

**AGENDA
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
December 3, 2014
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE**

REGULAR SESSION AT OR AFTER 5:00 PM

CALL TO ORDER

ROLL CALL

EXECUTIVE SESSION - Pursuant to ARS 38-431.03(A)(7) for the purpose of discussing the purchase or lease of real property

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

UPCOMING MEETING ANNOUNCEMENTS

COUNCIL REPORTS

DEPARTMENT REPORTS

The Mayor and Council may consider and/or take action on the items listed below:

ORDER OF BUSINESS: MAYOR WILL REVIEW THE ORDER OF THE MEETING

INFORMATIONAL ITEMS

1. Councilmember Zinkin - NLC Congress of Cities Conference Trip Report

CALL TO AUDIENCE – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue ***not listed on today's agenda***. Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town Staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "Call to Audience." In order to speak during "Call to Audience" please specify what you wish to discuss when completing the blue speaker card.

CONSENT AGENDA

(Consideration and/or possible action)

- A. Minutes - November 19, 2014
- B. Approval of 2015 Regular Town Council Meeting Schedule
- C. Approval of Council liaison assignments
- D. (Re)appointments to various boards and commissions
- E. Reinstatement of the December 17, 2014, Regular Session Town Council Meeting
- F. Resolution No. (R)14-59, authorizing a Memorandum of Understanding (MOU) with the City Court of the City of Tucson for the Regional Municipalities Veteran's Treatment Court
- G. Resolution No. (R)14-60, providing notice of intent to increase water rates, fees and charges for the Oro Valley Water Utility

REGULAR AGENDA

- 1. NOMINATION AND ELECTION OF VICE MAYOR
- 2. PRESENTATION AND ACCEPTANCE OF THE TOWN'S ANNUAL FINANCIAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2014
- 3. DISCUSSION AND POSSIBLE DIRECTION REGARDING QUESTIONS CONCERNING POLICE DEPARTMENT BUDGET ITEMS
- 4. AMENDING SECTION 16-1-2 PARK OPERATIONS OF THE ORO VALLEY TOWN CODE
 - a. RESOLUTION NO. (R)14-61, DECLARING THE PROPOSED AMENDMENT TO THE ORO VALLEY TOWN CODE SECTION 16-1-2, PARK OPERATIONS, PROVIDED AS "EXHIBIT A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD
 - b. PUBLIC HEARING: ORDINANCE NO. (O)14-16, AMENDING TOWN CODE 16-1-2 PARK OPERATIONS
- 5. RESOLUTION NO. (R)14-62, AUTHORIZING AND APPROVING THE PURCHASE OF LONG-TERM STORAGE CREDITS FROM THE BUREAU OF RECLAMATION
- 6. PUBLIC HEARING: REQUEST FOR A REVISION TO AN APPROVED REZONING FROM R1-144 TO R1-7 FOR A 120-LOT SINGLE-FAMILY DEVELOPMENT ON APPROXIMATELY 45 ACRES, LOCATED EAST OF IRONWOOD RIDGE HIGH SCHOOL ON THE SOUTH SIDE OF NARANJA DRIVE, BY REQUESTING TO UTILIZE THE BUILDING SETBACK REDUCTION ENABLED BY THE ENVIRONMENTALLY SENSITIVE LANDS (ESL) SECTION OF THE ZONING CODE
- 7. DISCUSSION AND POSSIBLE DIRECTION REGARDING THE ACQUISITION OF REAL PROPERTY FOR RECREATIONAL PURPOSES

FUTURE AGENDA ITEMS (The Council may bring forth general topics for future meeting agendas. Council may not discuss, deliberate or take any action on the topics presented pursuant to ARS 38-431.02H)

CALL TO AUDIENCE – At this time, any member of the public is allowed to address the Mayor and Town Council on any issue ***not listed on today's agenda.*** Pursuant to the Arizona Open Meeting Law, individual Council Members may ask Town Staff to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "Call to Audience." In order to speak during "Call to Audience" please specify what you wish to discuss when completing the blue speaker card.

ADJOURNMENT

POSTED: 11/26/14 at 5:00 p.m. by mrs

When possible, a packet of agenda materials as listed above is available for public inspection at least 24 hours prior to the Council meeting in the office of the Town Clerk between the hours of 8:00 a.m. – 5:00p.m.

The Town of Oro Valley complies with the Americans with Disabilities Act (ADA). If any person with a disability needs any type of accommodation, please notify the Town Clerk's Office at least five days prior to the Council meeting at 229-4700.

INSTRUCTIONS TO SPEAKERS

Members of the public have the right to speak during any posted public hearing. However, those items not listed as a public hearing are for consideration and action by the Town Council during the course of their business meeting. Members of the public may be allowed to speak on these topics at the discretion of the Chair.

If you wish to address the Town Council on any item(s) on this agenda, please complete a speaker card located on the Agenda table at the back of the room and give it to the Town Clerk. **Please indicate on the speaker card which item number and topic you wish to speak on, or if you wish to speak during "Call to Audience", please specify what you wish to discuss when completing the blue speaker card.**

Please step forward to the podium when the Mayor announces the item(s) on the agenda which you are interested in addressing.

1. For the record, please state your name and whether or not you are a Town resident.
2. Speak only on the issue currently being discussed by Council. Please organize your speech, you will only be allowed to address the Council once regarding the topic being discussed.
3. Please limit your comments to 3 minutes.
4. During "Call to Audience" you may address the Council on any issue you wish.
5. Any member of the public speaking must speak in a courteous and respectful manner to those present.

Thank you for your cooperation.



Town Council Regular Session

Item # 1.

Meeting Date: 12/03/2014

Submitted By: Arinda Asper, Town Manager's Office

Information

Subject

Councilmember Zinkin - NLC Congress of Cities Conference Trip Report

Attachments

Councilmember Zinkin Trip Report - NLC Congress of Cities and Exposition



Office of the Town Council

Trip Report

Purpose: 2014 National League of Cities Congress of Cities and Exposition

Date: November 19-22, 2014

Location: Austin Convention Center
Austin, TX

Attendees: Councilmember Mike Zinkin

Summary:

The National League of Cities 2014 Congress of Cities and Exposition is an annual forum that brings together more than 2,500 local leaders from across the country to showcase the dynamic ways cities are driving change and finding successful solutions to the most pressing challenges in local government. This year's theme, The Future of Cities, provided a unique opportunity to hear about future business trends and share best practices to promote local economic and financial health, improve the built and natural environment, and ensure quality of life for all city residents.

Highlights of the conference included the Annual Business Meeting; Policy and Advocacy Committee meetings; workshop sessions on economic development, infrastructure (both the built environment and technology), sustainability and the environment, leadership, public safety, and topics around improving outcomes for youth and families in our community; leadership training seminars providing applicable techniques and strategies to lead change and innovation; as well as member councils and constituency group meetings offering opportunities for city leaders to work together to develop and promote work plans that best help their diverse communities.

Additional notes and conference schedule are attached.

Report submitted to the Town Clerk on November 24, 2014

Mike Zinkin
Councilmember

SUPPLEMENTAL TRIP REPORT

NATIONAL LEAGUE OF CITIES – Nov. 19-22, 2014

COMMUNITY AND ECONOMIC DEVELOPMENT STEERING COMMITTEE MEETING: The Marketplace Fairness Act (MFA) is the number one priority the NLC has during the lame duck session. MFA has passed the Senate and, for the moment, is dead in the House. The Speaker does not desire to bring it to the floor. The NLC's strategy is to contact all the members of the House to pressure the Speaker to bring it up for a vote.

MFA is not a new tax. MFA closes the internet loophole that allows online purchases to be free of local sales taxes. I learned that Arizona derives 40% of its General Fund revenues from sales taxes. Oro Valley receives 25% of its General Fund revenue from sales taxes. People now go to the brick and mortar store, take a picture of the product, then go home and order it online to avoid the sales tax. I admit, I do this, and I am sure you do too. This not only puts the store at a disadvantage, but robs the state and local governments of their revenue.

The NLC is asking that we contact our legislators and ask for their support of the MFA. I personally have texted both Representatives Barber and Kirkpatrick and for this request. Letters to the editor are also requested. The Chamber of Commerce, Mayor's Conference, Retail Association, Walmart, and Amazon are among the supporters of MFA.

There is an issue brief on this topic attached.

OTHER ITEMS CONCERNING THE LAME DUCK SESSION: If there is no appropriations bill passed by Dec. 13, the government shuts down (again). The Congress has three options: 1) Pass an Omnibus Appropriations Bill. 2) Pass a continuing resolution to fund the government until 9/30/15, or 3) Pass a short term resolution to fund government into early 2015 until the new Congress commences.

The Transportation Bill, funding our infrastructure, has been extended until May 2015. There is still pressure to either exempt or limit the tax free status of Municipal Bonds. There appears to be some momentum going into the 114th Congress to find a way to find "new revenues"

SESSION WITH STEVE CASE (founder of AOL) – Very interesting discussion centering on innovation. This might be obvious to you, but people do not use the Yellow Pages anymore. A very high percentage of people (90 %+) will search on the internet to get the name of a store that features what their need is. Our problem is that only about 65% of businesses are on the internet.

How does this effect Oro Valley? Should the Town, through its Economic Development Dept., and IT Dept. identify those businesses and assist them on achieving internet exposure? I will be discussing this with Greg.

PARTICIPATORY BUDGETING – I have brought back from past conferences a process called Priority Based Budgeting. This process is endorsed by the NLC and ICMA. To date, I have had no luck getting acceptance. Participatory budgeting is somewhat different. I have attached a flyer for your pleasure.

Submitted,

A handwritten signature in cursive script, appearing to read "Mike".

Mike



Marketplace Fairness

NLC calls on Congress to pass marketplace fairness legislation because it:

- **Helps local businesses by creating a level playing field.** Currently, brick and mortar retailers are unfairly put at a 5-10 percent competitive disadvantage by following the law and collecting sales tax at the time of purchase. Remote online retailers are not required to do so.
- **Is not a new tax.** Marketplace fairness simply allows states and local governments the option of enforcing existing sales tax laws on remote sales. It does not create new taxes or increase existing ones. It will not have any impact on federal revenues or expenditures.
- **Is good for our residents and communities.** By allowing local governments to collect an estimated **\$23 billion** in uncollected sales taxes on remote sales that are already owed, communities around the country can better provide essential services such as infrastructure, education, health and public safety.
- **Respects the judgment of state and local leaders and the principles of federalism.** Marketplace fairness acknowledges the well-established rights of states and local governments to govern in the best interests of their voters and constituents, and fosters the federal-state-local partnership that is essential for state and local elected leaders to fulfill their responsibilities to provide essential public services. It does not require any state or local government to impose or extend any tax to online sellers; only the ability to exercise discretion in deciding whether to require the collection of taxes.
- **Needs to be passed immediately.** If Congress does not pass a marketplace fairness bill by the end of the year, the legislation will die, and cities must begin their efforts again at the start of the 114th Congress.

For more information, contact:

Priya Ghosh Ahola, Esq.
Principal Associate, Federal Advocacy
202.626.3015
ghosh@nlc.org



PARTICIPATORY BUDGETING



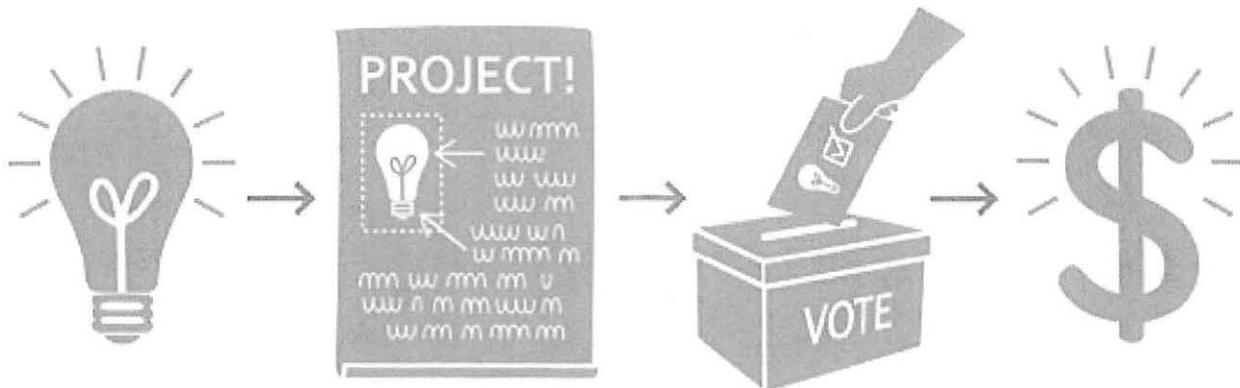
www.participatorybudgeting.org
info@participatorybudgeting.org
@PBProject

REAL MONEY, REAL POWER

Participatory budgeting (PB) is a different way to manage public money. It is a democratic process in which community members decide how to spend part of a public budget. PB gives ordinary people real decision-making power over real money.

$$\begin{array}{r} 66 \\ \hline = 2 \cdot 6 \\ 6 \cdot 6 \end{array}$$

HOW IT WORKS



Local communities make budget decisions through an annual cycle of meetings and voting. Most experiences follow a similar basic process: residents brainstorm spending ideas, volunteer budget delegates develop proposals based on these ideas, residents vote on proposals, and the government funds the top projects. After funding, the process starts again, and PB becomes part of the way government works.



DATE: November 18, 2014 - November 22, 2014

LOCATION: Austin Convention Center - Austin, TX

CATEGORY: Annual Conference

Schedule

Day All

Search



TUESDAY, NOVEMBER 18, 2014

9:00 am NLC University Pre-conference Seminars

WEDNESDAY, NOVEMBER 19, 2014

7:00 am Registration

8:30 am City of Austin Mobile Workshops

9:00 am NLC University Pre-Conference Seminars

9:00 am NLC Board of Directors Meeting

1:00 pm City of Austin Mobile Workshops

1:30 pm Human Development (HD) Policy and Advocacy Committee Meeting

1:30 pm Community and Economic Development (CED) Policy and Advocacy Committee Meeting

1:30 pm Energy, Environment and Natural Resources (EENR) Policy and Advocacy Committee Meeting

1:30 pm Transportation Infrastructure and Services (TIS) Policy and Advocacy Committee Meeting

1:30 pm Information Technology and Communications

(ITC) Policy and Advocacy Committee Meeting

1:30 pm	NLC Advisory Council
1:30 pm	Finance, Administration and Intergovernmental Relations (FAIR) Policy and Advocacy Committee Meeting
1:30 pm	Public Safety and Crime Prevention (PSCP) Policy and Advocacy Committee Meeting
1:30 pm	NLC University Pre-Conference Seminars
4:00 pm	First-Time Attendee and NLC New Member Orientation
5:30 pm	Congress of Cities Welcome Reception

THURSDAY, NOVEMBER 20, 2014

7:00 am	Registration
9:00 am	Exposition Hall Open
9:00 am	NLC University Pre-Conference Seminars
9:00 am	City of Austin Mobile Workshops
12:00 pm	NLC University Leadership Luncheon
12:00 pm	Delegates Luncheon in Exposition Hall
1:30 pm	Opening General Session
3:15 pm	City of Austin Mobile Workshops - Walking Tours
3:15 pm	Exposition Hall Open
3:30 pm	Conference Workshops
6:30 pm	NLC Nominating Committee Hearing

FRIDAY, NOVEMBER 21, 2014

7:00 am	Registration
8:30 am	Friday Morning General Session
9:00 am	Conference Workshops
10:00 am	Exposition Hall Open
10:30 am	Conference Workshops
11:00 am	Conference Workshops
12:00 pm	Delegates Luncheon in Exposition Hall
1:30 pm	Conference Workshops
3:30 pm	Conference Workshops

SATURDAY, NOVEMBER 22, 2014

7:30 am	Registration
12:30 pm	Closing Lunch and General Session
2:30 pm	Annual Business Meeting
6:00 pm	City of Austin Closing Event

THANKS TO OUR SPONSORS



STAFF CONTACT

Member Services
(877) 827-2385
memberservices@nlc.org

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Town Council Regular Session

Item # A.

Meeting Date: 12/03/2014

Requested by: Julie Bower **Submitted By:** Mike Standish, Town Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

Minutes - November 19, 2014

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

N/A

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (approve, approve with the following changes) the November 19, 2014 minutes.

Attachments

11/19/14 Draft Minutes

**MINUTES
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
November 19, 2014
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CANADA DRIVE**

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Mayor Hiremath called the meeting to order at 6:00 p.m.

ROLL CALL

PRESENT:

Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Councilmember
Bill Garner, Councilmember
Joe Hornat, Councilmember
Mary Snider, Councilmember

ABSENT:

Mike Zinkin, Councilmember

PLEDGE OF ALLEGIANCE

Mayor Hiremath led the audience in the Pledge of Allegiance.

UPCOMING MEETING ANNOUNCEMENTS

Communications Administrator Misti Nowak announced the upcoming Town meetings and events.

COUNCIL REPORTS and Spotlight on Youth

Vice Mayor Waters attended the Dare to be 100 event on Tuesday, November 11 in the Oro Valley Council Chambers at which they discussed health and fitness.

Councilmember Hornat reported that his nine year old granddaughter had taken a recent interest in politics and was live streaming the meeting.

Councilmember Snider recognized Sabrina Ellis, Senior at Ironwood Ridge High School, for her exceptional community service work.

Mayor Hiremath proclaimed November, 2014 as American Diabetes Month and encouraged all residents to recognize American Diabetes Month and be part of the American Diabetes Association Stop Diabetes Movement to confront, fight and most importantly, change the future of this deadly disease.

Oro Valley resident, Diane Bristow, accepted the proclamation on behalf of the Tucson office of the American Diabetes Association.

DEPARTMENT REPORTS

No reports were received.

ORDER OF BUSINESS

Mayor Hiremath said the agenda would stand as posted.

INFORMATIONAL ITEMS

1. 2014 Arizona Town Hall Trip Report - Councilmember Hornat
2. FY 2014-2015 First Quarter Public Safety Providers Reports (July - Sept. 2014)
3. Letter of Appreciation - Oro Valley Police Department

CALL TO AUDIENCE

Oro Valley resident Jim Viereggs was concerned with his safety and environmental degradation created by a path that ran parallel to Alamo Canyon Drive between Alamo Canyon Drive and Honeybee Ridge Estates.

Oro Valley resident Anthony Denaro said that he was a neighbor of Mr. Viereggs and was concerned with the same path that ran parallel to Alamo Canyon Drive because motorized vehicles were utilizing the path creating noise, dust and safety issues. Mr. Denaro requested "non-motorized path" signage and gates be placed at each end of the path.

Oro Valley resident Gil Alexander announced that the first LEGO league robotic contest would be held at Wilson Elementary on December 6th.

Angel Natal, Director of Sports Development for Visit Tucson gave an update on Visit Tucson's efforts to attract visitors to local events. The Oro Valley Meet Yourself special event would be held on March 21 and 22nd, 2015.

Vice Mayor Waters directed staff to look into the Alamo Canyon path issue.

PRESENTATIONS

1. Presentation of Certificates to graduates of the Community Academy - Local Governance 101 class

Senior Planner Matt Michels recognized the following graduates of the 2014 Community Academy.

Bill Adler	Cathy Robson
Jennifer Bott	Jon Robson
Diane Bristow	Karen Stratman
Don Bristow	Casey Streubek
Teresa Fitzgerald	Beverly Van Horn
Gene Klett	Fred Wayand
Greg Klett	Joseph Winfield
Doug McKee	Stan Winetrobe

2. Proclamation - Giving Tuesday

Mayor Hiremath proclaimed Tuesday, December 2, 2014 as Giving Tuesday and encouraged all citizens to join together to give back to the community in any way that was personally meaningful.

Elizabeth Snyder accepted the proclamation on behalf of the Law Enforcement Wives Club.

CONSENT AGENDA

Councilmember Hornat requested that items (A) and (E) be removed from the Consent Agenda for discussion.

- B. Fiscal Year 2014/15 Financial Update through September 2014
- C. Greater Oro Valley Chamber of Commerce Quarterly Report: July 1, 2014 - September 30, 2014
- D. Visit Tucson Quarterly Report: July 1, 2014 - September 30, 2014

MOTION: A motion was made by Councilmember Snider and seconded by Councilmember Garner to approve Consent Agenda items (B-D).

MOTION carried, 6-0.

