

**REGULAR MEETING  
AGENDA**

PURSUANT TO A.R.S. § 38-431.02, NOTICE IS HEREBY GIVEN TO THE MEMBERS OF THE FLORENCE TOWN COUNCIL AND TO THE GENERAL PUBLIC THAT THE FLORENCE TOWN COUNCIL WILL HOLD A MEETING OPEN TO THE PUBLIC ON MONDAY, DECEMBER 21, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.

**1. CALL TO ORDER**

**2. ROLL CALL:** Rankin \_\_, Walter \_\_, Woolridge \_\_, Hawkins \_\_,  
Guilin \_\_, Anderson \_\_, Wall \_\_\_\_.

**3. MOMENT OF SILENCE**

**4. PLEDGE OF ALLEGIANCE**

**5. CALL TO THE PUBLIC**

Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.

**6. PUBLIC HEARING AND PRESENTATIONS**

- a. **Public Hearing on** Resolution No. 1568-15: A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF FLORENCE, ARIZONA, PROPOSING A ONE-TIME SPECIFIC AMOUNT IN EXCESS OF THE STATE-IMPOSED EXPENDITURE LIMITATION AND SETTING A SPECIAL ELECTION FOR MAY 17, 2016.
- b. **Presentation and acceptance** of the Town's Comprehensive Annual Financial Report, Impact Fees Acceptable Use Policy Report and Annual Expenditure Limitation Report for Fiscal Year Ended June 30, 2015.
- c. Presentation of appreciation to Jeff Moser for 25 years of service to the Town of Florence.
- d. Presentation by the Greater Florence Chamber of Commerce recognizing Power Tags Titles and More, LLC, as the Business of the Month.

7. **CONSENT:** All items on the consent agenda will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.
- a. **Adoption of Resolution No. 1571-15:** A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING AND AUTHORIZING MAYOR TOM J. RANKIN AND TOWN MANAGER BRENT BILLINGSLEY TO ACT AS SIGNATORIES FOR THE TRANSACTION OF BUSINESS ON THE POLICE EVIDENCE TRUST FUND AT NATIONAL BANK OF ARIZONA, AND DECLARING AN EMERGENCY.
  - b. **Adoption of Resolution No. 1572-15:** A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AUTHORIZING MAYOR TOM J. RANKIN, TOWN MANAGER BRENT BILLINGSLEY AND FINANCE DIRECTOR GABRIEL GARCIA TO ACT AS SIGNATORIES FOR THE TRANSACTION OF BUSINESS ON ALL TOWN OF FLORENCE BANK ACCOUNTS, AND DECLARING AN EMERGENCY.
  - c. **Adoption of Resolution No. 1573-15:** A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ACCEPTING A LIMITED, NON-EXCLUSIVE ACCESS EASEMENT FROM CEMEX CONSTRUCTION MATERIALS SOUTH, LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR EMERGENCY INGRESS AND EGRESS PURPOSES RELATED TO THE SANDSTONE SOLAR PROJECT AND AUTHORIZING EXECUTION BY THE TOWN MANAGER OF SUPPORTING DOCUMENTS.
  - d. **Approval of the Florence Gardens Mobile Home Association applications for a Special Event License for January 7, January 14, January 26, February 4, February 18, March 3, March 17, November 17 and December 8, 2016, at Florence Gardens Club House.**
  - e. **Discussion/Approval/Disapproval of Change Order No. 3 to the Library/Recreation Complex design-build contract with Low Mountain Construction, increasing the Guaranteed Maximum Price by \$39,651, to \$13,178,876, and reimbursing \$6,960 from the CIP Fund to the HURF Fund.**
  - f. **Approval of a Municipal Effluent Purchase and Sales Agreement with Adamsville 650, LLC (Formerly Dobson Group Limited Partnership).**
  - g. **Approval of the October 13, November 2, November 12, November 13, November 16, and November 23, 2015 Council minutes.**
  - h. **Receive and file the following board and commission minutes:**
    - i. **September 10, and October 8, 2015 Arts and Culture Commission minutes.**

- ii. **October 15, 2015** Planning and Zoning Commission minutes.

## 8. NEW BUSINESS

- a. **Ordinance No. 644-15:** Discussion/Approval/Disapproval of AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE TOWN TAX CODE BY DECREASING THE RATE OF USE TAXATION FROM THREE PERCENT (3%) TO TWO PERCENT (2%); PROVIDING PENALTIES FOR THE VIOLATION THEREOF; PROVIDING FOR SEVERABILITY; AND DESIGNATING AN EFFECTIVE DATE.

## 9. CALL TO THE PUBLIC

## 10. CALL TO THE COUNCIL – CURRENT EVENTS ONLY

## 11. ADJOURN TO EXECUTIVE SESSION

An Executive Session will be held during the Council Meeting for legal matters pursuant to A.R.S. Section 38-431.03(A)(3) and (A)(4) as follows:

1. For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regard to pending litigation in the U.S. District Court for the District of Arizona: Association of Florence Fire Fighters, International Association of Fire Fighters Local 4512 v. Town of Florence. (Case No. CV-15-00327-PHX-SPL)
2. For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regard to pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV2015-000325.
3. For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regards to pending litigation in the U.S. District Court for the District of Arizona: (Case No. CV-14-01304-PHX- BSB) Walt Hunter and Jarris A. H. Varnrobinson Von Zombie v. Town of Florence, et al.


## 12. ADJOURNMENT FROM EXECUTIVE SESSION

## 13. ADJOURNMENT

Council may go into Executive Session at any time during the meeting for the purpose of obtaining legal advice from the Town's Attorney(s) on any of the agenda items pursuant to A.R.S. § 38-431.03(A)(3).

POSTED ON DECEMBER 17, 2015, BY LISA GARCIA, TOWN CLERK, AT 775 NORTH MAIN STREET, 1000 SOUTH WILLOW STREET, FLORENCE, ARIZONA, AND AT [WWW.FLORENCEAZ.GOV](http://WWW.FLORENCEAZ.GOV).

**\*\*\*PURSUANT TO TITLE II OF THE AMERICANS WITH DISABILITIES ACT (ADA), THE TOWN OF FLORENCE DOES NOT DISCRIMINATE ON THE BASIS OF DISABILITY REGARDING ADMISSION TO PUBLIC MEETINGS. PERSONS WITH A DISABILITY MAY REQUEST REASONABLE ACCOMMODATIONS BY CONTACTING THE TOWN OF FLORENCE ADA COORDINATOR, AT (520) 868-7574 OR (520) 868-7502 TDD. REQUESTS SHOULD BE MADE AS EARLY AS POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATION.\*\*\***

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>6a.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Lisa Garcia, Deputy Town Manager  <b>SUBJECT:</b> First Public Hearing on Resolution No. 1568-15: State-Imposed Expenditure Limitation; and Special Election in May 2016.		<input type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input checked="" type="checkbox"/> <b>Public Hearing</b> <input type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Hold a public hearing on Resolution No. 1568-15: **A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, PROPOSING A ONE-TIME SPECIFIC AMOUNT IN EXCESS OF THE STATE-IMPOSED EXPENDITURE LIMITATION AND SETTING A SPECIAL ELECTION FOR MAY 17, 2016.**

**State Imposed Expenditure Limitation:**

With the failure of the Home Rule Option election in August 2014, the Town is now subject to the state-imposed expenditure limitation, which will significantly reduce the Town's budget for the next two fiscal years.

At the October 6, 2014 work session, staff presented the impact that the state-imposed expenditure limitation will have on the Town's annual budget for the next two fiscal years. At the November 2, 2015 work session, staff reviewed the Town's desire to hold a Special Election in May asking voters to authorize a specific amount in excess of the state-imposed expenditure limitation. A resolution has been drafted and the specific amount to be requested has been determined. Staff recommends asking the Florence voters for authorization to exceed the state-imposed expenditure limitation for fiscal year 2016-2017 by \$15,000,000, to allow the Town to adopt a budget no greater than the amount that was adopted for Fiscal Year 2014-2015 (the last budget adopted under the Home Rule Option).

This will allow the Town to determine and develop its own budget that is based on fiscal year revenues received, establish appropriate levels of service, proceed with planned necessary capital projects as outlined in the 2015 Special Election Capital Improvement Plan, and account for any inflationary cost increases.

The Arizona State Constitution gives the voters of Florence the ability to regain local control over the development of the budget rather than being restricted by the state. Should voters authorize a specific amount in excess of the state-imposed expenditure

limitation, they would be providing the ability to develop a budget that will be consistent with revenues the Town receives and an appropriate level of services. Services that the citizens of Florence receive from the Town of Florence include police, fire, court services, economic and community development, library, parks and recreation, and water, wastewater and sanitation services.

If an election is not held or if voters do not pass the election, the Town will still receive but will be unable to spend over \$24,000,000 in revenue, all of which is meant to provide the services listed above to our citizens.

Passing the election WILL NOT increase taxes. Likewise, if the election does not pass, taxes WILL NOT decrease.

The table below illustrates the estimated budget reduction that will be necessary to comply with the state-imposed expenditure limitation.

State-Imposed Expenditure Limitation Budget	
Fiscal Year	Estimated Reduction
2015-2016	\$12,834,700
2016-2017	\$11,402,800

### **SPECIAL ELECTION:**

The Town may exceed its expenditure limitation by holding an election the third Tuesday, in May 2016. In order to have this election, two-thirds of the members of the Council must vote in favor of holding an election. At the election a majority of qualified electors voting must give their vote of approval for the excess.

Before Council can call an election, they must hold two public hearings. Attached are the drafted resolution and ballot language that will be used for the public hearings. Public hearings are scheduled for December 21, 2015 and January 4, 2016. Immediately following the second public hearing, the Council must convene in special meeting and vote on the proposed excess expenditure. If approved, a record of the vote and the purposes of the excess expenditure must be published the in newspaper. Afterwards, Council will call the Special Election. The call of the Special Election is planned for January 4, 2016.

### **STAFF RECOMMENDATION:**

Hold the first public hearing and receive comments on Resolution No. 1568-15.

### **ATTACHMENTS:**

Resolution No. 1568-15  
Ballot Language

## NOTICE OF PUBLIC HEARING

The Town Council of the Town of Florence will hold two public hearings on Resolution No. 1568-15:

A RESOLUTION OF THE TOWN OF FLORENCE, ARIZONA, PROPOSING A ONE-TIME SPECIFIC AMOUNT IN EXCESS OF THE STATE-IMPOSED EXPENDITURE LIMITATION AND SETTING A SPECIAL ELECTION FOR MAY 17, 2016

Public Hearings will be held on:

December 21, 2015, 6:00 p.m.

January 4, 2016 6:00 p.m.

Florence Town Hall

Florence Town Hall

775. N. Main Street

775 N. Main Street

Florence, Arizona 85132

Florence, Arizona 85132

Publish in the Florence Reminder on 12/10, 12/17, 12/24, and 12/31, 2015.

**RESOLUTION NO. 1568-15**

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, PROPOSING A ONE-TIME SPECIFIC AMOUNT IN EXCESS OF THE STATE-IMPOSED EXPENDITURE LIMITATION AND SETTING A SPECIAL ELECTION FOR MAY 17, 2016.**

**WHEREAS**, the Arizona State Constitution permits the submission of the voters of a city or town of a one-time specific amount in excess of the Town's expenditure limitation under Article IX, Section 20(2)(c); and

**WHEREAS**, the Florence voters in 1982, 1986, 1990, 1994, 1998, 2002, 2006 and 2010 have authorized the local alternative expenditure limitation; and

**WHEREAS**, the Town's current local alternative expenditure limitation (Home Rule Option) expired at the end of Fiscal Year 2014-2015; and

**WHEREAS**, the Town's voters did not approve the alternative expenditure limitation (Home Rule Option) presented for Fiscal Years 2015-2016 through 2018-2019; therefore, a ballot measure requesting authorization to exceed the state-imposed expenditure limitation must be presented to the voters for Fiscal Year 2016-2017; and

**WHEREAS**, the Florence Town Council, after two public hearings, has determined that a one-time specific amount in excess of the state-imposed expenditure limitation is necessary for the Town of Florence to retain local control.

**NOW, THEREFORE, BE IT RESOLVED** by the Florence Town Council:

SECTION 1. That the Town Clerk is authorized to enter into an agreement with the Pinal County Election Department for the administration of the election.

SECTION 2. That the following question will be submitted to the qualified Florence voters at a Special Election to be held on May 17, 2016:

Shall the Town of Florence retain local control and exceed the state-imposed expenditure limitation for Fiscal Year 2016-2017 by \$15,000,000, to allow the Town to adopt a budget no greater than the amount that was adopted for Fiscal Year 2015-2016?

**NOW, BE IT FURTHER RESOLVED** by the Florence Town Council:

"The Florence Town Council shall, as part of the 2016-2017 Budget, adopt an expenditure limitation to govern the Town of Florence budget for the Fiscal Year immediately following such adoption. The expenditure limitation shall be adopted after a Public Hearing at which the citizens are encouraged to comment on the proposed expenditure limitation. No expenditure may be made in violation of such Budget, nor may any processed expenditures be in excess of estimated available revenues except that the Town Council may, by three-fourths vote, declare an emergency, and suspend the effect for one Fiscal Year at a time."

**PASSED AND ADOPTED** by the Florence Town Council, this \_\_\_\_ day of \_\_\_\_\_.



\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lisa Garcia, Town Clerk

\_\_\_\_\_  
Clifford L. Mattice, Town Attorney

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 1568-15 was duly passed and adopted by the Town Council of Florence, Arizona, at a Special Meeting held on the 4<sup>th</sup> day of January 2016, and that the vote was \_\_\_\_\_ ayes and \_\_\_\_\_ nays.

\_\_\_\_\_  
Lisa Garcia, Town Clerk

# One-time Specific Amount in Excess of State-Imposed Expenditure Limitation

## Summary Analysis

The voters of the Town of Florence have adopted a local alternative expenditure limitation (Home Rule Option) in every election that it has been presented to them: 1982, 1986, 1990, 1994, 1998, 2002, 2006 and 2010.

Due to a defeat of the Home Rule Option in the 2014 Primary Election, the Town needs to hold a special election to seek a one-time specific amount in excess of the state-imposed expenditure limit for Fiscal Year 2016-2017, until a Home Rule Option can be submitted to the voters as part of the Town's Primary Election in August of 2016.

The approval of a one-time specific amount in excess of the state-imposed expenditure limit **will not increase taxes**. Approval merely permits the Town to retain local control and spend the existing revenues it already collects. Likewise, disapproval of this one-time specific amount **does not decrease taxes**, nor does it decrease the amount of revenue the Town receives.

If the one-time specific amount is approved by the voters, the Town of Florence will retain local control and be able to expend revenues it already collects from state and local sources in an amount that would exceed the state-imposed expenditure limitation by \$15,000,000 for Fiscal Year 2016-2017, which will allow the Town to adopt a budget no greater than the amount that was adopted for Fiscal Year 2015-2016.

The existing revenues are collected by the Town from state and local sources that are used to provide services to the citizens of Florence. Services that Florence provides include: police, fire, courts, economic and community development, library, parks and recreation, street maintenance and improvements, water and wastewater systems operations and maintenance, refuse and recycling services, senior services, and other important public services provided by the Town of Florence.

If the one-time specific amount is not approved by the voters, under the state-imposed expenditure limitation, the Town will not be able to maintain its current levels of services. The Town will continue to collect and receive the \$15,000,000 in revenue, however, the Town will be unable to spend the money it has due to the state-imposed expenditure limitation. Therefore, the money collected in excess of the state-imposed expenditure will continue to be collected and saved until such a time that local control is regained.

## TEXT OF BALLOT

### PROPOSITION 408

Referred to the voters of the Town of Florence by the Florence Town Council

**Official title:** Resolution No. 1568-15 – A resolution of the Town of Florence, Pinal County, Arizona, proposing a one-time specific amount in excess of the state-imposed expenditure limitation of Fiscal Year 2016-2017.

**Descriptive title:**

Pursuant to Article IX, Section 20(2)(c), of the Arizona Constitution, allows the Town of Florence to exceed the state-imposed expenditure limitation for Fiscal Year 2016-2017 by \$15,000,000 to allow the Town to adopt a budget no greater than the amount that was adopted for Fiscal Year 2015-2016.

**Proposition 408**

Shall the Town of Florence retain local control and exceed the state-imposed expenditure limitation by \$15,000,000 for Fiscal Year 2016-2017, to allow the Town to adopt a budget no greater than the amount that was adopted for in Fiscal Year 2015-2016?

A “YES” vote shall have the effect of allowing the Town of Florence to retain local control and expend existing funds and revenues in a way that will allow the Town to continue to provide the existing services to its residents. A “YES” vote will not increase or decrease taxes.

A “NO” vote shall have the effect of preventing the Town of Florence from retaining local control and its ability to expend existing funds and revenues and instead require expenditures be limited by the state-imposed expenditure formula based on Fiscal Year 1979-1980 expenditures, resulting in cuts in existing Town services and projects. A “NO” vote will not increase or decrease taxes.

**Invitation to Submit Ballot Arguments**  
**Deadline April 20, 2015**

**Florence** – Town Clerk Lisa Garcia announced the proposition number for ballot measure appearing on the May 17, 2016, Florence Special Election and invites interested parties to submit arguments to be included in the Publicity Pamphlet that will be distributed prior to the May 17, 2016 Special Election.

The proposition that will appear on the May 17, 2016, ballot is listed below.

**Proposition 408:** ONE-TIME SPECIFIC AMOUNT IN EXCESS OF STATE-IMPOSED EXPENDITURE LIMITATION:

**Proposal submitted by the Town Council of Florence**

**Official title:** Resolution No. 1568-15 – A resolution of the Town of Florence, Pinal County, Arizona, proposing a one-time specific amount in excess of the state-imposed expenditure limitation of Fiscal Year 2016-2017.

**Descriptive title:**

Pursuant to Article IX, Section 20(2)(c), of the Arizona Constitution, allows the Town of Florence to exceed the state-imposed expenditure limitation for Fiscal Year 2016-2017 by \$15,000,000 to allow the Town to adopt a budget no greater than the amount that was adopted for Fiscal Year 2015-2016.

**Proposition 408**

Shall the Town of Florence retain local control and exceed the state-imposed expenditure limitation by \$15,000,000 for Fiscal Year 2016-2017, to allow the Town to adopt a budget no greater than the amount that was adopted for Fiscal Year 2015-2016?

A “YES” vote shall have the effect of allowing the Town of Florence to retain local control and expend existing funds and revenues in a way that will allow the Town to continue to provide the existing services to its residents. A “YES” vote will not increase or decrease taxes.

A “NO” vote shall have the effect of preventing the Town of Florence from retaining local control and its ability to expend existing funds and revenues and instead require expenditures be limited by the state-imposed expenditure formula based on Fiscal Year 1979-1980 expenditures, resulting in cuts in existing Town services and projects. A “NO” vote will not increase or decrease taxes.

Arguments for or against ballot measures may be filed with the Town Clerk no later than 5 p.m., Monday, April 18, 2016. Arguments may be submitted to the Town Clerk, P.O. Box 2670, 775 N. Main Street, Florence, Arizona 85132. A \$200 fee must accompany each argument submitted and each argument must not exceed 300 words. Arguments must be signed by the submitting person. Arguments submitted by organizations shall be signed on behalf of the organization by one of the executive officers of the organization authorized to take the action, or if a political committee, by the Chairperson or Treasurer. No person or organization shall submit more than one argument for each ballot measure to be voted on.

For more information, call the Town Clerk's Office at 520-868-7552.

Publish in the paper 4 times: March 24, March 31, April 4, April 11, 2016 dates.

## ARGUMENT "FOR" PROPOSITION 408

### Draft Only for Council Review

Please vote "YES" on Proposition 408.

A "YES" vote on Proposition 408 allows the Town to provide critical Town services to its residents. A "YES" vote allows the Town and its residents, not the State of Arizona, to determine what levels of services are delivered to residents and determine which projects benefit the community.

Proposition 408 has no effect on the amount of taxes paid to the Town. A "YES" vote will not increase or decrease taxes and a "NO" vote will not increase or decrease taxes. If Proposition 408 is approved, the additional expenditure authority granted by the residents will be used for local services and projects.

Services that Florence provides include: police, fire, courts, economic and community development, library, parks and recreation, street maintenance and improvements, water and wastewater systems operations and maintenance, refuse and recycling services, senior services, as well as and other important public services provided by the Town of Florence. Projects include the improvements to and the expansion of streets, water, and wastewater systems.

A "NO" vote will result in a drastic reduction in Town services and the elimination of the streets, water, and wastewater systems projects.

Mayor Tom Rankin

Vice-Mayor Tara Walter

Councilmembers:


John Anderson

Rebecca Guilin

Bill Hawkins

Karen Wall

Vallarie Woolridge

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u> 6b.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Finance  <b>STAFF PRESENTER:</b> Gabriel Garcia, Finance Director  <b>SUBJECT:</b> Annual Audit for Fiscal Year Ended June 30, 2015		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Regulatory</b> <input type="checkbox"/> <b>1<sup>st</sup> Reading</b> <input type="checkbox"/> <b>2<sup>nd</sup> Reading</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Accept the Town’s Comprehensive Annual Financial Report, Generally Accepted Government Auditing Standards (GAGAS) Report, Single Audit Report, Impact Fees Agreed Upod Procedures Report and Annual Expenditure Limitation Report for Fiscal Year Ended June 30, 2015.

**BACKGROUND/DISCUSSION:**

The Town’s year-end financial report was audited by the Town’s independent auditor Henry & Horne. The auditor has issued a clean opinion on the Town’s financial statements and they will be here tonight to present the audit report and audit findings.

The Comprehensive Annual Financial Report (CAFR), Generally Accepted Government Auditing Standards (GAGAS) Report and Single Audit Report, present the Town’s financial position and fund balances as of the end of the fiscal year, as well as the results of the financial activity throughout the year.

The Development Impact Fees Agreed Upod Procedures (AUP) report was completed by the Town’s independent auditor Henry & Horne. The audtior has issued a clean opinion on the examination of the Town’s Annual Report of Development Impact Fees based on the criteria defined in Arizona Revised Statute §9-00436-05.

The Annual Expenditure Limiation Report (AELR) report was reveiwed by the Town’s independent auditor Henry & Horne. The auditor has determined that the Town is free of material misstatement and that it is in compliance with the Uniform Expenditure Reporting System requirements.

**FINANCIAL IMPACT:**

None.

**STAFF RECOMMENDATION:**

Staff recommends acceptance of the Comprehensive Annual Financial Report, Generally Accepted Government Auditing Standards (GAGAS) Report, Single Audit Report, Impact Fees AUP Report and the Annual Expenditure Limitation Report for the Fiscal Year Ended June 30, 2015.

**ATTACHMENTS:**

CAFR

Auditor Letter to Management

Impact Fees AUP Report

AELR



# Comprehensive Annual Financial Report

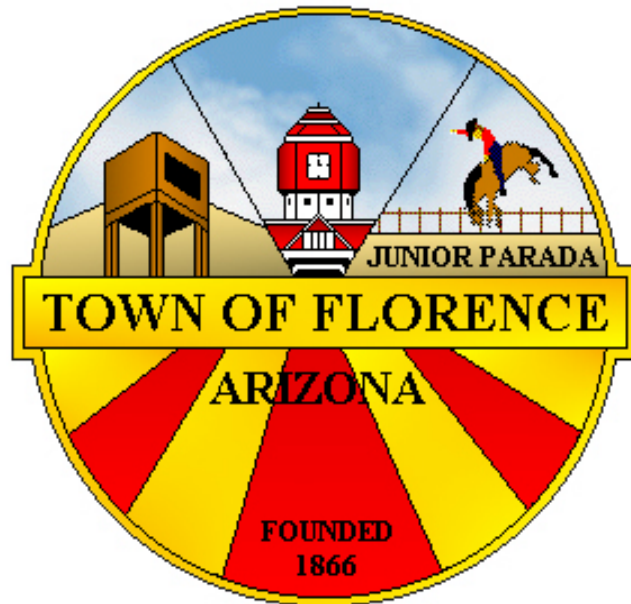
For the Year Ended  
June 30, 2015



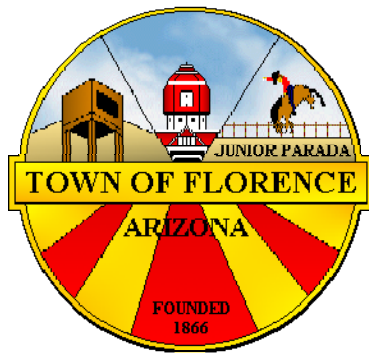


# Comprehensive Annual Financial Report

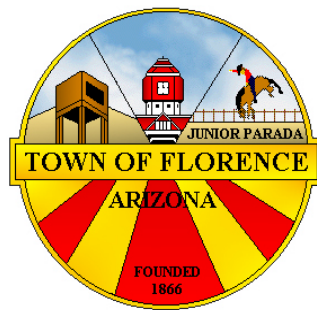
Fiscal Year Ended June 30, 2015



**Florence, Arizona**



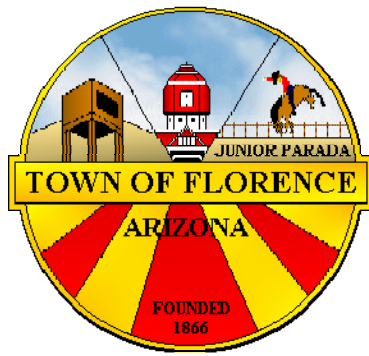
**TOWN OF FLORENCE, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the fiscal year ending June 30, 2015**



Prepared by:  
Finance Department

Marcia Goerd  
**Accounting Manager**

Gabe Garcia  
**Finance Director**



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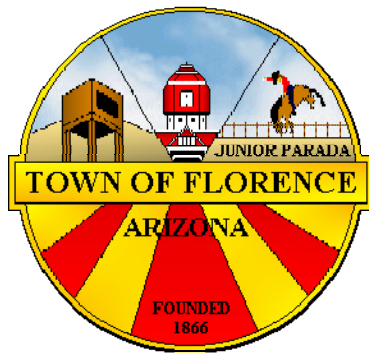
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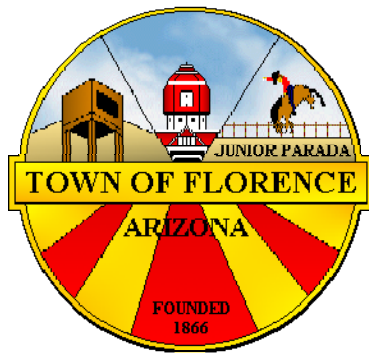
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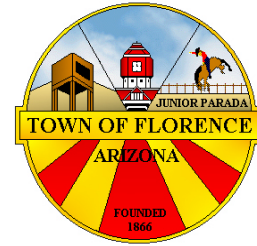
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## **INTRODUCTORY SECTION**





## Town of Florence

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P.O. Box 2670, Florence, AZ 85132, (520) 868-7500, (520) 868-7501 Fax, (520) 868-7502 TDD

December 11, 2015

To the Honorable Mayor, Members of the Town Council and Citizens of the Town of Florence:

We are pleased to submit for your information and review, the Comprehensive Annual Financial Report (CAFR) of the Town of Florence, Arizona (the Town) for the year ended June 30, 2015. State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, Henry & Horne LLP, a firm of licensed certified public accountants, has audited the Town's financial statements. The independent auditor has issued an unmodified ("clean") opinion on the Town's financial statements for the year ended June 30, 2015. Their report is presented as the first component of the financial section of this CAFR.

This report consists of management's representations concerning the finances of the Town. Responsibility for both the accuracy of the prepared data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To provide a reasonable basis for making those representations, management of the Town has established an internal control framework that is designed to both protect the assets of the Town from loss, theft or misuse and to allow for the compiling of sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## PROFILE OF THE TOWN

The Town of Florence, Arizona is in Pinal County and is located between Phoenix and Tucson. Colonel Levi Ruggles, an Indian Agent, staked and platted the Town in 1866 and by the mid-1920s the area had become the agricultural center of Pinal County. Florence is the sixth oldest European settlement in the State of Arizona. The Town was incorporated in 1900, making it the fifth oldest town in the state and its downtown is designated as an official "Historic District". Florence is the county seat and has been since its formation in 1875.

Florence, elevation 1,493 feet, was built along the Gila River surrounded by the beautiful Sonoran Desert and the Superstition and Pinal Mountains, which provide scenic views for the enjoyment of life in a peaceful community. Additionally, Florence enjoys year-round sunshine, which provides an ideal place for retirement.



The Town currently encompasses an area of 62.7 square miles and an estimated population of 26,099. State statutes empower the Town to levy a property tax on real and personal property within its boundaries. The Town also has the power by state statute to extend its corporate limits by annexation, which is done periodically when deemed appropriate by the Town Council.

The Town of Florence operates under the council-manager form of government. The Mayor is directly elected and the six members of Town Council are elected at large on a nonpartisan basis. The Mayor is elected every four years and Town Council members are elected to staggered four year terms, with three members elected every two years. The Town Council is responsible for setting public policy, approving the Town's annual budget, approving agreements, providing policy leadership, approving planning and development decisions and adopting new codes and ordinances. The Town Council appoints the Town Manager, who implements policy and directs daily operations. The Town Council also appoints the Town Attorney and Town Magistrate.

The financial reporting entity of the primary government (the Town) includes all of its funds and its blended component units, Merrill Ranch Community Facilities District No. 1 and Merrill Ranch Community Facilities District No. 2 (CFDs). Component units are legally separate entities for which the primary government is financially accountable.

The CFDs were formed in 2005 by the Town pursuant to the Community Facilities District Act of 1988, constituting Title 48, Chapter 4, Article 6 of the Arizona Revised Statutes and in response to a petition by all of the owners of land within the district area. The districts were formed to provide a method of financing (including the issuance of

general obligation bonds and special assessment bonds) certain public infrastructure within the district. These component units are included in the Town's financial statements because the Town Council members serve as the Board of Directors for each district. For more information on these legally separate entities, please refer to Note 1A in the notes to the financial statements.

The Town provides a full range of services, including police and fire protection; emergency medical services; construction and maintenance of highways, streets and other infrastructure; cultural and recreational activities; library services; and sanitation, water and sewer utilities.

State law requires that on or before the third Monday in July of each fiscal year, the Town Council must adopt a tentative budget. Once the tentative budget has been adopted, the expenditures may not be increased upon final adoption; however, they may be decreased. The tentative budget sets the Town's maximum limits for expenditure. There is no specific date set by state law for adoption of the budget; however, due to the state law required deadline for the adoption of the property tax levy, the deadline for adoption of the final budget effectively becomes the first Monday in August.

## **LOCAL ECONOMY**

Since 1912, the industry of corrections has been a source of employment for people in Pinal and other counties. This industry alone provides approximately 3,500 employment opportunities and consists of Arizona State Prison facilities, Corrections Corporation of America facilities and GEO Group. Florence is also home to a number of local, county, state and federal agencies, which provide approximately 3,700 full-time employment opportunities. These agencies include the Town of Florence, Pinal County, the Florence Unified School District, the Arizona National Guard and the United States Immigration and Customs Enforcement.

Florence is a major employment area with approximately 75 percent of its work force commuting into the area on a daily basis. It is estimated that over 5,000 commuters travel to Florence for work on a daily basis. Additionally, many agricultural products, including cotton, alfalfa, cattle, grains and grapes are cultivated in the area and the Town's primary business district still resides on Main Street.

The annexation of Merrill Ranch in 2004 added 8,970 acres of land, which is planned to be developed as a mixed use, master-planned community. Construction has already started in Anthem at Merrill Ranch, which at 3,191 acres, is one of Arizona's largest master-planned communities. To date, there are over 2,000 single-family homes completed and many other fine amenities, including two



community centers, an 18-hole golf course and an outdoor swimming pool and water park. Construction on a new onsite restaurant located next to the golf pro shop was completed in 2015. With commercial expansion and another 6,500 homes planned, Anthem is sure to add to the Town's economy, let alone the entire Merrill Ranch annexation area.

The Town's unemployment rate is 7 percent. This is significantly lower than the past five years, which averaged 14.5 percent.

The makeup of Town general fund revenue has remained relatively consistent over the past ten years, with state-shared revenue, local sales tax, property tax and charges for services being the largest sources, in that order. State-shared revenue is primarily based on population and represented approximately 50 percent of the total 2015 fiscal year revenue. Worth noting, prison inmates make up more than 50 percent of the total population. Sales tax, property tax and charges for services made up 19, 7 and 7 percent, respectively.

## **LONG-TERM FINANCIAL PLANNING**

The Town is strategically planning for its economic and financial future. During the 2016 fiscal year budget process, the Town set forth the following strategic goals.

- Focus on road improvement projects including operations, repairs and maintenance to improve transportation infrastructure
- Economic development and revitalization of the downtown corridor to foster opportunities for growth
- Strategically invest in the planning for continued growth by working with major home builders to encourage additional development and attract and work with developers to provide unique home solutions, retail destinations and restaurants
- Continue to provide a high level of service and improve quality of life for our residents while maintaining sound financial practices

## **MAJOR INITIATIVES**

***Investment in Capital Assets:*** During the 2014-2015 fiscal year the Town of Florence dedicated itself to making large capital improvements to its facilities and infrastructure. These projects included the construction of new buildings, roadway improvements and utility upgrades that improve the quality of life for the residents.

- ***Aquatics Center:*** The Town has completed construction of the aquatics center and scheduled its grand opening just after the end of the 2014-2015 fiscal year.

- **Library and Community Center:** The Town was in the final stages of construction of the new library and community center building. This project will be finished shortly after the close of the 2014-2015 fiscal year and operational by fall of 2015.
- **Main Street Extension:** The Town completed an extension from Main Street to Highway 79. This extension will allow traffic to flow through the downtown historic district and gain access to the new aquatics, library and community center facilities. This extension opened in correlation with the opening of the aquatics center.
- **Wastewater Treatment Facility:** The Town's wastewater treatment facility is undergoing an expansion and upgrade of effluent water which includes chlorine and filtration systems.
- **Water Utility:** The Town's water utility purchased and installed a new water tank on the north reservoir upgrade. In addition, there were major upgrades to water wells in the service areas.

**Alternative Expenditure Limitation (Home Rule Option) vs. the State-imposed Expenditure Limitation:** The Town's four year alternative expenditure limitation expired at the end of the 2014-2015 fiscal year, the expiration of the alternative expenditure limitation does not affect the amount of money received by the Town but does affect the ability to spend it.

Under the state imposed limitation the town would be authorized to spend just over \$17 million dollars.

However, the state constitution provides that cities and towns subject to the state imposed limitation may hold a special election to pose the question to voters to allow the Town to exceed the state imposed limitation by a specific amount.

In May of 2015 the Town held a special election approving expenditures to exceed the state imposed limitation by no more than \$15 million. The Town plans on having the same election in May of 2016 and will also be eligible to petition the voters to approve the alternative expenditure limitation for the 2017-2018 fiscal years forward.

## **RELEVANT FINANCIAL POLICIES**

The Town's fund balance policy covers the General Fund, Highway User Revenue Fund and enterprise funds. In the General Fund, fund balance must retain \$500,000 for emergencies, 10 percent of revenues for operational reserves, of which 20 percent is for facility maintenance. The Highway User Revenue Fund's fund balance must be reserved for operational reserves in the amount of 15 percent of the operating revenues and enterprise funds' fund balances are reserved as recommended in the most recent rate study completed and as required by debt covenants. If no recommendation is

made, fund balance will be reserved based on annual depreciation expense and two months of operating revenue, in addition to debt covenants. One time revenues may only be used to fund capital projects.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Town received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. We are very pleased and proud to have received this award for the third straight year. In order to be awarded a Certificate of Achievement, the Town had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

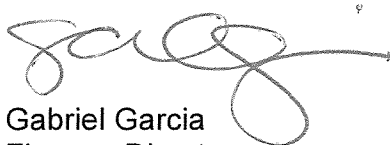
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Town's Finance Department. We would also like to extend our appreciation to all members of the departments who assisted and contributed to the preparation of this report. We must give credit to the Mayor and Town Council for their leadership and support towards the management of the Town's finances. Lastly, and specifically, we are deeply appreciative of the dedication and hard work of Marcia Goerd, Accounting Manager and the accounting staff during the year end and audit processes.

Respectfully submitted,



Lisa Garcia  
Interim-Town Manager



Gabriel Garcia  
Finance Director





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

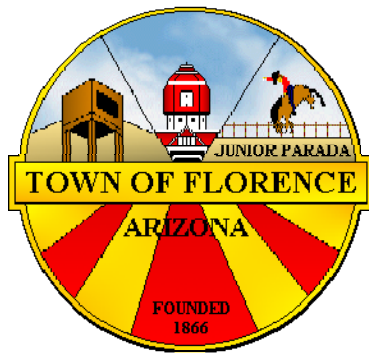
Presented to

**Town of Florence**  
**Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO





## **Town Council, Appointed Officials and Senior Management Staff**

### **Town Council**

Tom J. Rankin – Mayor

Tara Walter – Vice Mayor  
John Anderson – Councilmember  
Rebecca Guilin – Councilmember

Karen Wall – Councilmember  
Vallarie Woolridge – Councilmember  
William Hawkins – Councilmember

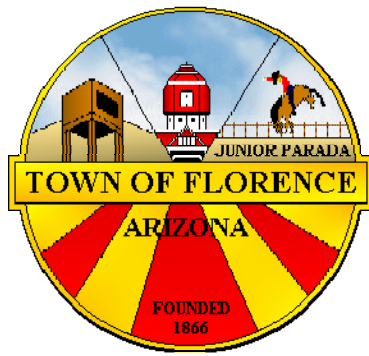
### **Appointed Officials**

Vacant – Town Manager  
Lisa Garcia – Town Clerk

Clifford Mattice – Town Attorney  
Roger Valdez – Town Magistrate

### **Senior Management**

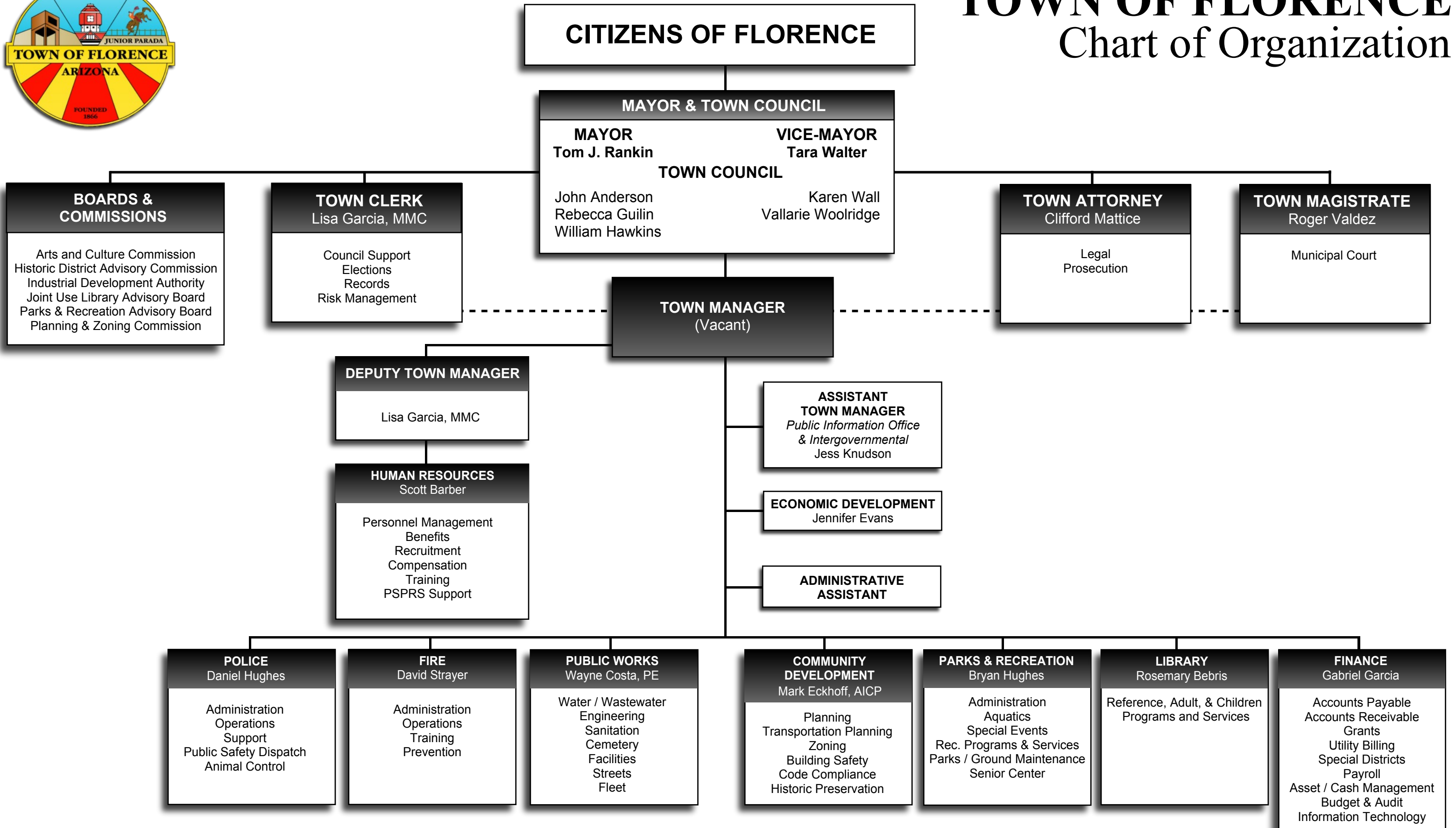
Lisa Garcia – Deputy Town Manager/Town Clerk  
Jess Knudson – Assistant Town Manager  
Scott Barber – Human Resource Director  
Rose Bebris – Library Director  
Wayne Costa – Public Works Director  
Mark Eckhoff – Community Development Director  
Gabe Garcia – Finance Director  
Bryan Hughes – Parks & Recreation Director  
Daniel Hughes – Police Chief  
David Strayer – Fire Chief





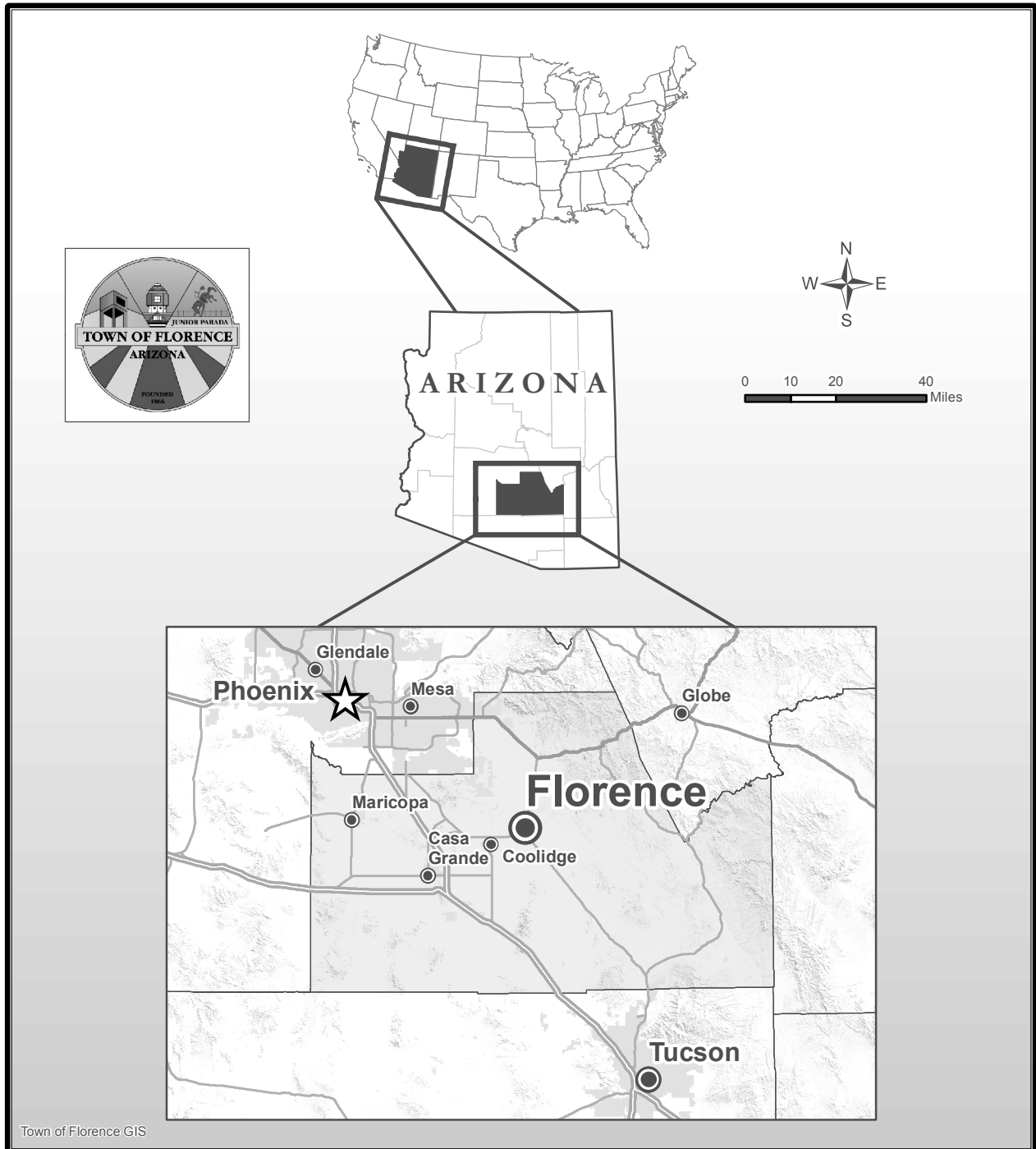
# TOWN OF FLORENCE

## Chart of Organization



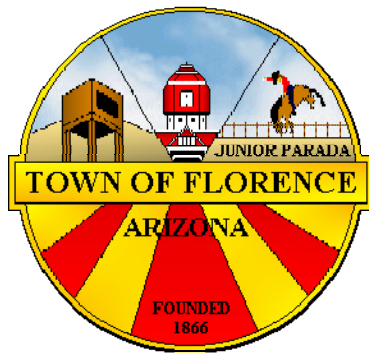
# TOWN OF FLORENCE

## PINAL COUNTY, ARIZONA LOCATION MAP



Town of Florence GIS

## **FINANCIAL SECTION**







HENRY & HORNE, LLP  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Town Council  
Town of Florence  
Florence, Arizona

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Florence, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

**Tempe**  
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Suite 101  
Tempe, AZ 85284-3487  
(480) 839-4900  
Fax (480) 839-1749

**Scottsdale**  
7098 E. Cochise Road  
Suite 100  
Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

**Casa Grande**  
1115 E. Cottonwood Lane  
Suite 100  
Casa Grande, AZ 85122-2950  
(520) 836-8201  
Fax (520) 426-9432

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Florence, Arizona, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Highway User Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations, that could have a material impact on the financial statements. For the Town of Florence, GASB Statement No. 69 has not impacted the financial statements; however, GASB Statements No. 68 and No. 71 have impacted the presentation of the financial statements by establishing standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. As discussed in Note 14 to the financial statements, the adoption of GASB Statements 68 and 71 resulted in the restatement of beginning net position for governmental activities, business-type activities and the related enterprise funds net position. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

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

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Florence, Arizona's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

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

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

#### *Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies*

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Florence, Arizona failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town of Florence solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town of Florence's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, the Board of Supervisors, management, and other responsible parties with the Town and is not intended to be and should not be used by anyone other than these specified parties.

### **Other Reporting Required by *Government Auditing Standards***

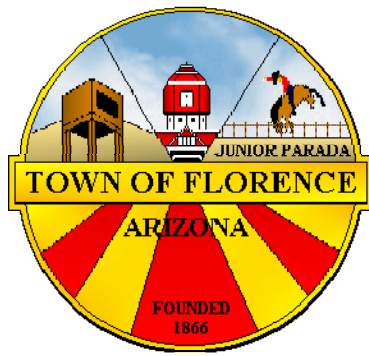
In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Florence, Arizona's, internal control over financial reporting and compliance.

*Henry & Horne LLP*

Casa Grande, Arizona  
December 11, 2015

## **FINANCIAL SECTION**

MANAGEMENT'S DISCUSSION AND ANALYSIS



## Management's Discussion and Analysis

As management of the Town of Florence, we offer readers of the Town of Florence's financial statements this narrative overview and analysis of the financial activities of the Town of Florence for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vi of this report.

### Financial Highlights

- The assets of the Town of Florence exceeded its liabilities and deferred inflows of resources as of June 30, 2015 by \$133 million. Of this amount, \$14.4 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased \$7.1 million from \$140 million to \$133 million. This decrease is primarily attributed to the result of a change in accounting principle in both governmental and business-type activities per GASB 68 requirements (see notes to the financial statement). Net position in governmental activities decreased \$7.4 million while net position in business-type activities increased \$289,000. This change in accounting principle required the Town to book net pension liabilities of \$7.7 million in governmental activities and \$1.2 million in business-type activities.
- As of the end of the current fiscal year, the Town of Florence's governmental funds reported combined ending fund balances of \$29.9 million, a decrease of \$15.1 million in comparison to the year before. This net decrease is due to one-time expenditures for capital assets, which totaled over \$15.1 million and includes a new aquatics center, library and community center.
- Approximately 27 percent or \$8.1 million of the combined ending fund balances constitutes unassigned fund balance, which is available for spending at the Town's discretion. The Town's investment in capital assets (net of depreciation) increased \$20.8 million.
- At the end of the fiscal year, the Town had \$18.1 million in debt outstanding compared to \$20.0 million last year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Florence's basic financial statements. The Town of Florence's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** are designed to provide readers with a broad overview of the Town of Florence's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets, liabilities and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's privilege tax or property

tax base or the condition of roads, parks and libraries to accurately assess the overall health of the Town.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position 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 result in cash flows in a future period (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements differentiate functions of the Town that are primarily supported by taxes and intergovernmental revenues (governmental activities) from those 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 Town include general government, public safety, highways and streets, culture and recreation, and community development. The business-type activities of the Town include water, sewer and sanitation utility services.

The government-wide financial statements include the Town itself and the Merrill Ranch Community Facilities District No. 1 and Merrill Ranch Community Facilities District No. 2 blended component units.

The government-wide financial statements can be found on pages 18 - 21 of this report.

**Fund financial statements** follow the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Highway User Revenue Fund, Community Facilities District Debt Service Fund, Community Facilities District Capital Improvements Fund, Impact Fees Fund and the Capital Improvements Fund, all of which are considered to be major funds. Data from the remaining 7 governmental funds are aggregated



into a single “non-major governmental funds” column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22 - 33 of this report.

The Town adopts an annual appropriated budget for all funds, except fiduciary funds. To demonstrate compliance, a budgetary comparison statement is provided for the General Fund and the Highway User Revenue Fund. Similar budgetary compliance schedules are provided for the other funds elsewhere in this report.

*Proprietary funds* are used to report the same functions as presented in the business-type activities in the government-wide financial statements. The Town uses enterprise funds, a type of proprietary fund, to account for the water, sewer and sanitation utility functions. Proprietary fund financial statements provide information on the Water Utility Fund, Sewer Utility Fund and Sanitation Utility Fund and with the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 34 - 39 of this report.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside of the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 40 - 41 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 87 of this report.

**Combining statements** (referred to earlier in connection with non-major governmental funds) are presented immediately following the notes to the financial statements. Combining statements and individual fund schedules can be found on pages 104 - 107 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve as a useful indicator of the Town’s financial position. The two tables below reflect the Town’s net position and changes in net position. A condensed version of the Statement of Net Position is presented below and illustrates the Town’s total assets, liabilities, and deferred inflows of resources and resulting net position (assets minus liabilities and deferred inflows of resources) as of June 30, 2015 with a comparison to net position as of June 30, 2014.

**Condensed Statement of Net Position**  
(in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 41,311	\$ 53,312	\$ 18,338	\$ 22,328	\$ 59,649	\$ 75,640
Capital assets	89,696	77,251	16,958	10,588	106,654	87,839
Total assets	<u>131,007</u>	<u>130,563</u>	<u>35,296</u>	<u>32,916</u>	<u>166,303</u>	<u>163,479</u>
Deferred outflows of resources	2,286	-	191	-	2,477	-
Other liabilities	6,151	3,710	2,262	952	8,413	4,662
Long-term liabilities	21,377	15,242	4,593	3,825	25,970	19,067
Total liabilities	<u>27,528</u>	<u>18,952</u>	<u>6,855</u>	<u>4,777</u>	<u>34,383</u>	<u>23,729</u>
Deferred inflows of resources	1,536	-	204	-	1,740	-
Net position:						
Net investment in capital assets	75,422	61,395	13,130	6,376	88,552	67,771
Restricted	26,798	28,805	2,903	2,677	29,701	31,482
Unrestricted	2,010	21,411	12,395	19,086	14,405	40,497
Total net position	<u>\$ 104,230</u>	<u>\$ 111,611</u>	<u>\$ 28,428</u>	<u>\$ 28,139</u>	<u>\$ 132,658</u>	<u>\$ 139,750</u>

The largest portion of the Town's net position is net investment in capital assets, which makes up 67 percent or \$88.6 million of the Town's total net position. Capital assets include items such as infrastructure, buildings and improvements, vehicles, equipment and land. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Additionally, although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. Additional information on the Town's assets can be found in the Notes to the Financial Statements, which start on page 45.

An additional portion (22% or \$29.7 million) of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (11% or \$14.4 million) may be used to meet the Town's ongoing obligations to citizens and creditors.

Total governmental activities liabilities had a net increase of \$8.6 million largely due to booking a \$7.7 million net pension liability per GASB 68 and an increase in accounts payable attributable to the numerous construction projects that the Town has undertaken this fiscal year.

As illustrated in both the table above and table below, the Town's overall financial position showed a decrease in net position during this fiscal year as reflected by booking of the net pension liability of the Town. The Town's total net position decreased \$7.1 million from \$139.8 million to \$132.7 million. This increase is the result of a GASB pronouncement that more accurately reflects the net pension liability of municipalities for financial statement reporting. Net position in governmental activities decreased \$7.4 million going from \$111.6 million to \$104.2 million. Net position in business-type activities increased \$289,000 from \$28.1 million to \$28.4 million.

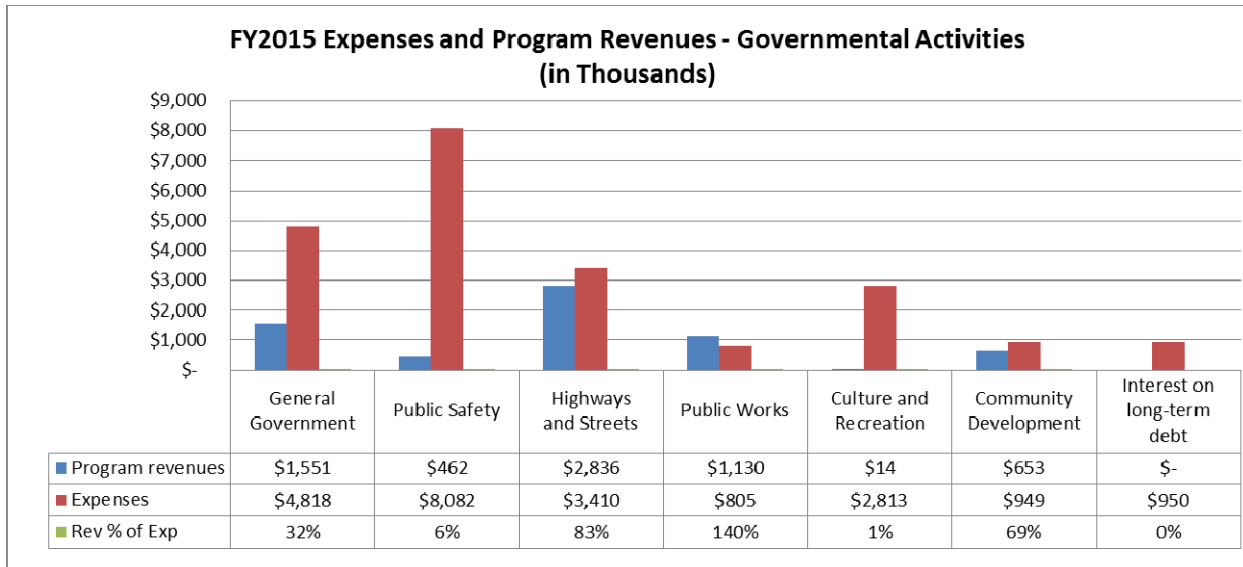
**Changes in Net Position**  
(in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	\$ 1,987	\$ 1,850	\$ 7,346	\$ 7,338	\$ 9,333	\$ 9,188
Operating grants	3,255	2,810	-	-	3,255	2,810
Capital grants and contributions	1,404	5,403	4	-	1,408	5,403
General revenues						
Taxes	6,341	6,297	-	-	6,341	6,297
Intergovernmental	6,701	6,258	-	-	6,701	6,258
Investment earnings (losses)	315	796	212	340	527	1,136
Miscellaneous	277	250	19	52	296	302
<b>Total revenues</b>	<b>20,280</b>	<b>23,664</b>	<b>7,581</b>	<b>7,730</b>	<b>27,861</b>	<b>31,394</b>
Expenses						
General government	4,818	8,262	-	-	4,818	8,262
Public safety	8,081	4,816	-	-	8,081	4,816
Highways and streets	3,410	2,728	-	-	3,410	2,728
Public works	805	580	-	-	805	580
Culture and recreation	2,813	1,699	-	-	2,813	1,699
Community development	949	858	-	-	949	858
Interest on long-term debt	950	817	-	-	950	817
Water	-	-	1,784	1,619	1,784	1,619
Sewer	-	-	2,486	2,141	2,486	2,141
Sanitation	-	-	813	825	813	825
<b>Total expenses</b>	<b>21,826</b>	<b>19,760</b>	<b>5,083</b>	<b>4,585</b>	<b>26,909</b>	<b>24,345</b>
Excess before transfers	(1,546)	3,904	2,498	3,145	952	7,049
Transfers in (out)	1,050	1,485	(1,050)	(1,485)	-	-
<b>Change in net position</b>	<b>(496)</b>	<b>5,389</b>	<b>1,448</b>	<b>1,660</b>	<b>952</b>	<b>7,049</b>
Beginning net position, Restatement	111,611	106,222	28,139	26,479	139,750	132,701
	(6,885)	-	(1,159)	-	(8,044)	-
<b>Beginning net position - restated</b>	<b>104,726</b>	<b>106,222</b>	<b>26,980</b>	<b>26,479</b>	<b>131,706</b>	<b>132,701</b>
<b>Ending net position</b>	<b>\$ 104,230</b>	<b>\$ 111,611</b>	<b>\$ 28,428</b>	<b>\$ 28,139</b>	<b>\$ 132,658</b>	<b>\$ 139,750</b>

Changes in net position, shown above, illustrates the Town's total revenues and expenses for the fiscal year ended June 30, 2015 compared to the same period ended June 30, 2014.

**Governmental activities**

Total revenues decreased by \$3.4 million primarily because capital grants and contributions decreased \$4.0 million going from \$5.4 million to \$1.4 million as there was a substantial gift by a developer in the prior fiscal year. Investment earnings decreased by nearly \$481,000 going from \$796,000 to \$315,000 primarily because of the decrease in the total amount invested in the Town's investment portfolio as money was reinvested into capital assets.



The chart above illustrates the extent to which the governmental activities function expenses are covered by program revenues. As with most governments, services provided to citizens are mostly funded through various taxes and not program revenues. In other words, expenses are significantly greater than program revenues in most of the functional areas. However, this year, Public Works program revenues outpace expenses.

### ***Business-type activities***

Business-type activities total revenues decreased by \$149,000 from \$7.7 million to \$7.6 million primarily due to investment earnings decreasing as funds were liquidated in the investment account to fund capital projects. Business-type total expenditures increased \$498,000 from \$4.6 million to \$5.1 million due to an increase in expenditures related to contractual services and maintenance as the Town continues its commitment to infrastructure repairs, maintenance and operations.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town of Florence uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### ***Governmental funds***

The focus of the Town of Florence's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use. As such, it represents a portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town Council.

As of the end of the current fiscal year, the Town of Florence's governmental funds reported combined ending fund balances of \$29.9 million, a decrease of \$15.1 million in comparison to

the year before. This net decrease is due to one-time expenditures for capital assets, which totaled over \$15.1 million and includes a new aquatics, library and community center facilities.

Approximately 27 percent of the combined ending fund balances (\$8.1 million) constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is 1) not in spendable form (\$42,742), 2) restricted for particular purposes (\$20.8 million), or 3) assigned for particular purposes (\$992,190).

*General Fund.* The General Fund is the chief operating fund of the Town. At the end of FY2015, unassigned fund balance of the General Fund was \$8.1 million making up 99 percent of the total fund balance. As a measure of the fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance decreased \$392,909 this fiscal year as operational costs increased due to the addition of buildings and infrastructure.

*Highway User Revenue Fund.* The Highway User Revenue Fund, a major fund, ended the current year with a total fund balance of \$7.5 million, consisting of \$6.9 million restricted fund balance and \$539,925 assigned fund balance. Revenues must be used for streets and highway purposes. Revenues outpaced expenditures, leading to the increase of \$600,000 in fund balance. Only \$179,173 was expended on capital projects; however, a significant portion of the fund balance is planned for capital projects, which will lead to future expenditures exceeding revenues and a decrease in fund balance.

*Impact Fees Fund.* The Impact Fees Fund, a major fund, ended the current year with a total fund balance of \$1.7 million, a decrease of \$2.9 million. Impact fees were used this year to complete construction on the library and community center. The entire fund balance is restricted.

*Capital Improvements Fund.* The Capital Improvements Fund, a major fund, ended the current year with a total fund balance of \$3.4 million, a decrease of \$9.7 million over the prior year. The primary reason for this decrease is investment in capital improvement projects.

### ***Proprietary Funds***

The Town of Florence's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for each fund at the end of the year is as follows: Water - \$5.3 million, Sewer - \$5.6 million and Sanitation - \$1.4 million. Each fund's net position was also affected by GASB 68 net pension liability booked this year. The unrestricted net position of each fund makes up the majority of their respective total net positions.

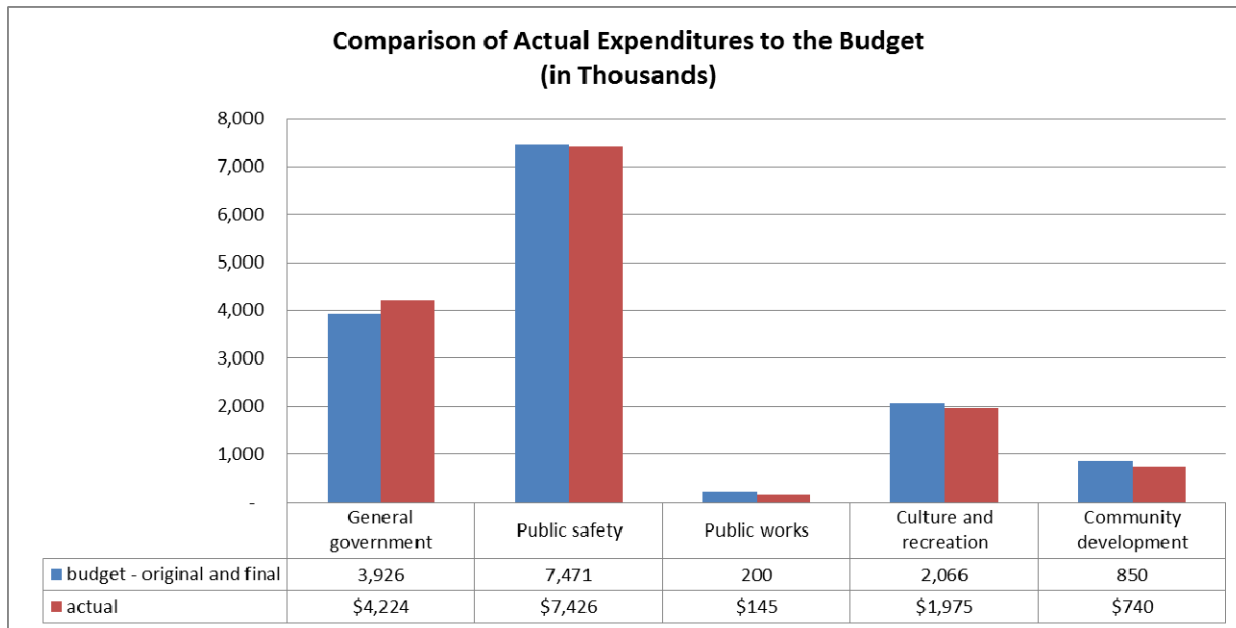
Total net position in the Water Utility Fund increased by \$158,107 largely due to assets increasing \$1.6 million to \$14.9 million from \$13.3 million and net pension liability of \$461,604 was booked as part of GASB 68 (see notes to financial statements).

The total net position in the Sewer Utility fund grew by \$398,795 primarily due to assets increasing \$851,294 to \$18.7 million from \$17.8 million and net pension liability of \$451,604 was booked as part of GASB 68 (see notes to financial statements).

Net position decreased in the Sanitation Fund by \$267,654 primarily due to the booking of \$100,820 net pension liability as part of GASB 68 (see notes to the financial statements). The Town of Florence outsourced the operation several years ago and is phasing out of this proprietary operation, as the operation is liquidated the net position will decrease.

### General Fund Budgetary Highlights

A total of \$14.509 million was spent compared to a total final budget of \$14.512 million, resulting in a positive variance (budget savings) of \$3,000. The graph below shows a summary of budget-to-actual variances for each Town function accounted for in the General Fund.



### Capital Assets and Debt Administration

#### Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2015, amounts to \$106.7 million. Investment in capital assets includes land, buildings, utility facilities, vehicles and equipment, park facilities, roads, highways and bridges. Overall, the Town's investment in capital assets (net of depreciation) increased \$18.8 million. Additions to capital assets included a new aquatics facility, library & community center, as well as major improvements to expanding the wastewater and water treatment facilities.

**Town of Florence Capital Assets**  
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 32,546,409	\$ 32,564,037	\$ 394,073	\$ 394,073	\$ 32,940,482	\$ 32,958,110
Buildings, infrastructure	39,623,975	40,937,898	8,593,961	8,910,164	48,217,936	49,848,062
Vehicles, furniture and equipment	3,303,901	3,275,457	200,057	163,421	3,503,958	3,438,878
Construction in progress	14,222,110	473,796	7,769,424	1,120,699	21,991,534	1,594,495
<b>Total</b>	<b>\$ 89,696,395</b>	<b>\$ 77,251,188</b>	<b>\$ 16,957,515</b>	<b>\$ 10,588,357</b>	<b>\$ 106,653,910</b>	<b>\$ 87,839,545</b>

Additional information on the Town of Florence's capital assets can be found in Note 4 on pages 60 - 61 in the notes to the financial statements.

**Long-term Debt**

At the end of the fiscal year, the Town had \$18.1 million in debt outstanding compared to \$20.0 million last year. The Town has notes payable outstanding totaling \$4.2 million at year end and a capital lease outstanding in the amount of \$567,382. A large portion of the debt listed below consists of general obligation bonds (\$8.5 million) and special assessment lien bonds (\$4.5 million) of the Town's component units, Merrill Ranch Community Facilities Districts No. 1 and No. 2.

**Town of Florence Outstanding Debt**

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
General obligation bonds - CFDs	\$ 8,540,000	\$ 8,785,000	-	\$ -	\$ 8,540,000	\$ 8,785,000
Special assessment debt - CFDs	4,476,850	5,435,830	-	-	4,476,850	5,435,830
Special assessment debt - Town	282,000	337,000	-	-	282,000	337,000
Notes payable	385,188	429,185	3,827,612	4,212,897	4,212,800	4,642,082
Capital leases	567,382	844,967	-	-	567,382	844,967
<b>Total</b>	<b>\$ 14,251,420</b>	<b>\$ 15,831,982</b>	<b>\$ 3,827,612</b>	<b>\$ 4,212,897</b>	<b>\$ 18,079,032</b>	<b>\$ 20,044,879</b>

The Arizona State Constitution and Statutes limit the amount of general obligation debt that a municipality may issue by providing two tests. Under the first test, general obligation debt for a specific purpose such as supplying water or sewer services and recreational playground facilities may not exceed 20 percent of the Town's secondary assessed valuation. Under the second test, a Town may not issue general obligation debt for general municipal purposes in an amount that exceeds 6 percent of the Town's secondary assessed valuation.

On pages 61 - 66 in this report, Notes 5, 6, 7, and 8 present more detailed information about the debt position of the Town.

**Economic Factors and Next Year's Budgets and Rates**

The Town's unemployment rate is 7.0 percent, down one-half percent from the prior year. This is significantly lower than the past five years, which averaged 14.5 percent. Inflationary increases are expected to remain low for the upcoming year.

The majority of the General Fund's resources come from state-shared revenues (54%). As with all Arizona municipalities, the Town receives those revenues based on population. More than half of the Town's population is comprised of prisoners in correctional facilities located within Town limits. Local sales tax is the next largest source of revenue in General Fund (19%). The Town projects a 3 percent increase in sales tax for the upcoming budget year based on the projected increase in inflation and population growth. Budgetary estimates for the Town's state-shared revenues are provided by the League of Arizona Cities and Towns, which are based on estimates obtained from the state.

A water and sewer rate study, which provides recommended rates to be escalated annually, was adopted in 2011. The 2011 study actually reinforced rates and fees set forth in a 2009 study with an indication that the annual increases stated in the 2009 study would be sufficient through Fiscal Year 2016-2017.

The Town's total budget for FY2016 is \$45.1 million, which includes approximately \$4.8 million in capital or capital-related expenditures.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Florence's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Florence - Finance Department, P.O. Box 2670, Florence Arizona 85132 or by email at [finance@florenceaz.gov](mailto:finance@florenceaz.gov).



## **FINANCIAL SECTION**

### **BASIC FINANCIAL STATEMENTS**

TOWN OF FLORENCE, ARIZONA  
STATEMENT OF NET POSITION  
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,677,925	\$ 3,870,493	\$ 11,548,418
Receivables (net of allowance for uncollectibles)	1,338,658	850,379	2,189,037
Special assessment receivable	5,944,305	-	5,944,305
Due from other governments	129,985	-	129,985
Prepays	42,742	190,498	233,240
Restricted cash equivalents	1,284,016	-	1,284,016
Investments	24,501,642	13,427,284	37,928,926
Net pension asset	391,821	-	391,821
Capital assets			
Land and construction in progress	46,768,519	8,163,497	54,932,016
Other capital assets (net of accumulated depreciation)	42,927,876	8,794,018	51,721,894
<b>Total assets</b>	<b>131,007,489</b>	<b>35,296,169</b>	<b>166,303,658</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	1,368,133	112,513	1,480,646
Deferred outflows of employer contributions to pensions	918,288	78,593	996,881
<b>Total deferred outflows of resources</b>	<b>2,286,421</b>	<b>191,106</b>	<b>2,477,527</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	3,250,505	1,392,797	4,643,302
Customer deposits	156,695	125,236	281,931
Accrued wages and benefits	619,187	6,079	625,266
Accrued interest payable	453,564	63,902	517,466
Other accrued liabilities	8,343	1,148	9,491
Retainages	531,958	225,786	757,744
Current portion of			
Compensated absences	350,390	32,532	382,922
Capital leases	281,636	-	281,636
Notes payable	46,636	414,793	461,429
Bonds payable	452,460	-	452,460
Long-term portion of			
Compensated absences	161,098	12,947	174,045
Capital leases	285,746	-	285,746
Notes payable	338,552	3,412,819	3,751,371
Bonds payable	12,869,590	-	12,869,590
Net pension liability	7,721,499	1,167,339	8,888,838
<b>Total liabilities</b>	<b>27,527,859</b>	<b>6,855,378</b>	<b>34,383,237</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	1,536,209	204,132	1,740,341
<b>Total deferred inflows of resources</b>	<b>1,536,209</b>	<b>204,132</b>	<b>1,740,341</b>

See accompanying notes.

