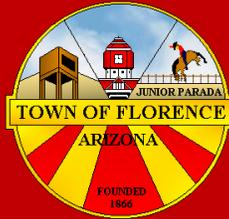


**TOWN of FLORENCE, ARIZONA**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2018**





# **Town of Florence, Arizona**

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018



Prepared by:  
Finance Department

Joan Miller  
Accounting Manager

Joe Jarvis  
Finance Director



Town of Florence, Arizona  
Comprehensive Annual Financial Report  
Year ended June 30, 2018

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Comprehensive Annual Financial Report  
Year ended June 30, 2018

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Town of Florence, Arizona  
Comprehensive Annual Financial Report  
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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

March 29, 2019

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, 2018. State law requires that the Town publishes, 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, Fester & Chapman, PLLC a firm of licensed certified public accountants, has audited the Town's financial statements. The independent auditor has issued an unmodified opinion on the Town's financial statements for the year ended June 30, 2018. 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. In addition, the framework allows 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 auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and they 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. 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 26,221. 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 a council-manager form of government. The Mayor is elected, and all 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, Town Clerk, and Town Magistrate.

The financial reporting entity of the Town includes all 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 that 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 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, construction and maintenance of highways, streets and other infrastructure; cultural and recreational activities; and water and wastewater 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 1909, the corrections industry has been a source of employment for people in Florence. This industry alone provides employment opportunities and consists of Arizona State Prison facilities, Core Civic and GEO Group. Florence is also home to several local, county, state and federal agencies, which provide 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 daily. It is estimated that over 5,000 commuters travel to Florence for work daily. 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. Anthem at Merrill Ranch is one of the State's largest master-planned communities. To date, there are over 2,000 single-family homes including other amenities, such as two community centers, an 18-hole golf course, as well as, an outdoor swimming pool and water park. With commercial expansion and another 6,500 homes planned, Anthem is sure to add to the Town's economy.



The Town's unemployment rate is 5.4%. This is what has been recorded in the previous fiscal year. The makeup of Town's 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. State-shared revenue is primarily based on population and represented approximately 44 percent of the total 2018 fiscal year revenue.

## STRATEGIC PLAN

The Town Council approved the Strategic Plan during the fiscal year 2017-2018. The priorities of the plan included:

- Community Vitality
- Economic Prosperity
- Leadership and Governance
- Partnership and Relationships
- Transportation and Infrastructure

## MAJOR INITIATIVES

***Investment in Capital Assets:*** During the 2017-2018 fiscal year, the Town of Florence focused on completing existing capital improvement projects. These projects included roadway improvements and utility upgrades that improve the quality of life for the residents.

- ***Wastewater Treatment Facility:*** The Town's wastewater treatment facility is undergoing upgrades to facilitate higher grade effluent water which includes chlorine and filtration systems.
- ***Water Utility:*** The Town continues to work on improving existing infrastructure that needs immediate attention. Efforts include expansion and recharge permitting efforts.

***Alternative Expenditure Limitation (Home Rule Option)*** The Town voters approved Home Rule in August of 2016 which allowed the Town Council the ability to set the expenditure annually for the next four fiscal years beginning in fiscal year 2017-2018.

## RELEVANT FINANCIAL POLICIES

The Town's fund balance policy covers the General Fund, Highway User Revenue Fund, and enterprise funds. The fund balance in the General Fund must retain \$500,000 for emergencies, 10 percent of revenues for operational reserves, of which 20 percent is for facility maintenance. The fund balance in the Highway User Revenue Fund must be reserved for operational reserves in the amount of 15 percent of the operating revenues, and the fund balances in the enterprise funds 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 expenditures, in addition to debt covenants.

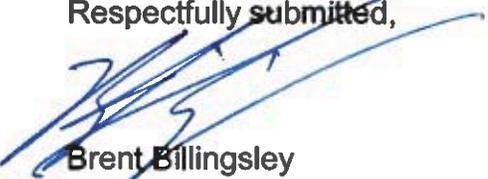
## **AWARDS AND ACKNOWLEDGEMENTS**

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, 2017. We are very pleased and proud to have received this award for the sixth straight year. 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 one year. We believe that our current CAFR meets the Certificate of Achievement requirements and we are submitting the Town's CAFR 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 unfailing support in maintaining the highest professionalism in the management of the Town's finances. We appreciate the dedication and hard work of the accounting staff during the audit process.

Respectfully submitted,



**Brent Billingsley**  
Town Manager



**Joe Jarvis**  
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, 2017**

*Christopher P. Morill*

Executive Director/CEO



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

### **Town Council**

Tara Walter – Mayor

Vallarie Woolridge – Vice Mayor      John Anderson – Councilmember  
Rebecca Guilin – Councilmember      Kristen Larsen – Councilmember  
William Hawkins – Councilmember      Karen Wall – Councilmember

### **Appointed Officials**

Brent Billingsley – Town Manager      Lisa Garcia – Town Clerk  
Clifford Mattice – Town Attorney      Roger Valdez – Town Magistrate

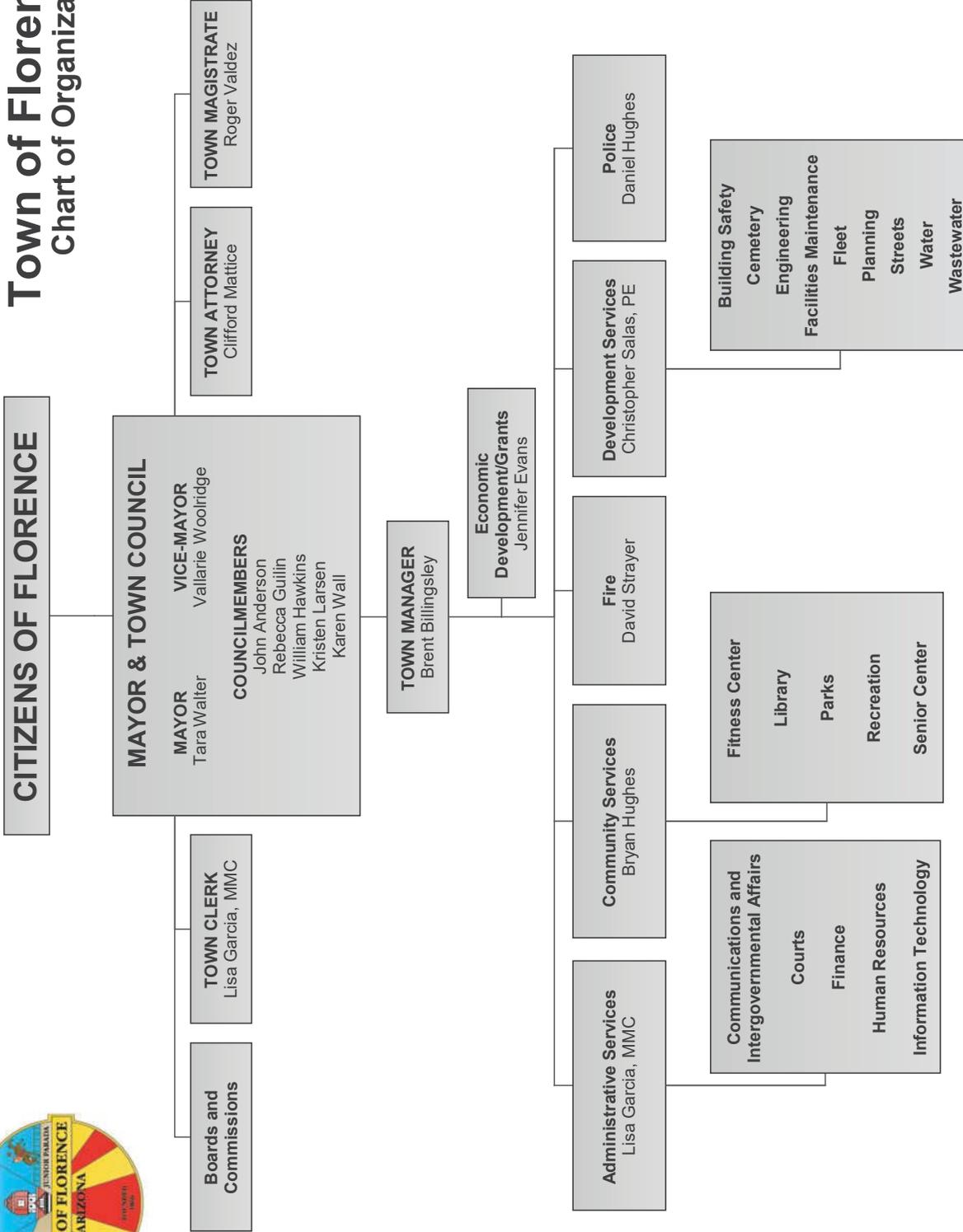
### **Senior Management**

Lisa Garcia – Deputy Town Manager/Town Clerk  
Benjamin Bitter – Assistant Town Manager  
Scott Barber – Human Resources Director  
Chris Salas – Public Works Director  
Chris Salas – Community Development Director  
Bryan Hughes – Library Director  
Bryan Hughes – Parks & Recreation Director  
Joe Jarvis – Finance Director  
Daniel Hughes – Police Chief  
David Strayer – Fire Chief



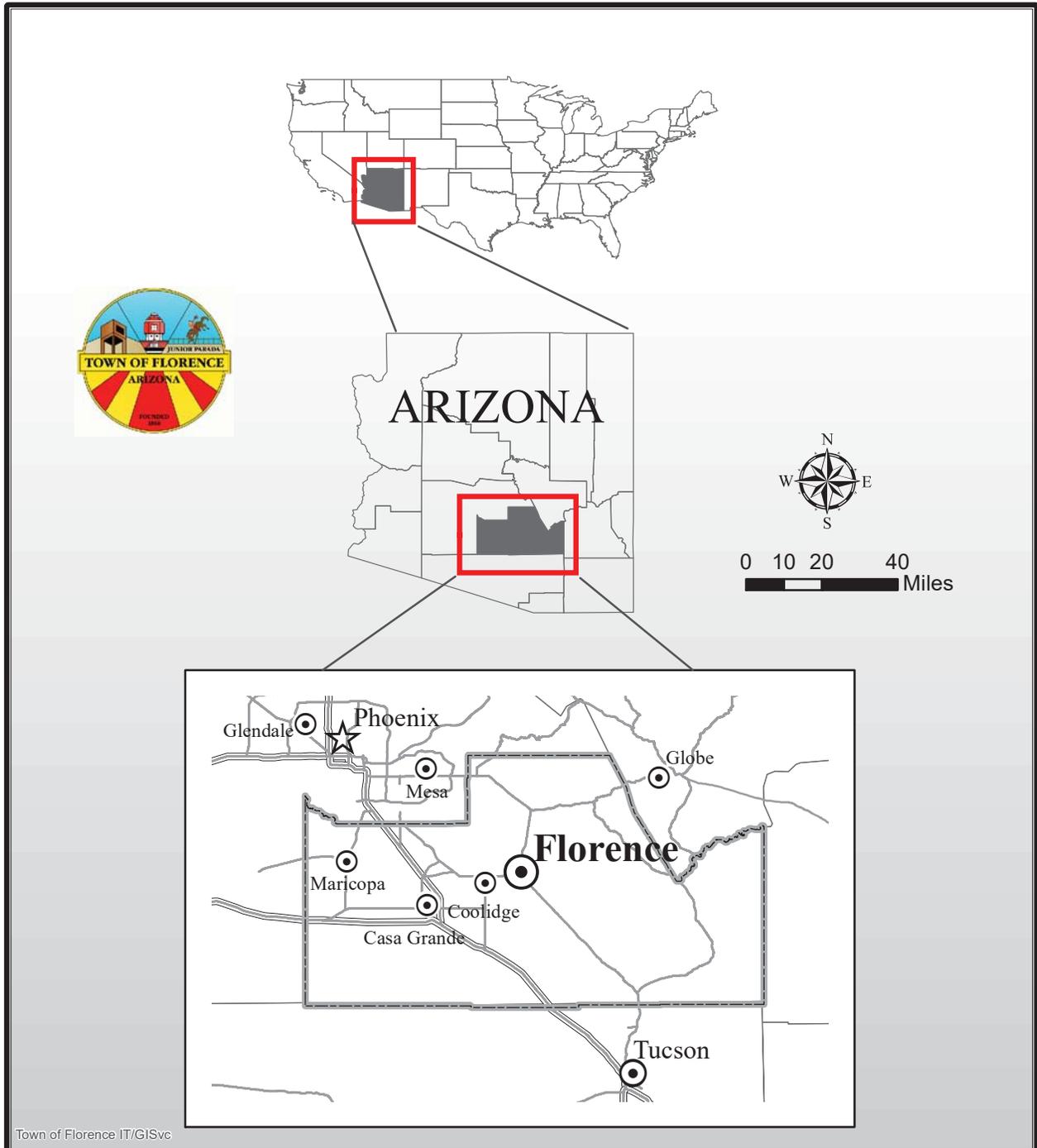
# Town of Florence

## Chart of Organization



# TOWN OF FLORENCE

## PINAL COUNTY, ARIZONA LOCATION MAP



## **FINANCIAL SECTION**





## Independent Auditors' Report

To the Honorable Mayor and Town Council of  
Town of Florence  
Florence, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Florence, Arizona (the Town), as of and for the year ended June 30, 2018, 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 *Governmental 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 auditors consider internal control relevant to the Town'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 Town'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.

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, business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are management's responsibility 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 combining and individual fund statements and schedules 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 failed to use highway user revenue fund monies the Town received pursuant to Arizona Revised Statutes, Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues the Town received 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'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 Town Council, management, and other responsible parties within 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 issued our report dated March 29, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters at future date. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Fester & Chapman, PLLC*

March 29, 2019



**FINANCIAL SECTION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

(Required Supplementary Information)



Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

## INTRODUCTION

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, 2018. 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 - v of this report.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by \$143.9 million (net position). Of this amount, \$26.2 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$4.7 million, from \$139.1 million to \$143.9 million, which represents a 3 percent increase from the prior fiscal year. Net position in governmental activities increased \$3.4 million as the Town spent money to improve roadway infrastructure and net position in business-type activities increased \$1.4 million with assets increasing due to investment in infrastructure and an increase in both personnel costs.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of \$42.3 million, an increase of \$4.3 million in comparison with the prior year. This is primarily due to an investment in infrastructure and impact fee revenue, as well as, Community Facilities District (CFD) receivables and CFD infrastructure.
- Approximately 24 percent or \$10.2 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) decreased \$163,685.
- At the end of the current fiscal year, the Town had \$27.4 million in debt outstanding compared to \$25.9 million last year. The Town issued \$3.2 million in bond proceeds for CFD. Unassigned fund balance for the General Fund was \$10.2 million, or approximately 73 percent of total General Fund expenditures.
- The Town's total outstanding long-term debt increased by \$1.5 million during the current fiscal year primarily due to CFD financing of infrastructure.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

## OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes required supplementary information intended to furnish additional detail to support 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 that is similar to a private-sector business.

The *Statement of Net Position* presents information on 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).

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 17 - 19 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. 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

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

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 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 - 23 and 26 - 27 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 32 - 35 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 fiduciary fund financial statements can be found on pages 37 - 38 of this report.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

**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 39-72 of this report.

**Combining statements** (referred to earlier as 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 80-83 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$143.9 million at the close of the most recent fiscal year.

The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2018 and 2017.

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017 restated	2018	2017	2018	2017
Current and other assets	\$ 52,432,455	\$ 46,111,438	\$ 20,905,336	\$ 20,579,032	\$ 73,337,791	\$ 66,690,470
Capital assets, net	<u>91,694,703</u>	<u>91,930,205</u>	<u>19,429,846</u>	<u>19,358,029</u>	<u>111,124,549</u>	<u>111,288,234</u>
Total assets, net	<u>144,127,158</u>	<u>138,041,643</u>	<u>40,335,182</u>	<u>39,937,061</u>	<u>184,462,340</u>	<u>177,978,704</u>
Deferred outflows of resources	<u>2,993,518</u>	<u>3,893,876</u>	<u>174,587</u>	<u>290,161</u>	<u>3,168,105</u>	<u>4,184,037</u>
Long-term liabilities outstanding	32,977,802	31,890,373	4,827,541	4,805,098	37,805,343	36,695,471
Other liabilities	<u>3,729,573</u>	<u>1,915,678</u>	<u>328,228</u>	<u>1,326,346</u>	<u>4,057,801</u>	<u>3,242,024</u>
Total liabilities	<u>36,707,375</u>	<u>33,806,051</u>	<u>5,155,769</u>	<u>6,131,444</u>	<u>41,863,144</u>	<u>39,937,495</u>
Deferred inflows of resources	<u>1,713,956</u>	<u>1,915,741</u>	<u>172,641</u>	<u>266,017</u>	<u>1,886,597</u>	<u>2,181,758</u>
Net investment in capital assets	72,398,506	73,657,354	15,973,435	15,416,500	88,371,941	89,073,854
Restricted	31,839,643	29,399,230	3,206,134	3,057,946	35,045,777	32,457,176
Unrestricted	<u>4,461,196</u>	<u>2,262,889</u>	<u>16,001,790</u>	<u>15,355,315</u>	<u>20,462,986</u>	<u>17,618,204</u>
Total net position	<u>\$ 108,699,345</u>	<u>\$ 105,319,473</u>	<u>\$ 35,181,359</u>	<u>\$ 33,829,761</u>	<u>\$ 143,880,704</u>	<u>\$ 139,149,234</u>

\*Net position classifications were restated for comparability purpose.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, improvements, machinery, equipment, and construction in progress), less any related outstanding debt that was used to acquire those assets. The Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Florence, Arizona  
 Management's Discussion and Analysis (MD&A)  
 Year ended June 30, 2018

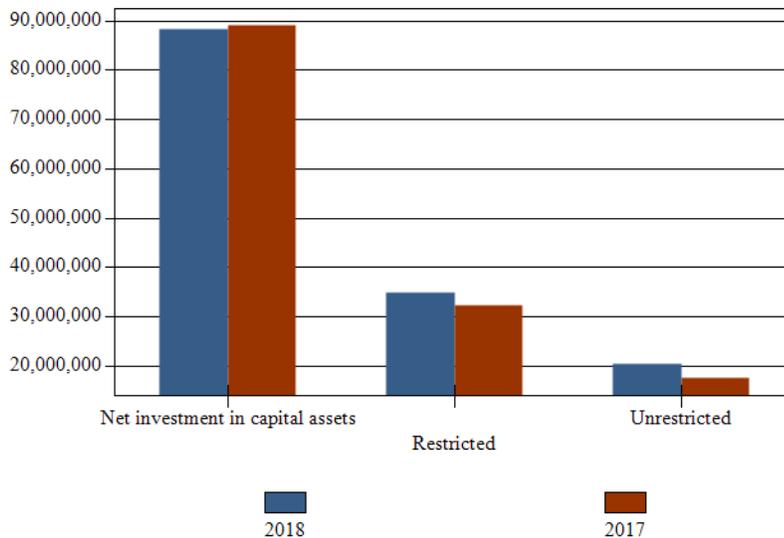
An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used.

Total governmental activities liabilities had a net increase of \$2.9 million primarily due to notes payable and CFD infrastructure financing.

As illustrated in both the table above and table below, the Town's overall financial position showed an increase in net position during this fiscal year as reflected by increased fiscal conservativeness by the Town.

