

**CITY OF TOLLESON, ARIZONA**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**YEAR ENDED JUNE 30, 2010**

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**CITY OF TOLLESON, ARIZONA  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2010**

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	14
STATEMENT OF ACTIVITIES	15
BALANCE SHEET – GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	18
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUNDS	19
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	21
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	22
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS	24
STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS – PROPRIETARY FUNDS	25
STATEMENT CASH FLOWS – PROPRIETARY FUNDS	26
NOTES TO BASIC FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION	
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM SCHEDULE OF FUNDING PROGRESS	49
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
COMBINING BALANCE SHEET	50
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE	52
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND	54
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL OBLIGATION BONDS 20% FUND	55

**CITY OF TOLLESON, ARIZONA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2010**

**FINANCIAL SECTION (CONTINUED)**

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – PUBLIC SAFETY/CITY BUILDING FUND	56
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – IMPACT FEES REVENUE FUND	57
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – HIGHWAY USERS REVENUE FUND	58
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GRANTS FUND	59
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – PUBLIC SAFETY TAX FUND	60
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – OTHER FUND	61
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL OBLIGATION BONDS 6% FUND	62

**STATISTICAL SECTION (UNAUDITED)**

FINANCIAL TRENDS	
NET ASSETS BY COMPONENT	63
CHANGES IN NET ASSETS	65
FUND BALANCES OF GOVERNMENTAL FUNDS	67
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	69
REVENUE CAPACITY	
GENERAL GOVERNMENT TAX REVENUES BY SOURCE	71
TAXABLE SALES BY CATEGORY	72
DIRECT AND OVERLAPPING SALES TAX RATES	74
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	75
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS	76
PRINCIPAL PROPERTY TAXPAYERS	77
PROPERTY TAX LEVIES AND COLLECTIONS	78

**CITY OF TOLLESON, ARIZONA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2010**

**STATISTICAL SECTION (UNAUDITED) (CONTINUED)**

DEBT CAPACITY

RATIO OF OUTSTANDING DEBT BY TYPE	79
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	80
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	81
LEGAL DEBT MARGIN INFORMATION	82
CALCULATION OF LEGAL DEBT MARGIN	84
PLEGGED-REVENUE COVERAGE	85

DEMOGRAPHIC AND ECONOMIC INFORMATION

DEMOGRAPHIC AND ECONOMIC STATISTICS	86
PRINCIPAL EMPLOYERS	87

OPERATING INFORMATION

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION	88
OPERATING INDICATORS BY FUNCTION	89
CAPITAL ASSETS STATISTICS BY FUNCTION	90

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and the City Council  
City of Tolleson, Arizona  
Tolleson, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tolleson, Arizona's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tolleson, Arizona, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Mayor and the City Council  
City of Tolleson, Arizona

The management's discussion and analysis and the Public Safety Personnel Retirement System Schedule of Funding Progress, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*LarsonAllen LLP*

**LarsonAllen LLP**

Mesa, Arizona  
January 17, 2011

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

We (the City of Tolleson, Arizona (City)) are pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2010. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impacts on our debt and operation. When referring to prior year data in this analysis we are drawing upon information from last year's audited financial report.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets of the City of Tolleson, Arizona exceeded its liabilities at the close of the most recent fiscal year by \$80,366,205 (net assets).
- ◆ As of the close of the current fiscal year, the City of Tolleson, Arizona's governmental funds reported combined ending fund balances of \$21,734,013, a decrease of \$8,982,200 in comparison with the prior year.
- ◆ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,898,744 or 26% of total General Fund expenditures.
- ◆ General Fund revenues (on a budgetary basis) were less than budgeted revenues by \$254,460 for fiscal year ending June 30, 2010.
- ◆ General Fund revenues exceeded expenditures by \$548,930; a positive variance of \$500,445 from the original budget.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the Annual Financial Report (AFR) for the City of Tolleson, Arizona consists of this discussion and analysis, the basic financial statements and the required supplementary schedules presented after the basic financial statements. The basic financial statements include the government-wide financial statements, fund financial statements, including the budgetary statements for the General Fund and major special revenue funds, and notes to the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Tolleson, Arizona's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City of Tolleson, Arizona's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as useful indicators of whether the financial position of the City of Tolleson, Arizona is improving or deteriorating.

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Tolleson, Arizona that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Tolleson, Arizona include general government, public safety, highways and streets, culture and recreation, redevelopment and housing, economic development, and health and welfare. The business-type activities include water, sanitation and trash, wastewater treatment, and sewer operations.

The government-wide financial statements can be found on pages 14 - 15 of this report.

**Fund Financial Statements**

Also presented are the traditional fund financial statements for governmental funds. The fund financial statements now focus on major funds of the City, rather than on fund type. 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 of Tolleson, Arizona, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Tolleson, Arizona can be divided into two categories: governmental funds and proprietary funds.

- ◆ *Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Since the governmental fund financial statements focus on near-term spendable resources, while the governmental activities on the government-wide financial statements have a longer term focus, a reconciliation of the differences between the two is provided with the fund financial statements.

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

- ◆ *Proprietary Funds* – The City of Tolleson, Arizona maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Tolleson, Arizona uses enterprise funds to account for its water, sanitation and trash, wastewater treatment and sewer operations.

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water, Sanitation and Trash, Wastewater Treatment and Sewer Funds of the City of Tolleson, Arizona.

The basic proprietary fund financial statements can be found on pages 24 - 27 of this report.

**Notes to Basic Financial Statements**

The notes to basic financial statements (pages 28 - 48) 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 the basic financial statements.

**Required Supplementary Information Other Than MD&A**

Governments have an option of including the budgetary comparison statements for the General Fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, governments are required to disclose certain information about employee pension funds. The City has disclosed employee pension information in Note 4.D. to the basic financial statements and required supplementary information on page 49.

**Government-Wide Financial Analysis**

**Net Assets**

Net assets may serve over time as useful indicators of a government's financial position. The following table reflects the condensed Statement of Net Assets of the City for June 30, 2010 and 2009 showing that assets exceeded liabilities by \$80,366,205 and \$70,456,675, respectively.

**Table A-1  
The City's Net Assets**

	Governmental Activities		Business-Type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
<b>ASSETS</b>						
Current and Other Assets	\$ 28,776,521	\$ 36,061,798	\$ 19,310,973	\$ 11,922,298	\$ 48,087,494	\$ 47,984,096
Capital Assets						
Non-Depreciable	9,555,339	3,205,401	27,122,196	7,072,911	36,677,535	10,278,312
Depreciable	24,714,721	26,263,915	31,642,102	33,182,326	56,356,823	59,446,241
Total Assets	<u>63,046,581</u>	<u>65,531,114</u>	<u>78,075,271</u>	<u>52,177,535</u>	<u>141,121,852</u>	<u>117,708,649</u>
<b>LIABILITIES</b>						
Other Liabilities	6,224,817	4,853,469	2,562,936	729,104	8,787,753	5,582,573
Noncurrent Liabilities						
Due Within One Year	3,718,906	3,307,756	463,329	150,211	4,182,235	3,457,967
Due In More Than One Year	38,626,727	38,010,206	9,158,932	201,228	47,785,659	38,211,434
Total Liabilities	<u>48,570,450</u>	<u>46,171,431</u>	<u>12,185,197</u>	<u>1,080,543</u>	<u>60,755,647</u>	<u>47,251,974</u>
<b>NET ASSETS</b>						
Invested in Capital Assets,						
Net of Related Debt	2,984,211	8,169,456	49,164,298	40,255,237	52,148,509	48,424,693
Restricted	3,474,282	2,800,689	55,295	-	3,529,577	2,800,689
Unrestricted	8,017,638	8,389,538	16,670,481	10,841,755	24,688,119	19,231,293
Total Net Assets	<u>\$ 14,476,131</u>	<u>\$ 19,359,683</u>	<u>\$ 65,890,074</u>	<u>\$ 51,096,992</u>	<u>\$ 80,366,205</u>	<u>\$ 70,456,675</u>

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

The net assets of the City are \$80,366,205 in fiscal year 2010 for both governmental and business-type activities.

One portion of the City of Tolleson, Arizona's net assets (4%) represents resources that are subject to external restrictions on how they may be used. A large portion of these restricted net assets represent amounts held for future debt service payments.

An additional portion of the City of Tolleson, Arizona's net assets (65%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Tolleson, Arizona uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Tolleson, Arizona's investment in its capital assets is 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 themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets of \$24,688,119 may be used to meet the government's ongoing obligations to citizens and creditors.

**Table A-2  
Changes in Net Assets**

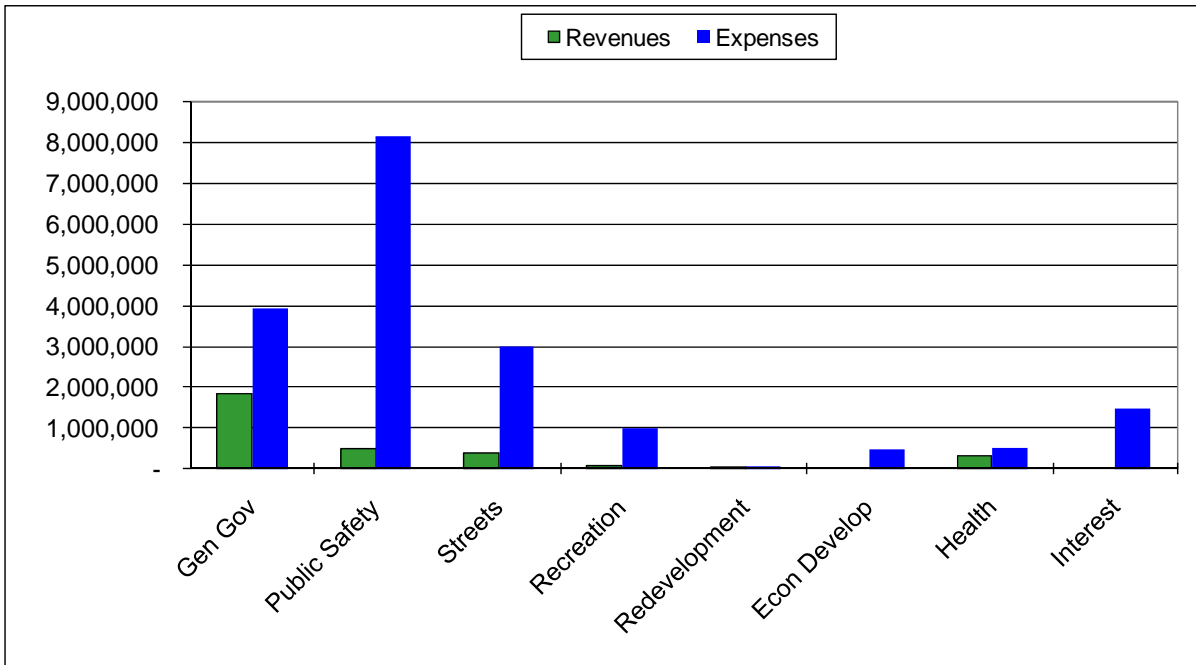
	Governmental Activities		Business-Type Activities		Total Government	
	2010	2009	2010	2009	2010	2009
<b>REVENUES</b>						
Program Revenues						
Fees, Fines and Charges for Services	\$ 1,072,420	\$ 995,147	\$ 9,930,599	\$ 10,450,701	\$ 11,003,019	\$ 11,445,848
Operating Grants and Contributions	1,235,150	1,217,159	-	-	1,235,150	1,217,159
Capital Grants and Contributions	886,721	415,841	7,966,449	-	8,853,170	415,841
General Revenues:						
Local Taxes	8,439,853	8,388,722	-	-	8,439,853	8,388,722
Property Taxes	6,421,551	5,354,004	518,221	-	6,939,772	5,354,004
Impact Fees	172,761	997,326	-	-	172,761	997,326
State Shared Revenues	1,534,242	1,709,571	-	-	1,534,242	1,709,571
Litigation Settlement	-	-	-	8,000,000	-	8,000,000
Interest	69,793	287,709	23,957	22,143	93,750	309,852
Other	115,386	116,862	23,051	17,359	138,437	134,221
<b>Total Revenues</b>	<b>19,947,877</b>	<b>19,482,341</b>	<b>18,462,277</b>	<b>18,490,203</b>	<b>38,410,154</b>	<b>37,972,544</b>
<b>EXPENSES</b>						
General Government	3,931,291	3,650,530	-	-	3,931,291	3,650,530
Public Safety	8,145,407	8,104,259	-	-	8,145,407	8,104,259
Highways and Streets	3,008,843	2,368,382	-	-	3,008,843	2,368,382
Culture and Recreation	1,006,074	937,312	-	-	1,006,074	937,312
Redevelopment and Housing	45,851	84,312	-	-	45,851	84,312
Economic Development	473,105	1,158,833	-	-	473,105	1,158,833
Health and Welfare	516,178	463,758	-	-	516,178	463,758
Interest on Long-Term Debt	1,480,666	1,643,613	-	-	1,480,666	1,643,613
Water	-	-	4,357,407	4,598,229	4,357,407	4,598,229
Sanitation and Trash	-	-	705,856	871,399	705,856	871,399
Wastewater Treatment/Sewer	-	-	4,829,946	6,634,221	4,829,946	6,634,221
<b>Total Expenses</b>	<b>18,607,415</b>	<b>18,410,999</b>	<b>9,893,209</b>	<b>12,103,849</b>	<b>28,500,624</b>	<b>30,514,848</b>
<b>CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>1,340,462</b>	<b>1,071,342</b>	<b>8,569,068</b>	<b>6,386,354</b>	<b>9,909,530</b>	<b>7,457,696</b>
Transfers	(6,224,014)	(1,780,581)	6,224,014	1,780,581	-	-
<b>CHANGE IN NET ASSETS</b>	<b>(4,883,552)</b>	<b>(709,239)</b>	<b>14,793,082</b>	<b>8,166,935</b>	<b>9,909,530</b>	<b>7,457,696</b>
Net Assets - Beginning of Year	19,359,683	20,068,922	51,096,992	42,930,057	70,456,675	62,998,979
<b>Total Net Assets</b>	<b>\$ 14,476,131</b>	<b>\$ 19,359,683</b>	<b>\$ 65,890,074</b>	<b>\$ 51,096,992</b>	<b>\$ 80,366,205</b>	<b>\$ 70,456,675</b>



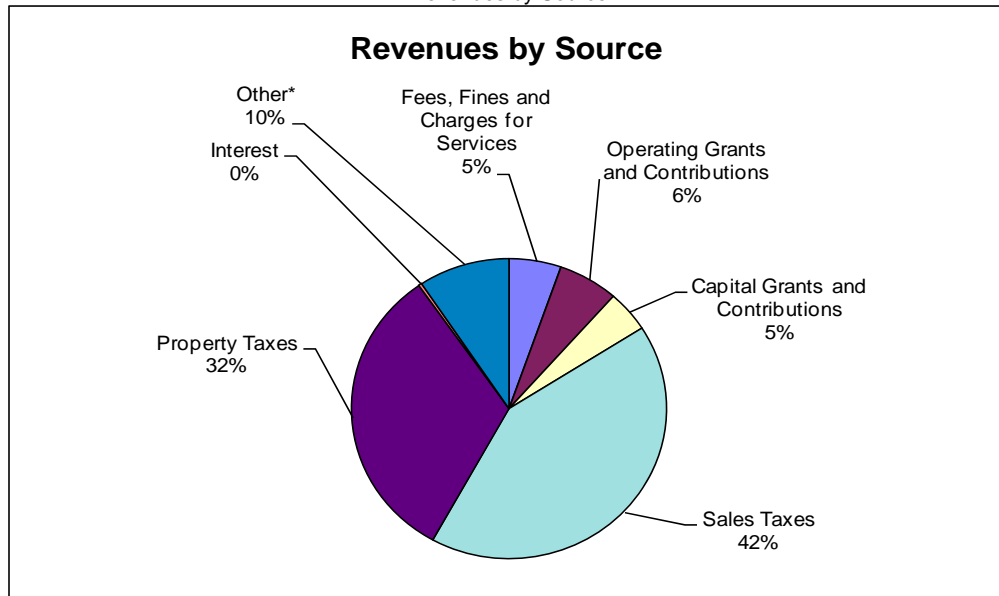
**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

*Governmental Activities* – Governmental activities decreased the City's net assets by \$4,883,552 and business-type activities increased the City's net assets by \$14,793,082. A key factor of this change was transfers of capital assets between governmental and business-type activities and capital contributions.

