City of Avondale

City Council Meeting

Monday, March 4, 2024

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 Sarmiento, City Clerk

City Council Chamber

11465 West Civic Center Drive

Avondale, AZ 85323

Watch a City Council Meeting Online

Visit the link below to watch a City Council meeting live online:

https://www.avondaleaz.new.swagit.com/views/540/

Please note, the live stream will not be monitored by staff; therefore, anyone wishing to address City Council shall appear in person to speak.

City Council Meeting
Notice & Agenda
Monday, March 4, 2024

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

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
5:30 PM

Physical Access to the Council Chambers will be available 30 minutes prior to the meeting.

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

1. ROLL CALL BY THE CITY CLERK

2. PRESENTATION ITEMS (DISCUSSION ONLY)

a. EMPLOYEE ANNOUNCEMENT
The following employee promotion will be presented to City Council. This item is for discussion only.

- Dale Nannenga, Deputy City Manager

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

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 February 5, 2024 City Council meeting minutes. The Council will take appropriate action.

b. RESOLUTION 1023-0324 - GRANT ACCEPTANCE FROM WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA FOR THE WATER CONSERVATION PROJECT REDUCE YOUR USE!
City Council will consider a request to: a) adopt Resolution 1023-0324, accepting grant funding from Water Infrastructure Finance Authority of Arizona (WIFA) for Reduce Your Use! Water Conservation Project in the amount of $64,875; b) authorize and direct staff to take all steps necessary to cause the execution of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution; and c) authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

c. ORDINANCE 2005-0324 – ACCEPTANCE OF A TEMPORARY CONSTRUCTION EASEMENT AGREEMENT FOR THE WELL 25 REPLACEMENT PROJECT

City Council will consider a request to adopt Ordinance 2005-0324 authorizing the acceptance of a temporary construction easement agreement for the Well 25 Replacement Project 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. RESOLUTION 1024-0324 AMENDMENTS TO THE PERSONNEL POLICIES AND PROCEDURES, CHAPTER 6 EMPLOYEE BENEFITS

City Council will consider a request to: (a) adopt Resolution 1024-0324, amending the Personnel Policies and Procedures Chapter Policy 6, Employee Benefits to add a definition for Temporary Employee, modify the sick leave accrual rate for Part-Time Employees, and modify the current sick leave accrual rate and sick leave accrual payout language for Temporary Employees; (b) declare an emergency and shall be effective immediately upon its passage and adoption; and (c) authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents. The Council will take appropriate action.

b. WATER RESOURCES UPDATE

City Council will receive an update from staff regarding the state of the City's water resources and related projects underway to ensure the City has water resources to support existing and future customer demands. This item is for information and discussion only.

c. ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR 2023

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, 2023. This item is for information and discussion only.

6. SUMMARY OF CURRENT EVENTS FROM MAYOR, VICE MAYOR, AND COUNCIL MEMBER

(5 minutes)

7. 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 oido, o con necesidad de impresion grande o interprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos dias habiles antes de la junta del Concejo.

CITY COUNCIL REPORT

ITEM NUMBER:	4.a.
SUBJECT:	Minutes
MEETING DATE:	3/4/2024
TO:	Mayor and Council
FROM:	Marcella Sarmiento, City Clerk
THROUGH:	Cherlene Penilla, Assistant City Manager, (623) 333-1015
REVIEWED:	Ron Corbin, City Manager, (623) 333-1011

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 February 5, 2024 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 February 5, 2024 City Council meeting minutes.

Contact person for document distribution: *Chris Pierson*

MINUTES OF THE AVONDALE CITY COUNCIL
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
February 05, 2024

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 5:30 p.m.

Vice Mayor Pineda led the Pledge of Allegiance, followed by a moment of silent reflection.

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

Note: Council Member Tina Conde attended the meeting by telephone.

Members Absent (Excused): Mayor Kenn Weise.

Other Municipal Officials Present: Ron Corbin, City Manager; Cherlene Penilla, Assistant City Manager; Tracy Stevens, Assistant City Manager; Nicholle Harris, City Attorney; Marcella Sarmiento, City Clerk; Liz Barker Alvarez, Intergovernmental Affairs Administrator; Kirk Beaty, Public Works Director; Ken Chapa, Economic Development Services Director; Barbara Coppage, City Auditor; Memo Espinoza, Police Chief; Joel Evans, Facilities Director; Bryan Hughes, Parks and Recreation Director; Chris Lopez, Neighborhood and Family Services Director; Andy Mesquita, Human Resources Director; Kimberly Moon, Engineering Director; Dale Nannenga, Public Safety Chief; Jodie Novak, Development Services Director; Larry Rooney, Fire Chief; Jeffrey Scheetz, Chief Information Officer; Pier Simeri, Marketing and Public Relations 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. **PRESENTATION ITEMS (DISCUSSION ONLY)**

   a. **NEW EMPLOYEE INTRODUCTIONS**
   Karen Reed, Accounting Specialist with the Finance and Budget Department, was introduced to City Council. This item was for discussion only.

   b. **PROCLAMATION —– ENGINEERS WEEK**
   City Council presented a proclamation recognizing February 18 through February 24, 2024, as Engineers Week. This item was for discussion only.

   c. **PROCLAMATION — GOVERNMENT COMMUNICATORS DAY**
   City Council presented a proclamation recognizing February 24, 2024, as Government Communicators Day. This item was for discussion only.

d. CITY MANAGER'S EXCELLENCE AWARDS PROGRAM
City Council recognized the following employees who were awarded the 2023 City Manager's Excellence Awards. This item was for discussion only.

- Janet Dayer, Human Resources
- Steven Miller, Information Technology Department
- Rick Carr, Engineering
- Liana Bell, Human Resources
- MacKenzie Henderson, Marketing & Public Relations
- Gabby Bobinsky, Office of Public Safety
- Public Works Streets Maintenance Division
- Facilities Department
- Arrianna Ramirez, Development Services
- Andy Mesquita, Human Resources

e. RECOGNITION FOR DEPUTY CHIEF AARON GLASS
City Council recognized Deputy Chief Glass for his service in providing life-saving medical assistance to a resident in the City of Goodyear while off duty. This item was for discussion only.

3. UNSCHEDULED PUBLIC APPEARANCES

None.

4. CONSENT AGENDA

Vice Mayor Pineda 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 Malone, seconded by Council Member White, to approve the Consent Agenda.

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
Vice Mayor Pineda	Aye

a. AMEND AWARD AUTHORITY FOR NEW ARMORED VEHICLE
City Council authorized the purchase of an armored vehicle utilizing funds from the Racketeer Influenced and Corrupt Organizations Act (RICO), amended the awarding authority necessary to facilitate the purchase, and authorized the Mayor

or City Manager, City Attorney, and City Clerk to execute the necessary documents.

b. WIRED TELECOMMUNICATIONS LICENSE AND RIGHT-OF-WAY USE AGREEMENT WITH ZOOM TECH ARIZONA LIMITED

City Council approved a Wired Telecommunications License and Right-of-Way Use Agreement with Zoom Tech Arizona Limited to allow the placement of fiber telecommunication infrastructure in City right-of-way and authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

c. RESOLUTION 1015-0224 AMENDMENTS TO THE PERSONNEL POLICIES AND PROCEDURES, CHAPTER 7, DRUG & ALCOHOL POLICY

City Council adopted Resolution 1015-0224, amending the Personnel Policies and Procedures, Chapter 7, Drug & Alcohol Policy to add additional job titles that may be subject to unannounced random screening for illegal drug use and authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

d. RESOLUTION 1016-0224 — ADOPTING THE CITY OF AVONDALE PARKS AND RECREATION DEPARTMENT AMERICANS WITH DISABILITIES ACT ACCESS AUDIT AND TRANSITION PLAN

City Council adopted Resolution 1016-0224, adopting the City of Avondale Parks and Recreation Department Americans with Disabilities Act Access Audit and Transition Plan and authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

e. RESOLUTION 1017-0224 — AMENDMENT NO. 2 OF THE INTERGOVERNMENTAL AGREEMENT WITH THE SALT RIVER VALLEY WATER USERS' ASSOCIATION FOR THE NEW RIVER AND AGUA FRIA UNDERGROUND STORAGE PROJECT

City Council adopted Resolution 1017-0224, approving Amendment No. 2 of the Intergovernmental Agreement with the Salt River Valley Water Users' Association for the New River and Agua Fria Underground Storage Project and authorized the Mayor or City Manager, City Attorney, and City Clerk to execute the necessary documents.

5. REGULAR AGENDA

a. PUBLIC HEARING AND ORDINANCE 2002-0224 - TOLLESON UNION HIGH SCHOOL DISTRICT NO. 214 – APPLICATION PL-23-0266

Michelle Simerdla, Senior Planner, presented the request by Sandy Hayden of HILGARTWILSON, LLC, on behalf of the property owners Tolleson Union High School District No. 214, to annex approximately 54.7 acres of land located at the southeast corner of Alamar Boulevard and Dysart Road (Assessor Parcel Numbers 500-72-001L and 500-72-001C). An overview of the surrounding zoning districts and land uses was provided to the Council. Tolleson Union High School District #214 is the only owner of the property, no adjacent right-of-way is included, and the request is already annexed into the City. The site is zoned Rural 43 by the County and will be assigned City-equivalent zoning of RR-43 upon annexation. No rezoning is requested, and the proposed use is a public high school, which is permitted in the RR-43 Rural district. No plans have been reviewed at this time, but the proposal does meet the State requirement for annexation. The annexation petition has been signed and all required notifications have been completed.

This is the second public hearing and staff recommends that the ordinance be adopted, annexing approximately 54.7 acres generally located at the southeast corner of Alamar Boulevard and Dysart Road.

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

Council Member White moved to adopt Ordinance 2002-0224, annexing approximately 54.7 acres located at the southeast corner of Alamar Boulevard and Dysart Road; Council Member Nielson 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
Vice Mayor Pineda	Aye

b. UPDATE ON PARKS AND RECREATION MASTER PLAN 2024

Bryan Hughes, Director of the Parks and Recreation department, provided background information, noting the last Parks and Recreation Plan was approved and adopted in 2017. Since then, many of the goals have been achieved and a lot has changed. The Donnie Hale Park was revitalized, The Mountain View Community Center was renovated, the Festival of Fields and Alamar Park were expanded, and the new Aquatic Center was constructed. Now is the perfect time to prepare for the next ten years. The City has engaged with BerryDunn Consulting and conducted a lot of work behind the scenes over the last couple of months.

Jason Genck, Project Manager, along with James Mickle, Senior Consultant with BerryDunn, introduced themselves and provided background information. Mr. Genck provided an overview of the BerryDunn firm, including their mission to create an action-oriented and outcome-based future by looking at priorities together through a flexible and living document. The project will include project planning, engagement, analysis, visioning, draft/final plan development, and implementation. The BerryDunn firm is highly regarded for multifaceted engagement efforts such as inclusivity of community and staff and aligning their priorities into the project planning phase. Some of the tools used for engagement purposes include one-on-one meetings, online engagement portal called Social Pinpoint, surveys, and internal organizational assessments.

Data analysis collected includes demographics and diversity assessments, Placer.ai to capture mobile data, mapping equity for levels of service, and gap analysis. Once the data has been collected and analyzed, visioning workshops are held to develop draft and final plans on what staff and the community wants for Avondale. The proposed timeline would be to start work in November/December 2024 and have the implementation of final plans in June/July 2025.

Council Member Conde stated she would like to share some community input she has received when the time comes and suggested including the Youth Commission during the engagement phase.

In response to questions from Council Member Nielson, Mr. Genck explained their approach to seeking community input and engaging various groups in both the engagement and visioning phases. This process generally includes the BerryDunn staff going to where community members are. A further explanation was provided for what and how Placer.ai data would be collected and used.

Council Member Malone provided information on the 2016–2017 community engagement process for developing the Parks and Recreation Master Plan and suggested attending community events that are held in the parks.

Council Member White suggested attending the upcoming Tres Rios Festival and Poppin' in the Park events, noting councilmembers will be present and can be advocates. She also noted that the methods for engaging with the community should be as diverse as the people within the community because it is multi-generational, and they interact and provide information differently.

6. SUMMARY OF CURRENT EVENTS FROM MAYOR, VICE MAYOR, AND COUNCIL MEMBERS

Council Member White acknowledged Black History Month, stating she is a proud ancestor of not only black immigrants but black slaves here in America. She finds it important to acknowledge the history and contributions of those who have come before and the contributions of many who are of African and African American decent in the City of Avondale who come to work every day to make it a great place. Council Member White is proud to represent the 10% of the City of Avondale that is the African and African American community and to sit on City Council. She is very grateful to be celebrating Black History Month.

7. ADJOURNMENT

There being no further business before the Council, Council Member Malone moved to adjourn the Regular 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 Nielson	Aye
Council Member Solorio	Aye
Council Member White	Aye
Vice Mayor Pineda	Aye

The meeting was adjourned at 6:35 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 Regular Meeting of the Council of the City of Avondale held on the 5th day of February 2024. I further certify that the meeting was duly called and held and that the quorum was present.

Marcella Sarmiento, City Clerk

Date Approved by City Council

CITY COUNCIL REPORT

ITEM NUMBER:	4.b.
SUBJECT:	Resolution 1023-0324 - Grant Acceptance from Water Infrastructure Finance Authority of Arizona for the Water Conservation Project Reduce Your Use!
MEETING DATE:	3/4/2024
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) 333-1011

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.
- Community-Oriented Lifelong Learning Opportunities - Avondale will continue to foster an environment where education is a defining value and learning opportunities abound for residents of all ages.

PURPOSE:

City Council will consider a request to: a) adopt Resolution 1023-0324, accepting grant funding from Water Infrastructure Finance Authority of Arizona (WIFA) for Reduce Your Use! Water Conservation Project in the amount of $64,875; b) authorize and direct staff to take all steps necessary to cause the execution of the Agreement and to take all steps necessary to carry out the purpose and intent of this Resolution; 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 Water Infrastructure Finance Authority of Arizona (WIFA) is an independent state authority permitted to finance the construction, rehabilitation, acquisition, and improvement of water infrastructure throughout Arizona. WIFA administers the Water Conservation Grant Fund and has awarded the City of Avondale a grant in the amount of $64,875 for the "Reduce Your Use!" water conservation project. Funding will be used for public education on how to reduce water consumption, increase water efficiency and/or increase water reuse.

DISCUSSION:

The "Reduce Your Use!" pilot project will be available to the first 200 qualifying applicants. Participants will be encouraged to reduce overall water consumption over a one-year period by providing them with water conservation education, resources, and a water bill rebate for reduction of water use. A $100 rebate will be offered for reducing water use by at least 10% and a $150 bill credit or rebate will be offered for reducing water use by at least 20% over a one-year period.

Participants will be required to attend a water savings workshop hosted by the Avondale Conservation Coordinator. The workshop will teach residents strategies to conserve water indoors and outdoors using Arizona Municipal Water Users Association (AMWUA) and "Water Use it Wisely" strategies. In addition to being eligible for the bill credit or rebate, residents attending the workshop will have the option to receive the following to assist in their water conservation efforts: one low flow shower head, one dual flush toilet conversion kit, or one adjustable toilet float and flapper kit, one house sprayer nozzle, and one five-minute digital shower timer.

Additionally, residents who attend the first workshop will be invited to attend a secondary workshop with a specific focus on landscaping water efficiency. Residents who attend this workshop are eligible for a $150 smart irrigation control timer rebate in addition to the other benefits provided by the "Reduce Your Use!" project.

At the end of the one-year pilot project, utility bill data will be used to compare the project year water use against the previous year's water use to verify the amount of water savings. A one-time bill credit or rebate will be applied corresponding to the household's water reduction.

BUDGET IMPACT:

There is sufficient budget capacity in the approved FY2024 budget and planned for the FY2025 budget to meet the city's match requirement for this grant.

RECOMMENDATION:

Staff recommends City Council adopt a resolution authorizing the Grant Agreement with the Water Infrastructure Finance Authority in the amount of $64,875 and authorize staff to take the necessary actions to execute the terms of the agreement.

Contact person for document distribution: *Stephanie George*

RESOLUTION NO. 1023-0324

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AUTHORIZING THE ACCEPTANCE OF A WATER CONSERVATION GRANT FROM THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA.

WHEREAS, the Water Infrastructure Finance Authority of Arizona has awarded the City of Avondale (the "City") a Water Conservation Grant in the amount of $64,875.00 (the "Grant"), subject to a 25% local match; and

WHEREAS, the Mayor and Council of the City of Avondale ("City Council") desire to accept the Grant funds.

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

<u>SECTION 1</u>. The recitals above are hereby incorporated as if fully set forth herein.

<u>SECTION 2</u>. The City Council hereby authorizes (i) the acceptance of the Grant in an amount not to exceed $64,875.00, (ii) the expenditure of a local match at 25% of the Grant, and (iii) the execution of a contract relating to the acceptance and administration of the Grant funds (the "Agreement").

<u>SECTION 3</u>. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to execute and submit the Agreement and any other necessary or desirable instruments in connection with the Grant and to 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, March 4, 2024.

____
Kenneth N. Weise, Mayor

ATTEST:

____
Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

____
Nicholle Harris, City Attorney

CITY COUNCIL REPORT

ITEM NUMBER:	4.c.

SUBJECT: Ordinance 2005-0324 – Acceptance of a Temporary Construction Easement Agreement for the Well 25 Replacement Project

MEETING DATE: 3/4/2024

TO: Mayor and Council

FROM: Kimberly Moon, Director, Engineering Department

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

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

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.

The approval of this agenda item will maintain and expand quality infrastructure and improve connectivity to City amenities.

PURPOSE:
City Council will consider a request to adopt Ordinance 2005-0324 authorizing the acceptance of a temporary construction easement agreement for the Well 25 Replacement 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:
City Well Site #25, identified by APN 500-27-011 and located on Van Buren Street west of Fairway Drive and east of Fire Station 175 (FS 175), is currently scheduled to be replaced under Capital Improvement Project U0257. Staff will provide the contractor access to City-owned property located west of FS 175 as a laydown yard for material and equipment storage. A parcel of property identified by APN 500-27-014A and owned by Ascent-Merit Fairway LLC, (Ascent), is located between the laydown yard and the existing well site. To provide the contractor access between the laydown yard and the well site, the City will need a temporary construction easement agreement from Ascent.

The existing well site was reserved to the City via plat titled "Final Plat of Coldwater Place", recorded in Book of Maps 1003, Page 27 of the Maricopa County Recorder's Office.

DISCUSSION:

Ascent-Merit Fairway, LLC, has agreed to grant a temporary construction easement agreement to the City at no cost. Construction of the well site is scheduled to begin in March 2024 and is expected to last four (4) months. Upon completion of the project the temporary construction easement agreement will no longer be needed, and a document will be recorded memorializing the termination of the agreement.

BUDGET IMPACT:
There is no impact to the budget for this action.

RECOMMENDATION:
Staff recommends City Council adopt an Ordinance authorizing the acceptance of a temporary construction easement agreement for the Well 25 Replacement Project and authorize the Mayor or City Manager, City Attorney and City Clerk to execute the necessary documents.

Contact person for document distribution: *Yulonda Moore*

Vicinity Map

Avondale

Subject Parcel (500-27-014A)

Temporary Construction Easement

Not to Scale

N

ORDINANCE NO. 2005-0324

AN ORDINANCE OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, ACCEPTING A TEMPORARY CONSTRUCTION EASEMENT FROM ASCENT-MERIT FAIRWAY, LLC FOR CONSTRUCTION ACCESS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. A temporary construction easement upon, over, and across real property totaling ± 0.698 acres, generally located south of Van Buren Street and west of Fairway Drive in Avondale, Arizona, as more particularly described and depicted in Exhibit A, attached hereto and incorporated herein by reference, is hereby accepted by the City of Avondale from Ascent-Merit Fairway, LLC.

SECTION 2. The Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps and to execute all documents necessary to carry out the purpose and intent of this Ordinance.

PASSED AND ADOPTED by the Council of the City of Avondale, Arizona, March 4, 2024.

Kenneth N. Weise, Mayor

ATTEST:

Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

Nicholle Harris, City Attorney

EXHIBIT A
TO
ORDINANCE NO. 2005-0324

[Legal Description and Map of the Temporary Construction Easement]

See following pages.

TEMPORARY CONSTRUCTION EASEMENT DESCRIPTION FOR APN: 500-27-014A

A portion of Section 11, Township 1 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

A portion of LOT 5, of CITY OF AVONDALE VAN BUREN FIRE STATION FACILITY, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 1597 of Maps, Page 25, being more particularly described as follows:

COMMENCING at the North quarter corner of said Section 11, being marked with a brass cap flush with the surface, said point also being North 88 degrees 22 minutes 22 seconds West 2638.88 feet from the Northeast corner of said Section 11, being marked with a brass cap in a handhole;

Thence, along the North line of the Northeast quarter of said Section 11, South 88 degrees 22 minutes 22 seconds East 1637.73 feet;

Thence South 01 degrees 37 minutes 26 seconds West 65.00 feet to the Northwesternmost corner of said Lot 5;

Thence, along the North line of said Lot 5, South 88 degrees 22 minutes 22 seconds East 150.24 feet to the Northwest corner of the exception parcel described in that certain Special Warranty Deed recorded as Document Number 2023—0509136, records of Maricopa County, Arizona;

Thence, along the West line of said exception parcel, South 00 degrees 07 minutes 03 seconds East 67.03 feet to the POINT OF BEGINNING;

Thence, continuing along said West line, South 00 degrees 07 minutes 03 seconds East 40.02 feet to the Southwest corner of said exception parcel, said point also being on a line 107.00 feet South of, and parallel with, the North line of said Lot 5;

(CONTINUED ON PAGE 2)

REGISTERED LAND SURVEYOR
CERTIFICATE NO. 31020
G. BRYAN GOETZENBERGER
2/9/24
Date signed
ARIZONA, U.S.A.

JOB NO.: 240204 SECTION: 11 TOWNSHIP: 1 NORTH RANGE: 1 WEST DATE: FEBRUARY 9, 2024 SHEET 1 OF 4	**REFERENCE DOCUMENTS** SURVEYS (R) M.C.R. 1. PLAT BK. 538 PG. 50 2. PLAT BK. 1003 PG. 27 3. PLAT BK. 1597 PG. 25	ALLIANCE LAND SURVEYING, LLC www.alliancelandsurveying.com 7900 N. 70th AVENUE SUITE 104 GLENDALE, AZ 85303 TEL (623) 972-2200 FAX (623) 972-1616 contactus@azals.com

TEMPORARY CONSTRUCTION EASEMENT DESCRIPTION FOR APN: 500-27-014A

(CONTINUED FROM PAGE 1)

Thence, along said parallel line, North 88 degrees 22 minutes 22 seconds West 113.49 feet to a point on a line 40.00 feet East of, and parallel with, the East line of Lot 3 of said plat;

Thence, along said parallel line, South 01 degrees 37 minutes 26 seconds West 258.00 feet to a point on a line 40.00 feet South of, and parallel with, the South line of said Lot 3;

Thence, along said parallel line, North 88 degrees 22 minutes 22 seconds West 388.83 feet to a point on the West line of said Lot 5;

Thence, along said West line, North 00 degrees 24 minutes 29 seconds East 40.01 feet to a point on the South line of said Lot 3;

Thence, along said South line, South 88 degrees 22 minutes 22 seconds East 349.68 feet to the Southeast corner of said Lot 3;

Thence, along the East lien of said Lot 3, North 01 degrees 37 minutes 26 seconds East 258.00 feet to a point on a line 67.00 feet South of, and parallel with, the North line of said Lot 5;

Thence, along said parallel line, South 88 degrees 22 minutes 22 seconds East 152.28 feet to the POINT OF BEGINNING.

Comprising 0.698 acres or 30,406 square feet, subject to all easements of record.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
31020
G. BRYAN
GOETZENBERGER
2/9/24
Date signed
ARIZONA

JOB NO.: 240204
SECTION: 11
TOWNSHIP: 1 NORTH
RANGE: 1 WEST
DATE: FEBRUARY 9, 2024
SHEET 2 OF 4

REFERENCE DOCUMENTS
SURVEYS (R) M.C.R.
1. PLAT BK. 538 PG. 50
2. PLAT BK. 1003 PG. 27
3. PLAT BK. 1597 PG. 25

ALLIANCE LAND SURVEYING, LLC
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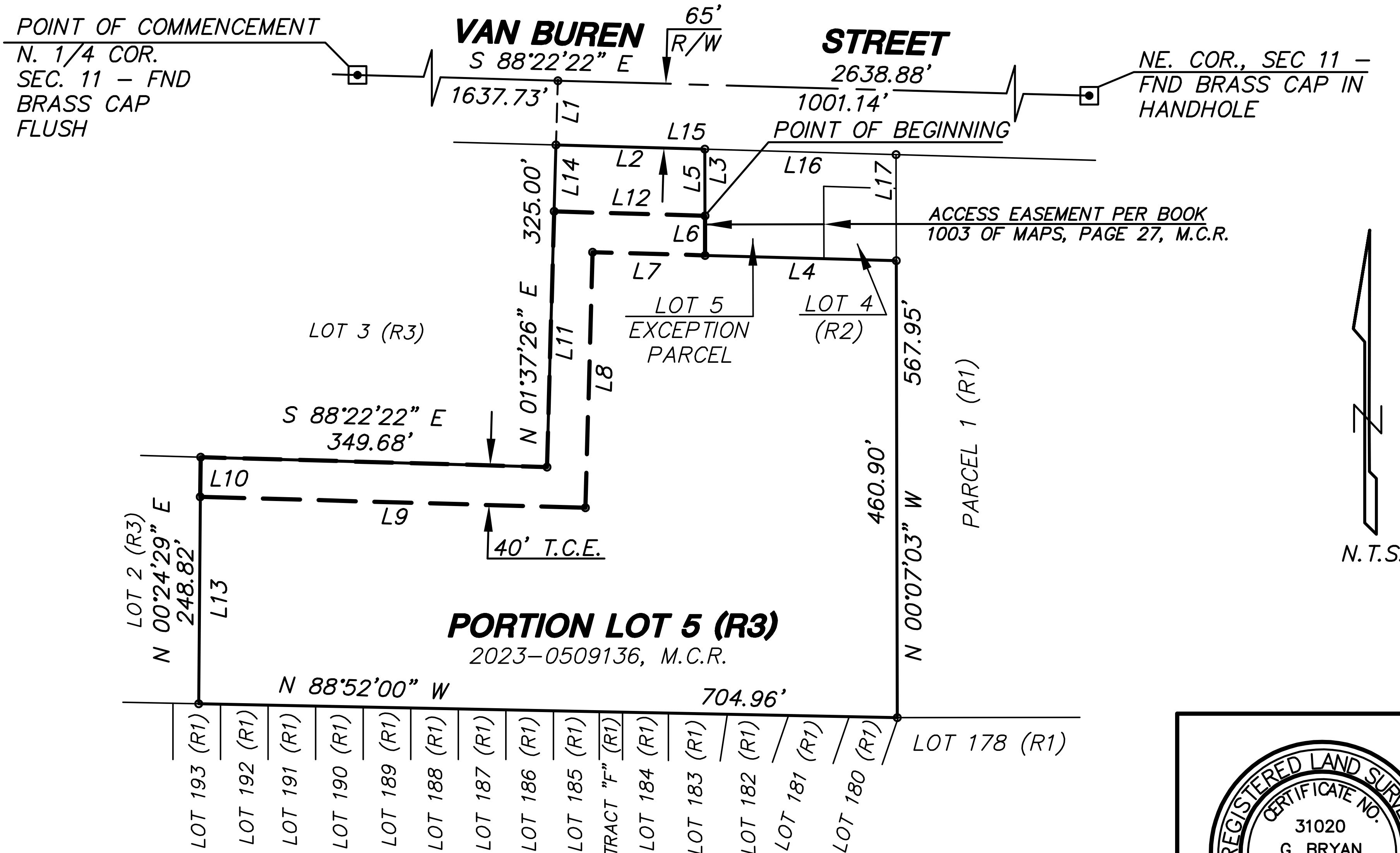
TEMPORARY CONSTRUCTION EASEMENT EXHIBIT FOR
APN: 500-27-014A



JOB NO.: 240204
SECTION: 11
TOWNSHIP: 1 NORTH
RANGE: 1 WEST
DATE: FEBRUARY 9, 2024
SHEET 3 OF 4

REFERENCE DOCUMENTS

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REGISTERED LAND SURVEYOR
CERTIFICATE NO. 31020
G. BRYAN GOETZENBERGER
2/9/24
Date signed
ARIZONA, U.S.A.

LINE TABLE FOR TEMPORARY CONSTRUCTION EASEMENT FOR APN: 500-27-014A

LINE	BEARING	DISTANCE
L1	N 01°37'26" E	65.00'
L2	S 88°22'22" E	150.24'
L3	S 00°07'03" E	107.05'
L4	S 88°22'22" E	193.03'
L5	S 00°07'03" E	67.03'
L6	S 00°07'03" E	40.02'
L7	N 88°22'22" W	113.49'
L8	S 01°37'26" W	258.00'
L9	N 88°22'22" W	388.83'
L10	N 00°24'29" E	40.01'
L11	N 01°37'26" E	258.00'
L12	S 88°22'22" E	152.28'
L13	N 00°24'29" E	208.81'
L14	N 01°37'26" E	67.00'
L15	S 88°22'22" E	343.27'
L16	S 88°22'22" E	193.03'
L17	S 00°07'03" E	107.05'

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CITY COUNCIL REPORT

ITEM NUMBER: 5.a.

SUBJECT: Resolution 1024-0324 Amendments to the Personnel Policies and Procedures, Chapter 6 Employee Benefits

MEETING DATE: 3/4/2024

TO: Mayor and Council

FROM: Andrew Mesquita, Human Resources Director

THROUGH: Ron Corbin, City Manager, (623) 333-1011

REVIEWED: Ron Corbin, City Manager, (623) 333-1011

STRATEGIC PLAN:

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

PURPOSE:
City Council will consider a request to: (a) adopt Resolution 1024-0324, amending the Personnel Policies and Procedures Chapter Policy 6, Employee Benefits to add a definition for Temporary Employee, modify the sick leave accrual rate for Part-Time Employees, and modify the current sick leave accrual rate and sick leave accrual payout language for Temporary Employees; (b) declare an emergency and shall be effective immediately upon its passage and adoption; 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:
Definitions currently exist in Chapter 6 for Full-Time and Part-Time Employees; however, no definition exists for Temporary Employee. Currently, Part-Time and Temporary Employees receive a bank of 40 hours of paid sick leave per year at the commencement of the fiscal year and do not accrue any additional sick leave during the year. Sick leave hours also carryover from year to year without limit. Upon separation, current policy allows for all employees (including Temporary Employees) to receive compensation upon resignation for 33.3% of accrued sick leave at their current hourly rate, unless involuntarily terminated.

DISCUSSION:
ARS 23-372 (Accrual of earned paid sick time) requires that an employer provide an employee with a minimum of one hour of earned paid sick time for every 30 hours worked, but employees shall not be entitled to accrue or use more than 40 hours of earned paid sick time per year. The proposed revisions will more closely align with the requirements of ARS 23-372 by: a) requiring newly hired Part-Time and Temporary Employees to accrue sick leave rather than receive a front-loaded bank of 40 hours upon hire, b) cap the amount of sick leave for Temporary Employees at 40 hours at the end of each calendar year, and c) make Temporary Employees ineligible for compensation of accrued sick leave upon separation.

BUDGET IMPACT:
There are no direct costs associated with the amendments to the City of Avondale Policies and Procedures.

RECOMMENDATION:
Staff recommends Council adopt the proposed revisions to Avondale Chapter Policy 6, Employee Benefits.

Contact person for document distribution: *Andrew Mesquita*

Aspiring. Achieving. Accelerating.

CHAPTER 6

Employee Benefits

A. Definitions

Throughout this policy, definitions set out in Arizona Revised Statute §23-371 are incorporated by reference. In addition, the following definitions apply:

1. City – the City of Avondale.
2. Department Director – the director of the City department to whom the employee is assigned or the department director's designee.
3. Employee – an employee of the City.
4. Exempt employee – an employee who is deemed to be exempt from the overtime and maximum hour requirements of the Fair Labor Standards Act, 29 U.S.C. § 213, and regulations of the United States Department of Labor.
5. Family Medical Leave (FMLA) – leave allowed pursuant to the Family Medical Leave Act of 1993 and relevant statutes and regulations.
6. Full time employee – an employee who works thirty (30) hours or more per week.
7. Non-Exempt employee – an employee who is not an exempt employee.
8. Part-time employee – an employee who works less than thirty (30) hours per week.
9. Sick Leave – an approved period of absence granted to an employee according to this policy. "Sick leave" has the same meaning as "earned paid sick time" as that term is used in ARIZ. REV. STAT. §23-371.
10. Temporary employee – an employee typically hired to work for a duration of less than one year or on an as-needed basis. Temporary employees do not serve an original probationary period and may be eligible for benefits based on the average number of hours worked.

~~10.~~11. Fiscal year – the 365-day period (or 366 days in the case of a leap year) that commences on July 1 and ends on the next June 30.

~~11.~~12. Fair Labor Standards Act (FLSA) Work Period – the time period for which overtime is calculated. The standard work period of 40 hours (Monday through Sunday) applies to all employees except for 56-hour firefighters. 56-hour firefighters have a two-week work period that coincides with the pay period.

B. Accumulation of Sick Leave

1. Regular full-time employees will accrue sick leave at the rate of 3.70 hours per biweekly pay period and these hours are accumulated without limit.

~~Regular~~Part-time ~~temporary, and seasonal part-time~~ and temporary employees ~~(working less than thirty (30) hours per week)~~ hired after March 4, 2024 shall accrue sick leave at a rate of one hour for every 30 hours worked.~~receive a bank of forty (40) hours of paid sick leave per year at the commencement of the fiscal year. They shall accrue no other sick leave during the fiscal year.~~

Employee Type	**Accrual Rate**	**Maximum Accrual at End of Calendar Year**
Regular or Probationary Full-time	3.70 hours per pay period	No limit
Regular or Probationary Part-time	1hr per 30 hours worked	No limit
Temporary	1hr per 30 hours worked	40 hours

~~2.~~

~~3.~~2. Newly hired ~~regular~~ part-time~~,~~ and temporary~~, and seasonal part-time~~ employees ~~(working less than thirty (30) hours per week)~~ are eligible to use sick leave from their bank on the ~~ninetieth~~90th calendar day after commencing employment. Temporary employees will have a maximum accrual of 40 hours at the end of the calendar year. Temporary employees will lose any sick leave hours over the maximum accrual amount not used by December 31 of each calendar year. Part-time employees will accumulate sick leave without limit.

~~4.~~3. When an employee is promoted, demoted, or transferred, the employee shall retain all accrued sick leave.

~~5.~~4. Upon hiring any employee, a department director may request that an employee be hired with sick leave already established up to a maximum of 80 hours for employees below the rank of department directors and 120 hours for department directors and above. The Human Resources Director must review and approve this request prior to any official written offer of employment.

C. Sick Leave Usage

1. Employees may use accrued paid sick leave time for any of the following reasons:

   a. An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury or health condition; an employee's need for preventive medical care.

b. Care of a family member with a mental or physical illness, injury or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury or health condition; care of a family member who needs preventive medical care. For purposes of sick leave usage under this section C, the term “family member” is as defined in ARIZ. REV. STAT. §23-371, which is the following:

   1) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands *in loco parentis*, or an individual to whom the employee stood *in loco parentis* when the individual was a minor;

   2) A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or a person who stood *in loco parentis* when the employee or employee's spouse or domestic partner was a minor child;

   3) A person to whom the employee is legally married under the laws of any state, or a domestic partner of an employee as registered under the laws of any state or political subdivision;

   4) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

   5) Any other individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

c. Reasons related to childcare, domestic violence, sexual violence, abuse or stalking, and legal services as described in ARIZ. REV. STAT. §§23-371 and 23-373.

d. Closure of the employee's place of business by order of a public official due to a public health emergency or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

e. In the case of adoption of a minor child, an employee who is a potential or actual adoptive parent may request sick leave to include appointments with adoption agencies, social workers, attorneys, court proceedings, required travel, and any other activities necessary and related to adoption of a minor child.

2. An employee will not be subject to retaliation or discrimination for using sick leave, so long as the employee complies with City policy.

3. An employee will not be required to search for or find a replacement worker to cover the hours during which the employee is using sick leave.
4. Employees are subject to discipline for misuse or abuse of sick leave or for violation of City policy.
5. Sick leave may be taken when approved by the employee's department director according to the notification and documentation procedures of City policy.
6. An absence of three or more days shall be reported to the Human Resources Department to determine if FMLA leave is warranted.
7. Sick leave hours taken will not count toward hours worked for purposes of computing overtime.
8. Sick leave must be used in increments of not less than fifteen (15) minutes per occurrence for non-exempt employees.

D. Notification

1. An employee shall notify his/her department director as soon as he/she knows that he/she will be unable to work, but no later than the starting time of the employee's workday. The employee shall make a good faith effort to provide notice to the department to which the employee is assigned in advance and make a reasonable effort to schedule the time off in a manner that does not unduly disrupt the operations of the department.
2. An oral or written request by the employee is acceptable. The following methods may be used:
   a. City timekeeping or scheduling system
   b. Telephone call
   c. Email
   d. Text message
      1) Employees are responsible to ensure text message or email was successfully delivered. Supervisors shall confirm receipt of notification.
3. When possible, the employee shall include the expected duration of the absence in the request.
4. An employee must notify his/her supervisor on each day of absence unless a notification includes a specific number of days required for the leave or other arrangements have been made for FMLA. All FMLA must be approved through Human Resources.
5. While on short term disability employees are required to report periodically to the Human Resources Department, at least every thirty (30) days, regarding the status of their medical condition and their intent to return to work. Employees will be required to provide medical evidence substantiating their need for continued leave to the Human Resources Department.

6. If an employee fails to return to work following any authorized leave and fails to notify Human Resources of the need for an extension, the employee will be considered to have abandoned the job.
    a. Human Resources shall send written notice to the employee's last known address requiring the employee to return to duty within forty-eight (48) hours.
    b. Failure to return to work within forty-eight (48) hours of receipt of the notification will be cause for immediate discharge and the employee automatically waives all appeal rights under this policy.

E. Documentation

1. For earned paid sick time of three or more consecutive workdays, a department director may require reasonable documentation that the earned paid sick time has been used for a reason or purpose set out in the definition of sick leave in this policy. Documentation signed by a health care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. In cases of domestic violence, sexual violence, abuse or stalking, one of the following types of documentation selected by the employee shall be considered reasonable documentation:
    a. A police report indicating that the employee or the employee's family member was a victim of domestic violence, sexual violence, abuse or stalking;
    b. A protective order; injunction against harassment; a general court order; or other evidence from a court or prosecuting attorney that the employee or employee's family member appeared, or is scheduled to appear, in court in connection with an incident of domestic violence, sexual violence, abuse, or stalking;
    c. A signed statement from a domestic violence or sexual violence program or victim services organization affirming that the employee or employee's family member is receiving services related to domestic violence, sexual violence, abuse, or stalking;
    d. A signed statement from a witness advocate affirming that the employee or employee's family member is receiving services from a victim services organization;
    e. A signed statement from an attorney, member of the clergy, or a medical or other professional affirming that the employee or employee's family member is a victim of domestic violence, sexual violence, abuse or stalking; or
    f. An employee's written statement affirming that the employee or the employee's family member is a victim of domestic violence, sexual violence, abuse, or stalking, and that the leave was taken for one of the purposes of the Victim's Leave section in this policy. The employee's written statement, by itself, is reasonable documentation for absences under this paragraph. The written statement does not need to be in an affidavit format or notarized but shall be legible if handwritten and shall reasonably make clear the employee's identity, and if applicable, the employee's relationship to the family member.

F. Compensation for Unused Sick Leave upon Resignation or Retirement.

1. Compensation upon resignation will be 33.3% of accrued sick leave at the employee's current hourly rate.
2. Compensation upon retirement will be as follows:
   a. Employees with 10 years of continuous service with the City will receive 100% of accrued sick leave up to 250 hours at the employee's current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
   b. Employees with 15 years of continuous service with the City will receive 100% of accrued sick leave up to 375 hours at the employee's current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
   c. Employees with 20 years of continuous service with the City will receive 100% of accrued sick leave up to 500 hours at the employee's current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.
3. Temporary employees hired after March 4, 2024, are not eligible for compensation of unused sick leave upon resignation. Any unused balance will be forfeited upon resignation per A.R.S. 23-372.

~~3.~~4. Employees who resign from their employment with the City but return to employment with the City within a nine (9) month period shall have any unused or unreimbursed sick leave reinstated upon rehire and are immediately eligible to use sick leave for qualifying reasons.

~~4.~~5. Employees who are involuntarily terminated from their employment are not eligible for compensation of accrued sick leave.

~~5.~~6. An employee may not use sick leave after their last day worked.

~~6.~~7. Employees who have not completed original probation will not be compensated upon separation for sick leave provided at time of hire.