A. Minutes - November 5, 2014

Councilmember Hornat requested to amend the motion for regular agenda item #2 by adding that he and Councilmember Zinkin would assist with reviewing the Neighborhood Meeting Standard Operating Procedure.

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Waters to approve the November 5, 2014 meeting minutes as amended.

MOTION carried, 6-0.

E. Request for approval of conceptual public art for the Copper Health Skilled Nursing Facility located on the northwest corner of Rancho Vistoso and Sun City Boulevards

Councilmember Hornat commended Staff and Council for effectively revising the public art process.

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Waters to accept item (E).

MOTION carried, 6-0.

REGULAR AGENDA

1. PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION REGARDING AN APPLICATION FOR A SERIES 12 (RESTAURANT) LIQUOR LICENSE FOR ALL THE BUZZ CAFE LOCATED AT 12985 N. ORACLE ROAD, SUITE 165

Town Clerk Julie Bower gave an overview of item #1.

Mayor Hiremath opened the public hearing.

The following individual spoke in support of item #1

Oro Valley resident Rodric Raynor

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Snider to recommend approval of the issuance of a Series 12 Liquor License to the Arizona Department of Liquor Licenses and Control for Cathy Roberts and principals for All the Buzz Café located at 12985 N. Oracle Rd. Suite 165.

MOTION carried, 6-0.

2. AMENDING SECTION 28.6.B OF THE ORO VALLEY ZONING CODE REVISED

- a. RESOLUTION NO. (R)14-57, DECLARING THE PROPOSED AMENDMENT TO THE ORO VALLEY ZONING CODE SECTION 28.6.B., RELATING TO TEMPORARY ROADWAY CONSTRUCTION SIGNS, PROVIDED AS ATTACHMENT 1, EXHIBIT "A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK'S OFFICE, A PUBLIC RECORD**

MOTION: A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to approve Resolution No. (R)14-57, declaring the proposed amendment to the Oro Valley Zoning Code Section 28.6.B, relating to temporary roadway construction signs, provided as Attachment 1, Exhibit "A" within the attached resolution and filed with the Town Clerk's Office, a public record.

MOTION carried, 6-0.

- b. PUBLIC HEARING: ORDINANCE NO. (O)14-14, AMENDING SECTION 28.6.B OF THE ORO VALLEY ZONING CODE TO ADD A NEW TEMPORARY SIGN TYPE FOR BUSINESSES LOCATED WITHIN ROAD CONSTRUCTION AREAS**

Development and Infrastructure Services Director Paul Keesler presented item #2b.

Discussion ensued amongst Council regarding the proposed ordinance.

Mayor Hiremath opened the public hearing.

The following individual spoke in support of item #2b.

President and CEO of the Greater Oro Valley Chamber of Commerce and Oro Valley resident, Dave Perry

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Vice Mayor Waters and seconded by Councilmember Hornat to approve Ordinance No. (O)14-14 amending Section 28.6.B of the Oro Valley Zoning Code by adding a new temporary sign type for businesses located in areas of road construction and to provide flexibility depending upon the road project and the businesses affected in order to meet their needs and further MOVE to re-number the heading of Ordinance No. (O)14-14 and Resolution No. (R)14-57 from Section 28.6.B.7 to Section 28.6.B.6 and to amend Section 28.6.B.6(A) to read: DEFINITION: TEMPORARY BUSINESS IDENTIFICATION SIGNAGE TO ENHANCE VISIBILITY OF PROPERTIES WITH COMMERCIAL, MULTI-FAMILY OR RELIGIOUS INSTITUTIONS DURING ROAD CONSTRUCTION PROJECTS.

MOTION carried, 6-0.

3. AMENDING SECTION 27.10.D.3 OF THE ORO VALLEY ZONING CODE REVISED

- a. RESOLUTION NO. (R)14-58, DECLARING THE PROPOSED AMENDMENT TO THE ORO VALLEY ZONING CODE SECTION 27.10.D.3, TANGERINE ROAD CORRIDOR OVERLAY DISTRICT, PROVIDED AS EXHIBIT "A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD**

MOTION: A motion was made by Councilmember Hornat and seconded by Vice Mayor Waters to approve Resolution No. (R)14-58, declaring the proposed amendment to the Oro Valley Zoning Code Section 27.10.D.3, attached hereto as Exhibit "A" and filed with the Town Clerk, a public record.

MOTION carried, 6-0.

- b. PUBLIC HEARING: ORDINANCE NO. (O)14-15, AMENDING SECTION 27.10.D.3 OF THE ZONING CODE, TANGERINE ROAD CORRIDOR OVERLAY DISTRICT, TO PROVIDE THE TOWN ENGINEER THE DISCRETION TO REDUCE DRIVEWAY ACCESS SEPARATION REQUIREMENTS**

Permitting Manager David Laws presented item #3b.

Discussion ensued amongst Council and Staff regarding the proposed amendment.

Mayor Hiremath opened the public hearing.

No comments were received.

Mayor Hiremath closed the public hearing.

MOTION: A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to approve Ordinance No. (O)14-15, amending Section 27.10.D.3 of the Oro Valley Zoning Code, to provide Town Engineer discretion to reduce driveway access separation requirements as necessary to maintain safe traffic conditions.

MOTION carried, 6-0.

FUTURE AGENDA ITEMS

No future agenda items were requested.

CALL TO AUDIENCE

No comments were received.

ADJOURNMENT

MOTION: A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to adjourn the meeting at 7:13 p.m.

MOTION carried, 6-0.

Prepared by:

Michael Standish, CMC
Deputy Town Clerk

I hereby certify the foregoing minutes are a true and correct copy of the minutes of the regular session of the Town of Oro Valley Council of Oro Valley, Arizona held on the 19th day of November, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2014.

Julie K. Bower, MMC
Town Clerk



Item # **B.**

Town Council Regular Session

Meeting Date: 12/03/2014
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

Approval of 2015 Regular Town Council Meeting Schedule

RECOMMENDATION:

The attached document lists the proposed dates for regular meetings of the Town Council for 2015.

EXECUTIVE SUMMARY:

If the Mayor and Council approves the 2015 Regular Town Council Meeting Schedule, the Council will meet on the dates listed in the attached meeting schedule.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to approve the 2015 Regular Town Council Meeting Schedule as presented

or

I MOVE to approve the schedule with the following modifications....

Attachments

Meeting Schedule

**ORO VALLEY TOWN COUNCIL
REGULAR MEETING SCHEDULE
2015**

January 7, 2015

January 21, 2015

February 4, 2015

February 18, 2015

March 4, 2015

March 18, 2015

April 1, 2015

April 15, 2015

May 6, 2015

May 20, 2015

June 3, 2015

June 17, 2015

July 1, 2015

July 15, 2015

~~August 5, 2015~~ **SUMMER BREAK**

~~August 19, 2015~~ **SUMMER BREAK**

September 2, 2015

September 16, 2015

October 7, 2015

October 21, 2015

November 4, 2015

November 18, 2015

December 2, 2015

~~December 16, 2015~~ **HOLIDAY BREAK**



Town Council Regular Session

Item # **C.**

Meeting Date: 12/03/2014
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

Approval of Council liaison assignments

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

The current Council liaison assignments were approved by Council on June 19, 2013, and amended on June 4, 2014. Because of the recent change in Council terms, the length of assignments was extended through November 30, 2014. It is time to make assignments for the period of December 1, 2014, through December 31, 2015. Mayor Hiremath has reviewed the assignments and is not recommending any changes be made. The current liaison assignments are:

- Councilmember Zinkin to the Board of Adjustment
- Vice Mayor Waters to the Conceptual Design Review Board
- Councilmember Zinkin to the Historic Preservation Commission
- Councilmember Snider to the Parks & Recreation Advisory Board
- Councilmember Hornat to the Planning & Zoning Commission
- Councilmember Garner to the Stormwater Utility Commission
- Councilmember Hornat to the Water Utility Commission
- Councilmember Snider to the Amphitheater School District
- Councilmember Hornat to the Legislative District
- Vice Mayor Waters to Visit Tucson
- Mayor Hiremath to the Greater Oro Valley Chamber of Commerce
- Mayor Hiremath to the Pima Association of Governments
- Mayor Hiremath to the Regional Transportation Authority

BACKGROUND OR DETAILED INFORMATION:

Town Council Policy #8 defines the position of Council Liaison to boards and commissions, which was created in order to allow Councilmembers the opportunity to bring Council-adopted policies to a particular board or commission, and keep the Town Council informed as to the actions and issues of that advisory group.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE that no changes be made to the current Council liaison assignments and that the assignments extend through December 31, 2015.

or

I MOVE

Attachments

Liaison Assignments

**COUNCIL LIAISON ASSIGNMENTS
DECEMBER 1, 2014 – DECEMBER 31, 2015**

Board of Adjustment	Mike Zinkin
Conceptual Design Review Board	Lou Waters
Historic Preservation Commission	Mike Zinkin
Parks & Recreation Advisory Board	Mary Snider
Planning & Zoning Commission	Joe Hornat
Stormwater Utility Commission	Bill Garner
Water Utility Commission	Joe Hornat

Outside Agencies

Amphitheater School District	Mary Snider
Legislative District	Joe Hornat
Visit Tucson	Lou Waters
Greater Oro Valley Chamber of Commerce	Satish Hiremath
Pima Association of Governments	Satish Hiremath
Regional Transportation Authority	Satish Hiremath



Item # **D.**

Town Council Regular Session

Meeting Date: 12/03/2014
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

(Re)appointments to various boards and commissions

RECOMMENDATION:

Applications for board and commission vacancies have been solicited and reviewed. In addition, interviews have also been conducted by the various interview panels. Outlined below is information for each board and commission in regard to members who have requested reappointment, as well as new applicants that are being recommended for appointment.

Historic Preservation Commission (HPC)

The terms of three HPC members are set to expire on 12/31/14. The following eligible members have requested reappointment:

Marilyn Lane
Jennie Sunshine

HPC member Ed Hannon is not seeking reappointment. The HPC interview panel will be conducting interviews later in December and will make a recommendation at a future Council meeting to fill the vacancy.

Municipal Property Corporation (MPC)

The terms of two MPC members are set to expire on 12/31/14. The following eligible members have requested reappointment:

Donald Taylor
Thomas Vetrano

Parks and Recreation Advisory Board (PRAB)

The terms of four members of the PRAB are set to expire on 12/31/14. The following eligible members have requested reappointment:

Adam Wade
Sarah Corning

PRAB member John Hickey has reached his term limit and is not eligible for reappointment. PRAB member Dana Hallin is not seeking reappointment.

The PRAB interview panel has recommended the following appointments:

Thomas Carle
Joseph Winfield

Planning and Zoning Commission (PZC)

The terms of three PZC members are set to expire on 12/31/14. The following eligible member has requested reappointment:

Bill Leedy

PZC members John Buette and Don Cox have reached their term limits and are not eligible for reappointment.

The PZC interview panel has recommended the following appointments to fill the vacancies:

Charlie Hurt

Melanie Barrett

Storm Water Utility Commission (SWUC)

The terms of three SWUC members are set to expire on 12/31/14. The following eligible member has requested reappointment:

Michael Stankiewicz

SWUC members Richard Honn and Leo Leonhart have reached their term limits and are not eligible for reappointment.

The SWUC interview panel is recommending the following appointments:

Frederick Wayand

John Lynch

Water Utility Commission (WUC)

The terms of three WUC members are set to expire on 12/31/14. WUC members Robert Milkey and Elizabeth Shapiro have reached their term limits and are not eligible for reappointment and WUC Member Richard Verlaque is not requesting reappointment.

The WUC interview panel has recommended the following appointments:

Shanna Weagle

Winston Tustison

Pursuant to Town Code Section 15-4-3, one member of the WUC has to be a residential customer from a service area outside the Town boundaries. There were no applicants from the Countryside water service area to fill this vacancy. The recruitment will continue until a qualified applicant is found.

EXECUTIVE SUMMARY:

N/A

BACKGROUND OR DETAILED INFORMATION:

The requests for reappointment and the applications for the prospective new board and commission members are attached.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE that the following appointments be made:

Historic Preservation Commission

Marilyn Lane for a term expiring December 31, 2017

Jennie Sunshine for a term expiring December 31, 2017

Municipal Property Corporation

Donald Taylor for a term expiring December 31, 2017
Thomas Vetrano for a term expiring December 31, 2017

Parks and Recreation Advisory Board (PRAB)

Adam Wade for a term expiring December 31, 2016
Sarah Corning for a term expiring December 31, 2016
Thomas Carle for a term expiring December 31, 2016
Joseph Winfield for a term expiring December 31, 2016

Planning and Zoning Commission (PZC)

Bill Leedy for a term expiring December 31, 2016
Charlie Hurt for a term expiring December 31, 2016
Melanie Barrett for a term expiring December 31, 2016

Storm Water Utility Commission (SWUC)

Michael Stankiewicz for a term expiring December 31, 2016
Frederick Wayand for a term expiring December 31, 2016
John Lynch for a term expiring December 31, 2016

Water Utility Commission (WUC)

Shanna Weagle for a term expiring December 31, 2017
Winston Tustison for a term expiring December 31, 2017

Attachments

Reappointment Requests

PRAB Applicants

PZC Applicants

SWUC Applicants

WUC Applicants

Stine, Michelle

From: Marilyn Lane
Sent: Monday, October 06, 2014 8:17 AM
To: Stine, Michelle
Subject: Re: HPC Reappointment Request

Hi Michelle

Sorry with my late decision. My other half has been in the hospital but he is doing better so yes I will seek reappointment as a commissioner on the Oro Valley Historic Preservation Commission.

Thank you.

Marilyn Lane

Stine, Michelle

From:

Sent: Monday, September 29, 2014 2:12 PM

To: Stine, Michelle

Subject: Re: Parks and Recreation Advisory Board Reappointment Request

Hi Michelle,

Thank you for the notification. Time has flown by...I can't believe my two year term has already been completed! Unfortunately, due to a recent decision to accept a full time working position, I do not feel that I would be the right candidate for a second term.

Thanks to everyone involved for the opportunity to serve. As a relatively new member of the Oro Valley community, it has been both an exciting learning experience and an honor to serve.

Best and warmest regards,

Dana Hallin

Stine, Michelle

From: Don and Donna Taylor <
Sent: Tuesday, September 30, 2014 12:46 PM
To: Stine, Michelle
Subject: Re: Municipal Property Corporation Reappointment Request

Hi Michelle, I would like to be reappointed to the Municipal Property Corporation. Thanks.

Don Taylor

Stine, Michelle

From: Tom Vetrano
Sent: Monday, October 06, 2014 2:38 PM
To: Stine, Michelle
Subject: RE: FW: Municipal Property Corporation Reappointment Request

Michelle, as per your request, I am interested in being reappointed the MPC board. Thank you, Tom Vetrano

Stine, Michelle

From: Adam Wade
Sent: Monday, September 29, 2014 12:25 PM
To: Stine, Michelle
Subject: Re: Parks and Recreation Advisory Board Reappointment Request

Hi Michelle,
I am writing to confirm that I am requesting to serve another term on the Parks and Recreation Advisory Board. Please let me know if you need anything else.

Adam Wade

—

From: On Behalf Of Sarah Corning
Sent: Monday, September 29, 2014 9:35 PM
To: Stine, Michelle
Subject: Re: Parks and Recreation Advisory Board Reappointment Request

Michelle,

Thanks for he email. Does this need to be a formal email or will this email do? I would like to stay and help a little longer. I have really enjoyed my time so far. If you need something more formal for the council will read, let me know and I will write something up.

Thanks again,
Sarah

Stine, Michelle

From: Bill Leedy
Sent: Saturday, October 04, 2014 1:18 PM
To: Stine, Michelle
Subject: RE: Planning and Zoning Commission Reappointment Request

Good afternoon Michelle!!

Sorry for the delay in responding to this. I am indeed interested in continuing to serve on the P&Z Commission for another term.

In the future, please use my new email address which is

Thanks.

Cheers,
Bill

Stine, Michelle

From: Mike Stankiewicz <
Sent: Tuesday, October 07, 2014 4:38 PM
To: Stine, Michelle
Subject: Re: Storm Water Utility Commission Reappointment Request

Ms. Stine - Based on some positive feedback from Town staff and commission members, I request that I be considered for reappointment.
Best - Mike Stankiewicz

Application Form

Profile

Dear Oro Valley Citizen:

We appreciate your interest in the Town of Oro Valley. This informational form, when completed, will allow us to quickly process your application by assisting us in understanding how we can best use your talents and experience. Information reflecting the procedures surrounding the appointment process to Boards is attached below. Your application will remain on file for two years from the date of receipt. We thank you kindly for volunteering to serve the Town!

Please note: No volunteer shall serve on more than one standing Board at any time.

<u>Thomas</u>	<u>T</u>	<u>Carle</u>	<u></u>
First Name	Middle Initial	Last Name	Suffix

[Redacted]

Email Address

[Redacted]

Street Address

[Redacted]

Suite or Apt

Oro Valley

City

AZ

State

[Redacted]

Postal Code

Oro Valley Resident

Please select your residency status:

24

Number of years in Oro Valley (If less than 1 year, please state number of months)

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Which Boards would you like to apply for?

Parks & Recreation Advisory Board

Interests & Experiences

Please list your volunteer services in Oro Valley and with other organizations including any boards or commissions on which you have served : (board/commission , civic, educational, cultural, social, etc.)
Sporting Chance Youth Basketball, Arizona Interscholastic Association Officials groups, USSSA sports

programs in Arizona, Arizona Amateur Softball Association, various study groups for community sports projects for Pima County

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

Familiar with different processes used to evaluate projects. I am very interested in the Naranja Park development plan. How the park will be developed and the planning of each component to be included in the park plan.

Briefly describe your educational/vocational background.

I graduated from Amphitheater High School and have lived in Oro Valley for 24 years. I have been involved in youth/adult sports as an sports official, coordinator, promoter, director and commissioner for the past 40 years. I am currently the operations Manager of the Sporting Chance Center.

Have you attended the Community Academy or CPI?

Yes No

If yes, what year?

If no, are you willing to attend?

Yes No

Upload a Resume

Please attach any additional documents here

Please read the information contained in Appendices "B" and "C" of the Parliamentary Rules and Procedures before continuing.

[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

Please Agree with the Following Statement

By clicking this box, I certify that I have read the information contained in Appendices "B" and "C" of the Parliamentary Rules and Procedures.

I Agree *

Scout Master, Varsity Scout Leader, Venture Leader Arizona State Committee On Trails, President, 2-Years
Catalina Shadows HOA Board, President, 3-Years

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

My volunteer service has prepared me service on the Parks & Recreation Board by presiding and conducting meetings, constructing and following an agenda, soliciting public input, working collaboratively with others, working with youth in an outdoor environment, and committing time to community causes. I'm interested in several issues of concern to the Oro Valley Parks & Recreation Board and residents of Oro Valley. One particular issue is the absence of an Oro Valley Community Center and over dependence on the private sector to provide recreation facilities and programs.

Briefly describe your educational/vocational background.

Bachelors in Landscape Architecture, University of Arizona, 1985 Landscape Architect for the National Park Service from May 1984 to present.

Have you attended the Community Academy or CPI?

Yes No

1998, 2014

If yes, what year?

If no, are you willing to attend?

Yes No

[Resume_11_04_14.doc](#)

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

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I Agree *

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Please note: No volunteer shall serve on more than one standing Board at any time.

<u>Charlie</u>	<u>D</u>	<u>Hurt</u>	<u></u>
First Name	Middle Initial	Last Name	Suffix

[Redacted]

Email Address

[Redacted]

Street Address

[Redacted]

Suite or Apt

Oro Valley

City

AZ

State

[Redacted]

Postal Code

Oro Valley Resident

Please select your residency status:

6 months 2014-- / 8 yrs 1994-2002

Number of years in Oro Valley (If less than 1 year, please state number of months)

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Which Boards would you like to apply for?

Planning and Zoning Commission

Interests & Experiences

Please list your volunteer services in Oro Valley and with other organizations including any boards or commissions on which you have served : (board/commission , civic, educational, cultural, social, etc.)
Oro Valley-none yet. Served on several boards with the University of Arizona, West Chester University and

UW-River Falls. Member of Board, United Way of Greater Chester County, PA. Consultant to University of Wisconsin Board of Regents.