**Governmental Activities**  
Program Revenues and Expenses



**Governmental Activities**  
Revenues by Source

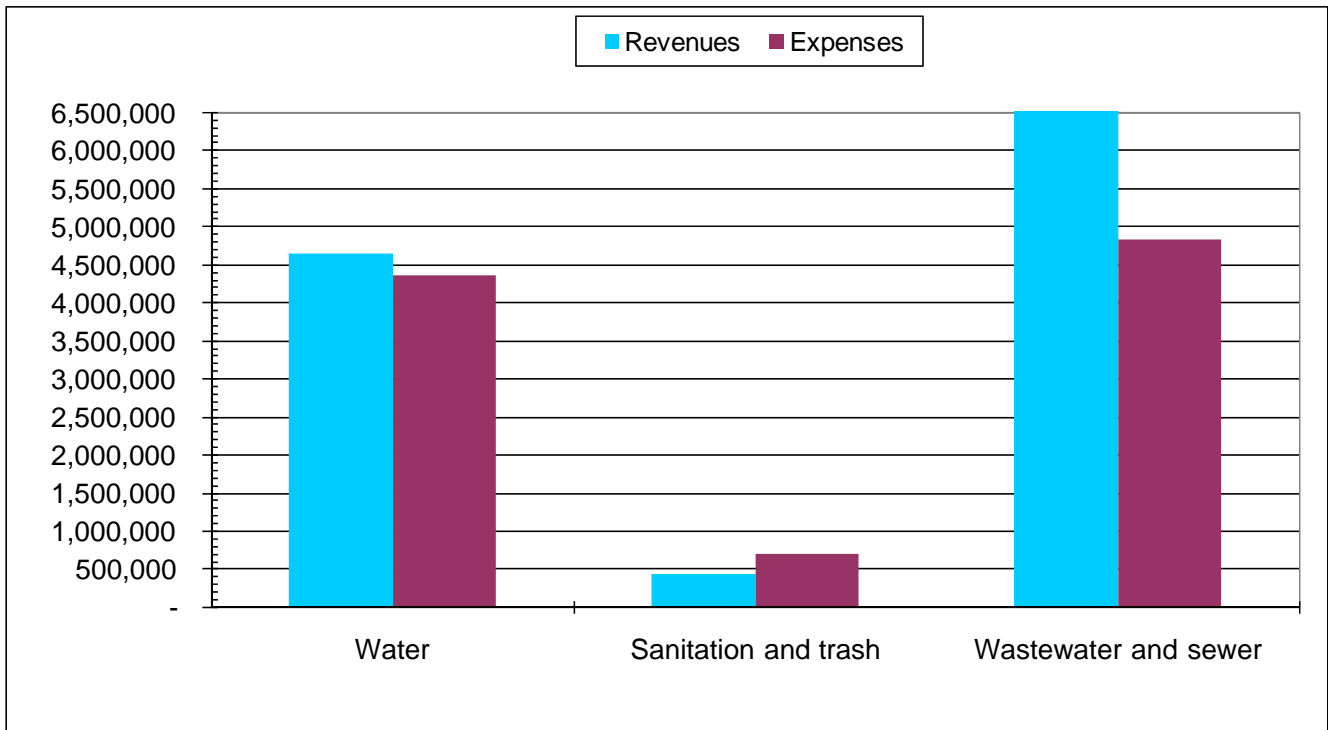


**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

The preceding charts illustrate the City's governmental expenses and revenues by function and its revenues by source. As shown, Public Safety (police, fire, and emergency medical services) is the largest function in expenses, followed by General Government, Highways and Streets, Interest on long-term debt, Culture and Recreation, Health and Welfare, Economic Development, and Redevelopment and Housing. General revenues such as sales tax are not shown by program but are effectively used to support city-wide program activities. Property taxes are primarily used for the payment of long-term debt. For governmental activities as a whole, sales tax revenues are the largest source of funds (42%) followed by property tax revenues (32%).

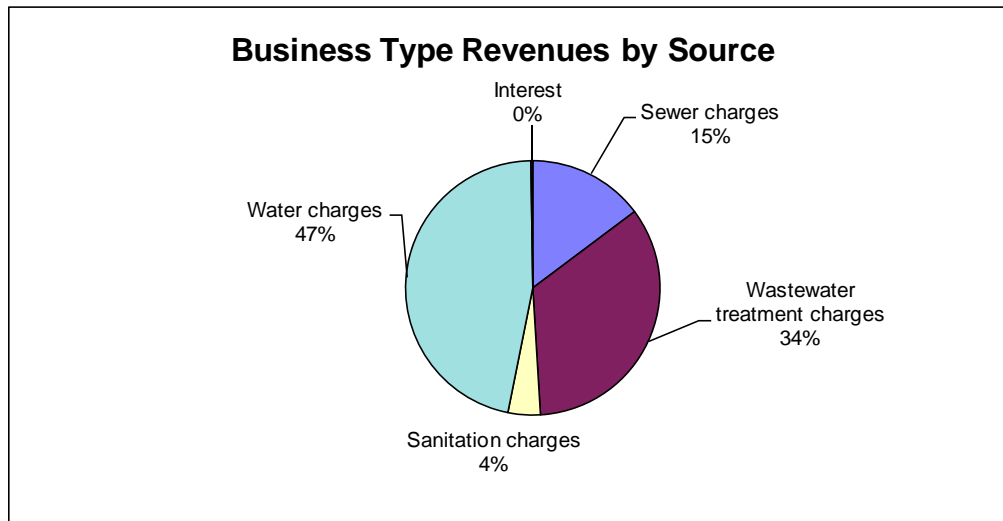
*Business-Type Activities* – Business-type activities increased the City's net assets by \$14,793,082. The primary reason for the increase was due to assets that were contributed from governmental activities and other capital contributions.

**Business-type Activities**  
Program Revenues and Expenses



**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

Business-type Activities  
Revenues by Source



As shown by the charts above, the largest of the City's business-type activities are water and wastewater treatment/sewer utilities. Water Fund expenses were \$4.4 million and charges for services approximated \$4.6 million during the fiscal year. The Wastewater Treatment and Sewer Fund expenses were approximately \$4.8 million with charges for services of approximately \$4.9 million during the fiscal year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal compliance. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$21,734,013, a decrease of \$8,982,200 in comparison with the prior year. Approximately 14% of this total amount, \$2,993,905, constitutes General Fund balance, which is available for contribution to the designated, undesignated and reserved fund balance. At fiscal year ended June 30, 2010 fund balances were as follows:

**Table A-3  
Fund Balances**

Fund	Balance	Increase (Decrease) From 2008-09
General Fund	\$ 2,993,905	\$ (284,144)
Debt Service Fund	1,237,552	140,546
General Obligation Bonds 20% Fund	1,931,374	(7,183,581)
Public Safety/City Building	9,102,344	(2,094,843)
Impact Fees Fund	3,028,285	(326,418)
Nonmajor Governmental Funds	3,440,553	766,240

The General Fund is the chief operating fund of the City of Tolleson, Arizona. At the end of the current fiscal year, the fund balance of the General Fund was \$2,993,905, while total fund balance for the City reached \$21,734,013. As a measure of the General Fund's liquidity, it may be useful to compare both General Fund balance and total fund balance to total fund expenditures. General Fund balance represents 26% of total General Fund expenditures, while total fund balance represents 192% of that same amount.

The fund balance of the City's General Fund decreased by \$284,144 during the current fiscal year. The key factor in this change is the lower sales tax collections due to the slowing economy, a downturn in investment earnings and a decrease in building permits/fees.

The Debt Service Fund's fund balance increased by \$140,546 during the fiscal year. The change was due mainly to the City collecting excess property taxes.

The General Obligation Bonds 20% Fund's fund balance decreased by \$7,183,581 during the fiscal year. The change was due mainly to the City expending bond monies carried forward from the prior year.

The Public Safety/City Building Fund fund balance decreased by \$2,094,843 during the fiscal year. The change was due mainly to the City expending carryover funds for the public safety building.

The Impact Fees Fund fund balance decreased by \$326,418 during the fiscal year. The change was due mainly to the City expending carryover funds.

All nonmajor governmental funds of the City are combined into one column on the governmental fund financial statements. Fund balance of the nonmajor governmental funds increased by \$766,240 during the fiscal year. The change was due mainly to the City transferring monies from other funds.

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

*Proprietary Funds* –The City of Tolleson, Arizona's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$1,427,551 in the Water Fund, \$69,657 in the Sanitation and Trash Fund, and \$15,173,273 in the Wastewater Treatment and Sewer Fund.

**BUDGETARY HIGHLIGHTS**

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found on pages 22-23. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund revenues of \$11,851,194, on a budgetary basis, were less than budgeted revenues of \$12,105,654 by \$254,460 while budgetary basis expenditures of \$11,302,264 were 94% of budgeted expenditures. Actual revenues were less than budgeted revenues due to sales taxes being less than projected expectations due to the downturn in the economy.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's capital assets for its governmental and business-type activities as of June 30, 2010 amount to \$93,034,358 (net of accumulated depreciation), an increase of 33.4% from the prior year. For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 3.A.4 for further information regarding capital assets.

Capital assets include land, buildings and improvements, furniture and equipment, infrastructure, vehicles and plant in service. During fiscal year 2009-10 the annual depreciation expense for governmental activities was \$1,791,720 and depreciation expense for business-type activities was \$1,578,274. Additions to governmental capital assets during the fiscal year totaled \$6,608,746 and additions to business-type activities capital assets during the fiscal year totaled \$20,087,335.

Major capital asset events during the current fiscal year included the following:

- ◆ Purchase of various vehicles.
- ◆ Street improvements.
- ◆ Police/Court Building construction.
- ◆ Solid Waste Handling

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

The following table provides a breakdown of the capital assets of the City at June 30, 2010 and 2009.

**Table A-4  
Capital Assets (Net)**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,808,622	\$ 1,808,622	\$ 2,914,685	\$ 2,914,685	\$ 4,723,307	\$ 4,723,307
Construction in Progress	7,746,717	1,396,779	24,207,511	4,158,226	31,954,228	5,555,005
Buildings and Improvements	2,061,731	2,159,149	-	-	2,061,731	2,159,149
Infrastructure	21,141,225	22,432,713	-	-	21,141,225	22,432,713
Furniture, Equipment and Vehicles	1,511,765	1,672,053	7,334,989	8,171,004	8,846,754	9,843,057
Improvements	-	-	25,963	26,444	25,963	26,444
Buildings	-	-	13,308,331	13,742,495	13,308,331	13,742,495
Plant in Service	-	-	10,972,819	11,242,383	10,972,819	11,242,383
Total Capital Assets	<u>\$ 34,270,060</u>	<u>\$ 29,469,316</u>	<u>\$ 58,764,298</u>	<u>\$ 40,255,237</u>	<u>\$ 93,034,358</u>	<u>\$ 69,724,553</u>

**Long-Term Debt**

At the end of the current fiscal year, the City of Tolleson, Arizona had total long-term obligations outstanding of \$42,714,253. Of the outstanding debt, \$32,155,000 is general obligation bonds backed by the full faith and credit of the City. All other outstanding debt is secured by pledges of specific revenue sources or specific capital assets of the City.

The State imposes certain debt limitations on the City of 6% and 20% of the outstanding assessed valuation of the City. The City's available debt margin at June 30, 2010 is \$15,872,695 in the 6% capacity and \$20,753,982 in the 20% capacity. Additional information on the debt limitations and capacities may be found in the statistical section of this report on page 83.

The following schedule shows the outstanding debt of the City (both current and long-term) as of June 30, 2010 and 2009. Further detail on the City's outstanding debt may be found in Note 3.C. on pages 41 - 43.

**Table A-5  
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 32,155,000	\$ 31,010,000	\$ -	\$ -	\$ 32,155,000	\$ 31,010,000
Revenue Bonds	8,780,000	9,100,000	-	-	8,780,000	9,100,000
Premium on Bonds	404,920	416,179	-	-	404,920	416,179
WIFA Loans	-	-	9,253,641	-	9,253,641	-
Deferred Amount on Refunding	(70,160)	(93,547)	-	-	(70,160)	(93,547)
Compensated Absences	1,075,873	885,330	368,620	351,439	1,444,493	1,236,769
Total Outstanding Debt	<u>\$ 42,345,633</u>	<u>\$ 41,317,962</u>	<u>\$ 9,622,261</u>	<u>\$ 351,439</u>	<u>\$ 51,967,894</u>	<u>\$ 41,669,401</u>

**CITY OF TOLLESON, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2010**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Many factors were considered by the City's officials during the process of developing the fiscal year 2010-11 budget. The primary factor was the down turn in the economy, reduction of sales tax and other revenues being flat (no increases). The City used reserves built up in prior years to make up for the short fall of revenues.