NET POSITION			
Net investment in capital assets	75,421,775	13,129,903	88,551,678
Restricted for			
Debt service	8,944,458	2,351,297	11,295,755
Highways and streets	7,869,603	-	7,869,603
Capital projects	8,845,273	551,879	9,397,152
Economic development	815,920	-	815,920
Community facilities	261,236	-	261,236
Public safety	61,547	-	61,547
Unrestricted	<u>2,010,030</u>	<u>12,394,686</u>	<u>14,404,716</u>
 Total net position	 <u>\$ 104,229,842</u>	 <u>\$ 28,427,765</u>	 <u>\$ 132,657,607</u>

TOWN OF FLORENCE, ARIZONA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 4,818,029	\$ 1,374,728	\$ 176,009	\$ -
Public safety	8,081,544	175,084	184,306	102,793
Highways and streets	3,409,782	41	2,665,155	171,211
Public works	805,196	-	-	1,130,324
Culture and recreation	2,813,496	9,882	4,200	-
Community development	948,650	427,676	225,308	-
Interest on long-term debt	949,903	-	-	-
Total governmental activities	<u>21,826,600</u>	<u>1,987,411</u>	<u>3,254,978</u>	<u>1,404,328</u>
Business-type activities				
Water	1,783,823	2,738,692	-	1,665
Sewer	2,486,417	3,891,568	-	2,053
Sanitation	812,811	716,166	-	-
Total business-type activities	<u>5,083,051</u>	<u>7,346,426</u>	<u>-</u>	<u>3,718</u>
Total primary government	<u>\$ 26,909,651</u>	<u>\$ 9,333,837</u>	<u>\$ 3,254,978</u>	<u>\$ 1,408,046</u>

General revenues  
Property taxes  
Sales and use taxes  
Franchise taxes  
Shared revenues  
  State sales taxes  
  Urban revenue sharing  
  Auto-in-lieu  
Investment income  
Interest income  
Net increase in the fair value of investments  
Loss on sale of assets  
Miscellaneous  
Transfers in (out)  
  Total general revenues and transfers  
  Change in net position  
Net position-July 1, 2014  
Restatement  
Net position - restated  
  
Net position-June 30, 2015

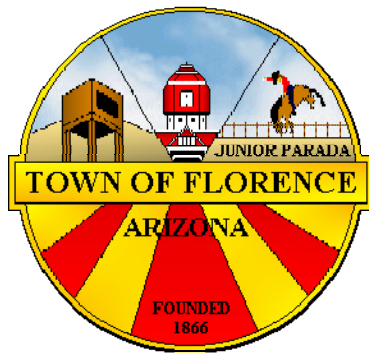
Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (3,267,292)	\$ -	\$ (3,267,292)
(7,619,361)	-	(7,619,361)
(573,375)	-	(573,375)
325,128	-	325,128
(2,799,414)	-	(2,799,414)
(295,666)	-	(295,666)
(949,903)	-	(949,903)
<u>(15,179,883)</u>	<u>-</u>	<u>(15,179,883)</u>
-	956,534	956,534
-	1,407,204	1,407,204
-	(96,645)	(96,645)
<u>-</u>	<u>2,267,093</u>	<u>2,267,093</u>
<u>(15,179,883)</u>	<u>2,267,093</u>	<u>(12,912,790)</u>
1,941,594	-	1,941,594
3,827,397	-	3,827,397
571,559	-	571,559
2,333,703	-	2,333,703
3,091,291	-	3,091,291
1,276,108	-	1,276,108
304,166	206,503	510,669
11,229	5,517	16,746
(100,006)	(45,949)	(145,955)
377,242	64,631	441,873
1,049,532	(1,049,532)	-
<u>14,683,815</u>	<u>(818,830)</u>	<u>13,864,985</u>
<u>(496,068)</u>	<u>1,448,263</u>	<u>952,195</u>
111,610,983	28,138,517	139,749,500
<u>(6,885,073)</u>	<u>(1,159,015)</u>	<u>(8,044,088)</u>
<u>104,725,910</u>	<u>26,979,502</u>	<u>131,705,412</u>
<u>\$ 104,229,842</u>	<u>\$ 28,427,765</u>	<u>\$ 132,657,607</u>

TOWN OF FLORENCE, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	General	Highway User	Community Facilities Districts- Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,821,179	\$ 1,607,876	\$ 332,779
Receivables (net of allowance for uncollectibles)	992,979	319,320	5,738,977
Due from other governments	-	-	16,610
Due from other funds	132,099	-	-
Prepays	42,742	-	-
Restricted assets			
Cash and cash equivalents	2,500	-	1,281,516
Investments	6,319,808	5,577,948	1,154,458
<b>Total assets</b>	<b>\$ 9,311,307</b>	<b>\$ 7,505,144</b>	<b>\$ 8,524,340</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 353,423	\$ 32,733	\$ 91
Customer deposits	156,695	-	-
Accrued wages and benefits	609,548	6,122	-
Other accrued liabilities	6,952	805.00	-
Due to other funds	-	-	-
Retainages	-	-	-
<b>Total liabilities</b>	<b>1,126,618</b>	<b>39,660</b>	<b>91</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	80,211	5,541	5,758,186
<b>Total deferred inflows of resources</b>	<b>80,211</b>	<b>5,541</b>	<b>5,758,186</b>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	42,742	-	-
Restricted			
Public safety	-	-	-
Debt service	-	-	2,766,063
Capital projects	-	-	-
Highways and Streets	-	6,920,018	-
Economic development	-	-	-
Community Facilities Districts operations	-	-	-
Assigned			
Capital projects	-	-	-
Highways and Streets	-	539,925	-
Unassigned	8,061,736	-	-
<b>Total fund balances</b>	<b>8,104,478</b>	<b>7,459,943</b>	<b>2,766,063</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,311,307</b>	<b>\$ 7,505,144</b>	<b>\$ 8,524,340</b>

Community Facilities Districts- Capital Improvements	Impact Fees	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,007,462	\$ 380,293	\$ 1,509,966	\$ 919,526	\$ 7,579,081
3,584	3,488	8,198	216,417	7,282,963
-	-	-	113,375	129,985
-	-	-	-	132,099
-	-	-	-	42,742
-	-	-	-	1,284,016
1,358,986	1,319,288	5,238,282	3,189,965	24,158,735
<u>\$ 2,370,032</u>	<u>\$ 1,703,069</u>	<u>\$ 6,756,446</u>	<u>\$ 4,439,283</u>	<u>\$ 40,609,621</u>
\$ -	\$ -	\$ 2,844,452	\$ 5,454	\$ 3,236,153
-	-	-	-	156,695
-	-	-	656	616,326
-	-	-	10	7,767
20,059	-	-	112,040	132,099
-	-	531,958	-	531,958
20,059	-	3,376,410	118,160	4,680,998
1,283	1,250	2,934	221,686	6,071,091
1,283	1,250	2,934	221,686	6,071,091
-	-	-	-	42,742
-	-	-	61,547	61,547
-	-	-	141,222	2,907,285
2,348,690	790,894	2,924,837	2,780,852	8,845,273
-	910,925	-	38,660	7,869,603
-	-	-	815,920	815,920
-	-	-	261,236	261,236
-	-	452,265	-	452,265
-	-	-	-	539,925
-	-	-	-	8,061,736
2,348,690	1,701,819	3,377,102	4,099,437	29,857,532
<u>\$ 2,370,032</u>	<u>\$ 1,703,069</u>	<u>\$ 6,756,446</u>	<u>\$ 4,439,283</u>	<u>\$ 40,609,621</u>





TOWN OF FLORENCE, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2015

Fund balance - total governmental funds balance sheet		\$ 29,857,532
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the funds.		391,821
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 117,559,534	
Less accumulated depreciation	<u>(27,863,139)</u>	89,696,395
Deferred revenue is shown on the governmental funds, but is not deferred on the statement of net position.		
Special assessments	5,990,553	
Interest income	33,292	
Sale of property	<u>47,246</u>	6,071,091
Long-term liabilities, including net pension liabilities bonds payable and their related costs, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(7,721,499)	
Compensated absences	(511,488)	
Capital leases	(567,382)	
Certificate of participation	-	
Notes payable	(385,188)	
Bonds payable	<u>(13,322,050)</u>	(22,507,607)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,368,133	
Deferred outflows of employer contributions	918,288	
Deferred inflows of resources related to pensions	<u>(1,536,209)</u>	750,212
Interest payable on long-term debt is not reported in the governmental funds.		(453,564)
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
The assets and liabilities of the internal service fund are reported with governmental activities.		<u>423,962</u>
Net position of governmental activities - statement of net position		<u>\$ 104,229,842</u>

TOWN OF FLORENCE, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015

REVENUES	General	Highway User	Community Facilities Districts- Debt Service
Taxes	\$ 3,173,608	\$ 2,836,366	\$ 994,674
Franchise fees	571,559	-	-
Licenses and permits	526,694	-	-
Intergovernmental revenues	6,701,202	-	-
Charges for services	831,934	-	-
Fines	154,949	-	-
Special assessments	-	-	1,115,412
Investment income			
Interest income	99,483	78,282	14,551
Net increase in the fair value of investments	4,221	2,591	533
Contributions and donations	5,881	-	-
Miscellaneous	288,573	25,917	378
Total revenues	<u>12,358,104</u>	<u>2,943,156</u>	<u>2,125,548</u>
EXPENDITURES			
Current			
General government	4,224,203	-	68,643
Public safety	7,424,913	-	-
Highways and streets	-	1,676,380	-
Public works	144,836	-	-
Culture and recreation	1,974,634	-	-
Community development	739,717	-	-
Capital outlay	1,146	179,173	-
Debt service			
Principal	-	-	1,203,980
Interest and fiscal charges	-	-	877,317
Total expenditures	<u>14,509,449</u>	<u>1,855,553</u>	<u>2,149,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,151,345)</u>	<u>1,087,603</u>	<u>(24,392)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,644,236	9,900	-
Transfers out	(1,011)	(406,268)	-
Sale of capital assets	115,211	(91,354)	-
Total other financing sources and uses	<u>1,758,436</u>	<u>(487,722)</u>	<u>-</u>
Net change in fund balances	<u>(392,909)</u>	<u>599,881</u>	<u>(24,392)</u>
Fund balances - beginning of year	<u>8,497,387</u>	<u>6,860,062</u>	<u>2,790,455</u>
Fund balances - end of year	<u>\$ 8,104,478</u>	<u>\$ 7,459,943</u>	<u>\$ 2,766,063</u>

Community Facilities Districts- Capital Improvements	Impact Fees	Capital Improvements	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,095,971	\$ 504,738	\$ 8,605,357
-	-	-	-	571,559
-	-	-	-	526,694
-	-	-	680,210	7,381,412
-	379,548	-	25,992	1,237,474
-	-	-	2,067	157,016
-	-	-	70,134	1,185,546
19,225	46,432	83,001	67,005	407,979
600	584	1,373	1,327	11,229
-	-	-	9,776	15,657
103	3,815	2,870	60,848	382,504
<u>19,928</u>	<u>430,379</u>	<u>1,183,215</u>	<u>1,422,097</u>	<u>20,482,427</u>
1,623	-	964,067	98,980	5,357,516
22,882	-	140,465	320,473	7,908,733
-	-	634,344	-	2,310,724
-	-	9,640	99,658	254,134
-	-	22,375	29,111	2,026,120
-	-	-	8,179	747,896
-	4,871	15,136,410	229,971	15,551,571
-	-	-	376,583	1,580,563
-	-	-	67,985	945,302
<u>24,505</u>	<u>4,871</u>	<u>16,907,301</u>	<u>1,230,940</u>	<u>36,682,559</u>
<u>(4,577)</u>	<u>425,508</u>	<u>(15,724,086)</u>	<u>191,157</u>	<u>(16,200,132)</u>
-	-	6,474,613	304,686	8,433,435
-	(3,374,613)	(425,111)	(3,176,900)	(7,383,903)
-	-	-	-	23,857
<u>-</u>	<u>(3,374,613)</u>	<u>6,049,502</u>	<u>(2,872,214)</u>	<u>1,073,389</u>
<u>(4,577)</u>	<u>(2,949,105)</u>	<u>(9,674,584)</u>	<u>(2,681,057)</u>	<u>(15,126,743)</u>
<u>2,353,267</u>	<u>4,650,924</u>	<u>13,051,686</u>	<u>6,780,494</u>	<u>44,984,275</u>
<u>\$ 2,348,690</u>	<u>\$ 1,701,819</u>	<u>\$ 3,377,102</u>	<u>\$ 4,099,437</u>	<u>\$ 29,857,532</u>

TOWN OF FLORENCE, ARIZONA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ (15,126,743)

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. Also, assets contributed to the Town are not reported in the fund statements and are reported in the statement of activities.

Sale of capital assets	\$ (123,863)	
Expenditures for capitalized assets	15,119,066	
Less current year depreciation	<u>(2,549,996)</u>	12,445,207

Revenues received in the current year that were accrued in the statement of activities in prior years

Special assessments		51,528
Sale of property		(3,138)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Interest income		(103,813)
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Interest expense in the statement of activities differs from the amount reported in governmental funds because accrued interest was calculated for outstanding debt for the statement of activities, but is expensed when due for the governmental fund statements.

(52,992)

Town pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Town pension contributions	882,162	
Pension expense	<u>(576,158)</u>	306,004

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

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Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Capital lease principal retirement	277,585	
Note payable principal retirement	43,996	
Bond principal retirement	<u>1,258,980</u>	1,580,561

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (17,214)

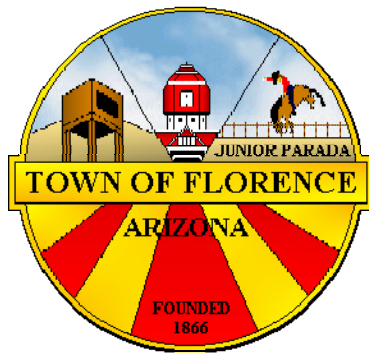
Internal service funds are used by management to charge the costs of fleet maintenance and facility maintenance services to individual funds. The net income of certain activities of internal service funds is reported with governmental activities. 423,565

Change in net position of governmental activities \$ (496,068)

TOWN OF FLORENCE, ARIZONA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Taxes	\$ 3,500,300	\$ 3,500,300	\$ 3,173,608	\$ (326,692)
Franchise fees	563,600	563,600	571,559	7,959
Licenses and permits	538,100	538,100	526,694	(11,406)
Intergovernmental revenues	6,686,300	6,686,300	6,701,202	14,902
Charges for services	677,900	677,900	831,934	154,034
Fines	190,200	190,200	154,949	(35,251)
Investment income				
Interest income	110,000	110,000	99,483	(10,517)
Net increase in the fair value of investments	-	-	4,221	4,221
Contributions and donations	9,000	9,000	5,881	(3,119)
Miscellaneous	57,400	57,400	288,573	231,173
<b>Total revenues</b>	<b>12,332,800</b>	<b>12,332,800</b>	<b>12,358,104</b>	<b>25,304</b>
<b>EXPENDITURES</b>				
Current				
General government				
Town council	158,200	158,200	116,287	41,913
Administration	1,392,100	1,679,700	1,811,617	(131,917)
Legal	269,500	269,800	661,667	(391,867)
Finance	839,800	841,100	870,771	(29,671)
Human resources	253,800	253,800	236,711	17,089
Grants	95,200	95,200	12,071	83,129
Information technology	615,000	628,000	515,079	112,921
Public safety				
Courts	292,200	292,200	269,835	22,365
Police	3,952,800	4,244,400	4,038,222	206,178
Fire	2,809,200	2,933,900	3,116,856	(182,956)
Public works				
Engineering	192,700	200,400	144,836	55,564
Culture and recreation				
Parks and recreation	1,602,300	1,669,900	1,559,680	110,220
Library	380,600	387,200	408,377	(21,177)
Cemetery	9,000	9,000	6,577	2,423
Community development				
Planning	668,800	676,400	594,066	82,334
Economic development	182,700	173,100	145,651	27,449
<b>Total expenditures</b>	<b>13,713,900</b>	<b>14,512,300</b>	<b>14,509,449</b>	<b>2,851</b>
Excess (deficiency) of revenues over (under) expenditures	(1,381,100)	(2,179,500)	(2,151,345)	28,155

OTHER FINANCING				
SOURCES (USES)				
Transfers in	1,711,200	1,711,200	1,644,236	(66,964)
Transfers out	(798,400)	-	(1,011)	(1,011)
Sale of capital assets	-	-	115,211	115,211
Total other financing sources and uses	<u>912,800</u>	<u>1,711,200</u>	<u>1,758,436</u>	<u>47,236</u>
Net change in fund balance	<u>(468,300)</u>	<u>(468,300)</u>	<u>(392,909)</u>	<u>75,391</u>
Fund balance - beginning of year	<u>8,497,387</u>	<u>8,497,387</u>	<u>8,497,387</u>	<u>-</u>
Fund balance - end of year	<u>\$ 8,029,087</u>	<u>\$ 8,029,087</u>	<u>\$ 8,104,478</u>	<u>\$ 75,391</u>





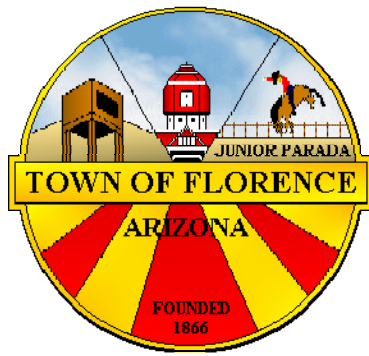
TOWN OF FLORENCE, ARIZONA  
HIGHWAY USER FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 2,806,500	\$ 2,806,500	\$ 2,836,366	\$ 29,866
Investment income				
Interest income	25,000	25,000	78,282	53,282
Net increase in the fair value of investments	-	-	2,591	2,591
Miscellaneous	12,000	12,000	25,917	13,917
Total revenues	<u>2,843,500</u>	<u>2,843,500</u>	<u>2,943,156</u>	<u>99,656</u>
EXPENDITURES				
Current				
Highways and streets	1,528,800	1,731,500	1,676,380	55,120
Capital outlay	<u>6,727,700</u>	<u>6,727,700</u>	<u>179,173</u>	<u>6,548,527</u>
Total expenditures	<u>8,256,500</u>	<u>8,459,200</u>	<u>1,855,553</u>	<u>6,603,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,413,000)</u>	<u>(5,615,700)</u>	<u>1,087,603</u>	<u>6,703,303</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,900	9,900	9,900	-
Transfers out	(619,800)	(417,100)	(406,268)	10,832
Sale of capital assets	<u>-</u>	<u>-</u>	<u>(91,354)</u>	<u>(91,354)</u>
Total other financing sources and uses	<u>(609,900)</u>	<u>(407,200)</u>	<u>(487,722)</u>	<u>(80,522)</u>
Net change in fund balance	<u>(6,022,900)</u>	<u>(6,022,900)</u>	<u>599,881</u>	<u>6,622,781</u>
Fund balance - beginning of year	<u>6,860,062</u>	<u>6,860,062</u>	<u>6,860,062</u>	<u>-</u>
Fund balance - end of year	<u>\$ 837,162</u>	<u>\$ 837,162</u>	<u>\$ 7,459,943</u>	<u>\$ 6,622,781</u>

TOWN OF FLORENCE, ARIZONA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015

ASSETS	Business-type Activities-Enterprise Funds				Governmental
	Water	Sewer	Sanitation	Total	Activities - Internal Service Funds
Current assets					
Cash and cash equivalents	\$ 1,534,936	\$ 1,973,279	\$ 362,278	\$ 3,870,493	\$ 98,844
Receivables, net of uncollectibles	355,746	437,704	56,929	850,379	-
Prepaid expense	-	190,498	-	190,498	-
Total current assets	1,890,682	2,601,481	419,207	4,911,370	98,844
Noncurrent assets					
Investments	5,324,907	6,845,583	1,256,794	13,427,284	342,907
Capital assets:					
Land	120,100	273,973	-	394,073	-
Buildings and improvements	4,797,052	10,571,771	-	15,368,823	-
Machinery and equipment	853,810	248,538	573,385	1,675,733	-
Construction in progress	5,987,142	1,782,282	-	7,769,424	-
Less accumulated depreciation	(4,029,620)	(3,675,425)	(545,493)	(8,250,538)	-
Total capital assets, net	7,728,484	9,201,139	27,892	16,957,515	-
Total noncurrent assets	13,053,391	16,046,722	1,284,686	30,384,799	342,907
Total assets	14,944,073	18,648,203	1,703,893	35,296,169	441,751
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	43,528	59,268	9,717	112,513	41,119
Deferred outflows of employer contributions to pensions	29,695	41,792	7,106	78,593	36,126
Total deferred outflows of resources	73,223	101,060	16,823	191,106	77,245
LIABILITIES					
Current liabilities					
Accounts payable	1,038,156	315,480	39,161	1,392,797	14,352
Customer deposits	88,396	-	36,840	125,236	-
Accrued wages and benefits	2,600.00	2,996.00	483.00	6,079	2,861
Accrued interest payable	-	63,902.00	-	63,902	-
Other accrued liabilities	255.00	773.00	120.00	1,148	576
Retainages payable	160,487	65,299	-	225,786	-
Compensated absences	11,993	18,168	2,371	32,532	-
Notes payable	-	414,793	-	414,793	-
Total current liabilities	1,301,887	881,411	78,975	2,262,273	17,789
Noncurrent liabilities					
Compensated absences	4,773	7,231	943	12,947	-
Notes payable	-	3,412,819	-	3,412,819	-
Net pension liability	451,604	614,915	100,820	1,167,339	426,607
Total noncurrent liabilities	456,377	4,034,965	101,763	4,593,105	426,607
Total liabilities	1,758,264	4,916,376	180,738	6,855,378	444,396
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	78,972	107,530	17,630	204,132	74,600
Total deferred inflows of resources	78,972	107,530	17,630	204,132	74,600

NET POSITION					
Net investment in capital assets	7,728,484	5,373,527	27,892	13,129,903	-
Restricted for					
Debt service	-	2,351,297	-	2,351,297	-
Capital projects	124,779	380,470	46,630	551,879	-
Unrestricted	<u>5,326,797</u>	<u>5,620,063</u>	<u>1,447,826</u>	<u>12,394,686</u>	<u>-</u>
Total net position	<u>\$ 13,180,060</u>	<u>\$ 13,725,357</u>	<u>\$ 1,522,348</u>	<u>\$ 28,427,765</u>	<u>-</u>



TOWN OF FLORENCE, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2015

	Business-type Activities-Enterprise Funds				Governmental
	Water	Sewer	Sanitation	Total	Activities - Internal Service Funds
Operating revenues					
Water sales	\$ 2,555,554	\$ -	\$ -	\$ 2,555,554	\$ 1,548,996
Water connection fees	3,265	-	-	3,265	-
Service establishment fees	23,688	-	-	23,688	-
Sewer service fees	-	2,764,828	-	2,764,828	-
Sewer connection fees	-	1,900	-	1,900	-
DOC usage fees	-	1,124,840	-	1,124,840	-
Water standpipe	3,299	-	-	3,299	-
Central Arizona Project	141,312	-	-	141,312	-
Refuse collection fees	-	-	716,166	716,166	-
Effluent charges	11,574	-	-	11,574	-
Miscellaneous	12,084	44,644	7,903	64,631	74
Total operating revenue	<u>2,750,776</u>	<u>3,936,212</u>	<u>724,069</u>	<u>7,411,057</u>	<u>1,549,070</u>
Operating expenses					
Personal services	347,874	522,671	98,322	968,867	498,044
Supplies	35,845	225,150	1,392	262,387	307,845
Contractual services and maintenance	1,296,296	1,363,144	691,429	3,350,869	169,486
Other charges	-	-	-	-	150,130
Depreciation	103,808	240,974	21,668	366,450	-
Miscellaneous	-	6,674	-	6,674	-
Total operating expenses	<u>1,783,823</u>	<u>2,358,613</u>	<u>812,811</u>	<u>4,955,247</u>	<u>1,125,505</u>
Operating income (loss)	<u>966,953</u>	<u>1,577,599</u>	<u>(88,742)</u>	<u>2,455,810</u>	<u>423,565</u>
Nonoperating revenues (expense)					
Interest income	93,148	96,032	17,323	206,503	-
Net increase in the fair value of investments	2,021	2,954	542	5,517	-
Interest expense	-	(127,804)	-	(127,804)	-
Gain (loss) on sale of assets	-	1,227	(47,176)	(45,949)	-
Total nonoperating revenues (expense)	<u>95,169</u>	<u>(27,591)</u>	<u>(29,311)</u>	<u>38,267</u>	<u>-</u>
Income before development fees and transfers	<u>1,062,122</u>	<u>1,550,008</u>	<u>(118,053)</u>	<u>2,494,077</u>	<u>423,565</u>
Development fees	1,665	2,053	-	3,718	-
Transfers out	(457,296)	(542,736)	(49,500)	(1,049,532)	-
Change in net position	<u>606,491</u>	<u>1,009,325</u>	<u>(167,553)</u>	<u>1,448,263</u>	<u>423,565</u>
Net position, beginning of year	13,021,953	13,326,562	1,790,002	28,138,517	-
Restatement	(448,384)	(610,530)	(100,101)	(1,159,015)	(423,565)
Net position, beginning of year - restated	<u>12,573,569</u>	<u>12,716,032</u>	<u>1,689,901</u>	<u>26,979,502</u>	<u>(423,565)</u>
Net position-end of year	<u>\$13,180,060</u>	<u>\$ 13,725,357</u>	<u>\$ 1,522,348</u>	<u>\$ 28,427,765</u>	<u>-</u>

TOWN OF FLORENCE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2015

	Business-type Activities-Enterprise Funds				Governmental
	Water	Sewer	Sanitation	Total	Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,755,357	\$ 3,915,139	\$ 722,061	\$ 7,392,557	\$ 1,549,070
Payments to suppliers	(462,210)	(1,424,371)	(666,188)	(2,552,769)	(631,577)
Payments to employees	(338,791)	(509,134)	(95,271)	(943,196)	(495,867)
Net cash provided (used) by operating activities	1,954,356	1,981,634	(39,398)	3,896,592	421,626
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	(457,296)	(542,736)	(49,500)	(1,049,532)	-
Net cash used by noncapital financing activities	(457,296)	(542,736)	(49,500)	(1,049,532)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from sale of capital assets	-	1,227	3,313	4,540	-
Acquisition and construction of capital assets	(5,146,692)	(1,413,619)	-	(6,560,311)	-
Development fees received	1,665	2,053	-	3,718	-
Principal paid on capital debt	-	(385,286)	-	(385,286)	-
Interest paid on capital debt	-	(134,236)	-	(134,236)	-
Net cash provided (used) by capital and related financing activities	(5,145,027)	(1,929,861)	3,313	(7,071,575)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Receipts of investments	2,600,824	171,831	28,178	2,800,833	-
Purchase of investments	-	-	-	-	(327,584)
Interest received	98,511	93,834	17,100	209,445	-
Net cash provided (used) by investing activities	2,699,335	265,665	45,278	3,010,278	(327,584)
Net increase (decrease) in cash and cash equivalents	(948,632)	(225,298)	(40,307)	(1,214,237)	94,042
Cash and cash equivalents at beginning of year	2,483,568	2,198,577	402,585	5,084,730	4,802
Cash and cash equivalents at end of year	\$ 1,534,936	\$ 1,973,279	\$ 362,278	\$ 3,870,493	\$ 98,844

TOWN OF FLORENCE, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Sanitation	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 966,953	\$ 1,577,599	\$ (88,742)	\$ 2,455,810	\$ 423,565
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	103,808	240,974	21,668	366,450	-
Pension expense	38,664	52,647	8,632	99,943	36,523
Employer pension contributions	(29,695)	(41,792)	(7,106)	(78,593)	(36,126)
Provision for bad debt	22,666	-	-	22,666	-
(Increase) decrease in:					
Accounts receivable	(31,945)	(21,073)	(8,708)	(61,726)	-
Prepays	-	15,746	-	15,746	-
Increase (decrease) in:					
Accounts payable	869,776	154,391	26,566	1,050,733	(4,451)
Customer deposits	13,860	-	6,700	20,560	-
Accrued wages and benefits	1,528	1,455	257	3,240	1,780
Other accrued liabilities	155	460	67	682	335
Compensated absences	(1,414)	1,227	1,268	1,081	-
Total adjustments	987,403	404,035	49,344	1,440,782	(1,939)
Net cash provided (used) by operating activities:	\$ 1,954,356	\$ 1,981,634	\$ (39,398)	\$ 3,896,592	\$ 421,626
Noncash investing, capital, and financing activities:					
Change in fair value of investments	\$ 2,021	\$ 2,954	\$ 542	\$ 5,517	\$ -

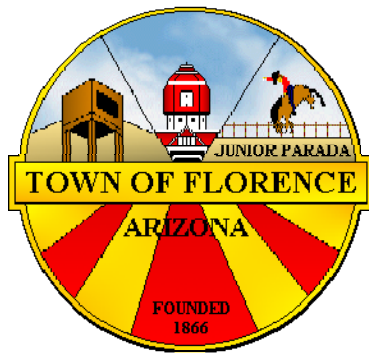
TOWN OF FLORENCE, ARIZONA  
 STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 June 30, 2015

	<u>Pension Trust</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,154
U.S. Government bonds	255,137
Equities	<u>57,583</u>
Total assets	<u>315,874</u>
<b>LIABILITIES</b>	
Accounts payable	<u>648</u>
Total liabilities	<u>648</u>
<b>NET POSITION</b>	
Held in trust for pension benefits and other purposes	<u>\$ 315,226</u>



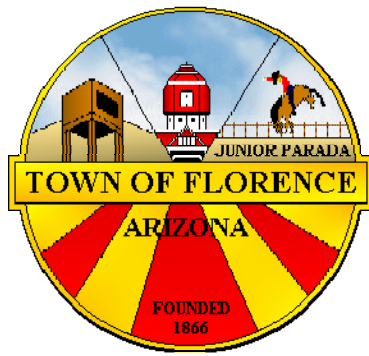
TOWN OF FLORENCE, ARIZONA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
Year Ended June 30, 2015

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employee	\$ 8,636
Total contributions	<u>8,636</u>
Investment income	
Change in market value	<u>(10,410)</u>
Total investment earnings	<u>(10,410)</u>
Total additions	<u>(1,774)</u>
DEDUCTIONS	
Pension withdrawals	<u>6,223</u>
Total deductions	<u>6,223</u>
Change in net position	(7,997)
Net position-beginning of year	<u>323,223</u>
Net position-end of year	<u>\$ 315,226</u>



## **FINANCIAL SECTION**

### NOTES TO FINANCIAL STATEMENTS



TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Florence, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town is a municipal entity governed by an elected Mayor and council. The basic financial statements of the town include the funds of all organizational entities for which the Town Council has oversight responsibility or financial accountability and are consequently determined to be included in the Town's financial reporting entity in accordance with Governmental Accounting Standards Board, Accounting Standards Codification. The Town provides basic government services to its citizens including roads, water, sewer, sanitation, parks and recreation facilities, police and fire.

Individual Component Units – Blended

The Merrill Ranch Community Facilities District #1 and Merrill Ranch Community Facilities District #2 were formed by petition to the Town Council on December 19, 2005 and November 21, 2005, respectively. The purpose of the Districts is to acquire or construct public infrastructure in specified areas of the Town. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts may levy taxes and issue bonds independently of the Town. Property owned in the designated areas is assessed for the Districts' property taxes, and thus for the costs of operating the Districts. The Town Council serves as the Board of Directors of the Districts. The Town has no liability for the District's debt. For reporting purposes, the transactions of the Districts are included as governmental type funds as if they were part of the Town's operations.

No separate financial statements were prepared for the Districts.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) present financial information about the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, state-shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Balances – Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of Town Council. Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by Town Council.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only Town Council, the Town's Manager or the Town's Finance Director may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Balances – Governmental Funds (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council, the Town's Manager or the Town's Finance Director has provided otherwise in its commitment or assignment actions.

The General Fund has Unassigned Funds consisting of a Stabilization Arrangement in the amount of \$1,725,000. The Stabilization Arrangement was legislated by the Town Council to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions or public emergency. The amount of the Stabilization Arrangement is equal to \$500,000 plus 10% of the operating revenues.

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

Governmental-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - 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 Town 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. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property taxes, sales taxes, franchise taxes, licenses and permits, charges for service, special assessments and investment income associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Deferred revenues also arise when the Town receives resources before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent property taxes have been recorded as deferred revenue. Receivables that will not be collected within the available period have also been reported as deferred revenue on the governmental fund financial statements.

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. The principal operating revenues of the Town's enterprise funds are charges to customers for water, wastewater, and sanitation services and the Town's internal service funds are charges for fleet maintenance and facilities maintenance. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

General Fund - This fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Highway User Fund – Special Revenue Fund - This fund is used to account for the Town's share of tax revenues that are legally restricted to the maintenance of highways within the Town's boundaries.

Community Facilities Districts - Debt Service Fund - This fund accounts for the debt portion of the Town's Community Facilities Districts which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Community Facilities Districts - Capital Improvements Fund - This fund accounts for all the acquisition and construction portion of the Town's Community Facilities Districts which are component units that provide general infrastructure and capital assets for the property within each District's boundaries.

Impact Fees Fund – Capital Improvements Fund - This fund collects fees to help defray the costs of development of infrastructure.



TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Improvements Fund - This fund accounts for all the acquisition and construction of major capital facilities other than those financed by proprietary funds.

*Enterprise funds* account for the operations, including debt service, 1) that are financed and operated in a manner similar to private business enterprises where the intent of the Town Council is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges and fees, or 2) where the Town Council has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town currently operates the following enterprise funds:

Water Fund - This fund is used to account for the Town's water related operations.

Sewer Fund - This fund is used to account for the Town's sewer related operations.

Sanitation Fund - This fund is used to account for the activities of the Town's sanitation operations.

*Internal service funds* account for operations that provide services to other Town departments or the Town, as a whole, on a cost reimbursement basis. The internal service funds are presented as one column on the proprietary fund financial statements. Combining fund financial statements are also presented for the internal service funds, but they are not part of the basic financial statements. The Town currently operates the following internal service funds:

Fleet Maintenance Fund - This fund is used to account for the Town's fleet maintenance.

Facilities Maintenance Fund - This fund is used to account for the Town's facilities maintenance.

The Town reports the following fiduciary fund:

Pension Trust Fund - This Pension Trust Fund is used to account for the Town's Volunteer Firefighter's Pension Fund, a defined contribution plan for which the assets are held by the Town in a trustee account. The Town as well as the Town's firefighters make contributions to the fund. The Town's matching contribution is based on revenue received from the Firefighters Relief Fund but cannot be less than 1/2% of total compensation of all participants. If a participant terminates employment before being fully vested, then the non-vested portion of the terminated participant's account balance remains in the plan as a forfeiture. Forfeitures will be first used to pay any administrative expenses with the remaining used to reduce any the Town's contribution.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Town's non-major funds are as follows:

Special Revenue Funds

Grants  
Economic Development  
Community Services  
Community Facilities District

Debt Service Fund

Capital Project Funds

Food Tax  
Construction Tax

Fiduciary funds are reported by fund type.

E. Cash and Cash Equivalents

Cash represents amounts in demand deposits and amounts held in trust by financial institutions. The funds held in trust are available to the Town upon demand. Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments that are 1) readily convertible to known amounts of cash and 2) so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

F. Investments

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings account, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments (Continued)

The Town's investments are reported at fair value. The State's investment pool is managed by the State Treasurer's office with no regulatory oversight. The pool is not required to register with the Securities and Exchange Commission under the 1940 Investments Advisors Act. The activity and performance of the pool is reviewed monthly by the State Board of Investment in accordance with A.R.S. §35-311. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007. The fair value of a participant's position in the pool approximates the value of that participant's pool share.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of the interfund loans).

All trade and property tax receivables are shown net of allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivables allowance for uncollectibles.

Property taxes are levied by the Town and collected by the Pinal County Treasurer. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquent date. Pursuant to A.R.S., a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

H. Prepaid Items

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

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three years. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Certain capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvement other than buildings	20-70
Vehicles, machinery and equipment	3-10

J. Compensated Absences

The Town's employee vacation and sick leave policies provide for granting vacation and sick leave with pay. Sick leave and vacation benefits accrue at the employee's current rate of pay. The current and long-term liabilities for accumulated vacation are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignation and retirements. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

M. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Budgetary Data

According to the laws of the State of Arizona, all operating budgets must be approved by their governing board on or before the second Monday in August to allow sufficient time for legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August.

In April, the proposed budget for the following fiscal year is presented by the Town Manager to the Town Council. The budget includes proposed expenditures and the means of financing them. Public meetings are held to obtain citizen comment.

Prior to June 30, the Town Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution.

The maximum legal expenditure permitted for the year is the total budget as adopted. All funds of the Town have legally adopted budgets. The initial budget for the fiscal year may be amended during the year in a legally permissible manner. The Town adopts the budget by departments for the General Fund and by fund for all others.

The Town Manager is generally authorized to transfer budgeted amounts within any specific department's expenditure appropriation. Any budget revisions requiring a transfer between departments in the General Fund or a transfer between any other fund must be approved by the Town Council.

All unencumbered expenditure appropriations laps at the end of the fiscal year.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Budgetary Data (Continued)

Encumbered amounts are re-appropriated in the following year as deemed appropriate and necessary after review by the Budget Office. Budgetary carry forwards are approved by the Town Council.

The Town approves its annual budget consistent with Generally Accepted Accounting Principles (GAAP). GAAP requires that budgetary comparison statements for the General Fund and major governmental funds be presented in the annual financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis). The Town has also shown this information as supplementary schedules for other non-major governmental funds as well as enterprise funds.

O. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in following General Fund departments (the legal level of budgetary control):

General Fund:	
General government	
Administration	\$ 131,917
Legal	391,867
Finance	29,671
Public safety	
Fire	182,956
Culture and recreation	
Library	<u>21,177</u>
Total	<u><u>\$ 736,411</u></u>

Additionally, the Impact Fees fund expenditures exceeded appropriations by \$4,871. These over expenditures were funded by greater than anticipated revenues in that fund.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Change in Accounting Principle

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, as amended in November 2013 by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. The requirements of these Statements are effective for financial statements for periods beginning after June 15, 2014. Town of Florence adopted GASBS Nos. 68 and 71 in fiscal year 2015. The adoption of GASBS Nos. 68 and 71 has impacted the presentation of Town of Florence financial statements.

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Governmental Operations. GASBS No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2013. Town of Florence adopted GASBS No. 69 in fiscal year 2015. The adoption of GASBS No. 69 does not have an impact on Town of Florence financial statements.

NOTE 2 DEPOSITS AND INVESTMENTS

*Custodial credit risk-deposits* – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. State law requires collateral for deposits at 102 percent of all deposits federal depository insurance does not cover. At June 30, 2015, the Town had \$1,550 of cash on hand. The carrying amount of the Town's cash in bank totaled \$2,584,184 and the bank balance was \$2,829,362. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the Securities Investor Protection Act, \$1,214,171 was covered by collateral held in the pledging bank's trust department in the Town's name, and \$615,191 was uninsured and uncollateralized.

*Investments* - The Town's portfolio complies with Arizona Revised Statutes (ARS) and The Town's investment policy. ARS authorizes The Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona counties, cities, school districts, and special districts as specified by statute.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

The Town invests in the Local Government Investment Pool 5 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment has oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 36 months from the settlement date of the purchase and variable-rate securities with final maturity less than 5 years.

The dollar weighted average portfolio maturity is 40 days. The net asset value per share of the pool at June 30, 2015 was \$1.00. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2015, the Town's funds invested with the State Treasurer totaled \$698,869.

At June 30, 2015, the Town held a repurchase agreement with National Bank that had a carry amount of \$8,132,240.

The Town utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

The Town's Community Facilities Districts have \$1,416,134 invested with Wells Fargo Brokerage Services. The accounts are invested in a money market fund that invests in U.S. government obligations and repurchase agreements.

The Town also holds \$37,928,926 invested with Stifel, Nicolaus & Company, Inc. The accounts are invested in U.S. Treasury securities, and U.S. Government bonds.

Other investments that the Town owns belong to the Town's Volunteer Fire Department. Funds totaling \$315,331 are held by Securian Retirement Services and consist of a money market fund, government bonds and equity securities.



TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

*Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Town's investments by maturity:

Investment Type	Total	Remaining Maturity (In Months)			Not Applicable
		12 Months or Less	13 to 24 Months	25 to 60 Months	
Primary Government					
Repurchase Agreement	\$ 8,132,240	\$ 8,132,240	\$ -	\$ -	\$ -
Money Market Funds	1,416,134	1,416,134	-	-	-
LGIP	698,869	698,869	-	-	-
U.S. Government Bonds	37,928,926	2,096,540	6,093,068	29,739,318	-
	<u>48,176,169</u>	<u>12,343,783</u>	<u>6,093,068</u>	<u>29,739,318</u>	<u>-</u>
Fiduciary Fund					
Money Market Funds	2,611	2,611	-	-	-
U.S. Government Bonds	255,137	-	-	276,666	-
Equities	57,583	-	-	-	57,583
	<u>315,331</u>	<u>2,611</u>	<u>-</u>	<u>276,666</u>	<u>57,583</u>
Total	<u>\$ 48,491,500</u>	<u>\$ 12,346,394</u>	<u>\$ 6,093,068</u>	<u>\$ 30,015,984</u>	<u>\$ 57,583</u>

The Town has no policy regarding interest rate risk. State law limits investments into securities having maturities no greater than five (5) years. The maximum maturity for investments in repurchase agreements is 180 days.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

*Credit Risk of Investments* - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Total	Ratings as of Year-End			
		AAAF/S1+	AA+	A	Unrated
Primary Government					
Repurchase Agreement	\$ 8,132,240	\$ -	\$ -	\$ -	\$ 8,132,240
Money Market Funds	1,416,134	1,416,134	-	-	-
LGIP	698,869	208,872	-	-	489,997
U.S. Government Bonds	37,928,926	-	35,832,386	2,096,540	-
	<u>48,176,169</u>	<u>1,625,006</u>	<u>35,832,386</u>	<u>2,096,540</u>	<u>8,622,237</u>
Fiduciary Fund					
Money Market Funds	2,611	-	-	-	2,611
U.S. Government Bonds	255,137	-	255,137	-	-
Equities	57,583	-	-	-	57,583
	<u>315,331</u>	<u>-</u>	<u>255,137</u>	<u>-</u>	<u>60,194</u>
Total	<u>\$ 48,491,500</u>	<u>\$ 1,625,006</u>	<u>\$ 36,087,523</u>	<u>\$ 2,096,540</u>	<u>\$ 8,682,431</u>

The Town has no policy regarding credit risk of investments. State law requires the following for credit risk of investments:

1. Commercial paper must be of prime quality and be rated within the top two ratings by a nationally recognized rating agency.
2. Bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars must be rated "A" or better at the time of purchase by at least two nationally recognized rating agencies.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

*Concentration of Credit Risk* - At June 30, 2015, the Town's investments are included as follows:

Investment Type	Total	Concentration
Repurchase Agreement	\$ 8,132,240	16.77%
Money Market Funds	1,418,745	2.93%
LGIP	698,869	1.44%
U.S. Government Bonds	38,184,063	78.74%
Equities	<u>57,583</u>	0.12%
Total	<u>\$ 48,491,500</u>	100.00%

NOTE 3 RECEIVABLES

Receivables, net of allowance for uncollectible as of year-end for the Town's individual major governmental funds, nonmajor governmental funds in the aggregate are as follows:

	General	Highway User	Community				Non-Major Gov. Funds	Total Gov. Funds
			Community Facilities Districts- Debt Service	Community Facilities Districts- Capital Improvements	Impact Fees	Capital Improvements		
Receivables:								
Taxes	\$ 724,093	\$ 258,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,693
Interest	25,315	15,481	3,185	3,584	3,488	8,198	7,904	67,155
Accounts	243,571	45,239	-	-	-	-	-	288,810
Assessments	-	-	5,735,792	-	-	-	208,513	5,944,305
	<u>\$ 992,979</u>	<u>\$ 319,320</u>	<u>\$ 5,738,977</u>	<u>\$ 3,584</u>	<u>\$ 3,488</u>	<u>\$ 8,198</u>	<u>\$ 216,417</u>	<u>\$ 7,282,963</u>

The following table summarizes the Town's receivables for the enterprise funds as of June 30, 2015.

	Water Fund	Sewer Fund	Sanitation Fund	Total
Receivables:				
Interest	\$ 12,081	\$ 17,652	\$ 3,143	\$ 32,876
Accounts	352,588	428,852	58,381	839,821
	<u>364,669</u>	<u>446,504</u>	<u>61,524</u>	<u>872,697</u>
Less:				
Allowance	<u>(8,923)</u>	<u>(8,800)</u>	<u>(4,595)</u>	<u>(22,318)</u>
Net receivables	<u>\$ 355,746</u>	<u>\$ 437,704</u>	<u>\$ 56,929</u>	<u>\$ 850,379</u>

Revenues of the enterprise funds are reported net of uncollectible amounts. There were no uncollectible amounts related to revenues of the current period.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 4 CAPITAL ASSETS

A summary of capital assets activity for the fiscal year ended June 30, 2015 follows:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 32,564,037	\$ -	\$ (17,628)	\$ 32,546,409
Construction in progress	473,796	13,748,314	-	14,222,110
Total capital assets not being depreciated	33,037,833	13,748,314	(17,628)	46,768,519
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	59,752,833	681,175	-	60,434,008
Vehicles, furniture and equipment	9,975,823	689,577	(308,393)	10,357,007
Total capital assets being depreciated	69,728,656	1,370,752	(308,393)	70,791,015
Less accumulated depreciation for:				
Buildings and improvements	(18,814,935)	(1,995,098)	-	(20,810,033)
Vehicles, furniture and equipment	(6,700,366)	(554,898)	202,158	(7,053,106)
Total accumulated depreciation	(25,515,301)	(2,549,996)	202,158	(27,863,139)
Total capital assets, being depreciated, net	44,213,355	(1,179,244)	(106,235)	42,927,876
Governmental activities capital assets, net	\$ 77,251,188	\$ 12,569,070	\$ (123,863)	\$ 89,696,395
<b>Business-Type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 394,073	\$ -	\$ -	\$ 394,073
Construction in progress	1,120,699	6,648,725	-	7,769,424
Total capital assets not being depreciated	1,514,772	6,648,725	-	8,163,497
Capital assets, being depreciated:				
Buildings, infrastructure and improvements	15,368,822	-	-	15,368,822
Vehicles, machinery and equipment	2,022,969	137,372	(484,607)	1,675,734
Total capital assets being depreciated	17,391,791	137,372	(484,607)	17,044,556
Less accumulated depreciation for:				
Buildings, infrastructure and improvements	(6,458,658)	(316,203)	-	(6,774,861)
Vehicles, machinery and equipment	(1,859,548)	(50,247)	434,118	(1,475,677)
Total accumulated depreciation	(8,318,206)	(366,450)	434,118	(8,250,538)
Total capital assets, being depreciated, net	9,073,585	(229,078)	(50,489)	8,794,018
Business-Type activities capital assets, net	\$ 10,588,357	\$ 6,419,647	\$ (50,489)	\$ 16,957,515

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 264,142
Public safety	750,701
Highway and streets	1,463,595
Culture and recreation	71,558
Community development	-
	<u>                    </u>
Total depreciation expense	<u>\$ 2,549,996</u>
Business-type activities	
Water	\$ 103,808
Sewer	240,974
Sanitation	21,668
	<u>                    </u>
Total depreciation expense	<u>\$ 366,450</u>

NOTE 5 CAPITAL LEASES

The Town entered into a lease agreement for capital purchases of \$1,400,000. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The lease is payable in annual installments of \$289,915 including interest at 1.4%. The following schedule presents future minimum lease payments as of June 30, 2015 in governmental activities.

Year Ending, June 30	Principal
2016	\$ 289,915
2017	289,915
2018	-
	<u>                    </u>
Total requirements	579,830
Less interest	12,448
	<u>                    </u>
Present value of remaining payments	<u>\$ 567,382</u>

Vehicles and related accumulated depreciation under capital lease are as follows:

Asset	Governmental
	<u>Activities</u>
Vehicles	\$ 1,395,508
Less accumulated depreciation	<u>(111,895)</u>
Net	<u>\$ 1,283,612</u>

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 6 NOTES PAYABLE

The Town has a note payable to a private party for the purchase of land. The note is payable in annual installments of \$69,748 including interest at 6%. The note is secured by a deed of trust, assignments of rents, security agreement and fixture filings. The balance was \$385,188 at June 30, 2015.

The Town signed a promissory note from the Water Infrastructure Finance Authority (WIFA) to be used for construction of a new sewer plant in the amount of \$7,500,000. As of June 30, 2015, the Town has an outstanding balance of \$3,827,612. Payments are due semi-annually including interest at 3.339%.

The Town signed a promissory note from the Water Infrastructure Finance Authority (WIFA) to be used for construction of sewer plant improvements in the amount of \$1,300,000. As of June 30, 2015, the Town has drawn down \$70,943 of this note. Payments are due semi-annually including interest at 3.750%. Due to WIFA's required schedule amortization of the loan, the Town has a deposit totaling \$190,498 with WIFA at June 30, 2015.

The annual debt service requirements to maturity as of June 30, 2015, are as follows:

Year Ending, June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 46,636	\$ 23,111	\$ 414,793	\$ 120,439
2017	49,435	20,313	428,643	106,358
2018	52,401	17,347	442,955	91,806
2019	55,545	14,203	457,746	76,769
2020	58,877	10,870	473,030	61,230
2021 - 2024	122,294	10,931	1,610,445	83,821
Total	\$ 385,188	\$ 96,775	\$ 3,827,612	\$ 540,423

NOTE 7 BONDS PAYABLE

Bonds payable at June 30, 2015, consisted of the outstanding special assessment bonds presented below.

The bonds issued in 1994 to acquire Arizona Sierra Utility have an outstanding principal of \$282,000. The bonds are secured and payable from special assessments levied against the real property benefited by said improvements. If the assessments are not paid, the properties subject to such assessments are sold at auction. If there is no purchaser for any property offered for sale, the Town will get ownership of the property subject to any tax liens and will be liable for the remaining debt. The Town Council is required to appropriate from the General Fund of the Town the amount of the total unpaid assessments or the amount of each semiannual assessment until the total debt is paid.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 7 BONDS PAYABLE (Continued)

Community Facilities Districts (CFDs), special purpose districts created specifically to acquire or construct public infrastructure within specified areas of the Town, are authorized under state law to issue General Obligation (GO) and Special Assessment bonds to be repaid by property taxes levied on property within the districts. CFDs are created by petition of the Town Council by property owners within the area to be covered by the district and debt may be issued only after approval of the voters within the district.

In June 2006 the Merrill Ranch Community Facilities District #2 assessment area one issued \$2,464,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In November 2006 the Merrill Ranch Community Facilities District #1 issued \$194,000 of Series 2006 GO bonds to finance capital improvements within the district. In August 2008 the Merrill Ranch Community Facilities District #1 issued \$4,390,000 of GO Series 2008A bonds to pay off the Series 2006 bonds of \$187,000 and used the remaining amount to finance a portion of the costs of acquiring certain public infrastructure within the boundaries of the District. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In September 2009 the Merrill Ranch Community Facilities District #1 assessment area two issued \$353,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.

In September 2009 the Merrill Ranch Community Facilities District #2 assessment areas two and three issued \$829,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2011.

In February 2010 the Merrill Ranch Community Facilities District #2 assessment area four issued \$203,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2011.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 7 BONDS PAYABLE (Continued)

In October 2010 the Merrill Ranch Community Facilities District #1 assessment area three issued \$290,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2012.

In November 2010 the Merrill Ranch Community Facilities District #2 assessment issued \$3,560,000 of Series 2010 GO bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment was due in July 2011.

In July 2012 the Merrill Ranch Community Facilities District #1 assessment area five issued \$189,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district. The first principal payment is due in July 2014.

In December 2013 the Merrill Ranch Community Facilities District #2 issued \$1,850,000 of GO Series 2013 bonds at a premium to pay costs of acquiring certain public infrastructure within the boundaries of the District. These bonds will be repaid by the property owners within the district. The Town of Florence has no obligation for the debt other than the administration of collection of the property taxes and payment of the debt service on behalf of the district.



TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 7 BONDS PAYABLE (Continued)

A summary of long-term bond debt payable at June 30, 2015, follows:

Description	Interest Rate	Maturity	Outstanding	
			Principal June 30, 2015	Due Within One Year
Utility Improvement District #1 Revenue Bonds 1994	8.45%	1/1/2019	282,000	\$ 64,000
Merrill Ranch CFD #1 Special Assessment Bonds 2006	4.30 - 5.30%	7/1/2030	1,351,000	73,000
Merrill Ranch CFD #2 Special Assessment Bonds 2006	4.30 - 5.30%	7/1/2030	1,475,000	75,000
Merrill Ranch CFD #1 General Obligation Bonds 2008A	6.00 - 7.40%	7/15/2033	3,860,000	100,000
Merrill Ranch CFD #1 Special Assessment Bonds 2009	9.00%	7/1/2034	281,450	6,500
Merrill Ranch CFD #2 Special Assessment Bonds 2009	9.00%	7/1/2034	733,100	15,250
Merrill Ranch CFD #2 Special Assessment Bonds 2010	7.75%	7/1/2035	185,860	3,920
Merrill Ranch CFD #1 Special Assessment Bonds 2010	7.50%	7/1/2035	264,440	5,790
Merrill Ranch CFD #2 General Obligation Bonds 2010	5.86%	7/15/2035	2,900,000	80,000
Merrill Ranch CFD #1 Special Assessment Bonds 2012	6.88%	7/1/2037	186,000	4,000
Merrill Ranch CFD #2 General Obligation Bonds 2013	1.50 - 6.75%	7/15/2038	1,780,000	25,000
Total			<u>\$ 13,298,850</u>	<u>\$ 452,460</u>

Annual debt service requirements to maturity on governmental bonds payable at June 30, 2015 are summarized as follows:

Fiscal year ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 452,460	\$ 851,220
2017	473,150	824,906
2018	507,070	796,050
2019	536,270	764,492
2020	477,710	730,272
2021 - 2025	2,874,780	3,162,049
2026 - 2030	3,489,710	2,120,611
2031 - 2035	3,140,660	965,069
2036 - 2040	1,347,040	180,685
Total	<u>\$ 13,298,850</u>	<u>\$ 10,395,354</u>

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 8 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 14,557,830	\$ -	\$ 1,258,980	\$ 13,298,850	\$ 452,460
Notes payable	429,184	-	43,996	385,188	46,636
Capital leases	844,967	-	277,585	567,382	281,636
Compensated absences	494,274	483,269	466,055	511,488	350,390
Premiums	24,167	-	967	23,200	-
Governmental activities long-term liabilities	<u>\$ 16,350,422</u>	<u>\$ 483,269</u>	<u>\$ 2,047,583</u>	<u>\$ 14,786,108</u>	<u>\$ 1,131,122</u>
<b>Business-type activities:</b>					
Notes payable	\$ 4,212,898	\$ -	\$ 385,286	\$ 3,827,612	\$ 414,793
Compensated absences	44,397	39,512	38,430	45,479	32,532
Business-type activities long-term liabilities	<u>\$ 4,257,295</u>	<u>\$ 39,512</u>	<u>\$ 423,716</u>	<u>\$ 3,873,091</u>	<u>\$ 447,325</u>

NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2015 all interfund balances consisted of short term loans made to cover operating cash deficits by the General Fund. At June 30, 2015, interfund receivables/payables consisted of the following:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 132,099	\$ -
CFD Capital Improvements	-	20,059
Non-Major Governmental Funds	-	112,040
Total	<u>\$ 132,099</u>	<u>\$ 132,099</u>

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

At June 30, 2015, there were the following interfund transfers.

Fund	Transfers Out	Transfers In
General Fund	\$ 1,011	\$ 1,644,236
Highway User	406,268	9,900
Impact Fees	3,374,613	-
Capital Improvements	425,111	6,474,613
Non-Major Governmental Funds	3,176,900	304,686
Water	457,296	-
Sewer	542,736	-
Sanitation	49,500	-
	\$ 8,433,435	\$ 8,433,435
Total	\$ 8,433,435	\$ 8,433,435

All transfers made during the year were to cover operations or debt service as approved during budget development, or were necessary for grant matching purposes.

NOTE 10 RISK MANAGEMENT

The Town 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 Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member.

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 authority to assess its members additional premiums should reserve and annual premiums be insufficient to meet the pool's obligations. The Town has no known claims in excess of \$250,000 for the fiscal year ending June 30, 2015.

The maximum liability for the Town for the fiscal year is \$500,000 and the deductible is \$250,000 per occurrence.

The Town is insured by the Workers' Compensation Insurance Fund for potential worker-related accidents.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 11 CONTINGENT LIABILITIES

Federal and State grants and loans – The Town has received a number of grants and loans from both the Federal and State governments. Although the programs have been audited, not all audits have been approved as of June 30, 2015; however, the Town expects no material disallowances of expenditures.

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2015, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension asset	\$ 391,821	\$ -	\$ -
Net pension liabilities	7,721,499	1,167,339	8,888,838
Deferred outflows of resources	2,286,421	191,106	2,477,527
Deferred inflows of resources	1,536,209	204,132	1,740,341
Pension expense	612,680	99,943	712,623

The Town reported \$996,881 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

**Plan Description** – Town employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at [www.azasrs.gov](http://www.azasrs.gov).

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

**Benefits Provided** - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* and years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

\*with actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension plan for the year ended June 30, 2015 were \$591,857. The Town's contributions for the current and 2 preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	Year ended June 30	Health Benefit Supplement Fund	Long-Term Disability Fund
	2015	\$ 32,639	\$ 6,528
	2014	30,437	12,175
	2013	27,829	11,132

During fiscal year 2015, the Town paid for ASRS pension and OPEB contributions as follows: 66 percent from the General Fund, 5 percent from the water fund, 7 percent from the sewer fund, 1 percent from the sanitation fund, 6 percent from the internal service funds and 15 percent from other non-major funds.

**Pension Liability** - At June 30, 2015, the Town reported a liability of \$8,332,184 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The Town's proportion measured as of June 30, 2014, was 0.056311 percent, which was an increase of 0.003281% from its proportion measured as of June 30, 2013.

The Town's reported liability at June 30, 2015, decreased by \$483,728 from the Town's prior year liability of \$8,815,912 because of changes in the ASRS' net pension liability and the Town's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the Town Audit Audit Audit Audit Audit Audit Audit recognized pension expense for ASRS of \$713,359. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 423,466	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,457,042
Changes in proportion and differences between Town contributions and proportionate share of contributions	379,630	-
Town contributions subsequent to the measurement date	<u>591,857</u>	<u>-</u>
Total	<u>\$ 1,394,953</u>	<u>\$ 1,457,042</u>

The \$591,857 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ending June 30	
2016	\$ 15,088
2017	15,088
2018	259,509
2019	364,261
Thereafter	-

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

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

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 20, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS		Target	Long-Term
Asset Class		Allocation	Expected Real Rate of Return
Equity		63%	7.03%
Fixed Income		25%	3.20%
Real estate		8%	4.50%
Commodities		4%	4.75%
Total		100%	



TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Arizona State Retirement System (Continued)

**Discount Rate** - The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Town's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** - The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease	Current	1% increase
	(7%)	Discount Rate (8%)	(9%)
Town's proportionate share of the net pension liability	\$ 5,656,276	\$ 4,475,083	\$ 3,834,227

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

**Plan Description** – Town police department employees and fire department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS web site at [www.psprs.com](http://www.psprs.com).

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

**Benefits Provided** - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor Benefits</b>		
Retired Members	80% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

**Employees Covered by Benefit Terms** - At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police	PSPRS Fire
Inactive employees or beneficiaries		
currently receiving benefits	5	-
Inactive employees entitled to		
by not yet receiving benefits	3	-
Active employees	<u>29</u>	<u>30</u>
Total	<u><u>37</u></u>	<u><u>30</u></u>

**Contributions and Annual OPEB Cost** - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police	PSPRS Fire
Active members - Pension	<u>12.87%</u>	<u>11.26%</u>
Town		
Pension	11.86%	10.56%

In addition, the Town was required by statute to contribute at the actuarially determined rate of 19.65 percent for the PSPRS of annual covered payroll of retired members who worked for the Town in positions that would typically be filled by an employee who contributes to the PSPRS.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

For the agent plans, the Town's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Police	PSPRS Fire
Pension Contributions made	\$ 219,027	\$ 185,997

Health Insurance Permium Benefit

During fiscal year 2015, the Town paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

**Pension Liability** - At June 30, 2015, the Town reported the Police Department PSPRS net pension liabilities of \$556,654 and a Fire Department PSPRS net pension asset of \$391,821.

The net pension liability and asset were measured as of June 30, 2014, and the total pension liabilities used to calculate the net pension liability and asset were determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

**Pension Actuarial Assumptions** - The significant actuarial assumptions used to measure the total pension liabilities were as follows:

PSPRS	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0% - 8.0%
Inflation	3.0% - 4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Actuarial assumptions used in the June 30, 2014, valuations were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS	Target	Long-Term
Asset Class	Allocation	Expected Real Rate of Return
U.S. equity	16.00%	7.60%
Non-U.S. equity	14.00%	8.63%
Private equity	11.00%	9.50%
Fixed income	7.00%	4.75%
Credit opportunities	13.00%	8.00%
Absolute return	4.00%	6.75%
GTAA	10.00%	5.73%
Real assets	8.00%	5.96%
Real estate	11.00%	6.50%
Risk Parity	4.00%	6.04%
Short term investments	2.00%	3.25%
Total	100.00%	

**Pension Discount Rates** – A 7.85 percent discount rates was used to measure the total pension liabilities.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liabilities.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

**Changes in the Net Pension Liability**

PSPRS - Police	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 3,971,752	\$ 3,833,638	\$ 138,114
Changes for the year:			
Service Cost	318,072		318,072
Interest on the total pension liability	316,736		316,736
Changes of benefit terms	69,287		69,287
Differences between expected and actual experience in the measurement of the pension liability	23,569		23,569
Changes of assumptions or other inputs	506,321		506,321
Contributions - employer		221,399	(221,399)
Contributions - employee		192,212	(192,212)
Net investment income		518,949	(518,949)
Benefit payments, including refunds of employee contributions	(191,863)	(191,863)	-
Administrative expense		(4,213)	4,213
Other changes		(112,902)	112,902
Net changes	1,042,122	623,582	418,540
Balances at June 30, 2015	\$ 5,013,874	\$ 4,457,220	\$ 556,654

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

**Changes in the Net Pension Asset**

PSPRS - Fire	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2014	\$ 1,968,723	\$ 2,165,263	\$ (196,540)
Changes for the year:			
Service Cost	256,499		256,499
Interest on the total pension liability	164,612		164,612
Changes of benefit terms	(9,051)		(9,051)
Differences between expected and actual experience in the measurement of the pension liability	204,613		204,613
Changes of assumptions or other inputs	27,389		27,389
Contributions - employer		176,996	(176,996)
Contributions - employee		161,991	(161,991)
Net investment income		323,597	(323,597)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense		(2,627)	2,627
Other changes		179,386	(179,386)
Net changes	644,062	839,343	(195,281)
Balances at June 30, 2015	\$ 2,612,785	\$ 3,004,606	\$ (391,821)

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

**Sensitivity of the Town's Net Pension Liability and Asset to Changes in the Discount Rate** - The following table presents the Town's net pension liability and asset calculated using the discount rates noted above, as well as what the Town's net pension liability and asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PSPRS - Police	1% Decrease	Current	1% increase
	(6.85%)	Discount Rate (7.85%)	(8.85%)
Total pension liability	\$ 5,733,560	\$ 5,013,874	\$ 4,419,376
Plan fiduciary net position	4,457,220	4,457,220	4,457,220
Net pension liability (asset)	\$ 1,276,340	\$ 556,654	\$ (37,844)

PSPRS - Fire	1% Decrease	Current	1% increase
	(6.85%)	Discount Rate (7.85%)	(8.85%)
Total pension liability	\$ 3,116,763	\$ 2,612,785	\$ 2,204,866
Plan fiduciary net position	3,004,606	3,004,606	3,004,606
Net pension liability (asset)	\$ 112,157	\$ (391,821)	\$ (799,740)

**Pension Plans' Fiduciary Net Position** - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

**Pension Expense** - For the year ended June 30, 2015, the Town recognized \$194,416 and (\$195,152) of Police Department and Fire Department PSPRS pension expense, respectively.



TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

**Pension Deferred Outflows/Inflows of Resources** - At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,574	\$ -
Changes of assumptions or other inputs	441,972	-
Net difference between projected and actual earnings on pension plan investments	-	174,494
Town contributions subsequent to the measurement date	<u>219,027</u>	<u>-</u>
Total	<u>\$ 681,573</u>	<u>\$ 174,494</u>
PSPRS - Fire	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,622	\$ -
Changes of assumptions or other inputs	25,382	-
Net difference between projected and actual earnings on pension plan investments	-	108,805
Town contributions subsequent to the measurement date	<u>185,997</u>	<u>-</u>
Total	<u>\$ 401,001</u>	<u>\$ 108,805</u>

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS Police	PSPRS Fire
2016	\$ 23,721	\$ (10,204)
2017	23,721	(10,204)
2018	23,721	(10,204)
2019	23,721	(10,204)
2020	67,344	16,998
Thereafter	125,824	130,017

**Agent plan OPEB actuarial assumptions** - The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

Projections of benefits are based on (1) the plans as the Town and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the Town and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5% - 8.5% for PSPRS
Wage growth	4.5% for PSPRS

**Agent plan OPEB trend information** - Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

PSPRS - Police		Percentage of	
Year Ended June 30,	Annual OPEB Cost	Annual Cost Contributed	Net OPEB Obligation
2015	\$ 18,652	100%	\$ -
2014	15,527	100%	-
2013	16,382	100%	-
PSPRS - Fire		Percentage of	
Year Ended June 30,	Annual OPEB Cost	Annual Cost Contributed	Net OPEB Obligation
2015	\$ 12,329	100%	\$ -
2014	9,924	100%	-
2013	9,047	100%	-

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Public Safety Personnel Retirement System (Continued)

**Agent plan OPEB funded status** - The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Police	PSPRS Fire
Actuarial value of assets (a)	\$ 192,545	\$ 91,668
Actuarial accrued liability (b)	150,541	98,726
Unfunded actuarial accrued liability (funded excess) (b) - (a)	(42,004)	7,058
Funded ratio (a)/(b)	127.90%	92.85%
Annual covered payroll (c)	\$ 1,721,954	\$ 1,770,958
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%	0.40%

The actuarial methods and assumptions used are the same for all the PSPRS health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS - OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	24 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases includes inflation at	4% - 8% for PSPRS 4% for PSPRS

C. Florence Volunteer Firefighter Retirement Profit Sharing Plan and Trust Fund

The Florence Volunteer Firefighter Retirement Profit Sharing Plan and Trust Fund is a profit sharing thrift plan, which was approved by the Town Council on January 1, 1992, under Arizona Revised Statutes Section §9-981. The authority to establish and amend benefit provisions rests with the Town Council. In January, 2009, the council revised the pension and benefit program for the part-time firefighters.

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 12 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. Florence Volunteer Firefighter Retirement Profit Sharing Plan and Trust Fund (Continued)

The assets of the plan are valued annually and the earnings or loss is distributed among the participant's accounts in the plan. The only expenditures being made from this fund are administration fees, benefit payments, and refunds to those firefighters who leave the service of the Fire Department before becoming eligible for pension benefits. The cost of administering the plan is financed from the plans assets. Retirement with full benefits can be through termination of employment for reasons other than death, disability, or normal retirement. This plan was fully vested as of June 30, 2015. The Town's required matching contributions for the plan were covered by the accumulated forfeited funds for the year ended June 30, 2015. As of June 30, 2015, there were 7 eligible employees participating in the plan. The plan is administered by Securian Financial.

The plan has never had an actuarial valuation; however, benefits cannot exceed plan assets. The market values of mutual funds are determined from readily available market quotations. The fund uses the accrual basis of accounting. Contributions are recognized when earned; benefits and refunds are expensed when incurred. Separate audited financial statements of this employee benefit plan are not available.

NOTE 13 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction commitments - The Town has active construction projects as of June 30, 2015. As discussed earlier in Note 1.N, Budgetary Data, the encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next fiscal year.

Encumbrances - As discussed in Note 1.N, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

TOWN OF FLORENCE, ARIZONA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

NOTE 13 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Continued)

At year end the Town's commitments with contractors and amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

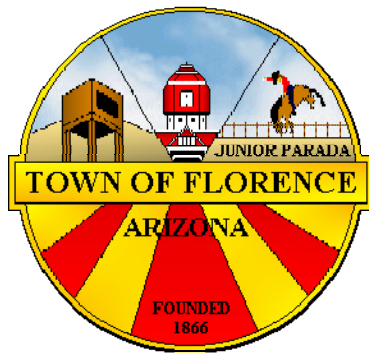
Project - Contractor	June 30, 2015	Fund
<b>Library and Recreation Complex Project</b> <i>Low Mountain Construction</i>	\$ 1,264,210	Capital Improvements
<b>Baseball Field #3</b> <i>Wright Engineering Corp</i>	691	Capital Improvements
<b>Community Dev Remodel</b> <i>Overton Builders, LLC.</i>	1,146	Capital Improvements
<b>Main St. Extension (T-13)</b> <i>Low Mountain Construction</i>	10,702	HURF
<i>Baxter Design</i>	3,175	HURF
<b>Traffic Signal Imp @ FS #2 (T-28)</b> <i>Kimbrell Electric, Inc</i>	199,082	HURF
<i>Lee Engineering</i>	740	HURF
<b>Diversion Dam Phase II (T-17)</b> <i>R.K. Sanders, Inc.</i>	1,021,985	HURF
<b>New Water Well #2 (WU-23)</b> <i>Arizona Beeman Drilling</i>	99,574	Water
<i>Southwest Ground-Water Consulting</i>	2,858	Water
<b>North Reservoir Upgrade (WU-26)</b> <i>Water Works Engineering</i>	13,824	Water
<i>Garney Companies</i>	372,796	Water
<b>Waterline Alignment (WU-38)</b> <i>Sunrise Engineering</i>	1,930	Water
<b>SCADA Tie-In Project (WU-64)</b> <i>Ripple Industries</i>	1,949	Water
<b>Waterline Extension (WU-69)</b> <i>EPS Group</i>	17,237	Water
<i>McCain Construction</i>	33,840	Water
<b>Waterline Extension @ Bailey (WU-73)</b> <i>Sunrise Engineering</i>	1,010	Water
<b>SWWTP &amp; Filtration Mgmt (SU-08)</b> <i>Garney Companies</i>	849,892	Sewer
<i>Water Works Engineering</i>	124,750	Sewer
<b>Lagoon Project (SU19/20)</b> <i>Blount Contracting</i>	10,000	Sewer
<i>Sunrise Engineering</i>	500	Sewer
<b>SWWTP Chlorine Sys (SU-83) WIFA</b> <i>Blount Contracting</i>	68,736	Sewer
<i>Sunrise Engineering</i>	276,429	Sewer
Total Commitment Amount	<u>\$ 4,377,056</u>	

TOWN OF FLORENCE, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015

NOTE 14 RESTATEMENT

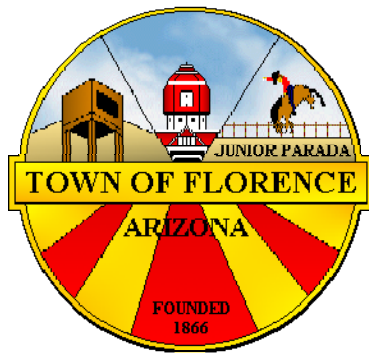
The Town of Florence adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. As a result, the effect on fiscal year 2015 is as follows:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund	Sanitation Fund	Internal Service Funds
Net Position as previously reported at June 30, 2014	\$ 111,610,983	\$ 28,138,517	\$ 13,021,953	\$ 13,326,562	\$ 1,790,002	\$ -
Restatement -						
Implementation of GASB 68:						
Net pension liability (measurement date as of June 30, 2013)	(7,750,515)	(1,235,109)	(477,822)	(650,614)	(106,673)	(451,374)
Deferred outflows - Town contributions made during fiscal year 2014	865,442	76,094	29,438	40,084	6,572	27,809
Total restatement	(6,885,073)	(1,159,015)	(448,384)	(610,530)	(100,101)	(423,565)
Net position as restated, July 1, 2014	\$ 104,725,910	\$ 26,979,502	\$ 12,573,569	\$ 12,716,032	\$ 1,689,901	\$ (423,565)





## **REQUIRED SUPPLEMENTARY INFORMATION**



TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 COST-SHARING PENSION PLAN  
 June 30, 2015

Arizona Retirement System

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Town's proportion of the net pension liability	0.056311%	Information
Town's proportionate share of the net pension liability	\$ 8,332,184	not available
Town's covered-employee payroll	5,439,862	
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	153.17%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 AGENT PENSION PLAN  
 June 30, 2015

Florence Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		
Service cost	\$ 318,072.00	Information not available
Interest on the total pension liability	316,736	
Changes on benefit terms	69,287	
Differences between expected and actual experience in the measurement of the pension liability	23,569	
Changes of assumptions or other inputs	506,321	
Benefit payments, including refunds of employee contributions	(191,863)	
Net change in total pension liability	1,042,122	
Total pension liability - beginning	3,971,752	
Total pension liability - ending (a)	<u>\$ 5,013,874</u>	
Plan fiduciary net position		
Contributions - employer	\$ 221,399	
Contributions - employee	192,212	
Net investment income	518,949	
Benefit payments, including refunds of employee contributions	(191,863)	
Administrative expense	(4,213)	
Other changes	(112,902)	
Net change in plan fiduciary net position	623,582	
Plan fiduciary net position - beginning	3,833,638	
Plan fiduciary net position - ending (b)	<u>\$ 4,457,220</u>	
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 556,654</u>	

TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 AGENT PENSION PLAN (CONTINUED)  
 June 30, 2015

Florence Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.90%	Information not available
Covered-employee payroll	\$ 1,846,771	
Town's net pension liability (asset) as a percentage of covered-employee payroll	30.14%	

TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 AGENT PENSION PLAN (CONTINUED)  
 June 30, 2015

Florence Fire Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		
Service cost	\$ 256,499	Information
Interest on the total pension liability	164,612	not available
Changes on benefit terms	(9,051)	
Differences between expected and actual experience in the measurement of the pension liability	204,613	
Changes of assumptions or other inputs	27,389	
Benefit payments, including refunds of employee contributions	-	
Net change in total pension liability	644,062	
Total pension liability - beginning	1,968,723	
Total pension liability - ending (a)	\$ 2,612,785	
Plan fiduciary net position		
Contributions - employer	\$ 176,996	
Contributions - employee	161,991	
Net investment income	323,597	
Benefit payments, including refunds of employee contributions	-	
Administrative expense	(2,627)	
Other changes	179,386	
Net change in plan fiduciary net position	839,343	
Plan fiduciary net position - beginning	2,165,263	
Plan fiduciary net position - ending (b)	\$ 3,004,606	
Town's net pension liability (asset) - ending (a) - (b)	\$ (391,821)	

TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
 AGENT PENSION PLAN (CONCLUDED)  
 June 30, 2015

Florence Fire Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.90%	Information not available
Covered-employee payroll	\$ 1,846,771	
Town's net pension liability (asset) as a percentage of covered-employee payroll	30.14%	

TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF TOWN PENSION CONTRIBUTIONS  
 June 30, 2015

Arizona Retirement System	Reporting Fiscal Year		
	2015	2014	2013 through 2006
Statutorily required contribution	\$ 591,857	\$ 542,791	Information not available
Town's contributions in relation to the statutorily required contribution	591,857	542,791	
Town's contribution deficiency (excess)	\$ -	\$ -	
Town's covered-employee payroll	\$ 5,439,862	\$ 5,072,813	
Town's contributions as a percentage of covered-employee payroll	10.88%	10.70%	
Florence Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year		
	2015	2014	2013 through 2006
Actuarially determined contribution	\$ 219,027	\$ 221,399	Information not available
Town's contributions in relation to the actuarially determined contribution	219,027	221,399	
Town's contribution deficiency (excess)	\$ -	\$ -	
Town's covered-employee payroll	\$ 1,846,771	\$ 1,713,615	
Town's contributions as a percentage of covered-employee payroll	11.86%	12.92%	
Florence Fire Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year		
	2015	2014	2013 through 2006
Actuarially determined contribution	\$ 185,997	\$ 176,996	Information not available
Town's contributions in relation to the actuarially determined contribution	185,997	176,996	
Town's contribution deficiency (excess)	\$ -	\$ -	
Town's covered-employee payroll	\$ 1,761,335	\$ 1,594,559	
Town's contributions as a percentage of covered-employee payroll	10.56%	11.10%	



TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO THE PENSION PLAN SCHEDULES  
 June 30, 2015

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions: Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% – 9.0% to 4.5% – 8.5% for PSPRS.
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

NOTE 2 FACTORS THAT AFFECT TRENDS

Changes of benefit terms include the payout of Retro PBI and a change in the employee contribution rate. Changes of assumptions include a decrease in the wage assumption from 4.5% to 4.0% as well the inclusion of an assumption to explicitly value future PBI. In 2014 other changes also include the removal of assets specifically set aside for Health Insurance from Pension Assets.