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

As a member of previous boards, I have had the opportunity to listen to and learn from individuals and groups with widely different agendas and ideas for progress. My ability to approach issues with an open mind and to fairly adjudicate those issues should be an asset to the Commission. The current work of the Commission dealing with the General Plan and proposed variances is a major issue and one that will have lasting impact on Oro Valley.

Briefly describe your educational/vocational background.

PhD in Information Science followed by academic appointments at McGill, Simmons, Univ of Arizona, West Chester and UW-River Falls. Retired from UW-River Falls as full professor. I was a department head, dean and provost in addition to my teaching and research responsibilities. I also helped initiate and was a participant in the Leadership Development Program for the Greater Chester County Chamber of Commerce.

Have you attended the Community Academy or CPI?

Yes No

If yes, what year?

If no, are you willing to attend?

Yes No

[resume.pdf](#)

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

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I Agree *

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Melanie

First Name

J

Middle Initial

Barrett

Last Name

Suffix

[Redacted]

Email Address

[Redacted]

Street Address

[Redacted]

Suite or Apt

Oro Valley

City

AZ

State

[Redacted]

Postal Code

Oro Valley Resident

Please select your residency status:

5

Number of years in Oro Valley (If less than 1 year, please state number of months)

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Which Boards would you like to apply for?

Planning and Zoning Commission

Interests & Experiences

Please list your volunteer services in Oro Valley and with other organizations including any boards or commissions on which you have served : (board/commission , civic, educational, cultural, social, etc.)

I have served as a volunteer Odyssey of the mind Coach at Painted Sky Elementary school. Have been the

secretary for a women's organization of 250 women, have been a youth leader and children's music leader.

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

Serving as secretary has honed my note taking and meeting skills. I am skilled at working in groups and counsels. Recently there were changes in the zoning of an area near my home from commercial to residential. At the meeting, it was discussed how the lots should be divided and where the entrance to the subdivision should be.

Briefly describe your educational/vocational background.

I have a Law Degree from Brigham Young University and I graduated Magna Cum Laude. I received the top grade in the school in my Land Use Planning class. I have a degree in English from Brigham Young University. I am a mother of 3 children and am amateur photographer.

Have you attended the Community Academy or CPI?

Yes No

If yes, what year?

If no, are you willing to attend?

Yes No

[Melanie Barrett - Resume - Nov 2014.docx](#)

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)
[Appendix "C" - Volunteer Consideration](#)

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I Agree *

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Frederick

First Name

E

Middle Initial

Wayand

Last Name

Suffix

[Redacted]

Email Address

[Redacted]

Street Address

[Redacted]

Suite or Apt

Oro Valley

City

AZ

State

[Redacted]

Postal Code

Oro Valley Resident

Please select your residency status:

1

Number of years in Oro Valley (If less than 1 year, please state number of months)

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Which Boards would you like to apply for?

Storm Water Utility Commission, Water Utility Commission

Interests & Experiences

Please list your volunteer services in Oro Valley and with other organizations including any boards or commissions on which you have served : (board/commission , civic, educational, cultural, social, etc.)
Currently on Your Voice, Environmental Committee . Member of the Transition Committee, Desert Sky HOA,

Oro Valley; Served on Tree Commission, City of Statesville, NC; Board Member Keep America Beautiful; Iredell County, NC; Marine Corps League, Secretary / Treasurer

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

Water as a resource that needs to be protected and managed. This impacts the community from all aspects. Daily living, Food, waste water, and irrigation. Our environment needs to be protected through its proper management for wildlife habitat and Sonoran Desert preservation. The combination of all of these helps provide for the health and safety of Oro Valley residents.

Briefly describe your educational/vocational background.

U S Marine Corps decorated veteran, Concordia College, Chemistry, 24 years in the coal industry as General Manager of Quality and Distribution. My duties included 2 rail facilities, 2 barge loading facilities and the company's truck operation. At each facility we managed water for quality, drainage, and control. The coal preparation facilities were high water use items and had to be continually monitored.

Have you attended the Community Academy or CPI?

Yes No

Graduate 11/19/14

If yes, what year?

If no, are you willing to attend?

Yes No

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

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I Agree *

Committee (1995 to present); Pima County Regional Wastewater Reclamation Advisory Committee (PCRWRAC) (2010 to present) (Vice-Chair 2011 to present); PCRWRAC Finance Subcommittee (formed 2012; Chair 2012 to present); Alliance for Construction Excellence at Arizona State University (2010 to present) Tucson Chamber of Commerce (TCC) Infrastructure Subcommittee (2011 to June, 2014); American Society of Civil Engineers (incl. past Committee & Board member) (1984 to present); Project Management Institute (2003 to present). PAST MEMBERSHIPS: City of Tucson Stormwater Technical Advisory Committee (1996-2006); (Note: Served as Chair or Vice-Chair for 8 of the 11 years) American Concrete Institute (ACI) Committee 230 – Soil Cement; Transportation Research Board (TRB) Committee A2J04 - Soil-Portland Cement Stabilization; Tucson Chamber of Commerce (TCC) Transportation Subcommittee (member, Co-Chair & Chair); Society of American Military Engineers (Board member); American Consulting Engineers Council of Arizona (Board member); So. Arizona Chapter, National Society of Professional Engineers (Board member, officer and President); Tucson Utility Contractors Association (Associate Member's Board (4 yrs) and Chair (1 yr)); Construction Management Association of America (CMAA); Pima County Manager's Standards Review Committee; Pima County Subdivision Street Standards Review Committee.

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

Understand and take seriously the commitment of being a member of a technical advisory board to Mayor and Council, including regular meeting attendance; Understand the role of a citizen volunteer representing the residents of Oro Valley; Appreciate and recognize the role of consensus building, particularly with regard to challenging issues for which varied opinions exist; As Chair of PCRWAC Financial Subcommittee, i have gained significant knowledge regarding public works enterprse funded entities which, i feel, will be of value to the Storm Water Utility Commission. Understand and am well experienced with Arizona Public Meeting Laws; Very experienced with and knowledgable of Robert's Rules of Order;

Briefly describe your educational/vocational background.

B.S. Civil Engineering, Missouri University of Science and Technology (formally, University of Missouri - Rolla) Registered Professional Engineer (Arizona, License 12264) Registered Land Surveyor (Arizona, License 15887) Licensed Professional Engineer (Current Status: Inactive) NY (License 52649); OH (License 41770); NM (License 15303); IL (License 062-052974) & AR (License 9856)

Have you attended the Community Academy or CPI?

Yes No

If yes, what year?

If no, are you willing to attend?

Yes No

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

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I Agree *

Application Form

Status: submitted

Profile

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Please note: No volunteer shall serve on more than one standing Board at any time.

Shanna

First Name

Weagle

Last Name

Middle Initial

Suffix

[Redacted]

Email Address

[Redacted]

Street Address

[Redacted]

Suite or Apt

Oro Valley

City

AZ

State

[Redacted]

Postal Code

Oro Valley Resident

Please select your residency status:

5

Number of years in Oro Valley (If less than 1 year, please state number of months)

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Which Boards would you like to apply for?

Water Utility Commission

Interests & Experiences

Please list your volunteer services in Oro Valley and with other organizations including any boards or commissions on which you have served : (board/commission , civic, educational, cultural, social, etc.)

- Executive Board member, Project Graduation, Ironwood Ridge High School (Oro Valley, AZ), 2011-present;

Application Form

Profile

Dear Oro Valley Citizen:

We appreciate your interest in the Town of Oro Valley. This informational form, when completed, will allow us to quickly process your application by assisting us in understanding how we can best use your talents and experience. Information reflecting the procedures surrounding the appointment process to Boards is attached below. Your application will remain on file for two years from the date of receipt. We thank you kindly for volunteering to serve the Town!

Please note: No volunteer shall serve on more than one standing Board at any time.

Winston

First Name

A

Middle Initial

Tustison

Last Name

Dr

Suffix

[Redacted]

Email Address

[Redacted]

Street Address

[Redacted]

Suite or Apt

Oro Valley

City

AZ

State

[Redacted]

Postal Code

Oro Valley Resident

Please select your residency status:

10

Number of years in Oro Valley (If less than 1 year, please state number of months)

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

Which Boards would you like to apply for?

Water Utility Commission

Interests & Experiences

Please list your volunteer services in Oro Valley and with other organizations including any boards or commissions on which you have served : (board/commission , civic, educational, cultural, social, etc.)
8 years on the Water Utility Commission - 6 years Chair of the Finance sub-committee & 2 years Vice-Chair

of the Commission.

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.
extensive experience with the budget, rate setting and planning.

Briefly describe your educational/vocational background.

Medical Doctor, now retired. Have served on at least 12 community or charitable boards, with particular emphasis on finance.

Have you attended the Community Academy or CPI?

Yes No

?2009

If yes, what year?

If no, are you willing to attend?

Yes No

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

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I Agree *

as Secretary and Newsletter Chair, oversee an annual event that rallies city officials, businesses, school staff and parents around the common cause of keeping graduates safe on statistically one of their most dangerous nights • Executive Board member, Nighthawk Parent Organization, Ironwood Ridge High School (Oro Valley, AZ), 2013-14; published weekly eNewsletter as Vice President of Communications, and advised in start-up activities for a proposed, district-wide college and career fair • Family mentor, International Rescue Committee (Tucson, AZ), 2010-12, Rotary International Youth Exchange Program (D5500, Southern AZ), 2014; assisted a Bhutanese refugee family navigating the first two years of life in their new country; hosted a Danish exchange student during her last four months studying abroad • Developer and administrator, extracurricular school reading program Oro Valley, AZ, 2010-12; initiated a volunteer-based, lunchtime program for elementary students

How does your previous volunteer service prepare you for the board or commission appointment for which you have applied? Please describe an issue considered at a meeting of the Board or Commission for which you are applying.

As a leader of community programs, I have demonstrated the vision to establish a prioritized plan, the ability to collaborate with others to realize that plan, and the communication skills to engage stakeholders. In this work I have balanced multiple goals and perspectives, remaining focused on what is most relevant to the common good and the program's purpose. This has involved listening and asking pertinent questions, as well as maintaining an individual voice and sharing that perspective while carrying out the collective will. This year I have attended several public meetings of the Water Utility Commission. One issue addressed multiple times is reducing the electricity costs associated with supplying water to consumers. Acquiring cheaper electricity and reducing the amount of electricity are two ways they are addressing this issue. An energy efficiency program is already established; one element of that program has been replacing older pumps and motors with equipment that uses less energy. As for cheaper sources of electricity, initial estimates suggested that it would be beneficial to purchase some of the excess power Hoover Dam will have available in 2017. An application for the power must be submitted to the Arizona Power Authority in 2015. To prepare for that application, prearrangements need to be made with Tucson Electric to deliver that extra power through its network.

Briefly describe your educational/vocational background.

I earned a BA in Psychology and MS in Education from Purdue University before starting my professional career. After briefly exploring –and ruling out–work in a clinical setting, I found an exciting role wearing several hats for a small consulting/contracting firm. I built the operations and human resource infrastructure of that company, which grew from 20 to 50 employees during my tenure. When I began raising a family, I shifted to more flexible work based out of my home. For 15 years I provided marketing and communication services to various organizations—at first writing and editing content for reference materials, soon after expanding my services to help with marketing efforts and other projects. Throughout I have been active in my community; this unpaid work includes leading neighborhood and parent associations as well as school reading programs and events.

Have you attended the Community Academy or CPI?

Yes No

If yes, what year?

If no, are you willing to attend?

Yes No

[Shanna_Weagle_Resume_OV.pdf](#)

Upload a Resume

Please attach any additional documents here

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[Appendix "B" - Appointment Process](#)

[Appendix "C" - Volunteer Consideration](#)

Please Agree with the Following Statement

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I Agree *



Town Council Regular Session

Item # **E.**

Meeting Date: 12/03/2014

Requested by: Mayor Hiremath **Submitted By:** Julie Bower, Town Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

Reinstatement of the December 17, 2014, Regular Session Town Council Meeting

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

The 2014 Regular Town Council Meeting Schedule, adopted by Council at their meeting on December 4, 2013, called for the cancellation of the December 17th meeting as part of the holiday break. If Council wishes to conduct business on December 17th, the meeting would need to be reinstated.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to reinstate the December 17th Regular Session Town Council Meeting



Town Council Regular Session

Item # **F.**

Meeting Date: 12/03/2014
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

Resolution No. (R)14-59, authorizing a Memorandum of Understanding (MOU) with the City Court of the City of Tucson for the Regional Municipalities Veteran's Treatment Court

RECOMMENDATION:

The Town Magistrate, the Honorable George Dunscomb, recommends that Council approve the MOU regarding the RMVTC.

EXECUTIVE SUMMARY:

The Regional Municipalities Veteran's Treatment Court is a cooperative effort of the Oro Valley Magistrate Court, Marana Municipal Court, Sahuarita Municipal Court, South Tucson Municipal Court, Tucson City Court and the Southern Arizona Veterans Administration Health Care System (SAVAHCS). Its goal is to assist veterans who are homeless, have a substance abuse problem or other issues. Rather than arresting and jailing veteran offenders for a few days or weeks only to return them to the same type of life, this court connects them to Veterans Administration (VA) resources. Through the RMVTC, veterans will be offered the opportunity for both the legal and the VA systems to engage them and offer support.

Council appointed Judge Michael Pollard of the Tucson Municipal Court as the Town's Judge Pro Tem for the RMVTC. Judge Pollard put the RMVTC together, coordinating with the VA and the University of Arizona College of Law. All cases of eligible veterans that are filed in Oro Valley Magistrate Court are transferred to the RMVTC, which resides in Tucson City Court.

BACKGROUND OR DETAILED INFORMATION:

There is much documented evidence that a significant number of the veterans who returned from the Vietnam conflict experienced rather severe problems adjusting to civilian life. Many veterans remained untreated for a long period of time. The VA recognizes that many of the veterans who have fought in the current wars in Iraq and Afghanistan are returning with mental health problems. Nationally, the VA is in the process of identifying veterans in need of services and offering treatment in a timely manner. Admitting to mental health problems is not something that comes easily for the men and women who have served in the armed forces. The challenge for the VA is to offer interventions whenever and wherever opportunities occur. The SAVAHCS and the Tucson legal community are working jointly to engage veterans through the RMVTC.

An early sign that a veteran may have unaddressed problems may be when they first break the law. The RMVTC offers opportunity for the VA to engage veterans and offer treatment as an alternative to time in jail. Men and women who have served the country are entitled to the best care the VA can provide. Through the RMVTC, veterans will be offered the opportunity for both the legal and the VA systems to engage them and offer support.

The RMVTC is a specialty court within the justice system that assists veterans, as defined by federal law. The eligible veterans are those having misdemeanor charges except for charges involving sexual offenses or violent crimes. The veteran must be willing to accept and engage in assistance from the VA to address treatment, rehabilitation, housing needs and/or employment referrals.

Veterans who want to participate in the rehabilitative program will initially agree to participate in the program and be evaluated for eligibility by the SAVAHCS. The outcome of the case will be delayed until they have completed the RMVTC and treatment.

FISCAL IMPACT:

The financial impact on the Town is negligible. These types of cases typically result in diversion with the fine being waived if the defendant completes intensive counseling or therapy.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)14-59, authorizing a Memorandum of Understanding with the City Court of the City of Tucson for the Regional Municipalities Veteran's Treatment Court (RMVTC).

Attachments

(R)14-59 Veterans Treatment Court MOU

MOU

RESOLUTION NO. (R)14-59

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING A MEMORANDUM OF AGREEMENT BETWEEN THE TOWN OF ORO VALLEY MAGISTRATE COURT AND THE TUCSON CITY COURT TO REFER VETERANS CHARGED WITH MISDEMEANOR OFFENSES TO THE REGIONAL MUNICIPALITIES VETERANS TREATMENT COURT

WHEREAS, the Town desires to enter into a Memorandum of Agreement with the Tucson City Court to refer veterans charged with misdemeanor offenses to the Regional Municipalities Veterans Treatment Court (“RMVTC”) to ensure that veteran cases are adjudicated in a uniform and consistent manner and offer appropriate treatment programs to veterans instead of jailing and returning veterans to the criminal justice system; and

WHEREAS, this Memorandum of Agreement will serve as the intergovernmental agreement between the Tucson City Court and the Town to refer eligible veteran defendants to the RMVTC; and

WHEREAS, it is in the interest of the Town to enter into the Memorandum of Agreement with the Tucson City Court to designate one court to be accessible to all defendant veterans who are eligible for services from the Veterans Administration and/or other treatment agencies.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that:

1. The Memorandum of Agreement, attached hereto as Exhibit “A”, between the Town of Oro Valley and the Tucson City Court to refer veterans charged with misdemeanor offenses to the RMVTC is hereby approved.
2. The Magistrate Judge and any other administrative officials of the Town of Oro Valley are hereby authorized to take steps as necessary to execute and implement the terms of the Agreement.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 3rd day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

Regional Municipalities Veterans Treatment Court

Memorandum of Understanding

This Memorandum of Understanding (MOU) is entered into between the City Court of the City of Tucson (the "Receiving Jurisdiction") and the Magistrate Court of the Town of Oro Valley (the "Sending Jurisdiction") [collectively, the "Parties"].

RECITALS:

Whereas, the Parties to this agreement desire to form a Treatment Court that will serve all of the Veterans living **in** the municipalities of Pima County who have been charged with an offense within the jurisdiction of the various municipalities' courts (hereinafter the "Defendant Veterans"); and

Whereas, the Parties desire to have one court accessible to all Defendant Veterans and persons who have served in the military and are eligible for services from the Veterans Administration and/or other treatment agencies; and

Whereas, the Parties desire that the Treatment Court may have jurisdiction over all cases involving Defendant Veterans in the participating jurisdictions, and agree that the **Regional Municipalities Veterans Treatment Court** (Hereafter **RMVTC**) shall serve that purpose; and

Whereas, it is in the interests of both the Defendant Veterans and the courts of the participating jurisdictions that the cases are adjudicated in a uniform and consistent manner.

MEMORANDUM OF UNDERSTANDING

NOW, and therefore based on the foregoing recitals, which are incorporated here as the intention of the Parties in entering into the MOU, the Parties agree as follows:

1. There shall be one **RMVTC** which shall be located at Tucson City Court at 103 East Alameda.
2. If the prosecuting agency of the Sending Jurisdiction determines that a case is eligible for referral to the **RMVTC**, and the Defendant Veteran signs an agreement waiving Rule 8 time limits and any objection to the jurisdiction of the **RMVTC**, the Sending Jurisdiction shall refer the case to the **RMVTC**. The referral shall be in paper file form or by scanning and emailing at the discretion of the Sending Jurisdiction.
3. Once received by the Receiving Jurisdiction, the referred files shall be entered into the Tucson City Court AZTEC case management system.
4. Once the Receiving Prosecutor receives the referral, the Tucson City Prosecutor's office will prosecute the case from that point forward, unless the case is referred back to the sending jurisdiction.

5. The Sending Jurisdiction, by and through its Presiding Magistrate, agrees to designate Tucson City Court Magistrate, Michael Pollard, as a Judge Pro Term of the Sending Jurisdiction for the purposes of adjudicating cases referred to RMVTC.

6. The Sending Jurisdiction agrees to disposition of referred cases in the following manner;
 - a. Upon referral to RMVTC, Defendant Veteran and a Veterans Services Representative shall develop a treatment plan through Veterans Services. The prosecution and defense shall develop an agreement that incorporates the treatment plan.
 - b. Fines may be paid or satisfied with community restitution (service at the rate of \$10.00 per hour for each hour of community service presented).
 - c. Fines on Driving on a Suspended License charge (A.R.S. §28-3473) may have surcharges waived and fines reduced to \$250.00.
 - d. Fines on No Proof of Insurance (A.R.S. §28-4135) may be suspended upon presentation of proof of Drivers Only Insurance.
 - e. Charges may be dismissed upon successful completion of court-ordered treatment plan requirements.

7. This Agreement shall become effective upon execution by the Parties hereto and shall remain in effect until January 1, 2017, unless otherwise terminated by the terms of this Agreement or operation of law. This agreement may be administratively extended by each Party on or before the Termination date for a period of an additional two years by notifying the other Parties in writing.

8. Nothing in this MOU will be construed as limiting or affecting the authority or legal responsibility of either party, or as binding either party to perform beyond the authority of each, or to require them to assume or expend any monies.