G. Family and Medical Leave Act (FMLA)

1. General Provisions

   It is the policy of the City to grant up to 12 weeks of FMLA leave during any 12-month period to eligible employees. The City may grant up to a maximum of 26 weeks in a 12-month period for employees taking FMLA Injured Servicemember leave. FMLA may be paid, unpaid or a combination of paid and unpaid leave depending on the circumstances of the leave and as specified in this policy. The City has the right to designate leave, paid or unpaid, as FMLA leave, even if the employee does not request leave as FMLA. Sick leave may be granted under Servicemember Leave of the FMLA and only during this time can sick leave be used.

2. Eligibility

To qualify to take FMLA leave under this policy, the employee must meet all of the following conditions:

a. The employee must have worked for the City for 12 months or 52 weeks. The 12 months or 52 weeks need not have been consecutive. For eligibility purposes, an employee will be considered to have been employed for an entire week even if the employee was on the payroll for only part of a week.

b. The employee must have worked at least 1250 hours during the 12-month period immediately before the date when the FMLA leave is requested to commence. The principles established under the Fair Labor Standards Act (FLSA) determine the number of hours worked by an employee. The FLSA does not include time spent on paid or unpaid leave as hours worked. Consequently, these hours of leave will not be counted in determining the 1250 hours eligibility test for an employee under FMLA.

3. Types of Leave Covered

   a. To qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:

      1) The birth of a child and in order to care for that child;

      2) The placement of a child for adoption or foster care and to care for the newly placed child;

      3) To care for a close family member (usually a spouse, child, or parent) with serious health condition; or

      4) The serious health condition (described below) of the employee.

         a) An employee may take FMLA leave due to a serious health condition that makes the employee unable to perform the functions of the employee's position. A serious health condition can include inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care or a condition which requires continuing care by a licensed health care provider. However, a serious illness may also include other ailments short of hospitalization.

         b) This FMLA leave policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition which, if left untreated, would result in a period of incapacity of more than three days, would be considered a serious health condition.

      5) Qualifying Exigency Leave (necessity) arising out of the fact that the spouse, son, daughter, or parent of the employee is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation.

      6) Servicemember Family Leave - An eligible employee who is the spouse, son,

daughter, parent, or next of kin of a covered servicemember shall be entitled to a total of 26 work weeks of FMLA leave during a 12-month period to care for the servicemember. The leave described in this paragraph shall only be available during a single 12-month period. During the single 12-month period, an eligible employee shall be entitled to a combined total of 26 work weeks of leave. If both spouses work for the City, each spouse may only take a combined total of 26 workweeks of leave.

b. If an employee takes paid sick leave for a condition that progresses into a serious health condition and the employee requests unpaid FMLA leave as provided under this policy, the City may designate all or some portion of related leave taken as FMLA leave under this policy, to the extent that the earlier leave meets the necessary qualifications.

c. Employees with questions about who and what situations are covered under this FMLA leave policy or under the City's sick leave policies are encouraged to consult with the Human Resource Department.

d. The City requires an employee to provide a doctor's certification of the serious health condition. The certification process is outlined in this policy. The City relies heavily on the physician's assessment.

e. An eligible employee can take up to 12 weeks of leave under this policy during any rolling 12-month period. The City will measure the 12-month period forward from the date any employee's first FMLA leave begins. Each time an employee takes leave, the City will compute the amount of leave the employee has taken under this policy and subtract it from the 12 weeks of available leave, and the balance remaining is the amount the employee is entitled to take at that time.

f. If spouses both work for the City, and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a child, or parent with a serious health condition, each spouse may each take 12 weeks each of leave.

4. Employee Status and Benefits During Leave

a. While an employee is on leave, the City will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work.

b. If the employee chooses not to return to work for reasons other than a continued serious health condition of the employee or the employee's family member or a circumstance beyond the employee's control, the City will require the employee to reimburse the City the amount it paid for the employee's health insurance premium during the leave period.

c. The employee pays a portion of the dependent health care premium. While on paid leave, the City will continue to make payroll deductions to collect the employee's share of the premium. While on unpaid leave, the employee must continue to make this payment, either in person or by mail. The payment must be received in the Finance and Budget Department by the 10th day of each month. If the payment is more than 30 days late, the employee's health care coverage may be dropped for the duration of the leave. The City will provide 15 days' notification prior to the employee's loss of coverage.

d. If the employee contributes to a dental plan, life insurance, disability plan or any other type of insurance plan the City will continue making payroll deductions while the employee is on paid leave. While the employee is on unpaid leave, the employee may request continuation of such benefits; provided, however, that the employee shall pay their portion of the premiums. If the employee does not continue these payments, the City will discontinue coverage during the leave and Consolidated Omnibus Budget Reconciliation Act (COBRA) would be offered. If the City maintains coverage, the City will recover the costs incurred for paying the employee's share of any premiums whether or not the employee returns to work.

5. Employee Status After Leave

Upon return from FMLA leave, an employee is entitled to be returned to the same position held when leave commenced, or to an equivalent position with equivalent benefits, pay and other terms and conditions of employment.

6. Use of Paid and Unpaid Leave

a. An employee who is taking FMLA leave because of the employee's own serious health condition or the serious health condition of a family member must use all sick leave prior to being eligible for short term disability or unpaid leave.

b. Disability leave for the birth of a child and for an employee's serious health condition, including Workers' Compensation leave (to the extent that it qualifies), will be designated as FMLA leave and will run concurrently with FMLA leave. For example, if the City provides six weeks of pregnancy disability leave, the six weeks can be designated as FMLA leave and counted toward the employee's 12-week entitlement. The employee may then be required to substitute accrued (or earned) paid leave as appropriate before being eligible for unpaid leave for what remains of the 12-week entitlement.

7. Intermittent Leave or a Reduced Work Schedule

a. An employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year) or, under certain circumstances, may use the leave to reduce the work week or work day, resulting in a reduced hour schedule. In all circumstances, the leave may not exceed a total of 12 work weeks over a rolling 12-month period. For the birth of a child, the employee may take up to 12 consecutive work weeks.

b. The City may temporarily transfer an employee to an available alternative position with equivalent pay and benefits if the alternative position would better accommodate the intermittent or reduced schedule, for FMLA leave for the employee or employee's family member that is foreseeable and for planned medical treatment, including recovery from a serious health condition or to care for a child after birth, or placement for adoption or foster care.

c. Eligible employees may take FMLA leave on an intermittent or reduced schedule basis when medically necessary due to the serious health condition of a covered family member or the employee or the serious injury or illness of a covered servicemember (see 29 CFR §825.202). Eligible employees may also take FMLA leave on an intermittent or reduced schedule basis when necessary, because of a qualifying exigency as defined in this policy.

d. Employees using intermittent leave or leave on a reduced schedule must make a reasonable effort to avoid disrupting operations, including scheduling doctor's appointments outside of work hours, if possible.

   1) An employee using intermittent leave due to medical necessity should notify his/her supervisor as soon as he/she knows that he/she will be unable to work, but no later than the starting time of the employee's workday.

   2) An employee must notify his/her supervisor on each day of absence unless other arrangements have been made. Human Resources should be contacted if there are additional questions on intermittent leave.

8. Certification of the Serious Health Condition

   a. A serious health condition means an illness, injury, impairment or physical or mental condition that involves inpatient care in a hospital, hospice, or residential medical care facility, or continuing treatment by a health care provider.

   b. The City requires certification of a serious health condition.

      1) The employee shall make every effort to respond to such a request within 15 calendar days of the request or provide a reasonable explanation for the delay.

      2) Failure to provide certification may result in a denial of continuation of FMLA leave.

      3) Medical certification may be provided by using the medical certification form.

      4) Request for a medical certificate must be made in writing as part of the City's response to employee request for FMLA leave.

   c. If the employee plans to take intermittent FMLA leave or work a reduced schedule, the certification must also include dates and the duration of treatment as well as a statement of medical necessity for taking intermittent FMLA leave or working a reduced schedule.

d. The City has the right to ask for a second opinion if it has reason to doubt the certification. The City will pay for the employee to get a certification from a second doctor, which the City will select. The employee will be temporarily entitled to leave and benefits under the FMLA pending the second opinion.

9. Certification related to active duty orders or call to active duty.

   The City may require that a request under active duty or call to active duty be supported by either a leave certification or military orders at such time and in such manner as prescribed by Federal law. Please consult with the Human Resources Department for current Federal guidelines regarding notification and documentation.

10. Procedure for Requesting Leave

    a. All employees requesting leave under this section must provide notice with an explanation of the reason(s) for the needed leave to the Human Resources Department as soon as practicable. If the leave is foreseeable, the employee is required to provide a written request for leave and reasons(s) to the Human Resources Department. The City will provide individual notice of rights and obligations to each employee requesting leave as soon as practicable.

    b. When an employee plans to take leave under this section, the employee must give the City 30 days' notice. If it is not possible to give 30 days' notice, the employee must give as much notice as is practicable. An employee who is to undergo planned medical treatment is required to make a reasonable effort to schedule the treatment in order to minimize disruptions to the City's operations.

    c. While on leave, employees must report periodically to the Human Resources Department regarding the status of the medical condition and their intent to return to work.

    d. Employees who are unable to return to work at the end of the expected FMLA leave should notify their supervisor and Human Resources in writing at least two (2) weeks in advance or as soon as possible and must have the physician re-certify that the extended leave is medically necessary.

    e. If an employee does not provide proper notification to Human Resources, the employee will be considered to have abandoned the job and may be subject to disciplinary action up to and including termination.

11. Job Benefits and Protection

    a. For the duration of FMLA leave, the employer must maintain the employee's health coverage under the "group health plan" unless requested in writing from the employee or other legal directives given.

b. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

c. The use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

d. FMLA makes it unlawful for any employer to:

1) Interfere with, restrain, or deny the exercise of any right provided under FMLA.

2) Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

e. Notwithstanding the exhaustion of FMLA leave, an employee may be granted additional leave as required under the Americans with Disabilities Act. As an accommodation, additional leave may be granted based on medical necessity and the City's requirements/ability to accommodate. Accommodations will be evaluated upon request.

12. Enforcement

a. The U.S. Department of Labor is authorized to investigate and resolve complaints of violations.

b. An eligible employee may bring a civil action against an employer for violations.

c. FMLA does not affect any federal or state law prohibiting discrimination or supersede any state or local law which provides greater family or medical leave rights.

H. Vacation Leave

1. Accumulation of Vacation Leave

a. All full-time employees, excluding sworn firefighters covered by an approved MOU, will accrue vacation leave as follows:

	Tenure	**Hours per Pay Period**	**Hours per Year**
Non-Exempt	0-1.99 Years	3.7	96.2
	2-4.99 Years	4.47	116.2
	5-9.99 Years	5.39	140.12
	10-14.99 Years	6.31	164.04
	15 + Years	6.93	180.16

	Tenure	Hours per Pay Period	Hours per Year
Exempt	0-1.99 Years	4.62	120.12
	2-4.99 Years	5.39	140.12
	5-9.99 Years	6.31	164.04
	10 + Years	6.93	180.16

b. All assistant department directors will accrue vacation leave as follows:

ASSISTANT DEPARTMENT DIRECTORS		
Tenure	**Hours per Pay Period**	**Hours per Year**
First 5 Years	6.31	164.04
5+ Years	6.93	180.18

c. All department directors, Deputy City Managers, Assistant City Managers will accrue vacation leave as follows:

Department Directors, Deputy City Managers, and Assistant City Managers	
Hours per Pay Period	**Hours per Year**
6.93	180.18

d. Battalion Chiefs working a 56-hour schedule

Battalion Chiefs		
Tenure	**Hours per Pay Period**	**Hours per Year**
0-1.99 Years	11.21	291.46
2-4.99 Years	12.28	319.28
5-9.99 Years	13.57	352.30
10 + Years	14.44	375.30

e. Upon hiring any employee, a department director may request that an employee be hired with vacation leave already established up to a maximum of 80 hours for employees below the rank of department directors and 120 hours for department directors and above. The Human Resources Director must review and approve this request prior to any official written offer of employment. Employees who have not completed original probation will not be compensated upon separation for vacation or sick leave provided at time of hire as outlined in this section.

f. Part-time regular employees are not eligible to accrue vacation leave.

g. Vacation leave hours taken will not count toward hours worked for purposes of computing overtime.

2. Maximum Accumulation of Vacation Time

   Eligible employees have a maximum accrual of vacation time of 320 hours at the end of the calendar year. Fire Battalion Chiefs assigned to a 24-hour shift schedule will have a maximum accrual of vacation time of 448 hours at the end of the calendar year.

   a. Employees must use all hours over the maximum accrual by the end of each calendar year. Employees will lose any vacation leave hours over the maximum accrual amount not used by December 31 of each calendar year.
   b. Vacation leave accumulated in excess of 320 hours or 448 hours for Fire Battalion Chiefs as of the last day of the calendar year shall be forfeited, unless the City Manager authorizes an exception in an individual case. The application for exception submitted through the Human Resources Department shall contain a plan to use the excess hours during the following calendar year, pay the employee for the excess hours or a combination of both.

3. Use of Vacation Leave

   Vacation leave shall be taken with the approval of the department director or designee (i.e., immediate supervisor).

   a. Vacation will only be granted during such time as it is not disruptive to the work schedule of the department concerned.
   b. During the original probationary period, vacation leave may be granted at the discretion of the department director.
   c. Vacation leave granted shall not exceed an employee's accrued balance.

4. Vacation Sell Back

   Employees may be paid for a portion of accrued vacation. See Administrative Policy 40 (AP-40) for guidelines.

5. Compensation for Vacation Leave

   a. Compensation upon separation from the City will be 100% of accrued vacation leave at the employee's current hourly rate. An employee may not use vacation leave after their last day worked. Vacation will be paid per City policy. Employees who have not completed original probation will not be compensated upon separation for vacation leave provided at time of hire.

I. Holiday Leave Policy

1. Objectives

   The objectives for the development of the holiday leave policy are:

   a. Equalize the holiday leave allocation, so that each full-time regular employee receives 96 hours of holiday leave hours per fiscal year.

   b. Identify the methods to maximize the number of days that City offices are open to serve citizens.

   c. Ensure that the adoption of a Green Friday schedule or other alternate schedule does not increase the cost of doing business for the City.

   d. Implement a system to increase the flexibility for employees to utilize their holiday compensation.

2. Accumulation of Holiday Leave

   a. The annual holiday leave bank for each full-time, regular employee is 96 hours. Part-time, temporary, and seasonal employees are not eligible for holiday compensation or holiday differential pay. For the purposes of this policy, the holiday will be defined as the 24-hour period (12:00 AM -11:59 PM) on the designated holiday.

   b. Employees will be provided with a bank of 96 hours (full-time) per fiscal year (July 1-June 30) to utilize for holiday compensation for designated holidays or floating holidays as set forth below. The leave banks will be populated during the first payroll period in July and January. The first allocation will be in July for 50 hours (full-time) the second in January for 46 hours (full-time). New hires will receive a prorated number of hours based upon their hire date.

3. Designated Holidays; Floating Holidays

   A listing of City-designated holidays will be prepared for each fiscal year. This listing will be included in the Administrative Policy and posted no later than June 30 of each year. The listing will specify any and all designated holidays for the City.

   a. If a designated holiday falls on a scheduled workday, employees will be required to use their holiday leave to cover their scheduled work hours. Exceptions must be approved by the department director and approved by the HR Director before the holiday has occurred. Holiday leave bank shall be used to cover scheduled work hours unless an employee's holiday bank is exhausted, then other leave types may be used. Employees required to work on a designated holiday due to business need, or who are not scheduled to work on a designated holiday, will not be required to utilize their holiday leave. Any holiday leave hours not used for designated City holidays shall be considered floating holiday leave.

b. In the event an employee is on paid leave when a holiday occurs, the employee shall receive no pay in addition to holiday pay. Therefore, the employee shall not be charged with applicable paid leave time (i.e., vacation or sick leave).

c. Floating holiday leave shall be approved to be used at such a time that is mutually agreeable to the employee and the employee's supervisor. Holiday leave will not be available for use on an unplanned or call-in basis.

4. Holidays Eligible for Differential Pay

   a. By July 1 of each year a listing will be provided of holidays that will be paid on holiday differential (see City AP 42 Holiday Schedule). Non-exempt employees who are required to work on one of the listed holidays shall be given, in addition to regular hourly rate, holiday differential pay equal to one-half of their regular straight-time hourly rate for hours worked on designated holidays. This compensation may be in overtime or compensatory time, depending on the needs of the department (compensatory time guidelines have been established in Chapter 5 of the City of Avondale Policies & Procedures Policy Manual). The additional compensation would only be for the actual day of the holiday, not the Friday or Monday before or after (example: July 4th is on a Sunday; employees working on July 4th would be eligible for additional compensation; employees working on July 3rd or 5th would not).

   b. Exempt employees would not be eligible for any additional compensation if required to work on one of the holidays eligible for differential pay.

5. Use of Holiday Leave

   a. It will be the employees' responsibility to monitor their holiday leave usage.

   b. In the event that the employee does not have enough holiday hours in her/his bank to cover a full day's absence, vacation hours or compensatory time will be used to make up the difference. Sick leave may not be used for City scheduled holidays.

   c. All holiday hours not taken prior to the last day of employment with the City, shall be forfeited.

   d. Holiday hours must be used by June 30 of each year. ALL employees must use their holiday hours, or they will be forfeited.

   e. In the event that an exempt or non-exempt employee does not have either holiday hours, compensatory hours, or vacation hours to cover a designated holiday, they will be placed in a leave without pay (LWOP) status. This will mean that both an exempt and nonexempt employee will have the uncompensated hours deducted to cover their absence.

   f. Holiday hours and holiday differential pay will not count toward hours worked for purposes of overtime for hourly employees.

6. Specified Police Employees Not Participating

   a. Specified Police Employees will not be participating in the holiday leave program set forth above.

      1) Those police employees not participating include: Patrol, Detention, Communications, and any other area as recommended by the Chief of Police and HR and approved by the City Manager.

   b. Specified Police Employees will receive 8 hours of holiday no-bank compensation for the holidays listed in AP 42 Holiday Schedule to include the day after Thanksgiving and one personal day.

   c. The eight (8) hours for a personal day will be added on July 1 of each fiscal year and loaded into their personal bank for a total of 16 hours personal.

   d. The personal day is not eligible for differential pay.

   e. These holiday hours will NOT count as hours worked for the purpose of overtime compensation.

   f. Employees who are required to work on designated holidays shall be given, in addition to regular salary, holiday differential pay equal to one-half of their regular straight-time hourly rate for hours worked on designated holidays.

SPECIFIED POLICE EMPLOYEE HOLIDAYS ELIGIBLE FOR DIFFERENTIAL PAY
INDEPENDENCE DAY
LABOR DAY
VETERAN'S DAY
THANKSGIVING
DAY AFTER THANKSGIVING
CHRISTMAS DAY
NEW YEAR'S DAY
MARTIN LUTHER KING JR. DAY
PRESIDENT'S DAY
MEMORIAL DAY
JUNETEENTH

J. Industrial Leave

1. Workers' Compensation Coverage

   The City provides Workers' Compensation insurance coverage to employees at no cost. If an injury or illness is determined to be job related, the employee will receive medical benefits and, if eligible, temporary compensation.

2. Determination of Compensability

   The City's Workers' Compensation carrier will determine compensability for workplace injuries and illnesses.

3. Separation During a Claim

   An individual who separates from City employment will only be entitled to the compensation required under Arizona Workers' Compensation Law.

4. Filing a Claim

   An injury or illness is covered under Workers' Compensation if it is determined to be job related. It is the employee's responsibility to make sure the injury is reported to his/her supervisor as soon as possible. A claim must be filed within one year of the date of injury. It is the employee's responsibility to ensure the claim has been filed. The supervisor will work with the Risk Management department to provide information to assist in filing the claim. Risk Management will serve as the point person for employees with questions regarding Workers' Compensation.

5. Types of Claims

   There are two types of Workers' Compensation claims. One is called a "medical only" claim, which means that only medical expenses are paid. The other is called a "time lost" claim. This means that both medical expenses and temporary compensation benefits for lost wages are paid.

   a. "Medical only" claims are those types of claims for which the insurance company will pay all of the medical expenses associated with the injury, but will not pay compensation benefits for lost wages, as the employee did not lose more than seven days' time from work.

   b. "Time lost" claims are those claims in which the treating doctor states that the employee is unable to work due to their injury and employee is off work more than seven days. The employee would then be eligible for compensation for their lost wages. The days off do not have to be consecutive (in a row) but are cumulative (total). Entitlement to compensation is based on calendar days (not workdays) and includes Saturdays, Sundays and holidays.

6. Compensation for Time Lost Claims

   a. The first seven days are not paid for lost wages unless the disability extends to 14 days. For example: If the employee is off ten days, they get paid for days eight, nine and ten only. If the employee is off 14 full days, compensation is retroactive (goes back) to the date of injury and is paid for 14 days. Compensation is not generally paid for the date of injury, as the employee was working that day and was typically compensated already for that day.

b. Compensation is based on the statutory limit set forth in the Arizona Revised Statutes. The state law establishes a maximum wage figure which can be used to calculate the average monthly wage. This compensation is tax-free to the employee. Payments will be administered through the City's payroll system and will be issued on a bi-weekly basis.

c. Sick time or vacation time may be utilized to cover the seven-day waiting period or to supplement their Workers' Compensation payments. Employees will need to notify Payroll in writing if they wish to utilize sick time or vacation time to cover their waiting period or supplement their wages.

7. Requirements While Under Workers' Compensation

   a. An employee may not leave the state for more than two weeks while under active medical treatment without approval from the Arizona Industrial Commission. If the employee is planning to be outside the state for more than two weeks, the employee must have written approval from the Arizona Industrial Commission <u>before</u> the employee leaves the state.

   b. Employees are not permitted to engage in outside employment while receiving Workers' Compensation from the City of Avondale unless written permission is granted from Human Resources and Risk Management.

   c. FMLA leave, if eligible, will run consecutively while on Workers' Compensation. While under active medical care, the insurance company has the right to have the employee periodically examined, at a reasonably convenient time and place, by a doctor of its choosing. Failure to attend the examination could result in suspension of Workers' Compensation benefits and the employee could be required to pay for the cost of the missed examination.

8. Return to Work

   a. While under active medical care, a doctor may release an employee to return to modified duty or to the employee's regular job.

   b. If released to regular duty, an employee must be able to perform the essential functions of the employee's job, with or without reasonable accommodations. If an employee requires accommodations, Human Resources will coordinate an evaluation of the employee's ability to return to the workplace.

   c. If returned to work with restrictions, the physician must provide in writing a detailed outline of what the restrictions are and the duration of those restrictions. Human Resources, Risk Management, and the department will work together to determine if there is work available that meets the restrictions outlined. Modified duty is not guaranteed. It will be up to the City to determine if work is available. At no time will an employee be allowed to be on modified duty for a period of time greater than twelve

(12) months from the date of injury or date of onset of illness. Modified duty work would no longer be available once an employee is medically able to return to his or her regular job.

d. If an employee fails to accept a modified duty work assignment that he or she is medically capable of performing, his or her compensation benefits may be reduced or eliminated by the City.

e. Risk Management may require a fit for duty evaluation before an employee is returned to regular duty.

K. General Leave

1. General leave may be requested for personal reasons that are not covered by the FMLA. This leave is not intended for employees needing time away from work for their own medical condition.
    a. General leave will last for no more than sixty (60) calendar days.
    b. Accrued time off must be exhausted before an employee is eligible to take general leave.
    c. General Leave is not intended for seeking employment outside of the City.
2. Requests for general leave must be approved by the employee's department director and the human resources director
    a. Request for general leave must be in writing and include the purpose, start, and end date of the general leave.
3. General leave is unpaid and not job protected
    a. The department may post to fill the employee's position upon commencement of general leave.
    b. If the employee's position remains open at the end of their approved leave period, they will be reinstated to their position. If the position is no longer available, then they will be allowed a period of 28 calendar days to apply competitively for any open position as an internal candidate.
    c. If the employee fails to return to work or communicate timely with Human Resources at the end of their approved leave period, it will be deemed job abandonment and they will be terminated.
4. While on general leave the employee may select continuation of benefits by paying the full premium for coverage (i.e., employee and employer premiums). Some benefits may not be continued.
5. Vacation and Sick leave will not accrue while the employee is on general leave.

L. Bereavement Leave

1. General

   Upon the death of an employee's immediate family member, an employee may be granted paid bereavement leave not to exceed 40 work hours. Additional hours beyond the limit may be charged to an employee's sick leave or vacation leaves at the employee's discretion and with the department director's approval. Upon the death of an employee's aunt, uncle, cousin, niece, or nephew, an employee may be granted paid bereavement leave not to exceed one workday, whether the employee works 8 or 10 hours. Only full-time regular and/or probationary employees are eligible for bereavement leave. Part-time employees are not eligible for bereavement leave.

2. Immediate Family Defined

   For purposes of bereavement leave, "immediate family" shall refer to a spouse, son, son in-law, daughter, daughter in-law, mother, mother in-law, father, father in-law, brother, brother in-law, sister, sister in-law, grandparent, grandparent in-law, grandchild or step-child, step-parent, step-brother or step-sister.

3. Co-workers

   At the discretion of the employee's department director, an employee may be granted up to four (4) hours of bereavement leave for attendance at a co-worker's funeral or memorial service.

4. Timekeeping

   The employee (or employee's supervisor, if the employee is not available) shall enter the relationship to the person they are taking bereavement leave for in the timekeeping system when making the bereavement leave request. For example, a comment of "grandparent" would suffice.

5. Additional leave

   In the event the employee's bereavement leave is exhausted in addition to other paid leave types such as vacation and sick leave, the employee may be granted General Leave as outlined in this policy.

M. Military Leave

All regular employees who are or may be members of the National Guard or the Military Reserves (U.S. Armed Forces) will be entitled to leave of absence with pay (upon written request to the employee's department director and submittal of appropriate documentation of military active duty orders), from their respective duties on all days during which they are employed with or without pay under the orders of or authorization of competent authority on active duty during training or duty with troops, field exercises, or instruction for a total period not to exceed the lesser of 30 working days or hours times shift based on the Federal government fiscal year in any two consecutive years.

N. Civic Duty Leave

1. General

   Upon substantiated application, an employee shall be granted leave with pay as civic duty leave while serving as a juror, complying with a subpoena, or voting.

2. Use of Civic Duty Leave

   Except for voting pursuant to ARIZ. REV. STAT. § 16-401 (primary elections) or ARIZ. REV. STAT. § 16-402, (general elections) as amended, an employee granted civic duty leave shall report for work whenever the employee's presence is not required for the civic duty, unless:

   a. The distance to the work location would preclude timely reporting for the civic duty; or

   b. The employee cannot return to work at least one hour before the end of the work shift;

   c. Civic duty leave will not count towards hours worked for purpose of computing overtime.

3. General Election Day

   a. The biannual general election day (the first Tuesday following the first Monday in November of every even-numbered year) is not a legal holiday. However, every public officer or employee is entitled to have adequate time to vote, as set forth in ARIZ. REV. STAT. § 16-402, as amended. The three consecutive hours immediately after the opening or the three consecutive hours prior to the closing of the polls is provided for this purpose.

   b. Arrangements must be made with the supervisor prior to general election day and the supervisor may determine which hours are more suitable in accordance with the needs of the department.

4. Appearance as a Witness

   An employee who is subpoenaed as a witness by any court or administrative, executive, or judicial body in this state may be absent with pay unless the testimony or evidence to be given relates to the employee's own personal business.

5. Jury and Witness Compensation

   Employees who are granted civic duty leave when called for jury duty or subpoenaed as a witness shall remit any compensation to the City Finance and Budget Department, except for mileage allowance.

O. Victim's Leave

1. Purpose and Eligibility

   The City will allow employees, who are victims of crimes, to leave work to exercise their right to be present at legal proceedings related to the crimes in accordance with Arizona State Victim's Leave Law (ARIZ. REV. STAT. §§ 8-420, 13-4439, 23- 373) as amended. Any City employee is eligible for leave under this policy, except if the employee's family member is the victim and the employee is in custody for an offense or is the accused.

2. Use of Victims Leave

   A request for victim's leave must be made to the immediate supervisor providing as much notice as practical. In making this request, the employee shall provide both of the following documents:

   a. A copy of the form provided to the employee by the law enforcement agency.

   b. A copy of the notice of each scheduled proceeding that is provided to the victims by the responsible agency.

   Leave records under this policy shall be maintained in a confidential manner. When using victim's leave, the eligible employee may use accrued sick leave, vacation, or time earned. Compensatory time earned may be used for non-exempt employees to remain in a pay status while absent from work. If the employee has exhausted all accrued leave balances or if the employee is not benefit eligible, the leave of absence shall be unpaid and need to be approved by the City Manager. While there is no maximum amount of time allocated for the victim's leave, the City reserves the right to limit the leave provided under state law if the employees' absence from work creates an undue hardship to City business.

P. Administrative Leave

The Human Resources Director, with the concurrence of the City Manager, may authorize administrative leave for any employee pending an administrative investigation, an internal inquiry to gather facts, or for other administrative reasons which are in the best interest of the City as determined by the City Manager.

Q. Using Leave

All leave types are intended to allow employees to continue to receive compensation (when appropriate) for their normally scheduled hours during the FLSA work period. At no time shall the use of leave hours result in compensation in excess of the scheduled hours.

For example: A non-exempt 40 hour per week employee is sick on Monday and then works 35 hours the rest of the week. That employee would use five hours of sick leave during that week.

R. Health, Dental, Life and Optional Insurances

Subject to the approval of City Council, the City provides health, dental and life insurance to regular status full-time employees. Insurance coverage begins 31 days after the first day of the month following the employee's first day of employment.

1. Medical Insurance

   Employees hired in 30-40 hour positions are eligible to elect coverage under the City's medical insurance plans. Employees may elect to cover their dependents at the cost which has been negotiated by the City and the insurance carrier. The City may elect to pay a portion of the dependent's coverage. Employees hired in a position with hours less than 30 hours are not eligible to enroll in the City's medical insurance plans.

2. Dental Insurance

   Employees hired in 30-40 hour positions are eligible to elect coverage under the City's dental insurance plans. Employees may elect to cover their dependents at the cost which has been negotiated by the City and the insurance carrier. The City may elect to pay a portion of the dependent's coverage. Employees hired in a position with hours less than 30 hours are not eligible to enroll in the City's dental insurance plans.

3. Life Insurance

   Employees hired in 30-40 hour positions are covered by the City's basic life insurance plan. These employees may purchase additional life insurance. Employees hired in a position with hours less than 30 hours are not eligible to enroll in the City's life insurance plans.

4. Optional Insurance Benefits

   The City may provide optional benefits through payroll deduction.

S. Continuation of Health Insurance under Consolidated Omnibus Budget Reconciliation Act ("COBRA")

Under the Consolidated Omnibus Budget Reconciliation Act of 1985, better known as COBRA, if an employee terminates employment with the City, the employee is entitled to continue participating in the City's group health plan for a prescribed period of time, usually 18 months. (In certain circumstances, such as an employee's divorce or death, the length of coverage period may be longer for qualified dependents.) COBRA coverage is not extended to employees terminated for gross misconduct.

If a former employee chooses to continue group benefits under COBRA, he/she must pay the total applicable premium plus a 2% administrative fee. Coverage will cease if the former employee fails to make premium payments as scheduled, becomes covered by another group plan that does not exclude pre-existing conditions, or becomes eligible for Medicare.

For detailed information or questions on COBRA, employees are requested to check with the Human Resources Department.

T. Workers' Compensation Insurance

1. General

   Workers' Compensation provides a medical and hospitalization expenses benefit as well as partial payment in lieu of salary for workers injured on the job. All City employees are covered by this form of insurance at no cost to the employee from the first day of employment. Benefits are based on the statutory limit set forth in the Arizona Revised Statues.

2. Reporting Period

   All job-related personal injuries to employees must be reported to Risk Management within 24 hours of the time the accident occurred.

3. Choice of Care Provider

   The City has the right to request that an employee injured on the job, seek medical assistance from a doctor of the City's choice.

U. Retirement Plans

1. Enrollment in the Arizona State Retirement System or the Public Safety Personnel Retirement System or the Correctional Officers Retirement Plan will be determined based upon eligibility. The Public Safety Personnel Retirement System is for certified peace officers and firefighters.
2. Deductions for all plans are made from each pay period. The amount of the City's contributions, as well as employee contributions, is determined by state legislation.

V. Deferred Compensation Plans

1. Under this optional plan area several types of programs governed by Internal Revenue Service (IRS) an employee may choose to defer a portion of his/her income through payroll deduction. By deferring income, an employee may lower the income tax they currently pay.
2. The City may elect to contribute funds to employee's Deferred Compensation Plan

W. Health Savings Account (HSA)

1. General

   Health Savings Accounts (HSA) were created by Public Law 108-173, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. HSA is designed to help individuals save for qualified medical and retiree health expenses on a tax-advantaged basis.

2. Employee Choice

   Employees who select a high deductible health plan may be eligible to participate in an HSA.

3. City Contribution

   The City may elect to contribute funds to employee's HSA accounts.

X. Flexible Spending Arrangements (FSA)

1. General

   Health Flexible Spending Arrangements and Dependent Care Flexible Spending Arrangements (FSA) allow employees to be reimbursed for medical expenses.

2. Process

   a. Employees may contribute to FSA accounts up to the limit set by the City.

   b. No employment or federal income taxes are deducted from employee contributions to FSA accounts.

Y. Public Safety Homeowner Incentive Program

1. To ensure competitiveness in the recruitment and retention of critical public safety staff, the City may fund a Public Safety Homeowner Incentive Program dependent on annual funding identified during the budgeting process.

2. The City Manager will be responsible for establishing the eligibility, conditions, and other requirements of the program through an applicable administrative policy.

RESOLUTION NO. 1024-0324

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, AMENDING CHAPTER 6 OF THE PERSONNEL POLICIES AND PROCEDURES RELATING TO EMPLOYEE BENEFITS AND DECLARING AN EMERGENCY.

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

SECTION 1. Chapter 6 – Employee Benefits of the City of Avondale Personnel Policies and Procedures ("Chapter 6") is hereby adopted in substantially the form and substance attached hereto as Exhibit A and incorporated herein by this reference.

SECTION 2. It is necessary for the preservation of the peace, health and safety of the City of Avondale that an emergency is hereby declared to exists and this Resolution shall be effective immediately upon its passage and adoption.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Resolution or any part of Chapter 6 adopted herein is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 4. The Mayor, the City Manager, the City Clerk and the City 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 Council of the City of Avondale, Arizona, March 4, 2024.

____
Kenneth N. Weise, Mayor

ATTEST:

____
Marcella Sarmiento, City Clerk

APPROVED AS TO FORM:

____
Nicholle Harris, City Attorney

EXHIBIT A

TO

RESOLUTION NO. 1024-0324

[Chapter 6]

See following pages.

Avondale
Aspiring. Achieving. Accelerating.

CHAPTER 6
Employee Benefits

A. Definitions

Throughout this policy, definitions set out in Arizona Revised Statute §23-371 are incorporated by reference. In addition, the following definitions apply:

1. City – the City of Avondale.
2. Department Director – the director of the City department to whom the employee is assigned or the department director's designee.
3. Employee – an employee of the City.
4. Exempt employee – an employee who is deemed to be exempt from the overtime and maximum hour requirements of the Fair Labor Standards Act, 29 U.S.C. § 213, and regulations of the United States Department of Labor.
5. Family Medical Leave (FMLA) – leave allowed pursuant to the Family Medical Leave Act of 1993 and relevant statutes and regulations.
6. Full time employee – an employee who works thirty (30) hours or more per week.
7. Non-Exempt employee – an employee who is not an exempt employee.
8. Part-time employee – an employee who works less than thirty (30) hours per week.
9. Sick Leave – an approved period of absence granted to an employee according to this policy. "Sick leave" has the same meaning as "earned paid sick time" as that term is used in ARIZ. REV. STAT. §23-371.
10. Temporary employee – an employee typically hired to work for a duration of less than one year or on an as-needed basis. Temporary employees do not serve an original probationary period and may be eligible for benefits based on the average number of hours worked.
11. Fiscal year – the 365-day period (or 366 days in the case of a leap year) that commences on July 1 and ends on the next June 30.
12. Fair Labor Standards Act (FLSA) Work Period – the time period for which overtime is calculated. The standard work period of 40 hours (Monday through Sunday) applies to all employees except for 56-hour firefighters. 56-hour firefighters have a two-week work period that coincides with the pay period.

B. Accumulation of Sick Leave

1. Regular full-time employees will accrue sick leave at the rate of 3.70 hours per biweekly pay period and these hours are accumulated without limit. Part-time and temporary employees hired after March 4, 2024 shall accrue sick leave at a rate of one hour for every 30 hours worked.

Employee Type	Accrual Rate	Maximum Accrual at End of Calendar Year
Regular or Probationary Full-time	3.70 hours per pay period	No limit
Regular or Probationary Part-time	1hr per 30 hours worked	No limit
Temporary	1hr per 30 hours worked	40 hours

2. Newly hired part-time and temporary employees are eligible to use sick leave from their bank on the 90th calendar day after commencing employment. Temporary employes will have a maximum accrual of 40 hours at the end of the calendar year. Temporary employees will lose any sick leave hours over the maximum accrual amount not used by December 31 of each calendar year. Part-time employees will accumulate sick leave without limit.

3. When an employee is promoted, demoted, or transferred, the employee shall retain all accrued sick leave.

4. Upon hiring any employee, a department director may request that an employee be hired with sick leave already established up to a maximum of 80 hours for employees below the rank of department directors and 120 hours for department directors and above. The Human Resources Director must review and approve this request prior to any official written offer of employment.

C. Sick Leave Usage

1. Employees may use accrued paid sick leave time for any of the following reasons:

    a. An employee's mental or physical illness, injury, or health condition; an employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury or health condition; an employee's need for preventive medical care.

    b. Care of a family member with a mental or physical illness, injury or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury or health condition; care of a family member who needs preventive medical care. For purposes of sick leave usage under this section C, the term “family member” is as defined in ARIZ. REV. STAT. §23-371, which is the following:

1) Regardless of age, a biological, adopted or foster child, stepchild or legal ward, a child of a domestic partner, a child to whom the employee stands *in loco parentis*, or an individual to whom the employee stood *in loco parentis* when the individual was a minor; A biological, foster, stepparent or adoptive parent or legal guardian of an employee or an employee's spouse or domestic partner or a person who stood *in loco parentis* when the employee or employee's spouse or domestic partner was a minor child;

2) A person to whom the employee is legally married under the laws of any state, or a domestic partner of an employee as registered under the laws of any state or political subdivision;

3) A grandparent, grandchild, or sibling (whether of a biological, foster, adoptive or step relationship) of the employee or the employee's spouse or domestic partner; or

4) Any other individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship.

c. Reasons related to childcare, domestic violence, sexual violence, abuse or stalking, and legal services as described in ARIZ. REV. STAT. §§23-371 and 23-373.

d. Closure of the employee's place of business by order of a public official due to a public health emergency or an employee's need to care for a child whose school or place of care has been closed by order of a public official due to a public health emergency, or care for oneself or a family member when it has been determined by the health authorities having jurisdiction or by a health care provider that the employee's or family member's presence in the community may jeopardize the health of others because of his or her exposure to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

e. In the case of adoption of a minor child, an employee who is a potential or actual adoptive parent may request sick leave to include appointments with adoption agencies, social workers, attorneys, court proceedings, required travel, and any other activities necessary and related to adoption of a minor child.

2. An employee will not be subject to retaliation or discrimination for using sick leave, so long as the employee complies with City policy.

3. An employee will not be required to search for or find a replacement worker to cover the hours during which the employee is using sick leave.

4. Employees are subject to discipline for misuse or abuse of sick leave or for violation of City policy.

5. Sick leave may be taken when approved by the employee’s department director according to the notification and documentation procedures of City policy.

6. An absence of three or more days shall be reported to the Human Resources Department to determine if FMLA leave is warranted. Sick leave hours taken will not count toward hours worked for purposes of computing overtime.
7. Sick leave must be used in increments of not less than fifteen (15) minutes per occurrence for non-exempt employees.

D. Notification

1. An employee shall notify his/her department director as soon as he/she knows that he/she will be unable to work, but no later than the starting time of the employee's workday. The employee shall make a good faith effort to provide notice to the department to which the employee is assigned in advance and make a reasonable effort to schedule the time off in a manner that does not unduly disrupt the operations of the department.
2. An oral or written request by the employee is acceptable. The following methods may be used:
   a. City timekeeping or scheduling system
   b. Telephone call
   c. Email
   d. Text message
      1) Employees are responsible to ensure text message or email was successfully delivered. Supervisors shall confirm receipt of notification.
3. When possible, the employee shall include the expected duration of the absence in the request.
4. An employee must notify his/her supervisor on each day of absence unless a notification includes a specific number of days required for the leave or other arrangements have been made for FMLA. All FMLA must be approved through Human Resources.
5. While on short term disability employees are required to report periodically to the Human Resources Department, at least every thirty (30) days, regarding the status of their medical condition and their intent to return to work. Employees will be required to provide medical evidence substantiating their need for continued leave to the Human Resources Department.
6. If an employee fails to return to work following any authorized leave and fails to notify Human Resources of the need for an extension, the employee will be considered to have abandoned the job.
   a. Human Resources shall send written notice to the employee's last known address requiring the employee to return to duty within forty-eight (48) hours.

b. Failure to return to work within forty-eight (48) hours of receipt of the notification will be cause for immediate discharge and the employee automatically waives all appeal rights under this policy.

