>\$ 6,692,839</u>	<u>\$ 17,882,660</u>	<u>\$ 23,967,603</u>	<u>\$ 14,032,917</u>	<u>\$ (2,817,074)</u>	<u>\$ 37,904,227</u>
14.6%	11.2%	13.0%	12.4%	15.2%	11.0%

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
2022	\$ 200,689,320	\$ 113,447,917	\$ 171,839,182	\$ 116,392,665	\$ 322,535	\$ -
2021	188,489,554	108,252,446	158,786,988	110,633,849	309,352	-
2020	175,576,958	102,852,966	150,835,339	100,325,822	322,790	-
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	-

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
2022	10.0 %	10.0 %	17.5 %	15.0 %	15.0 %	5.0 %
2021	10.0	10.0	18.0	15.0	15.0	5.0
2020	10.0	10.0	18.0	15.0	15.0	5.0
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

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.

SCHEDULE 5

Municipal Property Improvements		Gross Valuation	Less: Tax Exempt Real Property	Total Property Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value	Gross Valuation as a Percentage of Actual Value ⁴
\$	55,670	\$ 602,747,289	\$ (109,540,097)	\$ 493,207,192	1.42	\$ 4,879,609,743	12.35 %
	53,020	566,525,209	(104,440,114)	462,085,095	1.42	4,594,437,592	12.33
	50,495	529,964,370	(95,869,418)	434,094,952	1.65	4,298,259,968	12.33
	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

CITY OF AVONDALE, ARIZONA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(RATE PER \$100 OF ASSESSED VALUATION)

Fiscal Year	Direct Rate	Overlapping Rates ¹				
	City of Avondale, Arizona	County		Tolleson Elementary School District No. 17	Tolleson Union High School District No. 214	Pendergast Elementary School District No. 92
		County- wide	Community College			
2022 Primary	0.67	1.35	1.11	1.95	2.00	2.02
Secondary	<u>0.76</u> 1.43	0.00	0.11	2.43	2.74	3.79
2021 Primary	0.68	1.40	1.13	2.04	2.10	1.98
Secondary	<u>0.74</u> 1.42	0.00	0.16	2.56	2.60	4.04
2020 Primary	0.70	1.40	1.16	2.09	2.61	2.05
Secondary	<u>0.95</u> 1.65	0.00	0.17	2.85	2.40	4.28
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

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, 2021 Tax Rates Maricopa County, Arizona.

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
1.95	2.29	2.04	2.18	2.29
1.55	1.95	1.26	3.29	1.83
1.90	1.94	2.03	2.17	2.00
1.62	2.33	1.32	3.37	1.93
1.90	1.99	2.07	2.24	2.17
1.77	2.55	1.26	3.42	2.94
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

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

SCHEDULE 7

Taxpayer	2022			2013		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value
J&J Coldwater LLC	8,490,662	1	1.72 %			
Phoenix Speedway Corp	8,488,029	2	1.72	\$ 4,098,340	4	1.01 %
Inland Westland Avondale McDowell LLC	5,669,338	3	1.15	5,442,583	1	1.34
Arizona Public Service Company	4,965,535	4	1.01			
Avalon Tic Two LLC/Avalon Tic One LLC	4,784,850	5	0.97			
PR 101 Losistics Park Building 2 LLC	4,496,414	6	0.91			
CPUS FAIRWAY LP	4,458,066	7	0.90			
Avondale Commerce LLC	3,849,090	8	0.78			
MREI IV Mirabella LLC	3,774,789	9	0.77			
Gateway Crossing SC LLC	3,760,351	10	0.76			
Mirabella Avondale Apartments LLC				4,540,230	2	1.12
Raintree Pad 2 LLC				4,184,489	3	1.03
Arizona Public Service				3,944,011	5	0.97
Kroger/Smith' Food & Drug Centers, Inc.				3,104,035	7	0.76
D H Ventures, LLC				2,692,755	8	0.66
Moreland Properties, LLC				3,379,561	6	0.83
Mechanic (AZ) QRS 15-41 INC				2,513,817	10	0.62
Alameda Avondale LLC ETAL				2,662,528	9	0.66
Total	<u>\$ 52,737,124</u>		<u>10.69 %</u>	<u>\$ 36,562,349</u>		<u>9.00 %</u>

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
2022	\$ 6,995,316	\$ 6,877,147	98.31 %	-	6,877,147	98.31 %
2021	6,579,129	6,414,655	97.50	90,381	6,505,036	98.87
2020	7,162,807	6,989,449	97.58	120,615	7,110,064	99.26
2019	7,049,735	6,960,919	98.74	38,806	6,999,726	99.29 %
2018	5,941,343	5,858,479	98.61	63,315	5,921,794	99.67
2017	5,913,568	5,825,124	98.50	65,835	5,890,959	99.62
2016	5,882,634	5,781,431	98.28	74,275	5,855,706	99.54
2015	5,948,064	5,830,887	98.03	83,682	5,914,569	99.44
2014	5,659,729	5,545,279	97.98	70,156	5,615,435	99.22
2013	4,589,635	4,474,610	97.49	71,454	4,546,064	99.05

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, 2022*.

CITY OF AVONDALE, ARIZONA
DIRECT AND OVERLAPPING NET LIMITED ASSESSED
PROPERTY VALUES AND TAX RATES
LAST TEN FISCAL YEARS

SCHEDULE 9

Overlapping Jurisdiction	2021-22	
	Net Limited Assessed Value for Tax Purposes	Total Tax Rate Per \$100 Net Limited Assessed Value for Tax Purposes
State of Arizona	\$ 74,200,233,397	None
Maricopa County	48,724,126,672	1.7722 (a)
Maricopa County Community College District	48,724,126,672	1.2257
Maricopa County Fire District Assistance Tax	48,724,126,672	0.0860
Maricopa County Special Health Care District	48,837,616,505	0.2970
Maricopa County Library District	48,724,126,672	0.0556
Maricopa County Flood Control District	44,882,715,452	0.1792
Central Arizona Water Conservation District	48,837,616,505	0.1400
Tolleson Elementary School District No. 17	238,881,927	4.3783
Liberty Elementary School District No. 25	340,654,928	4.1205
Avondale Elementary School District No. 44	531,806,142	4.2440
Littleton Elementary School District No. 65	310,115,890	5.4659
Litchfield Elementary School District No. 79	1,101,917,815	3.4950
Pendergast Elementary School District No. 92	406,256,852	5.8129
Agua Fria Union High School District No. 216	1,633,723,788	3.2998
Buckeye Union High School District No. 201	885,537,591	3.0759
Tolleson Union High School District No. 214	1,471,718,800	4.7335
Western Maricopa Education Center	18,045,628,311	0.1579
City of Avondale	493,207,192	1.4224

(a) Includes the "State Equalization Assistance Property Tax" which is levied by the County and has been set at \$0.4263 per \$100 Net Limited Assessed Property Value for fiscal year 2021-22. Such amount is adjusted annually pursuant to Arizona Revised Statutes, Section 41-1276.

Source: 2021 Property Tax Levy Book-Maricopa County Finance Department|State of AZ 2021 Tax Handbook-JLBC



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

	2013	2014	2015	2016
Retail	\$ 22,749,307	\$ 24,510,356	\$ 26,986,156	\$ 28,562,740
Construction	1,323,781	1,139,469	1,155,268	1,346,678
Real Estate & Rentals	3,909,022	4,025,883	4,278,607	4,280,205
Communication & Utilities	2,082,661	2,049,404	2,031,513	2,142,543
Restaurants & Bars	2,875,647	3,226,930	3,164,390	3,487,810
Amusement	616,874	666,567	679,671	734,094
Use Tax	235,002	278,274	340,492	346,127
Equipment Rental	579,379	665,089	739,617	805,719
All Others	311,003	318,829	385,657	430,470
Total	<u>\$ 34,682,676</u>	<u>\$ 36,880,801</u>	<u>\$ 39,761,371</u>	<u>\$ 42,136,386</u>

	Year-over-Year Increase (Decrease)			
Retail	8.7 %	7.7 %	10.1 %	5.8 %
Construction	(6.5)	(13.9)	1.4	16.6
Real Estate & Rentals	(5.4)	3.0	6.3	0.0
Communication & Utilities	2.0	(1.6)	(0.9)	5.5
Restaurants & Bars	6.7	12.2	(1.9)	10.2
Amusement	4.5	8.1	2.0	8.0
Use Tax	(6.0)	18.4	22.4	1.7
Equipment Rental	6.9	14.8	11.2	8.9
All Others	9.1	2.5	21.0	11.6
Total	<u>5.5 %</u>	<u>6.3 %</u>	<u>7.8 %</u>	<u>6.0 %</u>

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

Source: City records.

2017	2018	2019	2020	2021	2022
\$ 30,102,662	\$ 31,705,835	\$ 33,716,323	\$ 37,147,412	\$ 45,169,387	\$ 49,342,473
2,952,141	3,648,705	3,500,442	3,493,454	5,514,964	8,027,408
4,300,470	4,494,779	4,789,384	5,110,127	5,521,829	6,191,475
2,022,266	1,933,124	1,871,771	1,949,122	1,934,243	2,083,039
3,780,226	4,311,152	4,566,490	4,509,634	5,344,550	6,272,334
672,178	698,255	716,798	683,355	424,704	931,493
440,636	488,579	548,682	619,413	761,134	1,052,570
1,135,654	1,069,078	1,171,147	1,201,403	1,372,441	1,395,508
466,508	516,266	546,654	554,802	693,207	1,099,380
<u>\$ 45,872,741</u>	<u>\$ 48,865,773</u>	<u>\$ 51,427,691</u>	<u>\$ 55,268,722</u>	<u>\$ 66,736,459</u>	<u>\$ 76,395,680</u>

Year-over-Year Increase (Decrease)					
5.4 %	5.3 %	6.3 %	10.2 %	21.6 %	9.2 %
119.2	23.6	(4.1)	(0.2)	57.9	45.6
0.5	4.5	6.6	6.7	8.1	12.1
(5.6)	(4.4)	(3.2)	4.1	(0.8)	7.7
8.4	14.0	5.9	(1.2)	18.5	17.4
(8.4)	3.9	2.7	(4.7)	(37.9)	119.3
27.3	10.9	12.3	12.9	22.9	38.3
40.9	(5.9)	9.5	2.6	14.2	1.7
8.4	10.7	5.9	1.5	24.9	58.6
<u>8.9 %</u>	<u>6.5 %</u>	<u>5.2 %</u>	<u>7.5 %</u>	<u>20.7 %</u>	<u>14.5 %</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	Direct Placement Pledged Revenue Obligations	Leases and Financed Purchases ⁴
2022	\$ 53,609	\$ -	\$ -	\$ 29,336	\$ -	\$ 4,981
2021	35,375	-	-	7,779	9,553	3,824
2020	42,303	-	-	13,788	10,096	4,088
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

¹ Amounts above include 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 for personal income and population data.

⁴ Note: The provisions of Governmental Accounting Standards Board (GASB) Statement No.87 were adopted in fiscal year 2022. The standard replaces the previous capital and operating lease designations with financed purchases or leases depending on the substance of the transactions. The fiscal year 2013-2021 information within this column relates to the transactions previously designated as capital leases.

Source: City records.

Business-Type Activities¹						
Water and Sewer System Revenue Obligations	Municipal Development Corporation Bonds²	Pledged Revenue Refunding Obligations²	Total Primary Government	Percentage of Personal Income³	Per Capita³	
\$ 7,325	\$ -	\$ 205	\$ 95,456	1.73	1,034	
6,865	-	251	63,647	1.50	748	
8,465	-	412	79,152	1.94	936	
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	

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

SCHEDULE 12

Legal Debt Margin Calculation:					2017	2018	2019	2020	2021	2022
Net assessed					\$ 463,069,349	510,270,136	569,188,401	633,585,560	781,605,665	863,324,061
Debt limit (20% of assessed value):					92,613,870	102,054,027	113,837,680	126,717,112	156,321,133	172,664,812
Less amount of debt applicable to limit:										
General obligation bonds outstanding					22,085,000	21,740,000	31,543,099	29,541,849	27,535,799	35,806,804
Less cash available for repayment of general obligation debt					(218,803)	-	(2,345,992)	(2,683,477)	(2,269,880)	(3,381,132)
Total net debt applicable to the limit					21,866,197	21,740,000	29,197,107	26,858,372	25,265,919	32,425,672
Legal debt margin					70,747,673	80,314,027	84,640,573	99,858,740	131,055,214	140,239,140
	2013	2014	2015	2016²	2017²	2018²	2019²	2020²	2021²	2022²
Property Assessed Value ²	\$ 345,672,132	\$ 314,975,684	\$ 350,686,613	\$ 427,620,861	\$ 463,069,349	\$ 510,270,136	\$ 569,188,401	\$ 633,585,560	\$ 781,605,665	\$ 863,324,061
<u>20% Limitation</u>										
Debt limit	69,134,426	62,995,137	70,137,323	85,524,172	92,613,870	102,054,027	113,837,680	126,717,112	156,321,133	172,664,812
Net debt applicable to limit	30,530,000	27,730,000	25,880,000	24,315,000	21,866,197	21,740,000	29,197,107	26,858,372	25,265,919	32,425,672
Legal debt margin	\$ 38,604,426	\$ 35,265,137	\$ 44,257,323	\$ 61,209,172	\$ 70,747,673	\$ 80,314,027	\$ 84,640,573	\$ 99,858,740	\$ 131,055,214	\$ 140,239,140
Total net debt applicable to the limit as a percentage of debt limit	44.2%	44.0%	36.9%	28.4%	23.6%	21.3%	25.6%	21.2%	16.2%	18.8%
Legal Debt Margin Calculation:										
Net assessed valuation:					463,069,349	510,270,136	569,188,401	633,585,560	781,605,665	863,324,061
Debt limit (6% of assessed value):					27,784,161	30,616,208	34,151,304	38,015,134	46,896,340	51,799,444
Less amount of debt applicable to limit:										
General obligation bonds outstanding					225,000	-	8,396,901	8,153,151	7,839,201	16,254,727
Less cash available for repayment of general obligation debt					-	-	-	-	-	-
Total net debt applicable to the limit					225,000	-	8,396,901	8,153,151	7,839,201	16,254,727
Legal debt margin					27,559,161	30,616,208	25,754,403	29,861,983	39,057,139	35,544,717
<u>6% Limitation</u>										
Debt limit	\$ 20,740,328	\$ 18,898,541	\$ 21,041,197	\$ 25,657,252	\$ 27,784,161	\$ 30,616,208	\$ 34,151,304	\$ 38,015,134	\$ 46,896,340	\$ 51,799,444
Net debt applicable to limit	1,015,000	830,000	635,000	435,000	225,000	-	8,396,901	8,153,151	7,839,201	16,254,727
Legal debt margin	\$ 19,725,328	\$ 18,068,541	\$ 20,406,197	\$ 25,222,252	\$ 27,559,161	\$ 30,616,208	\$ 25,754,403	\$ 29,861,983	\$ 39,057,139	\$ 35,544,717
Total net debt applicable to the limit as a percentage of debt limit	4.9%	4.4%	3.0%	1.7%	0.8%	0.0%	24.6%	21.4%	16.7%	31.4%

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 year 2008, the State amended the law and moved streets and public safety to the 20% limitation from the 6% limitation.

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 value.

Source: Maricopa County Assessor and City records.



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

	2013	2014	2015	2016
Total operating revenues ¹	\$ 19,715,295	\$ 20,231,533	\$ 19,580,966	\$ 21,267,916
Total operating expenses ²	14,301,632	14,321,784	14,030,221	13,969,692
Net operating income	5,413,663	5,909,749	5,550,745	7,298,224
Other revenues (expenses)	376,262	928,994	1,560,864	3,791,014
Net revenues before debt service	<u>\$ 5,789,925</u>	<u>\$ 6,838,743</u>	<u>\$ 7,111,609</u>	<u>\$ 11,089,238</u>
Debt service ³	\$ 1,723,741	\$ 578,600	\$ 575,100	\$ 576,300
Debt service coverage	3.36	11.82	12.37	19.24

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 for additional detailed information on the City's long-term debt and pledged revenues.

Source: City records

2017	2018	2019	2020	2021	2022
\$ 23,838,505	\$ 25,588,712	\$ 26,769,958	\$ 26,289,355	\$ 33,071,240	\$ 27,449,938
14,413,815	13,875,307	12,239,449	13,505,847	16,461,157	16,598,218
9,424,690	11,713,405	14,530,509	12,783,508	16,610,083	10,851,720
4,186,861	4,491,307	4,277,594	6,212,953	21,417,272	19,178,512
<u>\$ 13,611,551</u>	<u>\$ 16,204,712</u>	<u>\$ 18,808,103</u>	<u>\$ 18,996,461</u>	<u>\$ 38,027,355</u>	<u>\$ 30,030,232</u>
\$ 1,166,883	\$ 1,347,593	\$ 1,281,404	\$ 1,140,234	\$ 1,113,615	\$ 577,000
11.66	12.02	14.68	16.66	34.15	52.05

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

Source	2013	2014	2015	2016
City sales tax	\$ 35,455,829	\$ 37,387,063	\$ 40,533,299	\$ 43,026,818
State sales tax	6,240,221	6,635,966	6,967,295	7,217,550
State revenue sharing	7,787,548	8,497,693	9,229,081	9,179,045
Utility and cable franchise fees	1,101,693	1,132,811	1,150,766	1,090,134
Licenses and permits	1,041,295	846,554	1,263,670	1,580,691
Fines and forfeitures	1,166,102	1,000,841	1,208,797	1,105,057
Totals	<u>\$ 52,792,688</u>	<u>\$ 55,500,928</u>	<u>\$ 60,352,908</u>	<u>\$ 63,199,295</u>

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

Source: City records.

2017	2018	2019	2020	2021	2022
\$ 46,288,365	\$ 49,355,518	\$ 52,003,028	\$ 55,933,503	\$ 67,417,939	\$ 78,352,718
7,402,225	7,970,742	8,467,056	8,884,163	10,431,529	12,598,955
9,871,106	10,265,600	10,175,417	11,099,709	12,566,568	11,730,210
1,135,350	1,256,448	1,223,385	1,136,532	1,181,424	1,106,972
2,652,563	3,202,591	2,795,566	3,353,121	5,488,086	6,950,003
937,816	1,095,068	1,102,503	993,526	1,129,334	1,113,661
<u>\$ 68,287,425</u>	<u>\$ 73,145,967</u>	<u>\$ 75,766,955</u>	<u>\$ 81,400,554</u>	<u>\$ 98,214,880</u>	<u>\$ 111,852,519</u>

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
2022	\$ 493,207,192	\$ 53,608,725	\$ 3,381,132	\$ 50,227,593	10.18 %	\$ 544
2021	462,085,095	39,630,996	2,269,880	37,361,116	8.09	439
2020	434,094,952	42,302,894	2,683,477	39,619,417	9.13	468
2019	398,288,948	44,784,665	2,345,992	42,438,673	10.66	514
2018	370,922,156	23,999,105	-	23,999,105	6.47	294
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

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 in Schedule 5 for property assessed valuation data.

³ See Demographics and Economic Statistics In Schedule 20 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* and city records.

CITY OF AVONDALE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

SCHEDULE 16

Governmental Unit	Debt Outstanding ²	Proportion Applicable to the City ³	
		Approximate Percent	Net Debt Amount
Overlapping debt—General obligation bonded debt:			
State of Arizona	None	0.66 %	None
Maricopa County	None	1.01	None
Maricopa County Community College District	\$ 184,715	1.01	\$ 1,866
Maricopa County Special Health Care District	88,905	1.01	898
Tolleson Elementary School District No. 17	20,855	11.04	2,302
Avondale Elementary School District No. 44	37,400	12.37	4,626
Littleton Elementary School District No. 65	46,755	58.87	27,525
Litchfield Elementary School District No. 79	37,130	8.64	3,208
Pendergast Elementary School District No. 92	49,950	30.33	15,150
Agua Fria Union High School District No. 216	115,060	9.85	11,333
Tolleson Union High School District No. 214	200,720	22.57	45,303
Western Maricopa Education Center District No. 402	130,195	2.73	3,554
Total overlapping repaid with property taxes			\$ 115,764
Direct debt—City of Avondale:			
General obligation bonded debt	53,609	100.00	\$ 53,609
Pledged revenue bonds	29,336	100.00	29,336
Leases and financed purchases	4,981	100.00	4,981
Total direct debt			\$ 87,926
Total Direct and Overlapping Debt			\$ 203,690

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 TEN CALENDAR YEARS**

SCHEDULE 17

Legal Availability (Acre-Feet)	2013	2014	2015	2016
Central Arizona Project (CAP) ²	5,416	5,416	5,416	5,416
Salt River Project (SRP) ³	15,950	15,950	16,030	15,364
City-owned wells ⁴	35,779	35,779	35,779	35,779
Reclaimed water delivered to City's underground storage facility (USF) ⁵	6,545	6,835	6,303	6,338
Underground Storage Facility (USF) ⁶	20,000	20,000	20,000	20,000
Volume Produced (Acre-Feet)				
Central Arizona Project (CAP) ⁷	5,416	5,416	5,380	5,416
Salt River Project (SRP) ⁸	6,482	6,204	3,712	5,855
City-owned wells ⁹	14,393	13,177	13,727	13,974
Reclaimed water delivered to City's underground storage facility (USF) ¹⁰	4,308	5,695	5,770	5,633
Underground Storage Facility (USF) ¹¹	10,790	11,936	9,533	11,471
Volume Produced (Gallons in Millions)				
Central Arizona Project (CAP)	1,765	1,765	1,753	1,765
Salt River Project (SRP)	2,112	2,022	1,210	1,908
City-owned wells	4,690	4,294	4,473	4,553
Reclaimed water delivered to City's underground storage facility (USF)	1,404	1,856	1,880	1,836
Underground Storage Facility (USF)	3,516	3,889	3,106	3,738

¹ 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 5,041 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 including service and recovery water.

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.

