

# **Town of Florence, Arizona**



## **Comprehensive Annual Financial Report Fiscal Year Ending June 30, 2019**



# **Town of Florence, Arizona**

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2019



Prepared by:  
Finance Department

Rebecca Jimenez  
Interim Finance Director



Town of Florence, Arizona  
Comprehensive Annual Financial Report  
Year ended June 30, 2019

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## **INTRODUCTORY SECTION**





## Town of Florence

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

November 26, 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, 2019. 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, 2019. 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 26,074. 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 1.A 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 7,000 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 2,950 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 5.8%. This is significantly lower than previous years.

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 50 percent of the total 2019 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 2018-2019 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 north wastewater treatment facility is undergoing upgrades that includes system expansion. The south wastewater system is undergoing a recharge project and headworks improvements to facilitate processing efficiency.
- **Water Utility:** The Town continues to work on improving existing infrastructure that needs immediate attention. This year was a grant provided funding for a 12-inch loop in the downtown area. The Town also accomplished waterline replacements, rehabilitation work on Wells #2B, #4 and #5.
- **Streets:** Improvements to the Town's streets consisted of 1<sup>st</sup> Street paving project, Florence Gardens streets, Butte Avenue Bridge, pavement preservation, Spirit Loop Bridge, Anthem Unit 3 paving, concrete and storm drainage.

**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.

Subsequently on August 28, 2018, the Town held an election for Proposition 422, to approve an **Alternative Expenditure Limitation (Permanent Base Adjustment)**. This provides for the Town to set their expenditure limitation using a higher base than initially established in the early 1970's. Town Council adopted Resolution No. 1679-18 on September 17, 2018. This will be effective beginning fiscal year 2019-2020

## 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.

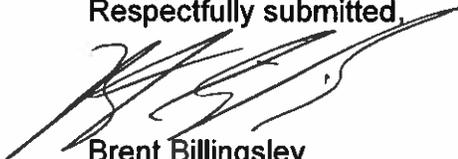
## AWARDS AND ACKNOWLEDGEMENTS

The Town has applied for 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, 2018. As of yet, we have not received this award. 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



Rebecca Jimenez  
Interim Finance Director





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

## **Town Council**

Tara Walter – Mayor

John Anderson – Vice Mayor – Michelle Cordes – Councilmember

Kristen Larsen – Councilmember - William Hawkins – Councilmember

Karen Wall – Councilmember - Judy Hughes – 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

Vacant – Human Resources Director

Chris Salas – Public Works Director

Larry Harmer – Community Development Director

Bryan Hughes – Community Services Director

Rebecca Jimenez – Interim Finance Director

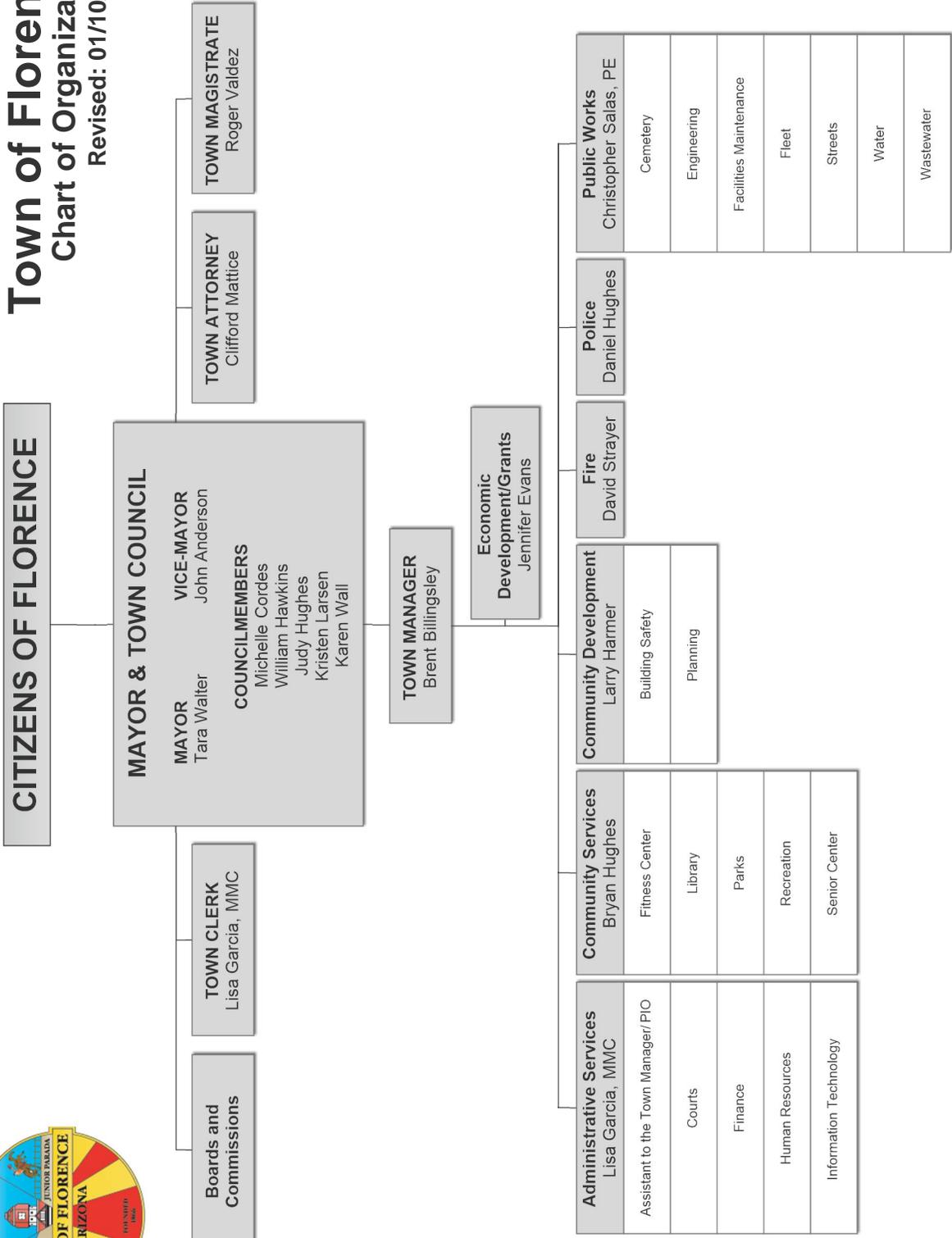
Daniel Hughes – Police Chief David Strayer – Fire Chief



# Town of Florence

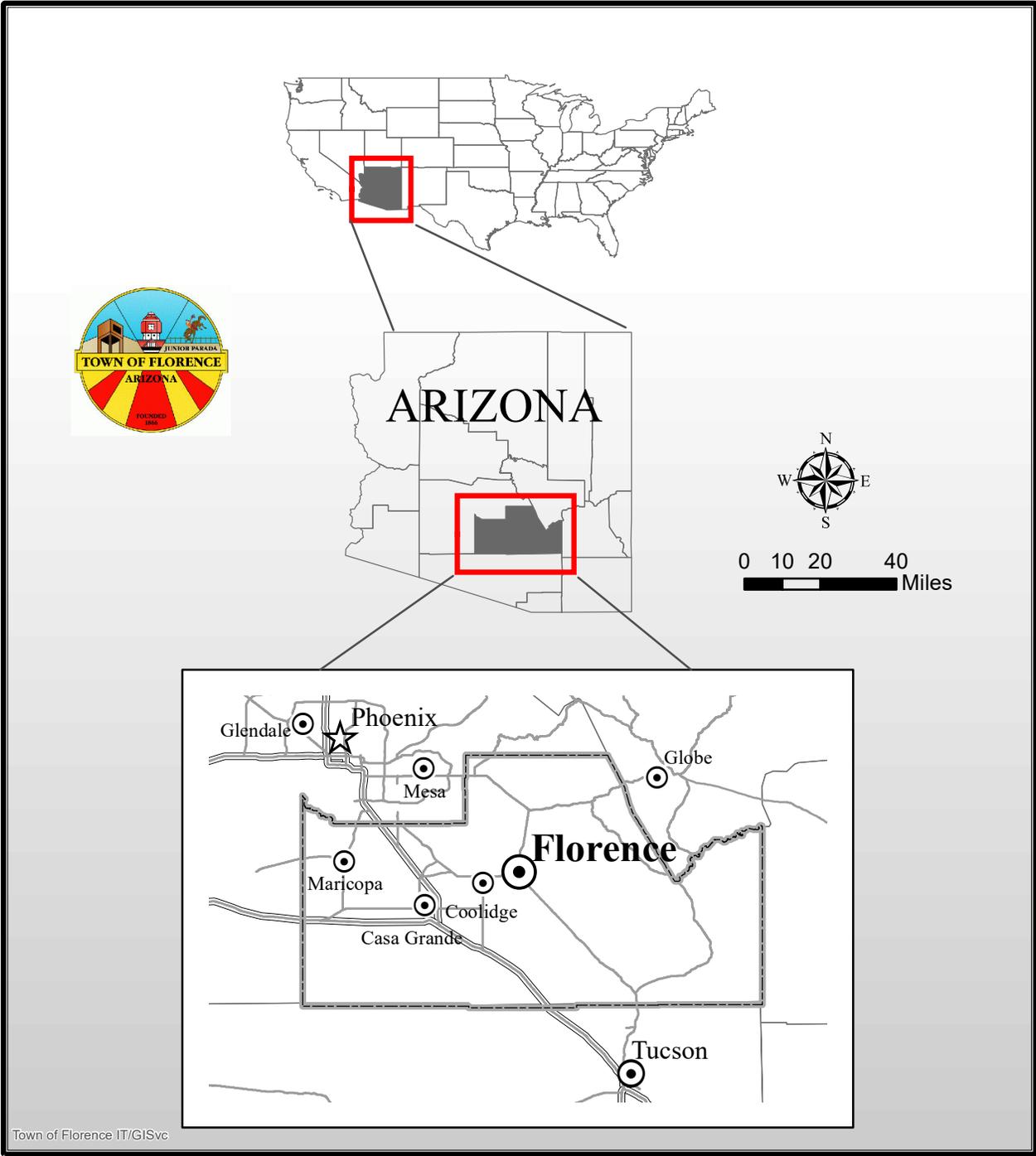
## Chart of Organization

Revised: 01/10/2019



# TOWN OF FLORENCE

## PINAL COUNTY, ARIZONA LOCATION MAP



Town of Florence IT/GISvc

## **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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2019, 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 comply with authorized transportation purposes, insofar as they relate to accounting matter, for highway user revenue fund monies it received pursuant to Arizona Revised Statutes, Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues it received. 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 authorized transportation purposes referred to above, 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 November 26, 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. 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 *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

November 26, 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, 2019

## 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, 2019. 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 \$149.4 million (net position). Of this amount, \$28.5 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 \$5,533,819, from \$143,880,704 million to \$149,414,523 million, which represents a 2 percent increase from the prior fiscal year. Net position in governmental activities increased \$2,112,709 million as the Town spent money to improve roadway, water and wastewater infrastructure and net position in business-type activities increased \$3,421,110 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 \$42.6 million, an increase of \$260,418 in comparison with the prior year. This is primarily due to an investment in infrastructure and an increase in revenue.
- Approximately 27 percent of this amount (\$11.4 million) is available for spending at the Town's discretion (unassigned fund balance).
- The Town's investment in capital assets (net of depreciation) decreased \$1,547,635.
- At the end of the current fiscal year, the Town had \$24.8 million in debt outstanding compared to the \$27.9 million last year. The Town did not issue bonds for Community Facilities District. Unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$24.8 million, or approximately 77 percent of total General Fund expenditures.
- The Town's total outstanding long-term debt decreased by \$1.5 million during the current fiscal year primarily due to an decrease in Community Facilities District Debt.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

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 and 20 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.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

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

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

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Highway User Revenue Fund, Community Facilities District Debt Service Fund, Community Facilities District Capital Improvements Fund, Impact Fees Fund and the Capital Improvements Fund, all of which are 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 through 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 and 38 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 - 71 of this report.

**Combining statements** (referred to earlier as with non-major governmental funds) are presented following the notes to the financial statements. Combining statements and individual fund schedules can be found on pages 82 - 85 of this report.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

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 \$149.4 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, 2019 and 2018.

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 52,169,527	\$ 52,432,455	\$ 22,125,640	\$ 20,905,336	\$ 74,295,167	\$ 73,337,791
Capital assets, net	<u>93,300,406</u>	<u>91,694,703</u>	<u>21,498,334</u>	<u>19,429,846</u>	<u>114,798,740</u>	<u>111,124,549</u>
Total assets, net	<u>145,469,933</u>	<u>144,127,158</u>	<u>43,623,974</u>	<u>40,335,182</u>	<u>189,093,907</u>	<u>184,462,340</u>
Deferred outflows of resources	<u>2,925,093</u>	<u>2,993,518</u>	<u>167,129</u>	<u>174,587</u>	<u>3,092,222</u>	<u>3,168,105</u>
Long-term liabilities outstanding	32,209,537	32,977,802	4,145,223	4,827,541	36,354,760	37,805,343
Other liabilities	<u>3,453,196</u>	<u>3,729,573</u>	<u>838,763</u>	<u>328,228</u>	<u>4,291,959</u>	<u>4,057,801</u>
Total liabilities	<u>35,662,733</u>	<u>36,707,375</u>	<u>4,983,986</u>	<u>5,155,769</u>	<u>40,646,719</u>	<u>41,863,144</u>
Deferred inflows of resources	<u>1,920,239</u>	<u>1,713,956</u>	<u>204,648</u>	<u>172,641</u>	<u>2,124,887</u>	<u>1,886,597</u>
Net investment in capital assets	68,281,400	72,398,506	18,542,906	15,973,435	86,824,306	88,371,941
Restricted	30,814,908	31,839,643	3,226,046	3,206,134	34,040,954	35,045,777
Unrestricted	<u>11,715,746</u>	<u>4,461,196</u>	<u>16,833,517</u>	<u>16,001,790</u>	<u>28,549,263</u>	<u>20,462,986</u>
Total net position	<u>\$ 110,812,054</u>	<u>\$ 108,699,345</u>	<u>\$ 38,602,469</u>	<u>\$ 35,181,359</u>	<u>\$ 149,414,523</u>	<u>\$ 143,880,704</u>

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.

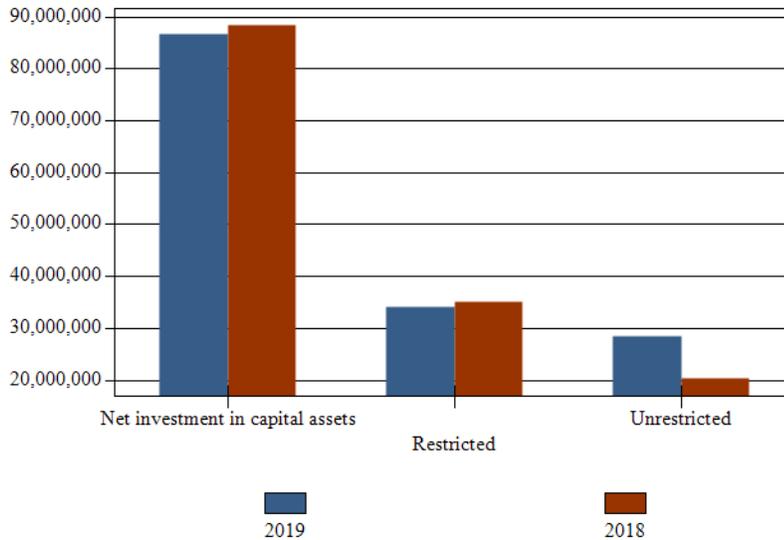
An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. These resources are restricted for the following purposes: information systems, judicial activities, law enforcement activities, jail facilities and operations, waste tire program, fair and racing program and roads and schools.

Total governmental activities liabilities had a net decrease of \$1,044,642 primarily due to reduction to Community Facilities District debt.

Town of Florence, Arizona  
 Management's Discussion and Analysis (MD&A)  
 Year ended June 30, 2019

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 \$5.5 million from \$143.9 million to \$149.4 million. Net position in governmental activities increased \$2.1 million going from \$108.7 million to \$110.8 million. Net position in business-type activities increased \$3.4 million from \$35.2 million to \$38.6 million.

Net Position - Comparison  
 June 30, 2019 and 2018



During the current fiscal year, net position increased \$5.5 million from the prior fiscal year for an ending balance of \$149.4 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. The following are significant transactions that have had an impact on the Statement of Net Position for the fiscal year ended June 30, 2019

- Increase of \$3,674,191 in Capital Assets.
- Decrease of \$1,450,583 in long-term liabilities.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

Changes in net position - The Town's total revenues for the fiscal year ended June 30, 2019 were \$26.7 million. The total cost of all programs and services was \$25.6 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2019 and 2018.

