



Audit Committee Meeting Agenda

Thursday, September 4, 2025

CITY HALL - SONORAN ROOM | 11465 W. CIVIC CENTER DR. | AVONDALE, 85323

REGULAR MEETING

2:00 PM

Physical Access to the conference room will be available 30 minutes prior to the meeting.

CALL TO ORDER

1. **Roll Call**
2. **Introductions**
3. **Approval of Audit Committee Minutes**

The Audit Committee will consider approval of the May 8, 2025, Audit Committee meeting minutes. The Committee will take appropriate action.

4. **Audit Report Discussion**

Audit projects closed this quarter will be presented to the Audit Committee. This item is for discussion only.

5. **Audit Status Report**

The City Auditor will present an overview of ongoing projects from the FY2026 approved Audit Plan. This item is for discussion only.

6. **Calendar**

The proposed Audit Committee meeting dates for calendar year 2026 will be presented. This item is for discussion only.

The next Audit Committee meeting is scheduled for Thursday, December 4, 2025, at 2:30pm.

7. **Adjournment**

Members will attend by telephone 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 meeting.

Los miembros asistirán vía teleconferencia. Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oído, o con necesidad de impresión grande o intérprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos días hábiles antes de la junta del Concejo.

MINUTES OF THE AVONDALE AUDIT COMMITTEE
CITY OF AVONDALE, ARIZONA
SONORAN CONFERENCE ROOM
May 8, 2025

A **Regular Meeting** of the Audit Committee of the City of Avondale, Arizona was convened at 11465 West Civic Center Drive in open and public session at 2:03 p.m.

Voting Members Present: Chair White; Vice Chair Cook; Committee Member Nielson; Committee Member Solorio; and Committee Member Pacheco.

Non-Voting Members Present: Committee Member Corbin and Committee Member Weatherless.

Members Absent: None.

Other Municipal Officials Present: Barbara Coppage, City Auditor; Nicholle Harris, City Attorney; and Marcella Sarmiento, City Clerk.

Audience: No members of the public were present.

1. Roll Call

2. Introductions

No guests were present; therefore, no introductions were provided.

3. Approval of Audit Committee Minutes

Committee Member Pacheco moved to approve the February 13, 2025, meeting minutes; Committee Member Nielson seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Chair White	Aye
Vice Chair Cook	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Aye

4. Audit Status Report

Barbara Coppage, City Auditor, presented an overview of ongoing projects for the fiscal year 2025 approved Audit Plan.

Active Directory Audit Part 1 - The external auditor, ran many tests behind the scenes and through the system. They looked at results in terms of critical, moderate, and low risk. There was one area of high risk and Information Technology (IT) is currently working on it. Several moderate controls were found which IT is working on and anticipate completion by June 30, 2025.

Active Director Part II, was completed in-house with external auditor oversight. The audit focused on policies for user access and to review the active users on active directory. IT is working currently working on recommendations made for this audit.

In response to Chair White question, Ms. Coppage stated she would provide an answer later on questions about an authenticator app. Vice Chair, Cook, commented on the importance of monitoring contractors access.

The Police Pension Calculations and Contributions audit was completed. The City contributed \$4.6 million into the Public Safety Pension Program. Ms. Coppage used data analytics to review the entire population and identified 64 incidents affecting 23 to 25 employees. Also noted was two non-police part-time employees that should have been contributing to the ASRS pension plan but were not. Human Resources is examining and strengthening their controls for part-time employees.

Mr. Corbin noted the dates on the slides are before the audit was completed and provided Ms. Coppage and Mr. Mesquita with accolades for ensuring the payroll is the most accurate it has been for many years.

The Developers Contributed Assets and Agreements is currently in fieldwork. The Vendor Master File is currently tabled but will be proposed as a new audit for next Fiscal Year's Audit Plan to be completed by an external auditor. All audit reports will now include a Report Highlights area in place of the Executive Summary.

The End of Year Activity Report was provided to all Audit Committee members. The City Auditor will also start sending surveys with final reports.