¹² Total of Legal Availability and Volume Produced have been removed to prevent misrepresentation

Source: City Public Works Department.

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

SCHEDULE 17

2017	2018	2019	2020	2021	2022
5,416	5,416	5,416	5,416	5,416	5,416
15,364	15,394	15,269	15,123	15,123	16,635
35,779	35,779	35,779	35,779	35,779	35,330
6,397	6,430	6,491	6,831	7,335	7,291
20,000	20,000	20,000	20,000	20,000	20,000
5,416	5,383	5,416	5,416	5,416	5,416
5,855	6,117	7,080	7,200	7,416	7,271
13,974	14,056	14,044	13,955	14,603	11,387
5,857	5,938	4,673	5,420	6,368	6,529
11,471	11,973	14,566	13,187	14,543	14,635
1,765	1,754	1,765	1,765	1,765	1,765
1,908	1,993	2,307	2,346	2,417	2,369
4,553	4,580	4,576	4,547	4,758	3,710
1,909	1,935	1,523	1,766	2,075	2,127
3,738	3,901	4,746	4,297	4,739	4,769

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

<u>Water System</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Water Sales ²				
Residential	\$ 7,499,382	\$ 7,628,120	\$ 7,267,073	\$ 8,049,255
Commercial	4,163,085	4,233,400	3,885,595	4,334,215
Total	<u>\$ 11,662,467</u>	<u>\$ 11,861,520</u>	<u>\$ 11,152,668</u>	<u>\$ 12,383,470</u>
Number of Water Customers ³				
Residential	20,719	20,804	21,053	21,260
Commercial ⁴	1,346	1,436	1,359	1,353
Total	<u>22,065</u>	<u>22,240</u>	<u>22,412</u>	<u>22,613</u>
Other Fees and Revenue				
Meter Installation	\$ 17,210	\$ 26,640	\$ 45,060	\$ 124,283
Turn-on Fees	479,091	479,471	455,755	425,777
Interest Earnings	81,571	66,008	148,629	126,072
Total	<u>\$ 577,872</u>	<u>\$ 572,119</u>	<u>\$ 649,444</u>	<u>\$ 676,132</u>
<u>Sewer System</u>				
Sewer Sales ²				
Residential	\$ 6,946,342	\$ 7,042,305	\$ 7,025,034	\$ 7,413,869
Commercial	793,124	842,036	885,157	916,321
Total	<u>\$ 7,739,466</u>	<u>\$ 7,884,341</u>	<u>\$ 7,910,191</u>	<u>\$ 8,330,190</u>
Number of Sewer Customers ³				
Residential	20,476	20,640	20,806	21,012
Commercial ⁴	1,288	1,295	1,296	1,280
Total	<u>21,764</u>	<u>21,935</u>	<u>22,102</u>	<u>22,292</u>
Other Fees and Revenue				
Tap Fees	\$ 9,900	\$ 15,600	\$ 23,400	\$ 72,300
Interest Earnings	57,036	54,127	58,242	40,392
Total	<u>\$ 66,936</u>	<u>\$ 69,727</u>	<u>\$ 81,642</u>	<u>\$ 112,692</u>

¹ This schedule has been presented to meet the City's ongoing debt disclosure requirements beginning in fiscal year 2011.

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 com

Source: City records.

SCHEDULE 18

2017	2018	2019	2020	2021	2022
\$ 8,677,097	\$ 9,324,192	\$ 9,017,975	\$ 9,738,920	\$ 10,678,546	\$ 10,162,304
5,255,829	5,589,036	5,051,352	5,546,702	6,745,053	6,177,708
<u>\$ 13,932,926</u>	<u>\$ 14,913,228</u>	<u>\$ 14,069,328</u>	<u>\$ 15,285,622</u>	<u>\$ 17,423,599</u>	<u>\$ 16,340,012</u>
26,032	25,954	22,136	22,258	26,146	26,973
1,343	1,352	1,228	1,468	1,377	1,516
<u>27,375</u>	<u>27,306</u>	<u>23,364</u>	<u>23,726</u>	<u>27,523</u>	<u>28,489</u>
\$ 135,593	\$ 132,060	\$ 58,040	\$ 139,789	\$ 352,917	\$ 612,932
457,448	414,507	391,277	340,153	340,270	371,119
208,814	411,330	713,287	831,870	612,124	463,934
<u>\$ 801,855</u>	<u>\$ 957,897</u>	<u>\$ 1,162,604</u>	<u>\$ 1,311,811</u>	<u>\$ 1,305,311</u>	<u>\$ 1,447,985</u>
\$ 8,081,505	\$ 8,573,843	\$ 9,176,311	\$ 9,033,194	\$ 9,461,739	\$ 9,794,964
894,066	966,950	992,668	1,029,349	999,338	1,240,460
<u>\$ 8,975,571</u>	<u>\$ 9,540,793</u>	<u>\$ 10,168,979</u>	<u>\$ 10,062,544</u>	<u>\$ 10,461,076</u>	<u>\$ 11,035,424</u>
25,187	25,261	24,999	25,024	25,751	26,285
618	631	653	641	658	698
<u>25,805</u>	<u>25,892</u>	<u>25,652</u>	<u>25,665</u>	<u>26,409</u>	<u>26,983</u>
\$ 81,143	\$ 80,400	\$ 30,000	\$ 71,500	\$ 227,016	\$ 372,450
60,775	129,569	265,385	324,991	237,864	278,882
<u>\$ 141,918</u>	<u>\$ 209,969</u>	<u>\$ 295,385</u>	<u>\$ 396,491</u>	<u>\$ 464,880</u>	<u>\$ 651,332</u>

mercial customers.

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

Statistics	2013	2014	2015	2016
General Obligation Bonds Outstanding	\$ 31,545,000	\$ 28,560,000	\$ 26,515,000	\$ 24,750,000
Water and Sewer System Revenue Obligations Outstanding	6,129,507	4,490,978	3,980,130	3,456,965
Excise Tax Revenue Bonded Debt Outstanding	472,585,492	45,479,021	41,559,868	37,263,034
Net Limited Assessed Property Value (formerly referred to as Primary Assessed Valuation)	344,925,286	311,630,868	327,955,701	337,158,512
Net Full Cash Assessed Value (formerly referred to as Secondary Assessed Valuation)	345,672,132	314,975,684	350,686,613	427,620,861
Estimated Net Full Cash Value	2,627,923,084	2,417,444,609	2,779,735,083	3,490,967,838

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

NOTES:

Estimated Net Full Cash Value is a formula that applies the ratio of assessed property not exempt from taxation to the Full Cash Value.

SCHEDULE 19

2017	2018	2019	2020	2021	2022
\$ 22,310,000	\$ 21,740,000	\$ 39,940,000	\$ 37,695,000	\$ 35,375,000	\$ 46,825,980
9,915,000	9,080,000	8,270,000	7,580,000	6,865,000	6,550,000
28,175,000	23,045,001	17,975,001	22,741,001	17,583,001	25,315,001
349,102,604	370,922,156	398,288,948	434,094,952	462,085,095	493,207,192
463,069,349	510,270,136	569,188,401	633,585,560	708,657,126	781,605,665
3,812,520,675	4,202,837,020	4,728,955,006	5,238,398,192	5,889,268,184	6,477,548,277

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

SCHEUDLE 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
2022	92,324	5,517,190	\$ 59,759	12,086	3.7 %	3.3 %
2021	85,108	4,230,208	49,704	12,122	7.4	7.1
2020	84,595	4,070,119	48,113	15,209	5.8	6.2
2019	82,605	3,780,418	45,765	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

¹ Per Capita Personal Income is based on data obtained from the U.S. Department of Commerce, Bureau of Economic Analysis for Maricopa County. Information provided is the most recently available at the time, which is two years prior to the fiscal year. 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 PRIOR**

SCHEDULE 21

Employer	2022			2013		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Amazon	1,030	1	5.18 %			%
City Of Avondale	720	2	3.62	355	5	1.06
Fry's Food Stores	490	3	2.46	-		
Maricopa County Community College District/Estrella	460	4	2.31	550	3	1.64
Akos	400	5	2.01			
Walmart	400	5	2.01	560	2	1.67
Costco Wholesale	390	6	1.96	150	8	0.45
Avondale Elementary School District #44	360	7	1.81	800	1	2.39
Tolleson Union High School District	340	8	1.71			
Agua Fria Union High School District 216	330	9	1.66	400	4	1.19
Earnhardt Auto Center	310	10	1.56			-
Littleton Elementary School District 65	310	10	1.56			
State of Arizona	280	11	1.41			
Home Depot	250	12	1.26	140	9	0.42
Larry H Miller Corp	230	13	1.16			
Vitamin Shoppe	210	14	1.06			
Sams Club	190	15	0.95			
Food City	180	16	0.90	-		
Penergast Elementary School District 92	170	17	0.85			
Macpie Llc	170	17	0.85			
Sunbridge Healthcare Corp.			-	200	6	0.60
Avondale Automotive Inc.			-	175	7	0.52
Universal Technical Institute			-	150	8	0.45
Earnhardt Auto Center			-	140	9	0.42
Avondale Nissan			-	90	10	0.27
Total	7,220		31.66 %	3,710		8.82 %

Source: 2021 Arizona COG/MPO Employer Database.

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

Function	2013	2014	2015	2016
General government				
City administration	9.00	9.00	11.00	10.00
Finance and budget	28.50	28.50	28.50	29.50
Other	28.00	40.00	40.00	45.50
Public safety				
Police				
Officers	133.00	124.00	127.00	128.00
Civilians	37.00	47.00	45.00	47.00
Fire				
Firefighters and officers	56.00	71.00	63.00	63.00
Civilians	3.00	3.00	11.00	12.00
City court	13.00	13.00	13.00	13.00
Office of public safety ¹				
Highways and streets ²	43.00	40.00	27.00	28.00
Economic and community development	9.00	4.00	4.00	4.00
Health and welfare ³	17.00	19.75	10.00	10.00
Culture and recreation ³	33.00	28.25	33.00	26.25
Community Services ³				
Streets and transportation ²				
Sanitation	22.00	18.00	35.75	36.75
Water resources	33.13	35.13	33.14	33.14
Sewer	20.87	20.87	21.11	21.11
Total	<u>485.50</u>	<u>501.50</u>	<u>502.50</u>	<u>507.25</u>

¹ In fiscal year 2021 - 22, Office of Public Safety was established . A component of Highways and streets was merged into Office of public safety

² In fiscal year 2021 - 22 , Function Highways and streets was discontinued. A new function Streets and transportation was created. A portion of Highway and streets was merged to function Streets and transportation, a portion was merged to Public safety and the rest of was combined with function Economic and community development

In fiscal year 2021 - 22, Functions Health and welfare and Culture and recreation were merged into function

³ Community services

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

SCHEDULE 22

2017	2018	2019	2020	2021	2022
10.00	10.00	10.00	10.00	12.50	11.00
29.50	29.50	30.50	32.50	34.00	36.00
40.50	33.00	33.00	44.50	45.00	68.00
128.00	134.00	138.00	149.00	160.00	144.50
54.00	50.00	48.00	53.00	57.00	83.50
65.00	64.00	64.00	64.00	64.00	80.00
10.00	13.00	13.00	14.00	15.00	17.00
13.00	14.00	14.00	14.00	14.00	14.00
					20.00
38.25	47.90	49.90	51.90	63.40	
4.00	4.00	5.00	5.00	6.00	49.00
24.50	22.50	22.50	40.25	40.25	
27.75	27.75	34.75	33.50	35.00	
					87.05
					28.25
20.25	20.50	21.50	21.50	22.00	26.75
34.50	33.80	33.80	33.30	35.30	37.00
21.50	21.80	21.80	22.30	22.30	23.00
<u>520.85</u>	<u>525.75</u>	<u>539.75</u>	<u>588.75</u>	<u>625.75</u>	<u>725.05</u>

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

Function	2013	2014	2015	2016
Police				
Calls for service	80,901	73,718	76,687	74,491
Citations	6,461	4,930	7,165	5,238
Physical arrests	3,727	3,792	4,635	4,418
Fire				
Number of emergency responses	8,307	8,471	9,861	10,004
Inspections	3,286	3,265	3,529	3,384
Number of fires extinguished	233	245	416	557
Sanitation				
Refuse collected (tons per day)	133	134	143	145
Recyclables collected (tons per day)	44	46	47	47
Water				
Connections	23,839	23,058	23,150	24,560
Water mains breaks	13	6	7	9
Average daily consumption (thousands of gallons)	13,694	13,835	12,849	12,863
Wastewater				
Average daily sewage treatment (thousands of gallons)	5,740	6,092	5,810	5,627

Source: City departments.

2017	2018	2019	2020	2021	2022
76,704	69,878	67,581	67,656	65,787	72,009
2,497	2,964	3,148	2,928	2,677	3,317
4,355	4,186	3,431	3,384	1,247	1,182
10,578	11,532	10,670	11,226	12,373	14,470
2,151	2,422	2,516	1,349	703	1,367
403	403	1,361	393	409	384
146	146	147	164	181	183
49	49	49	52	60	45
27,375	27,306	24,287	24,203	25,128	26,149
-	-	6	1	1	-
13,698	13,497	11,867	14,767	12,326	11,512
5,718	5,711	5,741	5,860	6,370	6,602

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

Function	2013	2014	2015	2016
Public Safety				
Police:				
Stations	5	5	5	5
Patrol units	101	102	107	108
Fire stations				
Stations	3	4	4	4
Fire trucks	8	9	10	10
Fire vehicles (excl. fire trucks)	14	18	12	12
Sanitation				
Collection trucks	20	17	22	19
Highways and streets				
Streets (miles)	286	294	294	266
Streetlights	7,829	7,829	7,843	7,958
Traffic signals	46	47	47	48
Culture and recreation				
Parks acreage	265	265	265	265
Parks	11	11	11	11
Racquetball courts	0	0	0	0
Basketball courts	18	18	18	18
Volleyball courts	0	0	2	2
Baseball fields	4	4	4	4
Softball fields	7	7	7	7
Soccer fields	14	14	14	12
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	15
Football Fields	1	1	1	1
Splash Pad	0	0	0	1
Pickleball Courts	0	0	0	4
Water				
Number of service connections	23,839	23,058	23,150	23,276
Water mains (miles)	330	450	451	444
Fire hydrants	2,719	2,728	2,733	2,733
Sewer				
Number of service connections	21,979	22,042	22,125	22,130
Sanitary sewers (miles)	235	237	237	237
Storm sewers (miles)	39	60	60	58
Wastewater				
Treatment plants	1	1	1	1

¹ Indicators are not available for the general government function.

Source: City departments.

2017	2018	2019	2020	2021	2022
5	5	5	5	5	5
116	111	113	110	110	156
4	4	4	4	5	5
10	11	11	11	14	14
18	14	19	17	26	23
19	18	18	18	22	23
283	261	309	323	331	291
7,964	7,964	8,113	8,114	8,787	11,000
47	49	48	49	49	51
265	265	310	150	150	191
11	11	11	10	10	12
0	0	0	0	0	0
18	18	20	11	11	12
2	2	2	2	2	2
4	4	6	6	6	10
7	7	7	5	5	5
12	12	12	9	9	10
0	0	0	0	0	0
2	2	2	2	2	3
1	1	1	1	1	1
1	1	2	2	2	3
8	8	9	10	12	15
2	2	2	2	2	3
15	15	20	24	24	30
1	1	1	1	1	1
1	1	2	2	2	4
4	4	8	4	4	8
23,610	24,259	24,287	24,203	25,128	26,149
335	444	448	338	321	349
2,831	2,752	2,764	2,848	2,892	2,903
22,683	22,162	22,199	23,013	23,491	23,636
243	243	243	243	243	243
58	35	36	36	36	37
1	1	1	1	1	1



March 29, 2023

To the City Council
City of Avondale, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Avondale, Arizona (City) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Avondale, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 1 of the financial statements, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. GASB Statement No. 87 increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The City's analysis of contracts and agreements in effect at the beginning of the year resulted in no changes to beginning balances reported in the financial statements due to the implementation of this standard.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole. The specific details of the material misstatements detected as a result of our audit procedures are included in the Single Audit Reporting Package.

In addition, as part of the professional services we provided to the City we assisted with the preparation of the financial statements, the notes to financial statements, and the SEFA and related notes as well as the Data Collection Form submission to the Federal Audit Clearinghouse. In providing these services we prepared adjusting journal entries necessary to convert the accounting records to the basis of accounting required by generally accepted accounting principles. Those adjusting journal entries have been provided to management who reviewed and approved those entries and accepted responsibility for them.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the “Independence Rule” of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related factors, as well as the active involvement by management and the members of the governing body in setting the proper “tone at the top”, increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued

In addition to the auditor’s report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Report
- Examination report on the Annual Expenditure Limitation Report
- Highway Users Revenue Fund Report

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Avondale, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. Is ongoing anti-fraud training provided to all employees of the organization?

- Do employees understand what constitutes fraud?
- Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
- Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
- Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. Is an effective fraud reporting mechanism in place?

- Have employees been taught how to communicate concerns about known or potential wrongdoing?
- Is there an anonymous reporting channel available to employees, such as a third-party hotline?
- Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
- Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
- Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?

- Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
- Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
- Are surprise fraud audits performed in addition to regularly scheduled audits?
- Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

- 4. Is the management climate/tone at the top one of honesty and integrity?**
 - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
 - Are performance goals realistic?
 - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
 - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?
- 5. Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**
- 6. Are strong anti-fraud controls in place and operating effectively, including the following?**
 - Proper separation of duties
 - Use of authorizations
 - Physical safeguards
 - Job rotations
 - Mandatory vacations
- 7. Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**
- 8. Does the hiring policy include the following (where permitted by law)?**
 - Past employment verification
 - Criminal and civil background checks
 - Credit checks
 - Drug screening
 - Education verification
 - References check
- 9. Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**
- 10. Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**
- 11. Are anonymous surveys conducted to assess employee morale?**

July 19, 2022

Honorable Mayor, Members of the City Council, and Management
City of Avondale
11465 West Civic Center Dr.
Avondale, AZ 85323

We are pleased to confirm our understanding of the services we are to provide for City of Avondale, Arizona (City) for the year ended June 30, 2022. We encourage you to read this letter carefully as it includes important information regarding the services we will be providing to the City. If there are any questions on the content of the letter, or the services we will be providing, we would welcome the opportunity to meet with you to discuss this information further.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of City of Avondale, Arizona as of and for the year ended June 30, 2022. We have also been engaged to report on supplementary information that accompanies the City's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, we will provide an opinion on it in relation to the basic financial statements as a whole:

1. Schedule of expenditures of federal awards
2. Combining and individual fund financial statements and schedules

Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI) to supplement the City's basic financial statements. Such information, although not 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. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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.

The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison schedules
3. GASB-required pension and other post-employment benefits schedules

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

1. Other information included with the audited financial statements such as the transmittal letter and statistical data

In addition, we will perform the necessary procedures to issue the applicable report for the following.

1. Examination report on the Annual Expenditure Limitation Report
2. Examination report on compliance for highway user revenue fund monies in accordance with ARS §9-481(B)(2)

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. We will also report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the basic financial statements taken as a whole.

An important aspect to our expression of opinions on the financial statements is understanding the concept of materiality. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. In this context, it is reasonable for us to assume that users –

1. have a reasonable knowledge of business and economic activities and accounting principles, and a willingness to study the information in the financial statements with reasonable diligence;
2. understand that financial statements are prepared, presented, and audited to levels of materiality;
3. recognize the uncertainties inherent in the measurement of amounts based on the use of estimates, judgment, and the consideration of future events; and
4. make reasonable economic decisions on the basis of the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with auditing standards generally accepted in the United States of America, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in the financial statements nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the City and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts. Our procedures will also include, as deemed necessary, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request, if deemed necessary, written representations from the City's attorneys as part of the engagement, and they may bill you for responding to this inquiry.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion in our report on internal control issued pursuant to *Government Auditing Standards*. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the City has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the *OMB Compliance Supplement*, our compliance and internal control procedures will relate to the compliance requirements that the *OMB Compliance Supplement* identifies being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Reporting

We will issue a written report upon completion of our audit of City of Avondale, Arizona's financial statements. Our report will be addressed to the Governing Board of the City. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We will issue written reports on –

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Nonaudit Services

As part of the audit, we will assist with preparation of your financial statements, notes to the financial statements, and supplementary information, including the schedule of expenditures of federal awards. In addition, we will assist with the completion of the auditee section of the data collection form to be submitted to the General Services Administration. You have expressed your intention to use these nonaudit services within the scope of your request for proposal for audit services. These nonaudit services do not constitute an audit and such services will not be conducted in accordance with *Government Auditing Standards*.

Upon engagement of the audit we will utilize the general ledger, accounting records, City prepared schedules and other information provided by City personnel in order to prepare the necessary year-end adjusting journal entries and to prepare drafts of the financial statements, notes to the financial statements, and the supplementary information. You are responsible for the information provided by the City and for assuming all management responsibilities related to the financial statements, notes to the financial statements, supplementary information, data collection form, and the nonaudit services we provide. You are also responsible for designing, implementing, and maintaining internal controls over the financial statements process. Prior to their issuance you will be required to acknowledge in the management representation letter that you have reviewed and approved the financial statements and acknowledge that you have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee the nonaudit services we provide; evaluate the adequacy and results of these nonaudit services; and accept responsibility for the nonaudit services.

As the City's independent auditor, professional standards place specific requirements on our provision of certain nonaudit services. We are strictly prohibited from assuming management responsibilities or making management decisions; therefore, the nonaudit services we provide are limited to those indicated above. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities or making management decisions. Accordingly, to maintain our independence it is imperative that management understand its responsibilities and is capable of fulfilling these responsibilities. If there are any questions or concerns regarding management's responsibilities or ability to fulfill these responsibilities we request that you immediately contact us so that we may assess the circumstance and our continued independence with respect to providing audit services.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is also responsible for making all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; (3) other information as needed to perform an audit under *Government Auditing Standards*; (4) and unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; the schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Management's responsibilities also include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, including the preparation of the schedule of expenditures of federal awards in accordance with the requirements of the Uniform Guidance.