AGREED to and accepting on this _____ day of _____, 2014

City of Tucson

 Presiding Tucson City Court Magistrate

Town of Oro Valley

 Presiding Town of Oro Valley Court Magistrate Town of Oro Valley

 Oro Valley Town Manager

APPROVED AS TO FORM BY:

City of Tucson Attorney

Legal Services Director of the Town of Oro Valley



Town Council Regular Session

Item # G.

Meeting Date: 12/03/2014
Requested by: Shirley Seng
Department: Water

Submitted By: Shirley Seng, Water

Information

SUBJECT:

Resolution No. (R)14-60, providing notice of intent to increase water rates, fees and charges for the Oro Valley Water Utility

RECOMMENDATION:

The Water Utility Commission and Water Utility staff recommend approval of Resolution No. (R)14-60, providing Notice of Intent to increase water rates, fees and charges for the Oro Valley Water Utility.

EXECUTIVE SUMMARY:

Pursuant to A.R.S. § 9-511.01, a municipality must adopt a Notice of Intent to increase water rates at least 30 days prior to the public hearing. The attached resolution meets the intent of that statute by:

1. Making a copy of the Water Rates Report available for public review which will be placed in the Town Clerk's Office and posted to the Water Utility website.
2. Directing the Town Clerk to advertise the resolution in a newspaper of general circulation at least 20 days prior to the public hearing.
3. Establishing a public hearing date for January 7, 2015.

Adoption of this resolution sets in motion the public process for providing notice of the public hearing required for a water rate increase. Residents and customers of the Water Utility may view the documents at the Town Clerk's Office or on the Water Utility website.

If approved, the Notice of Intent does not increase any of the rates. The consideration of adoption of any rate increases or decreases will occur at the public hearing on January 7, 2015. However, once the Notice of Intent is approved and the report is published, the amount of the proposed rate increases that could be adopted at the public hearing cannot exceed the amounts that were published in the report.

BACKGROUND OR DETAILED INFORMATION:

In accordance with the Mayor and Town Council Water Policies, Water Utility staff review water rates and charges on an annual basis. The Water Utility Commission evaluates staff recommendations based on a rates analysis to assure the recommendations meet Town policies and bond covenants. On November 10, 2014, the Commission voted unanimously on a recommendation for a Preferred Financial Scenario, which includes projections for five years; however, water rates are approved annually for the first year in the five year projection period.

The following information summarizes the proposed changes in water rates and service fees:

- o Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- o Increase in the potable and reclaimed commodity rates
- o No increase in the monthly base rates for potable and reclaimed water

- o Increase in the potable and reclaimed construction water rates
- o Increase in meter installation fees to recover costs
- o Increase in residential security deposits for non-property owner accounts
- o Increase in residential security deposits for landlord accounts

The combination of the proposed increase in commodity rates and the proposed decrease in the GPF will reduce the average residential customer's bill by \$0.03 per month. The average commercial customer will see a reduction of \$0.60 per month. Residential and irrigation customers with high water use will experience increases in their monthly bills. There will be no impact to reclaimed water customers because the proposed increase and decrease are offsetting. Details of the impact to all customer classifications may be found in Appendix C of the attached Water Rates Analysis Report.

Residential security deposits for non-property owner accounts are proposed to increase from \$100 to \$150. Residential security deposits for landlord accounts are proposed to increase from \$50 to \$75. Meter installation fees are also proposed to increase to recover labor and material costs incurred to provide the service.

A significant change this year is that the revenue from the GPF is accounted for in the Operating Fund. In prior years, it was accounted for in the Alternative Water Resources Development Impact Fee Fund. This change is addressed in detail on page 10 of the Water Rates Analysis Report attached hereto.

The Notice of Intent does not authorize any rate increases, it establishes the date for public hearing and publishing of the Water Rates Analysis Report. If the Notice of Intent is approved, a separate resolution increasing water rates will be presented to the Town Council for consideration at the public hearing scheduled for January 7, 2015.

FISCAL IMPACT:

There is no fiscal impact associated with adopting a Notice of Intent to increase water rates. If the Council adopts the proposed rates at the January 7, 2015, public hearing, only high water use residential and irrigation customers will experience an increase in their monthly water bills. The financial impact to all customer classifications is detailed in Appendix C in the attached Water Rates Analysis Report.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)14-60, providing Notice of Intent to increase water rates, fees and charges for the Oro Valley Water Utility.

Attachments

(R)14-60 Notice of Intent to Increase Water Rates

Rate Report

RESOLUTION NO. (R)14-60

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, PROVIDING NOTICE OF INTENT TO INCREASE WATER RATES, FEES AND CHARGES FOR THE ORO VALLEY WATER UTILITY

WHEREAS, pursuant to A.R.S. § 9-511, *et seq.*, the Town has the requisite statutory authority to acquire, own and maintain a water utility for the benefit of the residents within and without the Town's corporate boundaries; and

WHEREAS, pursuant to A.R.S. § 9-511, *et seq.*, the Town finds it necessary to consider increasing water rates, fees and charges for the Oro Valley Water Utility; and

WHEREAS, pursuant to A.R.S. § 9-511, *et seq.*, the Town is required to give a Notice of Intent at a regular Town Council meeting to increase water rates, fees and charges; and

WHEREAS, the Town has completed a Water Rates Analysis Report, attached hereto as Exhibit "A", which supports increasing water rates, fees and charges for the Oro Valley Water Utility; and

WHEREAS, not less than twenty (20) days prior to the public hearing on the proposed rate increases, the Town shall cause to be published one time in a newspaper of general circulation within the Town's boundaries, a Notice of Intent showing the date, time and place of the hearing.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that:

1. This Resolution serves as the Notice of Intent, which is hereby publicly given, for the Town of Oro Valley to increase water rates, fees and charges.
2. A public hearing shall be held at the regular meeting of the Mayor and Council at 6:00 p.m. on January 7, 2015, in the Council Chambers of the Town Hall, Town of Oro Valley, 11000 North La Cañada Drive, Oro Valley, Arizona, to deliberate and vote on the proposed increases.
3. Exhibit "A", attached hereto, be made available to the public in the Office of the Town Clerk and on the Town of Oro Valley Water Utility website for review prior to the public hearing.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 3rd day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

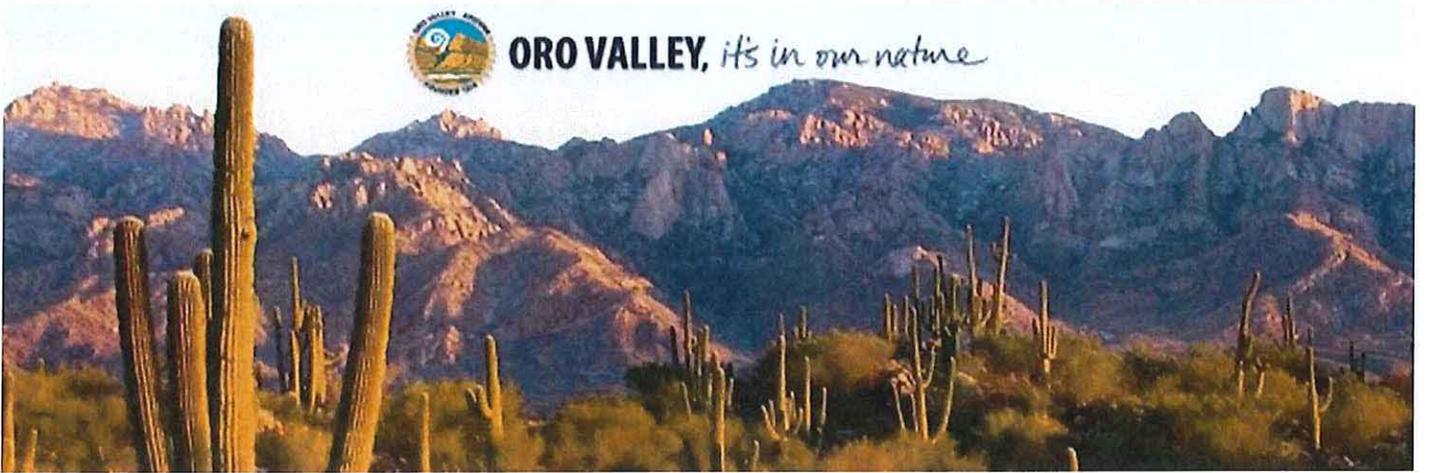
Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”



TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT

NOVEMBER 2014

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2014**

ORO VALLEY TOWN COUNCIL

Satish Hiremath, Mayor
Lou Waters, Vice Mayor
Brendan Burns, Council Member
Bill Garner, Council Member
Joe Hornat, Council Member
Mary Snider, Council Member
Mike Zinkin, Council Member

ORO VALLEY WATER UTILITY COMMISSION

Robert Milkey, Chair
Richard Davis, Vice Chair
Javier Arriaga, Commissioner
Anne Campbell, Commissioner
Richard Reynolds, Commissioner
Elizabeth Shapiro, Commissioner
Richard Verlaque, Commissioner

TOWN STAFF

Greg Caton, Town Manager
Stacey Lemos, Finance Director
Philip C. Saletta, P.E., Water Utility Director
Shirley Seng, Water Utility Administrator

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APPENDIX

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- C. Rate Schedules & Tables for Bill Comparisons for Preferred Financial Scenario
 - C-1 Potable & Reclaimed Water Rates
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- D. Other Service Fees & Charges
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- E. 5-Year Capital Improvement Schedules
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**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2014**

Executive Summary

The functions and duties of the Oro Valley Water Utility Commission include reviewing and developing recommendations for water revenue requirements, water rates and fee structures. The Commission annually evaluates staff recommendations based on a rates analysis to assure the recommendations meet Town policies and bond covenants. Water rates and charges shall be reviewed annually under Mayor and Town Council Water Policies – II.A.2.b(4).

The Utility has based its financial analysis on the American Water Works Association (AWWA) Cash Needs Approach. The AWWA is the largest national organization that develops water and wastewater policies, specifications and rate setting guidelines accepted by both government-owned and private water and wastewater utilities worldwide.

This Water Rates Analysis Report contains detailed information on the three funds that comprise the Oro Valley Water Utility:

- Operating Fund
- Alternative Water Resources Development Impact Fee Fund (AWRDIF Fund)
- Potable Water System Development Impact Fee Fund (PWSDIF Fund)

Each fund is individually analyzed with regard to revenue and revenue requirements. The Utility is an enterprise of the Town and generates revenue from rates, fees and charges and does not receive revenue from any taxes or payments from the General Fund.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. Under the Preferred Financial Scenario, the Operating Fund will have an ending cash balance of \$1.6 million at the end of the five-year projection period. The cash balance of Groundwater Preservation Fees at the end of the five-year projection period is \$5.8 million. The Preferred Financial Scenario includes cash funding for all capital projects except the Advanced Metering Infrastructure (AMI) and Meter Replacement Project which is funded by a loan from the Water Infrastructure Finance Authority of Arizona (WIFA). The Preferred Financial Scenario proposes no other new debt for capital expenditures.

Each year the water rates analysis is prepared based on the most up-to-date information available for a five-year projection period. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis.

The Preferred Financial Scenario results in increasing cash balances in the AWRDIF Fund and the PWSDIF Fund. These cash balances will be used to finance capital projects to meet the demands of new growth and development. Pursuant to Arizona Revised Statute 9-463.05, revenue from the

individual impact fee funds may not be consolidated nor used for any purpose other than for which they were originally established.

The Preferred Financial Scenario includes five year projections for each fund and evaluates the impact of future costs and the revenue sources that will be required to meet those costs. Based on the data contained within the Preferred Financial Scenario, the Water Utility Commission has made the following recommendations on water rates for FY 2014-15:

- Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- Increase in the potable and reclaimed commodity rates
- No increase in the monthly base rates for potable and reclaimed water
- Increase in the potable and reclaimed construction water rates
- Increase in meter installation fees to recover costs
- Increase in residential security deposits for non-property owner accounts
- Increase in residential security deposits for landlord accounts

Current and proposed commodity rates and GPF are provided in the table below:

Table 1

Customer Classifications	Current Commodity Rate	Proposed Commodity Rate	Increase (Decrease)
Single Family Residential			
Tier 1	2.23	2.27	0.04
Tier 2	3.01	3.10	0.09
Tier 3	4.07	4.23	0.16
Tier 4	5.49	5.76	0.27
Irrigation			
Tier 1	2.23	2.27	0.04
Tier 2	3.01	3.10	0.09
Tier 3	4.07	4.23	0.16
Tier 4	5.49	5.76	0.27
Commercial	2.23	2.27	0.04
Master Metered Multi-Family Residential	2.23	2.27	0.04
Turf	2.23	2.27	0.04
Construction	6.49	6.76	0.27
All Reclaimed Classes	2.20	2.23	0.03
Groundwater Preservation Fee – Potable	0.95	0.90	(0.05)
Groundwater Preservation Fee - Reclaimed	0.50	0.47	(0.03)

Cost per 1,000 gallons

With a small increase in commodity rates and a decrease in the GPF, the financial impact of the proposed rates for the average residential customer is a decrease of \$0.03 per month. The average residential customer has a 5/8 x 3/4-inch meter and uses 8,000 gallons of water per month. The average commercial customer with a 2-inch meter using 60,000 gallons of water will experience a \$0.60 decrease per month. Tables providing the financial impact to all meter sizes and customer classifications may be found in Appendix C.

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility.

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2014**

Introduction

The Oro Valley Water Utility was established in 1996 as a self-supporting enterprise of the Town. The Utility is comprised of three separate funds that have been established for specific purposes. The Funds are as follows:

- Operating Fund
- Alternative Water Resources Development Impact Fee Fund
- Potable Water System Development Impact Fee Fund

The Operating Fund is the primary fund for the Utility. Revenue for this fund includes water sales, service fees, miscellaneous charges and interest income. The Utility does not receive any revenue from taxes or money from the Town General Fund. The expenditures managed from this fund include personnel, operations and maintenance for both potable and reclaimed water systems, capital costs for existing potable water system improvements and related debt service. The Utility pays the General Fund for services received including finance, human resources, fleet services, information technology, legal, insurance and rental of office space. Groundwater Preservation Fee (GPF) revenue is accounted for within the Operating Fund. GPF revenue is currently dedicated to fund capital expenditures for renewable water resources and related debt. Under current policy, this revenue may not be used to pay for operating costs. More information on the GPF may be found on page 10 of this report.

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) was established in 1996 to manage capital expenditures related to alternative water resources including reclaimed water and Central Arizona Project (CAP) water. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income. Based on the recent impact fee analysis, expenditures include capital repayment obligation charges for the Town's CAP allotment and infrastructure and associated debt service to deliver CAP water to the Town for future growth and development.

The Potable Water System Development Impact Fee Fund (PWSDIF) was established in 1996 to manage capital expenditures related to expansion or growth-related potable water capital projects and related debt service. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income. Expenditures may include wells, pump stations, reservoirs and mains for the potable water system required to meet the demands of future growth and development.

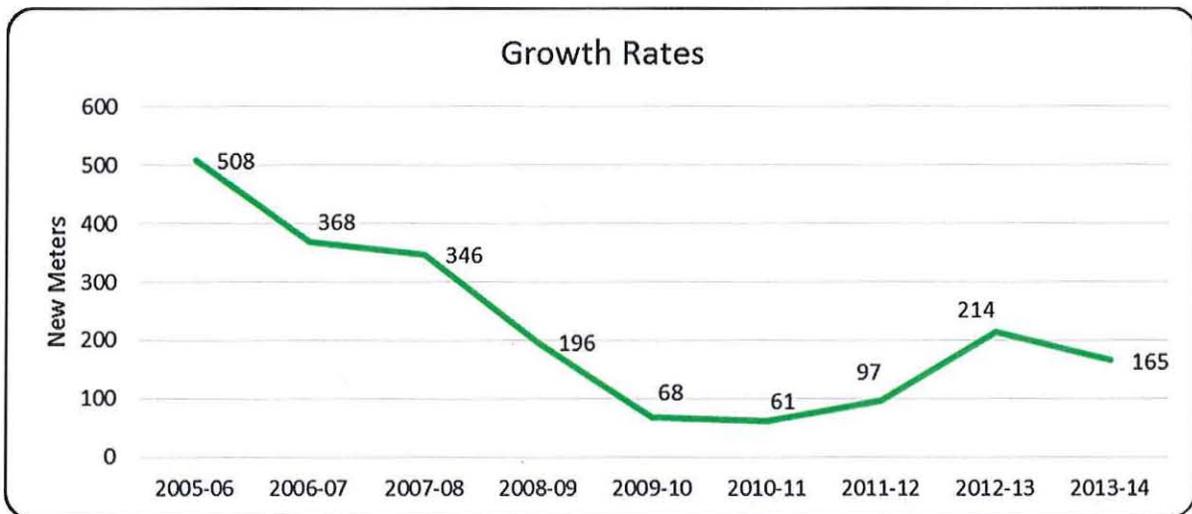
The revenue and expenditures of all three funds are combined to determine if the Utility meets the debt service coverage requirement established in the Mayor and Town Council Water Policies and

current bond covenants. Otherwise, each fund is independent with regard to revenue and expenses. Pursuant to Arizona Revised Statute (ARS) 9-463.05 Section B.9., impact fees must be placed in a separate fund and accounted for separately. ARS 9-463.05 Section B.5. states that the impact fees may not be used for operations and maintenance of existing facilities. Each fund is addressed in more detail on pages 12 and 13 of the report.

Growth Rates

The Utility's growth rates have fluctuated over the past several years. Figure 1 illustrates the Utility's growth rate of 2,023 new metered connections over the last nine years.

Figure 1



The growth projections used for this report are consistent with the Town's financial forecasting and are shown in following table.

Table 2

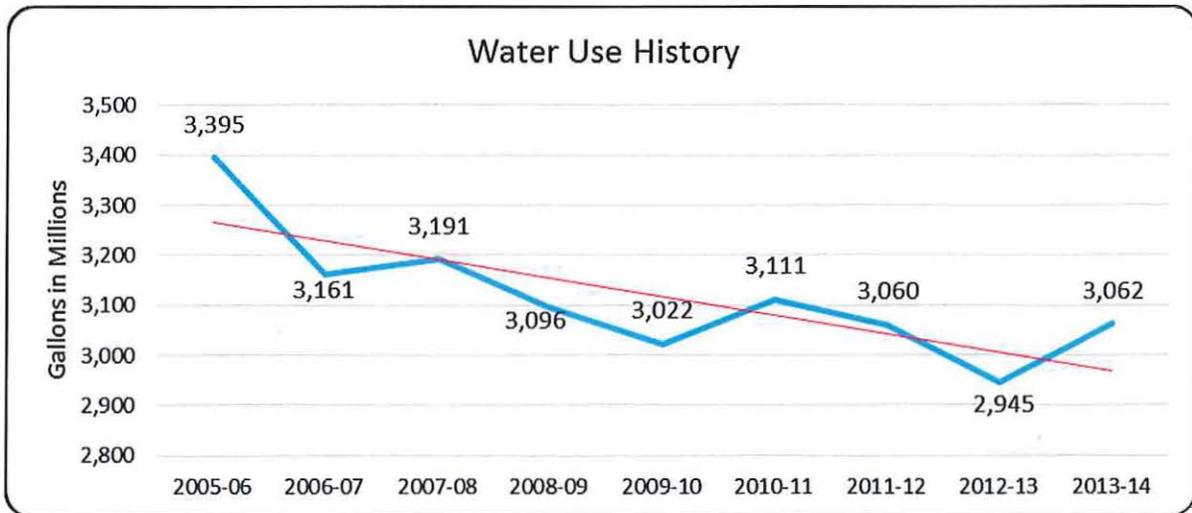
New Metered Connections	2014-15	2015-16	2016-17	2017-18	2018-19
Single Family Residential	200	300	275	200	100
Commercial, Multi-Family, Irrigation	11	15	13	10	5

Water Use Trends

The Utility has experienced an overall reduction in water use, both potable and reclaimed, over the last nine years. Figure 2 reflects a 9.8 percent reduction in total water use from FY 2005-06 through FY 2013-14. The trend line emphasizes a continuous decline in water use even though the utility experienced growth of 11.9 percent equivalent to 2,023 new connections in that same time frame. During FY 2013-14, the average single family residential customer with a 5/8 x 3/4 inch water meter

used 7,880 gallons. For the analysis in this report, the average monthly water use for a single family residential customer with a 5/8 x 3/4 inch water meter is calculated at 8,000 gallons per month.