These indicators were considered when adopting the budget for fiscal year 2010-11. Amounts available for appropriation in the General Fund budget are \$11,712,640, a decrease of 9.3% from the prior year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to:

City of Tolleson  
Accounting Department  
9555 West Van Buren  
Tolleson, AZ 85252  
(623) 936-7111

Or visit our website at:

[www.tollesonaz.org](http://www.tollesonaz.org)

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## **BASIC FINANCIAL STATEMENTS**

**CITY OF TOLLESON, ARIZONA  
STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 9,532,538	\$ 11,693,654	\$ 21,226,192
Cash with Paying Agent	3,900,235	-	3,900,235
Receivables			
Accounts Receivable	255,570	3,842,303	4,097,873
Taxes Receivable	221,659	118,986	340,645
Intergovernmental Receivable	1,499,761	2,023,622	3,523,383
Settlement Receivable	-	1,500,000	1,500,000
Prepaid Items	107,955	34,763	142,718
Deferred Charges	731,974	-	731,974
Restricted Assets	12,526,829	97,645	12,624,474
Capital Assets:			
Non-Depreciable	9,555,339	27,122,196	36,677,535
Depreciable (net)	24,714,721	31,642,102	56,356,823
Total Assets	<u>63,046,581</u>	<u>78,075,271</u>	<u>141,121,852</u>
<b>LIABILITIES</b>			
Accounts Payable	1,747,302	2,027,494	3,774,796
Accrued Wages and Benefits	522,068	30,179	552,247
Interest Payable	1,135,235	69,186	1,204,421
Intergovernmental Payable	1,334	47,368	48,702
Customer Deposits Payable	-	42,350	42,350
Unearned Revenue	53,878	-	53,878
Matured Debt Principal Payable	2,765,000	346,359	3,111,359
Noncurrent Liabilities			
Due Within One Year	3,718,906	463,329	4,182,235
Due in More Than One Year	38,626,727	9,158,932	47,785,659
Total Liabilities	<u>48,570,450</u>	<u>12,185,197</u>	<u>60,755,647</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,984,211	49,164,298	52,148,509
Restricted for:			
Highways and Streets	49,537	-	49,537
Debt Service	1,748,921	55,295	1,804,216
Other	1,675,824	-	1,675,824
Unrestricted	8,017,638	16,670,481	24,688,119
Total Net Assets	<u>\$ 14,476,131</u>	<u>\$ 65,890,074</u>	<u>\$ 80,366,205</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 3,931,291	\$ 897,801	\$ 100,508	\$ 852,626	\$ (2,080,356)	\$ -	\$ (2,080,356)
Public Safety	8,145,407	163,335	309,971	24,275	(7,647,826)	-	(7,647,826)
Highways and Streets	3,008,843	-	394,734	-	(2,614,109)	-	(2,614,109)
Culture and Recreation	1,006,074	11,284	63,991	9,820	(920,979)	-	(920,979)
Redevelopment and Housing	45,851	-	45,028	-	(823)	-	(823)
Economic Development	473,105	-	-	-	(473,105)	-	(473,105)
Health and Welfare	516,178	-	320,918	-	(195,260)	-	(195,260)
Interest and Fiscal Charges	1,480,666	-	-	-	(1,480,666)	-	(1,480,666)
Total Governmental Activities	18,607,415	1,072,420	1,235,150	886,721	(15,413,124)	-	(15,413,124)
Business-Type Activities:							
Water	4,357,407	4,639,765	-	-	-	282,358	282,358
Sanitation and Trash	705,856	409,697	-	28,080	-	(268,079)	(268,079)
Wastewater and Sewer	4,829,946	4,881,137	-	7,938,369	-	7,989,560	7,989,560
Total Business-Type Activities	9,893,209	9,930,599	-	7,966,449	-	8,003,839	8,003,839
Total	\$ 28,500,624	\$ 11,003,019	\$ 1,235,150	\$ 8,853,170	(15,413,124)	8,003,839	(7,409,285)
General Revenues:							
Taxes							
Sales Taxes					8,390,330	-	8,390,330
Property Taxes					6,421,551	518,221	6,939,772
Franchise Taxes					49,523	-	49,523
Impact Fees					172,761	-	172,761
State Revenue Sharing					838,960	-	838,960
State Sales Tax Revenue Sharing					476,855	-	476,855
Auto Lieu Tax Revenue Sharing					218,427	-	218,427
Interest					69,793	23,957	93,750
Gain on Disposal of Capital Assets					885	-	885
Other					114,501	23,051	137,552
Transfers					(6,224,014)	6,224,014	-
Total General Revenues and Transfers					10,529,572	6,789,243	17,318,815
Change in Net Assets					(4,883,552)	14,793,082	9,909,530
Net Assets - Beginning					19,359,683	51,096,992	70,456,675
Net Assets - Ending					\$ 14,476,131	\$ 65,890,074	\$ 80,366,205

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

Assets	General	Debt Service	General Obligation Bonds 20%	Public Safety/City Building
Cash and Cash Equivalents	\$ 2,205,969	\$ 1,096,914	\$ -	\$ 1,381,009
Cash with Paying Agent	-	3,900,235	-	-
Receivables				
Accounts Receivable	16,841	-	235,637	-
Taxes Receivable	88,033	133,626	-	-
Intergovernmental Receivable	1,148,218	60,000	-	-
Due from Other Funds	165,000	-	-	-
Prepaid Items	95,161	-	-	-
Restricted Assets	-	-	1,709,293	9,102,344
<b>Total Assets</b>	<b><u>\$ 3,719,222</u></b>	<b><u>\$ 5,190,775</u></b>	<b><u>\$ 1,944,930</u></b>	<b><u>\$ 10,483,353</u></b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 180,875	\$ -	\$ 13,556	\$ 1,381,009
Accrued Wages and Benefits	511,557	-	-	-
Interest Payable	-	1,135,235	-	-
Intergovernmental Payable	156	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenue	32,729	52,988	-	-
Matured Debt Principal Payable	-	2,765,000	-	-
<b>Total Liabilities</b>	<b><u>725,317</u></b>	<b><u>3,953,223</u></b>	<b><u>13,556</u></b>	<b><u>1,381,009</u></b>
<b>Fund Balances</b>				
Reserved for Prepaid Items	95,161	-	-	-
Unreserved	2,898,744	1,237,552	1,931,374	9,102,344
Unreserved; Reporting in Nonmajor:				
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>Total Fund Balance</b>	<b><u>2,993,905</u></b>	<b><u>1,237,552</u></b>	<b><u>1,931,374</u></b>	<b><u>9,102,344</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 3,719,222</u></b>	<b><u>\$ 5,190,775</u></b>	<b><u>\$ 1,944,930</u></b>	<b><u>\$ 10,483,353</u></b>

See accompanying Notes to Basic Financial Statements.

<u>Impact Fees</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 3,094,051	\$ 1,754,595	\$ 9,532,538
-	-	3,900,235
-	3,092	255,570
-	-	221,659
-	291,543	1,499,761
-	-	165,000
-	12,794	107,955
-	1,715,192	12,526,829
<u>\$ 3,094,051</u>	<u>\$ 3,777,216</u>	<u>\$ 28,209,547</u>

\$ 65,766	\$ 106,096	\$ 1,747,302
-	10,511	522,068
-	-	1,135,235
-	1,178	1,334
-	165,000	165,000
-	53,878	139,595
-	-	2,765,000
<u>65,766</u>	<u>336,663</u>	<u>6,475,534</u>

-	12,794	107,955
3,028,285	-	18,198,299
-	1,712,567	1,712,567
-	1,715,192	1,715,192
<u>3,028,285</u>	<u>3,440,553</u>	<u>21,734,013</u>
<u>\$ 3,094,051</u>	<u>\$ 3,777,216</u>	<u>\$ 28,209,547</u>

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**CITY OF TOLLESON, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

Fund Balances - Total Governmental Funds	\$ 21,734,013
Amounts reported for governmental activities in the statement of net assets are different because:	
Property taxes not collected within 60 days subsequent to fiscal year-end are deferred in the governmental funds.	85,717
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental Capital Assets	57,829,597
Less Accumulated Depreciation	(23,559,537)
Capital Assets Used in Governmental Activities	<u>34,270,060</u>
Other long-term assets are not available to pay for current-period expenditures	
Deferred Charges	731,974
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	
General Obligation Bonds	(32,155,000)
Revenue Bonds	(8,780,000)
Premium on General Obligation Bonds	(404,920)
Deferred Amount on Refunding	70,160
Compensated Absences	<u>(1,075,873)</u>
Net Assets of Governmental Activities	<u>\$ 14,476,131</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	General	Debt Service	General Obligation Bonds 20%	Public Safety/City Building
Revenue				
Taxes				
Sales Taxes	\$ 6,876,820	\$ 780,000	\$ -	\$ -
Property Taxes	2,543,631	3,882,002	-	-
Franchise Taxes	49,523	-	-	-
Intergovernmental	1,315,815	-	852,626	-
Fines and Forfeitures	223,073	-	-	-
Licenses and Permits	343,496	-	-	-
Charges for Services	338,875	-	-	-
Rents and Royalties	10,500	-	-	-
Contributions and Donations	30,275	-	-	-
Impact Fees	-	-	-	-
Interest	6,415	5,717	23,519	15,294
Other	112,771	-	-	-
Total Revenue	<u>11,851,194</u>	<u>4,667,719</u>	<u>876,145</u>	<u>15,294</u>
Expenditures				
Current				
General Government	3,100,497	11,823	447,072	52,864
Public Safety	6,991,080	-	-	-
Highways and Streets	-	-	106,687	-
Culture and Recreation	615,768	-	-	-
Redevelopment and Housing	-	-	-	-
Economic Development	470,138	-	-	-
Health and Welfare	-	-	-	-
Debt Service				
Principal Retirement	-	2,765,000	-	-
Interest on Long-Term Debt	-	1,750,350	-	-
Issuance Costs	-	-	-	100,768
Capital Outlay	124,781	-	6,255,967	5,599,428
Total Expenditures	<u>11,302,264</u>	<u>4,527,173</u>	<u>6,809,726</u>	<u>5,753,060</u>
Excess (Deficiency) of Revenue Over Expenditures	548,930	140,546	(5,933,581)	(5,737,766)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(842,220)	-	(1,250,000)	-
Issuance of Long-Term Debt	-	-	-	3,590,000
Premium on the Issuance of Long-Term Debt	-	-	-	52,923
Proceeds from Sale of Capital Assets	9,146	-	-	-
Total Other Financing Sources (Uses)	<u>(833,074)</u>	<u>-</u>	<u>(1,250,000)</u>	<u>3,642,923</u>
Net Change in Fund Balance	(284,144)	140,546	(7,183,581)	(2,094,843)
Fund Balance				
Beginning of Year	3,278,049	1,097,006	9,114,955	11,197,187
End of Year	<u>\$ 2,993,905</u>	<u>\$ 1,237,552</u>	<u>\$ 1,931,374</u>	<u>\$ 9,102,344</u>

See accompanying Notes to Basic Financial Statements.



Impact Fees	Total Nonmajor Governmental Funds	Totals
\$ -	\$ 733,510	\$ 8,390,330
-	-	6,425,633
-	-	49,523
-	1,416,231	3,584,672
-	69,850	292,923
-	-	343,496
-	86,625	425,500
-	-	10,500
-	41,166	71,441
172,761	-	172,761
11,094	7,754	69,793
-	1,730	114,501
<u>183,855</u>	<u>2,356,866</u>	<u>19,951,073</u>
-	147,632	3,759,888
-	785,367	7,776,447
225,876	1,398,879	1,731,442
-	225,646	841,414
-	45,851	45,851
-	-	470,138
-	500,477	500,477
-	-	2,765,000
-	-	1,750,350
-	-	100,768
<u>284,397</u>	<u>578,994</u>	<u>12,843,567</u>
<u>510,273</u>	<u>3,682,846</u>	<u>32,585,342</u>
(326,418)	(1,325,980)	(12,634,269)
-	2,092,220	2,092,220
-	-	(2,092,220)
-	-	3,590,000
-	-	52,923
-	-	9,146
<u>-</u>	<u>2,092,220</u>	<u>3,652,069</u>
(326,418)	766,240	(8,982,200)
<u>3,354,703</u>	<u>2,674,313</u>	<u>30,716,213</u>
<u>\$ 3,028,285</u>	<u>\$ 3,440,553</u>	<u>\$ 21,734,013</u>

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**CITY OF TOLLESON, ARIZONA  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds \$ (8,982,200)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	6,608,746
Less Current Year Depreciation	(1,791,720)
Excess Capital Expenditures Over Depreciation	4,817,026

The statement of activities reports gains arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets. (16,282)

Some revenues reported in the governmental funds that do not provide current financial resources in prior years have been recognized previously in the statement of activities and therefore are not reported as revenues in the statement of activities.

Property Taxes	(4,082)
----------------	---------

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. The new proceeds for debt issuance are:

Revenue Bonds	(3,590,000)
Premium on Bond Issued	(52,923)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal Payments on Long-Term Debt	2,765,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Amortization of Deferred Amount on the Premium	64,182
Amortization and Payment of Issuance Costs	329,657
Amortization of Deferred Amount on Refunding	(23,387)
Net Increase in Compensated Absences	(190,543)

Change in Net Assets of Governmental Activities	\$ (4,883,552)
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**CITY OF TOLLESON, ARIZONA**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Taxes			
Sales Taxes	\$ 7,100,000	\$ 6,876,820	\$ (223,180)
Property Taxes	2,481,100	2,543,631	62,531
Franchise Taxes	45,000	49,523	4,523
Intergovernmental	1,338,504	1,315,815	(22,689)
Fines and Forfeitures	230,700	223,073	(7,627)
Licenses and Permits	360,000	343,496	(16,504)
Charges for Services	393,300	338,875	(54,425)
Rents and Royalties	11,500	10,500	(1,000)
Contributions and Donations	20,000	30,275	10,275
Interest	45,000	6,415	(38,585)
Other	80,550	112,771	32,221
Total Revenue	12,105,654	11,851,194	(254,460)
Expenditures			
Current			
General Government			
Mayor and Council	249,101	231,819	17,282
City Management	586,267	616,290	(30,023)
City Clerk	248,102	236,477	11,625
Human Resources	175,028	159,837	15,191
City Magistrate	387,526	355,859	31,667
Finance	468,633	503,698	(35,065)
Public Works - Vehicle Maintenance	249,151	218,092	31,059
Public Works - Grounds Maintenance	340,816	307,536	33,280
Public Works - Buildings Maintenance	246,451	221,998	24,453
Information Technology	191,584	186,548	5,036
Non-Profit Donations	23,000	23,000	-
TQM Steering Committee	45,500	39,343	6,157
Contingency	111,000	-	111,000
Total general government	3,322,159	3,100,497	221,662
Public Safety			
Police Administration	189,760	178,921	10,839
Police Dispatching	822,045	758,456	63,589
Police Investigations	330,213	389,802	(59,589)
Police Field Operations	2,219,494	2,149,945	69,549
Fire Administration	240,101	221,995	18,106
Fire Operations	2,914,447	2,909,902	4,545
Public Works - Building Inspection	388,244	382,059	6,185
Total public safety	7,104,304	6,991,080	113,224
Culture and Recreation			
Library	319,143	313,718	5,425
Parks and Recreation	208,789	163,881	44,908
Boys and Girls Club	126,700	138,169	(11,469)
Total culture and recreation	654,632	615,768	38,864
Economic Development			
Community Revitalization	405,678	215,178	190,500
Planning and Engineering	375,396	254,960	120,436
Total redevelopment and housing	781,074	470,138	310,936
Capital Outlay	195,000	124,781	70,219
Total Expenditures	12,057,169	11,302,264	754,905

(Continued)

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND (CONTINUED)  
YEAR ENDED JUNE 30, 2010**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
(Concluded)			
Excess (Deficiency) of Revenue Over Expenditures	\$ 48,485	\$ 548,930	\$ 500,445
Other Finance Sources (Uses)			
Transfers Out	(751,305)	(842,220)	(90,915)
Proceeds from Sale of Capital Assets	16,000	9,146	(6,854)
Total Other Finance Sources (Uses)	<u>(735,305)</u>	<u>(833,074)</u>	<u>(97,769)</u>
Net Change in Fund Balance	(686,820)	(284,144)	402,676
Fund Balance			
Beginning of Year	686,820	3,278,049	2,591,229
End of Year	<u>\$ -</u>	<u>\$ 2,993,905</u>	<u>\$ 2,993,905</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds			
	Water	Sanitation and Trash	Wastewater and Sewer	Totals
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 1,090,055	\$ 45,747	\$ 10,557,852	\$ 11,693,654
Receivables				
Accounts Receivable	670,618	55,856	3,115,829	3,842,303
Taxes Receivable	100,765	-	18,221	118,986
Intergovernmental Receivable	-	-	2,023,622	2,023,622
Settlement Receivable	-	-	1,500,000	1,500,000
Prepaid Items	8,818	6,987	18,958	34,763
Restricted Assets	42,350	-	55,295	97,645
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Non-Depreciable	108,281	-	27,013,915	27,122,196
Depreciable (net)	9,152,539	190,724	22,298,839	31,642,102
<b>Total Assets</b>	<b>11,173,426</b>	<b>299,314</b>	<b>66,602,531</b>	<b>78,075,271</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable	280,989	17,902	1,728,603	2,027,494
Accrued Wages and Benefits	8,674	4,519	16,986	30,179
Intergovernmental Payable	46,974	-	394	47,368
Customer Deposits Payable	42,350	-	-	42,350
Interest Payable	-	-	69,186	69,186
Matured Loans Payable	-	-	346,359	346,359
<b>Noncurrent Liabilities</b>				
WIFA Loans Payable	-	-	9,253,641	9,253,641
Compensated Absences	106,068	16,512	246,040	368,620
<b>Total Liabilities</b>	<b>485,055</b>	<b>38,933</b>	<b>11,661,209</b>	<b>12,185,197</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	9,260,820	190,724	39,712,754	49,164,298
Restricted for WIFA Loan	-	-	55,295	55,295
Unrestricted	1,427,551	69,657	15,173,273	16,670,481
<b>Total Net Assets</b>	<b>\$ 10,688,371</b>	<b>\$ 260,381</b>	<b>\$ 54,941,322</b>	<b>\$ 65,890,074</b>