TOWN OF FLORENCE, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
 June 30, 2015

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Police						
6/30/2014	\$ 192,545	\$ 150,541	\$ (42,004)	127.90%	\$ 1,721,954	0.00%
6/30/2013	-	130,591	130,591	0.00%	1,603,691	8.14%
6/30/2012	-	132,533	132,533	0.00%	1,610,463	8.23%

The health insurance subsidy payment reported for FY 2014 was \$4,320

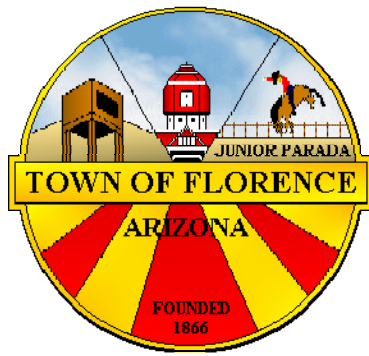
Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Fire						
6/30/2014	\$ 91,668	\$ 98,726	\$ 7,058	92.85%	\$ 1,770,958	0.40%
6/30/2013	-	74,997	74,997	0.00%	1,350,329	5.55%
6/30/2012	-	62,844	62,844	0.00%	1,240,750	5.07%

The health insurance subsidy payment reported for FY 2014 was \$0

TOWN OF FLORENCE, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
June 30, 2015

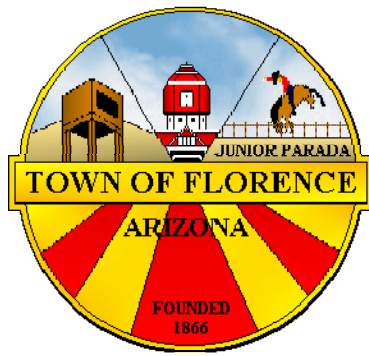
NOTE 1 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.



**OTHER SUPPLEMENTARY INFORMATION**

COMBINING NON-MAJOR FUNDS FINANCIAL STATEMENTS



## **Non-Major Government Funds Financial Statements**

### **Special Revenue Funds**

- Grants Fund – Accounts for revenues and expenditures of grants received by The Town from various federal, state and other agencies.
- Economic Development Fund – Accounts for ad valorem property tax collected to pay for the operation of the Streetlight Improvement Districts.
- Community Services Fund – Accounts for fines and fee revenue collected by the municipal court. These funds are to be spent for purposes authorized by the Arizona Supreme Court or Arizona Revised Statutes.
- Community Facilities Districts Fund – Accounts for ad valorem property tax collected to pay for the administration costs of these special districts, which were formed for the purpose of financing the acquisition, construction, operation and maintenance of the public infrastructure benefiting the community.

### **Debt Service Fund**

- This fund accounts for the accumulation of resources and the servicing of long-term debt not financed by proprietary funds. Revenues are transferred from the Capital Improvements Fund.

### **Capital Projects Fund**

- Construction Tax Fund – Accounts for Town sales tax collected for governmental construction projects. Funds are transferred to the Capital Improvement Fund for specific projects and must be used for the construction of Town facilities.
- Food Tax Fund – Accounts for Town sales tax collected on sales of food for home consumption. Funds are transferred to the Capital Improvement Fund for specific projects and must be used for improvements to Town recreational grounds and facilities.

TOWN OF FLORENCE, ARIZONA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2015

	Special Revenue			
	Grants	Economic Development	Community Services	Community Facilities Districts
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,021	\$ 183,379	\$ 13,753	\$ 58,229
Receivables (net of allowance for uncollectibles)	-	1,412	126	524
Due from other governments	111,941	-	-	1,434
Investments	38,233	636,169	47,713	202,004
<b>Total assets</b>	<b>\$ 161,195</b>	<b>\$ 820,960</b>	<b>\$ 61,592</b>	<b>\$ 262,191</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 920	\$ 4,534	\$ -	\$ -
Accrued wages and benefits	608	-	-	48
Other accrued liabilities	-	-	-	10
Due to other funds	112,040	-	-	-
<b>Total liabilities</b>	<b>113,568</b>	<b>4,534</b>	<b>-</b>	<b>58</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	8,967	506	45	897
<b>Total deferred inflows of resources</b>	<b>8,967</b>	<b>506</b>	<b>45</b>	<b>897</b>
<b>FUND BALANCES</b>				
Restricted				
Public safety	-	-	61,547	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Highways and Streets	38,660	-	-	-
Economic development	-	815,920	-	-
Community Facilities Districts operations	-	-	-	261,236
<b>Total fund balances</b>	<b>38,660</b>	<b>815,920</b>	<b>61,547</b>	<b>261,236</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 161,195</b>	<b>\$ 820,960</b>	<b>\$ 61,592</b>	<b>\$ 262,191</b>



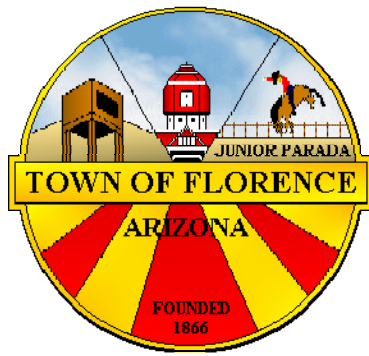
<u>Capital Projects</u>			
Debt Service	Construction Tax	Food Tax	Total
\$ 31,706	\$ 612,117	\$ 9,321	\$ 919,526
208,812	5,543	-	216,417
-	-	-	113,375
109,991	2,123,518	32,337	3,189,965
<u>\$ 350,509</u>	<u>\$ 2,741,178</u>	<u>\$ 41,658</u>	<u>\$ 4,439,283</u>
\$ -	\$ -	\$ -	\$ 5,454
-	-	-	656
-	-	-	10
-	-	-	112,040
<u>-</u>	<u>-</u>	<u>-</u>	<u>118,160</u>
209,287	1,984	-	221,686
<u>209,287</u>	<u>1,984</u>	<u>-</u>	<u>221,686</u>
-	-	-	61,547
141,222	-	-	141,222
-	2,739,194	41,658	2,780,852
-	-	-	38,660
-	-	-	815,920
<u>-</u>	<u>-</u>	<u>-</u>	<u>261,236</u>
<u>141,222</u>	<u>2,739,194</u>	<u>41,658</u>	<u>4,099,437</u>
<u>\$ 350,509</u>	<u>\$ 2,741,178</u>	<u>\$ 41,658</u>	<u>\$ 4,439,283</u>

TOWN OF FLORENCE, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2015

REVENUES	Special Revenue			
	Grants	Economic Development	Community Services	Community Facilities Districts
Taxes	\$ -	\$ -	\$ -	\$ 91,814
Intergovernmental revenues	680,210	-	-	-
Charges for services	-	-	12,375	4,488
Fines	-	-	2,067	-
Special assessments	-	-	-	-
Investment income				
Interest income	-	7,681	606	2,582
Net increase in the fair value of investments	-	237	22	89
Contributions and donations	9,776	-	-	-
Miscellaneous	-	58,074	20	53
<b>Total revenues</b>	<b>689,986</b>	<b>65,992</b>	<b>15,090</b>	<b>99,026</b>
<b>EXPENDITURES</b>				
Current:				
General government	22,526	-	-	76,454
Public safety	316,723	-	3,750	-
Public works	46,174	53,484	-	-
Culture & recreation	29,111	-	-	-
Community development	6,922	-	1,257	-
Capital outlay	229,971	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>651,427</b>	<b>53,484</b>	<b>5,007</b>	<b>76,454</b>
Excess (deficiency) of revenues over (under) expenditures	38,559	12,508	10,083	22,572
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,771	-	-	-
Transfers out	-	(67,900)	-	-
<b>Total other financing sources and uses</b>	<b>14,771</b>	<b>(67,900)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	53,330	(55,392)	10,083	22,572
Fund balances - beginning of year	(14,670)	871,312	51,464	238,664
Fund balances - beginning of year - restated	(14,670)	871,312	51,464	238,664
<b>Fund balances - end of year</b>	<b>\$ 38,660</b>	<b>\$ 815,920</b>	<b>\$ 61,547</b>	<b>\$ 261,236</b>

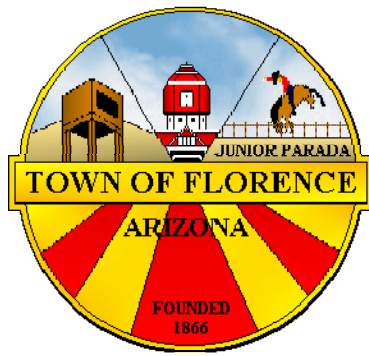
Capital Projects

Debt Service	Construction Tax	Food Tax	Total
\$ -	\$ 138,903	\$ 274,021	\$ 504,738
-	-	-	680,210
9,129	-	-	25,992
-	-	-	2,067
70,134	-	-	70,134
1,498	37,371	17,267	67,005
51	928	-	1,327
-	-	-	9,776
162	2,039	500	60,848
<u>80,974</u>	<u>179,241</u>	<u>291,788</u>	<u>1,422,097</u>
-	-	-	98,980
-	-	-	320,473
-	-	-	99,658
-	-	-	29,111
-	-	-	8,179
-	-	-	229,971
376,583	-	-	376,583
67,985	-	-	67,985
<u>444,568</u>	<u>-</u>	<u>-</u>	<u>1,230,940</u>
<u>(363,594)</u>	<u>179,241</u>	<u>291,788</u>	<u>191,157</u>
289,915	-	-	304,686
(9,000)	(1,000,000)	(2,100,000)	(3,176,900)
<u>280,915</u>	<u>(1,000,000)</u>	<u>(2,100,000)</u>	<u>(2,872,214)</u>
(82,679)	(820,759)	(1,808,212)	(2,681,057)
223,901	3,559,953	1,849,870	6,780,494
<u>223,901</u>	<u>3,559,953</u>	<u>1,849,870</u>	<u>6,780,494</u>
<u>\$ 141,222</u>	<u>\$ 2,739,194</u>	<u>\$ 41,658</u>	<u>\$ 4,099,437</u>



**OTHER SUPPLEMENTARY INFORMATION**

BUDGETARY COMPARISON SCHEDULES  
MAJOR GOVERNMENTAL FUNDS



TOWN OF FLORENCE, ARIZONA  
COMMUNITY FACILITIES DISTRICTS DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Taxes	\$ 981,800	\$ 981,800	\$ 994,674	\$ 12,874
Special assessments	699,000	699,000	1,115,412	416,412
Investment income				
Interest income	8,500	8,500	14,551	6,051
Net increase in the fair value of investments	-	-	533	533
Miscellaneous	-	-	378	378
<b>Total revenues</b>	<u>1,689,300</u>	<u>1,689,300</u>	<u>2,125,548</u>	<u>436,248</u>
<b>EXPENDITURES</b>				
Current				
General government	73,000	73,000	68,643	4,357
Capital outlay	9,600	9,600	-	9,600
Debt service				
Principal	1,209,700	1,209,700	1,203,980	5,720
Interest and fiscal charges	1,107,800	1,107,800	877,317	230,483
<b>Total expenditures</b>	<u>2,400,100</u>	<u>2,400,100</u>	<u>2,149,940</u>	<u>250,160</u>
Net change in fund balance	(710,800)	(710,800)	(24,392)	686,408
Fund balance - beginning of year	<u>2,790,455</u>	<u>2,790,455</u>	<u>2,790,455</u>	-
<b>Fund balance - end of year</b>	<u>\$ 2,079,655</u>	<u>\$ 2,079,655</u>	<u>\$ 2,766,063</u>	<u>\$ 686,408</u>

TOWN OF FLORENCE, ARIZONA  
COMMUNITY FACILITIES DISTRICTS CAPITAL IMPROVEMENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>REVENUES</b>				
Investment income				
Interest income	\$ 6,400	\$ 6,400	\$ 19,225	\$ 12,825
Net increase in the fair value of investments	-	-	600	600
Miscellaneous	-	-	103	103
Total revenues	<u>6,400</u>	<u>6,400</u>	<u>19,928</u>	<u>13,528</u>
<b>EXPENDITURES</b>				
Current				
General government	375,200	375,200	1,623	373,577
Public safety	2,641,000	2,641,000	22,882	2,618,118
Community development	134,000	134,000	-	134,000
Capital outlay	<u>979,400</u>	<u>979,400</u>	<u>-</u>	<u>979,400</u>
Total expenditures	<u>4,129,600</u>	<u>4,129,600</u>	<u>24,505</u>	<u>4,105,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,123,200)</u>	<u>(4,123,200)</u>	<u>(4,577)</u>	<u>4,118,623</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from obligations	<u>3,502,700</u>	<u>3,502,700</u>	<u>-</u>	<u>(3,502,700)</u>
Total other financing sources and uses	<u>3,502,700</u>	<u>3,502,700</u>	<u>-</u>	<u>(3,502,700)</u>
Net change in fund balance	<u>(620,500)</u>	<u>(620,500)</u>	<u>(4,577)</u>	<u>615,923</u>
Fund balance - beginning of year	<u>2,353,267</u>	<u>2,353,267</u>	<u>2,353,267</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,732,767</u>	<u>\$ 1,732,767</u>	<u>\$ 2,348,690</u>	<u>\$ 615,923</u>



TOWN OF FLORENCE, ARIZONA  
IMPACT FEES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

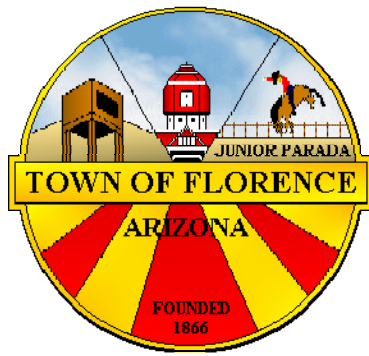
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Charges for services	\$ 314,600	\$ 314,600	\$ 379,548	\$ 64,948
Investment income				
Interest income	23,100	23,100	46,432	23,332
Net increase in the fair value of investments	-	-	584	584
Miscellaneous	-	-	3,815	3,815
Total revenues	<u>337,700</u>	<u>337,700</u>	<u>430,379</u>	<u>92,679</u>
EXPENDITURES				
Capital outlay	-	-	4,871	(4,871)
Total expenditures	<u>-</u>	<u>-</u>	<u>4,871</u>	<u>(4,871)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>337,700</u>	<u>337,700</u>	<u>425,508</u>	<u>87,808</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,356,100)	(3,356,100)	(3,374,613)	(18,513)
Total other financing sources and uses	<u>(3,356,100)</u>	<u>(3,356,100)</u>	<u>(3,374,613)</u>	<u>(18,513)</u>
Net change in fund balance	<u>(3,018,400)</u>	<u>(3,018,400)</u>	<u>(2,949,105)</u>	<u>69,295</u>
Fund balance - beginning of year	<u>4,650,924</u>	<u>4,650,924</u>	<u>4,650,924</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,632,524</u>	<u>\$ 1,632,524</u>	<u>\$ 1,701,819</u>	<u>\$ 69,295</u>

TOWN OF FLORENCE, ARIZONA  
CAPITAL IMPROVEMENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,509,000	\$ 1,509,000	\$ 1,095,971	\$ (413,029)
Investment income				
Interest income	52,400	52,400	83,001	30,601
Net increase in the fair value of investments	-	-	1,373	1,373
Miscellaneous	-	-	2,870	2,870
<b>Total revenues</b>	<u>1,561,400</u>	<u>1,561,400</u>	<u>1,183,215</u>	<u>(378,185)</u>
<b>EXPENDITURES</b>				
Current				
General government	1,857,500	1,465,500	964,067	501,433
Public safety	94,000	94,000	140,465	(46,465)
Highways & streets	-	750,000	634,344	115,656
Public works	110,000	107,300	9,640	97,660
Culture and recreation	37,200	33,300	22,375	10,925
Community development	442,700	442,700	-	442,700
Capital outlay	20,426,900	20,075,500	15,136,410	4,939,090
<b>Total expenditures</b>	<u>22,968,300</u>	<u>22,968,300</u>	<u>16,907,301</u>	<u>6,060,999</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,406,900)</u>	<u>(21,406,900)</u>	<u>(15,724,086)</u>	<u>5,682,814</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,456,100	6,456,100	6,474,613	18,513
Transfers out	(652,000)	(652,000)	(425,111)	226,889
Proceeds from capital leases	5,000,000	5,000,000	-	(5,000,000)
<b>Total other financing sources and uses</b>	<u>10,804,100</u>	<u>10,804,100</u>	<u>6,049,502</u>	<u>(4,754,598)</u>
<b>Net change in fund balance</b>	<u>(10,602,800)</u>	<u>(10,602,800)</u>	<u>(9,674,584)</u>	<u>928,216</u>
Fund balance - beginning of year	<u>13,051,686</u>	<u>13,051,686</u>	<u>13,051,686</u>	<u>-</u>
<b>Fund balance - end of year</b>	<u>\$ 2,448,886</u>	<u>\$ 2,448,886</u>	<u>\$ 3,377,102</u>	<u>\$ 928,216</u>

**OTHER SUPPLEMENTARY INFORMATION**

BUDGETARY COMPARISON SCHEDULES  
NON-MAJOR GOVERNMENTAL FUNDS



TOWN OF FLORENCE, ARIZONA  
GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues	\$ 1,014,000	\$ 1,014,000	\$ 680,210	\$ (333,790)
Contributions and donations	-	-	9,776	9,776
Miscellaneous	2,500,000	2,500,000	-	(2,500,000)
Total revenues	3,514,000	3,514,000	689,986	(2,824,014)
<b>EXPENDITURES</b>				
Current				
General government	-	-	22,526	(22,526)
Public safety	192,100	192,100	316,723	(124,623)
Public works	-	-	46,174	(46,174)
Culture and recreation	-	-	29,111	(29,111)
Community development	1,800	1,800	6,922	(5,122)
Capital outlay	3,344,700	3,344,700	229,971	3,114,729
Total expenditures	3,538,600	3,538,600	651,427	2,887,173
Excess (deficiency) of revenues over (under) expenditures	(24,600)	(24,600)	38,559	63,159
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	24,600	24,600	14,771	(9,829)
Total other financing sources and uses	24,600	24,600	14,771	(9,829)
Net change in fund balance	-	-	53,330	53,330
Fund balance - beginning of year	(14,670)	(14,670)	(14,670)	-
Fund balance - end of year	\$ (14,670)	\$ (14,670)	\$ 38,660	\$ 53,330

TOWN OF FLORENCE, ARIZONA  
ECONOMIC DEVELOPMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income				
Interest income	\$ 4,400	\$ 4,400	\$ 7,681	\$ 3,281
Net increase in the fair value of investments	-	-	237	237
Miscellaneous	47,300	47,300	58,074	10,774
Total revenues	<u>51,700</u>	<u>51,700</u>	<u>65,992</u>	<u>14,292</u>
<b>EXPENDITURES</b>				
Current				
Public works	53,300	53,300	53,484	(184)
Community development	47,300	47,300	-	47,300
Capital outlay	-	-	-	-
Total expenditures	<u>100,600</u>	<u>100,600</u>	<u>53,484</u>	<u>47,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,900)</u>	<u>(48,900)</u>	<u>12,508</u>	<u>61,408</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(67,900)	(67,900)	(67,900)	-
Total other financing sources and uses	<u>(67,900)</u>	<u>(67,900)</u>	<u>(67,900)</u>	<u>-</u>
Net change in fund balance	(116,800)	(116,800)	(55,392)	61,408
Fund balance - beginning of year	<u>871,312</u>	<u>871,312</u>	<u>871,312</u>	<u>-</u>
Fund balance - end of year	<u>\$ 754,512</u>	<u>\$ 754,512</u>	<u>\$ 815,920</u>	<u>\$ 61,408</u>

TOWN OF FLORENCE, ARIZONA  
COMMUNITY SERVICES  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 10,200	\$ 10,200	\$ 12,375	\$ 2,175
Fines	3,000	3,000	2,067	(933)
Investment income				
Interest income	200	200	606	406
Net increase in the fair value of investments	-	-	22	22
Miscellaneous	-	-	20	20
Total revenues	<u>13,400</u>	<u>13,400</u>	<u>15,090</u>	<u>1,690</u>
<b>EXPENDITURES</b>				
Current				
Public safety	3,800	3,800	3,750	50
Community development	<u>5,100</u>	<u>5,100</u>	<u>1,257</u>	<u>3,843</u>
Total expenditures	<u>8,900</u>	<u>8,900</u>	<u>5,007</u>	<u>3,893</u>
Net change in fund balance	4,500	4,500	10,083	5,583
Fund balance - beginning of year	<u>51,464</u>	<u>51,464</u>	<u>51,464</u>	<u>-</u>
Fund balance - end of year	<u>\$ 55,964</u>	<u>\$ 55,964</u>	<u>\$ 61,547</u>	<u>\$ 5,583</u>

TOWN OF FLORENCE, ARIZONA  
COMMUNITY FACILITIES DISTRICTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 90,600	\$ 90,600	\$ 91,814	\$ 1,214
Charges for services	-	-	4,488	4,488
Investment income				
Interest income	2,200	2,200	2,582	382
Net increase in the fair value of investments	-	-	89	89
Miscellaneous	-	-	53	53
Total revenues	<u>92,800</u>	<u>92,800</u>	<u>99,026</u>	<u>6,226</u>
EXPENDITURES				
Current				
General government	94,300	94,300	76,454	17,846
Community development	1,300	1,300	-	1,300
Total expenditures	<u>95,600</u>	<u>95,600</u>	<u>76,454</u>	<u>19,146</u>
Net change in fund balance	(2,800)	(2,800)	22,572	25,372
Fund balance - beginning of year	<u>238,664</u>	<u>238,664</u>	<u>238,664</u>	<u>-</u>
Fund balance - end of year	<u>\$ 235,864</u>	<u>\$ 235,864</u>	<u>\$ 261,236</u>	<u>\$ 25,372</u>



TOWN OF FLORENCE, ARIZONA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

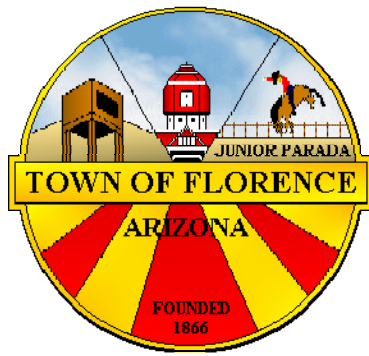
	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 9,000	\$ 9,000	\$ 9,129	\$ 129
Special assessments	60,200	60,200	70,134	9,934
Investment income				
Interest income	200	200	1,498	1,298
Net increase in the fair value of investments	-	-	51	51
Miscellaneous	-	-	162	162
<b>Total revenues</b>	<b>69,400</b>	<b>69,400</b>	<b>80,974</b>	<b>11,574</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	376,600	376,600	376,583	17
Interest and fiscal charges	158,200	158,200	67,985	90,215
<b>Total expenditures</b>	<b>534,800</b>	<b>534,800</b>	<b>444,568</b>	<b>90,232</b>
Excess (deficiency) of revenues over (under) expenditures	(465,400)	(465,400)	(363,594)	101,806
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	449,800	449,800	289,915	(159,885)
Transfers out	(9,000)	(9,000)	(9,000)	-
<b>Total other financing sources and uses</b>	<b>440,800</b>	<b>440,800</b>	<b>280,915</b>	<b>(159,885)</b>
Net change in fund balance	(24,600)	(24,600)	(82,679)	(58,079)
Fund balance - beginning of year	223,901	223,901	223,901	-
<b>Fund balance - end of year</b>	<b>\$ 199,301</b>	<b>\$ 199,301</b>	<b>\$ 141,222</b>	<b>\$ (58,079)</b>

TOWN OF FLORENCE, ARIZONA  
CONSTRUCTION TAX  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 55,200	\$ 55,200	\$ 138,903	\$ 83,703
Investment income				
Interest income	18,000	18,000	37,371	19,371
Net increase in the fair value of investments	-	-	928	928
Miscellaneous	-	-	2,039	2,039
Total revenues	<u>73,200</u>	<u>73,200</u>	<u>179,241</u>	<u>106,041</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,200</u>	<u>73,200</u>	<u>179,241</u>	<u>106,041</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Net change in fund balance	<u>(926,800)</u>	<u>(926,800)</u>	<u>(820,759)</u>	<u>106,041</u>
Fund balance - beginning of year	<u>3,559,953</u>	<u>3,559,953</u>	<u>3,559,953</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,633,153</u>	<u>\$ 2,633,153</u>	<u>\$ 2,739,194</u>	<u>\$ 106,041</u>

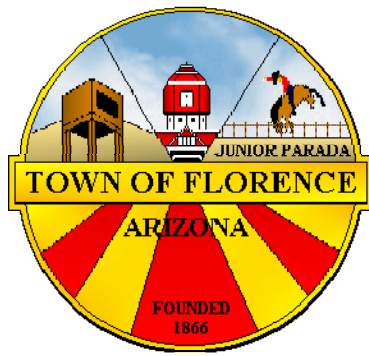
TOWN OF FLORENCE, ARIZONA  
 FOOD TAX  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 257,900	\$ 257,900	\$ 274,021	\$ 16,121
Investment income				
Interest income	10,000	10,000	17,267	7,267
Miscellaneous	-	-	500	500
Total revenues	<u>267,900</u>	<u>267,900</u>	<u>291,788</u>	<u>23,888</u>
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>267,900</u>	<u>267,900</u>	<u>291,788</u>	<u>23,888</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,100,000)	(2,100,000)	(2,100,000)	-
Total other financing sources and uses	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>(2,100,000)</u>	<u>-</u>
Net change in fund balance	(1,832,100)	(1,832,100)	(1,808,212)	23,888
Fund balance - beginning of year	<u>1,849,870</u>	<u>1,849,870</u>	<u>1,849,870</u>	<u>-</u>
Fund balance - end of year	<u>\$ 17,770</u>	<u>\$ 17,770</u>	<u>\$ 41,658</u>	<u>\$ 23,888</u>



**OTHER SUPPLEMENTARY INFORMATION**

INTERNAL SERVICE FUNDS  
COMBINING FINANCIAL STATEMENTS



TOWN OF FLORENCE, ARIZONA  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 June 30, 2015

	Internal Service Funds		
	Fleet Maintenance	Facility Maintenance	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 40,677	\$ 58,167	\$ 98,844
Investments	141,116	201,791	342,907
Total assets	<u>181,793</u>	<u>259,958</u>	<u>441,751</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions			
	17,026	24,093	41,119
Deferred outflows of employer contributions to pensions			
	14,701	21,425	36,126
Total deferred outflows of resources	<u>31,727</u>	<u>45,518</u>	<u>77,245</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	4,730	9,622	14,352
Accrued wages and benefits	1,026	1,835	2,861
Other accrued liabilities	233	343	576
Total current liabilities	<u>5,989</u>	<u>11,800</u>	<u>17,789</u>
Noncurrent liabilities			
Net pension liability	176,642	249,965	426,607
Total noncurrent liabilities	<u>176,642</u>	<u>249,965</u>	<u>426,607</u>
Total liabilities	<u>182,631</u>	<u>261,765</u>	<u>444,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions			
	30,889	43,711	74,600
Total deferred inflows of resources	<u>30,889</u>	<u>43,711</u>	<u>74,600</u>
<b>NET POSITION</b>			
Unrestricted			
	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FLORENCE, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 For The Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Maintenance	Facility Maintenance	Total
Operating revenues			
Charges for services	\$ 825,117	\$ 723,879	\$ 1,548,996
Miscellaneous	74	-	74
Total operating revenue	<u>825,191</u>	<u>723,879</u>	<u>1,549,070</u>
Operating expenses			
Personal services	205,118	292,926	498,044
Supplies	287,895	19,950	307,845
Services and maintenance	155,122	14,364	169,486
Other charges	1,674	148,456	150,130
Total operating expenses	<u>649,809</u>	<u>475,696</u>	<u>1,125,505</u>
Operating income	<u>175,382</u>	<u>248,183</u>	<u>423,565</u>
Net position-beginning of year	-	-	-
Restatement	<u>(175,382)</u>	<u>(248,183)</u>	<u>(423,565)</u>
Net position, beginning of year - restated	<u>(175,382)</u>	<u>(248,183)</u>	<u>(423,565)</u>
Total net position-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



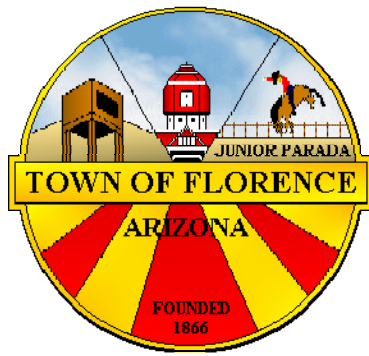
TOWN OF FLORENCE, ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Maintenance	Facility Maintenance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 825,191	\$ 723,879	\$ 1,549,070
Payments to suppliers	(443,174)	(188,403)	(631,577)
Payments to employees	(204,119)	(291,748)	(495,867)
Net cash provided by operating activities	<u>177,898</u>	<u>243,728</u>	<u>421,626</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	<u>(138,150)</u>	<u>(189,434)</u>	<u>(327,584)</u>
Net cash used by investing activities	<u>(138,150)</u>	<u>(189,434)</u>	<u>(327,584)</u>
Net increase in cash and cash equivalents	39,748	54,294	94,042
Cash and cash equivalents at beginning of year	<u>929</u>	<u>3,873</u>	<u>4,802</u>
Cash and cash equivalents at end of year	<u>\$ 40,677</u>	<u>\$ 58,167</u>	<u>\$ 98,844</u>

TOWN OF FLORENCE, ARIZONA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS (Continued)  
 For The Year Ended June 30, 2015

	Internal Service Funds		
	Fleet Maintenance	Facility Maintenance	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 175,382	\$ 248,183	\$ 423,565
Adjustments to reconcile operating income to net cash provided by operating activities:			
Pension expense	15,123	21,400	36,523
Employer pension contributions	(14,701)	(21,425)	(36,126)
Increase (decrease) in:			
Accounts payable	1,389	(5,840)	(4,451)
Accrued wages and benefits	577	1,203	1,780
Other accrued liabilities	128	207	335
Total adjustments	2,516	(4,455)	(1,939)
Net cash provided by operating activities:	\$ 177,898	\$ 243,728	\$ 421,626

## **STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the town of Florence's Comprehensive Annual Financial Report gives detailed information to help readers better understand what the information in the financial statements, note disclosures and required supplemental information says about the Town's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>134-145</b>
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>146-147</b>
These schedules contain information to help the reader assess the Town's most significant local revenue source, sales tax.	
<b>Debt Capacity</b>	<b>148-150</b>
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
<b>Demographics and Economic Information</b>	<b>151-152</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	
<b>Operations</b>	<b>153-156</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

**Town of Florence, Arizona**  
**Table 1**  
**Government-wide**  
**Net Position**  
(Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2006	2007	2008	2009
<b>GOVERNMENTAL ACTIVITIES</b>				
Invested in capital assets, net of related debt	\$ 31,151,000	\$ 38,967,000	\$ 50,480,000	\$ 57,868,000
Restricted	21,237,000	24,945,000	22,965,000	22,567,000
Unrestricted	<u>6,196,000</u>	<u>9,171,000</u>	<u>12,643,000</u>	<u>18,077,000</u>
Total governmental activities net position	<u>58,584,000</u>	<u>73,083,000</u>	<u>86,088,000</u>	<u>98,512,000</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Invested in capital assets, net of related debt	5,840,000	7,146,000	6,314,000	6,007,000
Restricted	795,000	894,000	1,014,000	1,042,000
Unrestricted	<u>6,464,000</u>	<u>5,824,000</u>	<u>8,022,000</u>	<u>8,392,000</u>
Total business-type activities net position	<u>13,099,000</u>	<u>13,864,000</u>	<u>15,350,000</u>	<u>15,441,000</u>
<b>PRIMARY GOVERNMENT</b>				
Invested in capital assets, net of related debt	36,991,000	46,113,000	56,794,000	63,875,000
Restricted	22,032,000	25,839,000	23,979,000	23,609,000
Unrestricted	<u>12,660,000</u>	<u>14,995,000</u>	<u>20,665,000</u>	<u>26,469,000</u>
Total primary government net position	<u>\$ 71,683,000</u>	<u>\$ 86,947,000</u>	<u>\$ 101,438,000</u>	<u>\$ 113,953,000</u>

2010	2011	2012	2013	2014	2015
\$ 58,303,000	\$ 54,390,000	\$ 56,527,095	\$ 55,769,932	\$ 61,395,040	\$ 75,421,775
25,772,000	33,045,000	22,880,295	23,628,884	28,844,637	26,798,037
18,248,000	14,628,000	26,882,692	26,821,517	21,371,306	1,885,480
<u>102,323,000</u>	<u>102,063,000</u>	<u>106,290,082</u>	<u>106,220,333</u>	<u>111,610,983</u>	<u>104,105,292</u>
6,012,000	6,053,000	6,032,112	6,199,045	6,375,459	13,129,903
987,000	1,047,000	2,162,035	2,208,022	2,677,331	2,903,176
10,290,000	13,206,000	15,156,389	18,071,833	19,085,727	12,394,686
<u>17,289,000</u>	<u>20,306,000</u>	<u>23,350,536</u>	<u>26,478,900</u>	<u>28,138,517</u>	<u>28,427,765</u>
64,315,000	60,443,000	62,559,207	61,968,977	67,770,499	88,551,678
26,759,000	34,092,000	25,042,330	25,836,906	31,521,968	29,701,213
28,538,000	27,834,000	42,039,081	44,893,350	40,457,033	14,280,166
<u>\$ 119,612,000</u>	<u>\$ 122,369,000</u>	<u>\$ 129,640,618</u>	<u>\$ 132,699,233</u>	<u>\$ 139,749,500</u>	<u>\$ 132,533,057</u>

**Town of Florence, Arizona**  
**Table 2**  
**Government-wide**  
**Changes in Net Position**  
(Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2006	2007	2008	2009
<b>EXPENSES</b>				
<b>Governmental activities</b>				
General government	\$ 2,894,997	\$ 4,450,592	\$ 6,636,693	\$ 6,284,516
Public safety	3,062,938	4,116,005	5,276,621	5,970,645
Highways and streets	2,100,353	2,313,950	3,252,395	2,356,534
Public works	46,973	81,859	39,093	25,893
Culture and recreation	1,248,161	1,563,986	1,567,834	1,365,332
Community development	530,069	509,797	664,920	731,667
Interest on long-term debt	198,000	513,491	409,166	398,057
Total governmental activities	<u>10,081,491</u>	<u>13,549,680</u>	<u>17,846,722</u>	<u>17,132,644</u>
<b>Business-type activities</b>				
Water	1,168,376	1,376,209	1,685,957	1,437,206
Sewer	1,263,193	1,490,388	1,744,521	2,918,348
Solid waste	509,602	577,193	685,265	626,381
Solid waste impact fees		247,326	61,584	-
Total business-type activities	<u>2,941,171</u>	<u>3,691,116</u>	<u>4,177,327</u>	<u>4,981,935</u>
Total primary government expenses	<u>13,022,662</u>	<u>17,240,796</u>	<u>22,024,049</u>	<u>22,114,579</u>



	2010	2011	2012	2013	2014	2015
\$	6,683,000	\$ 6,932,444	\$ 3,452,054	\$ 4,055,352	\$ 8,262,562	\$ 4,818,029
	5,571,657	5,313,251	4,008,506	5,528,833	4,816,583	8,081,544
	3,478,242	2,960,896	3,064,386	3,001,939	2,728,013	3,409,782
	28,195	41,693	202,167	293,202	579,857	805,196
	1,394,734	1,257,819	1,450,633	1,684,400	1,699,128	2,813,496
	623,087	630,865	2,407,647	1,082,103	858,152	948,650
	615,090	685,365	911,203	888,193	816,839	949,903
	<u>18,394,005</u>	<u>17,822,333</u>	<u>15,496,596</u>	<u>16,534,022</u>	<u>19,761,134</u>	<u>21,826,600</u>
	1,390,873	1,321,927	1,293,664	1,362,620	1,618,878	1,783,823
	1,900,408	1,806,536	1,819,735	1,747,616	2,140,836	2,486,417
	663,473	661,964	699,249	682,078	825,239	812,811
	-	-	-	-	-	-
	<u>3,954,754</u>	<u>3,790,427</u>	<u>3,812,648</u>	<u>3,792,314</u>	<u>4,584,953</u>	<u>5,083,051</u>
	<u>22,348,759</u>	<u>21,612,760</u>	<u>19,309,244</u>	<u>20,326,336</u>	<u>24,346,087</u>	<u>26,909,651</u>

(Continued)

**Town of Florence, Arizona**  
**Table 2**  
**Government-wide**  
**Changes in Net Position**  
(Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2006	2007	2008	2009
<b>PROGRAM REVENUES</b>				
<b>Governmental activities</b>				
Charges for services:				
General government	1,849,897	1,509,423	1,254,301	1,177,447
Public safety	117,558	161,788	180,201	276,078
Highway and streets	-	-	-	-
Culture and recreation	9,520	8,414	7,265	12,657
Community development	2,199,167	1,803,778	1,831,769	1,261,113
Interest on long-term debt	-	-	-	-
Operating grants and contributions	328,329	321,773	4,077,695	3,578,527
Capital grants and contributions	5,204,518	757,391	8,545,492	9,800,741
Total governmental activities	<u>9,708,989</u>	<u>4,562,567</u>	<u>15,896,723</u>	<u>16,106,563</u>
<b>Business-type activities</b>				
Charges for services:				
Water	1,495,620	1,780,026	2,216,245	2,392,682
Sewer	1,597,904	1,809,021	2,089,828	2,256,995
Solid waste	531,440	610,084	754,996	799,442
Water impact fees	13,088	11,135	13,723	-
Liquid waste	-	32,896	32,896	6,591
Solid waste	75,480	88,200	65,576	31,105
Operating grants and contributions	556,467	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities	<u>4,269,999</u>	<u>4,331,362</u>	<u>5,173,264</u>	<u>5,486,815</u>
Total primary government program revenues	<u>13,978,988</u>	<u>8,893,929</u>	<u>21,069,987</u>	<u>21,593,378</u>
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	(372,502)	(8,987,113)	(1,949,999)	(1,026,081)
Business-type activities	<u>1,328,828</u>	<u>640,246</u>	<u>995,937</u>	<u>504,880</u>
Total primary government	<u>956,326</u>	<u>(8,346,867)</u>	<u>(954,062)</u>	<u>(521,201)</u>

2010	2011	2012	2013	2014	2015
942,808	947,188	733,487	875,429	1,117,187	1,374,728
298,993	306,789	310,166	331,103	216,740	175,084
-	-	-	-	41	41
10,390	9,466	7,401	4,316	8,964	9,882
1,429,227	474,938	525,659	798,678	507,094	427,676
-	-	-	-	-	-
3,182,649	3,179,055	2,579,917	2,700,108	2,810,427	3,254,978
3,429,189	1,339,952	1,500,250	953,145	5,403,053	1,404,328
<u>9,293,256</u>	<u>6,257,388</u>	<u>5,656,880</u>	<u>5,662,779</u>	<u>10,063,506</u>	<u>6,646,717</u>
2,597,067	2,961,152	2,793,341	2,691,199	2,834,647	2,738,692
2,665,332	3,218,251	3,165,051	3,536,085	3,824,435	3,891,568
916,984	979,401	1,019,021	1,082,281	678,596	716,166
11,101	-	-	-	-	-
13,684	27,369	-	-	-	-
30,660	16,058	5,580	-	-	-
20,000	-	-	-	-	-
-	-	-	28,503	-	3,718
<u>6,254,828</u>	<u>7,202,231</u>	<u>6,982,993</u>	<u>7,338,068</u>	<u>7,337,678</u>	<u>7,350,144</u>
<u>15,548,084</u>	<u>13,459,619</u>	<u>12,639,873</u>	<u>13,000,847</u>	<u>17,401,184</u>	<u>13,996,861</u>
(9,100,749)	(11,564,945)	(9,839,716)	(10,871,243)	(9,697,628)	(15,179,883)
<u>2,300,074</u>	<u>3,411,804</u>	<u>3,170,345</u>	<u>3,545,754</u>	<u>2,752,725</u>	<u>2,267,093</u>
<u>(6,800,675)</u>	<u>(8,153,141)</u>	<u>(6,669,371)</u>	<u>(7,325,489)</u>	<u>(6,944,903)</u>	<u>(12,912,790)</u>

(Continued)

**Town of Florence, Arizona**  
**Table 2**  
**Government-wide**  
**Changes in Net Position**  
(Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2006	2007	2008	2009
<b>GENERAL REVENUES</b>				
<b>Governmental activities</b>				
Taxes				
Sales taxes	1,841,988	3,726,230	5,737,272	4,282,871
Property taxes	277,249	341,664	985,758	1,840,508
Franchise taxes	231,441	288,426	358,071	366,481
State shared revenues	8,211,458	9,479,728	6,174,545	6,196,804
Investment income	539,299	1,239,799	1,135,669	19,251
Loss on Sale of Assets	-	-	-	-
Miscellaneous	443,340	349,265	237,361	163,863
Donation of capital assets	11,880,996	7,711,966	-	-
Transfers in (out)	269,736	348,792	326,795	580,388
Total governmental activities	<u>23,695,507</u>	<u>23,485,870</u>	<u>14,955,471</u>	<u>13,450,166</u>
<b>Business-type activities</b>				
Investment income	240,958	393,180	315,277	(1,839)
Loss on Sale of Assets	-	-	-	-
Miscellaneous	56,795	81,230	500,657	169,364
Transfers in (out)	(269,736)	(348,972)	(326,795)	(580,388)
Total business-type activities	<u>28,017</u>	<u>125,438</u>	<u>489,139</u>	<u>(412,863)</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	23,323,005	14,498,757	13,005,472	12,424,085
Business-type activities	<u>1,356,845</u>	<u>765,684</u>	<u>1,485,076</u>	<u>92,017</u>
Total primary government	<u>\$ 24,679,850</u>	<u>\$ 15,264,441</u>	<u>\$ 14,490,548</u>	<u>\$ 12,516,102</u>

2010	2011	2012	2013	2014	2015
3,707,169	3,099,031	4,907,353	3,671,468	4,059,769	3,827,397
2,096,826	1,832,156	1,863,163	1,565,087	1,716,952	1,941,594
371,537	371,757	373,761	385,591	520,410	571,559
5,443,456	4,852,275	5,231,428	5,811,613	6,257,959	6,701,102
334,969	195,754	766,154	(259,780)	795,796	315,395
-	-	-	-	-	(224,556)
254,305	272,229	179,340	34,430	250,318	377,242
-	-	-	-	-	-
703,556	681,590	745,275	445,415	1,485,165	1,049,532
<u>12,911,818</u>	<u>11,304,792</u>	<u>14,066,474</u>	<u>11,653,824</u>	<u>15,086,369</u>	<u>14,559,265</u>
101,815	64,367	278,145	(111,009)	339,968	212,020
-	-	-	-	-	(45,949)
149,025	223,339	340,737	139,034	52,089	64,631
<u>(703,556)</u>	<u>(681,590)</u>	<u>(745,275)</u>	<u>(445,415)</u>	<u>(1,485,165)</u>	<u>(1,049,532)</u>
<u>(452,716)</u>	<u>(393,884)</u>	<u>(126,393)</u>	<u>(417,390)</u>	<u>(1,093,108)</u>	<u>(818,830)</u>
3,811,069	(260,153)	4,226,758	782,581	5,388,741	(620,618)
1,847,358	3,017,920	3,043,952	3,128,364	1,659,617	1,448,263
<u>\$ 5,658,427</u>	<u>\$ 2,757,767</u>	<u>\$ 7,270,710</u>	<u>\$ 3,910,945</u>	<u>\$ 7,048,358</u>	<u>\$ 827,645</u>

(Concluded)

**Town of Florence, Arizona**  
**Table 3**  
**Governmental Funds**  
**Fund Balances**  
(Modified Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2006	2007	2008	2009
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	-	-	-	-
Unreserved	1,419,261	4,377,961	9,115,927	10,344,343
Total General Fund	<u>1,419,261</u>	<u>4,377,961</u>	<u>9,115,927</u>	<u>10,344,343</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	20,141,261	24,009,357	21,240,051	25,505,919
Total all other governmental funds	<u>20,141,261</u>	<u>24,009,357</u>	<u>21,240,051</u>	<u>25,505,919</u>
Total governmental funds	<u>\$ 21,560,522</u>	<u>\$ 28,387,318</u>	<u>\$ 30,355,978</u>	<u>\$ 35,850,262</u>

Notes:

- The Town implemented GASB 54 for the year ended June 30, 2011. GASB 54 requires a new way of reporting the components of fund balance that focuses on the extent to which the Town is bound to honor constraints on the specific purposes for which the amounts in fund balance can be spent. Prior to fiscal year 2011, fund balance was reported with a focus on the extent to which financial resources are available for appropriation.

2010	2011	2012	2013	2014	2015
\$ -	\$ 64,468	\$ 66,671	\$ 66,700	\$ 63,968	\$ 42,742
-	-	-	-	-	-
-	-	-	-	-	-
-	12,094,137	14,703,424	11,357,149	8,433,419	7,937,186
-	-	-	-	-	-
11,107,505	-	-	-	-	-
<u>11,107,505</u>	<u>12,158,605</u>	<u>14,770,095</u>	<u>11,423,849</u>	<u>8,497,387</u>	<u>7,979,928</u>
-	-	652,624	1,151,553	14,238	-
-	21,509,635	17,149,931	17,635,228	26,633,138	20,760,864
-	652,292	10,865,249	14,946,996	-	-
-	7,537,864	595,691	710,956	9,893,863	992,190
-	-	-	-	(54,351)	-
27,050,641	-	-	-	-	-
<u>27,050,641</u>	<u>29,699,791</u>	<u>29,263,495</u>	<u>34,444,733</u>	<u>36,486,888</u>	<u>21,753,054</u>
<u>\$ 38,158,146</u>	<u>\$ 41,858,396</u>	<u>\$ 44,033,590</u>	<u>\$ 45,868,582</u>	<u>\$ 44,984,275</u>	<u>\$ 29,732,982</u>

**Town of Florence, Arizona**  
**Table 4**  
**Governmental Funds**  
**Changes in Fund Balances**  
(Modified Accrual Basis of Accounting)  
Last Ten Fiscal Years

	2006	2007	2008	2009
<b>REVENUES</b>				
Taxes*	\$ 5,783,812	\$ 8,169,629	\$ 10,837,524	\$ 9,604,773
Intergovernmental	5,197,348	6,398,529	6,439,856	7,314,699
Fines and forfeits	57,748	74,031	92,304	147,949
Licenses and permits	745,510	554,462	612,530	414,270
Charges for services	3,372,884	2,821,017	2,536,992	2,113,020
Investment income	539,299	1,239,799	1,135,669	19,251
Contributions	70,726	7,184	5,636	26,607
Special assessments	120,463	444,740	592,372	859,365
Miscellaneous	443,340	349,065	233,881	157,697
Total revenues	<u>16,331,130</u>	<u>20,058,456</u>	<u>22,486,764</u>	<u>20,657,631</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,625,700	3,142,739	3,363,465	3,631,445
Public safety	3,196,610	3,894,394	5,047,297	5,209,649
Highways and streets	986,405	1,209,696	2,245,359	1,497,896
Public works	1,328	2,656	-	1,328
Culture and recreation	1,185,801	1,349,633	1,527,826	1,431,507
Community development	644,507	901,958	792,679	852,276
Capital outlay	963,962	2,761,698	7,175,581	6,398,226
Debt Service:				
Principal	342,736	353,735	392,017	652,336
Interest and debt cost	172,695	418,413	302,068	469,072
Total expenditures	<u>10,119,744</u>	<u>14,034,922</u>	<u>20,846,292</u>	<u>20,143,735</u>
Excess of revenues over (under) expenditures	6,211,386	6,023,534	1,640,472	513,896
<b>OTHER FINANCIANG SOURCES (USES)</b>				
Transfers in	5,268,398	1,166,889	846,848	1,659,619
Transfers out	(4,998,662)	(817,917)	(520,053)	(1,079,231)
Sale of capital assets	-	9,290	1,393	10,000
Issuance of long-term debt	5,019,000	445,000	-	-
Bond premium	-	-	-	-
Total other financing sources (uses)	<u>5,288,736</u>	<u>803,262</u>	<u>328,188</u>	<u>590,388</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 11,500,122</u>	<u>\$ 6,826,796</u>	<u>\$ 1,968,660</u>	<u>\$ 1,104,284</u>
Debt service as a percentage of noncapital expenditures	5.63%	6.85%	5.08%	8.16%

Notes:

\* Taxes consist of sales, property, and franchise taxes



	2010	2011	2012	2013	2014	2015
\$	9,090,410	\$ 8,197,401	\$ 9,511,918	\$ 8,153,474	\$ 8,930,412	\$ 9,176,916
	5,728,725	5,230,895	6,123,769	6,306,573	6,767,071	7,381,412
	132,006	155,862	149,668	175,058	198,608	157,016
	425,005	352,062	291,697	389,434	438,522	526,694
	2,094,688	1,189,716	1,100,044	1,425,455	1,124,212	1,237,474
	334,969	191,295	766,154	(259,780)	658,692	419,208
	40,051	30,713	100,522	16,206	20,618	15,657
	810,148	866,452	840,591	905,924	1,017,577	1,185,546
	203,882	265,314	164,893	113,512	246,829	382,504
	<u>18,859,884</u>	<u>16,479,710</u>	<u>19,049,256</u>	<u>17,225,856</u>	<u>19,402,541</u>	<u>20,482,427</u>
	3,314,037	3,429,221	2,944,893	3,469,628	5,183,343	5,608,718
	5,214,936	4,966,311	5,423,446	5,791,565	7,008,249	7,954,879
	1,823,091	1,528,943	1,653,929	1,596,838	1,947,936	2,752,728
	2,427	1,425	168,975	167,397	481,598	746,264
	1,298,065	1,134,885	1,362,291	1,623,120	1,636,101	2,026,120
	712,206	710,314	925,382	757,219	707,699	932,867
	4,632,680	4,397,001	3,321,325	2,311,315	5,028,258	14,135,118
	971,769	366,849	879,340	804,176	839,790	1,580,563
	672,634	786,733	942,200	909,081	886,179	945,302
	<u>18,641,845</u>	<u>17,321,682</u>	<u>17,621,781</u>	<u>17,430,339</u>	<u>23,719,153</u>	<u>36,682,559</u>
	218,039	(841,972)	1,427,475	(204,483)	(4,316,612)	(16,200,132)
	2,006,197	1,223,451	2,412,935	6,618,130	9,320,084	8,433,435
	(1,302,641)	(541,861)	(1,667,660)	(6,172,715)	(7,834,919)	(7,383,903)
	289	10,161	2,414	5,060	72,973	(100,693)
	1,386,000	3,850,500	-	1,589,000	1,850,000	-
	-	-	-	-	24,167	-
	<u>2,089,845</u>	<u>4,542,251</u>	<u>747,689</u>	<u>2,039,475</u>	<u>3,432,305</u>	<u>948,839</u>
\$	<u>2,307,884</u>	<u>\$ 3,700,279</u>	<u>\$ 2,175,164</u>	<u>\$ 1,834,992</u>	<u>\$ (884,307)</u>	<u>\$ (15,251,293)</u>
	11.74%	8.93%	12.69%	11.21%	9.55%	11.71%

**Town of Florence, Arizona**  
**Table 5**  
**Sales Tax Revenue by Industry**  
Current Year and Nine Years Ago

Industry	2015			2006		
	Tax Paid	Rank	Percentage of Total	Tax Paid	Rank	Percentage of Total
Construction	\$ 1,258,239	1	34.98%	\$ 685,997	1	40.27%
Retail Trade	\$ 972,638	2	27.04%	\$ 306,189	3	17.98%
Communications and Utilities	\$ 604,384	3	16.80%	\$ 334,284	2	19.63%
Restaurants and Bars	\$ 405,678	4	11.28%	\$ 149,005	4	8.75%
Real Estate, Rental & Leasing	\$ 172,180	5	4.79%	\$ 84,423	5	4.96%
Services	\$ 129,815	6	3.61%	\$ 36,197	6	2.13%
Wholesale Trades	\$ 61,329	7	1.71%	\$ 7,697	8	0.45%
Manufacturing	\$ 58,626	8	1.63%	\$ 35,515	7	2.09%
Finance and Insurance	\$ 19,008	9	0.53%	\$ 2,083	9	0.12%
All Other	\$ (85,206)		-2.37%	\$ 61,928		3.64%
<b>Total</b>	<b>\$ 3,596,691</b>		<b>100.00%</b>	<b>\$ 1,703,318</b>		<b>100.00%</b>

Source: Arizona Department of Revenue

Notes:

- Based upon June 30, 2015 reports. Will not agree with sales tax recorded in Financial Statements.

**Town of Florence, Arizona**  
**Table 6**  
**Direct and Overlapping Sales Tax Rates**  
As of June 30, 2015

Type of Tax	Rates		
	Town	State and Pinal County	Combined
Privilege tax, except retail, utilities and telecommunication	2.00%	6.70%	8.70%
Retail	2.00%	6.70%	8.70%
Hotel/Motel	4.00%	6.70%	10.70%
Restaurant/Bar	2.00%	6.70%	8.70%
Utilities/Telecommunications	2.00%	6.70%	8.70%
Construction	4.00%	6.70%	10.70%

Sources: Town of Florence Department of Finance, Arizona Department of Revenue

**Town of Florence, Arizona**  
**Table 7**  
**Ratios of Outstanding Debt by Type**  
Last Ten Fiscal Years

<b>Governmental Activities</b>							
<b>Fiscal Year Ended June 30</b>	<b>Certificates of Participation</b>	<b>Special Assessment Bonds</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>GO Bonds - CFDs</b>	<b>Special Assessment Bonds - CFDs</b>	
2015	\$ -	\$ 282,000	\$ 385,188	\$ 567,382	\$ 8,563,200	\$ 4,476,850	
2014	-	337,000	429,185	844,967	8,809,167	5,435,830	
2013	-	388,000	470,690	1,118,561	7,105,000	5,739,520	
2012	-	440,000	509,847	-	7,265,000	5,822,100	
2011	-	482,000	546,788	-	7,770,000	6,117,500	
2010	-	610,000	581,637	-	4,285,000	5,956,000	
2009	250,000	655,000	614,514	22,892	4,627,000	4,849,000	
2008	480,000	695,000	645,530	56,383	429,000	4,967,000	
2007	710,000	735,000	674,790	88,885	445,000	5,019,000	
2006	920,000	765,000	729,396	123,014	-	5,019,000	

**Business-type**

<b>Fiscal Year Ended June 30</b>	<b>Notes Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2015	\$ 3,827,612	\$ 18,102,232	5.33%	\$ 693.60
2014	4,212,898	20,069,047	5.29%	764.10
2013	4,601,319	19,423,090	5.78%	703.38
2012	4,977,189	19,014,136	6.09%	706.32
2011	6,591,457	21,507,745	7.38%	815.15
2010	6,992,889	18,425,526	6.83%	721.52
2009	6,033,490	17,051,896	5.96%	657.25
2008	6,228,819	13,501,732	5.66%	558.83
2007	5,343,488	13,016,163	6.30%	593.52
2006	5,093,191	12,649,601	6.63%	602.46

Notes:

- Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
- See the Demographic and Economic Statistics (Table 10) for personal income and population data.

**Town of Florence, Arizona**  
**Table 8**  
**Direct and Overlapping Governmental Activities Debt**  
As of June 30, 2015

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes:</b>			
Pinal County Community College District	\$ 85,940,000	3.80%	\$ 3,265,720
Florence Unified School District No. 1	38,465,000	28.97%	11,143,311
Total Overlapping Debt			<u>14,409,031</u>
Town of Florence Direct Debt			<u>14,274,620</u>
Total Direct and overlapping debt			<u><u>\$ 28,683,651</u></u>

Sources: Pinal County Treasurer's Office, Stifel, Nicolaus & Co. Inc., and Official Statements.

Notes:

(1) The percentage of overlapping debt applicable to the Town is computed on the ratio of secondary assessed valuation.

**Town of Florence, Arizona**  
**Table 9**  
**Pledged Revenue Coverage**  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Special Assessment Bonds				Coverage
	Special Assessment Collections	Debt Service			
		Principal	Interest		
2015	\$ 70,134	\$ 55,000	\$ 28,477	0.84	
2014	67,161	51,000	32,786	0.80	
2013	93,503	52,000	37,180	1.05	
2012	83,252	42,000	42,335	0.99	
2011	87,323	45,000	49,644	0.92	
2010	97,723	45,000	53,446	0.99	
2009	119,909	40,000	57,038	1.24	
2008	112,497	40,000	60,418	1.12	
2007	118,162	30,000	63,375	1.27	
2006	120,464	30,000	83,866	1.06	

- \*The nature of the revenue pledged for the above revenue bond was excise

- Information regarding debt can be found in the "Ratios of Outstanding Debt by Type" Table of the Statistical Section of the CAFR, and the Notes to the Financial Statements.

**Town of Florence, Arizona**  
**Table 10**  
**Demographic and Economic Statistics**  
Last Ten Fiscal Years

Fiscal Year	Population	Estimated Personal Income (In thousands)	Estimated Per Capita Personal Income	October Enrollment School Enrollment	Education Level in Years of Schooling	Town Unemployment Rate
2015	26,099	\$ 339,783	\$ 13,019	\$ 2,466	13 to 16	7.0%
2014	26,265	379,634	14,454	2,346	13 to 16	7.5%
2013	27,614	336,183	12,174	2,469	13 to 16	18.1%
2012	26,920	312,128	11,595	2,368	13 to 16	18.5%
2011	26,385	291,236	10,038	2,411	13 to 16	21.3%
2010	25,537	269,695	10,561	2,568	13 to 16	11.6%
2009	25,944	285,999	11,024	3,038	13 to 16	12.1%
2008	24,161	238,457	9,870	3,479	13 to 16	7.1%
2007	21,930	206,604	9,421	2,868	13 to 16	3.5%
2006	20,997	190,790	9,087	1,860	13 to 16	4.2%

Sources: Central Arizona Governments, Bureau of Economic Analysis, Arizona Department of Commerce, Bureau of Labor and Statistics, Arizona Department of Education, US Census Bureau.

**Town of Florence, Arizona**  
**Table 11**  
**Principal Employers**  
Current Year and Nine Years Ago

Major Employer	2015			2006		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
State of Arizona	2,107	1	29.01%	2,615	1	34.78%
Pinal County Government	1,910	2	26.29%	2,074	2	27.58%
Correctional Corporation of America	907	3	12.49%	850	3	11.30%
DHS/ICE/DOJ - Federal Government	592	4	8.15%	285	5	3.79%
Florence Schools	479	5	6.59%	393	4	5.23%
GEO - Private Prison System	320	6	4.41%	120	6	1.60%
Town of Florence	176	7	2.42%	103	7	1.37%
<b>Total Town Employment</b>	<b><u>7,264</u></b>		<b>89.36%</b>	<b><u>7,519</u></b>		<b>85.65%</b>

Source: Town of Florence Official Statements, Employer Human Resource Departments

Notes:

- Total Town employment is an estimate



**Town of Florence, Arizona**  
**Table 12**  
**Full-time Equivalent Town Government Employees by Function**  
Last Ten Fiscal Years

Fiscal Year	Function/Program							Total
	General Government	Public Safety	Highways and Streets	Culture and Recreation	Community Development	Water and Sewer	Sanitation	
2015	31.88	79.75	22.33	20.25	6.00	14.55	1.55	176.31
2014	30.42	76.48	20.46	22.76	5.00	14.55	1.55	171.22
2013	30.70	72.50	20.80	19.25	6.00	11.00	5.00	165.25
2012	30.70	71.50	20.30	16.25	6.00	10.50	5.00	160.25
2011	28.00	65.00	30.00	15.00	6.00	14.00	5.00	163.00
2010	27.00	65.00	32.00	16.00	7.00	14.00	5.00	166.00
2009	28.00	66.00	32.00	16.00	9.00	15.00	5.00	171.00
2008	20.00	66.00	32.00	14.00	9.00	15.00	5.00	161.00
2007	23.00	64.00	29.00	16.00	9.00	15.00	5.00	161.00
2006	16.00	42.00	15.00	13.00	4.00	9.00	4.00	103.00

**Town of Florence, Arizona**  
**Table 13**  
**Operating Indicators by Function**  
Last Ten Fiscal Years

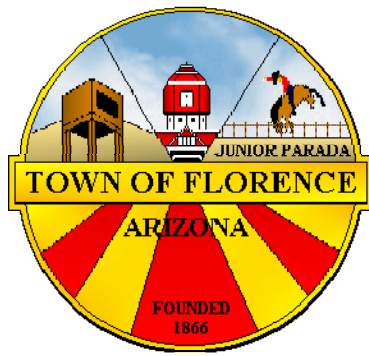
Function	2006	2007	2008	2009
<b>Police</b>				
Total arrests	202	222	308	400
Moving violation citations	419	602	981	105
Total calls for service	6,966	7,823	7,314	7,456
Total 911 calls	not avail	2,853	4,501	5,125
Total part I crimes	382	398	430	402
<b>Fire</b>				
All emergency responses	1,643	1,679	1,902	2,105
Fire and hazmat responses	90	119	83	127
Emergency medical responses	1,334	1,155	1,376	1,605
Other responses	219	405	443	373
<b>Highways and Streets</b>				
Street resurfacing (miles)	4.30	0.67	2.50	2.90
Potholes repaired (estimate)	7,240	3,824	5,968	5,094
Streets maintained (miles)	96.99	99.22	99.22	99.22
<b>Community Development</b>				
Building permits issued	713	799	703	606
Code enforcement cases	38	188	125	126
<b>Parks, Recreation and Library</b>				
Attendance at aquatics facilities	2,662	2,386	3,081	3,216
Attendance at other facilities	18,929	22,972	19,008	30,000
Library visits	147,100	113,957	119,564	154,645
Library materials checked out	55,975	60,922	77,756	98,114
<b>Sanitation</b>				
Homes serviced	1,942	2,248	2,643	2,603
Tons of refuse and garbage hauled	4,938	5,812	5,771	5,468
<b>Water</b>				
Water service connections	3,191	3,235	3,266	3,278
Water consumption (millions gallons/day)	1.84	1.92	1.91	1.87
Water consumption (millions gallons/year)	672	701	697	683
<b>Sewer</b>				
Sewer service connections	3,167	3,211	3,241	3,251
Sewage treated (millions gallons per day)	1.68	1.58	1.68	2.02
Sewage treated (millions gallons per year)	614	575	613	737

2010	2011	2012	2013	2014	2015
406	278	264	597	599	563
1,000	836	701	931	1,637	908
5,757	4,996	5,450	6,341	11,429	11,291
5,849	5,392	5,023	5,796	1,962	1,187
351	296	214	363	243	263
2,042	2,074	2,083	3,469	3,036	2,691
108	102	114	133	91	117
1,654	1,239	1,290	1,941	1,900	1,905
280	733	679	1,395	1,042	669
1.40	3.40	-	2.00	0.50	1.75
5,730	2,978	4,869	6,000	6,600	6,600
108.08	108.08	108.08	110.00	110.00	114.50
436	465	78	135	337	615
80	43	19	70	23	148
2,561	2,441	2,840	1,578	5,000	1,313
24,444	33,936	22,116	30,604	32,600	21,054
130,636	119,254	118,121	99,943	102,623	85,210
103,277	65,120	60,550	60,091	67,726	61,187
3,246	3,446	3,519	3,400	2,967	3,092
5,569	5,319	5,096	5,165	4,003	4,714
3,287	3,295	3,295	3,257	4,002	3,633
1.90	1.98	2.04	1.37	1.71	1.40
694	723	745	500	624	518
3,260	3,268	3,268	3,230	3,337	3,350
2.04	2.06	2.07	1.63	1.64	1.60
745	753	757	594	599	584

**Town of Florence, Arizona**  
**Table 14**  
**Capital Asset Statistics by Function**  
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1.5	1.5
Police vehicles	26	26	29	34	38	41	42	44	48	57
Fire stations	1	1	2	2	2	2	2	2	2	2
Fire apparatus	7	6	5	8	8	6	6	7	6	7
Other fire vehicles	3	3	4	4	4	4	5	5	6	5
<b>Highways and Streets</b>										
Street (miles)	95	97	99	99	99	108	108	108	108	113
Streetlights	386	680	889	964	985	1,039	1,039	1,060	1,060	1,182
Traffic signals own	-	-	1	1	1	1	1	2	2	2
Traffic signals don't own	2	2	2	2	2	2	2	2	2	2
<b>Culture and Recreation</b>										
Parks	6	6	7	8	8	8	8	8	8	8
Parks acreage	289	289	289	289	289	289	289	289	341	343
Fitness center	1	1	1	1	1	1	1	1	1	1
Swimming pool-school owned	1	1	1	1	1	1	1	1	1	1
Libraries - owned by school	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sanitary sewers (miles)	45.5	45.5	45.5	45.7	45.7	45.7	45.7	45.7	45.7	54.5
Storm sewers (miles)	0.3	1.5	4.7	6.8	7.2	7.5	7.8	8.4	8.4	8.4
Treatment capacity (thousands of gallons)	1,920	1,920	1,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920

# **COMPLIANCE REPORT**





HENRY & HORNE, LLP  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Town Council  
Town of Florence  
Florence, Arizona

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Florence as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Florence basic financial statements, and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Florence's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Florence's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Florence's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as finding 2015-001 that we consider to be a significant deficiency.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Florence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Management's Response to Findings

The Town of Florence's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Florence's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Henry + Horne LLP*

Casa Grande, Arizona  
December 11, 2015





HENRY & HORNE, LLP  
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB  
CIRCULAR A-133

The Honorable Mayor and Town Council  
Town of Florence  
Florence, Arizona

Report on Compliance for Each Major Federal Program

We have audited the Town of Florence's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town of Florence's major federal program for the year ended June 30, 2015. Town of Florence's major federal program are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town of Florence's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Florence's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Town of Florence's compliance.

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## Opinion on the Major Federal Programs

In our opinion, Town of Florence, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

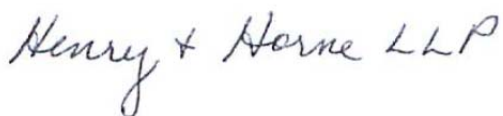
## Report on Internal Control Over Compliance

Management of the Town of Florence, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Florence's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Florence's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Casa Grande, Arizona  
December 11, 2015

TOWN OF FLORENCE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2015

Grantor/Program	CFDA Number	Grantor's Number	Expenditures
U.S. Department of Housing and Urban Development:			
Passed through Arizona Department of Housing Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	107-15	\$ 26,825
Home Investment Partnerships Program	14.239	302-15	<u>6,922</u>
Total U.S. Department of Housing and Urban Development			<u>33,747</u>
U.S. Department of the Interior			
Passed through Arizona State Parks Board Historic Preservation Fund Grants-In-Aid	15.904	441411/ AZ-14-011	<u>1,100</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	2014	<u>1,010</u>
U.S. Department of Transportation			
Passed through Maricopa Association of Governments Highway Planning and Construction	20.205	N/A	171,211 *
Highway Safety Cluster			
Passed through Arizona Governor's Office of Highway Safety State and Community Highway Safety	20.600	2014-PT-025	12,827
National Priority Safety Program	20.616	2015-164-009 (405d)	<u>6,750</u>
Total Highway Safety Cluster			19,577
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2015-164-009 (164)	<u>45,086</u>
Passed through Arizona Emergency Response Commission Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	ERF: PCA - 51000	<u>4,423</u>
Total U.S. Department of Transportation			<u>240,297</u>
U.S. Environmental Protection Agency			
Passed through Water Infrastructure Finance Authority of Arizona Capitalization Grants for Clean Water State Revolving Funds	66.458	Loan # 910138-10	<u>70,943</u>
Executive Office of the President			
Passed through City of Tucson High Intensity Drug Trafficking Areas Program	95.001	HT-15-2522	<u>60,777</u>
U.S. Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00406	176,980 *
Passed through Arizona Department of Homeland Security Homeland Security Grant Program	97.067	130317-02	<u>110,685</u>
Total U.S. Department of Homeland Security			<u>287,665</u>
Total Expenditures of Federal Awards			<u>\$ 695,539</u>

\*denotes major program

TOWN OF FLORENCE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2015

NOTE 1 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Florence (District) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2 CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the Catalog of Federal Domestic Assistance.

TOWN OF FLORENCE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?   X   yes      none reported

Noncompliance material to financial statements noted?      yes   X   no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?      yes   X   none reported

Type of auditors’ report issued on compliance for each major program identified below: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?      yes   X   no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?      yes   X   no

TOWN OF FLORENCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2015

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

FINDING: 2015-001

CRITERIA

The ability to change, or authorize changes to user rights in the Town's accounting software should be restricted to management.

CONDITION/CONTEXT

The ability to change user rights in the capital asset module of the Town's accounting software was not restricted to management.

EFFECT

Due to unauthorized changes in the capital asset module, there was a lack of segregation of duties in the user rights causing several capital asset related account balances to be incorrectly recorded at year end which required management to make significant corrections at year end. Should the condition continue, it could result in future uncorrected misstatements.

CAUSE

User rights were not properly restricted.

RECOMMENDATION

It is recommended that management restrict the ability to change, or authorize changes to user rights in the Town's accounting software.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Management concurs with this recommendation and will restrict the ability to change, or authorize changes to user rights in the Town's accounting software.



**HENRY & HORNE, LLP**  
Certified Public Accountants

The Honorable Mayor and Town Council  
Town of Florence  
Florence, AZ

We have audited the financial statements of Town of Florence for the year ended June 30, 2015, and have issued our report thereon dated December 11, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated May 8, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Town of Florence. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. However, the standards do not require us to design procedures specifically to identify such matters.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Florence are described in Note 1 to the financial statements. As described in Note 1, Town of Florence implemented Governmental Accounting Standards Board Statement (GASB) 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions made Subsequent to the*

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Tempe, AZ 85284-3487  
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7098 E. Cochise Road  
Suite 100  
Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

**Casa Grande**  
1115 E. Cottonwood Lane  
Suite 100  
Casa Grande, AZ 85122-2950  
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*Measurement Date.* Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses and Changes in Net Position and described in Note 14. We noted no transactions entered into by Town of Florence during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Calculation of compensated absences due within one year.
- Calculation of depreciation.
- Calculation of pension liability.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attached is a summary of adjustments made to the financial statements that have been recorded by management. Other than those that are trivial, we did not identify any uncorrected misstatements to the financial statements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.



*Management Representations*

We have requested certain representations from management that are included in the attached copy of the management representation letter dated December 11, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to Management’s Discussion & Analysis and Pension Schedules and related notes, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Other Supplementary Information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Town of Florence  
Page 4

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This communication is intended solely for the information and use of Town of Florence's Town Council and management and is not intended to be and should not be used by anyone other than these specified parties.

*Henry & Horne LLP*

Casa Grande, Arizona  
December 11, 2015

## **Town of Florence**

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### **TOWN SERVICES**

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**Building Safety  
868-7556**

**Community Development  
868-7575**

**Finance  
868-7624**

**Fire  
868-7609**

**Grants  
868-7513**

**Human Resources  
868-7553**

**Library  
868-8311**

**Municipal Court  
868-7514**

**Parks and Recreation  
868-7589**

**Police  
868-7681**

**Public Works  
868-7620**

**Senior Center  
868-7622**

**Town Attorney  
868-7557**

**Utility Billing  
868-7680**

**Water/Wastewater  
868-8325**

December 11, 2015

Henry & Horne, LLP  
1115 E Cottonwood Lane, Suite 100  
Casa Grande, AZ 85122

This representation letter is provided in connection with your audit of the financial statements of Town of Florence, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 11, 2015 the following representations made to you during your audit.