	Governmental Activities		Business-type Activities		Total Government	
	Year Ended June 30,		Year Ended June 30,		Year Ended June 30,	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,409,560	\$ 4,352,718	\$ 9,072,521	\$ 7,737,962	\$ 11,482,081	\$ 12,090,680
Operating grants and contributions	4,195,953	3,355,713			4,195,953	3,355,713
Capital grants and contributions	2,087,051	512,720	282,323	4,120	2,369,374	516,840
General revenues:						
Property taxes	2,538,072	2,446,349			2,538,072	2,446,349
Town sales taxes for general purposes	5,399,335	4,611,413			5,399,335	4,611,413
Other taxes	649,202	631,107			649,202	631,107
Share of state sales taxes	2,625,587	2,478,688			2,625,587	2,478,688
Share of state urban revenue sharing	3,157,558	3,192,974			3,157,558	3,192,974
Share of state vehicle license tax	1,585,339	1,498,824			1,585,339	1,498,824
Investment income	1,211,692	154,851	646,319	66,060	1,858,011	220,911
Other	861,194	233,113	178,223	49,151	1,039,417	282,264
Total revenues	<u>26,720,543</u>	<u>23,468,470</u>	<u>10,179,386</u>	<u>7,857,293</u>	<u>36,899,929</u>	<u>31,325,763</u>
Expenses:						
General government	6,316,487	3,349,953			6,316,487	3,349,953
Public safety	8,911,563	7,731,003			8,911,563	7,731,003
Highways and streets	3,553,676	4,038,910			3,553,676	4,038,910
Public works	542,936	567,470			542,936	567,470
Culture and recreation	2,874,100	2,409,680			2,874,100	2,409,680
Community development	2,394,984	1,865,240			2,394,984	1,865,240
Interest on long-term debt	960,585	1,134,030			960,585	1,134,030
Water			2,435,118	2,350,125	2,435,118	2,350,125
Sewer			2,437,818	2,263,515	2,437,818	2,263,515
Sanitation			938,843	884,367	938,843	884,367
Total expenses	<u>25,554,331</u>	<u>21,096,286</u>	<u>5,811,779</u>	<u>5,498,007</u>	<u>31,366,110</u>	<u>26,594,293</u>
Increase in net position before transfer	1,166,212	2,372,184	4,367,607	2,359,286	5,533,819	4,731,470
Transfers	946,497	1,007,688	(946,497)	(1,007,688)		
Change in net position	2,112,709	3,379,872	3,421,110	1,351,598	5,533,819	4,731,470
Net position, beginning, restated	<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, ending	<u>\$ 110,812,054</u>	<u>\$ 108,699,345</u>	<u>\$ 38,602,469</u>	<u>\$ 35,181,359</u>	<u>\$ 149,414,523</u>	<u>\$ 143,880,704</u>

The following are significant transactions that have had an impact on the change in net position during the fiscal year ended June 30, 2019.

- Charges for services in business-type activities increased due to rate increases in both water and wastewater user fees. Charges for service decreased in governmental activities due to reduction in assessment pre-payments from the previous year. The net affect was a reduction in charges for services of \$608,599.
- Operating grants and contributions increased \$840,240 primarily due to CDBG, Department of Homeland Security, CMAQ grants for equipment and personnel costs.
- Property taxes increased by \$91,723 due to increase in the overall property tax levy.
- Town sales taxes for general purposes increased by \$787,922 due to construction.
- State shared sales tax increased by \$146,899 due to an increase in economic growth within the State.

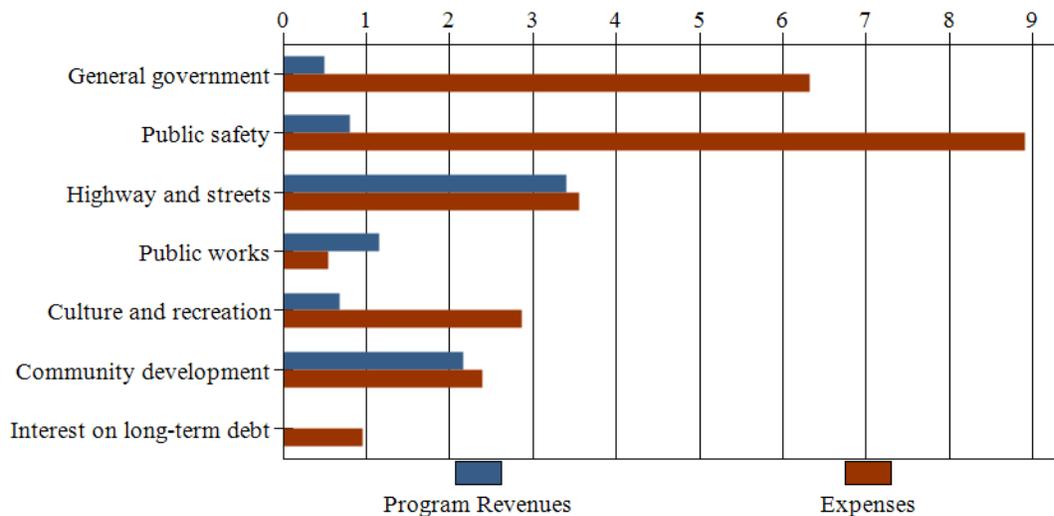
Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

- General government expenses increased \$3.0 million primarily due to General Fund legal expenses and personnel costs.
- The increase of \$1.2 million in the public safety expenditures was a result of the capital outlay and grant funding for programs. Certified Police Officers was at full staff this year which increased personnel costs within the General Fund.
- The increase of \$464,420 in the Culture and Recreation was mainly due to expenditure of \$325,027 in the Parks and Recreation Comprehensive Plan and Parks Trails and Open Space Plan.
- Debt service payment increased by \$906,911 due to payment to bond holders for assessment bonds.

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	2019		2018	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
General government	\$ 6,316,487	\$ (5,828,519)	\$ 3,349,953	\$ (951,714)
Public safety	8,911,563	(8,097,032)	7,731,003	(7,300,305)
Highway and streets	3,553,676	(149,899)	4,038,910	(872,822)
Public works	542,936	604,014	567,470	632,731
Culture and recreation	2,874,100	(2,197,503)	2,409,680	(1,957,396)
Community development	2,394,984	(232,243)	1,865,240	(1,291,599)
Interest on long-term debt	960,585	(960,585)	1,134,030	(1,134,030)
Total	<u>\$ 25,554,331</u>	<u>\$ (16,861,767)</u>	<u>\$ 21,096,286</u>	<u>\$ (12,875,135)</u>

Expenses and Program Revenues - by category (in millions)  
Year ended June 30, 2019



Town of Florence, Arizona  
 Management's Discussion and Analysis (MD&A)  
 Year ended June 30, 2019

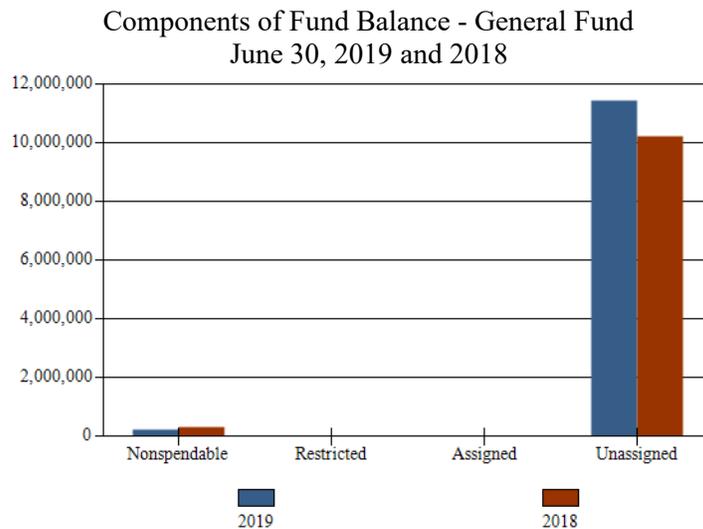
- The cost of all governmental activities this year was \$25.6 million.
- Federal and state governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$6.6 million.
- Net cost of governmental activities of \$18.9 million was financed by general revenues, which are made up primarily of taxes of \$11.2 million, shared state tax revenues of \$4.7 million, and grants and contributions not restricted to specific programs of \$1.2 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’s Council.

At June 30, 2019, the Town’s governmental funds reported a combined fund balance of \$42.6 million, an increase of \$260,418 in comparison with the prior year. Approximately 27 percent of this amount (\$11.4 million) constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion. The remainder of the fund balance is unspendable (\$31.2 million).



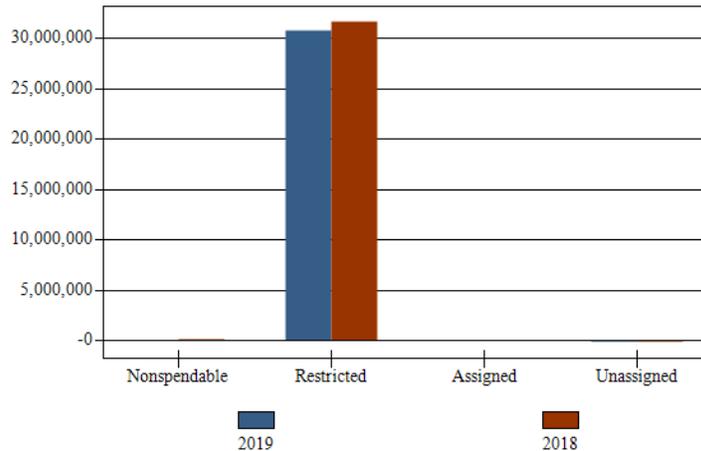
The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11.5 million, while total fund balance increased to \$11.7 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 76 percent of total General Fund expenditures, while total fund balance represents approximately 77 percent of that same amount.

The fund balance of the Town’s General Fund increased \$1,187,827 during the current fiscal year. The increase was due primarily to an increase in sales tax revenue, property taxes, intergovernmental revenues and investment income.

Town of Florence, Arizona  
 Management's Discussion and Analysis (MD&A)  
 Year ended June 30, 2019

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS - Continued

Components of Fund Balance - Other Governmental Funds  
 June 30, 2019 and 2018



*Highway User Revenue Fund.* The Highway User Revenue Fund, a major fund, ended the current year with a total fund balance of \$9.2 million, consisting of \$9.2 million restricted 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 \$2.4 million, an increase of \$592,657. This is due to increase in housing in the Anthem area and an increase in impact fees based upon our latest study. The entire fund balance is restricted.

*Capital Improvements Fund.* The Capital Improvements Fund, a major fund, ended the current year with a total fund balance of \$7.7 million, an increase of \$952,845 over the prior year. This increase is primarily due to the Town collecting additional revenue from construction tax and not expending all budgeted expenditures.

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 - \$7.8 million, Sewer - \$7.8 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 increased by \$1.7 million. Operating revenue increased, and operating expenses increased resulting in operating income of \$1.6 million.

The total net position in the Sewer Utility fund grew by \$1.7 million primarily due to an increase in operating revenue and an increase in operating expenses, resulting in operating income of \$1.9 million.

Total net position increased in the Sanitation Fund by \$17,546 mainly due to an operating income of \$28,029. The Town of Florence outsource the operation several years ago but retains some oversight responsibility and capital outlay.

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Sales taxes exceeded estimates by \$139,777 due to additional transaction privilege and food tax revenues.
- Charge for service revenues exceeded estimates by \$146,401 due to Civil Engineering Inspection increasing by \$154,500 over budget.
- Miscellaneous revenue increased due to AMRRP dividend payments.
- Legal expenditures increased due to ongoing cost of legal fees. A budget adjustment from another fund was authorized by Town Council to offset expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The Town's investment in capital assets as of June 30, 2019 totaled \$36.7 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 (16) percent.

The following schedule presents a summary of capital asset balances (net of accumulated depreciation) as of June 30, 2019 and 2018.

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 32,551,312	\$ 32,546,409	\$ 448,914	\$ 394,073	\$ 33,000,226	\$ 32,940,482
Buildings, infrastructure and improvements	54,070,460	55,104,306	17,049,383	17,268,452	71,119,843	72,372,758
Vehicles, furniture and equipment	2,611,085	2,275,875	477,644	561,560	3,088,729	2,837,435
Construction in progress	<u>4,067,549</u>	<u>1,768,113</u>	<u>3,522,393</u>	<u>1,205,761</u>	<u>7,589,942</u>	<u>2,973,874</u>
Total capital assets, net	<u>\$ 93,300,406</u>	<u>\$ 91,694,703</u>	<u>\$ 21,498,334</u>	<u>\$ 19,429,846</u>	<u>\$ 114,798,740</u>	<u>\$ 111,124,549</u>

Major capital asset events during the current fiscal year included, buildings and infrastructure, including a water well, bridge, paving, concrete and storm drain in Anthem, additions to construction in progress, land, vehicles and equipment for the police and Public works departments totaling \$7.7 million and total depreciation expense for the year of \$4 million.

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

Town of Florence, Arizona  
Management's Discussion and Analysis (MD&A)  
Year ended June 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued

Long-term debt - At the end of the current fiscal year, the Town had \$21.7 million in capital lease long-term debt outstanding, with \$1,050,857 due within one year. This represents a net decrease of \$(2,007,649) offset by the principal payments totaling \$(2,007,649).

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds - CFDs	\$ 9,920,000	\$ 11,225,000	\$ -	\$ -	\$ 9,920,000	\$ 11,225,000
Excise tax revenue obligation	3,961,000	4,436,000	-	-	3,961,000	4,436,000
Special assessment debt - CFDs	7,820,917	8,048,566	-	-	7,820,917	8,048,566
Notes payable	<u>181,170</u>	<u>236,715</u>	<u>2,955,428</u>	<u>3,941,530</u>	<u>3,136,598</u>	<u>4,178,245</u>
Total long-term debt	<u>\$ 21,883,087</u>	<u>\$ 23,946,281</u>	<u>\$ 2,955,428</u>	<u>\$ 3,941,530</u>	<u>\$ 24,838,515</u>	<u>\$ 27,887,811</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's unemployment rate is 5.8 percent, slightly higher than the prior year. This is significantly lower than the past five years, which averaged 6.48 percent.

Most of the General Fund's resources come from stateshared revenues (49%). 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 stateshared revenues are provided by the League of Arizona Cities and Towns, which are based on estimates obtained from the state.

A water and sewer rate study, which provides recommended rates to be escalated annually, was adopted in 2018. The 2018 study provided incremental increases in both water and wastewater up to fiscal year 2027. Normally updates for rates and fees for utilities are provided every 3 to 5 years, as infrastructure needs may change and operational expenditures significantly change, including debt issued for infrastructure projects.

The Town's total budget for FY2019-2020 is \$45.2 million, Community Facilities District No. 1 is \$4,447,321 and Community Facilities District No. 2 is \$3,899,607. Community Facilities Districts are political subdivisions of the town are excluded from its expenditure limitation. All budgets total \$53,598,259.