5. Citywide Risk Assessment and Annual Audit Plan

Barbara Coppage, City Auditor, presented the Citywide Risk Assessment and the Annual Audit Plan. Noting there are three oversight departments that have policies and procedures other departments must follow and have an impact on the operations of the City. Some of the projects indicate "Citywide" which means more than one department will be impacted. How many departments will be impacted is determined upon completion of the planning stage. This Audit Plan focusses on risk and also to connect with as many departments as possible. Ms. Coppage discussed the collaborative effort with the City of Surprise, the City of Glendale, a representative from PSPRS and the City of Peoria to identify high-risk audit areas within local government.

Ms. Coppage reviewed and discussed the proposed Audit Plan. After discussion regarding a less zealous plan to allow time to prepare for the certification process in FY27, the following audits were approved.

Approved Proposed Audits Discussed:

- Unscheduled Point of Sale Verifications
- Developer Agreements and Contributed Assets

- Purchasing Card Expenditures
- Vendor Master File and Accounts Payable
- Overtime Analysis
- Facilities Maintenance, after discussion this will be transferred to the contingency list.
- IT Audits are being added to the contingency list.

Ms. Coppage provided highlights on some of the audits in the Audit Plan such as the Police Overtime Analysis. Chair White suggested changing the title to Public Safety Overtime Analysis because Public Safety is the umbrella organization for the Police and Fire.

A place holder was put on the Audit Plan allows for flexibility in the event the Audit Committee or management request additional audit services.

The Integrity Line was also discussed. The Audit Department has limited capacity to conduct investigations and would like to work on creating an Investigation Manual. A discussion ensued among Ms. Coppage, Audit Committee, City Manager Corbin, and City Attorney Harris regarding the auditor's involvement and information to be contained in the manual. Further conversation would take place offline.

Ms. Coppage discussed some requirements to pass the Generally Accepted Government Auditing Standards certification. This process includes auditors conducting a review of the Avondale audit shop and determining if the shop's processes comply with standards. The Auditor Quality Assurance project on the proposed audit plan is to comply with one of these standards. Chair White read the Yellow Book Peer Review requirements aloud. A discussion ensued among committee members and Ms. Coppage.

Committee Member Solorio moved to recommend approval of the proposed Annual Audit Plan for the fiscal year 2025/2026 with the discussed provisions; Committee Member Pacheco seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Chair White	Aye
Vice Chair Cook	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Aye

6. City Auditor End of the Year Report

Barbara Copping, City Auditor, provided a summary of accomplishments completed during this year. The Marketing and the Human Resources Departments were recognized for their collaborative efforts in formatting the report.

The following accomplishments were discussed:

- Establishing Operational Resilience
- Audit Plan Completion
- Being on target with Strategic Plan Goals
- The Recommendation Follow-up Enhancement that uses an electronic dashboard.

In response to Ms. Copping's request, the Audit Committee members agreed to have a photo taken at the next meeting to be added to the Audit Website.

7. Government Auditing Standards Certification

Chair White noted under Agenda Item #5 she read into the record the Yellow Book Peer Review requirements that were discussed at that time. Ms. Coppage stated there was nothing further to add.

8. CALENDAR

The proposed Audit Committee meeting dates for the calendar year 2025 were presented. This item was for discussion only. The next meeting scheduled will be on Thursday, September 4, 2025, at 2:00 p.m.

9. ADJOURNMENT

There being no further business before the Committee, Committee Member Cook moved to adjourn the meeting; Committee Member Solorio seconded the motion.

Upon vote, the motion was carried unanimously 5 to 0.

Chair White	Aye
Vice Chair Cook	Aye
Committee Member Nielson	Aye
Committee Member Solorio	Aye
Committee Member Pacheco	Aye

Meeting adjourned at 3:15 p.m.

EXECUTIVE SUMMARY

Developer Agreements and Contributed Assets

Date: August 14, 2025 | Project Number: 12601-C

PURPOSE OF THIS AUDIT

To determine if key agreement terms and contributed assets between developers and the City are properly recorded and amounts owed are timely received.

The City Auditor contracted with REDW to conduct this audit. The final audit report is attached.

REPORT HIGHLIGHTS

Centralized Listing

The City does not maintain a complete and accurate list of developer agreements or always ensure key supporting documents are retained. The absence of such documents increases the risk that agreements may not be properly monitored, which could result in the City failing to collect payments, not ensuring receipt of promised assets, or not scheduling amounts payable to developers.