The Town's total net position increased \$4.7 million from \$139.1 million to \$143.9 million. Net position in governmental activities increased \$3.4 million going from \$105.3 million to \$108.7 million. Net position in business-type activities increased \$1.4 million from \$33.8 million to \$35.2 million.

Net Position - Comparison  
 June 30, 2018 and 2017



During the fiscal year, net position increased \$4.7 million from the prior fiscal year for an ending balance of \$143.9 million.

The Town's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Changes in net position - The Town's total revenues for the fiscal year ended June 30, 2018 were \$31.3 million. The total cost of all programs and services was \$26.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and 2017.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

	Governmental Activities		Business-type Activities		Total Government	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2018	2017 restated	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,352,718	\$ 2,144,756	\$ 7,737,962	\$ 7,935,661	\$ 12,090,680	\$ 10,080,417
Operating grants and contributions	3,355,713	3,671,227			3,355,713	3,671,227
Capital grants and contributions	512,720	1,883,838	4,120	24,238	516,840	1,908,076
General revenues:						
Property taxes	2,446,349	2,133,736			2,446,349	2,133,736
Town sales taxes for general purposes	4,611,413	4,392,219			4,611,413	4,392,219
Other taxes	631,107	617,196			631,107	617,196
Share of state sales taxes	2,478,688	2,805,600			2,478,688	2,805,600
Share of state urban revenue sharing	3,192,974	3,806,084			3,192,974	3,806,084
Share of state vehicle license tax	1,498,824	1,664,532			1,498,824	1,664,532
Investment income	154,851	46,699	66,060	44,885	220,911	91,584
Other	<u>233,113</u>	<u>166,374</u>	<u>49,151</u>	<u>57,223</u>	<u>282,264</u>	<u>223,597</u>
Total revenues	<u>23,468,470</u>	<u>23,332,261</u>	<u>7,857,293</u>	<u>8,062,007</u>	<u>31,325,763</u>	<u>31,394,268</u>
Expenses:						
General government	3,349,953	4,048,228			3,349,953	4,048,228
Public safety	7,731,003	9,109,350			7,731,003	9,109,350
Highways and streets	4,038,910	4,148,226			4,038,910	4,148,226
Public works	567,470	827,149			567,470	827,149
Culture and recreation	2,409,680	2,358,257			2,409,680	2,358,257
Community development	1,865,240	873,892			1,865,240	873,892
Interest on long-term debt	1,134,030	1,333,967			1,134,030	1,333,967
Water			2,350,125	1,441,641	2,350,125	1,441,641
Sewer			2,263,515	2,094,994	2,263,515	2,094,994
Sanitation			<u>884,367</u>	<u>863,346</u>	<u>884,367</u>	<u>863,346</u>
Total expenses	<u>21,096,286</u>	<u>22,699,069</u>	<u>5,498,007</u>	<u>4,399,981</u>	<u>26,594,293</u>	<u>27,099,050</u>
Increase in net position before transfers	2,372,184	633,192	2,359,286	3,662,026	4,731,470	4,295,218
Transfers	<u>1,007,688</u>	<u>1,050,588</u>	<u>(1,007,688)</u>	<u>(1,050,588)</u>		
Change in net position	3,379,872	1,683,780	1,351,598	2,611,438	4,731,470	4,295,218
Net position, beginning, restated	<u>105,319,473</u>	<u>103,635,693</u>	<u>33,829,761</u>	<u>31,218,323</u>	<u>139,149,234</u>	<u>134,854,016</u>
Net position, ending	<u>\$ 108,699,345</u>	<u>\$ 105,319,473</u>	<u>\$ 35,181,359</u>	<u>\$ 33,829,761</u>	<u>\$ 143,880,704</u>	<u>\$ 139,149,234</u>

\*Net position classifications were restated for comparability purpose.

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2018.

- Charges for services increased \$2.0 million primarily due Community Facilities District (CFD) collections for Assessments prepayments.
- Operating grants and contributions decreased by \$315,514 primarily due to a non-funding year related to CDBG.
- Property taxes increased \$312,613 due to the primary property tax levy impacted by property values increasing and CFD General Obligation (GO) levy.

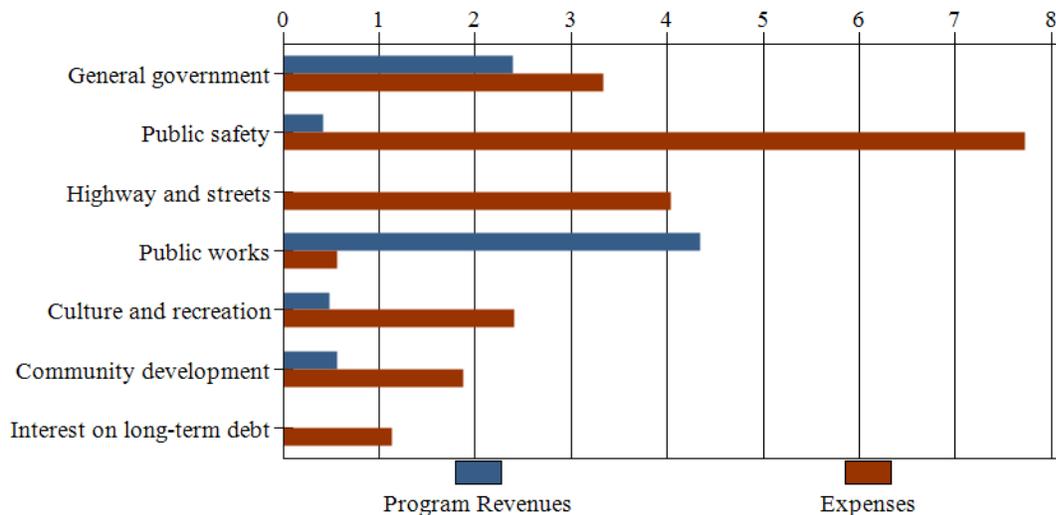
Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

- Town sales taxes for general purposes increased \$219,194 due to an increase in construction.
- State shared sales tax decreased by \$326,912 due to a decrease in the correction of population count for Florence at the State level.
- Grants and contributions not restricted for specific programs decreased by \$1.4 million primarily due to census corrections.
- The decrease of \$1.4 million in the public safety expenditures primarily was due to schedule change in fire and unfilled positions.

The following table presents the cost of the Town's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid and contributions provided for specific programs). The net cost shows the financial burden that was placed on the state and Town's taxpayers by each of these functions.

Governmental Activities	2018		2017	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	\$ 3,349,953	\$ (951,714)	\$ 4,048,228	\$ (2,612,252)
Public safety	7,731,003	(7,300,305)	9,109,350	(8,666,368)
Highway and streets	4,038,910	(4,038,910)	4,148,226	(756,908)
Public works	567,470	3,798,819	827,149	557,726
Culture and recreation	2,409,680	(1,957,396)	2,358,257	(2,345,687)
Community development	1,865,240	(1,291,599)	873,892	158,208
Interest on long-term debt	1,134,030	(1,134,030)	1,333,967	(1,333,967)
<b>Total</b>	<b>\$ 21,096,286</b>	<b>\$ (12,875,135)</b>	<b>\$ 22,699,069</b>	<b>\$ (14,999,248)</b>

Expenses and Program Revenues - by category (in millions)  
Year ended June 30, 2018



Town of Florence, Arizona  
 Management’s Discussion and Analysis (MD&A)  
 Year ended June 30, 2018

- The cost of all governmental activities this year was \$21.1 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$7.7 million.
- Net cost of governmental activities of \$12.9 million was financed by general revenues, which are made up primarily of taxes of \$8 million, shared state tax revenues of \$2.5 million, and grants and contributions not restricted to specific programs of \$0.1 million.

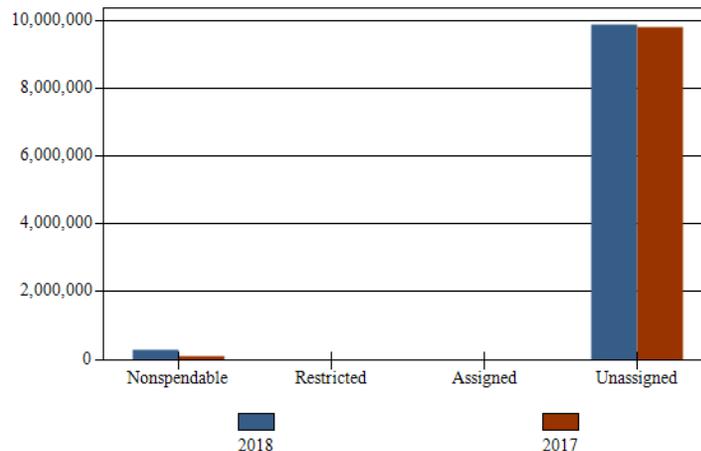
FINANCIAL ANALYSIS OF THE TOWN’S FUNDS

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

Governmental funds - The focus of the Town’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 they represent the 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.

At June 30, 2018, the Town’s governmental funds reported a combined fund balance of \$42.3 million, an increase of \$4.4 million in comparison with the prior year. Approximately 24 percent of this amount (\$10.2 million) constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion. The remainder of fund balance is (1) not in spendable form (\$473,940) and (2) restricted for particular purposes (\$31.6 million).

Components of Fund Balance - General Fund  
 June 30, 2018 and 2017



Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$10.2 million, while total fund balance increased to \$10.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 74 percent of total General Fund expenditures, while total fund balance represents approximately 76 percent of that same amount.

The fund balance of the Town's General Fund increased \$603,126 during the current fiscal year. The increase was due primarily to an increase in intergovernmental revenues.

*Highway User Revenue Fund.* The Highway User Revenue Fund, a major fund, ended the current year with a total fund balance of \$10.3 million, fund balance. Revenues must be used for streets and highway purposes.

*Impact Fees Fund.* The Impact Fees Fund, a major fund, ended the current year with a total fund balance of \$1.9 million, an increase of \$483,071. This increase is primarily due to residential construction.

*Capital Improvements Fund.* The Capital Improvements Fund, a major fund, ended the current year with a total fund balance of \$6.7 million, an increase of \$2.0 million over the prior year. This increase is primarily due to the Town did not complete significant capital 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 (\$7.7 million), Sewer (\$9.5 million) and Sanitation (\$1.2 million). The unrestricted net position of each fund consists of a majority of their respective total net positions.

Total net position in the Water Utility Fund grew by \$893,652. Although operating revenue decreased by \$41,233, operating expenses increased \$908,484.

The total net position in the Sewer Utility fund grew by \$513,841. Although operating revenue decreased by \$220,441, operating expenses, increased by \$174,535.

Total net position decreased in the Sanitation Fund by \$55,895 mainly due to a transfer out of \$52,344. 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.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

GENERAL FUND BUDGETARY HIGHLIGHTS

The significant difference between estimated revenues and expenditures and actual revenues and expenditures for the General Fund were as follows:

- Intergovernmental revenues exceeded estimates by \$119,391 due to the increase in state shared sales tax revenues.
- Charge for service revenues exceeded estimates by \$287,729 due to Community Facilities Districts (CFD) collections for Assessment's prepayments.
- The decrease of \$705,551 in the general government expenditures was mainly due to Public safety and Community development expenditures in the General Fund.
- Public safety (police expenditures) were \$422,795 less than budgeted due to unfilled positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The Town's investment in capital assets as of June 30, 2018 totaled \$111.1 million (net of accumulated depreciation). This investment includes land, infrastructure, buildings, improvements, machinery, equipment, and construction in progress. The total increase in capital assets for the current fiscal year was approximately 18 percent.

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2018 and 2017.

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017 restated	2018	2017	2018	2017
Land	\$ 32,546,409	\$ 32,546,409	\$ 394,073	\$ 394,073	\$ 32,940,482	\$ 32,940,482
Buildings, infrastructure and improvements	55,104,306	56,699,859	17,268,452	17,944,989	72,372,758	74,644,848
Vehicles, furniture and equipment	2,275,875	2,511,566	561,560	575,850	2,837,435	3,087,416
Construction in progress	1,768,113	172,371	1,205,761	443,117	2,973,874	615,488
Total capital assets, net	<u>\$ 91,694,703</u>	<u>\$ 91,930,205</u>	<u>\$ 19,429,846</u>	<u>\$ 19,358,029</u>	<u>\$ 111,124,549</u>	<u>\$ 111,288,234</u>

Major capital asset events during the current fiscal year included a decrease in buildings, infrastructure, and improvements of \$2.3 million. In addition, a decrease in vehicles, furniture and equipment. However, an increase of \$2.4 million in construction in progress.

Additional information on the Town's capital assets can be found in Note 4 in the notes to the financial statements.

Long-term debt - At the end of the current fiscal year, the Town had \$27.4 million in debt outstanding compared to \$25.9 million last fiscal year end. A large portion of the debt listed below consists of general obligation bonds - CFDs (\$11.2 million) and special assessment bonds (\$8.0 million) of the Town's component units, Merrill Ranch Community Facilities Districts No. 1 and No. 2. The Town has notes outstanding of \$3.7 million at fiscal year-end.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2018

	Governmental Activities		Business-type Activities		Total Government	
	2018	2017 restated	2018	2017	2018	2017
General obligation bonds - CFDs	\$ 11,225,000	\$ 10,125,000	\$ -	\$ -	\$ 11,225,000	\$ 10,125,000
Excise tax revenue obligation	4,436,000	4,740,000	-	-	4,436,000	4,740,000
Special assessment debt - CFDs	8,048,566	6,616,113	-	-	8,048,566	6,616,113
Special assessment debt - Town	-	154,000	-	-	-	154,000
Notes payable	<u>236,715</u>	<u>289,116</u>	<u>3,456,411</u>	<u>3,941,530</u>	<u>3,693,126</u>	<u>4,230,646</u>
Total long-term debt	<u>\$ 23,946,281</u>	<u>\$ 21,924,229</u>	<u>\$ 3,456,411</u>	<u>\$ 3,941,530</u>	<u>\$ 27,402,692</u>	<u>\$ 25,865,759</u>

Additional information on the Town's long-term debt can be found in Notes 6 - 7 in the notes to the financial statements.

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

The Town's unemployment rate is 5.4 percent. This is what has been recorded in the previous fiscal year. Most of the General Fund's resources come from state-shared revenues (52%). 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 (21%). 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 are to be escalated annually. The initial water and sewer rate study is to be in July 2018. It should be noted that the Town Council did not raise rates the past two fiscal years. A water and sewer rate study will be updated in April 2019-2022.

The Town's total budget for FY2018 is \$38.1 million, which includes expenditures within the Community Facilities District.

#### 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**



**FINANCIAL SECTION**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



Town of Florence, Arizona  
Statement of Net Position  
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 36,115,853	\$ 19,912,873	\$ 56,028,726
Receivables (net of allowance for uncollectibles)	308,700	876,149	1,184,849
Special assessment receivable	6,907,180	-	6,907,180
Due from other governments	920,790	-	920,790
Internal balances	(116,314)	116,314	-
Prepays	473,940	-	473,940
Restricted cash equivalents	7,822,306	-	7,822,306
Capital assets, not being depreciated	34,314,522	1,599,834	35,914,356
Capital assets, being depreciated, net	<u>57,380,181</u>	<u>17,830,012</u>	<u>75,210,193</u>
Total assets	144,127,158	40,335,182	184,462,340
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related pensions	<u>2,993,518</u>	<u>174,587</u>	<u>3,168,105</u>
Total deferred outflows of resources	2,993,518	174,587	3,168,105
LIABILITIES			
Accounts payable and other current liabilities	1,347,650	99,949	1,447,599
Accrued wages and benefits	528,210	27,463	555,673
Customer deposits	5,624	133,767	139,391
Accrued interest payable	564,814	55,303	620,117
Other accrued liabilities	1,283,275	11,746	1,295,021
Noncurrent liabilities:			
Due within 1 year	2,448,754	534,423	2,983,177
Due in more than 1 year	<u>30,529,048</u>	<u>4,293,118</u>	<u>34,822,166</u>
Total liabilities	36,707,375	5,155,769	41,863,144
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,713,956</u>	<u>172,641</u>	<u>1,886,597</u>
Total deferred inflows of resources	1,713,956	172,641	1,886,597
NET POSITION			
Net investment in capital assets	72,398,506	15,973,435	88,371,941
Restricted for:			
Debt service	4,005,956	3,050,008	7,055,964
Highways and streets	10,307,195	-	10,307,195
Capital projects	16,667,457	156,126	16,823,583
Community development	428,334	-	428,334
Community facilities	339,423	-	339,423
Public safety	91,278	-	91,278
Unrestricted	<u>4,461,196</u>	<u>16,001,790</u>	<u>20,462,986</u>
Total net position	<u>\$ 108,699,345</u>	<u>\$ 35,181,359</u>	<u>\$ 143,880,704</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Activities  
Year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,349,953	\$ 2,398,239	\$ -	\$ -
Public safety	7,731,003	241,362	189,336	-
Highways and streets	4,038,910	-	-	-
Public works	567,470	1,200,201	3,166,088	-
Culture and recreation	2,409,680	451,995	289	-
Community development	1,865,240	60,921	-	512,720
Interest on long-term debt	<u>1,134,030</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>21,096,286</u>	<u>4,352,718</u>	<u>3,355,713</u>	<u>512,720</u>
Business-type activities:				
Water	2,350,125	2,914,294	-	1,980
Sewer	2,263,515	3,943,049	-	2,140
Sanitation	<u>884,367</u>	<u>854,067</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,498,007</u>	<u>7,711,410</u>	<u>-</u>	<u>4,120</u>
Total primary government	<u>\$ 26,594,293</u>	<u>\$ 12,064,128</u>	<u>\$ 3,355,713</u>	<u>\$ 516,840</u>

General revenues:

- Property taxes
- Sales and use taxes
- Franchise taxes
- Shared revenues
- State sales taxes
- Urban revenue sharing
- Auto-in-lieu
- Investment income
- Miscellaneous

Transfers in (out)

Total general revenues and transfers

Change in net position  
Net position, beginning of year, as restated  
Net position, end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (951,714)	\$ -	\$ (951,714)
(7,300,305)	-	(7,300,305)
(4,038,910)	-	(4,038,910)
3,798,819	-	3,798,819
(1,957,396)	-	(1,957,396)
(1,291,599)	-	(1,291,599)
<u>(1,134,030)</u>	<u>-</u>	<u>(1,134,030)</u>
<u>(12,875,135)</u>	<u>-</u>	<u>(12,875,135)</u>
-	(566,149)	566,149
-	1,681,674	1,681,674
<u>-</u>	<u>(30,300)</u>	<u>(30,300)</u>
<u>-</u>	<u>2,217,523</u>	<u>2,217,523</u>
<u>(12,875,135)</u>	<u>2,217,523</u>	<u>(10,657,612)</u>
2,446,349	-	2,446,349
4,611,413	-	4,611,413
631,107	-	631,107
2,478,688	-	2,478,688
3,192,974	-	3,192,974
1,498,824	-	1,498,824
154,851	71,048	225,899
233,113	70,715	303,828
<u>1,007,688</u>	<u>(1,007,688)</u>	<u>-</u>
<u>16,255,007</u>	<u>(865,925)</u>	<u>15,389,082</u>
3,379,872	1,351,598	4,731,470
<u>105,319,473</u>	<u>33,829,761</u>	<u>139,149,234</u>
<u>\$ 108,699,345</u>	<u>\$ 35,181,359</u>	<u>\$ 143,880,704</u>



**FINANCIAL SECTION**  
**FUND FINANCIAL STATEMENTS**  
Governmental Fund Financial Statements

Town of Florence, Arizona  
Balance Sheet - Governmental Funds  
June 30, 2018

	<u>General Fund</u>	<u>Highway user Fund</u>	<u>Community Facilities Districts - Debt Service Fund</u>
<b>ASSETS</b>			
Cash and investments	\$ 11,231,377	\$ 6,670,554	\$ 4,314,022
Receivables (net of allowance for uncollectibles)	235,120	1,078	6,908,069
Due from other governments	640,372	279,529	-
Due from other funds	169,917	671,738	54,652
Prepays	273,960	-	199,980
Restricted cash and cash equivalents	-	<u>3,547,720</u>	<u>636,662</u>
Total assets	<u>\$ 12,550,746</u>	<u>\$ 11,170,619</u>	<u>12,113,385</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 668,157	\$ 671,738	\$ -
Accrued wages and benefits	503,164	24,640	-
Customer deposits	5,624	-	-
Due to other funds	843,495	-	183,100
Other liabilities	<u>30,250</u>	<u>165,968</u>	<u>1,084,482</u>
Total liabilities	<u>2,050,690</u>	<u>862,346</u>	<u>1,267,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	<u>-</u>	<u>1,078</u>	<u>6,906,206</u>
Total deferred inflows of resources	<u>-</u>	<u>1,078</u>	<u>6,906,206</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	273,960	-	199,980
Restricted:			
Public safety	-	-	-
Debt service	-	-	3,739,617
Capital projects	-	3,547,720	-
Highways and streets	-	6,759,475	-
Economic development	-	-	-
Community Facilities Districts operations	-	-	-
Unassigned	<u>10,226,096</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>10,500,056</u>	<u>10,307,195</u>	<u>3,939,597</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,550,746</u>	<u>\$ 11,170,619</u>	<u>\$ 12,113,385</u>

See accompanying notes to financial statements.