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, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 36,650,012	\$ 20,800,632	\$ 57,450,644
Receivables (net of allowance for uncollectibles)	567,309	1,142,759	1,710,068
Special assessment receivable	6,605,734	-	6,605,734
Due from other governments	1,356,766	-	1,356,766
Internal balances	(177,557)	177,557	-
Prepays	1,260,244	4,692	1,264,936
Restricted cash equivalents	5,907,019	-	5,907,019
Capital assets, not being depreciated	36,618,861	3,971,307	40,590,168
Capital assets, being depreciated, net	<u>56,681,545</u>	<u>17,527,027</u>	<u>74,208,572</u>
Total assets	145,469,933	43,623,974	189,093,907
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>2,925,093</u>	<u>167,129</u>	<u>3,092,222</u>
Total deferred outflows of resources	2,925,093	167,129	3,092,222
LIABILITIES			
Accounts payable and other current liabilities	2,226,580	615,394	2,841,974
Accrued wages and benefits	324,184	22,607	346,791
Customer deposits	4,723	136,241	140,964
Accrued interest payable	440,566	47,111	487,677
Other accrued liabilities	457,143	17,410	474,553
Noncurrent liabilities:			
Due within 1 year	1,534,272	555,272	2,089,544
Due in more than 1 year	<u>30,675,265</u>	<u>3,589,951</u>	<u>34,265,216</u>
Total liabilities	35,662,733	4,983,986	40,646,719
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>1,920,239</u>	<u>204,648</u>	<u>2,124,887</u>
Total deferred inflows of resources	1,920,239	204,648	2,124,887
NET POSITION			
Net investment in capital assets	68,281,400	18,542,906	86,824,306
Restricted for:			
Debt service	3,467,748	3,148,359	6,616,107
Highways and streets	9,196,040	-	9,196,040
Capital projects	17,246,505	77,687	17,324,192
Community development	309,836	-	309,836
Culture and recreation	19,710	-	19,710
Community facilities	413,914	-	413,914
Public safety	99,923	-	99,923
Assigned	61,232	-	61,232
Unrestricted	<u>11,715,746</u>	<u>16,833,517</u>	<u>28,549,263</u>
Total net position	<u>\$ 110,812,054</u>	<u>\$ 38,602,469</u>	<u>\$ 149,414,523</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Activities  
Year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 6,316,487	\$ 487,968	\$ -	\$ -
Public safety	8,911,563	252,892	561,639	-
Highways and streets	3,553,676	-	3,403,777	-
Public works	542,936	1,146,950	-	-
Culture and recreation	2,874,100	441,986	230,537	4,074
Community development	2,394,984	79,764	-	2,082,977
Interest on long-term debt	<u>960,585</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>25,554,331</u>	<u>2,409,560</u>	<u>4,195,953</u>	<u>2,087,051</u>
Business-type activities:				
Water	2,435,118	3,968,990	-	278,043
Sewer	2,437,818	4,174,214	-	4,280
Sanitation	<u>938,843</u>	<u>929,317</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,811,779</u>	<u>9,072,521</u>	<u>-</u>	<u>282,323</u>
Total primary government	<u>\$ 31,366,110</u>	<u>\$ 11,482,081</u>	<u>\$ 4,195,953</u>	<u>\$ 2,369,374</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  
Net position, end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,828,519)	\$ -	\$ (5,828,519)
(8,097,032)	-	(8,097,032)
(149,899)	-	(149,899)
604,014	-	604,014
(2,197,503)	-	(2,197,503)
(232,243)	-	(232,243)
<u>(960,585)</u>	<u>-</u>	<u>(960,585)</u>
<u>(16,861,767)</u>	<u>-</u>	<u>(16,861,767)</u>
-	1,811,915	1,811,915
-	1,740,676	1,740,676
-	<u>(9,526)</u>	<u>(9,526)</u>
-	<u>3,543,065</u>	<u>3,543,065</u>
<u>(16,861,767)</u>	<u>3,543,065</u>	<u>(13,318,702)</u>
2,538,072	-	2,538,072
5,399,335	-	5,399,335
649,202	-	649,202
2,625,587	-	2,625,587
3,157,558	-	3,157,558
1,585,339	-	1,585,339
1,211,692	646,319	1,858,011
861,194	178,223	1,039,417
<u>946,497</u>	<u>(946,497)</u>	<u>-</u>
<u>18,974,476</u>	<u>(121,955)</u>	<u>18,852,521</u>
2,112,709	3,421,110	5,533,819
<u>108,699,345</u>	<u>35,181,359</u>	<u>143,880,704</u>
<u>\$ 110,812,054</u>	<u>\$ 38,602,469</u>	<u>\$ 149,414,523</u>



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

Town of Florence, Arizona  
Balance Sheet - Governmental Funds  
June 30, 2019

	General Fund	Highway User Fund	Community Facilities Districts - Debt Service Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments	\$ 13,058,372	\$ 5,642,799	\$ 2,109,963
Receivables (net of allowance for uncollectibles)	346,338	99,446	6,616,484
Due from other governments	1,025,290	301,184	12,605
Due from other funds	450,053	1,456,944	-
Prepays	217,342	-	973,154
Restricted cash and cash equivalents	-	3,205,118	587,857
Total assets	<u>\$ 15,097,395</u>	<u>\$ 10,705,491</u>	<u>10,300,063</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	\$ 637,322	\$ 1,440,585	\$ -
Accrued wages and benefits	307,825	16,359	-
Customer deposits	4,723	-	-
Due to other funds	2,233,227	-	-
Other liabilities	<u>226,415</u>	<u>52,507</u>	<u>178,209</u>
Total liabilities	<u>3,409,512</u>	<u>1,509,451</u>	<u>178,209</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues-special assessments	<u>-</u>	<u>-</u>	<u>6,605,734</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>6,605,734</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	217,342	-	973,154
Restricted:			
Public safety	-	-	-
Debt service	-	-	2,542,966
Capital projects	-	3,205,118	-
Highways and streets	-	5,990,922	-
Economic development	-	-	-
Culture and recreation	-	-	-
Community Facilities Districts operations	-	-	-
Assigned			
Unassigned	<u>11,470,541</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>11,687,883</u>	<u>9,196,040</u>	<u>3,516,120</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,097,395</u>	<u>\$ 10,705,491</u>	<u>\$ 10,300,063</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
\$ 573,269	\$ 2,431,487	\$ 7,627,832	\$ 5,206,290	\$ 36,650,012
239	8,001	24,367	78,168	7,173,043
-	-	-	17,687	1,356,766
-	-	125,167	138,377	2,170,541
-	-	-	69,748	1,260,244
<u>2,114,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,907,019</u>
<u>\$ 2,687,552</u>	<u>\$ 2,439,488</u>	<u>\$ 7,777,366</u>	<u>\$ 5,510,270</u>	<u>\$ 54,517,625</u>
\$ -	\$ -	\$ 125,167	\$ 23,506	\$ 2,226,580
-	-	-	-	324,184
-	-	-	-	4,723
-	-	-	114,871	2,348,098
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,131</u>
<u>-</u>	<u>-</u>	<u>125,167</u>	<u>138,377</u>	<u>5,360,716</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>6,605,746</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>6,605,746</u>
-	-	-	69,748	1,260,244
-	-	-	99,923	99,923
-	-	-	-	2,542,966
2,687,552	2,439,488	7,652,199	4,467,266	20,451,623
-	-	-	-	5,990,922
-	-	-	309,836	309,836
-	-	-	19,710	19,710
-	-	-	413,914	413,914
-	-	-	61,232	61,232
<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,748)</u>	<u>11,400,793</u>
<u>2,687,552</u>	<u>2,439,488</u>	<u>7,652,199</u>	<u>5,371,881</u>	<u>42,551,163</u>
<u>\$ 2,687,552</u>	<u>\$ 2,439,488</u>	<u>\$ 7,777,366</u>	<u>\$ 5,510,270</u>	<u>\$ 54,517,625</u>



Town of Florence, Arizona  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Government-wide Statement of Net Position  
 June 30, 2019

Fund balances - total governmental funds balance sheet		\$ 42,551,163
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets	\$ 131,740,052	
Less accumulated depreciation	<u>(38,439,646)</u>	93,300,406
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Special assessments		6,605,734
Long-term liabilities, including net pension/OPEB liabilities, bonds payable, and their related costs, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	(7,871,128)	
Claims and judgment	(1,700,000)	
Compensated absences	(499,457)	
Bonds payables	(21,701,917)	
Notes payable	(181,170)	
Premiums	<u>(255,865)</u>	(32,209,537)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,925,093	
Deferred inflows of resources related to pensions	<u>(1,920,239)</u>	1,004,854
Interest payable on long-term debt is not reported in the funds		<u>(440,566)</u>
Net position of governmental activities		\$ <u><u>110,812,054</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, 2019

	General Fund	Highway User Fund	Community Facilities Districts - Debt Service Fund	Community Facilities Districts - Capital Improvements Fund
<b>REVENUES</b>				
Sales taxes	\$ 3,139,777	\$ -	\$ -	\$ -
Property taxes	1,107,525	-	1,300,171	-
Franchise fees	649,202	-	-	-
Licenses and permits	788,507	-	-	-
Intergovernmental revenues	7,368,484	3,403,777	-	-
Charges for services	972,651	-	-	-
Fines and forfeits	158,343	-	-	-
Special assessments	-	-	807,041	-
Investment income	363,950	317,350	80,707	11,988
Contribution and donations	15,808	-	-	-
Miscellaneous	510,578	187,028	-	-
Total revenues	<u>15,074,825</u>	<u>3,908,155</u>	<u>2,187,919</u>	<u>11,988</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,038,411	-	142,906	-
Public safety	7,224,807	-	-	-
Highways and streets	145,938	1,823,498	-	-
Public works	542,936	-	-	-
Culture and recreation	2,386,832	-	-	-
Community development	751,839	-	-	-
Capital outlay	-	2,383,589	-	1,523,879
Debt service:				
Principal	-	394,000	1,532,649	-
Interest and fiscal charges	-	92,308	974,052	-
Total expenditures	<u>15,090,763</u>	<u>4,693,395</u>	<u>2,649,607</u>	<u>1,523,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,938)</u>	<u>(785,240)</u>	<u>(461,688)</u>	<u>(1,511,891)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,294,609	8,665	51,573	2,535
Transfers out	(90,844)	(343,991)	(13,362)	(359)
Sales of capital assets	-	9,411	-	-
Total other financing sources (uses)	<u>1,203,765</u>	<u>(325,915)</u>	<u>38,211</u>	<u>2,176</u>
Net change in fund balances	1,187,827	(1,111,155)	(423,477)	(1,509,715)
Fund balances, beginning of year	<u>10,500,056</u>	<u>10,307,195</u>	<u>3,939,597</u>	<u>4,197,267</u>
Fund balances, end of year	<u>\$ 11,687,883</u>	<u>\$ 9,196,040</u>	<u>\$ 3,516,120</u>	<u>\$ 2,687,552</u>

See accompanying notes to financial statements.

Impact Fees Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 1,840,078	\$ 419,480	\$ 5,399,335
-	-	130,376	2,538,072
-	-	-	649,202
-	-	-	788,507
-	-	796,250	11,568,511
540,216	-	-	1,512,867
-	-	12,002	170,345
-	-	79,764	886,805
66,743	219,783	151,171	1,211,692
-	-	-	15,808
-	-	120,546	818,152
<u>606,959</u>	<u>2,059,861</u>	<u>1,709,589</u>	<u>25,559,296</u>
-	375,141	94,051	4,650,509
-	357,047	236,996	7,818,850
-	-	-	1,969,436
-	-	-	542,936
-	325,027	20,548	2,732,407
14,302	-	110,952	877,093
-	-	605,485	4,512,953
-	-	136,545	2,063,194
-	-	21,048	1,087,408
<u>14,302</u>	<u>1,057,215</u>	<u>1,225,625</u>	<u>26,254,786</u>
<u>592,657</u>	<u>1,002,646</u>	<u>483,964</u>	<u>(695,490)</u>
-	44,704	206,559	1,608,645
-	(94,505)	(119,087)	(662,148)
-	-	-	9,411
-	<u>(49,801)</u>	<u>87,472</u>	<u>955,908</u>
592,657	952,845	571,436	260,418
<u>1,846,831</u>	<u>6,699,354</u>	<u>4,800,445</u>	<u>42,290,745</u>
<u>\$ 2,439,488</u>	<u>\$ 7,652,199</u>	<u>\$ 5,371,881</u>	<u>\$ 42,551,163</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, 2019

Net change in fund balances - total governmental funds	\$	260,418
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 4,760,926	
Depreciation expense	<u>(3,101,087)</u>	1,659,839
<p>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.</p>		
Special assessments	(373,792)	
Sale of property	<u>(6,179)</u>	(379,971)
<p>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.</p>		
		126,823
<p>Pension/OPEB 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/OPEB liability is measured a year before the Town's report date. Pension/OPEB expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension/OPEB, is reported in the Statement of Activities.</p>		
Town pension contributions	1,116,023	
Pension expense	<u>(996,955)</u>	119,068
<p>Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Note payable principal retirement	55,545	
Bond principal retirement	2,007,649	
Amortization of bond premium	<u>11,537</u>	2,074,731
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expenditures available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses are reported regardless of when the financial resources are available.</p>		
Increase in compensated absences	(48,199)	
Increase in claims and judgments	<u>(1,700,000)</u>	<u>(1,748,199)</u>
Change in net position of governmental activities	\$	<u><u>2,112,709</u></u>

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, 2019

	Budgeted Amounts		Actual amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 3,000,000	\$ 3,000,000	\$ 3,139,777	\$ 139,777
Property taxes	1,104,481	1,104,481	1,107,525	3,044
Franchise fees	584,640	584,640	649,202	64,562
Licenses and permits	748,900	748,900	788,507	39,607
Intergovernmental revenues	7,325,680	7,325,680	7,368,484	42,804
Charges for services	826,250	826,250	972,651	146,401
Fines and forfeits	172,000	172,000	158,343	(13,657)
Investment income	70,000	70,000	363,950	293,950
Contribution and donations			15,808	15,808
Miscellaneous	<u>39,820</u>	<u>39,820</u>	<u>510,578</u>	<u>470,758</u>
Total revenues	13,871,771	13,871,771	15,074,825	1,203,054
<b>EXPENDITURES</b>				
Current:				
General government:				
Town council	151,680	151,680	120,495	31,185
Administration	1,731,450	1,731,450	1,323,025	408,425
Legal	339,210	339,210	1,050,226	(711,016)
Finance	811,290	811,290	813,980	(2,690)
Human resources	255,900	255,900	251,582	4,318
Information technology	489,120	489,120	479,103	10,017
Public safety:				
Courts	221,590	221,590	213,417	8,173
Police	3,827,250	3,827,250	3,677,579	149,671
Fire	3,316,960	3,316,960	3,333,811	(16,851)
Highways and Streets:				
Fleet services	152,610	152,610	145,938	6,672
Public works				
Engineering	149,260	149,260	38,425	110,835
Facilities maintenance	473,890	473,890	504,511	(30,621)
Culture and recreation:				
Parks and recreation	2,161,910	2,161,910	2,074,376	87,534
Library	325,390	325,390	301,242	24,148
Cemetery	8,900	8,900	11,214	(2,314)
Community development:				
Planning	629,380	629,380	593,689	35,691
Economic development	139,830	139,830	158,150	(18,320)
Total expenditures	<u>15,185,620</u>	<u>15,185,620</u>	<u>15,090,763</u>	<u>94,857</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,313,849)</u>	<u>(1,313,849)</u>	<u>(15,938)</u>	<u>1,297,911</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,391,780	1,391,780	1,294,609	(97,171)
Transfers out			(90,844)	(90,844)
Total other financing sources (uses)	<u>1,391,780</u>	<u>1,391,780</u>	<u>1,203,765</u>	<u>(188,015)</u>
Net change in fund balances	77,931	77,931	1,187,827	1,109,896
Fund balances, beginning of year	<u>10,500,056</u>	<u>10,500,056</u>	<u>10,500,056</u>	<u>-</u>
Fund balances, end of year	<u>\$ 10,577,987</u>	<u>\$ 10,577,987</u>	<u>\$ 11,687,883</u>	<u>\$ 1,109,896</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, 2019