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 8, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) We have reviewed and approved all adjustments summarized in the accompanying schedule that were made to the financial statement records for the period covered by this letter.

- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 8) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the town is contingently liable, if any, have been properly recorded or disclosed.
- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Town of Florence or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 1) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 2) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 3) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 4) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 5) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 6) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

- 7) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware
- 8) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 9) We have a process to track the status of audit findings and recommendations.
- 10) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 11) The Town of Florence has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 13) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 14) In regards to the nonattest services (including nonattest services to affiliates), we have:
  - a. Assumed all management responsibilities.
  - b. Overseen the services by designating an individual who possesses suitable skill, knowledge, or experience.
  - c. Evaluated the adequacy and results of the services performed.
  - d. Accepted responsibility for the results of the services.The nonattest services provided by you are:
  - a. Preparation of financial statements and related notes
  - b. Posting any standard, adjusting, or correcting journal entries that you have proposed and have been approved by us
  - c. Preparation Governmental Accounting Standards Board Statement No 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, conversion entries.Furthermore, we have reviewed and approved the financial statements and related notes.
- 15) The Town of Florence has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 16)The Town of Florence has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 17)We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 18)The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 19)The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 20)All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 21)Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (non-spendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 22)Provisions for uncollectible receivables have been properly identified and recorded.
- 23)Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 24)Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 25)Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 26)Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 27)Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 28)Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 29)We have appropriately disclosed the Town of Florence's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 30)We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 31)With respect to the other supplementary information as listed in the table of contents in the comprehensive annual financial report and schedule of expenditures of federal awards.

- a) We acknowledge our responsibility for presenting the other supplementary information and schedule of expenditures of federal awards in accordance with accounting principles generally accepted in the United States of America, and we believe the other supplementary information and schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other supplementary information and schedule of expenditures of federal awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the other supplementary information and schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

32) With Respect to federal awards programs:

- a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards
- b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in *OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments*, and *OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.



- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
  - r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
  - s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
  - t) We have charged costs to federal awards in accordance with applicable cost principles.
  - u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
  - v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
  - w) We are responsible for preparing and implementing a corrective action plan for each audit finding.
- 33) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature:  \_\_\_\_\_

Title: Finance Director

Signature:  \_\_\_\_\_

Title: Interim Tourism Manager



Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.06 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry JE # 101</b>			
Client entry for funding from US Bancorp.			
012-120105	ACCOUNTS RECEIVABLE-ACCRUED	30,143.00	
012-102100	Cash - US Bancorp		30,143.00
<b>Total</b>		<b><u>30,143.00</u></b>	<b><u>30,143.00</u></b>
<b>Adjusting Journal Entry JE # 102</b>			
Client entry to reclass receivable coded incorrectly.			
010-137000	DUE FROM OTHER FUNDS	168,870.00	
012-120140	INTERGOVERNMENTAL RECEIVABLE	168,870.00	
010-120140	INTERGOVERNMENTAL RECEIVABLE		168,870.00
012-280100	DUE TO GENERAL FUND		168,870.00
<b>Total</b>		<b><u>337,740.00</u></b>	<b><u>337,740.00</u></b>
<b>Adjusting Journal Entry JE # 103</b>			
Client entry to correct double posting of Town Sales Tax.			
010-310-110	City Sales Tax	122,864.00	
010-120140	INTERGOVERNMENTAL RECEIVABLE		122,864.00
<b>Total</b>		<b><u>122,864.00</u></b>	<b><u>122,864.00</u></b>
<b>Adjusting Journal Entry JE # 104</b>			
Client entry correct A/P Distribution of Retainages Payable			
011-277000	RETAINAGE PAYBLE APS	12,478.00	
011-514-507	Improvements Other Than Bldgs		12,478.00
<b>Total</b>		<b><u>12,478.00</u></b>	<b><u>12,478.00</u></b>



Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.06 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry JE # 105</b>			
Client entry to restate net position to proprietary funds due to GASB 68 effects from ASRS Pension Plan.			
022-180-100	Deferred Outflows of Employer	11,515.00	
022-291001	Net Position - Restated	175,382.00	
032-180-100	Deferred Outflows of Employer	16,294.00	
032-291001	Net Position - Restated	248,183.00	
051-180-100	Deferred Outflows of Employer	29,438.00	
051-291001	Net Position - Restated	448,384.00	
052-180-100	Deferred Outflows of Employer	40,084.00	
052-291001	Net Position - Restated	610,530.00	
053-180-100	Deferred Outflows of Employer	6,572.00	
053-291001	Net Position - Restated	100,101.00	
022-240-000	Net Pension Liability		186,897.00
032-240-000	Net Pension Liability		264,477.00
051-240-000	Net Pension Liability		477,822.00
052-240-000	Net Pension Liability		650,614.00
053-240-000	Net Pension Liability		106,673.00
<b>Total</b>		<b><u>1,686,483.00</u></b>	<b><u>1,686,483.00</u></b>

Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.06 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry JE # 106</b>			
Client entry to properly state the change in Net Pension Liability for ASRS to Proprietary Funds in the current year.			
022-180-200	Deferred Outflows of Resources Related	17,026.00	
022-240-000	Net Pension Liability	10,255.00	
022-588-111	AZ Retirement Contributions	15,123.00	
032-180-200	Deferred Outflows of Resources Related	24,093.00	
032-240-000	Net Pension Liability	14,512.00	
032-502-111	AZ Retirement Contributions	21,400.00	
051-180-200	Deferred Outflows of Resources Related	43,528.00	
051-240-000	Net Pension Liability	26,218.00	
051-535-111	AZ Retirement Contributions	38,664.00	
052-180-200	Deferred Outflows of Resources Related	59,268.00	
052-240-000	Net Pension Liability	35,699.00	
052-535-111	AZ Retirement Contributions	52,647.00	
053-180-200	Deferred Outflows of Resources Related	9,717.00	
053-240-000	Net Pension Liability	5,853.00	
053-571-111	AZ Retirement Contributions	8,632.00	
022-180-100	Deferred Outflows of Employer		11,515.00
022-250-200	Deferred Inflows of Resources Related to		30,889.00
032-180-100	Deferred Outflows of Employer		16,294.00
032-250-200	Deferred Inflows of Resources Related to		43,711.00
051-180-100	Deferred Outflows of Employer		29,438.00
051-250-200	Deferred Inflows of Resources Related to		78,972.00
052-180-100	Deferred Outflows of Employer		40,084.00
052-250-200	Deferred Inflows of Resources Related to		107,530.00
053-180-100	Deferred Outflows of Employer		6,572.00
053-250-200	Deferred Inflows of Resources Related to		17,630.00
<b>Total</b>		<b><u>382,635.00</u></b>	<b><u>382,635.00</u></b>

**Adjusting Journal Entry JE # 107**  
 Client entry to reclassify current years ASRS employer contributions for proprietary funds.

022-180-100	Deferred Outflows of Employer	14,701.00	
032-180-100	Deferred Outflows of Employer	21,425.00	
051-180-100	Deferred Outflows of Employer	29,695.00	
052-180-100	Deferred Outflows of Employer	41,792.00	
053-180-100	Deferred Outflows of Employer	7,106.00	
022-588-111	AZ Retirement Contributions		14,701.00
032-502-111	AZ Retirement Contributions		21,425.00
051-535-111	AZ Retirement Contributions		29,695.00
052-535-111	AZ Retirement Contributions		41,792.00
053-571-111	AZ Retirement Contributions		7,106.00
<b>Total</b>		<b><u>114,719.00</u></b>	<b><u>114,719.00</u></b>

Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.06 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry JE # 109</b>			
Client entry to correct depreciation expense in fund 053 miscalculated in Cassell when assets were junked.			
053-173000	AID MACHINERY & EQUIP - WATER	2,839.00	
053-571-629	Depreciation		1,159.00
053-581-507	Improvements Other Than Bldgs		1,680.00
<b>Total</b>		<b>2,839.00</b>	<b>2,839.00</b>
<b>Adjusting Journal Entry JE # 110</b>			
Client entry to reclass reduction of LT-Debt due to entry error.			
052-596-699	EOY Closing Entry - Principal	9,640.00	
052-596-699	EOY Closing Entry - Principal	26,910.00	
999-190000	GENERAL LONG TERM DEBT	967.00	
999-277301	2013 GO DEBT CFD#2	70,000.00	
999-277901	Wells Fargo-Ass.Unit 29 CFD #2	8,080.00	
999-277902	Wells Fargo-Ass.Unit 40 CFD #2	26,910.00	
999-277903	Wells Fargo-Unit 20	9,640.00	
999-277955	Wells Fargo-CFD #1-Unit 17B	3,000.00	
999-277959	Wells Fargo-CFD #1-Unit 17A	16,390.00	
052-151000	PREPAID EXPENSES		9,640.00
052-265000	Due to WIFA		26,910.00
999-190000	GENERAL LONG TERM DEBT		9,640.00
999-190000	GENERAL LONG TERM DEBT		26,910.00
999-276100	US BANK Loan 2013		16,390.00
999-277000	UTILITY IMPROVMENT DISTRICT BO		3,000.00
999-277100	G.O. BOND CFD #1		70,000.00
999-277302	2013 GO DEBT CFD#2 Premium		967.00
999-278000	NOTE - GILES LAND		8,080.00
<b>Total</b>		<b>171,537.00</b>	<b>171,537.00</b>



Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.06 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry JE # 111</b>			
Client entry to charge through ASRS pension liability effects from GASB 68 for IS Fund 032 purposes.			
010-532-291	FACILITY I/S	171,230.00	
012-518-291	FACILITIES I/S	19,852.00	
032-102000	CASH - GENERAL/SPECIAL ACCTS	248,158.00	
051-574-291	FACILITY I/S	19,853.00	
052-575-291	FACILITY I/S	37,223.00	
010-102000	CASH - GENERAL/SPECIAL ACCTS		171,230.00
012-102000	CASH - GENERAL/SPECIAL ACCTS		19,852.00
032-336-444	FACILITY SERVICES FEES		248,158.00
051-102000	CASH - GENERAL/SPECIAL ACCTS		19,853.00
052-102000	CASH - GENERAL/SPECIAL ACCTS		37,223.00
<b>Total</b>		<b>496,316.00</b>	<b>496,316.00</b>

**Adjusting Journal Entry JE # 112**  
 Client entry to charge through ASRS pension liability effects from GASB 68 for IS Fund 022 purposes.

010-502-290	FLEET I/S	1,552.00	
010-503-290	FLEET I/S	37.00	
010-505-290	FLEET I/S	92.00	
010-510-290	FLEET I/S	796.00	
010-511-290	FLEET I/S	10,590.00	
010-513-290	FLEET I/S	2,657.00	
010-514-290	FLEET I/S	46,513.00	
010-515-290	FLEET I/S	1,034.00	
010-516-290	FLEET I/S	18,166.00	
010-517-290	FLEET I/S	33,111.00	
010-519-290	FLEET I/S	104.00	
010-521-290	FLEET I/S	241.00	
010-522-290	FLEET I/S	2,839.00	
010-525-290	FLEET I/S	1,003.00	
010-528-290	FLEET I/S	2,556.00	
010-530-290	FLEET I/S	1,992.00	
012-518-290	FLEET I/S	34,399.00	
022-102000	CASH - GENERAL/SPECIAL ACCTS	175,804.00	
051-574-290	FLEET I/S	6,927.00	
052-575-290	FLEET I/S	10,348.00	
053-571-290	FLEET I/S	847.00	
010-102000	CASH - GENERAL/SPECIAL ACCTS		123,283.00
012-102000	CASH - GENERAL/SPECIAL ACCTS		34,399.00
022-336-444	FLEET SERVICES FEES		175,804.00
051-102000	CASH - GENERAL/SPECIAL ACCTS		6,927.00
052-102000	CASH - GENERAL/SPECIAL ACCTS		10,348.00
053-102000	CASH - GENERAL/SPECIAL ACCTS		847.00
<b>Total</b>		<b>351,608.00</b>	<b>351,608.00</b>



Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.06 - Adjusting Journal Entry Report**

Account	Description	Debit	Credit
<b>Adjusting Journal Entry JE # 113</b>			
Client entry to properly record WIFA proceeds.			
052-389-690	Proceeds From Financing	70,943.00	
052-151000	PREPAID EXPENSES		70,943.00
<b>Total</b>		<b>70,943.00</b>	<b>70,943.00</b>

<b>Adjusting Journal Entry JE # 114</b>			
Client entry to move the sale of capital assets between the general fund and HURF fund.			
010-102000	CASH - GENERAL/SPECIAL ACCTS	275,792.00	
012-280100	DUE TO GENERAL FUND	168,870.00	
012-350-683	Sale of Assets	106,922.00	
010-137000	DUE FROM OTHER FUNDS		168,870.00
010-350-683	Sale of Assets		106,922.00
012-102000	CASH - GENERAL/SPECIAL ACCTS		275,792.00
<b>Total</b>		<b>551,584.00</b>	<b>551,584.00</b>

<b>Adjusting Journal Entry JE # 115</b>			
Client entry to correct enterprise capital assets.			
051-164100	CIP-PRJT WU23 NEW WATER WELL	4,732,894.00	
051-173000	AID MACHINERY & EQUIP - WATER	1,912.00	
051-574-507	Improvements Other Than Bldgs	13,556.00	
051-581-599	ASSET CLOSE ACCOUNT	155,370.00	
052-162000	BUILDING AND STRUCTURES	1.00	
052-162700	CIP-SWWTP & Filter Mgmt WU-08	1,311,675.00	
052-581-507	Improvements Other Than Builds	12,649.00	
052-581-599	ASSET CLOSEOUT ACCOUNT	166,107.00	
051-162800	CIP-Waterline along SR79 WU79		70,077.00
051-162900	CIP-Waterline Alignment WU38		37,728.00
051-164000	CIP-PJT U26-Water Storage Tank		1,452,473.00
051-164200	CIP12-SCADA TIE-IN (WU-64)		13,064.00
051-167000	PRJT U-34 Well #3 Replacement		1,724,587.00
051-169000	PRJT U-69 Water Line Ext.		774,454.00
051-169100	PRJT WU-73 Water Line Ext.		710,620.00
051-169200	CIP WU79 Office Space Renovati		3,686.00
051-170000	MACHINERY AND OTHER EQUIPMENT		115,131.00
051-574-629	Depreciation		1,912.00
052-162100	CIP - Aerated Lagoon Project		97,350.00
052-162500	CIP-SWWTP Chlorine Syst. SU-83		1,332,971.00
052-162600	CIP-SWWTP Admin Building SU-51		60,110.00
052-173000	A/D MACHINERY & EQUIP-SEWER		1.00
<b>Total</b>		<b>6,394,164.00</b>	<b>6,394,164.00</b>



Client: **0407503 - Town of Florence**  
Engagement: **0407503 - Town of Florence**  
Period Ending: **6/30/2015**  
Trial Balance: **05.01 - TB**  
Workpaper: **05.06 - Adjusting Journal Entry Report**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Adjusting Journal Entry JE # 116</b>			
Client entry to correct gains on sale of equipment.			
010-102000	CASH - GENERAL/SPECIAL ACCTS	124,550.00	
010-350-683	Sale of Assets		124,550.00
<b>Total</b>		<b><u>124,550.00</u></b>	<b><u>124,550.00</u></b>



Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 1</b>				
To record beginning capital assets				
000-1610-000-0	Land			
000-1615-000-0	Construction in progress		32,564,037.00	
000-1620-000-0	Other Capital Assets		473,796.00	
000-1630-000-0	Accumulated Depreciation - Capital Assets		69,728,656.00	
000-2800-000-0	Investment in Capital Assets			25,515,301.00
<b>Total</b>			<b>102,766,489.00</b>	<b>77,251,188.00</b>
<b>GASB Journal Entry JE # 2</b>				
To record current year capital assets				
000-1615-000-0	Construction in progress			
000-1620-000-0	Other Capital Assets		13,748,314.00	
000-1-3620-000-000	Donation of Capital Assets		1,370,752.00	
000-1610-000-0	Land			
000-501-501	General Government Capital Expenditures			13,663,477.00
000-510-501	Community Development Capital Expenditure			
000-511-501	Public Safety Capital Expenditures			480,011.00
000-518-501	Streets Capital Expenditures			949,039.00
000-521-501	Culture Capital Expenditures			26,539.00
<b>Total</b>			<b>15,119,066.00</b>	<b>15,119,066.00</b>

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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 3</b>				
To record current year disposals and transfer of CIP				
000-00-000-0000-00	Loss on sale of capital assets			
000-1630-000-0	Accumulated Depreciation - Capital Assets		123,863.00	
000-1610-000-0	Land		202,158.00	
000-1615-000-0	Construction in progress			17,628.00
000-1620-000-0	Other Capital Assets			308,393.00
000-1620-000-0	Other Capital Assets			308,393.00
<b>Total</b>			<b><u>326,021.00</u></b>	<b><u>326,021.00</u></b>
<b>GASB Journal Entry JE # 4</b>				
To record current year depreciation for governmental funds				
000-01-000-0000-00	General government depreciation expense		264,142.00	
000-20-000-0000-00	Public Safety depreciation expense		750,701.00	
000-25-000-0000-00	Highways & Streets depreciation expense		1,463,595.00	
000-40-000-0000-00	Culture & rec depreciation expense		71,558.00	
000-1630-000-0	Accumulated Depreciation - Capital Assets			2,549,996.00
000-45-000-0000-00	Community Development depreciation expense			2,549,996.00
<b>Total</b>			<b><u>2,549,996.00</u></b>	<b><u>2,549,996.00</u></b>

Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 5</b>				
To record beginning year debt service				
000-2500-000-0	Governmental equity			
000-2171-200-0	Certificates of Participation L/T Debt		15,856,148.00	
000-2172-200-0	Special assessment L/T Debt			
000-2172-250-0	Premiums			14,557,830.00
000-2173-200-0	Notes Payable L/T Debt			24,167.00
000-2174-200-0	Capital leases			429,184.00
<b>Total</b>			<b>15,856,148.00</b>	<b>844,967.00</b>
<b>GASB Journal Entry JE # 6</b>				
To record current year debt activity				
000-2172-200-0	Special assessment L/T Debt			
000-2172-250-0	Premiums		1,258,980.00	
000-2173-200-0	Notes Payable L/T Debt		967.00	
000-2174-200-0	Capital leases		43,996.00	
000-00-000-5000-00	Principal L/T Debt		277,585.00	
000-2171-200-0	Certificates of Participation L/T Debt			1,581,528.00
000-2172-200-0	Special assessment L/T Debt			
000-2173-200-0	Notes Payable L/T Debt			
000-2174-200-0	Capital leases			
000-2175-200-0	Bonds payable			
011-350-699	Proceeds From Loan			
012-350-699	Proceeds			
910-389-701	Proceeds From Bond Sales 17B			
920-389-690	Proceeds From Bond Sales			
920-389-695	BOND PREMIUM			
921-596-602	INTEREST- G.O.			
<b>Total</b>			<b>1,581,528.00</b>	<b>1,581,528.00</b>

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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 7</b>				
To record accrued interest payable				
000-00-000-5000-00	Principal L/T Debt			
000-2500-000-0	Governmental equity		52,992.00	
000-2200-200-0	Interest Payable		400,572.00	
000-2200-200-0	Interest Payable			453,564.00
<b>Total</b>			<b>453,564.00</b>	<b>453,564.00</b>
<b>GASB Journal Entry JE # 8</b>				
To move short term debt from long term debt				
000-2172-200-0	Special assessment L/T Debt			
000-2173-200-0	Notes Payable L/T Debt		452,460.00	
000-2174-200-0	Capital leases		46,636.00	
000-2071-200-0	Certificates of Participation S/T Debt		281,636.00	
000-2072-200-0	Special assessment S/T Debt			452,460.00
000-2073-200-0	Notes Payable S/T Debt			46,636.00
000-2074-200-0	Capital leases short term			281,636.00
000-2171-200-0	Certificates of Participation L/T Debt			
<b>Total</b>			<b>780,732.00</b>	<b>780,732.00</b>

Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 9</b>				
To record compensated absences, and short term portion.				
000-2170-100-0	Compensated Absences			
000-2500-000-0	Governmental equity		350,390.00	
000-500-000	Compensated absences expense		494,274.00	
000-2170-100-0	Compensated Absences		17,214.00	
000-2170-200-0	Compensated Absences - Short Term Portion			511,488.00
<b>Total</b>			<b>861,878.00</b>	<b>861,878.00</b>

**GASB Journal Entry JE # 10**

To recognized beginning deferred special assessment revenue.

010-246100	Deferred Revenue		33,750.00	
010-246500	Deferred Revenue-H.Luge Note		50,384.00	
541-242000	DEFERRED INCOME-ASSESSMENTS		259,407.00	
911-242000	DEFERRED INCOME ASSESS AREA 1		1,362,568.00	
911-243000	DEFERRED INCOME ASSESS AREA 2		272,034.00	
911-244000	DEFERRED INCOME-UNIT 17A		258,945.00	
911-246000	DEFERRED INCOME ASSESS Unit 18		275,020.00	
911-247000	DEFER INC ASSESS AREA5 Unit17B		172,835.00	
911-248000	DEFER INC ASSESS AREA 6 Unit9A		287,000.00	
911-249000	DEFER INC ASSESS AREA 6 Unit 2		126,144.00	
921-242000	DEFERRED INCOME-ASSESS AREA 1		1,469,375.00	
921-243000	DEFERRED INCOME AREA 2 UNIT 29		260,736.00	
921-244000	DEFER INCOME AREA 3 UNIT 40		422,215.00	
921-245000	Defer Income Area 4 Unit 20		185,862.00	
921-246000	DEFER INCOME AREA 5 UNIT 22A		259,135.00	
921-247000	DEFER INCOME AREA 5 UNIT 22B		294,000.00	
000-2500-000-0	Governmental equity			5,989,410.00
010-246502	Deferred Rev-SW Amb/RuralMetro			

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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>Total</b>			<b>5,989,410.00</b>	<b>5,989,410.00</b>
<b>GASB Journal Entry JE # 11</b>				
To recognize changes in deferred special assessment revenue.				
010-350-684	Luge Principal (Sale of Asset)			
010-350-698	Miscellaneous Revenue		3,138.00	
541-315-701	PRINCIPAL INCOME		785.00	
911-250000	DEFER INC ASSESS AREA 7 Unit9B		50,267.00	
911-251000	DEFER INC ASSESS AREA 7 Unit16		280,000.00	
911-252000	DEFER INC ASSESS AREA 7Unit17C		385,275.00	
911-315-701	Area 1 - Principal		59,500.00	
911-316-701	Area 2-54 Principal		191,248.00	
911-317-701	Area 3-17A Principal		13,224.00	
911-318-701	Area 4-18 Principal		17,094.00	
911-319-701	Area 5-17B Principal		31,318.00	
911-320-701	Area 6-9A Principal		8,307.00	
911-321-701	Area 6-2 Principal		14,492.00	
921-315-701	PRINCIPAL INCOME		907.00	
921-315-701	PRINCIPAL INCOME		38,783.00	
921-316-701	PRINCIPAL INCOME		188,011.00	
921-317-701	PRINCIPAL INCOME		29,957.00	
921-318-701	PRINCIPAL INCOME		50,201.00	
921-320-701	PRINCIPAL INCOME		30,182.00	
000-351-000	Special Assessment income		8,471.00	
000-351-000	Special Assessment income			59,500.00
000-351-000	Special Assessment income			280,000.00
000-351-000	Special Assessment income			385,275.00
010-246100	Deferred Revenue			
010-246500	Deferred Revenue-H.Luge Note			785.00
010-246502	Deferred Rev-SW Amb/RuralMetro			3,138.00

12/11/2015  
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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
010-350-698	Miscellaneous Revenue			
541-242000	DEFERRED INCOME-ASSESSMENTS			
911-242000	DEFERRED INCOME ASSESS AREA 1			50,267.00
911-243000	DEFERRED INCOME ASSESS AREA 2			191,248.00
911-244000	DEFERRED INCOME-UNIT 17A			13,224.00
911-246000	DEFERRED INCOME ASSESS Unit 18			17,094.00
911-247000	DEFER INC ASSESS AREA5 Unit17B			31,318.00
911-248000	DEFER INC ASSESS AREA 6 Unit9A			8,307.00
911-249000	DEFER INC ASSESS AREA 6 Unit 2			14,492.00
921-242000	DEFERRED INCOME-ASSESS AREA 1			907.00
921-243000	DEFERRED INCOME AREA 2 UNIT 29			188,011.00
921-244000	DEFER INCOME AREA 3 UNIT 40			29,957.00
921-245000	Defer Income Area 4 Unit 20			50,201.00
921-246000	DEFER INCOME AREA 5 UNIT 22A			30,182.00
921-247000	DEFER INCOME AREA 5 UNIT 22B			38,783.00
<b>Total</b>			<b>1,401,160.00</b>	<b>1,401,160.00</b>



Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 13</b>				
To record the beginning deferred interest income as revenue and changes to deferred interest income from prior year.				
010-246100	Deferred Revenue		52,964.00	
011-246100	Deferred Revenue		8,216.00	
012-246100	Deferred Revenue		6,022.00	
013-246100	Deferred Revenue		61,243.00	
019-246100	Deferred Revenue		395.00	
505-246100	Deferred Revenue		4,106.00	
911-240100	Deferred Revenue		2,110.00	
920-246100	Deferred Revenue		1,535.00	
921-240100	Deferred Revenue		513.00	
000-2500-000-0	Governmental equity			137,104.00
<b>Total</b>			<b>137,104.00</b>	<b>137,104.00</b>

**GASB Journal Entry JE # 14**  
 To record the change in deferred interest income as revenue

010-345-682	Interest Earning		52,964.00	
011-345-682	Interest Earnings		5,613.00	
012-345-682	Interest Earnings		481.00	
013-345-682	Interest Earnings		48,697.00	
019-345-682	Interest Earnings		64.00	
505-345-682	Interest Earning		2,856.00	
911-240100	Deferred Revenue		2,042.00	
920-345-682	Interest Earning		252.00	
921-240100	Deferred Revenue		5,072.00	
010-246100	Deferred Revenue			52,964.00
011-246100	Deferred Revenue			5,613.00
012-246100	Deferred Revenue			481.00
013-246100	Deferred Revenue			48,697.00



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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
019-246100	Deferred Revenue			
505-246100	Deferred Revenue			64.00
911-345-682	INTEREST EARNINGS			2,856.00
920-246100	Deferred Revenue			2,042.00
921-345-682	INTEREST EARNINGS			252.00
<b>Total</b>			<b>118,041.00</b>	<b>5,072.00</b>
			<b>118,041.00</b>	<b>118,041.00</b>

**GASB Journal Entry JE # 15**

To consolidate Beginning ISF equity and to eliminate ISF revenue over expenses.

000-291001	Net Position - Restated		423,565.00	
010-502-290	FLEET I/S		649,809.00	
010-532-291	FACILITY I/S		475,696.00	
022-336-444	FLEET SERVICES FEES		825,191.00	
032-336-444	FACILITY SERVICES FEES		723,879.00	
000-2500-000-0	Governmental equity			
010-502-290	FLEET I/S			825,191.00
010-532-291	FACILITY I/S			723,879.00
022-291001	Net Position - Restated			175,382.00
022-502-208	General Equipment Repair			649,809.00
032-291001	Net Position - Restated			248,183.00
032-502-316	Facilities Maintenance			475,696.00
<b>Total</b>			<b>3,098,140.00</b>	<b>3,098,140.00</b>

Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 16</b>				
To reflect consolidation of Internal Service Fund assets and liabilities.				
000-180-100	Deferred Outflows of Employer Contributions		36,126.00	
000-180-200	Deferred Outflows of Resources Related to Pensions		41,119.00	
010-102000	CASH - GENERAL/SPECIAL ACCTS		181,793.00	
010-102000	CASH - GENERAL/SPECIAL ACCTS		259,958.00	
022-201000	ACCOUNTS PAYABLE		4,730.00	
022-220000	ACCRUED SALARIES & WAGES PAYBL		1,026.00	
022-231000	OTHER ACCRUED LIABILITIES		233.00	
022-240-000	Net Pension Liability		176,642.00	
022-250-200	Deferred Inflows of Resources Related to Pensions		30,889.00	
032-201000	ACCOUNTS PAYABLE		9,622.00	
032-220000	ACCRUED SALARIES & WAGES PAYBL		1,835.00	
032-231000	OTHER ACCRUED LIABILITIES		343.00	
032-240-000	Net Pension Liability		249,965.00	
032-250-200	Deferred Inflows of Resources Related to Pensions		43,711.00	
000-240-000	Net Pension Liability			426,607.00
000-250-200	Deferred Inflows of Resources Related to Pensions			74,600.00
010-201000	ACCOUNTS PAYABLE			14,352.00
010-220000	ACCRUED SALARIES & WAGES PAYBL			2,861.00
010-231000	Other Liabilities			576.00
022-102000	CASH - GENERAL/SPECIAL ACCTS			181,793.00
022-180-100	Deferred Outflows of Employer Contributions			14,701.00
022-180-200	Deferred Outflows of Resources Related to Pensions			17,026.00
032-102000	CASH - GENERAL/SPECIAL ACCTS			259,958.00
032-180-100	Deferred Outflows of Employer Contributions			21,425.00
032-180-200	Deferred Outflows of Resources Related to Pensions			24,093.00
<b>Total</b>			<b>1,037,992.00</b>	<b>1,037,992.00</b>

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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 17</b>				
To post begining balances related to ASRS pensions payable GASB 68.		<b>M401</b>		
000-180-100	Deferred Outflows of Employer Contributions		439,238.00	
000-291001	Net Position - Restated		6,690,190.00	
000-240-000	Net Pension Liability			7,129,428.00
<b>Total</b>			<b>7,129,428.00</b>	<b>7,129,428.00</b>
<b>GASB Journal Entry JE # 18</b>				
To post the change in ASRS Net Pension Liabilities in the current year.		<b>M401</b>		
000-180-200	Deferred Outflows of Resources Related to Pensions		649,464.00	
000-240-000	Net Pension Liability		391,190.00	
000-501-111	General Government Pension Expense		213,794.00	
000-510-111	Community Development Pension Expense		47,438.00	
000-511-111	Public Safety Pension Expense		100,869.00	
000-518-111	Highways and Streets Pension Expense		100,156.00	
000-521-111	Culture and Recreation Pension Expense		106,933.00	
000-530-111	Public Works Pension Expense		7,704.00	
000-180-100	Deferred Outflows of Employer Contributions			439,238.00
000-250-200	Deferred Inflows of Resources Related to Pensions			1,178,310.00
<b>Total</b>			<b>1,617,548.00</b>	<b>1,617,548.00</b>

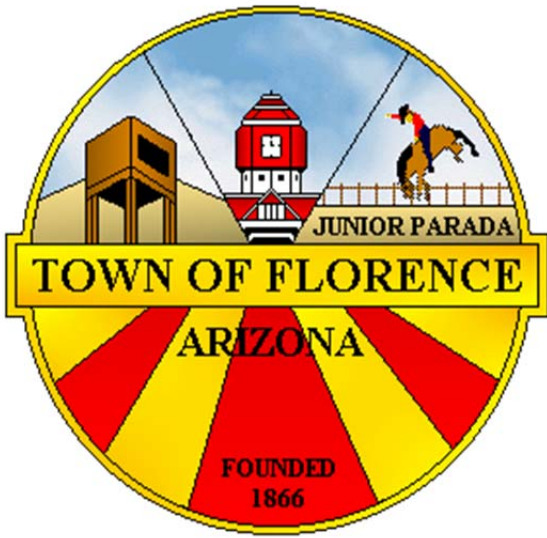
Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 19</b>		<b>M401</b>		
Reclassifying entry for employer contributions to ASRS Pension in Current Year.				
000-180-100	Deferred Outflows of Employer Contributions			
000-501-111	General Government Pension Expense		477,138.00	
000-510-111	Community Development Pension Expense			156,980.00
000-511-111	Public Safety Pension Expense			45,190.00
000-518-111	Highways and Streets Pension Expense			91,277.00
000-521-111	Culture and Recreation Pension Expense			78,921.00
000-530-111	Public Works Pension Expense			96,204.00
<b>Total</b>			<b>477,138.00</b>	<b>8,566.00</b>
<b>GASB Journal Entry JE # 20</b>		<b>M402.1</b>		
To post beginning balances for PSPRS Police pensions payable.				
000-180-100	Deferred Outflows of Employer Contributions		221,399.00	
000-291001	Net Position - Restated		74,186.00	
000-240-000	Net Pension Liability			295,585.00
<b>Total</b>			<b>295,585.00</b>	<b>295,585.00</b>
<b>GASB Journal Entry JE # 21</b>		<b>M402.1</b>		
To properly state the change in Net Pension Liability in the CY for PSPRS Police.				
000-180-200	Deferred Outflows of Resources Related to Pensions		462,546.00	
000-511-111	Public Safety Pension Expense		194,416.00	
000-180-100	Deferred Outflows of Employer Contributions			221,399.00
000-240-000	Net Pension Liability			261,069.00
000-250-200	Deferred Inflows of Resources Related to Pensions			174,494.00
<b>Total</b>			<b>656,962.00</b>	<b>656,962.00</b>

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Client: **0407503 - Town of Florence**  
 Engagement: **0407503 - Town of Florence**  
 Period Ending: **6/30/2015**  
 Trial Balance: **05.01 - TB**  
 Workpaper: **05.07 - GASB Journal Entry Report**

Account	Description	W/P Ref	Debit	Credit
<b>GASB Journal Entry JE # 22</b>		<b>M402.1</b>		
Reclassifying entry for employer pension contributions in the CY for PSPRS Police.				
000-180-100	Deferred Outflows of Employer Contributions		219,027.00	
000-511-111	Public Safety Pension Expense			219,027.00
<b>Total</b>			<b>219,027.00</b>	<b>219,027.00</b>
<b>GASB Journal Entry JE # 23</b>		<b>M402.2</b>		
To post beginning balances for PSPRS Fire pensions asset.				
000-180-000	Net Pension Asset		125,872.00	
000-180-100	Deferred Outflows of Employer Contributions		176,996.00	
000-291001	Net Position - Restated			302,868.00
<b>Total</b>			<b>302,868.00</b>	<b>302,868.00</b>
<b>GASB Journal Entry JE # 24</b>		<b>M402.2</b>		
To properly state change in Net Pension Asset in the Current Year for PSPRS Fire.				
000-180-000	Net Pension Asset		265,949.00	
000-180-200	Deferred Outflows of Resources Related to Pensions		215,004.00	
000-180-100	Deferred Outflows of Employer Contributions			176,996.00
000-250-200	Deferred Inflows of Resources Related to Pensions			108,805.00
000-511-111	Public Safety Pension Expense			195,152.00
<b>Total</b>			<b>480,953.00</b>	<b>480,953.00</b>
<b>GASB Journal Entry JE # 25</b>		<b>M402.2</b>		
Reclassifying entry for employer contributions in the current year for PSPRS Fire.				
000-180-100	Deferred Outflows of Employer Contributions		185,997.00	
000-511-111	Public Safety Pension Expense			185,997.00
<b>Total</b>			<b>185,997.00</b>	<b>185,997.00</b>



**Town of Florence  
Annual Report of Development Impact Fees  
Reported as of June 30, 2015**



HENRY & HORNE, LLP  
Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and Town Council  
Town of Florence  
Florence, AZ

We have examined the accompanying Annual Report of Development Impact Fees of the Town of Florence for the year ended June 30, 2015. The Town of Florence's management is responsible for the Annual Report of Development Impact Fees. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Annual Report of Development Impact Fees and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the report referred to above presents, in all material respects, the financial information of the Development Impact Fees of the Town of Florence for the year ended June 30, 2015 based on the criteria in the Arizona Revised Statutes §9-436-05.

*Henry & Horne LLP*

Casa Grande, Arizona  
December 11, 2015

**Tempe**  
2055 E. Warner Road  
Suite 101  
Tempe, AZ 85284-3487  
(480) 839-4900  
Fax (480) 839-1749

**Scottsdale**  
7098 E. Cochise Road  
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Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

**Casa Grande**  
1115 E. Cottonwood Lane  
Suite 100  
Casa Grande, AZ 85122-2950  
(520) 836-8201  
Fax (520) 426-9432

## Statement of Compliance

Arizona Revised Statute 9-463-05 requires that within 90 days of the close of the fiscal year, a report shall be filed with the Town Clerk. The following reports attest that:

1. Development fees shall result in a beneficial use to the development.
2. Monies received from development fees assessed are placed in a separate fund and accounted for separately and may only be used for the purposes authorized by Arizona Revised Statutes.
3. Interest earned on monies in the separate fund is credited to the fund.
4. A schedule of fees is provided by the Town of Florence. The Town shall provide a credit toward the payment of a development fee for the required dedication of public sites and improvements provided by the developer for which that development fee is assessed. The developer of residential dwelling units shall be required to pay development fees when construction permits for the dwelling units are issued.
5. The amount of any development fees assessed bears a reasonable relationship to the burden imposed upon the Town of Florence to provide additional necessary public services to the development. The Town of Florence, in determining the extent of the burden imposed by the development, shall consider, among other things, the contribution made or to be made in the future in cash or by taxes, fees or assessments by the property owner towards the capital costs of the necessary public service covered by the development fee.
6. The development fees assessed by the Town of Florence are assessed in a non-discriminatory manner.
7. In determining and assessing the development fee applying to land in a community facilities district established under title 48, chapter 4, article 6, the Town of Florence took and will take



into account all public infrastructure provided by the district and capital costs paid by the district for necessary public services and shall not assess a portion of the development fee based on the infrastructure or costs.

8. The Town of Florence gave and shall give at least sixty days' advance notice of intention to assess a new or increased development fee and shall release to the public a written report including all documentation that supports the assessment of a new or increased development fee. The Town of Florence did and shall conduct a public hearing on the proposed new or increased development fee at any time after the expiration of the sixty day notice of intention to assess a new or increased development fee and at least fourteen days prior to the scheduled date of adoption of the new or increased fee by the governing body. A development fee assessed pursuant to this section did not and shall not be effective until ninety days after its formal adoption by the governing body of the municipality. Nothing in this subsection shall affect any development fee adopted prior to July 24, 1982.

9. The Town of Florence that did and will assess development fees shall submit an annual report accounting for the collection and use of the fees.

**The annual report includes the following:**

- A. The amount assessed by the Town of Florence for each type of development fee.
- B. The balance of each fund maintained for each type of development fee assessed as of the beginning and end of the fiscal year.
- C. The amount of interest or other earnings on the monies in each fund as of the end of the fiscal year.
- D. The amount of development fee monies used to repay:
  - (a) Bonds issued by the Town of Florence to pay the cost of a capital improvement project that is the subject of a development fee assessment.
  - b) Monies advanced by the Town of Florence from funds other than the funds established for development fees in order to pay the cost of a capital improvement project that is the subject of a development fee assessment.
- E. The amount of development fee monies spent on each capital improvement project that is the subject of a development fee assessment and the physical location of each capital improvement project.
- F. The amount of development fee monies spent for each purpose other than a capital improvement project that is the subject of a development fee assessment.
- G. Within ninety days following the end of each fiscal year, the Town of Florence shall submit a copy of the annual report to the town clerk. Copies shall be made available to the public on request. The annual report may contain financial information that has not been audited.
- H. A municipality that fails to file the report required by this section shall not collect development fees until the report is filed.

This statement is hereby delivered to Lisa Garcia, Town Clerk of the Town of Florence on this 25th day of September 2015.

By:

---

Gabriel Garcia, Finance Director/CFO

# Fee Schedules

**Development Impact Fee Schedules  
Effective July 1, 2014**

**NON-UTILITY DEVELOPMENT IMPACT FEES**

**TRANSPORTATION**

<b>Land Use Category</b>	<b>Unit</b>	<b>Non-CFD Fee</b>	<b>In CFD Fee</b>
Single Family	Housing Unit	\$ 2,086	\$ 641
Multi-Family	Housing Unit	\$ 1,313	\$ 403
Commercial	1,000 sq. ft.	\$ 3,141	\$ 964
Institutional	1,000 sq. ft.	\$ 1,733	\$ 532
Industrial	1,000 sq. ft.	\$ 1,015	\$ 312

CFD= Community Facilities District

**FIRE / EMERGENCY MEDICAL SERVICES**

<b>Land Use Category</b>	<b>Unit</b>	<b>Non-CFD Fee</b>	<b>In CFD Fee</b>
Single Family	Housing Unit	\$ 917	\$ 607
Multi-Family	Housing Unit	\$ 743	\$ 492
Commercial	1,000 sq. ft.	\$ 660	\$ 437
Institutional	1,000 sq. ft.	\$ 605	\$ 401
Industrial	1,000 sq. ft.	\$ 202	\$ 134

CFD= Community Facilities District

**POLICE**

<b>Land Use Category</b>	<b>Unit</b>	<b>Fee Per Unit</b>
Single Family	Housing Unit	\$ 607
Multi-Family	Housing Unit	\$ 492
Commercial	1,000 sq. ft.	\$ 437
Institutional	1,000 sq. ft.	\$ 401
Industrial	1,000 sq. ft.	\$ 134

**PARKS AND OPEN SPACE (within Designated Parks Service Area)**

<b>Land Use Category</b>	<b>Unit</b>	<b>Fee Per Unit</b>
Single Family	Housing Unit	\$ 1,417
Multi-Family	Housing Unit	\$ 1,148
Commercial	1,000 sq. ft.	\$ 170
Institutional	1,000 sq. ft.	\$ 198
Industrial	1,000 sq. ft.	\$ 128

**LIBRARY**

Land Use Category	Unit	Fee Per Unit
Single Family	Housing Unit	\$ 203
Multi-Family	Housing Unit	\$ 164
Commercial	1,000 sq. ft.	\$ 24
Institutional	1,000 sq. ft.	\$ 28
Industrial	1,000 sq. ft.	\$ 18

**UTILITY DEVELOPMENT IMPACT FEES**

**WATER & WASTEWATER**

Meter Size	Water Fee	Wastewater Fee
5/8" - 3/4" Disc-Residential	\$ 1,980	\$ 2,140
5/8" - 3/4" Disc-Other	\$ 1,980	\$ 2,782
1" Disc	\$ 4,950	\$ 7,062
1 1/2" Disc	\$ 9,900	\$ 14,338
2" Disc	\$ 15,840	\$ 22,898
3" Compound	\$ 31,680	\$ 45,582
3" Turbine	\$ 34,650	\$ 49,862
4" Compound	\$ 49,500	\$ 71,262
4" Turbine	\$ 59,400	\$ 85,600
6" Compound	\$ 99,000	\$ 142,738
6" Turbine	\$ 123,750	\$ 178,262
8" Turbine	\$ 178,200	\$ 256,800
10" Turbine	\$ 287,100	\$ 413,662
12" Turbine	\$ 425,700	\$ 613,538

**Single family:** Attached and detached one-family dwelling units, modular, and manufactured homes;

**Multi-family:** All attached dwelling units such as duplexes and condominiums, mobile homes, apartments, and dormitories;

**Commercial:** All commercial, office, retail, institutional, and hotel/motel development;

**Institutional:** A governmental, quasi-public or institutional use, or a non-profit recreational use, not located in a shopping center.

**Industrial:** All manufacturing and warehouse development.

**Ordinance # 598-13, August 5, 2013**

## **Introduction to Annual Fees**

The following development impact fees are collected by the Town of Florence. Each is identified by type, indicating the beginning balance of each fund, the total fees, interest income, expenditure of fees and the ending balance as of June 30, 2015.

The balances that follow in the Development Impact Fee Summary only indicate the fund balances and earned revenues during this fiscal year. A financial report of each fund is included to indicate the cash balance of each fund.

### **Enterprise Impact Fee Expenditures**

#### **Sanitation**

Sanitation Impact Fees were collected in the amount of \$0 and interest earnings of \$489. Expenditures of funds were as follows: \$0.

#### **Water**

Water Impact Fees were collected in the amount of \$1,665 and interest earnings of \$1,135. Expenditures of funds were as follows: \$0.

#### **Sewer**

Sewer Impact Fees were collected in the amount of \$2,053 and interest earnings of \$3,626. Expenditures of funds were as follows: \$0.

#### **North Florence Water**

Water Impact Fees were collected in the amount of \$0 and interest earnings of \$92. Expenditures of funds were as follows: Expenditures of funds were as follows: \$0.

#### **North Florence Sewer**

Water Impact Fees were collected in the amount of \$0 and interest earnings of \$114. Expenditures of funds were as follows \$0.

### **Non Utility Development Impact Fees**

#### **General Government (No longer being collected)**

General Government Impact Fees were collected in the amount of \$0 and interest earnings of \$11,666. Expenditures of funds were as follows: General Government portion of Library & Community Center \$1,238,213.

#### **Police Impact Fees**

Police Impact Fees were collected in the amount of \$105,670 and interest earnings of \$3,343. Expenditures of funds were as follows: \$0.

**Fire/EMS Impact Fees**

Fire/EMS Impact Fees were collected in the amount of \$108,014 and interest earnings of \$5,005. Expenditures of funds were as follows: Fire Station No. 2 final payment \$4,871.

**Parks Development Impact Fees**

Parks Development Impact Fees were collected in the amount of \$4,080 and interest earnings of \$12,072. Expenditures of funds were as follows: Recreation portion of Library & Community Center \$1,289,700.

**Library Development Impact Fees**

Library Development Impact Fees were collected in the amount of \$33,984 and interest earnings of \$7,932. Expenditures of funds were as follows: Library portion of Library & Community Center \$846,000.

**Transportation Impact Fees**

Transportation Impact Fees were collected in the amount of \$127,801 and interest earnings of \$8,572. Expenditures of funds were as follows: \$0.

# Annual Summary

## Development Impact Fees Collections for Fiscal Year 2014-2015 June 30, 2015

Fee Fund	Fund Balance	Interest	Collected	Use	Transfer In (Transfer Out)	Fund Balance
596 Florence Water	111,738	1,135	1,665	-	-	114,538
597 Florence Sewer	361,629	3,626	2,053			367,308
598 North Florence Water	9,924	92	-	-	-	10,016
599 North Florence Sewer	12,366	114	-	-	-	12,480
501 Sanitation	46,153	489	-	-	-	46,642
505 Transportation	773,356	8,572	127,801	-	-	909,729
506 General Government	1,226,547	11,666	-	1,238,213	-	-
508 Police	194,787	3,343	105,670	-	-	303,800
509 Fire/EMS	345,376	5,005	108,014	4,871	-	453,524
510 Parks	1,289,379	12,072	4,080	1,289,700	-	15,831
511 Library	821,482	7,932	33,984	846,700	-	16,698
<b>Total Development Impact Fees</b>	<b>\$5,192,737</b>	<b>\$54,046</b>	<b>\$383,267</b>	<b>\$3,379,484</b>	<b>\$0</b>	<b>\$2,250,566</b>



# **Financial Statements**

TOWN OF FLORENCE  
COMBINED CASH INVESTMENT  
JUNE 30, 2015

COMBINED CASH ACCOUNTS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CASH ALLOCATION RECONCILIATION

501 ALLOCATION TO SANITATION IMPACT FEES	46,629.96
505 ALLOCATION TO TRANSPORTATION DEV. IMPACT FEE	909,728.83
508 ALLOCATION TO POLICE IMPACT FEES	303,799.99
509 ALLOCATION TO FIRE/EMS DEV IMPACT FEES	453,523.97
510 ALLOCATION TO PARKS DEVELOPMENT IMPACT FEES	15,830.41
511 ALLOCATION TO LIBRARY DEVELOPMENT IMPACT FEE	16,697.88
596 ALLOCATION TO DEVELOPMENT FEE-FLORENCE WATER	114,509.66
597 ALLOCATION TO DEVELOPMENT FEE-FLORENCE SEWER	367,215.31
598 ALLOCATION TO DEVELOPMENT FEE-NF WATER	10,013.60
599 ALLOCATION TO DEVELOPMENT FEE - NF SEWER	12,476.58
	_____
TOTAL ALLOCATIONS TO OTHER FUNDS	2,250,426.19
	_____
ZERO PROOF IF ALLOCATIONS BALANCE	2,250,426.19
	_____

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

SANITATION IMPACT FEES

<u>ASSETS</u>			
501-102000	CASH-GENERAL/SPECIAL ACCTS	46,629.96	
	TOTAL ASSETS		46,629.96
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
501-246100	DEFERRED REVENUE	( 11.85)	
	TOTAL LIABILITIES		( 11.85)
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
501-291000	FUND BALANCE	46,152.88	
	REVENUE OVER EXPENDITURES - YTD	488.93	
	BALANCE - CURRENT DATE	46,641.81	
	TOTAL FUND EQUITY		46,641.81
	TOTAL LIABILITIES AND EQUITY		46,629.96

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

SANITATION IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
501-345-682 INTEREST EARNING	410.70	410.70	.00	( 410.70)	.0
501-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 7.79)	( 7.79)	.00	7.79	.0
501-345-688 REALIZED INVESTMENT EARNINGS	23.77	23.77	.00	( 23.77)	.0
<b>TOTAL INTEREST</b>	<b>426.68</b>	<b>426.68</b>	<b>.00</b>	<b>( 426.68)</b>	<b>.0</b>
<u>SOURCE 350</u>					
501-350-698 MISCELLANEOUS REVENUE	62.25	62.25	.00	( 62.25)	.0
<b>TOTAL SOURCE 350</b>	<b>62.25</b>	<b>62.25</b>	<b>.00</b>	<b>( 62.25)</b>	<b>.0</b>
<b>TOTAL FUND REVENUE</b>	<b>488.93</b>	<b>488.93</b>	<b>.00</b>	<b>( 488.93)</b>	<b>.0</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>488.93</b>	<b>488.93</b>	<b>.00</b>	<b>( 488.93)</b>	<b>.0</b>

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

TRANSPORTATION DEV. IMPACT FEE

ASSETS

505-102000	CASH-GENERAL/SPECIAL ACCTS		909,728.83
	TOTAL ASSETS		<u>909,728.83</u>

LIABILITIES AND EQUITY

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:		
505-291000	FUND BALANCE	773,355.72	
	REVENUE OVER EXPENDITURES - YTD	<u>136,373.11</u>	
	BALANCE - CURRENT DATE		<u>909,728.83</u>
	TOTAL FUND EQUITY		<u>909,728.83</u>
	TOTAL LIABILITIES AND EQUITY		<u>909,728.83</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

TRANSPORTATION DEV. IMPACT FEE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
505-345-682 INTEREST EARNING	8,078.53	8,078.53	.00	( 8,078.53)	.0
505-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 151.95)	( 151.95)	.00	151.95	.0
505-345-688 REALIZED INVESTMENT EARNINGS	463.68	463.68	.00	( 463.68)	.0
<b>TOTAL INTEREST</b>	<b>8,390.26</b>	<b>8,390.26</b>	<b>.00</b>	<b>( 8,390.26)</b>	<b>.0</b>
<u>SOURCE 350</u>					
505-350-698 MISCELLANEOUS REVENUE	182.38	182.38	.00	( 182.38)	.0
<b>TOTAL SOURCE 350</b>	<b>182.38</b>	<b>182.38</b>	<b>.00</b>	<b>( 182.38)</b>	<b>.0</b>
<u>DEVELOPMENT FEES</u>					
505-360-684 DEVELOPMENT FEES	127,800.47	127,800.47	96,200.00	( 31,600.47)	132.9
<b>TOTAL DEVELOPMENT FEES</b>	<b>127,800.47</b>	<b>127,800.47</b>	<b>96,200.00</b>	<b>( 31,600.47)</b>	<b>132.9</b>
<b>TOTAL FUND REVENUE</b>	<b>136,373.11</b>	<b>136,373.11</b>	<b>96,200.00</b>	<b>( 40,173.11)</b>	<b>141.8</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>136,373.11</b>	<b>136,373.11</b>	<b>96,200.00</b>	<b>( 40,173.11)</b>	<b>141.8</b>

TOWN OF FLORENCE  
BALANCE SHEET  
JUNE 30, 2015

GENERAL GOV DEV IMPACT FEES

LIABILITIES AND EQUITY

FUND EQUITY

UNAPPROPRIATED FUND BALANCE:			
506-291000	FUND BALANCE	1,226,546.77	
	REVENUE OVER EXPENDITURES - YTD	( 1,226,546.77)	
	BALANCE - CURRENT DATE		.00
	TOTAL FUND EQUITY		.00
	TOTAL LIABILITIES AND EQUITY		.00

TOWN OF FLORENCE  
 REVENUES WITH COMPARISON TO BUDGET  
 FOR THE 12 MONTHS ENDING JUNE 30, 2015

GENERAL GOV DEV IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
506-345-682 INTEREST EARNING	10,883.44	10,883.44	6,400.00	( 4,483.44)	170.1
TOTAL INTEREST	10,883.44	10,883.44	6,400.00	( 4,483.44)	170.1
<u>SOURCE 350</u>					
506-350-698 MISCELLANEOUS REVENUE	782.31	782.31	.00	( 782.31)	.0
TOTAL SOURCE 350	782.31	782.31	.00	( 782.31)	.0
TOTAL FUND REVENUE	11,665.75	11,665.75	6,400.00	( 5,265.75)	182.3



TOWN OF FLORENCE  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

GENERAL GOV DEV IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>DEPARTMENT 590</u>					
506-590-911 TO CAPITAL PROJECTS FUND	1,238,212.52	1,238,212.52	1,219,700.00	( 18,512.52)	101.5
TOTAL DEPARTMENT 590	1,238,212.52	1,238,212.52	1,219,700.00	( 18,512.52)	101.5
TOTAL FUND EXPENDITURES	1,238,212.52	1,238,212.52	1,219,700.00	( 18,512.52)	101.5
NET REVENUE OVER EXPENDITURES	( 1,226,546.77)	( 1,226,546.77)	( 1,213,300.00)	13,246.77	( 101.1)

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

POLICE IMPACT FEES

ASSETS

508-102000	CASH - GENERAL/SPECIAL ACCTS		303,799.99	
	TOTAL ASSETS			<u>303,799.99</u>

LIABILITIES AND EQUITY

FUND EQUITY

UNAPPROPRIATED FUND BALANCE:				
508-291000	FUND BALANCE		194,787.06	
	REVENUE OVER EXPENDITURES - YTD		<u>109,012.93</u>	
	BALANCE - CURRENT DATE		<u>303,799.99</u>	
	TOTAL FUND EQUITY			<u>303,799.99</u>
	TOTAL LIABILITIES AND EQUITY			<u>303,799.99</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

POLICE IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
508-345-682 INTEREST EARNING	2,425.20	2,425.20	1,800.00	( 625.20)	134.7
508-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 50.74)	( 50.74)	.00	50.74	.0
508-345-688 REALIZED INVESTMENT EARNINGS	154.84	154.84	.00	( 154.84)	.0
<b>TOTAL INTEREST</b>	<b>2,529.30</b>	<b>2,529.30</b>	<b>1,800.00</b>	<b>( 729.30)</b>	<b>140.5</b>
<u>SOURCE 350</u>					
508-350-698 MISCELLANEOUS REVENUE	813.62	813.62	.00	( 813.62)	.0
<b>TOTAL SOURCE 350</b>	<b>813.62</b>	<b>813.62</b>	<b>.00</b>	<b>( 813.62)</b>	<b>.0</b>
<u>DEVELOPMENT FEES</u>					
508-360-684 DEVELOPMENT FEES	105,670.01	105,670.01	91,100.00	( 14,570.01)	116.0
<b>TOTAL DEVELOPMENT FEES</b>	<b>105,670.01</b>	<b>105,670.01</b>	<b>91,100.00</b>	<b>( 14,570.01)</b>	<b>116.0</b>
<b>TOTAL FUND REVENUE</b>	<b>109,012.93</b>	<b>109,012.93</b>	<b>92,900.00</b>	<b>( 16,112.93)</b>	<b>117.3</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>109,012.93</b>	<b>109,012.93</b>	<b>92,900.00</b>	<b>( 16,112.93)</b>	<b>117.3</b>

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

FIRE/EMS DEV IMPACT FEES

ASSETS

509-102000	CASH - GENERAL/SPECIAL ACCTS		453,523.97	
	TOTAL ASSETS			453,523.97

LIABILITIES AND EQUITY

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:			
509-291000	FUND BALANCE	345,375.58		
	REVENUE OVER EXPENDITURES - YTD	108,148.39		
	BALANCE - CURRENT DATE		453,523.97	
	TOTAL FUND EQUITY			453,523.97
	TOTAL LIABILITIES AND EQUITY			453,523.97

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

FIRE/EMS DEV IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
509-345-682 INTEREST EARNING	3,874.10	3,874.10	4,000.00	125.90	96.9
509-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 76.56)	( 76.56)	.00	76.56	.0
509-345-688 REALIZED INVESTMENT EARNINGS	233.64	233.64	.00	( 233.64)	.0
<b>TOTAL INTEREST</b>	<b>4,031.18</b>	<b>4,031.18</b>	<b>4,000.00</b>	<b>( 31.18)</b>	<b>100.8</b>
<u>SOURCE 350</u>					
509-350-698 MISC REVENUE	974.28	974.28	.00	( 974.28)	.0
<b>TOTAL SOURCE 350</b>	<b>974.28</b>	<b>974.28</b>	<b>.00</b>	<b>( 974.28)</b>	<b>.0</b>
<u>DEVELOPMENT FEES</u>					
509-360-684 DEVELOPMENT FEES	108,013.93	108,013.93	91,100.00	( 16,913.93)	118.6
<b>TOTAL DEVELOPMENT FEES</b>	<b>108,013.93</b>	<b>108,013.93</b>	<b>91,100.00</b>	<b>( 16,913.93)</b>	<b>118.6</b>
<b>TOTAL FUND REVENUE</b>	<b>113,019.39</b>	<b>113,019.39</b>	<b>95,100.00</b>	<b>( 17,919.39)</b>	<b>118.8</b>

TOWN OF FLORENCE  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

FIRE/EMS DEV IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEXPENDED	PCNT
<u>COMMUNITY DEVELOPMENT</u>					
509-506-501 BUILDING REMODEL/ACQUISITION	4,871.00	4,871.00	.00	( 4,871.00)	.0
TOTAL COMMUNITY DEVELOPMENT	4,871.00	4,871.00	.00	( 4,871.00)	.0
TOTAL FUND EXPENDITURES	4,871.00	4,871.00	.00	( 4,871.00)	.0
NET REVENUE OVER EXPENDITURES	108,148.39	108,148.39	95,100.00	( 13,048.39)	113.7

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

PARKS DEVELOPMENT IMPACT FEES

ASSETS

510-102000	CASH-GENERAL/SPECIAL ACCTS		15,830.41	
	TOTAL ASSETS			15,830.41

LIABILITIES AND EQUITY

FUND EQUITY

UNAPPROPRIATED FUND BALANCE:				
510-291000	FUND BALANCE		1,289,378.63	
	REVENUE OVER EXPENDITURES - YTD	(	1,273,548.22)	
	BALANCE - CURRENT DATE		15,830.41	
	TOTAL FUND EQUITY			15,830.41
	TOTAL LIABILITIES AND EQUITY			15,830.41

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

PARKS DEVELOPMENT IMPACT FEES

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
510-345-682 INTEREST EARNING	11,474.74	11,474.74	6,700.00	( 4,774.74)	171.3
510-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 2.64)	( 2.64)	.00	2.64	.0
510-345-688 REALIZED INVESTMENT EARNINGS	8.07	8.07	.00	( 8.07)	.0
TOTAL INTEREST	11,480.17	11,480.17	6,700.00	( 4,780.17)	171.4
<u>SOURCE 350</u>					
510-350-698 MISCELLANEOUS REVENUE	591.58	591.58	.00	( 591.58)	.0
TOTAL SOURCE 350	591.58	591.58	.00	( 591.58)	.0
<u>DEVELOPMENT FEES</u>					
510-360-684 DEVELOPMENT FEES	4,080.03	4,080.03	5,700.00	1,619.97	71.6
TOTAL DEVELOPMENT FEES	4,080.03	4,080.03	5,700.00	1,619.97	71.6
TOTAL FUND REVENUE	16,151.78	16,151.78	12,400.00	( 3,751.78)	130.3



TOWN OF FLORENCE  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

PARKS DEVELOPMENT IMPACT FEES

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>DEPARTMENT 590</u>					
510-590-911 TO CAPITAL PROJECTS FUND	1,289,700.00	1,289,700.00	1,289,700.00	.00	100.0
TOTAL DEPARTMENT 590	<u>1,289,700.00</u>	<u>1,289,700.00</u>	<u>1,289,700.00</u>	<u>.00</u>	<u>100.0</u>
TOTAL FUND EXPENDITURES	<u>1,289,700.00</u>	<u>1,289,700.00</u>	<u>1,289,700.00</u>	<u>.00</u>	<u>100.0</u>
NET REVENUE OVER EXPENDITURES	<u>( 1,273,548.22)</u>	<u>( 1,273,548.22)</u>	<u>( 1,277,300.00)</u>	<u>( 3,751.78)</u>	<u>( 99.7)</u>

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

LIBRARY DEVELOPMENT IMPACT FEE

ASSETS

511-102000	CASH - GENERAL/SPECIAL ACCTS		16,697.88
	TOTAL ASSETS		<u>16,697.88</u>

LIABILITIES AND EQUITY

FUND EQUITY

	UNAPPROPRIATED FUND BALANCE:		
511-291000	FUND BALANCE	821,481.88	
	REVENUE OVER EXPENDITURES - YTD	( 804,784.00)	
	BALANCE - CURRENT DATE		16,697.88
	TOTAL FUND EQUITY		<u>16,697.88</u>
	TOTAL LIABILITIES AND EQUITY		<u>16,697.88</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

LIBRARY DEVELOPMENT IMPACT FEE

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
511-345-682 INTEREST EARNING	7,455.49	7,455.49	4,200.00	( 3,255.49)	177.5
511-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 2.79)	( 2.79)	.00	2.79	.0
511-345-688 REALIZED INVESTMENT EARNINGS	8.51	8.51	.00	( 8.51)	.0
<b>TOTAL INTEREST</b>	<b>7,461.21</b>	<b>7,461.21</b>	<b>4,200.00</b>	<b>( 3,261.21)</b>	<b>177.7</b>
<u>SOURCE 350</u>					
511-350-698 MISCELLANEOUS REVENUE	471.22	471.22	.00	( 471.22)	.0
<b>TOTAL SOURCE 350</b>	<b>471.22</b>	<b>471.22</b>	<b>.00</b>	<b>( 471.22)</b>	<b>.0</b>
<u>DEVELOPMENT FEES</u>					
511-360-684 DEVELOPMENT FEES	33,983.57	33,983.57	30,500.00	( 3,483.57)	111.4
<b>TOTAL DEVELOPMENT FEES</b>	<b>33,983.57</b>	<b>33,983.57</b>	<b>30,500.00</b>	<b>( 3,483.57)</b>	<b>111.4</b>
<b>TOTAL FUND REVENUE</b>	<b>41,916.00</b>	<b>41,916.00</b>	<b>34,700.00</b>	<b>( 7,216.00)</b>	<b>120.8</b>

TOWN OF FLORENCE  
EXPENDITURES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

LIBRARY DEVELOPMENT IMPACT FEE

	<u>PERIOD ACTUAL</u>	<u>YTD ACTUAL</u>	<u>BUDGET</u>	<u>UNEXPENDED</u>	<u>PCNT</u>
<u>DEPARTMENT 590</u>					
511-590-911 TO CAPITAL PROJECTS FUND	846,700.00	846,700.00	846,700.00	.00	100.0
TOTAL DEPARTMENT 590	846,700.00	846,700.00	846,700.00	.00	100.0
TOTAL FUND EXPENDITURES	846,700.00	846,700.00	846,700.00	.00	100.0
NET REVENUE OVER EXPENDITURES	( 804,784.00)	( 804,784.00)	( 812,000.00)	( 7,216.00)	( 99.1)

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

DEVELOPMENT FEE-FLORENCE WATER

<u>ASSETS</u>			
596-102000	CASH-GENERAL/SPECIAL ACCTS		114,509.66
	TOTAL ASSETS		<u>114,509.66</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
596-246100	DEFERRED REVENUE	( 28.74)	
	TOTAL LIABILITIES		( 28.74)
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
596-291000	FUND BALANCE	111,737.91	
	REVENUE OVER EXPENDITURES - YTD	<u>2,800.49</u>	
	BALANCE - CURRENT DATE		<u>114,538.40</u>
	TOTAL FUND EQUITY		<u>114,538.40</u>
	TOTAL LIABILITIES AND EQUITY		<u>114,509.66</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

DEVELOPMENT FEE-FLORENCE WATER

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
596-345-682 INTEREST EARNING	1,010.19	1,010.19	400.00	( 610.19)	252.6
596-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 19.13)	( 19.13)	.00	19.13	.0
596-345-688 REALIZED INVESTMENT EARNINGS	58.36	58.36	.00	( 58.36)	.0
<b>TOTAL INTEREST</b>	<b>1,049.42</b>	<b>1,049.42</b>	<b>400.00</b>	<b>( 649.42)</b>	<b>262.4</b>
<u>SOURCE 350</u>					
596-350-698 MISCELLANEOUS REVENUE	86.07	86.07	.00	( 86.07)	.0
<b>TOTAL SOURCE 350</b>	<b>86.07</b>	<b>86.07</b>	<b>.00</b>	<b>( 86.07)</b>	<b>.0</b>
<u>DEVELOPMENT FEES</u>					
596-360-684 DEVELOPMENT FEES	1,665.00	1,665.00	.00	( 1,665.00)	.0
<b>TOTAL DEVELOPMENT FEES</b>	<b>1,665.00</b>	<b>1,665.00</b>	<b>.00</b>	<b>( 1,665.00)</b>	<b>.0</b>
<b>TOTAL FUND REVENUE</b>	<b>2,800.49</b>	<b>2,800.49</b>	<b>400.00</b>	<b>( 2,400.49)</b>	<b>700.1</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>2,800.49</b>	<b>2,800.49</b>	<b>400.00</b>	<b>( 2,400.49)</b>	<b>700.1</b>

TOWN OF FLORENCE  
BALANCE SHEET  
JUNE 30, 2015

DEVELOPMENT FEE-FLORENCE SEWER

<u>ASSETS</u>			
597-102000	CASH-GENERAL/SPECIAL ACCTS		367,215.31
	TOTAL ASSETS		<u>367,215.31</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
597-246100	DEFERRED REVENUE	(	93.04)
	TOTAL LIABILITIES	(	93.04)
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
597-291000	FUND BALANCE	361,629.31	
	REVENUE OVER EXPENDITURES - YTD	<u>5,679.04</u>	
	BALANCE - CURRENT DATE		<u>367,308.35</u>
	TOTAL FUND EQUITY		<u>367,308.35</u>
	TOTAL LIABILITIES AND EQUITY		<u>367,215.31</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

DEVELOPMENT FEE-FLORENCE SEWER

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
597-345-682 INTEREST EARNING	3,239.60	3,239.60	1,500.00	( 1,739.60)	216.0
597-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 61.33)	( 61.33)	.00	61.33	.0
597-345-688 REALIZED INVESTMENT EARNINGS	187.17	187.17	.00	( 187.17)	.0
<b>TOTAL INTEREST</b>	<b>3,365.44</b>	<b>3,365.44</b>	<b>1,500.00</b>	<b>( 1,865.44)</b>	<b>224.4</b>
<u>SOURCE 350</u>					
597-350-698 MISCELLANEOUS REVENUE	261.10	261.10	.00	( 261.10)	.0
<b>TOTAL SOURCE 350</b>	<b>261.10</b>	<b>261.10</b>	<b>.00</b>	<b>( 261.10)</b>	<b>.0</b>
<u>DEVELOPMENT FEES</u>					
597-360-684 DEVELOPMENT FEES	2,052.50	2,052.50	.00	( 2,052.50)	.0
<b>TOTAL DEVELOPMENT FEES</b>	<b>2,052.50</b>	<b>2,052.50</b>	<b>.00</b>	<b>( 2,052.50)</b>	<b>.0</b>
<b>TOTAL FUND REVENUE</b>	<b>5,679.04</b>	<b>5,679.04</b>	<b>1,500.00</b>	<b>( 4,179.04)</b>	<b>378.6</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>5,679.04</b>	<b>5,679.04</b>	<b>1,500.00</b>	<b>( 4,179.04)</b>	<b>378.6</b>



TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

DEVELOPMENT FEE-NF WATER

<u>ASSETS</u>			
598-102000	CASH - GENERAL/SPECIAL ACCTS		10,013.60
			<u>10,013.60</u>
	TOTAL ASSETS		<u>10,013.60</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
598-246100	DEFERRED REVENUE	(	2.55)
			<u>( 2.55)</u>
	TOTAL LIABILITIES		<u>( 2.55)</u>
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
598-291000	FUND BALANCE	9,924.35	
	REVENUE OVER EXPENDITURES - YTD	91.80	
			<u>10,016.15</u>
	BALANCE - CURRENT DATE		<u>10,016.15</u>
	TOTAL FUND EQUITY		<u>10,016.15</u>
	TOTAL LIABILITIES AND EQUITY		<u>10,013.60</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

DEVELOPMENT FEE-NF WATER

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
598-345-682 INTEREST EARNING	88.37	88.37	500.00	411.63	17.7
598-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 1.67)	( 1.67)	.00	1.67	.0
598-345-688 REALIZED INVESTMENT EARNINGS	5.10	5.10	.00	( 5.10)	.0
TOTAL INTEREST	91.80	91.80	500.00	408.20	18.4
TOTAL FUND REVENUE	91.80	91.80	500.00	408.20	18.4
NET REVENUE OVER EXPENDITURES	91.80	91.80	500.00	408.20	18.4

TOWN OF FLORENCE  
 BALANCE SHEET  
 JUNE 30, 2015

DEVELOPMENT FEE - NF SEWER

<u>ASSETS</u>			
599-102000	CASH - GENERAL/SPECIAL REVENUE		12,476.58
	TOTAL ASSETS		<u>12,476.58</u>
<u>LIABILITIES AND EQUITY</u>			
<u>LIABILITIES</u>			
599-246100	DEFERRED REVENUE	(	3.17)
	TOTAL LIABILITIES	(	3.17)
<u>FUND EQUITY</u>			
UNAPPROPRIATED FUND BALANCE:			
599-291000	FUND BALANCE	12,365.94	
	REVENUE OVER EXPENDITURES - YTD	<u>113.81</u>	
	BALANCE - CURRENT DATE		<u>12,479.75</u>
	TOTAL FUND EQUITY		<u>12,479.75</u>
	TOTAL LIABILITIES AND EQUITY		<u>12,476.58</u>

TOWN OF FLORENCE  
REVENUES WITH COMPARISON TO BUDGET  
FOR THE 12 MONTHS ENDING JUNE 30, 2015

DEVELOPMENT FEE - NF SEWER

	PERIOD ACTUAL	YTD ACTUAL	BUDGET	UNEARNED	PCNT
<u>INTEREST</u>					
599-345-682 INTEREST EARNING	109.53	109.53	100.00	( 9.53)	109.5
599-345-683 UNREALIZED GAIN/LOSS ON INVEST	( 2.08)	( 2.08)	.00	2.08	.0
599-345-688 REALIZED INVESTMENT EARNINGS	6.36	6.36	.00	( 6.36)	.0
<b>TOTAL INTEREST</b>	<b>113.81</b>	<b>113.81</b>	<b>100.00</b>	<b>( 13.81)</b>	<b>113.8</b>
<b>TOTAL FUND REVENUE</b>	<b>113.81</b>	<b>113.81</b>	<b>100.00</b>	<b>( 13.81)</b>	<b>113.8</b>
<b>NET REVENUE OVER EXPENDITURES</b>	<b>113.81</b>	<b>113.81</b>	<b>100.00</b>	<b>( 13.81)</b>	<b>113.8</b>

**Capital Improvement Plan  
Infrastructure Improvement Plan  
Related to Impact Fees  
2014-2015**

## Library, Aquatics, Recreation Complex

**Project No.:** POC-24      **Department:** Library, Parks and Rec  
**Location:** Territory Square      **Est. Completion Date:** 2015

**Description:** Library, Aquatics and Recreation Complex. Town Council and staff, with input from the public, will determine the amenities that this complex will include.

**Purpose:** This will allow for the relocation of the Town's library with the coming expiration of the agreement with the school district for the current site. The library, aquatics and recreation complex will enhance the quality of life for Town residents and will be a regional draw from surrounding communities. It will provide services that will complement services in other parts of Florence and provide programming for all ages, as well as job opportunities for youth and adults. Vehicle and foot traffic will also increase in the Town core and downtown areas.

### FINANCIAL SUMMARY

	Fiscal Year ended June 30,						
	2014 Budget	2015 Budget	2016 Planned	2017 Planned	2018 Planned	2019 Planned	2014-2019 Total
<b>Project Costs:</b>							
2015-2019 CIP	-	13,280,000	-	-	-	-	13,280,000
<u>Change from prior CIP:</u>							
2014-2018 CIP	-	-	-	-	-	-	-
Change	-	13,280,000	-	-	-	-	13,280,000

Budget Distribution	
Planning/Design/Architecture/Engineering	\$ -
Acquisition/Relocation	-
Site Improvements	-
Construction	13,000,000
Furniture/Fixtures/Equipment	-
Other	280,000
<b>Total</b>	<b>\$13,280,000</b>

Project Funding	
Capital Projects Fund	\$ 1,823,900
Construction Tax Fund	1,000,000
Food Tax Fund	2,100,000
Parks Impact Fee Fund	1,289,700
Library Impact Fee Fund	846,700
Gen Govt Impact Fee Fund	1,219,700
Financing	5,000,000
<b>Total</b>	<b>\$13,280,000</b>

Notes:

Concept design:



**PROJECT NUMBER** PS-12

**PROJECT TITLE** Fire Station 542

**PROJECT DESCRIPTION** Site designation, architectural design, and construction of Fire/Police Station. (10,000 Sq. Ft.)