Community Facilities Districts - Capital				
Improvements Fund	Impact Fees Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 497,874	\$ 1,846,831	\$ 6,699,354	\$ 4,855,841	\$ 36,115,853
-	199	652	71,651	7,216,769
-	-	-	-	919,901
61,469	5,020	-	69,941	1,032,737
-	-	-	-	473,940
<u>3,637,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,822,306</u>
<u>\$ 4,197,267</u>	<u>\$ 1,852,050</u>	<u>\$ 6,700,006</u>	<u>\$ 4,997,433</u>	<u>\$ 53,581,506</u>
\$ -	\$ 5,020	\$ -	\$ 2,735	\$ 1,347,650
-	-	-	406	528,210
-	-	-	-	5,624
-	-	-	122,456	1,149,051
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,280,700</u>
<u>-</u>	<u>5,020</u>	<u>-</u>	<u>125,597</u>	<u>4,311,235</u>
<u>-</u>	<u>199</u>	<u>652</u>	<u>71,391</u>	<u>6,979,526</u>
<u>-</u>	<u>199</u>	<u>652</u>	<u>71,391</u>	<u>6,979,526</u>
-	-	-	-	473,940
-	-	-	91,278	91,278
-	-	-	66,359	3,805,976
4,197,267	1,846,831	6,699,354	3,924,005	20,215,177
-	-	-	-	6,759,475
-	-	-	428,334	428,334
-	-	-	339,423	339,423
<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,954)</u>	<u>10,177,142</u>
<u>4,197,267</u>	<u>1,846,831</u>	<u>6,699,354</u>	<u>4,800,445</u>	<u>42,290,745</u>
<u>\$ 4,197,267</u>	<u>\$ 1,852,050</u>	<u>\$ 6,700,006</u>	<u>\$ 4,997,433</u>	<u>\$ 53,581,506</u>



Town of Florence, Arizona  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Government-wide Statement of Net Position  
 June 30, 2018

Fund balances - total governmental funds balance sheet		\$ 42,290,745
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds funds.</p>		
Governmental capital assets	\$ 127,211,901	
Less accumulated depreciation	<u>(35,517,198)</u>	91,694,703
<p>Deferred revenue is shown on the governmental funds, but is not deferred on the Statement of Net Position.</p>		
Special assessments		6,979,526
<p>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.</p>		
Net pension liability	(8,312,861)	
Compensated absences	(451,258)	
Bonds payables	(23,709,566)	
Notes payable	(236,715)	
Premiums	<u>(267,402)</u>	(32,977,802)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Deferred outflows of resources related to pensions	2,993,518	
Deferred inflows of resources related to pensions	<u>(1,713,956)</u>	1,279,562
<p>Interest payable on long-term debt is not reported in the governmental funds</p>		
		<u>(567,389)</u>
Net position of governmental activities		\$ <u><u>108,699,345</u></u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year ended June 30, 2018

	General Fund	Highway User Fund	Community Facilities Districts - Debt Service Fund	Community Facilities Districts - Capital Improvements Fund
<b>REVENUES</b>				
Sales taxes	\$ 2,965,739	\$ -	\$ -	\$ -
Property taxes	1,009,480	-	1,315,409	-
Franchise fees	631,107	-	-	-
Licenses and permits	768,691	-	-	-
Intergovernmental revenues	7,170,486	3,166,088	-	-
Charges for services	975,119	-	-	-
Fines and forfeits	160,251	-	-	-
Special assessments	-	-	1,242,454	-
Investment income	49,177	27,550	16,370	15,224
Contribution and donations	17,478	-	-	-
Miscellaneous	128,092	16,929	-	-
Total revenues	<u>13,875,620</u>	<u>3,210,567</u>	<u>2,574,233</u>	<u>15,224</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,637,529	-	71,420	386,454
Public safety	6,802,996	-	-	-
Highways and streets	-	2,291,343	-	-
Public works	548,481	-	-	-
Culture and recreation	2,255,606	-	-	-
Community development	617,458	-	-	-
Capital outlay	-	1,744,551	-	1,081,765
Debt service:				
Principal	-	385,000	645,884	-
Interest and fiscal charges	-	100,955	902,655	-
Total expenditures	<u>13,862,070</u>	<u>4,521,849</u>	<u>1,619,959</u>	<u>1,468,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,550</u>	<u>(1,311,282)</u>	<u>954,274</u>	<u>(1,452,995)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	1,327,283	9,900	172,610	58,678
Transfers out	(737,707)	(261,996)	-	(147,396)
General obligation bonds issued	-	-	-	1,440,000
Premium on general obligation bonds	-	-	-	98,437
Special assessment bonds issued	-	-	-	1,723,950
Sales of capital assets	-	1,624	-	-
Total other financing sources (uses)	<u>589,576</u>	<u>(250,472)</u>	<u>172,610</u>	<u>3,173,669</u>
Net change in fund balances	603,126	(1,561,754)	1,126,884	1,720,674
Fund balances, beginning of year, as restated	9,896,930	11,868,949	2,812,713	2,476,593
Fund balances, end of year	<u>\$ 10,500,056</u>	<u>\$ 10,307,195</u>	<u>\$ 3,939,597</u>	<u>\$ 4,197,267</u>

See accompanying notes to financial statements.

Impact Fees Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 1,522,358	\$ 123,316	\$ 4,611,413
-	-	121,460	2,446,349
-	-	-	631,107
-	-	-	768,691
-	-	189,625	10,526,199
512,720	-	-	1,487,839
-	-	15,981	176,232
-	-	60,921	1,303,375
6,536	20,156	19,838	154,851
-	-	-	17,478
-	-	118,965	263,986
<u>519,256</u>	<u>1,542,514</u>	<u>650,106</u>	<u>22,387,520</u>
-	4,586	130,443	4,230,432
-	61,878	227,150	7,092,024
-	-	-	2,291,343
-	-	18,989	567,470
-	5,277	8,275	2,269,158
36,185	69,750	92,743	816,136
-	-	-	2,826,316
-	-	125,401	1,156,285
-	-	30,360	1,033,970
<u>36,185</u>	<u>141,491</u>	<u>633,361</u>	<u>22,283,134</u>
<u>483,071</u>	<u>1,401,023</u>	<u>16,745</u>	<u>104,386</u>
-	680,350	102,605	2,351,426
-	(69,748)	(126,891)	(1,343,738)
-	-	-	1,440,000
-	-	-	98,437
-	-	-	1,723,950
-	-	-	1,624
-	<u>610,602</u>	<u>(24,286)</u>	<u>4,271,699</u>
483,071	2,011,625	(7,541)	4,376,085
<u>1,363,760</u>	<u>4,687,729</u>	<u>4,807,986</u>	<u>37,914,660</u>
<u>\$ 1,846,831</u>	<u>\$ 6,699,354</u>	<u>\$ 4,800,445</u>	<u>\$ 42,290,745</u>

Town of Florence, Arizona  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 to the Government-wide Statement of Activities  
 Year ended June 30, 2018

Net change in fund balances - total governmental funds \$ 4,376,085

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 but are reported in the Statement of Activities.

Capital outlay	\$ 2,913,363	
Depreciation expense	<u>(3,127,215)</u>	(213,852)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues received in the current year that were accrued in the Statement of Activities in the prior years are reported as revenues in the funds.

Special assessments	1,125,351	
Sale of property	<u>(21,650)</u>	1,103,701

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. (100,060)

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 pension, is reported in the Statement of Activities.

Town pension contributions	1,127,637	
Pension expense	<u>(831,439)</u>	296,198

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

Issuance of bond debt	(3,277,937)	
Note payable principal retirement	52,401	
Bond principal retirement	1,105,047	
Amortization of bond premium	<u>11,537</u>	(2,108,952)

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. 26,752

Change in net position of governmental activities \$ 3,379,872

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual  
General Fund  
Year ended June 30, 2018

	Budgeted Amounts		Actual amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
<b>REVENUES</b>				
Sales taxes	\$ 2,975,000	\$ 2,975,000	\$ 2,965,739	\$ (9,261)
Property taxes	1,017,439	1,017,439	1,009,480	(7,959)
Franchise fees	589,000	589,000	631,107	42,107
Licenses and permits	529,500	529,500	768,691	239,191
Intergovernmental revenues	7,051,095	7,051,095	7,170,486	119,391
Charges for services	687,390	687,390	975,119	287,729
Fines and forfeits	166,100	166,100	160,251	(5,849)
Investment income	100,000	100,000	49,177	(50,823)
Contribution and donations			17,478	17,478
Miscellaneous	47,950	47,950	128,092	80,142
Total revenues	<u>13,163,474</u>	<u>13,163,474</u>	<u>13,875,620</u>	<u>712,146</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Town council	95,747	95,747	95,493	254
Administration	1,777,063	1,777,063	1,315,607	461,456
Legal	473,844	473,844	888,145	(414,301)
Finance	676,281	676,281	662,691	13,590
Human resources	246,472	246,472	247,856	(1,384)
Information technology	391,974	391,974	427,737	(35,763)
Public safety:				
Courts	198,606	198,606	216,666	(18,060)
Police	3,974,134	3,974,134	3,551,339	422,795
Fire	3,042,730	3,042,730	3,034,991	7,739
Public works				
Engineering	140,130	140,130	88,465	51,665
Facilities maintenance	517,007	517,007	460,016	56,991
Culture and recreation:				
Parks and recreation	2,001,501	2,001,501	1,985,131	16,370
Library	272,568	272,568	261,759	10,809
Cemetery	8,900	8,900	8,716	184
Community development:				
Planning	595,580	595,580	485,617	109,963
Economic development	134,495	134,495	131,841	2,654
Total expenditures	<u>14,547,032</u>	<u>14,547,032</u>	<u>13,862,070</u>	<u>684,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,383,558)</u>	<u>(1,383,558)</u>	<u>13,550</u>	<u>(1,370,008)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,384,009	1,384,009	1,327,283	(56,726)
Transfers out			(737,707)	(737,707)
Total other financing sources (uses)	<u>1,384,009</u>	<u>1,384,009</u>	<u>589,576</u>	<u>(794,433)</u>
Net change in fund balances	451	451	603,126	602,675
Fund balances, beginning of year	<u>9,896,930</u>	<u>9,896,930</u>	<u>9,896,930</u>	<u>-</u>
Fund balances, end of year	<u>\$ 9,897,381</u>	<u>\$ 9,897,381</u>	<u>\$ 10,500,056</u>	<u>\$ 602,675</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget to Actual  
Highway User Fund  
Year ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,006,882	\$ 3,006,882	\$ 3,166,088	\$ 159,206
Investment income	85,460	85,460	27,550	(57,910)
Miscellaneous	<u>37,664</u>	<u>37,664</u>	<u>16,929</u>	<u>(20,735)</u>
Total revenues	3,130,006	3,130,006	3,210,567	80,561
<b>EXPENDITURES</b>				
Current:				
Highways and streets	7,575,949	7,575,949	2,291,343	5,284,606
Capital outlay			1,744,551	(1,744,551)
Debt service:				
Principal			385,000	(385,000)
Interest and fiscal charges			<u>100,955</u>	<u>(100,955)</u>
Total expenditures	<u>7,575,949</u>	<u>7,575,949</u>	<u>4,521,849</u>	<u>3,054,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,445,943)</u>	<u>(4,445,943)</u>	<u>(1,311,282)</u>	<u>3,134,661</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			9,900	9,900
Transfers out	(261,997)	(261,997)	(261,996)	1
Sale of capital assets			<u>1,624</u>	<u>1,624</u>
Total other financing sources (uses)	<u>(261,997)</u>	<u>(261,997)</u>	<u>(250,472)</u>	<u>11,525</u>
Net change in fund balances	(4,707,940)	(4,707,940)	(1,561,754)	3,146,186
Fund balances, beginning of year	<u>11,868,949</u>	<u>11,868,949</u>	<u>11,868,949</u>	
Fund balances, end of year	<u>\$ 7,161,009</u>	<u>\$ 7,161,009</u>	<u>\$ 10,307,195</u>	<u>\$ 3,146,186</u>

See accompanying notes to financial statements.

**FINANCIAL SECTION**  
**FUND FINANCIAL STATEMENTS**  
Proprietary Fund Financial Statements

Town of Florence, Arizona  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 8,259,206	\$ 10,333,692	\$ 1,319,975	\$ 19,912,873
Receivables, net of uncollectibles	362,758	458,186	55,205	876,149
Due from other funds	<u>63,614</u>	<u>2,008</u>	<u>50,692</u>	<u>116,314</u>
Total current assets	<u>8,685,578</u>	<u>10,793,886</u>	<u>1,425,872</u>	<u>20,905,336</u>
Noncurrent assets				
Capital assets:				
Land	120,100	273,973	-	394,073
Buildings and improvements	11,615,837	13,256,484	-	24,872,321
Machinery and equipment	975,165	609,124	52,351	1,636,640
Construction in progress	412,785	792,976	-	1,205,761
Less accumulated depreciation	<u>(4,542,042)</u>	<u>(4,106,259)</u>	<u>(30,648)</u>	<u>(8,678,949)</u>
Total capital assets, net	<u>8,581,845</u>	<u>10,826,298</u>	<u>21,703</u>	<u>19,429,846</u>
Total assets	<u>17,267,423</u>	<u>21,620,184</u>	<u>1,447,575</u>	<u>40,335,182</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	<u>88,262</u>	<u>70,825</u>	<u>15,500</u>	<u>174,587</u>
Total deferred outflows of resources	<u>88,262</u>	<u>70,825</u>	<u>15,500</u>	<u>174,587</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	86,340	2,008	11,601	99,949
Accrued wages and benefits	12,883	11,558	3,022	27,463
Customer deposits	75,130	-	58,637	133,767
Accrued interest payable	-	55,303	-	55,303
Other accrued liabilities	11,700	6	40	11,746
Compensated absences	18,071	9,548	5,821	33,440
Notes payable	<u>-</u>	<u>500,983</u>	<u>-</u>	<u>500,983</u>
Total current liabilities	<u>204,124</u>	<u>579,406</u>	<u>79,121</u>	<u>862,651</u>
Noncurrent liabilities				
Compensated absences	3,189	1,685	1,029	5,903
Notes payable	-	2,955,428	-	2,955,428
Net pension liability	<u>673,283</u>	<u>540,269</u>	<u>118,235</u>	<u>1,331,787</u>
Total noncurrent liabilities	<u>676,472</u>	<u>3,497,382</u>	<u>119,264</u>	<u>4,293,118</u>
Total liabilities	<u>880,596</u>	<u>4,076,788</u>	<u>198,385</u>	<u>5,155,769</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>87,278</u>	<u>70,035</u>	<u>15,328</u>	<u>172,641</u>
Total deferred inflows of resources	<u>87,278</u>	<u>70,035</u>	<u>15,328</u>	<u>172,641</u>
<b>NET POSITION</b>				
Net investment in capital assets	8,581,845	7,369,887	21,703	15,973,435
Restricted for:				
Debt service	-	3,050,008	-	3,050,008
Capital projects	67,396	88,730	-	156,126
Unrestricted	<u>7,738,570</u>	<u>7,035,561</u>	<u>1,227,659</u>	<u>16,001,790</u>
Total net position	<u>\$ 16,387,811</u>	<u>\$ 17,544,186</u>	<u>\$ 1,249,362</u>	<u>\$ 35,181,359</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>				
Water sales	\$ 2,774,041	\$ -	\$ -	\$ 2,774,041
Water connection fees	8,026	-	-	8,026
Service establishment fees	23,550	-	-	23,550
Sewer service fees	-	2,824,187	-	2,824,187
Sewer connection fees	-	6,230	-	6,230
DOC usage fees	-	1,112,632	-	1,112,632
Water standpipe	6,220	-	-	6,220
Hydro-sprinkler fees	1,310	-	-	1,310
Central Arizona Project	67,215	-	-	67,215
Refuse collection fees	-	-	854,067	854,067
Effluent charges	33,932	-	-	33,932
Miscellaneous	<u>27,096</u>	<u>22,055</u>	<u>21,564</u>	<u>70,715</u>
Total operating revenues	2,941,390	3,965,104	875,631	7,782,125
<b>OPERATING EXPENSES</b>				
Personnel services	788,930	347,462	128,797	1,265,189
Supplies	55,730	214,650	2,278	272,658
Contractual services and maintenance	1,120,165	991,401	697,433	2,808,999
Depreciation	381,503	422,081	1,113	804,697
Miscellaneous	<u>3,797</u>	<u>176,385</u>	<u>54,746</u>	<u>234,928</u>
Total operating expenditures	<u>2,350,125</u>	<u>2,151,979</u>	<u>884,367</u>	<u>5,386,471</u>
Operating income (loss)	<u>591,265</u>	<u>1,813,125</u>	<u>(8,736)</u>	<u>2,395,654</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>				
Interest income	29,229	36,634	5,185	71,048
Interest expense	<u>-</u>	<u>(111,536)</u>	<u>-</u>	<u>(111,536)</u>
Total nonoperating revenues (expenses)	<u>29,229</u>	<u>(74,902)</u>	<u>5,185</u>	<u>29,229</u>
Income before development fees and transfers	620,494	1,738,223	(3,551)	2,355,166
Development fees	1,980	2,140	-	4,120
Transfers in	737,789	-	-	737,789
Transfers out	<u>(466,611)</u>	<u>(1,226,522)</u>	<u>(52,344)</u>	<u>(1,745,477)</u>
Change in net position	<u>893,652</u>	<u>513,841</u>	<u>(55,895)</u>	<u>1,351,598</u>
Net position, beginning of year	<u>15,494,159</u>	<u>17,030,345</u>	<u>1,305,257</u>	<u>33,829,761</u>
Net position, end of year	<u>\$ 16,387,811</u>	<u>\$ 17,544,186</u>	<u>\$ 1,249,362</u>	<u>\$ 35,181,359</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Cash Flows  
Proprietary Fund  
June 30, 2018