	Budgeted Amounts		Actual amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 3,163,530	\$ 3,163,530	\$ 3,403,777	\$ 240,247
Investment income			317,350	317,350
Miscellaneous	<u>74,780</u>	<u>74,780</u>	<u>187,028</u>	<u>112,248</u>
Total revenues	3,238,310	3,238,310	3,908,155	669,845
<b>EXPENDITURES</b>				
Current:				
Highways and streets	7,966,495	7,966,495	1,823,498	6,142,997
Capital outlay			2,383,589	(2,383,589)
Debt service:				
Principal			394,000	(394,000)
Interest and fiscal charges			<u>92,308</u>	<u>(92,308)</u>
Total expenditures	<u>7,966,495</u>	<u>7,966,495</u>	<u>4,693,395</u>	<u>3,273,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,728,185)</u>	<u>(4,728,185)</u>	<u>(785,240)</u>	<u>3,942,945</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			8,665	8,665
Transfers out	(283,310)	(283,310)	(343,991)	(60,681)
Sale of capital assets			<u>9,411</u>	<u>9,411</u>
Total other financing sources (uses)	<u>(283,310)</u>	<u>(283,310)</u>	<u>(325,915)</u>	<u>(42,605)</u>
Net change in fund balances	(5,011,495)	(5,011,495)	(1,111,155)	3,900,340
Fund balances, beginning of year	<u>10,307,195</u>	<u>10,307,195</u>	<u>10,307,195</u>	
Fund balances, end of year	<u>\$ 5,295,700</u>	<u>\$ 5,295,700</u>	<u>\$ 9,196,040</u>	<u>\$ 3,900,340</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, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
<b>ASSETS</b>				
Current assets				
Cash and investments	\$ 8,144,130	\$ 11,386,494	\$ 1,270,008	\$ 20,800,632
Receivables, net of uncollectibles	554,930	517,669	70,160	1,142,759
Due from other funds	50,321	119,580	7,656	177,557
Prepays	4,692	-	-	4,692
Total current assets	<u>8,754,073</u>	<u>12,023,743</u>	<u>1,347,824</u>	<u>22,125,640</u>
Noncurrent assets				
Capital assets:				
Land	153,253	273,973	21,688	448,914
Buildings and improvements	12,074,943	13,360,261	-	25,435,204
Machinery and equipment	955,755	652,793	44,604	1,653,152
Construction in progress	2,076,659	1,445,734	-	3,522,393
Less accumulated depreciation	<u>(4,932,688)</u>	<u>(4,601,177)</u>	<u>(27,464)</u>	<u>(9,561,329)</u>
Total capital assets, net	<u>10,327,922</u>	<u>11,131,584</u>	<u>38,828</u>	<u>21,498,334</u>
Total assets	<u>19,081,995</u>	<u>23,155,327</u>	<u>1,386,652</u>	<u>43,623,974</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	<u>85,660</u>	<u>74,968</u>	<u>6,501</u>	<u>167,129</u>
Total deferred outflows of resources	<u>85,660</u>	<u>74,968</u>	<u>6,501</u>	<u>167,129</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	227,721	381,003	6,670	615,394
Accrued wages and benefits	13,539	8,082	986	22,607
Customer deposits	72,927	-	63,314	136,241
Accrued interest payable	-	47,111	-	47,111
Other accrued liabilities	694	16,683	33	17,410
Compensated absences	25,503	10,084	2,317	37,904
Notes payable	<u>-</u>	<u>517,369</u>	<u>-</u>	<u>517,369</u>
Total current liabilities	<u>340,384</u>	<u>980,332</u>	<u>73,320</u>	<u>1,394,036</u>
Noncurrent liabilities				
Compensated absences	4,500	1,780	409	6,689
Notes payable	-	2,438,059	-	2,438,059
Net pension liability	<u>586,953</u>	<u>513,695</u>	<u>44,554</u>	<u>1,145,202</u>
Total noncurrent liabilities	<u>591,453</u>	<u>2,953,534</u>	<u>44,963</u>	<u>3,589,950</u>
Total liabilities	<u>931,837</u>	<u>3,933,866</u>	<u>118,283</u>	<u>4,983,986</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>104,888</u>	<u>91,798</u>	<u>7,962</u>	<u>204,648</u>
Total deferred inflows of resources	<u>104,888</u>	<u>91,798</u>	<u>7,962</u>	<u>204,648</u>
<b>NET POSITION</b>				
Net investment in capital assets	10,327,922	8,176,156	38,828	18,542,906
Restricted for:				
Debt service	-	3,148,359	-	3,148,359
Capital projects	2,718	74,969	-	77,687
Unrestricted	<u>7,800,290</u>	<u>7,805,147</u>	<u>1,228,080</u>	<u>16,833,517</u>
Total net position	<u>\$ 18,130,930</u>	<u>\$ 19,204,631</u>	<u>\$ 1,266,908</u>	<u>\$ 38,602,469</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, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>				
Water sales	\$ 3,357,171	\$ -	\$ -	\$ 3,357,171
Water connection fees	5,715	-	-	5,715
Service establishment fees	22,330	-	-	22,330
Sewer service fees	-	3,069,128	-	3,069,128
Sewer connection fees	-	5,740	-	5,740
DOC usage fees	-	1,099,346	-	1,099,346
Water standpiper	4,807	-	-	4,807
Central Arizona Project	523,166	-	-	523,166
Refuse collection fees	-	-	929,317	929,317
Effluent charges	55,801	-	-	55,801
Miscellaneous	<u>92,177</u>	<u>48,491</u>	<u>37,555</u>	<u>178,223</u>
Total operating revenues	4,061,167	4,222,705	966,872	9,250,744
<b>OPERATING EXPENSES</b>				
Personnel services	568,473	571,959	70	1,140,502
Supplies	57,842	173,137	3,566	234,545
Contractual services and maintenance	1,383,974	1,046,330	834,105	3,264,409
Depreciation	410,055	494,917	4,563	909,535
Miscellaneous	<u>14,774</u>	<u>57,251</u>	<u>96,539</u>	<u>168,564</u>
Total operating expenditures	<u>2,435,118</u>	<u>2,343,594</u>	<u>938,843</u>	<u>5,717,555</u>
Operating income	<u>1,626,049</u>	<u>1,879,111</u>	<u>28,029</u>	<u>3,533,189</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>				
Interest income	271,877	334,331	40,111	646,319
Interest expense	<u>-</u>	<u>(94,224)</u>	<u>-</u>	<u>(94,224)</u>
Total nonoperating revenues (expenses)	<u>271,877</u>	<u>240,107</u>	<u>40,111</u>	<u>552,095</u>
Income before development fees and transfers	1,897,926	2,119,218	68,140	4,085,284
Capital contribution	274,083	-	-	274,083
Development fees	3,960	4,280	-	8,240
Transfers in	-	-	14,138	14,138
Transfers out	<u>(432,850)</u>	<u>(463,053)</u>	<u>(64,732)</u>	<u>(960,635)</u>
Change in net position	<u>1,743,119</u>	<u>1,660,445</u>	<u>17,546</u>	<u>3,421,110</u>
Net position, beginning of year	<u>16,387,811</u>	<u>17,544,186</u>	<u>1,249,362</u>	<u>35,181,359</u>
Net position, end of year	<u>\$ 18,130,930</u>	<u>\$ 19,204,631</u>	<u>\$ 1,266,908</u>	<u>\$ 38,602,469</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Cash Flows  
Proprietary Fund  
June 30, 2019

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
Cash flows from operating activities:				
Receipts from customers	\$ 3,855,786	\$ 4,179,899	\$ 956,587	\$ 8,992,272
Payments to suppliers	(1,319,901)	(897,723)	(939,141)	(3,156,765)
Payments to employees	(625,192)	(583,758)	(78,278)	(1,287,228)
Net cash provided (used) by operating activities	<u>1,910,693</u>	<u>2,698,418</u>	<u>(60,832)</u>	<u>4,548,279</u>
Cash flows from noncapital financing activities:				
Cash (paid)/received from other funds for interfund borrowing	13,293	(117,572)	43,036	(61,243)
Transfer to other funds	(432,850)	(463,053)	(64,732)	(960,635)
Transfers from other funds	<u>-</u>	<u>-</u>	<u>14,138</u>	<u>14,138</u>
Net cash used by noncapital financing activities	<u>(419,557)</u>	<u>(580,625)</u>	<u>(7,558)</u>	<u>(1,007,740)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,882,049)	(800,203)	(21,688)	(2,703,940)
Interest paid on capital debt	-	(102,416)	-	(102,416)
Principal paid on capital debt	-	(500,983)	-	(500,983)
Development fees received	<u>3,960</u>	<u>4,280</u>	<u>-</u>	<u>8,240</u>
Net cash used by capital and related financing activities	<u>(1,878,089)</u>	<u>(1,399,322)</u>	<u>(21,688)</u>	<u>(3,299,099)</u>
Cash flows from investing activities:				
Interest received	<u>271,877</u>	<u>334,331</u>	<u>40,111</u>	<u>646,319</u>
Net cash provided by investing activities	<u>271,877</u>	<u>334,331</u>	<u>40,111</u>	<u>646,319</u>
Net increase/(decrease) in cash and cash equivalents	(115,076)	1,052,802	(49,967)	887,759
Cash and cash equivalents, beginning of year	<u>8,259,206</u>	<u>10,333,692</u>	<u>1,319,975</u>	<u>19,912,873</u>
Cash and cash equivalents, end of year	<u>\$ 8,144,130</u>	<u>\$ 11,386,494</u>	<u>\$ 1,270,008</u>	<u>\$ 20,800,632</u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Cash Flows  
Proprietary Fund  
June 30, 2019

(Continued)

	Business-type Activities Enterprise Funds			Totals
	Water Fund	Sewer Fund	Sanitation Fund	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,626,049	\$ 1,879,111	\$ 28,029	\$ 3,533,189
Adjustments to reconcile operating income to net cash provided by operations:				
Depreciation	410,055	494,917	4,563	909,535
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Net pension liability	(86,330)	(26,574)	(73,681)	(186,585)
Deferred outflows of resources related to pensions	2,602	(4,143)	8,999	7,458
Deferred inflows of resources related to pensions	17,610	21,763	(7,366)	32,007
Accounts receivable, net	(192,172)	(59,483)	(14,955)	(266,610)
Prepays	(4,692)	-	-	(4,692)
Accounts payable	141,381	378,995	(4,931)	515,445
Accrued wages and benefits	656	(3,476)	(2,036)	(4,856)
Customer deposits	(2,203)	-	4,677	2,474
Other accrued liabilities	(11,006)	16,677	(7)	5,664
Compensated absences	8,743	631	(4,124)	5,250
Net cash provided (used) by operating activities	<u>\$ 1,910,693</u>	<u>\$ 2,698,418</u>	<u>\$ (60,832)</u>	<u>\$ 4,548,279</u>
Cash and investments:				
Unrestricted cash and investments	\$ 8,144,130	\$ 11,386,494	\$ 1,270,008	\$ 20,800,632
Non-cash financing transactions:				
Capital contributions	\$ 274,083	\$	\$	\$ 274,083

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, 2019

	<u>Pension Trust</u>
ASSETS	
Investment - other	\$ 2,747
U.S. Government bonds	224,451
Equities	<u>75,801</u>
Total assets	<u>302,999</u>
 NET POSITION	
Net position restricted for pensions	\$ <u><u>302,999</u></u>

See accompanying notes to financial statements.

Town of Florence, Arizona  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
Year ended June 30, 2019

	Pension Trust
ADDITIONS:	
Contributions	\$ 9,445
Investment income	15,547
Total additions	24,992
DEDUCTIONS:	
Pension withdrawals	20,989
Total deductions	20,989
Change in net position	4,003
Net position, beginning of year	298,996
Net position, end of year	\$ 302,999

See accompanying notes to financial statements.

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



Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Individual Component Units – Blended

The Merrill Ranch Community Facilities District #1 and Merrill Ranch Community Facilities District #2 (the Districts) 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.

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2019, 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 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 \$2,007,483. 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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Governmental-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for water, wastewater, and sanitation services and the Town's internal service funds are charges for fleet maintenance and facilities maintenance. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

The Town reports the following fiduciary fund:

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

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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).

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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-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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Interfund Activity

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

M. Estimates

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

N. Budgetary Data

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

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

Prior to June 30, the Town Council legally enacts the budget, through the passage of an ordinance. The ordinance sets the limit for expenditures for the year, within the voter mandated state expenditure limitation. 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, 2019 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, 2019.

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

O. Excess of Expenditures over Appropriations and Deficit Fund Balance

For the year ended June 30, 2019, expenditures exceeded appropriations in the following General Fund departments (the legal level of budgetary control):

Fund	Deficit
General Fund:	
General government:	
Legal	\$ 711,016
Finance	2,690
Public safety:	
Fire	16,851
Public works:	
Facility maintenance	30,621
Culture and recreation:	
Cemetery	2,314
Community development:	
Economic development	<u>18,320</u>
Total	<u>\$ 781,812</u>

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, 2019, the carrying amount of deposits was \$5,749,262 and the bank balance was \$7,486,426. As of June 30, 2019, 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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 2 - CASH AND INVESTMENTS - Continued

**B. Investments**

The Town's investments at June 30, 2019, 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	\$ 3,816,180	\$ 3,816,180	\$ -
U.S. agency securities	19,747,901	19,747,901	-
Assets-backed securities	4,676,880	4,676,880	-
Corporate bonds	<u>10,345,162</u>	<u>-</u>	<u>10,345,162</u>
Total investments by Fair Value Level	<u>38,586,123</u>	<u>\$ 28,240,961</u>	<u>\$ 10,345,162</u>
 <u>External Investment Pool Measured at Fair Value</u>			
Equity	75,801		
State Investment Pool (LGIP)	<u>776,100</u>		
Total Investments Measured at Fair Value	<u>39,438,024</u>		
 <u>Investments Measured at Amortized Costs</u>			
Repurchase Agreement	16,496,996		
Investment - Other	<u>1,673,381</u>		
Investments Measured at Amortized Costs	<u>18,170,377</u>		
Total Investments	<u>\$ 57,608,401</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.

Other investments that the Town owns belong to the Town's Volunteer Fire Department. Funds totaling \$302,999 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:

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 2 - CASH AND INVESTMENTS - Continued

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	\$16,496,996	\$16,496,996	\$ -	\$ -	\$ -
Investment - Other	\$ 1,670,634	\$ 456,232	\$ 1,214,402	\$ -	\$ -
LGIP Pool 5	265,151	265,151	-	-	-
LGIP Pool 7	510,949	510,949	-	-	-
Corporate bonds	10,345,162	745,005	4,003,794	5,596,363	-
Asset-backed Security	4,676,880	-	126,018	4,550,862	-
U.S. Treasury securities	3,816,180	-	-	3,816,180	-
U.S. agency securities	<u>19,523,450</u>	<u>-</u>	<u>6,467,027</u>	<u>13,056,423</u>	<u>-</u>
	<u>57,305,402</u>	<u>18,474,333</u>	<u>11,811,241</u>	<u>27,019,828</u>	<u>-</u>
Fiduciary Fund					
Investment - Other	2,747	2,747	-	-	-
U.S. Government Bonds	224,451	-	-	224,451	-
Equities	<u>75,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,801</u>
	<u>302,999</u>	<u>2,747</u>	<u>-</u>	<u>224,451</u>	<u>75,801</u>
Total	<u>\$57,608,401</u>	<u>\$18,477,080</u>	<u>\$11,811,241</u>	<u>\$27,244,279</u>	<u>\$ 75,801</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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 2 - CASH AND INVESTMENTS - Continued

Presented below is the actual rating as of year-end for each investment type.

Investment	Total	Rating	Agency
Primary Government			
Repurchase Agreement	\$ 16,496,996	Unrated	N/A
Investment - Other	1,670,634	Unrated	N/A
LGIP Pool 5	265,151	AAAf/S1+	Standard and Poor's
LGIP Pool 7	510,949	Unrated	N/A
Corporate bonds	605,274	AAA	Standard and Poor's
Corporate bonds	444,785	AA+	Standard and Poor's
Corporate bonds	523,041	AA	Standard and Poor's
Corporate bonds	960,114	AA-	Standard and Poor's
Corporate bonds	1,384,769	A+	Standard and Poor's
Corporate bonds	3,106,675	A	Standard and Poor's
Corporate bonds	1,962,908	A-	Standard and Poor's
Corporate bonds	1,357,596	BBB+	Standard and Poor's
Asset-backed Security	3,364,120	AAA	Standard and Poor's
Asset-backed Security	1,312,760	Unrated	Standard and Poor's
U.S. Treasury securities	3,816,180	AA+	Standard and Poor's
U.S. agency securities	<u>19,523,450</u>	AA+	Standard and Poor's
	<u>57,305,402</u>		
Fiduciary Fund			
Investment - Other	2,747	Unrated	N/A
U.S. Government Bonds	224,451	AA+	Standard and Poor's
Equities	<u>75,801</u>	Unrated	N/A
	<u>302,999</u>		
Total	<u>\$ 57,608,401</u>		

*Concentration of Credit Risk* - At June 30, 2019, the Town's investments are included as follows:

Investment type	Total	Concentration
Repurchase Agreement	\$ 16,496,996	28.64%
Investment - Other	1,673,381	2.90%
LGIP	776,100	1.35%
Asset-backed Security	4,676,880	8.12%
U.S. Treasury securities	3,816,180	6.62%
U.S. agency securities	19,747,901	34.28%
Corporate bonds	10,345,162	17.96%
Equity	<u>75,801</u>	<u>0.13%</u>
	<u>\$ 57,608,401</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. The Town has a custodial credit risk exposure of \$40,032,307 because the related instruments are uninsured, unregistered, and held by the Town's brokerage firm. The Town held repurchase agreements of \$16,496,996 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, 2019

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, 2019.

Receivables:	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Interest	\$ 29,160	\$ 39,748	\$ 4,607	\$ 73,515
Accounts	<u>531,770</u>	<u>481,521</u>	<u>67,253</u>	<u>1,080,544</u>
	560,930	521,269	71,860	1,154,059
Less:				
Allowance	<u>(6,000)</u>	<u>(3,600)</u>	<u>(1,700)</u>	<u>(11,300)</u>
	<u>\$ 554,930</u>	<u>\$ 517,669</u>	<u>\$ 70,160</u>	<u>\$ 1,142,759</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows.