Figure 2



Debt Service

Annual debt obligations are met with the revenue generated in the Operating Fund, the AWRDIF and the PWSDIF. A summary of the existing debt allocated to each of these funds and the outstanding balances at the beginning of FY 2014-15 are provided in Table 3.

Table 3

Fund	Year	Debt	Purpose	Balance
Operating	2005	Excise Tax Bonds	Land for MOC	\$ 1,324,950
Operating	2007	Excise Tax Bonds - Refinance	Existing Potable System	\$ 14,770,440
Operating-GPF	2008	WIFA Loan	Reclaimed Water System	\$ 3,235,942
Operating	2009	WIFA Loan	Existing Potable System	\$ 1,777,300
Operating	2012	Sr. Lien Revenue Bonds - Refinance	Existing Potable System	\$ 4,417,909
Operating-GPF	2012	Sr. Lien Revenue Bonds - Refinance	Reclaimed Water System	\$ 8,052,849
Operating	2013	Excise Tax Bonds - Refinance	Existing Potable System	\$ 4,935,000
Operating	2014	WIFA Loan	AMI & Meter Replacement	\$ 1,000,711
PWSDIF	2012	Sr. Lien Revenue Bonds - Refinance	Potable System Expansion	\$ 2,484,241
Total Debt				\$ 41,999,342

No new debt is proposed throughout the five-year projection period.

Debt Service Coverage Requirements

The method for calculating the debt service coverage ratio is pursuant to the Town Financial and Budgetary Policies adopted by the Town Council in 2008. Section C.1 – Debt Capacity, Issuance & Management states the following with respect to debt service coverage ratios:

“When utility revenues are pledged as debt service payments, the Town will strive to maintain a 1.3 debt service coverage ratio or the required ratio in the bond indenture (whichever is greater) to ensure debt coverage in times of revenue fluctuation.”

The Water Utility currently pays debt service on a number of outstanding debt issuances and loans. For the Series 2012 Senior Lien Water Revenue Bonds, the 2008, 2009 and 2014 Water Infrastructure Finance Authority (WIFA) Loans, water utility revenues are specifically pledged as the repayment source for these obligations at 1.3 times coverage per the Town’s adopted financial policy.

The remaining outstanding debt obligations of the Water Utility are excise tax pledged obligations meaning that the Town’s unrestricted sources of sales taxes, fines, permit fees and state shared revenues are pledged as the repayment sources for these bonds in the bond indentures. Even though the bond indentures pledge these excise taxes as the repayment source, the Water Utility is and will continue to be responsible for these debt service payments. However, since excise taxes are pledged as coverage, a calculated debt service coverage ratio of 1.0 (rather than the 1.3) is applied to avoid double coverage when calculating the debt service coverage ratio for the water rates analysis.

It is important to note that the bond indentures for the excise tax-backed bonds require that the Town’s excise tax collections each fiscal year total at least 2.5 times the annual debt service requirements in order to avoid having to fund a debt service reserve fund. These conditions have been met annually in the past and are expected to continue in the future. For FY 2013-14 the debt service coverage ratio was 8.26 for the General Fund which substantially exceeds the 2.5 requirement.

This methodology of segregating the water utility revenue-pledged debt from the excise tax-pledged debt in the rates analysis process is an accepted practice in the industry and has been reviewed by the Town’s Finance Director and the Town’s financial advisors with Stifel, Nicolaus & Company, Inc.

The debt service coverage ratio is determined by dividing the annual net operating revenue by the annual debt service payments. Using the methodology described above is in accordance with the 2008 policy and reduces the amount of the debt service coverage requirement amount. Applying this methodology has been key in minimizing water rate increases.

Debt service coverage for the Water Utility’s outstanding senior lien debt issuances and loans in the Preferred Financial Scenario is shown in Table 4.

Table 4

	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service Coverage	2.02	2.11	2.07	1.92	1.73

Cash Reserve Policy for Operating Fund

The Town of Oro Valley Mayor and Council Water Policies were adopted in 1996. The policy specific to cash reserves may be found in Section II.A.1.d. and states “The Utility shall maintain cash reserves for known future obligations plus an allowance for unbudgeted contingencies set at 5 percent (5%) of the total annual budget.” The Commission is recommending that this policy be reviewed in the coming year. Interpretation of the policy for this analysis is that the Utility must have five percent of the total annual operating budget including debt service and capital expenditures. In the Preferred Financial Scenario, the projected cash reserve balance for the Operating Fund for each year in the analysis is listed in Table 5 showing compliance in all years.

Table 5

Operating Fund	2014-15	2015-16	2016-17	2017-18	2018-19
Cash Reserve Requirement	\$ 731,321	\$ 723,318	\$ 745,380	\$ 745,699	\$ 780,564
Cash Reserve Balance	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884

Cash reserve balances in the Operating Fund are the main driver for the proposed changes in water rates. The projected cash reserve balances shown in Table 5 include revenue from the proposed rate changes. Those changes include increases in the commodity rates with corresponding decreases in the GPF. These proposed changes allow for the cash balances to be at appropriate levels for both the Operating Fund and the GPF. The impact to the customers from these proposed changes are minimal except for single family residential and irrigation customers who are high water users. Details of the impact to all water users are in Appendix C.

The use of cash to fund capital expenditures results in a projected decrease of \$6.6 million in cash reserves over the five-year projection period. In light of this, the Commission is recommending that the current cash reserve policy be reviewed. A consideration may be to evaluate implementing a cash reserve policy similar to the one currently in place for the Town’s General Fund. The General Fund cash reserve policy states, “The Town shall maintain, at a minimum, a fund balance contingency reserve in the General Fund that represents 25 percent of the General Fund’s annual expenditures with no use of the General Fund contingency to support ongoing operational expenditures. This minimum reserve amount will be incorporated into the General Fund budget adopted by formal action taken by the Town Council. Accordingly, these reserves will be classified as committed fund balances.” Reviewing the Water Utility’s cash reserve policy will be placed on the Water Utility Commission’s work plan for the coming year.

Operating Fund

Revenue Forecast

The Operating Fund had a cash balance of \$8.2 million at the beginning of FY 2014-15 and is projected to have a balance of \$1.6 million at the end of FY 2018-19. These funds may be used for operating costs including personnel, operations and maintenance, capital improvements for the existing potable water system and debt service.

The revenue forecast was based on analysis of the Utility's monthly billing data for FY 2013-14 and a projection of water usage and growth in number of new connections detailed in Table 2 on page 4. Analysis of the water use trends for FY 2013-14 indicated the average monthly use for a single family residence with a 5/8 x 3/4 inch water meter was 7,880 gallons per month. For this analysis, 8,000 gallons per month was used to project water sales revenue. The revenue forecast includes proposed increased commodity rates shown below in Table 6. The GPF revenue is also shown in Table 6 for informational purposes and to illustrate the proposed decrease.

Table 6

Commodity Rate	Current Rates	Proposed Rates				
Customer Classifications		2014-15	2015-16	2016-17	2017-18	2018-19
Single Family Residential						
Tier 1	2.23	2.27	2.32	2.37	2.44	2.51
Tier 2	3.01	3.10	3.19	3.29	3.40	3.52
Tier 3	4.07	4.23	4.40	4.58	4.76	4.95
Tier 4	5.49	5.76	6.05	6.36	6.67	7.01
Irrigation						
Tier 1	2.23	2.27	2.32	2.37	2.44	2.51
Tier 2	3.01	3.10	3.19	3.29	3.40	3.52
Tier 3	4.07	4.23	4.40	4.58	4.76	4.95
Tier 4	5.49	5.76	6.05	6.36	6.67	7.01
Commercial	2.23	2.27	2.32	2.37	2.44	2.51
Master Metered Multi-Family	2.23	2.27	2.32	2.37	2.44	2.51
Turf	2.23	2.27	2.32	2.37	2.44	2.51
Construction	6.49	6.76	7.05	7.36	7.67	8.01
All Reclaimed Classes	2.20	2.23	2.26	2.31	2.38	2.45
Groundwater Preservation Fee						
Potable	0.95	0.90	0.85	0.85	0.85	0.85
Reclaimed	0.50	0.47	0.44	0.44	0.44	0.44

Cost per 1,000 gallons.

The water use included in each tier is detailed on the proposed water rates table in Appendix C.

Table 7 provides the water sales revenue forecast for the five-year projection period using the proposed commodity rates in Table 6. The GPF and associated revenues and expenditures are detailed on pages 10 - 11.

Table 7

Water Sales Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
Potable Water	\$10,252,130	\$10,542,605	\$10,852,834	\$11,166,348	\$11,473,209
Reclaimed Water	<u>\$ 1,796,098</u>	<u>\$ 1,818,296</u>	<u>\$ 1,850,323</u>	<u>\$ 1,899,317</u>	<u>\$ 1,949,954</u>
Total Water Sales	\$12,048,228	\$12,360,901	\$12,703,157	\$13,065,665	\$13,423,163

Other revenue generated by the Utility includes interest income and charges for services. Charges for service include, but are not limited to, new service establishment fees, late fees, reconnection fees, convenience fees, and plan review fees. These service fees are projected to generate annual revenue ranging from \$845,000 to \$896,000. Projections for interest income are a cumulative total of \$892,147 over the five-year period. A two percent interest rate was assumed for each year in the projection period. This interest rate is consistent with the Town's financial planning.

Revenue Requirements

The following table is a summary of revenue requirements for the Operating Fund that were used in the financial analysis. These revenue requirements do not include expenditures to be paid with GPF revenue.

Table 8

Utility Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Personnel	\$ 2,874,528	\$ 3,003,882	\$ 3,139,056	\$ 3,280,314	\$ 3,427,928
Operations/Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Mgmt.	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Reclaimed Maintenance	890,360	899,264	909,156	920,065	932,026
Subtotal Expenditures	\$ 9,646,491	\$ 9,906,753	\$ 10,126,046	\$ 10,489,775	\$ 10,707,715
Debt Service	3,582,907	3,576,601	3,585,554	3,575,207	3,578,569
Capital Outlay	1,397,020	983,000	1,196,000	849,000	1,325,000
Total Expenditures	\$ 14,626,418	\$ 14,466,354	\$ 14,907,600	\$ 14,913,982	\$ 15,611,284

Projected personnel costs do not include any new personnel; however, a four percent annual merit increase and a 0.5 percent increase in retirement benefits have been projected. These projected increases are consistent with the General Fund's financial planning.

The projected operations and maintenance (O&M) costs for both the potable and reclaimed water systems include inflationary increases that average 1.7 percent annually. The inflation factors were provided by the Arizona Department of Revenue and are consistent with the General Fund's financial planning.

Power for pumping costs were segregated from the traditional O&M costs because they are not subject to annual inflationary increases. A 15 percent rate increase by Tucson Electric Power was projected in FY 2017-18. The Utility recently began implementation of an energy efficiency program which will reduce power costs as the pumps and motors are replaced. After all the equipment has been installed, the projected energy savings will be reflected in the power costs.

The Utility plans to purchase groundwater extinguishment credits. These credits will be pledged to the Groundwater Allowance Account (GWA) to help maintain a balance in the GWA that will facilitate growth in the water service area. It is anticipated that the Utility will purchase approximately 3,000 acre feet of extinguishment credits annually over the five-year projection period.

Projected costs for wheeling CAP water through the Tucson Water delivery system represent 2,000 acre feet annually. The rate charged by Tucson Water is a contract price and remains constant over the five years. The cost to take delivery of the CAP water increases annually. The CAP water delivery rates are established by Central Arizona Project.

CAP water recharge costs represent costs to take delivery of the Utility's entire CAP water allotment of 10,305 acre feet annually. This water will be recharged in various recharge facilities including the 2,000 acre feet in Tucson Water's facilities. Recharge costs increase by \$15 per acre foot when the water is recharged in Central Arizona Water Conservation District (CAWCD) facilities.

Projected capital outlay for existing system improvements in this analysis includes the replacement of approximately 10,000 water meters and installation of AMI equipment in the Oro Valley water service area; water main replacements; and installation of energy efficient pumps and motors. Capital outlay also includes the purchase of vehicles, computer and security equipment. The schedule for five-year capital improvements may be found in Appendix E.

The meter replacement project is being financed with a loan from the Water Infrastructure Finance Authority of Arizona (WIFA) and will be completed in FY 2015-16. This loan was approved by the Town Council in January 2014. There is no additional new debt proposed in this analysis. All other capital expenditures are proposed to be funded with revenue generated from water sales, fees, charges and cash reserves.

Groundwater Preservation Fee

The Groundwater Preservation Fee (GPF) was established in 2003 to generate revenue to finance alternative water resources, capital expenditures for infrastructure needed to deliver alternative water to the Town and related debt service. The current policy for GPF revenue specifically excludes the use of those funds for operations and maintenance costs. The Water Utility Commission will consider making a recommendation to the Town Council to amend this policy. The consideration will be placed on the Commission's work plan in the coming year.

Prior to FY 2013-14, the GPF revenue was transferred from the Operating Fund to the AWRDIF Fund to pay the debt service on the reclaimed water system and the capital component of costs associated with the CAP water allotment and CAP water wheeling costs. The GPF revenue was used to pay these costs in conjunction with the impact fees collected in the AWRDIF Fund.

While updating the impact fees in FY 2013-14, it was determined that construction on the reclaimed water system was complete and beneficiaries of the reclaimed water system were the existing customers. As such, the debt associated with the reclaimed water system was removed from the AWRDIF Fund and placed in the Operating Fund. Additionally, GPF revenue is no longer transferred to the AWRDIF Fund. Revenue from the GPF will continue to pay the debt associated with the reclaimed water system and other authorized capital costs from within the Operating Fund.

As previously mentioned, the current policy for GPF revenue dedicates the use of GPF revenue to alternative water capital expenditures and related debt service. For this reason, the GPF will now be accounted for separately within the Operating Fund. Currently the GPF revenue received is in excess of the allowable expenditures resulting in the cash reserves growing by \$3.1 million over the five-

year projection period. This is inclusive of a projected five percent reduction in the GPF rate in FY 2014-15 and FY 2015-16. Table 9 shows the current and proposed GPF rates.

Table 9

	Current Rate	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
GPF – Potable Rate	\$0.95	\$0.90	\$0.85	\$0.85	\$0.85	\$0.85
GPF – Reclaimed Rate	\$0.50	\$0.47	\$0.44	\$0.44	\$0.44	\$0.44

Cost per 1,000 gallons.

The table below provides the revenue forecast for the five-year projection period using the proposed GPF rates in Table 9.

Table 10

GPF Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
Potable Water	\$ 2,181,231	\$ 2,085,419	\$ 2,027,458	\$ 2,044,543	\$ 2,054,097
Reclaimed Water	361,568	339,402	325,105	325,105	325,105
Total GPF Revenue	\$ 2,542,799	\$ 2,424,821	\$ 2,352,563	\$ 2,369,648	\$ 2,379,202

The revenue from the GPF is dedicated to capital expenditures to deliver alternative water resources to the Town and related debt service. Table 11 provides the proposed expenditures that will be funded with GPF revenue.

Table 11

Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service - Reclaimed System	\$1,372,628	\$1,385,641	\$1,380,450	\$1,385,861	\$1,384,754
Capital Costs for CAP Wheeling	142,360	142,360	142,360	142,360	142,360
Capital Cost for CAP Allotment	148,456	155,204	161,952	168,700	168,700
Reclaimed Main Relocation	100,000	350,000			
Total Expenditures	\$1,763,444	\$2,033,205	\$1,684,762	\$1,696,921	\$1,695,814

Development Impact Fee Funds

Alternative Water Resources Development Impact Fee Fund

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) had a cash balance of \$3.3 million at the beginning of FY 2014-15 and is projected to have \$5.3 million at the end of FY 2018-19. The revenue sources for the AWRDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. Interest income is projected to be a total of \$585,547 for this analysis. A two percent interest rate was assumed for each year in the projection period and is consistent with the Town's financial planning.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8 x 3/4-inch water meter. The SFR service units are equal to the number of new connections. The other service units are forecast based on historic trends and pending development projects within the Town. Other service units include commercial, multi-family and irrigation units.

The Town Council adopted new impact fees that became effective July 1, 2014. The new impact fee for a SFR 5/8 x 3/4-inch water meter or one service unit is \$4,045. Table 12 provides the projected growth in service units and the revenue associated with that growth.

Table 12

Growth / Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
SFR Service Units	200	300	275	200	100
Other Service Units	145	120	104	80	40
Projected Revenue	\$1,409,646	\$1,698,900	\$1,553,055	\$1,132,600	\$566,300

AWRDIF funds may be used for capital expenditures related to alternative water resources including reclaimed water and CAP water. The capital expenditures during this projection period total \$4.9 million and include the capital costs assessed by CAP for 3,557 acre feet of our CAP water allotment; construction of a CAP water blending booster station; and design and construction of facilities that will deliver an additional 1,000 acre feet of CAP water. The table below lists the capital expenditures for the AWRDIF Fund.

Table 13

Capital Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
CAP Capital Charges	\$ 78,254	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925
CAP Facilities	700,000			400,000	3,410,000
Total Capital Expenditures	\$ 778,254	\$ 81,811	\$ 85,368	\$ 488,925	\$ 3,498,925

There is no outstanding debt in the AWRDIF Fund. The outstanding reclaimed water system debt was transferred to the Operating Fund. This is discussed in detail in the Groundwater Preservation Fee section on page 10 of this report.

Potable Water System Development Impact Fee Fund

The Potable Water System Development Impact Fee Fund (PWSDIF) had a cash balance of \$4.5 million at the beginning of FY 2014-15 and is projected to have \$6.5 million at the end of FY 2018-19. The revenue sources for the PWSDIF Fund are from impact fees collected when a water meter is purchased and from interest earned on cash balances. Interest income is projected to be a total of \$568,624 for this analysis. A two percent interest rate was assumed for each year in the projection period and is consistent with the Town's financial planning.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8 x 3/4-inch water meter. The SFR service units are equal to the number of new connections. The other service units are forecast based on historic trends and pending development projects within the Town. Other service units include commercial, multi-family and irrigation units.

The Town Council adopted new impact fees that became effective July 1, 2014. The new impact fee for a SFR 5/8 x 3/4-inch water meter or one service unit is \$2,015. Table 14 provides the projected growth in service units and the revenue associated with that growth.

Table 14

Growth / Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
SFR Service Units	200	300	275	200	100
Other Service Units	145	120	104	80	40
Projected Revenue	\$707,691	\$846,300	\$763,685	\$564,200	\$282,100

PWSDIF funds may be used for capital expenditures related to potable water system improvements including wells, booster stations, reservoirs and water mains that are required to meet the demands of new growth. There are no O&M expenditures in this fund. The projections detailed in the Preferred Financial Scenario for the PWSDIF Fund assume no growth-related capital projects throughout the projection period. This will be reviewed annually for changes, but until the growth rate changes, it is unlikely that the Utility will need to construct growth-related facilities. Debt service for previously constructed growth-related facilities will be paid from revenues collected from impact fees and use of cash reserves. The Potable Water System Development Impact Fees are not projected to increase or decrease during the five year period. The table below lists all expenditures forecast for the PWSDIF.

Table 15

Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Capital Projects	-	-	-	-	-
Total Expenditures	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328

Preferred Financial Scenario

Prior to developing financial forecasts, financial considerations were evaluated relating to proposed future operating costs, significant short and long term capital expenditures, the Utility's existing cash reserves, existing outstanding debt and the related debt service payments. To develop a Preferred Financial Scenario, the goals of the Commission were to ensure that all existing rate setting policies were met, cash reserves were utilized to minimize future debt and proposed rate increases would not result in rate shock.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. The Scenario generates the revenue needed to maintain an adequate cash balance in all funds over the projected five-year period. Additionally, the Scenario uses available cash for capital projects and meets the debt service coverage requirements in each year of the projection period. The Preferred Financial Scenario includes projections for five years; however, water rates are approved annually for the first year in the projection period.

The cash balance in the AWRDIF and PWSDIF funds increase over the five year period. The cash balance will be important in the future as the Town moves forward with increased deliveries of CAP water and constructing potable water system infrastructure to meet the demands of new growth. State statutes preclude the use of impact fees for general operating expenses of the Utility.