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
Cash flows from operating activities:				
Receipts from customers	\$ 2,913,625	\$ 3,928,306	\$ 880,635	\$ 7,722,566
Payments to suppliers	(1,276,742)	(1,783,418)	(746,064)	(3,806,224)
Payments to employees	(637,670)	(562,259)	(122,355)	(1,322,284)
Net cash provided by operating activities	<u>999,213</u>	<u>1,582,629</u>	<u>12,216</u>	<u>2,594,058</u>
Cash flows from noncapital financing activities:				
Cash (paid)/received from other funds for interfund borrowing	98,265	403,399	(8,394)	493,270
Transfer to other funds	(466,611)	(1,226,522)	(52,344)	(1,745,477)
Transfers from other funds	<u>737,789</u>	<u>-</u>	<u>-</u>	<u>737,789</u>
Net cash provided (used) by noncapital financing activities	<u>369,443</u>	<u>(823,123)</u>	<u>(60,738)</u>	<u>(514,418)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(337,455)	(503,687)	(15,032)	(856,174)
Interest paid on capital debt	-	(56,233)	-	(56,233)
Principal paid on capital debt	-	(485,119)	-	(485,119)
Development fees received	<u>1,980</u>	<u>2,140</u>	<u>-</u>	<u>4,120</u>
Net cash used by capital and related financing activities	<u>(335,475)</u>	<u>(1,042,899)</u>	<u>(15,032)</u>	<u>(1,393,406)</u>
Cash flows from investing activities:				
Interest received	<u>29,229</u>	<u>36,634</u>	<u>5,185</u>	<u>71,048</u>
Net cash provided by investing activities	<u>29,229</u>	<u>36,634</u>	<u>5,185</u>	<u>71,048</u>
Net increase/(decrease) in cash and cash equivalents	1,062,410	(246,759)	(58,369)	757,282
Cash and cash equivalents, beginning of year	<u>7,196,796</u>	<u>10,580,451</u>	<u>1,378,344</u>	<u>19,155,591</u>
Cash and cash equivalents, end of year	<u>\$ 8,259,206</u>	<u>\$ 10,333,692</u>	<u>\$ 1,319,975</u>	<u>\$ 19,912,873</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Cash Flows  
Proprietary Fund  
June 30, 2018

(Continued)

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 591,265	\$ 1,813,125	\$ (8,736)	\$ 2,395,654
Adjustments to reconcile operating (loss) income to net cash provided by operations:				
Depreciation	381,503	422,081	1,113	804,697
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Net pension liability	155,629	(178,513)	7,823	(15,061)
Deferred outflows of resources related to pensions	(8,241)	40,625	3,061	35,445
Deferred inflows of resources related to pensions	(14,718)	(70,343)	(8,280)	(93,341)
Accounts receivable, net	(25,962)	(34,939)	(1,391)	(62,292)
Accounts payable	(97,050)	(400,981)	8,393	(489,638)
Accrued wages and benefits	7,131	3,578	1,659	12,368
Customer deposits	(12,853)	-	6,742	(6,111)
Other accrued liabilities	11,050	(1,859)	(347)	8,844
Compensated absences	11,459	(10,145)	2,179	3,493
Net cash provided by operating activities	<u>\$ 999,213</u>	<u>\$ 1,582,629</u>	<u>\$ 12,216</u>	<u>\$ 2,594,058</u>
Cash and investments:				
Unrestricted cash and investments	<u>\$ 8,259,206</u>	<u>\$ 10,333,692</u>	<u>\$ 1,319,975</u>	<u>\$ 19,912,873</u>
Total cash and investments at June 30, 2018	<u>\$ 8,259,206</u>	<u>\$ 10,333,692</u>	<u>\$ 1,319,975</u>	<u>\$ 19,912,873</u>
Non-cash financing transactions:				
Capital contributions	\$	\$	\$	\$

See accompanying notes to financial statements.



**FINANCIAL SECTION**  
**FUND FINANCIAL STATEMENTS**  
Fiduciary Fund Financial Statements



Town of Florence, Arizona  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2018

	<u>Pension Trust</u>
<b>ASSETS</b>	
Money market funds	\$ 2,675
U.S. Government bonds	222,598
Equities	74,071
Total assets	299,344
 <b>LIABILITIES</b>	
Accounts payable	348
Total liabilities	348
 <b>NET POSITION</b>	
Net pension restricted for pensions	\$ 298,996

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year ended June 30, 2018

	Pension Trust
ADDITIONS:	
Contributions	\$ 9,685
Investment income	<u>10,717</u>
Total additions	<u>20,402</u>
DEDUCTIONS:	
Pension withdrawals	<u>56,775</u>
Total deductions	<u>56,775</u>
Change in net position	(36,373)
Net position, beginning of year	<u>335,369</u>
Net position, end of year	<u>\$ 298,996</u>

See accompanying notes to financial statements.

**FINANCIAL SECTION**  
**NOTES TO FINANCIAL STATEMENTS**



Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

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.

For the year ended June 30, 2018, the Town implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 75 established standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to other postemployment benefits (OPEB) provided through defined benefit OPEB plans. In addition, Statement No. 75 requires disclosure of information related to OPEB.

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. Separate financial statements were prepared for the Districts and available at the Town of Florence's Finance Department.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements present financial information about the primary government (the Town) and its component units. The statement includes a statement of net position and a statement of activities. These statements report the overall government financial activities, except for fiduciary activities. 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 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.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statement to minimize the double-counting of internal activities. However, charges for interfund service provided and used are not eliminated if the prices approximate their external exchange values.

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, 2018, 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. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 \$1,885,132. 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 at least \$500,000 plus 10% of the operating revenues.

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

Governmental-wide Financial Statements - The governmental-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 governmental-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.

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 - This fund collects fees to help defray the costs of development of infrastructure.

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

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).

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. The cost of prepaid items is recorded as expenditures/expenses when consumed (consumption method).

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. However, donated capital assets are reported at their acquisition value.

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:

Asset	Estimated Useful Life
Buildings	40 years
Improvements	20-70 years
Vehicles, machinery, and equipment	3-10 years

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-

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 position.

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. However, on May 17, 2016, the Town held a special election to approve an amount in excess of the State imposed expenditure limitation for the fiscal year ended June 30, 2018 in which the voters approved the measure. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the state constitution. The Town did not exceed their one-time approved expenditure override during the year ended June 30, 2018.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 lapse at the end of the fiscal year.

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 and Deficit Fund Balance

For the year ended June 30, 2018, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control):

Fund	Deficit
General Fund:	
General government:	
Legal	\$ 414,301
Human resources	1,384
Information technology	35,763
Public safety:	
Courts	<u>18,060</u>
Total	<u>\$ 469,508</u>

At year end, the grant fund reported a deficit net position of \$48,954. The deficit was due to additional costs incurred not covered by the grant.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 2 - CASH AND INVESTMENTS

A. Deposits

*Custodial Credit Risk* – In the case of deposits, this is the risk that in the event of bank failure, the Town’s deposits may not be returned. As of June 30, 2018, the carrying amount of deposits was \$7,751,293 and the bank balance was \$8,624,137. As of June 30, 2018, the Town's deposits were fully insured by the Federal Deposit Insurance Corporation or covered by collateral held by the pledging financial institution's trust department in the Town's name.

Restricted cash consists of the required debt service reserve fund and cash held by an outside agency for restricted use. Its future use will be for the repayments on outstanding revenue bonds payable and capital improvements.

B. Investments

The Town’s investments at June 30, 2018, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

<u>Investment by Fair Value Level</u>	<u>Total</u>	<u>Fair Value Measurement Using</u>	
		<u>Level 1</u>	<u>Level 2</u>
U.S. Treasury securities	\$ 5,362,242	\$ 5,362,242	\$ -
U.S. agency securities	25,041,730	25,041,730	-
Corporate bonds	<u>7,374,984</u>	<u>-</u>	<u>7,374,984</u>
Total investments by Fair Value Level	<u>37,778,956</u>	<u>\$ 30,403,972</u>	<u>\$ 7,374,984</u>
<u>External Investment Pool Measured at Fair Value</u>			
Equity	74,071		
State Investment Pool (LGIP)	<u>737,662</u>		
Total Investments Measured at Fair Value	<u>38,590,689</u>		
<u>Investments Measured at Amortized Costs</u>			
Repurchase Agreement	16,938,628		
Money Market Funds	<u>869,766</u>		
Investments Measured at Amortized Costs	<u>17,808,394</u>		
Total Investments	<u>\$ 56,399,083</u>		

Investments are categorized as Level 1 inputs are valued using prices quoted in active markets for those investments. The investment categorized at Level 2 of the fair value hierarchy are valued using a conservative methodology based on multiple criteria, including asset class and observability of price. Inputs are observable but do not solely rely on quoted market prices to establish fair value. Investment in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximates the value of the participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 2 - CASH AND INVESTMENTS - Continued

Other investments that the Town owns belong to the Town's Volunteer Fire Department. Funds totaling \$299,344 are held by Securian Retirement Services and consist of a money market fund, government bonds and equity securities.

*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	\$16,938,628	\$16,938,628	\$ -	\$ -	\$ -
Money Market Funds	867,091	867,091	-	-	-
LGIP Pool 5	499,641	499,641	-	-	-
LGIP Pool 7	238,021	238,021	-	-	-
Corporate bonds	7,374,984	-	2,093,171	5,281,813	-
U.S. Treasury securities	5,362,242	2,637,163	2,725,079	-	-
U.S. agency securities	<u>24,819,132</u>	<u>2,981,621</u>	<u>2,594,316</u>	<u>19,243,195</u>	-
	<u>56,099,739</u>	<u>24,162,165</u>	<u>7,412,566</u>	<u>24,525,008</u>	-
Fiduciary Fund					
Money Market Funds	2,675	2,675	-	-	-
U.S. Government Bonds	222,598	-	-	222,598	-
Equities	<u>74,071</u>	-	-	-	<u>74,071</u>
	<u>299,344</u>	<u>2,675</u>	-	<u>222,598</u>	<u>74,071</u>
Total	<u>\$56,399,083</u>	<u>\$24,164,840</u>	<u>\$ 7,412,566</u>	<u>\$24,747,606</u>	<u>\$ 74,071</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.

*Credit risk* – Custodial 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. The Town does not have a formal investment policy regarding credit risk. However, the Town is prohibited by State law from investing in investments other than obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Investment Pool. Presented below is the actual rating as of year-end for each investment type.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 2 - CASH AND INVESTMENTS - Continued

Investment	Total	Rating	Agency
Primary Government			
Repurchase Agreement	\$ 16,938,628	Unrated	N/A
Money Market Funds	867,091	Unrated	N/A
LGIP Pool 5	499,641	AAAf/S1+	Standard and Poor's
LGIP Pool 7	238,021	Unrated	N/A
Corporate bonds	1,642,765	AAA	Standard and Poor's
Corporate bonds	566,340	AA+	Standard and Poor's
Corporate bonds	717,331	AA-	Standard and Poor's
Corporate bonds	544,118	A+	Standard and Poor's
Corporate bonds	1,702,008	A	Standard and Poor's
Corporate bonds	928,791	A-	Standard and Poor's
Corporate bonds	737,719	BBB+	Standard and Poor's
Corporate bonds	535,912	Unrated	Standard and Poor's
U.S. Treasury securities	5,362,242	AA+	Standard and Poor's
U.S. agency securities	<u>24,819,132</u>	<u>AA+</u>	<u>Standard and Poor's</u>
	<u>56,099,739</u>		
Fiduciary Fund			
Money Market Funds	2,675	Unrated	N/A
U.S. Government Bonds	222,598	AA+	Standard and Poor's
Equities	<u>74,071</u>	<u>Unrated</u>	<u>N/A</u>
	<u>299,344</u>		
Total	<u>\$ 56,399,083</u>		

*Concentration of Credit Risk* - At June 30, 2018, the Town's investments are included as follows:

Investment type	Total	Concentration
Repurchase Agreement	\$ 16,938,628	30.03%
Money Market Funds	869,766	1.54%
LGIP	737,662	1.31%
U.S. Treasury securities	5,362,242	9.51%
U.S. agency securities	25,041,730	44.40%
Corporate bonds	7,374,984	13.08%
Equity	<u>74,071</u>	<u>0.13%</u>
	<u>\$ 56,399,083</u>	<u>100.00%</u>

*Custodial credit risk-investments* - For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investment in U.S. Government Bonds of \$38,423,452 and equities of \$74,071, the Town has a custodial credit risk exposure of \$38,497,523 because the related instruments are uninsured, unregistered, and held by the Town's brokerage firm. The Town held repurchase agreement investments of \$16,938,628 of which the underlying securities are held by the investments' counterparty, not in the name of the Town. The Town does not have a formal investment policy regarding custodial credit risk.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 3 - RECEIVABLES

The Pinal County Treasurer (County) is responsible for collecting property taxes and special assessments for all governmental entities within the County. The County levies property taxes due to the Districts. In addition, the Districts provide the County with the special assessments to be billed. These taxes and assessments are billed to the property owners by the County in September. Two equal installments, payable in October and March, become delinquent after the first business days in November and May.

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year they are levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as unavailable revenues.

Special Assessments are recognized as revenue only to the extent that the individual installments are considered current assets. Annual installments not currently receivable are reflected as deferred inflow of resources.

The following table summarizes the Town's receivables for the enterprise funds as of June 30, 2018.

Receivables:	Water Fund	Sewer Fund	Sanitation Fund	Total
Interest	\$ 1,063	\$ 1,579	\$ 203	\$ 2,845
Accounts	<u>384,813</u>	<u>471,893</u>	<u>61,655</u>	<u>918,361</u>
	385,876	473,472	61,858	921,206
Less: Allowance	<u>(23,118)</u>	<u>(15,286)</u>	<u>(6,653)</u>	<u>(45,057)</u>
	<u>\$ 362,758</u>	<u>\$ 458,186</u>	<u>\$ 55,205</u>	<u>\$ 876,149</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows.

<u>Governmental activities:</u>	<u>July 1, 2017, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 32,546,409	\$ -	\$ -	\$ 32,546,409
Construction in progress	<u>172,371</u>	<u>1,595,742</u>	<u>-</u>	<u>1,768,113</u>
Total capital assets not being depreciated	<u>32,718,780</u>	<u>1,595,742</u>	<u>-</u>	<u>34,314,522</u>
Capital assets being depreciated:				
Buildings, infrastructure, and improvements	81,593,042	1,114,426	(156,331)	82,551,137
Vehicles, furniture, and equipment	<u>10,433,713</u>	<u>203,195</u>	<u>(290,666)</u>	<u>10,346,242</u>
Total	<u>92,026,755</u>	<u>1,317,621</u>	<u>(446,997)</u>	<u>92,897,379</u>
Less accumulated depreciation for:				
Buildings, infrastructure, and improvements	(24,893,183)	(2,688,364)	134,716	(27,446,831)
Vehicles, furniture, and equipment	<u>(7,922,147)</u>	<u>(438,851)</u>	<u>290,631</u>	<u>(8,070,367)</u>
Total	<u>(32,815,330)</u>	<u>(3,127,215)</u>	<u>425,347</u>	<u>(35,517,198)</u>
Total capital assets being depreciated, net	<u>59,211,425</u>	<u>(1,809,594)</u>	<u>(21,650)</u>	<u>57,380,181</u>
Governmental activities capital assets, net	<u>\$ 91,930,205</u>	<u>\$ (213,852)</u>	<u>\$ (21,650)</u>	<u>\$ 91,694,703</u>
<u>Business-type activities:</u>	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 394,073	\$ -	\$ -	\$ 394,073
Construction in progress	<u>443,117</u>	<u>762,644</u>	<u>-</u>	<u>1,205,761</u>
Total capital assets not being depreciated	<u>837,190</u>	<u>762,644</u>	<u>-</u>	<u>1,599,834</u>
Capital assets being depreciated:				
Buildings, infrastructure, and improvements	24,865,741	6,580	-	24,872,321
Vehicles, machinery, and equipment	<u>1,758,755</u>	<u>107,290</u>	<u>(229,405)</u>	<u>1,636,640</u>
Total	<u>26,624,496</u>	<u>113,870</u>	<u>(229,405)</u>	<u>26,508,961</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,920,752)	(683,117)	-	(7,603,869)
Vehicles, machinery, and equipment	<u>(1,182,905)</u>	<u>(121,580)</u>	<u>229,405</u>	<u>(1,075,080)</u>
Total	<u>(8,103,657)</u>	<u>(804,697)</u>	<u>229,405</u>	<u>(8,678,949)</u>
Total capital assets being depreciated, net	<u>18,520,839</u>	<u>(690,827)</u>	<u>-</u>	<u>17,830,012</u>
Business-type capital assets, net	<u>\$ 19,358,029</u>	<u>\$ 71,817</u>	<u>\$ -</u>	<u>\$ 19,429,846</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 700,683
Public safety	605,985
Highways and streets	1,680,025
Culture and recreations	<u>140,522</u>
Total	<u>\$ 3,127,215</u>
Business-type activities:	
Water	\$ 381,503
Sewer	422,081
Sanitation	<u>1,113</u>
Total	<u>\$ 804,697</u>

NOTE 5 - 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. The balance was \$236,715 at June 30, 2018.

The Town signed a promissory note from 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, 2018, the Town has an outstanding balance of \$2,592,834. 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, 2018, the Town has an outstanding balance of \$863,577. Payments are due semi- annually including interest at 3.750%.

The annual debt service requirements to maturity as of June 30, 2018, are as follows:

Year ending June 30:	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 55,545	\$ 14,203	\$ 500,983	\$ 66,818
2020	58,877	10,870	517,368	56,865
2021	62,410	7,338	534,291	46,589
2022	59,883	3,593	551,769	35,980
2023	-	-	814,067	22,781
Thereafter	-	-	<u>537,933</u>	<u>54,039</u>
Total	<u>\$ 236,715</u>	<u>\$ 36,004</u>	<u>\$ 3,456,411</u>	<u>\$ 283,072</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 6 - BONDS PAYABLE

*Bonds payable from the Town* at June 30, 2018, consisted of the outstanding special assessment and excise tax revenue obligation bonds presented below.

The bonds issued in 1994 to acquire Arizona Sierra Utility have an outstanding principal of \$81,000. 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.

In December 2015 the Town issued \$4,740,000 of pledged excise tax revenue obligation series 2015 bonds at a stated interest rate of 2.22% to finance transportation capital projects within the Town. The bonds are secured and payable from pledged excise tax revenues. The bonds mature in July 2027.

*Bonds payable from 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.

**General obligation bonds:**

In November 2010 the Merrill Ranch Community Facilities District No. 2 assessment issued \$3,560,000 of Series 2010 GO bonds to finance capital improvements within the District. Interest rate is 5.86%; semi-annual interest payments are due on July 15 and January 15. Principal payments are due annually on July 15 with final maturities on July 15, 2035.

In December 2013 the Merrill Ranch Community Facilities District No. 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. Interest rates are 1.50% to 6.75%; semi-annual interest payments are due on July 15 and January 15. Principal payments are due annually on July 15 with final maturities on July 15, 2038.