Agreement Oversight

The City does not have a single individual or department responsible for the oversight of various agreements the City enters into with developers. These agreements vary greatly and consist of varying terms and provisions. The absence of centralized oversight increases the risk of noncompliance with and nonenforcement of agreed upon terms

City of Avondale

**City of Avondale
Developer Agreements and Contributed Assets
Internal Audit**

Table of Contents

	<u>Page</u>
Introduction	1
Purpose and Objectives	1
Observations, Recommendations, and Management Responses	2
Process Improvement Opportunity	7
Scope and Procedures Performed	7

City of Avondale Developer Agreements and Contributed Assets Internal Audit

Report

Introduction

We performed the internal audit services described below to assist the City of Avondale in evaluating the processes and internal controls over developer agreements, economic development agreements, and contributed assets, including the initiation, tracking, and monitoring of the agreements and assets to ensure compliance with contract terms and conditions.

Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants, relevant portions of the Generally Accepted *Government Auditing Standards* and the terms of our contract for internal audit services. Since our procedures were applied to samples of processes, it is possible that significant issues related to the areas tested may not have been identified. Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

Purpose and Objectives

The City of Avondale has experienced significant growth in recent years due to its proximity to Phoenix, Arizona, and its continued investment into infrastructure resulting in enhanced citizen satisfaction. As the City continues to grow, it continues to use various types of agreements to expand infrastructure and enhance public amenities. These agreements include:

- *Developer Agreements* – a contract between a city and a private developer that outlines the terms and conditions for a development project—like building homes, offices, or shopping centers. These ensure the developer follows long-term plans, promotes community benefits, and provides predictability for both the city and developer.
- *Economic Development Agreements* – an agreement where the city offers incentives (like tax breaks or grants) to a business in exchange for economic benefits—such as job creation or investment in the local economy. These types of agreement can attract new businesses, create jobs, and boost local income.
- *Contributed Asset Agreements* – When a developer gives infrastructure (like roads, water lines, or parks) to the city, usually as part of a development project. As a result, the city gains valuable infrastructure, ensures new developments are fully equipped and reduces the City's upfront costs while expanding public assets.

Our internal audit focused on determining if key agreement terms and contributed assets between developers and the City were properly recorded and amounts owed are timely received. In addition, we determined if various key internal controls regarding monitoring oversight and tracking were in place.

Observations, Recommendations, and Management Responses

As a result of our testing, REDW identified the following observations:

1) Centralized Agreement Listing/Tracking Tool

To ensure effective tracking of the various agreements utilized by the City of Avondale, a centralized listing of all active agreements is critical as it ensures all active agreements are accounted for and can be properly tracked and monitored. This is especially important when multiple departments initiate agreements as is the case with the City. During the course of our testing, we determined various agreement listings were maintained across the departments however, we were unable to determine if the listings contained all agreements. In addition, during the course of discussions with the various departments, missing agreements were often identified from various listings. Lastly, we attempted to obtain a global report of all active agreements and their associated financial activity/future obligations from the accounting software however, this was unable to be produced. As a result, we could not reconcile financial data to the various agreement listings to determine completeness.

Potential Risk—High: The absence of complete and accurate listings of agreements increases the risk that agreements may not be properly monitored which could result in missing assets/payments to the City. Since agreements are maintained in a decentralized environment and can be initiated by various departments, we have assessed the risk at high.

Recommendation: The key departments (Development Services, Engineering, Economic Development), in collaboration with Finance, should do the following:

- **Tracking Database:** Implement a centralized agreement tracking system or database that is consistently maintained and accessible to all relevant departments, ensuring that all active agreements are accurately inventoried, regularly monitored, and easily referenced for oversight, compliance, and reporting purposes.
- **Document Retention:** Consider if the tracking system/database could also facilitate document retention to assist with recommendations provided in Observation 2 regarding consistent documentation across all agreements. This is especially critical considering many of the agreements span several years.
- **Listing Completeness:** Key departments should evaluate current listings to ensure completeness. Finance should also work with the accounting software vendor to determine if a report can be developed that globally shows all agreements and the associated obligations. Once produced, the key departments should reconcile listings back to the report to ensure agreement.