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds			
	Water	Sanitation and Trash	Wastewater and Sewer	Totals
Operating Revenue				
Charges for Services	\$ 4,639,765	\$ 409,697	\$ 4,881,137	\$ 9,930,599
Operating Expenses				
Cost of Sales and Services	3,864,580	669,225	3,703,153	8,236,958
Depreciation	492,827	36,631	1,048,816	1,578,274
Total Operating Expenses	<u>4,357,407</u>	<u>705,856</u>	<u>4,751,969</u>	<u>9,815,232</u>
Operating Income (Loss)	282,358	(296,159)	129,168	115,367
Nonoperating Revenue (Expense)				
Property Tax	-	-	518,221	518,221
Intergovernmental	-	-	2,000,000	2,000,000
Interest Income	2,872	98	20,987	23,957
Interest Expense	-	-	(77,977)	(77,977)
Miscellaneous Revenues	685	503	21,863	23,051
Total Nonoperating Revenue (Expenses)	<u>3,557</u>	<u>601</u>	<u>2,483,094</u>	<u>2,487,252</u>
Income Before Capital Contributions and Transfers	285,915	(295,558)	2,612,262	2,602,619
Capital Contributions	-	28,080	12,162,383	12,190,463
Transfers In	-	650,000	-	650,000
Transfers Out	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>(650,000)</u>
Change in Net Assets	(364,085)	382,522	14,774,645	14,793,082
Net Assets				
Beginning of Year	11,052,456	(122,141)	40,166,677	51,096,992
End of Year	<u>\$ 10,688,371</u>	<u>\$ 260,381</u>	<u>\$ 54,941,322</u>	<u>\$ 65,890,074</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF TOLLESON, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds			
	Water	Sanitation and Trash	Wastewater and Sewer	Totals
Cash Flows from Operating Activities				
Receipts from Customers	\$ 4,570,596	\$ 411,140	\$ 3,816,291	\$ 8,798,027
Payments to Employees	(879,622)	(536,966)	(1,998,674)	(3,415,262)
Payments to Suppliers	(3,012,377)	(202,907)	(170,944)	(3,386,228)
Customer Deposits Paid	-	-	-	-
Other Receipts	685	503	21,863	23,051
Net Cash Flows from Operating Activities	679,282	(328,230)	1,668,536	2,019,588
Cash Flows from Noncapital Financing Activities				
Cash Received from (Paid to) Other Funds for Interfund Borrowing	325,000	(325,000)	-	-
General Property Taxes	-	-	500,000	500,000
Transfers In	-	650,000	-	650,000
Transfers Out	(650,000)	-	-	(650,000)
Net cash Flows from Noncapital Financing Activities	(325,000)	325,000	500,000	500,000
Cash Flows from Capital and Financing Activities				
Capital Contributions	-	-	5,938,369	5,938,369
Interest and Fiscal Charges Paid	-	-	(8,791)	(8,791)
WIFA Loans Issued	-	-	11,600,000	11,600,000
Purchases of Capital Assets	-	-	(13,835,241)	(13,835,241)
Net Cash Flows from Capital and Related Financing Activities	-	-	3,694,337	3,694,337
Cash Flows from Investing Activities				
Interest	3,485	98	26,504	30,087
Net Change in Cash and Cash Equivalents	357,767	(3,132)	5,889,377	6,244,012
Cash and Cash Equivalents, Beginning of Year	774,638	48,879	4,723,770	5,547,287
Cash and Cash Equivalents, End of Year	<u>\$ 1,132,405</u>	<u>\$ 45,747</u>	<u>\$ 10,613,147</u>	<u>\$ 11,791,299</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Investments	\$ 1,090,055	\$ 45,747	\$ 10,557,852	\$ 11,693,654
Restricted Assets	42,350	-	55,295	97,645
Total Cash and Cash Equivalents	<u>\$ 1,132,405</u>	<u>\$ 45,747</u>	<u>\$ 10,613,147</u>	<u>\$ 11,791,299</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF TOLLESON, ARIZONA**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

	Business-Type Activities - Enterprise Funds			
	Water	Sanitation and Trash	Wastewater and Sewer	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 282,358	\$ (296,159)	\$ 129,168	\$ 115,367
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	492,827	36,631	1,048,816	1,578,274
Other Receipts	685	503	21,863	23,051
Change in Assets/Liabilities:				
Accounts Receivable, Net	(55,215)	2,988	959,247	907,020
Intergovernmental Receivable	-	-	(2,023,622)	(2,023,622)
Taxes Receivable	(13,853)	-	-	(13,853)
Prepaid Items	(101)	(1,545)	(471)	(2,117)
Accounts Payable	(18,861)	5,402	1,582,348	1,568,889
Accrued Wages and Benefits	(24,936)	(60,853)	(66,981)	(152,770)
Intergovernmental Payable	8,326	-	(1,614)	6,712
Compensated Absences	12,596	(15,197)	19,782	17,181
Customer Deposits Payable	(4,544)	-	-	(4,544)
Net Cash Provided (Used) for Operating Activities	<u>\$ 679,282</u>	<u>\$ (328,230)</u>	<u>\$ 1,668,536</u>	<u>\$ 2,019,588</u>

See accompanying Notes to Basic Financial Statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the City of Tolleson, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant accounting policies follows.

**A. Reporting Entity**

The City is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

Included within the reporting entity:

The Tolleson Municipal Facilities Corporation is a nonprofit corporation that is organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The corporation is governed by a board of directors which is responsible for approving the corporation's bond sales. Bond sales must also be approved by the City Council. Although it is legally separate from the City, the corporation is reported as if it is part of the primary government because its sole purpose is to finance the acquisition and or construction of public facilities for the City. Separate financial statements for the corporation are not prepared.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Property taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

*Major Governmental Funds*

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds not accounted for elsewhere.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Major Governmental Funds (Continued)*

General Obligation Bonds 20% Fund

The General Obligation Bonds 20% Fund accounts for bond proceeds used in the construction of new City facilities and improvements.

Public Safety/City Building Fund

The Public Safety/City Building Fund accounts for construction of the City's new public safety and city building.

Impact Fees Fund

The Impact Fees Fund accounts for proceeds from impact fees for street, water, general, public works, fire and police capital outlay due to growth.

The City reports the following major proprietary funds:

*Major Proprietary Funds*

Water Fund

The Water Fund accounts for activities of the City's water operations.

Sanitation and Trash Fund

The Sanitation and Trash Fund accounts for the activities of the City's sanitation operations.

Wastewater Treatment and Sewer Fund

The Wastewater Treatment and Sewer Fund accounts for the activities of the City's wastewater treatment and sewer operations. The City combined the Wastewater Treatment and Sewer Funds during the 2009-10 fiscal year.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, for governmental activities it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

**2. Receivables**

All trade receivables are shown net of an allowance for uncollectibles.

Maricopa County levies real 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. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.



**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**3. Short-Term Interfund Receivables/Payables**

During the course of operations, individual funds within the City's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

**4. Inventories and Prepaid Items**

Inventories are recorded as expenditures at the time of purchase, and because the amounts on hand at June 30, 2010 were immaterial, they are not included in the government-wide and fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**5. Restricted Assets**

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Customer deposits are classified as restricted assets because their use is limited.

**6. Capital Assets**

Capital assets, which include property, plant, infrastructure, furniture, equipment and vehicles are reported in the governmental and business-type activities column in the government-wide financial statements as applicable and the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant, furniture, infrastructure, equipment and vehicles purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**6. Capital Assets (Continued)**

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	40 Years
Water Plant	50 Years
Sewer Plant	50 Years
Furniture, Equipment and Vehicles	5-20 Years
Infrastructure	50 Years

The City capitalized all of its existing infrastructure at estimated historical cost after adoption of GASB Statement 34.

**7. Compensated Absences**

The liability for compensated absences reported in the fund financial statements and the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**8. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column on the statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**9. Net Assets**

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because capital assets make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the City. Unrestricted net assets are the remaining net assets not included in the previous two categories.

**10. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).

**CITY OF TOLLESON, ARIZONA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2010**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

4. Expenditures may not legally exceed the expenditure limitation described below of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Manager, subject to City Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without City Council approval.
  
5. Formal budgetary integration is employed as a management control device during the year for all funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the City to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

No supplementary budgetary appropriations were necessary during the year.

**B. Excess of Expenditures Over Appropriations**

Expenditures exceeded appropriations in the following funds:

	<u>Amount of Overexpenditure</u>
General Fund:	
City Management	\$ 30,023
Finance	35,065
Police Investigations	59,589
Boys and Girls Club	11,469
Highway Users Revenue Fund	62,743

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2010 consist of the following:

Deposits:	
Cash on Hand	\$ 1,250
Cash in Bank	5,292,663
Cash on Deposit with Paying Agent	3,900,235
Investments:	
Investment Sweep Account	6,645,213
State Treasurer's Investment Pool	<u>21,911,540</u>
 Total Deposits and Investments	 37,750,901
Less:	
Restricted Assets	(12,624,474)
Cash on Deposit with Paying Agent	<u>(3,900,235)</u>
 Total Cash and Cash Equivalents	 <u><u>\$ 21,226,192</u></u>

**Deposits**

The City's deposits at June 30, 2010, were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name. The deposits were not subject to custodial credit risk.

**Investments**

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. All other investments of the City are uninsured and unregistered with the securities held by the counterparty's trust department or agent in the City's name.

*Interest Rate Risk* – In accordance with its investment policy, the government manages its exposure to decline in fair values by limiting the average maturity of its investment portfolio to less than one year.

*Credit Rate Risk* – The City limits its credit risk by only investing in U.S. government securities, the State Treasurer's Investment Pool or insured or collateralized investments.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Restricted Assets**

Restricted assets in the Water Enterprise and Capital Projects Funds at June 30, 2010 consisted of the following:

Unspent Bond Proceeds	\$	12,526,829
Customer Deposits		42,350
WIFA Loan Reserve		55,295
		55,295
	\$	12,624,474

**3. Receivables**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent Property Taxes Receivable:		
General Fund	\$ 32,729	\$ -
Debt Service Fund	52,988	-
Grant Awards Not Yet Earned		
Nonmajor Governmental Funds	-	53,878
Total	\$ 85,717	\$ 53,878

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,808,622	\$ -	\$ -	\$ 1,808,622
Construction in Progress	1,396,779	6,349,938	-	7,746,717
Total Capital Assets, Not Being Depreciated	<u>3,205,401</u>	<u>6,349,938</u>	<u>-</u>	<u>9,555,339</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	4,192,267	-	-	4,192,267
Infrastructure	39,205,569	15,459	-	39,221,028
Furniture, Equipment and Vehicles	4,655,188	243,349	(37,574)	4,860,963
Total Capital Assets, Being Depreciated	<u>48,053,024</u>	<u>258,808</u>	<u>(37,574)</u>	<u>48,274,258</u>
Accumulated Depreciation for:				
Buildings and Improvements	(2,033,118)	(97,418)	-	(2,130,536)
Infrastructure	(16,772,856)	(1,306,947)	-	(18,079,803)
Furniture, Equipment and Vehicles	(2,983,135)	(387,355)	21,292	(3,349,198)
Total Accumulated Depreciation	<u>(21,789,109)</u>	<u>(1,791,720)</u>	<u>21,292</u>	<u>(23,559,537)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,263,915</u>	<u>(1,532,912)</u>	<u>(16,282)</u>	<u>24,714,721</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,469,316</u>	<u>\$ 4,817,026</u>	<u>\$ (16,282)</u>	<u>\$ 34,270,060</u>

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,914,685	\$ -	\$ -	\$ 2,914,685
Construction in Progress	4,158,226	20,049,285	-	24,207,511
Total Capital Assets, Not Being Depreciated	<u>7,072,911</u>	<u>20,049,285</u>	<u>-</u>	<u>27,122,196</u>
Capital Assets, Being Depreciated:				
Improvements	344,743	-	-	344,743
Buildings	21,475,562	-	-	21,475,562
Furniture, Equipment and Vehicles	25,238,071	38,050	(117,810)	25,158,311
Plant in Service	15,222,048	-	-	15,222,048
Total Capital Assets, Being Depreciated	<u>62,280,424</u>	<u>38,050</u>	<u>(117,810)</u>	<u>62,200,664</u>
Accumulated Depreciation for:				
Improvements	(318,299)	(481)	-	(318,780)
Buildings	(7,733,067)	(434,164)	-	(8,167,231)
Furniture, Equipment and Vehicles	(17,067,067)	(874,065)	117,810	(17,823,322)
Plant in Service	(3,979,665)	(269,564)	-	(4,249,229)
Total Accumulated Depreciation	<u>(29,098,098)</u>	<u>(1,578,274)</u>	<u>117,810</u>	<u>(30,558,562)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,182,326</u>	<u>(1,540,224)</u>	<u>-</u>	<u>31,642,102</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,255,237</u>	<u>\$ 18,509,061</u>	<u>\$ -</u>	<u>\$ 58,764,298</u>



**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 124,331
Public Safety	226,117
Highways and Streets	1,277,401
Culture and Recreation	154,021
Health and Welfare	9,850
Total Depreciation Expense - Governmental Activities	<u>\$ 1,791,720</u>
Business-Type Activities:	
Water	\$ 492,827
Sanitation and Trash	36,631
Wastewater Treatment and Sewer	1,048,816
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,578,274</u>

**5. Construction Commitments**

The City has active construction projects at June 30, 2010. The projects include sewer improvements and police and fire station construction. At fiscal year-end the City's commitments with contractors were as follows:

Business-type Activities		
Project	Spent-to-Date	Remaining Commitment
Solid Waste Handling Construction		
Engineering	\$ 2,327,452	\$ 872,547
Solid Waste Handling Construction	21,880,057	4,653,170
	<u>\$ 24,207,509</u>	<u>\$ 5,525,717</u>
Governmental Activities		
Project	Spent-to-Date	Remaining Commitment
Police Station	\$ 4,111,340	\$ 7,638,952
Fire Station	3,357,421	3,367,738
Traffic Signal 83rd and Washington	63,920	91,649
	<u>\$ 7,532,681</u>	<u>\$ 11,098,339</u>

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables and Transfers**

As of June 30, 2010 interfund receivable and payables were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	\$ 165,000

The above interfund receivables and payables are due to short-term cash borrowings.