In June 2016 the Merrill Ranch Community Facilities District No. 2 issued \$2,000,000 of GO Series 2016 bonds at a premium to pay costs of acquiring certain public infrastructure within the boundaries of the District. Interest rates are 2.0% to 5.25%; semi-annual interest payments are due on July 15 and January 15. Principal payments are due annually on July 15 with final maturities on July 15, 2040.

In February 2017 the Merrill Ranch Community Facilities District No. 1 issued \$3,245,000 of GO Series 2017 refunding bonds to advance refund a portion of outstanding GO 2008 Series A bonds. The net proceeds of \$3,245,000 together with a debt service contribution of \$300,000 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds in three payments ending July 15, 2018. As a result, a

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 6 - BONDS PAYABLE - Continued

portion of those GO 2008 Series A bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. Interest rate is 2.97%; semi-annual interest payments are due on July 15 and January 15. Principal payments are due annually on July 15 with final maturities on July 15, 2029.

In November 2017 the Merrill Ranch Community Facilities District No. 2 issued \$1,440,000 of GO Series 2017 bonds to pay costs of acquiring certain public infrastructure within the boundaries of the District. Interest rates are 2.0% to 5.0%; semi-annual interest payments are due on July 15 and January 15. Principal payments are due annually on July 15 with final maturities on July 15, 2042.

**Special assessments bonds:**

In June 2006 the Merrill Ranch Community Facilities District No. 1 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. Interest rates are 4.3% to 5.3%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2030.

In June 2006 the Merrill Ranch Community Facilities District No. 2 assessment area one issued \$2,555,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. Interest rates are 4.3% to 5.3%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2030.

In September 2009 the Merrill Ranch Community Facilities District No. 1 assessment area two issued \$353,500 of special assessment bonds to finance capital improvements within the district. Interest rate is 9.0%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2034.

In September 2009 the Merrill Ranch Community Facilities District No. 2 assessment areas two and three issued \$829,500 of special assessment bonds to finance capital improvements within the district. Interest rates is 9.0%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2034.

In February 2010 the Merrill Ranch Community Facilities District No. 2 assessment area four issued \$203,000 of special assessment bonds to finance capital improvements within the district. Interest rates is 7.5%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2035.

In October 2010 the Merrill Ranch Community Facilities District No. 1 assessment area three issued \$290,500 of special assessment bonds to finance capital improvements within the district. Interest rates is 7.75%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2035.

In July 2012 the Merrill Ranch Community Facilities District No. 1 assessment area five issued \$189,000 of special assessment bonds to finance capital improvements within the district. Interest rates is 6.88%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2037.

In July 2016 the Merrill Ranch Community Facilities District No. 1 assessment area eight

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 6 - BONDS PAYABLE - Continued

issued \$987,000 of special assessment bonds to pay costs of acquiring certain public infrastructure within the boundaries of the District. Interest rates is 5.75%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2040.

In January 2018 the Merrill Ranch Community Facilities District No. 2 assessment area seven issued \$262,500 of special assessment bonds to pay costs of acquiring certain public infrastructure within the boundaries of the District. Interest rates is 6%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2042.

In April 2018 the Merrill Ranch Community Facilities District No. 1 assessment area nine issued \$1,477,000 of special assessment bonds to pay costs of acquiring certain public infrastructure within the boundaries of the District. Interest rates is 6%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2042.

**Special assessments lien bonds:**

In January 2012, the Merrill Ranch Community Facilities District No. 1 assessment area four issued \$318,500 of special assessment lien bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. Interest rate is 7.5%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2036.

In July 2013, the Merrill Ranch Community Facilities District No. 1 assessment area six issued \$413,000 of special assessment lien bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. Interest rate is 7.25%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2038.

In October 2014, the Merrill Ranch Community Facilities District No. 1 assessment area seven issued \$728,000 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. Interest rate is 6.875%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2039.

In May 2013, the Merrill Ranch Community Facilities District No. 2 assessment area one issued \$556,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. Interest rate is 6.750%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2038.

In July 2016, the Merrill Ranch Community Facilities District No. 2 assessment area six issued \$241,500 of special assessment bonds to finance capital improvements within the district. These bonds will be repaid by the property owners within the district. Interest rate is 6.0%; semi-annual interest payments are due on July 1 and January 1. Principal payments are due annually on July 1 with final maturities on July 1, 2040.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 6 - BONDS PAYABLE - Continued

Bonds payable at year end consisted of the following outstanding bonds. The bonds are both callable and noncallable with interest payable semiannually.

A summary of long-term bond debt payable at June 30, 2018, follows:

Description	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal - End of Year	Due Within One Year
<b>Revenue bonds:</b>					
Utility Improvement District #1 Revenue Bonds 1994	\$ 1,525,000	8.45%	01/01/2019	\$ 81,000	\$ 81,000
Town of Florence Pledge Excise Tax Revenue Obligation, Series 2015	4,740,000	2.22%	07/01/2027	4,355,000	394,000
<b>General obligation bonds:</b>					
CFD No.1 General Obligation Bonds 2008A	4,390,000	6.00-7.40%	07/15/2033	395,000	125,000
CFD No.1 General Obligation Bonds 2010	3,560,000	5.86%	07/15/2035	2,645,000	90,000
CFD No.2 General Obligation Bonds 2013	1,850,000	1.50-6.75%	07/15/2038	1,705,000	25,000
CFD No.2 General Obligation Bonds 2016	2,000,000	2.00-5.25%	07/15/2040	1,860,000	35,000
CFD No.1 General Obligation Bonds 2017	3,245,000	2.97%	07/15/2029	3,180,000	340,000
CFD No.1 General Obligation Bonds 2018	1,440,000	2.00-5.00%	07/15/2042	1,440,000	690,000
<b>Special assessment bonds:</b>					
CFD No.1 Special Assessment Bonds 2006	2,464,000	4.30-5.30%	07/01/2030	1,053,000	58,000
CFD No.2 Special Assessment Bonds 2006	2,555,000	4.30-5.30%	07/01/2030	1,177,000	66,000
CFD No.1 Special Assessment Bonds 2009	353,500	9.00%	07/01/2034	248,150	6,420
CFD No.2 Special Assessment Bonds 2009	829,500	9.00%	07/01/2034	581,120	15,750
CFD No.1 Special Assessment Bonds 2010	290,500	7.5%	07/01/2035	245,730	7,200
CFD No.2 Special Assessment Bonds 2010	203,000	7.75%	07/01/2035	157,170	3,900
CFD No.1 Special Assessment Bonds 2012	189,000	6.88%	07/01/2037	161,000	4,000
CFD No.1 Special Assessment Bonds 2016	987,000	5.75%	07/01/2040	967,000	21,000
CFD No.2 Special Assessment Bonds 2018	262,500	6%	07/01/2042	262,500	-
CFD No.1 Special Assessment Bonds 2018	1,477,000	6%	07/01/2042	1,477,000	-
<b>Special assessment lien bonds:</b>					
CFD No.1 Special Assessment Lien Bonds 2012	318,500	7.5%	07/01/2036	195,191	7,290
CFD No.1 Special Assessment Lien Bonds 2013	413,000	7.25%	07/01/2038	340,588	8,460
CFD No.1 Special Assessment Lien Bonds 2014	728,000	6.875%	07/01/2039	558,053	14,540
CFD No.2 Special Assessment Lien Bonds 2013	556,500	6.75%	07/01/2038	415,392	12,040
CFD No.2 Special Assessment Lien Bonds 2016	<u>241,500</u>	6%	07/01/2040	<u>209,672</u>	<u>5,040</u>
Total	<u>\$ 34,618,500</u>			<u>\$ 23,709,566</u>	<u>\$ 2,009,640</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 6 - BONDS PAYABLE - Continued

The annual debt service requirements to maturity on governmental bonds payable at June 30, 2018, are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
2019	\$ 2,009,640	\$ 1,039,071
2020	1,050,857	1,092,949
2021	1,121,624	1,032,084
2022	1,160,446	986,104
2023	1,208,885	940,909
Thereafter	17,158,114	8,236,114
Total	\$ 23,709,566	\$ 13,327,231

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES

The following schedule details the Town's long-term liability and obligation activity for the fiscal year ended June 30, 2018:

	Balance at July 1, 2017, restated	Additions	Reductions	Balance at June 30, 2018	Due Within One Year
Governmental activities:					
Bonds payable	\$ 21,635,113	\$ 3,179,500	\$ (1,105,047)	\$ 23,709,566	\$ 2,009,640
Notes payable	289,116	-	(52,401)	236,715	55,545
Compensated absences	478,010	413,657	(440,409)	451,258	383,569
Net pension liability	9,307,632	-	(994,771)	8,312,861	-
Premiums	180,502	98,437	(11,537)	267,402	-
Governmental activities long-term liabilities	\$ 31,890,373	\$ 3,691,594	\$ (2,604,165)	\$ 32,977,802	\$ 2,448,754
Business-type activities					
Notes payable	\$ 3,941,530	\$ -	\$ (485,119)	\$ 3,456,411	\$ 500,983
Compensated absences	35,249	29,855	(25,761)	39,343	33,440
Net pension liability	1,346,848	-	(15,061)	1,331,787	-
Business-type activities long-term liabilities	\$ 5,323,627	\$ 29,855	\$ (525,941)	\$ 4,827,541	\$ 534,423

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2018, all interfund balances consisted of short term loans made to cover operating cash deficits by the General Fund. At June 30, 2018, interfund receivables/payables consisted of the following:

Fund	Receivable Amounts	Payable Amounts
General Fund	\$ 169,917	\$ 843,495
Highway User	671,738	-
CFD Debt Service	54,652	183,100
CFD Capital Improvements	61,469	-
Impact Fees	5,020	-
Non-Major Governmental Funds	69,941	122,456
Water	63,614	-
Sewer	2,008	-
Sanitation	50,692	-
Total	<u>\$ 1,149,051</u>	<u>\$ 1,149,051</u>

At June 30, 2018, there were the following interfund transfers:

Fund	Transfers In	Transfers out
General Fund	\$ 1,327,283	\$ 737,707
Highway User	9,900	261,996
CFD Debt Service	172,610	-
CFD Capital Improvements	58,678	147,396
Capital Improvements	680,350	69,748
Non-Major Governmental Funds	102,605	126,891
Water	737,789	466,611
Sewer	-	1,226,522
Sanitation	-	52,344
Total	<u>\$ 3,089,215</u>	<u>\$ 3,089,215</u>

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 9 - 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, 2018.

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.

NOTE 10 - 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, 2018; however, the Town expects no material disallowances of expenditures.

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2018, 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 liabilities	\$ 8,312,861	\$ 1,331,787	\$ 9,644,648
Deferred outflows of resources	2,993,518	174,587	3,168,105
Deferred inflows of resources	(1,713,956)	(172,641)	(1,886,597)
Pension expense	831,439	110,076	941,515

The Town did not disclose the OPEB plan separately because of its insignificance to the City's financial statements. The Town’s accrued payroll and employee benefits includes \$76,747 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2018.

The Town reported \$1,127,637 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

A. Arizona State Retirement System

Plan Description - The Town's employees that are not covered by the other pension plans described after this section 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 the ASRS website at [www.azasrs.gov](http://www.azasrs.gov).

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

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* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 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 earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. 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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited services. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service,

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above, multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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, 2018, statutes required active ASRS members to contribute at the actuarially determined rate of 11.5 percent (11.34 percent for retirement and 0.16 percent for long-term disability) of the members' annual covered payroll and statutes required the Town to contribute at the actuarially determined rate of 11.5 percent (10.9 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members' annual covered payroll. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018 were \$596,551, \$29,459, and \$8,417, respectively.

During fiscal year 2018, the Town paid for ASRS pension and OPEB contributions as follows: 69 percent from the General Fund, 15 percent from Highway User Fund, 8 percent from the Water Fund, 7 percent from Sewer Fund, and 1 percent from the Sanitation Fund.

Liability - At June 30, 2018, the Town reported a liability of for its proportionate share of the ASRS' net pension/OPEB liability. The net asset and liabilities were measured as of June 30, 2017. The total liability used to calculate the net pension liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2017 reflects a change in the actuarial assumption for a decrease in loads for future potential permanent benefit increases.

The Town's proportion of the net asset or net 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, 2017. The Town's proportion measured as of June 30, 2017 was 0.05 percent, which was the same proportion as in the prior year.

The net asset and net liabilities measured as of June 30, 2018, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the Town's net asset and net liabilities as a result of these changes is not known.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2018, the Town recognized pension and OPEB expense for ASRS of \$190,479 and reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

ASRS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 246,497
Changes of assumptions or other inputs	357,037	245,809
Net difference between projected and actual earnings on pension plan investments	59,018	35,399
Changes in proportion and differences between Town contributions and proportionate share of contributions	25,896	536,664
Town contributions subsequent to the measurement date	<u>634,427</u>	
Total	<u>\$ 1,076,378</u>	<u>\$ 1,064,369</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from contributions subsequent to the measurement date, as reported in the table above, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension and OPEB will be recognized as expenses as follows:

<u>Year ending June 30,</u>	<u>Pension/OPEB</u>
2019	\$ (621,846)
2020	138,696
2021	58,690
2022	(197,958)

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

ASRS	
Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3–6.75% for pensions/not applicable for OPEB
Inflation	3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2012.

The long-term expected rate of return on ASRS plan investments was determined to be 8.7 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 of ASRS are summarized in the following table:

ASRS	Target	Long-Term
<u>Asset Class</u>	<u>Allocation</u>	<u>Arithmetic Real Rate of Return</u>
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi asset	5%	3.41%
Commodities	2%	3.84%
Total	100%	

Discount Rate - The discount rate used to measure the ASRS total pension/OPEB liability was 8.0 percent, which is less than the long-term expected rate of return of 8.7 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Proportionate Share of the Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate - The following presents Town of Florence, Arizona's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 8.0 percent, as well as what the proportionate share of the net pension/OPEB (asset) 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	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
Town's proportionate share of the net pension/OPEB liability	\$ 10,622,073	\$ 8,210,775	\$ 6,194,789

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

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

The PSPRS issues publicly available financial reports that include financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

Benefits Provided - The PSPRS provides 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 and before July 1, 2017
<b>Retirement and Disability:</b>		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
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%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor Benefit:</b>		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Retirement and survivor benefits are subject to automatic cost-of-living adjustments. The adjustments are based on inflation for PSPRS. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effect on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the agent plans' benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	7	1
Inactive employees entitled to but not yet receiving benefits	6	2
Active employees	27	26
Total	40	29

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 and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS - Police	PSPRS - Fire
Active members – pension:		
PSPRS members with an initial date on or before July 19, 2011	7.65%	7.65%
Town of Florence		
Pension	19.70%	15.47%
Health insurance premium benefit	0.22%	0.41%

For the agent plan, the contributions to the pension plan for the year ended June 30, 2018 were:

	PSPRS- Police	PSPRS- Fire
Contributions made	\$ 301,945	\$ 294,169

During the fiscal year 2018, the Town paid for PSPRS and OPEB contributions from the General Fund.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Liability - At June 30, 2018, Town of Florence, Arizona reported the following net pension liabilities:

	Net pension liability
PSPRS - Police	\$ 936,931
PSPRS - Fire	496,942

The net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

The net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011.

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

*PSPRS*

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	7.4%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2016.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 and CORP Asset Class	Target Allocation	Long-term expected geometric real rate of return
Short term investments	2%	0.25%
Absolute return	2%	3.75%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTAA	10%	3.96%
Private credit	12%	6.75%
Real estate	10%	3.75%
Credit opportunities	16%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	<u>16%</u>	7.60%
Total	<u>100%</u>	

Discount Rates - At June 30, 2017, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.4 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2016. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Changes in the Agent Plan's Net Pension/OPEB Liability:

PSPRS - Police	Increase (decrease)		
	Total		Net
	pension/OPEB liability (a)	Plan fiduciary net position (b)	pension/OPEB (asset) liability (a) - (b)
Balances at June 30, 2017	\$ 6,590,335	\$ 5,383,643	\$ 1,206,692
Changes for the year:			
Service cost	384,568	-	384,568
Interest on the total liability	491,657	-	491,657
Changes of benefit terms	102,492	-	102,492
Differences between expected and actual experience in the measurement of the liability	(291,736)	-	(291,736)
Changes of assumptions or other inputs	125,108	-	125,108
Contributions - employer	-	256,748	(256,748)
Contributions - employee	-	195,543	(195,543)
Net investment income	-	635,515	(635,515)
Benefit payments, including refunds or employee contributions	(454,388)	(454,388)	-
Administrative expense	-	(6,023)	6,023
Other changes	-	67	(67)
Net changes	<u>357,701</u>	<u>627,462</u>	<u>(269,761)</u>
Balances at June 30, 2018	<u>\$ 6,948,036</u>	<u>\$ 6,011,105</u>	<u>\$ 936,931</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

PSPRS - Fire	Increase (decrease)		
	Total pension/OPEB liability (a)	Plan fiduciary net position (b)	Net pension/OPEB (asset) liability (a) - (b)
Balances at June 30, 2017	\$ 4,456,467	\$ 4,090,509	\$ 365,958
Changes for the year:			
Service cost	372,082	-	372,082
Interest on the total liability	347,018	-	347,018
Changes of benefit terms	72,237	-	72,237
Differences between expected and actual experience in the measurement of the liability	75,199	-	75,199
Changes of assumptions or other inputs	147,470	-	147,470
Contributions - employer	-	204,107	(204,107)
Contributions - employee	-	184,243	(184,243)
Net investment income	-	499,446	(499,446)
Benefit payments, including refunds or employee contributions	(31,219)	(31,219)	-
Administrative expense	-	(4,820)	4,820
Other changes	-	46	(46)
Net changes	982,787	851,803	130,984
Balances at June 30, 2018	\$ 5,439,254	\$ 4,942,312	\$ 496,942

Sensitivity of the Net Pension/OPEB (asset) Liability to Changes in the Discount Rate - The following table presents the Town's net pension/OPEB (asset) liabilities calculated using the discount rate of 7.4 percent, as well as what the Town's net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.4 percent) or 1-percentage-point higher (8.4 percent) than the current rate:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PSPRS - Police			
Net pension/OPEB liability	\$ 1,983,586	\$ 936,931	\$ 89,191
PSPRS - Fire			
Net pension/OPEB (asset) liability	1,570,389	496,942	(355,819)

Plan Fiduciary Net Position - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial report.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Expense - For the year ended June 30, 2018, the Town recognized the following pension and OPEB expense:

	Pension expense
PSPRS - Police	\$ 389,776
PSPRS - Fire	361,260

Deferred Outflows/Inflows of Resources - At June 30, 2018, Town of Florence, Arizona reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>PSPRS - Police</b>		
Differences between expected and actual experience	\$ 11,589	\$ 506,016
Changes of assumptions or other inputs	568,141	7,593
Net difference between projected and actual earnings on pension plan investments	67,060	-
Town contributions subsequent to the measurement date	301,945	-
Total	\$ 948,735	\$ 513,609
<b>PSPRS - Fire</b>		
Differences between expected and actual experience	\$ 456,524	\$ 302,658
Changes of assumptions or other inputs	340,104	5,961
Net difference between projected and actual earnings on pension plan investments	52,195	-
Town contributions subsequent to the measurement date	294,169	-
Total	\$ 1,142,992	\$ 308,619

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension and OPEB as expenses as follows:

	PSPRS - Police	PSPRS - Fire
Year ending June 30,		
2019	\$ 58,721	\$ 69,028
2020	101,501	95,703
2021	63,051	68,285
2022	(18,667)	12,423
2023	(29,859)	48,311
Thereafter	(41,566)	246,454

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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.