<u>Governmental activities:</u>	<u>July 1, 2018,</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 32,546,409	\$ 6,446	\$ (1,543)	\$ 32,551,312
Construction in progress	<u>1,768,113</u>	<u>2,299,436</u>	<u>-</u>	<u>4,067,549</u>
Total capital assets not being depreciated	<u>34,314,522</u>	<u>2,305,882</u>	<u>(1,543)</u>	<u>36,618,861</u>
Capital assets being depreciated:				
Buildings, infrastructure, and improvements	82,551,137	1,625,013	-	84,176,150
Vehicles, furniture, and equipment	<u>10,346,242</u>	<u>793,028</u>	<u>(194,229)</u>	<u>10,945,041</u>
Total	<u>92,897,379</u>	<u>2,418,041</u>	<u>(194,229)</u>	<u>95,121,191</u>
Less accumulated depreciation for:				
Buildings, infrastructure, and improvements	(27,446,831)	(2,658,859)	-	(30,105,690)
Vehicles, furniture, and equipment	<u>(8,070,367)</u>	<u>(442,228)</u>	<u>178,639</u>	<u>(8,333,956)</u>
Total	<u>(35,517,198)</u>	<u>(3,101,087)</u>	<u>178,639</u>	<u>(38,439,646)</u>
Total capital assets being depreciated, net	<u>57,380,181</u>	<u>(683,046)</u>	<u>(15,590)</u>	<u>56,681,545</u>
Governmental activities capital assets, net	<u>\$ 91,694,703</u>	<u>\$ 1,622,836</u>	<u>\$ (17,133)</u>	<u>\$ 93,300,406</u>
<u>Business-type activities:</u>	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 394,073	\$ 54,841	\$ -	\$ 448,914
Construction in progress	<u>1,205,761</u>	<u>2,716,463</u>	<u>(399,831)</u>	<u>3,522,393</u>
Total capital assets not being depreciated	<u>1,599,834</u>	<u>2,771,304</u>	<u>(399,831)</u>	<u>3,971,307</u>
Capital assets being depreciated:				
Buildings, infrastructure, and improvements	24,872,321	562,883	-	25,435,204
Vehicles, machinery, and equipment	<u>1,636,640</u>	<u>59,258</u>	<u>(42,746)</u>	<u>1,653,152</u>
Total	<u>26,508,961</u>	<u>622,141</u>	<u>(42,746)</u>	<u>27,088,356</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,603,869)	(781,952)	-	(8,385,821)
Vehicles, machinery, and equipment	<u>(1,075,080)</u>	<u>(127,583)</u>	<u>27,155</u>	<u>(1,175,508)</u>
Total	<u>(8,678,949)</u>	<u>(909,535)</u>	<u>27,155</u>	<u>(9,561,329)</u>
Total capital assets being depreciated, net	<u>17,830,012</u>	<u>(287,394)</u>	<u>(15,591)</u>	<u>17,527,027</u>
Business-type capital assets, net	<u>\$ 19,429,846</u>	<u>\$ 2,483,910</u>	<u>\$ (415,422)</u>	<u>\$ 21,498,334</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 692,385
Public safety	589,264
Highways and streets	1,665,259
Culture and recreations	<u>154,179</u>
Total	<u>\$ 3,101,087</u>
Business-type activities:	
Water	\$ 410,055
Sewer	494,917
Sanitation	<u>4,563</u>
Total	<u>\$ 909,535</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 \$69,747 including interest at 6%. The note is secured by a deed of trust, assignments of rents, security agreement and fixture. The balance was \$181,170 at June 30, 2019.

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, 2019, the Town has an outstanding balance of \$2,153,454. 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, 2019, the Town has an outstanding balance of \$801,974. Payments are due semi-annually including interest at 3.750%.

The annual debt service requirements to maturity as of June 30, 2019, are as follows:

Year ending June 30:	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 58,877	\$ 10,870	\$ 517,369	\$ 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
2024	-	-	70,666	13,987
Thereafter	-	-	<u>467,266</u>	<u>40,053</u>
Total	<u>\$ 181,170</u>	<u>\$ 21,801</u>	<u>\$ 2,955,428</u>	<u>\$ 216,255</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 6 - BONDS PAYABLE

*Bonds payable from the Town* at June 30, 2019, consisted of the outstanding special assessment and excise tax revenue obligation bonds presented below.

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 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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 6 - BONDS PAYABLE - Continued

**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 7.75%; 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 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 7.5%; 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 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 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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 6 - BONDS PAYABLE - Continued

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.

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

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 6 - BONDS PAYABLE - Continued

A summary of long-term bond debt payable at June 30, 2019, follows:

Description	Original Amount Issued	Interest Rate	Maturity	Outstanding Principal - End of Year	Due Within One Year
<b>Revenue bonds:</b>					
Town of Florence Pledge Excise Tax Revenue Obligation, Series 2015	\$ 4,740,000	2.22%	07/01/2027	\$ 3,961,000	\$ 403,000
<b>General obligation bonds:</b>					
CFD No.1 General Obligation Bonds 2008A	4,390,000	6.00-7.40%	07/15/2033	270,000	130,000
CFD No.2 General Obligation Bonds 2010	3,560,000	5.86%	07/15/2035	2,555,000	95,000
CFD No.2 General Obligation Bonds 2013	1,850,000	1.50-6.75%	07/15/2038	1,680,000	25,000
CFD No.2 General Obligation Bonds 2016	2,000,000	2.00-5.25%	07/15/2040	1,825,000	35,000
CFD No.1 General Obligation Bonds 2017	3,245,000	2.97%	07/15/2029	2,840,000	115,000
CFD No.2 General Obligation Bonds 2017	1,440,000	2.00-5.00%	07/15/2042	750,000	-
<b>Special assessment bonds:</b>					
CFD No.1 Special Assessment Bonds 2006	2,464,000	4.30-5.30%	07/01/2030	995,000	62,000
CFD No.2 Special Assessment Bonds 2006	2,555,000	4.30-5.30%	07/01/2030	1,111,000	69,000
CFD No.1 Special Assessment Bonds 2009	353,500	9.00%	07/01/2034	241,730	7,170
CFD No.2 Special Assessment Bonds 2009	829,500	9.00%	07/01/2034	565,370	17,520
CFD No.2 Special Assessment Bonds 2010	203,000	7.75%	07/01/2035	153,270	4,280
CFD No.1 Special Assessment Bonds 2010	290,500	7.5%	07/01/2035	238,530	6,740
CFD No.1 Special Assessment Bonds 2012	189,000	6.88%	07/01/2037	157,000	4,000
CFD No.1 Special Assessment Bonds 2016	987,000	5.75%	07/01/2040	946,000	22,000
CFD No.2 Special Assessment Bonds 2018	262,500	6%	07/01/2042	262,500	4,500
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	189,590	7,837
CFD No.1 Special Assessment Lien Bonds 2013	413,000	7.25%	07/01/2038	333,157	9,080
CFD No.1 Special Assessment Lien Bonds 2014	728,000	6.875%	07/01/2039	540,834	15,540
CFD No.2 Special Assessment Lien Bonds 2013	556,500	6.75%	07/01/2038	404,352	12,850
CFD No.2 Special Assessment Lien Bonds 2016	<u>241,500</u>	6%	07/01/2040	<u>205,584</u>	<u>5,340</u>
Total	<u>\$ 33,093,500</u>			<u>\$ 21,701,917</u>	<u>\$ 1,050,857</u>

The annual debt service requirements to maturity on governmental bonds payable at June 30, 2019, are summarized as follows:

Year ending June 30:	Governmental Activities	
	Principal	Interest
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
2024	1,247,975	893,505
Thereafter	<u>15,912,130</u>	<u>7,432,608</u>
Total	<u>\$ 21,701,917</u>	<u>\$ 12,378,159</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

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, 2019:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2019</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 23,709,566	\$ -	\$ (2,007,649)	\$ 21,701,917	\$ 1,050,857
Notes payable	236,715	-	(55,545)	181,170	58,877
Compensated absences	451,258	445,163	(396,964)	499,457	424,538
Claims and judgment	-	1,700,000	-	1,700,000	-
Net pension liability	8,312,861	-	(441,733)	7,871,128	-
Premiums	<u>267,402</u>	<u>-</u>	<u>(11,537)</u>	<u>255,865</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 32,977,802</u>	<u>\$ 2,145,163</u>	<u>\$ (2,913,428)</u>	<u>\$ 32,209,537</u>	<u>\$ 1,534,272</u>
Business-type activities					
Notes payable	\$ 3,456,411	\$ -	\$ (500,983)	\$ 2,955,428	\$ 517,369
Compensated absences	39,343	22,645	(17,395)	44,593	37,903
Net pension liability	<u>1,331,787</u>	<u>-</u>	<u>(186,585)</u>	<u>1,145,202</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 4,827,541</u>	<u>\$ 22,645</u>	<u>\$ (704,963)</u>	<u>\$ 4,145,223</u>	<u>\$ 555,272</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2019, all interfund balances consisted of short term loans made to cover operating cash deficits by the General Fund. At June 30, 2019, interfund receivables/payables consisted of the following:

Fund	Receivable Amounts	Payable Amounts
General Fund	\$ 450,053	\$ 2,233,227
Highway User	1,456,944	-
Capital Improvements	125,167	-
Non-Major Governmental Funds	138,377	114,871
Water	50,321	-
Sewer	119,580	-
Sanitation	<u>7,656</u>	<u>-</u>
Total	<u>\$ 2,348,098</u>	<u>\$ 2,348,098</u>

At June 30, 2019, there were the following interfund transfers:

Fund	Transfers In	Transfers out
General Fund	\$ 1,294,609	\$ 90,844
Highway User	8,665	343,991
CFD Debt Service	51,573	13,362
CFD Capital Improvements	2,535	359
Capital Improvements	44,704	94,505
Non-Major Governmental Funds	206,559	119,087
Water	-	432,850
Sewer	-	463,053
Sanitation	<u>14,138</u>	<u>64,732</u>
Total	<u>\$ 1,622,783</u>	<u>\$ 1,622,783</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, 2019

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, 2019.

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, 2019; however, the Town expects no material disallowances of expenditures.

At June 30, 2019, the Town accrued \$1.7 million in anticipation of a settlement payment from a court order.

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

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

At June 30, 2019, 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	\$ 7,871,128	\$ 1,145,202	\$ 9,016,330
Deferred outflows of resources	2,925,093	167,129	3,092,222
Deferred inflows of resources	1,920,239	204,648	2,124,887
Pension expense	996,955	(42,786)	954,169

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 \$25,510 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2019.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The Town reported \$1,116,023 of pension and OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

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.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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, benefits range from \$100 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, 2019, statutes required active ASRS members to contribute at the actuarially determined rate of 11.8 percent (11.64 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 11.8 percent (11.18 percent for retirement, 0.46 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, 2019 were \$609,182, \$0, and \$8,042, respectively.

During fiscal year 2019, 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, 2019, the Town reported a liability of \$7,169,812 for its proportionate share of the ASRS' net pension/OPEB liability. The net asset and liabilities were measured as of June 30, 2018. The total liability used to calculate the net asset or liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total liabilities as of June 30, 2018, reflects changes in the actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June, 30, 2016, including decreasing the discount rate from 8 percent to 7.5 percent, changing the projected salary increases from 3-6.75 percent to 2.7-7.2 percent, decreasing the inflation rate from 3 percent to 2.3 percent, and changing the mortality rates.

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, 2018. The Town's proportion measured as of June 30, 2018 was 0.05 percent, which was the same proportion as in the prior year.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2019, the Town recognized pension and OPEB expense for ASRS of \$(141,392) 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	\$ 197,981	\$ 56,623
Changes of assumptions or other inputs	231,145	634,967
Net difference between projected and actual earnings on pension plan investments		211,923
Changes in proportion and differences between Town contributions and proportionate share of contributions		377,737
Town contributions subsequent to the measurement date	<u>617,224</u>	
Total	<u>\$ 1,046,350</u>	<u>\$ 1,281,250</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, 2020. 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>
2020	\$ (219,699)
2021	(293,208)
2022	(268,459)
2023	(75,844)
2024	3,254
Thereafter	1,832

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

ASRS	
Actuarial valuation date	June 30, 2017
Actuarial roll forward date	June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7-7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

The 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.

The long-term expected rate of return on ASRS plan investments was determined to be 7.5 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 geometric real rates of return for each major asset class are summarized in the following table:

ASRS	Target	Long-term
<u>Asset class</u>	<u>allocation</u>	<u>geometric real rate of return</u>
Equity	50%	5.50%
Fixed income	30%	3.83%
Real estate	20%	5.85%
Total	<u>100%</u>	

Discount Rate - At June 30, 2018, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 the Town's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

ASRS	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Town's proportionate share of the net pension/OPEB liability	\$ 10,305,166	\$ 7,169,812	\$ 4,548,414

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

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). 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 9-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, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

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

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 \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2019, the following employees were covered by the agent plans' benefit terms:

	PSPRS - Police	PSPRS - Fire
Inactive employees or beneficiaries currently receiving benefits	7	2
Inactive employees entitled to but not yet receiving benefits	9	2
Active employees	24	25
Total	40	29

Contributions - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS 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, 2019, 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	18.22%	16.22%
Health insurance premium benefit	0%	0.38%

For the agent plan, the contributions to the pension plan for the year ended June 30, 2019 were:

	PSPRS- Police	PSPRS- Fire
Contributions made	\$ 290,235	\$ 307,150

During the fiscal year 2019, the Town paid for PSPRS and OPEB contributions from the General Fund.

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Liability - At June 30, 2019, the Town reported the following net pension liabilities:

	Net pension liability
PSPRS - Police	\$ 994,299
PSPRS - Fire	852,219

The net liabilities were measured as of June 30, 2018, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

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

*PSPRS*

Actuarial valuation date	June 30, 2018
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
Cost-of-living adjustment	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, 2018, 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, 2019

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%
Risk parity	4%	5.00%
Fixed income	5%	1.25%
Real assets	9%	4.52%
GTS	12%	3.96%
Private credit	16%	6.75%
Real estate	10%	3.75%
Private equity	12%	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, 2018, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.4 percent, which was the same as the discount rate used as of June 30, 2017. 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 rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current 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, 2019

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, 2018	\$ 6,948,036	\$ 6,011,105	\$ 936,931
Changes for the year:			
Service cost	321,000	-	321,000
Interest on the total liability	517,225	-	517,225
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(132,323)	-	(132,323)
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	314,163	(314,163)
Contributions - employee	-	147,044	(147,044)
Net investment income	-	417,202	(417,202)
Benefit payments, including refunds or employee contributions	(238,034)	(238,034)	-
Hall/Parker settlement	-	(222,896)	222,896
Administrative expense	-	(7,050)	7,050
Other changes	-	71	(71)
Net changes	<u>467,868</u>	<u>410,500</u>	<u>57,368</u>
Balances at June 30, 2019	<u>\$ 7,415,904</u>	<u>\$ 6,421,605</u>	<u>\$ 994,299</u>

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

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, 2018	\$ 5,439,254	\$ 4,942,312	\$ 496,942
Changes for the year:			
Service cost	355,429	-	355,429
Interest on the total liability	414,355	-	414,355
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	143,551	-	143,551
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	310,483	(310,483)
Contributions - employee	-	144,528	(144,528)
Net investment income	-	347,282	(347,282)
Benefit payments, including refunds or employee contributions	(35,145)	(35,145)	-
Hall/Parker settlement	-	(238,304)	238,304
Administrative expense	-	(5,986)	5,986
Other changes	-	55	(55)
Net changes	878,190	522,913	355,277
Balances at June 30, 2019	\$ 6,317,444	\$ 5,465,225	\$ 852,219

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	\$ 2,103,635	\$ 994,299	\$ 95,478
PSPRS - Fire			
Net pension/OPEB (asset) liability	2,058,217	852,219	(107,990)

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, 2019

NOTE 11 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS - Continued

Expense - For the year ended June 30, 2019, the Town recognized the following pension and OPEB expense:

	Pension expense
PSPRS - Police	\$ 508,435
PSPRS - Fire	587,126

Deferred Outflows/Inflows of Resources - At June 30, 2019, 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	\$ 8,594	\$ 537,194
Changes of assumptions or other inputs	452,391	6,570
Net difference between projected and actual earnings on pension plan investments	71,550	4,712
Town contributions subsequent to the measurement date	290,235	-
Total	\$ 822,770	\$ 548,476
<b>PSPRS - Fire</b>		
Differences between expected and actual experience	\$ 553,706	\$ 287,300
Changes of assumptions or other inputs	308,380	5,430
Net difference between projected and actual earnings on pension plan investments	53,866	2,431
Town contributions subsequent to the measurement date	307,150	-
Total	\$ 1,223,102	\$ 295,161

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, 2020. 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,		
2020	\$ 86,950	\$ 114,586
2021	48,500	87,168
2022	(33,218)	31,306
2023	(44,409)	67,191
2024	(42,355)	62,204
Thereafter	(31,409)	258,336

Town of Florence, Arizona  
Notes to Financial Statements  
June 30, 2019

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, 2019. The Town's required matching contributions for the plan were covered by the accumulated forfeited funds for the year ended June 30, 2019. As of June 30, 2019, 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, 2019. As discussed earlier in Note 1.N, Budgetary Data, the encumbrances and related appropriation lapse at the end of the year, but are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next fiscal year.

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

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.