**PROJECT LOCATION** Anthem Area

**PROJECT BENEFITS** Provide new facility or service capability; Conforms to adopted plans, goals, objectives and policies, improves quality of life in the community, has public support and Alleviates substandard conditions of deficiencies.

**COMMENTS** Build a 3-4 Bay Fire Station that would be able to serve as an administrative facility, as well as a Headquarters station for all department functions. This will replace the temporary fire station that is currently housed in a double-wide mobile home located at 2700 N. Constitution way.

PROJECT COST	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	TOTAL
Planning/feasibility analysis											\$0
Architectural/engineering fees											\$0
Real Estate Acquisition											\$0
Site Preparation											\$0
Construction	3,019,244										\$3,019,244
Furnishings & Equipment	30,000										\$30,000
Vehicles & Capital Equipment											\$0
<b>TOTAL PROJECT COST:</b>	<b>\$3,049,244</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,049,244</b>

PROJECT FUNDING	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	TOTAL
Capital Project Fund	30,000										\$30,000
HURF											\$0
2% Construction Tax											\$0
Food Tax											\$0
Grants											\$0
Developer Contributions											\$0
Donations											\$0
Financing											\$0
Private Sector -Dev. Agreement											\$0
CFD	1,295,749										\$1,295,749
Water											\$0
Sewer											\$0
Sanitation											\$0
Impact Fees	1,723,495										\$1,723,495
<b>TOTAL PROJECT FUNDING</b>	<b>\$3,049,244</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,049,244</b>

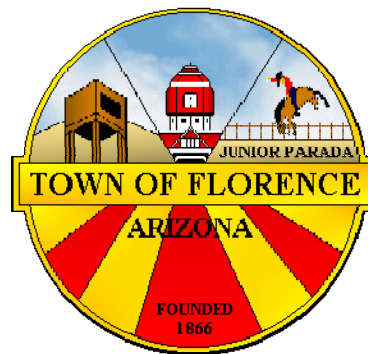
**NOTE:** This project was a duplicate of Project PS-05, Project has same costs as before; however, Construction costs all added together and not started until FY 07/08.

Project changes as of 3/12/07: Project has moved from FY 06/07 to FY 10/11 as start dates. The Engineering has increased from \$35,000 to \$265,000, Construction has increased from \$1.5 million in FY 07/08 to \$2.975 million in FY 11/12, and Equipment has decreased from \$300,000 in FY 07/08 to \$175,000 in FY 11/12. Funding for Engineering is still the General Fund, the Impact fees have decreased to cover. Project Changes as of 5/08/07: Project changed to a Permanent Facility. Project modified with 30% cost extraction from deleted project PS-06. New costs as follows: FY 10/11 Engineering \$325,000. & Land Acquisition \$500,000, FY 11/12 Construction \$4,265,000 and Equipment \$385,000. Funding still from Impact fees. Total cost of project increased from \$3,415,000 to \$5,475,000.

Project changes as of 01/08: Engineering to remain in FY 10/11; however, the rest of the project is being moved from FY 11/12 to FY 12/13. The Real Estate Acquisition of \$500,000. has been deleted, Construction costs have decreased from \$4.265 million to \$4.0 million; furnishings & equipment have increased from \$385,000. to \$460,000. Funding has changed as follows: Impact fees in FY 10/11 reduced from \$825,000. to \$325,000. Impact fees for FY 11/12 have been moved to FY 12/13 and split as follows: Furnishing increased from \$385,000 to \$460,000 and moved to General Fund and \$4.5 million to Outside Finance.

Project changes as of 01/20/09: NONE

Project changes as of 01/20/10: NONE



**EXPENDITURE LIMITATION REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**





TOWN OF FLORENCE, ARIZONA  
REPORT ON AUDIT OF ANNUAL  
EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2015

TOWN OF FLORENCE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2015

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HENRY & HORNE, LLP  
Certified Public Accountants

## INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and  
The Honorable Mayor and Town Council  
of the Town of Florence, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Town of Florence, Arizona for the year ended June 30, 2015. This report is the responsibility of the Town's management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of Town of Florence, Arizona, referred to above, presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

*Henry & Horne LLP*

Casa Grande, Arizona  
December 11, 2015

**Tempe**  
2055 E. Warner Road  
Suite 101  
Tempe, AZ 85284-3487  
(480) 839-4900  
Fax (480) 839-1749

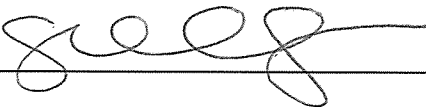
**Scottsdale**  
7098 E. Cochise Road  
Suite 100  
Scottsdale, AZ 85253-4517  
(480) 483-1170  
Fax (480) 483-7126

**Casa Grande**  
1115 E. Cottonwood Lane  
Suite 100  
Casa Grande, AZ 85122-2950  
(520) 836-8201  
Fax (520) 426-9432

TOWN OF FLORENCE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2015

1. Economic Estimates Commission expenditure limitation	\$ 16,214,142
2. Voter-approved alternative expenditures limitation (date approved March 15, 2010) (Note 2)	<u>66,806,000</u>
3. Enter applicable amount from Line 1 or Line 2	<u>\$ 66,806,000</u>
3. Amount subject to expenditure limitation (total amount from Part II, line C)	<u>26,894,861</u>
4. Amount under the expenditure limitation	<u>\$ 39,911,139</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer:  \_\_\_\_\_

Name and Title: Gabriel Garcia, Finance Director

Telephone Number: 520-868-7552 Date: 12/14/15

TOWN OF FLORENCE, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
 YEAR ENDED JUNE 30, 2015

Description	Governmental Funds	Enterprise Funds	Fiduciary Fund	Total
A. Amounts reported on the Reconciliation, Line D	<u>\$ 22,110,472</u>	<u>\$ 4,761,367</u>	<u>\$ 23,022</u>	<u>\$ 26,894,861</u>
B. Amount subject to expenditure limitation	<u><u>\$ 22,110,472</u></u>	<u><u>\$ 4,761,367</u></u>	<u><u>\$ 23,022</u></u>	<u><u>\$ 26,894,861</u></u>

TOWN OF FLORENCE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
YEAR ENDED JUNE 30, 2015

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Fund	Total
A. Total expenditures/expenses reported within the fund financial statements	\$ 23,719,153	\$ 4,584,953		\$ 23,022	\$ 28,327,128
B. Subtractions:					
Depreciation	-	472,381		-	472,381
Expenditures of separate legal entities established under Arizona Revised Statutes	1,608,681	-		-	1,608,681
Total subtractions	1,608,681	472,381		-	2,081,062
C. Additions:					
Principal payments on long-term debt	-	388,421		-	388,421
Acquisition of capital assets	-	260,374		-	260,374
Total additions	-	648,795		-	648,795
D. Amounts reported on Part II, Line A	<u>\$ 22,110,472</u>	<u>\$ 4,761,367</u>	<u>\$ -</u>	<u>\$ 23,022</u>	<u>\$ 26,894,861</u>

TOWN OF FLORENCE, ARIZONA  
NOTE TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the Uniform Expenditure Reporting System (UERS), as required by the Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation plan adopted March 9, 2010, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund based financial statements. All references to the financial statement amounts refer to the Statement of Revenues, Expenditures and Changes in Fund Balances/Governmental Funds and to the Statement of Revenues, Expenditures and Changes in Fund Net Position for the Proprietary Funds and Statements of Changes in Fiduciary Net Position for the Fiduciary Fund.

NOTE 2 HOME RULE ALTERNATIVE

On March 9, 2010 the Home Rule Alternative Expenditure Limitation Option was extended as approved by the citizens of Florence under Resolution No. 1207-09. Approval of the Home Rule extension provides for local expenditure limitation determination through an annual process of public hearings and annual adoption by ordinance.


The approved Alternative Expenditure Limitation for the year ended June 30, 2015, as adopted under Ordinance No. 611-14 on June 16, 2014, is \$66,806,000.

NOTE 3 ENTERPRISE FUNDS EXPENSES

The total expenses for the Enterprise Funds of \$5,129,000 includes the total operating expenses of \$4,955,247, loss on sale of assets of \$45,949, and interest expense of \$127,804.

NOTE 4 ADDITIONS TO PROPRIETARY CAPITAL ASSETS

Capital assets in the enterprise funds were increased by \$6,560,311.

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>7a.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Administration  <b>STAFF PRESENTER:</b> Lisa Garcia, Interim Town Manager  <b>SUBJECT:</b> Resolution No. 1571-15: Signatory for Police Evidence Trust Fund		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input checked="" type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Regulatory</b> <input type="checkbox"/> <b>1<sup>st</sup> Reading</b> <input type="checkbox"/> <b>2<sup>nd</sup> Reading</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Adoption of Resolution No. 1571-15, A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING AND AUTHORIZING MAYOR TOM J. RANKIN AND TOWN MANAGER BRENT BILLINGSLEY TO ACT AS SIGNATORIES FOR THE TRANSACTION OF BUSINESS ON THE POLICE EVIDENCE TRUST FUND AT NATIONAL BANK OF ARIZONA, AND DECLARING AN EMERGENCY.

**BACKGROUND/DISCUSSION:**

The Police Department Evidence Trust Fund, a separate bank account, was established by Resolution No. 745-01 on January 16, 2001. The purpose of the bank account is to provide a holding account for funds confiscated during crime suppression by the Town's Police Department. As the individual cases are disposed, the funds are either distributed back to the owner, distributed to Pinal County for RICHO distribution or to the Town of Florence.

Our Police Evidence Technician has oversight of these cases and the Police Chief authorizes the distribution of funds. Deposits are made by the Police staff with corresponding case numbers. Distributions are made according to the case number for full accounting. A payment request is forwarded to the Finance Department and then to the Town Manager for signature when payment is to be distributed from this bank account. The bank reconciliation is maintained by the Finance Department accountants.

This resolution will be effective December 28, 2015.

**FINANCIAL IMPACT:**

This is an internal control objective for accountability and security.



**STAFF RECOMMENDATION:**

Adoption of Resolution No. 1571-15.

**ATTACHMENTS:**

Resolution No. 1571-15

**RESOLUTION NO. 1571-15**

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING AND AUTHORIZING MAYOR TOM J. RANKIN AND TOWN MANAGER BRENT BILLINGSLEY TO ACT AS SIGNATORIES FOR THE TRANSACTION OF BUSINESS ON THE POLICE EVIDENCE TRUST FUND AT NATIONAL BANK OF ARIZONA, AND DECLARING AN EMERGENCY.**

**WHEREAS**, Brent Billingsley has been hired as Town Manager effective December 28, 2015, and it is therefore necessary to approve new signature authorizations for the Town's Police Evidence Trust Fund.

**BE IT HEREBY RESOLVED**, that Mayor Tom J. Rankin and Town Manager Brent Billingsley are authorized as signatories for the Town's Police Evidence Trust Fund.

The immediate operation of this resolution is necessary for preservation of the public peace, health and safety of the Town of Florence and an emergency is hereby declared to exist; and this resolution shall be in full force and effect from the offer of its passage and adopted by the Mayor and Council of the Town of Florence with an effective date of December 28, 2015.

**PASSED AND ADOPTED BY** the Mayor and Council of the Town of Florence, Arizona, this 21<sup>st</sup> day of December 2015.


\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lisa Garcia, Town Clerk

\_\_\_\_\_  
Clifford L. Mattice, Town Attorney

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>7b.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Administration  <b>STAFF PRESENTER:</b> Lisa Garcia, Interim Town Manager  <b>SUBJECT:</b> Resolution No. 1572-15: Signatory for all Town bank accounts.		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input checked="" type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Regulatory</b> <input type="checkbox"/> <b>1<sup>st</sup> Reading</b> <input type="checkbox"/> <b>2<sup>nd</sup> Reading</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Adoption of Resolution 1572-15: A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, AUTHORIZING MAYOR TOM J. RANKIN, TOWN MANAGER BRENT BILLINGSLEY AND FINANCE DIRECTOR GABRIEL GARCIA TO ACT AS SIGNATORIES FOR THE TRANSACTION OF BUSINESS ON ALL TOWN OF FLORENCE BANK ACCOUNTS, AND DECLARING AN EMERGENCY.

**BACKGROUND/DISCUSSION:**

A resolution must be adopted naming staff authorized to sign on the Town’s bank accounts. New signature cards need to be completed.

Currently the Mayor, Interim Town Manager and Finance Director are authorized signers. This resolution removes the Interim Town Manager and adds the Town Manager Brent Billingsley as the appointed signatories for banking functions.

The following accounts are included: National Bank of Arizona General Checking Account, National Bank of Arizona Payroll Account, Local Governmental Investment Pool #7, Local Governmental Investment Pool #5, Stifel, Nicolaus & Company Inc. Investment Account.

This resolution will be effective December 28, 2015.

**FINANCIAL IMPACT:**

None

**STAFF RECOMMENDATION:**

Adopt Resolution No. 1572-15

**ATTACHMENTS:**

Resolution No. 1572-15

**RESOLUTION NO. 1572-15**

**A RESOLUTION OF TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING AND AUTHORIZING MAYOR TOM J. RANKIN, TOWN MANAGER BRENT BILLINGSLEY, AND FINANCE DIRECTOR GABRIEL GARCIA TO ACT AS SIGNATORIES FOR THE TRANSACTION OF BUSINESS ON THE TOWN OF FLORENCE BANKING ACCOUNTS, AND DECLARING AN EMERGENCY.**

**WHEREAS**, Brent Billingsley has been hired as Town Manager effective December 28, 2015, and it is therefore necessary to approve new signature authorizations for the Town's bank accounts.

**BE IT HEREBY RESOLVED**, that Mayor Tom J. Rankin, Town Manager Brent Billingsley, and Finance Director Gabriel Garcia are authorized as signatories for the following bank accounts:

1. National Bank of Arizona - General Checking and Investment Account
2. National Bank of Arizona Payroll Checking Account
3. State of Arizona Local Governmental Investment Pool-All Accounts
4. Stifel, Nicolaus & Company, Inc. Investment Account

The immediate adoption of this resolution is necessary for preservation of the public peace, health and safety of the Town of Florence and an emergency is hereby declared to exist; and this resolution shall be in full force and effect from the offer of its passage and adoption by the Mayor and Council of the Town of Florence with an effective date of December 28, 2015.

**PASSED AND ADOPTED BY** the Mayor and Council of the Town of Florence, Arizona, this 21<sup>st</sup> day of December 2015.


\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lisa Garcia, Town Clerk

\_\_\_\_\_  
Clifford L. Mattice, Town Attorney

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>7c.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Community Development Department  <b>STAFF PRESENTER:</b> Mark Eckhoff, Director  <b>SUBJECT:</b> Resolution No. 1573-15 Acceptance of a Limited, Non- Exclusive Emergency Access Easement		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input checked="" type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Regulatory</b> <input type="checkbox"/> <b>1<sup>st</sup> Reading</b> <input type="checkbox"/> <b>2<sup>nd</sup> Reading</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Motion to adopt Resolution No. 1573-15: **A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ACCEPTING A LIMITED, NON-EXCLUSIVE ACCESS EASEMENT FROM CEMEX CONSTRUCTION MATERIALS SOUTH, LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR EMERGENCY INGRESS AND EGRESS PURPOSES RELATED TO THE SANDSTONE SOLAR PROJECT AND AUTHORIZING EXECUTION BY THE TOWN MANAGER OF SUPPORTING DOCUMENTS.**

**BACKGROUND/DISCUSSION:**

Per Design Review approval, the Sandstone Solar project was required to have a secondary point of access at the south end of their development for emergency ingress and egress purposes. S Power, the owners and developers of the Sandstone Solar project, were able to negotiate this secondary point of access with the neighboring property owner, Cemex Construction Materials South, LLC, A Delaware Limited Liability Company. Cemex in turn is granting the Town of Florence an access easement over this route that will connect the south end of the solar project with Attaway Road. This access easement is solely for the purposes of having a second point of ingress and egress for emergency purposes only. S Power will ensure that the access easement is improved and maintained to Town standards (an all-weather roadway).

**FINANCIAL IMPACT:**

None specifically applicable to this request.

**RECOMMENDATION:**

Motion to approve Resolution No. 1573-15 accepting a limited, non-exclusive access easement for emergency ingress and egress purposes related to the Sandstone Solar Power Project.

**ATTACHMENTS:**

Resolution No. 1573-15  
Easement with Exhibits A and B  
Overall Emergency Access Easement Exhibit

**RESOLUTION NO. 1573-15**

**A RESOLUTION OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, ACCEPTING A LIMITED, NON-EXCLUSIVE ACCESS EASEMENT FROM CEMEX CONSTRUCTION MATERIALS SOUTH, LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR EMERGENCY INGRESS AND EGRESS PURPOSES RELATED TO THE SANDSTONE SOLAR PROJECT AND AUTHORIZING EXECUTION BY THE TOWN MANAGER OF SUPPORTING DOCUMENTS.**

**BE IT RESOLVED** by the Mayor and Council of the Town of Florence, Arizona, as follows:

1. Accept the limited, non-exclusive access easement, described in Exhibit A for the benefit of the Town of Florence and the Sandstone Solar Project property described in Exhibit B for emergency ingress and egress purposes.
2. Grant authority to the Town Manager to make non-substantial modifications to all applicable easement documentation as such is mutually agreed to by the easement grantor and the easement grantee.
3. Authorize execution by the Town Manager of any documentation necessary to complete the granting of the property easement.

**PASSED AND ADOPTED** by the Mayor and Council of the Town of Florence, Arizona, this \_\_\_\_\_ day of December 2015.

\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lisa Garcia, Town Clerk

\_\_\_\_\_  
Clifford L. Mattice, Town Attorney



**RECORDING REQUESTED BY, AND  
WHEN RECORDED, RETURN TO:**

Sustainable Property Holdings, LLC  
Attn: Land Manager  
2180 South 1300 East, Suite 600  
Salt Lake City, Utah 84106

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**EMERGENCY ACCESS EASEMENT**

**KNOW ALL MEN BY THESE PRESENTS:**

That the undersigned, Cemex Construction Materials South, LLC, a Delaware limited liability company, successor by merger to United Metro Materials Inc., an Arizona corporation (“Grantor”), for good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant unto the Town of Florence, County of Pinal, State of Arizona, a municipal corporation, its successors and assigns, a non-exclusive easement for the purpose of ingress and egress by emergency service providers on, over, through and across the portion of Grantor’s property set forth on Exhibit A, attached hereto and incorporated herein by this reference, for the use by the Town’s emergency vehicles, together with the right, but not the obligation, of the Town of Florence to construct, grade and maintain said easement (“Emergency Access Easement”). Grantor is under no obligation to maintain, construct or grade the easement area or any road constructed thereon.

The Emergency Access Easement shall be for purposes of ingress and egress to provide, fire and police protection, ambulances and rescue services and other lawful government emergency services for the benefit of the real property described on Exhibit B, attached hereto and incorporated herein by this reference. This grant is intended as a grant to the Town of Florence, in its governmental capacity, for police, fire and ambulance purposes only.

This grant is made and accepted in its AS IS WHERE IS condition. Any use by the Town or its contractors is at their sole risk. Where the Emergency Access Easement is utilized as prescribed herein, the Town shall indemnify, defend and hold harmless Grantor, its successors and assigns, from any and all loss, liability, claim, damage, cost (including attorney’s fees) incurred as a result of this easement or the Town or its contractors’ or invitees’ authorized use of the easement. The Town will not knowingly permit those using the easement to access any other property of Grantor’s without Grantor consent.

PROVIDED, that the said Grantor for itself and its heirs, executors, successors, administrators and assigns, reserves the right to fully use and enjoy the said premises in any way which does not damage or obstruct the emergency access granted herein.

FURTHER PROVIDED that the Town shall not authorize the Emergency Access Easement to be used for non- emergency public right-of-way purposes.

TO HAVE TO HOLD such described Emergency Access Easement unto the Town for thirty (30) years.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

GRANTOR

Cemex Construction Materials South, LLC, a Delaware limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

State of Arizona )

) ss.

County of Pinal )

Acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2015 by \_\_\_\_\_, the \_\_\_\_\_ of Cemex Construction Materials South, LLC, a Delaware limited liability company, for and on behalf of the limited liability company.

\_\_\_\_\_  
Notary Public

Grantee:

\_\_\_\_\_  
Lisa Garcia, Interim Town Manager  
Town of Florence, Arizona

Approved as to Form:

\_\_\_\_\_  
Clifford L. Mattice, Town Attorney  
Town of Florence, Arizona

## EXHIBIT A

### Parcel 1

Those portions of the South half of Section 31, Township 4 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the southwest corner of said Section 31, from which the West quarter corner of said Section 31 bears North 00 degrees 26 minutes 24 seconds West at a distance of 2644.09 feet;

Thence along the West line of the southwest quarter of said Section 31, North 00 degrees 26 minutes 24 seconds West a distance of 33.00 feet to the North line of South 33.00 feet of said southwest quarter of Section 31;

Thence along said North line, North 89 degrees 56 minutes 56 seconds East a distance of 2615.91 feet, (record: North 89 degrees 53 minutes 51 seconds East, 2618.25 feet) to the North line of the South 33.00 feet of the southeast quarter of said Section 31;

Thence along said North line, North 89 degrees 55 minutes 31 seconds East a distance of 2173.29 feet, (record: North 89 degrees 58 minutes 32 seconds East, 2171.54 feet);

Thence South 00 degrees 04 minutes 29 seconds East, (record: South 00 degrees 01 minutes 28 seconds East) a distance of 33.00 feet to the South line of the southeast quarter of said Section 31;

Thence along said South line, South 89 degrees 55 minutes 31 seconds West a distance of 2173.10 feet, (record: South 89 degrees 58 minutes 32 seconds West a distance of 2171.51 feet) to the South quarter corner of said Section 31;

Thence along the South line of the southwest quarter of said Section 31, South 89 degrees 56 minutes 56 seconds West a distance of 2615.87 feet, (record: South 89 degrees 53 minutes 51 seconds West a distance of 2618.04 feet) to the POINT OF THE BEGINNING;

*Describing a portion of Palmer Rd., being a 33' wide access road from Attaway Rd. to Parcel 2 described immediately below.*

### Parcel 2

A portion of the southeast quarter of Section 31, and the southwest quarter of Section 32, Township 4 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows:

COMMENCING at the southeast corner of said Section 31, from which the South quarter corner of said Section 31 bears South 89 degrees 55 minutes 31 seconds West at a distance of 2619.21 feet, (record: South 89 degrees 58 minutes 32 seconds West, 2615.19 feet);

Thence along the South line of the southeast quarter of said Section 31, South 89 degrees 55 minutes 31 seconds West a distance of 487.38 feet;

Thence leaving said South line, North 52 degrees 30 minutes 37 seconds East a distance of 54.31 feet, (record: North 52 degrees 55 minutes 37 seconds East a distance of 54.77 feet) to a point on the North line of the South 33.00 feet of said southeast quarter of Section 31, and the POINT OF BEGINNING;

Thence along said North line, South 89 degrees 55 minutes 31 seconds West a distance of 270.81 feet, (record: South 89 degrees 58 minutes 32 seconds West, 269.70 feet);

Thence leaving said North line, North 68 degrees 22 minutes 27 seconds East a distance of 7.78 feet, (record 5.99 feet) to the beginning of a tangent curve, concave Southeasterly and having a radius of 218.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 21 degrees 36 minutes 05 seconds, a distance of 82.19 feet to a point of tangency;

Thence tangent to said last curve, North 89 degrees 58 minutes 32 seconds East a distance of 50.00 feet to the beginning of a tangent curve, concave Northwesterly and having a radius of 182.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 37 degrees 02 minutes 55 seconds, a distance of 117.68 feet to a point of tangency;

Thence tangent to said last curve, North 52 degrees 55 minutes 37 seconds East a distance of 140.72 feet to the beginning of a tangent curve, concave Southeasterly and having a radius of 468.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 13 degrees 48 minutes 16 seconds, a distance of 112.76 feet to a point of tangency;

Thence tangent to said last curve, North 66 degrees 43 minutes 53 seconds East a distance of 181.10 feet to the beginning of a tangent curve, concave Southeasterly having a radius of 1003.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 06 degrees 30 minutes 11 seconds, a distance of 113.84 feet to a point of tangency;

Thence tangent to said last curve, North 73 degrees 14 minutes 04 seconds East a distance of 159.35 feet to the beginning of a tangent curve, concave Southeasterly and having a radius of 503.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 11 degrees 44 minutes 13 seconds, a distance of 103.04 feet to a point of tangency;

Thence tangent to said last curve, North 84 degrees 58 minutes 18 seconds East, a distance of 155.23 feet;

Thence traversing the following courses and distances:

South 00 degrees 01 minutes 28 seconds East a distance of 61.23 feet;

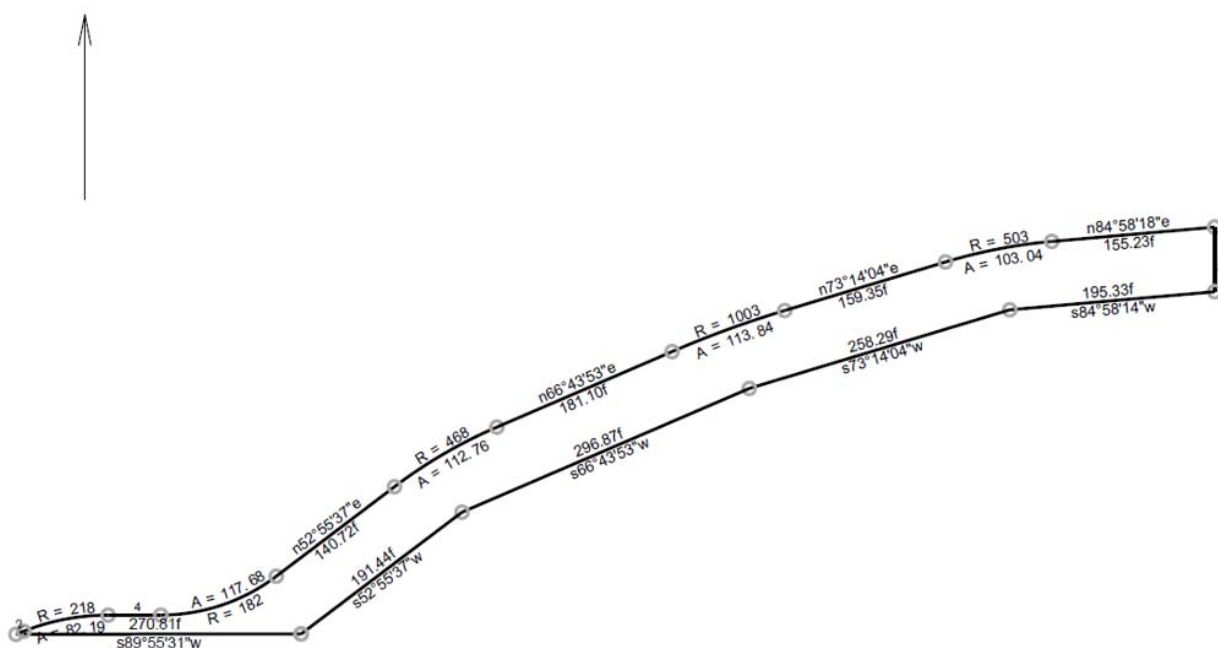
South 84 degrees 58 minutes 14 seconds West, a distance of 195.33 feet;

South 73 degrees 14 minutes 04 seconds West, a distance of 258.29 feet;

South 66 degrees 43 minutes 53 seconds West, a distance of 296.87 feet;

South 52 degrees 55 minutes 37 seconds West, a distance of 191.44 feet, (record: 190.74 feet) to the POINT OF THE BEGINNING.

## Parcel 2



## Parcel 3

That part of the Southwest quarter of Section 32, Township 4 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, more particularly described as follows:

COMMENCING at the Southwest corner of said Section 32, from which the West quarter corner of said Section 32 bears North 00 degrees 28 minutes 42 seconds West at a distance of 2637.33 feet (Record); North 00 degrees 28 minutes 45 seconds West a distance of 2637.35 feet (Measured);

Thence along the West line of said Southwest quarter of Section 32, North 00 degrees 28 minutes 45 seconds West a distance of 270.06 feet (Record) 270.10 (Measured);

Thence leaving said West line, North 73 degrees 14 minutes 04 seconds East a distance of 241.03 feet (Record), 241.00 (Measured);

Thence North 84 degrees 58 minutes 14 seconds East a distance of 195.33 feet to the POINT OF BEGINNING;

Thence North 00 degrees 01 minutes 28 seconds West a distance of 61.23 feet;

Thence North 84 degrees 58 minutes 18 seconds East a distance of 177.70 feet to the beginning of a tangent curve, concave Southwesterly and having a radius of 503.00 feet;

Thence Easterly along the arc of said curve, through a central angle of 12 degrees 50 minutes 31 seconds, a distance of 112.74 feet to a point of tangency;

Thence tangent to said last curve, South 82 degrees 11 minutes 11 seconds East a distance of 77.02 feet to the beginning of a tangent curve, concave Northerly and having a radius of 497.00 feet;

Thence Easterly along the arc of said curve, through a central angle of 12 degrees 31 minutes 46 seconds, a distance of 108.68 feet to a point of tangency;

Thence tangent to said last curve, North 85 degrees 17 minutes 03 seconds East a distance of 94.33 feet to the beginning of a tangent curve, concave Northwesterly and having a radius of 497.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 14 degrees 56 minutes 01 seconds, a distance of 129.54 feet to a point of tangency;

Thence tangent to said last curve, North 70 degrees 21 minutes 02 seconds East, a distance of 166.40 feet to the beginning of a tangent curve, concave Northwesterly and having a radius of 497.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 33 degrees 15 minutes 12 seconds, a distance of 288.45 feet to a point of tangency;

Thence tangent to said last curve, North 37 degrees 05 minutes 50 seconds East, a distance of 237.73 feet to the beginning of a tangent curve, concave Northwesterly and having a radius of 1997.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 04 degrees 47 minutes 59 seconds, distance of 167.29 feet to a point of tangency;

Thence tangent to said last curve, North 32 degrees 17 minutes 51 seconds East a distance of 432.25 feet to the beginning of a tangent curve, concave Southeasterly and having a radius of 503.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 03 degrees 11 minutes 27 seconds, a distance of 28.01 feet to a point of tangency;

Thence tangent to said last curve, North 35 degrees 29 minutes 18 seconds East a distance of 550.21 feet to the beginning of a tangent curve, concave Southeasterly and having a radius of 363.00 feet;

Thence Northeasterly along the arc of said curve, through a central angle of 54 degrees 29 minutes 29 seconds, a distance of 345.23 feet (Record) 54 degrees 28 minutes 53 seconds a distance of 345.17 (Measured) to a point of intersection with the East line of the Southwest quarter of said Section 32, also being the West line of that certain parcel of land described in Quit Claim Deed recorded in Fee No. 2002-010316;

Thence along said West line South 00 degrees 25 minutes 22 seconds East (Record) South 00 degrees 25 minutes 22 seconds East (Measured) a distance of 669.68 feet;

Thence leaving said East line and traversing the following courses and distances:

South 89 degrees 54 minutes 18 seconds West, 593.05 feet;

South 32 degrees 17 minutes 51 seconds West, 501.29 feet;

South 37 degrees 05 minutes 50 seconds West, 490.61 feet;

South 70 degrees 21 minutes 02 seconds West, 406.16 feet;

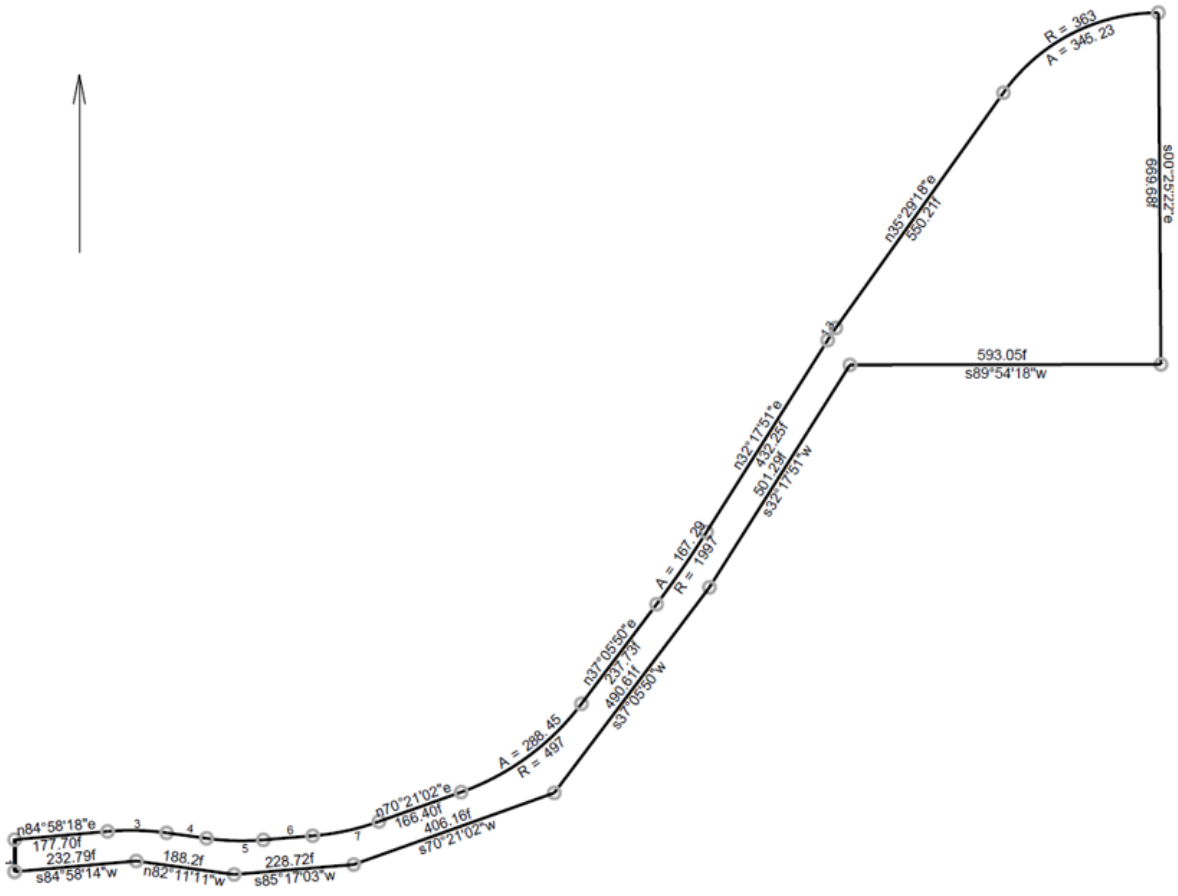
South 85 degrees 17 minutes 03 seconds West, 228.72 feet;

North 82 degrees 11 minutes 11 seconds West, 188.2 feet;

South 84 degrees 58 minutes 14 seconds West, 232.79 feet to the POINT OF BEGINNING.

Describing APN: 200-37-002H

### Parcel 3



## EXHIBIT B

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 29 AND A PORTION OF THE WEST HALF OF SECTION 32, TOWNSHIP 4 SOUTH, RANGE 9 EAST OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 29, ALSO BEING THE NORTHWEST CORNER OF SAID SECTION 32, FROM WHICH THE WEST QUARTER CORNER OF SAID SECTION 29 BEARS NORTH 0 DEGREES 00 MINUTES 02 SECONDS EAST, A DISTANCE OF 2642.18 FEET;

THENCE ALONG THE WEST LINE OF SAID SECTION 29, NORTH 0 DEGREES 00 MINUTES 02 SECONDS EAST, A DISTANCE OF 1321.09 FEET;

THENCE NORTH 89 DEGREES 52 MINUTES 53 SECONDS EAST, A DISTANCE OF 2618.40 FEET TO A POINT ON THE NORTH/SOUTH MID-SECTION LINE OF SAID SECTION 29;

THENCE SOUTH 0 DEGREES 06 MINUTES 57 SECONDS EAST, ALONG SAID MID-SECTION LINE, A DISTANCE OF 1320.44 FEET TO THE QUARTER CORNER COMMON TO SAID SECTIONS 29 AND 32;

THENCE ALONG THE NORTH/SOUTH MID SECTION LINE OF SAID SECTION 32, SOUTH 0 DEGREES 25 MINUTES 22 SECONDS EAST, A DISTANCE OF 3292.24 FEET TO THE BEGINNING OF A NON-TANGENT CURVE WHOSE RADIUS POINT BEARS SOUTH 0 DEGREES 04 MINUTES 29 SECONDS EAST, A DISTANCE OF 363.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 54 DEGREES 25 MINUTES 18 SECONDS, AN ARC LENGTH OF 344.79 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 35 DEGREES 30 MINUTES 13 SECONDS WEST, A DISTANCE OF 550.21 FEET TO THE BEGINNING OF A TANGENT CURVE WHOSE RADIUS POINT BEARS SOUTH 54 DEGREES 29 MINUTES 47 SECONDS EAST, A DISTANCE OF 503.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 3 DEGREES 11 MINUTES 26 SECONDS, AN ARC LENGTH OF 28.01 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 32 DEGREES 18 MINUTES 46 SECONDS WEST, A DISTANCE OF 432.25 FEET TO THE BEGINNING OF A TANGENT CURVE WHOSE RADIUS POINT BEARS NORTH 57 DEGREES 41 MINUTES 14 SECONDS WEST, A DISTANCE OF 1997.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 4 DEGREES 47 MINUTES 59 SECONDS, AN ARC LENGTH OF 167.29 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 37 DEGREES 06 MINUTES 45 SECONDS WEST, A DISTANCE OF 237.73 FEET TO THE BEGINNING OF A TANGENT CURVE WHOSE RADIUS POINT BEARS NORTH 52 DEGREES 53 MINUTES 15 SECONDS WEST, A DISTANCE OF 497.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 33 DEGREES 15 MINUTES 13 SECONDS, AN ARC LENGTH OF 288.45 FEET TO A POINT OF TANGENCY;



THENCE SOUTH 70 DEGREES 21 MINUTES 57 SECONDS WEST, A DISTANCE OF 166.40 FEET TO THE BEGINNING OF A TANGENT CURVE WHOSE RADIUS POINT BEARS NORTH 19 DEGREES 38 MINUTES 03 SECONDS WEST, A DISTANCE OF 497.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 14 DEGREES 56 MINUTES 02 SECONDS, AN ARC LENGTH OF 129.54 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 85 DEGREES 17 MINUTES 58 SECONDS WEST, A DISTANCE OF 94.33 FEET TO THE BEGINNING OF A TANGENT CURVE WHOSE RADIUS POINT BEARS NORTH 4 DEGREES 42 MINUTES 02 SECONDS WEST, A DISTANCE OF 497.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 12 DEGREES 31 MINUTES 45 SECONDS, AN ARC LENGTH OF 108.68 FEET TO A POINT OF TANGENCY;

THENCE NORTH 82 DEGREES 10 MINUTES 16 SECONDS WEST, A DISTANCE OF 77.02 FEET TO THE BEGINNING OF A TANGENT CURVE WHOSE RADIUS POINT BEARS SOUTH 7 DEGREES 49 MINUTES 44 SECONDS WEST, A DISTANCE OF 503.00 FEET;

THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 12 DEGREES 50 MINUTES 31 SECONDS, AN ARC LENGTH OF 112.74 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 84 DEGREES 59 MINUTES 13 SECONDS WEST, A DISTANCE OF 177.70 FEET;

THENCE NORTH 0 DEGREES 02 MINUTES 01 SECONDS WEST, A DISTANCE OF 171.06 FEET;

THENCE NORTH 89 DEGREES 58 MINUTES 32 SECONDS EAST, A DISTANCE OF 30.00 FEET;

THENCE NORTH 0 DEGREES 01 MINUTES 28 SECONDS WEST, A DISTANCE OF 150.00 FEET;

THENCE SOUTH 89 DEGREES 58 MINUTES 32 SECONDS WEST, A DISTANCE OF 50.00 FEET;

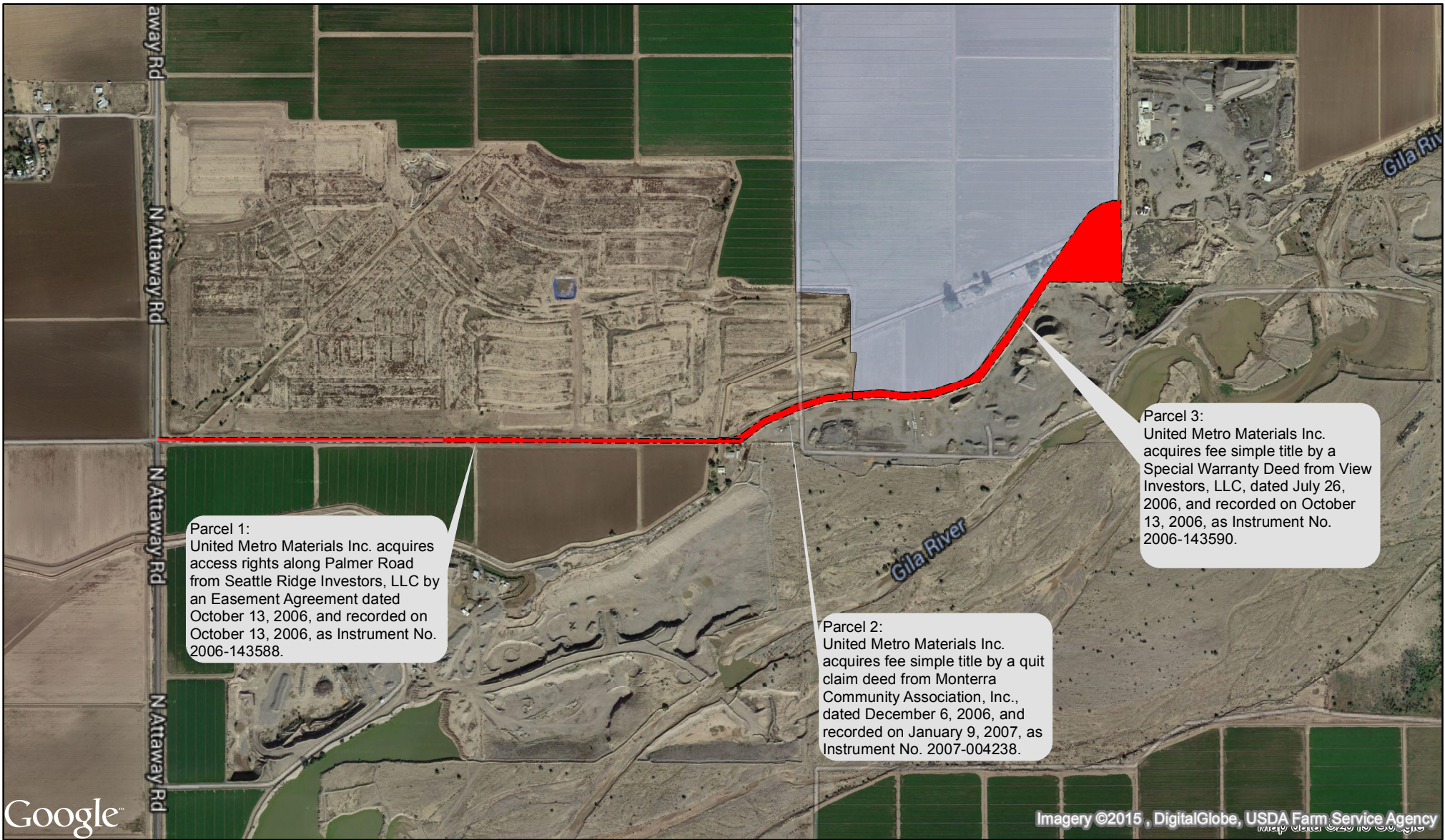
THENCE NORTH 0 DEGREES 01 MINUTES 28 SECONDS WEST, A DISTANCE OF 476.94 FEET TO THE BEGINNING OF A NON-TANGENT CURVE WHOSE RADIUS POINT BEARS NORTH 3 DEGREES 43 MINUTES 56 SECONDS WEST, A DISTANCE OF 925.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 3 DEGREES 42 MINUTES 28 SECONDS, AN ARC LENGTH OF 59.86 FEET TO A POINT OF TANGENCY;

THENCE SOUTH 89 DEGREES 58 MINUTES 32 SECONDS WEST, A DISTANCE OF 352.71 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 32;

THENCE ALONG SAID WEST LINE, NORTH 0 DEGREES 27 MINUTES 45 SECONDS WEST, A DISTANCE OF 1426.24 FEET TO THE WEST QUARTER CORNER OF SAID SECTION 32;



THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 32, NORTH 0 DEGREES 26 MINUTES 41 SECONDS WEST, A DISTANCE OF 2638.20 FEET TO THE POINT OF BEGINNING.



Parcel 1:  
 United Metro Materials Inc. acquires access rights along Palmer Road from Seattle Ridge Investors, LLC by an Easement Agreement dated October 13, 2006, and recorded on October 13, 2006, as Instrument No. 2006-143588.

Parcel 2:  
 United Metro Materials Inc. acquires fee simple title by a quit claim deed from Monterra Community Association, Inc., dated December 6, 2006, and recorded on January 9, 2007, as Instrument No. 2007-004238.

Parcel 3:  
 United Metro Materials Inc. acquires fee simple title by a Special Warranty Deed from View Investors, LLC, dated July 26, 2006, and recorded on October 13, 2006, as Instrument No. 2006-143590.

Pinal County, AZ	Map Details	Map Description	
	<p>N</p> <ul style="list-style-type: none"> <li> Project Boundary</li> <li> Emergency Access Easement</li> </ul> <p>0 500 1,000 2,000 Feet</p>	<p>Emergency Access Easement for Sandstone Solar</p>	<p>Author: JL</p>
			<p>Date: 12/10/2015</p>
			<p>Version: 1.0</p>
		<p>Type: Vicinity Map</p>	
			<p><b>Sandstone Solar</b></p>



## TOWN OF FLORENCE COUNCIL ACTION FORM

### AGENDA ITEM 7d.

**MEETING DATE:** December 21, 2015

**DEPARTMENT:** Administration

**STAFF PRESENTER:** Lisa Garcia,  
Interim Town Manager/Town Clerk

**SUBJECT:** Florence Gardens Mobile Home Association  
Special Event License Applications

- Action**
- Information Only**
- Public Hearing**
- Resolution**
- Ordinance**
  - Regulatory
  - 1<sup>st</sup> Reading
  - 2<sup>nd</sup> Reading
- Other**

### **RECOMMENDED MOTION/ACTION:**

Approval of nine Florence Gardens Mobile Home Association's applications for Special Events during 2016 being held at Florence Gardens Clubhouse, 3803 Florence Boulevard, Florence, Arizona.

### **BACKGROUND/DISCUSSION:**

The Florence Gardens Mobile Home Association has submitted nine applications for a Special Event Licenses for 2016. The purpose of a Special Event License is to allow charitable, civic, fraternal, political, or religious organizations to sell and serve spirituous liquor for consumption as a fundraiser. Special event licenses may be issued for no more than a cumulative total of 10 days in a calendar year. Florence Gardens Mobile Home Association will have one more day available in 2016. The fee for a Special Event License is \$25 per day, payable to the Arizona Department of Liquor Licenses and Control. The checks totaling \$225 (\$25 for each event) will be forwarded to the Arizona Department of Liquor Licenses and Control upon Council's approval.

The following is a list of dates for each license:

January 7, 2016	3:30 pm – 5:00 pm
January 14, 2016	3:30 pm – 5:00 pm
January 26, 2016	4:30 pm – 6:30 pm
February 4, 2016	3:30 pm – 5:00 pm
February 18, 2016	3:30 pm – 5:00 pm
March 3, 2016	3:30 pm – 5:00 pm
March 17, 2016	3:30 pm – 5:00 pm
November 17, 2016	3:30 pm – 5:00 pm
December 8, 2016	3:30 pm – 5:00 pm

### **FINANCIAL IMPACT:**

None

**STAFF RECOMMENDATION:**

Staff recommends approval of the Florence Gardens Mobile Home Association applications for a Special Event License for January 7, January 14, January 26, February 4, February 18, March 3, March 17, November 17 and December 8, 2016, at Florence Gardens Club House.

**ATTACHMENTS:**

Applications



Arizona Department of Liquor Licenses and Control  
 800 W Washington 5th Floor  
 Phoenix, AZ 85007-2934  
 www.azliquor.gov  
 (602) 542-5141

FOR DLIC USE ONLY	
Event Date(s):	
Event time start/end:	
CSR:	
License:	

**APPLICATION FOR SPECIAL EVENT LICENSE**  
 Fee= \$25.00 per day for 1-10 days (consecutive)  
 A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. § 44-6852)

**IMPORTANT INFORMATION: This document must be fully completed or it will be returned.**

The Department of Liquor Licenses and Control must receive this application ten (10) business days prior to the event. If the special event will be held at a location without a permanent liquor license or if the event will be on any portion of a location that is not covered by the existing liquor license, this application must be approved by the local government before submission to the Department of Liquor Licenses and Control (see Section 15).

**SECTION 1** Name of Organization: Florence Gardens Mobil Home Association

**SECTION 2** Non-Profit/IRS Tax Exempt Number: 86-0346915

**SECTION 3** The organization is a: (check one box only)

- Charitable  Fraternal (must have regular membership and have been in existence for over five (5) years)  
 Religious  Civic (Rotary, College Scholarship)  Political Party, Ballot Measure or Campaign Committee

**SECTION 4** Will this event be held on a currently licensed premise and within the already approved premises?  Yes  No

\_\_\_\_\_  
 Name of Business License Number Phone (include Area Code)

**SECTION 5** How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

- Place license in non-use  
 Dispense and serve all spirituous liquors under retailer's license  
 Dispense and serve all spirituous liquors under special event  
 Split premise between special event and retail location

(If not using retail license, submit a letter of agreement from the agent/owner of the licensed premise to suspend the license during the event. If the special event is only using a portion of premise, agent/owner will need to suspend that portion of the premise.)

**SECTION 6** What is the purpose of this event?  On-site consumption  Off-site (auction)  Both

**SECTION 7** Location of the Event: 3803 Florence Gardens Club House  
 Address of Location: 3803 Florence Blvd Florence Pinal AZ 85122  
Street City COUNTY State Zip

**SECTION 8** Will this be stacked with a wine festival/craft distiller festival?  Yes  No

**SECTION 9** Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

1. Applicant: Shatt Relbie A. 11-29-44  
Last First Middle Date of Birth

2. Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85132  
Street City State Zip

3. Applicant's home/cell phone: 208 539-2729 Applicant's business phone: ( ) \_\_\_\_\_

4. Applicant's email address: pigsfly05@yahoo.com

**SECTION 10**

1. Has the applicant been convicted of a felony, or had a liquor license revoked within the last five (5) years?  
 Yes  No (If yes, attach explanation.)

2. How many special event licenses have been issued to this location this year? 9  
 (The number cannot exceed 12 events per year; exceptions under A.R.S. §4-203.02(D).)

3. Is the organization using the services of a promoter or other person to manage the event?  Yes  No  
 (If yes, attach a copy of the agreement.)

4. List all people and organizations who will receive the proceeds. Account for 100% of the proceeds. The organization applying must receive 25% of the gross revenues of the special event liquor sales. Attach an additional page if necessary.

Name Florence Gardens Mobil Home Ass. Percentage: 100%  
 Address 3803 Florence Blvd Florence AZ 85132  
Street City State Zip

Name \_\_\_\_\_ Percentage: \_\_\_\_\_  
 Address \_\_\_\_\_  
Street City State Zip

5. Please read A.R.S. § 4-203.02 Special event license; rules and R19-1-205 Requirements for a Special Event License.

**Note: ALL ALCOHOLIC BEVERAGE SALES MUST BE FOR CONSUMPTION AT THE EVENT SITE ONLY.**

"NO ALCOHOLIC BEVERAGES SHALL LEAVE SPECIAL EVENT UNLESS THEY ARE IN AUCTION SEALED CONTAINERS OR THE SPECIAL EVENT LICENSE IS STACKED WITH WINE /CRAFT DISTILLERY FESTIVAL LICENSE"

6. What type of security and control measures will you take to prevent violations of liquor laws at this event?  
 (List type and number of police/security personnel and type of fencing or control barriers, if applicable.)

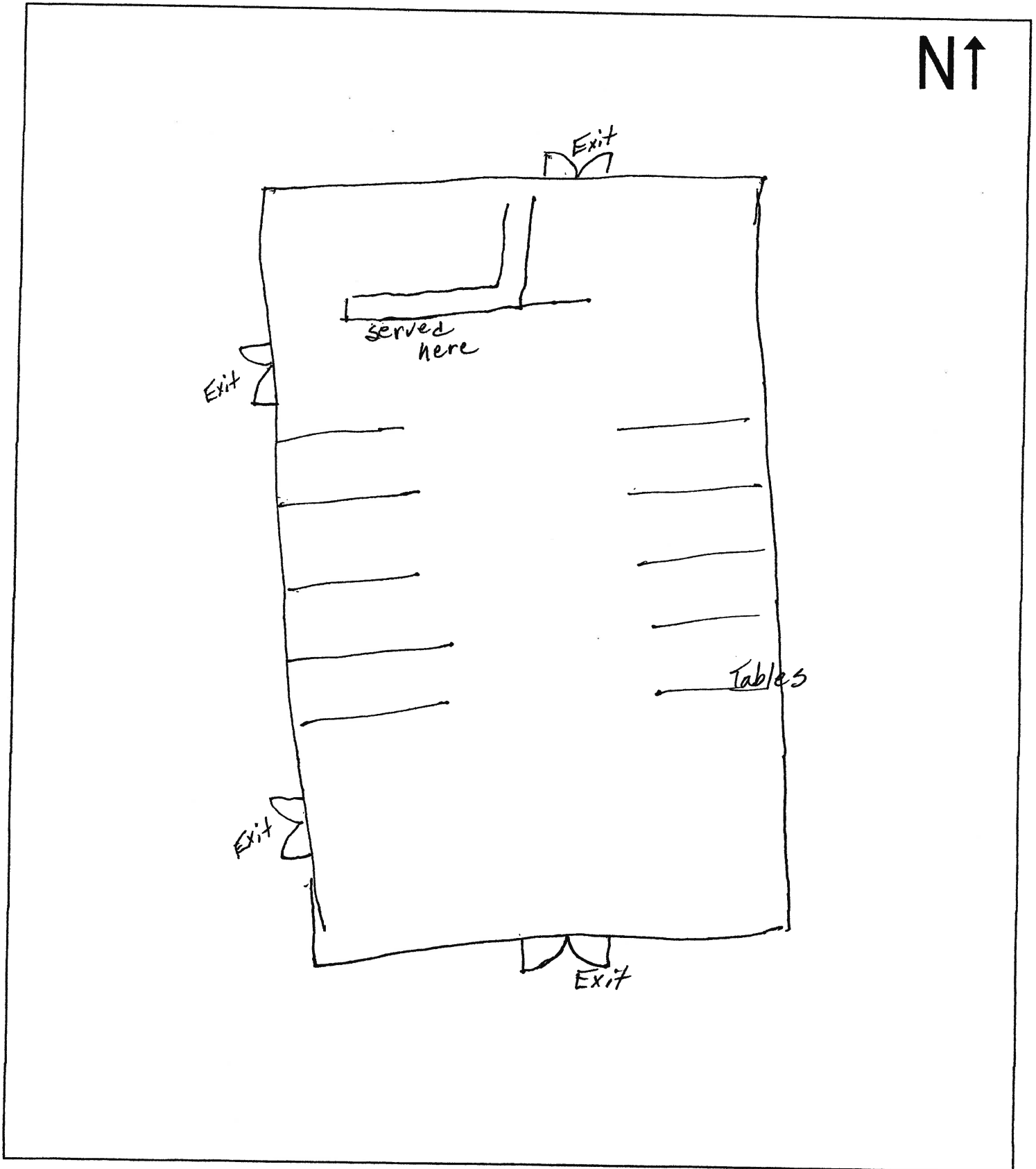
Number of Police \_\_\_\_\_ Number of Security Personnel \_\_\_\_\_  Fencing  Barriers

Explanation: Members of the committee patrol + monitor the function  
Have to be a member of the association to attend.

**SECTION 11** Date(s) and Hours of Event. May not exceed 10 consecutive days.  
 See A.R.S. § 4-244(15) and (17) for legal hours of service.

	Date	Day of Week	Event Start Time AM/PM	License End Time AM/PM
DAY 1:	<u>1-7-2016</u>	<u>Thurs.</u>	<u>3:30 PM</u>	<u>5:00 PM</u>
DAY 2:	_____	_____	_____	_____
DAY 3:	_____	_____	_____	_____
DAY 4:	_____	_____	_____	_____
DAY 5:	_____	_____	_____	_____
DAY 6:	_____	_____	_____	_____
DAY 7:	_____	_____	_____	_____
DAY 8:	_____	_____	_____	_____
DAY 9:	_____	_____	_____	_____
DAY 10:	_____	_____	_____	_____

**SECTION 12** License premises diagram. The licensed premises for your special event is the area in which you are authorized to sell, dispense or serve alcoholic beverages under the provisions of your license. The following space is to be used to prepare a diagram of your special event licensed premises. Please show dimensions, serving areas, fencing, barricades, or other control measures and security position.



**SECTION 13** To be completed only by an Officer, Director or Chairperson of the organization named in Section 1.

I, Debbie A Thaele declare that I am an OFFICER, DIRECTOR, or CHAIRPERSON  
(Print Full Name)  
appointing the applicant listed in Section 9, to apply on behalf of the foregoing organization for a Special Event  
Liquor License.

x Debbie A Thaele Sec Board 12-6-15 208-539-2729  
(Signature) Title/ Position Date Phone #

The foregoing instrument was acknowledged before me this 9 Dec. 2015  
Day Month Year  
State AZ County of Pinal

My Commission Expires on: 7-4-16 Stephanie Lamas  
Date Signature of Notary Public  
STEPHANIE LAMAS  
Notary Public - State of Arizona  
PINAL COUNTY  
My Commission Expires July 4, 2016

**SECTION 14** This section is to be completed only by the applicant named in Section 9.

I, Debbie A Thaele declare that I am the APPLICANT filing this application as  
(Print Full Name)  
listed in Section 9. I have read the application and the contents and all statements are true, correct and  
complete.

x Debbie A Thaele Sec Board 12-6-15 208-539-2729  
(Signature) Title/ Position Date Phone #

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Please contact the local governing board for additional application requirements and submission deadlines. Additional  
licensing fees may also be required before approval may be granted. For more information, please contact your local  
jurisdiction: [http://www.azliquor.gov/assets/documents/homepage\\_docs/spec\\_event\\_links.pdf](http://www.azliquor.gov/assets/documents/homepage_docs/spec_event_links.pdf).

**SECTION 15** Local Governing Body Approval Section

I, \_\_\_\_\_ recommend  APPROVAL  DISAPPROVAL  
(Government Official) (Title)

on behalf of \_\_\_\_\_  
(City, Town, County) Signature Date Phone

**FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY**

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**A.R.S. § 41-1030. Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice**

B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

D. THIS SECTION MAY BE ENFORCED IN A PRIVATE CIVIL ACTION AND RELIEF MAY BE AWARDED AGAINST THE STATE. THE COURT MAY AWARD REASONABLE ATTORNEY FEES, DAMAGES AND ALL FEES ASSOCIATED WITH THE LICENSE APPLICATION TO A PARTY THAT PREVAILS IN AN ACTION AGAINST THE STATE FOR A VIOLATION OF THIS SECTION.

E. A STATE EMPLOYEE MAY NOT INTENTIONALLY OR KNOWINGLY VIOLATE THIS SECTION. A VIOLATION OF THIS SECTION IS CAUSE FOR DISCIPLINARY ACTION OR DISMISSAL PURSUANT TO THE AGENCY'S ADOPTED PERSONNEL POLICY.

F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.





**Arizona Department of Liquor Licenses and Control**  
 800 W Washington 5th Floor  
 Phoenix, AZ 85007-2934  
 www.azliquor.gov  
 (602) 542-5141

<b>FOR DLIC USE ONLY</b>	
Event Date(s):	
Event time start/end:	
CSR:	
License:	

**APPLICATION FOR SPECIAL EVENT LICENSE**  
 Fee= \$25.00 per day for 1-10 days (consecutive)  
 A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. § 44-6852)

**IMPORTANT INFORMATION: This document must be fully completed or it will be returned.**

The Department of Liquor Licenses and Control must receive this application ten (10) business days prior to the event. If the special event will be held at a location without a permanent liquor license or if the event will be on any portion of a location that is not covered by the existing liquor license, this application must be approved by the local government before submission to the Department of Liquor Licenses and Control (see Section 15).

**SECTION 1** Name of Organization: Florence Gardens Mobil Home Association

**SECTION 2** Non-Profit/IRS Tax Exempt Number: 86-0346915

**SECTION 3** The organization is a: (check one box only)

- Charitable
- Fraternal (must have regular membership and have been in existence for over five (5) years)
- Religious
- Civic (Rotary, College Scholarship)
- Political Party, Ballot Measure or Campaign Committee

**SECTION 4** Will this event be held on a currently licensed premise and within the already approved premises?  Yes  No

\_\_\_\_\_  
 Name of Business License Number Phone (include Area Code)

**SECTION 5** How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

- Place license in non-use
- Dispense and serve all spirituous liquors under retailer's license
- Dispense and serve all spirituous liquors under special event
- Split premise between special event and retail location

(If not using retail license, submit a letter of agreement from the agent/owner of the licensed premise to suspend the license during the event. If the special event is only using a portion of premise, agent/owner will need to suspend that portion of the premise.)

**SECTION 6** What is the purpose of this event?  On-site consumption  Off-site (auction)  Both

**SECTION 7** Location of the Event: Florence Gardens Clubhouse  
 Address of Location: 3803 Florence Blvd Florence Pinal AZ 85732  
Street City COUNTY State Zip

**SECTION 8** Will this be stacked with a wine festival/craft distiller festival?  Yes  No

**SECTION 9** Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

1. Applicant: Phacts Debbie A 11-29-44  
Last First Middle Date of Birth

2. Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85732  
Street City State Zip

3. Applicant's home/cell phone: (208) 539-2729 Applicant's business phone: ( ) \_\_\_\_\_

4. Applicant's email address: pigsfly05@yahoo.com

**SECTION 10**

1. Has the applicant been convicted of a felony, or had a liquor license revoked within the last five (5) years?  
 Yes  No (If yes, attach explanation.)

2. How many special event licenses have been issued to this location this year? 9  
 (The number cannot exceed 12 events per year; exceptions under A.R.S. §4-203.02(D).)

3. Is the organization using the services of a promoter or other person to manage the event?  Yes  No  
 (If yes, attach a copy of the agreement.)

4. List all people and organizations who will receive the proceeds. Account for 100% of the proceeds. The organization applying must receive 25% of the gross revenues of the special event liquor sales. Attach an additional page if necessary.

Name Florence Gardens Mobil/Ass. Percentage: 100%  
 Address 3803 Florence Blvd. Florence AZ 85132  
Street City State Zip

Name \_\_\_\_\_ Percentage: \_\_\_\_\_  
 Address \_\_\_\_\_  
Street City State Zip

5. Please read A.R.S. § 4-203.02 Special event license; rules and R19-1-205 Requirements for a Special Event License.

**Note: ALL ALCOHOLIC BEVERAGE SALES MUST BE FOR CONSUMPTION AT THE EVENT SITE ONLY.**

"NO ALCOHOLIC BEVERAGES SHALL LEAVE SPECIAL EVENT UNLESS THEY ARE IN AUCTION SEALED CONTAINERS OR THE SPECIAL EVENT LICENSE IS STACKED WITH WINE /CRAFT DISTILLERY FESTIVAL LICENSE"

6. What type of security and control measures will you take to prevent violations of liquor laws at this event?  
 (List type and number of police/security personnel and type of fencing or control barriers, if applicable.)

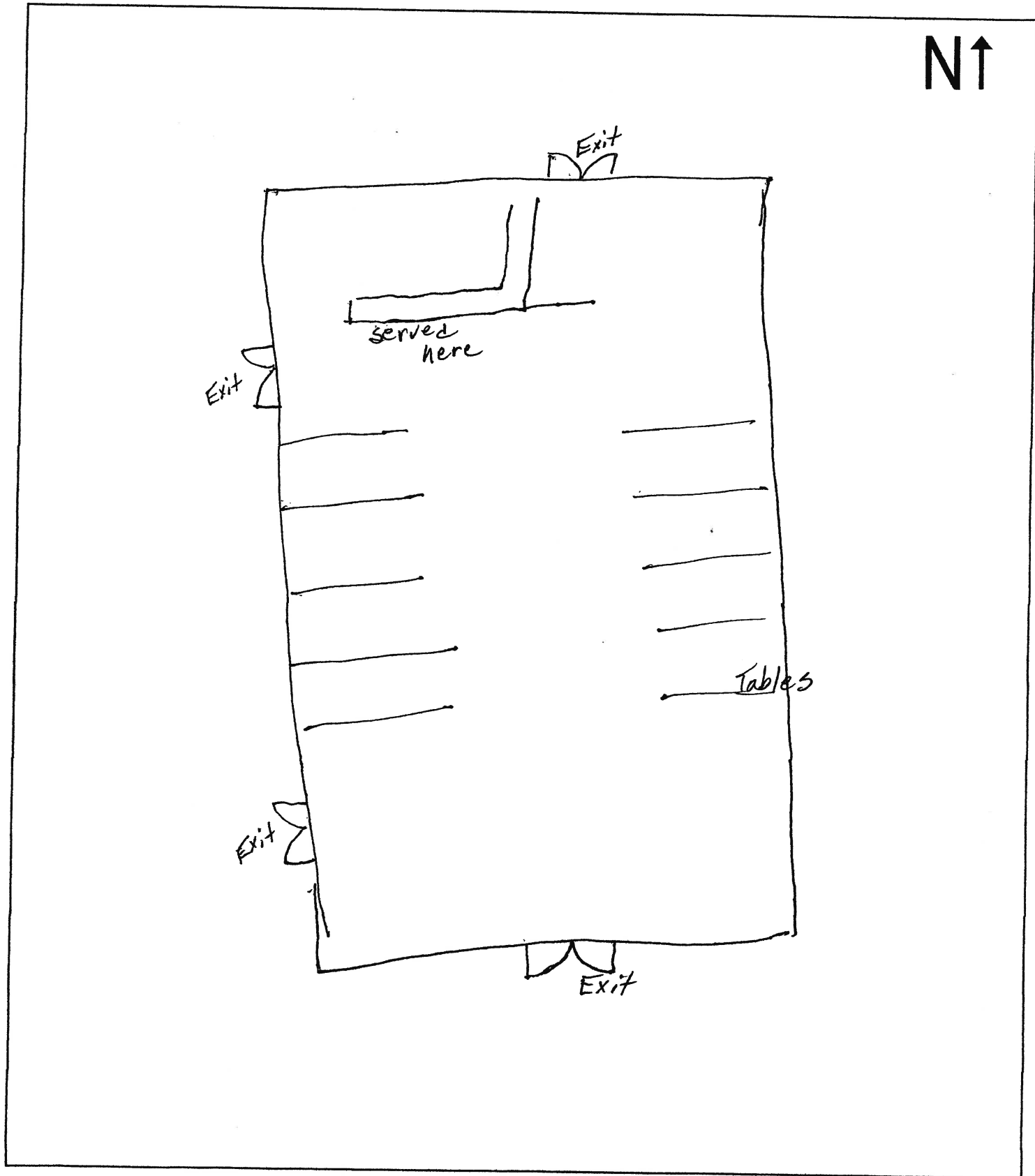
\_\_\_\_\_ Number of Police \_\_\_\_\_ Number of Security Personnel  Fencing  Barriers

Explanation: Members of the committee patrol & monitor the function  
Have to be a member of the association to attend.

**SECTION 11** Date(s) and Hours of Event. May not exceed 10 consecutive days.  
 See A.R.S. § 4-244(15) and (17) for legal hours of service.

	Date	Day of Week	Event Start Time AM/PM	License End Time AM/PM
DAY 1:	<u>1-14-16</u>	<u>Thurs</u>	<u>3:30 pm</u>	<u>5:00 PM</u>
DAY 2:	_____	_____	_____	_____
DAY 3:	_____	_____	_____	_____
DAY 4:	_____	_____	_____	_____
DAY 5:	_____	_____	_____	_____
DAY 6:	_____	_____	_____	_____
DAY 7:	_____	_____	_____	_____
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DAY 9:	_____	_____	_____	_____
DAY 10:	_____	_____	_____	_____

**SECTION 12** License premises diagram. The licensed premises for your special event is the area in which you are authorized to sell, dispense or serve alcoholic beverages under the provisions of your license. The following space is to be used to prepare a diagram of your special event licensed premises. Please show dimensions, serving areas, fencing, barricades, or other control measures and security position.




**SECTION 13** To be completed only by an Officer, Director or Chairperson of the organization named in Section 1.

I, Debbie A Tharte (Print Full Name) declare that I am an OFFICER, DIRECTOR, or CHAIRPERSON appointing the applicant listed in Section 9, to apply on behalf of the foregoing organization for a Special Event Liquor License.

x Debbie A. Tharte (Signature) Sec Board (Title/ Position) 12-6-15 (Date) 208-539-2729 (Phone #)

The foregoing instrument was acknowledged before me this 8 (Day) Dec (Month) 2015 (Year)  
State Az County of Pinal


My Commission Expires on: 7-4-16 (Date)  
 Stephanie Lamas (Signature of Notary Public)  
Notary Public - State of Arizona  
PINAL COUNTY  
My Commission Expires July 4, 2016

**SECTION 14** This section is to be completed only by the applicant named in Section 9.

I, Debbie A Tharte (Print Full Name) declare that I am the APPLICANT filing this application as listed in Section 9. I have read the application and the contents and all statements are true, correct and complete.

x Debbie A. Tharte (Signature) Sec Board (Title/ Position) 12-6-15 (Date) 208-539-2729 (Phone #)

The foregoing instrument was acknowledged before me this 8 (Day) Dec (Month) 2015 (Year)  
State Az County of Pinal

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 Stephanie Lamas (Signature of Notary Public)  
Notary Public - State of Arizona  
PINAL COUNTY  
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Please contact the local governing board for additional application requirements and submission deadlines. Additional licensing fees may also be required before approval may be granted. For more information, please contact your local jurisdiction: [http://www.azliquor.gov/assets/documents/homepage\\_docs/spec\\_event\\_links.pdf](http://www.azliquor.gov/assets/documents/homepage_docs/spec_event_links.pdf).

**SECTION 15** Local Governing Body Approval Section

I, \_\_\_\_\_ (Government Official) \_\_\_\_\_ (Title) recommend  APPROVAL  DISAPPROVAL  
on behalf of \_\_\_\_\_ (City, Town, County) \_\_\_\_\_ (Signature) \_\_\_\_\_ (Date) \_\_\_\_\_ (Phone)

**FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY**

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**A.R.S. § 41-1030. Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice**  
B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.  
D. THIS SECTION MAY BE ENFORCED IN A PRIVATE CIVIL ACTION AND RELIEF MAY BE AWARDED AGAINST THE STATE. THE COURT MAY AWARD REASONABLE ATTORNEY FEES, DAMAGES AND ALL FEES ASSOCIATED WITH THE LICENSE APPLICATION TO A PARTY THAT PREVAILS IN AN ACTION AGAINST THE STATE FOR A VIOLATION OF THIS SECTION.  
E. A STATE EMPLOYEE MAY NOT INTENTIONALLY OR KNOWINGLY VIOLATE THIS SECTION. A VIOLATION OF THIS SECTION IS CAUSE FOR DISCIPLINARY ACTION OR DISMISSAL PURSUANT TO THE AGENCY'S ADOPTED PERSONNEL POLICY.  
F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.



15 NOV 25 Lique. Dept AM 9:59

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

FOR DLIC USE ONLY
Event Date(s):
Event time start/end:
CSR:
License:

APPLICATION FOR SPECIAL EVENT LICENSE
Fee= \$25.00 per day for 1-10 days (consecutive)
A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. § 44-6852)

IMPORTANT INFORMATION: This document must be fully completed or it will be returned.

The Department of Liquor Licenses and Control must receive this application ten (10) business days prior to the event. If the special event will be held at a location without a permanent liquor license or if the event will be on any portion of a location that is not covered by the existing liquor license, this application must be approved by the local government before submission to the Department of Liquor Licenses and Control (see Section 15).

SECTION 1 Name of Organization: FLORENCE GARDENS MOBIL HOME ASSN.

SECTION 2 Non-Profit/IRS Tax Exempt Number: EIN # 86-0346915

SECTION 3 The organization is a: (check one box only)

- Charitable (checked)
Fraternal
Religious
Civic (Rotary, College Scholarship)
Political Party, Ballot Measure or Campaign Committee

SECTION 4 Will this event be held on a currently licensed premise and within the already approved premises? Yes No (checked)

Name of Business License Number Phone (include Area Code)

SECTION 5 How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

- Place license in non-use
Dispense and serve all spirituous liquors under retailer's license
Dispense and serve all spirituous liquors under special event (checked)
Split premise between special event and retail location

(If not using retail license, submit a letter of agreement from the agent/owner of the licensed premise to suspend the license during the event. If the special event is only using a portion of premise, agent/owner will need to suspend that portion of the premise.)