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, 2018. The Town's required matching contributions for the plan were covered by the accumulated forfeited funds for the year ended June 30, 2018. As of June 30, 2018, there were seven 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 fair 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 12 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction commitments - The Town has active construction projects as of June 30, 2018. As discussed earlier in Note 1, part 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, part 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.

At year end the Town did not have commitments with contractors or any amount of encumbrances expected to be honored upon performance by the vendor in the next year.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2018

NOTE 13 - BEGINNING BALANCES RESTATED

The beginning net position of the governmental activities in the government-wide Statement of Activities was restated by \$132,065. The adjustment affected the Community Facilities District - Debt Service fund. An increase to capital assets was made to record \$2,614,062 for infrastructure. An increase to long-term liabilities was made to record \$1,851,873 for the corresponding Special Assessment Lien Bonds that were issued for infrastructure constructed. In addition, \$827,776 was recorded as current portion of long-term debt.

Statement of Activities	Governmental activities
Net position, June 30, 2017	\$ 105,451,538
Prior period correction	<u>(132,065)</u>
Net position, July 1, 2017, as restated	<u><u>\$ 105,319,473</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balance - Debt service fund	Community Facility District - Debt service fund
Fund balances, June 30, 2017	\$ 3,640,489
Prior period correction	<u>(827,776)</u>
Fund balance, July 1, 2017, as restated	<u><u>\$ 2,812,713</u></u>

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**



Town of Florence, Arizona  
Schedule of the Proportionate Share of the Net Pension/OPEB Liability  
Cost Sharing Plan  
June 30, 2018

ASRS	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Town's proportion of the net pension/OPEB liability	0.05 %	0.06 %	0.06 %	0.06 %	
Town's proportionate share of the net pension/OPEB liability	\$ 8,220,537	\$ 9,043,805	\$ 9,160,327	\$ 8,332,184	Information not available
Town's covered payroll	\$ 5,347,532	\$ 5,369,134	\$ 5,439,862	\$ 5,072,813	
Town's proportionate share of the net pension/OPEB liability as a percentage of its covered payroll	153.73 %	168.44 %	168.39 %	164.25 %	
Plan fiduciary net position as a percentage of the total pension/OPEB liability	69.92 %	67.06 %	68.35 %	69.49 %	

See the accompanying notes to this schedule.

Town of Florence, Arizona  
Schedule of Changes in the Pension/OPEB Liability and Related Ratios  
Agent Plans  
June 30, 2018

PSPRS - Police Pension/OPEB	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2009
Total pension/OPEB liability:					
Service cost	\$ 376,697	\$ 365,808	\$ 342,618	\$ 318,072	Information not available
Interest on the total pension/OPEB liability	479,673	439,533	400,319	316,736	
Changes of benefit terms	97,667	325,653	-	69,287	
Differences between expected and actual experience in the measurement of the pension liability	(266,712)	(282,127)	(65,501)	23,569	
Changes of assumptions or other inputs	133,724	271,137	-	506,321	
Benefit payments, including refunds of employee contributions	<u>(450,068)</u>	<u>(207,846)</u>	<u>(171,147)</u>	<u>(191,863)</u>	
Net change in total pension liability	370,981	912,158	506,289	1,042,122	
Total pension liability—beginning	<u>6,432,321</u>	<u>5,520,163</u>	<u>5,013,874</u>	<u>3,971,752</u>	
Total pension liability—ending (a)	<u>\$ 6,803,302</u>	<u>\$ 6,432,321</u>	<u>\$ 5,520,163</u>	<u>\$ 5,013,874</u>	
Plan fiduciary net position:					
Contributions—employer	\$ 253,029	\$ 278,284	\$ 225,441	\$ 221,399	
Contributions—employee	195,543	215,558	208,870	192,212	
Net investment income	610,314	29,001	167,656	518,949	
Benefit payments, including refunds of employee contributions	(450,068)	(207,846)	(171,147)	(191,863)	
Administrative expense	(5,800)	(4,574)	(4,474)	-	
Other changes	<u>67</u>	<u>(20,975)</u>	<u>(3,606)</u>	<u>(117,115)</u>	
Net change in plan fiduciary net position	603,085	289,448	422,740	623,582	
Plan fiduciary net position—beginning	<u>5,169,408</u>	<u>4,879,960</u>	<u>4,457,220</u>	<u>3,833,638</u>	
Plan fiduciary net position—ending (b)	<u>\$ 5,772,493</u>	<u>\$ 5,169,408</u>	<u>\$ 4,879,960</u>	<u>\$ 4,457,220</u>	
Town's net pension/OPEB liability - ending (a) - (b)	\$ 1,030,809	\$ 1,262,913	\$ 640,203	\$ 556,654	
Plan fiduciary net position as a percentage of the total pension liability	84.85 %	80.37 %	88.40 %	88.90 %	
Covered payroll	\$ 1,011,019	\$ 1,011,019	\$ 940,239	\$ 846,389	
Town's net pension/OPEB liability as a percentage of covered payroll	101.96 %	124.91 %	68.09 %	65.77 %	

See the accompanying notes to this schedule.

Town of Florence, Arizona  
Schedule of Changes in the Pension/OPEB Liability and Related Ratios  
Agent Plans  
June 30, 2018

PSPRS - Fire Pension/OPEB	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension/OPEB liability:					
Service cost	\$ 365,809	\$ 286,511	\$ 334,719	\$ 256,499	Information not available
Interest on the total pension/OPEB liability	336,941	282,339	217,485	164,612	
Changes of benefit terms	70,842	452,222	-	(9,051)	
Differences between expected and actual experience in the measurement of the pension liability	76,466	(357,287)	312,802	204,613	
Changes of assumptions or other inputs	153,962	213,139	-	27,389	
Benefit payments, including refunds of employee contributions	<u>(31,219)</u>	<u>(10,192)</u>	<u>(19,275)</u>	<u>-</u>	
Net change in total pension/OPEB liability	972,801	866,732	845,731	644,062	
Total pension liability—beginning	<u>4,325,248</u>	<u>3,458,516</u>	<u>2,612,785</u>	<u>1,968,723</u>	
Total pension liability—ending (a)	<u>\$ 5,298,049</u>	<u>\$ 4,325,248</u>	<u>\$ 3,458,516</u>	<u>\$ 2,612,785</u>	
Plan fiduciary net position:					
Contributions—employer	\$ 196,677	\$ 204,006	\$ 182,645	\$ 176,996	
Contributions—employee	184,243	189,829	213,250	161,991	
Net investment income	485,799	22,354	122,465	323,597	
Benefit payments, including refunds of employee contributions	(31,219)	(10,192)	(19,275)	-	
Administrative expense	(4,699)	(3,617)	(3,377)	(2,627)	
Other changes	<u>46</u>	<u>(155,705)</u>	<u>230,497</u>	<u>179,386</u>	
Net change in plan fiduciary net position	830,847	246,675	726,205	839,343	
Plan fiduciary net position—beginning	<u>3,977,486</u>	<u>3,730,811</u>	<u>3,004,606</u>	<u>2,165,263</u>	
Plan fiduciary net position—ending (b)	<u>\$ 4,808,333</u>	<u>\$ 3,977,486</u>	<u>\$ 3,730,811</u>	<u>\$ 3,004,606</u>	
Town's net pension/OPEB liability - ending (a) - (b)	\$ 489,716	\$ 347,762	\$ (272,295)	\$ (391,821)	
Plan fiduciary net position as a percentage of the total pension/OPEB liability	90.76 %	91.96 %	107.87 %	115.00 %	
Covered payroll	\$ 1,650,763	\$ 1,547,035	\$ 1,671,510	\$ 1,770,958	
Town's net pension/OPEB liability as a percentage of covered payroll	29.67 %	22.48 %	(16.29)%	(22.12)%	

See the accompanying notes to this schedule.

Town of Florence, Arizona  
Schedule of Pension/OPEB Contributions  
All Pension Plans  
June 30, 2018

ASRS - Pension/OPEB	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2009</u>
Statutorily required contribution	\$ 634,427	\$ 576,464	\$ 582,551	\$ 591,857	\$ 542,791	
Contribution in relation to the statutorily required contribution	<u>634,427</u>	<u>576,464</u>	<u>582,551</u>	<u>591,857</u>	<u>542,791</u>	Information not available
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered payroll	\$ 5,516,752	\$ 5,347,532	\$ 5,369,134	\$ 5,439,862	\$ 5,072,813	
Contributions as a percentage of covered payroll	11.50 %	10.78 %	10.85 %	10.88 %	10.70 %	
PSPRS - Police Pension/OPEB	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2009</u>
Actuarially required contribution	\$ 301,945	\$ 260,050	\$ 280,703	\$ 219,027	\$ 221,399	
Contribution in relation to the actuarially required contribution	<u>301,945</u>	<u>260,050</u>	<u>280,703</u>	<u>219,027</u>	<u>221,399</u>	Information not available
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered payroll	\$ 1,515,788	\$ 1,737,141	\$ 1,866,376	\$ 1,846,771	\$ 1,713,615	
Contributions as a percentage of covered payroll	19.92 %	14.97 %	15.04 %	11.86 %	12.92 %	
PSPRS - Fire Pension/OPEB	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2009</u>
Actuarially required contribution	\$ 294,169	\$ 187,326	\$ 185,246	\$ 185,997	\$ 176,996	
Contribution in relation to the actuarially required contribution	<u>294,169</u>	<u>187,326</u>	<u>185,246</u>	<u>185,997</u>	<u>176,996</u>	Information not available
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered payroll	\$ 1,852,449	\$ 1,631,760	\$ 1,643,709	\$ 1,761,335	\$ 1,594,559	
Contributions as a percentage of covered payroll	15.88 %	11.48 %	11.27 %	10.56 %	11.10 %	

See the accompanying notes to this schedule.

Town of Florence, Arizona  
Notes to Required Supplementary Information  
June 30, 2018

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 requirement 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 2015 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market 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 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5%.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
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)

Town of Florence, Arizona  
Notes to Required Supplementary Information  
June 30, 2018

NOTE 2 - FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provision of a 2011 law that changes the mechanism for funding permanent pension benefit increases and increased employee pension contributions rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefits terms to reflect the prior mechanism for funding permanent benefit increases for those members and revise actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These charges are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after law's effective date.

NOTE 3 - OPEB DISCLOSURE

No OPEB pension plan schedules were provided separately as it was considered insignificant to the financial statements.

**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 Funds**

- Construction Tax Fund - accounts for Town sale tax collected for governmental construction projects. Funds are transferred to the Capital Improvements Fund for specific projects and must be used for improvements to Town recreational grounds and facilities.
- Food Tax - 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 - Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue			
	Grants	Economic Development	Community Services	Community Facilities Districts
<b>ASSETS</b>				
Cash and investments	\$ 4,013	\$ 428,334	\$ 91,278	\$ 340,896
Receivables (net of allowance for uncollectibles)	-	74	12	181
Due from other funds	<u>2,735</u>	<u>-</u>	<u>-</u>	<u>67,206</u>
Total assets	<u>\$ 6,748</u>	<u>\$ 428,408</u>	<u>\$ 91,290</u>	<u>\$ 408,283</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,735	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	406
Due to other funds	<u>52,967</u>	<u>-</u>	<u>-</u>	<u>68,433</u>
Total liabilities	<u>55,702</u>	<u>-</u>	<u>-</u>	<u>68,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues	<u>-</u>	<u>74</u>	<u>12</u>	<u>21</u>
Total deferred inflows of resources	<u>-</u>	<u>74</u>	<u>12</u>	<u>21</u>
Fund balances:				
Restricted:				
Public safety			91,278	
Debt service				
Capital projects				
Economic development		428,334		
District operations				339,423
Unassigned	<u>(48,954)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(48,954)</u>	<u>428,334</u>	<u>91,278</u>	<u>339,423</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,748</u>	<u>\$ 428,408</u>	<u>\$ 91,290</u>	<u>\$ 408,283</u>

Capital Projects

<u>Debt Service</u>	<u>Construction Tax</u>	<u>Food Tax</u>	<u>Totals</u>
\$ 67,315	\$ 3,271,076	\$ 652,929	\$ 4,855,841
70,845	454	85	71,651
-	-	-	69,941
<u>\$ 138,160</u>	<u>\$ 3,271,530</u>	<u>\$ 653,014</u>	<u>\$ 4,997,433</u>
\$ -	\$ -	\$ -	\$ 2,735
-	-	-	406
<u>1,056</u>	<u>-</u>	<u>-</u>	<u>122,456</u>
<u>1,056</u>	<u>-</u>	<u>-</u>	<u>125,597</u>
<u>70,745</u>	<u>454</u>	<u>85</u>	<u>71,391</u>
<u>70,745</u>	<u>454</u>	<u>85</u>	<u>71,391</u>
66,359	3,271,076	652,929	91,278
-	-	-	66,359
<u>66,359</u>	<u>3,271,076</u>	<u>652,929</u>	<u>3,924,005</u>
-	-	-	428,334
<u>66,359</u>	<u>3,271,076</u>	<u>652,929</u>	<u>339,423</u>
<u>66,359</u>	<u>3,271,076</u>	<u>652,929</u>	<u>(48,954)</u>
<u>\$ 138,160</u>	<u>\$ 3,271,530</u>	<u>\$ 653,014</u>	<u>\$ 4,800,445</u>
<u>\$ 138,160</u>	<u>\$ 3,271,530</u>	<u>\$ 653,014</u>	<u>\$ 4,997,433</u>

TOWN OF FLORENCE, ARIZONA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue			
	Grants	Economic Development	Community Services	Community Facilities Districts
REVENUES				
Sales taxes	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	121,460
Intergovernmental	189,625	-	-	-
Fines and forfeits	-	-	15,981	-
Special assessment	-	-	-	-
Investment income	-	2,031	363	1,406
Miscellaneous	-	<u>51,288</u>	-	<u>67,206</u>
Total revenues	<u>189,625</u>	<u>53,319</u>	<u>16,344</u>	<u>190,072</u>
EXPENDITURES				
General government	-	-	-	130,443
Public safety	219,847	-	7,303	-
Public works	18,989	-	-	-
Culture and recreation	8,275	-	-	-
Community development	8,575	84,168	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>255,686</u>	<u>84,168</u>	<u>7,303</u>	<u>130,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,061)</u>	<u>(30,849)</u>	<u>9,041</u>	<u>59,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,192	-	-	-
Transfers out	-	<u>(67,499)</u>	-	<u>(71,392)</u>
Total other financing sources (uses)	<u>14,192</u>	<u>(67,499)</u>	<u>-</u>	<u>(71,392)</u>
Net change in fund balances	(51,869)	(98,348)	9,041	(11,763)
Fund balances, July 1, 2017	<u>2,915</u>	<u>526,682</u>	<u>82,237</u>	<u>351,186</u>
Fund balances, June 30, 2018	<u>\$ (48,954)</u>	<u>\$ 428,334</u>	<u>\$ 91,278</u>	<u>\$ 339,423</u>

Capital Projects

<u>Debt Service</u>	<u>Construction Tax</u>	<u>Food Tax</u>	<u>Totals</u>
\$ -	\$ 123,316	\$ -	\$ 123,316
-	-	-	121,460
-	-	-	189,625
-	-	-	15,981
60,921	-	-	60,921
331	13,336	2,371	19,838
-	-	471	118,965
<u>61,252</u>	<u>136,652</u>	<u>2,842</u>	<u>650,106</u>
-	-	-	130,443
-	-	-	227,150
-	-	-	18,989
-	-	-	8,275
-	-	-	92,743
125,401	-	-	125,401
<u>30,360</u>	<u>-</u>	<u>-</u>	<u>30,360</u>
<u>155,761</u>	<u>-</u>	<u>-</u>	<u>633,361</u>
<u>(94,509)</u>	<u>136,652</u>	<u>2,842</u>	<u>16,745</u>
69,748	4,017	20,648	108,605
<u>6,000</u>	<u>-</u>	<u>-</u>	<u>(132,891)</u>
<u>75,748</u>	<u>4,017</u>	<u>20,648</u>	<u>(24,286)</u>
(18,761)	140,669	23,490	(7,541)
<u>85,120</u>	<u>3,130,407</u>	<u>629,439</u>	<u>4,807,986</u>
<u>\$ 66,359</u>	<u>\$ 3,271,076</u>	<u>\$ 652,929</u>	<u>\$ 4,800,445</u>



**OTHER SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES**  
**MAJOR GOVERNMENTAL FUNDS**



TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Facilities Districts Debt Service Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,439,397	\$ 1,439,397	\$ 1,315,409	\$ (123,988)
Special assessment	899,954	899,954	1,242,454	342,500
Investment income	<u>15,000</u>	<u>15,000</u>	<u>16,370</u>	<u>1,370</u>
Total revenues	<u>2,354,351</u>	<u>2,354,351</u>	<u>2,574,233</u>	<u>219,882</u>
<b>EXPENDITURES</b>				
General government	-	-	71,420	(71,420)
Principal	1,846,215	1,846,215	645,884	1,200,331
Interest and other charges	<u>-</u>	<u>-</u>	<u>902,655</u>	<u>(902,655)</u>
Total expenditures	<u>1,846,215</u>	<u>1,846,215</u>	<u>1,619,959</u>	<u>(974,075)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>508,136</u>	<u>508,136</u>	<u>954,274</u>	<u>446,138</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>72,384</u>	<u>72,384</u>	<u>172,610</u>	<u>100,226</u>
Total other financing sources	<u>72,384</u>	<u>72,384</u>	<u>172,610</u>	<u>100,226</u>
Net change in fund balances	580,520	580,520	1,126,884	546,364
Fund balances, July 1, 2017, as restated	<u>2,812,713</u>	<u>2,812,713</u>	<u>2,812,713</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 3,393,233</u>	<u>\$ 3,393,233</u>	<u>\$ 3,939,597</u>	<u>\$ 546,364</u>

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Facilities Districts Capital Improvements Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 9,581	\$ 9,581	\$ 15,224	\$ 5,643
Total revenues	9,581	9,581	15,224	5,643
<b>EXPENDITURES</b>				
General government	-	-	386,454	(386,454)
Capital outlay	4,679,581	4,679,581	1,081,765	3,597,816
Total expenditures	4,679,581	4,679,581	1,468,219	3,211,362
Excess (deficiency) of revenues over (under) expenditures	(4,670,000)	(4,670,000)	(1,452,995)	(3,217,005)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	58,678	58,678
Transfers out	-	-	(147,396)	(147,396)
Other financing sources - bonds	(4,678,500)	(4,678,500)	3,262,387	7,940,887
Total other financing sources	(4,678,500)	(4,678,500)	3,173,669	7,852,169
Net change in fund balance	(9,348,500)	(9,348,500)	1,720,674	11,069,174
Fund balances, July 1, 2017	2,476,593	2,476,593	2,476,593	-
Fund balances, June 30, 2018	\$ (6,871,907)	\$ (6,871,907)	\$ 4,197,267	\$ 11,069,174