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported.

Management is responsible for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review prior to issuance of our reports.

Management is required to disclose in the financial statements the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of your management representation letter.

Management is responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or to make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in a written representation letter that (1) you are responsible for presentation of supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Our tests will not include a detailed check of all transactions for the period.

We have identified the following significant risks of material misstatement as part of our audit planning:

1. Management override of controls
2. Improper revenue recognition

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We began our audit in April 2022 and conclude audit procedures and date our report in November 2022.

Our audit of the financial statements does not relieve you of your responsibilities outlined in the *Responsibilities of Management for the Financial Statements* section of this letter.

Use of Third-Party Service Providers

We maintain internal policies, procedures, and safeguards to protect the confidentiality of your information. We may, depending on the circumstances, use third-party service providers in providing our professional services. The following service providers may be utilized in the completion of our engagement:

- Capital Confirmation, Inc. – electronic bank and account balance confirmation service
- Citrix ShareFile – web-based application service to transfer files
- CCH Engagement Organizer – web-based application service to transfer files
- Harvest Investments, Ltd. – investment portfolio valuation service

You hereby consent and authorize us to use the above service providers, if deemed necessary, to complete the professional services outlined in this letter.

Engagement Administration, Fees, and Other

Brittney Williams is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the General Services Administration. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

The audit documentation for this engagement is the property of Heinfeld, Meech & Co., P.C., and constitutes confidential information. However, we may be requested to make certain audit documentation available to a cognizant or oversight agency or its designee, a federal agency providing direct or indirect funding, the U.S. Government Accountability Office, or other authorized governmental agency for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date, or for any additional period requested by a regulator, cognizant agency, oversight agency for audit, or pass-through entity. Upon expiration of the seven year period, or any additional period, we will commence the process of destroying the contents of our engagement files. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are required to respond to a subpoena, court order or other legal process for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate us at our hourly rates, for the time we expend in connection with such response, and to reimburse us for all of our out-of-pocket costs incurred in that regard.

Any disagreement, controversy, or claim ("dispute") that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between us. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("limitation period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery. The limitation period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Professional standards prohibit auditors from agreeing to indemnify attest clients for damages, losses or costs arising from lawsuits, claims or settlements that relate, directly or indirectly, to the client's acts. As such, professional standards will prevail for indemnification clauses included in audit contracts. In addition, we are unable to obtain waivers on our professional liability insurance policy for certain provisions, including indemnification provisions, provisions requiring the firm to name the City as an additional insured party, and a waiver of subrogation rights.

Professional standards require us to be independent with respect to you in the performance of these services. Any discussion that you have with our personnel regarding potential employment with you could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence and objectivity. Further, any employment offers to any staff members working on this engagement without our prior knowledge may require substantial additional procedures to ensure our independence. You will be responsible for any additional costs incurred to perform these procedures.

Our fee for these services will be at the amount outlined in our proposal. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fees are based on anticipated cooperation from your personnel, timely receipt of information, and the assumption that unexpected circumstances will not be encountered during the audit, including factors beyond our control, such as new accounting pronouncements or legal requirements, additional consultation, and assistance in correcting errors in your financial records. We will plan the engagement based on the assumption that your personnel will prepare and provide us with the items listed in our request for audit information, including preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Additional fees incurred will be billed at the following hourly rates: Partner - \$260; Manager - \$195; Senior - \$150; Staff - \$105.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2021 peer review report accompanies this letter.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. Please feel free to contact us at any time if you have any questions or concerns. If you have any questions regarding this letter, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Maggie Lam, CPA, Accounting Manager

RESPONSE

Please indicate the name of the individual responsible for overseeing the nonaudit services of preparing the year-end adjusting journal entries and the preparation of the financial statements:

Name: Maggie Lam

This letter correctly sets forth the understanding of City of Avondale, Arizona.

Printed Name: Renee Weatherless

Title: Finance & Budget Director

Signature: Renee Weatherless

Date: 07/20/2022

Report on the Firm's System of Quality Control

August 31, 2021

To Heinfeld, Meech & Co., P.C. and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. (the firm) in effect for the year ended May 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

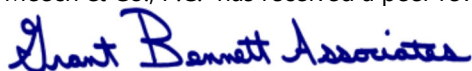
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Heinfeld, Meech & Co., P.C. in effect for the year ended May 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Heinfeld, Meech & Co., P.C. has received a peer review rating of *pass*.



GRANT BENNETT ASSOCIATES
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Together as One. Grant Bennett Associates is a Member of the Alliott Global Alliance of independent professional firms.

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Avondale, Arizona (City), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures of the City of Avondale, Arizona, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the disclosures (collectively the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
9. The effects of all known actual or possible litigation, claims, and assessments have been evaluated, and if necessary, have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.
16. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. If applicable, we have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
24. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
25. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.
26. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

27. With respect to your compliance examination of highway user revenue fund monies and other dedicated state transportation revenues, we represent the following:
- we are responsible for compliance with A.R.S. Title 28, Chapter 18, Article 2; and for establishing and maintaining effective internal controls to ensure compliance.
 - we have disclosed to you all known noncompliance with the aforementioned statutes and related requirements.
 - we have disclosed to you all communications from regulatory agencies, internal auditors, other independent accountants or consultants, and others regarding possible noncompliance with the aforementioned statutes and related requirements.
28. We have appropriately disclosed all information for conduit debt obligations in accordance with U.S. GAAP.
29. We have identified and disclosed to you all instances of identified fraud and suspected fraud that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
30. We have identified and disclosed to you all instances of identified noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
31. We have identified and disclosed to you all instances of identified abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
32. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
33. We understand that in addition to your audit, you prepared the adjusting journal entries necessary to convert our accounting records to the basis of accounting required by generally accepted accounting principles. We acknowledge that we have reviewed and approved those entries and accepted responsibility for the adjusting journal entries.
34. In addition to your audit, you assisted with preparation of the financial statements, notes to the financial statements, the schedule of expenditures of federal awards, and the data collection form. We acknowledge our responsibility as it relates to those nonaudit services, including that
- we assume all management responsibilities;
 - oversee the nonaudit services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience;
 - evaluate the adequacy and results of the nonaudit services performed;
 - and accept responsibility for the results of the nonaudit services.

35. We have reviewed, approved, and accepted responsibility for the financial statements, notes to the financial statements, the schedule of expenditures of federal awards, and the data collection form on which you have assisted with the preparation.
36. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
37. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
38. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
39. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
40. The financial statements include all fiduciary activities required by U.S. GAAP.
41. The financial statements properly classify all funds and activities in accordance with U.S. GAAP.
42. All funds that meet the quantitative criteria for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.
43. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
44. Investments are properly valued.
45. With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
46. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
47. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.

48. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
49. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.
50. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
51. Special and extraordinary items, if any, are appropriately classified and reported.
52. Deposits and investment securities are properly classified as to risk and are properly disclosed.
53. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
54. We have identified and disclosed to you all contracts, agreements, and transactions that result in leases for financial reporting purposes. Leases have been properly recorded and disclosed in the notes to the financial statements.
55. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
56. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
57. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
58. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
59. With respect to the supplementary information presented, such as the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards.

- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
60. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

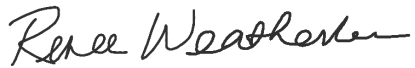
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, if any.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

- bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We have reviewed the drafts of the financial statements and related notes and believe the amounts are properly presented based on the books and records of our City. We hereby take responsibility for the financial statements and authorize Heinfeld, Meech & Co., P.C. to issue the reports in final form and to distribute to those parties as outlined in the contract.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.



03/29/2023

Renee Weatherless, Finance & Budget Director
City of Avondale, Arizona

Date



03/28/2023

Maggie Lam, Accounting Manager
City of Avondale, Arizona

Date

CITY OF AVONDALE, ARIZONA
MAJOR GOVERNMENTAL FUND - GENERAL FUND
PASSED ADJUSTING JOURNAL ENTRIES
JUNE 30, 2022

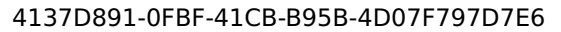
W/P REF	PAJE	DESCRIPTION	DR	CR
1634	P100	Sales Tax Revenue	1,159,544	
		Beginning Fund Balance		1,159,544
		To properly state beginning fund balance for an unrecorded receivable.		
		Total Adjustments:	1,159,544	1,159,544

CITY OF AVONDALE, ARIZONA
MAJOR GOVERNMENTAL FUND - DEDICATED SALES TAX REVENUE FUND
PASSED ADJUSTING JOURNAL ENTRIES
JUNE 30, 2022

W/P REF	PAJE	DESCRIPTION	DR	CR
1634	P200	Sales Tax Revenue	260,688	
		Beginning Fund Balance		260,688
		To properly state beginning fund balance for an unrecorded receivable.		
		Total Adjustments:	260,688	260,688

CITY OF AVONDALE, ARIZONA
MAJOR GOVERNMENTAL FUND - PUBLIC SAFETY SALES TAX REVENUE FUND
PASSED ADJUSTING JOURNAL ENTRIES
JUNE 30, 2022

W/P REF	PAJE	DESCRIPTION	DR	CR
1634	P300	Sales Tax Revenue	260,688	
		Beginning Fund Balance		260,688
		To properly state beginning fund balance for an unrecorded receivable.		
		Total Adjustments:	260,688	260,688



SIGNERS

AUDITS

TIMESTAMP	AUDIT
03/28/2023 19:24 EDT	Jared Young (jared.young@hm.cpa) created document 'general_representation_letter_fy22_avondale_city.pdf' on Chrome via Windows from 68.98.93.126.
03/28/2023 19:24 EDT	Maggie Lam (mlam@avondaleaz.gov) was emailed a link to sign.
03/28/2023 19:24 EDT	Maggie Lam (mlam@avondaleaz.gov) viewed the document on Chrome via Windows from 165.225.34.106.
03/28/2023 19:25 EDT	Maggie Lam (mlam@avondaleaz.gov) viewed the document on Chrome via Windows from 34.236.183.157.
03/28/2023 19:26 EDT	Maggie Lam (mlam@avondaleaz.gov) viewed the document on Chrome via Windows from 38.132.96.57.
03/28/2023 19:31 EDT	Maggie Lam (mlam@avondaleaz.gov) authenticated via email on Chrome via Windows from 165.225.34.169.
03/28/2023 19:31 EDT	Maggie Lam (mlam@avondaleaz.gov) signed the document on Chrome via Windows from 165.225.34.169.
03/28/2023 19:31 EDT	Renee Weatherless (rweatherless@avondaleaz.gov) was emailed a link to sign.
03/29/2023 08:17 EDT	Renee Weatherless (rweatherless@avondaleaz.gov) viewed the document on Microsoft Edge via iOS from 174.73.225.175.
03/29/2023 08:17 EDT	Renee Weatherless (rweatherless@avondaleaz.gov) viewed the document on Microsoft Edge via iOS from 52.70.84.85.
03/29/2023 08:40 EDT	Renee Weatherless (rweatherless@avondaleaz.gov) authenticated via email on Microsoft Edge via iOS from 174.73.225.175.
03/29/2023 08:40 EDT	Renee Weatherless (rweatherless@avondaleaz.gov) signed the document on Microsoft Edge via iOS from 174.73.225.175.

INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the City of Avondale, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City, were used solely for authorized transportation purposes during the fiscal year ended June 30, 2022. Management is responsible for the City's compliance with those specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Avondale, Arizona complied, in all material respects, with the aforementioned requirements for the fiscal year ended June 30, 2022.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 29, 2023



City of Avondale, Arizona
Single Audit Report
Year Ended June 30, 2022

**CITY OF AVONDALE, ARIZONA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Avondale, Arizona, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Avondale, Arizona's basic financial statements, and have issued our report thereon dated March 29, 2023. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Avondale, Arizona's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Avondale, Arizona's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Avondale, Arizona's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

March 29, 2023

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Avondale, Arizona's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Avondale, Arizona's major federal programs for the year ended June 30, 2022. City of Avondale, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Avondale, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Avondale, Arizona and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Avondale, Arizona's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Avondale, Arizona's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Avondale, Arizona's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about City of Avondale, Arizona's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Avondale, Arizona's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Avondale, Arizona's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Avondale, Arizona's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Avondale, Arizona as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Avondale, Arizona's basic financial statements. We issued our report thereon dated March 29, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 29, 2023

CITY OF AVONDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218				\$800,155	\$1,174,106	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,174,106
COVID-19 - COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-17-049-3-04, C-22-20-033-3-00	\$373,951	\$1,174,106	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,174,106
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239				\$90,000	\$90,000	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$1,264,106</u>			
DEPARTMENT OF THE INTERIOR								
OUTDOOR RECREATION_ACQUISITION, DEVELOPMENT AND PLANNING	15.916		ARIZONA DEPARTMENT OF STATE PARKS AND TRAILS	P21AP11634-00	\$577,216	\$577,216	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR					<u>\$577,216</u>			
DEPARTMENT OF JUSTICE								
COVID-19 - CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19	ARIZONA DEPARTMENT OF PUBLIC SAFETY	2018-V2-GX-0012	\$25,463	\$25,463	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575				\$295,710	\$295,710	N/A	\$0
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607				\$11,100	\$11,100	N/A	\$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738				\$14,038	\$14,038	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$346,311</u>			
DEPARTMENT OF TRANSPORTATION								
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2021-OP-002	\$3,879	\$3,879	HIGHWAY SAFETY CLUSTER	\$27,462
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2021-405D-005	\$2,594	\$23,583	HIGHWAY SAFETY CLUSTER	\$27,462
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2022-405D-005	\$20,000	\$23,583	HIGHWAY SAFETY CLUSTER	\$27,462
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY	2020-CIOT-001, 2021-CIOT-001	\$989	\$23,583	HIGHWAY SAFETY CLUSTER	\$27,462
TOTAL DEPARTMENT OF TRANSPORTATION					<u>\$27,462</u>			
DEPARTMENT OF TREASURY								
COVID-19 - EMERGENCY RENTAL ASSISTANCE PROGRAM	21.023	COVID-19	MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-17-001-8	\$287,886	\$287,886	N/A	\$0
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19			\$1,439,741	\$1,439,741	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$1,727,627</u>			
INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES								
GRANTS TO STATES	45.310		ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS	2020-0260-CITSCI-01	\$1,152	\$25,779	N/A	\$0
COVID-19 - GRANTS TO STATES	45.310	COVID-19	ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS	2021-ARPA-04	\$4,000	\$25,779	N/A	\$0

COVID-19 - GRANTS TO STATES	45.310	COVID-19	ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS	2021-0010-CAP-02	\$20,627	\$25,779	N/A	\$0
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES					<u>\$25,779</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_ GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044		AREA AGENCY ON AGING, REGION ONE, INC.	2022-07-AVO	\$18,200	\$60,806	AGING CLUSTER	\$290,783
COVID-19 - SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART B_ GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	COVID-19	AREA AGENCY ON AGING, REGION ONE, INC.	2022-07-AVO	\$42,606	\$60,806	AGING CLUSTER	\$290,783
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_ NUTRITION SERVICES	93.045		AREA AGENCY ON AGING, REGION ONE, INC.	2022-07-AVO	\$146,211	\$217,325	AGING CLUSTER	\$290,783
COVID-19 - SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_ NUTRITION SERVICES	93.045	COVID-19	AREA AGENCY ON AGING, REGION ONE, INC.	2022-07-AVO	\$71,114	\$217,325	AGING CLUSTER	\$290,783
NUTRITION SERVICES INCENTIVE PROGRAM	93.053		AREA AGENCY ON AGING, REGION ONE, INC.	2022-07-AVO	\$12,652	\$12,652	AGING CLUSTER	\$290,783
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558		MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-17-001-8	\$7,952	\$7,952	N/A	\$0
LOW-INCOME HOME ENERGY ASSISTANCE	93.568		MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-17-001-8	\$185,834	\$185,834	N/A	\$0
COMMUNITY SERVICES BLOCK GRANT	93.569		MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-19-037-3-03	\$107,500	\$114,530	N/A	\$0
COMMUNITY SERVICES BLOCK GRANT	93.569		MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-17-001-8	\$7,030	\$114,530	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.667		MARICOPA COUNTY HUMAN SERVICES DEPARTMENT	C-22-17-001-8	\$28,721	\$28,721	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$627,820</u>			
DEPARTMENT OF HOMELAND SECURITY								
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	20-AZDOHS-HSGP-200800-01	\$60,163	\$60,163	N/A	\$0
STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083				\$1,134,558	\$1,134,558	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u>\$1,194,721</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u><u>\$5,791,042</u></u>			

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

CITY OF AVONDALE, ARIZONA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2021 - 6/30/2022

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Avondale, Arizona under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**CITY OF AVONDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No

**CITY OF AVONDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Finding Number: FS-2022-001

Repeat Finding: No

Type of Finding: Significant Deficiency

Description: Financial Reporting

CRITERIA

Management is responsible for establishing and maintaining internal controls to ensure the City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Controls should include a closing process of the accounting records to ensure all activity has been recorded and properly presented.

CONDITION

Internal controls did not operate as designed to ensure all necessary closing adjustments were posted or properly recorded in the accounting records.

CAUSE

The City implemented a new accounting and enterprise resource planning system during the fiscal year. The migration and mapping of information into the system along with integration of internal controls to compliment the new system took more time and resources than anticipated. The Finance and Budget Department also experienced turnover of key senior accountant positions that managed different elements of the accounting records closing process.

EFFECT

Audit adjustments were necessary to properly state the City's financial statements.

CONTEXT

The following items were noted during review of the City's accounting records:

- Bond premium amortization was not recorded for the Wastewater Fund.
- The reconciliation for the Operating Bank Account had an immaterial unreconciled difference of \$229,912 at year end.
- A receivable of \$727,985 was not recorded within the Employee Benefits Fund for reserves that will be remitted from a prior health insurance plan.
- The net pension liability for the City's ASRS plan was not allocated properly between governmental activities and the proprietary funds.
- Prior year city sales tax distributions were incorrectly recorded in the fiscal year.
- Beginning accounts receivable and taxes receivable balances were not fully reconciled after migration into the accounting system. As a result, there were immaterial unsubstantiated balances in the General Fund.
- The trial balance was not closed timely. Journal entries were posted as late as February 2023 to properly state the financial statements.

**CITY OF AVONDALE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Finding Number: FS-2022-001

RECOMMENDATION

The City should ensure the internal controls are properly designed and operating effectively to ensure the financial statements are presented in accordance with GAAP.

VIEWS OF RESPONSIBLE OFFICIALS

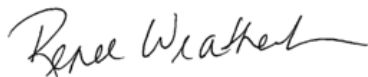
See Corrective Action Plan.

March 29, 2023

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The names of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,



Renee Weatherless
Director of Finance and Budget

**CITY OF AVONDALE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2022-001

Contact Person: Maggie Lam, Accounting Manager

City's Response

The City agrees with the recommendation and will ensure the internal controls are properly designed and operating effectively to ensure financial statements are presented in accordance with GAAP. As noted in the finding, the primary cause of the finding was the implementation of a new accounting and enterprise resource planning system. Fiscal year 2022 was the first year using this new system. Additionally, both of City's experienced senior accountants left the city. Their expertise in the more complex closing processes was greatly missed. Below you will find the City's corrective action plan and specific responses to the items noted during review of the City's accounting records.

Corrective Action Plan

General – The City has learned more about the new financial system during the process of preparing the financial statements and performing the year end processes. Chart of account elements have been updated to facilitate a smoother process that will avoid the errors and delays of the first year using the system. The city has also replaced both senior accountants and has improved cross-training and documentation of duties.

Completion Date: Done, March 2023

Specific Items:

- **Bond premium amortization** – Accounting will review and ensure all bond premium amortization are entered at year end. This task has been added to the year-end checklist, including the specification of the impacted funds.

Completion Date: August 2023

- **Operating Bank Account Reconciliation** – The city has updated the monthly bank reconciliation procedure to ensure the city to identify and resolve any discrepancies between bank and financial records. The city will continue to research the unreconciled difference and will make the appropriate corrective entries in fiscal year 2023.

Completion Date: August 2023

- **Employee Benefits Fund receivable accrual** – The prior health insurance plan reserve was a one-time entry; the account receivable was adjusted in FY2022 and continue to be carried until the city receives the refund (est. Feb 2024). Accounting will include receivables and liabilities evaluation in the Employee Benefit Fund as one of the city's year end procedures to ensure all accruals are properly recorded at year end.

Completion Date: Done, January 2023

- **Net Pension Liability** – The allocation of net pension liability for FY2022 was corrected. Additionally, accounting has included pension liability evaluation as one of the city's year end procedures to ensure any pension liability adjustments are updated accordingly at year end.

Completion Date: Done, January 2023

**CITY OF AVONDALE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

- **Accounts receivables and Taxes receivables** – Receivables accounts were not mapped correctly during the transition of financial systems which caused the discrepancies. Accounting will work with Revenue Division to reconcile the accounts receivables and tax receivables and modify the GL balances to correct the discrepancies.
Completion Date: June 2023
- **Trial balance closing delay** – Accounting has identified the year end process that took extended amount of time to complete and updated our current work procedures to streamline the process. For example, Accounting has been identifying and recording capital asset entries monthly. New procedures and timelines will be documented.
Completion Date: October 2023

CITY COUNCIL REPORT

SUBJECT: Fiscal Year 2024 Benefits Update

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Ted Flores, Human Resources Assistant Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Area:

- Innovative Program and Service Delivery - Avondale will attract, retain, and develop a diverse and competitive workforce to meet the needs of the residents and business community.
-

PURPOSE:

City Council will receive an employee benefits update from the Human Resources Department. This item is for discussion only.

BACKGROUND:

In FY2021, City Management made a decision to leave the Arizona Municipal Trust. As Avondale moved to become self-insured, an Employee Benefit Trust Board was established. The Employee Benefit Trust Board convened on April 12, 2023, to discuss recommended FY2024 premium (Health and Dental) increases. Staff will discuss those recommendations that were approved by the Employee Benefit Trust Board on April 12, 2023.