SECTION 6 What is the purpose of this event? On-site consumption (checked) Off-site (auction) Both

SECTION 7 Location of the Event: FLORENCE GARDENS CLUB HOUSE
Address of Location: 3800 FLORENCE BLVD, FLORENCE, PINAL, AZ 85132

SECTION 8 Will this be stacked with a wine festival/craft distiller festival? Yes No (checked)

SECTION 9 Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

- 1. Applicant: SIMONDET, LAURELYN JEE 2/22/1946
2. Applicant's mailing address: 873 E. LANCASTER CIR, FLORENCE, AZ 85132
3. Applicant's home/cell phone: (712) 390 2585 Applicant's business phone:
4. Applicant's email address: SHOOKIE SIMON@yahoo.com

**SECTION 10**

- Has the applicant been convicted of a felony, or had a liquor license revoked within the last five (5) years?  
 Yes  No (If yes, attach explanation.)
- How many special event licenses have been issued to this location this year? 0  
 (The number cannot exceed 12 events per year; exceptions under A.R.S. §4-203.02(D).)
- Is the organization using the services of a promoter or other person to manage the event?  Yes  No  
 (If yes, attach a copy of the agreement.)
- List all people and organizations who will receive the proceeds. Account for 100% of the proceeds. The organization applying must receive 25% of the gross revenues of the special event liquor sales. Attach an additional page if necessary.

Name FLORENCE GARDENS MOBILE HOME ASSN Percentage: 1/3  
 Address 3830 N. FLORENCE BLVD FLORENCE AZ 85132  
Street City State Zip

Name CALIENTE CASA DESOL Percentage: 1/3  
 Address 3502 N. PINAL PARKWAY FLORENCE AZ 85132  
Street City State Zip  
Casita Hermosa FLORENCE, AZ 1/3 85132

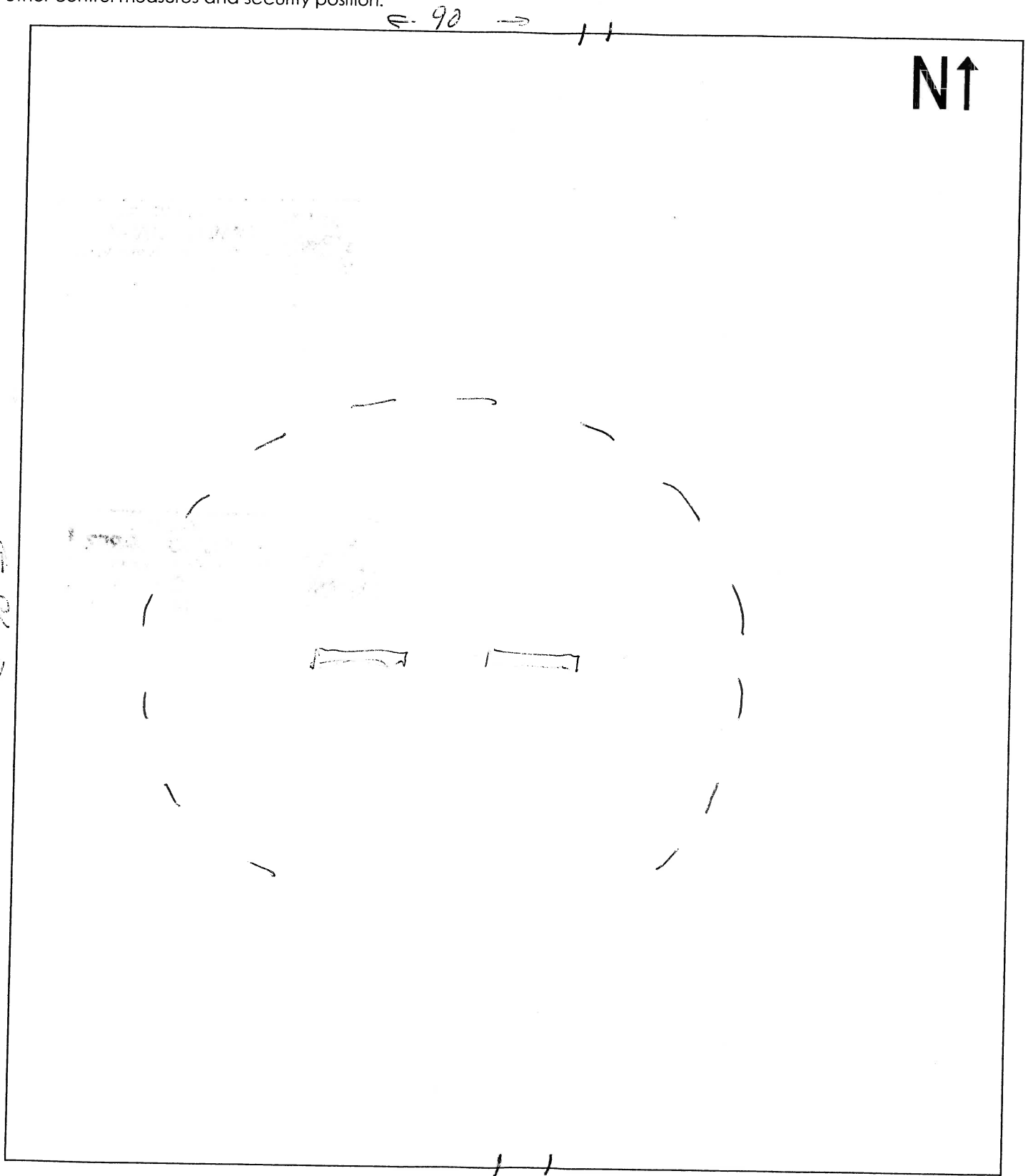
5. Please read A.R.S. § 4-203.02 Special event license; rules and R19-1-205 Requirements for a Special Event License.  
**Note: ALL ALCOHOLIC BEVERAGE SALES MUST BE FOR CONSUMPTION AT THE EVENT SITE ONLY.**  
"NO ALCOHOLIC BEVERAGES SHALL LEAVE SPECIAL EVENT UNLESS THEY ARE IN AUCTION SEALED CONTAINERS OR THE SPECIAL EVENT LICENSE IS STACKED WITH WINE /CRAFT DISTILLERY FESTIVAL LICENSE"

6. What type of security and control measures will you take to prevent violations of liquor laws at this event?  
 (List type and number of police/security personnel and type of fencing or control barriers, if applicable.)  
 \_\_\_\_\_ Number of Police X Number of Security Personnel  Fencing  Barriers  
 Explanation: VOLUNTEER PERSONNEL TRAINED BY TOWN OF FLORENCE POLICE DEPT

**SECTION 11** Date(s) and Hours of Event. May not exceed 10 consecutive days.  
 See A.R.S. § 4-244(15) and (17) for legal hours of service.

	Date	Day of Week	Event Start Time AM/PM	License End Time AM/PM
DAY 1:	<u>JAN 26, 2016</u>	<u>TUESDAY</u>	<u>4:30 pm</u>	<u>6:30 pm</u>
DAY 2:	_____	_____	_____	_____
DAY 3:	_____	_____	_____	_____
DAY 4:	_____	_____	_____	_____
DAY 5:	_____	_____	_____	_____
DAY 6:	_____	_____	_____	_____
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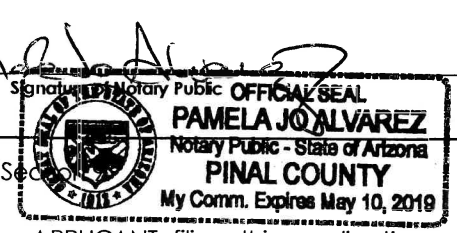
I, LAURELYN LEE SIMONDET declare that I am an OFFICER, DIRECTOR, or CHAIRPERSON  
(Print Full Name)  
appointing the applicant listed in Section 9, to apply on behalf of the foregoing organization for a Special Event  
Liquor License.

X Laurelyn Lee Simondet Treas. 11/23/15 712-390-2588  
(Signature) Title/ Position Date Phone #

The foregoing instrument was acknowledged before me this 23 11 2015  
Day Month Year

State g County of Pinal

My Commission Expires on: 5-10-19  
Date



**SECTION 14** This section is to be completed only by the applicant named in Section 9.

I, LAURELYN LEE SIMONDET declare that I am the APPLICANT filing this application as  
(Print Full Name)  
listed in Section 9. I have read the application and the contents and all statements are true, correct and  
complete.

X Laurelyn Lee Simondet Treas. 11/23/15 712-390-2588  
(Signature) Title/ Position Date Phone #

The foregoing instrument was acknowledged before me this 23 November 2015  
Day Month Year

State AZ County of Pinal

My Commission Expires on: 5-10-19  
Date



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**SECTION 15** Local Governing Body Approval Section

I, \_\_\_\_\_ recommend  APPROVAL  DISAPPROVAL  
(Government Official) (Title)

on behalf of \_\_\_\_\_  
(City, Town, County) Signature Date Phone

FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

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F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.





**Arizona Department of Liquor Licenses and Control**  
 800 W Washington 5th Floor  
 Phoenix, AZ 85007-2934  
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FOR DLIC USE ONLY	
Event Date(s):	
Event time start/end:	
CSR:	
License:	

**APPLICATION FOR SPECIAL EVENT LICENSE**  
 Fee= \$25.00 per day for 1-10 days (consecutive)  
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**SECTION 2** Non-Profit/IRS Tax Exempt Number: 86-0346915

**SECTION 3** The organization is a: (check one box only)

- Charitable
- Fraternal (must have regular membership and have been in existence for over five (5) years)
- Religious
- Civic (Rotary, College Scholarship)
- Political Party, Ballot Measure or Campaign Committee

**SECTION 4** Will this event be held on a currently licensed premise and within the already approved premises?  Yes  No

Name of Business	License Number	Phone (include Area Code)
------------------	----------------	---------------------------

**SECTION 5** How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

- Place license in non-use
- Dispense and serve all spirituous liquors under retailer's license
- Dispense and serve all spirituous liquors under special event
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(If not using retail license, submit a letter of agreement from the agent/owner of the licensed premise to suspend the license during the event. If the special event is only using a portion of premise, agent/owner will need to suspend that portion of the premise.)

**SECTION 6** What is the purpose of this event?  On-site consumption  Off-site (auction)  Both

**SECTION 7** Location of the Event: Florence Gardens Club House  
 Address of Location: 3803 Florence Blvd. Florence Pinal AZ 85132  
Street City COUNTY State Zip

**SECTION 8** Will this be stacked with a wine festival/craft distiller festival?  Yes  No

**SECTION 9** Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

1. Applicant: Phoet Robbie A. 11-29-44  
Last First Middle Date of Birth

2. Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85132  
Street City State Zip

3. Applicant's home/cell phone: (208) 229-2729 Applicant's business phone: ( ) \_\_\_\_\_

4. Applicant's email address: pigsfly05@yahoo.com

**SECTION 10**

1. Has the applicant been convicted of a felony, or had a liquor license revoked within the last five (5) years?  
 Yes  No (If yes, attach explanation.)

2. How many special event licenses have been issued to this location this year? 9  
 (The number cannot exceed 12 events per year; exceptions under A.R.S. §4-203.02(D).)

3. Is the organization using the services of a promoter or other person to manage the event?  Yes  No  
 (If yes, attach a copy of the agreement.)

4. List all people and organizations who will receive the proceeds. Account for 100% of the proceeds. The organization applying must receive 25% of the gross revenues of the special event liquor sales. Attach an additional page if necessary.

Name: Florence Gardens MobilHome Ass Percentage: 100%  
 Address: 3803 Florence Blvd Florence AZ 85732  
Street City State Zip

Name \_\_\_\_\_ Percentage: \_\_\_\_\_  
 Address \_\_\_\_\_  
Street City State Zip

5. Please read A.R.S. § 4-203.02 Special event license; rules and R19-1-205 Requirements for a Special Event License.

**Note: ALL ALCOHOLIC BEVERAGE SALES MUST BE FOR CONSUMPTION AT THE EVENT SITE ONLY.**

"NO ALCOHOLIC BEVERAGES SHALL LEAVE SPECIAL EVENT UNLESS THEY ARE IN AUCTION SEALED CONTAINERS OR THE SPECIAL EVENT LICENSE IS STACKED WITH WINE /CRAFT DISTILLERY FESTIVAL LICENSE"

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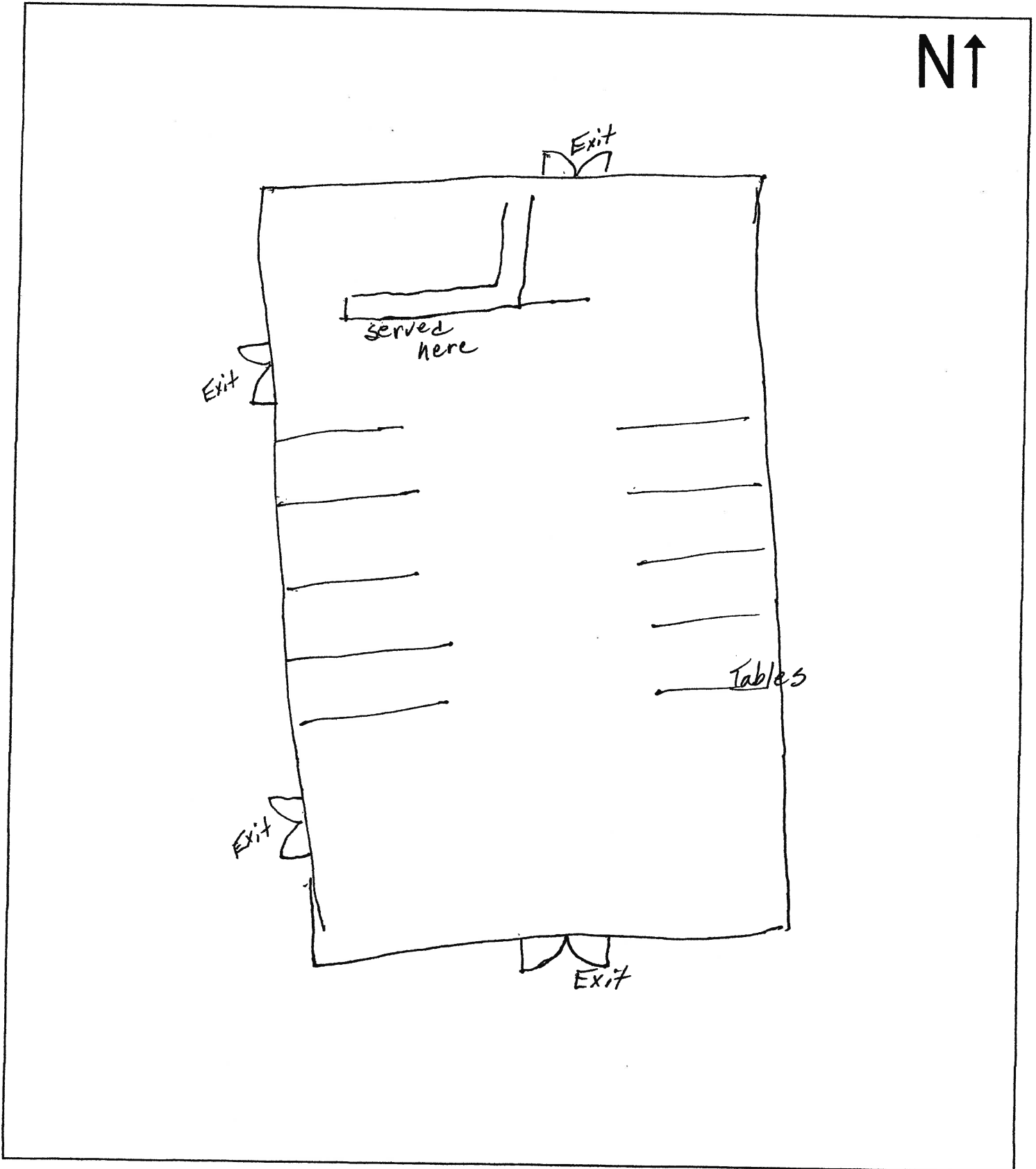
\_\_\_\_\_ Number of Police \_\_\_\_\_ Number of Security Personnel  Fencing  Barriers

Explanation: Members of the committee patrol & monitor the function  
Have to be a member of the Association, to attend.

**SECTION 11** Date(s) and Hours of Event. May not exceed 10 consecutive days.  
 See A.R.S. § 4-244(15) and (17) for legal hours of service.

	Date	Day of Week	Event Start Time AM/PM	License End Time AM/PM
DAY 1:	<u>2-4-16</u>	<u>Thurs</u>	<u>3:30 PM</u>	<u>5:00 PM</u>
DAY 2:	_____	_____	_____	_____
DAY 3:	_____	_____	_____	_____
DAY 4:	_____	_____	_____	_____
DAY 5:	_____	_____	_____	_____
DAY 6:	_____	_____	_____	_____
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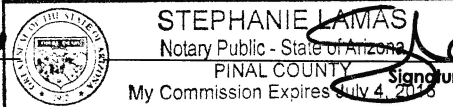


**SECTION 13** To be completed only by an Officer, Director or Chairperson of the organization named in Section 1.

I, Debbie A Tharte (Print Full Name) declare that I am an OFFICER, DIRECTOR, or CHAIRPERSON appointing the applicant listed in Section 9, to apply on behalf of the foregoing organization for a Special Event Liquor License.

x Debbie A Tharte (Signature) Sec Board (Title/ Position) 12-6-15 (Date) 208-539-2729 (Phone #)

The foregoing instrument was acknowledged before me this 8 (Day) Dec. (Month) 2015 (Year)  
State Az County of Pinal

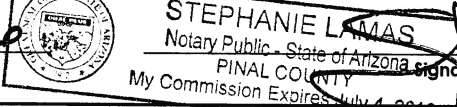
My Commission Expires on: 7-4-16 (Date)  
 Lamas (Signature of Notary Public)

**SECTION 14** This section is to be completed only by the applicant named in Section 9.

I, Debbie A Tharte (Print Full Name) declare that I am the APPLICANT filing this application as listed in Section 9. I have read the application and the contents and all statements are true, correct and complete.

x Debbie A Tharte (Signature) Sec Board (Title/ Position) 12-6-15 (Date) 208-539-2729 (Phone #)

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Please contact the local governing board for additional application requirements and submission deadlines. Additional licensing fees may also be required before approval may be granted. For more information, please contact your local jurisdiction: [http://www.azliquor.gov/assets/documents/homepage\\_docs/spec\\_event\\_links.pdf](http://www.azliquor.gov/assets/documents/homepage_docs/spec_event_links.pdf).

**SECTION 15** Local Governing Body Approval Section

I, \_\_\_\_\_ (Government Official) \_\_\_\_\_ (Title) recommend  APPROVAL  DISAPPROVAL  
on behalf of \_\_\_\_\_ (City, Town, County) \_\_\_\_\_ (Signature) \_\_\_\_\_ (Date) \_\_\_\_\_ (Phone)

**FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY**

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**A.R.S. § 41-1030. Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice**  
B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.  
D. THIS SECTION MAY BE ENFORCED IN A PRIVATE CIVIL ACTION AND RELIEF MAY BE AWARDED AGAINST THE STATE. THE COURT MAY AWARD REASONABLE ATTORNEY FEES, DAMAGES AND ALL FEES ASSOCIATED WITH THE LICENSE APPLICATION TO A PARTY THAT PREVAILS IN AN ACTION AGAINST THE STATE FOR A VIOLATION OF THIS SECTION.  
E. A STATE EMPLOYEE MAY NOT INTENTIONALLY OR KNOWINGLY VIOLATE THIS SECTION. A VIOLATION OF THIS SECTION IS CAUSE FOR DISCIPLINARY ACTION OR DISMISSAL PURSUANT TO THE AGENCY'S ADOPTED PERSONNEL POLICY.  
F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.



Arizona Department of Liquor Licenses and Control  
 800 W Washington 5th Floor  
 Phoenix, AZ 85007-2934  
 www.azliquor.gov  
 (602) 542-5141

<b>FOR DLLC USE ONLY</b>	
Event Date(s):	
Event time start/end:	
CSR:	
License:	

**APPLICATION FOR SPECIAL EVENT LICENSE**  
 Fee= \$25.00 per day for 1-10 days (consecutive)  
 A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. § 44-6852)

**IMPORTANT INFORMATION: This document must be fully completed or it will be returned.**

The Department of Liquor Licenses and Control must receive this application ten (10) business days prior to the event. If the special event will be held at a location without a permanent liquor license or if the event will be on any portion of a location that is not covered by the existing liquor license, this application must be approved by the local government before submission to the Department of Liquor Licenses and Control (see Section 15).

**SECTION 1** Name of Organization: Florence Gardens Mobil Home Association

**SECTION 2** Non-Profit/IRS Tax Exempt Number: 86-0346915

**SECTION 3** The organization is a: (check one box only)

- Charitable  Fraternal (must have regular membership and have been in existence for over five (5) years)
- Religious  Civic (Rotary, College Scholarship)  Political Party, Ballot Measure or Campaign Committee

**SECTION 4** Will this event be held on a currently licensed premise and within the already approved premises?  Yes  No

Name of Business	License Number	Phone (include Area Code)
------------------	----------------	---------------------------

**SECTION 5** How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

- Place license in non-use
- Dispense and serve all spirituous liquors under retailer's license
- Dispense and serve all spirituous liquors under special event
- Split premise between special event and retail location

(If not using retail license, submit a letter of agreement from the agent/owner of the licensed premise to suspend the license during the event. If the special event is only using a portion of premise, agent/owner will need to suspend that portion of the premise.)

**SECTION 6** What is the purpose of this event?  On-site consumption  Off-site (auction)  Both

**SECTION 7** Location of the Event: Florence Gardens Clubhouse  
 Address of Location: 3803 Florence Blvd Florence Pinal AZ 85732  
Street City COUNTY State Zip

**SECTION 8** Will this be stacked with a wine festival/craft distiller festival?  Yes  No

**SECTION 9** Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

1. Applicant: Shartes Debbie A. 11-29-44  
Last First Middle Date of Birth
2. Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85732  
Street City State Zip
3. Applicant's home/cell phone: (208) 539-2729 Applicant's business phone: ( )
4. Applicant's email address: pigsfly05@yahoo.com

**SECTION 10**

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 Yes  No (If yes, attach explanation.)

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Name Florence Gardens Mobil Home Ass. Percentage: 100%  
 Address 3803 Florence Blvd Florence AZ 85132  
Street City State Zip  
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5. Please read A.R.S. § 4-203.02 Special event license; rules and R19-1-205 Requirements for a Special Event License.

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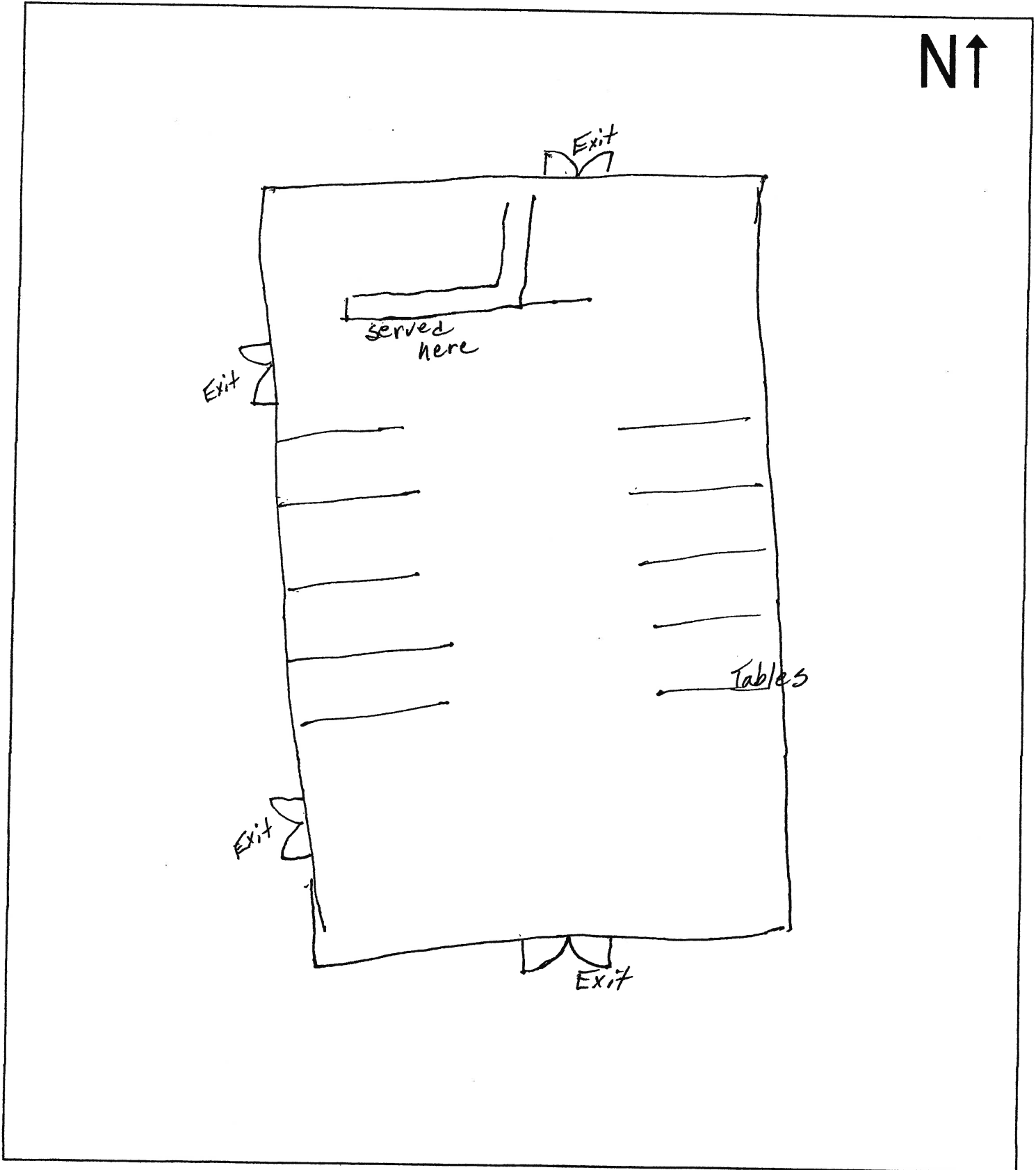
\_\_\_\_\_ Number of Police \_\_\_\_\_ Number of Security Personnel  Fencing  Barriers

Explanation: Members of the committee patrol & monitor the function.  
Have to be a member of the association to attend.

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 See A.R.S. § 4-244(15) and (17) for legal hours of service.

	Date	Day of Week	Event Start Time AM/PM	License End Time AM/PM
DAY 1:	<u>2-18-16</u>	<u>Thurs.</u>	<u>3:30 PM</u>	<u>5:00 PM</u>
DAY 2:	_____	_____	_____	_____
DAY 3:	_____	_____	_____	_____
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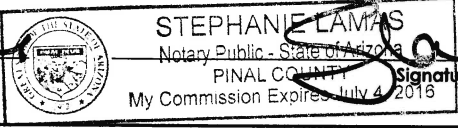
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x Debbie A Thacte Sec. Board 12-6-15 208-539-2729  
(Signature) Title/ Position Date Phone #

The foregoing instrument was acknowledged before me this 9 Dec 2015  
Day Month Year  
State AZ County of Pinal

My Commission Expires on: 7-4-16 Stephanie Lamas  
Date Signature of Notary Public



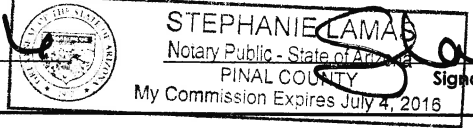
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I, \_\_\_\_\_ recommend  APPROVAL  DISAPPROVAL  
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on behalf of \_\_\_\_\_  
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**FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY**

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

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**Arizona Department of Liquor Licenses and Control**  
**800 W Washington 5th Floor**  
**Phoenix, AZ 85007-2934**  
**www.azliquor.gov**  
**(602) 542-5141**

<b>FOR DLLC USE ONLY</b>
Event Date(s):
Event time start/end:
CSR:
License:

**APPLICATION FOR SPECIAL EVENT LICENSE**  
 Fee= \$25.00 per day for 1-10 days (consecutive)  
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Street City COUNTY State Zip

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1. Applicant: Shaete Rebelis A. 11-29-44  
Last First Middle Date of Birth

2. Applicant's mailing address: 370 E N Colorado Ave Florence AZ 85132  
Street City State Zip

3. Applicant's home/cell phone: (208) 539-2729 Applicant's business phone: ( ) \_\_\_\_\_

4. Applicant's email address: pigsfly05@yahoo.com

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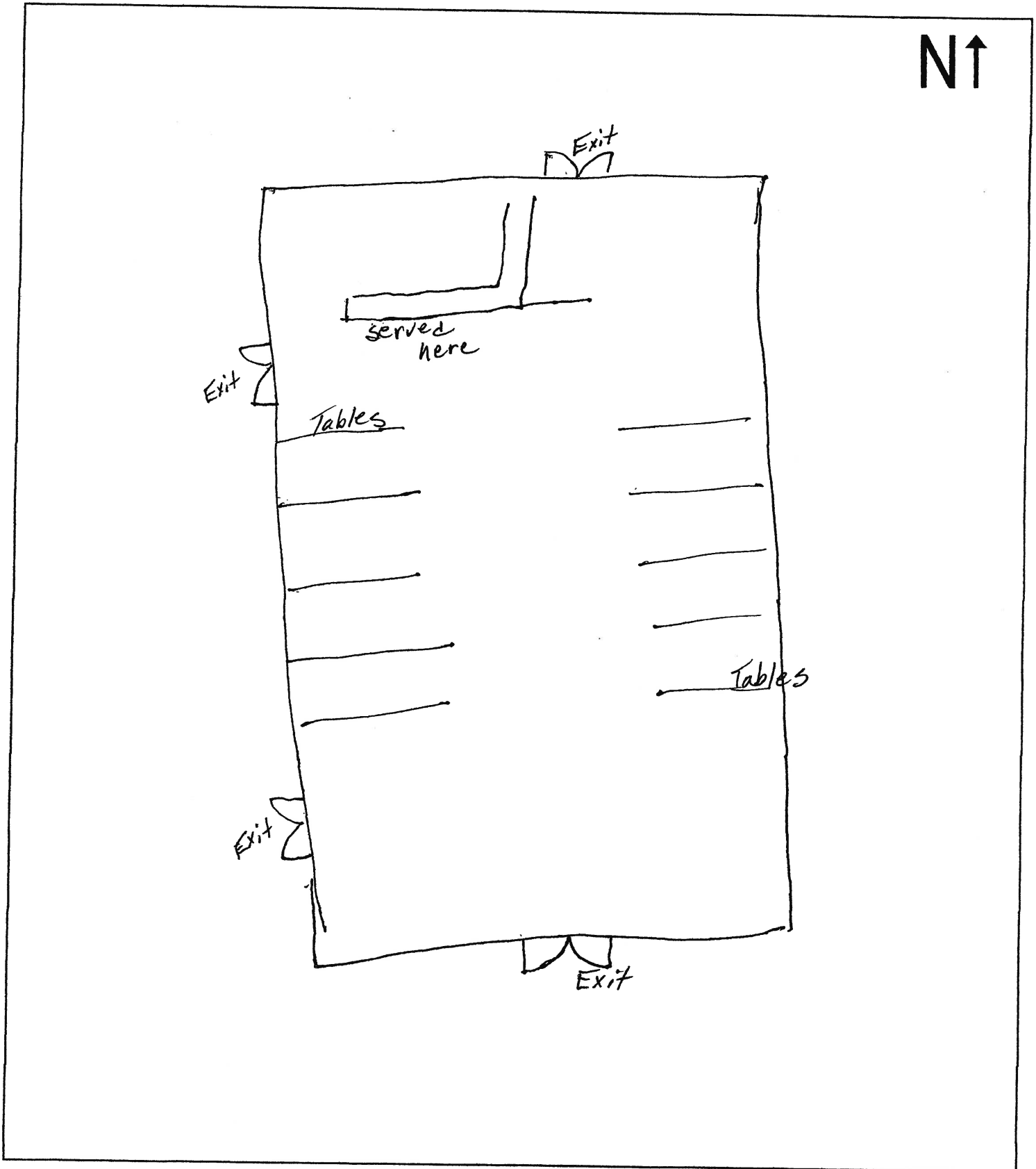
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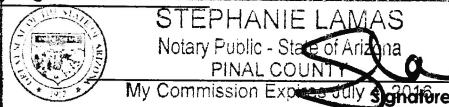


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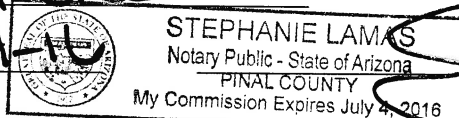
My Commission Expires on: 7-4-16  Lamas  
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(Government Official) (Title)

on behalf of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
(City, Town, County) Signature Date Phone

**FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY**

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**SECTION 3** The organization is a: (check one box only)

- Charitable
- Fraternal (must have regular membership and have been in existence for over five (5) years)
- Religious
- Civic (Rotary, College Scholarship)
- Political Party, Ballot Measure or Campaign Committee

**SECTION 4** Will this event be held on a currently licensed premise and within the already approved premises?  Yes  No

Name of Business	License Number	Phone (include Area Code)
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**SECTION 5** How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

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**SECTION 7** Location of the Event: Florence Gardens Club House  
 Address of Location: 3803 Florence Blvd. Florence Pinal AZ 85132  
Street City COUNTY State Zip

**SECTION 8** Will this be stacked with a wine festival/craft distiller festival?  Yes  No

**SECTION 9** Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

- Applicant: Shaeto Webbie A 11-29-44  
Last First Middle Date of Birth
- Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85132  
Street City State Zip
- Applicant's home/cell phone: (208) 539-2729 Applicant's business phone: ( ) \_\_\_\_\_
- Applicant's email address: pigsfly05@yahoo.com

**SECTION 10**

1. Has the applicant been convicted of a felony, or had a liquor license revoked within the last five (5) years?  
 Yes  No (If yes, attach explanation.)

2. How many special event licenses have been issued to this location this year? 9  
 (The number cannot exceed 12 events per year; exceptions under A.R.S. §4-203.02(D).)

3. Is the organization using the services of a promoter or other person to manage the event?  Yes  No  
 (If yes, attach a copy of the agreement.)

4. List all people and organizations who will receive the proceeds. Account for 100% of the proceeds. The organization applying must receive 25% of the gross revenues of the special event liquor sales. Attach an additional page if necessary.

Name Florence Gardens Mobil/Home Ass Percentage: 100%  
 Address 3803 Florence Blvd. Florence AZ 85132  
Street City State Zip

Name \_\_\_\_\_ Percentage: \_\_\_\_\_  
 Address \_\_\_\_\_  
Street City State Zip

5. Please read A.R.S. § 4-203.02 Special event license; rules and R19-1-205 Requirements for a Special Event License.

**Note: ALL ALCOHOLIC BEVERAGE SALES MUST BE FOR CONSUMPTION AT THE EVENT SITE ONLY.**

"NO ALCOHOLIC BEVERAGES SHALL LEAVE SPECIAL EVENT UNLESS THEY ARE IN AUCTION SEALED CONTAINERS OR THE SPECIAL EVENT LICENSE IS STACKED WITH WINE /CRAFT DISTILLERY FESTIVAL LICENSE"

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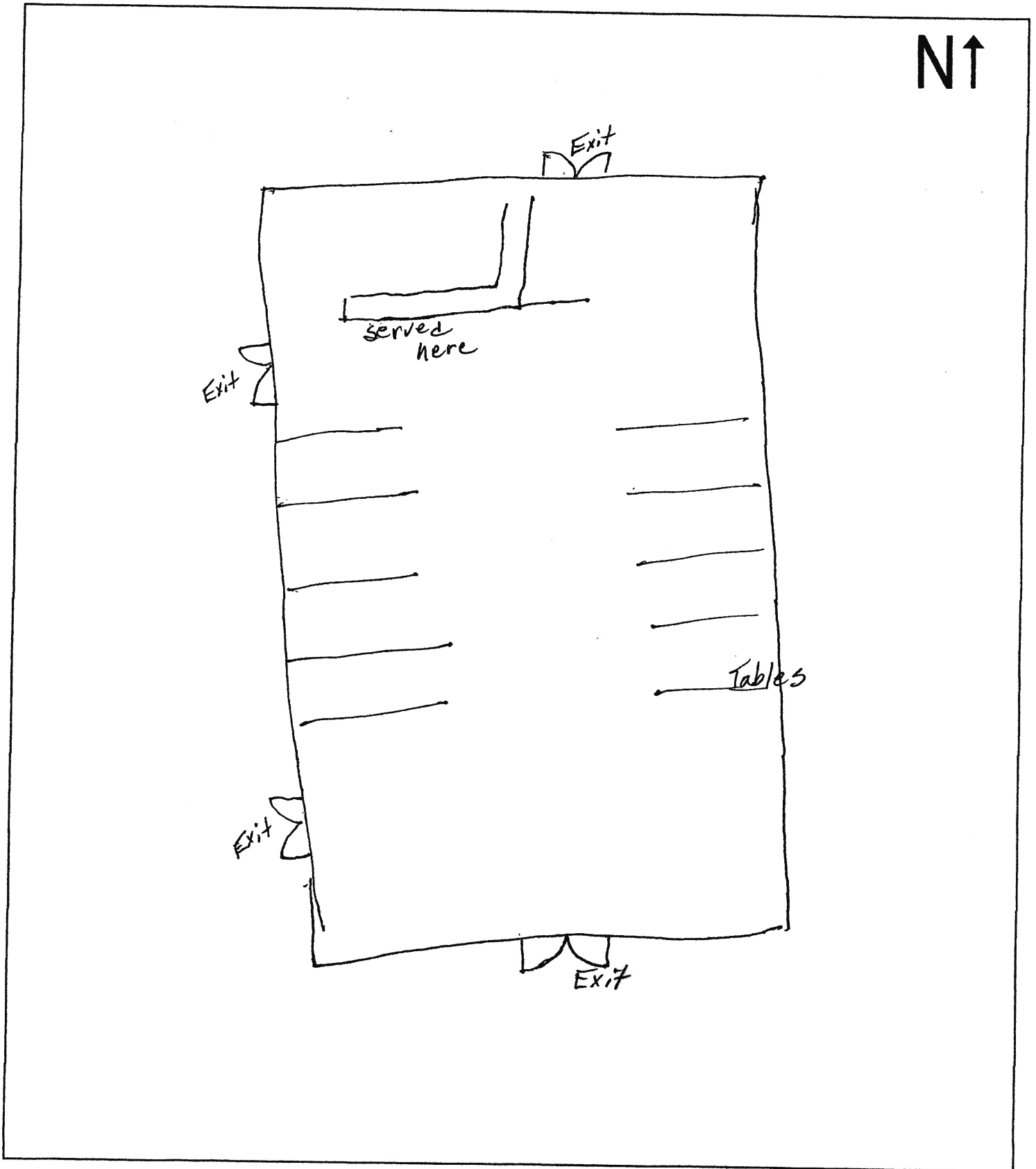
\_\_\_\_\_ Number of Police \_\_\_\_\_ Number of Security Personnel  Fencing  Barriers

Explanation: Members of the committee patrol & monitor the function.  
Have to be a member of the association to attend.

**SECTION 11** Date(s) and Hours of Event. May not exceed 10 consecutive days.  
 See A.R.S. § 4-244(15) and (17) for legal hours of service.

	Date	Day of Week	Event Start Time AM/PM	License End Time AM/PM
DAY 1:	<u>3-17-16</u>	<u>Thurs.</u>	<u>3:30 PM</u>	<u>5:00 PM</u>
DAY 2:	_____	_____	_____	_____
DAY 3:	_____	_____	_____	_____
DAY 4:	_____	_____	_____	_____
DAY 5:	_____	_____	_____	_____
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**SECTION 12** License premises diagram. The licensed premises for your special event is the area in which you are authorized to sell, dispense or serve alcoholic beverages under the provisions of your license. The following space is to be used to prepare a diagram of your special event licensed premises. Please show dimensions, serving areas, fencing, barricades, or other control measures and security position.

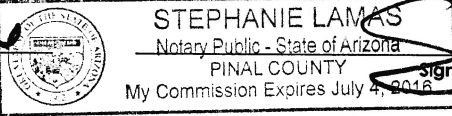


**SECTION 13** To be completed only by an Officer, Director or Chairperson of the organization named in Section 1.

I, Debbie A Thaele declare that I am an OFFICER, DIRECTOR, or CHAIRPERSON  
(Print Full Name)  
appointing the applicant listed in Section 9, to apply on behalf of the foregoing organization for a Special Event  
Liquor License.

x Debbie A Thaele Sec. Board 12-6-15 208-539-2729  
(Signature) Title/ Position Date Phone #

The foregoing instrument was acknowledged before me this 9 Dec 2015  
Day Month Year  
State Az County of Pinal

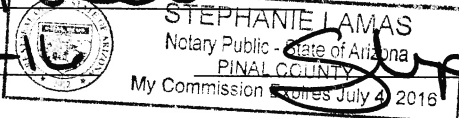
My Commission Expires on: 7-4-16  
Date  
 Stephanie Lamas  
Signature of Notary Public

**SECTION 14** This section is to be completed only by the applicant named in Section 9.

I, Debbie A Thaele declare that I am the APPLICANT filing this application as  
(Print Full Name)  
listed in Section 9. I have read the application and the contents and all statements are true, correct and  
complete.

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**SECTION 15** Local Governing Body Approval Section

I, \_\_\_\_\_ recommend  APPROVAL  DISAPPROVAL  
(Government Official) (Title)

on behalf of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
(City, Town, County) Signature Date Phone

FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**A.R.S. § 41-1030. Invalidity of rules not made according to this chapter; prohibited agency action; prohibited acts by state employees; enforcement; notice**

B. An agency shall not base a licensing decision in whole or in part on a licensing requirement or condition that is not specifically authorized by statute, rule or state tribal gaming compact. A general grant of authority in statute does not constitute a basis for imposing a licensing requirement or condition unless a rule is made pursuant to that general grant of authority that specifically authorizes the requirement or condition.

D. THIS SECTION MAY BE ENFORCED IN A PRIVATE CIVIL ACTION AND RELIEF MAY BE AWARDED AGAINST THE STATE. THE COURT MAY AWARD REASONABLE ATTORNEY FEES, DAMAGES AND ALL FEES ASSOCIATED WITH THE LICENSE APPLICATION TO A PARTY THAT PREVAILS IN AN ACTION AGAINST THE STATE FOR A VIOLATION OF THIS SECTION.

E. A STATE EMPLOYEE MAY NOT INTENTIONALLY OR KNOWINGLY VIOLATE THIS SECTION. A VIOLATION OF THIS SECTION IS CAUSE FOR DISCIPLINARY ACTION OR DISMISSAL PURSUANT TO THE AGENCY'S ADOPTED PERSONNEL POLICY.

F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.





**Arizona Department of Liquor Licenses and Control**  
 800 W Washington 5th Floor  
 Phoenix, AZ 85007-2934  
 www.azliquor.gov  
 (602) 542-5141

<b>FOR DLLC USE ONLY</b>	
Event Date(s):	
Event time start/end:	
CSR:	
License:	

**APPLICATION FOR SPECIAL EVENT LICENSE**  
 Fee= \$25.00 per day for 1-10 days (consecutive)  
 A service fee of \$25.00 will be charged for all dishonored checks (A.R.S. § 44-6852)

**IMPORTANT INFORMATION: This document must be fully completed or it will be returned.**

The Department of Liquor Licenses and Control must receive this application ten (10) business days prior to the event. If the special event will be held at a location without a permanent liquor license or if the event will be on any portion of a location that is not covered by the existing liquor license, this application must be approved by the local government before submission to the Department of Liquor Licenses and Control (see Section 15).

**SECTION 1** Name of Organization: Florence Gardens Mobile Home Association

**SECTION 2** Non-Profit/IRS Tax Exempt Number: 86-0346915

**SECTION 3** The organization is a: (check one box only)  
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 Religious  Civic (Rotary, College Scholarship)  Political Party, Ballot Measure or Campaign Committee

**SECTION 4** Will this event be held on a currently licensed premise and within the already approved premises?  Yes  No

\_\_\_\_\_  
 Name of Business License Number Phone (include Area Code)

**SECTION 5** How is this special event going to conduct all dispensing, serving, and selling of spirituous liquors? Please read R-19-318 for explanation (look in special event planning guide) and check one of the following boxes.

- Place license in non-use
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**SECTION 8** Will this be stacked with a wine festival/craft distiller festival?  Yes  No

**SECTION 9** Applicant must be a member of the qualifying organization and authorized by an Officer, Director or Chairperson of the Organization named in Section 1. (Authorizing signature is required in Section 13.)

1. Applicant: Shaeto Webbie A. 11-29-44  
Last First Middle Date of Birth

2. Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85132  
Street City State Zip

3. Applicant's home/cell phone: (208) 539-2729 Applicant's business phone: ( ) \_\_\_\_\_

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**SECTION 10**

1. Has the applicant been convicted of a felony, or had a liquor license revoked within the last five (5) years?  
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Name Florence Gardens Mobil Home Ass. Percentage: 100%

Address 3803 Florence Blvd. Florence AZ 85132  
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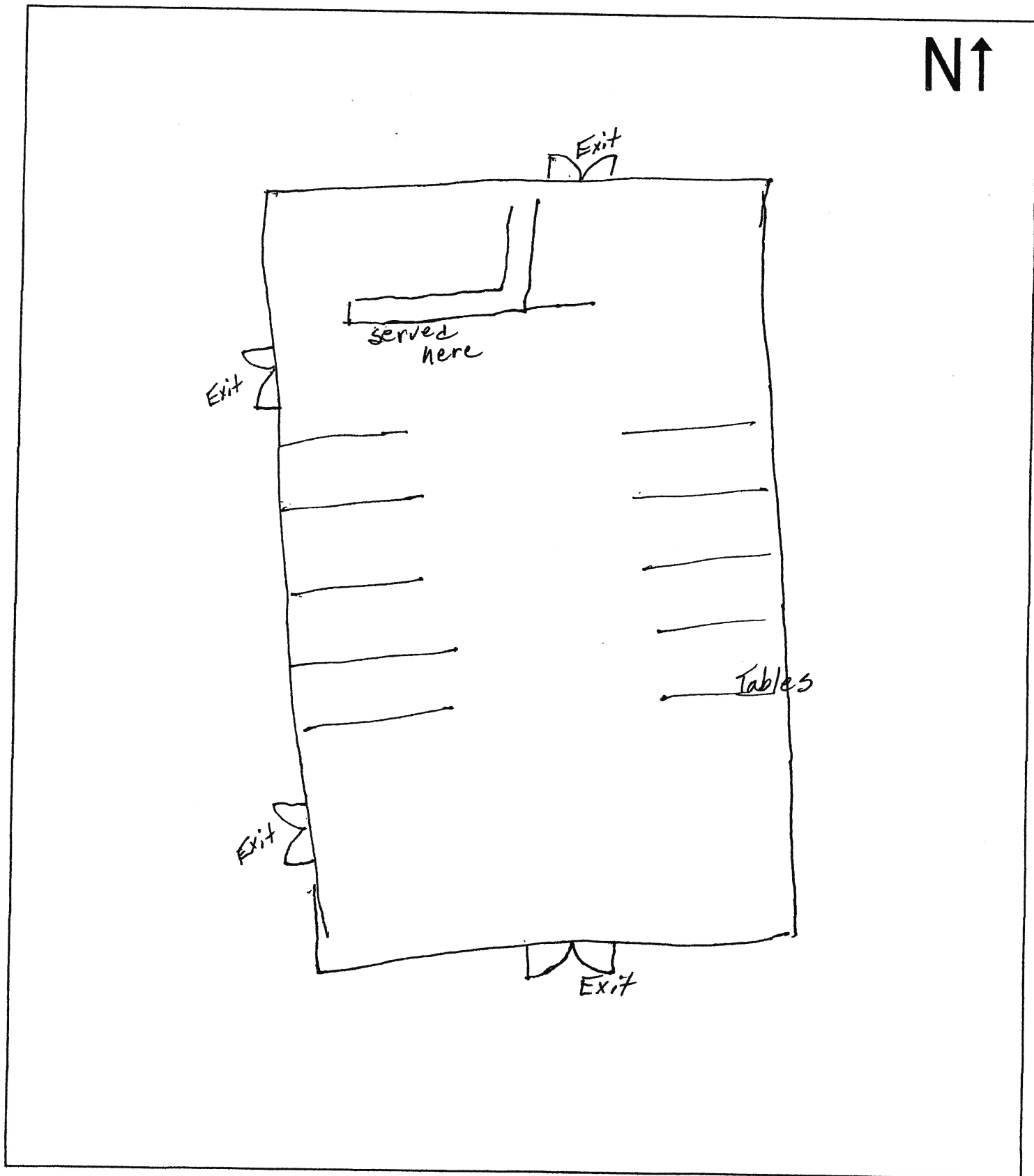
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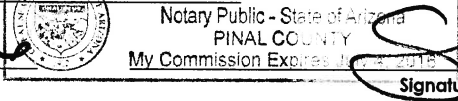
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I, \_\_\_\_\_ recommend  APPROVAL  DISAPPROVAL  
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on behalf of \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
(City, Town, County) Signature Date Phone

**FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY**

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

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 800 W Washington 5th Floor  
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Event Date(s):	
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Last First Middle Date of Birth

2. Applicant's mailing address: 3703 N Colorado Ave Florence AZ 85732  
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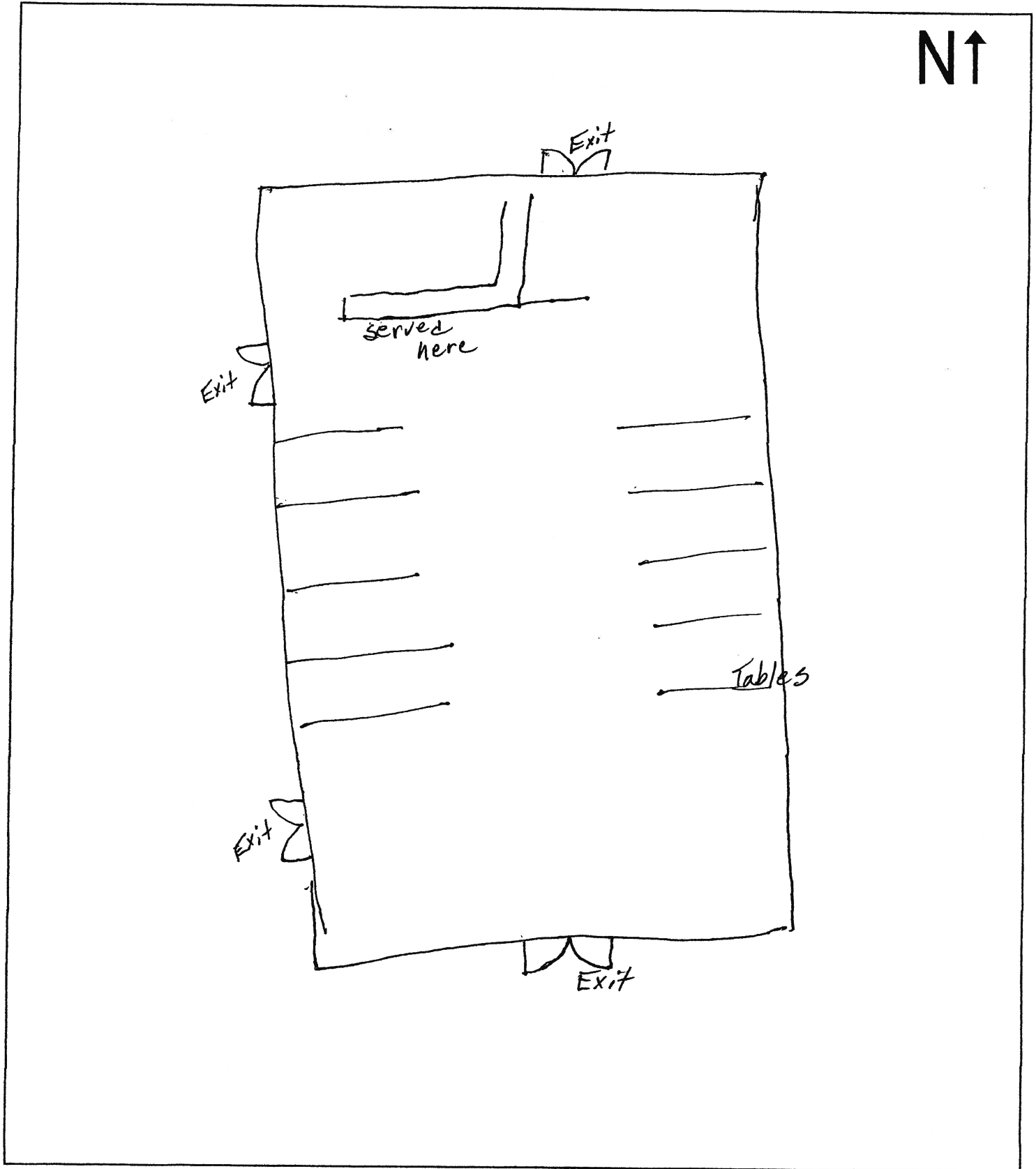
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(Signature) Title/ Position Date Phone #

The foregoing instrument was acknowledged before me this 8 Dec 2015  
Day Month Year  
State AZ County of Pinal

My Commission Expires on: 7-4-16  
Date  
STEPHANIE LAMAS  
Notary Public - State of Arizona  
PINAL COUNTY  
My Commission Expires July 4, 2016  
Signature of Notary Public James

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FOR DEPARTMENT OF LIQUOR LICENSES AND CONTROL USE ONLY

APPROVAL  DISAPPROVAL BY: \_\_\_\_\_ DATE: \_\_\_\_\_

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F. THIS SECTION DOES NOT ABROGATE THE IMMUNITY PROVIDED BY SECTION 12-820.01 OR 12-820.02.



	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>7e.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Parks and Recreation  <b>STAFF PRESENTER:</b> Bryan Hughes Parks & Recreation Director  <b>SUBJECT:</b> Library/Recreation Complex Design-Build Contract Change Order No. 3		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Regulatory</b> <input type="checkbox"/> <b>1<sup>st</sup> Reading</b> <input type="checkbox"/> <b>2<sup>nd</sup> Reading</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Motion to approve a Change Order to the Library/Recreation Complex design-build contract with Low Mountain Construction, Inc. increasing the Guaranteed Maximum Price by \$39,651 to \$13,178,876 and reimbursing \$6,960 from the Capital Improvement Plan (CIP) Fund to the Highway User Revenue Fund (HURF).

**BACKGROUND/DISCUSSION:**

In September 2014, the Town Council approved a design-build contract with Low Mountain Construction, Inc. for design development and construction of a new Library/Recreation Center/Aquatic Complex. The contract included a Guaranteed Maximum Price (GMP) of \$12,689,225. Change Order No. 1 increased the GMP to \$13,139,225. Change Order No. 2 was for additional time only.

The project consists of all aspects associated with a library, outdoor aquatic complex, space for Parks and Recreation Department programming and offices, outdoor fields and other government facilities. The project also contains the master planning of the 40-acre site that includes the future development of municipal facilities (Community Center, Town Hall, etc.), schematic layout of interior roadways, site grades, drainage, water distribution, wastewater collection systems, and a layout that addresses all on-site and off-site improvements required to support the facilities.

**San Carlos Irrigation and Drainage District (SCIDD)**

On September 3, 2015, Low Mountain Construction, Inc. received a letter requesting an additional retainer for work performed by George Cairo Engineering, for the installation of the new SCIDD pipeline and structures. After numerous delays, the design-build team and staff were able to meet with George Cairo on November 10, 2015, to clarify costs of work performed and any pending inspections to close out the canal portion of the project. A subsequent letter was received on November 11, 2015, from SCIDD

stating the final retainer was \$22,700. In addition, Logan Simpson Design, invoiced an additional \$5,136 for environmental monitoring that exceeded their original scope of work. The work has been completed.

### **Voice and Data Lines**

One of the Town's contractors was working closely with the IT Department to coordinate the installation of fiber optic lines for the new facilities. Unfortunately, the work and related funding was not coordinated with Low Mountain Construction, Inc. and the Project Team was unaware of the cost until receiving an invoice for \$3,124 in late August 2015. The work has been completed.

### **Signage Lighting**

Despite assurance that it would not be a significant issue, the change in orientation of the building signage conflicted with the location of the electrical junction boxes that were already installed in the block walls of the building when the change was made. As a result, additional work was performed to install new conduit and junction boxes in new locations and a different fixture style is needed to fully illuminate the signs in the new orientation. The additional work and fixtures cost \$3,400. The junction boxes have been relocated and fixtures have been ordered but not installed.

These fees were not anticipated and any unallocated funds have already been spent that would have been utilized to cover this cost. As a result, staff is requesting a change order with Low Mountain Construction, Inc. for \$39,651 to cover these three items.

### **Removal of Ditch**

In an effort to try to keep costs down related to SCIDD costs, the Town suggested removing a portion of the irrigation ditch in the right-of-way using Town staff and equipment. Unfortunately, this is still a cost of the project and staff is now recommending reimbursing the HURF fund \$6,960 for the work done on that portion of the project. This is not included in the Change Order Request, but will simply be a reimbursement through an internal transfer from the CIP Fund to the HURF Fund upon approval by the Town Council.

### **FINANCIAL IMPACT:**

Staff is recommending an amendment to the Library/Recreation Complex design-build contract with Low Mountain Construction, Inc. increasing the Guaranteed Maximum Price by \$39,651 to \$13,178,876.

<b>Description</b>	<b>Cost</b>
<b>Original GMP</b>	\$12,689,225
<b>Change Order #1</b>	\$450,000
<b>Change Order #2</b>	\$0
<b>Change Order #3</b>	\$39,651
<b>Total Construction Cost</b>	\$13,178,876

The request for additional funds is necessary due to the fact that all contingency funding was by now utilized to purchase furniture, fixtures and equipment for the facilities.

On a positive note, Town staff worked with an APS representative to research energy incentives and found that due to the installation of energy efficient electrical fixtures, the Town qualified for additional rebates. The Town is anticipating a check later this month for \$7,940. Additionally, the Town will save \$20,000 in contingency funding on the Project Manager contract. With the rebate and savings, the net cost to the town for the change order and to reimburse the HURF Fund is only \$18,671.

**STAFF RECOMMENDATION:**

Staff recommends approval of Change Order No. 3 and reimburse the HURF fund as presented.

**ATTACHMENTS:**

Change Order No. 3;  
Letter from Low Mountain Construction, Inc., and supporting documents.



# AIA Document G701™ – 2001

## Change Order

<b>PROJECT</b> <i>(Name and address):</i>	<b>CHANGE ORDER NUMBER:</b> 003	<b>OWNER:</b> <input checked="" type="checkbox"/>
Territory Square Library/Recreation Complex	<b>DATE:</b> 11/24/2015	<b>ARCHITECT:</b> <input type="checkbox"/>
778 North Main Street		<b>CONTRACTOR:</b> <input type="checkbox"/>
Florence, AZ 85132		<b>FIELD:</b> <input type="checkbox"/>
<b>TO CONTRACTOR</b> <i>(Name and address):</i>	<b>ARCHITECT'S PROJECT NUMBER:</b> 14180	<b>OTHER:</b> <input type="checkbox"/>
Low Mountain Construction, Inc.	<b>CONTRACT DATE:</b> September 8, 2014	
4105 N. 20 <sup>th</sup> Street, Suite 205	<b>CONTRACT FOR:</b> General Construction	
Phoenix, AZ 85016		

### THE CONTRACT IS CHANGED AS FOLLOWS:

*(Include, where applicable, any undisputed amount attributable to previously executed Construction Change Directives)*

Additional scope of work per attached

The original Contract Sum was	\$ 12,689,225.00
The net change by previously authorized Change Orders	\$ 450,000.00
The Contract Sum prior to this Change Order was	\$ 13,139,225.00
The Contract Sum will be increased by this Change Order in the amount of	\$ 39,651.00
The new Contract Sum including this Change Order will be	\$ 13,178,876.00

The Contract Time will be increased by Fifty Four (54) days.

The date of Substantial Completion as of the date of this Change Order therefore is September 15, 2015.

**NOTE:** This Change Order does not include changes in the Contract Sum, Contract Time or Guaranteed Maximum Price which have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

Low Mountain Construction, Inc.

**CONTRACTOR** *(Firm name)*

4105 N. 20<sup>th</sup> Street, Suite 205  
Phoenix, AZ 85016

**ADDRESS**

**BY** *(Signature)*

Wayne R. Hatch

*(Typed name)*

11-24-15

**DATE**

Town of Florence

**OWNER** *(Firm name)*

775 North Main Street  
Florence, AZ 85132

**ADDRESS**

**BY** *(Signature)*

*(Typed name)*

**DATE**



November 24, 2015

Mr. Jeff Swan  
**SWAN ARCHITECTS, INC.**  
833 N. 5th Avenue  
Phoenix, AZ 85003

Re: Territory Square – Library/Recreation Complex  
Florence, Arizona

Dear Jeff,

We are requesting a change order for the following items that we have been requested to do that were either not part of the original design, owner requested changes, or additional SCIDD costs. Our price proposal is as follows:

Additional SCIDD Cost:

Please review the attached letters and emails for the requests:

SCIDD Costs	\$ 22,700.00
Logan Simpson (SCIDD)	5,136.00

Communication IT Changes:

Additional IT and Communication items added by the Town per the IT Department.

Herb's Phone Service	3,124.00
----------------------	----------

ASI #7 – Signage Lighting For New Layout

This decision on the signage was made to late in the game for us to just turn a few boxes. We had to run all new conduit and order additional lights

Barnes Electric	3,400.00
-----------------	----------

Subtotal	\$ 34,360.00
Insurance & Bond	1,031.00
Fee	1,770.00
Tax	2,490.00
	-----
<b>Total</b>	<b>\$ 39,651.00</b>



Mr. Jeff Swan  
Territory Square – Library/Recreation Complex  
Page 2

Please review these items and process a change order if you would like us to proceed with this work.

Sincerely,  
**LOW MOUNTAIN CONSTRUCTION, INC.**

A handwritten signature in black ink, appearing to read "Wayne Hatch", written in a cursive style.

Wayne Hatch  
Vice President

cc: Arthur D. Case

# SAN CARLOS IRRIGATION AND DRAINAGE DISTRICT

DENNIS BAGNALL, PRESIDENT  
SEAN KEELING, SECRETARY  
MIKE CUNDALL  
NOAH HISCOX  
GUY RANKIN  
ROBERT RICE  
JUSTIN ROBERTS  
JAMES SHAW  
DEAN WELLS

120 S. 3<sup>RD</sup> ST.  
P.O. BOX 218  
COOLIDGE, AZ 85128

J. MICHAEL URTON, GENERAL MANAGER  
SALLY VAN ARSDALE, BUSINESS MANAGER

TELEPHONE: (520) 723-5408  
FAX: (520) 723-7965

November 11, 2015

Mr. Arthur Case  
Low Mountain Construction  
4105 N. 20<sup>th</sup> Street #205  
Phoenix, AZ 85016

## Re: Account Summary and Additional Funds Request for Territory Square Library/Recreation Complex

Dear Mr. Case

Reference is made to the meeting held at the Town Library on November 10, 2015 regarding the subject project. At the meeting our District engineer provided documentation to support the original additional retainer funds request, all in attendance accepted the documentation and mutually agreed with the additional retainer dollar amount of \$19,700. At the end of this letter, for the record, is a copy of some of the documentation discussed in support of this request.

In addition, the Town has requested all costs associated with the final walk through, the associated punch list, the support required to replace the poor ditch section at the outlet of the pipe, and to finalize the closure of the project administratively be included in a single request for additional retainer funds. We estimate an additional \$3,000 is needed to close out the project and address all outstanding items. Therefore, in summary, a retainer in the grand total amount of \$22,700 is required. Please remit payment as soon as possible so we can continue to work on your project and bring it to closure.

The District will not be able to authorize George Cairo Engineering, Inc. to proceed with additional work for Low Mountain until the District has received payment on the account. We also, per the meeting recognize that due to timing for construction support for the project close out, and the Town Council meeting schedule, it may not be possible to obtain a check deposit from the Town until after December 5<sup>th</sup>. An executed and dated contract amendment will be acceptable to the District to proceed with authorization of the engineer pending the Town Council meeting.

Per the Town of Florence and your request the following is documentation of work taken directly from out engineers field logs in support of the retainer funds request.

### Construction Observation Notes

13-May,	1st site visit - (COR#1) check grade, materials on-site, staking, meet with field contact
22-May,	2nd site visit - (COR#2) check material delivery of pipe, verify correct pipe size and type
28-May,	3rd site visit - (COR#3) Observe fusion welding, meet with foremen on schedule
1-Jun,	4th site visit - (COR#4) steel inspection MH # 6, meet with PM to discuss no 6" pipe projection

2-Jun,	5th site visit - (Meeting) with Low Mountain and RF Pipe to discuss solution to MH #6
4-Jun,	6th site visit - (COR #5) steel inspection MH #5 and Utility Crossing
5-Jun,	7th site visit - (COR #6) steel inspection MH #6
8-Jun,	8th site visit - (COR #7) Not ready for scheduled steel inspection, also begin excavation
9-Jun,	9th site visit - (COR #8) concrete placement for MH #5 and #6
10-Jun,	10th site visit - (COR #9) steel inspection MH #3
11-Jun,	11th site visit (COR #10) steel inspection MH #2 and SWG utility crossing
12-Jun,	12th site visit - (COR #11) concrete pour, not notified when pour time changed from
6am to 9am	
15-Jun,	13th site visit - (COR #12) steel inspection MH #1
19-Jun,	14th site visit - (COR #13) steel inspection MH #4, not ready until 10:30
20-Jun,	15th site visit - (COR #14) concrete for MH #1 and #4
24-Jun,	16th site visit - (COR #15) steel inspection Outlet Headwall and write CORs 6/19, 6/20
26-Jun,	17th site visit - (COR #16) concrete for outlet headwall, inspection of concrete surfaces
for MH #1	
29-Jun,	18th site visit - (COR #17) inspection of outlet headwall, MH #4 & #1, concrete repairs
needed	
1-Jul,	19th site visit - (COR #18) inspection of surface prep, not ready, more surface prep
needed	
2-Jul,	20th site visit - (COR #19) concrete repairs for MH #4 and the outlet headwall
6-Jul,	21st site visit - (COR #20) concrete repair for MH #1, surface prep for MH #4 and outlet
headwall	
9-Jul,	22nd site visit - (COR #21) Hydrostatic Testing for Pipeline and Structures (Test Fails)
13-Jul,	23rd site visit - (COR #22) Hydrostatic Testing for Pipeline and Structures
16-Jul,	24th site visit - (COR #23) steel inspection for Inlet headwall and subgrade of outlet
transition	
17-Jul,	25th site visit - (COR #24) concrete for inlet headwall and shotcrete outlet transition
lining install	
21-Jul,	26th site visit - (COR #25) check subgrade for inlet transition lining and then concrete
placement	

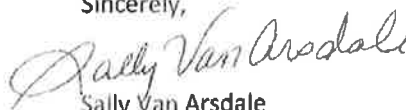
The Town has also requested some information in support of a new relocated turnout that could be installed in the location of the lining replacement to provide service to the park turf areas. Our engineer will forward information such that an estimate for construction can be obtained by the Town and also any additional cost for construction inspection so that the Town can make a determination on whether to proceed with the installation. If the installation is made in the future before a connection, and service is made to the Town, an MOU or other agreement will need to be put in place between the District and Town regarding operation, maintenance and liability of the installation. If the Town is proceeding with the installation the retainer will increase by \$800.00 to cover installation inspection of the new turnout, gates, and pipeline. The revised grand total for the retainer will be \$23,500.



The District will keep you informed of any additional work performed and the ensuing balance available, as we receive invoices from the District engineer. Upon Completion of the work any remaining funds will be returned to the Town of Florence via Low Mountain Construction.

If you have any questions, please feel free to contact me at any time. We would request payment of the original invoice sent in September by the middle of November. Thank you.

Sincerely,



Sally Van Arsdale  
Business Manager

cc: Ms. Lisa Howard, GCE  
Mr. George Cairo, GCE  
Mr. Bryan Hughes, Town of Florence  
Project File



**SAN CARLOS IRRIGATION  
& DRAINAGE DISTRICT  
SAN CARLOS IRRIGATION & DRAINAGE DISTRICT  
P.O. Box 218, Coolidge AZ 85228  
AMENDED**

**COORDINATION, PLANNING AND  
ENGINEERING REIMBURSEMENT CONTRACT**

This is a contract between the San Carlos Irrigation and Drainage District ( District) and LOW MOUNTAIN CONSTRUCTION ( Developer) for the coordination, planning and engineering services provided by the District's Engineer GEORGE CAIRO ENGINEERING, INC. (GCE) for TERRITORY SQ. LIBRARY/RECREATION COMPLEX (the Project). Services shall include:

1. Coordination with Developer and/or its representative for project purposes.
2. Review of construction plans for compliance with District specifications, standards, policies and regulations as required for impact mitigation.
3. Conduct field visits and construction inspections.
4. Provide reasonable assistance to the Developer to achieve plan approval by The District including acting as a direct liaison between the Developer and the District.

In consideration of these services rendered by the District and/or GCE, the Developer agrees to and acknowledges the following:

1. The District and /or GCE will provide one brief initial visit and statement of opinion for any given project during a conceptual phase.
2. Additional visits, meetings or plan reviews will be conducted by GCE only after being directed to do so by the District. A non-refundable impact fee, 0.00 will be paid by the Developer to the District before any planning or design activities are conducted beyond the initial visit. An additional \$22,700 retainer fee will be paid to the District by the Developer to start engineering work and review. (SEE ATTACHED LETTER) The Developer agrees to promptly pay said billing BY DECEMBER 10, 2015. Any bill issued by the District is due upon receipt and shall become delinquent on the thirtieth calendar day following its issue date and will be subject to a late payment charge of 1.5 percent of the outstanding balance per month or any portion of a month beyond the initial 30 calendar days following issuance of the bill, until paid. Any billing, which has not been paid in-full by the thirtieth calendar day, following its issuance by the District, may result in the stoppage of all work being performed by GCE on the Project.
3. The incidental review of any Developer's plans by GCE is for the benefit of the District's facilities only and should not be relied upon for review or design issues related to any other aspect of the project.

4. The District and /or GCE do not assume any liability for Developer's duty to third parties.
5. The developer shall be liable for any legal fees incurred by the district to enforce this contract, including the collection of unpaid fees for professional services.

AGREED TO BY:

DATE: 11-17-15

Signature Wayne Hatch

Printed Name: Wayne Hatch

Title: Vice President

Representing Agency/Company: Low Mountain Construction, Inc.

Billing Address: \_\_\_\_\_

4105 North 20th Street, Suit 205

Phoenix, Arizona 85016

Telephone: 602-265-2201 Fax: 602-265-7883

Michael Urton  
SAN CARLOS IRRIGATION AND DRAINAGE DISTRICT

11-17-15  
DATE:

## Wayne Hatch

---

**From:** Diane Simpson-Colebank <DSimpson@LOGANSIMPSON.COM>  
**Sent:** Wednesday, July 1, 2015 10:36 AM  
**To:** whatch@lowmountain.com  
**Cc:** Erin Davis  
**Subject:** Florence Territory Library Cultural Monitoring

Good morning,

We received the final signature on the environmental document this morning from SCIP, and I wanted to give you a status on the cultural monitoring efforts to date. We are very close to completion of the cultural monitoring report and anticipate submitting the report to you on July 10<sup>th</sup>.

I also wanted to give you an update on the final cost of the monitoring work. We had previously estimated \$86/hour for monitoring with the assumption that there would be a total of 16 hours of monitoring and \$2,900 for the report, for an estimated total of \$4,276. There ended up being 26 hours of monitoring, for an additional \$860, or a revised total of \$5,136.

Please let me know if you have any questions or if you need additional information on the revised cost for the monitoring efforts.