Management's Response: Key departments will work with finance to create a centralized tracking system that will include monitoring, document retention, compliance, and reporting purposes. Implementation will take 36 months in total. The first year will be needed to create a uniform SOP process/workflow, at the six month mark we would inventory the agreements, then the second year we would agree on a technology solution and build out the system. The third year will include a potential new position to support and roll out the system.

2) Agreement Support

Development Agreements between the City and developer contain various clauses regarding what is required of the City vs. developer to satisfy the agreements terms and conditions. These clauses often involve payments to and from the City based on the completion of project milestones, reimbursements of impact fees or credits, as well as property transfers. To ensure the City can demonstrate compliance with agreements terms, as these agreements often span 5 years or more, it is critical that documentation is maintained to support the fulfillment of each key clause. Our testing over 5 development agreements determined exceptions with 1 agreement:

- Documentation could not be provided to ensure a \$4million City reimbursement to the developer occurred at the issuance of the 250th building permit as required by the agreement. Further discussion indicated that permits were not issued by the City in numerical order; therefore, it would not have been possible to determine when the 250th permit was issued nor was support maintained with the approval documenting what was utilized to quantify the permits issued.
- The agreement terms required a \$369,000 payment to be made to the Developer within 30 days of acceptance of the improvement; however, the payment was not made until 44 days after the acceptance was made.

Further discussion with various main department personnel indicated that there was a change to the accounting system in recent years that has impacted the ability to pull key information related to older agreements. In addition, there has been turnover in various roles related to this process which resulted in some historical knowledge regarding transaction history to be difficult to find. Additionally, for all 5 agreements, documentation was not maintained in centralized locations, making it challenging to locate.

Potential Risk—Moderate: Missing documentation may lead to incorrect or unauthorized payments, uncollected revenues, or incomplete reimbursement of costs.

Recommendation: The main departments involved in the agreements (Development Services, Engineering, Economic Development) should:

- Implement a standardized process for documenting and tracking all obligations outlined in development agreements.
- To ensure the information can be easily accessed by all stakeholders, the main departments should develop a centralized, secure repository for all supporting documentation related to development agreement clauses, including evidence of payments received or made, reimbursements, credits, and property transfers. In addition, the departments should consider the use of a “final packet,” similar to what Economic Development has in place, where all information is compiled in a packet format demonstrating what supporting documentation was obtained/provided to satisfy the contract clause. This can help to ensure proper document retention especially since many of these agreements span several years.
- The main departments should research past payments made/received to ensure all obligations of both the City and the developers have been fulfilled and are properly accounted for.

Management's Response: We are working towards the implementation of a standardized process for tracking all obligations outlined in development agreements. This information will be easily accessed by all stakeholders and include a system that provides multi-year tracking and retains all related evidence of satisfied obligations. This may require additional development agreement resources. This will be a two-year process.

3) Agreement Oversight

The City of Avondale utilizes several types of agreements including developer agreements, economic development agreements, and contributed asset agreements to facilitate various infrastructure projects between the City and developers. Each agreement is unique in nature and can contain various types of terms including payments and transfers of assets that are based on certain project milestones. Agreements can originate in various departments including Development Services, Economic Development, and Engineering and require collaboration from additional departments such as the Finance Department and Clerk's Office. While each department had their own processes in place for tracking the agreements, our testing determined the City did not have a centralized oversight mechanism (such as a department or individual) to track the timely fulfillment of requirements across the various types of agreements and ensure department collaboration. As a result, key information was not always communicated timely to relevant stakeholders to ensure all necessary parties were aware of the agreement status. For example, the Clerk's Office did not always receive notification that the agreement had been completed to ensure compliance with record retention and destruction policies. In addition, the various departments indicated they were not always aware of what the status of an agreement was which resulted in a heavy reliance on internal communication to promote awareness.

Potential Risk—Moderate: The absence of a centralized oversight increases the risk of inefficiencies and noncompliance with agreement terms and potentially missed milestones which could impact City/developer relationships and delay critical development projects. Since the process is highly decentralized, we have assessed the risk at moderate.