Interfund transfers for the year ended June 30, 2010 consisted of the following:

Transfers In	Transfers Out			Total
	General Fund	GO Bonds 20%	Water Fund	
Sanitation and Trash Fund	\$ -	\$ -	\$ 650,000	\$ 650,000
Nonmajor Governmental Funds	842,220	1,250,000	-	2,092,220
Total	\$ 842,220	\$ 1,250,000	\$ 650,000	\$ 2,742,220

Transfers were made for operations in the applicable fund.

The capital contributions of \$6,224,014 from the governmental activities to business-type activities on the government-wide statement includes capital assets that were transferred between governmental and business-type activities.

**C. Long-term Obligations**

The City has issued long-term bonds to provide funds for the acquisition and construction of major capital facilities. The debt is repaid by the Debt Service Fund. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Long-term Obligations (Continued)**

The City has pledged future excise tax revenues to repay \$9,100,000 of Public Safety and Excise Tax Revenue Bonds, Series 2009. Proceeds from these bonds are to be used to construct a public safety and city building. Annual principal and interest payments on the bonds are expected to require less than 10% of net revenues. The total principal and interest to be paid on the bonds is \$14,147,318. Principal and interest paid for the current year and total pledged revenue were \$74,177 and \$8,339,786, respectively.

The City has pledged future sewer revenues to repay \$4,000,000 of Water Infrastructure and Finance Authority Loan proceeds issued in 2009. Proceeds of this loan were used for wastewater treatment plant improvements. Annual principal and interest payments on the loan are expected to require less than 20 percent of net revenues. The total principal and interest to be paid on the loan is \$5,513,737. Principal and interest paid for the current year and total pledged revenue were \$260,690 and \$923,838, respectively.

Bonds currently outstanding are as follows:

Purpose	Interest Rates (%)	Original Issue Amount	Amount
Water and Sewer General Obligation Bonds, Series 1998	4.2-6.2	\$ 3,940,000	\$ 2,305,000
General Obligation Bonds, Series 2003	2.5-5.0	18,305,000	13,225,000
General Obligation Refunding Bonds, Series 2004	3.5-5.0	3,525,000	790,000
General Obligation Bonds, Series 2006	4.0	14,510,000	12,360,000
Public Safety and Excise Tax Revenue Bonds, Series 2009	2.0-5.0	9,100,000	8,780,000
General Obligation Bonds, Series 2009A	3.0-5.0	3,590,000	3,475,000
Total Bonds Payable		<u>\$ 52,970,000</u>	<u>\$ 40,935,000</u>

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Long-term Obligations (Continued)**

Changes in long-term obligations for the year ended June 30, 2010 are as follows:

	June 30, 2009	Increases	Decreases	June 30, 2010	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable:					
General Obligation Bonds	\$ 31,010,000	\$ 3,590,000	\$ (2,445,000)	\$ 32,155,000	\$ 2,600,000
Revenue Bonds	9,100,000	-	(320,000)	8,780,000	325,000
Premium on Bonds	416,179	52,923	(64,182)	404,920	64,182
Deferred Amount on Refunding	(93,547)	-	23,387	(70,160)	(23,387)
Total Bonds Payable	<u>40,432,632</u>	<u>3,642,923</u>	<u>(2,805,795)</u>	<u>41,269,760</u>	<u>2,965,795</u>
Other Liabilities:					
Compensated Absences	885,330	439,377	(248,834)	1,075,873	753,111
Governmental Activities					
Long-Term Liabilities	<u>\$ 41,317,962</u>	<u>\$ 4,082,300</u>	<u>\$ (3,054,629)</u>	<u>\$ 42,345,633</u>	<u>\$ 3,718,906</u>
<b>Business-Type Activities</b>					
Other Liabilities:					
WIFA Loan	\$ -	\$ 9,600,000	\$ (346,359)	\$ 9,253,641	\$ 357,802
Compensated Absences	351,439	130,742	(113,561)	368,620	105,527
Business-Type Activities					
Long-Term Liabilities	<u>\$ 351,439</u>	<u>\$ 9,730,742</u>	<u>\$ (459,920)</u>	<u>\$ 9,622,261</u>	<u>\$ 463,329</u>

Debt service requirements on long-term debt at June 30, 2010 are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 2,925,000	\$ 1,667,519	\$ 357,802	\$ 305,740
2012	3,120,000	1,562,124	369,624	293,919
2013	3,265,000	1,447,442	381,837	281,706
2014	3,420,000	1,318,032	394,452	269,090
2015	3,550,000	1,179,407	407,485	256,057
2016-2020	16,915,000	3,709,145	2,248,496	1,069,218
2021-2025	4,125,000	1,420,831	2,645,317	672,397
2026-2030	3,615,000	451,138	2,448,628	205,543
	<u>\$ 40,935,000</u>	<u>\$ 12,755,638</u>	<u>\$ 9,253,641</u>	<u>\$ 3,353,670</u>

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The City of Tolleson, Arizona, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the City is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The City is also insured by Arizona Municipal Workers Compensation Fund for potential worker related accidents.

**B. Contingencies**

**Lawsuits** – The City is a defendant in various lawsuits incidental to its normal operations. Management, with concurrence of City's outside legal counsel, is of the opinion that settlement of these lawsuits will not have a material effect on the financial position of the City. Therefore, no specific provision has been reflected in the accompanying basic financial statements.

**C. Retirement Plans**

**Arizona State Retirement System**

**Plan Descriptions**

The City contributes to a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health care plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan, all of which are administered by the Arizona State Retirement System. The Arizona State Retirement System (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Funding Policy**

The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates. For the year ended June 30, 2010, active plan members were required by statute to contribute at the actuarially determined rate of 9.4% (7.97% for retirement, 1.03% for health insurance premium, and 0.4% for long-term disability) of the members' annual covered payroll.

<u>Years Ended June 30,</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2010	\$ 483,349	\$ 62,465	\$ 23,829
2009	464,499	63,341	28,834
2008	454,191	59,259	28,221

**Public Safety Personnel Retirement System (PSPRS)**

**Plan Description**

The City contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 1020 E. Missouri Ave., Phoenix, AZ 85014 or by calling (602) 255-5575.

**Funding Policy**

Covered employees are required to contribute 8.00% of their annual salary to the PSPRS. The City is required to contribute the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statute. The current rate is 14.4% for police and 14.2% for fire of annual covered payroll. In addition, the health insurance subsidy was determined to be 1.07 percent for police and 0.82 percent for fire.

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Annual Pension Cost and Other Postemployment Benefit (OPEB) Obligations**

During the year ended June 30, 2010, the City of Tolleson, Arizona's annual pension cost of \$256,196 for police and \$298,054 for fire was equal to the City of Tolleson, Arizona's required and actual contributions. OPEB costs (health insurance subsidy payments) were determined to be \$21,242 for police and \$19,141 for fire and were equal to the City's required and actual contributions.

Annual pension and OPEB cost information for the current and 2 preceding years were as follows:

**Three-Year Trend Information**

**Police**

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percent Contributed	Net Pension Obligation
2008	\$ 178,941	100.0 %	\$ -
2009	291,443	100.0	-
2010	256,196	100.0	-

Fiscal Year Ended June 30,	Annual OPEB Cost	Percent Contributed	Net Pension Obligation
2008	\$ 14,001	100.0 %	\$ -
2009	20,789	100.0	-
2010	21,242	100.0	-

**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Fire**

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Percent Contributed	Net Pension Obligation
2008	\$ 225,878	100.0 %	\$ -
2009	316,161	100.0	-
2010	298,054	100.0	-

Fiscal Year Ended June 30,	Annual OPEB Cost	Percent Contributed	Net Pension Obligation
2008	\$ 15,189	100.0 %	\$ -
2009	17,535	100.0	-
2010	19,141	100.0	-

The required contribution was determined as part of the June 30, 2010 actuarial valuation using an entry age actuarial funding method. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.50% per year compounded annually, (b) projected salary increases of 5.5% (including inflation at 5.0%) per year compounded annually, and (c) additional projected salary increases of 5.5% to 8.5% per year attributable to seniority/merit.

**Funding Status and Funding Progress**

As of June 30, 2010, the plan was 64.2% funded for police and 91.0% funded for fire. For police, the actuarial accrued liability for benefits was \$6.1 million, and the actuarial value of assets was \$3.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.2 million. For fire, the actuarial accrued liability for benefits was \$5.2 million, and the actuarial value of assets was \$4.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$1.8 million for police and \$2.1 million for fire, and the ratio of the UAAL to the covered payroll was 122.4% for police and 22.5% for fire.

The schedule of funding progress presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



**CITY OF TOLLESON, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2010**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

The actuarial value of the City of Tolleson, Arizona's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The City of Tolleson, Arizona's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 27 years.

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board.

Historical trend information is presented in order for the reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF TOLLESON, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS**

**Police**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over(Under) funded AAL	Annual Covered Payroll	Over (Under) funded AAL as a Percentage of Covered Payroll
2008	\$ 3,472,838	\$ 5,277,694	65.8%	\$ (1,804,856)	\$ 1,707,450	-105.7%
2009	3,776,676	5,884,143	64.2%	(2,107,467)	1,745,584	-120.7%
2010	3,909,688	6,092,226	64.2%	(2,182,538)	1,783,677	-122.4%

**Police – Other Postemployment Benefit (Health Insurance Subsidy)**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over(Under) funded AAL	Annual Covered Payroll	Over (Under) funded AAL as a Percentage of Covered Payroll
2008	\$ -	\$ 118,598	0.0%	\$ (118,598)	\$ 1,707,450	-6.9%
2009	-	155,154	0.0%	(155,154)	1,745,584	-8.9%
2010	-	159,929	0.0%	(159,929)	1,783,677	-9.0%

**Fire**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over(Under) funded AAL	Annual Covered Payroll	funded AAL as a Percentage of Covered Payroll
2008	\$ -	\$ 118,598	0.0%	\$ (118,598)	\$ 1,707,450	-6.9%
2009	-	155,154	0.0%	(155,154)	1,745,584	-8.9%
2010	-	159,929	0.0%	(159,929)	1,783,677	-9.0%

**Fire – Other Postemployment Benefit (Health Insurance Subsidy)**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over(Under) funded AAL	Annual Covered Payroll	Over (Under) funded AAL as a Percentage of Covered Payroll
2008	\$ -	\$ 107,595	0.0%	\$ (107,595)	\$ 2,052,603	-5.2%
2009	-	111,312	0.0%	(111,312)	2,100,605	-5.3%
2010	-	129,744	0.0%	(129,744)	2,097,226	-6.2%

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

*Highway User Revenue Fund* - accounts for the City's share of motor fuel tax revenues and lottery proceeds.

*Grants Fund* - accounts for the activity of the City's grants

*Public Safety Tax Fund* - accounts for the City's sales tax revenues set aside for public safety purposes and related expenditures.

*Other Fund* - accounts for the activities of various restricted accounts of the City.

### **CAPITAL PROJECTS FUNDS**

The *General Obligation Bonds 6% Fund* accounts for the bond proceeds used in the construction of new City facilities and improvements.

**CITY OF TOLLESON, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2010**

	Special Revenue			
	Highway User Revenue	Grants	Public Safety Tax	Other
Assets				
Cash and Investments	\$ 60,671	\$ 279,193	\$ 1,144,762	\$ 268,756
Receivables				
Accounts Receivable	-	-	-	3,092
Intergovernmental Receivable	54,561	146,354	90,628	-
Prepaid Items	4,337	5,191	-	3,266
Restricted Assets	-	-	-	-
Total Assets	<u>\$ 119,569</u>	<u>\$ 430,738</u>	<u>\$ 1,235,390</u>	<u>\$ 275,114</u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$ 67,111	\$ 29,674	\$ -	\$ 8,098
Accrued Wages and Benefits	2,921	5,298	-	2,292
Intergovernmental Payable	-	-	-	1,178
Due to Other Funds	-	165,000	-	-
Deferred Revenue	-	53,878	-	-
Total Liabilities	<u>70,032</u>	<u>253,850</u>	<u>-</u>	<u>11,568</u>
Fund Balance				
Reserved for Prepaid Items	4,337	5,191	-	3,266
Unreserved	45,200	171,697	1,235,390	260,280
Total Fund Balance	<u>49,537</u>	<u>176,888</u>	<u>1,235,390</u>	<u>263,546</u>
Total Liabilities and Fund Balance	<u>\$ 119,569</u>	<u>\$ 430,738</u>	<u>\$ 1,235,390</u>	<u>\$ 275,114</u>

<u>Capital Projects</u> General Obligation Bonds 6 %	Total Nonmajor Governmental Funds
\$ 1,213	\$ 1,754,595
-	3,092
-	291,543
-	12,794
1,715,192	1,715,192
<u>\$ 1,716,405</u>	<u>\$ 3,777,216</u>

\$ 1,213	\$ 106,096
-	10,511
-	1,178
-	165,000
-	53,878
<u>1,213</u>	<u>336,663</u>

-	12,794
<u>1,715,192</u>	<u>3,427,759</u>
<u>1,715,192</u>	<u>3,440,553</u>

<u>\$ 1,716,405</u>	<u>\$ 3,777,216</u>
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**CITY OF TOLLESON, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGE IN FUND BALANCE  
YEAR ENDED JUNE 30, 2010**

	Special Revenue			
	Highway User Revenue	Grants	Public Safety Tax	Other
Revenue				
Taxes				
Sales Taxes	\$ -	\$ -	\$ 733,510	\$ -
Property Taxes	-	-	-	-
Franchise Taxes	-	-	-	-
Intergovernmental	613,161	803,070	-	-
Fines and Forfeitures	-	-	-	69,850
Charges for Services	-	-	-	86,625
Contributions and Donations	-	-	-	41,166
Interest	76	-	4,603	509
Other	1,730	-	-	-
Total Revenue	614,967	803,070	738,113	198,150
Expenditures				
Current				
General Government	-	-	-	128,103
Public Safety	-	298,185	435,808	51,374
Highways and Streets	910,404	-	-	-
Culture and Recreation	-	9,820	-	215,826
Redevelopment and Housing	-	45,851	-	-
Health and Welfare	-	500,477	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Issuance Costs	-	-	-	-
Capital Outlay	-	61,918	517,076	-
Total Expenditures	910,404	916,251	952,884	395,303
Excess (Deficiency) of Revenue Over Expenditures	(295,437)	(113,181)	(214,771)	(197,153)
Other Financing Sources (Uses)				
Transfers In	343,806	229,414	-	269,000
Net Change in Fund Balance	48,369	116,233	(214,771)	71,847
Fund Balance				
Beginning of Year	1,168	60,655	1,450,161	191,699
End of Year	\$ 49,537	\$ 176,888	\$ 1,235,390	\$ 263,546