Regards,  
Diane

Diane Simpson-Colebank, PLA, ASLA  
Principal

Logan Simpson  
51 W. 3rd St., Ste. 450  
Tempe, AZ 85281  
P [480.967.1343](tel:4809671343)  
C [602.625.5201](tel:6026255201)  
F [480.966.9232](tel:4809669232)

[www.logansimpson.com](http://www.logansimpson.com)



L O G A N S I M P S O N



**HERB'S PHONE SERVICE**

11790 N. Avalon St.  
Casa Grande, AZ 85194

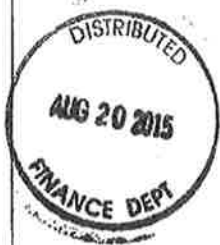
(520) 421-0488


**Invoice**

Date	Invoice #
8/18/2015	4068

<b>Bill To</b>
Town of Florence Attn: Dan Beunington P.O. Box 2670 Florence, AZ 85132

<b>Ship To</b>
Town of Florence Attn: Accts Payable P.O. Box 2670 Florence, AZ 85132

P.O. Number	Terms	Rep	Ship	Via	F.O.B.	Project
	Net 30	CR	8/18/2015		comp. 8/12	
Quantity	Item Code	Description			Price Each	Amount
9	Labor	6/19: Pulled in 12-pr. cable & mule tape from Aquatic Center to Library, cut down cable into protector at Aquatic Center, grounded protectors & tested cable.			70.00	630.00
8	Labor	6/22: Pulled in 12-pr. cable & mule tape from Library to Town Hall, spliced 4-prs. in Library into cable going to Aquatic Center for fire alarm & security.			70.00	560.00
4	Labor	6/23: Cut in protectors at Town Hall & 4-pr. up to Century Link cable going to Aquatic Center and tested (#s are: 868-0079, 868-0212, 868-0010 & 868-0265).			70.00	280.00
4	Labor	8/12: Cut in 2 protectors at Library, dressed up cable down wall, made cross connects going to Aquatic Center & grounded protectors.			70.00	280.00
	Materials	625 ft. of 12-pr. direct buried cable			402.14	402.14T
	Materials	535 ft. of 12-pr. direct buried cable			344.22	344.22T
3	Materials	12-pr. protectors w/gas carbons			172.44	517.32T
		Sales Tax			8.70%	109.94
						
					<b>Total</b>	\$3,123.62

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>7f.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Administration  <b>STAFF PRESENTER:</b> Lisa Garcia, Interim Town Manager  <b>SUBJECT:</b> Effluent Agreement		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input type="checkbox"/> <b>Resolution</b> <input type="checkbox"/> <b>Ordinance</b> <input type="checkbox"/> <b>Regulatory</b> <input type="checkbox"/> <b>1<sup>st</sup> Reading</b> <input type="checkbox"/> <b>2<sup>nd</sup> Reading</b> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Approval of a Municipal Effluent Purchase and Sales Agreement with Adamsville 650, LLC (Formerly Dobson Group Limited Partnership).

**BACKGROUND/DISCUSSION:**

November 14, 2000, the Town and Dobson Group Limited Partnership (“Dobson”) entered into a “Development Agreement” relating to the development of approximately 650 acres (the “Property”) (recorded in the Pinal County Recorder records on November 21, 2000, Fee No. 2000-048472), under which the Town and Dobson agreed to sell and deliver treated wastewater to the Property. The Town and Dobson entered into a “Contract for Sale and Use of Reclaimed Wastewater” (recorded in the Pinal County Recorder records on November 21, 2000, Fee No. 2000-048473) to sell and deliver effluent to the Property; This Agreement replaces and supersedes the Reclaimed Wastewater Contract (Fee No. 2000-048473).

The term of the agreement with Adamsville 650, LLC is for five years ending April 30<sup>th</sup>, 2021.

Town will deliver up to 1,460 acre-feet of Effluent annually but no more than 110 acre-feet of Effluent monthly. Adamsville 650, LLC will notify the Town when water should not be delivered. Water not delivered to Adamsville 650, LLC will be discharged for recharge credit after proper recharge and applicable permits are in-place.

**FINANCIAL IMPACT:**

The contract includes a repayment schedule for the amount of \$61,128.60.

Negotiated rates for future billing are as follows:

Contract year:                      Per Acre-Foot Price:

2015	\$19.38
2016	\$19.76
2017	\$20.15
2018	\$20.55
2019	\$21.00
2020	\$21.42
2021	\$21.84

**RECOMMENDATION:**

Approval of a Municipal Effluent Purchase and Sales Agreement with Adamsville 650, LLC (Former Dobson Group Limited Partnership).

**ATTACHMENTS:**

Agreement

WHEN RECORDED, RETURN TO:  
Town of Florence  
PO Box 2670  
Florence, AZ 85132

## **Municipal Effluent Purchase and Sale Agreement**

This Municipal Effluent Purchase and Sale Agreement (the “Agreement”) is entered between the Town of Florence, an Arizona municipal corporation (the “Town”), and Adamsville 650 LLC, an Arizona limited partnership (the “Buyer”). Town and Buyer may be referred to in this Agreement collectively as the “Parties” and each individually as a “Party.”

### **RECITALS**

**WHEREAS**, on November 14, 2000, the Town and Dobson Group Limited Partnership (“Dobson”) entered into that certain “Development Agreement” relating to the development of approximately 650 acres (the “Property”) (recorded in the Pinal County Recorder records on November 21, 2000, Fee No. 2000-048472), under which the Town and Dobson agreed to sell and deliver treated wastewater to the Property (described in **Exhibit “A”** attached hereto and incorporated herein);

**WHEREAS**, on November 14, 2000, the Town and Dobson Group Limited Partnership entered into that certain “Contract for Sale and Use of Reclaimed Wastewater” (recorded in the Pinal County Recorder records on November 21, 2000, Fee No. 2000-048473) (“Reclaimed Wastewater Contract”) , under which the Town and Dobson agreed to sell and deliver Effluent to the Property;

**WHEREAS**, Buyer is the successor-in-interest to Dobson Group Limited Partnership as owner of the Property;

**WHEREAS**, Buyer continues to be a proposed Effluent customer of the Town, and Buyer desires to purchase Effluent for purposes where potable water quality is not required by Town, State, or Federal Regulations;

**WHEREAS**, the Town owns and operates a wastewater treatment and delivery system which is capable of delivering to Buyer Effluent meeting the quality standards set forth below;

**WHEREAS**, an existing public Effluent pipeline is located in close proximity to the Property described below as the Place of Use;

**WHEREAS**, Buyer intends to construct, operate and maintain a private Effluent system on property described below as the Place of Use;

**WHEREAS**, the revenue from Effluent sales to Buyer will offset some of the Town’s wastewater operating and maintenance expenses; and

**WHEREAS**, this Agreement is intended to replace and supersede the Reclaimed Wastewater Contract (recorded in the Pinal County Recorder records on November 21, 2000, Fee No. 2000-048473), which will be of no further force and effect upon the Effective Date (defined in Section 4 below) of this Agreement.



**NOW THEREFORE**, in consideration of the mutual promises, terms, and conditions contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Parties, the Parties agree as follows:

## **AGREEMENTS**

1. **Definitions:** In addition to those definitions contained in the Recitals above, the following terms shall have the following meanings:
  - 1.1 **Permit(s).** All permits required under federal, state or local law or regulation relating to the use of Effluent at the Property.
  - 1.2 **Effluent.** Wastewater that has been treated in a wastewater reclamation facility and meets applicable standards for reuse.
  - 1.3 **Effluent Reuse Permit.** A permit for the reuse of Effluent required and issued under the regulations governing the reuse of Effluent published by the Arizona Department of Environmental Quality in the State of Arizona Official Compilation of Administrative Rules and Regulations, as they may be amended.
2. **Place of Use and Intended Use.** Effluent delivered under this Agreement shall be stored and used only on the Property described in Exhibit "A" (the "Place of Use") for the sole purpose of crop irrigation (the "Intended Use").
3. **Use:**
  - 3.1 **Quality Standards: B+ Effluent.** The Effluent delivered to the Property shall be suitable for Buyer's Intended Use, and of a quality that is equal to or better than all applicable State and Federal standards for the Buyer's Intended Use. The Effluent delivered to Buyer shall meet or exceed state standards for B+ Effluent as set forth in A.A.C. R18-11-303(A) or any lawfully-adopted successor regulation. Buyer shall not be obligated to accept or to pay for Effluent that does not meet this standard.
  - 3.2 **Delivery Point.** The Town shall deliver Effluent under this Agreement to the "Delivery Point", which is the existing meter installed approximately 1000 feet outside of the Property. The general location of the Delivery Point is depicted on the attached Exhibit "B" which is incorporated by reference herein.
  - 3.3 **Commodity Rate.** The rate to be paid by Buyer for Effluent delivered by the Town under this Agreement shall be the rate that is set forth in Section 6.2.1.
  - 3.4 **Costs to Buyer.** Any costs arising out of the use of Effluent by Buyer and from the construction, maintenance, or operation of the Effluent delivery system on the Property shall be the sole responsibility of the Buyer.
  - 3.5 **Compliance with Regulations.** Buyer agrees, at its sole cost and responsibility, to comply with all applicable Federal, State and local laws, regulations and standards, as now exist, and are later lawfully enacted relating to the use of Effluent. Such laws, regulations, and standards may include, but not be limited to, requirements and restrictions governing use of Effluent; limits on Effluent contact with residents, guests, invitees, employees, members of the public, and adjoining properties; control of access to Effluent, its delivery system, and the area of storage and use; and warning signs on Buyer's Effluent delivery system, and in the area of on-site storage and use of Effluent on the Property.
  - 3.6 **The Parties acknowledge that Buyer is in the process of renewing its Effluent Reuse Permit.**
4. **Term and Termination Date.** This Agreement shall become effective on the date which it has been approved by the governing body of the Town and is signed by all of the Parties (the "Effective Date"), and shall terminate on April 30, 2016 (the "Term"), and shall automatically renew for an "Extended Term" which shall automatically expire and terminate on the date the Buyer's Permits terminate or April 30<sup>th</sup>, 2021, whichever occurs first,

provided however, that this Agreement shall not terminate if Buyer diligently pursues renewal of its Effluent Reuse Permit.

5. **Effluent Deliveries, Quantity, Adjustment.**

5.1 **Committed Quantity, Delivery Point.** Throughout the term of this Agreement and in accordance with Sections 5.2 and 5.3 below, Town shall deliver up to 1,460 acre-feet of Effluent annually (“Weighted Average Annual Committed Quantity”), but no more than 110 acre-feet of Effluent monthly (the “Weighted Average Monthly Committed Quantity”) to the Delivery Point interconnecting the Town’s water reclamation supply system pipeline for transport to the Property.

5.2 **Monthly and Annual Delivery Quantities.** Town shall not be required to deliver more Effluent than the Weighted Average Monthly Committed Quantity or Weighted Average Annual Committed Quantity in each calendar year under this Agreement.

5.3 **Adjustment of Portion of Weighted Average Monthly Committed Quantity.**

5.3.1 The Buyer may, upon 24-hour notice to Town (the “Adjustment Notice”), adjust the amount of the Weighted Average Monthly Committed Quantity as long as the total acre-feet does not exceed the amount stated in Section 5.1 above. The Adjustment Notice shall identify the quantity of Effluent the Buyer desires to adjust (the “Adjusted Quantity”) and the date on which the adjustment shall become effective (the “Adjustment Date”). Upon the Adjustment Date, the Adjusted Quantity shall be added or deducted from the Weighted Average Monthly Committed Quantity in effect as of the date of the Adjustment Notice, and the difference shall become the new Weighted Average Monthly Committed Quantity under this Agreement unless and until later modified pursuant to this Section 5.3.1.

5.3.2 Any Effluent not received at the Delivery Point shall be available for the Town’s use, sale, or other disposition, in Town’s sole discretion.

6. **Price, Payments.** In consideration of the sale and delivery of Effluent from Town throughout the term of this Agreement and for any Effluent delivered to the Delivery Point for Dobson’s use on the Property prior to the Effective Date of this Agreement for which Dobson has not yet paid the Town, the Buyer shall make payments to Town on behalf of Dobson, in the manner and as determined pursuant to this Section 6.

6.1 **Prior-Use Payment.** The Buyer shall pay the Town lump sum payments of dollars each for Effluent delivered to the Delivery Point for Dobson’s use on the Property prior to the Effective Date of this Agreement for which Dobson did not pay the Town (“Prior-Use Payments”), which Prior-Use Payments shall total \$61,128.60 dollars (“Total Prior-Use Payment”). Any outstanding balance of the Total Prior-Use Payment remaining unpaid to Town shall accrue interest at 1.5% annually beginning on the Effective Date. The Buyer shall pay the Prior-Use Payments in accordance with the following schedule:

6.1.1 Within 60 days after the Effective Date, \$8,732.66 dollars;

6.1.2 \$8,732.66 dollars, plus applicable interest, annually beginning January 30, 2016 through the Term and Extended Term until the full amount of the Total Prior-Use Payment is paid to Town.

6.1.3 Upon the Buyer’s full payment of outstanding balance to the Town pursuant to this Section 6.1, no further Prior-Use Payments shall be payable to the Town throughout the term of this Agreement. If this Agreement expires or is terminated or is not extended and the Total Prior-Use Payment is not fully paid to Town, then the outstanding balance thereof is immediately due to Town, along with accrued interest.

6.2 **Per Acre-Foot Payments.** In addition to the Prior-Use Payments described in Section 6.1, above, the Buyer shall pay Town for each acre-foot of Effluent actually delivered to the Delivery Point pursuant to this Agreement (“Delivered Effluent Quantity”), as measured by the Metering Device (defined in Section 7, below). Beginning on the Effective Date,

throughout the term of this Agreement, the Buyer shall pay Town for the previous month's Delivered Effluent Quantity by multiplying the previous month's Delivered Effluent Quantity by the applicable per acre-foot price the product being the "Monthly Payment Amount", as determined in accordance with Section 6.2.1 below (the "Per Acre-Foot Price").

6.2.1 Per Acre-Foot Price. The Buyer shall pay the Town the Per Acre-Foot Prices contained in the following schedule for the following years:

Contract year:	Per Acre-Foot Price:
2015	\$19.38
2016	\$19.76
2017	\$20.15
2018	\$20.55
2019	\$21.00
2020	\$21.42
2021	\$21.84

6.2.2 Nothing herein shall excuse Buyer from payment of service or other charges as are applicable to the time, place, or manner of service and delivery, including Buyer's obligation for payment of the Total Prior-Use Payment.

6.2.3 Monthly Billing and Payments. Using the flow information, Town shall invoice Buyer for the Monthly Payment Amount on a monthly basis; and Buyer shall pay Town the Monthly Payment Amount by the last day of the same month of invoice. If Buyer fails to pay the Monthly Payment Amount by the due date thereof, interest shall accrue on the delinquent amount at a rate of ten percent per month until paid.

7. Metering Devices. Metering devices installed (the "Metering Devices") shall be used to measure the quantity of Effluent delivered to the Delivery Point. Each Party shall have the right to verify that the meter is operating correctly, all costs shall be borne by the requesting Party.

8. Operation and Maintenance.

8.1 Buyer shall operate, maintain, repair, and replace, at the Buyer's expense, all facilities, structures, and equipment owned, leased, or operated by the Buyer, wherever located, used or useful for the receipt, treatment, storage, transportation, and use of Effluent, including, without limitation, all such facilities, structures, and equipment that may be located on property owned by Buyer (the "Buyer's Facilities").

8.2 Throughout the term of this Agreement, by June 30 of each year, Buyer shall provide Town with a schedule setting forth the quantities of Effluent anticipated to be needed during each month of the following year.

8.3 Except in the event of an unplanned, unscheduled outage, temporary outage or uncontrollable circumstance, Town shall give written notice in advance of any outage event. This notice shall include the date of the shutdown and the estimated duration of the outage.

8.4 Commencement of Service. Service shall commence on the day of the year in which this Agreement is executed and approved as identified herein. In no event shall such service begin prior to the Town's inspection of Buyer's on-sight reclaimed water storage and use system in order to verify compliance with all applicable requirements for the storage and use of reclaimed water.

8.5 Temporary Interruption or Reductions of Service. The Town may, temporarily, discontinue or reduce the quantity of Effluent to be furnished to Buyer as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement, of the Town's facilities or any part thereof necessary for the furnishing of Effluent to Buyer. The Town shall provide Buyer reasonably prompt notice in advance of such temporary discontinuance or reduction, except in cases of an emergency, as determined by the

Town, in which case no notice need be given. In no event shall any liability accrue against the Town, its elected officials, officers, representatives, employees or agents by reason of any such discontinuance or reduction in the delivery of the Effluent, and Buyer shall be responsible for any damage that may be caused to Buyer's Facilities and Property by such disruptions. Whenever the Town provides Buyer with notice of an emergency, Buyer agrees to reduce or cease usage of Effluent service upon the Town's request. If no such emergency condition exists, the Town shall provide Buyer with at least twenty-four (24) hour notice of the need to completely cease Effluent usage, or to reduce the volume of Effluent used at the Property. Upon receiving such notice, Buyer shall alter Buyer's Effluent usage in accordance with the Town's request. An example of a Town emergency may include a temporary nonscheduled event or circumstance out of the Town's control. If the Town experiences a storm or flood emergency which generates excess Effluent which the Town must dispose of, Buyer shall use good faith efforts to accept part of such excess, which shall be at no cost to Buyer.

8.6 **Resale of Effluent.** Buyer shall not, without the express written permission of the Town and the Arizona Department of Environmental Quality ("ADEQ"), deliver, use, or resell to off-site locations or to any person or legal entity, any of the Effluent delivered to the Property under this Agreement. Any such off-site delivery, use, or resale of Effluent purchased by Buyer under this Agreement shall be made pursuant to a written resale agreement. Said resale agreement shall be approved in advance and in writing by the ADEQ and by the Town. Said resale agreement shall incorporate this Agreement by reference, and shall expressly obligate the resale purchaser/user of reclaimed water to all of the terms and conditions set forth and referenced herein.

8.7 **Use of Effluent.** Effluent made available to Buyer pursuant to this Agreement shall not be directly or indirectly utilized other than for the purposes stated in this Agreement without the prior written permission of the Town.

8.8 **Inspection.** Buyer acknowledges and agrees that, in order to verify compliance with this Agreement and with all applicable laws and regulations, the Town, State, County or other agency with jurisdiction may inspect the Property and Delivery Point being served Effluent at all reasonable times and upon reasonable notice to Buyer.

9. **No Waiver of Water Rights.** The Town and Buyer acknowledge and agree that, prior to the sale of Effluent to Buyer and release of Effluent at the Delivery Point, the Town has all rights, ownership and control of the Effluent. Nothing in this Agreement shall constitute a waiver, relinquishment, abandonment, or forfeiture of any water rights of the Parties.

10. **Transfer, Assignment, Successors and Assigns.** Upon 30 days' advance written notice to the Town, the Buyer shall have the right to transfer and assign all or part of its interest in this Agreement to any Person who is or will become a Buyer with the prior written consent of the Town, which consent may not be unreasonably withheld. Upon any such transfer, the Person acquiring such interest shall assume all of the duties and obligations related thereto. All leases, sales and other conveyances or transfers of ownership or control of the Property during the effective term of this Agreement shall be made in writing and shall be made expressly subject to this Agreement. All such conveyances or transfers of ownership or control of the Property shall expressly incorporate this Agreement by reference, and shall make all successors and assigns expressly subject hereto. Any Person succeeding to the rights, titles, and interests of the Buyer shall assume and agree to fully perform and discharge all of the obligations hereunder.

11. **Permits and Authorizations.**

11.1 As a condition to the Town's commencement of deliveries of Effluent to the Property, Buyer will obtain all required Permits from state and local government authorities for its reuse of the Effluent. The Effluent will be used by Buyer only for those uses allowed under the Permit(s) or otherwise as allowed by applicable law if no Permit

is required. Buyer shall be solely responsible for securing and maintaining in force and effect any and all permits and authorizations required by law for the use or transportation of Effluent.

11.2 As a condition to the Town's continuation of deliveries of Effluent, Buyer shall use and/or dispose of the Effluent in accordance with applicable Permits and law and shall provide and maintain at its sole expense adequate facilities for the use, disposal or storage of the Effluent acquired under this Agreement so as to not become a hazard to the public or cause a violation of any Permit. Buyer anticipates that no Effluent will be left over following its use by Buyer.

11.3 For failure to comply with the terms and conditions of an applicable Permit or law regarding the use or disposal of Effluent, the Town shall have the right to immediately stop deliveries of Effluent to the Property for so long as the failure to comply continues, in the sole discretion of Town.

11.4 If any laws or regulations governing the delivery or use of Effluent as contemplated under this Agreement are promulgated in the future so as to make it impossible or infeasible to deliver and use the Effluent as specified hereunder, the Parties shall meet to discuss in good faith how the purposes of this Agreement and intent of the Parties may be effectuated in accordance with such newly promulgated laws or regulations.

## 12. **Taxes.**

12.1 If any general and/or special town, county, state or federal taxes are properly assessed or levied against the purchase or use of Effluent pursuant to this Agreement, the Buyer shall pay such taxes prior to delinquency.

12.2 Nothing contained in this Section shall be construed as a recognition or admission by the Town of the validity of any particular tax or assessment.

## 13. **Liability, Indemnification.**

13.1 The Buyer shall defend, indemnify, save and hold harmless the Town and its elected officials, officers, employees and agents (collectively "Indemnitees") from and against any and all damages, claims, losses, liabilities, actions or expenses (including, but not limited to, attorneys' fees, court costs, and the cost of appellate proceedings) (collectively, "Claims") relating to, arising out of or alleged to have resulted from Buyer's performance (or lack thereof) pursuant to this Agreement. The Buyer's duty to defend, hold harmless and indemnify Indemnitees pursuant to this Section shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, including death, or to injury to, impairment, or destruction of property including loss of use resulting therefrom, caused in whole or in part by the acts, errors, mistakes, or omissions of Buyer or anyone for whose acts the Buyer may be legally liable. It is the specific intention of the Parties that the Indemnitees shall be indemnified by Buyer from and against all Claims other than those arising from the Indemnitees' sole negligence. The Buyer shall be responsible for primary loss investigation and defense and judgment costs where this Indemnification applies. In the event that any action or proceeding shall at any time be brought against any of the Indemnitees by reason of any Claim referred to in this Section, the Buyer, at Buyer's sole cost and upon at least 10 days' written notice from Town, shall defend the same with counsel acceptable to Town, in Town's sole discretion. The Buyer's obligations under this Section shall survive the expiration or earlier termination of this Agreement. The insurance provisions set forth in this Agreement are separate and independent from the indemnity provisions of this Section and shall not be construed in any way to limit the scope and magnitude of this Indemnification, nor shall this Indemnification be construed in any way to limit the scope, magnitude or applicability of the insurance provisions.

13.2 The Buyer shall defend, indemnify, save and hold harmless the Town and its elected officials, officers, employees and agents for, from, and against any damage or

claim of damage of any nature whatsoever for which there is legal responsibility, including property damage, personal injury or death arising out of or connected with Buyer's control, carriage, handling, use, disposal, or transmission of such Effluent after delivery thereof by the Town to the Delivery Point. The Town shall not be responsible for the control, carriage, handling, use, disposal, or distribution of the Effluent after and beyond the Delivery Point nor for the maintenance of distribution lines and connection facilities after and beyond the Delivery Point.

14. **Insurance.**

14.1 During the Term and Extended Term, Buyer, at Buyer's sole cost, shall maintain public liability insurance ("Liability Insurance") with both the Town of Florence and Buyer named as insureds, in amounts not less than \$1,000,000.00 with respect to physical damage to property, and death of, or personal injury to, any number of persons where such damage, death or injury arising out of the control, carriage, handling, use, disposal, or distribution of Effluent on the Property. All Liability Insurance required by this Agreement, and self-insured retention or deductible portions, shall name, to the fullest extent permitted by law for claims arising out of this Agreement, the Town of Florence, its elected officials, officers, employees, and agents as Additional Insureds.

14.2 It is expressly understood that the Liability Insurance shall be endorsed to the effect that it is primary to any other similar or incidental insurance carried by Town and that Town's liability coverage, if any, shall be considered noncontributing and excess.

14.3 Town reserves the right to amend the requirements herein at any time during the Agreement subject to at least 30 day's written notice to Buyer.

14.4 To the extent permitted by law, Buyer waives all rights of subrogation or similar rights against the Town.

14.5 Contemporaneously with the Effective Date, Buyer shall deliver to Town a certificate and endorsement of Buyer's insurer evidencing all the insurance required to be maintained under this Agreement by Buyer.

15. **Communications.** A Project Manager shall be designated by the Town. Buyer designates its Farm Manager as representative for communications with the Town regarding delivery of the Effluent. All communications concerning the delivery of the Effluent shall be provided to the designated Town Project Manager and Buyer's Farm Manager. Communications may be exchanged by e-mail upon the written agreement of the Project Manager and Buyer's Farm Manager, but e-mail communications are not binding upon Town and cannot change the terms of the Agreement. The use of e-mails is for information only, and e-mails shall have no legal or binding effect.

16. **Water Pollution Control.** Buyer and the Town, in carrying out their respective obligations under this Agreement, shall comply with all applicable water laws and regulations of the United States and the State of Arizona on their respective sides of the Delivery Point.

17. **Cooperation of the Parties.**

17.1 Each of the Parties shall fully cooperate with and assist one another in securing and maintaining in force any and all licenses, permits, authorizations, approvals, and consents required in accordance with this Agreement or by local, state, or federal laws and regulations and shall render such assistance to the other Party as it or they may reasonably request.

17.2 Each of the Parties shall fully cooperate with and assist one another in any and all judicial and administrative proceedings required in or related to the performance of this Agreement.

17.3 Each of the Parties shall make, execute, and deliver all documents and instruments necessary or useful to the implementation and performance of this Agreement.

17.4 In the event any proceeding at law or equity is instituted involving the authority and power of any of the parties to make, execute, and deliver this Agreement and/or perform its terms, covenants, and conditions, or is relating to the rights, title, and interest of any of the Parties in and to Effluent, then the Parties shall jointly and cooperatively defend the validity of this Agreement and the use of Effluent intended hereunder.

**18. Dispute Resolution.**

**18.1 Dispute Resolution Representative (“DRR”) Process**

18.1.1 The Parties under the Agreement agree that all claims and disputes arising out of or relating to this Agreement which are not resolved in the ordinary course of performance (“Dispute” or “Disputes”) shall, as a prerequisite to binding arbitration of the Dispute, first be submitted for resolution by way of informal discussions between the designated Dispute Resolution Representative of the Parties as set forth herein (the “DRR Process”).

18.1.2 The DRR Process shall be initiated by the party asserting the Dispute by serving written notice to the other party (“DRR Notice”) setting forth in detail the basis for the Dispute and the specific relief requested. The other party shall respond in writing to the DRR Notice (“DRR Response”) within a reasonable time period of receipt of the DRR Notice. The designated Dispute Resolution Representatives for the Parties to the Dispute shall meet within 60 calendar days of submission of the DRR Notice at a mutually agreed time and place to attempt to resolve the Dispute based upon the DRR Notice and DRR Response. The Dispute Resolution Representative for the Town shall be the Town Manager, or designee. The Dispute Resolution Representative for the Buyer shall be Farm Manager, or designee. If a resolution of the Dispute is reached, that resolution shall be set forth in writing and shall be signed by the Parties’ designated Dispute Resolution Representative.

18.2 **Binding Arbitration.** Except as otherwise provided herein, any Dispute arising out of or related to the Agreement shall be subject to binding arbitration. Prior to arbitration, the Parties, shall, as a necessary condition precedent, endeavor to resolve disputes through the DRR Process pursuant to subsection 18.1 above. The Parties shall submit any Dispute not resolved through the DRR Process to binding arbitration conducted according with Arizona’s Revised Uniform Arbitration Act, A.R.S. §§12-3001, et seq. (the “Act”) and the then current Arbitration Rules (“Rules”) of the American Arbitration Association (“AAA”). Notwithstanding the forgoing, the arbitration shall not be administered or conducted by the AAA, but shall be held in Florence, Arizona, utilizing a single arbitrator selected by the Parties, unless the Parties agree, in writing, to an alternative arbitration procedure. The arbitrator shall be an attorney with at least 10 years of experience in environmental or water law, and whose practice, for at least the last 5 years, consists of at least 50% environmental law or water law. Any award by the arbitrator shall not include any consequential or punitive damages. The prevailing party in any arbitration or court proceeding under this Agreement shall be entitled to an award of attorneys’ fees, costs, and expenses (including expert witness fees) incurred. The award entered by the arbitrator shall be a reasoned award. The award entered by the arbitrator shall be final and judgment may be entered thereon in the Pinal County, Arizona Superior Court, provided that either Party shall be entitled to appeal to the court having jurisdiction thereof an award by the arbitrator that is capricious, an abuse of discretion or contrary to law, or for any of the reasons set forth in A.R.S. §12-3023.

**19. Performance and Uncontrollable Circumstance.**

19.1 **Performance.** All terms, covenants, and conditions to be performed by the Parties under this Agreement shall be performed at the sole expense of the Party so

obligated, and if another Party pays any sum of money or does any act that requires the payment of money, by reason of the failure, neglect, or refusal of the obligated Party to perform such term, covenant, or conditions, the sum of money so paid by the other Party shall immediately be payable to the non-obligated Party by the Party obligated to perform.

19.2 Uncontrollable Circumstance. A Party shall not be considered to be in default in the performance of any of the obligations under this Agreement (other than obligation of a Party to pay costs and expenses and Buyer's obligation to pay the Total Prior-Use Payment) if failure of performance is due to an Uncontrollable Circumstance. The term "Uncontrollable Circumstance" means any act, event, or condition that is caused by or due to circumstances beyond the reasonable control of the Party relying thereon as justification for not performing an obligation or complying with any conditions required of such Party under this Agreement and that materially interferes with such Party's obligations under this Agreement (other than payment obligations) to the extent that such act, event, or condition is not the result of the willful or negligent act, error, or omission, failure to exercise reasonable diligence, or breach of this Agreement on the part of such Party. By way of example, but not limitation, each of the following shall constitute an Uncontrollable Circumstance: failure of facilities, flood, earthquake, tornado, storm, fire, lighting, epidemic, war, riot, civil disturbance or disobedience, labor dispute, action or non-action by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority or the electorate, labor or material shortage, sabotage, restraint by court order, law, regulation, or public authority, and the forced shutdown of facilities by a government body. A Party rendered unable to fulfill any obligation by reason of an Uncontrollable Circumstance shall, as soon as reasonably practicable, notify the others of the event giving rise to such Uncontrollable Circumstance, and exercise due diligence to remove such inability with all reasonable dispatch.

## 20. General Provisions.

20.1 Notices. Notice shall be in writing and shall be given by: (a) personal delivery; (b) national overnight delivery service; or (c) United States Mail, certified mail, return receipt requested, postage prepaid. Notices shall be delivered or addressed to the addresses set forth below or at such other address as Buyer and Town may designate in writing. The date a notice shall be deemed to have been given, received, and become effective shall be: (i) the date on which the notice is delivered or refused, if notice is given by personal delivery or delivery by a national overnight delivery services; or (ii) three days following the date of deposit in the mail, if the notice is sent by certified United States Mail, return receipt requested and postage prepaid. No notice shall be deemed effective unless sent in one of the manners described above.

To Town:                      Town of Florence  
  ATT: Town Manager  
  PO Box 2670  
  Florence, AZ 85132

To Buyer:                      Adamsville 650 LLC  
  1200 West Queen Creek Road  
  Chandler, AZ 85248

Any Party referenced in this Section may change the address or addressee to which notices are to be sent by giving notice of such change of address or addressee in conformity with the provisions of this Section.

20.2 Construction. The terms and provisions of this Agreement represent the results of negotiations between the Parties, each of which has been or has had the opportunity to



- be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the Parties each hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney prepared the executed Agreement or any earlier draft of the same.
- 20.3 Incorporation of Recitals and Exhibits. The Recitals and Exhibits attached hereto are acknowledged by the Parties to be substantially true and correct, and hereby incorporated as agreements of the Parties.
- 20.4 Attorneys' Fees. In the event either Party brings any action for any relief, declaratory or otherwise, arising out of this Agreement, or on account of any breach or default hereof, the prevailing Party shall be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses (including expert witness fees), determined by the arbitrator or court sitting without a jury, which fees shall be deemed to have accrued on the commencement of such action and shall be enforced whether or not such action is prosecuted through judgment.
- 20.5 Governing Law. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Arizona, without reference to conflict of laws and principles. Exclusive jurisdiction and venue for any action brought to enforce or construe any provision of this Agreement shall be proper in the Superior Court of Pinal County, Arizona and both Parties consent to the sole jurisdiction of, and venue in, such court for such purposes.
- 20.6 Waiver. A waiver of any breach of this Agreement, or of any of the terms or conditions by either party hereto, shall not be deemed a waiver of any repetition of such breach or in any way affect any other terms or conditions hereof. None of the provisions of this Agreement shall be deemed to have been waived by an act or knowledge of any Party or its agent or employee, but only by a specific written waiver signed by an authorized officer of such Party and delivered to the other Party.
- 20.7 Counterparts. This Agreement may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Agreement shall be deemed to possess the full force and effect of the original, but all of which together shall constitute one and the same instrument, binding on the Parties. The Parties agree that this Agreement may be transmitted between them via facsimile or so-called "PDF" signature. The Parties intend that faxed or "PDF" signatures constitute original signatures and that a fully collated agreement containing the signatures (original, faxed or PDF) of the Parties is binding upon the Parties.
- 20.8 Survival. All warranties, representations and indemnifications by Buyer shall survive the completion, expiration or termination of this Agreement for two years.
- 20.9 Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof. All prior and contemporaneous agreements, representations, and understanding of the Parties relating to the subject matter hereof, oral or written, are hereby superseded, including but not limited to the Reclaimed Wastewater Contract referenced in the Recitals.
- 20.10 Remedies Cumulative. The remedies provided in this Agreement shall be cumulative. All remedies available under this Agreement shall be in addition to any and all remedies at law or in equity.
- 20.11 Modification. No changes, alteration, or modifications to this Agreement shall be effective unless in writing and signed by an authorized representative of each of the Parties.
- 20.12 Conflict of Interest. The provisions of A.R.S. §38-511 are incorporated in this Agreement to the extent of their applicability to contracts of the nature of this Agreement under the laws of the State of Arizona.



**EXHIBIT A**

**Legal Description of the Property**

LEGAL DESCRIPTION – DOBSON ANNEXATION

COMMENCING AT THE NORTH QUARTER CORNER OF SECTION 4, TOWNSHIP 5 SOUTH, RANGE 9 EAST OF THE GILA AND SALT RIVER MERIDIAN, PINAL COUNTY, ARIZONA, SAID POINT BEING THE TRUE POINT OF BEGINNING; THENCE S.89°51'00"E. ALONG THE NORTH LINE OF SAID SECTION A DISTANCE OF 2620.56 FEET TO THE NORTHWEST CORNER OF SECTION 3, TOWNSHIP 5 SOUTH, RANGE 9 EAST; THENCE S.00°17'07"E. ALONG THE EAST LINE OF SECTION 4 A DISTANCE OF 687.28 FEET; THENCE N.89°52'46"E. A DISTANCE OF 3864.68 FEET; THENCE S.00°44'58"E. A DISTANCE OF 670.53 FEET; THENCE N.89°37'51"E. A DISTANCE OF 1348.72 FEET TO A POINT ON A LINE 33.00 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SECTION 2, TOWNSHIP 5 SOUTH, RANGE 6 EAST, SAID LINE BEING THE EXISTING TOWN OF FLORENCE CORPORATE LIMITS; THENCE S.00°54'49"E. ALONG SAID LINE A DISTANCE OF 1296.90 FEET TO THE NORTH LINE OF BUTTE VIEW CEMETERY; THENCE S.89°22'47"W. ALONG SAID LINE A DISTANCE OF 965.38 FEET TO A POINT ON THE NORTHEASTERLY BOUNDARY OF THE A.O.U.W. CEMETERY; THENCE N.48°12'08"W. ALONG SAID LINE A DISTANCE OF 201.06 FEET; THENCE N.59°15'24"W. ALONG SAID CEMETERY BOUNDARY A DISTANCE OF 53.10 FEET; THENCE N.89°36'01"W. ALONG SAID CEMETERY BOUNDARY A DISTANCE OF 30.08 FEET; THENCE CONTINUING ALONG SAID CEMETERY BOUNDARY S.73°06'16"W. A DISTANCE OF 173.73 FEET TO A POINT ON THE WEST LINE OF SAID A.O.U.W. CEMETERY; THENCE S.01°29'35"W. ALONG SAID LINE A DISTANCE OF 193.73 FEET TO A POINT ON THE WEST LINE OF THE BUTTE VIEW CEMETERY BOUNDARY; THENCE S.00°12'36"W. ALONG SAID LINE A DISTANCE OF 357.71 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE FOR ADAMSVILLE ROAD; THENCE S.16°36'54"E. A DISTANCE OF 66.00 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE FOR ADAMSVILLE ROAD; THENCE S.73°23'06"W. ALONG SAID RIGHT-OF-WAY LINE A DISTANCE OF 1268.04 FEET TO A POINT ON A TANGENT CURVE TO THE LEFT, CONCAVE SOUTHEASTERLY AND HAVING A RADIUS POINT WHICH BEARS S.16°36'54"E. A DISTANCE OF 1876.86 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 12°18'49"E. A DISTANCE OF

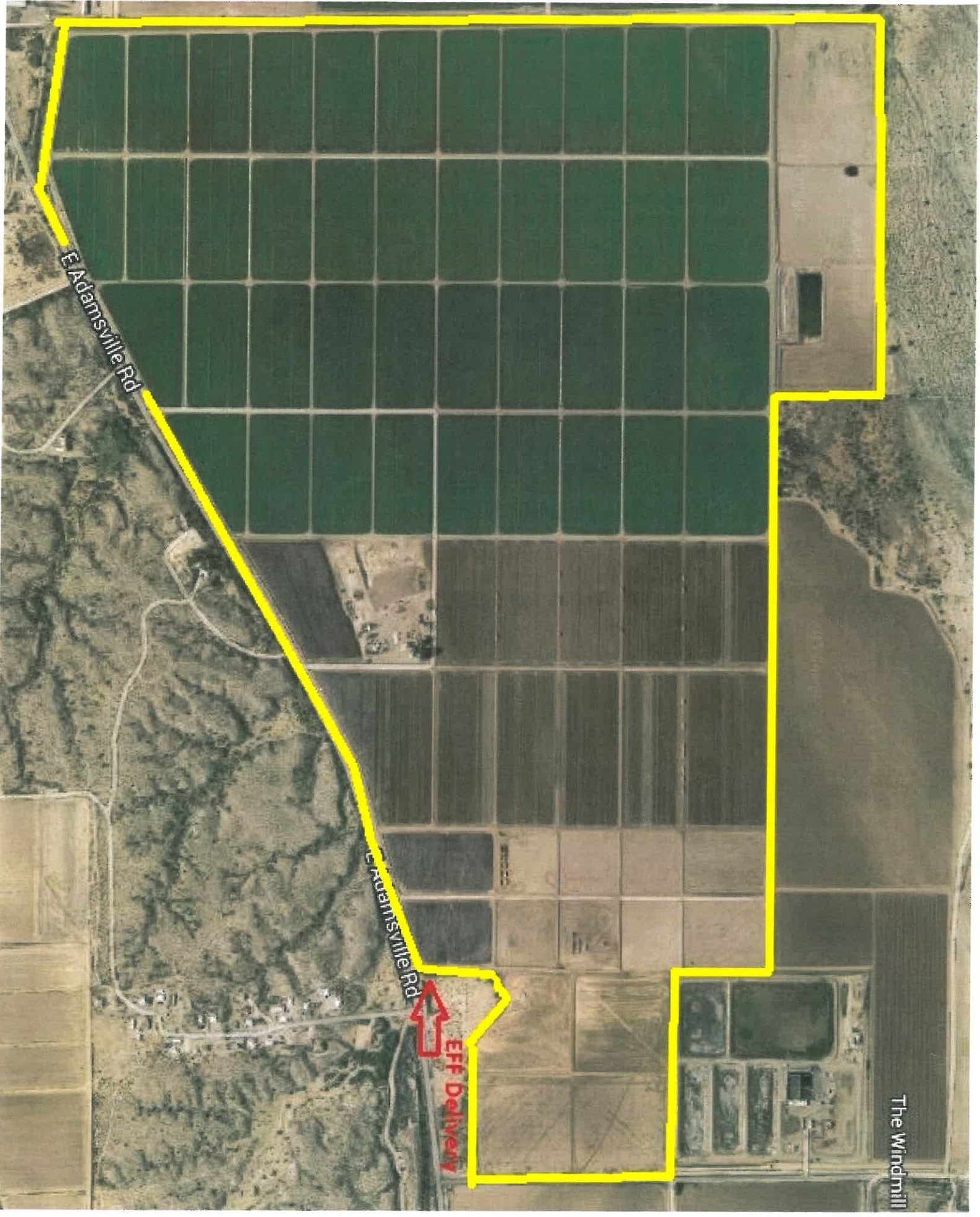
403.37 FEET TO A POINT ON A TANGENT LINE; THENCE S.61°04'17"W. ALONG SAID LINE AND THE SOUTHERLY RIGHT-OF-WAY LINE OF ADAMSVILLE ROAD A DISTANCE OF 813.25 FEET TO A POINT ON A TANGENT CURVE TO THE LEFT, CONCAVE SOUTHEASTERLY AND HAVING A RADIUS POINT WHICH BEARS S.28°55'43"E. A DISTANCE OF 11426.16 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 02°48'19" A DISTANCE OF 559.44 FEET TO A POINT ON A TANGENT LINE; THENCE S.58°15'58"W. ALONG SAID LINE AND THE SOUTH RIGHT-OF-WAY FOR ADAMSVILLE ROAD A DISTANCE OF 1043.41 FEET TO A POINT ON A TANGENT CURVE TO THE RIGHT, CONCAVE NORTHWESTERLY AND HAVING A RADIUS POINT WHICH BEARS N.31°44'02"W. A DISTANCE OF 3852.71 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 05°30'21" A DISTANCE OF 370.22 FEET TO A POINT ON A TANGENT LINE; THENCE S.63°46'19"W. ALONG SAID LINE AND THE SOUTHERLY RIGHT-OF-WAY FOR ADAMSVILLE ROAD A DISTANCE OF 527.54 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 5 SOUTH, RANGE 5 EAST; THENCE N.87°30'02"W. ALONG SAID LINE A DISTANCE OF 137.32 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE FOR ADAMSVILLE ROAD; THENCE CONTINUING N.87°30'02"W. ALONG THE SOUTH LINE OF SAID SECTION 4 A DISTANCE OF 540.52 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 5 SOUTH, RANGE 9 EAST; THENCE S.02°08'11"E. ALONG SAID EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9 A DISTANCE OF 284.59 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF ADAMSVILLE ROAD; THENCE CONTINUING S.02°08'11"E. ALONG SAID EAST LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 9 A DISTANCE OF 72.30 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE FOR ADAMSVILLE ROAD; THENCE S.63°46'19"W. ALONG SAID SOUTHERLY LINE A DISTANCE OF 17.51 FEET TO A POINT ON A TANGENT CURVE TO THE RIGHT CONCAVE NORTHWESTERLY AND HAVING A RADIUS POINT WHICH BEARS N.26°13'41"W. A DISTANCE OF 3852.71 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 05°06'48" A DISTANCE OF 343.83 FEET TO A POINT ON A TANGENT LINE; THENCE

S.68°55'26"W. ALONG SAID LINE AND THE SOUTHERLY RIGHT-OF-WAY LINE FOR ADAMSVILLE ROAD A DISTANCE OF 992.98 FEET TO A POINT ON THE WEST LINE OF THE NORTHEAST QUARTER OF SECTION 9, TOWNSHIP 5 SOUTH, RANGE 5 EAST; THENCE N.01°29'03"W. ALONG SAID LINE A DISTANCE OF 69.36 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE FOR ADAMSVILLE ROAD; THENCE CONTINUING N.01°29'03"W. ALONG SAID WEST LINE OF THE NORTHEAST QUARTER OF SECTION 9 A DISTANCE OF 845.71 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 9; THENCE N.01°13'47"W. ALONG THE NORTH/SOUTH MID-SECTION LINE FOR SECTION 4, TOWNSHIP 5 SOUTH, RANGE 9 EAST A DISTANCE OF 5230.57 FEET TO THE NORTH QUARTER CORNER OF SAID SECTION 4 AND THE TRUE POINT OF BEGINNING ;

EXCLUDING ANY PORTION THEREOF LYING WITHIN ADAMSVILLE ROAD.

EXHIBIT B

Delivery Point



E Adamsville Rd

E Adamsville Rd



EFF Delivery

The Windmill



**MINUTES OF THE MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 1 BOARD AND THE MERRILL RANCH COMMUNITY FACILITY DISTRICT NO. 2 BOARD HELD A SPECIAL MEETING OPEN TO THE PUBLIC ON TUESDAY, OCTOBER 13, 2015, AT 6:00 P.M. AT ANTHEM PARKSIDE COMMUNITY CENTER, 3200 N. ANTHEM WAY, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 6:05 pm.

*\*The first 10 minutes of the meeting were not recorded due to equipment failure.*

**ROLL CALL:**

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

**WORK SESSION ON COMMUNITY FACILITY DISTRICTS**

**USE OF COMMUNITY FACILITIES DISTRICTS AS A PUBLIC INFRASTRUCTURE FINANCING TOOL – PRESENTED BY MARK READER AND ERIKA COOMBS (MILLER), STIFEL NICOLAUS (UNDERWRITER) AND MICHAEL CAFISO, GREENBERG TRAURIG (BOND COUNSEL).**

Mr. Mark Reader, Managing Director, Stifel Niclaus, explained the four stages to the development of a master plan community. He stated that between Facility District No. 1 and No. 2 there is approximately 9,000 acres with a plan for 34,000 to 35,000 residential homes at buildout. A majority of the pre-development construction and infrastructure has been completed but there will be additional infrastructure needed as the development grows.

Mr. Michael Cafiso, Attorney, Greenburg Traurig, stated that Greenburg Traurig has represented the Town since the conception of the Merrill Ranch Facility Districts. He stated that Community Facility Districts (CFDs) are used for large multi-use master plans that have commercial and residential members and have the authority to borrow funds for the installation of infrastructure within their boundaries such as streets, sewer and water facilities, landscape and parks. He stated that the use of facility districts is not unique to Arizona as many states across the Country use them to assist in the development of new construction communities.

Mr. Reader stated that CFDs are used to help the developer enhance the infrastructure for a community which normally would not be financially feasible. He stated that the CFDs were developed in the early stages of the project in 2005 with Pulte Homes as the master developer and home builder for the Anthem community owning 3,100 acres. He stated that Southwest Value Partners recently purchased 4,240 acres in Anthem located primarily within the boundaries of CFD No. 1. Though the land is not currently a

part of the CFD, Southwest Value Partners has submitted an application to have the land added to CFD No. 1.

Mr. Reader stated that CFD No. 1 has issued seven Special Assessment bonds totaling \$4,700,000 and two General Obligation bonds totaling \$5,300,000. CFD No. 2 has issued four Special Assessment bonds totaling \$4,100,000 and two General Obligation (GO) bonds totaling \$5,400,000. When the CFDs were conceptualized in 2005 a master financial plan was developed utilizing the sale of bonds. He stated that payment of the bonds is through a secondary tax rate of \$3.25 per \$100 assessed value of a home with \$0.30 per \$100 for maintenance and operations. A Special Assessment (SA) bond is also in place with a flat rate of \$3,500 per lot. GO bond proceeds are used for regional infrastructure improvements within the CFD, such as major arterial roads, parks, open space, drainage and fire stations. He stated that SA bonds are used for localized improvements such as paving, curb & gutters, sidewalks, storm drains and drainage.

Mr. Reader stated that in CFD No. 1 residential closings for Sun City is 696 and Parkside is 439 and in CFD No. 2 residential closings for Sun City is 426 and Parkside is 711. CFD No. 1 is approximately 4% built out and CFD No. 2 is approximately 36% built out. He stated that Pulte Homes is closing 175 to 200 homes per year and that commercial development is progressing slower than anticipated.

Audience member asked a question that was inaudible.

Mr. Reader stated that the CFDs have collected and spent their GO Bond monies on regional public infrastructure as follows:

- \$4,390,00, Series 2008 (CFD No. 1) – Merrill Ranch Parkway, American Way, Constitutional Way, Felix Road, independence Way, Sun City Boulevard and Anthem Way.
- \$3,560,000, Series 2010 (CFD No. 2) – Merrill Ranch Parkway, Hunt Highway, (Phase 1) Storm Drainage.
- \$900,000, Series 2012 (CFD No. 1) – Regional Fire Station
- \$500,000, Series 20112 (CFD No. 2) – Regional Fire Station
- \$1,850,000, Series 2013 (CFD No. 2) – Merrill ranch Parkway, Hunt Highway, (Phase 1).
- \$1,300,000, Series 2016 (CFD No. 2) Estimated – Hunt Highway, Spirit Loop.
- \$1,500,000, Series 2016 (CFD No. 1) Estimated – To Be Determined

Mr. Reader stated that SA which is a flat fee of \$3,500 per lot was utilized for in-track infrastructure, streets, curbs, gutters and storm drainage.

Audience member inquired as to when it will be determined what the Series 2016 CFD No. 1 bond monies will be used for.

Mr. Reader stated that he anticipates a decision to be made in the next 100 days. Council and staff will review the feasibility of selling bonds and will present to the CFD Board a feasibility report stating what the bond monies will be used for.

Audience member inquired if the voters approve the sale of bonds and if they are approved, are those bonds reflected in the individual lot tax obligation.

Mr. Reader stated that the CFD Board of Directors will hold a public hearing regarding the sale of bonds. After the hearing, the Board will decide if bonds will be sold. If bonds are sold, then each residence could see an increase in their secondary property tax based on the assessed value of their home.

Audience member inquired if the bonds ever get paid in full.

Mr. Reader stated that GO bonds are usually amortized over a 25 year period as it is fiscally appropriate to have future generations help pay for the infrastructure that was built with bond monies.

Audience member inquired as to which district the land Southwest Value Partners purchased resides in.

Mr. Dan Bonow, Director of Entitlements, Pulte Homes, stated that Southwest Value Partners and Pulte Homes traded land. He stated that Southwest Value Partners obtained the land west of Hunt Highway in CFD No. 2 and Pulte obtained land south of the park in CFD No. 1. He stated that both entities own land in both districts.

Audience member inquired if the CFD continues to generate bonds will it increase the secondary tax rate being assessed on each lot.

Mr. Reader stated that it is the goal of the CFD Board to not increase the \$3.25 per \$100 assessed value and that bonds are issued when the growth of the district can sustain the additional bond payment without an increase.

Mayor Rankin stated that the CFD Board has been able to hold the \$3.25 fee since the conception of the districts and will continue to strive to maintain that fee amount.

Audience member inquired as to whom sets the home value.

Mayor Rankin stated that Pinal County sets home values and that the Town Council and CFD Boards do not have any say or impact on that decision.

## **ANTHEM AT MERRILL RANCH – PULTE VISION AND USE OF COMMUNITY FACILITY DISTRICT FINANCING.**

Mr. Bonow stated that two districts were created when Pulte purchased land from Harrison Merrill, George Johnson and other entities which allowed Pulte to create Anthem at Merrill Ranch. He stated CFD No. 1 is 7.5 times larger than CFD No. 2. He stated that the commercial area off Hunt Highway and Merrill Ranch Parkway are not in either district nor is the State Land that is owned by Curis, but the hospital and charter school located on north Hunt Highway are in CFD No. 2. He stated that there is a vast amount of land in Merrill Ranch that continues east past Felix Road and the railroad tracks that is owned by other entities and is within the boundaries of CFD No. 1.

Mr. Bonow stated that the following subdivisions are in each district:

- District No. 1 – Heritage, Jubilation, Monticello, Tapestry, Triumph and Summerville.
- District No. 2 – Acclaim, Belmont, Cambridge, Destiny, Inspiration, Savoy and Tradition.

Mr. Bonow stated that all top 20 selling master planned communities in the United States utilize some sort of CFD financing and that CFD financing is a common practice for larger community developments. He stated the following statistics for each district within Anthem at Merrill Ranch:

- District No. 1
  - Size – 7,900 acres
  - G.O. Bonds Issued - \$5,300,000
  - SA Bonds issues - \$4,700,000
  - Number of Unites – 30,000
  - Number Sold – 1,135 (4% of total buildout)
- District No. 2
  - Size – 1.60 acres
  - G.O. Bonds Issued - \$5,400,000
  - SA Bonds Issues - \$4,100,000
  - Number of Unites – 3,144
  - Number Sold – 1,137 (36% of total buildout)

Mr. Bonow stated that the advantages of utilizing CFD financing makes a master planned community feasible; it helps lower home costs and has tax advantages. He stated that GO bonds in Anthem were used for Hunt Highway, Merrill Ranch Parkway, a portion of Fire Station No. 2, Anthem Way, Constitution Way, American Way, Sun City Boulevard and Spirit Loop. He stated items that are not being financed through CFDs in Anthem are recreational facilities; community park, Poston Butte Golf Course, Parkside Recreation Center, Sun City Union Center, and the water /sewer infrastructure, located on west Felix Road. Items that are funded through a CFD become an asset of the Town of Florence and that Pulte made the decision that the recreational facilities would remain the assets of the Homeowner Associations. He stated the water and sewer

infrastructure is not eligible for financing through a CFD as the service is provided by Johnson Utilities. Once development crosses over to the east side of Felix Road, services will be provided by the Town of Florence and will be eligible for financing through the CFD.

Mr. Bonow stated that the CFDs are using GO and SA bonds. He stated that the \$3,500 per lot special assessment goes directly to the unit that the lot is located in to pay for those improvements which include storm drains; pipes and drainage structures, concrete curbs, gutters, sidewalks and paving. He stated the top five taxpayers in each CFD primary net assessed value are:

- CFD No. 1
  - Pulte \$1,630,000
  - Southwest Value Partners \$1,240,000
  - Poston Butte \$298,000
  - Curis \$251,000
  - T-Mobile \$37,000
- CFD No. 2
  - Florence Hospital \$2,480,000
  - Vertex 1 (Charter School) \$858,000
  - Southwest Value Partners \$254,000
  - Pulte \$205,000
  - PLNU \$109,000

He stated that all property taxes from the top five taxpayers in each CFD are paid through the Fiscal Year 2014 and that the Fiscal Year 2015 taxes are due in November. He stated future short-term CFD issuance of special assessments will be for unit 53 in Parkside and unit 50 in Sun City both located in CFD No. 1 and unit 36 Sun City in CFD No. 2. He stated that the Districts are anticipating bond issuances in the next six to eight months, CFD No. 1 issuing \$1,500,000 in Fiscal Year 2016 and CFD No. 2 issuing \$1,300,000 in Fiscal Year 2016.

Mr. Bonow stated that Pulte foresees the next four years the development of 470 new lots in Parkside averaging 90 sales per year and 540 new lots in Sun City averaging 120 sales per year and additional infrastructure to be constructed will be Merrill Ranch Parkway west of Hunt Highway, Constitution Way extended to the end and completion of Spirit Loop in Sun City.

## **QUESTIONS FROM BOARD**

There were no questions.

## **QUESTIONS FROM THE PUBLIC**

Audience member inquired what the development/improvement status was of Hunt Highway.

Mr. Bonow stated that Phase One of Hunt Highway was from Merrill Ranch Parkway north, Phase Two was from Merrill Ranch Parkway east to Felix Road and Phase Three was Merrill Ranch Parkway south.

Audience member stated that the Pulte development of Festival in Buckeye, Arizona, has a four-lane highway whereas Anthem ranges from one-lane to three-lanes. He stated properly maintain roadways aid in selling homes and a four-lane highway would alleviate congestion around Anthem especially south between Attaway and Felix Road.

Mr. Bonow stated that the roads around Festival were not developed by Pulte as they were previously constructed by a prior developer.

Audience member inquired as to what future short-term and long-term commercial property is being anticipated in the community or in the area of Anthem.

Mr. Bonow stated that there is no additional commercial property anticipated to be developed in the Anthem area at this time. He stated once Southwest Value Partners starts development on the land west of Hunt Highway they could set aside commercial property but at this time no land has been platted for commercial use.

Audience member inquired as to how Southwest Value Partners will affect Pulte in the Merrill Ranch project and the Pulte homeowners.

Mr. Bonow stated that Southwest Value Partners is owned by Mr. Robert Sarver, majority owner of the Phoenix Suns franchise who operates Southwest Value Partners as a land bank selling property to developers which in turn will build homes and increase the value of the CFDs paying off the bond obligations sooner.

Audience member inquired if the Town makes money from the sale of the bonds.

Mayor Rankin stated that the Town does not benefit from the sale of the CFD bonds.

Audience member inquired if there are any plans in expanding Hunt Highway and Felix Road to four lanes.

Mr. Wayne Costa, Public Works Director with the Town of Florence, stated that Felix Road is scheduled to be six lanes from Arizona Farms Road south to Hunt Highway. He stated that possibly in the next year the intersection of Felix Road and Hunt Highway will also be improved. He stated that Hunt Highway is scheduled to be a six lane highway from Highway 79 to the Anthem area.

Audience member inquired as to what the plan was to alleviate the traffic backlog on Attaway Road in both directions.

Mr. Costa stated that the intersection experiences approximately 10,000 cars per day. He stated that the engineering portion of the project will start this year with completion of a new intersection in two years. He stated the project calls for two left turn lanes, one right turn lane and a traffic light.

Mayor Rank stated that the Town did not have the ability to provide the water/waste water infrastructure that the Anthem Community was going to need. He state that the Town saw the value of a master planned community would have and used CFDs to provide the infrastructure needed. He stated that the Board reviews all requests for the sale of bonds and requires a feasibility study to be done showing what projects the bond funds would be for, how the bond obligation would be paid back and the impact the proposed projects will have on the Anthem community.

Audience member inquired with the anticipated expansion of Hunt Highway, if there were additional commercial projects being added to the area.

Mayor Rankin stated that there is land in the area that is designated for commercial buildings but at this time there are no plans to develop those areas until additional roof tops are added to support those businesses.

### **CALL TO THE PUBLIC**

There were no comments.

### **CALL TO THE BOARD**

Boardmember Woolridge inquired if there was a mechanism in place to ensure homes being resold in Anthem are disclosing the special assessment obligation that runs with the land if it has not already been paid off.

Mr. Cafiso stated that there is not a mechanism in place that ensures buyers are being made aware of any outstanding special assessment obligations owed. He stated that the seller and the real estate agents involved in the transaction should be disclosing this information to the buyer.

Boardmember Walter thanked the audience members for attending the meeting and stated that the information that was presented at this meeting can be accessed on the Town's website and will be available at Town Hall. She encouraged anyone with questions regarding the CFDs to speak with Town staff or with any member of the Board.

Mayor Rankin stated the meeting will also be broadcasted on Channel 11 in the future as well.

**ADJOURNMENT**

**The Board may go into Executive Session at any time during the meeting for the purpose of obtaining legal advice from the District Attorney(s) on any of the agenda items pursuant to A.R.S. § 38-431.03(A)(3).**

On motion of Boardmember Walter, seconded by Boardmember Hawkins, and carried to adjourn the meeting at 7:12 pm.

\_\_\_\_\_  
Tom J. Rankin, District Chairman

**ATTEST:**

\_\_\_\_\_  
Lisa Garcia, District Clerk

I certify that the following is a true and correct copy of the minutes of the Merrill Ranch Community Facilities District No. 1 and No. 2 Boards meeting held on October 13, 2015, and that the meeting was duly called to order and that a quorum was present.

\_\_\_\_\_  
Lisa Garcia, District Clerk



**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, NOVEMBER 2, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 6:03 pm.

**ROLL CALL:**

Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

**MOMENT OF SILENCE**

Mayor Rankin called for a moment of silence.

**PLEDGE OF ALLEGIANCE**

Mayor Rankin led the Pledge of Allegiance.

**CALL TO THE PUBLIC**

**Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.**

Ms. Ruth Harrison, Florence Resident, stated that staff is proposing to build retail shops, offices and restaurants in the ten acres of land adjacent to the Town library and aquatic center. Planning for the future is good, but in the short-term the Town needs to focus on issues within the existing Town structure. She said the Town is spending approximately \$250,000 to replace two booster pumps, a sand separator and a grounding system. She said this is critical infrastructure that should have been replaced many years ago. She inquired if the Town budgeted for the equipment to fix the low water pressure and if there is other infrastructure that needs attention. She asked that the spaces between the concrete slabs along Main Street be fixed along with other repairs on Main Street. She would like to see flowers or foliage in the flower pots on Main Street and that the flower pots remain filled all year long.

**WORK SESSION**

**Update on the special election information for the May 17, 2016, special election proposing a one-time specific amount in excess of the State-imposed expenditure limitation.**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, stated that the Town will have a special election on May 17, 2016, proposing a one-time specific amount in excess of the State-imposed expenditure limitation.

Ms. Garcia stated that in August 2014, the Town's expenditure limitation failed, which resulted in losing the voters' approval to spend the revenues in each year. The Town continues to receive revenue; however, for the next two years, the Town is under the restraints of the State imposed expenditure limitation.

Ms. Garcia explained how the budgets for Fiscal Year 2015/2016, and Fiscal Year 2016/2017 were affected and what the State imposed expenditure limitation amounts are for each of those years. She said there would be an estimated \$13 million reduction in the budget. Staff would work with Council and Budget Committee to attempt to maintain the level of services currently offered while reducing the budget.

Ms. Garcia provided a brief history of how the State imposed expenditure limitation came to be. She said in 1980, the voters approved an amendment to the State Constitution that established a system of expenditures of limitations for all cities and towns as well as counties and community colleges districts. She said there are exemptions to the limitations.

Ms. Garcia stated that she and Clifford Mattice, Town Attorney, have had conversations to propose constitutional changes that would eliminate enterprise funds from the limitations.

Ms. Garcia explained how the State imposed expenditure limitation is calculated. She added that it is based on the Economic Estimate Commission. The Commission sends out a notice no later than February 1<sup>st</sup> of each year and the final is released no later than April 1<sup>st</sup> of each year. She said cost of living and inflation factors are considered in the equation. She said any revisions, based on annexations, will be received no later than July 1<sup>st</sup>.

Ms. Garcia stated that if the Town stays with the State limitation, it significantly reduces the Town's ability to spend all of the received revenues. The Town Council cannot authorize expenditures of local revenues in excess of the State limitation. The Town would have to operate within the limitation and will need to find a way to reduce the services that are offered, which means a reduction in cost of municipal operations. She explained that the limitation has nothing to do with taxes or tax rates.

Ms. Garcia explained if the Town chose to exceed the limitation, it will be penalized. She explained the various penalty amounts and penalty percentages that can be imposed based on the amount that is spent over the limitation.

Ms. Garcia explained that a way to remedy some of the burden is to hold an election asking for voter approval for a one time specific amount above the State imposed expenditure limitation. The Town sought voter approval in Fiscal Year 2015/2016 and

will be doing so again for Fiscal Year 2016/2017. The Town has entered into an agreement with Pinal County for election services for the upcoming election. The Town can also issue debt prior to the expenditures for the specified purpose.

Ms. Garcia explained the rules for having an election, include the following:

- Election must be held on the third Tuesday in May
- Town can ask voters to approve a permanent base adjustment.

Ms. Garcia stated that the election in August 2016 will be for the Home Rule. The Home Rule will be for four years and will get the Town back on track if the Town wins the election. Council will need to make a determination in 2018 if they want to request a permanent base adjustment. The permanent base adjustment is not infinite. It would remain consistent until the Town went back to the voters to adjust the rate, and this would be based on growth. She said that it is a good option to consider. She explained the process and said it means that the Town would not be dependent on the four year vote every year. This would also ensure that the Town would continue to operate.

Ms. Garcia stated that another option is to ask the voters to approve revenues used to acquire construction and plan buildings, which is called a capital project accumulation fund. Staff is not recommending this as an option.

Ms. Garcia stated that the Town has received questions from the public regarding the expenditure limitation and the election. She answered the following based on the questions received.

Are the following items exempt from the limitation?

- Enterprise funds
- Legal costs associated with court cases
- Awards based on court findings
- Carryovers to complete projects

Ms. Garcia responded that the following items are not exempt from the limitation:

- Enterprise funds
- Legal costs associated with court cases
- Awards based on court findings
- Carryovers to complete projects; however, there are some exclusions and the Finance Direction makes that determination upon review of the expenditures.

Can the Town hold a Special election in May 2016?

Ms. Garcia responded that a one time election is not about a number of times you can hold an election but rather about getting the amount over the expenditure limitation. The Town can hold an election; however, it does require at least two-thirds, or five members, of the Council voting for approval of the election.

Can the Town of Florence do a permanent base adjustment?

Ms. Garcia responded that the Town can hold an election for a permanent base adjustment, but the election can only be held on even years and required two-thirds, or five members of the Council voting for approval of the election.

Is transportation excise tax revenue received from the County excluded?

Ms. Garcia responded, yes, but only the portion that is used for land, buildings, and improvements expenditures in such a way that was approved by the voters.

Are Community Facilities Districts (CFDs) included?

Ms. Garcia responded that CFDs are excluded because they are a separate legal entity.

Does debt have to be issued before expenditures for those proceeds to be exempt?

Ms. Garcia responded yes, except for capital improvement expenditures paid from utility revenues or capital improvement expenditures paid from excise taxes levied for that specific purpose.

Ms. Garcia stated that the special election will be held on May 17, 2016, and will be a ground election. The reason it will be a ground election is because of the way the consolidation law works. The State law requires that the election will be a consolidated election when the State or the County request for a ballot measure to also be on a ballot and in order for all parties to save money.

Pinal County advised the Town that the election will be a ground election. The Town's publicity pamphlet will be sent out separately from the State's publicity pamphlet. She said it is important for the publicity pamphlets go out before the mail ballots because 54% of Florence's voters vote by mail.

Ms. Garcia stated the wording of the ballot will be similar to the wording on last year's ballot. The numbers will remain the same and will read as follows: Shall the Town of Florence regain local control and exceed the State imposed expenditure limitation for 2016/2017 by \$15 million to allow the Town of Florence to adopt a budget not greater than than amount that was sent in Fiscal Year 2014/2015? The number is consistent with the amount when the Town had home rule option in place. She a "Yes" vote will allow for the Town to budget expenditures through the adoption of the budget. A "No" vote limits the Town's budget to the State's limitation regardless of the Town's revenues, service levels, or the community's needs. She said the election does not affect taxes, nor will the taxes increase or decrease. She said budget estimates are based on existing revenues and existing expenditures.

Ms. Garcia stated the Town was noticed on Thursday, October 29, 2015, that the election would be a ground election, thus changing the election calendar. She said the Town needs to work with the County to see how the costs are being reduced, who is

doing what, where the polling locations will be and who the point of contact is. She said the Town will need to change strategies. Staff will schedule public hearings and have them noticed in the local paper. The first public hearing will be on December 21, 2015 and the second public hearing will be on January 4, 2016, in which Council will be asked to call for the special election. The Council will have to convene to a Special Meeting in order to vote on the expenditure limitation and then call the election.

Ms. Garcia inquired if Council is in agreement to maintain the \$15 million and for staff to work within that parameter.

Mayor Rankin inquired if that was the maximum amount that the Town can ask for.

Ms. Garcia stated that the \$15 million is consistent with last year's amount and Mr. Gabe Garcia, Finance Director, has assured her that the Town can operate within the specified amount.

Ms. Garcia stated that the staff will plan a community outreach schedule in order to meet with people and provide information about the election. She added there is a State proposition on the ballot regarding the school lawsuit and the funding. She is trying to get someone who is knowledgeable about the proposition to speak as well. It is going to be very important to inform the citizens of the Town's issues as well as other issues that affect them.

Vice-Mayor Walter asked why the resolution was removed from the all mail ballot election.

Mr. Garcia explained that the Town can no longer hold an all-mail ballot election because it is a consolidated election. She explained that there are residents who have chosen to have permanent mail ballots and they will vote by mail ballot. The others will vote in the ground election. She said the Town will notice its residents that did not sign up for permanent mail ballots that they will need to vote in the ground election if they wish to vote.

Ms. Garcia said the election in August 2014 was the home rule election and it was a ground election and the one in which Florence lost home rule. She said the 2015 Special election was a mail ballot election. She said it is important to inform those that have the ability to vote that the election will be a ground election. She said most of Florence's elections have been done by mail so the Town needs to go the word out that this election will be a ground election.

Councilmember Anderson inquired where the public hearings will be held at.

Ms. Garcia stated the public hearings will be held as part of the Council meeting in the Council Chambers and explained the process.

Ms. Garcia explained the budget process and explained what staff is doing to ensure that the Town can operate. Staff is doing transparency in government. The initial CIPs have been submitted. Staff has completed their Fiscal Year 2016/2017 budgets. The auditors have completed their review of the books and the findings will be forthcoming. The Budget Committee is meeting regularly and has scheduled quarterly meetings with Council. The Town will hire a Town Manager soon and that person will lead this process.

Ms. Garcia stated that the three goals that the Town has include:

- Develop a balanced budget for an approval scenario.
- Develop a balanced budget for a failed scenario.
- Update the CIP Program that was advertised in the last budget process and ensure that the citizens are being informed as to how the Town is moving forward.

Councilmember Anderson expressed his concern regarding the meetings. He said he would like more publicity of the meetings, specifically in the areas of Anthem and Florence Gardens.

Ms. Garcia stated the staff will assemble a team that will explain what the measures are and what they mean as well as budgetary issues and how this will affect the citizenry. She said the team will go on site to inform the citizens. She said they will do as many meetings as they can because the goal is to do outreach for the citizens.

Mayor Rankin stated the State will inform the Town of what its limit will be by April 1<sup>st</sup>.

Ms. Garcia stated that the Town will use the estimates provided by the Finance Director who is studying up on the entire expenditure limitation process. He is also having conversations with the Auditor General and other communities who have had similar issues to bring in the expertise. The Town will have solid numbers to move forward and will replace the Town's estimates with the State's estimates and will replace the estimates with the final amount when they are received.

Ms. Garcia stated that the election is May 17, 2016, but people will start voting on approximately April 23, 2016. She said if the Council officially chooses the \$15 million, it is the number that will be advertised and it cannot be changed. She said if the Town does not need that much money, the Town will not expend it.

Mayor Rankin stated that it is important to inform the public of the correct numbers that the Town is seeking as well as the projects that are included in that amount.

Ms. Garcia explained the budget process and said the citizens are invited to be part of the budget process. With the budget being sent and adopted, it becomes your final budget. The budget process will be for how the Town spends the money and explained that the budget is contingent upon staff recommendations with the new Town Manager and Council's ultimate approval of the budget process.

Mayor Rankin inquired if the preliminary estimated amounts will include the projected CIP projects.

Ms. Garcia stated that the preliminary amounts will include the CIP projects. She said the projects can be multi-year projects and may need to be moved to a future year if an emergency arises and funds are utilized for the emergency because the Town cannot exceed the \$15 million expenditure limitation cap that the public has set for the Town. She said staff needs to ensure that emergency repairs are completed, services are moving forward, ensuring that the Town is providing a safe environment for its citizens, and to ensure that the Town does not exceed the limit. There needs to be some flexibility in the budget for these needs.

Mayor Rankin inquired if the fines levied for exceeding the expenditure limitation would come from the revenue that is received from the state shared revenue.

Mr. Gabe Garcia, Finance Director, stated that the fines would come from the state shared revenues as well as other revenues received. The fines would be deducted from the revenues for the following year.

Mayor Rankin inquired about the permanent base adjustment, should the voters approve it.

Ms. Garcia stated that there will be a recommendation in 2017 to take back to the 2018 voters a permanent base adjustment.

Mayor Rankin inquired how if the permanent base adjustment would be stopped, if the voters chose to stop it.

Ms. Garcia stated that the voters can enter into discussions with Council during the budget process and can express their concern. The elected Council would take into consideration those concerns, and ultimate authority is with recall if the citizens are unhappy with what the Council is doing.

Mayor Rankin inquired about the election dates.

Ms. Garcia explained that there are four consolidated election dates set by state statute. She said for this particular election, it can only be held on the third Tuesday in May.

Councilmember Anderson inquired when will the home rule election is.

Ms. Garcia stated that the home rule election will go back to the voters in August 2016. The constitution requires that home rule can only be placed on an election that is a candidate election, which is even numbered years.

### **Continued discussion on the Capital Improvement Plan.**

Mr. Gabe Garcia, Finance Director, stated that the staff did a wonderful job in submitting their CIPs on time and thanked everyone for their work.

Mr. Wayne Costa, Public Works Director, presented the CIP projects for the Public Works Department, which includes projects for Fiscal Year 2016/2017 through Fiscal Year 2025/2026. He discussed projects for the Highway User Revenue Fund, Water and Wastewater Funds. The projects will be brought back to Council and a future meeting for further discussion.

Discussion occurred on the various proposed projects.

### **ADJOURN TO EXECUTIVE SESSION**

**An Executive Session will be held during the Council Meeting for the following legal matters for the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys regarding zoning matters and pending, contemplated or threatened claims, pursuant to A.R.S. Section 38-431.03(A)(3) and (A)(4).**

On motion of Vice-Mayor Walter, seconded by Councilmember Hawkins, and carried to adjourn to Executive Session.

### **ADJOURN FROM EXECUTIVE SESSION**

On motion of Vice-Mayor Walter, seconded by Councilmember Wall, and carried to adjourn from Executive Session.

### **CALL TO THE PUBLIC**

### **CALL TO THE COUNCIL – CURRENT EVENTS ONLY**

Councilmember Anderson enjoyed the Halloween events and had over 300 people at his home.

Councilmember Guilin thanked the Town for having a carnival in Town and everyone enjoyed it.

Vice-Mayor Walter thanked the staff for the information presented. She said elections are very important and it allows the citizens' voices to be heard. She said the community did a wonderful job with the Halloween events.

Mayor Rankin stated that there were approximately 1400 visitors that attended the event. It was nice to see everyone have a great time. He said the Town will be celebrating its 150<sup>th</sup> birthday and would like to plan something for the birthday.

### **ADJOURNMENT**

Florence Town Council Meeting Minutes

November 2, 2015

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On motion of Vice-Mayor Walter, seconded by Councilmember Wall, and carried to adjourn at 8:30 pm.

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Tom J. Rankin, Mayor

**ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on November 2, 2015, and that the meeting was duly called to order and that a quorum was present.

---

Lisa Garcia, Town Clerk

**MINUTES OF THE FLORENCE TOWN COUNCIL SPECIAL MEETING HELD ON THURSDAY, NOVEMBER 12, 2015, AT 4:30 PM, IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 4:30 pm.

**ROLL CALL:**

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

**ADJOURN TO EXECUTIVE SESSION:** For the purpose of discussion of the public body, pursuant to A.R.S. 38-431.03(A)(1), to interview candidates for Town Manager.