E. Documentation

1. For earned paid sick time of three or more consecutive workdays, a department director may require reasonable documentation that the earned paid sick time has been used for a reason or purpose set out in the definition of sick leave in this policy. Documentation signed by a health care professional indicating that earned paid sick time is necessary shall be considered reasonable documentation for purposes of this section. In cases of domestic violence, sexual violence, abuse or stalking, one of the following types of documentation selected by the employee shall be considered reasonable documentation:

    a. A police report indicating that the employee or the employee's family member was a victim of domestic violence, sexual violence, abuse or stalking;

    b. A protective order; injunction against harassment; a general court order; or other evidence from a court or prosecuting attorney that the employee or employee's family member appeared, or is scheduled to appear, in court in connection with an incident of domestic violence, sexual violence, abuse, or stalking;

    c. A signed statement from a domestic violence or sexual violence program or victim services organization affirming that the employee or employee's family member is receiving services related to domestic violence, sexual violence, abuse, or stalking;

    d. A signed statement from a witness advocate affirming that the employee or employee's family member is receiving services from a victim services organization;

    e. A signed statement from an attorney, member of the clergy, or a medical or other professional affirming that the employee or employee's family member is a victim of domestic violence, sexual violence, abuse or stalking; or

    f. An employee's written statement affirming that the employee or the employee's family member is a victim of domestic violence, sexual violence, abuse, or stalking, and that the leave was taken for one of the purposes of the Victim's Leave section in this policy. The employee's written statement, by itself, is reasonable documentation for absences under this paragraph. The written statement does not need to be in an affidavit format or notarized but shall be legible if handwritten and shall reasonably make clear the employee's identity, and if applicable, the employee's relationship to the family member.

F. Compensation for Unused Sick Leave upon Resignation or Retirement.

1. Compensation upon resignation will be 33.3% of accrued sick leave at the employee's current hourly rate.

2. Compensation upon retirement will be as follows:

    a. Employees with 10 years of continuous service with the City will receive 100% of accrued sick leave up to 250 hours at the employee's current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.

    b. Employees with 15 years of continuous service with the City will receive 100% of accrued sick leave up to 375 hours at the employee's current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.

    c. Employees with 20 years of continuous service with the City will receive 100% of accrued sick leave up to 500 hours at the employee's current hourly rate, or 33.3% of the total balance of accrued sick leave, whichever is greater.

3. Temporary employees hired after March 4, 2024, are not eligible for compensation of unused sick leave upon resignation. Any unused balance will be forfeited upon resignation per A.R.S. 23-372.

4. Employees who resign from their employment with the City but return to employment with the City within a nine (9) month period shall have any unused or unreimbursed sick leave reinstated upon rehire and are immediately eligible to use sick leave for qualifying reasons.

5. Employees who are involuntarily terminated from their employment are not eligible for compensation of accrued sick leave.

6. An employee may not use sick leave after their last day worked.

7. Employees who have not completed original probation will not be compensated upon separation for sick leave provided at time of hire.

G. Family and Medical Leave Act (FMLA)

1. General Provisions

    It is the policy of the City to grant up to 12 weeks of FMLA leave during any 12-month period to eligible employees. The City may grant up to a maximum of 26 weeks in a 12-month period for employees taking FMLA Injured Servicemember leave. FMLA may be paid, unpaid or a combination of paid and unpaid leave depending on the circumstances of the leave and as specified in this policy. The City has the right to designate leave, paid or unpaid, as FMLA leave, even if the employee does not request leave as FMLA. Sick leave may be granted under Servicemember Leave of the FMLA and only during this time can sick leave be used.

2. Eligibility

    To qualify to take FMLA leave under this policy, the employee must meet all of the following conditions:

a. The employee must have worked for the City for 12 months or 52 weeks. The 12 months or 52 weeks need not have been consecutive. For eligibility purposes, an employee will be considered to have been employed for an entire week even if the employee was on the payroll for only part of a week.

b. The employee must have worked at least 1250 hours during the 12-month period immediately before the date when the FMLA leave is requested to commence. The principles established under the Fair Labor Standards Act (FLSA) determine the number of hours worked by an employee. The FLSA does not include time spent on paid or unpaid leave as hours worked. Consequently, these hours of leave will not be counted in determining the 1250 hours eligibility test for an employee under FMLA.

3. Types of Leave Covered

   a. To qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:

      1) The birth of a child and in order to care for that child;

      2) The placement of a child for adoption or foster care and to care for the newly placed child;

      3) To care for a close family member (usually a spouse, child, or parent) with serious health condition; or

      4) The serious health condition (described below) of the employee.

         a) An employee may take FMLA leave due to a serious health condition that makes the employee unable to perform the functions of the employee's position. A serious health condition can include inpatient care at a hospital, hospice or residential medical care facility, including any period of incapacity or any subsequent treatment in connection with such inpatient care or a condition which requires continuing care by a licensed health care provider. However, a serious illness may also include other ailments short of hospitalization.

         b) This FMLA leave policy covers illnesses of a serious and long-term nature, resulting in recurring or lengthy absences. Generally, a chronic or long-term health condition which, if left untreated, would result in a period of incapacity of more than three days, would be considered a serious health condition.

      5) Qualifying Exigency Leave (necessity) arising out of the fact that the spouse, son, daughter, or parent of the employee is on active duty (or has been notified of an impending call or order to active duty) in the Armed Forces in support of a contingency operation.

6) Servicemember Family Leave - An eligible employee who is the spouse, son, daughter, parent, or next of kin of a covered servicemember shall be entitled to a total of 26 work weeks of FMLA leave during a 12-month period to care for the servicemember. The leave described in this paragraph shall only be available during a single 12-month period. During the single 12-month period, an eligible employee shall be entitled to a combined total of 26 work weeks of leave. If both spouses work for the City, each spouse may only take a combined total of 26 workweeks of leave.

b. If an employee takes paid sick leave for a condition that progresses into a serious health condition and the employee requests unpaid FMLA leave as provided under this policy, the City may designate all or some portion of related leave taken as FMLA leave under this policy, to the extent that the earlier leave meets the necessary qualifications.

c. Employees with questions about who and what situations are covered under this FMLA leave policy or under the City's sick leave policies are encouraged to consult with the Human Resource Department.

d. The City requires an employee to provide a doctor's certification of the serious health condition. The certification process is outlined in this policy. The City relies heavily on the physician's assessment.

e. An eligible employee can take up to 12 weeks of leave under this policy during any rolling 12-month period. The City will measure the 12-month period forward from the date any employee's first FMLA leave begins. Each time an employee takes leave, the City will compute the amount of leave the employee has taken under this policy and subtract it from the 12 weeks of available leave, and the balance remaining is the amount the employee is entitled to take at that time.

f. If spouses both work for the City, and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care, or to care for a child, or parent with a serious health condition, each spouse may each take 12 weeks each of leave.

4. Employee Status and Benefits During Leave

a. While an employee is on leave, the City will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work.

b. If the employee chooses not to return to work for reasons other than a continued serious health condition of the employee or the employee's family member or a circumstance beyond the employee's control, the City will require the employee to reimburse the City the amount it paid for the employee's health insurance premium during the leave period.

c. The employee pays a portion of the dependent health care premium. While on paid leave, the City will continue to make payroll deductions to collect the employee's share of the premium. While on unpaid leave, the employee must continue to make this payment, either in person or by mail. The payment must be received in the Finance and Budget Department by the 10th day of each month. If the payment is more than 30 days late, the employee's health care coverage may be dropped for the duration of the leave. The City will provide 15 days' notification prior to the employee's loss of coverage.

d. If the employee contributes to a dental plan, life insurance, disability plan or any other type of insurance plan the City will continue making payroll deductions while the employee is on paid leave. While the employee is on unpaid leave, the employee may request continuation of such benefits; provided, however, that the employee shall pay their portion of the premiums. If the employee does not continue these payments, the City will discontinue coverage during the leave and Consolidated Omnibus Budget Reconciliation Act (COBRA) would be offered. If the City maintains coverage, the City will recover the costs incurred for paying the employee's share of any premiums whether or not the employee returns to work.

5. Employee Status After Leave

Upon return from FMLA leave, an employee is entitled to be returned to the same position held when leave commenced, or to an equivalent position with equivalent benefits, pay and other terms and conditions of employment.

6. Use of Paid and Unpaid Leave

a. An employee who is taking FMLA leave because of the employee's own serious health condition or the serious health condition of a family member must use all sick leave prior to being eligible for short term disability or unpaid leave.

b. Disability leave for the birth of a child and for an employee's serious health condition, including Workers' Compensation leave (to the extent that it qualifies), will be designated as FMLA leave and will run concurrently with FMLA leave. For example, if the City provides six weeks of pregnancy disability leave, the six weeks can be designated as FMLA leave and counted toward the employee's 12-week entitlement. The employee may then be required to substitute accrued (or earned) paid leave as appropriate before being eligible for unpaid leave for what remains of the 12-week entitlement.

7. Intermittent Leave or a Reduced Work Schedule

a. An employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year) or, under certain circumstances, may use the leave to reduce the work week or work day, resulting in a reduced hour schedule. In all circumstances, the leave may not exceed a total of 12 work weeks over a rolling 12-month period. For the birth of a child, the employee may take up to 12 consecutive work weeks.

b. The City may temporarily transfer an employee to an available alternative position with equivalent pay and benefits if the alternative position would better accommodate the intermittent or reduced schedule, for FMLA leave for the employee or employee's family member that is foreseeable and for planned medical treatment, including recovery from a serious health condition or to care for a child after birth, or placement for adoption or foster care.

c. Eligible employees may take FMLA leave on an intermittent or reduced schedule basis when medically necessary due to the serious health condition of a covered family member or the employee or the serious injury or illness of a covered servicemember (see 29 CFR §825.202). Eligible employees may also take FMLA leave on an intermittent or reduced schedule basis when necessary, because of a qualifying exigency as defined in this policy.

d. Employees using intermittent leave or leave on a reduced schedule must make a reasonable effort to avoid disrupting operations, including scheduling doctor's appointments outside of work hours, if possible.

   1) An employee using intermittent leave due to medical necessity should notify his/her supervisor as soon as he/she knows that he/she will be unable to work, but no later than the starting time of the employee's workday.

   2) An employee must notify his/her supervisor on each day of absence unless other arrangements have been made. Human Resources should be contacted if there are additional questions on intermittent leave.

8. Certification of the Serious Health Condition

   a. A serious health condition means an illness, injury, impairment or physical or mental condition that involves inpatient care in a hospital, hospice, or residential medical care facility, or continuing treatment by a health care provider.

   b. The City requires certification of a serious health condition.

      1) The employee shall make every effort to respond to such a request within 15 calendar days of the request or provide a reasonable explanation for the delay.

      2) Failure to provide certification may result in a denial of continuation of FMLA leave.

      3) Medical certification may be provided by using the medical certification form.

      4) Request for a medical certificate must be made in writing as part of the City's response to employee request for FMLA leave.

c. If the employee plans to take intermittent FMLA leave or work a reduced schedule, the certification must also include dates and the duration of treatment as well as a statement of medical necessity for taking intermittent FMLA leave or working a reduced schedule.

d. The City has the right to ask for a second opinion if it has reason to doubt the certification. The City will pay for the employee to get a certification from a second doctor, which the City will select. The employee will be temporarily entitled to leave and benefits under the FMLA pending the second opinion.

9. Certification related to active duty orders or call to active duty.

   The City may require that a request under active duty or call to active duty be supported by either a leave certification or military orders at such time and in such manner as prescribed by Federal law. Please consult with the Human Resources Department for current Federal guidelines regarding notification and documentation.

10. Procedure for Requesting Leave

    a. All employees requesting leave under this section must provide notice with an explanation of the reason(s) for the needed leave to the Human Resources Department as soon as practicable. If the leave is foreseeable, the employee is required to provide a written request for leave and reasons(s) to the Human Resources Department. The City will provide individual notice of rights and obligations to each employee requesting leave as soon as practicable.

    b. When an employee plans to take leave under this section, the employee must give the City 30 days' notice. If it is not possible to give 30 days' notice, the employee must give as much notice as is practicable. An employee who is to undergo planned medical treatment is required to make a reasonable effort to schedule the treatment in order to minimize disruptions to the City's operations.

    c. While on leave, employees must report periodically to the Human Resources Department regarding the status of the medical condition and their intent to return to work.

    d. Employees who are unable to return to work at the end of the expected FMLA leave should notify their supervisor and Human Resources in writing at least two (2) weeks in advance or as soon as possible and must have the physician re-certify that the extended leave is medically necessary.

    e. If an employee does not provide proper notification to Human Resources, the employee will be considered to have abandoned the job and may be subject to disciplinary action up to and including termination.

11. Job Benefits and Protection

   a. For the duration of FMLA leave, the employer must maintain the employee's health coverage under the "group health plan" unless requested in writing from the employee or other legal directives given.

   b. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

   c. The use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

   d. FMLA makes it unlawful for any employer to:

      1) Interfere with, restrain, or deny the exercise of any right provided under FMLA.

      2) Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

   e. Notwithstanding the exhaustion of FMLA leave, an employee may be granted additional leave as required under the Americans with Disabilities Act. As an accommodation, additional leave may be granted based on medical necessity and the City's requirements/ability to accommodate. Accommodations will be evaluated upon request.

12. Enforcement

   a. The U.S. Department of Labor is authorized to investigate and resolve complaints of violations.

   b. An eligible employee may bring a civil action against an employer for violations.

   c. FMLA does not affect any federal or state law prohibiting discrimination or supersede any state or local law which provides greater family or medical leave rights.

H. Vacation Leave

1. Accumulation of Vacation Leave

   a. All full-time employees, excluding sworn firefighters covered by an approved MOU, will accrue vacation leave as follows:

	Tenure	Hours per Pay Period	Hours per Year
Non-Exempt	0-1.99 Years	3.7	96.2
	2-4.99 Years	4.47	116.2
	5-9.99 Years	5.39	140.12
	10-14.99 Years	6.31	164.04
	15 + Years	6.93	180.16

	Tenure	Hours per Pay Period	Hours per Year
Exempt	0-1.99 Years	4.62	120.12
	2-4.99 Years	5.39	140.12
	5-9.99 Years	6.31	164.04
	10 + Years	6.93	180.16

b. All assistant department directors will accrue vacation leave as follows:

ASSISTANT DEPARTMENT DIRECTORS		
Tenure	**Hours per Pay Period**	**Hours per Year**
First 5 Years	6.31	164.04
5+ Years	6.93	180.18

c. All department directors, Deputy City Managers, Assistant City Managers will accrue vacation leave as follows:

Department Directors, Deputy City Managers, and Assistant City Managers	
Hours per Pay Period	**Hours per Year**
6.93	180.18

d. Battalion Chiefs working a 56-hour schedule

Battalion Chiefs		
Tenure	**Hours per Pay Period**	**Hours per Year**
0-1.99 Years	11.21	291.46
2-4.99 Years	12.28	319.28
5-9.99 Years	13.57	352.30
10 + Years	14.44	375.30

e. Upon hiring any employee, a department director may request that an employee be hired with vacation leave already established up to a maximum of 80 hours for employees below the rank of department directors and 120 hours for department directors and above. The Human Resources Director must review and approve this request prior to any official written offer of employment. Employees who have not completed original probation will not be compensated upon separation for vacation or sick leave provided at time of hire as outlined in this section.

f. Part-time regular employees are not eligible to accrue vacation leave. Vacation leave hours taken will not count toward hours worked for purposes of computing overtime.

2. Maximum Accumulation of Vacation Time

   Eligible employees have a maximum accrual of vacation time of 320 hours at the end of the calendar year. Fire Battalion Chiefs assigned to a 24-hour shift schedule will have a maximum accrual of vacation time of 448 hours at the end of the calendar year.

   a. Employees must use all hours over the maximum accrual by the end of each calendar year. Employees will lose any vacation leave hours over the maximum accrual amount not used by December 31 of each calendar year.

   b. Vacation leave accumulated in excess of 320 hours or 448 hours for Fire Battalion Chiefs as of the last day of the calendar year shall be forfeited, unless the City Manager authorizes an exception in an individual case. The application for exception submitted through the Human Resources Department shall contain a plan to use the excess hours during the following calendar year, pay the employee for the excess hours or a combination of both.

3. Use of Vacation Leave

   Vacation leave shall be taken with the approval of the department director or designee (i.e., immediate supervisor).

   a. Vacation will only be granted during such time as it is not disruptive to the work schedule of the department concerned.

   b. During the original probationary period, vacation leave may be granted at the discretion of the department director.

   c. Vacation leave granted shall not exceed an employee's accrued balance.

4. Vacation Sell Back

   Employees may be paid for a portion of accrued vacation. See Administrative Policy 40 (AP-40) for guidelines.

5. Compensation for Vacation Leave

   a. Compensation upon separation from the City will be 100% of accrued vacation leave at the employee's current hourly rate. An employee may not use vacation leave after their last day worked. Vacation will be paid per City policy. Employees who have not completed original probation will not be compensated upon separation for vacation leave provided at time of hire.

I. Holiday Leave Policy

1. Objectives

   The objectives for the development of the holiday leave policy are:

a. Equalize the holiday leave allocation, so that each full-time regular employee receives 96 hours of holiday leave hours per fiscal year.

b. Identify the methods to maximize the number of days that City offices are open to serve citizens.

c. Ensure that the adoption of a Green Friday schedule or other alternate schedule does not increase the cost of doing business for the City.

d. Implement a system to increase the flexibility for employees to utilize their holiday compensation.

2. Accumulation of Holiday Leave

a. The annual holiday leave bank for each full-time, regular employee is 96 hours. Part-time, temporary, and seasonal employees are not eligible for holiday compensation or holiday differential pay. For the purposes of this policy, the holiday will be defined as the 24-hour period (12:00 AM -11:59 PM) on the designated holiday.

b. Employees will be provided with a bank of 96 hours (full-time) per fiscal year (July 1- June 30) to utilize for holiday compensation for designated holidays or floating holidays as set forth below. The leave banks will be populated during the first payroll period in July and January. The first allocation will be in July for 50 hours (full-time) the second in January for 46 hours (full-time). New hires will receive a prorated number of hours based upon their hire date.

3. Designated Holidays; Floating Holidays

A listing of City-designated holidays will be prepared for each fiscal year. This listing will be included in the Administrative Policy and posted no later than June 30 of each year. The listing will specify any and all designated holidays for the City.

a. If a designated holiday falls on a scheduled workday, employees will be required to use their holiday leave to cover their scheduled work hours. Exceptions must be approved by the department director and approved by the HR Director before the holiday has occurred. Holiday leave bank shall be used to cover scheduled work hours unless an employee's holiday bank is exhausted, then other leave types may be used. Employees required to work on a designated holiday due to business need, or who are not scheduled to work on a designated holiday, will not be required to utilize their holiday leave. Any holiday leave hours not used for designated City holidays shall be considered floating holiday leave.

b. In the event an employee is on paid leave when a holiday occurs, the employee shall receive no pay in addition to holiday pay. Therefore, the employee shall not be charged with applicable paid leave time (i.e., vacation or sick leave).

c. Floating holiday leave shall be approved to be used at such a time that is mutually agreeable to the employee and the employee's supervisor. Holiday leave will not be available for use on an unplanned or call-in basis.

4. Holidays Eligible for Differential Pay

   a. By July 1 of each year a listing will be provided of holidays that will be paid on holiday differential (see City AP 42 Holiday Schedule). Non-exempt employees who are required to work on one of the listed holidays shall be given, in addition to regular hourly rate, holiday differential pay equal to one-half of their regular straight-time hourly rate for hours worked on designated holidays. This compensation may be in overtime or compensatory time, depending on the needs of the department (compensatory time guidelines have been established in Chapter 5 of the City of Avondale Policies & Procedures Policy Manual). The additional compensation would only be for the actual day of the holiday, not the Friday or Monday before or after (example: July 4th is on a Sunday; employees working on July 4th would be eligible for additional compensation; employees working on July 3rd or 5th would not).

   b. Exempt employees would not be eligible for any additional compensation if required to work on one of the holidays eligible for differential pay.

5. Use of Holiday Leave

   a. It will be the employees' responsibility to monitor their holiday leave usage.

   b. In the event that the employee does not have enough holiday hours in her/his bank to cover a full day's absence, vacation hours or compensatory time will be used to make up the difference. Sick leave may not be used for City scheduled holidays.

   c. All holiday hours not taken prior to the last day of employment with the City, shall be forfeited.

   d. Holiday hours must be used by June 30 of each year. ALL employees must use their holiday hours, or they will be forfeited.

   e. In the event that an exempt or non-exempt employee does not have either holiday hours, compensatory hours, or vacation hours to cover a designated holiday, they will be placed in a leave without pay (LWOP) status. This will mean that both an exempt and nonexempt employee will have the uncompensated hours deducted to cover their absence.

   f. Holiday hours and holiday differential pay will not count toward hours worked for purposes of overtime for hourly employees.

6. Specified Police Employees Not Participating

a. Specified Police Employees will not be participating in the holiday leave program set forth above.

   1) Those police employees not participating include: Patrol, Detention, Communications, and any other area as recommended by the Chief of Police and HR and approved by the City Manager.

b. Specified Police Employees will receive 8 hours of holiday no-bank compensation for the holidays listed in AP 42 Holiday Schedule to include the day after Thanksgiving and one personal day.

c. The eight (8) hours for a personal day will be added on July 1 of each fiscal year and loaded into their personal bank for a total of 16 hours personal.

d. The personal day is not eligible for differential pay.

e. These holiday hours will NOT count as hours worked for the purpose of overtime compensation.

f. Employees who are required to work on designated holidays shall be given, in addition to regular salary, holiday differential pay equal to one-half of their regular straight-time hourly rate for hours worked on designated holidays.

SPECIFIED POLICE EMPLOYEE HOLIDAYS ELIGIBLE FOR DIFFERENTIAL PAY
INDEPENDENCE DAY
LABOR DAY
VETERAN'S DAY
THANKSGIVING
DAY AFTER THANKSGIVING
CHRISTMAS DAY
NEW YEAR'S DAY
MARTIN LUTHER KING JR. DAY
PRESIDENT'S DAY
MEMORIAL DAY
JUNETEENTH

J. Industrial Leave

1. Workers' Compensation Coverage

   The City provides Workers' Compensation insurance coverage to employees at no cost. If an injury or illness is determined to be job related, the employee will receive medical benefits and, if eligible, temporary compensation.

2. Determination of Compensability

   The City's Workers' Compensation carrier will determine compensability for workplace injuries and illnesses.

3. Separation During a Claim

   An individual who separates from City employment will only be entitled to the compensation required under Arizona Workers' Compensation Law.

4. Filing a Claim

   An injury or illness is covered under Workers' Compensation if it is determined to be job related. It is the employee's responsibility to make sure the injury is reported to his/her supervisor as soon as possible. A claim must be filed within one year of the date of injury. It is the employee's responsibility to ensure the claim has been filed. The supervisor will work with the Risk Management department to provide information to assist in filing the claim. Risk Management will serve as the point person for employees with questions regarding Workers' Compensation.

5. Types of Claims

   There are two types of Workers' Compensation claims. One is called a "medical only" claim, which means that only medical expenses are paid. The other is called a "time lost" claim. This means that both medical expenses and temporary compensation benefits for lost wages are paid.

   a. "Medical only" claims are those types of claims for which the insurance company will pay all of the medical expenses associated with the injury, but will not pay compensation benefits for lost wages, as the employee did not lose more than seven days' time from work.

   b. "Time lost" claims are those claims in which the treating doctor states that the employee is unable to work due to their injury and employee is off work more than seven days. The employee would then be eligible for compensation for their lost wages. The days off do not have to be consecutive (in a row) but are cumulative (total). Entitlement to compensation is based on calendar days (not workdays) and includes Saturdays, Sundays and holidays.

6. Compensation for Time Lost Claims

   a. The first seven days are not paid for lost wages unless the disability extends to 14 days. For example: If the employee is off ten days, they get paid for days eight, nine and ten only. If the employee is off 14 full days, compensation is retroactive (goes back) to the date of injury and is paid for 14 days. Compensation is not generally paid for the date of injury, as the employee was working that day and was typically compensated already for that day.

   b. Compensation is based on the statutory limit set forth in the Arizona Revised Statutes. The state law establishes a maximum wage figure which can be used to calculate the average monthly wage. This compensation is tax-free to the employee.

Payments will be administered through the City's payroll system and will be issued on a bi-weekly basis.

c. Sick time or vacation time may be utilized to cover the seven-day waiting period or to supplement their Workers' Compensation payments. Employees will need to notify Payroll in writing if they wish to utilize sick time or vacation time to cover their waiting period or supplement their wages.

7. Requirements While Under Workers' Compensation

   a. An employee may not leave the state for more than two weeks while under active medical treatment without approval from the Arizona Industrial Commission. If the employee is planning to be outside the state for more than two weeks, the employee must have written approval from the Arizona Industrial Commission <u>before</u> the employee leaves the state.

   b. Employees are not permitted to engage in outside employment while receiving Workers' Compensation from the City of Avondale unless written permission is granted from Human Resources and Risk Management.

   c. FMLA leave, if eligible, will run consecutively while on Workers' Compensation. While under active medical care, the insurance company has the right to have the employee periodically examined, at a reasonably convenient time and place, by a doctor of its choosing. Failure to attend the examination could result in suspension of Workers' Compensation benefits and the employee could be required to pay for the cost of the missed examination.

8. Return to Work

   a. While under active medical care, a doctor may release an employee to return to modified duty or to the employee's regular job.

   b. If released to regular duty, an employee must be able to perform the essential functions of the employee's job, with or without reasonable accommodations. If an employee requires accommodations, Human Resources will coordinate an evaluation of the employee's ability to return to the workplace.

   c. If returned to work with restrictions, the physician must provide in writing a detailed outline of what the restrictions are and the duration of those restrictions. Human Resources, Risk Management, and the department will work together to determine if there is work available that meets the restrictions outlined. Modified duty is not guaranteed. It will be up to the City to determine if work is available. At no time will an employee be allowed to be on modified duty for a period of time greater than twelve (12) months from the date of injury or date of onset of illness. Modified duty work would no longer be available once an employee is medically able to return to his or her regular job.

d. If an employee fails to accept a modified duty work assignment that he or she is medically capable of performing, his or her compensation benefits may be reduced or eliminated by the City.

e. Risk Management may require a fit for duty evaluation before an employee is returned to regular duty.

K. General Leave

1. General leave may be requested for personal reasons that are not covered by the FMLA. This leave is not intended for employees needing time away from work for their own medical condition.

   a. General leave will last for no more than sixty (60) calendar days.

   b. Accrued time off must be exhausted before an employee is eligible to take general leave.

   c. General Leave is not intended for seeking employment outside of the City.

2. Requests for general leave must be approved by the employee's department director and the human resources director

   a. Request for general leave must be in writing and include the purpose, start, and end date of the general leave.

3. General leave is unpaid and not job protected

   a. The department may post to fill the employee's position upon commencement of general leave.

   b. If the employee's position remains open at the end of their approved leave period, they will be reinstated to their position. If the position is no longer available, then they will be allowed a period of 28 calendar days to apply competitively for any open position as an internal candidate.

   c. If the employee fails to return to work or communicate timely with Human Resources at the end of their approved leave period, it will be deemed job abandonment and they will be terminated.

4. While on general leave the employee may select continuation of benefits by paying the full premium for coverage (i.e., employee and employer premiums). Some benefits may not be continued.

5. Vacation and Sick leave will not accrue while the employee is on general leave.

L. Bereavement Leave

1. General

   Upon the death of an employee's immediate family member, an employee may be granted paid bereavement leave not to exceed 40 work hours. Additional hours beyond the limit may be charged to an employee's sick leave or vacation leaves at the employee's discretion and with the department director's approval. Upon the death of an employee's aunt, uncle, cousin, niece, or nephew, an employee may be granted paid bereavement leave not to exceed one workday, whether the employee works 8 or 10 hours. Only full- time regular and/or probationary employees are eligible for bereavement leave. Part- time employees are not eligible for bereavement leave.

2. Immediate Family Defined

   For purposes of bereavement leave, "immediate family" shall refer to a spouse, son, son in-law, daughter, daughter in-law, mother, mother in-law, father, father in-law, brother, brother in-law, sister, sister in-law, grandparent, grandparent in-law, grandchild or step-child, step-parent, step-brother or step-sister.

3. Co-workers

   At the discretion of the employee's department director, an employee may be granted up to four (4) hours of bereavement leave for attendance at a co-worker's funeral or memorial service.

4. Timekeeping

   The employee (or employee's supervisor, if the employee is not available) shall enter the relationship to the person they are taking bereavement leave for in the timekeeping system when making the bereavement leave request. For example, a comment of "grandparent" would suffice.

5. Additional leave

   In the event the employee's bereavement leave is exhausted in addition to other paid leave types such as vacation and sick leave, the employee may be granted General Leave as outlined in this policy.

M. Military Leave

All regular employees who are or may be members of the National Guard or the Military Reserves (U.S. Armed Forces) will be entitled to leave of absence with pay (upon written request to the employee's department director and submittal of appropriate documentation of military active duty orders), from their respective duties on all days during which they are employed with or without pay under the orders of or authorization of competent authority on active duty during training or duty with troops, field exercises, or instruction for a total period not to exceed the lesser of 30 working days or hours times shift based on the Federal government fiscal year in any two consecutive years.

N. Civic Duty Leave

1. General

   Upon substantiated application, an employee shall be granted leave with pay as civic duty leave while serving as a juror, complying with a subpoena, or voting.

2. Use of Civic Duty Leave

   Except for voting pursuant to ARIZ. REV. STAT. § 16-401 (primary elections) or ARIZ. REV. STAT. § 16-402, (general elections) as amended, an employee granted civic duty leave shall report for work whenever the employee's presence is not required for the civic duty, unless:

   a. The distance to the work location would preclude timely reporting for the civic duty; or

   b. The employee cannot return to work at least one hour before the end of the work shift;

   c. Civic duty leave will not count towards hours worked for purpose of computing overtime.

3. General Election Day

   a. The biannual general election day (the first Tuesday following the first Monday in November of every even-numbered year) is not a legal holiday. However, every public officer or employee is entitled to have adequate time to vote, as set forth in ARIZ. REV. STAT. § 16-402, as amended. The three consecutive hours immediately after the opening or the three consecutive hours prior to the closing of the polls is provided for this purpose.

   b. Arrangements must be made with the supervisor prior to general election day and the supervisor may determine which hours are more suitable in accordance with the needs of the department.

4. Appearance as a Witness

   An employee who is subpoenaed as a witness by any court or administrative, executive, or judicial body in this state may be absent with pay unless the testimony or evidence to be given relates to the employee's own personal business.

5. Jury and Witness Compensation

   Employees who are granted civic duty leave when called for jury duty or subpoenaed as a witness shall remit any compensation to the City Finance and Budget Department, except for mileage allowance.

O. Victim's Leave

1. Purpose and Eligibility

   The City will allow employees, who are victims of crimes, to leave work to exercise their right to be present at legal proceedings related to the crimes in accordance with Arizona State Victim's Leave Law (ARIZ. REV. STAT. §§ 8-420, 13-4439, 23- 373) as amended. Any City employee is eligible for leave under this policy, except if the employee's family member is the victim and the employee is in custody for an offense or is the accused.

2. Use of Victims Leave

   A request for victim's leave must be made to the immediate supervisor providing as much notice as practical. In making this request, the employee shall provide both of the following documents:

   a. A copy of the form provided to the employee by the law enforcement agency.

   b. A copy of the notice of each scheduled proceeding that is provided to the victims by the responsible agency.

   Leave records under this policy shall be maintained in a confidential manner. When using victim's leave, the eligible employee may use accrued sick leave, vacation, or time earned. Compensatory time earned may be used for non-exempt employees to remain in a pay status while absent from work. If the employee has exhausted all accrued leave balances or if the employee is not benefit eligible, the leave of absence shall be unpaid and need to be approved by the City Manager. While there is no maximum amount of time allocated for the victim's leave, the City reserves the right to limit the leave provided under state law if the employees' absence from work creates an undue hardship to City business.

P. Administrative Leave

The Human Resources Director, with the concurrence of the City Manager, may authorize administrative leave for any employee pending an administrative investigation, an internal inquiry to gather facts, or for other administrative reasons which are in the best interest of the City as determined by the City Manager.

Q. Using Leave

All leave types are intended to allow employees to continue to receive compensation (when appropriate) for their normally scheduled hours during the FLSA work period. At no time shall the use of leave hours result in compensation in excess of the scheduled hours.

For example: A non-exempt 40 hour per week employee is sick on Monday and then works 35 hours the rest of the week. That employee would use five hours of sick leave during that week.

R. Health, Dental, Life and Optional Insurances

Subject to the approval of City Council, the City provides health, dental and life insurance to regular status full-time employees. Insurance coverage begins 31 days after the first day of the month following the employee's first day of employment.

1. Medical Insurance

   Employees hired in 30-40 hour positions are eligible to elect coverage under the City's medical insurance plans. Employees may elect to cover their dependents at the cost which has been negotiated by the City and the insurance carrier. The City may elect to pay a portion of the dependent's coverage. Employees hired in a position with hours less than 30 hours are not eligible to enroll in the City's medical insurance plans.

2. Dental Insurance

   Employees hired in 30-40 hour positions are eligible to elect coverage under the City's dental insurance plans. Employees may elect to cover their dependents at the cost which has been negotiated by the City and the insurance carrier. The City may elect to pay a portion of the dependent's coverage. Employees hired in a position with hours less than 30 hours are not eligible to enroll in the City's dental insurance plans.

3. Life Insurance

   Employees hired in 30-40 hour positions are covered by the City's basic life insurance plan. These employees may purchase additional life insurance. Employees hired in a position with hours less than 30 hours are not eligible to enroll in the City's life insurance plans.

4. Optional Insurance Benefits

   The City may provide optional benefits through payroll deduction.

S. Continuation of Health Insurance under Consolidated Omnibus Budget Reconciliation Act ("COBRA")

Under the Consolidated Omnibus Budget Reconciliation Act of 1985, better known as COBRA, if an employee terminates employment with the City, the employee is entitled to continue participating in the City's group health plan for a prescribed period of time, usually 18 months. (In certain circumstances, such as an employee's divorce or death, the length of coverage period may be longer for qualified dependents.) COBRA coverage is not extended to employees terminated for gross misconduct.

If a former employee chooses to continue group benefits under COBRA, he/she must pay the total applicable premium plus a 2% administrative fee. Coverage will cease if the former employee fails to make premium payments as scheduled, becomes covered by another group plan that does not exclude pre-existing conditions, or becomes eligible for Medicare.

For detailed information or questions on COBRA, employees are requested to check with the Human Resources Department.

T. Workers' Compensation Insurance

1. General

   Workers' Compensation provides a medical and hospitalization expenses benefit as well as partial payment in lieu of salary for workers injured on the job. All City employees are covered by this form of insurance at no cost to the employee from the first day of employment. Benefits are based on the statutory limit set forth in the Arizona Revised Statues.

2. Reporting Period

   All job-related personal injuries to employees must be reported to Risk Management within 24 hours of the time the accident occurred.

3. Choice of Care Provider

   The City has the right to request that an employee injured on the job, seek medical assistance from a doctor of the City's choice.

U. Retirement Plans

1. Enrollment in the Arizona State Retirement System or the Public Safety Personnel Retirement System or the Correctional Officers Retirement Plan will be determined based upon eligibility. The Public Safety Personnel Retirement System is for certified peace officers and firefighters.

2. Deductions for all plans are made from each pay period. The amount of the City's contributions, as well as employee contributions, is determined by state legislation.

V. Deferred Compensation Plans

1. Under this optional plan area several types of programs governed by Internal Revenue Service (IRS) an employee may choose to defer a portion of his/her income through payroll deduction. By deferring income, an employee may lower the income tax they currently pay.
2. The City may elect to contribute funds to employee's Deferred Compensation Plan

W. Health Savings Account (HSA)

1. General

   Health Savings Accounts (HSA) were created by Public Law 108-173, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. HSA is designed to help individuals save for qualified medical and retiree health expenses on a tax-advantaged basis.

2. Employee Choice

   Employees who select a high deductible health plan may be eligible to participate in an HSA.

3. City Contribution

   The City may elect to contribute funds to employee's HSA accounts.

X. Flexible Spending Arrangements (FSA)

1. General

   Health Flexible Spending Arrangements and Dependent Care Flexible Spending Arrangements (FSA) allow employees to be reimbursed for medical expenses.

2. Process

   a. Employees may contribute to FSA accounts up to the limit set by the City.
   b. No employment or federal income taxes are deducted from employee contributions to FSA accounts.

Y. Public Safety Homeowner Incentive Program

1. To ensure competitiveness in the recruitment and retention of critical public safety staff, the City may fund a Public Safety Homeowner Incentive Program dependent on annual funding identified during the budgeting process.
2. The City Manager will be responsible for establishing the eligibility, conditions, and other requirements of the program through an applicable administrative policy.

CITY COUNCIL REPORT

ITEM NUMBER:	5.b.
SUBJECT:	Water Resources Update
MEETING DATE:	3/4/2024
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) 333-1011

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 of common values. The City of Avondale manages its water resources to ensure a safe, reliable and sustainable water supply for current and future customers. This is done through planning, conservation, outreach and education, and more sustainable practices throughout municipal operations and the Avondale community.

- Innovative Program and Service Delivery - Avondale will continue to serve as a model of innovative, efficient, and responsive government. The City of Avondale continually evaluates water use and plans for future water needs to meet its obligations to existing and new water customers.

PURPOSE:
City Council will receive an update from staff regarding the state of the City's water resources and related projects underway to ensure the City has water resources to support existing and future customer demands. This item is for information and discussion only.

BACKGROUND:
The City of Avondale has one of the most unique water portfolios in the Southwest. Providing a reliable and sustainable water supply is a priority for Avondale and requires constant monitoring, planning and partnering to meet current and future water demands. Effective strategies and projects are underway to ensure the City of Avondale can provide safe, sufficient, and sustainable water supplies to our customers now and into the future.

DISCUSSION:
This update will report on: the condition and current demand on the City's water resources; the current state of drought in the southwest and condition of the Colorado River; proposed water related legislation within the State of Arizona; efforts underway to renew the City's Designation of Assured Water Supply; current and emerging water quality regulations; and projects that will enhance the City's water resource portfolio.

The information presented will lead to discussions to assist the Mayor and Council in making informed decisions regarding the City's operations, development, future studies and partnership opportunities along with capital improvement and resource investments as they relate to our water resources and infrastructure.

The Public Works Department manages the City's water portfolio and delivery of water services with the highest regard to public health and safety, meeting all local, state, and federal regulations with the highest standards for customer service. Additionally, we understand that sustainable community development is only possible with adequate water supplies to meet those needs for future growth. Thus, this current update is especially important as the conditions of the Colorado River system and overall climatic conditions continue to morph and potentially impact our future renewable water supplies.

BUDGET IMPACT:
For information and discussion only; there is no request for budgetary allowances with this item at this time.

RECOMMENDATION:
No Council action is required, this is for discussion only.

Contact person for document distribution: *Eric Bay, Cole Pihl*

CITY COUNCIL REPORT

ITEM NUMBER:	5.c.
SUBJECT:	Annual Comprehensive Financial Report Fiscal Year 2023
MEETING DATE:	3/4/2024

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) 333-1011

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, 2023. 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, 2023. 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

Single Audit
The auditors identified the internal controls did not operate as designed to ensure all necessary closing adjustments were posted or properly recorded in accounting records due to 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 Statues 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: *Maggie Lam*

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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, 2023. 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, 2023.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 29, 2024

City of Avondale, Arizona
Single Audit Report
Year Ended June 30, 2023

City of Avondale, Arizona
Single Audit Report
For the Year Ended June 30, 2023

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Independent Auditor's 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*

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, 2023, 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 January 29, 2024. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 94, P*ublic-Private and Public-Public Partnerships and Availability Payment Arrangements,* GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB No. 99, *Omnibus 2022*.

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-2023-001 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 Standard*s.

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
January 29, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2023. 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, 2023.