DISCUSSION:

Recommendations approved by the Employee Benefit Trust Board include:

- Health Insurance Contribution increased by 5% for City and Employees
- Dental Insurance Contribution increased by 3.6% for City and Employees
- HDHP Single out-of-pocket increased from \$2,900 to \$3,000 based on new IRS regulations.
- HDHP Family out-of-pocket increased from \$5,800 to \$6,000 based on new IRS regulations.
- Based on HDHP out-of-pocket increases, the City will increase HSA contributions to offset the increases.

BUDGET IMPACT:

The cost associated with benefit changes is included within the Human Resource Department's FY2024 budget.

RECOMMENDATION:

This item is for discussion only.

Contact person for document distribution: n/a

CITY COUNCIL REPORT

SUBJECT: Resolution 1022-0523 - Adoption of the Fiscal Year 2024 Tentative Budget

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Renee Weatherless, Finance and Budget Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports all Avondale Strategic Outcome Areas. The Strategic Plan guides the allocation of funding to the highest priorities.

PURPOSE:

City Council will consider a request to adopt Resolution 1022-0523, setting forth the fiscal year (FY) 2024 tentative budget and establishing the city's annual expenditure limitation and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

Budget discussions informing the development and presentation of the recommended budget for FY2024 were held with Council on December 12, 2022, February 6, 2023, March 21, 2023 and April 3, 2023. Feedback from those discussions have been incorporated into the tentative budget.

In conformance with state law and the City Charter, the tentative budget must be adopted prior to the third Monday in July. The adoption of the tentative budget will set the maximum limit of expenditures for FY2024. The total budget may be reduced to prior adoption, but cannot be increased.

DISCUSSION:

A summary of the tentative budget and a notice of public hearing on the budget and property tax levy will be published as required by A.R.S. 42-17103. Additionally, the tentative budget will be posted to the City of Avondale website. The following list shows the proposed timeline for all actions required for formal adoption of the city's annual budget:

May 1, 2023 - Adopt tentative budget

May 19, 2023 - 1st publication of tentative budget and Truth in Taxation Notice

May 26, 2023 - 2nd publication of tentative budget and Truth in Taxation Notice

June 5, 2023 - Truth in Taxation & Final Budget Hearing. Special meeting adopting final budget

June 26, 2023 - Adopt property tax levy

BUDGET IMPACT:

This action will set the maximum expenditure limit for FY2024. Revisions can be made to decrease, but not increase the total expenditure amount for the final budget.

RECOMMENDATION:

Staff recommends that Council adopt a Resolution setting forth the FY2024 tentative budget and annual expenditure limitation and authorizing staff to proceed with the required publication process.

Contact person for document distribution: Renee Weatherless; Robert Baer

RESOLUTION NO. 1022-0523

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, SETTING FORTH THE TENTATIVE BUDGET AND ESTABLISHING THE EXPENDITURE LIMITATION FOR THE CITY OF AVONDALE FOR FISCAL YEAR 2023-2024.

WHEREAS, pursuant to the provisions of the laws of the State of Arizona and the City Charter, the Council of the City of Avondale (the “City Council”) is required to adopt a budget; and

WHEREAS, in accordance with ARIZ. REV. STAT. § 42-17102, the City Manager has prepared and filed with the City Council the City Manager’s Budget estimates for the fiscal year beginning July 1, 2023 and ending June 30, 2024; and

WHEREAS, the qualified electors of the City of Avondale (the “City”) did, on August 4, 2020, approve the Home Rule Option for expenditure limitations pursuant to the Arizona Constitution Article IX, Section 20; and

WHEREAS, the Home Rule Option requires that an expenditure limitation must be established each year as part of the annual budget.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The statements and schedules attached hereto as Exhibit A and incorporated herein by reference are hereby adopted as the City’s official tentative budget for the fiscal year beginning July 1, 2023, and ending June 30, 2024, including the establishment of the expenditure limitation for such fiscal year in the amount of \$464,896,600.

SECTION 3. Upon approval of the City Council, the City Manager or designee shall publish in the official City newspaper once per week for two consecutive weeks (i) the official tentative budget and (ii) a notice of the public hearing of the City Council to hear taxpayers and make tax levies at designated times and places. The notice shall include the physical addresses of the Avondale Civic Center Library, the Sam Garcia Western Avenue Library and the Avondale City Hall, and the website where the tentative budget may be found. If a truth in taxation notice is required under ARIZ. REV. STAT. § 42-17107, it may be combined with such hearing notice.

SECTION 4. The City Manager or designee shall, not later than seven business days following consideration of this Resolution by the City Council, make available at the Avondale Civic Center Library, the Sam Garcia Western Avenue Library and the Avondale City Hall a complete copy of the tentative budget, and shall post the tentative budget on the City's website.

SECTION 5. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute all documents and take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 1, 2023.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1022-0523

[Statements and Schedules]

See following pages.

OFFICIAL BUDGET FORMS

City of Avondale

Fiscal Year 2024

City of Avondale
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2024

Fiscal Year			S c h		FUNDS							
					General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Trust & Agency Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds
2023	Adopted/Adjusted Budgeted Expenditures/Expenses*		E	1	172,241,200	119,670,000	9,884,600	35,912,000	10,312,000	97,358,400	11,728,400	457,106,600
2023	Actual Expenditures/Expenses**		E	2	128,238,600	80,238,400	9,884,600	11,318,000	10,312,000	39,458,600	11,508,400	290,958,600
2024	Fund Balance/Net Position at July 1***			3	112,991,115	63,847,857	678,537	42,225,714	4,129,636	123,785,785	5,969,596	353,628,240
2024	Primary Property Tax Levy		B	4	3,736,624							3,736,624
2024	Secondary Property Tax Levy		B	5			4,811,641					4,811,641
2024	Estimated Revenues Other than Property Taxes		C	6	111,792,500	66,369,300	15,000	7,317,000	10,237,000	44,216,000	11,667,000	251,613,800
2024	Other Financing Sources		D	7	0	0	0	465,000	0	8,500,000	0	8,965,000
2024	Other Financing (Uses)		D	8	(465,000)	0	0	0	0	(8,500,000)	0	(8,965,000)
2024	Interfund Transfers In		D	9	63,883,000	2,278,700	3,519,000	1,670,000	0	52,644,000	0	123,994,700
2024	Interfund Transfers (Out)		D	10	(67,308,700)	(2,588,000)	0	0	0	(54,098,000)	0	(123,994,700)
2024	Reduction for Amounts Not Available:			11								
LESS:	Amounts for Future Debt Retirement:											0
	Future Capital Projects											0
	Maintained Fund Balance for Financial Stability											0
												0
												0
2024	Total Financial Resources Available			12	224,629,539	129,907,857	9,024,178	51,677,714	14,366,636	166,547,785	17,636,596	613,790,305
2024	Budgeted Expenditures/Expenses		E	13	181,123,000	104,612,900	8,295,000	30,227,000	12,050,500	117,624,000	10,964,200	464,896,600

EXPENDITURE LIMITATION COMPARISON

1	Budgeted expenditures/expenses
2	Add/subtract: estimated net reconciling items
3	Budgeted expenditures/expenses adjusted for reconciling items
4	Less: estimated exclusions
5	Amount subject to the expenditure limitation
6	EEC expenditure limitation or voter-approved alternative expenditure limitation

2023		2024	
\$	457,106,600	\$	464,896,600
457,106,600		464,896,600	
\$	457,106,600	\$	464,896,600
\$	457,106,600	\$	464,896,600

* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

City of Avondale
Tax Levy and Tax Rate Information
Fiscal Year 2024

	<u>2023</u>	<u>2024</u>
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u>3,514,575</u>	\$ <u>3,736,624</u>
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ <u> </u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>3,514,575</u>	\$ <u>3,736,624</u>
B. Secondary property taxes	<u>4,925,173</u>	<u>4,811,641</u>
C. Total property tax levy amounts	\$ <u>8,439,748</u>	\$ <u>8,548,265</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ <u>3,514,575</u>	
(2) Prior years' levies	<u>0</u>	
(3) Total primary property taxes	\$ <u>3,514,575</u>	
B. Secondary property taxes		
(1) Current year's levy	\$ <u>4,925,173</u>	
(2) Prior years' levies		
(3) Total secondary property taxes	\$ <u>4,925,173</u>	
C. Total property taxes collected	\$ <u>8,439,748</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>0.6458</u>	<u>0.6373</u>
(2) Secondary property tax rate	<u>0.9050</u>	<u>0.8222</u>
(3) Total city/town tax rate	<u>1.5508</u>	<u>1.4595</u>
B. Special assessment district tax rates		
Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating <u>22</u> special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

City of Avondale
Revenues Other Than Property Taxes
Fiscal Year 2024

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
GENERAL FUND			
Local taxes			
Local Sales Tax	\$ 52,015,000	\$ 55,106,000	\$ 53,966,000
SRP Payment in lieu of property tax			43,000
Other Taxes	50,000	7,000	7,000
Licenses and permits			
Franchise Fees	1,180,000	1,070,000	1,070,000
Building & Development Permits	7,884,000	5,085,000	4,041,000
Licenses	205,000	53,250	53,000
Intergovernmental			
State Urban Revenue Sharing	16,092,000	17,180,000	24,286,000
City's Share of St. Sales Tax	11,470,000	13,330,000	13,663,000
Auto Lieu Tax	4,221,000	4,221,000	4,348,000
Other State Sources	252,000	252,000	592,000
Other Cities & Towns	1,445,900	1,712,496	1,506,500
Other Governments	520,300	926	734,200
Charges for services			
Development Charges for Service	2,441,000	2,455,000	1,557,000
Other Charges for Service	235,000	371,500	337,000
Recreation Charges for Service	528,000	541,900	683,000
Fines and forfeits			
Court Fines	914,000	927,000	927,000
Other Fines	15,000	0	2,000
Interest on investments			
Interest	529,000	529,000	1,833,000
Miscellaneous			
Sale of Assets	9,000	15,000	9,000
Other Revenue	569,000	530,564	852,000
Operating Lease	764,400	1,743,775	1,278,800
	\$ 101,339,600	\$ 105,131,411	\$ 111,788,500
General Fund Capital			
Interest		60,000	0
Sale of Land	\$ 7,650,000	\$ 6,790,000	\$ 0
	\$ 7,650,000	\$ 6,850,000	\$ 0
Developer Contributions			
Development Charges for Service	\$ 0	\$ 300,000	\$ 0
	\$ 0	\$ 300,000	\$ 0
Volunteer Firefighter's Pension			
Interest	\$ 1,000	\$ 0	\$ 4,000
	\$ 1,000	\$ 0	\$ 4,000
Total General Fund	\$ 108,990,600	\$ 112,281,411	\$ 111,792,500

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

SPECIAL REVENUE FUNDS

Highway User Revenue Fund

City of Avondale
Revenues Other Than Property Taxes
Fiscal Year 2024

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
Highway User Revenue Fees	\$ 6,721,000	\$ 6,721,000	\$ 6,923,000
Other Revenue	0	2,000	0
Interest	50,000	50,000	0
	6,771,000	6,773,000	6,923,000
Senior Nutrition			
Federal Sources	381,000	408,745	404,900
Other Cities & Towns	0	18,600	0
Interest		0	3,000
Other Revenue	36,300	17,700	34,300
	417,300	445,045	442,200
Community Action Program			
Federal Sources	628,700	391,000	453,800
Other Charges for Service	600	600	0
Other Grants		25,000	0
Interest		0	1,000
Other Cities and Towns	25,000	0	25,000
	654,300	416,600	479,800
HOME Grant			
Federal Sources	1,593,900	1,593,900	1,212,400
	1,593,900	1,593,900	1,212,400
Other Grants			
Other State Sources	184,000	184,000	766,000
Other Federal Sources	1,087,200	1,297,155	4,696,000
Other Grants		735,350	
Other Grants and Donations	1,248,000	540,500	420,500
Other Revenue	19,298,700	18,970,850	17,158,000
	21,817,900	21,727,855	23,040,500
Other Interest Bearing Grants			
Other Revenue	0	0	650,000
Cemetery Maintenance Fund			
Interest	0	1,800	4,000
	0	1,800	4,000
Transit Fund			
Other Revenue	0	300	0
Other Grants	0	145,000	0
Other Grants and Donations			800,000
Interest	3,000	84,400	0
Arizona Lottery Fund	225,800	225,800	225,800
	228,800	455,500	1,025,800
County RICO			
Seizure of Property	30,000	30,000	0
Interest	0	200	0
	30,000	30,200	0
Court Enhancements			
Court Fines	21,000	21,000	21,000
Interest	0	500	0
	21,000	21,500	21,000

Judicial Collection Enhancement

City of Avondale
Revenues Other Than Property Taxes
Fiscal Year 2024

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
Court Fines	21,000	12,000	21,000
Interest	0	1,000	5,000
	21,000	13,000	26,000
Fill the Gap			
Court Fines	10,200	8,000	10,200
Interest	0	400	2,000
	10,200	8,400	12,200
Regional Family Advocacy			
Federal Sources	260,000	260,000	110,900
Other Cities and Towns	1,160,200	200,000	1,291,000
Other Grants	0	960,200	0
	1,420,200	1,420,200	1,401,900
0.5% Dedicated Sales Tax			
City Sales Tax	12,609,000	13,624,000	13,624,000
Interest	29,000	80,000	0
	12,638,000	13,704,000	13,624,000
Public Safety Dedicated Sales Tax			
City Sales Tax	12,609,000	13,624,000	13,624,000
Interest	42,000	42,000	0
	12,651,000	13,666,000	13,624,000
Public Arts			
Development Charges for Service	0	89,200	0
	0	89,200	0
Community Development Block Grant			
Other Federal Sources	3,018,800	3,018,800	3,082,500
	3,018,800	3,018,800	3,082,500
Environmental Programs Fund			
Environmental Fee	300,000	305,000	300,000
Interest		5,000	29,000
	300,000	310,000	329,000
Wildland Fire Deployment			
Other State Sources	250,000	250,000	250,000
	250,000	250,000	250,000
Tow Impound Fund			
Other Fines	50,100	50,100	49,000
	50,100	50,100	49,000
American Rescue Plan Act			
Federal Sources	8,943,600	8,943,600	0
	8,943,600	8,943,600	0
Employee Assistance			
Interest		1,565	0
	0	1,565	0
One AZ Opioid Settlement			
Other State Sources		99,010	0
Federal Sources			50,000
Interest		0	2,000
	0	99,010	52,000
Tourism Fund			
Other State Sources	120,000	120,000	120,000
Interest		100	0
	120,000	120,100	120,000
Total Special Revenue Funds	\$ 70,957,100	\$ 73,159,375	\$ 66,369,300

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Avondale
Revenues Other Than Property Taxes
Fiscal Year 2024

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
DEBT SERVICE FUNDS			
General Obligation			
Interest	\$ 0	\$ 1,500	\$ 1,000
Other Revenue		268	0
	\$ 0	\$ 1,768	\$ 1,000
2019 PRO Debt Service			
Interest	\$ 0	\$ 200	\$ 0
	\$ 0	\$ 200	\$ 0
Dysart Road MDC			
Interest	\$ 0	\$ 0	\$ 14,000
	\$ 0	\$ 0	\$ 14,000
Total Debt Service Funds	\$ 0	\$ 1,968	\$ 15,000
CAPITAL PROJECTS FUNDS			
Landscaping Landfill Remediation			
Other Revenue	70,000	70,000	70,000
Interest	2,000	1,300	30,000
	72,000	71,300	100,000
Streets Development Impact Fee Fund			
Development Impact Fees	3,837,000	3,227,000	1,806,000
Interest	0	18,000	120,000
	3,837,000	3,245,000	1,926,000
Police Development Impact Fee Fund			
Development Impact Fees	1,061,000	875,000	1,389,000
Interest	0	25,000	83,000
	1,061,000	900,000	1,472,000
Fire Development Impact Fee Fund			
Development Impact Fees	1,040,000	810,000	2,263,000
Interest	0	22,000	67,000
	1,040,000	832,000	2,330,000
Parks Development Impact Fee Fund			
Development Impact Fees	1,822,000	1,194,000	1,408,000
Interest	0	5,000	19,000
	1,822,000	1,199,000	1,427,000
General Obligation Construction 2021			
Interest	0	35,000	0
	0	35,000	0
General Obligation Construction 2019			
Interest	0	3,000	0
	0	3,000	0
PRO Bond Construction 2019			
Interest	0	12,000	0
	0	12,000	0
Vehicle Replacement			
Sale of Assets	62,000	0	62,000
Interest	178,000	10,000	0
	240,000	\$ 10,000	\$ 62,000

City of Avondale
Revenues Other Than Property Taxes
Fiscal Year 2024

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
Equipment Replacement			
Interest	0	5,000	0
	0	5,000	0
Total Capital Projects Funds	\$ 8,072,000	\$ 6,312,300	\$ 7,317,000
* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.			
Trust and Agency			
125 Plan			
Interest	0	0	2,000
	0	0	2,000
Employee Benefit Trust			
Contributions	\$ 9,855,000	9,089,000	\$ 9,854,000
Interest	0	10,656	81,000
Other Revenue	120,000	400,000	300,000
	\$ 9,975,000	\$ 9,499,656	\$ 10,235,000
Total Permanent Funds	\$ 9,975,000	\$ 9,499,656	\$ 10,237,000
ENTERPRISE FUNDS			
Water Fund			
Water Sales	\$ 17,865,000	\$ 19,365,000	\$ 19,800,000
Interest	399,000	399,000	479,000
Operating Lease	39,000	39,000	39,000
Other Revenue	70,000	45,400	70,000
Other Fines		10,500	0
	\$ 18,373,000	\$ 19,858,900	\$ 20,388,000
Sewer Operations			
Sewer Fees	\$ 10,733,000	\$ 10,775,000	\$ 11,106,000
Interest	237,000	237,000	362,000
	\$ 10,970,000	\$ 11,012,000	\$ 11,468,000
Solid Waste			
Sanitation Fees	5,985,000	6,757,000	7,098,000
Interest	47,000	0	175,000
Other Revenue		14,000	8,000
Licenses	34,000	25,000	25,000
	6,066,000	6,796,000	7,306,000
Water Equipment Replacement			
Interest	16,000	0	16,000
	16,000	0	16,000
Solid Waste Equipment Replacement			
Interest	70,000	0	0
	70,000	0	0
Water Development Impact Fees			
Development Fees	3,864,000	2,804,000	2,559,000
Interest		15,000	52,000
	3,864,000	2,819,000	2,611,000
Sewer Development Impact Fees			
Development Fees	5,344,000	3,610,000	1,942,000
Interest	55,000	20,000	485,000
	5,399,000	3,630,000	2,427,000

**City of Avondale
Revenues Other Than Property Taxes
Fiscal Year 2024**

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
Total Enterprise Funds	\$ 44,758,000	\$ 44,115,900	\$ 44,216,000
* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.			
INTERNAL SERVICE FUNDS			
Risk Management			
Internal Service Charges	\$ 2,955,000	\$ 2,955,000	\$ 6,052,000
Other Revenue	13,500	130,745	13,500
Interest	47,000	0	118,000
	\$ 3,015,500	\$ 3,085,745	\$ 6,183,500
Fleet Services Management			
Internal Service Charges	\$ 4,221,500	\$ 4,004,000	\$ 4,650,000
Other Cities and Towns		28,000	20,000
		265	0
	\$ 4,221,500	\$ 4,032,265	\$ 4,670,000
Worker's Compensation			
Internal Service Charges	\$ 624,500	\$ 600,000	\$ 780,500
Interest		0	33,000
	\$ 624,500	\$ 600,000	\$ 813,500
Total Internal Service Funds	\$ 7,861,500	\$ 7,718,010	\$ 11,667,000
TOTAL ALL FUNDS	\$ 250,614,200	\$ 253,088,620	\$ 251,613,800

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

City of Avondale
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2024

FUND	OTHER FINANCING 2024		INTERFUND TRANSFERS 2024	
	SOURCES	(USES)	IN	(OUT)
GENERAL FUND				
Operating Transfers	\$	\$	\$ 1,063,000	\$ (2,063,700)
Capital Transfers			0	(65,245,000)
Interfund Loans	0	(465,000)		
General Fund Asset Replacement			4,977,000	
General Fund Capital			56,243,000	0
Economic Opportunities - from General Fund			1,600,000	0
Total General Fund	\$ 0	\$ (465,000)	\$ 63,883,000	\$ (67,308,700)
SPECIAL REVENUE FUNDS				
Dedicated Sales Tax - Debt	\$	\$	\$ 0	\$ (2,588,000)
Transit Fund			1,815,000	0
Regional Family Advocacy - Operating Transfers			363,700	0
Public Arts Fund - Operating Transfers			100,000	\$ 0
Total Special Revenue Funds	\$ 0	\$ 0	\$ 2,278,700	\$ (2,588,000)
DEBT SERVICE FUNDS				
0.5% Dedicated Sales Tax Debt- Debt Transfer	\$	\$	\$ 1,076,000	\$ 0
2019 PRO Debt Service - Debt Transfer			948,000	0
2021 PRO Debt Service			1,495,000	
Total Debt Service Funds	\$ 0	\$ 0	\$ 3,519,000	\$ 0
CAPITAL PROJECTS FUNDS				
Parks Development Impact Fee - Interfund Loan	465,000	0		
Vehicle Replacement - Capital			1,670,000	0
Total Capital Projects Funds	\$ 465,000	\$ 0	\$ 1,670,000	\$ 0
ENTERPRISE FUNDS				
Water Fund - Operating Transfers	\$	\$ 0	\$ 0	\$ (604,000)
Sewer Fund - Operating Transfers			0	\$ (459,000)
Sewer Fund - Interfund Loan		(8,500,000)		
Water Fund - Capital Transfers			0	(32,708,000)
Sewer Fund - Capital Transfers			0	(18,769,000)
Water Construction			32,043,000	0
Water Impact Fees	0			(391,000)
Water Equipment Replacement - Capital			665,000	0
Sewer Construction			16,688,000	0
Sewer Equipment Replacement - Capital			1,455,000	0
Sewer Bond Construction	8,500,000			
Sewer PRO Debt			626,000	
Solid Waste			0	(1,167,000)
Solid Waste Equipment Replacement - Capital			0	0
Solid Waste Fund - Capital Transfers			1,167,000	0
Total Enterprise Funds	\$ 8,500,000	\$ (8,500,000)	\$ 52,644,000	\$ (54,098,000)
TOTAL ALL FUNDS	\$ 8,965,000	\$ (8,965,000)	\$ 123,994,700	\$ (123,994,700)