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Impact Fees Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for service	\$ 398,159	\$ 398,159	\$ 512,720	\$ 114,561
Investment income	<u>1,900</u>	<u>1,900</u>	<u>6,536</u>	<u>4,636</u>
Total revenues	<u>400,059</u>	<u>400,059</u>	<u>519,256</u>	<u>119,197</u>
<b>EXPENDITURES</b>				
Community development	<u>603,750</u>	<u>603,750</u>	<u>36,185</u>	<u>567,565</u>
Total expenditures	<u>603,750</u>	<u>603,750</u>	<u>36,185</u>	<u>567,565</u>
Net change in fund balance	(203,691)	(203,691)	483,071	686,762
Fund balances, July 1, 2017	<u>1,363,760</u>	<u>1,363,760</u>	<u>1,363,760</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 1,160,069</u>	<u>\$ 1,160,069</u>	<u>\$ 1,846,831</u>	<u>\$ 686,762</u>

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Capital Improvements Fund

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,522,358	\$ 322,358
Investment income	26,441	26,441	20,156	(6,285)
Total revenues	<u>1,226,441</u>	<u>1,226,441</u>	<u>1,542,514</u>	<u>316,073</u>
<b>EXPENDITURES</b>				
General government	417,278	417,278	4,586	412,692
Public safety	-	-	61,878	(61,878)
Culture and recreation	-	-	5,277	(5,277)
Community development	<u>20,000</u>	<u>20,000</u>	<u>69,750</u>	<u>(49,750)</u>
Total expenditures	<u>437,278</u>	<u>437,278</u>	<u>141,491</u>	<u>295,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>789,163</u>	<u>789,163</u>	<u>1,401,023</u>	<u>611,860</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	609,150	609,150	680,350	71,200
Transfers out	<u>(115,078)</u>	<u>(115,078)</u>	<u>(69,748)</u>	<u>45,330</u>
Total other financing sources	<u>494,072</u>	<u>494,072</u>	<u>610,602</u>	<u>116,530</u>
Net change in fund balance	1,283,235	1,283,235	2,011,625	728,390
Fund balances, July 1, 2017	<u>4,687,729</u>	<u>4,687,729</u>	<u>4,687,729</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 5,970,964</u>	<u>\$ 5,970,964</u>	<u>\$ 6,699,354</u>	<u>\$ 728,390</u>

**OTHER SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES**  
**NON-MAJOR GOVERNMENTAL FUNDS**



TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Grants

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 2,500,000	\$ 2,500,000	\$ 189,625	\$ (2,310,375)
Total revenues	2,500,000	2,500,000	189,625	(2,310,375)
<b>EXPENDITURES</b>				
Public safety	2,500,000	2,500,000	219,847	2,280,153
Public works	-	-	18,989	(18,989)
Culture and recreation	-	-	8,275	(8,275)
Community development	-	-	8,575	(8,575)
Total expenditures	2,500,000	2,500,000	255,686	2,244,314
Excess (deficiency) of revenues over (under) expenditures	-	-	(66,061)	(66,061)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	14,192	14,192
Total other financing sources	-	-	14,192	14,192
Net change in fund balance	-	-	(51,869)	(51,869)
Fund balances, July 1, 2017	2,915	2,915	2,915	-
Fund balances, June 30, 2018	\$ 2,915	\$ 2,915	\$ (48,954)	\$ (51,869)

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Economic Development

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 7,349	\$ 7,349	\$ 2,031	\$ (5,318)
Miscellaneous	-	-	51,288	51,288
Total revenues	<u>7,349</u>	<u>7,349</u>	<u>53,319</u>	<u>45,970</u>
<b>EXPENDITURES</b>				
Community development	<u>74,800</u>	<u>74,800</u>	<u>84,168</u>	<u>(9,368)</u>
Total expenditures	<u>74,800</u>	<u>74,800</u>	<u>84,168</u>	<u>(9,368)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,451)</u>	<u>(67,451)</u>	<u>(30,849)</u>	<u>36,602</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	(67,499)	(67,499)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(67,499)</u>	<u>(67,499)</u>
Net change in fund balance	(67,451)	(67,451)	(98,348)	(30,897)
Fund balances, July 1, 2017	<u>526,682</u>	<u>526,682</u>	<u>526,682</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 459,231</u>	<u>\$ 459,231</u>	<u>\$ 428,334</u>	<u>\$ (30,897)</u>

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Services

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeits	\$ 12,088	\$ 12,088	\$ 15,981	\$ 3,893
Investment income	-	-	363	363
Total revenues	<u>12,088</u>	<u>12,088</u>	<u>16,344</u>	<u>4,256</u>
<b>EXPENDITURES</b>				
Public safety	<u>6,698</u>	<u>6,698</u>	<u>7,303</u>	<u>(605)</u>
Total expenditures	<u>6,698</u>	<u>6,698</u>	<u>7,303</u>	<u>(605)</u>
Net change in fund balance	5,390	5,390	9,041	3,651
Fund balances, July 1, 2017	<u>82,237</u>	<u>82,237</u>	<u>82,237</u>	-
Fund balances, June 30, 2018	<u>\$ 87,627</u>	<u>\$ 87,627</u>	<u>\$ 91,278</u>	<u>\$ 3,651</u>

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Facilities Districts

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 121,460	\$ 121,460
Investment income	1,900	1,900	1,406	(494)
Miscellaneous	6,000	6,000	67,206	61,206
Total revenues	7,900	7,900	190,072	182,172
<b>EXPENDITURES</b>				
General government	106,922	106,922	130,443	(23,521)
Total expenditures	106,922	106,922	130,443	(23,521)
Excess (deficiency) of revenues over (under) expenditures	(99,022)	(99,022)	59,629	158,651
<b>OTHER FINANCING SOURCES</b>				
Transfers in	72,384	72,384	-	(72,384)
Transfers out	-	-	(71,392)	(71,392)
Total other financing sources	72,384	72,384	(71,392)	(143,776)
Net change in fund balance	(26,638)	(26,638)	(11,763)	14,875
Fund balances, July 1, 2017	351,186	351,186	351,186	-
Fund balances, June 30, 2018	\$ 324,548	\$ 324,548	\$ 339,423	\$ 14,875

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Debt Services

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessment	\$ 50,286	\$ 50,286	\$ 60,921	\$ 10,635
Investment income	-	-	331	331
Total revenues	<u>50,286</u>	<u>50,286</u>	<u>61,252</u>	<u>10,966</u>
<b>EXPENDITURES</b>				
Principal	163,261	163,261	125,401	37,860
Interest and other charges	-	-	<u>30,360</u>	<u>(30,360)</u>
Total expenditures	<u>163,261</u>	<u>163,261</u>	<u>155,761</u>	<u>7,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(112,975)</u>	<u>(112,975)</u>	<u>(94,509)</u>	<u>18,466</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	69,748	69,748	69,748	-
Transfers out	-	-	<u>6,000</u>	<u>6,000</u>
Total other financing sources	<u>69,748</u>	<u>69,748</u>	<u>75,748</u>	<u>6,000</u>
Net change in fund balance	(43,227)	(43,227)	(18,761)	24,466
Fund balances, July 1, 2017	<u>85,120</u>	<u>85,120</u>	<u>85,120</u>	-
Fund balances, June 30, 2018	<u>\$ 41,893</u>	<u>\$ 41,893</u>	<u>\$ 66,359</u>	<u>\$ 24,466</u>

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Construction Tax

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 130,000	\$ 130,000	\$ 123,316	\$ (6,684)
Investment income	30,253	30,253	13,336	(16,917)
Miscellaneous	<u>5,204</u>	<u>5,204</u>	-	<u>(5,204)</u>
Total revenues	165,457	165,457	136,652	(28,805)
Excess (deficiency) of revenues over (under) expenditures	<u>165,457</u>	<u>165,457</u>	<u>136,652</u>	<u>(28,805)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	4,017	4,017
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,017</u>	<u>4,017</u>
Net change in fund balance	165,457	165,457	140,669	(24,788)
Fund balances, July 1, 2017	<u>3,130,407</u>	<u>3,130,407</u>	<u>3,130,407</u>	-
Fund balances, June 30, 2018	<u>\$ 3,295,864</u>	<u>\$ 3,295,864</u>	<u>\$ 3,271,076</u>	<u>\$ (24,788)</u>

TOWN OF FLORENCE, ARIZONA

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Food Tax

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 1,700	\$ 1,700	\$ 2,371	\$ 671
Miscellaneous	-	-	471	471
Total revenues	<u>1,700</u>	<u>1,700</u>	<u>2,842</u>	<u>1,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,700</u>	<u>1,700</u>	<u>2,842</u>	<u>1,142</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	20,648	20,648
Total other financing sources	<u>-</u>	<u>-</u>	<u>20,648</u>	<u>20,648</u>
Net change in fund balance	1,700	1,700	23,490	21,790
Fund balances, July 1, 2017	<u>629,439</u>	<u>629,439</u>	<u>629,439</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 631,139</u>	<u>\$ 631,139</u>	<u>\$ 652,929</u>	<u>\$ 21,790</u>



## STATISTICAL SECTION

This part of the Town of Florence's Comprehensive Annual Financial Report give 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> These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	<b>98-109</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Town's most significant local revenue sources, sales tax.	<b>110-111</b>
<b>Debt Capacity</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>112-114</b>
<b>Demographics and Economics Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within the Town's financial activities take palace and to help make comparisons over time and with other governments.	<b>115-117</b>
<b>Operations</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>118-120</b>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 57,868,000	\$ 58,303,000	\$ 54,390,000	\$ 56,527,095
Restricted	22,567,000	25,772,000	33,045,000	22,880,295
Unrestricted	<u>18,077,000</u>	<u>18,248,000</u>	<u>14,628,000</u>	<u>26,882,692</u>
Total governmental activities net position	<u>98,512,000</u>	<u>102,323,000</u>	<u>102,063,000</u>	<u>106,290,082</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	6,007,000	6,012,000	6,053,000	6,032,112
Restricted	1,042,000	987,000	1,047,000	2,162,035
Unrestricted	<u>8,392,000</u>	<u>10,290,000</u>	<u>13,206,000</u>	<u>15,156,389</u>
Total business-type activities net position	<u>15,441,000</u>	<u>17,289,000</u>	<u>20,306,000</u>	<u>23,350,536</u>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	63,875,000	64,315,000	60,443,000	62,559,207
Restricted	23,609,000	26,759,000	34,092,000	25,042,330
Unrestricted	<u>26,469,000</u>	<u>28,538,000</u>	<u>27,834,000</u>	<u>42,039,081</u>
Total primary government net position	<u>\$ 113,953,000</u>	<u>\$ 119,612,000</u>	<u>\$ 122,369,000</u>	<u>\$ 129,640,618</u>

\* Net position has been restated.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017*</u>	<u>2018</u>
\$ 55,769,932	\$ 61,395,040	\$ 75,421,775	\$ 69,337,465	\$ 73,657,354	\$ 72,398,506
23,628,884	28,844,637	26,798,037	31,503,936	29,399,230	31,839,643
26,821,517	21,371,306	1,885,480	2,795,259	2,262,889	4,461,196
<u>106,220,333</u>	<u>111,610,983</u>	<u>104,105,292</u>	<u>103,636,660</u>	<u>105,319,473</u>	<u>108,699,345</u>
6,199,045	6,375,459	13,129,903	15,097,040	15,416,500	15,973,435
2,208,022	2,677,331	2,903,176	2,816,813	3,057,946	3,206,134
18,071,833	19,085,727	12,394,686	13,304,470	15,355,315	16,001,790
<u>26,478,900</u>	<u>28,138,517</u>	<u>28,427,765</u>	<u>31,218,323</u>	<u>33,829,761</u>	<u>35,181,359</u>
61,968,977	67,770,499	88,551,678	84,434,505	89,073,854	88,371,941
25,836,906	31,521,968	29,701,213	34,320,749	32,457,176	35,045,777
44,893,350	40,457,033	14,280,166	16,099,729	17,618,204	20,462,986
<u>\$ 132,699,233</u>	<u>\$ 139,749,500</u>	<u>\$ 132,533,057</u>	<u>\$ 134,854,983</u>	<u>\$ 139,149,234</u>	<u>\$ 143,880,704</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>EXPENSES</b>				
<b>Governmental activities</b>				
General government	\$ 6,284,516	\$ 6,683,000	\$ 6,932,444	\$ 3,452,054
Public safety	5,970,645	5,571,657	5,313,251	4,008,506
Highways and streets	2,356,534	3,478,242	2,960,896	3,064,386
Public works	25,893	28,195	41,693	202,167
Culture and recreation	1,365,332	1,394,734	1,257,819	1,450,633
Community development	731,667	623,087	630,865	2,407,647
Interest on long-term debt	398,057	615,090	685,365	911,203
Total governmental activities	<u>17,132,644</u>	<u>18,394,005</u>	<u>17,822,333</u>	<u>15,496,596</u>
<b>Business-type activities</b>				
Water	1,437,206	1,390,873	1,321,927	1,293,664
Sewer	2,918,348	1,900,408	1,806,536	1,819,735
Solid waste	626,381	663,473	661,964	699,249
Total business-type activities	<u>4,981,935</u>	<u>3,954,754</u>	<u>3,790,427</u>	<u>3,812,648</u>
Total primary government expenses	<u>22,114,579</u>	<u>22,348,759</u>	<u>21,612,760</u>	<u>19,309,244</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 4,055,352	\$ 8,262,562	\$ 4,818,029	\$ 3,850,698	\$ 4,048,228	\$ 3,349,953
5,528,833	4,816,583	8,081,544	9,790,715	9,109,350	7,731,003
3,001,939	2,728,013	3,409,782	3,961,384	4,148,226	4,038,910
293,202	579,857	805,196	714,647	827,149	567,470
1,684,400	1,699,128	2,813,496	2,513,486	2,358,257	2,409,680
1,082,103	858,152	948,650	1,138,496	873,892	1,865,240
888,193	816,839	949,903	861,319	1,333,967	1,134,030
<u>16,534,022</u>	<u>19,761,134</u>	<u>21,826,600</u>	<u>22,830,745</u>	<u>22,699,069</u>	<u>21,096,286</u>
1,362,620	1,618,878	1,783,823	1,418,370	1,441,641	2,350,125
1,747,616	2,140,836	2,486,417	2,021,295	2,094,994	2,263,515
682,078	825,239	812,811	827,655	863,346	884,367
<u>3,792,314</u>	<u>4,584,953</u>	<u>5,083,051</u>	<u>4,267,320</u>	<u>4,399,981</u>	<u>5,498,007</u>
<u>20,326,336</u>	<u>24,346,087</u>	<u>26,909,651</u>	<u>27,098,065</u>	<u>27,099,050</u>	<u>26,594,293</u>

(Continued)

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

	2009	2010	2011	2012
<b>PROGRAM REVENUES</b>				
<b>Governmental activities</b>				
Charges for services:				
General government	1,177,447	942,808	947,188	733,487
Public safety	276,078	298,993	306,789	310,166
Highway and streets	-	-	-	-
Public works	-	-	-	-
Culture and recreation	12,657	10,390	9,466	7,401
Community development	1,261,113	1,429,227	474,938	525,659
Operating grants and contributions	3,578,527	3,182,649	3,179,055	2,579,917
Capital grants and contributions	9,800,741	3,429,189	1,339,952	1,500,250
Total governmental activities	<u>16,106,563</u>	<u>9,293,256</u>	<u>6,257,388</u>	<u>5,656,880</u>
<b>Business-type activities</b>				
Charges for services:				
Water	2,392,682	2,597,067	2,961,152	2,793,341
Sewer	2,256,995	2,665,332	3,218,251	3,165,051
Solid waste	799,442	916,984	979,401	1,019,021
Water impact fees	-	11,101	-	-
Liquid waste	6,591	13,684	27,369	-
Solid waste	31,105	30,660	16,058	5,580
Operating grants and contributions	-	20,000	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities	<u>5,486,815</u>	<u>6,254,828</u>	<u>7,202,231</u>	<u>6,982,993</u>
Total primary government program revenues	<u>21,593,378</u>	<u>15,548,084</u>	<u>13,459,619</u>	<u>12,639,873</u>
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	(1,026,081)	(9,100,749)	(11,564,945)	(9,839,716)
Business-type activities	504,880	2,300,074	3,411,804	3,170,345
Total primary government	<u>(521,201)</u>	<u>(6,800,675)</u>	<u>(8,153,141)</u>	<u>(6,669,371)</u>

2013	2014	2015	2016	2017	2018
875,429	1,117,187	1,374,728	1,412,182	1,360,404	2,398,239
331,103	216,740	175,084	173,282	215,601	241,362
-	41	41	33	-	-
-	-	-	-	-	1,200,201
4,316	8,964	9,882	8,672	9,805	451,995
798,678	507,094	427,676	619,027	558,946	60,921
2,700,108	2,810,427	3,254,978	3,844,596	3,671,227	3,355,713
953,145	5,403,053	1,404,328	691,397	2,764,448	512,720
<u>5,662,779</u>	<u>10,063,506</u>	<u>6,646,717</u>	<u>6,749,189</u>	<u>8,580,431</u>	<u>8,221,151</u>
2,691,199	2,834,647	2,738,692	2,920,345	2,956,627	2,914,294
3,536,085	3,824,435	3,891,568	4,162,105	4,169,513	3,943,049
1,082,281	678,596	716,166	746,862	809,521	854,067
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,503	-	3,718	20,118	24,238	4,120
<u>7,338,068</u>	<u>7,337,678</u>	<u>7,350,144</u>	<u>7,849,430</u>	<u>7,959,899</u>	<u>7,715,530</u>
<u>13,000,847</u>	<u>17,401,184</u>	<u>13,996,861</u>	<u>14,598,619</u>	<u>16,540,330</u>	<u>15,936,681</u>
(10,871,243)	(9,697,628)	(15,179,883)	(16,081,556)	(14,118,638)	(12,875,135)
<u>3,545,754</u>	<u>2,752,725</u>	<u>2,267,093</u>	<u>3,582,110</u>	<u>3,559,918</u>	<u>2,217,523</u>
<u>(7,325,489)</u>	<u>(6,944,903)</u>	<u>(12,912,790)</u>	<u>(12,499,446)</u>	<u>(10,558,720)</u>	<u>(10,657,612)</u>

(Continued)

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

	2009	2010	2011	2012
<b>GENERAL REVENUES</b>				
<b>Governmental activities</b>				
Taxes				
Sales taxes	4,282,871	3,707,169	3,099,031	4,907,353
Property taxes	1,840,508	2,096,826	1,832,156	1,863,163
Franchise taxes	366,481	371,537	371,757	373,761
State shared revenues	6,196,804	5,443,456	4,852,275	5,231,428
Investment income	19,251	334,969	195,754	766,154
Loss on Sale of Assets	-	-	-	-
Miscellaneous	163,863	254,305	272,229	179,340
Transfers in (out)	580,388	703,556	681,590	745,275
Total governmental activities	<u>13,450,166</u>	<u>12,911,818</u>	<u>11,304,792</u>	<u>14,066,474</u>
<b>Business-type activities</b>				
Investment income	(1,839)	101,815	64,367	278,145
Loss on Sale of Assets	-	-	-	-
Miscellaneous	169,364	149,025	223,339	340,737
Transfers in (out)	(580,388)	(703,556)	(681,590)	(745,275)
Total business-type activities	<u>(412,863)</u>	<u>(452,716)</u>	<u>(393,884)</u>	<u>(126,393)</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	12,424,085	12,911,818	(260,153)	4,226,758
Business-type activities	92,017	(452,716)	3,017,920	3,043,952
Total primary government	<u>\$ 12,516,102</u>	<u>\$ 12,459,102</u>	<u>\$ 2,757,767</u>	<u>\$ 7,270,710</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
3,671,468	4,059,769	3,827,397	4,314,061	4,392,219	4,611,413
1,565,087	1,716,952	1,941,594	2,015,288	2,133,736	2,446,349
385,591	520,410	571,559	548,613	617,196	631,107
5,811,613	6,257,959	6,701,102	6,930,903	8,276,216	7,170,486
(259,780)	795,796	315,395	354,952	46,699	225,899
-	-	(224,556)	-	-	-
34,430	250,318	377,242	317,887	166,374	303,828
445,415	1,485,165	1,049,532	1,006,670	1,050,588	1,007,688
<u>11,653,824</u>	<u>15,086,369</u>	<u>14,559,265</u>	<u>15,488,374</u>	<u>16,683,028</u>	<u>16,396,770</u>
(111,009)	339,968	212,020	189,556	44,885	71,048
-	-	(45,949)	-	-	-
139,034	52,089	64,631	25,562	57,223	70,715
<u>(445,415)</u>	<u>(1,485,165)</u>	<u>(1,049,532)</u>	<u>(1,006,670)</u>	<u>(1,050,588)</u>	<u>(1,007,688)</u>
<u>(417,390)</u>	<u>(1,093,108)</u>	<u>(818,830)</u>	<u>(791,552)</u>	<u>(948,480)</u>	<u>(865,925)</u>
782,581	5,388,741	(620,618)	(593,182)	2,564,390	3,379,872
<u>3,128,364</u>	<u>1,659,617</u>	<u>1,448,263</u>	<u>2,790,558</u>	<u>2,611,438</u>	<u>1,351,598</u>
<u>\$ 3,910,945</u>	<u>\$ 7,048,358</u>	<u>\$ 827,645</u>	<u>\$ 2,197,376</u>	<u>\$ 5,175,828</u>	<u>\$ 4,731,470</u>

(Concluded)

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ 64,468	\$ 66,671
Unassigned	-	-	12,094,137	14,703,424
Unreserved	10,344,343	11,107,505	-	-
Total General Fund	<u>10,344,343</u>	<u>11,107,505</u>	<u>12,158,605</u>	<u>14,770,095</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	-	-	-	652,624
Restricted	-	-	21,509,635	17,149,931
Committed	-	-	652,292	10,865,249
Assigned	-	-	7,537,864	595,691
Unassigned	-	-	-	-
Unreserved	25,505,919	27,050,641	-	-
Total all other governmental funds	<u>25,505,919</u>	<u>27,050,641</u>	<u>29,699,791</u>	<u>29,263,495</u>
Total governmental funds	<u>\$ 35,850,262</u>	<u>\$ 38,158,146</u>	<u>\$ 41,858,396</u>	<u>\$ 44,033,590</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.