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; 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, 2023, 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 January 29, 2024, 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
January 29, 2024

CITY OF AVONDALE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2022 - 6/30/2023

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Name of Funder Pass-Through Entity	Identifying Number Assigned By Funder Pass-Through Entity	Federal Expenditures	Federal Program Total	Cluster Name	Cluster Total
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218				$416,110	$838,348	CDBG - ENTITLEMENT GRANTS CLUSTER	$838,348
COVID-19 - COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19			$422,238	$838,348	CDBG - ENTITLEMENT GRANTS CLUSTER	$838,348
HOME INVESTMENT PARTNERSHIPS PROGRAM	*14.239*		*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*C-22-20-033-300*	*$58,150*	*$58,150*	*N/A*	*$0*
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					$896,498			
DEPARTMENT OF JUSTICE								
CRIME VICTIM ASSISTANCE	*16.575*		*ARIZONA DEPARTMENT OF PUBLIC SAFETY*	*2018-V2-GX-0012*	*$294,430*	*$294,430*	*N/A*	*$0*
BULLETPROOF VEST PARTNERSHIP PROGRAM	16.607				$18,000	$18,000	N/A	$0
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		CITY OF PHOENIX	2023-II-001	$6,867	$6,867	N/A	$0
TOTAL DEPARTMENT OF JUSTICE					$319,297			
DEPARTMENT OF TRANSPORTATION								
FEDERAL TRANSIT FORMULA GRANTS	*20.507*		*CITY OF PHOENIX*	*AZ-2023-026*	*$277,224*	*$277,224*	*FEDERAL TRANSIT CLUSTER*	*$277,224*
NATIONAL PRIORITY SAFETY PROGRAMS	*20.616*		*ARIZONA GOVERNOR'S OFFICE OF HIGHWAY SAFETY*	*2021-405D-005*	*$38,977*	*$38,977*	*HIGHWAY SAFETY CLUSTER*	*$38,977*
TOTAL DEPARTMENT OF TRANSPORTATION					$316,201			
DEPARTMENT OF TREASURY								
COVID-19 - EMERGENCY RENTAL ASSISTANCE PROGRAM	*21.023*	*COVID-19*	*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*C-23-17-001-3-09*	*$237,498*	*$237,498*	*N/A*	*$0*
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	COVID-19			$6,556,727	$6,556,727	N/A	$0
TOTAL DEPARTMENT OF TREASURY					$6,794,225			
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*	*2022-0010-C2*	*$4,000*	*$4,000*	*N/A*	*$0*
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES OR NATIONAL ENDOWMENT FOR THE ARTS OR NATIONAL ENDOWMENT FOR THE HUMANITIES					$4,000			
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.*	*2023-07-AVO*	*$25,570*	*$58,145*	*AGING CLUSTER*	*$300,331*
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.*	*2023-07-AVO*	*$32,575*	*$58,145*	*AGING CLUSTER*	*$300,331*
SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	*93.045*		*AREA AGENCY ON AGING, REGION ONE, INC.*	*2023-07-AVO*	*$204,738*	*$218,657*	*AGING CLUSTER*	*$300,331*
COVID-19 - SPECIAL PROGRAMS FOR THE AGING_TITLE III, PART C_NUTRITION SERVICES	*93.045*	*COVID-19*	*AREA AGENCY ON AGING, REGION ONE, INC.*	*2023-07-AVO*	*$13,919*	*$217,325*	*AGING CLUSTER*	*$300,331*

NUTRITION SERVICES INCENTIVE PROGRAM	*93.053*	*AREA AGENCY ON AGING, REGION ONE, INC.*	*2023-07-AVO*	*$23,529*	*$23,529*	*AGING CLUSTER*	*$300,331*
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	*93.558*	*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*C-23-17-001-3-09*	*$24,746*	*$24,746*	*N/A*	*$0*
LOW-INCOME HOME ENERGY ASSISTANCE	*93.568*	*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*C-23-17-001-3-09*	*$37,737*	*$37,737*	*N/A*	*$0*
COMMUNITY SERVICES BLOCK GRANT	*93.569*	*MARICOPA COUNTY HUMAN SERVICES DEPARTMENT*	*C-22-19-037-3-04*	*$60,314*	*$60,314*	*N/A*	*$0*
SOCIAL SERVICES BLOCK GRANT	*93.667*	*AREA AGENCY ON AGING, REGION ONE, INC.*	*2023-07-AVO*	*$42,604*	*$42,604*	*N/A*	*$0*
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				$465,732			
DEPARTMENT OF HOMELAND SECURITY							
STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083			$1,011,838	$1,011,838	N/A	$0
TOTAL DEPARTMENT OF HOMELAND SECURITY				$1,011,838			
TOTAL EXPENDITURE OF FEDERAL AWARDS				$9,807,791			

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.

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, 2023. 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 Indirect Cost Rate

The auditee did not use the de minimis indirect 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, 2023

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:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee: Yes

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: Yes

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2023-001
Repeat Finding: Yes - FS-2022-001
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 Finance and Budget Department has experienced turnover of key accounting 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:

- The reconciliation for the Operating Bank Account had a trivial unreconciled difference at year end of $25,011.
- A trivial prepaid asset in the Family Advocacy Center Fund related to lease expenditures was not recorded.
- The City did not reverse the fiscal year 2022 stop loss reimbursement accrual for the Risk Management Internal Service Fund.
- The restricted cash accounts for unspent bond proceeds and debt service trustee accounts were not reconciled. As a result, interest expenses for the Wastewater Fund and interest income for the Other Capital Projects were not recorded.
- The investment balance was overstated at year end by $10.0 million as a result of not recording the investment at fair value.

Recommendation
The internal controls over the financial reporting and closing process should be properly designed and operate effectively to ensure the financial statements are presented in accordance with GAAP.

Views Of Responsible Officials
See Corrective Action Plan.

Avondale
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11465 W. Civic Center Drive
Avondale, AZ 85323
Phone: (623) 333-2000
Fax: (623) 333-0200
WEBSITE: WWW.AVONDALEAZ.GOV

January 29, 2024

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 name 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.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Renee Weatherless
Director of Finance and Budget

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2023-001
Contact Person: Maggie Lam, Accounting Manager
Anticipated Completion Date: August 2024
Planned Corrective Action:

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 City's experienced turnover of key accounting positions and their expertise in the various closing processes was lacking. 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 been documenting necessary closing adjustment duties to ensure the required adjustments are posted or properly recorded during the fiscal year-end process. The adjustments identified in this single audit have been added to the city's year-end closing procedures.
Completion Date: August 2024

Specific Items:

- **Operating Bank Account Reconciliation** – Accounting has been continuously reconciling the financial records to the operating bank entries. We have identified discrepancies and reduced the reconciled balance from $229,912 to $25,211 during the fiscal year. The city expects to reconcile the remaining unreconciled balance during the current fiscal year. **Completion Date**: August 2024
- **Prepaid asset entry** – Accounting will review rent payments and other monthly payments to identify goods and services that have been paid for but not yet incurred. These payments will be reclassified as prepaid expense. This task has been added to the year-end checklist.
Completion Date: August 2024
- **Reverse stop loss reimbursement accrual** – Accounting will review accrual entries entered in the prior fiscal year to ensure those entries are reversed in the current fiscal year. To facilitate this review, a chart of account element has been created to identify all accrual entries. This task has been added to the year-end checklist.
Completion Date: August 2024
- **Restricted cash accounts** – Accounting will review all restricted cash balances monthly. The account identified in the Single Audit has been added to the monthly management report. Finally, all restricted cash accounts have been added to the year-end checklist for review.
Completion Date: August 2024

City of Avondale, Arizona
Corrective Action Plan
Year Ended June 30, 2023

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2023-001

- **Investment balance** – Accounting has updated the investment recording procedures to ensure the investment balance is recorded at fair value. We have also added a task to verify the end of fiscal year balance on the year-end checklist.
  Completion Date: August 2024

City of Avondale, Arizona
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Status of Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2022-001
Status: Partially corrected. See current year finding FS-2023-001.
Planned Corrective Action:

City's Response
Accounting has been continuously reconciling the financial records to the operating bank entries. We have identified discrepancies and reduced the reconciled balance from $229,912 to $25,211 during fiscal year 2023. The city expects to reconcile the remaining unreconciled balance during fiscal year 2024.

Corrective Action Plan

General – The City will continue to reconcile the cash entries to ensure all the cash balance is fully reconciled and accounted for by the end of fiscal year 2024. **Completion Date**: August 2024

AVONDALE, ARIZONA

FISCAL YEAR ENDED **JUNE 30, 2023**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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City of Avondale, Arizona

Avondale, Arizona

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

Issued by:
Finance and Budget Department

City of Avondale, Arizona

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City of Avondale, Arizona

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Introductory Section

Avondale

Aspiring. Achieving. Accelerating.

Avondale
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Finance and Budget Department
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January 29, 2024

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, 2023. 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 HeinfeldMeech, 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, 2023, 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, 2023, 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.

City of Avondale Profile

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 94,000. 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 2020-2023 NASCAR Cup Series Championship. 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, City Auditor and Presiding Judge. The City of Avondale provides a full range of services to the public. Services include police, fire and medical, streets and transportation, community and economic development, community services, 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 property tax levies are adopted 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 health of the Phoenix metropolitan area economy remains robust. The region has witnessed strong growth in recent years, reflected in strong job creation, declining unemployment rates, and a flourishing real estate market. The employment sector has shown resilience with consistent growth across diverse industries, including technology, healthcare, and financial services. The unemployment rate for the Phoenix area currently stands at 2.9% and has remained below the national average. The real estate market remains strong, with the median home price 42% higher than five years ago. Additionally, retail sales and consumer spending have remained buoyant, contributing to the overall economic vitality of the Phoenix metropolitan area. The strong local economy is reflected in the city's revenues. Comparing FY2022 to FY2023, sales tax increased $9.2 million or 12%, and state shared revenues increased $6.6 million or 23%.

However, Avondale has been impacted by rising inflation rates during the year which resulted in rising costs for goods and services. The hike of interest rates that aimed at curbing inflation has caused more uncertainty in the economy as it affected borrowing costs and investment decisions. Services-related revenues recorded a decrease of $2.0 million or 13%, due to a decrease in the number of single-family homes under construction.

Avondale remains in a strong financial position. The general fund ending fund balance is approximately $114 million, an increase of $57 million over the past three fiscal years. This growth in fund balance reflects a few things: the strong economy of the city and region, careful financial planning and policies, and delays in planned capital improvements. A significant portion of the fund balance is committed to capital projects which were planned and budgeted in previous fiscal years. The city's strong financial foundation allows for strategic investments into services and allows the City to continue to build essential infrastructure with minimal debt.

Meanwhile, Avondale continues utilizing the $17.8 million of the American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to support our residents and community.
During the fiscal year, the city invested $6.6 million of the funds assisting impacted residents, households, small businesses, and nonprofits; providing aids to impacted industries such as tourism, travel, and hospitality; and make necessary investments in water, sewer, and broadband infrastructure.

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) 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 was effective until June 30, 2025. However, on August 2, 2022, the voters permanently adjusted the 1980 base by $10,408,000, which took effect 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 2023 is $27,235,530. 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:

- Alamar Park, the new $8.8 million, 40-acre community park located in Alamar community opened in October 2022. The new park features baseball/softball and multi-use fields, tennis, four pickleball courts, three playgrounds, a lake, splash pad, amphitheater, dog park, and picnic ramadas. The new park amenities also include an outdoor Fitness Court® providing residents and visitors safe, free access to the "World's Best Outdoor Gym" to keep active and stay healthy. This installation makes Avondale the third city in Arizona to join the National Fitness Campaign trend.

- The City completed the first multi-level parking structure project at the BLVD. The $9.5 million project was built to enhance the economic development potential for this core city-center area for years to come. Currently, The BLVD is home to multiple hotels -- My Place, Hilton Garden Inn, Homewood Suites and Residence Inn; housing -- Avari Apartments and The Village at The BLVD, and current tenants at the Randall McDaniel Sports Complex -- Aveda Institute of Avondale, Phoenix Children's Sports Medicine Clinic, American Sports Center, Tap2, New Penny Café, and more.

- The Avondale Aquatic Center located southeast of the Avondale City Hall and Library on West Civic Center Drive is currently under construction. This $30.0 million budgeted facility will become a destination to offer cutting-edge amenities and expanded recreational programming for Avondale residents and visitors of all ages and abilities. Upon completion, the Aquatic Center is to be enjoyed by many and uphold Avondale's commitment to making lives better with dynamic services and spaces to learn, play, and connect. The Avondale Aquatic Center is planning to open to the public in 2024.

- Avondale welcomed a new fire engine into the City fleet during the fiscal year. The new fire engine, a 2022 Rosenbauer Commander Cab Fire Pumper, is the first in a series of new fire apparatuses planned for the Avondale Fire and Medical department. The new fire apparatus marks a nearly $831,000 capital investment for the City and its residents. This new fire engine features a Waterous 1500 GPM pump and a 500-gallon tank, with additional discharges for more fire hose connections than fire engines in the past. The new features of the fire engine allow Avondale Fire and Medical teams to be more versatile with fire hose management and increases the amount of fire hose deployment on fires. It has an overall length of only 31 feet with a 15 ½ foot wheelbase, making this fire apparatus more maneuverable, easier to operate, and safer to drive.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Avondale for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. 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 period of 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

Renee Weatherless
Finance and Budget Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

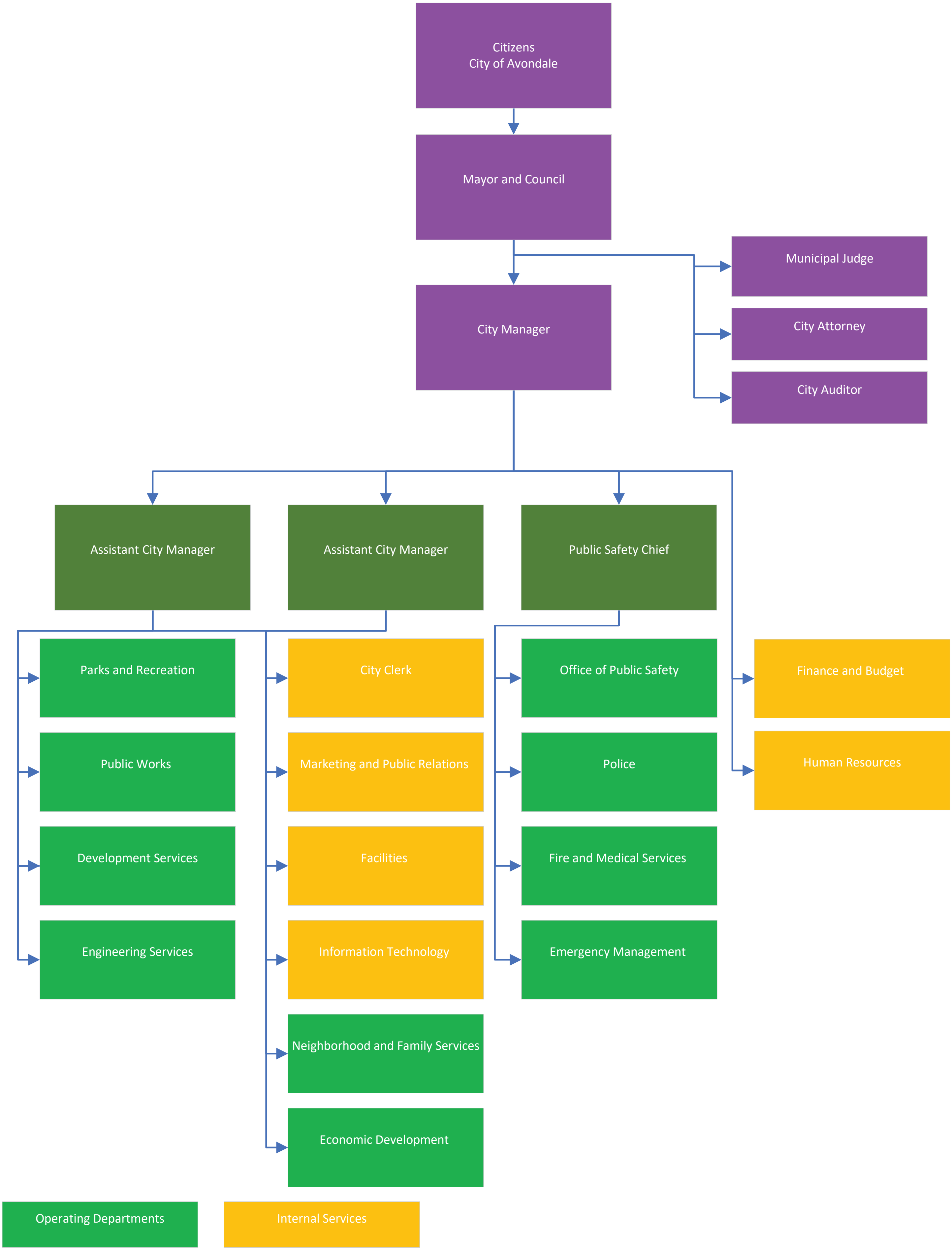
City of Avondale
Arizona

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO


Citizens
City of Avondale
Mayor and Council
Municipal Judge
City Attorney
City Auditor
City Manager
Assistant City Manager
Assistant City Manager
Public Safety Chief
Parks and Recreation
Public Works
Development Services
Engineering Services
City Clerk
Marketing and Public Relations
Facilities
Information Technology
Neighborhood and Family Services
Economic Development
Office of Public Safety
Police
Fire and Medical Services
Emergency Management
Finance and Budget
Human Resources
Operating Departments
Internal Services

City of Avondale, Arizona

List of Principal Officials

Mayor and Council

Kenneth Weise, Mayor

Mike Pineda, Vice Mayor

Veronica Malone, Councilmember

Curtis Nielson, Councilmember

Max White, Councilmember

Gloria Solorio, Councilmember

Tina Conde, Councilmember

Management Staff

Ron Corbin, City Manager

Cherlene Penilla, Assistant City Manager

Tracy Stevens, Assistant City Manager

Financial Section

Avondale

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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, 2023, 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, 2023, 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 GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 99, *Omnibus 2022*, for the year ended June 30, 2023, 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 January 29, 2024, 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
January 29, 2024

Avondale

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Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Avondale

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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, 2023. 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, 2023 by $1.4 billion (net position). Of this amount, $165.1 million represents unrestricted net position, a decrease of $1.6 million (one percent) from the prior year, which may be used to meet the City's ongoing obligations to citizens and creditors.
- Net position increased $62.6 million (five percent) from the prior year, resulting from a $55.3 million (seven percent) increase in governmental activities net position and a $7.3 million (one percent) increase in business-type activities net position between years.
- Governmental activities program revenues decreased $21.1 million (27 percent) and general revenues increased by $27.3 million (24 percent) between years while expenses increased $30.4 million during the same period. The decrease in program revenue was primarily attributed to a decrease in capital grants and contributions resulting from decreased developer infrastructure donations. The increase in general revenues was primarily attributed to an increase in sales taxes and state-shared revenues driven by a growing local economy.
- Business-type activities program revenues decreased $1.6 million (three percent) and general revenues increased by $7.2 million (158 percent) over the previous year, while expenses increased $8.3 million, or 20 percent. The increase in general revenues was attributed to positive investment income of $2.4 million. This is a significant change from the previous year's loss of $1.9 million due to rising interest rates.

Financial Highlights (Continued)

- Government-wide assets increased $67.2 million (four percent) from the prior year. This was largely due to a $48.6 million increase in overall capital assets driven by infrastructure donations from developers and construction project activity within the City. The remaining increase was largely due to a $20.5 million increase in cash and investment balances from the accumulation of operating reserves.
- Government-wide liabilities increased $21.8 million (11 percent) over the prior year. The increase was primarily due to increases of $20.4 million in net pension liabilities.
- At year-end, the governmental funds reported combined fund balance of $210.1 million, an increase of $23.4 million over the previous year. Of this total fund balance amount, $116.0 million was either externally restricted or internally assigned or committed to specific purposes. The unassigned fund balance increased by $23.1 million (33 percent) from the prior year.
- Combined governmental fund revenues of $179.2 million increased $25.1 million and expenditures of $168.0 million increased $14.0 million from the prior fiscal year.
- General Fund revenues exceeded budgeted revenues by $6.5 million, while expenditures were $34.4 million less than final budgeted expenditures during the year resulting a net budgetary savings of $27.9 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 community and economic 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.

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, and proprietary 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.

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 20 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 130-145.

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 and Wastewater Funds are considered to be major funds of the City.

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 60-107 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, 2023, with comparative information from June 30, 2022.

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.

Government-Wide Financial Analysis (Continued)

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 263,810,365	$ 241,273,564	$ 140,340,270	$ 144,256,212	$ 404,150,635	$ 385,529,776
Capital assets, net	768,395,430	736,432,115	468,202,383	451,615,638	1,236,597,813	1,188,047,753
Total assets	1,032,205,795	977,705,679	608,542,653	595,871,850	1,640,748,448	1,573,577,529
Deferred outflows of resources						
Deferred change on debt refunding	943,644	1,136,881	1,494	2,988	945,138	1,139,869
Deferred outflows related to pensions and other postemployment benefits	23,488,740	22,944,886	1,587,190	1,953,437	25,075,930	24,898,323
Total deferred outflows of	24,432,384	24,081,767	1,588,684	1,956,425	26,021,068	26,038,192
Current and other liabilities	29,362,330	29,305,108	11,189,628	5,373,569	40,551,958	34,678,677
Long-term liabilities	171,291,603	156,491,966	15,399,327	14,281,713	186,690,930	170,773,679
Total liabilities	200,653,933	185,797,074	26,588,955	19,655,282	227,242,888	205,452,356
Deferred inflows of resources						
Leases	4,943,126	3,139,936			4,943,126	3,139,936
Deferred inflows related to pensions and other postemployment benefits	2,674,711	19,829,624	199,658	2,084,764	2,874,369	21,914,388
Total deferred inflows of resources	7,617,837	22,969,560	199,658	2,084,764	7,817,495	25,054,324
Net position:						
Net investment in capital assets	699,291,076	675,283,655	461,140,523	444,088,746	1,160,431,599	1,119,372,401
Restricted	75,006,320	59,186,035	31,149,645	23,818,992	106,155,965	83,005,027
Unrestricted	74,069,013	58,551,122	91,052,556	108,180,491	165,121,569	166,731,613
Total net position	$ 848,366,409	$ 793,020,812	$ 583,342,724	$ 576,088,229	$ 1,431,709,133	$ 1,369,109,041

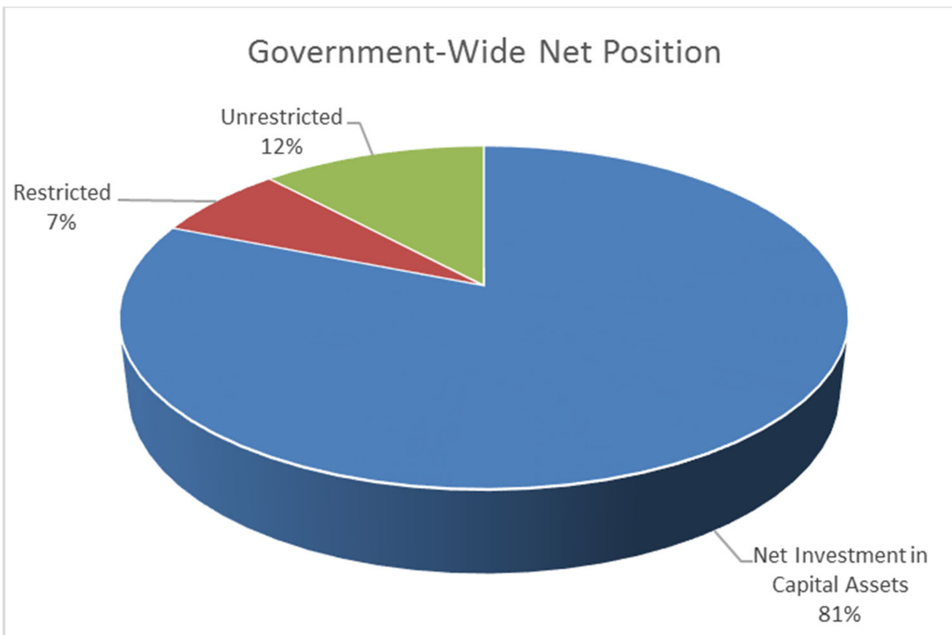
At year-end, the City is able to report positive balances in all three categories of net position for both governmental and business-type activities. Total net position increased $62.6 million from the prior year.

The largest portion of net position, net investment in capital assets of $1.2 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 $41.1 million from the prior fiscal year.

Government-Wide Financial Analysis (Continued)

Restricted net position of $106.2 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 $23.2 million from the prior fiscal year, which is largely due to the receipt of development impact fees exceeding expenditures.

Unrestricted net position of $165.1 million may be used to meet the City's ongoing obligations to its citizens and creditors. Unrestricted net position decreased $1.6 million from the prior fiscal year.



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, 2023, and June 30, 2022.

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 13,406,162	$ 15,388,296	$ 32,332,763	$ 33,279,160	$ 45,738,925	$ 48,667,456
Operating grants and contributions	18,684,256	11,934,356			18,684,256	11,934,356
Capital grants and contributions	25,193,130	51,022,402	22,937,333	23,575,102	48,130,463	74,597,504
General revenues:						
Sales and use taxes	87,525,837	78,353,496			87,525,837	78,353,496
Property taxes	8,913,185	6,958,252			8,913,185	6,958,252
Franchise taxes	1,583,188	1,106,972			1,583,188	1,106,972
State-shared revenues	35,060,313	28,445,894			35,060,313	28,445,894
Investment income	713,742	(3,965,905)	2,354,329	(4,889,794)	3,068,071	(8,855,699)
Miscellaneous	441,291	1,165,562	162,183	74,502	603,474	1,240,064
Gain (loss) on disposal of capital assets	6,778,966	1,654,856	121,118	266,275	6,900,084	1,921,131
Total revenues	198,300,070	192,064,181	57,907,726	52,305,245	256,207,796	244,369,426
Expenses:						
General government	30,165,391	23,637,972			30,165,391	23,637,972
Public safety	56,415,999	45,992,791			56,415,999	45,992,791
Streets and transportation	33,990,018	19,541,983			33,990,018	19,541,983
Community and economic development	6,341,713	8,519,858			6,341,713	8,519,858
Community services	15,257,920	14,289,084			15,257,920	14,289,084
Interest on long-term debt	2,127,432	1,980,618			2,127,432	1,980,618
Water			22,090,163	17,781,575	22,090,163	17,781,575
Wastewater			18,829,593	16,904,179	18,829,593	16,904,179
Sanitation			8,389,475	6,302,999	8,389,475	6,302,999
Total expenses	144,298,473	113,962,306	49,309,231	40,988,753	193,607,704	154,951,059
Increase (decrease) in net position before transfers	54,001,597	78,101,875	8,598,495	11,316,492	62,600,092	89,418,367
Transfers	1,344,000	1,321,000	(1,344,000)	(1,321,000)		
Increase (decrease) in net	55,345,597	79,422,875	7,254,495	9,995,492	62,600,092	89,418,367
Net position – July 1	793,020,812	713,597,937	576,088,229	566,092,737	1,369,109,041	1,279,690,674
Net position – June 30	$ 848,366,409	$793,020,812	$ 583,342,724	$ 576,088,229	$ 1,431,709,133	$1,369,109,041

Government-Wide Financial Analysis (Continued)

Total revenues for the current fiscal year were $256.2 million, which is an increase of $11.8 million over the previous year. Governmental activities revenues increased by $6.2 million and business-type activities revenues increased $5.6 million over the prior year, while expenses increased $30.3 million and $8.3 for governmental and business-type activities, respectively.

Governmental Activities. Governmental activities increased the City's net position before transfers by $54.0 million during the year, compared to $78.1 million in the prior year. The decrease from the prior year was primarily due to expense increases outpacing revenue increases. Governmental activities accounted for 77 percent of the City's total revenues and 75 percent of total expenses during the year. Program revenues of $57.3 million were 29 percent of governmental activities revenues during the year, compared to $78.3 million, or 41 percent, of total revenues in 2022.

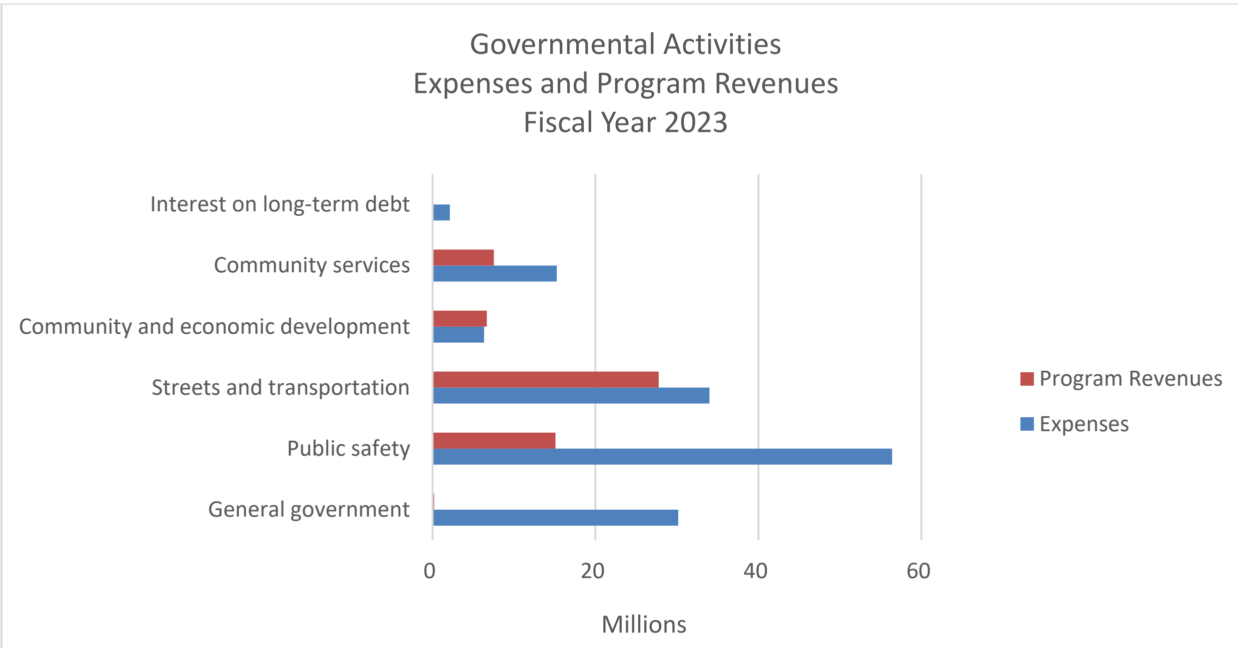
General revenues changed from the prior fiscal year mainly due to the following:

- Sales and use taxes increased $9.2 million or 12 percent due to the strong economic growth in Phoenix metropolitan area economy including Avondale where retail sales and consumer spending have remained buoyant.
- State-shared revenues increased $6.6 million or 23 percent due to the strong economic growth in Arizona's economy and the State of Arizona slightly increasing Avondale's revenue share calculation during the fiscal year.
- The gain on sale of capital assets increased by $5.1 million due to the sale of 12.99 acres of land located at Avondale Boulevard and Van Buren Street for $6.5 million in August 2022.
- The $4.7 million increase in investment income was due to the previous year's loss of $4.0 million which was the result of raising interest rates. This year's investment income was a modest gain of $0.7 million.

Governmental activities program expenses increased by $30.3 million. The increase was dispersed among most departments with the most significant increases affecting public safety and streets and transportation departments. The $10.4 million increase in public safety was for continued investments in police and fire medical personnel salaries and benefits. This increase was due to an increase in the number of department staff and salary increases for public safety personnel. The $14.4 million increase in streets and transportation was for developer reimbursements related to public infrastructure conveyed in previous years.

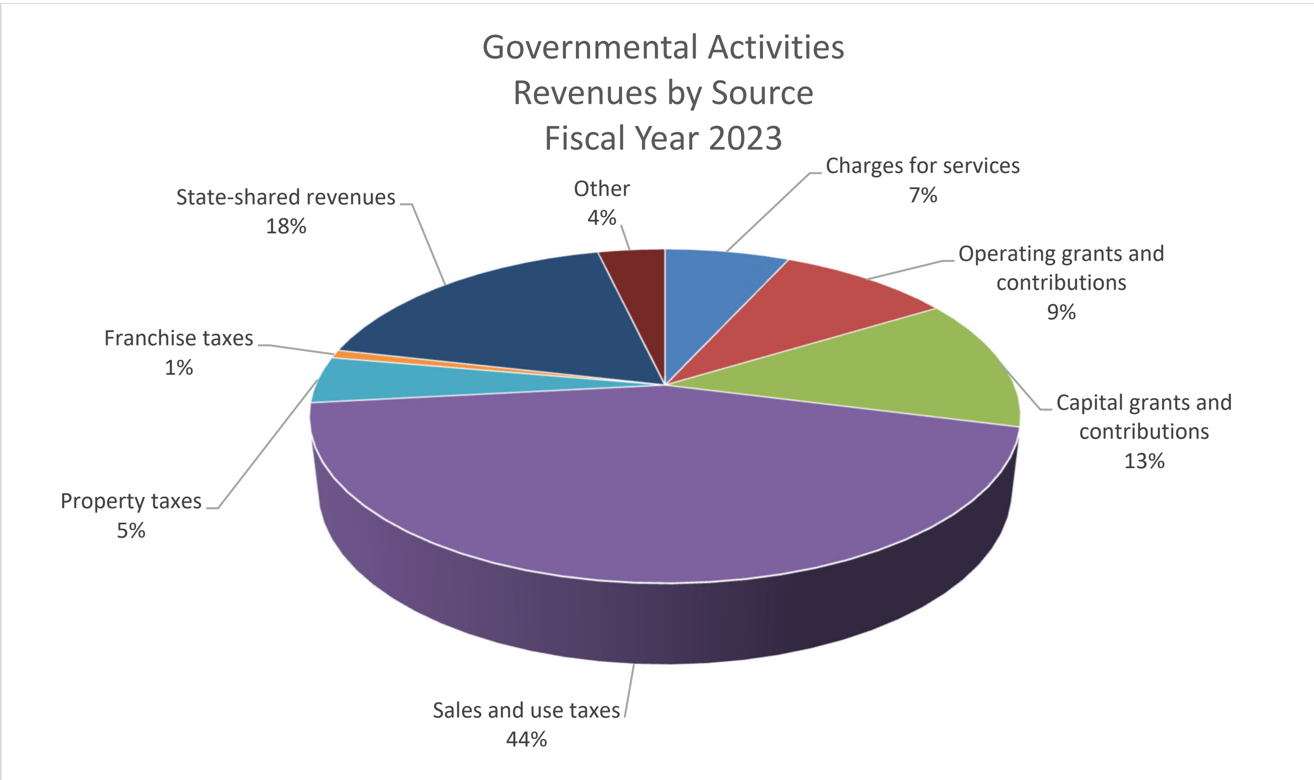
Government-Wide Financial Analysis (Continued)

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.



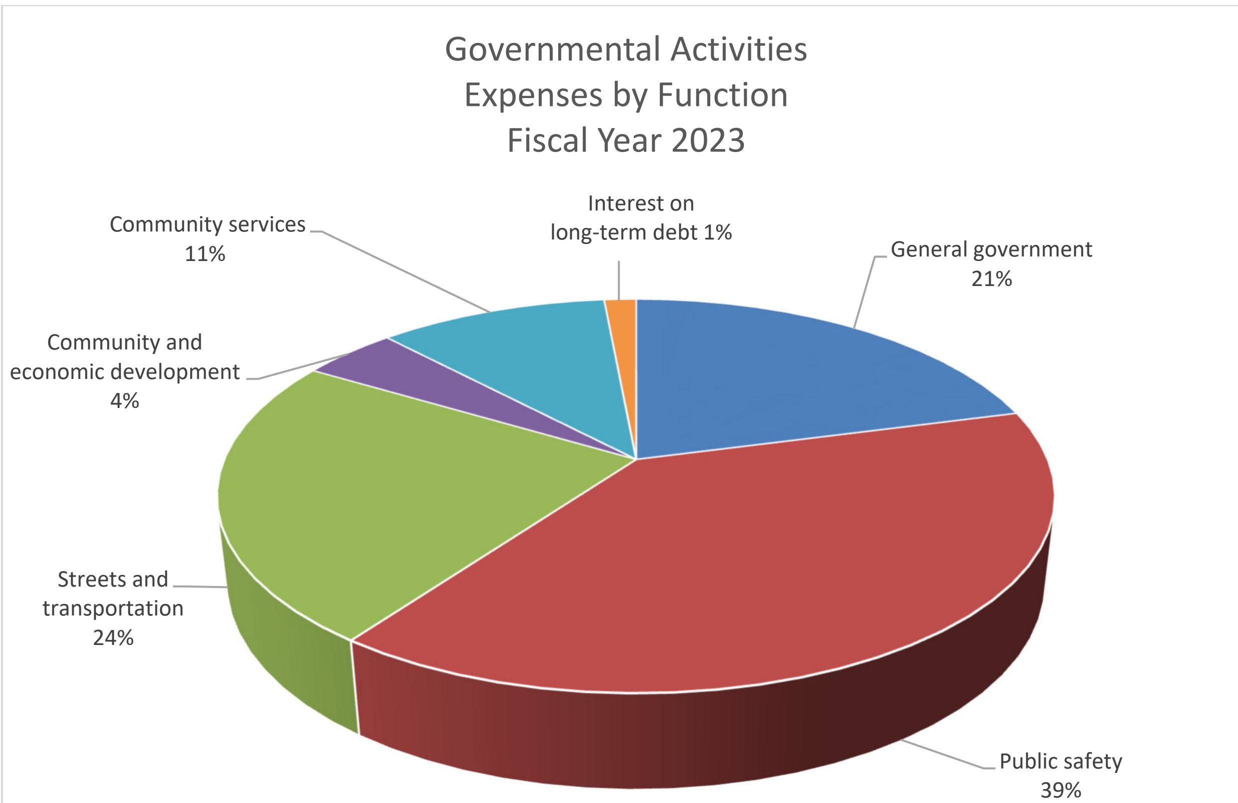
Government-Wide Financial Analysis (Continued)

As seen in the following graph, the largest governmental activities revenue sources are sales and use taxes of $87.5 million (44 percent), followed by state-shared revenues of $35.1 million (18 percent), capital grants and contributions of $25.2 million (13 percent) and operating grants and contributions of $18.7 million (nine percent).



Government-Wide Financial Analysis (Continued)

The City's largest governmental activities expenses by function include public safety at $56.4 million (39 percent), followed by streets and transportation at $34.0 million (24 percent), and general government at $30.2 million (21 percent) and community services at $15.3 million (11 percent).



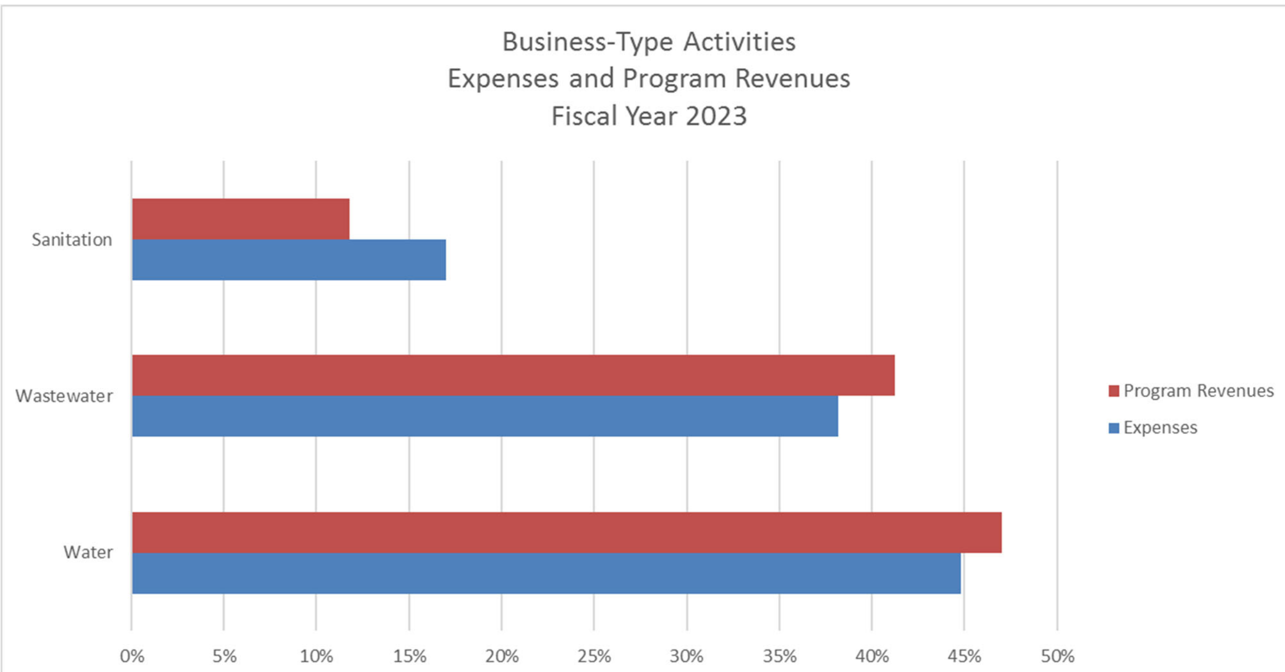
Business-type Activities. Business-type activities increased net position before transfers by $8.6 million during the year, a decrease of $2.7 million from the prior year. Program revenues decreased $1.6 million and general revenues increased $7.3 million from the prior year, respectively, while expenses increased $8.3 million from the previous year. Business-type activities accounted for 23 percent of the City's total revenues and 25 percent of total expenses during the year.

The significant change in business-type activities was the $7.2 million increase in investment income which was previously described earlier in the Financial Highlights.