**OTHER REQUIRED SUPPLEMENTARY INFORMATION**



Town of Florence, Arizona  
Schedule of the Proportionate Share of the Net Pension/OPEB Liability  
Cost-Sharing Plan  
June 30, 2019

ASRS	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Town's proportion of the net pension/OPEB liability	0.05 %	0.05 %	0.06 %	0.06 %	0.06 %	Information not available
Town's proportionate share of the net pension/OPEB liability	\$ 7,169,812	\$ 8,220,537	\$ 9,043,805	\$ 9,160,327	\$ 8,332,184	
Town's covered payroll	\$ 5,516,752	\$ 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	129.96 %	153.73 %	168.44 %	168.39 %	164.25 %	
Plan fiduciary net position as a percentage of the total pension/OPEB liability	73.40 %	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, 2019

PSPRS - Police Pension/OPEB

	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension/OPEB liability:						
Service cost	\$ 321,000	\$ 384,568	\$ 365,808	\$ 342,618	\$ 318,072	Information not available
Interest on the total pension/OPEB liability	517,225	491,657	439,533	400,319	316,736	
Changes of benefit terms	-	102,492	325,653	-	69,287	
Differences between expected and actual experience in the measurement of the pension liability	(132,323)	(291,736)	(282,127)	(65,501)	23,569	
Changes of assumptions or other inputs	-	125,108	271,137	-	506,321	
Benefit payments, including refunds of employee contributions	<u>(238,034)</u>	<u>(454,388)</u>	<u>(207,846)</u>	<u>(171,147)</u>	<u>(191,863)</u>	
Net change in total pension liability	467,868	357,701	912,158	506,289	1,042,122	
Total pension liability—beginning	<u>6,948,036</u>	<u>6,590,335</u>	<u>5,520,163</u>	<u>5,013,874</u>	<u>3,971,752</u>	
Total pension liability—ending (a)	<u>\$ 7,415,904</u>	<u>\$ 6,948,036</u>	<u>\$ 6,432,321</u>	<u>\$ 5,520,163</u>	<u>\$ 5,013,874</u>	
Plan fiduciary net position:						
Contributions—employer	\$ 314,163	\$ 256,748	\$ 278,284	\$ 225,441	\$ 221,399	
Contributions—employee	147,044	195,543	215,558	208,870	192,212	
Net investment income	417,202	635,515	29,001	167,656	518,949	
Benefit payments, including refunds of employee contributions	(238,034)	(454,388)	(207,846)	(171,147)	(191,863)	
Hall/Parker settlement	(222,896)	-	-	-	-	
Administrative expense	(7,050)	(6,023)	(4,574)	(4,474)	-	
Other changes	<u>71</u>	<u>67</u>	<u>(20,975)</u>	<u>(3,606)</u>	<u>(117,115)</u>	
Net change in plan fiduciary net position	410,500	627,462	289,448	422,740	623,582	
Plan fiduciary net position—beginning	<u>6,011,105</u>	<u>5,383,643</u>	<u>4,879,960</u>	<u>4,457,220</u>	<u>3,833,638</u>	
Plan fiduciary net position—ending (b)	<u>\$ 6,421,605</u>	<u>\$ 6,011,105</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)	\$ 994,299	\$ 936,931	\$ 1,262,913	\$ 640,203	\$ 556,654	
Plan fiduciary net position as a percentage of the total pension liability	86.59 %	86.52 %	80.37 %	88.40 %	88.90 %	
Covered payroll	\$ 1,515,788	\$ 1,737,141	\$ 1,866,376	\$ 1,846,771	\$ 1,713,615	
Town's net pension/OPEB liability as a percentage of covered payroll	65.60 %	53.94 %	67.67 %	34.67 %	32.48 %	

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, 2019

PSPRS - Fire Pension/OPEB	Reporting Fiscal Year (Measurement Date)					2014 through 2010
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension/OPEB liability:						
Service cost	\$ 355,429	\$ 372,082	\$ 286,511	\$ 334,719	\$ 256,499	Information not available
Interest on the total pension/OPEB liability	414,355	347,018	282,339	217,485	164,612	
Changes of benefit terms	-	72,237	452,222	-	(9,051)	
Differences between expected and actual experience in the measurement of the pension liability	143,551	75,199	(357,287)	312,802	204,613	
Changes of assumptions or other inputs	-	147,470	213,139	-	27,389	
Benefit payments, including refunds of employee contributions	<u>(35,145)</u>	<u>(31,219)</u>	<u>(10,192)</u>	<u>(19,275)</u>	<u>-</u>	
Net change in total pension/OPEB liability	878,190	982,787	866,732	845,731	644,062	
Total pension liability—beginning	<u>5,439,254</u>	<u>4,456,467</u>	<u>3,458,516</u>	<u>2,612,785</u>	<u>1,968,723</u>	
Total pension liability—ending (a)	<u>\$ 6,317,444</u>	<u>\$ 5,439,254</u>	<u>\$ 4,325,248</u>	<u>\$ 3,458,516</u>	<u>\$ 2,612,785</u>	
Plan fiduciary net position:						
Contributions—employer	\$ 310,483	\$ 204,107	\$ 204,006	\$ 182,645	\$ 176,996	
Contributions—employee	144,528	184,243	189,829	213,250	161,991	
Net investment income	347,282	499,446	22,354	122,465	323,597	
Benefit payments, including refunds of employee contributions	(35,145)	(31,219)	(10,192)	(19,275)	-	
Hall/Parker settlement	(238,304)	-	-	-	-	
Administrative expense	(5,986)	(4,820)	(3,617)	(3,377)	(2,627)	
Other changes	<u>55</u>	<u>46</u>	<u>(155,705)</u>	<u>230,497</u>	<u>179,386</u>	
Net change in plan fiduciary net position	522,913	851,803	246,675	726,205	839,343	
Plan fiduciary net position—beginning	<u>4,942,312</u>	<u>4,090,509</u>	<u>3,730,811</u>	<u>3,004,606</u>	<u>2,165,263</u>	
Plan fiduciary net position—ending (b)	<u>\$ 5,465,225</u>	<u>\$ 4,942,312</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)	\$ 852,219	\$ 496,942	\$ 347,762	\$ (272,295)	\$ (391,821)	
Plan fiduciary net position as a percentage of the total pension/OPEB liability	86.51 %	90.86 %	91.96 %	107.87 %	115.00 %	
Covered payroll	\$ 1,852,449	\$ 1,631,760	\$ 1,643,709	\$ 1,761,335	\$ 1,594,559	
Town's net pension/OPEB liability as a percentage of covered payroll	46.00 %	30.45 %	21.16 %	(15.46)%	(24.57)%	

See the accompanying notes to this schedule.

Town of Florence, Arizona  
Schedule of Pension/OPEB Contributions  
All Pension Plans  
June 30, 2019

ASRS - Pension/OPEB

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2010</u>
Statutorily required contribution	\$ 617,224	\$ 634,427	\$ 576,464	\$ 582,551	\$ 591,857	\$ 542,791	
Contribution in relation to the statutorily required contribution	<u>617,224</u>	<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	\$ 5,230,712	\$ 5,516,752	\$ 5,347,532	\$ 5,369,134	\$ 5,439,862	\$ 5,072,813	
Contributions as a percentage of covered payroll	11.80 %	11.50 %	10.78 %	10.85 %	10.88 %	10.70 %	

PSPRS - Police Pension/OPEB

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2010</u>
Actuarially required contribution	\$ 290,235	\$ 301,945	\$ 260,050	\$ 280,703	\$ 219,027	\$ 221,399	
Contribution in relation to the actuarially required contribution	<u>290,235</u>	<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	\$ 1,592,947	\$ 1,515,788	\$ 1,737,141	\$ 1,866,376	\$ 1,846,771	\$ 1,713,615	
Contributions as a percentage of covered payroll	18.22 %	19.92 %	14.97 %	15.04 %	11.86 %	12.92 %	

PSPRS - Fire Pension/OPEB

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 through 2010</u>
Actuarially required contribution	\$ 307,150	\$ 294,169	\$ 187,326	\$ 185,246	\$ 185,997	\$ 176,996	
Contribution in relation to the actuarially required contribution	<u>307,150</u>	<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	\$ 1,850,301	\$ 1,852,449	\$ 1,631,760	\$ 1,643,709	\$ 1,761,335	\$ 1,594,559	
Contributions as a percentage of covered payroll	16.60 %	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, 2019

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-of-pay, closed
Remaining amortization period as of the 2017 actuarial valuation	20 years for unfunded actuarial accrued liability, 19 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4%-8% to 3.5%-7.5%. 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 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. 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	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

Town of Florence, Arizona  
Notes to Required Supplementary Information  
June 30, 2019

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 increased 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, 2019

	Special Revenue			
	Grants	Economic Development	Community Services	Community Facilities Districts
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 244,521	\$ 97,028	\$ 411,669
Receivables (net of allowance for uncollectibles)	50,568	11,688	320	1,398
Due from other governments	16,349	-	491	847
Due from other funds	5,889	122,091	-	10,397
Prepaid items	-	-	-	-
Total assets	<u>\$ 72,806</u>	<u>\$ 378,300</u>	<u>\$ 97,839</u>	<u>\$ 424,311</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,889	\$ 7,220	\$ -	\$ 10,397
Due to other funds	<u>45,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>51,012</u>	<u>7,220</u>	<u>-</u>	<u>10,397</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-special assessments	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted:				
Public safety	2,084	-	97,839	-
Capital projects	-	-	-	-
Economic development	-	309,836	-	-
Community facilities	-	-	-	-
Culture and recreation	19,710	-	-	-
District operations	-	-	-	413,914
Assigned	-	61,232	-	-
Unassigned	-	-	-	-
Total fund balances	<u>21,794</u>	<u>371,068</u>	<u>97,839</u>	<u>413,914</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,806</u>	<u>\$ 378,300</u>	<u>\$ 97,839</u>	<u>\$ 424,311</u>

Capital Projects

<u>Debt Service</u>	<u>Construction Tax</u>	<u>Food Tax</u>	<u>Totals</u>
\$ -	\$ 3,782,311	\$ 670,761	\$ 5,206,290
-	11,878	2,316	78,168
-	-	-	17,687
-	-	-	138,377
<u>69,748</u>	<u>-</u>	<u>-</u>	<u>69,748</u>
<u>\$ 69,748</u>	<u>\$ 3,794,189</u>	<u>\$ 673,077</u>	<u>\$ 5,510,270</u>
\$ -	\$ -	\$ -	\$ 23,506
<u>69,748</u>	<u>-</u>	<u>-</u>	<u>114,871</u>
<u>69,748</u>	<u>-</u>	<u>-</u>	<u>138,377</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>12</u>
69,748	-	-	69,748
-	-	-	99,923
-	3,794,189	673,077	4,467,266
-	-	-	309,836
-	-	-	-
-	-	-	19,710
-	-	-	413,914
-	-	-	61,232
<u>(69,748)</u>	<u>-</u>	<u>-</u>	<u>(69,748)</u>
<u>-</u>	<u>3,794,189</u>	<u>673,077</u>	<u>5,371,881</u>
<u>\$ 69,748</u>	<u>\$ 3,794,189</u>	<u>\$ 673,077</u>	<u>\$ 5,510,270</u>

TOWN OF FLORENCE, ARIZONA

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

Nonmajor Governmental Funds

Year Ended June 30, 2019

	Special Revenue			
	Grants	Economic Development	Community Services	Community Facilities Districts
REVENUES				
Sales taxes	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	130,376
Intergovernmental	796,250	-	-	-
Fines and forfeits	-	-	12,002	-
Special assessment	-	-	-	-
Investment income	-	11,836	2,872	11,347
Miscellaneous	-	53,340	-	67,206
Total revenues	<u>796,250</u>	<u>65,176</u>	<u>14,874</u>	<u>208,929</u>
EXPENDITURES				
General government	-	-	-	94,051
Public safety	228,683	-	8,313	-
Culture and recreation	20,548	-	-	-
Community development	7,015	97,407	-	-
Capital outlay	605,485	-	-	-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>861,731</u>	<u>97,407</u>	<u>8,313</u>	<u>94,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,481)</u>	<u>(32,231)</u>	<u>6,561</u>	<u>114,878</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	136,811	-	-	-
Transfers out	(582)	(25,035)	-	(40,387)
Total other financing sources (uses)	<u>136,229</u>	<u>(25,035)</u>	<u>-</u>	<u>(40,387)</u>
Net change in fund balances	70,748	(57,266)	6,561	74,491
Fund balances, July 1, 2018	<u>(48,954)</u>	<u>428,334</u>	<u>91,278</u>	<u>339,423</u>
Fund balances, June 30, 2019	<u>\$ 21,794</u>	<u>\$ 371,068</u>	<u>\$ 97,839</u>	<u>\$ 413,914</u>

Capital Projects

<u>Debt Service</u>	<u>Construction Tax</u>	<u>Food Tax</u>	<u>Totals</u>
\$ -	\$ 419,480	\$ -	\$ 419,480
-	-	-	130,376
-	-	-	796,250
-	-	-	12,002
79,764	-	-	79,764
1,335	103,633	20,148	151,171
-	-	-	<u>120,546</u>
<u>81,099</u>	<u>523,113</u>	<u>20,148</u>	<u>1,709,589</u>
-	-	-	94,051
-	-	-	236,996
-	-	-	20,548
6,530	-	-	110,952
-	-	-	605,485
136,545	-	-	136,545
21,048	-	-	<u>21,048</u>
<u>164,123</u>	<u>-</u>	<u>-</u>	<u>1,225,625</u>
<u>(83,024)</u>	<u>523,113</u>	<u>20,148</u>	<u>483,964</u>
69,748	-	-	206,559
<u>(53,083)</u>	<u>-</u>	<u>-</u>	<u>(119,087)</u>
<u>16,665</u>	<u>-</u>	<u>-</u>	<u>87,472</u>
(66,359)	523,113	20,148	571,436
<u>66,359</u>	<u>3,271,076</u>	<u>652,929</u>	<u>4,800,445</u>
<u>\$ -</u>	<u>\$ 3,794,189</u>	<u>\$ 673,077</u>	<u>\$ 5,371,881</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,409,070	\$ 1,409,070	\$ 1,300,171	\$ (108,899)
Special assessment	820,140	820,140	807,041	(13,099)
Investment income	18,900	18,900	80,707	61,807
Total revenues	<u>2,248,110</u>	<u>2,248,110</u>	<u>2,187,919</u>	<u>(60,191)</u>
<b>EXPENDITURES</b>				
General government	-	-	142,906	(142,906)
Principal	3,192,940	3,192,940	1,532,649	1,660,291
Interest and other charges	-	-	974,052	(974,052)
Total expenditures	<u>3,192,940</u>	<u>3,192,940</u>	<u>2,649,607</u>	<u>543,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(944,830)</u>	<u>(944,830)</u>	<u>(461,688)</u>	<u>483,142</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	51,573	51,573
Transfers out	-	-	(13,362)	(13,362)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>38,211</u>	<u>38,211</u>
Net change in fund balances	(944,830)	(944,830)	(423,477)	521,353
Fund balances, July 1, 2018	<u>3,939,597</u>	<u>3,939,597</u>	<u>3,939,597</u>	<u>-</u>
Fund balances, June 30, 2019	<u>\$ 2,994,767</u>	<u>\$ 2,994,767</u>	<u>\$ 3,516,120</u>	<u>\$ 521,353</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 13,500	\$ 13,500	\$ 11,988	\$ (1,512)
Total revenues	13,500	13,500	11,988	(1,512)
<b>EXPENDITURES</b>				
Capital outlay	5,731,240	5,731,240	1,523,879	4,207,361
Total expenditures	5,731,240	5,731,240	1,523,879	4,207,361
Excess (deficiency) of revenues over (under) expenditures	(5,717,740)	(5,717,740)	(1,511,891)	4,205,849
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	2,535	2,535
Transfers out	-	-	(359)	(359)
Other financing sources - bonds	3,000,000	3,000,000	-	(3,000,000)
Total other financing sources (uses)	3,000,000	3,000,000	2,176	(2,997,824)
Net change in fund balance	(2,717,740)	(2,717,740)	(1,509,715)	1,208,025
Fund balances, July 1, 2018	4,197,267	4,197,267	4,197,267	-
Fund balances, June 30, 2019	\$ 1,479,527	\$ 1,479,527	\$ 2,687,552	\$ 1,208,025

TOWN OF FLORENCE, ARIZONA

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

Impact Fees Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for service	\$ 407,700	\$ 407,700	\$ 540,216	\$ 132,516
Investment income	-	-	66,743	66,743
Total revenues	<u>407,700</u>	<u>407,700</u>	<u>606,959</u>	<u>199,259</u>
<b>EXPENDITURES</b>				
Community development	<u>775,000</u>	<u>775,000</u>	<u>14,302</u>	<u>760,698</u>
Total expenditures	<u>775,000</u>	<u>775,000</u>	<u>14,302</u>	<u>760,698</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,300)</u>	<u>(367,300)</u>	<u>592,657</u>	<u>959,957</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(77,500)</u>	<u>(77,500)</u>	<u>-</u>	<u>77,500</u>
Total other financing sources (uses)	<u>(77,500)</u>	<u>(77,500)</u>	<u>-</u>	<u>77,500</u>
Net change in fund balance	(444,800)	(444,800)	592,657	1,037,457
Fund balances, July 1, 2018	<u>1,846,831</u>	<u>1,846,831</u>	<u>1,846,831</u>	<u>-</u>
Fund balances, June 30, 2019	<u>\$ 1,402,031</u>	<u>\$ 1,402,031</u>	<u>\$ 2,439,488</u>	<u>\$ 1,037,457</u>