Recommendation: The main departments (Development Services, Engineering, Economic Development) should implement an oversight mechanism to ensure agreement milestones can be tracked across all departments. In addition, this department or individual should be responsible for ensuring communication occurs amongst all stakeholder departments to ensure everyone has the appropriate information for effective agreement administration. Some additional steps to ensure effective oversight include:

- **Designate a Lead Department or Contract Manager:** The City should assign a single department or a contract manager the responsibility for the centralized oversight, monitoring, and coordination of all agreements from initiation through completion.
- **Establish a Cross-Departmental Committee:** The City should form a committee with representatives from all key departments involved in the agreement process to ensure regular communication, clarify responsibilities, and periodically review agreement status and requirements.
- **Assign Departmental Agreement Liaisons:** The City should appoint a primary agreement liaison within each department to serve as the main point of contact for contract management matters, ensuring regular communication and accountability with the centralized oversight body.

- **Require Formal Handoffs at Each Stage:** The City should implement a workflow process that when an agreement reaches a new stage or a key milestone is completed, a formal notification and handoff procedure is followed so all responsible parties are informed and can take required actions.
- **Regular Monitoring and Reporting:** The City should implement periodic reporting from the lead department/committee on the status of all active agreements, upcoming milestones, and any overdue or completed items to ensure continual oversight.
- **Provide Training and Awareness:** The City should provide training to all staff involved in agreement management, emphasizing the importance of timely communication, compliance with records retention, and their individual responsibilities in the process.

Management Response: We are working towards the implementation of a standardized process for tracking all obligations outlined in development agreements. This information will be easily accessed by all stakeholders and include a system that provides multi-year tracking and retains all related evidence of satisfied obligations. This may require additional development agreement resources that will address the cross-departmental communication needs. This will be a two-year process.

4) Policies and Procedures

Documented, standardized policies and procedures are essential for ensuring agreements are consistently managed, proper documentation is retained, and roles and responsibilities across all departments are clearly defined. This is especially critical since the various types of agreements are often managed amongst several departments during the agreement lifecycle. Our testing determined the City did not have policies and procedures in place over the various types of agreements. As a result, during the course of our testing, we noted various inconsistencies including:

- The determination of when City Council approval vs. City Manager approval for an agreement was not defined and was instead handled on an agreement-by-agreement basis, increasing the risk that agreement may not get proper approvals.
- The use of terminology related to the agreements varied across departments during the audit, leading to some misunderstandings and reduced clarity.
- Documentation to support the agreement completion was not maintained in consistent formats; therefore, while some agreements were supported with complete agreement packets that contained all the support necessary to demonstrate compliance with the agreement, others were not (see also Observation #2).

Potential Risk – Moderate: The absence of written, formalized policies and procedures may increase the risk of operational disruptions, errors, noncompliance, and knowledge gaps. Since there were limited document processes and the agreements often involve significant dollar amounts, we have assessed the risk at moderate.

Recommendation: The main departments (Development Services, Engineering, Economic Development) should develop and implement comprehensive policies and procedures governing the end-to-end management of developer agreements, economic development agreements, and contributed assets agreements to ensure staff understand their responsibilities and to ensure the agreements are administered consistently and proper documentation is maintained. These policies and procedures should ensure the following:

- Incorporate best practices over agreement administration and monitoring.
- Define clear terminology including use of definitions to ensure consistency across all departments.
- Define roles and responsibilities, especially when agreements may be managed across various departments.
- Define key requirements such as how agreements will be executed and approved and what documentation is required to support each piece of the agreement.
- Perform periodic reviews over the policies and procedures to ensure they remain current and effective.

Management Response: We will develop policies and procedures governing the end-to-end management of developer agreements, economic development agreements, and contributed asset agreements. This will be produced by December 2026.

5) Contributed Asset Agreements

When the City is working with a developer on a project, there are often future considerations that need to be considered to ensure development of an area can support future growth. As a result, when developing the zoning plans, the Engineering Department will often include stipulations for the developer such as the installation of traffic signals, that must occur at a later date and prior to issuance of the final permit. In some cases, a contributed asset agreement is developed through the City Attorney's Office which formalizes the requirements into conditions, enforceable by a contract. During the course of our testing, we determined not all contributed assets were supported by an associated agreement. Instead, reliance was placed on the stipulations via the zoning entitlement and the City stance that a permit would not be issued until the stipulation(s) had been satisfied. As a result, in the event a developer chose not to construct the condition and the City was forced to withhold a permit, it may result in increased legal fees, missed or lost revenue, and delays in agreement completion.