Business-type activities program expenses increased by $8.3 million. Water expenses increased $4.3 million as a result of increased pension expense and water purchasing costs associated with the ongoing drought in the Western United States. Wastewater expenses increased $1.9 million as a result of increased depreciation expense, supplies costs, and repair and maintenance costs that did not meet the criteria for capitalization. Sanitation expenses increased $2.1 million due primarily to increasing operating costs in an inflationary environment coupled with an expanding customer base.

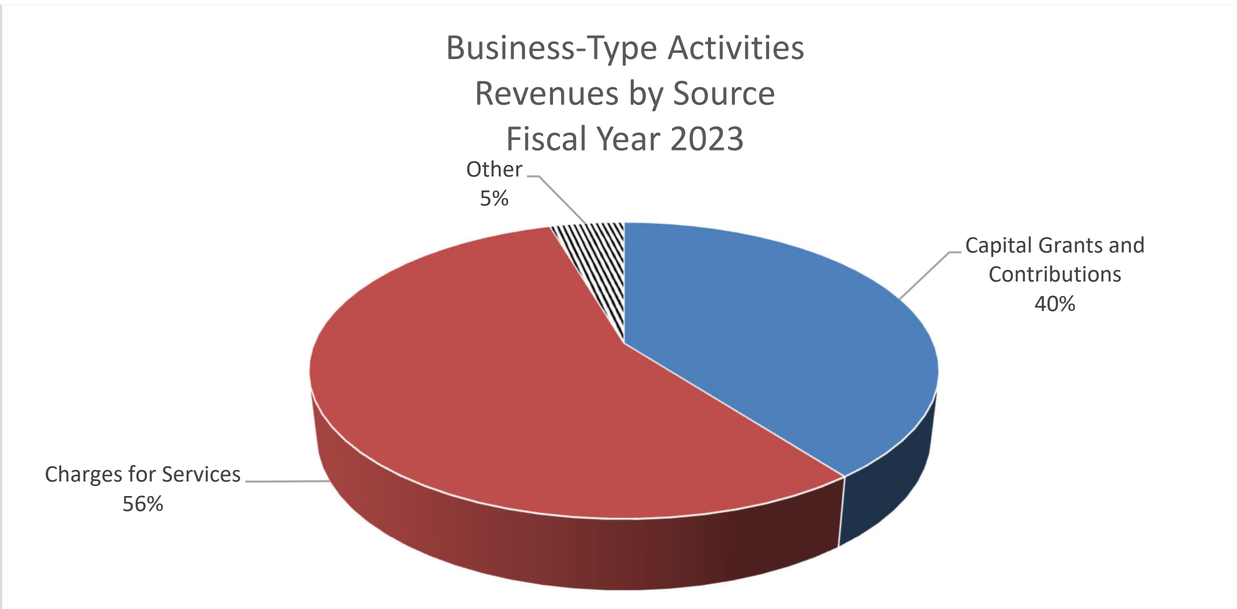
Government-Wide Financial Analysis (Continued)

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.



Government-Wide Financial Analysis (Continued)

The City's largest business-type activity is water services with program expenses of $22.1 million and program revenues of $26.0 million, followed by wastewater services with expenses of $18.8 million and revenues of $23.7 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 $32.3 million or 56 percent. Capital grants and contributions, which consist of developer infrastructure conveyances and impact development fees, provided the second largest share of revenues at $22.9 million or 40 percent. Other revenues accounted for five percent of total revenues.

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.

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, 2023, the City reported a combined fund balance of $210.1 million, an increase of $23.4 million over the previous year. Fund balance of $92.9 million is unassigned and fund balance of $7.7 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 $1.2 million, restricted balances of $81.1 million, and committed balances of $27.2 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 $121.9 million compared to $93.5 million in the prior year, an increase of $28.4 million. The overall increase in fund balance during the year was largely due to revenues increasing $11.5 million over the previous year. Taxes and intergovernmental revenues increased $12.2 million in total. Expenditures increased by $3.3 million compared to the prior year. Net other financing sources and uses increased by $14.3 million over the previous year primarily due to fewer transfers out to fund capital projects in other funds.

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 $3.2 million from the previous year. Transfers out of $3.1 million were for annual debt service payments. Net fund activities decreased fund balance by $2.6 million from the previous year primarily due to the City funding $13.9 million of streets improvement projects.

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 $2.6 million over the prior year. Expenditures decreased $2.6 million from the prior fiscal year. Net fund activities increased fund balance by $4.6 million from the previous year which is primarily due to budgeted capital projected being in the design and planning phase during the year rather than active construction.

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 increased $5.2 million from the previous year while expenditures increased by $3.8 million from the prior year. The City spent $6.6 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 decreased fund liabilities compared to prior years.

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 decreased $44.9 million the previous year primarily due to fewer transfers into the fund and no bond issuances completed during the year. Expenditures decreased by $7.2 million from the prior year mainly due to several of the City's budgeted multi-year Capital Improvements Plan (CIP) projects being in the design and planning stages at the end of the fiscal year.

Proprietary funds. The proprietary fund financial statements are prepared using the same measurement focus and accounting basis as the government-wide financial statements, but they provide more detail since each major enterprise fund is presented discretely. Of the major enterprise funds, the Water Fund's net position of $315.2 million consisted of $245.1 million net investment in capital assets, $12.4 million was restricted, and $57.7 million was unrestricted. The Wastewater Fund's net position of $256.6 million consisted of $212.1 million net investment in capital assets, $18.7 million was restricted, and $25.8 million was unrestricted. The factors concerning the finances of these funds, as well as the changes in net position, have been addressed previously during the discussion of the City's business-type activities.

Budgetary Highlights

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

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 130-145.

Budgetary Highlights (Continued)

General Fund Budgetary Analysis. General Fund revenues of $111.3 million exceeded budgeted inflows by $6.5 million or six percent, while expenditures of $74.7 million were only 68 percent of final budgeted expenses of $109.2 million. The City recorded $6.5 million more in General Fund revenue than budgeted. The budgeted revenue represented a 5.0 percent increase compared to the prior year. The actual revenue exceeded the prior year by 11.5 percent. The major differences between budgeted and actual revenue occurred in taxes, licenses and permits, intergovernmental, and investment income.

The budget for tax revenue was slightly less than the prior year due to the belief that the prior year included significant one-time pent up demand revenue from the COVID 19 pandemic. However, the tax revenue continued to grow and exceeded the budget by $6.4 million and was 10.3 percent higher than the previous year.

Licenses and permit revenue primarily comes from building permits. The budget assumed a 9.5 percent increase from the prior fiscal year based on several developments that were in progress. Actual revenues were 24.1 percent lower than the prior fiscal year, which is likely due to increased interest rates and the slowdown in the housing market. As a result, the City recorded $2.8 million less in licenses and permits revenue than anticipated.

A primary component of intergovernmental revenue is the state sales tax shared by the State of Arizona. Like the local tax revenue forecast, this portion of intergovernmental revenues exceeded expectations and resulted in $3.0 million more revenue than budgeted.

Finally, the increase in interest rates caused the fair market value of the City's investment to decrease and as a result the City recorded a loss of $1.2 million in investment income instead of the budgeted gain of $0.5 million.

On the expenditure side, the City spent $34.4 million less from the General Fund than budgeted. The primary reason for the difference is the $23.0 million budgeted as contingency to serve as the City's financial safety net to address any unforeseen and unexpected expenses or emergencies that may arise. During the fiscal year, $1.5 million of the contingency budget was transferred to the operating budget to address operating needs and thus, $21.5 million of budgeted contingency remained unspent.

The other major reason the City spent less than budgeted was due to staff vacancies. The City, like many other entities in the US, experienced challenges in hiring qualified staff to fill the City's vacant positions. The City budgeted $93.3 million in personnel related cost but only expensed $83.7 million. Thus, $9.5 million of the budgeted amount was left unspent due to vacancy savings.

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 $110.9 million was amended by $1.7 million to the final expenditure budget of $109.2 million, which is not significant.

Capital Assets and Debt Administration

Capital Assets. As of June 30, 2023, 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 $42.6 million, with $23.5 million attributed to governmental activities and $19.1 million to business-types activities. See Note 6 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, 2023, and June 30, 2022.

	Governmental Activities		Business-type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Land	$ 316,053,419	$ 316,223,457	$ 16,341,379	$ 16,327,912	$ 332,394,798	$ 332,551,369
Building and improvements	101,724,870	96,245,718	205,920	214,964	101,930,790	96,460,682
Improvements other than buildings	51,730,108	45,323,047	299,251	339,690	52,029,359	45,662,737
Vehicles, furniture and equipment	19,583,974	15,319,250	12,645,083	14,762,731	32,229,057	30,081,981
Infrastructure	245,321,077	234,808,358	416,391,401	412,889,031	661,712,478	647,697,389
Intangible assets	1,890,783	2,508,328	9,363,378	3,684,654	11,254,161	6,192,982
Construction in progress	31,102,032	24,609,975	12,955,971	3,396,656	44,058,003	28,006,631
Intangible right-to-use assets	989,167	1,393,982			989,167	1,393,982
Total	$ 768,395,430	$ 736,432,115	$ 468,202,383	$ 451,615,638	$1,236,597,813	$1,188,047,753

The City's combined capital assets balances increased $48.6 million from the prior fiscal year, with governmental activities increasing by $32.0 million and business-type activities increasing by $16.6 million. More detail regarding the changes in capital asset balances is provided below.

Governmental Activities. The $32.0 million increase from the prior fiscal year consisted of $83.1 million of capital assets additions, including $26.7 million of transfers from construction in progress, offset by $23.1 million in depreciation expense during the year. Capital additions included $33.2 million of new construction in progress and $12.8 million addition in dedicated infrastructure.

Business-type Activities. The $16.6 million increase from the prior fiscal year consisted of $37.4 million of capital additions, and $19.1 million in depreciation expense during the year. Capital additions included $11.2 million of new construction in progress and $15.1 million of additions from dedicated infrastructure.

Capital Assets and Debt Administration (Continued)

The City has adopted a five-year capital improvement plan for years 2023 through 2026, with budgeted capital outlays totaling $712.5 million. The plan, which includes $353.2 million of budgeted capital outlays for 2023, 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, 2023, the City had total long-term obligations outstanding of $186.7 million, an increase of nine percent from the previous year. Of this balance, $171.3 million was attributable to governmental activities and $15.4 million was attributable to business-type activities. Of the total outstanding bonds of $75.4 million, excluding unamortized discounts and premiums, $48.2 million are general obligation bonds backed by the full faith and credit of the City and Alamar Community Facilities District, and $27.2 million are revenue bonds secured by pledges of specific revenue sources of the City. Of the $75.4 million of outstanding bonds, $7.4 million is due within one year. Of the remaining long-term obligations, $80.8 million reflects the City's net pension and $4.3 million of obligations under leases and financed purchases. See Note 8 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 six 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, 2023 and 2022, is $51.1 million and $35.5 million in the six percent capacity and $193.8 million and $140.2 million in the 20 percent capacity, respectively. Additional debt limitation and capacity information can be found in the statistical section of this report.

The following schedule presents a summary of the City's outstanding long-term obligations as of June 30, 2023 and 2022.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Compensated absences	$ 8,810,495	$ 7,886,189	$ 756,224	$ 793,372	$ 9,566,719	$ 8,679,561
Financed purchases payable	3,217,043	3,537,441			3,217,043	3,537,441
Leases payable	1,075,023	1,444,474			1,075,023	1,444,474
Claims payable	6,170,577	6,173,742			6,170,577	6,173,742
General obligation bonds	44,475,000	46,810,000			44,475,000	46,810,000
Pledged revenue obligations	20,873,111	25,134,087	106,895	180,919	20,980,006	25,315,006
CFD general obligation bonds	3,675,000	15,980			3,675,000	15,980
Water and sewer revenue bonds			6,225,000	6,550,000	6,225,000	6,550,000
Unamortized premiums and	9,772,474	10,984,454	731,459	798,961	10,503,933	11,783,415
Net pension/OPEB liabilities	73,222,880	54,505,599	7,579,749	5,958,461	80,802,629	60,464,060
Total	$171,291,603	$ 156,491,966	$ 15,399,327	$ 14,281,713	$ 186,690,930	$ 170,773,679

Economic Factors

Avondale has continued to grow throughout the fiscal year 2023. City sales tax collections increased $9.2 million or 12 percent in fiscal year 2023 and similar trends were seen with other General Fund revenue sources such as state-share revenues.

However, charges for services revenue primarily comes from building permits and the revenue 13 percent lower than the prior fiscal year, which is likely due to increased interest rates and the slowdown in the housing market.

With the strong performance of revenues over the past few years, careful financial planning and policies, and delays in planned capital improvements, the city is able to fund a number of capital projects which were planned and budgeted in previous fiscal years and meet the service demands of a growing community.

The City recognizes the strong economic growth is not likely to continue in the near future, and this realistic outlook is included in the City's financial forecast. To ensure resilience in the face of a changing economy, the City is committed in maintaining a structurally balanced budget.

The City's fiscal year 2024 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.

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

Avondale

Aspiring. Achieving. Accelerating.

Government-Wide Financial Statements

City of Avondale, Arizona
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	$ 215,352,477	$ 110,881,009	$ 326,233,486
Receivables, net			
Accounts	1,473,435	4,541,867	6,015,302
Taxes	13,431,249		13,431,249
Interest	935,324	708,620	1,643,944
Leases	445,508		445,508
Due from other governments	2,213,274		2,213,274
Internal balances	(521,386)	521,386	
Inventories	344,401	993,804	1,338,205
Prepaid items	1,230,798		1,230,798
Restricted cash			
Fiscal agents	23,553,290	553,552	24,106,842
Customer deposits		3,739,108	3,739,108
Total current assets	258,458,370	121,939,346	380,397,716
Noncurrent assets:			
Leases receivable	4,560,644		4,560,644
Water storage credit inventory		18,400,924	18,400,924
Equity in joint venture	791,351		791,351
Capital assets not being depreciated	347,155,451	36,574,343	383,729,794
Capital assets, net accumulated depreciation	421,239,979	431,628,040	852,868,019
Total noncurrent assets	773,747,425	486,603,307	1,260,350,732
Total assets	1,032,205,795	608,542,653	1,640,748,448
Deferred outflows of resources			
Deferred loss on refunding	943,644	1,494	945,138
Pension plan items	23,488,740	1,587,190	25,075,930
Total deferred outflows of resources	24,432,384	1,588,684	26,021,068
Liabilities			
Current liabilities:			
Accounts payable	12,259,226	7,042,645	19,301,871
Accrued payroll and employee benefits	1,210,668	60,196	1,270,864
Accrued interest payable	1,543,757	127,540	1,671,297
Deposists held for others	127,232	3,739,108	3,866,340
Due to other governments	289,460	220,139	509,599
Bonds payable	7,022,376	417,624	7,440,000
Unearned revenue	13,931,987		13,931,987
Claims payable	4,317,942		4,317,942
Compensated absences payable	6,956,309	604,979	7,561,288
Financed purchases payable	342,304		342,304
Leases payable	344,148		344,148
Total current liabilities	48,345,409	12,212,231	60,557,640
Noncurrent liabilities:			
Non-current portion of long-term obligations	152,308,524	14,376,724	166,685,248
Total noncurrent liabilities	152,308,524	14,376,724	166,685,248
Total liabilities	200,653,933	26,588,955	227,242,888

City of Avondale, Arizona
Statement of Net Position (Continued)
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred inflows of resources			
Leases	4,943,126		4,943,126
Pension plan items	2,674,711	199,658	2,874,369
Total deferred inflows of resources	7,617,837	199,658	7,817,495
Net position			
Net investment in capital assets	699,291,076	461,140,523	1,160,431,599
Restricted for:			
Streets and transportation	10,800,743		10,800,743
Grantor and contributor purposes	2,944,315		2,944,315
Public safety	17,899,030		17,899,030
Debt service	6,281,846	426,526	6,708,372
Capital projects	37,080,386	30,723,119	67,803,505
Unrestricted	74,069,013	91,052,556	165,121,569
Total net position	$ 848,366,409	$ 583,342,724	$ 1,431,709,133

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

City of Avondale, Arizona
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government					
Governmental activities					
General government	$ 30,165,391	$ 186,197	$ 25,477	$	$ (29,953,717)
Public safety	56,415,999	3,392,199	8,595,524	3,112,019	(41,316,257)
Streets and transportation	33,990,018	2,197,219	6,176,987	19,389,191	(6,226,621)
Community and economic development	6,341,713	6,111,300	558,718		328,305
Community services	15,257,920	1,519,247	3,327,550	2,691,920	(7,719,203)
Interest on long-term debt	2,127,432				(2,127,432)
Total governmental activities	144,298,473	13,406,162	18,684,256	25,193,130	(87,014,925)
Business-type activities					
Water	22,090,163	15,380,061		10,604,097	
Wastewater	18,829,593	10,447,957		12,333,236	
Sanitation	8,389,475	6,504,745			
Total business-type activities	49,309,231	32,332,763		22,937,333	
Total primary government	$ 193,607,704	$ 45,738,925	$ 18,684,256	$ 48,130,463	(87,014,925)

General revenues	
Taxes	
Sales and use taxes	87,525,837
Property taxes, levied for general purposes	3,625,941
Property taxes, levied for debt service	5,287,244
Franchise taxes	1,583,188
State-shared revenues, unrestricted	35,060,313
Investment income	713,742
Miscellaneous	441,291
Gain (loss) on disposal of capital assets	6,778,966
Transfers	1,344,000
Total general revenues and transfers	142,360,522
Changes in net position	55,345,597
Net position, beginning of year	793,020,812
Net position, end of year	$ 848,366,409

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	Total
$	$ (29,953,717)
	(41,316,257)
	(6,226,621)
	328,305
	(7,719,203)
	(2,127,432)
	(87,014,925)
3,893,995	3,893,995
3,951,600	3,951,600
(1,884,730)	(1,884,730)
5,960,865	5,960,865
5,960,865	(81,054,060)
	87,525,837
	3,625,941
	5,287,244
	1,583,188
	35,060,313
2,354,329	3,068,071
162,183	603,474
121,118	6,900,084
(1,344,000)	
1,293,630	143,654,152
7,254,495	62,600,092
576,088,229	1,369,109,041
$ 583,342,724	$ 1,431,709,133

Avondale

Aspiring. Achieving. Accelerating.

Fund Financial Statements

City of Avondale, Arizona
Balance Sheet
Governmental Funds
June 30, 2023

	General	Dedicated Sales Tax Revenue	Public Safety Sales Tax Revenue	Grants In Aid
Assets				
Cash and investments	$ 111,779,927	$ 21,016,255	$ 15,532,214	$ 12,588,646
Receivables, net				
Accounts	233,438	609	609	172,973
Taxes	9,365,568	1,948,195	1,948,170	
Interest	684,760	34,239	28,403	646
Leases	5,006,152			
Due from other funds	3,354,355			
Due from other governments	149,877			638,922
Inventories	12,677			
Prepaid items	270,638			30,992
Restricted cash - fiscal agent				583,257
Total assets	$ 130,857,392	$ 22,999,298	$ 17,509,396	$ 14,015,436
Liabilities				
Accounts payable	2,747,917	2,887,593	128,546	268,102
Accrued payroll and employee benefits	928,762		35,465	172,919
Bond interest payable				
Deposits held for others	127,232			
Due to other governments	136,275			
Bonds payable				
Due to other funds				12,523
Unearned revenue	25,000			10,829,290
Total liabilities	3,965,186	2,887,593	164,011	11,282,834
Deferred inflows of resources				
Unavailable revenues - property taxes	61,968			
Unavailable revenues - intergovernmental				253,623
Unavailable revenues - other	16,393			
Leases	4,943,126			
Total deferred inflows of resources	5,021,487			253,623
Fund balances				
Nonspendable	283,315			30,992
Restricted		20,111,705	17,345,385	2,447,987
Committed	27,235,530			
Assigned				
Unassigned	94,351,874			
Total fund balances	121,870,719	20,111,705	17,345,385	2,478,979
Total liabilities, deferred inflows of resources and fund balances	$ 130,857,392	$ 22,999,298	$ 17,509,396	$ 14,015,436

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

Other Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
$ 6,001,828	$ 37,976,577	$ 204,895,447
300,001	37,820	745,450
7,631	161,685	13,431,249
38,947	104,633	891,628
		5,006,152
	4,924	3,359,279
50,000	1,359,577	2,198,376
	10,698	23,375
	895,128	1,196,758
14,403,888	8,566,145	23,553,290
$ 20,802,295	$ 49,117,187	$ 255,301,004
4,497,883	1,588,760	12,118,801
	9,769	1,146,915
	1,543,757	1,543,757
		127,232
	153,185	289,460
	7,022,376	7,022,376
	3,346,756	3,359,279
3,025,353	52,344	13,931,987
7,523,236	13,716,947	39,539,807
	85,218	147,186
	277,224	530,847
	4,159	20,552
		4,943,126
	366,601	5,641,711
	905,826	1,220,133
14,739,162	26,417,313	81,061,552
		27,235,530
	7,738,642	7,738,642
(1,460,103)	(28,142)	92,863,629
13,279,059	35,033,639	210,119,486
$ 20,802,295	$ 49,117,187	$ 255,301,004

Avondale

Aspiring. Achieving. Accelerating.

City of Avondale, Arizona
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances - governmental funds		**$ 210,119,486**
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	1,106,859,109	
Less accumulated depreciation/amortization	(338,738,300)	
		768,120,809
Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.		
Property taxes	147,186	
Intergovernmental	530,847	
Other	20,552	
		698,585
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.		943,644
Equity in joint venture assets are not current financials resources and, therefore, are not reported in the funds.		791,351
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	23,242,303	
Deferred inflows of resources related to pensions	(2,643,710)	
		20,598,593
The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The assets and liabilities of the Internal Service Fund are included in the Statement of Net Position.		3,845,905
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	(8,640,686)	
Financed purchases payable	(3,217,043)	
Leases payable	(1,075,023)	
Bonds payable and associated premium	(71,773,209)	
Net pension liability	(72,046,003)	
		(156,751,964)
Net position of governmental activities		**$ 848,366,409**

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
For the Year Ended June 30, 2023

	General	Dedicated Sales Tax Revenue	Public Safety Sales Tax Revenue	Grants In Aid
Revenues				
Taxes	$ 63,188,714	$ 14,692,770	$ 14,692,770	$
Licenses and permits	6,329,191			
Intergovernmental	37,763,116			10,176,884
Charges for services	3,620,729			2,090
Fines, forfeitures, and penalties	831,996			52,049
Investment income	(1,162,101)	705,870	359,103	3,861
Contributions	5,530			449,649
Miscellaneous	682,655			200,109
Total revenues	111,259,830	15,398,640	15,051,873	10,884,642
Expenditures				
Current:				
General government	22,782,452			27,936
Public safety	35,435,185		9,730,224	6,286,777
Streets and transportation	2,859,966	1,016,916		
Community and economic development	4,544,282			548,834
Community services	7,659,553			2,707,893
Capital outlay	1,251,790	13,897,187	687,935	425,401
Debt service:				
Principal retirement	142,062			
Interest and fiscal charges	60,936			
Bond issuance costs				
Total expenditures	74,736,226	14,914,103	10,418,159	9,996,841
Excess (deficiency) of revenues over expenditures	36,523,604	484,537	4,633,714	887,801
Other financing sources (uses)				
Sale of capital assets	23,148			938
Transfers in	1,648,601			100,000
Transfers out	(9,820,000)	(3,070,000)		
Issuance of bonds				
Premium on sale of bonds				
Total other financing sources (uses)	(8,148,251)	(3,070,000)		100,938
Changes in fund balances	28,375,353	(2,585,463)	4,633,714	988,739
Fund balances, beginning of year	93,495,366	22,697,168	12,711,671	1,490,240
Fund balances, end of year	$ 121,870,719	$ 20,111,705	$ 17,345,385	$ 2,478,979

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

Other Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
$ 78,319	$ 5,222,451	$ 97,875,024
	11,621,056	17,950,247
	8,704,780	56,644,780
		3,622,819
	59,120	943,165
209,316	640,387	756,436
	59,707	514,886
	15,066	897,830
287,635	26,322,567	179,205,187
635,241	294,122	23,739,751
7,748	953,949	52,413,883
	6,503,535	10,380,417
		5,093,116
	434,611	10,802,057
24,967,379	13,032,658	54,262,350
	7,570,163	7,712,225
	3,121,753	3,182,689
	346,539	346,539
25,610,368	32,257,330	167,933,027
(25,322,733)	(5,934,763)	11,272,160
6,790,000	264,888	7,078,974
5,280,000	7,882,000	14,910,601
(676,601)		(13,566,601)
	3,675,000	3,675,000
	36,514	36,514
11,393,399	11,858,402	12,134,488
(13,929,334)	5,923,639	23,406,648
27,208,393	29,110,000	186,712,838
$ 13,279,059	$ 35,033,639	$ 210,119,486

City of Avondale, Arizona
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Changes in fund balances - total governmental funds		**$ 23,406,648**
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	$ 43,556,096	
Less current year depreciation/amortization	(23,429,245)	
		20,126,851
The net effect of miscellaneous capital asset transactions (e.g. sales, contributions, transfers, and disposals) not recorded in the governmental funds.		11,893,667
Issuance of general obligation bonds and related premium provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.		(3,711,514)
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	320,398	
Lease principal retirement	369,451	
Bond principal retirement	7,022,376	
		7,712,225
Governmental funds report pension 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 contributions	9,718,309	
Pension expense	(12,294,915)	
		(2,576,606)
Some revenues and expenses reported in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds.		
Property tax revenues	147,186	
Intergovernmental revenues	(669,083)	
Other revenues	8,977	
Equity in joint venture expenses	30,786	
Deferred bond items on issuance of refunding debt expenses	(193,237)	
Amortization of deferred bond items	1,248,494	
Compensated absences expenses	(896,457)	
		(323,334)
The Internal Service Fund is used by management to charge the cost of insurance to the individual funds. The changes in net position of the Internal Service Fund is reported with governmental activities in the Statement of Activities.		(1,182,340)
Changes in net position in governmental activities		**$ 55,345,597**

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
For the Year Ended June 30, 2023

	Budget Original	Budget Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 56,752,000	$ 56,752,000	$ 63,188,714	$ 6,436,714
Licenses and permits	9,138,000	9,138,000	6,329,191	(2,808,809)
Intergovernmental	34,136,200	34,136,200	37,763,116	3,626,916
Charges for services	2,622,000	2,622,000	3,620,729	998,729
Fines, forfeitures, and penalties	929,000	929,000	831,996	(97,004)
Investment income	530,000	530,000	(1,162,101)	(1,692,101)
Contributions	16,000	16,000	5,530	(10,470)
Miscellaneous	599,400	599,400	682,655	83,255
Total revenues	104,722,600	104,722,600	111,259,830	6,537,230
Expenditures				
Current:				
City Council	360,200	357,000	320,884	36,116
City Administration	5,237,600	5,036,900	4,378,862	658,038
City Attorney	1,981,700	1,981,700	1,542,907	438,793
City Clerk	904,000	904,000	824,609	79,391
Finance and Budget	5,594,300	5,724,300	5,518,317	205,983
City Auditor		220,600	222,999	(2,399)
Human Resources	2,308,900	2,308,900	1,881,821	427,079
Information Technology	9,905,500	9,932,000	8,112,789	1,819,211
Marketing and Public Relations	1,209,600	1,209,600	1,045,253	164,347
Facilities	6,122,400	6,002,400	4,505,311	1,497,089
Indirect Costs	(5,571,300)	(5,571,300)	(5,571,300)	
Contingency	23,000,000	21,505,100		21,505,100
Police	20,916,500	20,751,400	19,653,234	1,098,166
Fire and Medical	10,742,000	11,399,700	11,529,210	(129,510)
City Court	1,375,600	1,375,600	1,263,864	111,736
Office of Public Safety	3,271,700	3,277,500	2,988,877	288,623
Development and Engineering Services	6,338,000	6,338,000	5,090,855	1,247,145
Public Works	184,000	214,000	181,564	32,436
Economic Development	3,949,500	3,949,500	2,131,829	1,817,671
Neighborhood and Family Services	4,786,300	4,640,900	3,181,348	1,459,552
Parks and Recreation	5,656,200	5,381,200	4,478,205	902,995
Capital outlay	2,403,200	2,042,500	1,251,790	790,710
Debt service:				
Principal retirement	143,000	143,000	142,062	938
Interest and fiscal charges	61,000	61,000	60,936	64
Total expenditures	110,879,900	109,185,500	74,736,226	34,449,274
Excess (deficiency) of revenues over expenditures	(6,157,300)	(4,462,900)	36,523,604	40,986,504
Other financing sources (uses)				
Sale of capital assets	9,000	9,000	23,148	14,148
Transfers in	2,972,000	2,972,000	1,648,601	(1,323,399)
Transfers out	(73,246,800)	(73,246,800)	(9,820,000)	63,426,800
Total other financing sources (uses)	(70,265,800)	(70,265,800)	(8,148,251)	62,117,549
Changes in fund balances	(76,423,100)	(74,728,700)	28,375,353	103,104,053
Fund balances, beginning of year	93,495,366	93,495,366	93,495,366	
Fund balances, end of year	$ 17,072,266	$ 18,766,666	$ 121,870,719	$ 103,104,053

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
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 12,609,000	$ 12,609,000	$ 14,692,770	$ 2,083,770
Investment income	29,000	29,000	705,870	676,870
Total revenues	12,638,000	12,638,000	15,398,640	2,760,640
Expenditures				
Current:				
Streets and transportation	2,473,000	2,054,000	1,016,916	1,037,084
Capital outlay	23,031,000	22,703,000	13,897,187	8,805,813
Total expenditures	25,504,000	24,757,000	14,914,103	9,842,897
Excess (deficiency) of revenues over expenditures	(12,866,000)	(12,119,000)	484,537	12,603,537
Other financing sources (uses)				
Transfers out	(3,100,000)	(3,100,000)	(3,070,000)	30,000
Total other financing sources (uses)	(3,100,000)	(3,100,000)	(3,070,000)	30,000
Changes in fund balances	(15,966,000)	(15,219,000)	(2,585,463)	12,633,537
Fund balances, beginning of year	22,697,168	22,697,168	22,697,168	
Fund balances, end of year	$ 6,731,168	$ 7,478,168	$ 20,111,705	$ 12,633,537

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
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 12,609,000	$ 12,609,000	$ 14,692,770	$ 2,083,770
Investment income	42,000	42,000	359,103	317,103
Total revenues	12,651,000	12,651,000	15,051,873	2,400,873
Expenditures				
Current:				
General government	515,000	515,000		515,000
Public safety	11,181,400	11,137,800	9,730,224	1,407,576
Capital outlay	10,612,000	10,514,000	687,935	9,826,065
Total expenditures	22,308,400	22,166,800	10,418,159	11,748,641
Changes in fund balances	(9,657,400)	(9,515,800)	4,633,714	14,149,514
Fund balances, beginning of year	12,711,671	12,711,671	12,711,671	
Fund balances, end of year	$ 3,054,271	$ 3,195,871	$ 17,345,385	$ 14,149,514

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
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 16,558,700	$ 16,962,105	$ 10,176,884	$ (6,785,221)
Charges for services	30,600	30,600	2,090	(28,510)
Fines, forfeitures, and penalties	50,100	50,100	52,049	1,949
Investment income			3,861	3,861
Contributions	540,500	540,500	449,649	(90,851)
Miscellaneous	19,298,700	18,466,050	200,109	(18,265,941)
Total revenues	36,478,600	36,049,355	10,884,642	(25,164,713)
Expenditures				
Current:				
General government	17,232,800	23,580,860	27,936	23,552,924
Public safety	6,550,400	7,221,790	6,286,777	935,013
Community and economic development	1,470,000	1,337,600	548,834	788,766
Community services	7,102,800	7,134,100	2,707,893	4,426,207
Capital outlay	5,671,100	6,358,650	425,401	5,933,249
Total expenditures	38,027,100	45,633,000	9,996,841	35,636,159
Excess (deficiency) of revenues over expenditures	(1,548,500)	(9,583,645)	887,801	10,471,446
Other financing sources (uses)				
Sale of capital assets			938	938
Transfers in	100,000	100,000	100,000	
Total other financing sources (uses)	100,000	100,000	100,938	938
Changes in fund balances	(1,448,500)	(9,483,645)	988,739	10,472,384
Fund balances, beginning of year	1,490,240	1,490,240	1,490,240	
Fund balances, end of year	$ 41,740	$ (7,993,405)	$ 2,478,979	$ 10,472,384

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

City of Avondale, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Nonmajor Sanitation	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 54,911,584	$ 47,465,866	$ 8,503,559	$ 110,881,009	10,457,030
Receivables					
Accounts	2,409,751	1,245,509	886,607	4,541,867	727,985
Interest	379,749	264,915	63,956	708,620	43,696
Due from other governments					14,898
Inventories	826,338	101,071	66,395	993,804	321,026
Prepaid items					34,040
Restricted cash					
Fiscal agents		553,552		553,552	
Customer deposits	3,734,108		5,000	3,739,108	
Total current assets	62,261,530	49,630,913	9,525,517	121,417,960	11,598,675
Noncurrent assets:					
Water storage credit inventory	18,400,924			18,400,924	
Capital assets not being depreciated	27,413,679	9,160,664		36,574,343	
Capital assets, net accumulated depreciation	217,660,068	209,989,010	3,978,962	431,628,040	274,621
Total noncurrent assets	263,474,671	219,149,674	3,978,962	486,603,307	274,621
Total assets	325,736,201	268,780,587	13,504,479	608,021,267	11,873,296
Deferred outflows of resources					
Deferred loss on refunding		1,494		1,494	
Pension plan items	662,942	421,563	502,685	1,587,190	246,437
Total deferred outflows of resources	662,942	423,057	502,685	1,588,684	246,437
Liabilities					
Current liabilities:					
Accounts payable	3,616,413	3,163,705	262,527	7,042,645	140,425
Accrued payroll and employee benefits	21,130	14,303	24,763	60,196	63,753
Accrued interest payable	514	127,026		127,540	
Deposits held for others	3,734,108		5,000	3,739,108	
Due to other governments	220,139			220,139	
Bonds payable		417,624		417,624	
Claims payable					4,317,942
Compensated absences	261,189	159,895	183,895	604,979	43,760
Total current liabilities	7,853,493	3,882,553	476,185	12,212,231	4,565,880
Noncurrent liabilities:					
Non-current portion of long-term obligations	3,231,229	8,698,911	2,446,584	14,376,724	3,155,561
Total noncurrent liabilities	3,231,229	8,698,911	2,446,584	14,376,724	3,155,561
Total liabilities	11,084,722	12,581,464	2,922,769	26,588,955	7,721,441
Deferred inflows of resources					
Pension plan items	83,394	53,030	63,234	199,658	31,001
Total deferred inflows of resources	83,394	53,030	63,234	199,658	31,001
Net position					
Net investment in capital assets	245,073,747	212,087,814	3,978,962	461,140,523	274,621
Restricted for:					
Debt service		426,526		426,526	
Capital outlay	12,427,544	18,295,575		30,723,119	
Unrestricted	57,729,736	25,759,235	7,042,199	90,531,170	4,092,670
Total net position	$ 315,231,027	$ 256,569,150	$ 11,021,161	582,821,338	$ 4,367,291

Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time	521,386
Net Position of Business-Type Activities	$ 583,342,724

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, 2023

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Nonmajor Sanitation	Total Enterprise Funds	Internal Service Funds
Operating revenues					
Charges for services	$ 15,380,061	$ 10,447,957	$ 6,504,745	$ 32,332,763	$ 16,698,393
Miscellaneous	96,478	65,705		162,183	615,378
Total operating revenues	15,476,539	10,513,662	6,504,745	32,494,946	17,313,771
Operating expenses					
Salaries, wages, and benefits	3,652,889	2,102,925	3,005,725	8,761,539	1,389,564
Contractual services, materials, and supplies	10,364,642	6,082,696	4,690,835	21,138,173	2,824,799
Insurance claims and expenses					14,242,804
Depreciation and amortization	8,016,347	10,432,388	695,025	19,143,760	74,294
Total operating expenses	22,033,878	18,618,009	8,391,585	49,043,472	18,531,461
Operating income (loss)	(6,557,339)	(8,104,347)	(1,886,840)	(16,548,526)	(1,217,690)
Nonoperating revenues (expenses)					
Investment income	1,325,986	757,765	270,578	2,354,329	(42,694)
Gain (loss) on disposal of capital assets	16,382	66,976	37,760	121,118	334
Interest and fiscal charges		(188,049)		(188,049)	
Total nonoperating revenue (expenses)	1,342,368	636,692	308,338	2,287,398	(42,360)
Income (loss) before transfers and capital contributions	(5,214,971)	(7,467,655)	(1,578,502)	(14,261,128)	(1,260,050)
Transfers out	(952,000)	(392,000)		(1,344,000)	
Capital contributions	7,199,755	7,961,340		15,161,095	
Development fees	3,404,342	4,371,896		7,776,238	
Changes in net position	4,437,126	4,473,581	(1,578,502)	7,332,205	(1,260,050)
Total net position, beginning of year	310,793,901	252,095,569	12,599,663	575,489,133	5,627,341
Total net position, end of year	$ 315,231,027	$ 256,569,150	$ 11,021,161	582,821,338	$ 4,367,291
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				(77,710)	
Change in Net Position of Business-Type Activities				$ 7,254,495	

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

City of Avondale, Arizona
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Nonmajor Sanitation	Total Enterprise Funds	Internal Service Funds
Increase/Decrease in Cash and Cash Equivalents					
Cash flows from operating activities					
Cash received from customers	$ 17,299,405	$ 11,309,029	$ 6,861,441	$ 35,469,875	$ 17,698,747
Cash payments to suppliers for goods and services	(7,622,857)	(3,512,066)	(4,464,406)	(15,599,329)	(16,943,763)
Cash payments to employees for services	(3,511,860)	(2,269,753)	(2,667,541)	(8,449,154)	(1,219,518)
Miscellaneous	96,478	65,705		162,183	615,378
Net cash provided by/used for operating activities	6,261,166	5,592,915	(270,506)	11,583,575	150,844
Cash flows from noncapital financing activities					
Interfund (payment) borrowing					(366,102)
Transfers out	(952,000)	(392,000)		(1,344,000)	
Net cash provided by/used for noncapital financing activities	(952,000)	(392,000)		(1,344,000)	(366,102)
Cash flows from investing activities					
Investment income	1,157,933	621,864	245,885	2,025,682	(72,317)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(13,016,276)	(5,035,295)	(2,496,721)	(20,548,292)	(17,091)
Principal payments on capital debt		(399,025)		(399,025)	
Interest payments on capital debt		(262,403)		(262,403)	
Development fees received	3,404,342	4,371,896		7,776,238	
Proceeds from sale of capital assets	16,382	66,976	37,760	121,118	334
Net cash provided by/used for operating activities	(9,595,552)	(1,257,851)	(2,458,961)	(13,312,364)	(16,757)
Net increase/decrease in cash and cash equivalents	(3,128,453)	4,564,928	(2,483,582)	(1,047,107)	(304,332)
Cash and cash equivalents, beginning of year	61,774,145	43,454,490	10,992,141	116,220,776	10,761,362
Cash and cash equivalents, end of year	$ 58,645,692	$ 48,019,418	$ 8,508,559	$ 115,173,669	$ 10,457,030
Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities					
Operating income/loss	$ (6,557,339)	$ (8,104,347)	$ (1,886,840)	$ (16,548,526)	$ (1,217,690)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:					
Depreciation and amortization	8,016,347	10,432,388	695,025	19,143,760	74,294
Difference between pension/OPEB expense and contributions	124,817	(124,891)	312,673	312,599	89,343
Changes in assets and liabilities:					
Increase/decrease in accounts receivable	1,771,991	861,072	356,696	2,989,759	1,015,252
Increase/decrease in due from other governments					(14,898)
Increase/decrease in inventories	(189,608)	50,782	38,061	(100,765)	22,507
Increase/decrease in prepaid items					3,846
Increase/decrease in accounts payable	2,833,701	2,519,848	188,368	5,541,917	100,652
Increase/decrease in accrued payroll and employee benefits	18,973	3,819	14,142	36,934	52,854
Increase/decrease in due to other governments	97,692			97,692	-
Increase/decrease in compensated absences	(2,761)	(45,756)	11,369	(37,148)	27,849
Increase/decrease in claims payable					(3,165)
Increase/decrease in deposits held for others	147,353			147,353	
Total adjustments	12,818,505	13,697,262	1,616,334	28,132,101	1,368,534
Net cash provided by/used for operating activities	$ 6,261,166	$ 5,592,915	$ (270,506)	$ 11,583,575	$ 150,844
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position					
Cash and investments	$ 54,911,584	$ 47,465,866	$ 8,503,559	$ 110,881,009	$ 10,457,030
Restricted cash - trustee and customer deposits	3,734,108	553,552	5,000	4,292,660	
Total cash and cash equivalents	$ 58,645,692	$ 48,019,418	$ 8,508,559	$ 115,173,669	$ 10,457,030
Noncash Capital, Financing, and Investing Activities					
Amortization of premium and deferred charges on refunding	$	$ 66,008	$	$ 66,008	$
Capital contributions	7,199,755	7,961,340		15,161,095	

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

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, 2023, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, and GASB Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* and GASB Statement No. 99, *Omnibus 2022*. These Statements increase the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs and public-private and public-public partnerships. These Statements also require a government to disclose essential information about the arrangements. The City's analysis of SBITAs, public-private partnerships, and public-public partnerships 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 these standards.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 WCT 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 WCT'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 only prepared for the Alamar Community Facilities District. These financial statements can be obtained by please visiting our website at http://www.avondaleaz.gov or contacting :

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

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, leases, financed purchases 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including 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. Capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under lease contracts and subscription-based information technology arrangements are reported as other financing sources.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 lease and financed purchase 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

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.