TOWN OF FLORENCE, ARIZONA

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

Capital Improvements Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,840,078	\$ 640,078
Investment income	30,000	30,000	219,783	189,783
Total revenues	<u>1,230,000</u>	<u>1,230,000</u>	<u>2,059,861</u>	<u>829,861</u>
<b>EXPENDITURES</b>				
General government	1,457,638	1,457,638	375,141	1,082,497
Public safety	-	-	357,047	(357,047)
Culture and recreation	-	-	325,027	(325,027)
Community development	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
Total expenditures	<u>1,477,638</u>	<u>1,477,638</u>	<u>1,057,215</u>	<u>420,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(247,638)</u>	<u>(247,638)</u>	<u>1,002,646</u>	<u>1,250,284</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	44,704	44,704
Transfers out	<u>(184,540)</u>	<u>(184,540)</u>	<u>(94,505)</u>	<u>90,035</u>
Total other financing sources (uses)	<u>(184,540)</u>	<u>(184,540)</u>	<u>(49,801)</u>	<u>134,739</u>
Net change in fund balance	(432,178)	(432,178)	952,845	1,385,023
Fund balances, July 1, 2018	<u>6,699,354</u>	<u>6,699,354</u>	<u>6,699,354</u>	<u>-</u>
Fund balances, June 30, 2019	<u>\$ 6,267,176</u>	<u>\$ 6,267,176</u>	<u>\$ 7,652,199</u>	<u>\$ 1,385,023</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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 4,378,080	\$ 4,378,080	\$ 796,250	\$ (3,581,830)
Total revenues	4,378,080	4,378,080	796,250	(3,581,830)
<b>EXPENDITURES</b>				
Public safety	4,378,080	4,378,080	228,683	4,149,397
Culture and recreation	-	-	20,548	(20,548)
Community development	-	-	7,015	(7,015)
Capital outlay	-	-	605,485	(605,485)
Total expenditures	4,378,080	4,378,080	861,731	3,516,349
Excess (deficiency) of revenues over (under) expenditures	-	-	(65,481)	(65,481)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	136,811	136,811
Transfers out	-	-	(582)	(582)
Total other financing sources (uses)	-	-	136,229	136,229
Net change in fund balance	-	-	70,748	70,748
Fund balances, July 1, 2018	(48,954)	(48,954)	(48,954)	-
Fund balances, June 30, 2019	\$ (48,954)	\$ (48,954)	\$ 21,794	\$ 70,748

TOWN OF FLORENCE, ARIZONA

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

Economic Development

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 3,000	\$ 3,000	\$ 11,836	\$ 8,836
Miscellaneous	-	-	53,340	53,340
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>65,176</u>	<u>62,176</u>
<b>EXPENDITURES</b>				
Community development	<u>79,420</u>	<u>79,420</u>	<u>97,407</u>	<u>(17,987)</u>
Total expenditures	<u>79,420</u>	<u>79,420</u>	<u>97,407</u>	<u>(17,987)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(76,420)</u>	<u>(76,420)</u>	<u>(32,231)</u>	<u>44,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(780)</u>	<u>(780)</u>	<u>(25,035)</u>	<u>(24,255)</u>
Total other financing sources (uses)	<u>(780)</u>	<u>(780)</u>	<u>(25,035)</u>	<u>(24,255)</u>
Net change in fund balance	(77,200)	(77,200)	(57,266)	19,934
Fund balances, July 1, 2018	<u>428,334</u>	<u>428,334</u>	<u>428,334</u>	<u>-</u>
Fund balances, June 30, 2019	<u><u>\$ 351,134</u></u>	<u><u>\$ 351,134</u></u>	<u><u>\$ 371,068</u></u>	<u><u>\$ 19,934</u></u>

TOWN OF FLORENCE, ARIZONA

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

Community Services

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeits	\$ 14,970	\$ 14,970	\$ 12,002	\$ (2,968)
Investment income	-	-	2,872	2,872
Total revenues	<u>14,970</u>	<u>14,970</u>	<u>14,874</u>	<u>(96)</u>
<b>EXPENDITURES</b>				
Public safety	<u>6,700</u>	<u>6,700</u>	<u>8,313</u>	<u>(1,613)</u>
Total expenditures	<u>6,700</u>	<u>6,700</u>	<u>8,313</u>	<u>(1,613)</u>
Net change in fund balance	8,270	8,270	6,561	(1,709)
Fund balances, July 1, 2018	<u>91,278</u>	<u>91,278</u>	<u>91,278</u>	-
Fund balances, June 30, 2019	<u>\$ 99,548</u>	<u>\$ 99,548</u>	<u>\$ 97,839</u>	<u>\$ (1,709)</u>

TOWN OF FLORENCE, ARIZONA

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

Community Facilities Districts

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ 130,376	\$ 130,376
Investment income	1,100	1,100	11,347	10,247
Miscellaneous	700	700	67,206	66,506
Total revenues	1,800	1,800	208,929	207,129
<b>EXPENDITURES</b>				
General government	65,020	65,020	94,051	(29,031)
Total expenditures	65,020	65,020	94,051	(29,031)
Excess (deficiency) of revenues over (under) expenditures	(63,220)	(63,220)	114,878	178,098
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(42,550)	(42,550)	(40,387)	2,163
Total other financing sources (uses)	(42,550)	(42,550)	(40,387)	2,163
Net change in fund balance	(105,770)	(105,770)	74,491	180,261
Fund balances, July 1, 2018	339,423	339,423	339,423	-
Fund balances, June 30, 2019	\$ 233,653	\$ 233,653	\$ 413,914	\$ 180,261

TOWN OF FLORENCE, ARIZONA

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

Debt Services

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Special assessment	\$ 79,200	\$ 79,200	\$ 79,764	\$ 564
Investment income	-	-	1,335	1,335
Total revenues	<u>79,200</u>	<u>79,200</u>	<u>81,099</u>	<u>1,899</u>
<b>EXPENDITURES</b>				
Community development	-	-	6,530	(6,530)
Principal	164,025	164,025	136,545	27,480
Interest and other charges	-	-	21,048	(21,048)
Total expenditures	<u>164,025</u>	<u>164,025</u>	<u>164,123</u>	<u>(98)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,825)</u>	<u>(84,825)</u>	<u>(83,024)</u>	<u>1,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	69,750	69,750	69,748	(2)
Transfers out	-	-	(53,083)	(53,083)
Total other financing sources	<u>69,750</u>	<u>69,750</u>	<u>16,665</u>	<u>(53,085)</u>
Net change in fund balance	(15,075)	(15,075)	(66,359)	(51,284)
Fund balances, July 1, 2018	<u>66,359</u>	<u>66,359</u>	<u>66,359</u>	<u>-</u>
Fund balances, June 30, 2019	<u><u>\$ 51,284</u></u>	<u><u>\$ 51,284</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (51,284)</u></u>

TOWN OF FLORENCE, ARIZONA

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

Construction Tax

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 130,000	\$ 130,000	\$ 419,480	\$ 289,480
Investment income	30,000	30,000	103,633	73,633
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	161,000	161,000	523,113	362,113
Net change in fund balance	161,000	161,000	523,113	362,113
Fund balances, July 1, 2018	3,271,076	3,271,076	3,271,076	-
Fund balances, June 30, 2019	<u>\$ 3,432,076</u>	<u>\$ 3,432,076</u>	<u>\$ 3,794,189</u>	<u>\$ 362,113</u>

TOWN OF FLORENCE, ARIZONA

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

Food Tax

Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 1,700	\$ 1,700	\$ 20,148	\$ 18,448
Total revenues	1,700	1,700	20,148	18,448
Net change in fund balance	1,700	1,700	20,148	18,448
Fund balances, July 1, 2018	<u>652,929</u>	<u>652,929</u>	<u>652,929</u>	<u>-</u>
Fund balances, June 30, 2019	<u>\$ 654,629</u>	<u>\$ 654,629</u>	<u>\$ 673,077</u>	<u>\$ 18,448</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.	100-111
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Town's most significant local revenue sources, sales tax.	112-113
<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.	114-116
<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.	117-119
<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.	120-122

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

	2010	2011	2012	2013
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 58,303,000	\$ 54,390,000	\$ 56,527,095	\$ 55,769,932
Restricted	25,772,000	33,045,000	22,880,295	23,628,884
Unrestricted	18,248,000	14,628,000	26,882,692	26,821,517
Total governmental activities net position	<u>102,323,000</u>	<u>102,063,000</u>	<u>106,290,082</u>	<u>106,220,333</u>
<b>Business-type Activities</b>				
Net investment in capital assets	6,012,000	6,053,000	6,032,112	6,199,045
Restricted	987,000	1,047,000	2,162,035	2,208,022
Unrestricted	10,290,000	13,206,000	15,156,389	18,071,833
Total business-type activities net position	<u>17,289,000</u>	<u>20,306,000</u>	<u>23,350,536</u>	<u>26,478,900</u>
<b>Net Position</b>				
Net investment in capital assets	64,315,000	60,443,000	62,559,207	61,968,977
Restricted	26,759,000	34,092,000	25,042,330	25,836,906
Unrestricted	28,538,000	27,834,000	42,039,081	44,893,350
Total net position	<u>\$ 119,612,000</u>	<u>\$ 122,369,000</u>	<u>\$ 129,640,618</u>	<u>\$ 132,699,233</u>

2014	2015	2016	2017	2018	2019
\$ 61,395,040	\$ 75,421,775	\$ 69,337,465	\$ 73,657,354	\$ 72,398,506	68,281,400
28,844,637	26,798,037	31,503,936	29,399,230	31,839,643	30,814,908
21,371,306	1,885,480	2,795,259	2,262,889	4,461,196	11,715,746
<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>	<u>110,812,054</u>
6,375,459	13,129,903	15,097,040	15,416,500	15,973,435	18,542,906
2,677,331	2,903,176	2,816,813	3,057,946	3,206,134	3,226,046
19,085,727	12,394,686	13,304,470	15,355,315	16,001,790	16,833,517
<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>	<u>38,602,469</u>
67,770,499	88,551,678	84,434,505	89,073,854	88,371,941	86,824,306
31,521,968	29,701,213	34,320,749	32,457,176	35,045,777	34,040,954
40,457,033	14,280,166	16,099,729	17,618,204	20,462,986	28,549,263
<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>	<u>\$ 149,414,523</u>

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

	2010	2011	2012	2013
<b>EXPENSES</b>				
<b>Governmental activities</b>				
General government	6,683,000	6,932,444	3,452,054	4,055,352
Public safety	5,571,657	5,313,251	4,008,506	5,528,833
Highways and streets	3,478,242	2,960,896	3,064,386	3,001,939
Public works	28,195	41,693	202,167	293,202
Culture and recreation	1,394,734	1,257,819	1,450,633	1,684,400
Community development	623,087	630,865	2,407,647	1,082,103
Interest on long-term debt	615,090	685,365	911,203	888,193
Total governmental activities	<u>18,394,005</u>	<u>17,822,333</u>	<u>15,496,596</u>	<u>16,534,022</u>
<b>Business-type activities</b>				
Water	1,390,873	1,321,927	1,293,664	1,362,620
Sewer	1,900,408	1,806,536	1,819,735	1,747,616
Solid waste	663,473	661,964	699,249	682,078
Total business-type activities	<u>3,954,754</u>	<u>3,790,427</u>	<u>3,812,648</u>	<u>3,792,314</u>
Total primary government expenses	<u>22,348,759</u>	<u>21,612,760</u>	<u>19,309,244</u>	<u>20,326,336</u>

2014	2015	2016	2017	2018	2019
8,262,562	4,818,029	3,850,698	4,048,228	3,349,953	6,316,487
4,816,583	8,081,544	9,790,715	9,109,350	7,731,003	8,911,563
2,728,013	3,409,782	3,961,384	4,148,226	4,038,910	3,553,676
579,857	805,196	714,647	827,149	567,470	542,936
1,699,128	2,813,496	2,513,486	2,358,257	2,409,680	2,874,100
858,152	948,650	1,138,496	873,892	1,865,240	2,394,984
816,839	949,903	861,319	1,333,967	1,134,030	960,585
<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>	<u>25,554,331</u>
1,618,878	1,783,823	1,418,370	1,441,641	2,350,125	2,435,118
2,140,836	2,486,417	2,021,295	2,094,994	2,263,515	2,437,818
825,239	812,811	827,655	863,346	884,367	938,843
<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>5,811,779</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>	<u>31,366,110</u>

(continued)

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

	2010	2011	2012	2013
<b>PROGRAM REVENUES</b>				
<b>Governmental activities</b>				
Charges for services:				
General government	942,808	947,188	733,487	875,429
Public safety	298,993	306,789	310,166	331,103
Highway and streets	-	-	-	-
Culture and recreation	10,390	9,466	7,401	4,316
Community development	1,429,227	474,938	525,659	798,678
Operating grants and contributions	3,182,649	3,179,055	2,579,917	2,700,108
Capital grants and contributions	3,429,189	1,339,952	1,500,250	953,145
Total governmental activities	<u>9,293,256</u>	<u>6,257,388</u>	<u>5,656,880</u>	<u>5,662,779</u>
<b>Business-type activities</b>				
Charges for services:				
Water	2,597,067	2,961,152	2,793,341	2,691,199
Sewer	2,665,332	3,218,251	3,165,051	3,536,085
Solid waste	916,984	979,401	1,019,021	1,082,281
Water impact fees	11,101	-	-	-
Liquid waste	13,684	27,369	-	-
Solid waste	30,660	16,058	5,580	-
Operating grants and contributions	20,000	-	-	-
Capital grants and contributions	-	-	-	28,503
Total business-type activities	<u>6,254,828</u>	<u>7,202,231</u>	<u>6,982,993</u>	<u>7,338,068</u>
Total primary government program revenues	<u>15,548,084</u>	<u>13,459,619</u>	<u>12,639,873</u>	<u>13,000,847</u>
<b>NET REVENUE (EXPENSE)</b>				
Governmental activities	(9,100,749)	(11,564,945)	(9,839,716)	(10,871,243)
Business-type activities	<u>2,300,074</u>	<u>3,411,804</u>	<u>3,170,345</u>	<u>3,545,754</u>
Total primary government	<u>(6,800,675)</u>	<u>(8,153,141)</u>	<u>(6,669,371)</u>	<u>(7,325,489)</u>

2014	2015	2016	2017	2018	2019
1,117,187	1,374,728	1,412,182	1,360,404	2,398,239	487,968
216,740	175,084	173,282	215,601	241,362	252,892
41	41	33	-	1,200,201	1,146,950
8,964	9,882	8,672	9,805	451,995	441,986
507,094	427,676	619,027	558,946	60,921	79,764
2,810,427	3,254,978	3,844,596	3,671,227	3,355,713	4,195,953
5,403,053	1,404,328	691,397	2,764,448	512,720	2,087,051
<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>	<u>8,692,564</u>
2,834,647	2,738,692	2,920,345	2,956,627	2,914,294	3,968,990
3,824,435	3,891,568	4,162,105	4,169,513	3,943,049	4,174,214
678,596	716,166	746,862	809,521	854,067	929,317
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,718	20,118	24,238	4,120	282,323
<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>9,354,844</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>	<u>18,047,408</u>
(9,697,628)	(15,179,883)	(16,081,556)	(14,118,638)	(12,875,135)	(16,861,767)
<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>3,543,065</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>	<u>(13,318,702)</u>

(continued)

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

	2010	2011	2012	2013
<b>GENERAL REVENUES</b>				
<b>Governmental activities</b>				
Taxes				
Sales taxes	3,707,169	3,099,031	4,907,353	3,671,468
Property taxes	2,096,826	1,832,156	1,863,163	1,565,087
Franchise taxes	371,537	371,757	373,761	385,591
State shared revenues	5,443,456	4,852,275	5,231,428	5,811,613
Investment income	334,969	195,754	766,154	(259,780)
Miscellaneous	254,305	272,229	179,340	34,430
Loss on sale of capital assets	-	-	-	-
Transfers in (out)	703,556	681,590	745,275	445,415
Total governmental activities	<u>12,911,818</u>	<u>11,304,792</u>	<u>14,066,474</u>	<u>11,653,824</u>
<b>Business-type activities</b>				
Investment income	101,815	64,367	278,145	(111,009)
Loss on sale of capital assets	-	-	-	-
Miscellaneous	149,025	223,339	340,737	139,034
Transfers in (out)	(703,556)	(681,590)	(745,275)	(445,415)
Total business-type activities	<u>(452,716)</u>	<u>(393,884)</u>	<u>(126,393)</u>	<u>(417,390)</u>
<b>CHANGES IN NET POSITION</b>				
Governmental activities	12,911,818	(260,153)	4,226,758	782,581
Business-type activities	(452,716)	3,017,920	3,043,952	3,128,364
Total primary government	<u>\$ 12,459,102</u>	<u>\$ 2,757,767</u>	<u>\$ 7,270,710</u>	<u>\$ 3,910,945</u>