The financial projections for the Operating Fund, AWRDIF Fund and the PWSDIF Fund were combined to evaluate the overall debt service coverage at the end of each fiscal year. Analysis indicates that, under the Preferred Financial Scenario, the Utility will meet the debt service coverage requirement established by the Mayor and Council Water Polices and Bond Covenants for all five years. Proformas for the Preferred Financial Scenario may be found in **Appendix B**.

The assumptions used to develop the financial projections contained in the Preferred Financial Scenario may be found in **Appendix A**.

Recommendation on Rates, Fees & Charges

After reviewing the analysis of the three funds and their respective revenue requirements contained in the Preferred Financial Scenario, the Water Utility Commission is recommending:

- Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- Increase in the potable and reclaimed commodity rates
- No increase in the monthly base rates for potable and reclaimed water
- Increase in the potable and reclaimed construction water rates
- Increase in meter installation fees to recover costs
- Increase in residential security deposits for non-property owner accounts
- Increase in residential security deposits for landlord accounts

Table 16 illustrates the proposed water rates for a single family residential customer with a 5/8 x 3/4 inch water meter. Approximately 93 percent of the utility's residential customers fall into this category. Other water providers in the region are included for comparison. Tucson Water's commodity rates are assessed on the use of 100 cubic feet which is equivalent to 748 gallons. To simplify the comparison, the rates for Tucson Water have been converted to represent a charge for 1,000 gallons.

Table 16

Water Provider	Monthly Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	GPF or Water Resource Fee
Oro Valley Current	14.19	2.20	2.99	4.03	5.38	---	0.95
Oro Valley Proposed	14.19	2.27	3.10	4.23	5.76	---	0.90
Metro Water	22.00	2.00	2.70	4.05	5.62	7.02	0.20
Marana Water	16.18	2.63	3.67	4.77	5.89	8.45	0.43
Tucson Water	11.00	1.85	4.02	9.38	15.08	---	0.84

Cost per 1,000 gallons.

For comparison purposes, the following table provides a calculation of a monthly bill amount for a single family residential customer with a 5/8 x 3/4 inch meter for the water utilities surrounding the Oro Valley Water Utility service area. Direct comparison of specific base rates and commodity rates is less effective because of the varying rate structures of each utility. A better comparison is to calculate the cost for specific consumption levels for one month. The following bill comparisons include water rates and water resource fees similar to the Utility's GPF.

Table 17

Water Provider	Cost for 8,000 Gallons	Cost for 15,000 Gallons	Cost for 25,000 Gallons	Cost for 40,000 Gallons
Oro Valley Current	40.41	68.13	117.27	203.16
Oro Valley Proposed	40.38	68.38	118.55	207.74
Metro Water	40.80	68.74	122.71	231.01
Marana Water	40.66	67.28	113.78	202.98
Tucson Water	32.98	87.43	204.33	434.15

The following table illustrates the financial impact to customers with varying meter sizes based on the average monthly water use for specific customer classifications. These charges are for Oro Valley Water Utility customers and include the base rates, commodity rates and groundwater preservation fees.

Table 18

Classification	Meter Size	Water Use	Current Bill	Proposed Bill	Change
SF Residential	5/8	8,000	\$ 40.41	\$ 40.38	- \$ 0.03
SF Residential	5/8	15,000	\$ 68.13	\$ 68.38	\$ 0.25
SF Residential	5/8	25,000	\$117.27	\$118.55	\$ 1.28
SF Residential	5/8	40,000	\$203.16	\$207.74	\$ 4.58
Irrigation	1	27,000	\$129.14	\$129.37	\$ 0.23
Commercial	2	57,000	\$294.79	\$294.22	- \$ 0.57
MF Residential	4	550,000	\$ 2,103.77	\$ 2,098.27	- \$ 5.50
Turf – Potable	4	3,000,000	\$ 9,894.77	\$ 9,864.77	- \$30.00
Reclaimed - Turf	6	15,000,000	\$41,209.54	\$41,209.54	\$ 0.00

Proposed rates for all Oro Valley Water Utility meter sizes may be found in Appendix C. Tables that calculate monthly bills under the existing rates may also be found in Appendix C. Monthly bill amounts are calculated in 1,000 gallon increments for the 5/8 x 3/4 inch meters and a variety of increments for larger meter sizes.

Table 19 contains the proposed reclaimed rates. Tucson Water's rates have been included for comparison. Tucson Water's reclaimed rate is assessed on the use of 100 cubic feet which is equivalent to 748 gallons. To simplify the comparison, the rates for Tucson Water have been converted to represent a charge for 1,000 gallons.

Table 19

Water Provider	Commodity Rate	GPF
Oro Valley Water – Current	\$2.20	\$0.50
Oro Valley Water – Proposed	\$2.23	\$0.47
Tucson Water	\$2.50	N/A

Each year the water rates analysis is prepared based on the most up-to-date information available. Operational needs and capital improvement requirements change annually and are carefully evaluated when they are included in the analysis. It is important that the Utility perform a water rates analysis every year because any changes in debt service, operating or capital costs could result in the need for a rate increase.

Other Service Fees & Charges

The Utility charges fees for services rendered in an amount designed to recover the cost to provide that service. These fees and charges are evaluated annually to determine if any adjustments are needed. It is recommended that water meter installation fees be increased to recover labor costs and a price increase in the meters and transceivers. The amount of the increase depends on the size and type of water meter. In some instances, there is a slight decrease in the fees. A complete schedule of the fees may be found in Appendix D.

It is also recommended that residential security deposits for non-property owner accounts be increased to minimize the Utility's risk when these customers move without paying their bills. This would impact customers who are renting homes from the property owners. During FY 2013-14, security deposits totaling \$1,770 were applied to final bills when the tenants moved out. An additional \$2,712 was written off as uncollectible on these accounts. To reduce the potential for financial loss in the future, it is recommended that residential security deposits for non-property owner accounts be increased from \$100 to \$150. These deposits will continue to be held by the Utility until the account is closed. Additionally, the Utility experienced losses when landlords sold their property leaving unpaid balances. Currently, landlord accounts are charged a security deposit of \$50 per account that is refunded after one year. It is recommended that security deposits for landlord accounts be increased from \$50 to \$75 per account and that the deposit be held by the Utility until the landlord agreement is terminated and the account is closed.

Conclusion

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Commission and Water Utility Staff are available to discuss this report in greater detail at Council's request. Utility Staff will be requesting Council's approval of the Notice of Intent to increase water rates on December 3, 2014.

The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility. The Commission extends their appreciation to the Mayor and Council for their consideration and guidance and looks forward to their continued direction.

APPENDIX A

Assumptions for Preferred Financial Scenario

- A-1 Operating Fund
- A-5 Alternative Water Resources Development Impact Fee Fund
- A-6 Potable Water System Development Impact Fee Fund

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other growth rates include commercial and irrigation connections.

Connections	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR	200	300	275	200	100
Other	11	15	13	10	5

Current Water Rate Structure

The following commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
SF Residential & Irrigation	\$2.23	\$3.01	\$4.07	\$5.49
MF Residential & Commercial	\$2.23	---	---	---
Construction Water	\$6.49	---	---	---
Reclaimed Water	\$2.20	---	---	---
GPF – Potable	\$0.95	---	---	---
GPF – Reclaimed	\$0.50	---	---	---

Proposed Water Rate Structure for FY 2014-15

The following proposed commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
SF Residential & Irrigation	\$2.27	\$3.10	\$4.23	\$5.76
MF Residential & Commercial	\$2.27	---	---	---
Construction Water	\$6.76	---	---	---
Reclaimed Water	\$2.23	---	---	---
GPF – Potable	\$0.90	---	---	---
GPF – Reclaimed	\$0.47	---	---	---

There are no proposed changes to the usage allowed in each tier of the SF Residential and Irrigation classifications.

Proposed Potable Water Rate Increases

The “overall increase” and “monthly impact” are representative of a residential customer with a 5/8 x 3/4 inch water meter averaging 8,000 gallons of water use per month.

	Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	GPF	Overall Change	Monthly Impact
FY 14-15	N/A	2.0%	3.0%	4.0%	5.0%	-5.3%	-0.1%	-\$0.03
FY 15-16	N/A	2.0%	3.0%	4.0%	5.0%	-5.6%	0.1%	\$0.04
FY 16-17	N/A	2.0%	3.0%	4.0%	5.0%	0.0%	1.1%	\$0.45
FY 17-18	N/A	3.0%	3.5%	4.0%	5.0%	0.0%	1.5%	\$0.60
FY 18-19	N/A	3.0%	3.5%	4.0%	5.0%	0.0%	1.5%	\$0.61

Proposed Reclaimed Water Rate Increases

The proposed reclaimed rate increases are shown below:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Base Rate	N/A	N/A	N/A	N/A	N/A
Commodity Rate	\$2.23	\$2.26	\$2.31	\$2.38	\$2.45
Percent Increase	1.5%	1.5%	2.0%	3.0%	3.0%

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Groundwater Preservation Fee Rates (cost per 1,000 gallons)

GPF is no longer transferred to the AWRDIF Fund effective FY 13-14.
 5.3% decrease in GPF in FY 14-15 for both potable & reclaimed (\$0.05 and \$0.03 respectively).
 5.6% decrease in GPF in FY 15-16 for both potable & reclaimed (\$0.05 and \$0.03 respectively).
 No other decreases in remaining years of projection period.

Water Use Trends

Projections include similar water use trends as those in FY 13-14. The average monthly water use for a residential customer with a 5/8 x 3/4 inch water meter decreased to 7,880 gallons per month in FY 13-14 from 8,200 gallons in FY 12-13. For this analysis 8,000 gallons was used as the average monthly water use.

Other Revenue

Other revenue is based on FY 14-15 proposed budget. Other revenue is not projected to increase because misc. charges fluctuate annually. Other revenue includes late fees, reconnect fees, new service establishment fees, sewer billing, stormwater billing, and meter income.

Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds (MUNIS reports dated 9/17/14)

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

Personnel Costs

No new employees were added over the 5 year projection period. The following increases were provided by the Finance Department on 7/26/14 and are consistent with Town financial forecasting.

Fiscal Year	Merit	ASRS	New FTE
14-15	4.0%	0.5%	N/A
15-16	4.0%	0.5%	N/A
16-17	4.0%	0.5%	N/A
17-18	4.0%	0.5%	N/A
18-19	4.0%	0.5%	N/A

O&M Costs - Potable

Based on Utility's proposed budget for FY 14-15 updated with the most recent information.
 Projected 15% increase in power costs for potential Tucson Electric rate increase in FY 17-18.

O&M Costs - Reclaimed

Based on Utility's proposed budget for FY 14-15 updated with the most recent information.
 Projected 15% increase in power costs for potential Tucson Electric rate increase in FY 17-18.

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Inflation Rates

The following inflation rates were provided by the Arizona Department of Revenue:

FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1.7%	1.6%	1.7%	1.8%	1.7%

Water Resource Management Costs

Costs are for the purchase of groundwater extinguishment credits. These credits will be pledged to the Groundwater Allowance Account to help maintain a balance that will facilitate growth in the water service area. Annual costs are based on purchasing 3,000 AF at \$150/AF.

Reclaimed Water Wheeling Costs

Pursuant to the existing IGA, the reclaimed water rate is non-interruptible at an interruptible rate. It is assumed that when the IGA is renegotiated, the utility will opt for an interruptible rate; therefore, only inflationary increases are included annually. The rate for FY 14-15 is \$292 / AF plus a monthly base rate.

CAP Wheeling Costs

Costs include the CAP water delivery costs – rates adopted by CAP on 6/5/14 (refer to CAP recharge costs table below). Costs also include fees charged by Tucson Water to wheel the CAP water through their recharge and recovery system. Tucson Water fees are fixed pursuant to an IGA and subject to re-negotiation.

Tucson Water Rates	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
CAP Volume Wheeled	2,000 AF				
Commodity Rate per AF	\$ 499.89	\$ 499.89	\$ 499.89	\$ 499.89	\$ 499.89
Base Rate 4-inch Meter (2)	\$ 203.83	\$ 203.83	\$ 203.83	\$ 203.83	\$ 203.83
Base Rate 8-inch Meter (1)	\$ 323.32	\$ 323.32	\$ 323.32	\$ 323.32	\$ 203.83

CAP Recharge Costs

Based on the rate schedule adopted by CAP 6/5/14. The following table reflects the amount projected to be recharged annually:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Recharge at Tucson Water	2,000 AF				
Recharge at Kai Farms	4,000 AF				
Recharge at CAWCD	4,305 AF				
Cost to Recharge	\$ 157.00	\$ 161.00	\$ 166.00	\$ 171.00	\$ 174.00
Additional for CAWCD	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Debt Service

The following table describes the debt service included in this proforma:

Bonds	Type	Description	Amortization Schedule By
2005	Excise Tax	Land – MOC	Stone & Youngberg
2007	Excise Tax	Refunding (1996 & 1999)	Stone & Youngberg
2008	Sr. Lien	Reclaimed Ph. 2	WIFA
2009	Sr. Lien	Existing System CIP	WIFA
2012	Sr. Lien	Refunding (Reclaim Ph. 1)	Stone & Youngberg
2012	Sr. Lien	Refunding (2003)	Stone & Youngberg
2013	Sr. Lien	Refunding (2003)	Stifel & Nicolaus & Co.
2014	Sr. Lien	AMI Project	WIFA

Debt Service Coverage

1.30 debt service coverage ratio for 2012 & 2013 Sr. Lien Bonds & WIFA Loans
 1.00 debt service coverage ratio for all Excise Tax Pledged Bonds

Capital Improvements – Operating Fund

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing		
		Cash Reserves	Existing WIFA Loan	New Debt
2014-15	\$ 3,597,020	\$1,397,020	\$2,200,000	N/A
2015-16	\$ 2,783,000	\$ 983,000	\$1,800,000	N/A
2016-17	\$ 1,196,000	\$1,196,000		N/A
2017-18	\$ 849,000	\$ 849,000		N/A
2018-19	\$ 1,325,000	\$1,325,000		N/A
	\$ 9,750,020	\$5,750,020	\$4,000,000	

Assumed no additional debt in throughout the 5-year forecast period.

Capital Improvements – Groundwater Preservation Fee

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 15-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2014-15	\$ 100,000	\$ 100,000	N/A
2015-16	\$ 350,000	\$ 350,000	N/A
2016-17	N/A	N/A	N/A
2017-18	N/A	N/A	N/A
2018-19	N/A	N/A	N/A

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR AWRDIF FUND

Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial and irrigation connections.

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR SU's	200	300	275	200	100
Other SU's	145	120	104	80	40

AWRD Impact Fees

Decreased to \$4,045 per EDU, Ordinance No. (O) 14-05, effective 7/1/14
Not projected to change in the 5 year projection period.

Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds (MUNIS reports dated 9/17/14).

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

CAP Capital Costs

Based on 3,557 AF at rate schedule adopted by CAP 6/5/14.

Debt Service

Debt service for the reclaimed water system has been moved to the Operating Fund.

Capital Improvements

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2014-15	\$ 700,000	\$ 700,000	N/A
2015-16	\$ 0	\$ 0	N/A
2016-17	\$ 0	\$ 0	N/A
2017-18	\$ 400,000	\$ 400,000	N/A
2018-19	\$3,410,000	\$3,410,000	N/A

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR PWSDIF FUND

Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial and irrigation connections.

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR SU's	200	300	275	200	100
Other SU's	145	120	104	80	40

PWSD Impact Fees

Decreased impact fees to \$2,015 per EDU, Ordinance No. (O) 14-05, effective 7/1/14.
Not projected to change in the five year projection period.

Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds. (MUNIS reports dated 9/17/14).

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

Debt Service

The following table describes the debt service included in this proforma:

Bonds	Type	Description	Amortization Schedule By
2012	Sr. Lien	Refunding (2003)	Stone & Youngberg

Debt Service Coverage

1.30 debt service coverage ratio for 2012 Sr. Lien Bonds

Capital Improvements

No capital projects were identified in the revised 5-year CIP dated 8/27/14.

APPENDIX B

Preferred Financial Scenario

- B-1 Operating Fund
- B-2 Groundwater Preservation Fee
- B-3 Alternative Water Resources Development Impact Fee Fund
- B-4 Potable Water System Development Impact Fee Fund
- B-5 Summary of All Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Water Sales					
Potable Water Sales (excluding golf courses)	\$ 10,065,575	\$ 10,229,109	\$ 10,397,653	\$ 10,585,864	\$ 10,809,196
Potable Water Sales from Growth - Res. & Com.	58,508	182,973	322,133	443,572	523,122
Potable Water Sales - Golf Courses	128,047	130,523	133,048	136,912	140,891
Total Potable Water Sales	10,252,130	10,542,605	10,852,834	11,166,348	11,473,209
Reclaimed Water Sales	1,796,098	1,818,296	1,850,323	1,899,317	1,949,954
Total Water Sales	12,048,228	12,360,901	12,703,157	13,065,665	13,423,163
Other Operating Revenue					
Service Fees & Charges	689,200	689,200	689,200	689,200	689,200
Interest Income	207,233	189,964	174,894	164,753	155,303
Total Other Operating Revenue	896,433	879,164	864,094	853,953	844,503
Total Operating Revenue	\$ 12,944,661	\$ 13,240,065	\$ 13,567,251	\$ 13,919,618	\$ 14,267,666
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,874,528	3,003,882	3,139,056	3,280,314	3,427,928
Operations & Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Management Costs	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Water Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Total Potable Operating Expenses	\$ 8,756,131	\$ 9,007,490	\$ 9,216,890	\$ 9,569,710	\$ 9,775,688
Reclaimed Operating Expenses					
Operating & Maintenance	890,360	899,264	909,155	920,065	932,026
Total Reclaimed Operating Expenses	\$ 890,360	\$ 899,264	\$ 909,155	\$ 920,065	\$ 932,026
Total Operating Expenses	\$ 9,646,491	\$ 9,906,753	\$ 10,126,046	\$ 10,489,775	\$ 10,707,715
Net Operating Revenue	\$ 3,298,170	\$ 3,333,312	\$ 3,441,205	\$ 3,429,843	\$ 3,559,951
DEBT SERVICE - POTABLE					
P&I - Excise Tax Bonds - Land for MOC (2005)	152,516	152,227	151,691	152,417	152,668
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,255,948	1,258,530	1,259,936	1,255,326	1,258,553
P&I - WIFA Loan - Exist. System CIP (2009)	149,368	149,322	149,275	149,226	149,175
P&I - Sr. Lien Bonds - Existing System (2012)	582,284	589,494	586,716	589,759	589,227
P&I - Refunding - Excise (2013)	1,046,558	1,022,420	1,033,428	1,024,073	1,024,645
P&I - WIFA Loan - Sr. Lien - AMI (2014)	396,233	404,608	404,508	404,406	404,301
Total Potable System Debt Service	\$ 3,582,907	\$ 3,576,601	\$ 3,585,554	\$ 3,575,207	\$ 3,578,569
Other Obligations					
Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000	\$ 200,000
Vehicles	234,000	155,000	230,000	70,000	75,000
Capital Improvements: Existing System	1,060,000	730,000	875,000	710,000	1,050,000
Total Other Obligations	\$ 1,397,020	\$ 983,000	\$ 1,196,000	\$ 849,000	\$ 1,325,000
Net Balance From Operations	\$ (1,681,757)	\$ (1,226,289)	\$ (1,340,349)	\$ (994,365)	\$ (1,343,618)
Beginning Cash Balance	\$ 8,199,262	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502
Net Balance From Operations	(1,681,757)	(1,226,289)	(1,340,349)	(994,365)	(1,343,618)
Ending Cash Balance	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884

Groundwater Preservation Fee

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
GPF Beginning Balance	\$ 2,670,948	\$ 3,450,303	\$ 3,841,919	\$ 4,509,720	\$ 5,182,447
GPF Revenue (existing + growth)	2,542,799	2,424,821	2,352,563	2,369,648	2,379,202
Less Capital Component of TW Wheeling Costs	(142,360)	(142,360)	(142,360)	(142,360)	(142,360)
Less Capital Charge for CAP Allotment 6,748 AF	(148,456)	(155,204)	(161,952)	(168,700)	(168,700)
Less Reclaimed Project - Main Relocation	(100,000)	(350,000)			
Less P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2008)	(311,256)	(311,130)	(311,001)	(310,866)	(310,727)
Less P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	(1,061,372)	(1,074,511)	(1,069,449)	(1,074,995)	(1,074,027)
GPF Ending Balance	<u>\$ 3,450,303</u>	<u>\$ 3,841,919</u>	<u>\$ 4,509,720</u>	<u>\$ 5,182,447</u>	<u>\$ 5,865,835</u>