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 City reports the following non-major proprietary fund:

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.
10. GAAP serves as the basis of budgeting.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Investment income includes interest and dividend earnings and changes in fair value of applicable investments during the fiscal year. The City maintains one pool of cash and investments for most funds with a separate pool for the Alamar CFD funds (operating, debt service, and capital projects) in addition to certain nonpooled cash and investments held by the Workers' Compensation Fund. All pooled investments are considered cash equivalents. Interest income from pooled cash and investments is allocated to the individual funds based on the fund's month-end cash balance in relation to the total pooled investments. Each fund's equity in the pooled cash and investments is tracked on an ongoing basis. In the event that a fund overdraws its share of pooled cash, the overdraft is reported as a due to the General Fund at year-end. In the event that the Alamar CFD Debt Service or Alamar CFD Capital Projects Funds overdraw their share of pooled cash and investments. The overdraft is reported as a due to the Alamar CFD Operating 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".

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental fund and government-wide financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. 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). Trade and other receivables in the General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds are considered to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established in these funds. The City implemented a new utility billing system in December 2021 that provides detailed account information related to the Water, Wastewater, and Sanitation Funds. As part of the implementation, summary account balances were converted from the old system to the new system. Consequently, it was difficult to identify doubtful accounts with past due balances greater than three years as of June 30, 2023. These past due balances will be written-off by the end of fiscal year 2024. The amount of the write-off for fiscal year 2023 was not expected to be material based on prior year experiences.

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 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-type 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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

The City has chosen not to apply the modified approach to any infrastructure networks, systems, or subsystems. Capital assets are depreciated 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/subscription 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, streetscape, and 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). 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).

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

P. Pension

For purposes of measuring the net pension assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 5, 2023, 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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 necessitation 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

Note 2 – Stewardship, Compliance and Accountability

Deficit Fund Balances/Net Positions – At June 30, 2023, , the following non-major governmental and other funds reported deficits in fund balance or net position.

	Deficit
Non-Major Governmental Fund and Other Funds:	
Alamar CFD Operating	$ 11,736
Dedicated Sales Tax Revenue Bonds	948
Alamar CFD Debt Service	4,924
Risk Management	1,034,820
Fleet Management	295,797

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 deficits in the Alamar CFD Operating and Alamar CFD Debt Service Funds were due to debt service requirements and operating costs exceeding available resources in the fund. Future property tax revenues are expected to eliminate the deficits.

Note 2 – Stewardship, Compliance and Accountability (Continued)

The deficit in the Fleet Management Fund was mainly due to net pension liability of $895,927. 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.

The deficit in the Risk Management Fund was mainly due to incurred but not reported claims expenses increasing during the fiscal year. Risk management will increase the charges to city departments in future years for risk management services to recover the deficit and build reserves back.

Note 3 – Cash and Investments

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 7) 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, 2023, are reported as follows:

Governmental activities	$ 238,905,767
Business-type activities	115,173,669
Total	$ 354,079,436

Cash on hand	$ 3,864
Cash in bank	7,034,158
Investments	322,934,572
Restricted cash – fiscal agents	24,106,842
Total	$ 354,079,436

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.

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, 2023, 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 Maturities (in years)		Moody's	
Investment Type	Category	Fair Value	Less than 1	1-5	Investor Services	Standard & Poor's
US Agency Mortgage Backed Securities	Level 2	$ 19,922,721	$	$ 19,922,721	Aaa	AA+
U.S. Treasury Securities	Level 1	165,255,056	15,729,977	149,525,079	Aaa	N/A
Corporate Bonds	Level 2	100,617,653	1,528,480	99,089,173	A3 to Aaa	BBB+ to AAA
Money Market	Level 1	10,569,386	10,569,386		Aaa-mf	AAAm
			$27,827,843	$268,536,973		
State Treasurer's investment pool 7	Not Applicable	26,569,756	37 days average maturities		Unrated	Unrated
Total		$322,934,572				

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using institutional bond quotes and evaluations based on various market and industry inputs. Investments in the State Treasurer's Investment Pool 7 are valued at the pool's share price multiplied by the number of shares the City held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's Investment Pool 7.

Investment income is comprised of the following for the year ended June 30, 2023:

	Governmental Activities	Business-type Activities
Interest earned	$ 5,066,810	$ 1,957,564
Change in the fair value of investments	(4,353,068)	396,765
Investment income	$ 713,742	$ 2,354,329

Note 3 – Cash and Investments (Continued)

During the year, the investments balance increased $85.1 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, 2023, was $12.1 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.

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 fair 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.

Note 3 – Cash and Investments (Continued)

  - 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.
- 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, 2023 was $7,034,158 and the bank balance was $7,737,440. 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) or collateralized at 102 percent of deposits not covered by FDIC. In addition, the City holds $3,864 in cash on hand.

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, 2023, the following issuers represents more than five percent of the City's total investments: 51.0 percent in U.S. Treasury Notes and 8.0 percent invested in the State Treasurer's Investment Pool 7.

Note 4 – Property Tax Calendar

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

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.

Note 5 – 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 $491,315 and related interest revenue of $66,435 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:		
	2024	$ 507,665
	2025	523,195
	2026	538,725
	2027	554,255
	2028	381,098
	2029-33	975,000
	2034-38	975,000
	2039-43	975,000
	2044	195,000
Total		$ 5,624,938

Note 6 – Capital Assets

A summary of capital asset activity for governmental activities on the government-wide financial statements for the year ended June 30, 2023, follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 316,223,457	$ 103,408	$ 273,446	$ 316,053,419
Construction in progress	24,609,975	33,189,344	26,697,287	31,102,032
Total capital assets, not being depreciated	340,833,432	33,292,752	26,970,733	347,155,451
Capital assets, being depreciated:				
Buildings and improvements	132,995,604	10,365,681	200,515	143,160,770
Improvements other than buildings	55,293,676	9,671,387		64,965,063
Vehicles, furniture and equipment	58,990,878	7,590,906	1,767,492	64,814,292
Infrastructure	460,728,921	22,194,383		482,923,304
Intangible Assets	3,343,948		491,300	2,852,648
Total capital assets being depreciated	711,353,027	49,822,357	2,459,307	758,716,077
Less accumulated depreciation for:				
Buildings and improvements	(37,914,864)	(3,526,458)	(5,422)	(41,435,900)
Improvements other than buildings	(10,143,216)	(3,091,739)		(13,234,955)
Vehicles, furniture and equipment	(42,280,191)	(4,717,619)	(1,767,492)	(45,230,318)
Infrastructure	(225,975,118)	(11,627,109)		(237,602,227)
Intangible Assets	(834,937)	(135,799)	(8,871)	(961,865)
Total accumulated depreciation	(317,148,326)	(23,098,724)	(1,781,785)	(338,465,265)
Total capital assets, being depreciated, net	394,204,701	26,723,633	677,522	420,250,812
Intangible right-to-use assets:				
Buildings and land improvements	1,742,477		55,074	1,687,403
Less accumulated amortization	(348,495)	(404,815)	(55,074)	(698,236)
Total intangible right-to-use assets, net	1,393,982	(404,815)		989,167
Governmental activities capital assets, net	$ 736,432,115	$ 59,611,570	$27,648,255	$ 768,395,430

Note 6 – Capital Assets (Continued)

A summary of capital asset activity for business-type activities on the government-wide financial statements for the year ended June 30, 2023, follows:

Business-type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	$ 16,327,912	$ 13,467	$	$ 16,341,379
Intangible Assets	1,523,755	5,753,238		7,276,993
Construction in progress	3,396,656	11,232,477	1,673,162	12,955,971
Total capital assets, not being depreciated	21,248,323	16,999,182	1,673,162	36,574,343
Capital assets, being depreciated:				
Infrastructure	671,064,940	17,303,567		688,368,507
Buildings & Improvements	361,657			361,657
Vehicles, Furniture, & Equipment	39,787,760	3,100,918	755,329	42,133,349
Intangible Assets	2,980,551			2,980,551
Improvements other than buildings	868,867			868,867
Total capital assets being depreciated	715,063,775	20,404,485	755,329	734,712,931
Less accumulated depreciation for:				
Infrastructure	(258,175,909)	(13,801,197)		(271,977,106)
Buildings & Improvements	(146,693)	(9,044)		(155,737)
Vehicles, Furniture, & Equipment	(25,025,029)	(5,218,566)	(755,329)	(29,488,266)
Intangible Assets	(819,652)	(74,514)		(894,166)
Improvements other than buildings	(529,177)	(40,439)		(569,616)
Total accumulated depreciation	(284,696,460)	(19,143,760)	(755,329)	(303,084,891)
Total capital assets, being depreciated, net	430,367,315	1,260,725		431,628,040
Business-type activities capital assets, net	$451,615,638	$ 18,259,907	$ 1,673,162	$ 468,202,383

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

Governmental Activities:	
General government	$ 2,377,188
Public safety	3,271,445
Streets and transportation	1,038,097
Community and economic development	4,126,213
Community services	12,616,302
Internal Services	74,294
Total depreciation expense – governmental activities	$23,503,539
Business-type Activities:	
Water	$ 8,016,347
Wastewater	10,432,388
Sanitation	695,025
Total depreciation expense – business-type activities	$19,143,760

Note 7 – Interfund Balances and Activity

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

Due to/from other funds.

	General Fund	Non-Major Governmental Funds	Total Due to Other Funds
Grants in Aid Fund	$ 12,523	$	$ 12,523
Non-Major Governmental Funds	3,341,832	4,924	3,346,756
Total Due from Other Funds	$ 3,354,355	$ 4,924	$ 3,359,279

At year end, four non-major funds had deficit cash balances. Deficit cash was reduced by interfund borrowing with the General and the Alamar CFD Operating Funds. All interfund balances are expected to be repaid within one year.

Interfund transfers:

	Transfers in				
Transfers out	General Fund	Grants In Aid Fund	Other Capital Projects Fund	Non-Major Governmental and Other Funds	Total
General Fund	$	$ 100,000	$ 5,280,000	$ 4,440,000	$ 9,820,000
Dedicated Sales Tax Revenue Fund				3,070,000	3,070,000
Other Capital Projects Fund	676,601				676,601
Water Fund	580,000			372,000	952,000
Wastewater Fund	392,000				392,000
Total	$ 1,648,601	$ 100,000	$ 5,280,000	$ 7,882,000	$ 14,910,601

Transfers out of the General Fund include $5.3 million to the Other Capital Projects Fund to fund construction projects. Transfers out of the General Fund into the nonmajor governmental funds also include $1.3 million to finance vehicle replacement purchases, $1.5 million to service debt payment requirements, and $1.4 million to support transit operations. The $3.1 million 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 $580,000 and $392,000 to the General Fund for operating activities. In addition, the Water Fund transferred $372,000 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.

Note 8 – 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, 2023, 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, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 46,810,000	$	$ 2,335,000	$ 44,475,000	$ 2,925,000
Pledged revenue obligations	25,134,087		4,260,976	20,873,111	4,017,376
Community facilities district general obligation bonds	15,980	3,675,000	15,980	3,675,000	80,000
Premium	10,984,454	36,514	1,248,494	9,772,474	
Total bonds payable	82,944,521	3,711,514	7,860,450	78,795,585	7,022,376
Financed purchases payable	3,537,441		320,398	3,217,043	342,304
Leases payable	1,444,474		369,451	1,075,023	344,148
Claims payable	6,173,742	8,979,795	8,982,960	6,170,577	4,317,942
Net other postemployment benefit liability	41,496		41,496		
Net pension liability	54,464,103	18,758,777		73,222,880	
Compensated absences payable	7,886,189	6,361,030	5,436,724	8,810,495	6,956,309
Governmental activity long-term liabilities	$ 156,491,966	$ 37,811,116	$ 23,011,479	$ 171,291,603	$18,983,079

Note 8 – Long-Term Obligations (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Pledged revenue obligations	$ 180,919	$	$ 74,024	$ 106,895	$ 77,624
Water and sewer revenue bonds	6,550,000		325,000	6,225,000	340,000
Premium	798,961		67,502	731,459	
Total bonds payable	7,529,880		466,526	7,063,354	417,624
Net other postemployment benefit liability	14,899		14,899		
Net pension liability	5,943,562	1,636,187		7,579,749	
Compensated absences payable	793,372	600,162	637,310	756,224	604,979
Governmental activity long-term liabilities	$ 14,281,713	$ 2,236,349	$ 1,118,735	$ 15,399,327	$ 1,022,603

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. 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:

		Governmental Activities	
Year ending June 30:		Principal	Interest
	2024	$ 342,304	$ 81,344
	2025	365,245	72,448
	2026	389,272	62,955
	2027	414,425	52,834
	2028	440,753	42,059
	2029-33	1,078,298	104,354
	2034	186,746	11,694
Total		$ 3,217,043	$ 427,688

Note 8 – 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:

		Governmental Activities	
Year ending June 30:		Principal	Interest
	2024	$ 344,148	$ 45,936
	2025	364,954	28,322
	2026	365,921	9,211
Total		$ 1,075,023	$ 83,469

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

	Governmental Activities
Asset:	
Building improvements	$ 1,687,403
Less: Accumulated amortization	698,236
Total	$ 989,167

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.

Note 8 – Long-Term Obligations (Continued)

The following issues are currently outstanding:

Series	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
2017A Series Refunding Bonds	$ 14,740,000	4.0-5.0%	7/1/23-29	$ 12,215,000	$ 1,725,000
2019 Series Bonds	21,390,000	3.0-5.0%	7/1/23-39	18,590,000	735,000
2021 Series Bonds	13,670,000	4.0-5.0%	7/1/23-41	13,670,000	465,000
Total				$ 44,475,000	$ 2,925,000

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.

The following issues are currently outstanding:

Series	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2023	Due Within One Year
Governmental activities:					
2016 Series Refunding Obligations (96.87% of total issue)	$ 23,458,281	4.0-5.0%	7/1/23-24	$ 3,308,111	$2,402,376
2021 Series Obligations	11,770,000	5.0%	7/1/23-31	10,585,000	960,000
2021 Series Refunding Obligations	7,765,000	1.5-5.0%	7/1/23-31	6,980,000	655,000
Total				$ 20,873,111	$4,017,376

Note 8 – 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 $63.4 million authorized but unissued general obligations bonds (after the bond issuance in July 2023 described in Note 14) 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, 2023	Due Within One Year
Governmental activities:					
2022 Series GO Bonds	$ 3,675,000	5.0%	7/15/23-47	$ 3,675,000	$ 80,000

Annual debt service requirements to maturity on governmental activities bonds at June 30, 2023, are summarized as follows:

	Governmental Activities					
	General Obligation Bonds		Pledged Revenue Obligation Bonds		General Obligation Bonds - Alamar CFD	
Year ending June 30:	Principal	Interest	Principal	Interest		
2024	$ 2,925,000	$ 1,877,600	$ 4,017,376	$ 881,994	$ 80,000	$ 167,988
2025	3,080,000	1,745,175	2,590,735	727,870	85,000	163,863
2026	3,235,000	1,605,925	1,770,000	630,750	90,000	159,488
2027	3,395,000	1,449,725	1,840,000	547,600	90,000	154,988
2028	3,585,000	1,275,225	1,935,000	453,225	95,000	150,363
2029-33	11,095,000	4,386,050	8,720,000	818,625	560,000	673,190
2034-38	10,420,000	2,321,575			705,000	527,583
2039-43	6,740,000	424,025			870,000	355,629
2044-48					1,100,000	131,814
Total	$ 44,475,000	$ 15,085,300	$ 20,873,111	$ 4,060,063	$ 3,675,000	$ 2,484,906

Note 8 – 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, 2023	Due Within One Year
Business-type activities:					
2016 Series Obligations	$ 8,110,000	4.0%	7/1/23 - 7/1/36	$ 6,225,000	$ 340,000

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, 2023	Due Within One Year
Business-type activities:					
2016 Series Refunding Obligations (3.13% of total issue)	$ 756,719	4-5%	7/1/23 - 7/1/24	$ 106,894	$ 77,624

Annual debt service requirements to maturity on business-type activities bonds at June 30, 2023, are summarized as follows:

	Business-type Activities			
	General Obligation Bonds		Pledged Revenue Refunding Bonds	
Year ending June 30:	Principal	Interest	Principal	Interest
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	400,000	183,200		
2029-33	2,240,000	659,000		
2034-37	2,140,000	175,200		
Total	$ 6,225,000	$ 1,900,500	$ 106,894	$ 4,238

Note 8 – 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, $21.0 million in bonds remains outstanding to be repaid with future excise tax revenues over the next 10 years. For the year ended June 30, 2023, the excise taxes available to service debt was $96.6 million, and the principal and interest on this debt was $5.1 million resulting in a coverage of 19.04 times. This exceeds the minimum coverage of 3.0 times required in the bond indenture.

- 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, $6.2 million in bonds remains outstanding to be repaid with future water and sewer revenues over the next 14 years. For the year ended June 30, 2023, the net water and wastewater utility net revenues available to service debt was $13.7 million and the principal and interest on this debt was $574,000 resulting in a coverage of 23.92 times. This exceeds the minimum coverage of 1.2 times required in the bond indenture.

Note 9 – 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.

Note 9 – 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
Risk Management				
2022-23	$ 4,574,364	$ 1,767,937	$ 1,723,880	$ 4,618,421
2021-22	2,621,780	2,478,015	525,431	4,574,364
Workers' Compensation				
2022-23	779,578	244,809	425,782	598,605
2021-22	928,310	340,940	489,672	779,578
Employee Benefits				
2022-23	819,803	6,967,049	6,833,298	953,554
2021-22		5,902,065	5,082,262	819,803
Total				
2022-23	6,173,745	8,979,795	8,982,960	6,170,580
2021-22	3,550,090	8,721,020	6,097,365	6,173,745

Note 10 – Pensions

The City contributes to the plans described below. The plans are component units of the State of Arizona. At June 30, 2023, the City reported the following aggregate amounts related to pension plans to which it contributes.

	Governmental Activities	Business-type Activities	Total
Assets and liabilities			
Net pension liabilities			
ASRS	$ 36,137,688	$ 7,579,749	$ 43,717,437
PSPRS	35,618,873		35,618,873
CORP	783,342		783,342
EORP	682,977		682,977
Total	$ 73,222,880	$ 7,579,749	$ 80,802,629
Deferred outflows of resources			
Pension			
ASRS	$ 7,567,194	$ 1,587,190	$ 9,154,384
PSPRS	15,525,149		15,525,149
CORP	321,448		321,448
EORP	74,949		74,949
Total	$ 23,488,740	$ 1,587,190	$ 25,075,930
Deferred inflows of resources			
Pension			
ASRS	$ 951,902	$ 199,658	$ 1,151,560
PSPRS	1,504,892		1,504,892
CORP	217,917		217,917
Total	$ 2,674,711	$ 199,658	$ 2,874,369
Expenses			
Pension			
ASRS	$ 5,919,019	$ 976,114	$ 6,895,133
PSPRS	6,180,263		6,180,263
CORP	67,889		67,889
EORP	85,756		85,756
Total	$ 12,252,927	$ 976,114	$ 13,229,041

Note 10 – Pensions (Continued)

The CORP and EORP plans are not further disclosed because of their relative insignificance to the City's financial statements.

The City's accrued payroll and benefits includes $308,429 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2023. Also, the City reported $9.7 million 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

Note 10 – 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 12.17 percent (12.03 percent for retirement and 0.14 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 12.17 percent (11.92 percent for retirement, 0.11 percent for health insurance premium benefit, and 0.14 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, 2023 were $4,083,719.

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 9.68 percent (9.62 for retirement and 0.06 percent for long-term disability). ACR contributions are included in employer contributions presented above.

During fiscal year 2023, the City paid for ASRS contributions as follows: 68 percent from the General Fund, 16 percent from other major funds, and 16 percent from nonmajor and other funds.

Pension Liability. The net pension liability was measured as of June 30, 2022. 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, 2021, to the measurement date of June 30, 2022. 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, 2022.

Note 10 – Pensions (Continued)

At June 30, 2023, the City reported the following amounts for its proportionate share of the pension plan net liability. In addition, at June 30, 2022, the City's percentage proportion for the plan and the related change from its proportion measured as of June 30, 2021 was:

Net Liability	City % Proportion	Increase (Decrease)
$ 43,717,437	0.268	0.017

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, 2023 was $6,895,133.

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	$ 372,499	$
Changes of assumptions or other inputs	2,169,781	
Net difference between projected and actual earnings		1,151,560
Changes in proportion and differences between contributions and proportionate share of contributions	2,528,386	
Contributions subsequent to the measurement date	4,083,719	
Total	$ 9,154,385	$ 1,151,560

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, 2024. 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:	
2024	$ 3,807,794
2025	267,565
2026	(1,999,378)
2027	1,843,125

Note 10 – Pensions (Continued)

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

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 30, 2022
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, 2021 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%	3.90%
Credit	20	5.30
Interest rate sensitive bonds	10	(0.20)
Real estate	20	6.00
Total	100%	

Note 10 – Pensions (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. 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	$ 64,503,778	$ 43,717,437	$ 26,384,875

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.

Note 10 – 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.

Note 10 – Pensions (Continued)

Employees Covered by Benefit Terms. At June 30, 2023, the following employees were covered by the agent pension plan's benefit terms:

	PSPRS - Police	PSPRS - Fire
Retirees and beneficiaries	41	18
Inactive, non-retired members	36	8
Active members	78	55
Total	155	81

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, 2023, 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	28.40% to 32.11%	25.17% to 30.39%
Health insurance	0.12% to 0.17%	16.00%

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 18.46 percent for police retirees and 15.23 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, 2023 were:

	PSPRS - Police	PSPRS - Fire
Pension contributions	$ 4,052,949	$ 2,262,891

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.

Note 10 – Pensions (Continued)

Pension Assets/Liabilities. At June 30, 2023, the City reported the following pension assets and liabilities.

	PSPRS - Police	PSPRS - Fire
Net Pension (Assets) Liabilities	$ 23,424,590	$ 12,194,283

The net pension assets/liabilities were measured as of June 30, 2022. The total pension liability used to calculate the net pension asset or liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2022, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the five-year period ended June 30, 2021, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 2.75-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

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

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	2.75-15.0%
Price inflation	2.5%
Cost-of-living adjustment	1.85%
Mortality rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. 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, 2022 actuarial evaluation.

Note 10 – Pensions (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2 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%	3.49%
International public equity	16	4.47
Global private equity	20	7.18
Other assets (capital appreciation)	7	4.83
Core bonds	2	0.45
Private credit	20	5.10
Diversifying strategies	10	2.68
Cash – Mellon	1	(0.35)
Total	100%	

Discount Rate. At June 30, 2022, the discount rate used to measure the total pension liability was 7.2 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2021.

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.

Note 10 – Pensions (Continued)

Changes in the Net Pension (Assets)/Liabilities

PSPRS - Police	Increase (Decrease) Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at June 30, 2022	$ 62,470,772	$ 44,999,726	$ 17,471,046
Service cost	1,781,605		1,781,605
Interest on the total pension liability	4,609,302		4,609,302
Differences between expected and actual experience in the measurement of the pension liability	1,758,428		1,758,428
Changes in assumptions	522,917		522,917
Contributions – employer		3,762,970	(3,762,970)
Contributions – employee		848,410	(848,410)
Net investment income		(1,878,591)	1,878,591
Benefit payments, including refunds of employee contributions	(2,222,498)	(2,222,498)	
Administrative expense		(33,847)	33,847
Other changes		19,766	(19,766)
Net changes	6,449,754	496,210	5,953,544
Balances at June 30, 2023	$ 68,920,526	$ 45,495,936	$ 23,424,590

PSPRS - Fire	Increase (Decrease) Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balances at June 30, 2022	$ 45,789,304	$ 36,798,004	$ 8,991,300
Service cost	1,537,021		1,537,021
Interest on the total pension liability	3,416,472		3,416,472
Differences between expected and actual experience in the measurement of the pension liability	(913,931)		(913,931)
Changes in assumptions	419,168		419,168
Contributions – employer		2,280,197	(2,280,197)
Contributions – employee		527,871	(527,871)
Net investment income		(1,524,837)	1,524,837
Benefit payments, including refunds of employee contributions	(1,050,667)	(1,050,667)	
Administrative expense		(27,484)	27,484
Net changes	3,408,063	205,080	3,202,983
Balances at June 30, 2023	$ 49,197,367	$ 37,003,084	$ 12,194,283

Note 10 – Pensions (Continued)

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	6.20%	7.20%	8.20%
Net pension (assets) liability	$ 34,178,106	$ 23,424,590	$ 14,783,438
PSPRS - Fire			
Rate	6.20%	7.20%	8.20%
Net pension (assets) liability	$ 19,823,841	$ 12,194,283	$ 6,003,457

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, 2023, the City recognized the following as pension expense:

	PSPRS - Police	PSPRS - Fire
Pension expense	$ 3,779,266	$ 2,400,997

Note 10 – Pensions (Continued)

Pension Deferred Outflows/Inflows of Resources. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,265,192	$ 420,120
Changes of assumptions or other inputs	1,574,393	
Net difference between projected and actual earnings on pension plan investments	679,230	
Contributions subsequent to the measurement date	4,052,949	
Total	$ 9,571,764	$ 420,120
PSPRS - Fire		
Differences between expected and actual experience	$ 1,662,135	$ 1,084,772
Changes of assumptions or other inputs	1,442,977	
Net difference between projected and actual earnings on pension plan investments	585,382	
Contributions subsequent to the measurement date	2,262,891	
Total	$ 5,953,385	$ 1,084,772

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, 2024. 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
2024	$ 1,150,612	$ 556,909
2025	889,273	410,982
2026	404,740	41,545
2027	1,868,210	1,111,037
2028	785,860	235,816
Thereafter		249,433

Note 11 – Fund Balances

The fund balance classifications of the governmental funds as of June 30, 2023 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	$ 12,677	$	$	$	$	$ 10,698
Prepaid items	270,638			30,992		895,128
Restricted:						
Streets and transportation						9,701,440
Courts						553,645
Grant and contributor purposes				2,447,987		136,315
Public safety			17,345,385			
Debt service						718,009
Capital projects					14,739,162	15,269,172
Water, sewer, streets and transportation		20,111,705				
Crime victim advocacy						38,732
Committed:						
Budgetary stabilization	27,235,530					
Assigned:						
Vehicle replacement						7,517,482
Equipment replacement						221,160
Capital projects						
Unassigned	94,351,874				(1,460,103)	(28,142)
Total fund balances	$ 121,870,719	$ 20,111,705	$ 17,345,385	$ 2,478,979	$13,279,059	$ 35,033,639

Note 12 – Contingencies, Commitments and Other Claims

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

Federal and State Grants. The City received grants from both the federal and state governments during the year ended June 30, 2023, and some grants have been audited as of June 30, 2023. The City expects no material disallowance of expenditures.

Note 12 – Contingencies, Commitments and Other Claims (Continued)

Contractual Commitments. The City had major contractual commitments related to various capital projects at June 30, 2023. As of June 30, 2023, the City had spent $44.1 million on these projects and had remaining contractual commitments with contractors of $47.5 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, 2023 are as follows:

	Balance
General government construction and improvements	$ 1,046,722
Street construction and improvements	10,711,976
Park construction and improvements	2,571,645
Public safety construction and improvements	4,325,197
Aquatic center construction	12,434,397
Asset replacements	2,061,159
Water system construction and improvements	6,650,569
Sewer system construction and improvements	7,684,844
Total	$47,486,509

Note 13 – 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, 2023, was $791,351 or 0.9 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 14 – Subsequent Event

On July 13, 2023, the Alamar Community Facilities District, a blended component unit of the City of Avondale, issued $3.0 million in General Obligation Bonds, Series 2023. 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, 2048. 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.

Note 15 – Tax Abatements

For the fiscal year ended June 30, 2023, no tax abatement agreements meeting the criteria of GASB Statement No. 77 were noted.

Required Supplementary Information

City of Avondale, Arizona
Sschedule Of The Proportionate Share Of The Net Pension Liability
Arizona State Retirement System
Last Nine Fiscal Years

	2023	2022	2021	2020	2019
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
City's proportion of the net pension (assets) liability	0.27%	0.25%	0.23%	0.23%	0.22%
City's proportionate share of the net pension (assets) liability	$ 43,717,437	$ 33,011,820	$ 40,436,632	$ 33,554,983	$ 30,846,826
City's covered payroll	$ 31,881,107	$ 28,133,798	$ 25,518,191	$ 24,271,500	$ 22,151,275
City's proportionate share of the net pension (assets) liability as a percentage of its covered payroll	137.13%	117.34%	158.46%	138.25%	139.26%
Plan fiduciary net position as a percentage of the total pension liability	74.26%	78.58%	69.33%	73.24%	73.40%

	2018	2017	2016	2015
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the net pension (assets) liability	0.21%	0.21%	0.20%	0.20%
City's proportionate share of the net pension (assets) liability	$ 32,841,652	$ 33,876,740	$ 31,729,753	$ 29,600,287
City's covered payroll	$ 20,721,364	$ 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	158.49%	172.39%	168.96%	164.15%
Plan fiduciary net position as a percentage of the total pension liability	69.92%	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 Nine Fiscal Years

	2023	2022	2021	2020
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total pension liability				
Service cost	$ 1,781,605	$ 1,881,975	$ 1,883,469	$ 2,082,977
Interest	4,609,302	4,353,594	3,900,492	3,552,659
Changes of benefit terms				
Differences between expected and actual experience	1,758,428	(400,269)	2,354,080	(207,819)
Changes of assumptions or other inputs	522,917			1,724,828
Benefit payments, including refunds of employee contributions	(2,222,498)	(2,241,662)	(1,617,666)	(1,443,623)
Net change in total pension liability	6,449,754	3,593,638	6,520,375	5,709,022
Total pension liability—beginning	62,470,772	58,877,134	52,356,759	46,647,737
Total pension liability—ending	$ 68,920,526	$ 62,470,772	$ 58,877,134	$ 52,356,759
Plan fiduciary net position				
Contributions—employer	$ 3,762,970	$ 3,294,964	$ 2,781,031	$ 2,793,143
Contributions—employee	848,410	753,573	786,026	802,184
Net investment income	(1,878,591)	9,844,974	421,649	1,545,862
Benefit payments, including refunds of employee contributions	(2,222,498)	(2,241,662)	(1,617,666)	(1,443,623)
Hall/Parker settlement				
Administrative expense	(33,847)	(45,554)	(34,374)	(27,850)
Other changes	19,766	(51,880)	(57,998)	(16,823)
Net change in plan fiduciary net position	496,210	11,554,415	2,278,668	3,652,893
Plan fiduciary net position—beginning	44,999,726	33,445,311	31,166,643	27,513,750
Plan fiduciary net position—ending	$ 45,495,936	$ 44,999,726	$ 33,445,311	$ 31,166,643
Net pension (assets) liability—ending	$ 23,424,590	$ 17,471,046	$ 25,431,823	$ 21,190,116
Plan fiduciary net position as a percentage of the total pension liability	66.01%	72.03%	56.81%	59.53%
Covered payroll	$ 11,122,884	$ 10,471,894	$ 8,395,893	$ 8,403,967
Net pension (assets) liability as a percentage of covered payroll	210.60%	166.84%	302.91%	252.14%

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.

	2019	2018	2017	2016	2015
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	$ 1,946,106	$ 1,976,541	$ 1,525,046	$ 1,415,787	$ 1,331,141
	3,186,313	2,821,376	2,457,622	2,231,813	1,846,508
		381,272	2,654,715		295,006
	326,924	966,425	(894,754)	367,549	380,206
		771,117	1,538,022		2,093,103
	(1,793,686)	(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)
	3,665,657	5,787,280	6,019,425	2,889,919	4,911,301
	42,982,080	37,194,800	31,175,375	28,285,456	23,374,155
	$ 46,647,737	$ 42,982,080	$ 37,194,800	$ 31,175,375	$ 28,285,456
	$ 2,451,734	$ 1,823,389	$ 1,683,672	$ 1,318,663	$ 1,232,188
	825,215	976,415	932,789	861,574	743,958
	1,759,091	2,570,277	118,764	689,299	2,121,707
	(1,793,686)	(1,129,451)	(1,261,226)	(1,125,230)	(1,034,663)
	(981,953)				
	(27,473)	(23,143)	(17,489)	(17,204)	(3,445)
	(5,262)	21,812	(380,099)	1,164	(472,452)
	2,227,666	4,239,299	1,076,411	1,728,266	2,587,293
	25,286,084	21,046,785	19,970,374	18,242,108	15,654,815
	$ 27,513,750	$ 25,286,084	$ 21,046,785	$ 19,970,374	$ 18,242,108
	$ 19,133,987	$ 17,695,996	$ 16,148,015	$ 11,205,001	$ 10,043,348
	58.98%	58.83%	56.59%	64.06%	64.49%
	$ 8,742,614	$ 8,903,336	$ 8,099,025	$ 7,704,528	$ 7,503,472
	218.86%	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 Nine Fiscal Years

	2023	2022	2021	2020
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total pension liability				
Service cost	$ 1,537,021	$ 1,374,881	$ 1,323,149	$ 1,441,304
Interest	3,416,472	3,090,479	2,818,243	2,606,870
Changes of benefit terms				
Differences between expected and actual experience	(913,931)	1,066,550	702,714	(392,200)
Changes of assumptions or other inputs	419,168			841,106
Benefit payments, including refunds of employee contributions	(1,050,667)	(1,406,105)	(927,059)	(1,074,604)
Net change in total pension liability	3,408,063	4,125,805	3,917,047	3,422,476
Total pension liability—beginning	45,789,304	41,663,499	37,746,452	34,323,976
Total pension liability—ending	$ 49,197,367	$ 45,789,304	$ 41,663,499	$ 37,746,452
Plan fiduciary net position				
Contributions—employer	$ 2,280,197	$ 1,951,256	$ 1,682,468	$ 1,584,692
Contributions—employee	527,871	559,214	591,599	497,947
Net investment income	(1,524,837)	8,010,490	352,659	1,315,049
Benefit payments, including refunds of employee contributions	(1,050,667)	(1,406,105)	(927,059)	(1,074,604)
Hall/Parker settlement				
Administrative expense	(27,484)	(37,301)	(28,754)	(23,850)
Other changes				(10,545)
Net change in plan fiduciary net position	205,080	9,077,554	1,670,913	2,288,689
Plan fiduciary net position—beginning	36,798,004	27,720,450	26,049,537	23,760,848
Plan fiduciary net position—ending	$ 37,003,084	$ 36,798,004	$ 27,720,450	$ 26,049,537
Net pension (assets) liability—ending	$ 12,194,283	$ 8,991,300	$ 13,943,049	$ 11,696,915
Plan fiduciary net position as a percentage of the total pension liability	75.21%	80.36%	66.53%	69.01%
Covered payroll	$ 7,461,345	$ 6,745,865	$ 6,422,114	$ 5,733,847
Net pension (assets) liability as a percentage of covered payroll	163.43%	133.29%	217.11%	204.00%

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.

	2019	2018	2017	2016	2015
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	$ 1,418,344	$ 1,296,498	$ 1,059,427	$ 980,484	$ 837,218
	2,309,854	2,098,727	1,702,937	1,544,325	1,312,216
		170,572	2,475,378		106,903
	574,991	(55,836)	216,529	(131,687)	50,110
		303,190	1,109,853		932,687
	(968,557)	(317,165)	(469,042)	(355,057)	(352,875)
	3,334,632	3,495,986	6,095,082	2,038,065	2,886,259
	30,989,344	27,493,358	21,398,276	19,360,211	16,473,952
	$ 34,323,976	$ 30,989,344	$ 27,493,358	$ 21,398,276	$ 19,360,211
	$ 1,682,744	$ 955,224	$ 940,588	$ 851,284	$ 769,757
	512,464	642,054	729,183	597,484	506,808
	1,520,488	2,229,110	102,392	585,392	1,788,116
	(968,557)	(317,165)	(469,042)	(355,057)	(352,875)
	(824,447)				
	(23,842)	(20,124)	(15,135)	(14,673)	(2,904)
	250	2,937	(84,529)	(8,867)	(254,889)
	1,899,100	3,492,036	1,203,457	1,655,563	2,454,013
	21,861,748	18,369,712	17,166,255	15,510,692	13,056,679
	$ 23,760,848	$ 21,861,748	$ 18,369,712	$ 17,166,255	$ 15,510,692
	$ 10,563,128	$ 9,127,596	$ 9,123,646	$ 4,232,021	$ 3,849,519
	69.23%	70.55%	66.82%	80.22%	80.12%
	$ 6,012,478	$ 5,659,091	$ 5,500,657	$ 5,207,816	$ 5,123,433
	175.69%	161.29%	165.86%	81.26%	75.14%

City of Avondale, Arizona
Schedule Of Pension Contributions
All Pension Plans
Last Ten Fiscal Years

	2023	2022	2021	2020
Arizona State Retirement System:				
Actuarially determined contribution	$ 4,083,719	$ 3,828,921	$ 3,314,660	$ 2,922,778
Contributions in relation to the actuarially determined contribution	4,083,719	3,828,921	3,314,660	2,922,778
Contribution deficiency (excess)	$	$	$	$
City's covered payroll	$ 34,259,388	$ 31,881,107	$ 28,133,798	$ 25,518,191
Contributions as a percentage of covered payroll	11.92%	12.01%	11.78%	11.45%
Public Safety Personnel Retirement System - Police:				
Actuarially determined contribution	$ 4,052,949	$ 4,084,982	$ 3,511,743	$ 2,781,031
Contributions in relation to the actuarially determined contribution	4,052,949	4,084,982	3,511,743	2,781,031
Contribution deficiency (excess)	$	$	$	$
City's covered payroll	$ 13,500,125	$ 11,122,884	$ 10,471,894	$ 8,395,893
Contributions as a percentage of covered payroll	30.02%	36.73%	33.53%	33.12%
Public Safety Personnel Retirement System - Fire:				
Actuarially determined contribution	$ 2,262,891	$ 2,398,322	$ 1,984,099	$ 1,682,468
Contributions in relation to the actuarially determined contribution	2,262,891	2,398,322	1,984,099	1,682,468
Contribution deficiency (excess)	$	$	$	$
City's covered payroll	$ 8,149,631	$ 7,461,345	$ 6,745,865	$ 6,422,114
Contributions as a percentage of covered payroll	27.77%	32.14%	29.41%	26.20%

See accompanying notes to this schedule.

2019	2018	2017	2016	2015	2014
$ 2,718,912	$ 2,414,489	$ 2,233,763	$ 2,132,186	$ 2,043,209	$ 1,929,522
2,718,912	2,414,489	2,233,763	2,132,186	2,043,209	1,929,522
$	$	$	$	$	$
$ 24,271,500	$ 22,151,275	$ 20,721,364	$ 19,651,484	$ 18,779,494	$ 18,032,916
11.20%	10.90%	10.78%	10.85%	10.88%	10.70%
$ 2,832,186	$ 2,452,912	$ 1,823,389	$ 1,683,672	$ 1,318,663	$ 1,232,188
2,832,186	1,485,625	1,823,389	1,683,672	1,318,663	1,232,188
$	$ 967,287	$	$	$	$
$ 8,403,967	$ 8,742,614	$ 8,903,336	$ 8,099,025	$ 7,704,528	$ 7,503,472
33.70%	16.99%	20.48%	20.79%	17.12%	16.42%
$ 1,858,991	$ 1,391,519	$ 955,224	$ 940,588	$ 851,284	$ 769,757
1,858,991	581,486	955,224	940,588	851,284	769,757
$	$ 810,033	$	$	$	$
$ 5,733,847	$ 6,012,478	$ 5,659,091	$ 5,500,657	$ 5,207,816	$ 5,123,433
32.42%	9.67%	16.88%	17.10%	16.35%	15.02%

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, 2021, 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 actuarial assumptions used in the June 30, 2022 valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. 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, 2022 actuarial valuation. The total liabilities as of June 30, 2022 reflect changes in actuarial assumptions based on the results of an actuarial experience study, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 2.75-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

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 Debt Service 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 Debt Service 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 Debt Service 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 Capital Projects Fund accounts general obligation proceeds issued to construct public infrastructures in the Alamar Community Facilities District within the City.