2014	2015	2016	2017	2018	2019
4,059,769	3,827,397	4,314,061	4,392,219	4,611,413	5,399,335
1,716,952	1,941,594	2,015,288	2,133,736	2,446,349	2,538,072
520,410	571,559	548,613	617,196	631,107	649,202
6,257,959	6,701,102	6,930,903	8,276,216	7,170,486	7,368,484
795,796	315,395	354,952	46,699	225,899	1,211,692
250,318	(224,556)	-	-	-	861,194
-	377,242	317,887	166,374	303,828	-
1,485,165	1,049,532	1,006,670	1,050,588	1,007,688	946,497
<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>	<u>18,974,476</u>
339,968	212,020	189,556	44,885	71,048	646,319
-	(45,949)	-	-	-	-
52,089	64,631	25,562	57,223	70,715	178,223
<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>(946,497)</u>
<u>(1,093,108)</u>	<u>(818,830)</u>	<u>(791,552)</u>	<u>(948,480)</u>	<u>(865,925)</u>	<u>(121,955)</u>
5,388,741	(620,618)	(593,182)	2,564,390	3,521,635	2,112,709
1,659,617	1,448,263	2,790,558	2,611,438	1,351,598	3,421,110
<u>\$ 7,048,358</u>	<u>\$ 827,645</u>	<u>\$ 2,197,376</u>	<u>\$ 5,175,828</u>	<u>\$ 4,873,233</u>	<u>\$ 5,533,819</u>

(concluded)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ 64,468	\$ 66,671	\$ 66,700
Unassigned	-	12,094,137	14,703,424	11,357,149
Unreserved	<u>11,107,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>11,107,505</u>	<u>12,158,605</u>	<u>14,770,095</u>	<u>11,423,849</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	-	-	652,624	1,151,553
Restricted	-	21,509,635	17,149,931	17,635,228
Committed	-	652,292	10,865,249	14,946,996
Assigned	-	7,537,864	595,691	710,956
Unassigned	-	-	-	-
Unreserved	<u>27,050,641</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>27,050,641</u>	<u>29,699,791</u>	<u>29,263,495</u>	<u>34,444,733</u>
Total governmental funds	<u>\$ 38,158,146</u>	<u>\$ 41,858,396</u>	<u>\$ 44,033,590</u>	<u>\$ 45,868,582</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>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 63,968	\$ 42,742	\$ 166,575	\$ 80,004	\$ 273,960	\$ 217,342
8,433,419	8,061,736	8,564,249	9,816,926	10,226,096	11,470,541
-	-	-	-	-	-
<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>	<u>11,687,883</u>
14,238	-	57,291	-	199,980	1,042,902
26,633,138	20,760,864	26,209,011	27,289,548	31,639,663	29,890,126
-	-	-	-	-	-
9,893,863	992,190	1,131,708	728,182	-	-
(54,351)	-	-	-	(48,954)	(69,748)
-	-	-	-	-	-
<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>30,863,280</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>	<u>\$ 42,551,163</u>

**Town of Florence, Arizona**  
**Table 4**  
**Governmental Funds**  
**Changes in Fund Balances**  
(Modified accrual basis of accounting)  
Last Ten Fiscal Years

	2010	2011	2012	2013
<b>REVENUES</b>				
Taxes*	\$ 9,090,410	\$ 8,197,401	\$ 9,511,918	\$ 8,153,474
Intergovernmental	5,728,725	5,230,895	6,123,769	6,306,573
Fines and forfeits	132,006	155,862	149,668	175,058
Licenses and permits	425,005	352,062	291,697	389,434
Charges for services	2,094,688	1,189,716	1,100,044	1,425,455
Investment income	334,969	191,295	766,154	(259,780)
Contributions	40,051	30,713	100,522	16,206
Special assessments	810,148	866,452	840,591	905,924
Miscellaneous	203,882	265,314	164,893	113,512
Total revenues	<u>18,859,884</u>	<u>16,479,710</u>	<u>19,049,256</u>	<u>17,225,856</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,314,037	3,429,221	2,944,893	3,469,628
Public safety	5,214,936	4,966,311	5,423,446	5,791,565
Highways and streets	1,823,091	1,528,943	1,653,929	1,596,838
Public works	2,427	1,425	168,975	167,397
Culture and recreation	1,298,065	1,134,885	1,362,291	1,623,120
Community development	712,206	710,314	925,382	757,219
Capital outlay	4,632,680	4,397,001	3,321,325	2,311,315
Debt Service:				
Principal	971,769	366,849	879,340	804,176
Interest and debt cost	672,634	786,733	942,200	909,081
Total expenditures	<u>18,641,845</u>	<u>17,321,682</u>	<u>17,621,781</u>	<u>17,430,339</u>
Excess of revenues over (under) expenditures	218,039	(841,972)	1,427,475	(204,483)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,006,197	1,223,451	2,412,935	6,618,130
Transfers out	(1,302,641)	(541,861)	(1,667,660)	(6,172,715)
Sale of capital assets	289	10,161	2,414	5,060
Issuance of long-term debt	1,386,000	3,850,500	-	1,589,000
Bond premium	-	-	-	-
Total other financing sources (uses)	<u>2,089,845</u>	<u>4,542,251</u>	<u>747,689</u>	<u>2,039,475</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ 2,307,884</u></u>	<u><u>\$ 3,700,279</u></u>	<u><u>\$ 2,175,164</u></u>	<u><u>\$ 1,834,992</u></u>
Debt service as a percentage of noncapital expenditures	11.74%	8.93%	12.69%	11.21%

Notes:

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

2014	2015	2016	2017	2018	2019
\$ 8,930,412	\$ 9,176,916	\$ 9,894,218	\$ 10,534,469	\$ 7,688,869	7,937,407
6,767,071	7,381,412	8,026,260	8,608,027	10,526,199	11,568,511
198,608	157,016	150,043	189,626	176,232	170,345
438,522	526,694	613,337	591,611	768,691	1,437,709
1,124,212	1,237,474	1,379,260	1,298,244	1,487,839	1,512,867
658,692	419,208	356,840	79,523	154,851	1,211,692
20,618	15,657	46,066	10,507	17,478	15,808
1,017,577	1,185,546	1,148,340	891,243	1,303,375	886,805
246,829	382,504	646,315	200,198	263,986	818,152
<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>	<u>25,559,296</u>
5,183,343	5,608,718	3,602,024	\$ 3,824,907	\$ 4,230,432	4,650,509
7,008,249	7,954,879	7,587,217	8,438,411	7,092,024	7,818,850
1,947,936	2,752,728	2,177,138	2,666,597	2,291,343	1,969,436
481,598	746,264	636,982	679,029	567,470	542,936
1,636,101	2,026,120	2,402,639	2,302,276	2,269,158	2,732,407
707,699	932,867	1,140,574	763,459	816,136	877,093
5,028,258	14,135,118	4,330,642	1,002,552	2,826,316	4,512,953
839,790	1,580,563	1,151,732	4,300,926	1,156,285	2,063,194
886,179	945,302	872,928	1,116,458	1,033,970	1,087,408
<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>	<u>26,254,786</u>
(4,316,612)	(16,200,132)	(1,641,197)	(2,691,167)	104,386	(695,490)
9,320,084	8,433,435	3,403,348	2,049,250	2,351,426	1,608,645
(7,834,919)	(7,383,903)	(2,396,678)	(998,662)	(1,343,738)	(662,148)
72,973	(100,693)	-	22,181	1,624	9,411
1,850,000	-	6,740,000	4,232,000	3,163,950	-
24,167	-	165,829	-	98,437	-
<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>955,908</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>	<u>\$ 260,418</u>
9.55%	11.71%	9.37%	22.51%	11.26%	16.95%

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

Industry	2019			2010		
	Tax Paid	Rank	Percentage of Total	Tax Paid	Rank	Percentage of Total
Construction	\$ 2,258,557	1	43.08%	\$ 1,184,381	1	63.20%
Retail Trade	\$ 1,570,581	2	29.96%	\$ 147,976	4	7.90%
Communications and Utilities	\$ 552,674	3	10.54%	\$ 194,802	2	10.39%
Restaurants and Bars	\$ 316,270	5	6.03%	\$ 89,512	5	4.78%
All Other	\$ 334,341	4	6.38%	\$ 164,998	3	8.80%
Real Estate, Rental & Leasing	\$ 193,875	6	3.70%	\$ 49,813	6	2.66%
Services	\$ 16,453	7	0.31%	\$ 42,570	7	2.27%
<b>Total</b>	<b>\$ 5,242,750</b>		<b>100.00%</b>	<b>\$ 1,874,052</b>		<b>100.00%</b>

Source: Arizona Department of Revenue

**Town of Florence, Arizona**  
**Table 6**  
**Direct and Overlapping Sales Tax Rates**  
As of June 30, 2019

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

<b>Governmental Activities</b>							
<b>Fiscal Year Ended June 30</b>	<b>Certificates of Participation</b>	<b>Special Assessment Bonds</b>	<b>Pledged Excise Tax Revenue Obligation</b>	<b>Notes Payable</b>	<b>Capital Leases</b>	<b>GO Bonds - CFDs</b>	<b>Special Assessment Bonds - CFDs</b>
2019	\$ -	\$ -	\$ 3,961,000	\$ 181,170	\$ -	\$ 9,920,000	\$ 7,820,917
2018	-	81,000	4,355,000	236,117	-	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

**Business-type**

<b>Fiscal Year Ended June 30</b>	<b>Notes Payable</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2019	\$ 2,955,428	\$ 24,838,515	7.20%	941.66
2018	3,456,411	25,683,198	8.66%	977.39
2017	3,827,611	23,899,967	8.64%	920.99
2016	3,429,462	23,457,250	6.66%	884.75
2015	3,827,612	18,102,232	5.33%	693.60
2014	4,212,898	20,069,047	5.29%	764.10
2013	4,601,319	19,423,090	5.78%	703.38
2012	4,977,189	19,014,136	6.09%	706.32
2011	6,591,457	21,507,745	7.38%	815.15
2010	6,992,889	18,425,526	6.83%	721.52

**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 7) for personal income and population data.

**Town of Florence, Arizona**  
**Table 8**  
**Direct and Overlapping Governmental Activities Debt**  
As of June 30, 2019

<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	\$ 73,535,000	1.02%	\$ 750,057
Florence Unified School District No. 1	59,163,250	5.57%	3,295,393
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%	<u>6,810,000</u>
Total Overlapping Debt			<u>13,965,450</u>
Town of Florence Direct Debt	None	100%	<u>-</u>
Total Direct and overlapping debt			<u><u>\$ 13,965,450</u></u>

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

Notes:

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

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

<b>Fiscal Year Ended June 30</b>	<b>Special Assessment Bonds</b>				<b>Coverage</b>
	<b>Special Assessment Collections</b>	<b>Debt Service</b>			
		<b>Principal</b>	<b>Interest</b>		
2019	79,764	81,000	6,845	0.91	
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	

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

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

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

Fiscal Year	Population	Estimated Personal Income (In thousands)	Estimated Per Capita Personal Income	October Enrollment School Enrollment	Education Level in Years of Schooling	Town Unemployment Rate
2019	26,419	345,666	13,084	2,533	13 to 16	5.80%
2018	26,221	295,773	11,280	2,191	13 to 16	5.40%
2017	26,074	277,818	10,655	2,268	13 to 16	5.4%
2016	26,513	352,252	13,286	2,417	13 to 16	7.1%
2015	26,099	339,783	13,019	2,466	13 to 16	7.0%
2014	26,265	379,634	14,454	2,346	13 to 16	7.5%
2013	27,614	336,183	12,174	2,469	13 to 16	18.1%
2012	26,920	312,128	11,595	2,368	13 to 16	18.5%
2011	26,385	291,236	10,038	2,411	13 to 16	21.3%
2010	25,537	269,695	10,561	2,568	13 to 16	11.6%
2009	25,944	285,999	11,024	3,038	13 to 16	12.1%
2008	24,161	238,457	9,870	3,479	13 to 16	7.1%

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

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

Major Employer	2019			2010		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
State of Arizona	1,667	2	28.47%	3,037	1	43.51%
Pinal County Government	1,910	1	32.62%	2,263	2	32.42%
Correctional Corporation of America	922	3	15.75%	853	3	12.22%
DHS/ICE/DOJ - Federal Government	577	4	9.85%	292	4	4.18%
GEO - Private Prison System	328	5	5.60%	129	6	1.85%
Florence Schools	300	6	5.12%	291	5	4.17%
Town of Florence	151	7	2.58%	115	7	1.65%
<b>Total Town Employment</b>	<u><u>5,855</u></u>		100.00%	<u><u>6,980</u></u>		100.00%

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

**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	
2019	32.40	77.88	25.00	33.56	9.10	13.00	-	190.94
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

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

Function	2008	2009	2010	2011
<b>Police</b>				
Total arrests	308	400	406	278
Moving violation citations	981	105	1,000	836
Total calls for service	7,314	7,456	5,757	4,996
Total 911 calls	4,501	5,125	5,849	5,392
Total part I crimes	430	402	351	296
<b>Fire</b>				
All emergency responses	1,902	2,105	2,042	2,074
Fire and hazmat responses	83	127	108	102
Emergency medical responses	1,376	1,605	1,654	1,239
Other responses	443	373	280	733
<b>Highways and Streets</b>				
Street resurfacing (miles)	2.50	2.90	1.40	3.40
Potholes repaired (estimate)	5,968	5,094	5,730	2,978
Streets maintained (miles)	99.22	99.22	108.08	108.08
<b>Community Development</b>				
Building permits issued	703	606	436	465
Code enforcement cases	125	126	80	43
<b>Parks, Recreation and Library</b>				
Attendance at aquatics facilities	3,081	3,216	2,561	2,441
Attendance at other facilities	19,008	30,000	24,444	33,936
Library visits	119,564	154,645	130,636	119,254
Library materials checked out	77,756	98,114	103,277	65,120
<b>Sanitation</b>				
Homes serviced	2,643	2,603	3,246	3,446
Tons of refuse and garbage hauled	5,771	5,468	5,569	5,319
<b>Water</b>				
Water service connections	3,266	3,278	3,287	3,295
Water consumption (millions gallons/day)	1.91	1.87	1.90	1.98
Water consumption (millions gallons/year)	697	683	694	723
<b>Sewer</b>				
Sewer service connections	3,241	3,251	3,260	3,268
Sewage treated (millions gallons per day)	1.68	2.02	2.04	2.06
Sewage treated (millions gallons per year)	613	737	745	753

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
264	597	599	563	706	587	574	536
701	931	1,637	908	1,519	1,403	1,432	1,511
5,450	6,341	11,429	11,291	13,453	12,458	13,375	13,276
5,023	5,796	1,962	1,187	1,069	2,024	2,489	2,590
214	363	243	263	306	214	266	216
2,083	3,469	3,036	2,691	2,885	2,993	2,874	3,236
114	133	91	117	123	99	61	39
1,290	1,941	1,900	1,905	2,024	1,972	1,797	2,103
679	1,395	1,042	669	738	922	1,016	1,094
-	2.00	0.50	1.75	3.70	21.85	15.10	3.75
4,869	6,000	6,600	6,600	7,500	12,200	1,040	120
108.08	110.00	110.00	114.50	126.33	151.10	154.56	161
78	135	337	615	626	895	944	1,009
19	70	23	148	39	98	121	332
2,840	1,578	5,000	1,313	27,943	19,997	22,117	17,929
22,116	30,604	32,600	21,054	56,502	56,365	92,504	86,519
118,121	99,943	102,623	85,210	N/A	37,462	63,330	69,023
60,550	60,091	67,726	61,187	70,993	71,941	80,702	104,147
3,519	3,400	3,550	3,700	3,873	4,056	4,249	4,442
5,096	5,165	4,003	4,714	N/A	N/A	N/A	6,087
3,295	3,257	3,292	3,327	3,366	3,403	3,440	3,481
2.04	1.37	1.71	1.40	1.40	1.46	1.46	1.46
745	500	624	518	511	533	533	531
3,268	3,230	3,236	3,242	3,248	3,254	3,260	3,266
2.07	1.63	1.64	1.60	1.60	1.40	1.40	1.53
757	594	599	584	584	510	510	560

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public Safety</b>												
Police stations	1	1	1	1	1	1	2	2	2	2	2	2
Police vehicles	29	34	38	41	42	44	48	57	48	54	44	48
Fire stations	2	2	2	2	2	2	2	2	2	2	2	2
Fire apparatus	5	8	8	6	6	7	6	7	6	8	8	8
Other fire vehicles	4	4	4	4	5	5	6	5	6	6	5	5
<b>Highways and Streets</b>												
Street (miles)	99	99	99	108	108	108	108	113	113	113	113	113
Streetlights	889	964	985	1,039	1,039	1,060	1,060	1,182	1,182	1,182	1,182	1,182
Traffic signals own	1	1	1	1	1	2	2	2	2	2	2	2
Traffic signals don't own	2	2	2	2	2	2	2	2	2	3	3	3
<b>Culture and Recreation</b>												
Parks	7	8	8	8	8	8	8	8	11	10	10	10
Parks acreage	289	289	289	289	289	289	341	343	349	348	348	348
Fitness center	1	1	1	1	1	1	1	1	1	1	1	1
Swimming pool-school owned	1	1	1	1	1	1	1	1	1	1	1	1
Libraries - owned by school	1	1	1	1	1	1	1	1	1	1	1	1
<b>Wastewater</b>												
Sanitary sewers (miles)	46	46	46	46	46	46	46	55	55	55	55	55
Storm sewers (miles)	5	7	7	8	8	8	8	8	8	8	8	8
Treatment capacity (thousands of gallons)	1,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920