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2023	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2023	ACTUAL EXPENDITURES/ EXPENSES* 2023	BUDGETED EXPENDITURES/ EXPENSES 2024
FUND/DEPARTMENT				
GENERAL FUND				
City Administration	\$ 2,626,600	\$ (200,700)	\$ 2,425,900	\$ 2,220,800
City Attorney	1,981,700	0	1,981,700	2,072,800
City Auditor	0	219,100	219,100	247,300
City Clerk	904,000	0	904,000	1,059,200
City Council	360,200	(3,200)	309,000	409,600
City Court	1,375,600	0	1,375,600	1,495,800
Contingency	23,000,000	0	23,000,000	23,000,000
Development & Engineering Services	6,488,000	0	6,288,000	0
Development Services	0	0	0	3,110,000
Economic Development	1,949,500	0	1,949,500	1,668,900
Engineering Services	0	0	0	3,281,400
Facilities	6,138,400	(120,000)	6,018,400	6,022,400
Finance & Budget	5,594,300	0	5,594,300	6,194,300
Fire and Medical	10,926,000	(58,100)	10,806,900	13,007,700
Human Resources	2,308,900	0	2,308,900	1,943,400
Indirect Costs	(5,571,300)	0	(5,571,300)	(4,855,300)
Information Technology	10,685,200	16,500	10,197,800	11,269,100
Marketing & Public Relations	1,209,600	0	1,209,600	1,277,400
Neighborhood and Family Services	4,320,300	(6,400)	4,313,900	2,693,200
Non-Departmental	2,810,000	(613,400)	2,196,600	5,710,000
Office of Public Safety	3,271,700	5,800	3,213,800	3,655,600
Parks & Recreation	6,283,700	0	6,283,700	9,385,000
Police	20,928,500	(165,100)	20,731,400	22,538,600
Public Works	1,207,000	(366,000)	599,000	516,200
Economic Opportunities Fund				
Economic Development	2,200,000	0	1,700,000	1,600,000
Development & Engineering Services	0	0	0	0
Police	0	0	0	0
Volunteer Firefighter's Pension				
Non-Departmental	5,000	0	5,000	5,000
General Fund Capital				
City Administration	0			0
City Court	928,000	(35,000)	112,000	781,000
Economic Development	0			0
Development & Engineering Services	26,557,000	(8,893,000)	11,709,000	0
Facilities	0	110,000	110,000	330,000
Development Services	0			0
Engineering Services	0			5,847,000
Fire and Medical	2,394,000	(195,000)	2,041,000	8,605,000
Information Technology	288,000	(20,000)	122,000	321,000
Neighborhood and Family Services	302,000		178,000	0
Non-Departmental	0			0
Office of Public Safety	214,000		114,000	400,000
Parks & Recreation	29,762,000	(734,000)	3,577,000	29,132,000
Police	7,502,000		420,000	10,065,000
Public Works	741,800		563,800	761,600
Developer Contributions				
Development & Engineering Services	0	300,000	0	0
Engineering Services	0	0	0	375,000
General Fund Asset Replacement				
Engineering Services	0	0	0	28,000
Facilities	1,938,000	(224,000)	809,000	1,988,000
Fire and Medical	168,000	(65,000)	0	490,000
Information Technology	1,451,000		387,000	2,020,000
Neighborhood and Family Services	10,000		10,000	0
Parks & Recreation	30,000		25,000	451,000

**City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2024**

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
FUND/DEPARTMENT	2023	2023	2023	2024
Total General Fund	\$ 183,288,700	\$ (11,047,500)	\$ 128,238,600	\$ 181,123,000
SPECIAL REVENUE FUNDS				
Library Projects				
Neighborhood and Family Services	0			0
0.5% Dedicated Sales Tax				
Development & Engineering Services	25,504,000	(747,000)	7,254,000	0
Engineering Services	0	0	0	19,612,000
Non-Departmental	0			0
Public Safety Dedicated Sales Tax				
City Court	523,100		523,100	560,100
Contingency	495,000			495,000
Fire and Medical	2,488,500	(3,000)	0	8,639,900
Information Technology	717,000		583,000	198,000
Non-Departmental	0		0	0
Office of Public Safety	4,818,000		4,815,600	90,700
Police	13,266,800	(138,600)	8,140,200	14,785,900
Donations				
Police	0			0
Environmental Programs Fund				
Development & Engineering Services	0			0
Public Works	427,000		397,000	398,000
Contingency	0			0
Public Arts Fund				
Contingency	0			0
Parks & Recreation	50,000		50,000	0
Marketing & Public Relations	533,900		46,400	582,400
Tow Impound Fund				
Police	50,100		50,100	49,000
Court Enhancements				
City Court	21,000		21,000	31,000
Cemetery Maintenance Fund				
Non-Departmental				0
Parks & Recreation	30,000		30,000	15,700
Highway User Revenue Fund				
Contingency	\$ 0	\$	\$	\$ 0
Development & Engineering Services	12,285,100	(747,200)	3,064,900	0
Engineering Services	0	0	0	12,750,200
Information Technology	0			75,000
Non-Departmental	208,000		208,000	214,000
Public Works	2,042,200	192,000	2,234,200	2,228,200
Transit Fund				
City Administration	0			0
Public Works	2,925,600		2,761,600	2,826,200
Development & Engineering Services	0			0
Court Payments				
City Court	0			0
Judicial Collection Enhancement				
City Court	67,500		67,500	67,500
Fill the Gap				
City Court	10,200		10,200	10,200
Wildland Fire Deployment Fund				
Fire and Medical	250,000		250,000	250,000
Tourism Fund				
Economic Development	120,000		120,000	120,000

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2023	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2023	ACTUAL EXPENDITURES/ EXPENSES* 2023	BUDGETED EXPENDITURES/ EXPENSES 2024
FUND/DEPARTMENT				
One AZ Opioid Settlement				
Non-Departmental	0	0	0	50,000
Office of Public Safety	0	161,290	161,290	0
Co. RICO With Mar. Co. Atty				
Police	70,000	(40,000)	30,000	0
Senior Nutrition				
Neighborhood and Family Services	414,900	30,200	445,100	439,400
Community Action Program				
Neighborhood and Family Services	463,700	(74,800)	388,900	479,000
Home Grants				
Neighborhood and Family Services	1,593,900		1,593,900	1,212,400
CARES Act				
Police	0			0
Fire and Medical	0			0
Community Development Block Grant				
Information Technology	0			0
Parks & Recreation	0	155,000	0	723,000
Neighborhood and Family Services	2,881,900	(155,000)	2,726,900	2,359,500
American Rescue Plan Act				
Information Technology	1,275,000		530,000	745,000
Economic Development	1,350,000	(132,400)	1,217,600	700,000
Engineering Services	0	0	0	613,000
Fire and Medical	1,000,000		1,000,000	1,000,000
Neighborhood and Family Services	964,300		964,300	1,622,300
Parks & Recreation	1,560,000		396,000	1,164,000
Police	4,000,000		4,000,000	4,000,000
Other Grants				
Finance & Budget	0			0
City Court	0			0
Development & Engineering Services	1,565,000	277,200	0	0
Engineering Services	0	0	0	3,543,000
Fire and Medical	1,030,300		1,030,300	550,000
Neighborhood and Family Services	1,169,000	94,500	1,263,500	540,700
Parks & Recreation	162,000	52,000	51,000	163,000
Police	150,000	603,450	753,450	486,000
Public Works	600,000		0	600,000
Non-Departmental	17,158,000	14,114,760	31,272,760	17,208,000
Regional Family Advocacy				
Indirect Costs	140,900		140,900	136,700
Information Technology	0			0
Non-Departmental	0			0
Police	1,588,200	42,500	1,630,700	1,628,900
Other Interest Bearing Grants				
Neighborhood and Family Services	0	15,000	15,000	650,000
Total Special Revenue Funds	\$ 105,970,100	\$ 13,699,900	\$ 80,238,400	\$ 104,612,900
DEBT SERVICE FUNDS				
General Obligation				
Non-Departmental	\$ 4,881,000	\$	\$ 4,881,000	\$ 4,904,000
General Obligation 2021				
Non-Departmental				0
0.5% Dedicated Sales Tax Debt Service				
Non-Departmental	2,645,000	(222,600)	2,422,400	895,000

City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
FUND/DEPARTMENT	2023	2023	2023	2024
2019 PRO Debt Service				
Non-Departmental	846,000	101,600	947,600	948,000
2021 PRO Debt Service				
Non-Departmental	1,493,000		1,493,000	1,495,000
Dysart Road				
Non-Departmental	1,000	139,600	140,600	53,000
Total Debt Service Funds	\$ 9,866,000	\$ 18,600	\$ 9,884,600	\$ 8,295,000
CAPITAL PROJECTS FUNDS				
Streets Development Impact Fee				
Development & Engineering Services	5,664,000	(2,618,000)	0	0
Engineering Services	0	0	0	6,535,000
Police Development Impact Fee				
Development & Engineering Services	19,000	(7,000)	12,000	0
Public Works	280,000	122,000	402,000	0
Fire Development Impact Fee				
Development & Engineering Services	19,000	(7,000)	12,000	0
Fire and Medical	948,000	0	854,000	94,000
Parks Development Impact Fee				
Development & Engineering Services	19,000	(7,000)	12,000	0
Parks & Recreation	2,364,000	(2,131,000)	233,000	1,892,000
General Obligation Bond Construction 2019				
Neighborhood and Family Services	0			0
Police	0			0
General Obligation Bond Construction 2021				
Development & Engineering Services	0			0
Fire and Medical	0			0
Non-Departmental	0			0
Office of Public Safety	8,580,000		225,000	0
Police	0		0	8,355,000
PRO Bond Construction 2019				
Development & Engineering Services	2,643,000	(181,000)	0	0
Engineering Services	0	0	0	2,625,000
Public Works	0			0
2021 PRO Bond Construction				
Parks & Recreation	14,000,000		4,201,000	8,946,000
Streets Construction				
Development & Engineering Services	\$ 0	\$	\$	\$ 0
Non-Departmental	0			0
Parks & Recreation Dept.	0			0
Police Construction				
Police	0			0
Park Construction				
Parks & Recreation Dept.	0			0
City Administration	0			0
Neighborhood and Family Services	0			0
Fire Construction				
Fire and Medical	0			0
Transit Capital Fund				
Development & Engineering Services	0			0
Vehicle Replacement				
Fire and Medical	2,666,000	844,000	3,395,000	331,000
Public Works	2,106,000		1,826,000	1,198,000
Equipment Replacement				
Facilities	0			0
Fire and Medical	0			0

**City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2024**

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
FUND/DEPARTMENT	2023	2023	2023	2024
Information Technology	704,000	(115,000)	146,000	251,000
Parks & Recreation	0			0
Total Capital Projects Funds	\$ 40,012,000	\$ (4,100,000)	\$ 11,318,000	\$ 30,227,000
ENTERPRISE FUNDS				
Water Operations				
Information Technology	\$ 175,800	\$	\$ 175,800	\$ 180,600
Non-Departmental	(851,000)		(851,000)	231,000
Public Works	13,151,400		13,151,400	13,812,000
Indirect Costs	1,751,900		1,751,900	1,545,800
Contingency	1,000,000	(200,000)	800,000	1,000,000
Water Capital				
Development & Engineering Services	7,115,000		56,000	0
Engineering Services	0	0	0	7,009,000
Public Works	25,884,000	7,043,000	2,429,000	28,514,000
Water Asset Replacement				
Information Technology	424,000	(152,000)	3,000	957,000
Public Works	568,000		106,000	1,135,000
Water Development Impact Fee				
Development & Engineering Services	32,000	(12,000)	20,000	0
Public Works	11,958,000	(7,075,000)	1,454,000	13,079,000
Sewer Operations				
Information Technology	119,700		119,700	126,800
Non-Departmental	(929,000)		(929,000)	101,000
Public Works	7,443,300	(50,000)	7,393,300	6,749,300
Indirect Costs	2,012,100		2,012,100	1,753,100
Contingency	1,000,000	(133,000)	867,000	1,000,000
Sewer Capital				
Development & Engineering Services	200,000		0	0
Engineering Services	0	0	0	200,000
Public Works	13,360,000	457,300	145,300	19,738,000
Sewer Asset Replacement				
Information Technology	386,000	(16,000)	0	572,000
Public Works	1,431,000	(954,300)	106,700	877,000
Sewer Development Impact Fee				
Development & Engineering Services	32,000	(12,000)	20,000	0
Sewer Bond Construction				
Public Works	0	0	0	8,500,000
Sewer PRO Debt Service				
Non-Departmental	592,000		592,000	626,000
Solid Waste Operations				
Information Technology	150,000		63,200	86,800
Non-Departmental	(347,000)		(347,000)	245,000
Public Works	6,438,000		6,438,000	6,146,300
Indirect Costs	1,273,200		1,273,200	1,038,300
Contingency	500,000	(500,000)	0	500,000
Solid Waste Capital				
Public Works	913,000	1,095,000	832,000	1,167,000
Solid Waste Asset Replacement				
Information Technology	0			0
Public Works	2,084,000		1,776,000	734,000
Total Enterprise Funds	\$ 97,867,400	\$ (509,000)	\$ 39,458,600	\$ 117,624,000
INTERNAL SERVICE FUNDS				
Risk Management Fund				
Human Resources	3,835,500	2,000,000	5,825,500	4,252,100
Information Technology	69,100		69,100	69,100

**City of Avondale
Expenditures/Expenses by Fund
Fiscal Year 2024**

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
FUND/DEPARTMENT	2023	2023	2023	2024
Indirect Costs	87,400		87,400	88,400
Contingency	0			0
Fleet Services Fund				
Information Technology	0			0
Non-Departmental	0			0
Public Works	3,836,700	(62,000)	3,564,700	4,160,400
Indirect Costs	305,800		305,800	293,000
Contingency	0			0
Workers' Compensation Fund				
Human Resources	1,655,900		1,655,900	2,101,200
Non-Departmental	0			0
Contingency	0			0
Total Internal Service Funds	\$ 9,790,400	\$ 1,938,000	\$ 11,508,400	\$ 10,964,200
TRUST AND AGENCY FUND				
Employee Benefit Trust				
Human Resources	\$ 10,312,000	\$	\$ 10,312,000	\$ 12,050,500
Total Trust and Agency Funds	\$ 10,312,000	\$ 0	\$ 10,312,000	\$ 12,050,500
TOTAL ALL FUNDS	\$ 457,106,600	\$ 0	\$ 290,958,600	\$ 464,896,600

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
DEPARTMENT/FUND	2023	2023	2023	2024
City Administration				
General Fund	\$ 2,626,600	\$ (200,700)	\$ 2,425,900	\$ 2,220,800
Transit Fund	0	0	0	0
Park Construction	0	0	0	0
General Fund Capital	0	0	0	0
Department Total	\$ 2,626,600	\$ (200,700)	\$ 2,425,900	\$ 2,220,800
List Department:				
City Attorney				
General Fund	\$ 1,981,700	\$ 0	\$ 1,981,700	\$ 2,072,800
Department Total	\$ 1,981,700	\$ 0	\$ 1,981,700	\$ 2,072,800
List Department:				
City Auditor				
General Fund	\$ 0	\$ 219,100	\$ 219,100	\$ 247,300
Department Total	\$ 0	\$ 219,100	\$ 219,100	\$ 247,300
List Department:				
City Clerk				
General Fund	\$ 904,000	\$ 0	\$ 904,000	\$ 1,059,200
Department Total	\$ 904,000	\$ 0	\$ 904,000	\$ 1,059,200
List Department:				
City Council				
General Fund	\$ 360,200	\$ (3,200)	\$ 309,000	\$ 409,600
Department Total	\$ 360,200	\$ (3,200)	\$ 309,000	\$ 409,600
List Department:				
City Court				
General Fund	\$ 1,375,600	\$ 0	\$ 1,375,600	\$ 1,495,800
General Fund Capital	928,000	(35,000)	112,000	781,000
Court Payments	0	0	0	0
Court Enhancement	21,000	0	21,000	31,000
Judicial Collection Enhancement	67,500	0	67,500	67,500
Fill the Gap	10,200	0	10,200	10,200
Public Safety Dedicated Sales Tax	523,100	0	523,100	560,100
Other Grants	0	0	0	0
Department Total	\$ 2,925,400	\$ (35,000)	\$ 2,109,400	\$ 2,945,600
List Department:				
Development and Engineering				
General Fund	\$ 6,488,000	\$ 0	\$ 6,288,000	\$ 0
General Fund Capital	26,557,000	(8,893,000)	11,709,000	0
Developer Contributions	0	300,000	0	0
Economic Opportunities Fund	0	0	0	0
Highway User Revenue Fund	12,285,100	(747,200)	3,064,900	0
0.5% Dedicated Sales Tax	25,504,000	(747,000)	7,254,000	0
Other Grants	1,565,000	277,200	0	0
Transit Fund	0	0	0	0
Environmental Programs Fund	0	0	0	0
Streets Construction	5,664,000	(2,618,000)	0	0
Streets Development Impact Fee	0	0	0	0
Police Development Impact Fee	19,000	(7,000)	12,000	0
Fire Development Impact Fee	19,000	(7,000)	12,000	0
Parks Development Impact Fee	19,000	(7,000)	12,000	0
Transit Capital Fund	0	0	0	0
General Obligation Bond Construction 2021	0	0	0	0
PRO Bond Construction 2019	2,643,000	(181,000)	0	0
Water Capital	7,115,000	0	56,000	0
Water Development Impact Fee	32,000	(12,000)	20,000	0
Sewer Development Impact Fee	32,000	(12,000)	20,000	0
Sewer Capital	200,000	0	0	0
Department Total	\$ 88,142,100	\$ (12,654,000)	\$ 28,447,900	\$ 0

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
DEPARTMENT/FUND	2023	2023	2023	2024
List Department:				
Development Services				
General Fund	\$ 0	\$ 0	\$ 0	\$ 3,110,000
Department Total	\$ 0	\$ 0	\$ 0	\$ 3,110,000
List Department:				
Economic Development				
General Fund	\$ 1,949,500	\$ 0	\$ 1,949,500	\$ 1,668,900
Economic Opportunities Fund	2,200,000	0	1,700,000	1,600,000
American Rescue Plan Act	1,350,000	(132,400)	1,217,600	700,000
Tourism Fund	120,000	0	120,000	120,000
One Time Construction	0	0	0	0
Department Total	\$ 5,619,500	\$ (132,400)	\$ 4,987,100	\$ 4,088,900
List Department:				
Engineering Services				
General Fund	0	0	0	3,281,400
General Fund Capital	0	0	0	5,847,000
Developer Contributions	0	0	0	375,000
General Fund Asset Replacement	0	0	0	28,000
0.5% Dedicated Sales Tax	0	0	0	19,612,000
Highway User Revenue Fund	0	0	0	12,750,200
American Rescue Plan Act	0	0	0	613,000
Other Grants	0	0	0	3,543,000
Streets Development Impact Fee	0	0	0	6,535,000
PRO Bond Construction 2019	0	0	0	2,625,000
Water Capital	0	0	0	7,009,000
Sewer Capital	0	0	0	200,000
Department Total	\$ 0	\$ 0	\$ 0	\$ 62,418,600
List Department:				
Facilities				
General Fund	\$ 6,138,400	\$ (120,000)	\$ 6,018,400	\$ 6,022,400
General Fund Capital	0	110,000	110,000	330,000
General Fund Asset Replacement	1,938,000	(224,000)	809,000	1,988,000
Department Total	\$ 8,076,400	\$ (234,000)	\$ 6,937,400	\$ 8,340,400
List Department:				
Finance & Budget				
General Fund	\$ 5,594,300	\$ 0	\$ 5,594,300	\$ 6,194,300
Other Grants	0	0	0	0
Department Total	\$ 5,594,300	\$ 0	\$ 5,594,300	\$ 6,194,300
List Department:				
Fire and Medical				
General Fund	\$ 10,926,000	\$ (58,100)	\$ 10,806,900	\$ 13,007,700
General Fund Capital	2,394,000	(195,000)	2,041,000	8,605,000
General Fund Asset Replacement	168,000	(65,000)	0	490,000
American Rescue Plan Act	1,000,000	0	1,000,000	1,000,000
Other Grants	1,030,300	0	1,030,300	550,000
Public Safety Dedicated Sales Tax	2,488,500	(3,000)	0	8,639,900
Wildland Fire Deployment Fund	250,000	0	250,000	250,000
Fire Construction	0	0	0	0
Fire Development Impact Fee	948,000	0	854,000	94,000
General Obligation Bond Construction 2021	0	0	0	0
Vehicle Replacement	2,666,000	844,000	3,395,000	331,000
SAFER Grant	0	0	0	0
Department Total	\$ 21,870,800	\$ 522,900	\$ 19,377,200	\$ 32,967,600
List Department:				
Human Resources				
General Fund	\$ 2,308,900	\$ 0	\$ 2,308,900	\$ 1,943,400
Employee Benefit Trust	10,312,000	0	10,312,000	12,050,500
Risk Management Fund	3,835,500	2,000,000	5,825,500	4,252,100
Workers' Compensation Fund	1,655,900	0	1,655,900	2,101,200
Department Total	\$ 18,112,300	\$ 2,000,000	\$ 20,102,300	\$ 20,347,200