City of Avondale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Highway User Revenue	Local Transportation Assistance	Senior Programs	Judicial Funds
Assets				
Cash and investments	$ 9,371,387	$ 217,036	$ 114,029	$ 553,645
Receivables, net				
Accounts		2		
Taxes				
Interest	11,700	3,544		
Due from other funds				
Due from other governments	684,407	277,224	35,802	
Inventories		10,698		
Prepaid items	821,915			
Restricted cash - fiscal agent				
Total assets	$ 10,889,409	$ 508,504	$ 149,831	$ 553,645
Liabilities				
Accounts payable	$ 366,054	$ 77,931	$ 13,516	$
Accrued payroll and employee benefits				
Bond interest payable				
Due to other governments		153,185		
Bonds payable				
Due to other funds				
Unearned revenue				
Total liabilities	366,054	231,116	13,516	
Deferred inflows of resources				
Unavailable revenues - property taxes				
Unavailable revenues - intergovernmental		277,224		
Unavailable revenues - other				
Total deferred inflows of resources		277,224		
Fund balances				
Nonspendable	821,915	10,698		
Restricted	9,701,440		136,315	553,645
Assigned				
Unassigned		(10,534)		
Total fund balances	10,523,355	164	136,315	553,645
Total liabilities, deferred inflows of resources and fund balances	$ 10,889,409	$ 508,504	$ 149,831	$ 553,645

Special Revenue Funds			Debt Service Funds			
Family Advocacy Center	Environmental Fees	Alamar CFD Operating	General Obligation Bonds Debt Service	Dedicated Sales Tax Revenue Bonds Debt Service	Other Debt Service	Alamar CFD Debt Service
$	$ 1,235,421	$ 16,232	$ 75,579	$	$ 564,577	$
	36,247			1,571		
		452	161,233			
			216		1,610	
		4,924				
362,144						
32,507						
			3,896,050	2,345,345	2,159,756	164,994
$ 394,651	$ 1,271,668	$ 21,608	$ 4,133,078	$ 2,346,916	$ 2,725,943	$ 164,994
$ 15,930	$ 56,002	$ 33,344	$	$	$	$
7,820	1,949					
			971,050	73,913	413,800	84,994
			2,925,000	2,271,432	1,745,944	80,000
243,159				2,519		4,924
52,344						
319,253	57,951	33,344	3,896,050	2,347,864	2,159,744	169,918
			85,218			
4,159						
4,159			85,218			
32,507						
38,732	1,213,717		151,810		566,199	
		(11,736)		(948)		(4,924)
71,239	1,213,717	(11,736)	151,810	(948)	566,199	(4,924)
$ 394,651	$ 1,271,668	$ 21,608	$ 4,133,078	$ 2,346,916	$ 2,725,943	$ 164,994

City of Avondale, Arizona
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Capital Projects Funds			
	Development Fees	Vehicle Replacement	Equipment Replacement	Total Non-Major Governmental Funds
Assets				
Cash and investments	$ 18,033,884	$ 7,571,514	$ 223,273	$ 37,976,577
Receivables, net				
Accounts				37,820
Taxes				161,685
Interest	53,618	33,945		104,633
Due from other funds				4,924
Due from other governments				1,359,577
Inventories				10,698
Prepaid items			40,706	895,128
Restricted cash - fiscal agent				8,566,145
Total assets	$ 18,087,502	$ 7,605,459	$ 263,979	$ 49,117,187
Liabilities				
Accounts payable	$ 935,893	$ 87,977	$ 2,113	$ 1,588,760
Accrued payroll and employee benefits				9,769
Bond interest payable				1,543,757
Due to other governments				153,185
Bonds payable				7,022,376
Due to other funds	3,096,154			3,346,756
Unearned revenue				52,344
Total liabilities	4,032,047	87,977	2,113	13,716,947
Deferred inflows of resources				
Unavailable revenues - property taxes				85,218
Unavailable revenues - intergovernmental				277,224
Unavailable revenues - other				4,159
Total deferred inflows of resources				366,601
Fund balances				
Nonspendable			40,706	905,826
Restricted	14,055,455			26,417,313
Assigned		7,517,482	221,160	7,738,642
Unassigned				(28,142)
Total fund balances	14,055,455	7,517,482	261,866	35,033,639
Total liabilities, deferred inflows of resources and fund balances	$ 18,087,502	$ 7,605,459	$ 263,979	$ 49,117,187

Aspiring. Achieving. Accelerating.

City of Avondale, Arizona
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds			
	Highway User Revenue	Local Transportation Assistance	Senior Programs	Judicial Funds
Revenues				
Taxes	$	$	$	$
Licenses and permits				
Intergovernmental	6,752,086	370,439	427,745	
Fines, forfeitures, and penalties				59,120
Investment income	119,694	81,809		2,088
Contributions			59,707	
Miscellaneous	4,076	10,722		
Total revenues	6,875,856	462,970	487,452	61,208
Expenditures				
Current:				
General government				
Public safety				16,806
Streets and transportation	4,010,380	2,188,637		
Community and economic development				
Community services			434,611	
Capital outlay	767,733	110,215	11,718	
Debt service:				
Principal retirement	178,336			
Interest and fiscal charges	28,733			
Bond issuance costs				
Total expenditures	4,985,182	2,298,852	446,329	16,806
Excess (deficiency) of revenues over expenditures	1,890,674	(1,835,882)	41,123	44,402
Other financing sources (uses)				
Sale of capital assets	2,810			
Transfers in		1,396,000		
Transfers out				
Issuance of bonds				
Premium on sale of bonds				
Total other financing sources (uses)	2,810	1,396,000		
Changes in fund balances	1,893,484	(439,882)	41,123	44,402
Fund balances, beginning of year	8,629,871	440,046	95,192	509,243
Fund balances, end of year	$ 10,523,355	$ 164	$ 136,315	$ 553,645

Special Revenue Funds			Debt Service Funds			
Family Advocacy Center	Environmental Fees	Alamar CFD Operating	General Obligation Bonds Debt Service	Dedicated Sales Tax Revenue Bonds Debt Service	Other Debt Service	Alamar CFD Debt Service
$	$	$ 20,425	$ 4,956,490	$	$	$ 245,536
	298,315					
1,154,510						
	8,235		64,389		897	
			268			
1,154,510	306,550	20,425	5,021,147		897	245,536
140,900		33,344	2,490	1,945	2,110	
882,099						
	304,518					
	30,713					
369,451			2,925,000	2,271,432	1,745,944	80,000
4,673			1,942,100	147,826	827,961	170,460
1,397,123	335,231	33,344	4,869,590	2,421,203	2,576,015	250,460
(242,613)	(28,681)	(12,919)	151,557	(2,421,203)	(2,575,118)	(4,924)
230,000				2,601,000	2,327,000	
230,000				2,601,000	2,327,000	
(12,613)	(28,681)	(12,919)	151,557	179,797	(248,118)	(4,924)
83,852	1,242,398	1,183	253	(180,745)	814,317	
$ 71,239	$ 1,213,717	$ (11,736)	$ 151,810	$ (948)	$ 566,199	$ (4,924)

City of Avondale, Arizona
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Capital Projects Funds			
	Development Fees	Vehicle Replacement	Equipment Replacement	Alamar CFD Capital Projects
Revenues				
Taxes	$	$	$	$
Licenses and permits	11,322,741			
Intergovernmental				
Fines, forfeitures, and penalties				
Investment income	(61,557)	424,832		
Contributions				
Miscellaneous				
Total revenues	11,261,184	424,832		
Expenditures				
Current:				
General government			113,333	
Public safety	9,567	45,477		
Streets and transportation				
Community and economic development				
Community services				
Capital outlay	3,482,687	5,162,696	101,921	3,364,975
Debt service:				
Principal retirement				
Interest and fiscal charges				
Bond issuance costs				346,539
Total expenditures	3,492,254	5,208,173	215,254	3,711,514
Excess (deficiency) of revenues over expenditures	7,768,930	(4,783,341)	(215,254)	(3,711,514)
Other financing sources (uses)				
Sale of capital assets		262,078		
Transfers in		1,328,000		
Transfers out				
Issuance of bonds				3,675,000
Premium on sale of bonds				36,514
Total other financing sources (uses)		1,590,078		3,711,514
Changes in fund balances	7,768,930	(3,193,263)	(215,254)	
Fund balances, beginning of year	6,286,525	10,710,745	477,120	
Fund balances, end of year	$ 14,055,455	$ 7,517,482	$ 261,866	$

Total Non-Major Governmental Funds
$ 5,222,451
11,621,056
8,704,780
59,120
640,387
59,707
15,066
26,322,567
294,122
953,949
6,503,535
434,611
13,032,658
7,570,163
3,121,753
346,539
32,257,330
(5,934,763)
264,888
7,882,000
3,675,000
36,514
11,858,402
5,923,639
29,110,000
$ 35,033,639

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Highway User Revenue
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 6,721,000	$ 6,721,000	$ 6,752,086	$ 31,086
Investment income	50,000	50,000	119,694	69,694
Miscellaneous			4,076	4,076
Total revenues	6,771,000	6,771,000	6,875,856	104,856
Expenditures				
Current:				
Streets and transportation	4,847,300	4,847,300	4,010,380	836,920
Capital outlay	9,480,000	8,924,800	767,733	8,157,067
Debt service:				
Principal retirement	179,000	179,000	178,336	664
Interest and fiscal charges	29,000	29,000	28,733	267
Total expenditures	14,535,300	13,980,100	4,985,182	8,994,918
Excess (deficiency) of revenues over expenditures	(7,764,300)	(7,209,100)	1,890,674	9,099,774
Other financing sources (uses)				
Sale of capital assets			2,810	2,810
Total other financing sources (uses)			2,810	2,810
Changes in fund balances	(7,764,300)	(7,209,100)	1,893,484	9,102,584
Fund balances, beginning of year	8,629,871	8,629,871	8,629,871	
Fund balances, end of year	$ 865,571	$ 1,420,771	$ 10,523,355	$ 9,102,584

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Local Transportation Assistance
For the Year Ended June 30, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Intergovernmental	$ 225,800	$ 370,439	$ 144,639
Investment income	3,000	81,809	78,809
Miscellaneous		10,722	10,722
Total revenues	228,800	462,970	234,170
Expenditures			
Current:			
Streets and transportation	2,661,600	2,188,637	472,963
Capital outlay	264,000	110,215	153,785
Total expenditures	2,925,600	2,298,852	626,748
Excess (deficiency) of revenues over expenditures	(2,696,800)	(1,835,882)	860,918
Other financing sources (uses)			
Transfers in	1,847,000	1,396,000	(451,000)
Total other financing sources (uses)	1,847,000	1,396,000	(451,000)
Changes in fund balances	(849,800)	(439,882)	409,918
Fund balances, beginning of year	440,046	440,046	
Fund balances, end of year	$ (409,754)	$ 164	$ 409,918

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Senior Programs
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 399,600	$ 427,345	$ 427,745	$ 400
Contributions	17,700	17,700	59,707	42,007
Total revenues	417,300	445,045	487,452	42,407
Expenditures				
Current:				
Community services	414,900	429,100	434,611	(5,511)
Capital outlay		16,000	11,718	4,282
Total expenditures	414,900	445,100	446,329	(1,229)
Changes in fund balances	2,400	(55)	41,123	41,178
Fund balances, beginning of year	95,192	95,192	95,192	
Fund balances, end of year	$ 97,592	$ 95,137	$ 136,315	$ 41,178

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Judicial Funds
For the Year Ended June 30, 2023

	Budget			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Fines, forfeitures, and penalties	$ 52,200	$ 52,200	$ 59,120	$ 6,920
Investment income			2,088	2,088
Total revenues	52,200	52,200	61,208	9,008
Expenditures				
Current:				
Public safety	98,700	98,700	16,806	81,894
Total expenditures	98,700	98,700	16,806	81,894
Changes in fund balances	(46,500)	(46,500)	44,402	90,902
Fund balances, beginning of year	509,243	509,243	509,243	
Fund balances, end of year	$ 462,743	$ 462,743	$ 553,645	$ 90,902

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Family Advocacy Center
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 1,220,200	$ 1,321,700	$ 1,154,510	$ (167,190)
Contributions	200,000	200,000		(200,000)
Total revenues	1,420,200	1,521,700	1,154,510	(367,190)
Expenditures				
Current:				
General government	140,900	140,900	140,900	
Public safety	1,588,200	1,702,700	882,099	820,601
Principal retirement			369,451	(369,451)
Interest and fiscal charges			4,673	(4,673)
Bond issuance costs				
Total expenditures	1,729,100	1,843,600	1,397,123	446,477
Excess (deficiency) of revenues over expenditures	(308,900)	(321,900)	(242,613)	79,287
Other financing sources (uses)				
Transfers in	301,800	301,800	230,000	(71,800)
Total other financing sources (uses)	301,800	301,800	230,000	(71,800)
Changes in fund balances	(7,100)	(20,100)	(12,613)	7,487
Fund balances, beginning of year	83,852	83,852	83,852	
Fund balances, end of year	$ 76,752	$ 63,752	$ 71,239	$ 7,487

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Environmental Fees
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Licenses and permits	$ 300,000	$ 300,000	$ 298,315	$ (1,685)
Investment income			8,235	8,235
Total revenues	300,000	300,000	306,550	6,550
Expenditures				
Current:				
Streets and transportation	427,000	427,000	304,518	122,482
Capital outlay			30,713	(30,713)
Total expenditures	427,000	427,000	335,231	91,769
Changes in fund balances	(127,000)	(127,000)	(28,681)	98,319
Fund balances, beginning of year	1,242,398	1,242,398	1,242,398	
Fund balances, end of year	$ 1,115,398	$ 1,115,398	$ 1,213,717	$ 98,319

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Alamar CFD Operating
For the Year Ended June 30, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	$ 20,697	$ 20,425	$ (272)
Miscellaneous	100,000		(100,000)
Total revenues	120,697	20,425	(100,272)
Expenditures			
Current:			
General government	120,697	33,344	87,353
Total expenditures	120,697	33,344	87,353
Changes in fund balances		(12,919)	(12,919)
Fund balances, beginning of year	1,183	1,183	
Fund balances, end of year	$ 1,183	$ (11,736)	$ (12,919)

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Obligation Bonds Debt Service
For the Year Ended June 30, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	$ 4,925,000	$ 4,956,490	$ 31,490
Investment income		64,389	64,389
Miscellaneous		268	268
Total revenues	4,925,000	5,021,147	96,147
Expenditures			
Current:			
General government	12,000	2,490	9,510
Debt service:			
Principal retirement	2,925,000	2,925,000	
Interest and fiscal charges	1,944,000	1,942,100	1,900
Total expenditures	4,881,000	4,869,590	11,410
Changes in fund balances	44,000	151,557	107,557
Fund balances, beginning of year	253	253	
Fund balances, end of year	$ 44,253	$ 151,810	$ 107,557

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Dedicated Sales Tax Revenue Bonds Debt Service
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Current:				
General government	$ 3,000	$ 3,000	$ 1,945	$ 1,055
Debt service:				
Principal retirement	2,480,000	2,257,400	2,271,432	(14,032)
Interest and fiscal charges	162,000	162,000	147,826	14,174
Total expenditures	2,645,000	2,422,400	2,421,203	1,197
Excess (deficiency) of revenues over expenditures	(2,645,000)	(2,422,400)	(2,421,203)	1,197
Other financing sources (uses)				
Transfers in	2,645,000	2,645,000	2,601,000	(44,000)
Total other financing sources (uses)	2,645,000	2,645,000	2,601,000	(44,000)
Changes in fund balances		222,600	179,797	(42,803)
Fund balances, beginning of year	(180,745)	(180,745)	(180,745)	
Fund balances, end of year	$ (180,745)	$ 41,855	$ (948)	$ (42,803)

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Debt Service
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Investment income			897	897
Total revenues			897	897
Expenditures				
Current:				
General government	3,000	3,000	2,110	890
Debt service:				
Principal retirement	1,615,000	1,856,200	1,745,944	110,256
Interest and fiscal charges	722,000	722,000	827,961	(105,961)
Total expenditures	2,340,000	2,581,200	2,576,015	5,185
Excess (deficiency) of revenues over expenditures	(2,340,000)	(2,581,200)	(2,575,118)	6,082
Other financing sources (uses)				
Transfers in	2,339,000	2,339,000	2,327,000	(12,000)
Total other financing sources (uses)	2,339,000	2,339,000	2,327,000	(12,000)
Changes in fund balances	(1,000)	(242,200)	(248,118)	(5,918)
Fund balances, beginning of year	814,317	814,317	814,317	
Fund balances, end of year	$ 813,317	$ 572,117	$ 566,199	$ (5,918)

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Alamar CFD Debt Service
For the Year Ended June 30, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	$ 265,616	$ 245,536	$ (20,080)
Total revenues	265,616	245,536	(20,080)
Expenditures			
Debt service:			
Principal retirement	$ 80,000	$ 80,000	$
Interest and fiscal charges	185,616	170,460	15,156
Total expenditures	265,616	250,460	15,156
Changes in fund balances		(4,924)	(4,924)
Fund balances, beginning of year			
Fund balances, end of year	$	$ (4,924)	$ (4,924)

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Development Fees
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Licenses and permits	$ 7,760,000	$ 7,760,000	$ 11,322,741	$ 3,562,741
Investment income			(61,557)	(61,557)
Total revenues	7,760,000	7,760,000	11,261,184	3,501,184
Expenditures				
Current:				
Public safety			9,567	(9,567)
Capital outlay	9,313,000	6,865,000	3,482,687	3,382,313
Total expenditures	9,313,000	6,865,000	3,492,254	3,372,746
Changes in fund balances	(1,553,000)	895,000	7,768,930	6,873,930
Fund balances, beginning of year	6,286,525	6,286,525	6,286,525	
Fund balances, end of year	$ 4,733,525	$ 7,181,525	$ 14,055,455	$ 6,873,930

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Vehicle Replacement
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Investment income	$ 178,000	$ 178,000	$ 424,832	$ 246,832
Total revenues	178,000	178,000	424,832	246,832
Expenditures				
Current:				
Public safety			45,477	(45,477)
Capital outlay	4,772,000	6,176,000	5,162,696	1,013,304
Total expenditures	4,772,000	6,176,000	5,208,173	967,827
Excess (deficiency) of revenues over expenditures	(4,594,000)	(5,998,000)	(4,783,341)	1,214,659
Other financing sources (uses)				
Sale of capital assets	62,000	62,000	262,078	200,078
Transfers in	1,328,000	1,328,000	1,328,000	
Total other financing sources (uses)	1,390,000	1,390,000	1,590,078	200,078
Changes in fund balances	(3,204,000)	(4,608,000)	(3,193,263)	1,414,737
Fund balances, beginning of year	10,710,745	10,710,745	10,710,745	
Fund balances, end of year	$ 7,506,745	$ 6,102,745	$ 7,517,482	$ 1,414,737

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Equipment Replacement
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Current:				
General government	$	$	$ 113,333	$ (113,333)
Capital outlay	704,000	589,000	101,921	487,079
Total expenditures	704,000	589,000	215,254	373,746
Changes in fund balances	(704,000)	(589,000)	(215,254)	373,746
Fund balances, beginning of year	477,120	477,120	477,120	
Fund balances, end of year	$ (226,880)	$ (111,880)	$ 261,866	$ 373,746

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Other Capital Projects
For the Year Ended June 30, 2023

	Budget			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$	$	$ 78,319	$ 78,319
Investment income	2,000	2,000	209,316	207,316
Contributions		300,000		(300,000)
Miscellaneous	70,000	70,000		(70,000)
Total revenues	72,000	372,000	287,635	(84,365)
Expenditures				
Current:				
General government	55,000	165,000	635,241	(470,241)
Public safety	330,000	3,000	7,748	(4,748)
Community services	75,000	75,000		75,000
Capital outlay	97,048,800	87,603,800	24,967,379	62,636,421
Total expenditures	97,508,800	87,846,800	25,610,368	62,236,432
Excess (deficiency) of revenues over expenditures	(97,436,800)	(87,474,800)	(25,322,733)	62,152,067
Other financing sources (uses)				
Sale of capital assets	7,650,000	7,650,000	6,790,000	(860,000)
Transfers in	66,177,000	66,177,000	5,280,000	(60,897,000)
Transfers out			(676,601)	(676,601)
Total other financing sources (uses)	73,827,000	73,827,000	11,393,399	(62,433,601)
Changes in fund balances	(23,609,800)	(13,647,800)	(13,929,334)	(281,534)
Fund balances, beginning of year	27,208,393	27,208,393	27,208,393	
Fund balances, end of year	$ 3,598,593	$ 13,560,593	$ 13,279,059	$ (281,534)

City of Avondale, Arizona
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Alamar CFD Capital Projects
For the Year Ended June 30, 2023

	Budget		
	Original and Final	Actual	Variance with Final Budget
Expenditures			
Capital outlay	$ 4,100,000	$ 3,364,975	$ 735,025
Debt service:			
Bond issuance costs		346,539	(346,539)
Total expenditures	4,100,000	3,711,514	388,486
Excess (deficiency) of revenues over expenditures	(4,100,000)	(3,711,514)	388,486
Other financing sources (uses)			
Issuance of bonds	4,100,000	3,675,000	(425,000)
Premium on sale of bonds		36,514	36,514
Total other financing sources (uses)	4,100,000	3,711,514	(388,486)
Changes in fund balances			
Fund balances, beginning of year			
Fund balances, end of year	$	$	$

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, 2023

	Risk Management	Workers' Compensation	Fleet Management	Employee Benefits	Total Internal Service Funds
Assets					
Current assets:					
Cash and investments	$ 3,713,238	$ 2,574,137	$ 68,163	$ 4,101,492	$ 10,457,030
Receivables					
Accounts				727,985	727,985
Interest	24,664	7,337		11,695	43,696
Due from other governments			14,898		14,898
Inventories			321,026		321,026
Prepaid items	5,520			28,520	34,040
Total current assets	3,743,422	2,581,474	404,087	4,869,692	11,598,675
Noncurrent assets:					
Capital assets, net accumulated depreciation	38,595		236,026		274,621
Total noncurrent assets	38,595		236,026		274,621
Total assets	3,782,017	2,581,474	640,113	4,869,692	11,873,296
Deferred outflows of resources					
Pension plan items	26,239	32,592	187,606		246,437
Total deferred outflows of resources	26,239	32,592	187,606		246,437
Liabilities					
Current liabilities:					
Accounts payable	67,928	1,289	71,208		140,425
Accrued payroll and employee benefits	4,993		15,075	43,685	63,753
Claims payable	3,030,322	334,066		953,554	4,317,942
Compensated absences	5,735	6,950	31,075		43,760
Total current liabilities	3,108,978	342,305	117,358	997,239	4,565,880
Noncurrent liabilities:					
Non-current portion of long-term obligations	1,730,797	442,206	982,558		3,155,561
Total noncurrent liabilities	1,730,797	442,206	982,558		3,155,561
Total liabilities	4,839,775	784,511	1,099,916	997,239	7,721,441
Deferred inflows of resources					
Pension plan items	3,301	4,100	23,600		31,001
Total deferred inflows of resources	3,301	4,100	23,600		31,001
Net position					
Net investment in capital assets	38,595		236,026		274,621
Unrestricted	(1,073,415)	1,825,455	(531,823)	3,872,453	4,092,670
Total net position	$ (1,034,820)	$ 1,825,455	$ (295,797)	$ 3,872,453	$ 4,367,291

City of Avondale, Arizona
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Risk Management	Workers' Compensation	Fleet Management	Employee Benefits	Total Internal Service Funds
Operating revenues					
Charges for services	$ 2,954,342	$ 670,256	$ 3,909,761	$ 9,164,034	$ 16,698,393
Miscellaneous	232,446	1,524	10,553	370,855	615,378
Total operating revenues	3,186,788	671,780	3,920,314	9,534,889	17,313,771
Operating expenses					
Salaries, wages, and benefits	143,291	174,907	1,070,152	1,214	1,389,564
Contractual services, materials, and supplies	153,629	27,619	2,565,969	77,582	2,824,799
Insurance claims and expenses	4,943,737	510,689		8,788,378	14,242,804
Depreciation and amortization	44,858		29,436		74,294
Total operating expenses	5,285,515	713,215	3,665,557	8,867,174	18,531,461
Operating income (loss)	(2,098,727)	(41,435)	254,757	667,715	(1,217,690)
Nonoperating revenues (expenses)					
Investment income	23,363	(30,306)	25	(35,776)	(42,694)
Gain (loss) on disposal of capital assets			334		334
Total nonoperating revenue (expenses)	23,363	(30,306)	359	(35,776)	(42,360)
Changes in net position	(2,075,364)	(71,741)	255,116	631,939	(1,260,050)
Total net position, beginning of year	1,040,544	1,897,196	(550,913)	3,240,514	5,627,341
Total net position, end of year	$ (1,034,820)	$ 1,825,455	$ (295,797)	$ 3,872,453	$ 4,367,291

City of Avondale, Arizona
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2023

	Risk Management	Workers' Compensation	Fleet Management	Employee Benefits	Total Internal Service Funds
Increase/Decrease in Cash and Cash Equivalents					
Cash flows from operating activities					
Cash received from customers	$ 3,954,342	$ 670,256	$ 3,906,652	$ 9,167,497	$ 17,698,747
Cash payments to suppliers for goods and services	(4,997,229)	(719,350)	(2,494,975)	(8,732,209)	(16,943,763)
Cash payments to employees for services	(126,809)	(163,208)	(971,233)	41,732	(1,219,518)
Miscellaneous	232,446	1,524	10,553	370,855	615,378
Net cash provided by/used for operating activities	(937,250)	(210,778)	450,997	847,875	150,844
Cash flows from noncapital financing activities					
Interfund (payment) borrowing			(366,102)		(366,102)
Cash flows from investing activities					
Investment income	12,772	(37,643)	25	(47,471)	(72,317)
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets			(17,091)		(17,091)
Proceeds from sale of capital assets			334		334
Net cash provided by/used for operating activities			(16,757)		(16,757)
Net increase/decrease in cash and cash equivalents	(924,478)	(248,421)	68,163	800,404	(304,332)
Cash and cash equivalents, beginning of year	4,637,716	2,822,558		3,301,088	10,761,362
Cash and cash equivalents, end of year	$ 3,713,238	$ 2,574,137	$ 68,163	$ 4,101,492	$ 10,457,030

Reconciliation of Operating Income/Loss to Net Cash Provided by/Used for Operating Activities

	Risk Management	Workers' Compensation	Fleet Management	Employee Benefits	Total Internal Service Funds
Operating income/loss	$ (2,098,727)	$ (41,435)	$ 254,757	$ 667,715	$ (1,217,690)
Adjustments to reconcile operating income/loss to net cash provided by/used for operating activities:					
Depreciation and amortization	44,858	-	29,436	-	74,294
Difference between pension/OPEB expense and contributions	7,683	9,692	71,968	-	89,343
Changes in assets and liabilities:					
Increase/decrease in accounts receivable	1,000,000		11,789	3,463	1,015,252
Increase/decrease in due from other governments			(14,898)		(14,898)
Increase/decrease in inventories			22,507		22,507
Increase/decrease in prepaid items	3,846				3,846
Increase/decrease in accounts payable	52,234	(69)	48,487		100,652
Increase/decrease in accrued payroll and employee benefits	4,993	(671)	5,586	42,946	52,854
Increase/decrease in compensated absences	3,806	2,678	21,365		27,849
Increase/decrease in claims payable	44,057	(180,973)		133,751	(3,165)
Total adjustments	1,161,477	(169,343)	196,240	180,160	1,368,534
Net cash provided by/used for operating activities	$ (937,250)	$ (210,778)	$ 450,997	$ 847,875	$ 150,844

Avondale

Aspiring. Achieving. Accelerating.

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)

	2014[1]	2015	2016	2017
Governmental activities				
Net investment in capital assets	$ 499,739,936	$ 504,180,483	$ 503,290,685	$ 514,022,743
Restricted	23,376,185	27,279,288	31,111,470	31,791,041
Unrestricted	14,469,385	16,252,006	23,773,087	21,900,625
Total governmental activities net position	$ 537,585,506	$ 547,711,777	$ 558,175,242	$ 567,714,409
Business-type activities				
Net investment in capital assets	$ 474,668,428	$ 469,377,530	$ 458,698,957	$ 449,877,043
Restricted	8,607,019	7,247,176	11,795,732	26,297,393
Unrestricted	42,327,797	43,955,822	48,661,412	43,521,686
Total business-type activities net position	$ 525,603,244	$ 520,580,528	$ 519,156,101	$ 519,696,122
Primary government				
Net investment in capital assets	$ 974,408,364	$ 973,558,013	$ 961,989,642	$ 963,899,786
Restricted	31,983,204	34,526,464	42,907,202	58,088,434
Unrestricted	56,797,182	60,207,828	72,434,499	65,422,311
Total primary government net position	$ 1,063,188,750	$ 1,068,292,305	$ 1,077,331,343	$ 1,087,410,531

[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.

2018[2]	2019	2020	2021	2022	2023
$ 512,002,472	$ 534,401,329	$ 557,935,106	$ 614,783,697	$ 675,283,655	$ 699,291,076
37,254,164	43,841,243	48,362,118	48,808,455	59,186,035	75,006,320
33,300,813	36,069,630	40,943,280	50,005,785	58,551,122	74,069,013
$ 582,557,449	$ 614,312,202	$ 647,240,504	$ 713,597,937	$ 793,020,812	$ 848,366,409
$ 446,239,125	$ 444,455,024	$ 440,909,317	$ 448,567,411	$ 444,088,746	$ 461,140,523
15,578,778	21,853,516	23,923,066	25,002,166	23,818,992	31,149,645
60,239,113	72,371,991	83,178,540	92,488,337	108,180,491	91,052,556
$ 522,057,016	$ 538,680,531	$ 548,010,923	$ 566,057,914	$ 576,088,229	$ 583,342,724
$ 958,241,597	$ 978,856,353	$ 998,844,423	$ 1,063,351,108	$ 1,119,372,401	$ 1,160,431,599
52,832,942	65,694,759	72,285,184	73,810,621	83,005,027	106,155,965
93,539,926	108,441,621	124,121,820	142,494,122	166,731,613	165,121,569
$ 1,104,614,465	$ 1,152,992,733	$ 1,195,251,427	$ 1,279,655,851	$ 1,369,109,041	$ 1,431,709,133

CITY OF AVONDALE, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	$ 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	$ 30,165,391
Public safety	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	56,415,999
Highways and streets[1]	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	33,990,018
Health and welfare[2]	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	5,489,089	5,318,125	6,205,863	6,418,604	6,354,065	6,924,053	8,066,194	9,610,270	8,519,858	6,341,713
Culture and recreation[2]	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]	1,280,435	890,857	744,751	890,706	1,138,438	1,357,022	1,212,967	247,288	-	-
Community services[2]									14,289,084	15,257,920
Interest on long-term debt	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	2,127,432
Total governmental activities expenses	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	144,298,473
Business-type activities:										
Water utility	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	22,090,163
Wastewater utility	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	18,829,593
Sanitation utility	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	8,389,475
Total business-type activities expenses	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	49,309,231
Total primary government expenses	$ 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	$ 193,607,704
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,791,970	$ 2,024,897	$ 1,959,842	$ 1,747,987	$ 2,074,885	$ 175,579	$ 242,267	$ 211,385	$ 271,535	$ 186,197
Public safety	469,192	515,920	493,996	516,750	440,119	389,186	422,326	720,835	3,842,898	3,392,199
Highways and streets[1]	-	-	-	-	97,442	-	-	-	-	-
Streets and transportation[1]	-	-	-	-	-	-	-	-	2,420,242	2,197,219
Community and economic development	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	6,111,300
Culture and recreation[2]	333,734	404,179	404,776	369,495	383,379	413,902	327,337	494,439	-	-
Community services[2]	-	-	-	-	-	-	-	-	1,048,516	1,519,247
Operating grants and contributions	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	18,684,256
Capital grants and contributions	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	25,193,130
Total governmental activities program revenues	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	57,283,548
Business-type activities:										
Charges for Services:										
Water	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	15,380,061
Wastewater	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	10,447,957
Sanitation	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	6,504,745
Capital grants and contributions	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	22,937,333
Total business-type activities program revenues	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	55,270,096
Total primary government program revenues	$ 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	$ 112,553,644

(Continuation)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense) Revenue										
Governmental activities	$ (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)	$ (87,014,925)
Business-type activities	(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	5,960,865
Total primary government net (expenses) revenues	$ (63,343,055)	$ (65,139,190)	$ (64,377,797)	$ (68,256,237)	$ (64,597,217)	$ (54,008,535)	$ (54,377,011)	$ (20,552,744)	$ (19,751,743)	$ (81,054,060)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales and use taxes	$ 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	$ 87,525,837
Property taxes, levied for general purposes	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	3,625,941
Property taxes, levied for debt service	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	5,287,244
Franchise taxes	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	1,583,188
State shared revenues, unrestricted	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	35,060,313
Investment income	408,645	342,423	399,174	400,040	660,720	3,113,051	3,536,012	98,749	(3,965,905)	713,742
Gain on sale of capital assets	56,600	138,810	248,858	268,568	(40,759)	590,335	(27,200)	-	1,654,856	6,778,966
Miscellaneous	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	441,291
Transfers	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(300,000)	(300,000)	1,449,000	1,321,000	1,344,000
Total governmental activities	64,186,611	69,544,303	72,371,157	77,621,464	81,592,813	88,226,136	93,093,645	106,194,625	115,040,127	142,360,522
Business-type activities:										
Investment income	279,812	286,576	381,482	310,375	500,622	2,678,897	3,197,825	5,234	(4,889,794)	2,354,329
Gain on sale of capital assets	83,030	25,231	155,204	104,002	124,425	38,168	44,235	-	266,275	121,118
Miscellaneous	241,999	236,635	358,992	149,584	456,716	-	-	241,132	74,502	162,183
Transfers	150,000	150,000	150,000	150,000	150,000	300,000	300,000	(1,449,000)	(1,321,000)	(1,344,000)
Total business-type activities	754,841	698,442	1,045,678	713,961	1,231,763	3,017,065	3,542,060	(1,202,634)	(5,870,017)	1,293,630
Total primary government	$ 64,941,452	$ 70,242,745	$ 73,416,835	$ 78,335,425	$ 82,824,576	$ 91,243,201	$ 96,635,705	$ 104,991,991	$ 109,170,110	$ 143,654,152
Changes in Net Position										
Governmental activities	$ 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	$ 55,345,597
Business-type activities	(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	7,254,495
Total primary government	$ 1,598,397	$ 5,103,555	$ 9,039,038	$ 10,079,188	$ 18,227,359	$ 37,234,662	$ 42,258,694	$ 84,439,247	$ 89,418,367	$ 62,600,092

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 transportion.

[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)

	2014	2015	2016	2017
General Fund				
Nonspendable:				
Inventory	$ 449	$ -	$ 434	$ 6,526
Prepaid items	131,306	342,255	112,432	66,495
Due from other funds	4,156,428	3,838,468	833,000	-
Advances to other funds	-	-	-	833,000
Restricted for:				
Public safety	130,205	335,058	254,758	102,794
Committed to:				
Budgetary stabilization	18,934,773	19,405,505	20,092,995	21,400,558
Assigned to:				
Other purposes	8,721,580	4,882,920	3,997,254	12,651,519
Unassigned	1,800,250	7,521,330	16,497,354	15,704,372
Total General Fund	$ 33,874,991	$ 36,325,536	$ 41,788,227	$ 50,765,264
All other governmental funds				
Nonspendable:				
Inventory	$ 309,973	$ 320,636	$ 305,262	$ 307,706
Prepaid items	688,572	361,123	400,766	61,168
Restricted for:				
Transit services	1,137,018	977,138	1,356,976	1,579,099
Highway and streets	3,853,579	4,673,503	5,826,016	7,169,856
Streets and transportation	-	-	-	-
Court	634,184	657,831	639,778	613,041
Grant and contributor purposes	597,631	914,738	817,062	1,337,527
Public safety	4,685,520	6,033,061	7,438,683	7,790,078
Debt service	7,879,134	8,430,380	8,912,477	6,117,403
Capital projects	792,935	1,291,443	1,388,787	1,436,817
Water, sewer and street projects	1,765,548	2,251,750	2,908,567	4,059,144
Crime victim advocacy	131,924	163,340	141,475	143,216
Committed to:				
Capital projects	322,646	263,234	3,544,816	1,667,731
Crime victim advocacy	43,974	54,447	47,158	47,738
Assigned to:				
Vehicle replacement	8,171,863	7,519,081	7,271,801	6,923,450
Equipment replacement	664,109	762,199	1,051,461	1,013,680
Capital projects	7,178,750	7,728,456	5,245,637	4,787,077
Transit services	-	-	-	-
Unassigned	(632,375)	(741,111)	(35,283)	(77,490)
Total all other governmental funds	$ 38,224,985	$ 41,661,249	$ 47,261,439	$ 44,977,241

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

2018	2019	2020	2021	2022	2023
$ -	$ 185,773	$ 9,415	$ 9,414	$ 11,104	$ 12,677
86,099	207,169	507,805	239,543	326,547	270,638
-	-	-	-	-	-
833,000	128,000	128,000	128,000	-	-
50,965	77,977	248,072	-	-	-
21,867,357	26,907,594	21,752,584	23,098,061	23,187,990	27,235,530
2,386,030	6,990,024	-	-	-	-
22,849,263	22,997,628	36,695,305	64,171,656	69,969,725	94,351,874
$ 48,072,714	$ 57,494,165	$ 59,341,181	$ 87,646,674	$ 93,495,366	$121,870,719
$ 267,598	$ 382,970	$ 19,971	$ 14,230	$ 11,688	$ 10,698
7,765	189,741	765,442	653,890	334,862	926,120
1,752,045	1,621,340	2,050,132	1,896,598	-	-
8,739,999	7,454,379	3,938,426	5,889,551	-	-
-	-	-	-	8,512,366	9,701,440
575,788	568,017	548,403	530,463	509,243	553,645
1,805,961	2,216,806	2,251,488	2,125,315	1,507,618	2,584,302
8,602,953	9,772,966	11,573,467	13,371,078	12,675,247	17,345,385
7,598,789	7,846,612	8,656,344	4,178,390	814,570	718,009
2,664,535	21,794,996	24,946,031	9,045,005	34,534,165	30,008,334
5,659,841	7,617,695	8,872,136	13,297,352	22,697,168	20,111,705
156,204	274,366	337,224	122,878	52,941	38,732
2,969,597	-	-	-	203,151	-
52,068	91,452	112,410	40,959	-	-
7,979,615	8,885,144	11,275,728	10,979,794	10,710,745	7,517,482
1,298,485	1,073,667	2,183,868	838,141	392,749	221,160
15,498,698	12,025,797	14,637,867	-	-	-
-	-	115,567	-	-	-
(77,490)	(1,717,345)	-	(1,821,707)	(180,745)	(1,488,245)
$ 65,552,451	$ 80,098,603	$ 92,284,504	$ 61,161,937	$ 92,775,768	$ 88,248,767

CITY OF AVONDALE, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017
Revenues				
Taxes	$ 44,454,517	$ 48,121,583	$ 50,433,911	$ 53,621,688
Licenses and permits	1,435,548	2,532,559	3,687,377	5,297,673
Intergovernmental	26,568,228	27,061,879	27,914,071	29,665,270
Charges for services	1,111,375	1,244,710	1,233,719	1,677,400
Fines, forfeitures, and penalties	1,219,003	1,403,457	1,255,197	1,059,626
Investment income	406,914	335,873	375,359	380,740
Contributions	814,318	320,386	315,948	362,695
Miscellaneous	1,682,888	2,345,170	2,087,860	2,373,397
Total revenues	77,692,791	83,365,617	87,303,442	94,438,489
Expenditures				
General government	11,106,677	11,269,744	12,885,068	12,325,497
Public safety	26,267,504	27,588,742	29,453,443	31,889,715
Highways and streets[1]	1,943,651	3,645,538	2,354,255	2,572,848
Streets and transportation[1]	-	-	-	-
Health and welfare[2]	3,542,511	3,109,810	3,590,178	3,300,924
Economic and community development	5,341,635	5,491,412	6,049,229	6,094,461
Culture and recreation[2]	3,509,702	3,851,074	3,716,124	3,849,886
Community services	-	-	-	-
Transportation[1]	1,277,281	894,655	704,440	772,784
Debt Service				
Principal	5,278,486	6,324,153	6,436,835	7,131,893
Interest and other charges	3,844,374	3,614,285	3,409,627	3,282,008
Bond issuance costs	-	-	-	-
Capital outlay	12,992,364	11,544,285	7,799,212	13,693,511
Total expenditures	75,104,185	77,333,698	76,398,411	84,913,527
Excess of revenues over (under) expenditures	2,588,606	6,031,919	10,905,031	9,524,962
Other Financing Sources (Uses)				
Bond issuance	-	-	-	-
Refunding bonds issued	-	-	-	23,457,070
Payment to refunding bonds escrow agent	-	-	-	(29,768,467)
Bond premium (discount)	-	-	-	3,012,110
Capital leases	-	-	-	304,326
Sale of capital assets	58,094	187,050	295,690	283,585
Transfer in	15,114,320	19,485,856	15,549,460	15,862,362
Transfer out	(15,379,970)	(19,818,016)	(15,687,300)	(15,983,109)
Total other financing sources (uses)	(207,556)	(145,110)	157,850	(2,832,123)
Net change in fund balances	$ 2,381,050	$ 5,886,809	$ 11,062,881	$ 6,692,839
Debt service as a percentage of noncapital expenditures	14.7%	15.1%	14.4%	14.6%

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 transportion.