Potential Risk—Moderate: Without formal contributed asset agreements, the City may lack sufficient legal recourse to enforce developer obligations and could also generate public criticism or damage to the City's reputation. Since there is some level of protection regardless of what type of agreement is used, we have assessed the risk at moderate.

Recommendation: The key departments should require the use of formal contributed asset agreements developed by the Legal Department for all applicable development projects to clearly document developer obligations and provide enforceable legal recourse beyond the withholding of permits. Should the departments opt to not have all agreements go through Legal, a process should be developed to ensure the departments are considering how a zoning stipulation breach will be handled to reduce potential impacts to the City.

Management Response: We will collaborate with Legal to determine whether a formal contributed asset agreement is required or whether the stipulations are included in the tracking system mentioned above. This will be produced by the end of FY 2027.

Process Improvement Opportunity

1) *Developer Agreement Applications*

During the course of our testing, we noted one instance where a developer application fee was paid but no corresponding application was received. Further analysis determined there is no requirement to receive an application for a developer agreement, but the application fee is on the City of Avondale fee schedule as a required fee. We recommend the Development Services Department ensure applications are also submitted along with the corresponding fee when a developer agreement is requested.

Scope and Procedures Performed

In order to gain an understanding of the controls and processes, we interviewed the following personnel:

- Development Services Director
- Director/City Engineer
- Finance and Budget Director
- City Clerk
- City Attorney
- Assistant City Attorney
- Assistant Director Economic Development
- Senior Management Analyst
- Senior Management Analyst Engineering Department
- Accounting Manager
- Budget Manager

In order to gain an understanding of the processes and controls in place, we read relevant portions of:

- Arizona Revised Statutes § 9-500.05 – Development agreements
- City of Avondale Fiscal Year 2025 Rates & Fees Schedule (dated January 2, 2025)

We performed the following testwork:

Developer Agreement Approvals and Monitoring: We identified one active developer agreement and four Economic Development agreements in place as of April 2025 and selected a sample of one developer agreement and two Economic Development agreements and tested to determine if:

- A completed application was received, and the application fee was paid, if applicable.
- The agreement was reviewed by all required City stakeholders prior to final approval.
- The agreement was approved by either the City Manager or City Council.
- The agreement was recorded within 10 days of entering into the agreement in the county on which the property subject to the development agreement is located.

- The project was added to the Capital Improvement Plan tracker or other monitoring mechanism.
- All payments to/from the City and developer were made timely and accurately with the developer agreement (excluding impact fees).
- Development Impact Fees, upon completion of the project, were reviewed by Avondale to ensure credits, if applicable, were properly applied to the fee.
- All performance requirements (i.e. periodic reporting, site visits, deliverables, progress reports, etc.) from the City and Developer were made timely and accurately with the developer agreement.
- If any penalties or incentives were issued to the vendor, they were correctly applied, per agreement terms.

In addition, utilizing an additional sample of four development agreements selected judgmentally by the City Auditor, REDW tested to determine if obligations required of the City and developer per the contract were satisfied timely and accurately.

Agreement Listing Completeness: We compared the listing of application payments received to the internal listing of agreements provided, as well as the Capital Improvement Plan Tracker to determine what agreements, if any, may be missing from the internal listing/Capital Improvement Plan tracker.

Global Project Monitoring: We evaluated monitoring mechanisms at a global level to determine how the City and the various process stakeholders monitor all active projects in process and the various milestones/requirements to ensure deadlines, deliverables, and other performance items had been properly met.

Contributed Assets/Contribution Agreements: We obtained a listing of 10 contributed asset agreements and selected 3 and tested to determine if:

- The contributed asset was received in accordance with agreement timelines.
- The contributed asset was recorded properly and timely in the Avondale financial records.
- The Certificate of Occupancy was not issued until asset was in place/received.

In addition, we evaluated the overall controls over how contributed assets were tracked and monitored to ensure sound internal controls have been in place and asset listing were complete.

* * * * *

This report is intended for the information and use of the City of Avondale, the audit committee, members of the City of Avondale City Council, and others within the organization.

We discussed and resolved other minor observations with management and received excellent cooperation and assistance from personnel of the City of Avondale previously mentioned in this report during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC
 Phoenix, Arizona
 August 13, 2025