<u>Capital Projects</u>	
<u>General Obligation Bonds 6%</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 733,510
-	-
-	-
-	1,416,231
-	69,850
-	86,625
-	41,166
2,566	7,754
-	1,730
<u>2,566</u>	<u>2,356,866</u>
19,529	147,632
-	785,367
488,475	1,398,879
-	225,646
-	45,851
-	500,477
-	-
-	-
-	-
-	578,994
<u>508,004</u>	<u>3,682,846</u>
(505,438)	(1,325,980)
<u>1,250,000</u>	<u>2,092,220</u>
744,562	766,240
970,630	2,674,313
<u>\$ 1,715,192</u>	<u>\$ 3,440,553</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Taxes			
Sales Taxes	\$ 710,000	\$ 780,000	\$ 70,000
Property Taxes	3,787,000	3,882,002	95,002
Interest	10,400	5,717	(4,683)
Total Revenue	<u>4,507,400</u>	<u>4,667,719</u>	<u>160,319</u>
Expenditures			
Current			
General Government	6,500	11,823	(5,323)
Debt Service			
Principal Retirement	2,785,000	2,765,000	20,000
Interest on Long-Term Debt	1,842,938	1,750,350	92,588
Total Expenditures	<u>4,634,438</u>	<u>4,527,173</u>	<u>107,265</u>
Net Change in Fund Balance	(127,038)	140,546	267,584
Fund Balance			
Beginning of Year	127,038	1,097,006	969,968
End of Year	<u>\$ -</u>	<u>\$ 1,237,552</u>	<u>\$ 1,237,552</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL OBLIGATION BONDS 20% FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenue</b>			
Intergovernmental	\$ -	\$ 852,626	\$ 852,626
Interest	32,000	23,519	(8,481)
<b>Total Revenue</b>	<u>32,000</u>	<u>876,145</u>	<u>844,145</u>
<b>Expenditures</b>			
<b>Current</b>			
General Government	750,000	447,072	302,928
Highways and Streets	-	106,687	(106,687)
<b>Capital Outlay</b>	<u>9,050,000</u>	<u>6,255,967</u>	<u>2,794,033</u>
<b>Total Expenditures</b>	<u>9,800,000</u>	<u>6,809,726</u>	<u>2,990,274</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	(9,768,000)	(5,933,581)	3,834,419
<b>Other Financing Sources (Uses)</b>			
Transfers Out	-	(1,250,000)	(1,250,000)
<b>Net Change in Fund Balance</b>	(9,768,000)	(7,183,581)	2,584,419
<b>Fund Balance</b>			
Beginning of Year	9,768,000	9,114,955	(653,045)
End of Year	<u>\$ -</u>	<u>\$ 1,931,374</u>	<u>\$ 1,931,374</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PUBLIC SAFETY/CITY BUILDING FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Interest	\$ 41,500	\$ 15,294	\$ (26,206)
Expenditures			
Current			
General Government	-	52,864	(52,864)
Debt Service			
Issuance Costs	-	100,768	(100,768)
Capital Outlay	13,850,000	5,599,428	8,250,572
Total Expenditures	<u>13,850,000</u>	<u>5,753,060</u>	<u>8,096,940</u>
Excess (Deficiency) of Revenue Over Expenditures	(13,808,500)	(5,737,766)	8,070,734
Other Financing Sources (Uses)			
Issuance of Long-Term Debt	3,590,000	3,590,000	-
Premium on the Issuance of Long-Term Debt	-	52,923	52,923
Total Other Financing Sources (Uses)	<u>3,590,000</u>	<u>3,642,923</u>	<u>52,923</u>
Net Change in Fund Balance	(10,218,500)	(2,094,843)	8,123,657
Fund Balance			
Beginning of Year	10,218,500	11,197,187	978,687
End of Year	<u>\$ -</u>	<u>\$ 9,102,344</u>	<u>\$ 9,102,344</u>



**CITY OF TOLLESON, ARIZONA  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
IMPACT FEES REVENUE FUND  
YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Impact Fees	\$ 770,000	\$ 172,761	\$ (597,239)
Interest	32,000	11,094	(20,906)
Total Revenue	<u>802,000</u>	<u>183,855</u>	<u>(618,145)</u>
Expenditures			
Current			
Highways and Streets	-	225,876	(225,876)
Capital Outlay	3,530,000	284,397	3,245,603
Total Expenditures	<u>3,530,000</u>	<u>510,273</u>	<u>3,019,727</u>
Net Change in Fund Balance	(2,728,000)	(326,418)	2,401,582
Fund Balance			
Beginning of Year	2,728,000	3,354,703	626,703
End of Year	<u>\$ -</u>	<u>\$ 3,028,285</u>	<u>\$ 3,028,285</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HIGHWAY USERS REVENUE FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Intergovernmental	\$ 672,506	\$ 613,161	\$ (59,345)
Interest	200	76	(124)
Other	1,000	1,730	730
Total Revenue	<u>673,706</u>	<u>614,967</u>	<u>(58,739)</u>
Expenditures			
Current			
Highways and Streets	<u>847,661</u>	<u>910,404</u>	<u>(62,743)</u>
Excess (Deficiency) of Revenue Over Expenditures	(173,955)	(295,437)	(121,482)
Other Financing Sources (Uses)			
Transfers In	<u>201,334</u>	<u>343,806</u>	<u>142,472</u>
Net Change in Fund Balance	27,379	48,369	20,990
Fund Balance			
Beginning of Year	-	1,168	1,168
End of Year	<u>\$ 27,379</u>	<u>\$ 49,537</u>	<u>\$ 22,158</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GRANTS FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Intergovernmental	\$ 1,153,180	\$ 803,070	\$ (350,110)
Expenditures			
Current			
General Government	50,000	-	50,000
Public Safety	565,971	298,185	267,786
Highways and Streets	100,000	-	100,000
Culture and Recreation	9,836	9,820	16
Redevelopment and Housing	245,000	45,851	199,149
Health and Welfare	475,340	500,477	(25,137)
Capital Outlay	-	61,918	(61,918)
Total Expenditures	<u>1,446,147</u>	<u>916,251</u>	<u>529,896</u>
Excess (Deficiency) of Revenue Over Expenditures	(292,967)	(113,181)	179,786
Other Financing Sources (Uses)			
Transfers In	<u>280,971</u>	<u>229,414</u>	<u>(51,557)</u>
Net Change in Fund Balance	(11,996)	116,233	128,229
Fund Balance			
Beginning of Year	44,990	60,655	15,665
End of Year	<u>\$ 32,994</u>	<u>\$ 176,888</u>	<u>\$ 143,894</u>

**CITY OF TOLLESON, ARIZONA  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
PUBLIC SAFETY TAX FUND  
YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Taxes			
Sales Taxes	\$ 490,000	\$ 733,510	\$ 243,510
Interest	1,600	4,603	3,003
Total Revenue	<u>491,600</u>	<u>738,113</u>	<u>246,513</u>
Expenditures			
Current			
Public Safety	500,000	435,808	64,192
Capital Outlay	810,500	517,076	293,424
Total Expenditures	<u>1,310,500</u>	<u>952,884</u>	<u>357,616</u>
Net Change in Fund Balance	(818,900)	(214,771)	604,129
Fund Balance			
Beginning of Year	818,900	1,450,161	631,261
End of Year	<u>\$ -</u>	<u>\$ 1,235,390</u>	<u>\$ 1,235,390</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**OTHER FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenue</b>			
Fines and Forfeitures	\$ 70,000	\$ 69,850	\$ (150)
Charges for Services	74,000	86,625	12,625
Contributions and Donations	30,975	41,166	10,191
Interest	1,160	509	(651)
Total Revenue	<u>176,135</u>	<u>198,150</u>	<u>22,015</u>
<b>Expenditures</b>			
Current			
General Government	192,512	128,103	64,409
Public Safety	60,000	51,374	8,626
Culture and Recreation	230,346	215,826	14,520
Total Expenditures	<u>482,858</u>	<u>395,303</u>	<u>87,555</u>
Excess (Deficiency) of Revenue Over Expenditures	(306,723)	(197,153)	109,570
<b>Other Financing Sources (Uses)</b>			
Transfers In	<u>269,000</u>	<u>269,000</u>	<u>-</u>
Net Change in Fund Balance	(37,723)	71,847	109,570
<b>Fund Balance</b>			
Beginning of Year	37,723	191,699	153,976
End of Year	<u>\$ -</u>	<u>\$ 263,546</u>	<u>\$ 263,546</u>

**CITY OF TOLLESON, ARIZONA**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL OBLIGATION BONDS 6% FUND**  
**YEAR ENDED JUNE 30, 2010**

	Original and Final Budget	Actual	Variance with Final Budget
Revenue			
Interest	\$ 2,000	\$ 2,566	\$ 566
Expenditures			
Current			
General Government	-	19,529	(19,529)
Highways and Streets	585,000	488,475	96,525
Total Expenditures	<u>585,000</u>	<u>508,004</u>	<u>76,996</u>
Excess (Deficiency) of Revenue Over Expenditures	(583,000)	(505,438)	77,562
Other Financing Sources (Uses)			
Transfers In	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>
Net Change in Fund Balance	(583,000)	744,562	1,327,562
Fund Balance			
Beginning of Year	583,000	970,630	387,630
End of Year	<u>\$ -</u>	<u>\$ 1,715,192</u>	<u>\$ 1,715,192</u>

## **STATISTICAL SECTION (UNAUDITED)**

This part of the City of Tolleson, Arizona's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

### **Revenue Capacity**

*These schedules contain information to help readers assess the City's most significant local revenue source, the sales tax.*

### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.*

### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

*Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

**CITY OF TOLLESON, ARIZONA  
NET ASSETS BY COMPONENT  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year		
	2003	2004	2005
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ (4,240,121)	\$ (21,548,681)	\$ (829,196)
Restricted	2,663,454	18,750,329	12,742,302
Unrestricted	1,896,025	5,577,212	2,938,087
Total Governmental Activities Net Assets	<u>\$ 319,358</u>	<u>\$ 2,778,860</u>	<u>\$ 14,851,193</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	\$ 29,240,425	\$ 27,974,825	\$ 32,173,302
Restricted	-	-	-
Unrestricted	2,592,027	3,169,743	4,486,610
Total Business-Type Activities Net Assets	<u>\$ 31,832,452</u>	<u>\$ 31,144,568</u>	<u>\$ 36,659,912</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 25,000,304	\$ 6,426,144	\$ 31,344,106
Restricted	2,663,454	18,750,329	12,742,302
Unrestricted	4,488,052	8,746,955	7,424,697
Total Primary Government Net assets	<u>\$ 32,151,810</u>	<u>\$ 33,923,428</u>	<u>\$ 51,511,105</u>

Note: 2002-03 was the first year the City prepared government-wide financial statements.



Fiscal Year

2006	2007	2008	2009	2010
\$ 4,950,796	\$ 2,221,053	\$ 5,310,577	\$ 8,169,456	\$ 2,984,211
1,105,361	1,449,789	2,460,840	2,800,689	3,474,282
7,399,287	15,485,607	12,297,505	8,389,538	8,017,638
<u>\$ 13,455,444</u>	<u>\$ 19,156,449</u>	<u>\$ 20,068,922</u>	<u>\$ 19,359,683</u>	<u>\$ 14,476,131</u>
\$ 37,415,161	\$ 37,815,848	\$ 39,948,944	\$ 40,255,237	\$ 49,164,298
-	-	-	-	55,295
4,436,905	4,081,881	2,981,113	10,841,755	16,670,481
<u>\$ 41,852,066</u>	<u>\$ 41,897,729</u>	<u>\$ 42,930,057</u>	<u>\$ 51,096,992</u>	<u>\$ 65,890,074</u>
\$ 42,365,957	\$ 40,036,901	\$ 45,259,521	\$ 48,424,693	\$ 52,148,509
1,105,361	1,449,789	2,460,840	2,800,689	3,529,577
11,836,192	19,567,488	15,278,618	19,231,293	24,688,119
<u>\$ 55,307,510</u>	<u>\$ 61,054,178</u>	<u>\$ 62,998,979</u>	<u>\$ 70,456,675</u>	<u>\$ 80,366,205</u>

**CITY OF TOLLESON, ARIZONA  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General Government	\$ 2,431,591	\$ 2,464,743	\$ 3,004,134	\$ 2,872,180	\$ 3,550,585	\$ 3,822,213	\$ 3,650,530	\$ 3,931,291
Public Safety	4,558,745	4,941,569	5,096,894	5,889,231	6,626,522	7,703,746	8,104,259	8,145,407
Highways and Streets	559,155	461,355	945,312	1,637,889	1,938,450	2,381,538	2,368,382	3,008,843
Culture and Recreation	399,991	451,018	516,835	574,885	673,985	832,630	937,312	1,006,074
Redevelopment and Housing	540,621	79,718	323,500	939,826	303,415	133,088	84,312	45,851
Economic Development	372,672	209,859	234,162	204,727	453,934	996,855	1,158,833	473,105
Health and Welfare	291,249	306,424	405,961	345,586	417,437	424,425	463,758	516,178
Interest on Long-Term Debt	403,707	940,647	941,461	900,986	1,281,503	1,346,285	1,643,613	1,480,666
Total Governmental Activities	<u>9,557,731</u>	<u>9,855,333</u>	<u>11,468,259</u>	<u>13,365,310</u>	<u>15,245,831</u>	<u>17,640,780</u>	<u>18,410,999</u>	<u>18,607,415</u>
Business-Type Activities								
Water	3,171,338	3,580,845	3,784,431	4,323,817	4,599,323	5,380,335	4,598,229	4,357,407
Sanitation	608,308	657,766	683,147	641,379	777,284	856,835	871,399	705,856
Wastewater and Sewer	4,422,689	4,711,857	5,453,702	5,083,277	5,836,115	14,119,679	6,634,221	4,829,946
Total Business-Type Activities	<u>8,202,335</u>	<u>8,950,468</u>	<u>9,921,280</u>	<u>10,048,473</u>	<u>11,212,722</u>	<u>20,356,849</u>	<u>12,103,849</u>	<u>9,893,209</u>
Total Primary Government Expenses	<u>\$ 17,760,066</u>	<u>\$ 18,805,801</u>	<u>\$ 21,389,539</u>	<u>\$ 23,413,783</u>	<u>\$ 26,458,553</u>	<u>\$ 37,997,629</u>	<u>\$ 30,514,848</u>	<u>\$ 28,500,624</u>
<b>Program Revenues</b>								
Governmental Activities:								
Fines, Fees and Charges for Services:								
General Government	\$ 802,765	\$ 1,096,312	\$ 904,960	\$ 1,402,472	\$ 1,852,530	\$ 1,665,484	\$ 823,834	\$ 897,801
Public Safety	20,549	24,829	45,466	58,736	66,854	96,266	160,912	163,335
Highways and Streets	-	-	-	-	126,896	-	-	-
Culture and Recreation	-	-	-	-	-	583	10,401	11,284
Redevelopment and Housing	-	-	-	5,000	23,673	1,115	-	-
Other	14,359	-	-	-	-	-	-	-
Operating Grants and Contributions	1,251,772	1,196,584	1,507,052	1,462,303	1,909,919	1,133,422	1,217,159	1,235,150
Capital Grants and Contributions	-	-	-	-	-	-	415,841	886,721
Total Governmental Activities Program Revenues	<u>2,089,445</u>	<u>2,317,725</u>	<u>2,457,478</u>	<u>2,928,511</u>	<u>3,979,872</u>	<u>2,896,870</u>	<u>2,628,147</u>	<u>3,194,291</u>

(Continued)

(Concluded)

Business-Type Activities

Charges for Services:

Water	\$ 2,997,494	\$ 3,323,723	\$ 3,645,595	\$ 3,836,178	\$ 4,019,325	\$ 4,121,579	\$ 4,644,492	\$ 4,639,765
Sanitation	381,440	376,513	384,781	361,689	407,257	388,789	401,076	409,697
Wastewater and Sewer	4,501,198	4,883,216	5,721,059	5,343,513	6,354,925	7,212,855	5,405,133	4,881,137
Capital Grants and Contributions	155,655	251,998	1,289,993	1,468,629	-	-	-	7,966,449
Total Business-Type Activities Program Revenues	<u>8,035,787</u>	<u>8,835,450</u>	<u>11,041,428</u>	<u>11,010,009</u>	<u>10,781,507</u>	<u>11,723,223</u>	<u>10,450,701</u>	<u>17,897,048</u>
Total Primary Government Revenues	<u>\$ 10,125,232</u>	<u>\$ 11,153,175</u>	<u>\$ 13,498,906</u>	<u>\$ 13,938,520</u>	<u>\$ 14,761,379</u>	<u>\$ 14,620,093</u>	<u>\$ 13,078,848</u>	<u>\$ 21,091,339</u>