**City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2024**

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
DEPARTMENT/FUND	2023	2023	2023	2024
List Department				
Indirect Costs				
General Fund	(5,571,300)	0	(5,571,300)	(4,855,300)
Regional Family Advocacy	140,900	0	140,900	136,700
Water Operations	1,751,900	0	1,751,900	1,545,800
Sewer Operations	2,012,100	0	2,012,100	1,753,100
Solid Waste Operations	1,273,200	0	1,273,200	1,038,300
Risk Management Fund	87,400	0	87,400	88,400
Fleet Services Fund	305,800	0	305,800	293,000
Department Total	0	0	0	0
List Department:				
Information Technology				
General Fund	\$ 10,685,200	\$ 16,500	\$ 10,197,800	\$ 11,269,100
General Fund Capital	288,000	(20,000)	122,000	321,000
General Fund Asset Replacement	1,451,000	0	387,000	2,020,000
Highway User Revenue Fund	0	0	0	75,000
Regional Family Advocacy	0	0	0	0
Public Safety Dedicated Sales Tax	717,000	0	583,000	198,000
Community Development Block Grant	0	0	0	0
American Rescue Plan Act	1,275,000	0	530,000	745,000
Equipment Replacement	704,000	(115,000)	146,000	251,000
Water Operations	175,800	0	175,800	180,600
Sewer Operations	119,700	0	119,700	126,800
Solid Waste Operations	150,000	0	63,200	86,800
Water Equipment Replacement	424,000	(152,000)	3,000	957,000
Sewer Equipment Replacement	386,000	(16,000)	0	572,000
Solid Waste Equipment Replacement	0	0	0	0
Fleet Services Fund	0	0	0	0
Risk Management Fund	69,100	0	69,100	69,100
Department Total	\$ 16,444,800	\$ (286,500)	\$ 12,396,600	\$ 16,871,400
List Department:				
Marketing & Public Relations				
General Fund	\$ 1,209,600	\$ 0	\$ 1,209,600	\$ 1,277,400
Public Arts Fund	533,900	0	46,400	582,400
Department Total	\$ 1,743,500	\$ 0	\$ 1,256,000	\$ 1,859,800
List Department:				
Neighborhood and Family Services				
General Fund	\$ 4,320,300	\$ (6,400)	\$ 4,313,900	\$ 2,693,200
General Fund Capital	302,000	0	178,000	0
General Fund Asset Replacement	10,000	0	10,000	0
Senior Nutrition	414,900	30,200	445,100	439,400
American Rescue Plan Act	964,300	0	964,300	1,622,300
Community Action Program	463,700	(74,800)	388,900	479,000
Home Grants	1,593,900	0	1,593,900	1,212,400
Other Grants	1,169,000	94,500	1,263,500	540,700
Library Projects	0	0	0	0
Community Development Block Grant	2,881,900	(155,000)	2,726,900	2,359,500
Other Interest Bearing Grants	0	15,000	15,000	650,000
Park Construction	0	0	0	0
General Obligation Bond Construction 2019	0	0	0	0
Department Total	\$ 12,120,000	\$ (96,500)	\$ 11,899,500	\$ 9,996,500
List Department:				
Non-Departmental				
General Fund	\$ 2,810,000	\$ (613,400)	\$ 2,196,600	\$ 5,710,000
Volunteer Firefighter's Pension	5,000	0	5,000	5,000
Highway User Revenue Fund	208,000	0	208,000	214,000
One AZ Opioid Settlement	0	0	0	50,000
Other Grants	17,158,000	14,114,760	31,272,760	17,208,000
Cemetery Maintenance Fund	0	0	0	0
0.5% Dedicated Sales Tax	0	0	0	0

City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
DEPARTMENT/FUND	2023	2023	2023	2024
Regional Family Advocacy	0	0	0	0
Public Safety Dedicated Sales Tax	0	0	0	0
General Obligation	4,881,000	0	4,881,000	4,904,000
General Obligation Bond Construction 2021	0	0	0	0
General Obligation Debt 2021	0	0	0	0
Dysart Road	1,000	139,600	140,600	53,000
0.5% Dedicated Sales Tax Debt Service	2,645,000	(222,600)	2,422,400	895,000
PRO Debt Service	846,000	101,600	947,600	948,000
2021 PRO Debt Service	1,493,000	0	1,493,000	1,495,000
Streets Construction	0	0	0	0
One-Time Construction	0	0	0	0
Water Operations	(851,000)	0	(851,000)	231,000
Sewer Operations	(929,000)	0	(929,000)	101,000
Solid Waste Operations	(347,000)	0	(347,000)	245,000
Sewer PRO Debt Service	592,000	0	592,000	626,000
Fleet Services Fund	0	0	0	0
Workers' Compensation Fund	0	0	0	0
Department Total	\$ 28,512,000	\$ 13,519,960	\$ 42,031,960	\$ 32,685,000

List Department:

Office of Public Safety

General Fund	\$ 3,271,700	\$ 5,800	\$ 3,213,800	\$ 3,655,600
General Fund Capital	214,000	0	114,000	400,000
Public Safety Dedicated Sales Tax	4,818,000	0	4,815,600	90,700
One AZ Opioid Settlement	0	161,290	161,290	0
General Obligation Bond Construction 2021	8,580,000	0	225,000	0
Department Total	\$ 16,883,700	\$ 167,090	\$ 8,529,690	\$ 4,146,300

List Department:

Parks & Recreation

General Fund	\$ 6,283,700	\$ 0	\$ 6,283,700	\$ 9,385,000
General Fund Construction	29,762,000	(734,000)	3,577,000	29,132,000
General Fund Asset Replacement	30,000	0	25,000	451,000
Cemetery Maintenance Fund	30,000	0	30,000	15,700
American Rescue Plan Act	1,560,000	0	396,000	1,164,000
Community Development Block Grant	0	155,000	0	723,000
Public Arts	50,000	0	50,000	0
Other Grants	162,000	52,000	51,000	163,000
2021 PRO Bond Construction	14,000,000	0	4,201,000	8,946,000
Park Construction	0	0	0	0
Streets Construction	0	0	0	0
Parks Development Impact Fee	2,364,000	(2,131,000)	233,000	1,892,000
Department Total	\$ 54,241,700	\$ (2,658,000)	\$ 14,846,700	\$ 51,871,700

List Department:

Police

General Fund	\$ 20,928,500	\$ (165,100)	\$ 20,731,400	\$ 22,538,600
General Fund Construction	7,502,000	0	420,000	10,065,000
Economic Opportunities Fund	0	0	0	0
American Rescue Plan Act	4,000,000	0	4,000,000	4,000,000
Regional Family Advocacy	1,588,200	42,500	1,630,700	1,628,900
Public Safety Dedicated Sales Tax	13,266,800	(138,600)	8,140,200	14,785,900
Police Construction	0	0	0	0
Other Grants	150,000	603,450	753,450	486,000
Tow Impound Fund	50,100	0	50,100	49,000
General Obligation Bond Construction 2019	0	0	0	0
General Obligation Bond Construction 2021	0	0	0	8,355,000
Donations	0	0	0	0
Co. RICO With Mar. Co. Atty	70,000	(40,000)	30,000	0
Department Total	\$ 47,555,600	\$ 302,250	\$ 35,755,850	\$ 61,908,400

**City of Avondale
Expenditures/Expenses by Department
Fiscal Year 2024**

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
DEPARTMENT/FUND	2023	2023	2023	2024
List Department:				
Public Works				
General Fund	\$ 1,207,000	\$ (366,000)	\$ 599,000	\$ 516,200
General Fund Capital	741,800	0	563,800	761,600
Environmental Programs	427,000	0	397,000	398,000
Highway User Revenue Fund	2,042,200	192,000	2,234,200	2,228,200
Transit Fund	2,925,600	0	2,761,600	2,826,200
Other Grants	600,000	0	0	600,000
Police Development Impact Fee	280,000	122,000	402,000	0
PRO Bond Construction 2019	0	0	0	0
Vehicle Replacement	2,106,000	0	1,826,000	1,198,000
Water Operations	13,151,400	0	13,151,400	13,812,000
Water Capital	25,884,000	7,043,000	2,429,000	28,514,000
Water Asset Replacement	568,000	0	106,000	1,135,000
Water Development Impact Fee	11,958,000	(7,075,000)	1,454,000	13,079,000
Sewer Operations	7,443,300	(50,000)	7,393,300	6,749,300
Sewer Capital	13,360,000	457,300	145,300	19,738,000
Sewer Asset Replacement	1,431,000	(954,300)	106,700	877,000
Sewer Bond Construction	0	0	0	8,500,000
Solid Waste Operations	6,438,000	0	6,438,000	6,146,300
Solid Waste Capital	913,000	1,095,000	832,000	1,167,000
Solid Waste Asset Replacement	2,084,000	0	1,776,000	734,000
Fleet Services Fund	3,836,700	(62,000)	3,564,700	4,160,400
Department Total	\$ 97,397,000	\$ 402,000	\$ 46,180,000	\$ 113,140,200
List Department:				
Contingency				
General Fund	\$ 23,000,000	\$ 0	\$ 23,000,000	\$ 23,000,000
Highway User Revenue Fund	0	0	0	0
Public Safety Dedicated Sales Tax	495,000	0	0	495,000
Environmental Programs Fund	0	0	0	0
Public Arts Fund	0	0	0	0
Water Operations	1,000,000	(200,000)	800,000	1,000,000
Sewer Operations	1,000,000	(133,000)	867,000	1,000,000
Solid Waste Operations	500,000	(500,000)	0	500,000
Risk Management Fund	0	0	0	0
Fleet Services Fund	0	0	0	0
Workers' Compensation Fund	0	0	0	0
Department Total	\$ 25,995,000	\$ (833,000)	\$ 24,667,000	\$ 25,995,000
TOTAL ALL DEPARTMENTS	\$ 457,106,600	\$ 0	\$ 290,958,600	\$ 464,896,600

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

City of Avondale
Full-Time Employees and Personnel Compensation
Fiscal Year 2024

	Full-Time Equivalent (FTE)	Employee Salaries and Hourly Costs	Retirement Costs	Healthcare Costs	Other Benefit Costs	Total Estimated Personnel Compensation
FUND	2024	2024	2024	2024	2024	2024
GENERAL FUND	518.97	\$ 44,635,500	\$ 12,209,900	\$ 6,046,100	\$ 1,771,000	\$ 64,662,500
SPECIAL REVENUE FUNDS						
Highway User Revenue Fund	24.25	\$ 1,974,500	\$ 372,900	\$ 315,900	\$ 69,400	\$ 2,732,700
Senior Nutrition	6.75	315,200	64,700	30,600	12,000	422,500
Community Action Program	1.50	95,500	19,500	26,200	2,900	144,100
Other Grants	10.67	744,300	185,900	140,400	35,900	1,106,500
American Rescue Plan Act	7.00	5,509,500	102,600	58,500	6,100	5,676,700
Regional Family Advocacy	7.00	588,600	118,500	58,400	8,400	773,900
Public Safety Dedicated Sales Tax	92.00	8,443,500	2,816,700	1,194,700	451,200	12,906,100
Community Development Block Grant	2.00	157,300	31,400	15,500	1,700	205,900
Environmental Programs Fund	1.45	127,100	25,100	22,800	300	175,300
Wildland Fire Deployment		217,500	0	0	0	217,500
Transit Fund	1.50	187,900	37,400	26,300	1,400	253,000
Tow Impound Fund	0.41	32,900	6,800	3,300	2,100	45,100
Total Special Revenue Funds	154.53	\$ 18,393,800	\$ 3,781,500	\$ 1,892,600	\$ 591,400	\$ 24,659,300
ENTERPRISE FUNDS						
Water Operations	40.65	\$ 3,230,600	\$ 636,500	\$ 507,800	\$ 93,200	\$ 4,468,100
Sewer Operations	23.90	2,052,300	403,000	305,300	50,400	2,811,000
Sanitation	27.25	2,009,700	391,200	376,000	86,500	2,863,400
Total Enterprise Funds	91.80	\$ 7,292,600	\$ 1,430,700	\$ 1,189,100	\$ 230,100	\$ 10,142,500
TRUST & AGENCY FUND						
Volunteer Fireman's Pension		\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 5,000
	0.00	\$ 0	\$ 5,000	\$ 0	\$ 0	\$ 5,000
INTERNAL SERVICE FUND						
Fleet Services Fund	10.25	\$ 832,000	\$ 165,900	\$ 146,200	\$ 19,000	\$ 1,163,100
Worker's Compensation Fund	1.20	135,600	27,200	13,600	1,700	178,100
Employee Benefit Trust	2.00	160,800	32,300	34,000	1,400	228,500
Risk Management Fund	0.80	102,100	20,300	12,400	1,000	135,800
Total Internal Service Fund	14.25	\$ 1,230,500	\$ 245,700	\$ 206,200	\$ 23,100	\$ 1,705,500
TOTAL ALL FUNDS	779.55	\$ 71,552,400	\$ 17,672,800	\$ 9,334,000	\$ 2,615,600	\$ 101,174,800

CITY COUNCIL REPORT

SUBJECT: Resolution 1023-0523 - Intergovernmental Agreement with the City of Chandler for Conveyance of Rights (Purchase) of New River Agua Fria Underground Storage Project (NAUSP) Storage Entitlement

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Kirk Beaty, Public Works Director

THROUGH: Tracy Stevens, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Areas:

- Innovative Program and Service Delivery – Avondale will continue to serve as a model of innovative, efficient and responsive government.
- Natural Resources and Open Spaces – Avondale recognizes the value of its natural resources and promotes environmental sustainability and conservation in its operations, activities and planning.

The purchase of additional Storage Entitlement in the New River Agua Fria Underground Storage Project (NAUSP) is a cost effective solution to support and enhance Avondale's diverse water portfolio while protecting one of its precious natural resources for future generations.

PURPOSE:

City Council will consider a request to adopt Resolution 1023-0523 approving the Intergovernmental Agreement with the City of Chandler for the Conveyance of Rights in the New River Agua Fria Underground Storage Project and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The New River Agua Fria Underground Storage Project (NAUSP) is a constructed groundwater recharge facility located at 107th Avenue and Bethany Home Road alignment. The NAUSP was constructed in 2004 in accordance with an Intergovernmental Agreement (IGA) with participation by the following parties: City of Avondale; City of Chandler; City of Glendale; Salt River Valley Water Users Association (SRP). In 2008, the original Intergovernmental Agreement was amended to include the City of Peoria as a party to the NAUSP. Each party has an assigned water Storage Entitlement. Upon execution of the amended IGA in 2008, the City of Avondale's entitlement was 10% and the City of Chandler's entitlement was 22.8%.

Recharge facilities like the NAUSP have physical limits on the amount of water that can be recharged through percolation. The NAUSP is managed and operated by SRP as the Operating Agent which monitors the

recharge capacity of the facility. Currently, the NAUSP has demonstrated the capacity to recharge a total of 2,400 acre-feet of water every month. By their entitlements, the City of Avondale (Avondale) can recharge 240 acre-feet per month (10%) and the City of Chandler (Chandler) can recharge 547 acre-feet per month (22.8%).

In August 2021, Chandler expressed to Avondale that it was wanting to sell a portion, or all, of its Storage Entitlement. In January 2022, Avondale sent a letter to Chandler expressing interest in purchasing Chandler's NAUSP Storage Entitlement in Fiscal Year 2023. This purchase is advantageous to Avondale for a number of reasons. It provides additional water recharge and storage capacity and system flexibility as Avondale contemplates additional water sources including spill water from SRP, stored water from the expansion of Bartlett Dam and reservoir, and increased volumes of reclaimed water from the future expansion of the Charles M. Wolf Water Reclamation Facility. Secondly, because the NAUSP is the next closest recharge facility to the City at two miles north of the Avondale city limits (the Avondale McDowell Recharge Facility within Avondale is the closest), this proximity will facilitate easier recovery of stored groundwater. Additionally, purchasing Storage Entitlement in an existing facility is more cost effective than acquiring land, designing, constructing, and permitting a new facility within the Avondale city limits. Finally, with this purchase, Avondale will have additional ownership interest in the land underlying the NAUSP which has demonstrated an appreciation in value that will likely continue into the future.

Following the letter of interest, Avondale and Chandler have been negotiating the terms for the IGA and processing the necessary pre-notifications to the other parties of the NAUSP per requirements in the 2004 IGA and 2008 Amended IGA. Additionally, Avondale and Chandler have negotiated a "lease back" to Chandler of a portion of the Storage Entitlement that Avondale is purchasing from Chandler.

DISCUSSION:

The Intergovernmental Agreement under consideration outlines the Storage Entitlement conveyance as well as references the "Lease" of a portion of Avondale's Storage Entitlement back to Chandler after the completion of the purchase. The City of Avondale will purchase from the City of Chandler 18% of the Storage Entitlement that is currently held by Chandler. After completion of this purchase, the City of Avondale will have a total of 28% of the NAUSP Storage Entitlement and the right to recharge approximately 672 acre-feet of water per month. Chandler will retain 4.8% of Storage Entitlement in the NAUSP. Avondale does not currently have the need to utilize the full Storage Entitlement acquired with this purchase, and Avondale has the ability to assign (lease) any unused portion of its capacity to other parties to the NAUSP IGA to ensure maximum utilization of Storage Entitlements until a point in time when they are needed by Avondale. To that point, Avondale and Chandler have negotiated that Avondale will lease 8.0% of its Storage Entitlement back to Chandler for a limited term under a separate IGA to be considered by Council. The City of Peoria has expressed interest to Avondale in also leasing a portion of the unused Storage Entitlement and that lease will be considered for a future Council action. These leasebacks are beneficial to Avondale (the lessor) as it allocates annual operation and maintenance costs to the lessee until such time that Avondale needs the leased Storage Entitlement for its own use.

The cost for this conveyance (purchase) is derived from a pre-determined formula in the original 2004 IGA which contemplates the value of the underlying land as determined by appraisal. Chandler initiated a land appraisal through a third-party appraiser. The appraisal was subsequently reviewed by Avondale staff in the Engineering and City Attorney's offices and found to be correct.

The original FY2023 budget for the purchase of this additional Storage Entitlement from Chandler was \$7,200,000.00, as it was contemplated that Avondale would purchase Chandler's full Storage Entitlement. However, Chandler elected to retain a portion of its Storage Entitlement, and after negotiation Avondale has agreed to a final purchase of 18.0% of Storage Entitlement at the agreed upon price of \$5,753,237.13 as derived by the pre-determined formula.

BUDGET IMPACT:

Funds in the amount of \$7,200,000.00 for this purchase are included in the FY2023 Capital Improvement budget. Only \$5,753,237.13 will be expended.

RECOMMENDATION:

Staff recommends that City Council approve the request to adopt Resolution 1023-0523 approving the Intergovernmental Agreement with the City of Chandler for the Conveyance of Rights in the New River Agua Fria Underground Storage Project, and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Contact person for document distribution: Kirk Beaty, Public Works Director

Eric V. Bay, Public Works Assistant Director

Suzie Hunter, Public Works Administration Manager

RESOLUTION NO. 1023-0523

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF CHANDLER, ARIZONA RELATING TO THE CONVEYANCE AND LEASING OF RIGHTS IN THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The Intergovernmental Agreement with the City of Chandler (“Chandler”) relating to the conveyance and leasing of rights in the New River and Agua Fria River Underground Storage Project (the “Agreement”) is hereby approved in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

SECTION 2. The Mayor, the City Manager, the City Clerk, and the City Attorney are hereby authorized and directed to take all steps necessary to cause the execution of the Agreement and to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 1, 2023.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1023-0523

[Agreement]

See following pages.

When recorded, return to:

City Clerk
City of Chandler
P. O. Box 4008, Mail Stop 606
Chandler, AZ 85244-4008

**INTERGOVERNMENTAL AGREEMENT FOR
THE CONVEYANCE OF RIGHTS IN THE
NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT**

This Intergovernmental Agreement for the Conveyance of Rights in the New River and Agua Fria River Underground Storage Project (“**Agreement**”) is entered into this ____ day of _____, 2023 (“**Effective Date**”), by and between the City of Chandler, an Arizona municipal corporation (“**Chandler**”), and the City of Avondale, an Arizona municipal corporation (“**Avondale**”). Chandler and Avondale are referred to collectively in this Agreement as “**Parties**” and each may be referred to individually as a “**Party**.”

RECITALS

A. Arizona Revised Statutes §§ 11-951 through 11-954 authorize Chandler and Avondale to enter into this Agreement.

B. Chandler and Avondale are parties to and Participants in that certain New River and Agua Fria River Underground Storage Project Intergovernmental Agreement dated August 4, 2004, as amended July 23, 2008 (“**NAUSP Agreement**”), together with the City of Glendale, the City of Peoria, the Salt River Valley Water Users’ Association, and the Salt River Project Agricultural Improvement and Power District.

C. Any capitalized term used in this Agreement and not otherwise defined shall have the meaning given in the NAUSP Agreement. Except as set forth in Section 8 below, to the extent any provision of this Agreement conflicts with the provisions of the NAUSP Agreement, the NAUSP Agreement shall control.

D. The NAUSP Agreement sets forth the terms for the construction, maintenance, operation, and rights in the New River and Agua Fria River Underground Storage Project (“**NAUSP**”) located generally at the northeast corner of Ball Park Boulevard and the alignment for Bethany Home Road in Glendale, Arizona.

E. Under the terms of the NAUSP Agreement, Chandler's Storage Entitlement is 22.8% of the Storage Capacity of the NAUSP.

F. Chandler desires to sell, and Avondale desires to purchase, Chandler's Storage Entitlement equal to 18.0% of the Storage Capacity of the NAUSP, subject to the lease back provisions and other terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and representations set forth in this Agreement, including without limitation the Recitals, Chandler and Avondale agree as follows.