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>	<b>2018</b>
\$ 66,700	\$ 63,968	\$ 42,742	\$ 166,575	\$ 80,004	\$ 273,960
11,357,149	8,433,419	8,061,736	8,564,249	9,816,926	10,226,096
-	-	-	-	-	-
<u>11,423,849</u>	<u>8,497,387</u>	<u>8,104,478</u>	<u>8,730,824</u>	<u>9,896,930</u>	<u>10,500,056</u>
1,151,553	14,238	-	57,291	-	199,980
17,635,228	26,633,138	20,760,864	26,209,011	27,289,548	31,639,663
14,946,996	-	-	-	-	-
710,956	9,893,863	992,190	1,131,708	728,182	-
-	(54,351)	-	-	-	(48,954)
-	-	-	-	-	-
<u>34,444,733</u>	<u>36,486,888</u>	<u>21,753,054</u>	<u>27,398,010</u>	<u>28,017,730</u>	<u>31,790,689</u>
<u>\$ 45,868,582</u>	<u>\$ 44,984,275</u>	<u>\$ 29,857,532</u>	<u>\$ 36,128,834</u>	<u>\$ 37,914,660</u>	<u>\$ 42,290,745</u>

\* Fund balances have been restated.

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

	2009	2010	2011	2012
<b>REVENUES</b>				
Taxes*	\$ 9,604,773	\$ 9,090,410	\$ 8,197,401	\$ 9,511,918
Intergovernmental	7,314,699	5,728,725	5,230,895	6,123,769
Fines and forfeits	147,949	132,006	155,862	149,668
Licenses and permits	414,270	425,005	352,062	291,697
Charges for services	2,113,020	2,094,688	1,189,716	1,100,044
Investment income	19,251	334,969	191,295	766,154
Contributions	26,607	40,051	30,713	100,522
Special assessments	859,365	810,148	866,452	840,591
Miscellaneous	157,697	203,882	265,314	164,893
Total revenues	<u>20,657,631</u>	<u>18,859,884</u>	<u>16,479,710</u>	<u>19,049,256</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,631,445	3,314,037	3,429,221	2,944,893
Public safety	5,209,649	5,214,936	4,966,311	5,423,446
Highways and streets	1,497,896	1,823,091	1,528,943	1,653,929
Public works	1,328	2,427	1,425	168,975
Culture and recreation	1,431,507	1,298,065	1,134,885	1,362,291
Community development	852,276	712,206	710,314	925,382
Capital outlay	6,398,226	4,632,680	4,397,001	3,321,325
Debt Service:				
Principal	652,336	971,769	366,849	879,340
Interest and fiscal charges	469,072	672,634	786,733	942,200
Total expenditures	<u>20,143,735</u>	<u>18,641,845</u>	<u>17,321,682</u>	<u>17,621,781</u>
Excess of revenues over (under) expenditures	513,896	218,039	(841,972)	1,427,475
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,659,619	2,006,197	1,223,451	2,412,935
Transfers out	(1,079,231)	(1,302,641)	(541,861)	(1,667,660)
Sale of capital assets	10,000	289	10,161	2,414
Issuance of long-term debt	-	1,386,000	3,850,500	-
Bond premium	-	-	-	-
Total other financing sources (uses)	<u>590,388</u>	<u>2,089,845</u>	<u>4,542,251</u>	<u>747,689</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,104,284</u>	<u>\$ 2,307,884</u>	<u>\$ 3,700,279</u>	<u>\$ 2,175,164</u>
Debt service as a percentage of noncapital expenditures	8.16%	11.74%	8.93%	12.69%

Notes:

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

2013	2014	2015	2016	2017	2018
\$ 8,153,474	\$ 8,930,412	\$ 9,176,916	\$ 9,894,218	\$ 10,534,469	\$ 7,688,869
6,306,573	6,767,071	7,381,412	8,026,260	8,608,027	10,526,199
175,058	198,608	157,016	150,043	189,626	176,232
389,434	438,522	526,694	613,337	591,611	768,691
1,425,455	1,124,212	1,237,474	1,379,260	1,298,244	1,487,839
(259,780)	658,692	419,208	356,840	79,523	154,851
16,206	20,618	15,657	46,066	10,507	17,478
905,924	1,017,577	1,185,546	1,148,340	891,243	1,303,375
113,512	246,829	382,504	646,315	200,198	263,986
<u>17,225,856</u>	<u>19,402,541</u>	<u>20,482,427</u>	<u>22,260,679</u>	<u>22,403,448</u>	<u>22,387,520</u>
3,469,628	5,183,343	5,608,718	3,602,024	3,824,907	4,230,432
5,791,565	7,008,249	7,954,879	7,587,217	8,438,411	7,092,024
1,596,838	1,947,936	2,752,728	2,177,138	2,666,597	2,291,343
167,397	481,598	746,264	636,982	679,029	567,470
1,623,120	1,636,101	2,026,120	2,402,639	2,302,276	2,269,158
757,219	707,699	932,867	1,140,574	763,459	816,136
2,311,315	5,028,258	14,135,118	4,330,642	1,002,552	2,826,316
804,176	839,790	1,580,563	1,151,732	4,300,926	1,156,285
909,081	886,179	945,302	872,928	1,116,458	1,033,970
<u>17,430,339</u>	<u>23,719,153</u>	<u>36,682,559</u>	<u>23,901,876</u>	<u>25,094,615</u>	<u>22,283,134</u>
(204,483)	(4,316,612)	(16,200,132)	(1,641,197)	(2,691,167)	104,386
6,618,130	9,320,084	8,433,435	3,403,348	2,049,250	2,351,426
(6,172,715)	(7,834,919)	(7,383,903)	(2,396,678)	(998,662)	(1,343,738)
5,060	72,973	(100,693)	-	22,181	1,624
1,589,000	1,850,000	-	6,740,000	4,232,000	3,163,950
-	24,167	-	165,829	-	98,437
<u>2,039,475</u>	<u>3,432,305</u>	<u>948,839</u>	<u>7,912,499</u>	<u>5,304,769</u>	<u>4,271,699</u>
<u>\$ 1,834,992</u>	<u>\$ (884,307)</u>	<u>\$ (15,251,293)</u>	<u>\$ 6,271,302</u>	<u>\$ 2,613,602</u>	<u>\$ 4,376,085</u>
11.21%	9.55%	11.71%	9.37%	22.51%	11.26%

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

Industry	2018			2009		
	Tax Paid	Rank	Percentage of Total	Tax Paid	Rank	Percentage of Total
Construction	\$ 780,634	2	21.24%	\$ 2,798,553	1	62.67%
Retail Trade	\$ 699,311	3	19.02%	\$ 556,936	2	12.47%
Communications and Utilities	\$ 558,660	4	15.20%	\$ 540,130	3	12.10%
Restaurants and Bars	\$ 225,335	6	6.13%	\$ 178,591	5	4.00%
All Other	\$ 331,131	5	9.01%	\$ 143,775	6	3.22%
Manufacturing	\$ 86,503	7	2.35%	\$ 45,476	7	1.02%
Real Estate, Rental & Leasing	\$ 919,526	1	25.01%	\$ 182,244	4	4.08%
Wholesale Trades	\$ -	9	0.00%	\$ 19,834	8	0.44%
Finance and Insurance	\$ -	10	0.00%	\$ -	10	0.00%
Services	\$ 75,027	8	2.04%	\$ -	9	0.00%
<b>Total</b>	<b>\$ 3,676,127</b>		<b>100.00%</b>	<b>\$ 4,465,539</b>		<b>100.00%</b>

Source: Arizona Department of Revenue

Notes:

- Based upon June 30, 2018 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, 2018

Type of Tax	Rates		
	Town	State and Pinal County	Combined
Privilege tax, except retail, utilities and telecommunication	2.00%	7.20%	9.20%
Retail	2.00%	7.20%	9.20%
Hotel/Motel	4.00%	7.20%	11.20%
Restaurant/Bar	2.00%	7.20%	9.20%
Utilities/Telecommunications	2.00%	7.20%	9.20%
Construction	4.00%	7.20%	11.20%

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

Fiscal Year Ended June 30	Governmental Activities						
	Certificates of Participation	Special Assessment Bonds	Pledged Excise Tax Revenue Obligation	Notes Payable	Capital Leases	GO Bonds - CFDs	Special Assessment Bonds - CFDs
2018	\$ -	\$ 81,000	\$ 4,355,000	\$ 181,171	\$ -	\$ 9,785,000	\$ 7,769,670
2017	-	154,000	4,740,000	289,116	-	10,125,000	4,764,240
2016	-	218,000	4,740,000	338,551	285,746	10,523,101	3,922,390
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

**Business-type**

Fiscal Year Ended June 30	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2018	\$ 3,456,411	\$ 25,628,252	8.66%	977.39
2017	3,941,530	24,013,886	8.64%	920.99
2016	3,429,462	23,457,250	7.50%	908.88
2015	3,827,612	18,102,232	4.77%	686.18
2014	4,212,898	20,069,047	7.29%	748.68
2013	4,601,319	19,423,090	7.52%	766.59
2012	4,977,189	19,014,136	7.74%	716.06
2011	6,591,457	21,507,745	13.31%	809.08
2010	6,992,889	18,425,526	15.53%	688.16
2009	6,033,490	17,051,896	5.96%	657.26

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, 2018

<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	\$76,730,000	4.00%	\$ 3,069,200
Florence Unified School District No. 1	62,663,520	19.43%	12,175,522
Merrill Ranch Community Facilities District No. 1	3,110,000	100.00%	3,110,000
Merrill Ranch Community Facilities District No. 2	6,810,000	100.00%	6,810,000
Total Overlapping Debt			\$25,164,722
Town of Florence	None	100.00%	-
Total direct and overlapping debt			\$ 25,164,722

Sources: Pinal County Treasurer's Office, Pinal County Assessor's Office and Town of Florence Professional 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					
	Special Assessment Collections	Debt Service			Coverage	
		Principal	Interest			
2018	\$ 55,277	\$ 73,000	\$ 13,013		0.64	
2017	54,575	64,000	18,421		0.66	
2016	64,352	64,000	23,829		0.73	
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	

- \*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	(Restated) Population	Estimated Personal Income (In thousands)	Estimated Per Capita Personal Income	October School Enrollment	Education Level in Years of Schooling	Town Unemployment Rate
2018	26,221	\$ 295,773	\$ 11,280	2,191	13 to 16	5.4%
2017	26,074	277,818	10,655	2,268	13 to 16	5.4%
2016	25,809	312,857	12,122	2,417	13 to 16	7.1%
2015	26,381	379,306	14,378	2,466	13 to 16	7.0%
2014	26,806	275,432	10,275	2,346	13 to 16	7.5%
2013	25,337	258,336	10,196	2,469	13 to 16	18.1%
2012	26,554	245,678	9,252	2,368	13 to 16	18.5%
2011	26,583	161,625	6,080	2,411	13 to 16	21.3%
2010	26,775	118,640	4,431	2,568	13 to 16	11.6%
2009	25,944	286,007	11,024	3,038	13 to 16	12.1%

Sources: Arizona Department of Education, US Census Bureau, and Bureau of Labor Statistics.

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

Major Employer	2018			(Estimated) 2009		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
State of Arizona	2,050	1	35.03%	3,009	1	38.50%
Pinal County Government	1,400	2	23.92%	2,719	2	34.79%
Correctional Corporation of America	917	3	15.67%	958	3	12.26%
DHS/ICE/DOJ - Federal Government	598	4	10.22%	362	5	4.63%
Florence Schools	401	5	6.85%	417	4	5.34%
GEO - Private Prison System	321	6	5.49%	180	6	2.30%
Town of Florence	165	7	2.82%	171	7	2.19%
<b>Total</b>	<b><u>5,852</u></b>		<b>100.00%</b>	<b><u>7,816</u></b>		<b>100.00%</b>

Source: Bureau of Labor Statistics

Notes:

Total Town employment equal to FTE

Notes 1:

2009 CAFR not prepared - estimated historical data

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

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Fiscal Year	Function/Program							Total
	General Government	Public Safety	Highways and Streets	Culture and Recreation	Community Development	Water and Sewer	Sanitation	
2018	26.16	70.24	22.00	30.65	4.07	11.00	1.00	165.12
2017	33.32	81.34	26.00	33.17	8.00	12.00	1.00	194.83
2016	29.74	95.32	19.62	34.57	7.25	12.43	1.06	199.99
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

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

Function	2009	2010
<b>Police</b>		
Total arrests	400	406
Moving violation citations	105	1,000
Total calls for service	7,456	5,757
Total 911 calls	5,125	5,849
Total part I crimes	402	351
<b>Fire</b>		
All emergency responses	2,105	2,042
Fire and hazmat responses	127	108
Emergency medical responses	1,605	1,654
Other responses	373	280
<b>Highways and Streets</b>		
Street resurfacing (miles)	2.90	1.40
Potholes repaired (estimate)	5,094	5,730
Streets maintained (miles)	99.22	108.08
<b>Community Development</b>		
Building permits issued	606	436
Code enforcement cases	126	80
<b>Parks, Recreation and Library</b>		
Attendance at aquatics facilities	3,216	2,561
Attendance at other facilities	30,000	24,444
Library visits	154,645	130,636
Library materials checked out	98,114	103,277
<b>Sanitation</b>		
Homes serviced	2,603	3,246
<b>Water</b>		
Water service connections	3,278	3,287
Water consumption (millions gallons/day)	1.87	1.90
Water consumption (millions gallons/year)	683	694
<b>Sewer</b>		
Sewer service connections	3,251	3,260
Sewage treated (millions gallons per day)	2.02	2.04
Sewage treated (millions gallons per year)	737	745

2011	2012	2013	2014	2015	2016	2017	2018
278	264	597	599	563	706	587	574
836	701	931	1,637	908	1,519	1,403	1,432
4,996	5,450	6,341	11,429	11,291	13,453	12,458	13,375
5,392	5,023	5,796	1,962	1,187	1,069	2,024	2,489
296	214	363	243	263	306	214	266
2,074	2,083	3,469	3,036	2,691	2,885	2,993	2,874
102	114	133	91	117	123	99	61
1,239	1,290	1,941	1,900	1,905	2,024	1,972	1,797
733	679	1,395	1,042	669	738	922	1,016
3.40	-	2.00	0.50	1.75	3.70	21.85	15.10
2,978	4,869	6,000	6,600	6,600	7,500	12,200	1,040
108.08	108.08	110.00	110.00	114.50	126.33	151.10	154.56
465	78	135	337	615	626	895	944
43	19	70	23	148	39	98	121
2,441	2,840	1,578	5,000	1,313	27,943	19,997	22,117
33,936	22,116	30,604	32,600	21,054	56,502	56,365	92,504
119,254	118,121	99,943	102,623	85,210	N/A	37,462	63,330
65,120	60,550	60,091	67,726	61,187	70,993	71,941	80,702
3,446	3,519	3,400	2,967	3,092	3,276	3,697	3,621
3,295	3,295	3,257	4,002	3,633	3,594	3,554	3,554
1.98	2.04	1.37	1.71	1.40	1.40	1.46	1.46
723	745	500	624	518	511	533	533
3,268	3,268	3,230	3,337	3,350	3,350	3,707	3,707
2.06	2.07	1.63	1.64	1.60	1.60	1.40	1.40
753	757	594	599	584	584	510	510

**Table 14**  
**Capital Asset Statistics by Function**  
 Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5
Police vehicles	34	38	41	42	44	48	57	54	54	44
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire apparatus	8	8	6	6	7	6	7	8	8	8
Other fire vehicles	4	4	4	5	5	6	5	6	6	5
<b>Highways and Streets</b>										
Street (miles)	99	99	108	108	108	108	113	113	113	113
Streetlights	964	985	1,039	1,039	1,060	1,060	1,182	1,182	1,182	1,182
Traffic signals own	1	1	1	1	2	2	2	2	2	2
Traffic signals don't own	2	2	2	2	2	2	2	2	3	3
<b>Culture and Recreation</b>										
Parks	8	8	8	8	8	8	8	11	10	10
Parks acreage	289	289	289	289	289	341	343	349	348	348
Fitness center	1	1	1	1	1	1	1	1	1	1
Swimming pool**	1	1	1	1	1	1	1	1	1	1
Libraries**	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>										
Sanitary sewers (miles)	45.7	45.7	45.7	45.7	45.7	45.7	54.5	54.5	54.5	54.5
Storm sewers (miles)	6.8	7.2	7.5	7.8	8.4	8.4	8.4	8.4	8.4	8.4
Treatment capacity (thousands of gallons)	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920

\*\*School owned prior to 2016