**General Revenues and Other Changes in Net**

**Assets**

Governmental Activities:

Taxes:								
Sales Taxes	\$ 3,145,738	\$ 3,822,712	\$ 4,599,155	\$ 5,689,397	\$ 6,951,574	\$ 8,040,066	\$ 8,339,786	\$ 8,390,330
Property Taxes	2,101,918	3,407,213	3,400,276	3,774,315	5,306,125	5,296,591	5,354,004	6,421,551
Franchise Taxes	52,127	36,561	39,101	42,919	47,600	48,846	48,936	49,523
Impact Fees	575,889	767,341	389,218	1,294,420	1,440,787	863,849	997,326	172,761
State Revenue Sharing	531,634	448,502	457,248	520,775	737,755	914,464	970,001	838,960
State Sales Tax Revenue Sharing	386,748	420,951	460,793	537,425	617,617	597,135	516,997	476,855
Auto Lieu Tax Revenue Sharing	196,181	204,963	213,302	242,315	269,862	273,035	222,573	218,427
Grants and Contributions Not Restricted	-	-	-	-	-	600,000	-	-
Interest	(50,265)	272,423	399,696	619,370	1,337,479	1,243,415	287,709	69,793
Other	575,000	16,444	62,720	48,686	141,473	134,737	116,862	115,386
Transfers	-	600,000	(4,173,581)	(3,728,572)	116,692	(2,355,755)	(1,780,581)	(6,224,014)
Total Governmental Activities:	<u>7,514,970</u>	<u>9,997,110</u>	<u>5,847,928</u>	<u>9,041,050</u>	<u>16,966,964</u>	<u>15,656,383</u>	<u>15,073,613</u>	<u>10,529,572</u>

Business-type Activities:

Property Taxes	-	-	-	-	-	-	-	518,221
Impact Fees	-	-	129,066	342,738	365,151	-	-	-
Interest	(19,738)	26,894	82,549	159,308	228,419	110,199	22,143	23,957
Litigation Settlement	-	-	-	-	-	-	8,000,000	-
Other	-	-	-	-	-	-	17,359	23,051
Transfers	(575,000)	(600,000)	4,173,581	3,728,572	(116,692)	2,355,755	1,780,581	6,224,014
Total Business-Type Activities	<u>(594,738)</u>	<u>(573,106)</u>	<u>4,385,196</u>	<u>4,230,618</u>	<u>476,878</u>	<u>2,465,954</u>	<u>9,820,083</u>	<u>6,789,243</u>
Total Primary Government	<u>\$ 6,920,232</u>	<u>\$ 9,424,004</u>	<u>\$ 10,233,124</u>	<u>\$ 13,271,668</u>	<u>\$ 17,443,842</u>	<u>\$ 18,122,337</u>	<u>\$ 24,893,696</u>	<u>\$ 17,318,815</u>

**Change in Net Assets**

Governmental Activities	\$ 46,684	\$ 2,459,502	\$ (3,162,853)	\$ (1,395,749)	\$ 5,701,005	\$ 912,473	\$ (709,239)	\$ (4,883,552)
Business-Type Activities	(761,286)	(688,124)	5,505,344	5,192,154	45,663	(6,167,672)	8,166,935	14,793,082
Total Primary Government	<u>\$ (714,602)</u>	<u>\$ 1,771,378</u>	<u>\$ 2,342,491</u>	<u>\$ 3,796,405</u>	<u>\$ 5,746,668</u>	<u>\$ (5,255,199)</u>	<u>\$ 7,457,696</u>	<u>\$ 9,909,530</u>

Note: 2002-03 was the first year the City prepared government-wide financial statements.

**CITY OF TOLLESON, ARIZONA  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)**

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ -	\$ -	\$ 48,289	\$ 52,223
Unreserved	2,211,419	2,061,225	1,400,502	1,519,875
Total General Fund	\$ 2,211,419	\$ 2,061,225	\$ 1,448,791	\$ 1,572,098
 All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ 1,716	\$ 3,838
Unreserved, Reported In:				
Special Revenue Funds	219,928	170,640	139,744	473,459
Capital Projects Funds	2,320,979	2,074,997	2,132,413	20,412,910
Debt Service Funds	249,290	387,831	451,482	703,568
Total All Other Governmental Funds	\$ 2,790,197	\$ 2,633,468	\$ 2,725,355	\$ 21,593,775

Fiscal Year

2005	2006	2007	2008	2009	2010
\$ 54,507	\$ 63,572	\$ 74,242	\$ 81,028	\$ 86,390	\$ 95,161
1,724,307	3,167,647	5,191,070	4,831,002	3,191,659	2,898,744
<u>\$ 1,778,814</u>	<u>\$ 3,231,219</u>	<u>\$ 5,265,312</u>	<u>\$ 4,912,030</u>	<u>\$ 3,278,049</u>	<u>\$ 2,993,905</u>
\$ 5,661	\$ 8,638	\$ 10,970	\$ 11,717	\$ 11,362	\$ 12,794
358,099	312,268	352,767	1,289,574	5,047,024	4,740,852
11,618,284	11,317,935	24,967,162	17,680,295	21,282,772	12,748,910
749,084	784,455	1,086,052	1,159,549	1,097,006	1,237,552
<u>\$ 12,731,128</u>	<u>\$ 12,423,296</u>	<u>\$ 26,416,951</u>	<u>\$ 20,141,135</u>	<u>\$ 27,438,164</u>	<u>\$ 18,740,108</u>

**CITY OF TOLLESON, ARIZONA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year			
	2001	2002	2003	2004
<b>Revenues</b>				
Taxes	\$ 5,445,795	\$ 5,432,265	\$ 5,299,783	\$ 7,266,486
Intergovernmental	1,788,823	1,973,982	2,338,770	2,233,511
Fines and Penalties	146,196	182,033	169,011	176,271
Licenses and Permits	530,862	791,601	768,487	1,090,528
Charges for Services	473,251	460,977	444,247	620,683
Rents and Royalties	-	-	-	-
Contributions and Donations	-	-	-	-
Impact fees	-	-	-	-
Special assessments	105,419	57,135	66,210	66,679
Interest	344,399	130,312	(50,265)	272,423
Other	141,701	66,066	45,023	54,933
<b>Total revenues</b>	<b><u>8,976,446</u></b>	<b><u>9,094,371</u></b>	<b><u>9,081,266</u></b>	<b><u>11,781,514</u></b>
<b>Expenditures</b>				
General government	1,736,826	1,951,646	2,067,919	2,235,792
Public Safety	3,364,050	3,714,785	4,532,192	4,845,274
Highways and Streets	420,191	420,769	529,680	429,007
Culture and Recreation	359,580	325,393	372,072	443,583
Redevelopment and Housing	-	-	540,621	79,718
Economic Development	844,163	528,769	382,811	220,748
Health and Welfare	650,613	376,563	279,851	295,540
Capital Outlay	2,034,285	1,277,459	464,799	893,288
Debt Service				
Principal Retirement	597,434	636,295	661,654	964,410
Interest on Long-Term Debt	484,246	445,664	403,707	1,181,772
Issuance Costs	-	-	-	462,794
<b>Total Expenditures</b>	<b><u>10,491,388</u></b>	<b><u>9,677,343</u></b>	<b><u>10,235,306</u></b>	<b><u>12,051,926</u></b>
Excess of Revenues Over (Under) Expenditures	(1,514,942)	(582,972)	(1,154,040)	(270,412)
<b>Other Financing Sources (Uses)</b>				
Transfers In	200,000	693,661	661,321	835,581
Transfers Out	(281,524)	(418,962)	(86,321)	(235,581)
Proceeds of Refunding Debt Issuance	-	-	-	3,809,484
Proceeds of Long-Term Debt Issuance	-	-	-	18,597,882
Payment to Refunded Debt Escrow Agent	-	-	-	(3,745,227)
Proceeds from Capital Leases	95,339	-	204,739	-
Proceeds from Sale of Capital Assets	-	1,350	-	-
<b>Total other Financing Sources (Uses)</b>	<b><u>13,815</u></b>	<b><u>276,049</u></b>	<b><u>779,739</u></b>	<b><u>19,262,139</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ (1,501,127)</u></b>	<b><u>\$ (306,923)</u></b>	<b><u>\$ (374,301)</u></b>	<b><u>\$ 18,991,727</u></b>
Debt Service as a Percentage of Noncapital Expenditures	12.8%	12.9%	10.9%	23.4%

Fiscal Year

2005	2006	2007	2008	2009	2010
\$ 8,038,532	\$ 9,506,631	\$ 12,305,299	\$ 13,321,689	\$ 13,716,741	\$ 14,865,486
2,581,940	2,716,956	3,471,197	3,461,353	3,294,551	3,584,672
196,407	280,702	288,234	315,097	304,939	292,923
244,827	435,731	667,321	417,515	300,274	343,496
497,692	738,273	1,102,896	1,019,346	378,435	425,500
11,500	11,502	11,502	11,500	11,500	10,500
56,455	45,862	63,956	56,703	48,020	71,441
389,218	1,294,420	1,440,787	863,849	997,327	172,761
-	-	-	-	-	-
399,696	619,370	1,337,479	1,243,415	287,709	69,793
62,720	48,686	141,473	134,737	112,098	114,501
<u>12,478,987</u>	<u>15,698,133</u>	<u>20,830,144</u>	<u>20,845,204</u>	<u>19,451,594</u>	<u>19,951,073</u>
2,818,419	2,910,221	3,154,669	3,470,208	3,382,113	3,759,888
5,207,800	5,822,932	6,409,618	7,473,144	8,158,326	7,776,447
951,724	770,726	942,851	1,102,384	1,093,369	1,731,442
528,536	566,595	905,282	814,152	827,972	841,414
323,500	939,826	303,415	133,088	84,312	45,851
234,162	204,727	453,934	996,855	1,158,833	470,138
395,443	335,736	407,587	414,575	453,908	500,477
8,532,714	1,780,050	4,093,797	9,710,643	3,910,866	12,843,567
1,072,918	1,226,311	1,955,000	1,975,000	2,150,000	2,765,000
969,205	928,730	1,316,908	1,384,243	1,384,535	1,750,350
-	-	205,595	-	297,103	100,768
<u>21,034,421</u>	<u>15,485,854</u>	<u>20,148,656</u>	<u>27,474,292</u>	<u>22,901,337</u>	<u>32,585,342</u>
(8,555,434)	212,279	681,488	(6,629,088)	(3,449,743)	(12,634,269)
876,124	1,245,746	1,155,201	558,005	777,072	2,092,220
(976,621)	(645,746)	(466,746)	(558,005)	(777,072)	(2,092,220)
-	-	-	-	-	-
-	-	14,658,105	-	9,108,027	3,642,923
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,764	9,146
<u>(100,497)</u>	<u>600,000</u>	<u>15,346,560</u>	<u>-</u>	<u>9,112,791</u>	<u>3,652,069</u>
<u>\$ (8,655,931)</u>	<u>\$ 812,279</u>	<u>\$ 16,028,048</u>	<u>\$ (6,629,088)</u>	<u>\$ 5,663,048</u>	<u>\$ (8,982,200)</u>
16.3%	15.7%	21.7%	18.9%	18.7%	14.2%

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**CITY OF TOLLESON, ARIZONA  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year	Sales Taxes	Property Taxes	Franchise Taxes	Total
2001	\$ 3,820,093	\$ 1,610,892	\$ 14,810	\$ 5,445,795
2002	3,274,176	2,100,870	57,219	5,432,265
2003	3,145,738	2,101,918	52,127	5,299,783
2004	3,822,712	3,407,213	36,561	7,266,486
2005	4,599,155	3,400,276	39,101	8,038,532
2006	5,689,397	3,774,315	42,919	9,506,631
2007	6,951,574	5,306,125	47,600	12,305,299
2008	8,040,066	5,232,777	48,846	13,321,689
2009	8,339,786	5,328,019	48,936	13,716,741
2010	8,390,330	6,425,633	49,523	14,865,486

**CITY OF TOLLESON, ARIZONA  
TAXABLE SALES BY CATEGORY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Sales Category	Fiscal Year			
	2001	2002	2003	2004
Commercial and Utilities	\$ 504,449	\$ 509,327	\$ 516,783	\$ 663,060
Construction	1,146,794	915,450	693,189	660,922
Manufacturing	2,788	3,813	3,552	27,404
Wholesale	36,912	23,358	42,896	39,084
Retail Trade	1,367,271	1,232,246	1,214,444	1,349,780
Real Estate	243,440	267,187	227,044	333,385
Services	106,492	121,567	177,162	161,321
Other	166,694	203,457	183,245	532,503
<b>Total</b>	<b>\$ 3,574,840</b>	<b>\$ 3,276,405</b>	<b>\$ 3,058,315</b>	<b>\$ 3,767,459</b>
City Sales Tax Rate	2.00%	2.00%	2.00%	2.00%

Source: Arizona Department of Revenue.

Fiscal Year

	2005	2006	2007	2008	2009	2010
\$	728,211	\$ 861,639	\$ 912,479	\$ 978,793	\$ 1,150,144	\$ 1,165,867
	991,926	861,048	1,665,023	1,283,547	1,004,232	946,494
	95,760	204,578	243,652	224,719	300,971	205,326
	324,661	453,111	510,924	712,445	1,058,059	1,250,650
	1,645,538	1,940,859	2,082,489	2,414,728	2,500,859	2,549,657
	467,451	761,679	845,664	1,121,113	1,546,407	1,319,640
	70,674	80,083	100,357	131,097	214,422	169,887
	203,289	381,063	590,986	1,173,624	564,692	566,379
\$	<u>4,527,510</u>	<u>\$ 5,544,060</u>	<u>\$ 6,951,574</u>	<u>\$ 8,040,066</u>	<u>\$ 8,339,786</u>	<u>\$ 8,173,900</u>
	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%

**CITY OF TOLLESON, ARIZONA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>County</u>
2001	2.00%	8.30%
2002	2.00	8.30
2003	2.00	8.30
2004	2.00	8.30
2005	2.00	8.30
2006	2.00	8.30
2007	2.00	8.30
2008	2.50	8.80
2009	2.50	8.80
2010	2.50	8.80

Source: Arizona Department of Revenue.