2 In fiscal year 2021-22, functional groupings Health and welfare and Culture and recreation were combined to form functional group Community services.

2018	2019	2020	2021	2022	2023
$ 56,655,533	$ 60,385,319	$ 64,299,980	$ 75,211,122	$ 86,516,299	$ 97,875,024
7,142,796	4,427,131	5,541,167	13,421,020	20,528,163	17,950,247
31,229,183	32,551,139	39,587,746	41,207,834	44,976,509	56,644,780
2,149,686	1,502,560	1,701,390	1,953,877	2,604,389	3,622,819
1,275,599	1,257,723	1,094,797	1,034,521	1,142,447	943,165
627,961	2,915,435	3,333,448	98,219	(3,817,151)	756,436
338,603	514,193	420,716	681,515	589,248	514,886
2,295,587	2,167,739	1,835,572	1,655,973	1,579,314	897,830
101,714,948	105,721,239	117,814,816	135,264,081	154,119,218	179,205,187
14,597,179	12,853,986	15,344,639	18,074,080	19,590,468	23,739,751
34,895,720	36,287,670	37,073,434	40,622,318	45,808,205	52,413,883
2,908,744	3,433,985	3,831,136	2,528,919	-	-
-	-	-	-	7,771,209	10,380,417
3,719,705	3,456,788	3,196,520	4,082,446	-	-
6,332,025	6,885,367	7,644,528	8,998,339	7,010,446	5,093,116
4,185,181	4,764,881	4,699,724	5,033,025	-	-
-	-	-	-	10,059,941	10,802,057
1,029,151	1,248,002	1,111,568	134,950	-	-
6,621,797	8,315,593	7,710,198	12,044,381	7,967,888	7,712,225
1,914,361	2,003,434	2,639,197	2,249,666	2,676,080	3,182,689
-	-	-	-	481,137	346,539
12,936,782	27,127,880	31,674,938	48,007,738	52,559,825	54,262,350
89,140,645	106,377,586	114,925,882	141,775,862	153,925,199	167,933,027
12,574,303	(656,347)	2,888,934	(6,511,781)	194,019	11,272,160
-	21,390,000	10,096,000	-	25,455,980	3,675,000
21,350,000	-	-	-	7,765,000	-
(23,395,316)	-	-	-	(8,881,022)	-
2,464,479	2,930,479	-		6,586,638	36,514
4,542,254	-	-	-	-	-
487,210	1,333,351	135,768	2,242,707	5,462,612	7,078,974
27,045,943	18,514,412	56,646,323	10,221,007	31,527,338	14,910,601
(27,186,213)	(19,544,292)	(55,734,108)	(8,769,007)	(30,206,338)	(13,566,601)
5,308,357	24,623,950	11,143,983	3,694,707	37,710,208	12,134,488
$ 17,882,660	$ 23,967,603	$ 14,032,917	$ (2,817,074)	$ 37,904,227	$ 23,406,648
11.2%	13.0%	12.4%	15.2%	10.9%	9.0%

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
2023	$ 217,940,840	$ 124,445,592	$ 191,594,161	$ 122,064,301	$ 519,234	$ -
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

Assessment Ratios[3] 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
2023	10.0 %	10.0 %	17.5 %	15.0 %	15.0 %	5.0 %
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

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

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

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

[4] Includes tax exempt property.

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

Municipal Property Improvements	Gross Valuation	Less: Tax Exempt Real Property	Total Property Assessed Value[1]	Total Direct Tax Rate	Estimated Actual Taxable Value	Gross Valuation as a Percentage of Actual Value[4]
$ 58,454	$ 656,622,582	$ (112,402,241)	$ 544,220,341	1.55	$ 5,341,686,682	12.29 %
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

CITY OF AVONDALE, ARIZONA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
(RATE PER $100 OF ASSESSED VALUATION)

		Direct Rate	Overlapping Rates[1]				
			County				
Fiscal Year		City of Avondale, Arizona	County-wide	Community College	Tolleson Elementary School District No. 17	Tolleson Union High School District No. 214	Pendergast Elementary School District No. 92
2023	Primary	0.65	1.25	1.09	1.92	1.77	1.87
	Secondary	0.91	0.00	0.10	2.39	3.64	3.82
		1.56					
2022	Primary	0.67	1.35	1.11	1.95	2.00	2.02
	Secondary	0.76	0.00	0.11	2.43	2.74	3.79
		1.43					
2021	Primary	0.68	1.40	1.13	2.04	2.10	1.98
	Secondary	0.74	0.00	0.16	2.56	2.60	4.04
		1.42					
2020	Primary	0.70	1.40	1.16	2.09	2.61	2.05
	Secondary	0.95	0.00	0.17	2.85	2.40	4.28
		1.65					
2019	Primary	0.73	1.40	1.17	2.14	2.67	2.16
	Secondary	1.03	0.00	0.20	2.71	1.78	4.55
		1.76					
2018	Primary	0.75	1.40	1.20	2.12	2.16	2.26
	Secondary	0.85	0.00	0.21	2.35	1.77	4.60
		1.60					
2017	Primary	0.77	1.40	1.24	2.22	2.27	2.16
	Secondary	0.93	0.00	0.23	2.59	1.29	4.53
		1.70					
2016	Primary	0.78	1.36	1.26	2.07	2.40	2.53
	Secondary	0.97	0.00	0.23	2.71	1.61	4.35
		1.75					
2015	Primary	0.78	1.32	1.28	1.98	2.86	2.68
	Secondary	0.97	0.00	0.24	2.59	1.68	4.51
		1.75					
2014	Primary	0.79	1.28	1.29	1.92	3.22	2.76
	Secondary	1.02	0.00	0.24	2.27	2.27	4.51
		1.81					

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[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, 2022 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**
1.79	1.83	1.84	1.97	2.10
1.51	1.85	1.29	3.17	1.71
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

CITY OF AVONDALE, ARIZONA **SCHEDULE 7**

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

	2023			2014		
Taxpayer	**Taxable Assessed Value [1]**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value [1]**	**Rank**	**Percentage of Total Taxable Assessed Value**
KRG Avondale McDowell LLC	9,188,511	1	1.69 %			
J&J Coldwater LLC	8,660,475	2	1.59	$ 3,970,308	5	0.90 %
Phoenix Speedway Corp	8,300,241	3	1.53	4,326,083	3	0.99
CPUS FAIRWAY LP	5,306,387	4	0.98			
JIC Avondale LLC	5,248,352	5	0.96			
Avalon Tic Two LLC/Avalon Tic One LLC	5,024,093	6	0.92			
PR 101 Logistics Park Building 2 LLC	4,385,745	7	0.81			
EVT Avalon 107 Industrial LLC	4,238,014	8	0.78			
MREI IV Mirabella LLC	3,963,529	9	0.73			
Crystal Springs Apartments LLC	3,835,608	10	0.70			
Arizona Public Service Company				3,921,835	6	0.89
Inland Westland Avondale McDowell LLC				5,027,131	2	1.15
Avondale Commerce LLC						
Gateway Crossing SC LLC						
Mirabella Avondale Apartments LLC				5,818,000	1	1.33
Raintree Pad 2 LLC				4,000,963	4	0.91
Arizona Public Service						
Kroger/Smith' Food & Drug Centers, Inc.				3,109,312	8	0.71
D H Ventures, LLC						
Moreland Properties, LLC				3,076,248	9	0.70
Mechanic (AZ) QRS 15-41 INC				3,113,967	7	0.71
Alameda Avondale LLC ETAL				2,826,763	10	0.64
Total	$ 58,150,955		10.69 %	$ 39,190,610		8.93 %

[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.

SCHEDULE 8

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

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
2023	$ 6,995,316	$ 6,877,147	98.31 %	0	6,877,147	98.31 %
2022	$ 6,995,316	$ 6,877,147	98.31 %	107,250	6,984,397	99.84 %
2021	6,579,129	6,414,655	97.50	91,253	6,505,907	98.89
2020	7,162,807	6,989,449	97.58	121,191	7,110,640	99.27
2019	7,049,735	6,960,919	98.74	39,210	7,000,129	99.30 %
2018	5,941,343	5,858,479	98.61	63,663	5,922,142	99.68
2017	5,913,568	5,825,124	98.50	66,202	5,891,326	99.62
2016	5,882,634	5,781,431	98.28	74,601	5,856,032	99.55
2015	5,948,064	5,830,887	98.03	83,937	5,914,824	99.44
2014	5,659,729	5,545,279	97.98	70,410	5,615,689	99.22

[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, 2023.*

SCHEDULE 9

CITY OF AVONDALE, ARIZONA
DIRECT AND OVERLAPPING NET LIMITED ASSESSED PROPERTY VALUES AND TAX RATES
LAST TEN FISCAL YEARS

Overlapping Jurisdiction	2022-23 Net Limited Assessed Value for Tax Purposes	2022-23 Total Tax Rate Per $100 Net Limited Assessed Value for Tax Purposes	
State of Arizona	$ 78,405,598,978	None	
Maricopa County	51,575,018,185	1.2473	(a)
Maricopa County Community College District	51,575,018,185	1.1894	
Maricopa County Fire District Assistance Tax	51,575,018,185	0.0082	
Maricopa County Special Health Care District	51,932,898,351	0.2488	
Maricopa County Library District	51,575,018,185	0.0505	
Maricopa County Flood Control District	47,553,260,925	0.1592	
Central Arizona Water Conservation District	51,932,898,351	0.1400	
Tolleson Elementary School District No. 17	257,910,639	4.3092	
Liberty Elementary School District No. 25	340,322,967	3.8069	
Avondale Elementary School District No. 44	599,104,380	3.6860	
Littleton Elementary School District No. 65	348,508,078	5.1309	
Litchfield Elementary School District No. 79	1,226,791,462	3.3035	
Pendergast Elementary School District No. 92	445,257,580	5.6862	
Agua Fria Union High School District No. 216	1,825,895,664	3.1223	
Buckeye Union High School District No. 201	952,234,728	2.9459	
Tolleson Union High School District No. 214	1,607,350,531	5.4141	
Western Maricopa Education Center	19,300,490,997	0.1538	
City of Avondale	544,220,341	1.5508	

Source: 2022 Property Tax Levy Book-Maricopa County Finance Department|State of AZ 2022 Tax Handbook-JLBC

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

	2014	2015	2016	2017
Retail	$ 24,510,356	$ 26,986,156	$ 28,562,740	$ 30,102,662
Construction	1,139,469	1,155,268	1,346,678	2,952,141
Real Estate & Rentals	4,025,883	4,278,607	4,280,205	4,300,470
Communication & Utilities	2,049,404	2,031,513	2,142,543	2,022,266
Restaurants & Bars	3,226,930	3,164,390	3,487,810	3,780,226
Amusement	666,567	679,671	734,094	672,178
Use Tax	278,274	340,492	346,127	440,636
Equipment Rental	665,089	739,617	805,719	1,135,654
All Others	318,829	385,657	430,470	466,508
Total	$ 36,880,801	$ 39,761,371	$ 42,136,386	$ 45,872,741

Year-over-Year Increase (Decrease)

	2014	2015	2016	2017
Retail	7.7 %	10.1 %	5.8 %	5.4 %
Construction	(13.9)	1.4	16.6	119.2
Real Estate & Rentals	3.0	6.3	0.0	0.5
Communication & Utilities	(1.6)	(0.9)	5.5	(5.6)
Restaurants & Bars	12.2	(1.9)	10.2	8.4
Amusement	8.1	2.0	8.0	(8.4)
Use Tax	18.4	22.4	1.7	27.3
Equipment Rental	14.8	11.2	8.9	40.9
All Others	2.5	21.0	11.6	8.4
Total	6.3 %	7.8 %	6.0 %	8.9 %

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

Source: City records.

2018	2019	2020	2021	2022	2023
$ 31,705,835	$ 33,716,323	$ 37,147,412	$ 45,169,387	$ 49,342,473	$ 51,681,311
3,648,705	3,500,442	3,493,454	5,514,964	8,027,408	13,124,613
4,494,779	4,789,384	5,110,127	5,521,829	6,191,475	7,061,744
1,933,124	1,871,771	1,949,122	1,934,243	2,083,039	2,506,377
4,311,152	4,566,490	4,509,634	5,344,550	6,272,334	7,073,450
698,255	716,798	683,355	424,704	931,493	1,463,066
488,579	548,682	619,413	761,134	1,052,570	1,076,890
1,069,078	1,171,147	1,201,403	1,372,441	1,395,508	1,566,886
516,266	546,654	554,802	693,207	1,099,380	1,302,178
$ 48,865,773	$ 51,427,691	$ 55,268,722	$ 66,736,459	$ 76,395,680	$ 86,856,516

Year-over-Year Increase (Decrease)

5.3 %	6.3 %	10.2 %	21.6 %	9.2 %	4.7 %
23.6	(4.1)	(0.2)	57.9	45.6	63.5
4.5	6.6	6.7	8.1	12.1	14.1
(4.4)	(3.2)	4.1	(0.8)	7.7	20.3
14.0	5.9	(1.2)	18.5	17.4	12.8
3.9	2.7	(4.7)	(37.9)	119.3	57.1
10.9	12.3	12.9	22.9	38.3	2.3
(5.9)	9.5	2.6	14.2	1.7	12.3
10.7	5.9	1.5	24.9	58.6	18.4
6.5 %	5.2 %	7.5 %	20.7 %	14.5 %	13.7 %

CITY OF AVONDALE, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS EXCEPT PER CAPITA AMOUNT)

	Governmental Activities[1]					
Fiscal Year	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]
2023	$ 54,460	$ -	$ -	$ 24,335	$ -	$ 4,292
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	-	-

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 Activities[1]					
Water and Sewer System Revenue Obligations	Municipal Development Corporation Bonds[2]	Pledged Revenue Refunding Obligations[2]	Total Primary Government	Percentage of Personal Income[3]	Per Capita[3]
$ 6,944	$ -	$ 119	$ 90,150	1.42	951
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

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

Legal Debt Margin Calculation:	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net assessed	$ 463,069,349	510,270,136	569,188,401	633,585,560	781,605,665	863,324,061	1,117,695,766
Debt limit (20% of assessed value):	92,613,870	102,054,027	113,837,680	126,717,112	156,321,133	172,664,812	223,539,153
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	33,690,738
Less cash available for repayment of general obligation debt	(218,803)	-	(2,345,992)	(2,683,477)	(2,269,880)	(3,381,132)	(3,971,629)
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	29,719,109
Legal debt margin	70,747,673	80,314,027	84,640,573	99,858,740	131,055,214	140,239,140	193,820,044

	2014	**2015**	**2016** [2]	**2017** [2]	**2018** [2]	**2019** [2]	**2020** [2]	**2021** [2]	**2022** [2]	**2023** [2]
Property Assessed Value[2]	$ 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	$ 1,117,695,766
20% Limitation										
Debt limit	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	223,539,153
Net debt applicable to limit	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	29,719,109
Legal debt margin	$ 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	$ 193,820,044
Total net debt applicable to the limit as a percentage of debt limit	44.0%	36.9%	28.4%	23.6%	21.3%	25.6%	21.2%	16.2%	18.8%	13.3%

Legal Debt Margin Calculation:	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Net assessed valuation:	463,069,349	510,270,136	569,188,401	633,585,560	781,605,665	863,324,061	1,117,695,766
Debt limit (6% of assessed value):	27,784,161	30,616,208	34,151,304	38,015,134	46,896,340	51,799,444	67,061,746
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	15,943,835
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	15,943,835
Legal debt margin	27,559,161	30,616,208	25,754,403	29,861,983	39,057,139	35,544,717	51,117,911

	2014	**2015**	**2016** [2]	**2017** [2]	**2018** [2]	**2019** [2]	**2020** [2]	**2021** [2]	**2022** [2]	**2023** [2]
6% Limitation										
Debt limit	$ 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	$ 67,061,746
Net debt applicable to limit	830,000	635,000	435,000	225,000	-	8,396,901	8,153,151	7,839,201	16,254,727	15,943,835
Legal debt margin	$ 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	$ 51,117,911
Total net debt applicable to the limit as a percentage of debt limit	4.4%	3.0%	1.7%	0.8%	0.0%	24.6%	21.4%	16.7%	31.4%	23.8%

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[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.

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

	2014	2015	2016	2017
Total operating revenues[1]	$ 20,231,533	$ 19,580,966	$ 21,267,916	$ 23,838,505
Total operating expenses[2]	14,321,784	14,030,221	13,969,692	14,413,815
Net operating income	5,909,749	5,550,745	7,298,224	9,424,690
Other revenues (expenses)	928,994	1,560,864	3,791,014	4,186,861
Net revenues before debt service	$ 6,838,743	$ 7,111,609	$ 11,089,238	$ 13,611,551
Debt service[3]	$ 578,600	$ 575,100	$ 576,300	$ 1,166,883
Debt service coverage	11.82	12.37	19.24	11.66

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

2018	2019	2020	2021	2022	2023
$ 25,588,712	$ 26,769,958	$ 26,289,355	$ 33,071,240	$ 27,449,938	$ 25,990,201
13,875,307	12,239,449	13,505,847	16,461,157	16,598,218	22,203,152
11,713,405	14,530,509	12,783,508	16,610,083	10,851,720	3,787,049
4,491,307	4,277,594	6,212,953	21,417,272	19,178,512	9,943,347
$ 16,204,712	$ 18,808,103	$ 18,996,461	$ 38,027,355	$ 30,030,232	$ 13,730,396
$ 1,347,593	$ 1,281,404	$ 1,140,234	$ 1,113,615	$ 577,000	$ 574,000
12.02	14.68	16.66	34.15	52.05	23.92

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

Source	2014	2015	2016	2017
City sales tax	$ 37,387,063	$ 40,533,299	$ 43,026,818	$ 46,288,365
State sales tax	6,635,966	6,967,295	7,217,550	7,402,225
State revenue sharing	8,497,693	9,229,081	9,179,045	9,871,106
Utility and cable franchise fees	1,132,811	1,150,766	1,090,134	1,135,350
Licenses and permits	846,554	1,263,670	1,580,691	2,652,563
Fines and forfeitures	1,000,841	1,208,797	1,105,057	937,816
Totals	$ 55,500,928	$ 60,352,908	$ 63,199,295	$ 68,287,425

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

Source: City records.

2018	2019	2020	2021	2022	2023
$ 49,355,518	$ 52,003,028	$ 55,933,503	$ 67,417,939	$ 78,352,718	$ 87,525,837
7,970,742	8,467,056	8,884,163	10,431,529	12,598,955	12,860,921
10,265,600	10,175,417	11,099,709	12,566,568	11,730,210	17,180,132
1,256,448	1,223,385	1,136,532	1,181,424	1,106,972	1,583,189
3,202,591	2,795,566	3,353,121	5,488,086	6,950,003	5,244,650
1,095,068	1,102,503	993,526	1,129,334	1,113,661	943,165
$ 73,145,967	$ 75,766,955	$ 81,400,554	$ 98,214,880	$ 111,852,519	$ 125,337,894

CITY OF AVONDALE, ARIZONA

SCHEDULE 15

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Property Assessed Value [1,2]	General Obligation Bonds[4]	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonded Debt[4]	Percentage of Net Bonded Debt to Estimated Actual Taxable Value of Property	Per Capita[3]
2023	$ 544,220,341	$ 54,460,299	$ 3,971,629	$ 50,488,670	9.28 %	$ 532
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

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
AS OF THE END OF THE FISCAL YEAR
(AMOUNTS EXPRESSED IN THOUSANDS)

Governmental Unit	Debt Outstanding[2]	Proportion Applicable to the City[3] Approximate Percent	Proportion Applicable to the City[3] 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			$ 115,765
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			$ 203,691

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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 Outstanding debt as of June 30, 2022 is presented for the overlapping governments as this is the most recent available information.

4 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

Legal Availability (Acre-Feet)	**2014**	**2015**	**2016**	**2017**
Central Arizona Project (CAP)[2]	5,416	5,416	5,416	5,416
Salt River Project (SRP)[3]	15,950	16,030	15,364	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]	6,835	6,303	6,338	6,397
Underground Storage Facility (USF)[6]	20,000	20,000	20,000	20,000
Volume Produced (Acre-Feet)				
Central Arizona Project (CAP)[7]	5,416	5,380	5,416	5,416
Salt River Project (SRP)[8]	6,204	3,712	5,855	5,855
City-owned wells[9]	13,177	13,727	13,974	13,974
Reclaimed water delivered to City's underground storage facility (USF)[10]	5,695	5,770	5,633	5,857
Underground Storage Facility (USF)[11]	11,936	9,533	11,471	11,471
Volume Produced (Gallons in Millions)				
Central Arizona Project (CAP)	1,765	1,753	1,765	1,765
Salt River Project (SRP)	2,022	1,210	1,908	1,908
City-owned wells	4,294	4,473	4,553	4,553
Reclaimed water delivered to City's underground storage facility (USF)	1,856	1,880	1,836	1,909
Underground Storage Facility (USF)	3,889	3,106	3,738	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 misrepresenation

Source: City Public Works Department.

2018	2019	2020	2021	2022	2023
5,416	5,416	5,416	5,416	5,416	5,416
15,394	15,269	15,123	15,123	16,635	13,398
35,779	35,779	35,779	35,779	35,330	35,330
6,430	6,491	6,831	7,335	7,291	12,107
20,000	20,000	20,000	20,000	20,000	20,000
5,383	5,416	5,416	5,416	5,416	5,416
6,117	7,080	7,200	7,416	7,271	6,315
14,056	14,044	13,955	14,603	11,387	12,454
5,938	4,673	5,420	6,368	6,529	6,730
11,973	14,566	13,187	14,543	14,635	15,345
1,754	1,765	1,765	1,765	1,765	1,765
1,993	2,307	2,346	2,417	2,369	2,058
4,580	4,576	4,547	4,758	3,710	4,058
1,935	1,523	1,766	2,075	2,127	2,193
3,901	4,746	4,297	4,739	4,769	5,000

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

Water System	2014	2015	2016	2017
Water Sales[2]				
Residential	$ 7,628,120	$ 7,267,073	$ 8,049,255	$ 8,677,097
Commercial	4,233,400	3,885,595	4,334,215	5,255,829
Total	$ 11,861,520	$ 11,152,668	$ 12,383,470	$ 13,932,926
Number of Water Customers[3]				
Residential	20,804	21,053	21,260	26,032
Commercial[4]	1,436	1,359	1,353	1,343
Total	22,240	22,412	22,613	27,375
Other Fees and Revenue				
Meter Installation	$ 26,640	$ 45,060	$ 124,283	$ 135,593
Turn-on Fees	479,471	455,755	425,777	457,448
Interest Earnings	66,008	148,629	126,072	208,814
Total	$ 572,119	$ 649,444	$ 676,132	$ 801,855
Sewer System				
Sewer Sales[2]				
Residential	$ 7,042,305	$ 7,025,034	$ 7,413,869	$ 8,081,505
Commercial	842,036	885,157	916,321	894,066
Total	$ 7,884,341	$ 7,910,191	$ 8,330,190	$ 8,975,571
Number of Sewer Customers[3]				
Residential	20,640	20,806	21,012	25,187
Commercial[4]	1,295	1,296	1,280	618
Total	21,935	22,102	22,292	25,805
Other Fees and Revenue				
Tap Fees	$ 15,600	$ 23,400	$ 72,300	$ 81,143
Interest Earnings	54,127	58,242	40,392	60,775
Total	$ 69,727	$ 81,642	$ 112,692	$ 141,918

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 commercial customers.

Source: City records.

	2018	2019	2020	2021	2022	2023
	$ 9,324,192	$ 9,017,975	$ 9,738,920	$ 10,678,546	$ 10,162,304	$ 12,618,067
	5,589,036	5,051,352	5,546,702	6,745,053	6,177,708	2,054,104
	$ 14,913,228	$ 14,069,328	$ 15,285,622	$ 17,423,599	$ 16,340,012	$ 14,672,171
	25,954	22,136	22,258	26,146	26,973	28,695
	1,352	1,228	1,468	1,377	1,516	1,664
	27,306	23,364	23,726	27,523	28,489	30,359
	$ 132,060	$ 58,040	$ 139,789	$ 352,917	$ 612,932	$ 327,755
	414,507	391,277	340,153	340,270	371,119	379,885
	411,330	713,287	831,870	612,124	463,934	990,568
	$ 957,897	$ 1,162,604	$ 1,311,811	$ 1,305,311	$ 1,447,985	$ 1,698,208
	$ 8,573,843	$ 9,176,311	$ 9,033,194	$ 9,461,739	$ 9,794,964	$ 8,835,732
	966,950	992,668	1,029,349	999,338	1,240,460	1,438,375
	$ 9,540,793	$ 10,168,979	$ 10,062,544	$ 10,461,076	$ 11,035,424	$ 10,274,107
	25,261	24,999	25,024	25,751	26,285	27,976
	631	653	641	658	698	726
	25,892	25,652	25,665	26,409	26,983	28,702
	$ 80,400	$ 30,000	$ 71,500	$ 227,016	$ 372,450	$ 173,850
	129,569	265,385	324,991	237,864	278,882	788,548
	$ 209,969	$ 295,385	$ 396,491	$ 464,880	$ 651,332	$ 962,398

CITY OF AVONDALE, ARIZONA
CURRENT YEAR STATISTICS
LAST TEN FISCAL YEARS

Statistics	2014	2015	2016	2017
General Obligation Bonds Outstanding	$ 28,560,000	$ 26,515,000	$ 24,750,000	$ 22,310,000
Water and Sewer System Revenue Obligations Outstanding	4,490,978	3,980,130	3,456,965	9,915,000
Excise Tax Revenue Bonded Debt Outstanding	45,479,021	41,559,868	37,263,034	28,175,000
Net Limited Assessed Property Value (formerly referred to as Primary Assessed Valuation)	311,630,868	327,955,701	337,158,512	349,102,604
Net Full Cash Assessed Value (formerly referred to as Secondary Assessed Valuation)	314,975,684	350,686,613	427,620,861	463,069,349
Estimated Net Full Cash Value	2,417,444,609	2,779,735,083	3,490,967,838	3,812,520,675

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.

2018	2019	2020	2021	2022	2023
$ 21,740,000	$ 39,940,000	$ 37,695,000	$ 35,375,000	$ 46,825,980	$ 48,150,000
9,080,000	8,270,000	7,580,000	6,865,000	6,550,000	6,225,000
23,045,001	17,975,001	22,741,001	17,583,001	25,315,001	20,980,005
370,922,156	398,288,948	434,094,952	462,085,095	493,207,192	544,220,341
510,270,136	569,188,401	633,585,560	708,657,126	781,605,665	863,324,061
4,202,837,020	4,728,955,006	5,238,398,192	5,889,268,184	6,477,548,277	7,200,776,315

SCHEUDLE 20

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

Fiscal Year	Population[4]	Personal Income (in thousands)[1]	Per Capita Personal Income[1]	Estrella Mountain Community College Enrollment [2]	City of Avondale Unemployment Rate[3]	State of Arizona Unemployment Rate[3]
2023	94,830	6,334,739	$ 66,807	12,951	4.2 %	3.5 %
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

[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 recenlty 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

	2023			2014		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Amazon	1,030	1	5.01 %			%
City Of Avondale	680	2	3.31	450	1	1.34
Tolleson Union High School District	560	3	2.72	270	6	0.81
Fry's Food Stores	520	4	2.53	380	3	1.13
Maricopa County Community College District/Estrella	460	5	2.24	250	7	0.75
Avondale Elementary School District #44	420	6	2.04	280	4	0.84
Akos	400	7	1.95			
Littleton Elementary School District 65	390	8	1.90	380	2	1.13
Walmart	380	9	1.85	280	5	0.84
Costco Wholesale	370	10	1.80	210	10	0.63
Agua Fria Union High School District 216	330	11	1.61			
Earnhardt Auto Center	310	12	1.51			
State of Arizona	280	13	1.36	220	9	0.66
Home Depot	250	14	1.22			
Larry H Miller Corp	230	15	1.12			
Maricopa County	220	16	1.07			
Vitamin Shoppe	200	17	0.97			
Penergast Elementary School District 92				230	8	0.69
Total	7,030		34.21 %	2,950		8.82 %

Source: 2022 Arizona COG/MPO Employer Database.

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

Function	2014	2015	2016	2017
General government				
City administration	9.00	11.00	10.00	10.00
Finance and budget	28.50	28.50	29.50	29.50
Other	40.00	40.00	45.50	40.50
Public safety				
Police				
Officers	124.00	127.00	128.00	128.00
Civilians	47.00	45.00	47.00	54.00
Fire				
Firefighters and officers	71.00	63.00	63.00	65.00
Civilians	3.00	11.00	12.00	10.00
City court	13.00	13.00	13.00	13.00
Office of public safety[1]				
Highways and streets[2]	40.00	27.00	28.00	38.25
Economic and community development	4.00	4.00	4.00	4.00
Health and welfare[3]	19.75	10.00	10.00	24.50
Culture and recreation[3]	28.25	33.00	26.25	27.75
Community Services[3]				
Streets and transportation[2]				
Sanitation	18.00	35.75	36.75	20.25
Water resources	35.13	33.14	33.14	34.50
Sewer	20.87	21.11	21.11	21.50
Total	501.50	502.50	507.25	520.85

[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

[3] In fiscal year 2021 - 22, Functions Health and welfare and Culture and recreation were merged into function Community services

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

2018	2019	2020	2021	2022	2023
10.00	10.00	10.00	12.50	11.00	11.00
29.50	30.50	32.50	34.00	36.00	37.00
33.00	33.00	44.50	45.00	68.00	72.00
134.00	138.00	149.00	160.00	144.50	162.00
50.00	48.00	53.00	57.00	83.50	79.00
64.00	64.00	64.00	64.00	80.00	89.00
13.00	13.00	14.00	15.00	17.00	8.00
14.00	14.00	14.00	14.00	14.00	15.00
				20.00	24.00
47.90	49.90	51.90	63.40		
4.00	5.00	5.00	6.00	49.00	61.00
22.50	22.50	40.25	40.25		
27.75	34.75	33.50	35.00		
				87.05	133.05
				28.25	13.50
20.50	21.50	21.50	22.00	26.75	27.75
33.80	33.80	33.30	35.30	37.00	39.50
21.80	21.80	22.30	22.30	23.00	23.50
525.75	539.75	588.75	625.75	725.05	795.30

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

Function	2014	2015	2016	2017
Police				
Calls for service	73,718	76,687	74,491	76,704
Citations	4,930	7,165	5,238	2,497
Physical arrests	3,792	4,635	4,418	4,355
Fire				
Number of emergency responses	8,471	9,861	10,004	10,578
Inspections	3,265	3,529	3,384	2,151
Number of fires extinguished	245	416	557	403
Sanitation				
Refuse collected (tons per day)	134	143	145	146
Recyclables collected (tons per day)	46	47	47	49
Water				
Connections	23,058	23,150	24,560	27,375
Water mains breaks	6	7	9	-
Average daily consumption (thousands of gallons)	13,835	12,849	12,863	13,698
Wastewater				
Average daily sewage treatment (thousands of gallons)	6,092	5,810	5,627	5,718

Source: City departments.

2018	2019	2020	2021	2022	2023
69,878	67,581	67,656	65,787	72,009	74,758
2,964	3,148	2,928	2,677	3,317	3,601
4,186	3,431	3,384	1,247	1,182	1,075
11,532	10,670	11,226	12,373	14,470	13,341
2,422	2,516	1,349	703	1,367	1,201
403	1,361	393	409	384	290
146	147	164	181	183	184
49	49	52	60	45	48
27,306	24,287	24,203	25,128	26,149	26,724
-	6	1	1	-	-
13,497	11,867	14,767	12,326	11,512	12,510
5,711	5,741	5,860	6,370	6,602	6,429

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

Function	2014	2015	2016	2017
Public Safety				
Police:				
Stations	5	5	5	5
Patrol units	102	107	108	116
Fire stations				
Stations	4	4	4	4
Fire trucks	9	10	10	10
Fire vehicles (excl. fire trucks)	18	12	12	18
Sanitation				
Collection trucks	17	22	19	19
Highways and streets				
Streets (miles)	294	294	266	283
Streetlights	7,829	7,843	7,958	7,964
Traffic signals	47	47	48	47
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	2	2	2
Baseball fields	4	4	4	4
Softball fields	7	7	7	7
Soccer fields	14	14	12	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	15	15
Football Fields	1	1	1	1
Splash Pad	0	0	1	1
Pickleball Courts	0	0	4	4
Water				
Number of service connections	23,058	23,150	23,276	23,610
Water mains (miles)	450	451	444	335
Fire hydrants	2,728	2,733	2,733	2,831
Sewer				
Number of service connections	22,042	22,125	22,130	22,683
Sanitary sewers (miles)	237	237	237	243
Storm sewers (miles)	60	60	58	58
Wastewater				
Treatment plants	1	1	1	1

[1] Indicators are not available for the general government function.

Source: City departments.

2018	2019	2020	2021	2022	2023
5	5	5	5	5	6
111	113	110	110	156	145
4	4	4	5	5	5
11	11	11	14	14	14
14	19	17	26	23	20
18	18	18	22	23	24
261	309	323	331	291	299
7,964	8,113	8,114	8,787	11,000	11,800
49	48	49	49	51	55
265	310	150	150	191	191
11	11	10	10	12	12
0	0	0	0	0	0
18	20	11	11	12	12
2	2	2	2	2	2
4	6	6	6	10	7
7	7	5	5	5	5
12	12	9	9	10	10
0	0	0	0	0	0
2	2	2	2	3	3
1	1	1	1	1	1
1	2	2	2	3	3
8	9	10	12	15	15
2	2	2	2	3	3
15	20	24	24	30	30
1	1	1	1	1	1
1	2	2	2	4	4
4	8	4	4	8	8
24,259	24,287	24,203	25,128	26,149	26,724
444	448	338	321	349	358
2,752	2,764	2,848	2,892	2,903	3,016
22,162	22,199	23,013	23,491	23,636	24,874
243	243	243	243	243	253
35	36	36	36	37	37
1	1	1	1	1	1

Avondale

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January 30, 2024

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, 2023. 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. No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 99, *Omnibus 2022* for the year ended June 30, 2023. GASB Statement No. 96 increases the usefulness of the financial statements by requiring the recognition of certain assets and liabilities for SBITAs. 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.

Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit and communicate them to the appropriate level of management. A misstatement is defined as a difference between the reported amount, classification, presentation, or disclosure of a financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be presented fairly in accordance with the applicable financial reporting framework. During the course of the audit we did not identify any uncorrected misstatements which require communication.

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?**

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May 9, 2023

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, 2023. 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, including the disclosures, which collectively comprise the basic financial statements of City of Avondale, Arizona as of and for the year ended June 30, 2023.

We have also been engaged to report on supplementary information that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 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, and we will provide an opinion on it in relation to the 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 and *Government Auditing Standards* 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. The objectives also include reporting 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).

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. For purposes of determining materiality we may assume that reasonable users –

1. have a reasonable knowledge of business and economic activities and accounting 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 judgements based on the information in the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America; 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 accounting records, a determination of major programs in accordance with Uniform Guidance, 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 and *Government Auditing Standards*, 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 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.

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.

Audit Procedures – Internal Control

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 opinions. 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*.

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.

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. 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, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures – Compliance

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 written reports upon completion of our Single Audit. Our reports will be addressed to the Governing Board of the City. Circumstances may arise in which our reports may differ from 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 opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are 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 opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state 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 City'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 City's internal control and compliance. The Uniform Guidance report on internal control over compliance will state 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 Federal Audit Clearinghouse. 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 and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility 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 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.

Management is also responsible for making schedule of expenditures of federal awards, 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) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under Uniform Guidance; (3) additional information we may request for the purpose of the audit; and (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 related matters.

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 of each opinion unit taken as a whole.

Management is responsible for the design and implementation of programs to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City 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 City received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. 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 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, and COVID-19 related concepts, such as lost revenues, if applicable) 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 accounting principles generally accepted in the United States of America; (2) you 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; (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 Scope and 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
3. Capital Assets
4. Financial Reporting

Our audit will include obtaining an understanding of the City 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 City or to acts by management or employees acting on behalf of the City. 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 expect to begin our audit in May 2023 and conclude audit procedures and date our report in December 2023.

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 Federal Audit Clearinghouse. 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 - $267; Manager - $200; Senior - $154; Staff - $108.

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: Renee Weatherless, Finance & Budget Director
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: Kevin Custer

Title: Procurement Manager

Signature: Kevin C Custer

Date: May 10, 2023

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

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Finance and Budget Department
11465 W. Civic Center Drive
Avondale, AZ 85323
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WEBSITE: WWW.AVONDALEAZ.GOV

Aspiring. Achieving. Accelerating.

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 of the City of Avondale, Arizona, as of June 30, 2023, 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. The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

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 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.

29. 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, 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 abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

31. 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.

32. 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.

33. 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.

34. 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.

35. 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.

36. 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.

37. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

38. 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.

39. The financial statements include all fiduciary activities required by U.S. GAAP.

40. The financial statements properly classify all funds and activities in accordance with U.S. GAAP.

41. 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.

42. 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.

43. Investments are properly valued.

44. 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.

45. If applicable, provisions for uncollectible receivables have been properly identified and recorded.

46. 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.

47. 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.

48. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.

49. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

50. Special and extraordinary items, if any, are appropriately classified and reported.

51. Deposits and investment securities are properly classified as to risk and are properly disclosed.

52. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

53. We have identified and disclosed to you all contracts, agreements, and transactions that result in subscription-based information technology arrangements (SBITAs) for financial reporting purposes. We have evaluated and determined SBITAs are not material, both individually and in the aggregate, to the financial statements.

54. 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.

55. 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.

56. 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.

57. 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.

58. 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.

c. We acknowledge our responsibility for the other information included in the financial statements, such as the transmittal letter and statistical data. We believe the other information, including its form and content, is fairly presented and is materially consistent with the basic financial statements.

59. 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.

Renee Weatherless

01/29/2024

Renee Weatherless, Finance & Budget Director
City of Avondale, Arizona

Date

Maggie Lam

01/29/2024

Maggie Lam, Accounting Manager
City of Avondale, Arizona

Date

citrix | RightSignature

SIGNATURE CERTIFICATE

REFERENCE NUMBER
FBAFFD05-EC3C-4230-B111-F2C2C67BDA03

TRANSACTION DETAILS	DOCUMENT DETAILS
Reference Number FBAFFD05-EC3C-4230-B111-F2C2C67BDA03	**Document Name** General Rep Govt Single Audit 23 Avondale City
Transaction Type Signature Request	**Filename** General_Rep_Govt_Single_Audit_23_Avondale_City.pdf
Sent At 01/29/2024 18:18 EST	**Pages** 10 pages
Executed At 01/29/2024 18:54 EST	**Content Type** application/pdf
Identity Method email	**File Size** 274 KB
Distribution Method email	**Original Checksum** 31e77ac5e38995451aef11acc00b8f8b832b0e7fb17c82a1a5c8cbc346b177e4
Signed Checksum 2acb1c3ba9579cdc73cd90b6562b100611d18cfe8b3f406a3215280eb4d7e2e2	
Signer Sequencing Disabled	
Document Passcode Disabled	

SIGNERS

SIGNER	E-SIGNATURE	EVENTS
Name Renee Weatherless **Email** rweatherless@avondaleaz.gov **Components** 2	**Status** signed **Multi-factor Digital Fingerprint Checksum** 6267985a2166f9cc967d0f8ee97c952bef5b73709c3ee26c4e05c13dbdb022b3 **IP Address** 165.225.216.175 **Device** Chrome via Windows **Typed Signature**  **Signature Reference ID** 2BA0CA42	**Viewed At** 01/29/2024 18:54 EST **Identity Authenticated At** 01/29/2024 18:54 EST **Signed At** 01/29/2024 18:54 EST
Name Maggie Lam **Email** mlam@avondaleaz.gov **Components** 2	**Status** signed **Multi-factor Digital Fingerprint Checksum** 7a3ff72f0baa48cd8e4fae31111198c2b22dfa40dd93d06664eb5e056511e631 **IP Address** 165.225.216.188 **Device** Chrome via Windows **Typed Signature**  **Signature Reference ID** B7CE8D27	**Viewed At** 01/29/2024 18:43 EST **Identity Authenticated At** 01/29/2024 18:44 EST **Signed At** 01/29/2024 18:44 EST

AUDITS

TIMESTAMP	AUDIT
01/29/2024 18:18 EST	Jared Young (jared.young@hm.cpa) created document 'General_Rep_Govt_Single_Audit_23_Avondale_City.pdf' on Chrome via Windows from 173.219.179.242.
01/29/2024 18:25 EST	Maggie Lam (mlam@avondaleaz.gov) was emailed a link to sign.
01/29/2024 18:25 EST	Renee Weatherless (rweatherless@avondaleaz.gov) was emailed a link to sign.
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01/29/2024 18:44 EST	Maggie Lam (mlam@avondaleaz.gov) signed the document on Chrome via Windows from 165.225.216.188.
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