Alternative Water Resources Development Impact Fee Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
AWRD Impact Fee Revenue	\$ 1,409,646	\$ 1,698,900	\$ 1,553,055	\$ 1,132,600	\$ 566,300
Subtotal Revenue	1,409,646	1,698,900	1,553,055	1,132,600	566,300
Other Operating Revenue					
Interest Income	72,510	95,623	128,508	152,879	136,027
Subtotal Other Operating Revenue	72,510	95,623	128,508	152,879	136,027
Total Operating Revenue	\$ 1,482,156	\$ 1,794,523	\$ 1,681,563	\$ 1,285,479	\$ 702,327
OPERATING EXPENSES					
N/A	-	-	-	-	-
Total Operating Expenses	\$ -				
Net Operating Revenue	\$ 1,482,156	\$ 1,794,523	\$ 1,681,563	\$ 1,285,479	\$ 702,327
DEBT SERVICE					
N/A	-	-	-	-	-
Total Debt Service	\$ -				
OTHER OBLIGATIONS					
Capital Improvements:					
CAP Capital Charges 3557 acre feet	\$ 78,254	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925
CAP Facilities Engineering & Construction	700,000	-	-	400,000	3,410,000
Total Other Obligations	\$ 778,254	\$ 81,811	\$ 85,368	\$ 488,925	\$ 3,498,925
Net Balance From Operations	\$ 703,902	\$ 1,712,712	\$ 1,596,195	\$ 796,554	\$ (2,796,598)
Beginning Cash Balance	\$ 3,336,099	\$ 4,040,001	\$ 5,752,713	\$ 7,348,908	\$ 8,145,462
Net Balance From Operations	\$ 703,902	\$ 1,712,712	\$ 1,596,195	\$ 796,554	\$ (2,796,598)
Ending Cash Balance	\$ 4,040,001	\$ 5,752,713	\$ 7,348,908	\$ 8,145,462	\$ 5,348,864

Potable Water System Development Impact Fee Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Development Impact Fees	\$ 707,691	\$ 846,300	\$ 763,685	\$ 564,200	\$ 282,100
Subtotal Revenue	\$ 707,691	\$ 846,300	\$ 763,685	\$ 564,200	\$ 282,100
Other Operating Revenue					
Interest Income	93,598	104,309	115,949	125,099	129,669
Subtotal Other Operating Revenue	93,598	104,309	115,949	125,099	129,669
Total Operating Revenue	\$ 801,289	\$ 950,609	\$ 879,634	\$ 689,299	\$ 411,769
OPERATING EXPENSES					
N/A	-	-	-	-	-
Total Operating Expenses	\$ -				
Net Operating Revenue	\$ 801,289	\$ 950,609	\$ 879,634	\$ 689,299	\$ 411,769
DEBT SERVICE					
P&I - Sr. Lien Bonds - Expansion Related (2012)	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Total Water System Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
OTHER OBLIGATIONS					
N/A	-	-	-	-	-
Total Other Obligations	\$ -				
Net Balance From Operations	\$ 473,865	\$ 619,131	\$ 549,718	\$ 357,672	\$ 80,441
Beginning Cash Balance	\$ 4,505,635	\$ 4,979,500	\$ 5,598,631	\$ 6,148,349	\$ 6,506,021
Net Balance From Operations	\$ 473,865	\$ 619,131	\$ 549,718	\$ 357,672	\$ 80,441
Ending Cash Balance	\$ 4,979,500	\$ 5,598,631	\$ 6,148,349	\$ 6,506,021	\$ 6,586,462

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: October 22, 2014

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Water Sales					
Potable Water Sales (exclude golf courses)	\$ 10,065,575	\$ 10,229,109	\$ 10,397,653	\$ 10,585,864	\$ 10,809,196
Potable Water Sales from Growth	58,508	182,973	322,133	443,572	523,122
Potable Water Sales - Golf Courses	128,047	130,523	133,048	136,912	140,891
Total Potable Water Sales	10,252,130	10,542,605	10,852,834	11,166,348	11,473,209
Reclaimed Water Sales	1,796,098	1,818,296	1,850,323	1,899,317	1,949,954
Total Water Sales	12,048,228	12,360,901	12,703,157	13,065,665	13,423,163
Other Operating Revenue					
Groundwater Preservation Fees					
Groundwater Preservation Fee - Potable	2,168,917	2,052,785	1,974,252	1,974,252	1,974,252
Groundwater Preservation Fee - Reclaimed	361,568	339,402	325,105	325,105	325,105
Groundwater Preservation Fee - Growth	12,314	32,634	53,206	70,291	79,845
Total Groundwater Preservation Fees	2,542,799	2,424,821	2,352,563	2,369,648	2,379,202
Potable Water Impact Fees	707,691	846,300	763,685	564,200	282,100
Alternative Water Impact Fees	1,409,646	1,698,900	1,553,055	1,132,600	566,300
Service Fees & Charges	689,200	689,200	689,200	689,200	689,200
Interest Income	373,341	389,896	419,351	442,731	420,999
Total Other Operating Revenue	5,722,677	6,049,117	5,777,854	5,198,379	4,337,801
Total Operating Revenue	\$ 17,770,905	\$ 18,410,018	\$ 18,481,011	\$ 18,264,044	\$ 17,760,964
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,874,528	3,003,882	3,139,056	3,280,314	3,427,928
Operations & Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Management Costs	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Costs paid by GPF Revenue	290,816	297,564	304,312	311,060	311,060
Total Potable Operating Expenses	\$ 9,046,947	\$ 9,305,054	\$ 9,521,202	\$ 9,880,770	\$ 10,086,748
Reclaimed Operating Expenses					
Operating & Maintenance	890,360	899,264	909,155	920,065	932,026
Total Reclaimed Operating Expenses	\$ 890,360	\$ 899,264	\$ 909,155	\$ 920,065	\$ 932,026
Total Operating Expenses	\$ 9,937,307	\$ 10,204,317	\$ 10,430,358	\$ 10,800,835	\$ 11,018,775
Net Operating Revenue	\$ 7,833,598	\$ 8,205,701	\$ 8,050,653	\$ 7,463,209	\$ 6,742,189
Debt Service					
Debt Service - Potable- Existing System					
P&I - Excise Tax Bonds - Land for MOC (2005)	152,516	152,227	151,691	152,417	152,668
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,255,948	1,258,530	1,259,936	1,255,326	1,258,553
P&I - WIFA Loan - Exist. System CIP (2009)	149,368	149,322	149,275	149,226	149,175
P&I - Sr. Lien Bonds - Existing System (2012)	582,284	589,494	586,716	589,759	589,227
P&I - Refunding - Excise (2013)	1,046,558	1,022,420	1,033,428	1,024,073	1,024,645
P&I - WIFA Loan - Meter Replacement (2014)	396,233	404,608	404,508	404,406	404,301
Total Potable Existing System Debt Service	\$ 3,582,907	\$ 3,576,601	\$ 3,585,554	\$ 3,575,207	\$ 3,578,569
Debt Service - Potable - Expansion Related					
P&I - Sr. Lien Bonds - Expansion Related (2012)	327,424	331,478	329,916	331,627	331,328
Total Potable Expansion Related Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Debt Service - Non-Potable					
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2008)	\$ 316,526	\$ 316,402	\$ 316,273	\$ 316,140	\$ 316,002
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	1,061,372	1,074,511	1,069,449	1,074,995	1,074,027
Total Non-Potable System Debt Service	\$ 1,377,898	\$ 1,390,913	\$ 1,385,722	\$ 1,391,135	\$ 1,390,029
Total Water System Debt Service	\$ 5,288,229	\$ 5,298,992	\$ 5,301,192	\$ 5,297,969	\$ 5,299,926

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: October 22, 2014

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Other Obligations					
Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000	\$ 200,000
Vehicles	234,000	155,000	230,000	70,000	75,000
Capital Improvements:					
Existing System	1,060,000	730,000	875,000	710,000	1,050,000
GPF Projects	100,000	350,000	-	-	-
Alternative Water Resources	778,254	81,811	85,368	488,925	3,498,925
Total Other Obligations	\$ 2,275,274	\$ 1,414,811	\$ 1,281,368	\$ 1,337,925	\$ 4,823,925
Net Balance From Operations	\$ 270,095	\$ 1,491,898	\$ 1,468,093	\$ 827,314	\$ (3,381,662)
Growth - New Connections	200	300	275	200	100
Increase from Water Rates	1.1%	1.3%	1.1%	1.5%	1.5%
Decrease from Groundwater Preservation Fees	-1.2%	-1.2%	0.0%	0.0%	0.0%
Increase(Decrease) to Residential Customer using 8K gals.	-0.1%	0.1%	1.1%	1.5%	1.5%
Increase(Decrease) to Residential Customer using 8K gals.	(\$0.03)	\$0.04	\$0.45	\$0.60	\$0.61
Required Cash Reserves (5% of budget) (does not include depreciation/amortization)	\$ 875,041	\$ 845,906	\$ 850,646	\$ 871,836	\$ 1,057,131
Debt Service Coverage Requirement Amount	\$ 6,452,159	\$ 6,465,462	\$ 6,468,062	\$ 6,465,037	\$ 6,466,538
DS Coverage Ratio: Sr. Lien Bonds & WIFA	2.02	2.11	2.07	1.92	1.73
Debt Service Coverage Requirement = 1.30					
Beginning Cash Balance	\$ 18,711,944	\$ 18,982,038	\$ 20,473,936	\$ 21,942,029	\$ 22,769,344
Net Balance From Operations	270,095	1,491,898	1,468,093	827,314	(3,381,662)
Ending Cash Balance	\$ 18,982,038	\$ 20,473,936	\$ 21,942,029	\$ 22,769,344	\$ 19,387,682
Operating Fund	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884
Groundwater Preservation Fees	3,450,303	3,841,919	4,509,720	5,182,447	5,865,835
AWRD Impact Fee Fund	4,040,001	5,752,713	7,348,908	8,145,462	5,348,864
PWSD Impact Fee Fund	4,979,500	5,598,631	6,148,349	6,506,021	6,586,462
Total Ending Cash Balance	\$ 18,987,308	\$ 20,484,478	\$ 21,957,843	\$ 22,790,432	\$ 19,414,045
Contingent Reserve Fund:	359%	387%	414%	430%	366%
Contingent Reserve Requirement = 130%					

APPENDIX C

Preferred Financial Scenario Rate Schedules & Tables for Bill Comparisons

C-1 Potable & Reclaimed Water Rates

C-2 Tables for Bill Comparisons by Meter Size

**ORO VALLEY WATER UTILITY
PREFERRED FINANCIAL SCENARIO
PROPOSED WATER RATES**

BASE RATES POTABLE & RECLAIMED	
METER SIZE (in inches)	BASE RATE
5/8 x 3/4	\$14.19
3/4 x 3/4	\$21.29
1	\$35.48
1.5	\$70.95
2	\$113.53
3	\$227.05
4	\$354.77
6	\$709.54
8	\$1,135.26

COMMODITY RATES - POTABLE WATER				
RESIDENTIAL & IRRIGATION CLASSIFICATIONS				
METER SIZE	COMMODITY TIER 1 \$2.27 COST PER 1000 GALS.	COMMODITY TIER 2 \$3.10 COST PER 1000 GALS.	COMMODITY TIER 3 \$4.23 COST PER 1000 GALS.	COMMODITY TIER 4 \$5.76 COST PER 1000 GALS.
5/8 x 3/4	0 - 7,000	7,001 - 16,000	16,001 - 32,000	OVER 32,000
3/4 x 3/4	0 - 10,000	10,001 - 24,000	24,001 - 48,000	OVER 48,000
1	0 - 17,000	17,001 - 40,000	40,001 - 80,000	OVER 80,000
1.5	0 - 35,000	35,001 - 80,000	80,001 - 160,000	OVER 160,000
2	0 - 56,000	56,001 - 128,000	128,001 - 256,000	OVER 256,000
3	0 - 112,000	112,001 - 256,000	256,001 - 512,000	OVER 512,000
4	0 - 175,000	175,001 - 400,000	400,001 - 800,000	OVER 800,000
6	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
8	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
COMMERCIAL CLASSIFICATION			\$2.27 per 1000 gallons for all water use	
MASTER-METERED MULTIFAMILY CLASSIFICATION			\$2.27 per 1000 gallons for all water use	
CONSTRUCTION WATER			\$6.76 per 1000 gallons for all water use	

COMMODITY RATES - RECLAIMED WATER	
ALL RECLAIMED WATER USES & CLASSIFICATIONS	\$ 2.23 per 1000 gallons for all water use

GROUNDWATER PRESERVATION FEES	
POTABLE WATER	\$ 0.90 per 1000 gallons for all water use
RECLAIMED WATER	\$ 0.47 per 1000 gallons for all water use

TABLE FOR MONTHLY CHARGES & PERCENT INCREASE COMPARISON
RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 5/8 X 3/4" METER

GALLONS USED	CURRENT WATER RATE	PROPOSED WATER RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	14.19	14.19	0.00	0.0%	0.00	0.00	0.00	0.00	14.19	0.0%
1,000	16.42	16.46	0.04	0.2%	0.95	0.90	-0.05	-0.01	17.36	-0.1%
2,000	18.65	18.73	0.08	0.4%	1.90	1.80	-0.10	-0.02	20.53	-0.1%
3,000	20.88	21.00	0.12	0.6%	2.85	2.70	-0.15	-0.03	23.70	-0.1%
4,000	23.11	23.27	0.16	0.7%	3.80	3.60	-0.20	-0.04	26.87	-0.1%
5,000	25.34	25.54	0.20	0.8%	4.75	4.50	-0.25	-0.05	30.04	-0.2%
6,000	27.57	27.81	0.24	0.9%	5.70	5.40	-0.30	-0.06	33.21	-0.2%
7,000	29.80	30.08	0.28	0.9%	6.65	6.30	-0.35	-0.07	36.38	-0.2%
8,000	32.81	33.18	0.37	1.1%	7.60	7.20	-0.40	-0.03	40.38	-0.1%
9,000	35.82	36.28	0.46	1.3%	8.55	8.10	-0.45	0.01	44.38	0.0%
10,000	38.83	39.38	0.55	1.4%	9.50	9.00	-0.50	0.05	48.38	0.1%
11,000	41.84	42.48	0.64	1.5%	10.45	9.90	-0.55	0.09	52.38	0.2%
12,000	44.85	45.58	0.73	1.6%	11.40	10.80	-0.60	0.13	56.38	0.2%
13,000	47.86	48.68	0.82	1.7%	12.35	11.70	-0.65	0.17	60.38	0.3%
14,000	50.87	51.78	0.91	1.8%	13.30	12.60	-0.70	0.21	64.38	0.3%
15,000	53.88	54.88	1.00	1.9%	14.25	13.50	-0.75	0.25	68.38	0.4%
16,000	56.89	57.98	1.09	1.9%	15.20	14.40	-0.80	0.29	72.38	0.4%
17,000	60.96	62.21	1.25	2.1%	16.15	15.30	-0.85	0.40	77.51	0.5%
18,000	65.03	66.44	1.41	2.2%	17.10	16.20	-0.90	0.51	82.64	0.6%
19,000	69.10	70.67	1.57	2.3%	18.05	17.10	-0.95	0.62	87.77	0.7%
20,000	73.17	74.90	1.73	2.4%	19.00	18.00	-1.00	0.73	92.90	0.8%
21,000	77.24	79.13	1.89	2.4%	19.95	18.90	-1.05	0.84	98.03	0.9%
22,000	81.31	83.36	2.05	2.5%	20.90	19.80	-1.10	0.95	103.16	0.9%
23,000	85.38	87.59	2.21	2.6%	21.85	20.70	-1.15	1.06	108.29	1.0%
24,000	89.45	91.82	2.37	2.6%	22.80	21.60	-1.20	1.17	113.42	1.0%
25,000	93.52	96.05	2.53	2.7%	23.75	22.50	-1.25	1.28	118.55	1.1%
26,000	97.59	100.28	2.69	2.8%	24.70	23.40	-1.30	1.39	123.68	1.1%
27,000	101.66	104.51	2.85	2.8%	25.65	24.30	-1.35	1.50	128.81	1.2%
28,000	105.73	108.74	3.01	2.8%	26.60	25.20	-1.40	1.61	133.94	1.2%
29,000	109.80	112.97	3.17	2.9%	27.55	26.10	-1.45	1.72	139.07	1.3%
30,000	113.87	117.20	3.33	2.9%	28.50	27.00	-1.50	1.83	144.20	1.3%
31,000	117.94	121.43	3.49	3.0%	29.45	27.90	-1.55	1.94	149.33	1.3%
32,000	122.01	125.66	3.65	3.0%	30.40	28.80	-1.60	2.05	154.46	1.3%
33,000	127.50	131.42	3.92	3.1%	31.35	29.70	-1.65	2.27	161.12	1.4%
34,000	132.99	137.18	4.19	3.2%	32.30	30.60	-1.70	2.49	167.78	1.5%
35,000	138.48	142.94	4.46	3.2%	33.25	31.50	-1.75	2.71	174.44	1.6%
36,000	143.97	148.70	4.73	3.3%	34.20	32.40	-1.80	2.93	181.10	1.6%
37,000	149.46	154.46	5.00	3.3%	35.15	33.30	-1.85	3.15	187.76	1.7%
38,000	154.95	160.22	5.27	3.4%	36.10	34.20	-1.90	3.37	194.42	1.8%
39,000	160.44	165.98	5.54	3.5%	37.05	35.10	-1.95	3.59	201.08	1.8%
40,000	165.93	171.74	5.81	3.5%	38.00	36.00	-2.00	3.81	207.74	1.9%
41,000	171.42	177.50	6.08	3.5%	38.95	36.90	-2.05	4.03	214.40	1.9%
42,000	176.91	183.26	6.35	3.6%	39.90	37.80	-2.10	4.25	221.06	2.0%
43,000	182.40	189.02	6.62	3.6%	40.85	38.70	-2.15	4.47	227.72	2.0%
44,000	187.89	194.78	6.89	3.7%	41.80	39.60	-2.20	4.69	234.38	2.0%
45,000	193.38	200.54	7.16	3.7%	42.75	40.50	-2.25	4.91	241.04	2.1%
46,000	198.87	206.30	7.43	3.7%	43.70	41.40	-2.30	5.13	247.70	2.1%
47,000	204.36	212.06	7.70	3.8%	44.65	42.30	-2.35	5.35	254.36	2.1%
48,000	209.85	217.82	7.97	3.8%	45.60	43.20	-2.40	5.57	261.02	2.2%
49,000	215.34	223.58	8.24	3.8%	46.55	44.10	-2.45	5.79	267.68	2.2%
50,000	220.83	229.34	8.51	3.9%	47.50	45.00	-2.50	6.01	274.34	2.2%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 3/4" x 3/4" METER

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 10,000 GALLONS
 TIER 2 = \$ 3.10 FOR 10,001 - 24,000 GALLONS
 TIER 3 = \$ 4.23 FOR 24,001 - 48,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 48,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	21.29	21.29	-	0.0%	0.00	0.00	0.00	0.00	21.29	0.0%
7,000	36.90	37.18	0.28	0.8%	6.65	6.30	-0.35	-0.07	43.48	-0.2%
11,000	46.60	47.09	0.49	1.1%	10.45	9.90	-0.55	-0.06	56.99	-0.1%
28,000	102.01	104.31	2.30	2.3%	26.60	25.20	-1.40	0.90	129.51	0.7%
50,000	194.39	200.43	6.04	3.1%	47.50	45.00	-2.50	3.54	245.43	1.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3/4" x 3/4" METER

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	21.29	21.29	-	0.0%	0.00	0.00	0.00	0.00	21.29	0.0%
7,000	36.90	37.18	0.28	0.8%	6.65	6.30	-0.35	-0.07	43.48	-0.2%
11,000	45.82	46.26	0.44	1.0%	10.45	9.90	-0.55	-0.11	56.16	-0.2%
28,000	83.73	84.85	1.12	1.3%	26.60	25.20	-1.40	-0.28	110.05	-0.3%
50,000	132.79	134.79	2.00	1.5%	47.50	45.00	-2.50	-0.50	179.79	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 1" METER