**CITY OF TOLLESON, ARIZONA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**  
**(IN THOUSANDS OF DOLLARS)**

Fiscal Year	Industrial and Commercial Property	Agricultural and Vacant	Residential Property	Others	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2001	\$ 66,207	\$ 3,252	\$ 6,618	\$ 172	\$ 76,249	2.0873	\$ 76,249	100.00%
2002	72,951	4,195	7,105	179	84,430	2.2390	84,430	100.00
2003	88,598	4,887	7,079	1,326	101,890	1.9943	101,890	100.00
2004	101,260	5,049	8,490	2,084	116,883	2.6733	116,883	100.00
2005	111,066	7,518	9,561	2,301	130,446	2.4061	130,446	100.00
2006	118,966	8,248	12,230	1,150	140,594	2.4372	140,594	100.00
2007	138,161	9,746	19,487	916	168,310	2.9666	168,310	100.00
2008	151,547	10,141	18,017	2,940	182,645	2.6736	182,645	100.00
2009	189,008	13,446	17,373	28,192	248,019	2.2993	248,019	100.00
2010	231,012	15,949	14,415	3,170	264,546	2.5074	264,546	100.00

**CITY OF TOLLESON, ARIZONA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(RATE PER \$1,000 OF ASSESSED VALUE)**

Fiscal Year	Direct Rates			Overlapping Rates			Rate Total
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District	Flood Control and Water Conservation District	County	
2001	1.0178	1.0695	2.0873	18.0661	1.5545	1.7916	23.4995
2002	1.0822	1.1568	2.2390	18.1043	1.5238	1.7820	23.6491
2003	1.0393	0.9550	1.9943	18.9472	1.1127	2.1713	24.2255
2004	1.0200	1.6533	2.6733	21.5682	1.4695	1.7525	27.4635
2005	1.0185	1.3876	2.4061	18.9920	1.4281	1.6668	24.4930
2006	1.0168	1.4204	2.4372	16.8140	1.8952	1.7940	22.9404
2007	0.9658	2.0008	2.9666	16.7640	1.5145	1.2301	22.4752
2008	0.9369	1.7367	2.6736	N/A	N/A	N/A	2.6736
2009	0.9502	1.3491	2.2993	N/A	N/A	N/A	2.2993
2010	0.9822	1.5901	2.5723	N/A	N/A	N/A	2.5723

Source: Maricopa County Finance Department

N/A: Information was not available at time of printing.

**CITY OF TOLLESON, ARIZONA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Smith Food & Drugs	\$ 14,525,920	1	5.49 %	\$ 7,466,736	2	9.79 %
LBA Realty Fund	13,545,000	2	5.12	-	-	-
SVC Manufacturing	11,702,641	3	4.42	9,096,351	1	9.79
ABS SW Investor LLC	7,953,388	4	3.00	4,357,276	3	5.71
Greater Arizona Auto Auction	5,679,426	5	2.15	-	-	-
91st Avenue Investment Co.	5,557,860	6	2.11	-	-	-
AZEJM Land Holdings	4,491,182	7	1.70	-	-	-
Pratte Buckeye Property LLC	4,135,151	8	1.56	-	-	-
The Price Company	4,039,425	9	1.53	-	-	-
Credit Suissi 1st Boston Mortgage Securities	4,036,932	10	1.53	-	-	-
Sysco Continental Foods	-	-	-	2,143,353	4	2.81
Cabot Industrial Trust	-	-	-	2,137,571	5	2.80
Bay State Milling Co.	-	-	-	1,835,879	6	2.41
Rickett and Coleman Inc.	-	-	-	1,797,430	7	2.36
Borden Food Service of AZ	-	-	-	1,728,455	8	2.27
WinCup	-	-	-	1,646,549	9	2.16
Oire Arizona LLC	-	-	-	1,536,108	10	2.01
	<u>\$ 75,666,925</u>		28.61 %	<u>\$ 33,745,708</u>		42.11 %

Source: Maricopa County Finance Department and Arizona Department of Revenue

**CITY OF TOLLESON, ARIZONA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date		Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Levy
		Amount	Percent of Levy		Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy		
2001	\$ 1,539,401	\$ 1,525,084	99.07 %	\$ 14,317	\$ 1,539,401	100.00 %	\$ -	- %
2002	1,959,622	1,856,102	94.72	94,374	1,950,476	99.53	9,146	0.47
2003	2,057,877	2,016,545	97.99	27,614	2,044,159	99.33	13,718	0.67
2004	3,269,241	3,201,164	97.92	57,022	3,258,186	99.66	11,055	0.34
2005	3,211,569	3,166,023	98.58	21,103	3,187,126	99.24	24,443	0.76
2006	3,458,342	3,404,020	98.43	54,322	3,458,342	100.00	-	-
2007	4,832,448	4,762,611	98.55	69,837	4,832,448	100.00	-	-
2008	4,820,835	4,781,204	99.18	14,933	4,796,137	99.49	-	-
2009	5,047,936	4,944,634	97.95	102,364	5,046,998	99.98	-	-
2010	6,408,160	6,307,767	98.43	-	6,307,767	98.43	-	-

Source: The Maricopa County Treasurer's Office.



**CITY OF TOLLESON, ARIZONA  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)  
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)**

Fiscal Year	Governmental Activities				Business-type Activities		Wastewater Revenue Loan	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Capital Leases	Water Revenue Bonds	Capital Leases				
2001	\$ 8,580	\$ -	\$ 240	\$ -	\$ 225	\$ 101	\$ -	\$ 9,146	- %	\$ 1,839
2002	8,580	-	165	-	-	69	-	8,814	- *	1,745
2003	7,450	-	85	-	-	65	-	7,600	- *	1,404
2004	24,820	-	-	59	-	-	-	24,879	- *	4,557
2005	23,780	-	-	26	-	-	-	23,806	- *	3,664
2006	22,580	-	-	-	-	-	-	22,580	- *	3,475
2007	35,135	-	-	-	-	-	-	35,135	- *	5,407
2008	33,160	-	-	-	-	-	-	33,160	- *	4,848
2009	31,010	9,100	-	-	-	-	-	40,110	- *	5,864
2010	32,155	8,780	-	-	-	-	6,000	46,935	- *	7,651

\* Information on personal income for these fiscal years was not available.

**CITY OF TOLLESON, ARIZONA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**  
**(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)**

Fiscal Year	General Obligation Bonds	Net General Obligation Bonded Debt	Taxable Assessed Value of Property	Percentage of Taxable Assessed Value of Property	Population	Net General Obligation Bonded Debt Per Capita
2001	\$ 8,580	\$ 8,580	\$ 76,249	11.25 %	4,974	\$ 1,725
2002	8,580	8,580	84,430	10.16	5,050	1,699
2003	7,450	7,450	101,890	7.31	5,415	1,376
2004	24,820	24,820	116,883	21.23	5,460	4,546
2005	23,780	23,780	130,446	18.23	6,498	3,660
2006	22,580	22,580	140,594	16.06	6,498	3,475
2007	35,135	35,135	161,146	21.80	6,498	5,407
2008	33,160	33,160	228,821	14.49	6,840	4,848
2009	31,010	31,010	248,019	12.50	6,840	4,534
2010	32,155	32,155	264,544	14.19	6,840	4,701

**CITY OF TOLLESON, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2010**  
**(UNAUDITED)**  
**(DOLLARS IN THOUSANDS)**

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Tolleson Elementary School	\$ 13,390	59.59%	\$ 7,979
Fowler Elementary School	11,240	6.93	779
Littleton Elementary School	13,390	17	2,276
Tolleson Union High School	82,015	14.28	11,712
Maricopa County Community College	653,040	0.39	<u>2,547</u>
Subtotal, Overlapping Debt			25,293
City of Tolleson, Arizona Direct Debt			<u>32,155</u>
Total Direct and Overlapping Debt			<u><u>\$ 57,448</u></u>

Source: Maricopa County Treasurer's Office.

(1) Portion applicable to the City of Tolleson, Arizona is computed on the ratio of secondary assessed valuation for 2007-08.

**CITY OF TOLLESON, ARIZONA  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

	Fiscal Year			
	2001	2002	2003	2004
Net Secondary Assessed Valuation	\$ 65,433,454	\$ 76,249,427	\$ 84,429,720	\$ 101,889,901
Debt Limit	17,012,698	19,824,851	21,951,727	26,491,374
Total Applicable to Limit	<u>8,765,000</u>	<u>8,580,000</u>	<u>8,025,000</u>	<u>7,450,000</u>
Legal Debt Margin	<u>\$ 8,247,698</u>	<u>\$ 11,244,851</u>	<u>\$ 13,926,727</u>	<u>\$ 19,041,374</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	51.52	43.28	36.56	28.12

Fiscal Year

2005	2006	2007	2008	2009	2010
\$ 116,882,783	\$ 138,841,887	\$ 161,146,390	\$ 228,820,924	\$ 269,602,466	\$ 264,544,909
30,389,524	36,098,891	41,898,061	59,493,440	70,096,641	68,781,677
<u>24,820,000</u>	<u>23,780,000</u>	<u>35,135,000</u>	<u>33,160,000</u>	<u>31,010,000</u>	<u>32,155,000</u>
<u>\$ 5,569,524</u>	<u>\$ 12,318,891</u>	<u>\$ 6,763,061</u>	<u>\$ 26,333,440</u>	<u>\$ 39,086,641</u>	<u>\$ 36,626,677</u>
81.67	65.87	83.86	55.74	50.06	54.34

**CITY OF TOLLESON, ARIZONA  
CALCULATION OF LEGAL DEBT MARGIN  
JUNE 30, 2010  
(UNAUDITED)**

Net Secondary Assessed Valuation		\$ 264,544,909
Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds		
<hr/>		
Debt Limit - 20% of Secondary Net Assessed Valuation		\$ 52,908,982
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ 32,155,000	
Less Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit		32,155,000
20% Legal Debt Margin		20,753,982
<hr/>		
All Other General Obligation Bonds		
Debt Limit - 6% of Secondary Net Assessed Valuation		15,872,695
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ -	
Less Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit		-
All Other General Obligation Bonds Debt Margin		15,872,695
Total Legal Debt Margin		\$ 36,626,677

Source: Maricopa County Assessor's Office.

**CITY OF TOLLESON, ARIZONA  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)  
 (DOLLARS IN THOUSANDS)**

Fiscal Year	Water Revenue Bonds						Special Assessment Bonds			
	Utility Service Charges	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
2001	2,287	2,169	118	215	26	0.49	106	75	16	1.16
2002	2,730	2,192	538	225	22	2.18	66	75	12	0.76
2003	-	-	-	-	-	-	66	80	7	0.76
2004	-	-	-	-	-	-	67	85	3	0.76
2005	-	-	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-

**CITY OF TOLLESON, ARIZONA  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	4,974	N/A	N/A	N/A	N/A	4.10 %
2002	5,050	N/A	N/A	N/A	N/A	5.50
2003	5,415	N/A	N/A	N/A	N/A	5.10
2004	5,460	N/A	N/A	N/A	N/A	4.30
2005	6,498	N/A	N/A	N/A	N/A	4.00
2006	6,498	N/A	N/A	N/A	N/A	3.70
2007	6,498	N/A	N/A	N/A	N/A	3.70
2008	6,840	N/A	N/A	N/A	N/A	4.60
2009	6,840	N/A	N/A	N/A	N/A	9.80
2010	6,840	N/A	N/A	N/A	N/A	9.80

Sources: Maricopa Association of Governments and Arizona Department of Economic Security

N/A: Information was not available for these fiscal years.



**CITY OF TOLLESON, ARIZONA  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO  
(UNAUDITED)**

Taxpayer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Sun Land Beef Company	1,325	1	27.08 %	1,000	1	26.32 %
Sysco Food Services	525	2	10.73	400	5	10.53
Greater Auto Auction	500	3	10.22	-	-	-
Fry's Distribution	450	4	9.20	700	2	18.42
Albertson's Distribution	400	7	8.17	425	4	11.18
Pepsico	400	5	8.17	-	-	-
Roussear Farms	390	6	7.97	-	-	-
Salt River Project	363	8	7.42	435	3	11.45
Auto Zone	290	9	5.93	-	-	-
Landis Plastics	250	10	5.11	-	-	-
Borden Creamette	-	-	-	270	6	7.11
Ever Krisp	-	-	-	250	7	6.58
WinCup	-	-	-	200	8	5.26
K-mart	-	-	-	120	9	3.16
	<u>4,893</u>		100.00 %	<u>3,800</u>		100.00 %

Source: Arizona Industrial Directory and Arizona Service Director.

**CITY OF TOLLESON, ARIZONA  
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

Full-Time Equivalent Employees										
Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	24.0	26.0	25.0	25.0	25.5	28.0	31.0	37.0	36.0	35.0
Police	28.0	28.0	34.0	34.0	34.0	34.0	37.0	42.0	42.0	43.0
Fire	22.0	22.0	23.0	25.0	27.0	28.0	31.0	31.0	31.0	31.0
Public Works	15.0	15.0	15.0	15.0	14.0	16.0	15.0	16.0	16.0	14.0
Community Services	9.0	10.0	10.0	10.0	10.0	11.0	12.0	12.0	12.0	12.0
Water	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Sanitation and Trash	5.0	5.0	5.0	5.0	5.0	3.0	4.0	4.0	4.0	3.0
Wastewater/Sewer	34.0	35.0	35.0	33.0	34.0	34.0	33.0	35.0	22.0	23.0
<b>Total</b>	<b>144</b>	<b>148</b>	<b>154</b>	<b>155</b>	<b>158</b>	<b>162</b>	<b>171</b>	<b>185</b>	<b>171</b>	<b>169</b>

Source: City Records

**CITY OF TOLLESON, ARIZONA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Physical Arrests	-	270	433	411	435	255	488	408	370	296
Call for Services	14,657	9,364	7,296	8,023	9,203	6,313	10,055	11,202	11,265	10,137
Traffic Violations	2,464	3,354	5,134	5,945	7,100	3,633	6,588	5,150	4,716	4,507
Fire										
Emergency Responses	1,937	2,074	2,069	2,436	2,754	2,243	2,047	2,457	2,310	1,789
Fires Extinguished							296	477	180	172
Inspections	134	188	188	91	150	200	200	263	250	269
Planning and Building Safety										
Building Permits Issued	358	315	283	382	424	364	502	506	564	467
Inspections	-	437	1,001	1,455	1,330	1,307	3,213	2,567	2,363	1,900
Transit										
Total Route Miles	6	6	6	6	6	6	6	6	6	6
Sanitation										
Refuse Collections (Tons/Day)	38	39	39	39	40	40	41	42	42	43
Library										
Volumes in Collection	21,546	22,458	22,425	22,679	16,697	22,582	22,582	22,851	22,582	22,356
Total Volumes Borrowed	22,975	27,801	29,378	39,219	32,290	28,200	32,556	37,657	37,750	24,708
Water										
New Connections	24	19	15	30	18	41	104	60	41	33
Average Daily Consumption (Thousands of Gallons)	2,502.0	3,040.0	3,185.0	3,988.0	3,623.0	4,090.0	4,100.0	3,914.0	3,386.2	3,316.0
Peak Daily consumption (Thousands of Gallons)	5,346.0	5,485.0	4,952.0	5,285.0	6,568.0	6,125.0	6,110.0	6,115.0	6,100.0	5,800.0
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	13,518.9	12,647.6	12,898.4	12,055.4	13,934.6	12,940.0	13,934.6	12,664.3	5,558.6	5,348.0

Source: City Records

**CITY OF TOLLESON, ARIZONA  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	17	17	18	19	20	21	22	22	22
Fire Stations	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (Miles)	31	31	31	32	32	33	33	33	33	33
Streetlights	580	580	586	586	596	662	744	750	770	770
Parks and Recreation										
Acreage	20	20	20	20	20	20	20	20	20	20
Playgrounds	3	3	3	3	3	3	3	4	4	4
Community/Youth Centers	2	2	2	2	2	2	2	2	2	2
Refuse Collection										
Collection Trucks	2	2	2	2	2	2	2	2	2	2
Water										
Water Mains (Miles)	41	42	46	47	47	48	48	48	48	48
Fire Hydrants	400	419	421	430	430	430	430	430	450	450
Wastewater										
Sanitary Sewers (Miles)	39	40	44	45	45	46	46	46	46	46
Treatment Capacity (Millions of Gallons)	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500

Source: City Records