**5:00 pm      Brent Billingsley**  
**7:00 pm      Larry Dobrosky**

On motion of Councilmember Anderson, seconded by Councilmember Guilin, and carried to adjourn to Executive Session.

**ADJOURN FROM EXECUTIVE SESSION**

On motion of Councilmember Anderson, seconded by Councilmember Guilin, and carried to adjourn from Executive Session.

**ADJOURNMENT**

On motion of Councilmember Guilin, seconded by Councilmember Woolridge, and carried to adjourn the meeting at 8:00 pm.

---

Tom J. Rankin, Mayor

**ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on November 12, 2015, and that the meeting was duly called to order and that a quorum was present.

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Lisa Garcia, Town Clerk

**MINUTES OF THE FLORENCE TOWN COUNCIL SPECIAL MEETING HELD ON FRIDAY, NOVEMBER 13, 2015, AT 8:30 AM, IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 8:30 am.

**ROLL CALL:**

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

**ADJOURN TO EXECUTIVE SESSION:** For the purpose of discussion of the public body, pursuant to A.R.S. 38-431.03(A)(1), to interview candidates for Town Manager.

<b>9:00 am</b>	<b>Dan Massey</b>
<b>11:00 am</b>	<b>Brant Hanson</b>
<b>1:00 pm</b>	<b>Jess Knudson</b>

On motion of Councilmember Anderson, seconded by Councilmember Guilin, and carried to adjourn to Executive Session.

On motion of Councilmember Anderson, seconded by Councilmember Wall and carried to recess the meeting at 1:30 pm.

On motion of Councilmember Wall, seconded by Councilmember Hawkins and carried to reconvene the meeting at 2:30 pm.

**ADJOURN FROM EXECUTIVE SESSION**

On motion of Councilmember Woolridge, seconded by Councilmember Hawkins, and carried to adjourn from Executive Session.

**ADJOURNMENT**

On motion of Councilmember Hawkins, seconded by Councilmember Anderson, and carried to adjourn the meeting at 2:52 pm.

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Tom J. Rankin, Mayor

**ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on November 13, 2015, and that the meeting was duly called to order and that a quorum was present.

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Lisa Garcia, Town Clerk

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, NOVEMBER 16, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 6:00 pm.

**ROLL CALL:**

Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall

**MOMENT OF SILENCE**

Mayor Rankin called for a moment of silence.

**PLEDGE OF ALLEGIANCE**

Mayor Rankin led the Pledge of Allegiance.

**CALL TO THE PUBLIC**

**Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.**

Mr. T. Wayne Douglas, Florence resident, stated that over the last 20 years, he has seen many improvements in Florence. He said Florence is Pinal County's seat and he is proud to live here during the winter. He said as a preacher, he is familiar with criticism and appreciates constructive criticism. He said his first impression of Florence is the lack of cleanliness, such as the need to cut the weeds, clear the clutter, and much needed paint.

Mr. Douglas stated that he has received three letters in the past from the Town asking for recommendations, and each time he has addressed the same issue. He said he knows there are people in poverty and they have a program called Helping Hands in Caliente. He explained how Helping Hands assists others and asked for Florence to start a program to help others. This will add pride to the community.

Mr. Tim Tchida, Florence Resident, stated that he is in favor of items 10c. (Excise Tax) and 10d. (Strategic Plan) on the agenda because he believes Florence is a great place. He said there are things that still need to be done.

Mr. Jerry Williams, President of the Pinal County Mounted Posse, discussed the issues with regards to past storms. He thanked the Town for their prompt attention in getting the repairs done so quickly; otherwise the 83<sup>rd</sup> Annual Jr. Parada would not be possible.

Mr. Williams introduced the outgoing royalty, Leila Hernandez and incoming royalty, Haillie George. Ms. George learned of the damage to the rodeo grounds and she along with other 4-H members from the Desert Devils Club assisted with the manpower to help with the cleanup. He thanked all of the Town staff for their assistance.

**MOTION TO ADJOURN TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 BOARD.**

On motion of Councilmember Woolridge, seconded by Councilmember Guilin, and carried to adjourn to the Merrill Ranch Community Facilities District No. 2 Board.

**PUBLIC HEARING TO RECEIVE CITIZENS' COMMENTS ON FEASIBILITY REPORT RELATING TO MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 ASSESSMENT AREA SIX – UNIT 36 (AREA 6).**

Chairman Rankin opened the public hearing. There were no public comments; Chairman Rankin closed the public hearing.

**CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. MR CFD2 229-15:**

Ms. Lisa Garcia, District Manager/District Clerk, read Resolution No. MR CFD2 229-15 by title only.

**APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SIXTH AMENDMENT AND WAIVERS (ASSESSMENT AREA SIX – UNIT 36) FOR DISTRICT DEVELOPMENT, FINANCING PARTICIPATION, WAIVER AND INTERGOVERNMENTAL AGREEMENT; AUTHORIZING AND RATIFYING THE GIVING OF NOTICE OF HEARING WITH RESPECT TO APPROVING A FEASIBILITY REPORT; APPROVING SUCH FEASIBILITY REPORT AND RESOLVING THE INTENT THEREFOR; ORDERING THE WORK WITH RESPECT THERETO; APPROVING THE ASSESSMENT DIAGRAM AND METHOD OF ASSESSMENT WITH RESPECT TO ASSESSMENT AREA SIX AND PROVIDING FOR THE LEVY OF THE RELATED ASSESSMENT.**

Mr. Gabe Garcia, District Finance Director, stated the resolution approves the Feasibility Report which allows the Town to acquire \$543,548 of public infrastructure for the cost of \$241,500.

Boardmember Anderson inquired if the money goes against Unit 36.

Mr. Garcia stated that the money goes against Merrill Ranch Community Facilities District No. 2 Assessment Area Six – Unit 36.

Boardmember Anderson inquired if the new bond affects those who were on the regional bond ten years ago.

Mr. Garcia responded that this will be a levy that is attached to each of the residences that are to be built in that area.

On motion of Boardmember Guilin, seconded by Boardmember Hawkins, to adopt Resolution No. MR CFD2 229-15.

Roll Call:

Boardmember Guilin – Yes  
Boardmember Anderson – Yes  
Boardmember Wall – Yes  
Boardmember Hawkins – Yes  
Boardmember Woolridge – Yes  
Boardmember Walter – Yes  
Chairman – Rankin

Motion Passed: Yes 7; No: 0

## **MOTION TO ADJOURN FROM MERRILL RANCH COMMUNITY FACILITIES DISTRICT NO. 2 BOARD.**

On motion of Boardmember Woolridge, seconded by Boardmember Walter, and carried to adjourn from the Merrill Ranch Community Facilities District No. 2 Board.

## **PRESENTATIONS**

**Presentation by Mr. Andy Smith, Transportation Planning Manager, of Central Arizona Governments, on the Pinal County Regional Transportation Authority, created by the Board of Supervisors on September 9, 2015, to address significant transportation issues within the County.**

Mr. Andy Smith, Transportation Planning Manager, Central Arizona Governments (CAG), said he is presenting as a representative of the Pinal Regional Transportation Authority. He said Pinal County Board of Supervisors passed a resolution which enacted the Pinal Regional Transportation Authority.

Mr. Smith discussed the following:

- History
  - o Over 2,000 pages of transportation planning has been done within the Pinal County region with regards to various studies



- Corridors such as North South Corridor, East West Facility, and other transit elements came to the forefront in most studies
  - Local agencies re-affirmed the needs
- Background
  - Explained how the Regional Transportation Authority is established
  - Membership consists of all the local communities, cities and towns within Pinal County
  - Pinal County, Tribal communities, and the Executive Director of CAG becomes the Executive Director of the Regional Transportation Authority.
- Purpose
  - To identify a regional transportation plan that would be put before the voters as well as a half-cent sales tax that would also be put before the voters
    - Preliminary projects have identified approximately \$500 million to \$570 million for a 20 year half cent sales tax
      - Based on projections
    - Goal is to have it go before the voters on May 17, 2016
    - Working on the ballot language
    - Doing public outreach throughout Pinal County by presenting to all Councils
    - Doing revenue projections
    - Identify project identifications
    - Creating fact sheet to share with cities, towns, and Pinal County

Mayor Rankin inquired what happens when the population exceeds 400,000.

Mr. Smith stated that the Authority is already established and grandfathered in after it is established.

Mayor Rankin inquired if Arizona Department of Transportation (ADOT) is also a member.

Mr. Smith responded that ADOT is not a member, but they have been notified as far as Pinal County's intent to establish the Authority. They have also had discussions with Sun Corridor MPO. He said they represent Coolidge, Casa Grande, Eloy and parts of Pinal County. They have also had conversations with Maricopa Association of Governments.

Mayor Rankin expressed his concern because this will ask the voters to increase the gasoline sales tax and it will be on the same election as the Town's election.

Mr. Smith said the half cent sales tax is the same as what Pinal County already has.

Mayor Rankin inquired if Pinal County's tax is getting ready to sunset.

Mr. Smith said the tax has another 10 years. He said the tax is separate from the existing tax.

**Presentation by the Greater Florence Chamber of Commerce recognizing Interpolacion as the Business of the Month.**

Mr. Jim Gilloon, Executive Director, Greater Florence Chamber of Commerce, stated that Ed and Hermaline Curran are the owners of Interpolacion. They are very active in the community and participate in everything that the Chamber does, including playing music at some of their events. Interpalacion is the business of the month.

Mr. Ed Curran thanked the Chamber and the Town for the recognition. He said they love being part of the community and volunteer wherever possible. He said they play in Florence as well as other communities.

Mayor Rankin inquired where they are playing in Coolidge.

Mr. Ed Curran explained that Ms. Curran is part of the Arts Council in Coolidge and is very involved in the upcoming Christmas show.

Ms. Curran said the Christmas in the Village at the Artisan's Village will take place on December 12, 2015. The ribbon cutting kicks off the event at 10:00 am and there will be a variety of entertainment planned for that day.

Mr. Curran said they will also be performing their Christmas show with music and a play at the State Park on December 18, 2015.

**CONSENT: All items on the consent agenda will be handled by a single vote as part of the consent agenda, unless a Councilmember or a member of the public objects at the time the agenda item is called.**

- a. **Ratification of the Pinal County Property Use Agreement for use of the vacant lot located at 383 N. Main Street for the Christmas on Main event on December 4, 2015.**
- b. **Ratification of the Parks and Recreation Fee Schedule for Fiscal Year 2015-2016, retroactive to July 5, 2015.**
- c. **Ratification of the re-appointment of Jeff Moser to the Public Safety Personnel Retirement System Fire Board, with a term to expire on November 16, 2019.**
- d. **Ratification of the cancellation of the Memorandum of Understanding with the Arizona Department of Fire, Building and Life Safety.**
- e. **Approval of accepting the register of demands ending September 30, 2015, in the amount of \$2,773,584.68.**

- f. **Approval of the September 21, October 5, and October 19, 2015 Council minutes and October 26, 2015 Merrill Ranch Community Facilities District Nos. 1 and 2 minutes.**
  
- g. **Receive and file the following board and commission minutes:**
  - i. **October 2, 2015 Historic District Advisory Commission minutes.**
  - ii. **September 24, 2015 Parks and Recreation Advisory Board minutes.**
  - iii. **August 26, 2015 Planning and Zoning Commission minutes.**

On motion of Councilmember Hawkins, seconded by Vice-Mayor Walter, and carried to approve the Consent Agenda as written with the exception of item 9b.

- b. **Ratification of the Parks and Recreation Fee Schedule for Fiscal Year 2015-2016, retroactive to July 5, 2015.**

Councilmember Anderson inquired if the pool will be closed to the public when the pool is being rented.

Mr. Bryan Hughes, Parks and Recreation Director, stated that the pool would be rented during times when the pool is not open to the public, primarily evenings.

Councilmember Anderson inquired about rental fees for the ball fields. He said it does not make sense to charge residents \$15 to rent the ball fields. He said the Town should want to encourage residents to use the facilities. He understands the fees if it is for a type of league or something similar.

Mr. Hughes said the fee is for those who would like exclusive use of the fields, but they can drop in at any given time to use the fields.

Councilmember Anderson inquired if the \$5.00 per tennis court or pickleball court is per court or per person.

Mr. Hughes said the fee is per court.

On motion of Councilmember Anderson, seconded by Councilmember Hawkins and carried to approve item 9b.

## **NEW BUSINESS**

**First reading of ordinances that remove fee amounts from the Town of Florence Code of Ordinances.**

### **ORDINANCE NO. 641-15:**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Ordinance No. 641-15 by title only.

**AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA,  
AMENDING TITLE III: ADMINISTRATION, SECTION 32.012 FEES.**

**ORDINANCE NO. 642-15:**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Ordinance No. 641-15 by title only.

**AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA,  
AMENDING TITLE VII: TRAFFIC, 73.11(B) PARKING, STANDING, LOADING OR  
UNLOADING OF COMMERCIAL MOTOR VEHICLES ON MAIN STREET BETWEEN  
BUTTE AVENUE AND RUGGLES STREET PROHIBITED.**

**ORDINANCE NO. 643-15:**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Ordinance No. 641-15 by title only.

**AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA,  
AMENDING TITLE VII: TRAFFIC, 74.10 ESTABLISHMENT OF FEES FOR  
SERVICES PROVIDED BY THE MAGISTRATE COURT.**

**ORDINANCE NO. 644-15:**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Ordinance No. 641-15 by title only.

**AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA,  
AMENDING TITLE IX: GENERAL REGULATIONS, 95.07 FEES AND CHARGES,  
AND 97.039 PURCHASE AND TRANSFER OF INTERMENT.**

**ORDINANCE NO. 645-15:**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Ordinance No. 641-15 by title only.

**AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA,  
AMENDING TITLE XI: BUSINESS REGULATIONS, 112.16 LICENSE FEES AND  
112.18 APPLICATION AND FEE.**

Ms. Garcia stated in August 2010, Council adopted a resolution that set policy on fee collection. Staff went through the Code and removed fees from the Code. She said a few fees remained in the Code and these ordinances clean up the Code and remove the fees from the Code. She said staff is ensuring that the polices and the ordinances are in alignment and are recovering the appropriate costs to do business.

Ms. Garcia explained the procedure that is in place with regards to changes in fees and how this is done. She said the fees are reviewed for surrounding communities and cost associated with the fee. Justification is forwarded to the Finance Department. The Finance Department retains the justification on file and then the manager for operational fees and approves the fees and they are added to the fee schedule.

Ms. Garcia stated that State law requires that any new fee that is charged or any updated fee has to be placed on the website for 60 days prior to the fee being collected. The A.R.S. Statutes explain how the municipality does other fees such as business license fees, impact fees, and utility rates. She said the fees in the proposed ordinances are operational fees for the Town.

Councilmember Anderson asked for a definition of a balanced budget to be included.

**Discussion/Approval/Disapproval of establishing an Ad Hoc Celebration Committee to plan for the Town's 150<sup>th</sup> Anniversary.**

Mayor Rankin stated the Town will be 150 years old. Mr. Hughes has provided a cost for the events that are currently planned. He said he would like a committee which will include citizens and start the planning as soon as possible. He said one option is to do the celebration on April 2, 2016, during the Road to Country Thunder event, which is one week prior to Country Thunder. He would like citizen input. The Chamber of Commerce, Mr. Tchida, and Mr. Joaquin have expressed their desire to be on the committee.

Mayor Rankin inquired how corporate funding will be recorded.

Ms. Garcia stated that corporate funding is excluded from the expenditure limitation and can be used for the event. She stated that since the Ad Hoc Committee is formed from a public body it will need to adhere to the Open Meeting Law.

Ms. Garcia inquired if this will be an action item at a future meeting or if he would prefer Mr. Hughes to move forward with having meetings with those individuals who are solicited to serve.

On motion of Councilmember Anderson, seconded by Vice-Mayor Walter to approve the establishment of an Ad Hoc Celebration Committee to plan the Town's 150<sup>th</sup> anniversary and appointing Mayor Rankin, Vice-Mayor Walter and Councilmember Anderson to the committee.

**Resolution No. 1567-15:**

Ms. Lisa Garcia, Interim Town Manager/Town Clerk, read Resolution 1567-15 by title only.

**A RESOLUTION OF TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, APPROVING THE SALE AND EXECUTION AND DELIVERY OF A NOT TO EXCEED \$5,500,000 AGGREGATE PRINCIPAL AMOUNT PLEDGED EXCISE TAX REVENUE OBLIGATION EVIDENCING THE INTEREST OF THE OWNER THEREOF IN A FIRST EXCISE TAX PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT, A FIRST EXCISE TAX TRUST AGREEMENT, A PLACEMENT AGENT AGREEMENT AND OTHER NECESSARY AGREEMENTS; DELEGATING AUTHORITY TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH THE ISSUANCE OF OBLIGATIONS OF THE TOWN; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY.**

Mr. Gabe Garcia, Finance Director, stated that Council was provided a draft Capital Improvement Plan and with respect to streets and road improvements, there are several projects that need to be completed. There are several ways for the projects to be paid for. You may elect to pay as you go, finance the projects, or allow the Town to pledge excise tax to front load some of the projects.

Ms. Erica Coombs, Vice-President, Stifel, provided a presentation in which she discussed the following:

- Market Index for private placement which compares municipal markets, general obligation bonds with the highest rating.
  - o Bidders who will be bidding on the transactions may have formulas set up to determine their cost of funds and may use their own index.
  - o Low interest rate environment
- Overview of private placement market
  - o Private placement is considered for shorter amortization time periods
  - o Final maturity on July 1, 2027
  - o No rating fee
  - o Lower cost of issuance
  - o Flexible call/payoff features
    - Not feasible to refinance in the first ten years
    - Flexibility to refinance at a later time if feasible
- Sample bids from recent excise tax transactions
  - o Town of Oro Valley 1.91% (Final maturity 7-1-2025)
  - o Town of Prescott Valley – 2.38% (Final maturity 7-1-2027)
  - o City of Bullhead City – 1.98% (Final maturity 7-1-2025)
- Stifel's role as placement agent
  - o Prepare term sheet – what banks will use to bid on financing
  - o Circulate term sheet and document package to prospective purchasers
  - o Form recap of bid results
  - o Produce final numbers

- Draft closing memo
- Ensure smooth process
- Finance Street improvements
- Excise Tax Pledge
  - Town sales taxes
  - Licenses and permits
  - Fines and forfeitures
  - State sales tax and state income tax
- Minimum two times coverage for current fiscal year
  - Coverage estimated to be over 17 times based on collections
- Estimated annual debt service less than \$500,000
- Final maturity 7-1-2027
- Estimated coverage
- Tentative financing schedule
  - Pledged Excise Tax Revenue Obligation , Series 2015
    - Key Dates
      - Term sheet prepared and distributed to more than 15 potential purchasers
      - November 16 – Council meeting to consider resolution
      - November 20 – Proposals received and bid recap sent out
      - Week of December 1 – Call with proposed purchaser, request best and final ( if needed)
      - Week of December 14 – Close obligation issue, proceeds deposited with trustee

Mayor Rankin inquired what the total bond amount is.

Ms. Coombs stated that the not to exceed amount is \$5.5 million. The goal is to keep the annual payment no more than \$500,000. The last payment will be July 1, 2027.

Councilmember Wall stated that the federal government has indicated that they may increase interest rates. She inquired what impact this will have on this issue.

Ms. Coombs stated that they are closing on December 15. There is speculation where the fees may increase, but because they are closing before the meeting, and it may have a very small increase, if any.

Councilmember Guilin stated that there is no tax increase to the residents.

Mr. Garcia stated that the reason for the emergency is to take advantage of the low rates.

On motion of Councilmember Hawkins, seconded by Councilmember Wall, to adopt Resolution No. 1567-15, and declaring an emergency.

Roll Call:

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November 16, 2015

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Councilmember Hawkins – Yes  
Councilmember Wall – Yes  
Councilmember Woolridge – Yes  
Councilmember Guilin – Yes  
Councilmember Anderson – Yes  
Vice-Mayor Walter – Yes  
Mayor Rankin – Yes

Motion Passed: Yes: 7; No: 0

**Discussion/Approval/Disapproval of authorizing staff to issue a Request for Proposal for a Town of Florence Strategic Plan.**

Mr. Mark Eckhoff, Community Development Director, stated staff would like to issue a Request for Proposals (RFP) for a Strategic Plan. He said there has been much discussion about having a Strategic Plan and the decisions that must be made for Florence's near future. He said he sent out various samples of a strategic plan to the Management Team and has forwarded the plan from Marana as the preferred plan for Council to review. He read a paragraph from the plan and said that it reads exactly what Florence wants to do with its plan.

Mr. Eckhoff stated that Florence has a lot of plans at its disposal; however, they are very specific. The Strategic Plan will look at all the plans and provide a tool for Council to use in its decision making. This will also assist the department heads to ensure that everyone is working in the same direction.

Councilmember Hawkins stated that Bureau of Indian Affairs needs to be added to list of electrical companies.

Councilmember Anderson inquired if the Town should hold off on the RFP until a new Town Manager is on board.

Mayor Rankin stated the RFP is time consuming and hopefully the Manager will be on board soon. He said the money that will be spent on the Strategic Plan will be well spent.

On motion of Councilmember Wall, seconded by Councilmember Hawkins, and carried to authorize staff to issue a Request for Proposal for a Town of Florence Strategic Plan.

**DEPARTMENT REPORTS**

**Manager's Report**

**Department Reports**

**Community Development**

**Courts**

**Finance**



**Fire  
Parks and Recreation  
Police  
Public Works**

Councilmember Wall stated that the reports keep her up to date. She asked for the reports to be more current.

Ms. Garcia explained that the department reports were delayed in being added to the agenda because of the special meetings that took place.

Councilmember Anderson inquired if the Town has reached out to the Google company to see if they can provide service to our residents at a lower cost.

Mr. Eckhoff stated that Google is being extremely selective and are looking for certain demographics, which Florence cannot meet at this time. He said if they are successful they will advance to other areas.

Councilmember Anderson inquired if Florence will be asking for free wireless from the towers.

Mr. Eckhoff stated that with regards to the towers, the Town typically looks for opportunities to provide for co-location opportunities.

Mr. Wayne Costa, Public Works Director, stated that with regards to the portable lights on Hunt and Attaway, staff has reached out several sources and obtained an estimate for a span wire telephone pole and lighting. The estimate is approximately \$80,000, which is approximately \$15,000 more than what he originally estimated at the previous meeting. He said permanent power will be used and is very reliable, plus the fact that there will be street lighting. He said they also investigated with Pinal County and met with them a few times. Staff met onsite with the technical staff and they have four portable solar trailers that can be used for the signalization. This could provide for signalization on Hunt Highway and Attaway Road. An agreement can be done where they can provide and set up the service for the Town at no cost; however, there will need to be an Intergovernmental Agreement (IGA). The trailers and portable lights will not be in sync. They will do quality control checks in mid-December and will determine from them where the location of the trailers will be. Staff will need to do grading at those locations in order to provide a level basis for the trailers. He said staff will need to confer with San Carlos Irrigation District if the Town infringes on their easement road and will do so in the coming week.

Mr. Costa stated that the equipment is available and the Town will utilize three of four trailers. Traffic will be allowed left turn lanes, westbound on Hunt Highway and left hand turns northbound on Attaway.

Mr. Costa stated that he will write a memorandum that the Town has a warrant in place because it is dictated by past experience that a warrant be in compliance with manual uniform of traffic control devices.

Councilmember Hawkins inquired what the cost will be.

Mr. Costa stated that there will be no cost. He said the Town would not expend the \$80,000 should it choose to utilize the County trailers. He said the \$80,000 was to use the span to wire the telephone pole configuration and provide permanent power. The Town may need a drop to provide A/C power in the event there is a problem with radio telemetry between the units themselves. He said that power would come from Electrical District 2.

Mr. Costa said the Equipment IGA would be between the Town of Florence and Pinal County for use of their equipment for a certain time period until the Town can get the intersection connected and the traffic signal design and installed. The Town has a preliminary schematic design of the area that was previously done and staff will be meeting with an engineer on the design. He said there is also a quotation from the traffic engineer to provide the signal at this time.

The Department Reports were received and filed.

### **CALL TO THE PUBLIC**

There were no comments.

### **CALL TO THE COUNCIL – CURRENT EVENTS ONLY**

Councilmember Hawkins stated that there was a great turnout at the air park. The park is being well utilized.

Councilmember Wall stated that she participated in the Pony Express event and said approximately 40 letters were delivered and the letter will be especially post marked and delivered to the recipients. She said the Town provided them with a proclamation in honor of their event.

Mayor Rankin stated that businesses are opening on Main Street and he is pleased that things are moving in the right direction for the Town. People are pleased with the new facilities and like the sign that is placed in front of the library. He is happy that the Town is moving forward on the Strategic Plan.

### **ADJOURN TO EXECUTIVE SESSION**

**An Executive Session will be held during the Council Meeting for legal matters pursuant to A.R.S. Section 38-431.03(A)(3) and (A)(4) as follows:**

**For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regards to pending litigation in the U.S. District Court for the District of Arizona: Association of Florence Fire Fighters, International Association of Fire Fighters Local 4512 v. Town of Florence. (Case No. CV-15-00327-PHX-SPL).**

**For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regards to Contract for sale and use of reclaimed wastewater Fee No. 2000-048473.**

On motion of Councilmember Hawkins, seconded by Councilmember Woolridge, and carried to adjourn to Executive Session.

### **ADJOURNMENT FROM EXECUTIVE SESSION**

On motion of Councilmember Hawkins, seconded by Councilmember Anderson, and carried from adjourn from Executive Session.

### **ADJOURNMENT**

On motion of Councilmember Hawkins, seconded by Councilmember Woolridge, and carried to adjourn at 8:10 pm.

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Tom J. Rankin, Mayor

### **ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on November 16, 2015, and that the meeting was duly called to order and that a quorum was present.

---

Lisa Garcia, Town Clerk

**MINUTES OF THE FLORENCE TOWN COUNCIL MEETING HELD ON MONDAY, NOVEMBER 23, 2015, AT 6:00 P.M., IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Mayor Rankin called the meeting to order at 6:04 p.m.

**ROLL CALL:**

Present: Rankin, Walter, Woolridge, Hawkins, Guilin, Anderson, Wall.

**MOMENT OF SILENCE**

Mayor Rankin called for a moment of silence asking people to keep the men and woman in the military as well as all family near and far in their thoughts.

**PLEDGE OF ALLEGIANCE**

Mayor Rankin led the Pledge of Allegiance.

**CALL TO THE PUBLIC**

**Call to the Public for public comment on issues within the jurisdiction of the Town Council. Council rules limit public comment to three minutes. Individual Councilmembers may respond to criticism made by those commenting, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Council shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.**

Mr. Jim Tchida, Florence Resident, asked the Town Council to make economic development a priority for the new manager. He would like to see one new employment center a year for the next three years.

**NEW BUSINESS**

**DISCUSSION/APPROVAL/DISAPPROVAL OF APPOINTING A TOWN MANAGER AND ENTERING INTO AN EMPLOYMENT CONTRACT.**

On motion of Vice-Mayor Walter, seconded by Councilmember Wall and carried to appoint Brent Billingsley as Town Manager and enter into an employment contract.

Mr. Billingsley thanked the Town Council. He looks forward to working with staff.

**CALL TO THE PUBLIC**

There were no comments.

Florence Town Council Meeting Minutes

November 23, 2015

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## **CALL TO THE COUNCIL – CURRENT EVENTS ONLY**

The Town Council congratulated Brent Billingsley and welcomed him to the Town of Florence.

Councilmember Hawkins announced that the Jr. Parada Parade and Rodeo are being held in Florence on Saturday, November 28, 2015.

Mayor Rankin thanked Ms. Lisa Garcia, Interim Town Manager for her service as Interim Town Manager.

## **ADJOURN TO EXECUTIVE SESSION**

Mayor Rankin announced that the Town Council would not adjourn to executive session.

**An Executive Session will be held during the Council Meeting for legal matters pursuant to A.R.S. Section 38-431.03(A)(3) and (A)(4) as follows:**

**For the purpose of discussion and consultation with the Town's attorneys for legal advice and to consider the Town's position and instruct its attorneys in regard to pending litigation in Maricopa County Superior Court: Town of Florence v. Florence Copper, Inc. CV 2015-0001325.**

## **ADJOURNMENT FROM EXECUTIVE SESSION**

## **ADJOURNMENT**

On motion of Councilmember Anderson, seconded by Councilmember Guilin and carried to adjourn the meeting at 6:15 p.m.

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Tom J. Rankin, Mayor

## **ATTEST:**

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Lisa Garcia, Town Clerk

I certify that the following is a true and correct copy of the minutes of the Florence Town Council meeting held on November 23, 2015, and that the meeting was duly called to order and that a quorum was present.

---

Lisa Garcia, Town Clerk

Florence Town Council Meeting Minutes

November 23, 2015

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**MEETING OF THE TOWN OF FLORENCE ARTS AND CULTURE COMMISSION,  
HELD ON THURSDAY, SEPTEMBER 10, 2015, AT 6:00 PM, AT THE TOWN HALL  
COUNCIL CHAMBERS, LOCATED AT 775 NORTH MAIN STREET, FLORENCE,  
ARIZONA.**

**CALL TO ORDER:**

Chairman Cochran called the meeting to order at 6:00 pm.

**ROLL CALL:**

Present: Hansen, Rankin, Cochran, Duncan  
Council Liaison Present: Hawkins

**PLEDGE OF ALLEGIANCE**

Chairman Cochran led the Pledge of Allegiance

**OLD BUSINESS**

**Discussion/Approval/Disapproval of the Jury Selection, Artist Selection, and  
Review Criteria for Public Art.**

Jury Selection

Ms. Jennifer Evans, Management Analyst, stated that the Commission received guidelines from various municipalities, public art network and staff recommendations. She had compiled the information into a document and had previously distributed the information to all Commissioners.

Vice-Chairman Hansen stated that she liked and agreed with the information from the City of Chandler.

Commissioner Rankin stated that she too liked and agreed with the information from Chandler and inquired if the Commission needed to expand upon item 1.2 in Jury Selection stipulating how a jury would be selected.

Ms. Evans stated that the selection criteria for a jury would be determined at a later meeting.

Chairman Cochran stated that 1.1 implies that the selection of a jury will be done on a case-by-case basis based on the type of program the Commission was holding.

Councilmember Hawkins stated that he did not believe the second sentence of item 1.3 was in compliance with the Open Meeting Law which stated that a jury may elect to cast votes in closed session.

Chairman Cochran suggested striking that sentence from item 1.3.

On motion of Commissioner Rankin, seconded by Commissioner Duncan, and carried to approve Jury Selection Guidelines to be used by the Arts and Culture Commission with the removal of the second sentence in item 1.3.

#### Artist Selection

Ms. Evans stated that she liked the criteria provided by the City of Glendale.

Commissioner Rankin stated that she also preferred the Glendale guidelines.

Chairman Cochran stated that she preferred the Glendale guidelines over Chandler.

Chairman Duncan stated that she agreed with the Commission.

On motion of Commissioner Duncan, seconded by Commissioner Rankin and carried to approve Methods of Artist Selection to be used by the Arts and Culture Commission.

#### Public Art Criteria

Vice-Chairman Hansen stated that she wanted to ensure that the Commission would have final approval on all Public Art to ensure inappropriate art in any form that is deemed scandalous does not slip through the guidelines and cause a negative experience for the Town.

Ms. Evans stated that the criteria does provide for the Commission giving final approval over what art will be recommended to Council to ensure appropriateness.

On motion of Vice-Chairman Hansen, seconded by Commissioner Rankin and carried to approve General Review Criteria for Public Art to be used by the Arts and Culture Commission.

#### **Discussion of the Annual Project Plan**

Ms. Evans stated that the Commission needs to discuss the recommendations that have been submitted by each Commissioner regarding the Vision Statement for the Commission. She stated that the difference between a Mission Statement and a Vision Statement is that a Mission Statement states what a group or organization is going to do, who they are going to do it for and how they are going to conduct business. A Vision statement is a big idea statement of what a group or organization hopes to accomplish.

Vice-Chairman Hansen read her suggestions to the Commission.

Ms. Evans suggested that the Commission identify what elements in each of the recommendations they feel are important then she can create a statement that includes these items and distribute to the Commission for review.

The Commissioners identified four items that they felt were important and asked Ms. Evans to wordsmith different combinations and present to the Commission for review at a future meeting.

Chairman Cochran stated that the Commission has an opportunity to have a table at the Anthem Arts Festival and at the Grand Opening of the Library/Community Center and would like to discuss how to promote the Commission at these events. She stated she would like to obtain a banner to place over the tables and provided the Commission with a suggested sample of a banner and thought having colored pictures would help draw patrons to the table and provide an opportunity to teach citizens about the Commission.

Chairman Cochran stated that the October 3, 2015 date will occur before the next meeting and inquired as to what the Commission would like to have at the table and believes it is time to start recruiting volunteers. She stated that the key element is to get citizens excited about the Commission and their future plans.

Vice-Chairman Hansen stated that the Commission should promote related events that are planned around Town.

Ms. Evans stated that she has created a community calendar based on the current events throughout the Town and with groups and organizations in the Florence area that are of an Arts and Culture nature. She stated if the Commission created a small calendar that fit into a pocket or purse that it would be appreciated by the patrons.

Vice-Chairman Hansen stated a bookmark with a list of upcoming events would be great handout for the Commission.

Chairman Cochran inquired if the Commissioners had thought about the newsletter that was discussed at the last meeting.

Vice-Chairman Hansen stated that she thought a good starting point would be a bookmark of upcoming events and then in the future creating a newsletter that spoke to upcoming events, an in-depth calendar of community events and a call for artists. She stated the newsletter could also focus on the history of the Arts in Florence focusing on a different medium each publication.

Chairman Cochran inquired if the Commission would like something that reflects what their role is and recruiting volunteers and artists for Commission activities.

Vice-Chairman Hansen stated that she felt it was too soon to solicit for volunteers as they would not know what they are volunteering for.



Ms. Evans stated that the Commission may not have an upcoming event they need volunteers for but they could put out the word for volunteers for the upcoming Home Tour program.

Chairman Cochran inquired if the newsletter would need to be published by staff.

Ms. Evans stated that the Town's Public Information Officer (PIO) should review the newsletter then it should be published by staff. She stated that the Commission would prepare the newsletter and then submit for approval then have it published.

Chairman Cochran presented to the Commission a quick design as a starting point for a draft newsletter. She stated that she would like to add the calendar that Ms. Evans has put together under the section for Dates to Remember.

Vice-Chairman Hansen stated that she has some experience putting together newsletters and would be willing to insert the articles and calendar information as agreed upon by the Commission. She stated that she would like to include the Mission Statement of the Commission and in the future include the Vision Statement once the Commission approves it.

Chairman Cochran stated that she would like to add the category of Arts and Culture History and inquired if the individual Commissioners would like to have their emails published in their contact information.

All Commissioners agreed to have their emails published in the newsletter.

Ms. Evans stated that she and Chairman Cochran visited the Silver King Suite 202 to determine if it would be a possible location for a show and based on that visit she spoke with the Facility Manager (FM) regarding lighting and what would need to occur if the suite was used. She stated that the FM was open to creating a mobile lighting system that could travel around to different locations.

## **NEW BUSINESS**

### **Discussion/Approval/Disapproval of Minutes from the August 13, 2015 Regular Meeting.**

On motion of Vice Chairman Hansen, seconded by Commissioner Rankin, and carried to approve the minutes from the August 13, 2015 regular meeting.

## **CALL TO THE PUBLIC/COMMISSION RESPONSE**

Call to the Public for Comment is limited to issues within the jurisdiction of the Town of Florence Arts and Culture Commission. Individual commission members may respond to criticism made by those commenting, may ask the staff liaison to review a matter raised, or may ask that a matter be placed on future agenda.

Ms. Ruth Harrison, Florence resident, stated that she would like to see the heads of the cattle removed from the banner. She stated when making an appeal for Artists to make sure the Commission reaches out to the Florence Gardens area as the residents are a hidden treasure of talent.

### **CALL TO THE COMMISSION**

Councilmember Hawkins stated that he believes the Town is trying to get away from denoting specific sections of Town and call all areas of Town as Florence which has unified subdivisions.

### **ADJOURNMENT**

On motion of Commissioner Rankin, seconded by Vice Chairman Hansen, and carried to adjourn the meeting at 6:51 pm.

Approved:

  
\_\_\_\_\_  
Jorganne Cochran, Chairman

**MINUTES OF THE TOWN OF FLORENCE ARTS AND CULTURE COMMISSION HELD ON MONDAY, OCTOBER 8, 2015 AT 6:00 P.M. IN THE CHAMBERS OF TOWN HALL, LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER:**

Chairman Cochran called the meeting to order at 6:00 pm.

**ROLL CALL:**

Present: Hansen, Rankin, Cochran  
Absent: Duncan

**PLEDGE OF ALLEGIANCE**

Mr. Ed Curran led the Pledge of Allegiance

**OLD BUSINESS**

**Discussion/Approval/Disapproval of the Maintenance and Preservation Section of the Public Art Guidelines.**

Ms. Jennifer Evans, Management Analyst, stated the last two sections of the Public Arts Guidelines that need to be addressed are Maintenance and Preservation. She stated that through her research she learned that not all municipalities have these two sections in their guidelines.

Chairman Cochran inquired as who would be the Public Art Coordinator.

Ms. Jennifer Evans stated that it would be a Town employee.

Chairman Cochran stated that she preferred the Oro Valley guidelines.

Commissioner Rankin stated that she also preferred the Oro Valley guidelines.

Vice Chairman Hansen inquired if the Oro Valley guidelines stated that there will be periodic inspection of all art work. She stated that she would like to include inspection section from Pima County to the Oro Valley Guidelines and would like to see inspections done more frequently than once each year.

Chairman Cochran agreed that an inspection section should be added to the guidelines.

Ms. Evans stated that a member of staff would be responsible for conducting the inspections.

On motion of Commissioner Rankin, seconded by Vice Chairman Hansen, and carried to approve the Maintenance and Preservation Section of the Public Art Guidelines to be used by the Arts and Culture Commission. The Guidelines are as follows:

1. Public artworks must remain on public display under optimum conditions in which they were originally installed.
2. Artwork projects may have a small plaque not to exceed eighty (80) square inches in size identifying the work, artist and contributors.
3. Continued maintenance of the artwork shall be the responsibility of the Town. The artwork shall be maintained to preserve its intended appearance. Faded paint, missing or damaged parts, or deteriorated finishes represent unacceptable maintenance conditions.
4. The original artist shall be offered the opportunity to provide maintenance and repair services for the artworks they create.
5. On-site activity in connection with the artwork installation will be coordinated with the Department having jurisdiction over the site and/or construction.
6. In the case of sites under development, the appropriate Town official(s) within the Department will coordinate the concurrent site development and the artwork installation in the most efficient manner possible.
7. In the case of existing sites not undergoing development, the appropriate Town official within the Department shall oversee and facilitate the installation of the artwork. In such cases, cost of necessary site alteration or restoration shall be borne by authorized funds.
8. Unless otherwise agreed, maintenance of permanently installed artworks shall be the responsibility of the Department having jurisdiction over the site, and maintenance of temporarily installed portable works shall be the responsibility of the Department which owns the works.
9. Location of artwork, either temporarily or permanently, at sites not under the jurisdiction of the Department which owns the works shall be by interdepartmental agreement. The agreement shall be developed by the Commission and shall set forth responsibility for maintenance and duration of the installation.
10. Town staff will survey the condition of public art twice per year and report the condition of each piece of public art to the Town Manager and make prioritized recommendations for restoration and preservation where needed.

### **Discussion of the Annual Project Plan**

Ms. Evans stated the draft vision statement was a compilation of ideas provided by members of the Commission over the last several months. She read the following statements:

1. The Florence Arts and Culture Commission will strive to inspire and celebrate artistic and cultural diversity in Florence.

2. The Florence Arts and Culture Commission will strive to honor the rich history of Florence, celebrate its cultural diversity, encourage the community's involvement in the arts, and inspire the innovative spirit of Florence residents.
3. Our vision is for Florence residents to celebrate cultural diversity, be engaged in the arts and humanities, and find inspiration in the creative aspects of our community.

Commissioner Rankin stated that she felt statement no. 2 was the best though it might be a bit too long and then no. 3.

Vice Chairman Hansen stated that she felt statement no. 2 was the best fit for the Commission.

Chairman Cochran stated that she reviewed the three statements in with the Mission Statement and there seems to be a lot of similarity between them.

Ms. Evans stated that statement no. 3 is most closely related to a vision statement and that the other two statements are very similar to the Mission Statement.

Vice Chairman Hansen asked that statement no. 3 be modified to include all corners of the community.

Ms. Evans stated that the second part of the discussion is the review of the Annual Project Plan. She stated that the Plan will evolve as the Commission completes tasks and new opportunities are identified. She stated that some items on the Plan have already been completed including the first edition of the Commission newsletter that was completed by Commissioner Hansen. She stated a Community Forum has been added to the Plan to assist in providing information about the Commission to the citizens, obtain feedback on what types of events are wanted and to build support.

Vice Chairman Hansen stated that a forum would assist in developing an agenda for the Commission.

Chairman Cochran stated that she believes a forum is extremely important to allow the Commission to better understand and incorporate the various cultures of the community into its programming.

Ms. Evans stated that the Commissions could create the forum to be more interactive than of a lecturing nature to encourage participation by those who attend instead of just listening.

Commissioner Rankin inquired as to what is entailed with a forum.

Ms. Evans stated that normally a forum is a presentation with a question and answer session at the end for participants. She stated that the type of forum the Commission is discussing would be more of an interactive exchange of ideas which the Commission can define closer to holding an event.

Ms. Evans stated that an additional item added to the project plan is a Visual Arts Exhibit during the home tour. She stated that the Commission has been discussing having a juried art show for the 150<sup>th</sup> Celebration of the founding of Florence which will kick-off during the home tour in February. She inquired as to how the Commission would like to approach this event.

Commissioner Hansen inquired if the Commission has a list of volunteers that could be called on to assist with an event during the home tour.

Ms. Evans stated that the Commission has roughly 28 contacts that would be interested in volunteering for events. She stated that herself and Chairman Cochran have looked at the empty suite at the Silver King and have discussed a possible budget for the event.

Vice Chairman Hansen inquired if this would be a one-day event?

Ms. Evans stated that it could be whatever length the Commission decides.

Chairman Cochran stated that she has researched different locations, hours of operations including by appointment only.

Commissioner Rankin recommended that she would like to see the event last for two weeks, opening a few days before the start of the tour and ending the week after Home Tour.

Vice Chairman Hansen stated that she would like to see a small fee be charged to the artists to help cover the costs of the event. She would also like to see the artwork be for sale and if a piece was sold; the Commission receives a portion of the sale.

Ms. Evans stated that she would be concerned with taking a portion of the commission as this would be the Commission's first event and the community is not used to this type of protocol for an organized arts program.

Commissioner Rankin inquired if the Commission can charge a small fee.

Ms. Evans stated that she believes the Commission can charge a fee but will check with the Town's policies.

The Commission mutually agreed to leave the event on the plan and to organize a small committee led by a Commissioner to work out the details of the event and present back to the Commission.

Chairman Cochran inquired as to the status of the Main Street mural in relation to the timeline.

Ms. Evans stated that she believes the mural though in need of repair or replacement, does not warrant immediate attention and has placed it further down the priority list for action by 2017. She stated if the Commission believes they can address the mural next year, the item can be moved up.

Chairman Cochran asked that the Main Street mural be placed in the long-term strategy.

Vice Chairman Hansen inquired as to the status of the new Town website.

Ms. Evans stated the website is still progressing but has slowed down as the Town brings online the Library and Community Center.

## **NEW BUSINESS**

### **Discussion/Approval/Disapproval of Minutes from the September 10, 2015 Regular Meeting.**

Ms. Evans stated she received the draft minutes late which did not allow enough time to distribute to the Commission and allow for proper review.

On motion of Vice Chairman Hansen, seconded by Commissioner Rankin, and carried to table the minutes from the September 10, 2015 regular meeting for further review.

## **CALL TO THE PUBLIC/COMMISSION RESPONSE**

Call to the Public for comment is limited to issues within the jurisdiction of the Town of Florence Arts and Culture Commission. Individual commission members may respond to criticism made by those commenting, may ask the staff liaison to review a matter raised, or may ask that a matter be placed on future agenda.

Ms. Ruth Harrison, Florence resident, stated that she likes option no. 2 for the Vision Statement and asked that the Commission notify the public early regarding any public forums to allow the citizens to brainstorm prior to the forum on what they would like to see regarding the Arts and Culture events for the Town. She stated that she is concerned with charging artists to exhibit in a show as art students would not have the additional funds to do so. She stated that she would like to see the Town do some maintenance work on the downtown mural if possible to preserve it and make repairs until such time as it can be replaced. She stated that there is an organization that will oversee area events at no cost and the events would bring visitors to the Town.

Mr. Ed Curran, Florence resident, stated that the Arts and Culture project for the Town is a very slow and difficult project as he has been working on different programs for over five years with many opportunities to overcome. He stated that he has played at many art shows and has never seen a fee charged to the artists for exhibiting their art however at a jury show where a prize is involved, he has seen an entry fee charged.

## **CALL TO THE COMMISSION**

There were no comments.

## **ADJOURNMENT**

On motion of Commissioner Rankin, seconded by Vice Chairman Hansen, and carried to adjourn the meeting at 6:49 pm.

Approved:

*Jorganne Cochran*  
Jorganne Cochran, Chairman



**TOWN OF FLORENCE  
PLANNING AND ZONING COMMISSION  
SPECIAL MEETING  
MINUTES**

**SPECIAL MEETING OF THE TOWN OF FLORENCE PLANNING AND ZONING COMMISSION HELD THURSDAY, OCTOBER 15, 2015 AT 7:00 AT TOWN HALL COUNCIL CHAMBERS LOCATED AT 775 NORTH MAIN STREET, FLORENCE, ARIZONA.**

**CALL TO ORDER**

Chairman Pranzo called the meeting to order at 7:00 pm.

**ROLL CALL**

Present: Chairman Pranzo, Vice-Chairman Putrick, Commissioner Petty

Absent: Commissioner Garcia, Commissioner Fenstermaker

**PLEDGE OF ALLEGIANCE**

**DISCUSSION/APPROVAL/DISAPPROVAL** of the minutes of the special meeting conducted on August 26, 2015.

On motion of Commissioner Petty, seconded by Vice-Chairman Putrick and carried to approve the minutes of the special meeting conducted on August 26, 2015.

**NEW BUSINESS**

**BONNYBROOKE SOLAR PROJECT DESIGN REVIEW APPLICATION (PZ 15-53 DR)**

**DISCUSSION/APPROVAL/DISAPPROVAL** of a Design Review application by Solar Star Arizona VII, LLC (a subsidiary of SunPower Corporation, Systems [SunPower]) on behalf of MLC Farms, LLC and the Clark Family Trust to develop a Photovoltaic solar facility located in an area that is generally bounded by Diversion Dam Road to the south, the Bonnybrooke Road alignment to the north, Padilla Road to the west and the Quail Run Road alignment to the east.

Drew Gibbons, SunPower Project Developer, stated that SunPower is a US based company headquartered in California with over 6,000 employees and has been in business for over 30 years. Mr. Gibbons stated that the horizontal supports are approximately five feet tall if the panels are level. At full tilt the maximum height would be approximately eight feet and would never be higher than nine and a half feet.

Gilbert Olgin, Senior Town Planner, stated the applicant is developing up to a 50 megawatt (MW) photovoltaic (PV) solar facility on approximately 282 acres of agricultural land. The site is situated south of the Bonnybrooke Road alignment, east of Padilla Road, west of Quail Run Road and north of Diversion Dam Road.

The PV solar facility would include an operations building, an interconnection to the Coolidge/Bonnybrooke 115 kilovolt (kV) transmission line and an on-site project substation that would interconnect to a new Salt River Project (SRP)-owned interconnection facility.

The site, which currently has a farm house and agricultural fields, is located about three miles northeast of downtown Florence. The surrounding area is largely agricultural with a few scattered single-family residences. In addition, there are correctional facilities and a sand and gravel operation nearby.

The subject facility would produce clean, renewable energy resources to supplement regional power needs. The proposed project would also bring additional employment opportunities to Florence during the construction phases. The proposed Bonnybrooke Solar Project (BSP) is compatible with the surrounding area and represents a low-impact and beneficial use for this area of the development.

Property and development standards were approved per a Planned Unit Development (PUD) application by Town Council on September 21, 2015. Such standards relate to setbacks, parking and other site development criteria as discussed in the following:

#### ACCESS LAYOUT

The project is bordered to the east by Quail Run Road, which has an existing 66-foot roadway easement. Quail Run Road terminates at Diversion Dam Road. The project's eastern fence line would be set back to accommodate future road widening plans, utility easements and proposed setback requirements. The project is bordered to the south by Diversion Dam Road. The proposed right-of-way for this major collector road is 80 feet. The project's southern fence line would be set back to accommodate future road widening plans, utility easements and proposed setback requirements.

The project is bordered to the west by Padilla Road. Padilla Road is an unimproved farm road. To assist project neighbors, SunPower would voluntarily provide a private access easement for Padilla Road. The project's western fence line would be set back to accommodate utility easements, landscaping and proposed setback requirements.

Road half-street dedications would be as follows:

- Bonnybrooke Road 33'
- Quail Run Road 33'
- Diversion Dam Road 40'
- Padilla Road private access, half-street dedications not applicable

## ACCESS

Primary site access is gained by Quail Run Road with at 20 foot wide access entering the site at its northern end.

A secondary emergency access road would be located off of Diversion Dam Road, with an all-weather surface that is easily distinguishable from the surrounding area.

Perimeter road improvements as follows:

- Bonnybrooke Road: No roadway planned. Would remain a utility corridor.
- Quail Run Road: Double chip seal over 6-inch aggregate base.
- Diversion Dam Road: Existing paved road, to remain.
- Padilla Road (private): Double chip seal over 6-inch aggregate base.

Both access points (primary and secondary/emergency) would be gated and secured. The gates would contain a "Knox-Box" for emergency services.

Internal circulation would be provided per an internal roadway grid of predominantly 20' or 29' wide roads that would accommodate emergency vehicles. They would be constructed with a 6-inch layer of aggregate base material. One north-south road is 12 feet wide and is compacted native soil. This 12-foot road is not part of the emergency circulation route. Turning radii along road centerlines are a minimum of 31.5'.

There would be 8' wide turnouts on the internal circulation roads to provide a total of 20' for traffic bypass. There are three turnouts along each north-south internal road.

The proposed roads would provide for adequate ingress and egress for the project. The amount of traffic generated by the project, even during construction, would not trigger major roadway improvements. Some temporary improvements, including special signage, might facilitate traffic during construction.

The parking area for the operations building would be approximately 2,260 square feet of double chip seal over a six inch aggregate base and would have 10 standard parking stalls (9 feet by 18 feet) and one ADA van-accessible parking space. The ADA space would have paved access to the operations building entrance and be striped per Town code.

## OPERATIONS BUILDING

An operations building would be located adjacent to the project substation and the SRP switchyard. The single story building is approximately 1,900 square feet. The structure would provide offices, materials storage, an equipment warehouse and restroom facilities.

The operations building would be a pre-engineered, rectangular steel building approximately 17' high at its peak with neutral-colored steel siding. The maintenance area of the building would include roll-up doors to provide equipment access to the maintenance portion of the building, as well as personnel access doors. This building would comply with all applicable ADA requirements. The site development and grading is designed to provide access to all entrances and exterior ground-floor exits and access to normal paths of travel.

## WATER/WASTEWATER

The site is located within an Arizona Department of Water Resources-regulated Active Management Area. The need for water on the site during operations would require less than 10 acre-feet for the operational employees' needs and the cleaning of the solar panels. The site has an existing exempt domestic well which can provide sufficient water for the operation and maintenance of the project.

Construction water for dust suppression and other activities, approximately 75 acre-feet, would be needed for 6 to 12 months and is expected to come from the existing on-site water allocations attached to the existing landowner's approved rights.

A septic system would be utilized for the operations building on the site, assuming such is approved by Pinal County.

## **SOLAR ARRAY AND ASSOCIATED STRUCTURES**

The proposed solar array is arranged into units called "power blocks." A typical block is approximately 628 feet by 585 feet. Each block is composed of 8 trackers that are arranged into north-south oriented rows of solar panels supported on pier foundations. A typical tracker may contain between 6 to 18 rows.

A drive motor rotates the arrays from east to west during the diurnal cycle. The arrays are supported by pier foundations that are approximately 5 to 7 feet tall from the ground surface. With the solar panels, the total height of the arrays is no more than 10 feet tall at the highest point.

## **SITE LIGHTING**

There is no site lighting being proposed for the solar arrays. There would be minimal security lighting at the operations building. Outdoor lighting fixtures shall be arranged and shielded so that lighting shall not shine or reflect directly onto adjacent residential property. SRP's switching station would also have security lighting to be designed by SRP. All lighting would comply with local light control and dark sky regulations. A lighting plan was provided in the design review figure and staff finds it is in accordance with Town code.

## **FENCING**

Fencing is a federal regulation for all utilities to protect the public. Therefore, the project site perimeter would be fenced with 7-foot chain link fence, portions of which would have vertical slats or a 7-foot integral color masonry wall. SRP's substation and switchyard facilities would be fenced with chain link fence with barbed wire per SRP requirements.

## **LANDSCAPING**

Landscape would be provided along the south property line and approximately 1,300 feet along the west property line, starting at the southwest corner going north on Padilla Road.

Landscaping would consist of the following:

- Ocotillo, Cascalote, and Texas Mountain Laurel trees;
- Red Bird of Paradise, Brittlebush, Creosote, Jojoba and Trailing Indigo Bush shrubs;

- The ground surface would be covered with a desert 'paving' material decomposed granite with a variety of rock sizes; and
- Plants would be located within 25' to 30' of the fence with one tree and three shrubs per 30 linear feet of the wall/fence.

Landscape screening would be maintained by applicant for the life of the project as part of the overall Operations and Maintenance agreement between SunPower and the project owner. Watering, fertilizing, trimming, weeding would be managed by a landscaping company for perimeter screening, as well as within the array itself to maintain aesthetics and performance of the PV system. During and after construction through the life of the project the landscape contractor would employ hand watering (supported by a water truck). Alternate watering methods may be employed, depending on need, to maintain landscape appearance.

## **SIGNAGE**

The project is proposing a wall-mounted sign indicating the project name and street address. In addition, there would be temporary construction signage that would be removed when construction is complete. The sign for the Bonnybrooke Solar Project would be constructed per the details within the Design Review Book dated October 5, 2015.

Staff contends that this Design Review application meets Town code requirements and notes that the applicant has attended Technical Review Committee (TRC) meetings with the Town Engineer, Fire Marshall and Community Development staff and has worked diligently to respond to staff concerns. Staff notes that the applicant has support from surrounding property owners.

The proposed schedule for construction is to begin site preparation and construction of the proposed facility in early 2016 and to complete construction and commence commercial operations by the fourth quarter of 2016.

## **PUBLIC PARTICIPATION:**

Under Arizona Revised Statutes, Title 9, Section-462.04. and the Town of Florence Development Code; a public hearing is not required for a Design Review application.

Staff finds that the request is in compliance with applicable Town codes and is in keeping with the character established for this Design Review application. Therefore, staff hereby recommends approval of the Design Review application for Bonnybrooke Solar Project PZ 15-53 DR, subject to the following conditions:

1. Construction of the solar photovoltaic facility shall conform to the exhibits presented on October 15, 2015, as may be amended by the conditions of approval.
2. Project shall comply with all applicable Town codes, including all applicable building, fire and engineering codes.
3. Any exterior lighting on the property and on the buildings shall be in compliance with applicable light control restrictions.
4. Access and circulation plans, including right-of-way dedications, are subject to final Town Engineer and Fire Marshall reviews and approvals of construction plans and/or civil plans.
5. Compliance with this Design Review approval shall be required prior to issuance of a Final Certificate of Occupancy.
6. Final grading and drainage plans subject to the Town of Florence Engineer review and approval.
7. Final landscape and watering plans are subject to the review and approval of the Community Development Director.

Commission members had a couple of questions regarding fencing which staff answered sufficiently.

Chairman Pranzo inquired how power was going to get from the project to the grid. Mr. Gibbons stated that the interconnection facilities are in the northeast corner of the site, but there's an SRP 115KV transmission line that runs east/west along the northern border of the project site. He continued that SunPower would be building a project substation in the northeast corner, SRP would be building their switchyard and then they would be tying in directly into the existing 115.

Chairman Pranzo would like some thought put into the aesthetics of the project. Mr. Gibbons understood what the Commission would like and stated that they are interconnecting into existing transmission lines and adding two poles. He stated that he doesn't believe a 30 foot line would ruin the aesthetics.

On motion of Commissioner Petty, seconded by Vice-Chairman Putrick and carried to approve the Design Review application by Solar Star Arizona VII, LLC (a subsidiary of SunPower Corporation, Systems [SunPower]) on behalf of MLC Farms, LLC and the Clark Family Trust to develop a Photovoltaic solar facility.

## **VISTA GRANDE AT WALKER BUTTE PRE-PLAT EXTENSION (PZ-15-58 PP)**

**DISCUSSION/APPROVAL/DISAPPROVAL** of a Preliminary Plat Extension for Vista Grande at Walker Butte submitted by United Engineering Group. The subject site is approximately 154 acres in size and is located west of the Union Pacific Rail Road and south of the Hiller Road alignment in Florence, Arizona 85132.

Will Randolph, Town Planner, stated that the request for a Preliminary Plat Extension would allow additional time for United Engineering Group (UEG), on behalf of the owner of the property (Hunt & Hooper, LLC), to secure necessary utilities for the development and to complete final plat and final engineering. Final Plat and construction plans would be processed once critical utility issues can be resolved and the current housing market conditions show improvement.

This Preliminary Plat was approved by the Planning and Zoning Commission on October 16, 2014 (Case PZC-30-14-PP). This plat approval would expire on October 16, 2015, therefore requiring an extension.

### **ANALYSIS:**

Vista Grande at Walker Butte is part of the larger Walker Butte development, south of the Magic Ranch community, west of the Union Pacific Rail Road and south of the Hiller Road alignment in Florence.

The Preliminary Plat extension includes six hundred and five (605) single-family residential lots with primary access to the site achieved via Walker Granite Road south of Hunt Highway. This roadway is designed to be a minor arterial roadway and would meet or exceed minimum travel lane widths, both east and west of the proposed median to accommodate emergency vehicles in the event either side of the roadway is blocked. This roadway would serve as both primary access to the site and secondary emergency access if needed. An additional emergency access point would be provided at the northeast corner of the site from an existing 80 ft. Highway Maintenance Easement for ingress and egress that connects Hunt Highway and the northeast corner of the site. The 80 ft. easement is located adjacent to and west of the existing railroad right-of-way and would be improved and maintained to meet Town emergency road standards.

The average lot size and product would vary, but overall the average lot size is 6,316 (SF). The proposed density of this subdivision is 3.92 dwelling units per acre. This subdivision expands the current and planned network of green belts and walking trails dedicated to open space within the community. The zoning for



this Preliminary Plat is PUD (Single-Family Residential (R-1)) and complies with said zoning.

- The Preliminary Plat is in conformance with all zoning codes within the Walker Butte Planned Unit Development (PUD).
- The Preliminary Plat has one point of primary access into the community and one emergency access at the northeast corner of the site due to an existing county easement.

Staff recommends the Planning and Zoning Commission approve the Preliminary Plat Extension for the Vista Grande at Walker Butte. All conditions approved on October 16, 2014 (Case PZC-30-14-PP) would be carried forward with the approval of this Preliminary Plat Extension (PZ 15-58 PP).

1. Development of subdivision shall comply with all applicable Town codes, including all applicable planning, building, fire, and engineering requirements.
2. The applicant shall address any final comments on the Preliminary Plat by the Town Engineer prior to the Final Plat going to Town Council.
3. The Developer/Property owner shall provide an all-weather road connecting the Vista Grande at Walker Butte community to Hunt Highway for secondary/emergency access. The design of this emergency access shall be subject to the review and approval of the Town Fire Marshal and Pinal County.
4. Developer/Property owner is responsible for all applicable street dedications and improvements at the time the subdivision is developed, except as otherwise approved by the Town Fire Marshal and Town Engineer.
5. Final plans for right-of-way and easement dedications and/or abandonments that may be provided for via the Final Plat or other means are subject to the review and approval of the Town Engineer.
6. Preliminary Plat extension shall expire six months from October 15, 2015 approval date unless the Town Code is amended to allow longer extensions prior to the April 15, 2016 expiration date, then this Preliminary Plat extension shall expire one year from October 15, 2015.

On motion of Commissioner Petty, seconded by Vice-Chairman Patrick and carried to approve the Preliminary Plat Extension for Vista Grande at Walker Butte submitted by United Engineering Group. The subject site is approximately 154 acres in size.

**FLORENCE APARTMENTS ASSOCIATES, LLC TOWN CORE INFILL INCENTIVE PLAN REQUEST (PZ-15-60 INF)**

**PRESENTATION/DISCUSSION/RECOMMENDATION** of a request by the Town of Florence on behalf of the Florence Apartments Associates, LLC to utilize the Town Core Infill Incentive Plan mechanism to assist with the substantial rehabilitation of existing affordable housing complexes in Florence, Arizona.

Earlier this year, Florence Apartments Associates, LLC was submitting a tax credit application to the Arizona Department of Housing (ADOH) to request funding for the acquisition and substantial rehabilitation of three low income affordable housing complexes in Florence. On February 17, 2015, the Town Council approved Resolution 1497-15 approving support of a future waiver of certain plan review, building permit, development impact fees and/or other fees, in an amount no greater than \$80,000, to be incurred during the substantial rehabilitation construction project of three apartment complexes in Florence, Arizona. This action was taken to support this project and strengthen their application. We are happy to report that this application was approved.

Part of this project encompasses the combining of three separate apartment complexes into one single LLC ownership. Two of the existing properties are on adjoining lots and cannot be distinguished from one another visually: Florence Heights Apartments and Western Sunrise Villas. The third property is Widdowfield Manor and is located in central Florence off of Butte Avenue. The owner of the apartments plans to rename the complexes to "Florence Sunrise Apartments."

A critical component of the owner's tax credit application to ADOH was receiving points for a "Local Government Contribution". This Contribution must be 2 percent of Direct Construction Costs in an amount not to exceed \$80,000. Florence Apartments Associates, LLC has requested a waiver of fees in the amount of:

Plan Review Fees:	\$10,000
Building Permit Fees:	\$16,000
Development Impact Fees:	\$64,000
Total Fees Waived:	\$80,000

This future waiver of fees by the Town was made contingent upon the tax credit award from ADOH to Florence Sunrise Apartments, LLC.

Florence Sunrise Apartments, LLC asserts that this rehabilitation project would create jobs, provide income to the community and would continue to provide safe affordable housing to those very low income community members most in need. They estimate that the direct hard cost of construction to be approximately \$3,900,000. They further assert that this amount of hard construction dollars would increase the overall economic activity by the purchase of local goods and services over an expected six to nine month build-out. Similarly, there are a significant number of site visits and inspections and other "soft costs" that would also increase local economic activity. In addition, Florence Sunrise Apartments, LLC states that during post construction, they would be providing a number of tenant services such as after school educational support, computer and job training, preventative health for a minimum period of ten years, generating income to employed community members of over \$250,000.

These existing apartment complexes were constructed between twenty-five and thirty years ago and although maintained relatively well, many of their initial components and systems are well beyond their useful life and most require replacement. The original plans were for all two-bedroom apartments, which, according to Florence Sunrise Apartments, LLC, is currently not fully meeting today's low income rent demand for one-bedroom and three-bedroom units. Therefore, as part of this project, Florence Sunrise Apartments, LLC intends to do major new construction on at least one half (thirty units) of the units by:

1. Converting ten two-bedroom units to one-bedroom units.
2. Converting eighteen two-bedroom units into three-bedroom units, some of which would have two baths when feasible (slab on grade original construction does not allow this to be done in all three-bedroom units).
3. Make two units fully handicapped accessible and adapted two two-bedroom units. These units would be substantially altered and with new space, bedroom, and bath added.

With constructing eighteen additional bedrooms at the complex, the number of occupants would increase by 27 individuals (using the ADOH and Rural Development standards of 1 ½ occupants per bedroom). Presently, the 58 unit project has no community spaces and Florence Sunrise Apartments, LLC proposes to build a fully accessible and functional community space including a classroom, computer room, handicapped bathroom and general spaces for parties and group functions with a full kitchen.

In addition, they would be implementing a wide range of energy efficiency improvements; improving the overall unit amenities, such as adding dishwashers,

in addition to considerable site work to address water drainage problems and to make the site compliant with ADA standards.

Lastly, upgrades to water meters would be needed to provide service efficiencies and to accommodate planned project modifications, as such, this is where the Development Impact Fees for water and wastewater would be applicable. As noted, this is an area where the Town has the opportunity to provide a waiver of fees.

The Town has many tools to facilitate redevelopment and encourage new development within the core area of the Town where smaller lots, older structures and various nonconforming situations can present challenges. These tools help to merge the need to preserve the past while understanding the necessity of moving forward and adapting to ongoing market changes. These tools include, but are not limited to, the: Downtown Commercial (DC) Zoning District; Downtown Redevelopment Plan; Town Core Infill Incentive Plan; and Adaptive Reuse Program.

The use of the Town Core Infill Incentive Plan is necessary to proceed with this project as proposed, particularly for the following reasons:

1. This tool can bring the subject properties into conformance with zoning and development standards.
2. This tool, when used alongside a Development Agreement or similar contract, can officially permit the waiving of fees in the amounts indicated. While the past Resolution offered the Town's support, said Resolution indicated the need to follow-up with subsequent actions if the tax credit award was granted.

Staff presents the following findings for the consideration of the Planning and Zoning Commission and Town Council:

1. The Town Core Infill Incentive Plan was lawfully adopted and the District created under the rules and guidelines established by the State of Arizona.
2. The Town Core Infill Incentive Plan seeks to help remedy situations within the Infill Incentive District pertaining to: undeveloped lots; vacant structures; obsolete/inappropriate parcel sizes; and relatively lower investment activity.
3. The subject parcels are within the Infill Incentive District and the conditions and circumstances applicable to these parcels support this request.

4. Approval of this request would address zoning and development standard conformity issues that would allow for the beneficial investment of funds into the subject properties.
5. Approval of the request would affirm the Council's commitment to waive funds for the subject properties as an incentive towards development and redevelopment within the Town core.
6. Investment in the subject apartment complexes would provide for higher quality residences in the Town core and should promote increased property values.

Public hearings are not required for this case, but this case has been placed on the agendas of the Planning and Zoning Commission and Town Council and said agendas have been lawfully posted.

By acting on this case, the Planning and Zoning Commission thereby accept staff's findings made on this request. Based on the findings established for this case, staff recommends that the Planning and Zoning Commission send the Town Council a favorable recommendation for this case.

Commissioner Putrick questioned if some of the apartments being converted to three bedrooms would be at least two bathroom? Staff stated they were unsure as to what the grant would allow, but are assuming the contractor is implementing what the grant would allow him to do.

On motion of Chairman Pranzo, seconded by Vice-Chairman Putrick and carried to forward a favorable recommendation to Town Council on a request by the Town of Florence on behalf of the Florence Apartments Associates, LLC to utilize the Town Core Infill Incentive Plan mechanism to assist with the substantial rehabilitation of existing affordable housing complexes in Florence, Arizona.

#### **CALL TO THE PUBLIC/ COMMISSION RESPONSE:**

Call to the Public for public comment on issues within the jurisdiction of the Planning and Zoning Commission. Individual Commission members may respond to criticisms made, may ask staff to review a matter raised or may ask that a matter be put on a future agenda. However, members of the Commission shall not discuss or take action on any matter during an open call to the public unless the matters are properly noticed for discussion and legal action.

No public comments.


**CALL TO THE COMMISSION- CURRENT EVENTS ONLY.**

Commissioner Putrick requested that the Town Attorney, Clifford Mattice speak with Pinal County Attorney Mark Langlitz, as to the law changing in how to extend plat approvals. He stated that the way Pinal County is interpreting it is they are no longer going to extend plat approvals beyond one year, and it would not exceed one year. He went on to say earlier in the year they approved plats to have two or three year extensions.

**ADJOURNMENT**

On motion of Commissioner Petty, seconded by Commissioner Putrick, and carried to approve the meeting being adjourned at 7:40 pm.

  
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Gary Franzo-Chairman

	<b>TOWN OF FLORENCE COUNCIL ACTION FORM</b>	<b><u>AGENDA ITEM</u></b> <b>8a.</b>
<b>MEETING DATE:</b> December 21, 2015  <b>DEPARTMENT:</b> Finance  <b>STAFF PRESENTER:</b> Gabriel Garcia, Finance Director  <b>SUBJECT:</b> Reduce Use Tax from 3% to 2%		<input checked="" type="checkbox"/> <b>Action</b> <input type="checkbox"/> <b>Information Only</b> <input type="checkbox"/> <b>Public Hearing</b> <input type="checkbox"/> <b>Resolution</b> <input checked="" type="checkbox"/> <b>Ordinance</b> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> <b>Regulatory</b></li> <li><input type="checkbox"/> <b>1<sup>st</sup> Reading</b></li> <li><input type="checkbox"/> <b>2<sup>nd</sup> Reading</b></li> </ul> <input type="checkbox"/> <b>Other</b>

**RECOMMENDED MOTION/ACTION:**

Adopt Ordinance 644-15: AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE TOWN TAX CODE BY DECREASING THE RATE OF USE TAXATION FROM THREE PERCENT (3%) TO TWO PERCENT (2%); PROVIDING PENALTIES FOR THE VIOLATION THEREOF; PROVIDING FOR SEVERABILITY; AND DESIGNATING AN EFFECTIVE DATE.

**BACKGROUND/DISCUSSION:**

Transaction Privilege Tax (TPT), also known as Sales tax, is generally imposed on those local merchants who operate within the Town. Alternatively, the Town’s Use Tax is a complimentary tax that is intended to offset the local sales tax. The purpose of Use tax is to protect local merchants from being undercut by sellers located outside the State that are not subject to the Town’s TPT.

The Arizona Department of Revenue (ADOR) recently provided an informal opinion related to the imposition of Use Tax by cities and towns that affects the local Use Tax rate. In response to a taxpayer question the Department stated the following:

“Our research shows that a Use Tax rate that is higher than the Sales Tax rate (transaction privilege tax in Arizona’s case) imposes a discriminatory burden on interstate commerce. In *Associated Industries of Missouri v. Lohman*, 511 U.S. 641 (1994), the U.S. Supreme Court held that Missouri’s use tax scheme impermissibly discriminated against interstate commerce in the localities where the use tax exceeded the sales tax. Therefore, a use tax rate may not be higher than the transaction privilege tax rate (retail rate).

It is my opinion that the same rules apply to tiered rates as apply to single rates. The TPT rate can be equal to or greater than the Use tax rate, but cannot be less than the Use tax rate.”

This statement prompted the League of Arizona Cities and Towns to review the regular Retail and Use Tax rates and the various tiered tax rate schemes imposed by the cities and towns in Arizona for conformity with this standard.

Based on the above opinion from ADOR, the tax code of the Town of Florence requires adjustment to avoid placing a discriminatory burden on interstate commerce. By reducing the local Use Tax rate from 3% to 2%, the Florence Tax Code is being brought into compliance with the principle that States may not discriminate against interstate commerce as described above.

This change is being made retroactively, effective September 1, 2010. Note that any taxpayers who paid Use Tax at 3% are entitled to a refund of the tax paid in excess of the 2% tax rate, subject to the statute of limitations. It is unknown how many taxpayers this affects or the value of potential refunds that may ultimately be paid.

**FINANCIAL IMPACT:**

Fiscal impact would be anyone who comes in to request a refund on amounts paid in excess of the 2%. Thus, since 2010 we have collected an estimated \$767,961 of which \$7,680 would be eligible for refund.

**STAFF RECOMMENDATION:**

Staff recommends adopting Ordinance No. 644-15, amending the Town Tax Code to become compliant with the Arizona Department of Revenue opinion discussed above.

**ATTACHMENTS:**

Ordinance No.644-15



**ORDINANCE NO. 644-15**

**AN ORDINANCE OF THE TOWN OF FLORENCE, PINAL COUNTY, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE TOWN TAX CODE BY DECREASING THE RATE OF USE TAXATION FROM THREE PERCENT (3%) TO TWO PERCENT (2%); PROVIDING PENALTIES FOR THE VIOLATION THEREOF; PROVIDING FOR SEVERABILITY; AND DESIGNATING AN EFFECTIVE DATE.**

**BE IT ORDAINED** by the Mayor and Council of the Town of Florence, Arizona:

Section 1: The tax rate in the following section of the Town Tax Code is decreased from three percent (3%) to two percent (2%): Section 8A-610. Use Tax: imposition of tax; presumption.

Section 2: Any person found guilty of violating any provision of these amendments to the tax code shall be guilty of a class one misdemeanor. Each day that a violation continues shall be a separate offense punishable as herein above described.

Section 3: If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of these amendments to the tax code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Section 4: The provisions of section 1 of this ordinance shall be effective from and after September 1, 2010.

**PASSED AND ADOPTED** by the Mayor and Council of the Town of Florence, Arizona, this 21<sup>st</sup> day of December 2015.

\_\_\_\_\_  
Tom J. Rankin, Mayor

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lisa Garcia, Town Clerk

\_\_\_\_\_  
Clifford L. Mattice, Town Attorney