AGREEMENT

1. Incorporation of Recitals. The Recitals set forth above are incorporated as binding terms of this Agreement.

2. Term. Subject to the provisions of Section 8, this Agreement shall remain in effect until:

2.1 Closing as defined in Section 3 of this Agreement; and

2.2 Execution of the Lease as provided in Section 5 of this Agreement.

3. Conveyance of 18% of Chandler's Storage Entitlement to Avondale.

3.1 Not later than June 30, 2023 ("**Closing Date**"), Avondale agrees to pay Chandler the sum of \$5,753,237.13 ("**Purchase Price**") as and for Chandler's Storage Entitlement equal to 18% of the Storage Capacity of the NAUSP.

3.2 Upon receipt of the Purchase Price, Chandler shall provide written confirmation to Avondale and other Participants that the conveyance of Chandler's Storage Entitlement to Avondale as described in this Agreement is final and effective as of the Closing Date ("**Closing**").

3.3 Upon Closing, Chandler shall retain a Storage Entitlement of 4.8% of the Storage Capacity of the NAUSP.

4. Retention of Rights. Chandler shall retain all rights and privileges associated with water stored in the NAUSP by Chandler.

5. Leaseback.

5.1 Commencing on the first day of the month following Closing, Avondale agrees to lease back to Chandler a portion of the Storage Entitlement conveyed under this Agreement under a Temporary Assignment of Declared Firm Lease Capacity in substantially the form attached as Exhibit "A" ("**Lease**").

5.2 Avondale shall lease back to Chandler a Storage Entitlement equal to 8.0% of the Storage Capacity of the NAUSP.

5.3 During the term of the Lease, Chandler's total Storage Entitlement shall be 12.8%.

6. Notices. Unless otherwise specifically provided in this Agreement, or unless written notice of a change of address has been previously given under this Section, all notices, demands or other communication given hereunder shall be in writing and shall be deemed to have been duly delivered upon (A) personal delivery, (B) delivery by a recognized overnight courier (e.g., Federal Express, United Parcel Service) for next business day delivery, or (C) as of the fifth business day after mailing by United States certified mail, postage prepaid, addressed as follows:

To Chandler: Public Works & Utilities Director
City of Chandler
P. O. Box 4008
Mail Stop 905
Chandler, AZ 85244-4008

With a copy to: Chandler City Attorney
P.O. Box 4008
Mail Stop 602
Chandler, AZ 85244-4008

To Avondale: City of Avondale, Arizona
11465 West Civic Center Drive
Avondale, Arizona 85323
Attention: City Manager

7. Indemnification.

7.1 Chandler shall indemnify and defend Avondale and its officers and employees, collectively, against any and all losses, damages, liabilities, deficiencies, claims, actions, judgment, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorney fees, relating to, arising out of, or resulting from any third-party claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, or investigation of any nature, civil, criminal, administrative, regulatory, or other, whether at law, in equity or otherwise ("**Claim**"), alleging a breach of this Agreement by Chandler, a negligent or more culpable act or omission of Chandler or any of its representatives (including any reckless or willful misconduct) in connection with the performance of its obligations under this Agreement, any failure by Chandler to comply with applicable federal, state, or local laws, regulations, or codes in the performance of its obligations under this Agreement, or any Claim arising out of the foregoing conduct by Chandler or its representatives in connection with the performance of its rights or obligations under the NAUSP Agreement prior to the Effective Date of this Agreement and continuing through the Term of this Agreement.

7.2 Avondale shall indemnify and defend Chandler and its officers and employees, collectively, against any and all losses, damages, liabilities, deficiencies, claims, actions, judgment, settlements, interest, awards, penalties, fines, costs, or expenses of whatever kind, including reasonable attorney fees, relating to, arising out of, or resulting from any third-party claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena, or investigation of any nature, civil, criminal, administrative, regulatory, or other, whether at law, in equity or otherwise (“**Claim**”), alleging a breach of this Agreement by Avondale, a negligent or more culpable act or omission of Avondale or any of its representatives (including any reckless or willful misconduct) in connection with the performance of its obligations under this Agreement, any failure by Avondale to comply with applicable federal, state, or local laws, regulations, or codes in the performance of its obligations under this Agreement, or any Claim arising out of the foregoing conduct by Avondale or its representatives in connection with the performance of its rights or obligations under the NAUSP Agreement from and after the Effective Date.

7.3 The obligations of the Parties under this Section shall survive the termination of this Agreement and the NAUSP Agreement.

8. Termination. Either Party may terminate this Agreement for cause upon written notice to the other Party. The non-terminating Party shall have ten days after issuance of the notice to remedy the cause for which the notice was issued, after which the Agreement shall terminate. Upon termination and as applicable the Purchase Price shall be refunded, and any Storage Entitlement conveyed under this Agreement shall be returned with notice to the other Participants.

9. Additional Matters.

9.1 This Agreement shall be governed by and construed under the laws of the State of Arizona. This Agreement is subject to the provisions of A.R.S. § 38-511. This Agreement shall be deemed made and entered into in Maricopa County, Arizona.

9.2 Chandler and Avondale each believe that the execution, delivery, and performance of this Agreement comply with all applicable laws. However, in the unlikely event that any provision of this Agreement is declared void or unenforceable (or is construed as requiring the Parties to do any act in violation of any applicable constitutional provision, law, regulation, code, or charter), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provided that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed Agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to perform all such acts as reasonably requested by the other Party from time to time and to execute all amendments, instruments, and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

9.3 The failure of any Party to exercise any right, power, or remedy given to it under this Agreement, or to insist upon strict compliance with it, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach, nor a

waiver by either Party of its rights at any time to require exact and strict compliance with all of the terms of this Agreement.

9.4 This Agreement constitutes the entire Agreement between Chandler and Avondale with respect to its subject matter, and all agreements, oral or written, entered into prior to this Agreement are revoked and superseded by this Agreement. This Agreement may not be changed, modified, or amended, except in writing, signed by all Parties, and any attempt at oral modification of this Agreement shall be void and of no effect. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

9.5 In the event of any dispute between the Parties in connection with this Agreement, the Party prevailing in such action or proceeding (excluding mediation) shall be entitled to recover from the other Party all of its costs and fees, including reasonable attorneys' fees; provided, however, that no such awarded amount shall be payable until (A) the court in question has made a finding that one or the other Party is the "prevailing party" in such proceeding, and (B) a final order of judgment is entered by a court of competent jurisdiction for which any time for appeal has expired without appeal, or where applicable, the mandate of an appellate court of competent jurisdiction shall issue.

9.6 Any action brought to interpret, enforce, or construe any provision of this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa (or as may be appropriate, in the Justice Courts of Maricopa County, Arizona, or in the United States District Court for the District of Arizona, if, but only if, the Superior Court lacks or declines jurisdiction over such action). The Parties irrevocably consent to jurisdiction and venue in such courts for such purposes and agree not to seek transfer or removal of any action except in accordance with the terms of this Section.

9.7 It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Chandler and Avondale. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person, firm, organization, or corporation not a Party hereto, and no such other person, firm, organization, or corporation shall have any right or cause of action hereunder.

9.8 Attached to this Agreement and incorporated by reference is the written determination of each Party's legal counsel that each Party is authorized under the laws of the State of Arizona to enter into this Agreement and that the Agreement is in proper form.

9.9 Each Party agrees to execute and carry out all such further documents, instruments, or acts as reasonably may be necessary to give full effect to this Agreement.

9.10 Chandler shall record a fully executed copy of this Agreement in the Office of the Maricopa County Recorder.

[Signatures on following page.]

IN WITNESS WHEREOF, the Parties have executed this Agreement on this ____ day of _____, 2023.

CITY OF CHANDLER, an Arizona
municipal corporation

CITY OF AVONDALE, an Arizona
municipal corporation

By _____
Mayor Kevin Hartke

By _____
Mayor Kenneth Weise

ATTEST:

ATTEST:

By _____
City Clerk

By _____
City Clerk

APPROVAL OF THE CHANDLER CITY ATTORNEY

Pursuant to Arizona Revised Statutes § 11-951 through § 11-954, I have reviewed the foregoing intergovernmental agreement between the City of Chandler and the City of Avondale and declare this Agreement to be in proper form and within the powers and authority granted to the City of Chandler under the laws of the State of Arizona.

No opinion is expressed as to the authority of the City of Avondale to enter into this Agreement.

DATED this _____ day of _____, 2022.

Kelly Y. Schwab
Chandler City Attorney

APPROVAL OF AVONDALE CITY ATTORNEY

Pursuant to Arizona Revised Statutes § 11-951 through § 11-954, I have reviewed the foregoing intergovernmental agreement between the City of Chandler and the City of Avondale and declare this Agreement to be in proper form and within the powers and authority granted to the City of Avondale under the laws of the State of Arizona.

No opinion is expressed as to the authority of the City of Chandler to enter into this Agreement.

DATED this _____ day of _____, 2022.

Nicholle Harris
Avondale City Attorney

CITY COUNCIL REPORT

SUBJECT: Resolution 1024-0523 - Agreement for the Temporary Assignment of Declared Firm Lease Capacity in the New River Agua Fria Underground Storage Project (NAUSP)

MEETING DATE: 5/1/2023

TO: Mayor and Council

FROM: Kirk Beaty, Public Works Director

THROUGH: Tracy Stevens, Assistant City Manager, (623) 333-1014

REVIEWED: Ron Corbin, City Manager, (623) 333-1016

STRATEGIC PLAN:

This agenda item supports the following Avondale Strategic Outcome Areas:

- Innovative Program and Service Delivery – Avondale will continue to serve as a model of innovative, efficient and responsive government.

The temporary assignment (lease) of Avondale's excess Storage Entitlement in the New River Agua Fria Underground Storage Project (NAUSP) is a cost effective approach to reducing operation and maintenance costs for Avondale while the excess capacity is not needed in the short term.

PURPOSE:

City Council will consider a request to adopt Resolution 1024-0523 approving the Agreement with the City of Chandler for the Temporary Assignment of Declared Firm Lease Capacity in the New River Agua Fria Underground Storage Project (NAUSP), and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

BACKGROUND:

The New River Agua Fria Underground Storage Project (NAUSP) is a constructed groundwater recharge facility located at 107th Avenue and Bethany Home Road alignment. The NAUSP was constructed in 2004 in accordance with an Intergovernmental Agreement (IGA) with participation by the following parties: City of Avondale; City of Chandler; City of Glendale; Salt River Valley Water Users Association (SRP). In 2008, the original Intergovernmental Agreement was amended to include the City of Peoria as a party to the NAUSP. Each party has an assigned water Storage Entitlement. Upon execution of the amended IGA in 2008, the City of Avondale's entitlement was 10% and the City of Chandler's entitlement was 22.8%.

Recharge facilities like the NAUSP have physical limits on the amount of water that can be recharged through percolation. The NAUSP is managed and operated by SRP as the Operating Agent which monitors the recharge capacity of the facility. Currently, the NAUSP has demonstrated the capacity to recharge a total of 2,400 acre-feet of water every month. By their entitlements, the City of Avondale (Avondale) can recharge 240 acre-feet (10%) and the City of Chandler (Chandler) can recharge 547 acre-feet (22.8%).

In August 2021, Chandler expressed to Avondale that it was wanting to sell a portion, or all, of its Storage Entitlement. In January 2022, Avondale sent a letter to Chandler expressing interest in purchasing Chandler's NAUSP Storage Entitlement in Fiscal Year 2023. This purchase is advantageous to Avondale for a number of reasons. It provides additional water recharge and storage capacity and system flexibility as Avondale contemplates additional water sources including spill water from SRP, stored water from the expansion of Bartlett Dam and reservoir, and increased volumes of reclaimed water from the future expansion of the Charles M. Wolf Water Reclamation Facility. Secondly, because the NAUSP is the next closest recharge facility to the City at two miles north of the Avondale city limits (the Avondale McDowell Recharge Facility within Avondale is the closest), this proximity will facilitate easier recovery of stored groundwater. Additionally, purchasing Storage Entitlement in an existing facility is more cost effective than acquiring land, designing, constructing, and permitting a new facility within the Avondale city limits. Finally, with this purchase, Avondale will have additional ownership interest in the land underlying the NAUSP which has demonstrated an appreciation in value that will likely continue in the future.

Following the letter of interest, Avondale and Chandler have been negotiating the terms for the IGA and processing the necessary pre-notifications to the other parties of the NAUSP as stipulated in the 2004 IGA and 2008 Amended IGA. Additionally, Avondale and Chandler have negotiated a "lease back" to Chandler of a portion of the Storage Entitlement that Avondale is purchasing from Chandler.

Under a separate IGA considered by the Council, the City of Avondale is purchasing from the City of Chandler 18% of Storage Entitlements that are currently held by Chandler. After completion of this purchase, the City of Avondale will have a total of 28% of the NAUSP Storage Entitlement and Chandler will retain 4.8% of Storage Entitlement in the NAUSP. Avondale does not currently have the need to utilize the full Storage Entitlement acquired with this purchase, and Avondale has the ability to assign (lease) any unused portion of its capacity to other parties to the NAUSP IGA to ensure maximum utilization of Storage Entitlements until a point in time when they are needed by Avondale. To that point, Avondale and Chandler have negotiated that Avondale will lease 8.0% of Storage Entitlement back to Chandler for a limited term. The City of Peoria has expressed interest to Avondale in also leasing a portion of the unused Storage Entitlement and that lease will be considered for a future Council action. These leasebacks are beneficial to Avondale (the lessor) as it allocates annual operation and maintenance costs to the lessee until such time that Avondale needs the full Storage Entitlement for its own use.

DISCUSSION:

The Agreement under consideration outlines the Temporary Assignment of Declared Firm Lease Capacity of Storage Entitlements back to Chandler. Avondale will lease 8.0% of Storage Entitlement back to Chandler through December 31, 2026 with an option to extend for an additional 12 months through December 31, 2027.

Chandler shall pay Avondale a percentage of its annual Operating Costs as determined under Section 12 of the 2004 IGA that is proportional to the share of Avondale's Firm Lease Capacity assigned to Chandler under this lease. For Fiscal Year 2024, the Operating Cost for the NAUSP is estimated to be \$4,600 for each 1% of Storage Entitlement, which will equate to approximately \$36,800 in lease payment from Chandler in Fiscal Year 2024.

BUDGET IMPACT:

Revenue from the Temporary Assignment of Storage Entitlements as paid by the City of Chandler shall be deposited to the Water Enterprise Fund.

This action does not commit the City to any additional expenditures that were not previously planned for in the upcoming FY2024 budget.

RECOMMENDATION:

Staff recommends that City Council approve Resolution 1024-0523 approving the Agreement with the City of Chandler for the Temporary Assignment of Declared Firm Lease Capacity in the New River Agua Fria Underground Storage Project (NAUSP), and authorize the Mayor or City Manager, City Attorney and City Clerk

to execute the necessary documents.

Contact person for document distribution: *Kirk Beaty, Public Works Director
Eric V. Bay, Public Works Assistant Director
Suzie Hunter, Public Works Administration Manager*

RESOLUTION NO. 1024-0523

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, APPROVING THE LEASE AGREEMENT WITH THE CITY OF CHANDLER, ARIZONA RELATING TO THE TEMPORARY ASSIGNMENT OF DECLARED FIRM LEASE CAPACITY IN THE NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. The Lease Agreement between the City of Avondale (“Avondale”) and the City of Chandler (“Chandler”) for the Temporary Assignment of Declared Firm Lease Capacity in the New River and Agua Fria River Underground Storage Project (the “Lease”) is hereby approved in substantially the form and substance attached hereto as Exhibit A and incorporated herein by reference.

SECTION 2. The Mayor, the City Manager, the City Clerk, and the City Attorney are hereby authorized and directed to take all steps necessary to cause the execution of the Agreement and to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, May 1, 2023.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Carrillo, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
RESOLUTION NO. 1024-0523

[Agreement]

See following pages.

When recorded, return to:

City Clerk
City of Chandler
P. O. Box 4008, Mail Stop 606
Chandler, AZ 85244-4008

**AGREEMENT FOR THE TEMPORARY ASSIGNMENT
OF DECLARED FIRM LEASE CAPACITY IN THE
NEW RIVER AND AGUA FRIA RIVER UNDERGROUND STORAGE PROJECT**

This Agreement for the Temporary Assignment of Declared Firm Lease Capacity in the New River and Agua Fria River Underground Storage Project (“**Lease**”) is entered into this _____ day of _____, 2023 (“**Effective Date**”), by and between the City of Chandler, an Arizona municipal corporation (“**Chandler**”), and the City of Avondale, an Arizona municipal corporation (“**Avondale**”). Chandler and Avondale are referred to collectively in this Lease as “Parties” and each may be referred to individually as a “Party.”

RECITALS

A. Chandler and Avondale are parties to and Participants in that certain New River and Agua Fria River Underground Storage Project Intergovernmental Agreement dated August 4, 2004, as amended July 23, 2008 (“**NAUSP Agreement**”), together with the City of Glendale, the City of Peoria, the Salt River Valley Water Users’ Association, and the Salt River Project Agricultural Improvement and Power District.

B. Any capitalized term used in this Agreement and not otherwise defined shall have the meaning given in the NAUSP Agreement.

C. To the extent any provision of this Agreement conflicts with the provisions of the NAUSP Agreement, the NAUSP Agreement shall control.

D. The NAUSP Agreement sets forth the terms for the construction, maintenance, operation, and leasing of rights in the New River and Agua Fria River Underground Storage Project (“**NAUSP**”) located generally at the northeast corner of Ball Park Boulevard and the alignment for Bethany Home Road in Glendale, Arizona.

E. Effective _____, 2023, Chandler and Avondale entered into an Intergovernmental Agreement for the Conveyance of Rights in the NAUSP (“**Conveyance IGA**”)

under which Chandler conveyed to Avondale Chandler's Storage Entitlement equal to 18.0% of the Storage Capacity of the NAUSP.

F. Chandler retains a Storage Entitlement of 4.8% of the Storage Capacity of the NAUSP.

G. The Conveyance IGA requires Avondale to lease back to Chandler a Storage Entitlement equal to 8.0% of the Storage Capacity of the NAUSP.

NOW, THEREFORE, in consideration of the mutual promises and representations set forth in this Lease and in the Conveyance IGA, including without limitation the Recitals, Chandler and Avondale agree as follows.

AGREEMENT

1. Incorporation of Recitals. The Recitals set forth above are incorporated as binding terms of this Agreement.

2. Term. The term of this Lease shall commence on July 1, 2023, and end on December 31, 2026.

3. Retention of Rights. Chandler shall retain all rights and privileges associated with water stored in the NAUSP by Chandler as of the termination of this Lease.

4. Temporary Assignment of Declared Firm Lease Capacity. Avondale agrees to assign to Chandler a Storage Entitlement equal to 8.0% of the Storage Capacity of the NAUSP through calendar year 2026, under the terms and conditions provided in Sections 4.8, 7.4, and 15.3 of the NAUSP Agreement for the temporary assignment of Declared Firm Lease Capacity by one Participant to another. During the term of this Lease, Chandler's total Storage Entitlement shall be 12.8%.

5. Option to Extend. Chandler shall have the option to extend the Term of this Lease for an additional 12 months until December 31, 2027, by providing written notice to Avondale no later than October 2, 2026, of its intent to exercise the option.

6. Price. Chandler shall pay Avondale a percentage of its annual Operating Costs as determined under Section 12 of the NAUSP Agreement that is proportional to the share of Avondale's Firm Lease Capacity assigned to Chandler annually under this Lease. Such price shall be prorated monthly for any period of less than 12 months.

7. Notices. Unless otherwise specifically provided in this Agreement, or unless written notice of a change of address has been previously given under this Section, all notices, demands or other communication given hereunder shall be in writing and shall be deemed to have been duly delivered upon (A) personal delivery, (B) delivery by a recognized overnight courier (e.g., Federal Express, United Parcel Service) for next business day delivery, or (C) as of the fifth business day after mailing by United States certified mail, postage prepaid, addressed as follows:

To Chandler: Public Works & Utilities Director

City of Chandler
P. O. Box 4008
Mail Stop 905
Chandler, AZ 85244-4008

With a copy to: Chandler City Attorney
P.O. Box 4008
Mail Stop 602
Chandler, AZ 85244-4008

To Avondale: City of Avondale, Arizona
11465 West Civic Center Drive
Avondale, Arizona 85323
Attention: City Manager

8. Additional Matters.

8.1 This Agreement shall be governed by and construed under the laws of the State of Arizona. This Agreement is subject to the provisions of A.R.S. § 38-511. This Agreement shall be deemed made and entered into in Maricopa County, Arizona.

8.2 Chandler and Avondale each believe that the execution, delivery, and performance of this Agreement comply with all applicable laws. However, in the unlikely event that any provision of this Agreement is declared void or unenforceable (or is construed as requiring the Parties to do any act in violation of any applicable constitutional provision, law, regulation, code, or charter), such provision shall be deemed severed from this Agreement and this Agreement shall otherwise remain in full force and effect; provided that this Agreement shall retroactively be deemed reformed to the extent reasonably possible in such a manner so that the reformed Agreement (and any related agreements effective as of the same date) provide essentially the same rights and benefits (economic and otherwise) to the Parties as if such severance and reformation were not required. The Parties further agree, in such circumstances, to perform all such acts as reasonably requested by the other Party from time to time and to execute all amendments, instruments, and consents necessary to accomplish and to give effect to the purposes of this Agreement, as reformed.

8.3 The failure of any Party to exercise any right, power, or remedy given to it under this Agreement, or to insist upon strict compliance with it, shall not constitute a waiver of the terms and conditions of this Agreement with respect to any other or subsequent breach, nor a waiver by either Party of its rights at any time to require exact and strict compliance with all of the terms of this Agreement.

8.4 This Agreement constitutes the entire Agreement between Chandler and Avondale with respect to its subject matter, and all agreements, oral or written, entered into prior to this Agreement are revoked and superseded by this Agreement. This Agreement may not be changed, modified, or amended, except in writing, signed by all Parties, and any attempt at oral modification of this Agreement shall be void and of no effect. This Agreement may be executed

in any number of counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

8.5 In the event of any dispute between the Parties in connection with this Agreement, the Party prevailing in such action or proceeding (excluding mediation) shall be entitled to recover from the other Party all of its costs and fees, including reasonable attorneys' fees; provided, however, that no such awarded amount shall be payable until (A) the court in question has made a finding that one or the other Party is the "prevailing party" in such proceeding, and (B) a final order of judgment is entered by a court of competent jurisdiction for which any time for appeal has expired without appeal, or where applicable, the mandate of an appellate court of competent jurisdiction shall issue.

8.6 Any action brought to interpret, enforce, or construe any provision of this Agreement shall be commenced and maintained in the Superior Court of the State of Arizona in and for the County of Maricopa (or as may be appropriate, in the Justice Courts of Maricopa County, Arizona, or in the United States District Court for the District of Arizona, if, but only if, the Superior Court lacks or declines jurisdiction over such action). The Parties irrevocably consent to jurisdiction and venue in such courts for such purposes and agree not to seek transfer or removal of any action except in accordance with the terms of this Section.

8.7 It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Chandler and Avondale. No term or provision of this Agreement is intended to, or shall, be for the benefit of any person, firm, organization, or corporation not a Party hereto, and no such other person, firm, organization, or corporation shall have any right or cause of action hereunder.

8.8 Attached to this Agreement and incorporated by reference is the written determination of each Party's legal counsel that each Party is authorized under the laws of the State of Arizona to enter into this Agreement and that the Agreement is in proper form.

8.9 Each Party agrees to execute and carry out all such further documents, instruments, or acts as reasonably may be necessary to give full effect to this Agreement.

[Signatures on following page.]

IN WITNESS WHEREOF, the Parties have executed this Lease on this ____ day of _____, 2023.

CITY OF CHANDLER, an Arizona
municipal corporation

CITY OF AVONDALE, an Arizona
municipal corporation

By _____
Mayor Kevin Hartke

By _____
Mayor Kenneth Weise

ATTEST:

ATTEST:

By _____
City Clerk

By _____
City Clerk

APPROVED AS TO FORM:

APPROVED AS TO FORM:

By _____
City Attorney

By _____
City Attorney



AGENDA ITEM REPORT

SUBJECT: Minutes

MEETING DATE: 5/1/2023

TO: Board Members

FROM: Marcella Carrillo, District Clerk

THROUGH: Cherlene Penilla, Assistant District Manager

PURPOSE:

The board will consider a request to approve the June 6, 2022 and June 13, 2022 Alamar Community Facilities District Board meeting minutes. The Board will take appropriate action.

BACKGROUND:

Pursuant to Arizona Revised Statute §§ 38-431.01(B), the City must provide written minutes of all public meetings.

DISCUSSION:

The Board held a meeting and the attached minutes have been prepared for approval.

BUDGET IMPACT:

This item has no budget impact.

RECOMMENDATION:

Staff recommends the Board approve the attached meeting minutes.

MINUTES OF THE ALAMAR COMMUNITY FACILITIES DISTRICT BOARD MEETING
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
June 6, 2022

A **Regular Meeting** of the Alamar Community Facilities District Board of the City of Avondale, Arizona was convened at 11465 Civic Center Drive in open and public session at 5:30 p.m.

Members Present: Chairperson Kenn Weise; Vice Chairperson Veronica Malone; Board Members Curtis Nielson, Mike Pineda, and Gloria Solorio.

Note: Board Member Nielson attended the meeting by telephone.

Members Absent: Board Members Tina Conde and Bryan Kilgore.

Other Municipal Officials Present: Cherlene Penilla, Acting District Manager; Tracy Stevens, Deputy District Manager; Nicholle Harris, District Attorney; Linda Mendenhall, Deputy District Clerk; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Andrea Dumbrell, Human Resources Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ken Gilliam, Fire Chief; Bryan Hughes, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Interim Director; Marshall Pimentel, Intergovernmental Affairs Administrator; Mark Neerings, Assistant Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Services Interim Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately 10 members of the public were present.

1. ROLL CALL BY THE DISTRICT CLERK

2. PUBLIC HEARING - PROPOSED FISCAL YEAR 2023 BUDGET AND TAX LEVY

The District Board held a public hearing to receive comments on the property tax levy and final budget for the fiscal year 2023 (FY2023). This item was for discussion only.

Renee Weatherless, Finance and Budget Director, presented the following:

Ms. Weatherless stated that the plan is to issue debt with a maximum secondary tax rate of \$3.85 per \$100 in NAV (net assessed value) and a primary rate maximum of 30 cents. Total expenses/resources total approximately \$4.5 million. The recommendation is to hold a public hearing for the proposed FY 2023 budget and tax levy.

Chairperson Weise opened the public hearing and did not receive any requests to speak. Chairperson Weise closed the public hearing and opened the floor for comments from the Board.

3. ADJOURNMENT

There being no further business before the Board, Board Member Pineda moved to adjourn the Regular Meeting; Vice Chairperson Malone seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Board Member Nielson	Aye
Board Member Pineda	Aye
Board Member Solorio	Aye
Vice Chairperson Malone	Aye
Chairperson Weise	Aye

Meeting adjourned at 5:35 p.m.

A **Special Meeting** of the Alamar Community Facilities District Board of the City of Avondale, Arizona was convened at 11465 Civic Center Drive in open and public session at 5:35 p.m.

Members Present: Chairperson Kenn Weise; Vice Chairperson Veronica Malone; Board Members Curtis Nielson, Mike Pineda, and Gloria Solorio.

Note: Board Member Nielson attended the meeting by telephone.

Members Absent: Board Members Tina Conde and Bryan Kilgore.

Other Municipal Officials Present: Cherlene Penilla, Acting District Manager; Tracy Stevens, Deputy District Manager; Nicholle Harris, District Attorney; Linda Mendenhall, Deputy District Clerk; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Andrea Dumbrell, Human Resources Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ken Gilliam, Fire Chief; Bryan Hughes, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Interim Director; Marshall Pimentel, Intergovernmental Affairs Administrator; Mark Neerings, Assistant Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Services Interim Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately 10 members of the public were present.

1. ROLL CALL BY THE DISTRICT CLERK

2. CONSENT AGENDA

Items on the consent agenda are of a routine nature or have been previously studied by the Board. They are intended to be acted upon in one motion. Board Members may pull items from consent if they would like them considered separately.

Chairperson Weise asked if any Board Member wished to have an item removed from the Consent Agenda. Having no requests from the Board, motion was made by Board Member Pineda, seconded by Board Member Solorio, to approve the Consent Agenda.

Upon vote, the motion carried unanimously 5 to 0.

Council Member Nielson	Aye
Council Member Pineda	Aye
Council Member Solorio	Aye
Vice Mayor Malone	Aye
Mayor Weise	Aye

a. MINUTES

The District Board approved the May 2, 2022 CFD District Board meeting minutes.

b. CFD RESOLUTION 2-2022 - SETTING FORTH THE FINAL BUDGET FOR FISCAL YEAR 2023

The District Board adopted CFD Resolution 2-2022 approving the final budget for fiscal year 2023 (FY2023) and authorized the District Chair or District Manager and District Clerk to execute the necessary documents.

c. CFD RESOLUTION 3-2022 - SETTING THE PROPERTY TAX LEVY FOR THE FISCAL YEAR ENDING JUNE 30, 2023

The District Board adopted CFD Resolution 3-2022 levying upon the assessed valuation of the property within the Alamar Community Facilities District subject to ad valorem taxation a certain sum upon each one hundred dollars (\$100.00) of valuation for the fiscal year ending June 30, 2023.

3. ADJOURNMENT

There being no further business before the Board, Vice Chairperson Malone moved to adjourn the Regular Meeting; Board Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Board Member Nielson	Aye
Board Member Pineda	Aye
Board Member Solorio	Aye
Vice Chairperson Malone	Aye
Chairperson Weise	Aye

Meeting adjourned at 5:37 p.m.

Kenn Weise, Chairperson

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Alamar Communities Facilities District Board of the City of Avondale held on the 6th day of June 2022. I further certify that the meeting was duly called and held, and that the quorum was present.

Marcella Carrillo, District Clerk

MINUTES OF THE ALAMAR COMMUNITY FACILITIES DISTRICT BOARD MEETING
CITY OF AVONDALE, ARIZONA
ONLINE MEETING
June 13, 2022

A **Regular Meeting** of the Alamar Community Facilities District Board of the City of Avondale, Arizona was convened virtually at 7:05 p.m.

Members Present: Chairperson Kenn Weise; Board Members Tina Conde, Bryan Kilgore, Curtis Nielson, Mike Pineda, and Gloria Solorio.

Members Absent (Excused): Vice Chairperson Veronica Malone.

Other Municipal Officials Present: Cherlene Penilla, Acting District Manager; Tracy Stevens, Deputy District Manager; Nicholle Harris, District Attorney; Linda Mendenhall, Deputy District Clerk; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Andrea Dumbrell, Human Resources Director; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Ken Gilliam, Fire Chief; Bryan Hughes, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Interim Director; Marshall Pimentel, Intergovernmental Affairs Administrator; Mark Neerings, Assistant Chief Information Officer; Pier Simeri, Marketing and Public Relations Director; Aric Stewart, Engineering Services Interim Director; and Renee Weatherless, Finance and Budget Director.

Audience: Approximately five members of the public were present.

1. ROLL CALL BY THE DISTRICT CLERK

2. CFD RESOLUTION 4-2022 – AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING A FEASIBILITY REPORT AND AUTHORIZING THE SALE AND ISSUANCE OF GENERAL OBLIGATION BONDS, SERIES 2022 OF THE DISTRICT

The Board conducted a public hearing on a Feasibility Report for projects, the construction of which is to be financed with proceeds of sale of general obligation bonds and will then consider the adoption of CFD Resolution 4-2022; authorizing and ratifying the giving of Notice of Hearing with respect to approving a Feasibility Report and approving such Feasibility Report, authorizing all matters necessary to sell and issue General Obligation Bonds for the Alamar Community Facilities District not to exceed \$4,200,000 in aggregate principal, and authorizing the Interim District Manager and District Treasurer to determine certain matters related thereto.

Renee Weatherless, Finance and Budget Director, stated the district was established on May 21, 2018 and includes 1,086 acres and up to 3,695 housing units. In November 2018, voters authorized up to \$70 million in general obligation bonds. The developer has sold 1,293 residential lots to builders and the builders have sold more than 520 lots to

homebuyers. There is currently a limit of \$0.30/\$100 of net assessed value for the Primary Property Tax for operation and maintenance of CFD. There is a limit of \$3.85/\$100 of net assessed value for the Secondary Property Tax for the general obligation bond debt service. The proceeds of the revenue bond issuance will reimburse developer for public infrastructure.

Chairperson Weise opened the public hearing, did not receive any requests to speak, and closed the public hearing.

Board Member Solorio moved to adopt CFD Resolution 4-2022, approving Feasibility Report and Authorizing the Sale and Issuance of General Obligation Bonds, Series 2022 of the District; Board Member Pineda seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Board Member Conde	Aye
Board Member Kilgore	Aye
Board Member Nielson	Aye
Board Member Pineda	Aye
Board Member Solorio	Aye
Chairperson Weise	Aye

3. ADJOURNMENT

There being no further business before the Board, Board Member Conde moved to adjourn the Regular Meeting; Board Member Nielson seconded the motion.

Upon vote, the motion was carried unanimously 6 to 0.

Board Member Conde	Aye
Board Member Kilgore	Aye
Board Member Nielson	Aye
Board Member Pineda	Aye
Board Member Solorio	Aye
Chairperson Weise	Aye

Meeting adjourned at 7:10 p.m.

Kenn Weise, Chairperson

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Alamar Communities Facilities District Board of the City of Avondale held on the 13th day of June 2022. I further certify that the meeting was duly called and held, and that the quorum was present.

Marcella Carrillo, District Clerk



AGENDA ITEM REPORT

SUBJECT: CFD Resolution 1-2023 - Adoption of the Alamar Community Facilities District Fiscal Year 2024 Tentative Budget

MEETING DATE: 5/1/2023

TO: Board Members

FROM: Renee Weatherless, District Treasurer

THROUGH: Ron Corbin, District Manager, (623) 333-1011

PURPOSE:

The District Board will consider a request to adopt CFD Resolution 1-2023, setting forth the fiscal year 2023-2024 tentative budget and authorize the Chairperson or District Manager, District Attorney and District Clerk to execute the necessary documents . The District Board will take appropriate action.

BACKGROUND:

The adoption of the tentative budget will set the maximum limit of expenditures for FY2024. The total budget may be reduced prior to final adoption, but cannot be increased. The tentative budget for the district must be approved by resolution on or before July 15.

DISCUSSION:

Per A.R.S. 48-716, on or before July 15, the district treasurer shall prepare a proposed budget for the ensuing fiscal year for the district board's approval. Public notice is required at least 10 days before the tentative budget. Public notice will be published per the requirements of A.R.S. 48-715. The final budget shall be adopted before October 1.

BUDGET IMPACT:

This action will set the maximum expenditure limit for FY2023. Revisions can be made to decrease, but not increase the total expenditure amount for the final budget.

RECOMMENDATION:

Staff recommends adoption of a resolution setting forth the FY2024 tentative budget and annual expenditure limitation and authorize staff to proceed with required publications.

CFD RESOLUTION 1-2023

A RESOLUTION OF THE DISTRICT BOARD OF THE ALAMAR COMMUNITY FACILITIES DISTRICT, SETTING FORTH THE TENTATIVE BUDGET AND ESTABLISHING THE EXPENDITURE LIMITATION FOR LAKIN COMMUNITY FACILITIES DISTRICT FOR FISCAL YEAR 2023-2024.

WHEREAS, on May 21, 2018, the Mayor and Council of the City of Avondale, Arizona (the “City”), adopted Resolution No. 3453-518 forming Alamar Community Facilities District (“ACFD”), a community facilities district in accordance with ARIZ. REV. STAT. § 48-701 et seq., as amended; and

WHEREAS, ACFD is a special purpose district for purposes of Article IX, Section 19, of the Arizona Constitution, a tax-levying public improvement district for the purposes of Article XIII, Section 7, of the Arizona Constitution, and a municipal corporation for all purposes of ARIZ. REV. STAT. Title 35, Chapter 3, Articles 3, 3.1, 3.2, 4 and 5, as amended, and (except as otherwise provided in ARIZ. REV. STAT. § 48-708(B), as amended) is considered to be a municipal corporation and political subdivision of the State of Arizona, separate and apart from the City; and

WHEREAS, a primary purpose for creating ACFD was to finance certain public infrastructure needed for the development known as “Alamar Park” through assessment of ad valorem taxes on all real and personal property within ACFD; and

WHEREAS, in accordance with ARIZ. REV. STAT. §§ 48-716 and 48-723, as amended, the District Treasurer of ACFD has submitted to the District Board of ACFD a proposed budget for Fiscal Year 2022-2023 which includes statements and estimates of the operation and maintenance expenses of ACFD, the costs of capital improvements to be financed by the authorized ad valorem tax levy, and the amount of all other expenditures for public infrastructure and enhanced municipal services proposed to be paid from the tax levy; and

WHEREAS, the District Board of ACFD desires now to approve said tentative budget for the Fiscal Year 2023-2024, to publish notice of having filed the required statements and estimates, and to set a date (and publish notice thereof) for a public hearing to receive comment on the tentative budget.

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE ALAMAR COMMUNITY FACILITIES DISTRICT as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. The statements and schedules attached hereto as Exhibit A and incorporated herein by reference are hereby adopted as the District's official tentative budget for the fiscal year beginning July 1, 2023, and ending June 30, 2024, including the establishment of the expenditure limitation for such fiscal year.

SECTION 3. The public hearing date of June 5, 2023, beginning at or after 6:00 p.m. at the City of Avondale City, Council Chambers, 11465 W. Civic Center Drive, Avondale, Arizona, is hereby set to consider said tentative budget (including, but expressly not limited to, consideration of those portions of the statements), and a notice shall be published once in a newspaper of general circulation no later than ten (10) days prior to said hearing date.

SECTION 4. The District Board Chairman, the District Manager, the District Clerk, and the District Attorney are hereby authorized and directed to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the District Board of the Alamar (formerly Lakin) Community Facilities District on May 1, 2023.

Kenneth N. Weise, Chairman District Board
Alamar Community Facilities District

ATTEST:

Marcella Carrillo, District Clerk
Alamar Community Facilities District

APPROVED AS TO FORM:

Nicholle Harris, District Attorney
Alamar Community Facilities District

EXHIBIT A
TO
CFD RESOLUTION 1-2023

[Statements and Schedules]

See following pages.

Alamar CFD
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2024

Fiscal Year	S c h		FUNDS							
			General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds
2023	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	0	4,486,313	0	0	0	0	4,486,313
2023	Actual Expenditures/Expenses**	E	2	0	3,936,888	0	0	0	0	3,936,888
2024	Fund Balance/Net Position at July 1***		3	0	0	0	0	0	0	0
2024	Primary Property Tax Levy	B	4	36,334						36,334
2024	Secondary Property Tax Levy	B	5			466,289				466,289
2024	Estimated Revenues Other than Property Taxes	C	6	0	100,000	0	0	0	0	100,000
2024	Other Financing Sources	D	7	0	0	0	4,000,000	0	0	4,000,000
2024	Other Financing (Uses)	D	8	0	0	0	0	0	0	0
2024	Interfund Transfers In	D	9	0	0	0	0	0	0	0
2024	Interfund Transfers (Out)	D	10	0	0	0	0	0	0	0
2024	Reduction for Amounts Not Available:		11							
LESS:	Amounts for Future Debt Retirement:									0
	Future Capital Projects									0
	Maintained Fund Balance for Financial Stability									0
										0
										0
2024	Total Financial Resources Available		12	0	136,334	466,289	4,000,000	0	0	4,602,623
2024	Budgeted Expenditures/Expenses	E	13	0	136,334	466,289	4,000,000	0	0	4,602,623

EXPENDITURE LIMITATION COMPARISON

1	Budgeted expenditures/expenses
2	Add/subtract: estimated net reconciling items
3	Budgeted expenditures/expenses adjusted for reconciling items
4	Less: estimated exclusions
5	Amount subject to the expenditure limitation
6	EEC expenditure limitation

	2023	2024
\$	4,486,313	\$ 4,602,623
	4,486,313	4,602,623
\$	4,486,313	\$ 4,602,623
\$		\$

☐ The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

- * Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.
- ** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.
- *** Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Alamar CFD
Tax Levy and Tax Rate Information
Fiscal Year 2024

	<u>2023</u>	<u>2024</u>
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u> </u>	\$ <u> </u>
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ <u> </u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u> 20,697</u>	\$ <u> 36,334</u>
B. Secondary property taxes	<u> 265,616</u>	<u> 466,289</u>
C. Total property tax levy amounts	\$ <u> 286,313</u>	\$ <u> 502,623</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) Current year's levy	\$ <u> 20,697</u>	
(2) Prior years' levies		
(3) Total primary property taxes	\$ <u> 20,697</u>	
B. Secondary property taxes		
(1) Current year's levy	\$ <u> 265,616</u>	
(2) Prior years' levies		
(3) Total secondary property taxes	\$ <u> 265,616</u>	
C. Total property taxes collected	\$ <u> 286,313</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u> 0.3000</u>	<u> 0.3000</u>
(2) Secondary property tax rate	<u> 3.8500</u>	<u> 3.8500</u>
(3) Total city/town tax rate	<u> 4.1500</u>	<u> 4.1500</u>
B. Special assessment district tax rates		
Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating <u> one </u> special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

Alamar CFD
Revenues Other Than Property Taxes
Fiscal Year 2024

SOURCE OF REVENUES	ESTIMATED REVENUES 2023	ACTUAL REVENUES* 2023	ESTIMATED REVENUES 2024
SPECIAL REVENUE FUNDS			
Contributions - Operations	\$ _____	\$ _____	\$ _____
Contributions - Capital	_____	_____	_____
Contributions - Debt	_____	_____	_____
Contingency	100,000	_____	100,000
	\$ 100,000	\$ _____	\$ 100,000
TOTAL ALL FUNDS	\$ 100,000	\$ _____	\$ 100,000

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

Alamar CFD
Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2024

FUND	OTHER FINANCING 2024		INTERFUND TRANSFERS 2024	
	SOURCES	(USES)	IN	(OUT)
SPECIAL REVENUE FUNDS				
Bond Issuance	\$ 4,000,000	\$	\$	\$
Total Special Revenue Funds	\$ 4,000,000	\$	\$	\$
TOTAL ALL FUNDS	\$ 4,000,000	\$	\$	\$

Alamar CFD
Expenditures/Expenses by Fund
Fiscal Year 2024

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES		EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED		ACTUAL EXPENDITURES/ EXPENSES*		BUDGETED EXPENDITURES/ EXPENSES	
FUND/DEPARTMENT	2023		2023		2023		2024	
SPECIAL REVENUE FUNDS								
General Operations	\$	20,697	\$		\$	20,697	\$	36,334
Capital		4,100,000				3,675,000		4,000,000
Capital - Finance								
Debt		265,616				241,191		466,289
Contingency		100,000						100,000
Total Special Revenue Funds	\$	4,486,313	\$		\$	3,936,888	\$	4,602,623
TOTAL ALL FUNDS	\$	4,486,313	\$		\$	3,936,888	\$	4,602,623

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

**Alamar CFD
Expenditures/Expenses by Department
Fiscal Year 2024**

	ADOPTED BUDGETED EXPENDITURES/ EXPENSES	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/ EXPENSES*	BUDGETED EXPENDITURES/ EXPENSES
DEPARTMENT/FUND	2023	2023	2023	2024
General Operations:				
Alamar CFD Operating	\$ 20,697	\$	\$ 20,697	\$ 36,334
Capital	4,100,000		3,675,000	4,000,000
Debt	265,616		241,191	466,289
Contingency	100,000			100,000
Department Total	\$ 4,486,313	\$	\$ 3,936,888	\$ 4,602,623

* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.