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 17,000 GALLONS
 TIER 2 = \$ 3.10 FOR 17,001 - 40,000 GALLONS
 TIER 3 = \$ 4.23 FOR 40,001 - 80,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 80,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	35.48	35.48	-	0.0%	0.00	0.00	0.00	0.00	35.48	0.0%
16,000	71.16	71.80	0.64	0.9%	15.20	14.40	-0.80	-0.16	86.20	-0.2%
27,000	103.49	105.07	1.58	1.5%	25.65	24.30	-1.35	0.23	129.37	0.2%
38,000	136.60	139.17	2.57	1.9%	36.10	34.20	-1.90	0.67	173.37	0.4%
50,000	183.32	187.67	4.35	2.4%	47.50	45.00	-2.50	1.85	232.67	0.8%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1" METER

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	35.48	35.48	-	0.0%	0.00	0.00	0.00	0.00	35.48	0.0%
16,000	71.16	71.80	0.64	0.9%	15.20	14.40	-0.80	-0.16	86.20	-0.2%
27,000	95.69	96.77	1.08	1.1%	25.65	24.30	-1.35	-0.27	121.07	-0.2%
38,000	120.22	121.74	1.52	1.3%	36.10	34.20	-1.90	-0.38	155.94	-0.2%
50,000	146.98	148.98	2.00	1.4%	47.50	45.00	-2.50	-0.50	193.98	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 1.5" METER

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 35,000 GALLONS
 TIER 2 = \$ 3.10 FOR 35,001 - 80,000 GALLONS
 TIER 3 = \$ 4.23 FOR 80,001 - 160,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 160,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	0.00	70.95	0.0%
38,000	158.03	159.70	1.67	1.1%	36.10	34.20	-1.90	-0.23	193.90	-0.1%
64,000	236.29	240.30	4.01	1.7%	60.80	57.60	-3.20	0.81	297.90	0.3%
90,000	325.15	332.20	7.05	2.2%	85.50	81.00	-4.50	2.55	413.20	0.6%
125,000	467.60	480.25	12.65	2.7%	118.75	112.50	-6.25	6.40	592.75	1.1%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1.5" METER

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	0.00	70.95	0.0%
38,000	155.69	157.21	1.52	1.0%	36.10	34.20	-1.90	-0.38	191.41	-0.2%
64,000	213.67	216.23	2.56	1.2%	60.80	57.60	-3.20	-0.64	273.83	-0.2%
90,000	271.65	275.25	3.60	1.3%	85.50	81.00	-4.50	-0.90	356.25	-0.3%
125,000	349.70	354.70	5.00	1.4%	118.75	112.50	-6.25	-1.25	467.20	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 2" METER

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 56,000 GALLONS
 TIER 2 = \$ 3.10 FOR 56,001 - 128,000 GALLONS
 TIER 3 = \$ 4.23 FOR 128,001 - 256,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 256,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	0.00	113.53	0.0%
57,000	241.42	243.75	2.33	1.0%	54.15	51.30	-2.85	-0.52	295.05	-0.2%
128,000	455.13	463.85	8.72	1.9%	121.60	115.20	-6.40	2.32	579.05	0.4%
250,000	951.67	979.91	28.24	3.0%	237.50	225.00	-12.50	15.74	1,204.91	1.3%
325,000	1,354.90	1,402.73	47.83	3.5%	308.75	292.50	-16.25	31.58	1,695.23	1.9%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 2" METER

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	0.00	113.53	0.0%
57,000	240.64	242.92	2.28	0.9%	54.15	51.30	-2.85	-0.57	294.22	-0.2%
128,000	398.97	404.09	5.12	1.3%	121.60	115.20	-6.40	-1.28	519.29	-0.2%
250,000	671.03	681.03	10.00	1.5%	237.50	225.00	-12.50	-2.50	906.03	-0.3%
325,000	838.28	851.28	13.00	1.6%	308.75	292.50	-16.25	-3.25	1,143.78	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 3" METER

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 112,000 GALLONS
 TIER 2 = \$ 3.10 FOR 112,001 - 256,000 GALLONS
 TIER 3 = \$ 4.23 FOR 256,001 - 512,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 512,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	0.00	227.05	0.0%
50,000	338.55	340.55	2.00	0.6%	47.50	45.00	-2.50	-0.50	385.55	-0.1%
150,000	591.19	599.09	7.90	1.3%	142.50	135.00	-7.50	0.40	734.09	0.1%
300,000	1,089.33	1,113.81	24.48	2.2%	285.00	270.00	-15.00	9.48	1,383.81	0.7%
500,000	1,903.33	1,959.81	56.48	3.0%	475.00	450.00	-25.00	31.48	2,409.81	1.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3" METER

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	0.00	227.05	0.0%
50,000	338.55	340.55	2.00	0.6%	47.50	45.00	-2.50	-0.50	385.55	-0.1%
150,000	561.55	567.55	6.00	1.1%	142.50	135.00	-7.50	-1.50	702.55	-0.2%
300,000	896.05	908.05	12.00	1.3%	285.00	270.00	-15.00	-3.00	1,178.05	-0.3%
500,000	1,342.05	1,362.05	20.00	1.5%	475.00	450.00	-25.00	-5.00	1,812.05	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 4" METER

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 175,000 GALLONS
 TIER 2 = \$ 3.10 FOR 175,001 - 400,000 GALLONS
 TIER 3 = \$ 4.23 FOR 400,001 - 800,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 800,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	0.00	354.77	0.0%
300,000	1,121.27	1,139.52	18.25	1.6%	285.00	270.00	-15.00	3.25	1,409.52	0.2%
550,000	2,032.77	2,084.02	51.25	2.5%	522.50	495.00	-27.50	23.75	2,579.02	0.9%
700,000	2,643.27	2,718.52	75.25	2.8%	665.00	630.00	-35.00	40.25	3,348.52	1.2%
850,000	3,324.77	3,429.52	104.75	3.2%	807.50	765.00	-42.50	62.25	4,194.52	1.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 4" METER

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	0.00	354.77	0.0%
300,000	1,023.77	1,035.77	12.00	1.2%	285.00	270.00	-15.00	-3.00	1,305.77	-0.2%
550,000	1,581.27	1,603.27	22.00	1.4%	522.50	495.00	-27.50	-5.50	2,098.27	-0.3%
700,000	1,915.77	1,943.77	28.00	1.5%	665.00	630.00	-35.00	-7.00	2,573.77	-0.3%
850,000	2,250.27	2,284.27	34.00	1.5%	807.50	765.00	-42.50	-8.50	3,049.27	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 6" METER

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 860,000 GALLONS
 TIER 2 = \$ 3.10 FOR 860,001 - 2,000,000 GALLONS
 TIER 3 = \$ 4.23 FOR 2,000,001 - 3,500,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 3,500,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	0.00	709.54	0.0%
425,000	1,657.29	1,674.29	17.00	1.0%	403.75	382.50	-21.25	-4.25	2,056.79	-0.2%
1,000,000	3,048.74	3,095.74	47.00	1.5%	950.00	900.00	-50.00	-3.00	3,995.74	-0.1%
1,500,000	4,553.74	4,645.74	92.00	2.0%	1,425.00	1,350.00	-75.00	17.00	5,995.74	0.3%
2,000,000	6,058.74	6,195.74	137.00	2.3%	1,900.00	1,800.00	-100.00	37.00	7,995.74	0.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 6" METER

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	0.00	709.54	0.0%
425,000	1,657.29	1,674.29	17.00	1.0%	403.75	382.50	-21.25	-4.25	2,056.79	-0.2%
1,000,000	2,939.54	2,979.54	40.00	1.4%	950.00	900.00	-50.00	-10.00	3,879.54	-0.3%
1,500,000	4,054.54	4,114.54	60.00	1.5%	1,425.00	1,350.00	-75.00	-15.00	5,464.54	-0.3%
2,000,000	5,169.54	5,249.54	80.00	1.5%	1,900.00	1,800.00	-100.00	-20.00	7,049.54	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 8" METER

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 860,000 GALLONS
 TIER 2 = \$ 3.10 FOR 860,001 - 2,000,000 GALLONS
 TIER 3 = \$ 4.23 FOR 2,000,001 - 3,500,000 GALLONS
 TIER 4 = \$ 5.76 FOR ALL USAGE OVER 3,500,000 GALLONS

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	1,135.26	1,135.26	-	0.0%	0.00	0.00	0.00	0.00	1,135.26	0.0%
425,000	2,083.01	2,100.01	17.00	0.8%	403.75	382.50	-21.25	-4.25	2,482.51	-0.2%
1,000,000	3,474.46	3,521.46	47.00	1.4%	950.00	900.00	-50.00	-3.00	4,421.46	-0.1%
1,500,000	4,979.46	5,071.46	92.00	1.8%	1,425.00	1,350.00	-75.00	17.00	6,421.46	0.3%
2,000,000	6,484.46	6,621.46	137.00	2.1%	1,900.00	1,800.00	-100.00	37.00	8,421.46	0.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR COMMERCIAL AND MULTIFAMILY CUSTOMERS WITH A 8" METER

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.27 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	1,135.26	1,135.26	-	0.0%	0.00	0.00	0.00	0.00	1,135.26	0.0%
425,000	2,083.01	2,100.01	17.00	0.8%	403.75	382.50	-21.25	-4.25	2,482.51	-0.2%
1,000,000	3,365.26	3,405.26	40.00	1.2%	950.00	900.00	-50.00	-10.00	4,305.26	-0.2%
1,500,000	4,480.26	4,540.26	60.00	1.3%	1,425.00	1,350.00	-75.00	-15.00	5,890.26	-0.3%
2,000,000	5,595.26	5,675.26	80.00	1.4%	1,900.00	1,800.00	-100.00	-20.00	7,475.26	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR CUSTOMERS WITH A 1.5" METER - RECLAIMED WATER USE

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	70.95	70.95	-	0.0%	0.00	0.00	0.00	-	70.95	0.0%
50,000	180.95	182.45	1.50	0.8%	25.00	23.50	(1.50)	(0.00)	205.95	0.0%
135,000	367.95	372.00	4.05	1.1%	67.50	63.45	(4.05)	0.00	435.45	0.0%
200,000	510.95	516.95	6.00	1.2%	100.00	94.00	(6.00)	-	610.95	0.0%
250,000	620.95	628.45	7.50	1.2%	125.00	117.50	(7.50)	-	745.95	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR CUSTOMERS WITH A 2" METER - RECLAIMED WATER USE

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	113.53	113.53	-	0.0%	0.00	0.00	0.00	-	113.53	0.0%
150,000	400.95	405.45	4.50	1.1%	75.00	70.50	(4.50)	-	475.95	0.0%
300,000	730.95	739.95	9.00	1.2%	150.00	141.00	(9.00)	-	880.95	0.0%
450,000	1,060.95	1,074.45	13.50	1.3%	225.00	211.50	(13.50)	-	1,285.95	0.0%
600,000	1,390.95	1,408.95	18.00	1.3%	300.00	282.00	(18.00)	-	1,690.95	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 3" METER - RECLAIMED WATER USE

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	227.05	227.05	-	0.0%	0.00	0.00	0.00	-	227.05	0.0%
20,000	271.05	271.65	0.60	0.2%	10.00	9.40	(0.60)	0.00	281.05	0.0%
50,000	337.05	338.55	1.50	0.4%	25.00	23.50	(1.50)	-	362.05	0.0%
100,000	447.05	450.05	3.00	0.7%	50.00	47.00	(3.00)	(0.00)	497.05	0.0%
150,000	557.05	561.55	4.50	0.8%	75.00	70.50	(4.50)	-	632.05	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 4" METER - RECLAIMED WATER USE

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	354.77	354.77	-	0.0%	0.00	0.00	0.00	-	354.77	0.0%
150,000	684.77	689.27	4.50	0.7%	75.00	70.50	(4.50)	-	759.77	0.0%
300,000	1,014.77	1,023.77	9.00	0.9%	150.00	141.00	(9.00)	-	1,164.77	0.0%
450,000	1,344.77	1,358.27	13.50	1.0%	225.00	211.50	(13.50)	-	1,569.77	0.0%
600,000	1,674.77	1,692.77	18.00	1.1%	300.00	282.00	(18.00)	-	1,974.77	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 6" METER - RECLAIMED WATER USE

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.23 FOR ALL WATER USAGE
 TIER 2 = N/A
 TIER 3 = N/A
 TIER 4 = N/A

GALLONS USED IN 1 MONTH	BILL AT THE CURRENT RATE	BILL AT THE PROPOSED RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN GPF	TOTAL MONTHLY INCREASE	TOTAL AMOUNT OF MONTHLY BILL	TOTAL PERCENT INCREASED
0	709.54	709.54	-	0.0%	0.00	0.00	0.00	-	709.54	0.0%
5,000,000	11,709.54	11,859.54	150.00	1.3%	2,500.00	2,350.00	(150.00)	-	14,209.54	0.0%
10,000,000	22,709.54	23,009.54	300.00	1.3%	5,000.00	4,700.00	(300.00)	-	27,709.54	0.0%
15,000,000	33,709.54	34,159.54	450.00	1.3%	7,500.00	7,050.00	(450.00)	-	41,209.54	0.0%
20,000,000	44,709.54	45,309.54	600.00	1.3%	10,000.00	9,400.00	(600.00)	-	54,709.54	0.0%

APPENDIX D

Other Service Fees & Charges

D-1 Security Deposits

D-2 Proposed Meter Installation Fees

D-3 Supporting Documentation for Meter Installation Fees

SERVICE FEES AND CHARGES

Proposed Security Deposits

Purpose: To reduce the Utility's financial loss when tenants and landlords leave their premises with unpaid balances on the accounts.

	<u>Current</u>	<u>Proposed</u>
Non-Property Owner Accounts	\$100.00	\$150.00
Landlord Accounts	\$50.00	\$75.00

NOTES:
There are no proposed changes to the single family residential owner occupied accounts.
There are no proposed changes to the commercial, multifamily or construction accounts.

SERVICE FEES AND CHARGES

Proposed Meter Installation Fees

Purpose: To provide the Utility a means of recovering labor and material costs related to installing water meters.

Costs: The costs related to installing water meters include staff labor, water meters and travel. Refer to page D-3 for an itemized description of all costs.

Due to increased costs to perform this service, it is recommended that the Meter Installation Fees increase as shown:

Proposed Meter Installation Fees			
Meter Size	Meter Type	Current Fees	Proposed Fees
5/8 x 3/4	standard	\$ 296.00	\$ 299.25
3/4 x 3/4	standard	\$ 296.00	\$ 312.75
1	standard	\$ 370.00	\$ 376.75
1.5	irrigation (turbine) T2	\$ 1,105.00	\$ 1,111.73
1.5	high use (compound) C2	\$ 1,568.00	\$ 1,571.73
2	irrigation (turbine) T2	\$ 1,280.00	\$ 1,261.73
2	high use (compound) C2	\$ 1,795.00	\$ 1,792.63
3	irrigation (turbine)	\$ 1,575.00	\$ 1,637.33
3	high use (compound)	\$ 2,224.00	\$ 2,222.33
4	irrigation (turbine)	\$ 2,868.00	\$ 3,038.37
4	high use (compound)	\$ 3,758.00	\$ 3,745.37
6	irrigation (turbine)	\$ 5,093.00	\$ 5,442.85
6	high use (compound)	\$ 6,452.00	\$ 6,442.85
8	irrigation (turbine)	\$ 7,635.00	\$ 8,398.60
8	high use (compound)	N/A	\$ 9,698.60

Meter installation fees are paid by developers at the time a new meter is purchased.

Meter installation fees are subject to 8.1% sales tax.

The proposed fees include the cost of meter plus labor costs to install.

Service Fees and Charges

Supporting Documentation for Proposed Meter Installation Fees:

Meter Size	Meter Type	Meter	AMI Equip.	Total Meter Costs	FTEs Req'd	Hours to Install	Labor Cost Per Hour	Total Labor Costs	Total Labor & Materials
5/8 x 3/4	standard iPerl	\$ 122.50	\$ 151.00	\$ 273.50	1	1.00	\$ 25.75	\$ 25.75	\$ 299.25
3/4 x 3/4	standard iPerl	\$ 136.00	\$ 151.00	\$ 287.00	1	1.00	\$ 25.75	\$ 25.75	\$ 312.75
1	standard iPerl	\$ 200.00	\$ 151.00	\$ 351.00	1	1.00	\$ 25.75	\$ 25.75	\$ 376.75
1.5	irrigation (turbo) Omni T2	\$ 850.00	\$ 151.00	\$ 1,001.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,111.73
1.5	high use (compound) Omni C2	\$ 1,310.00	\$ 151.00	\$ 1,461.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,571.73
2	irrigation (turbo) Omni T2	\$ 1,000.00	\$ 151.00	\$ 1,151.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,261.73
2	high use (compound) Omni C2	\$ 1,500.00	\$ 151.00	\$ 1,651.00	2	2.75	\$ 25.75	\$ 141.63	\$ 1,792.63
3	irrigation (turbo) Omni T2	\$ 1,315.00	\$ 151.00	\$ 1,466.00	2	2.75	\$ 31.15	\$ 171.33	\$ 1,637.33
3	high use (compound) Omni C2	\$ 1,900.00	\$ 151.00	\$ 2,051.00	2	2.75	\$ 31.15	\$ 171.33	\$ 2,222.33
4	irrigation (turbo) Omni T2	\$ 2,593.00	\$ 151.00	\$ 2,744.00	3	3.15	\$ 31.15	\$ 294.37	\$ 3,038.37
4	high use (compound) Omni C2	\$ 3,300.00	\$ 151.00	\$ 3,451.00	3	3.15	\$ 31.15	\$ 294.37	\$ 3,745.37
6	irrigation (turbo) Omni T2	\$ 4,700.00	\$ 151.00	\$ 4,851.00	4	4.75	\$ 31.15	\$ 591.85	\$ 5,442.85
6	high use (compound) Omni C2	\$ 5,700.00	\$ 151.00	\$ 5,851.00	4	4.75	\$ 31.15	\$ 591.85	\$ 6,442.85
8	irrigation (turbo)	\$ 7,500.00	\$ 151.00	\$ 7,651.00	4	6.00	\$ 31.15	\$ 747.60	\$ 8,398.60
8	high use (compound) Omni C2	\$ 8,800.00	\$ 151.00	\$ 8,951.00	4	6.00	\$ 31.15	\$ 747.60	\$ 9,698.60

Assumptions:

Sensus Meter & AMR equipment costs quoted by Dana Kepner 11/22/13.

Average hourly rate for an Operator 1 is \$18.05 per hour plus benefits of \$7.70 per hour.

Average hourly rate for an Operator 2 and above is \$22.95 per hour plus benefits of \$8.20 per hour.

Hours to install includes travel time of 15 minutes each way.

Use of iPerl meters for 5/8, 3/4 and 1-inch are proposed because of the following reasons:

iPerl meters measure flow as low as .03 gpm and up to 25 gpm (for 5/8-inch)

The current meters being used measure flow from .25 gpm and up to 20 gpm

The iPerl meter contain no moving parts & have a 20-year life

The current meters being used contain moving parts & have a 10-year life

Use of Omni meters for 1.5 and 2-inch meters are proposed because of the following reasons:

C2 meters measure flow as low as .5 gpm and up to 200 gpm

The current meters being used measure flow from 2 gpm to 200 gpm

T2 meters measure flow as low as 1.25 gpm up to 200 gpm (1.5-inch)

The current meters being used measure flow from 4 gpm to 120 gpm

T2 meters measure flow as low as 1.5 gpm up to 200 gpm (2-inch)

The current meters being used measure flow from 4 gpm to 160 gpm

Additionally C2 & T2 meters can be tested without removing the meter and has data logging capability to record up to 31 days of water use on an hourly basis.

APPENDIX E

5-Year Capital Improvement Schedules

E-1 Operating Fund

E-2 Groundwater Preservation Fee

E-2 Alternative Water Resource Development Impact Fee Fund

E-2 Potable Water System Development Impact Fee Fund

**Water Utility Operating Fund
Existing System Capital Improvements**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 YearTotal
Wells							
1	Steam Pump Drill and Construct				\$ 600,000	\$ 800,000	\$ 1,400,000
2	Well E2 Upgrade			\$ 100,000			\$ 100,000
3	Hydropneumatic Tank Replace.		\$ 60,000				\$ 60,000
4	Replace Well Pumps			\$ 75,000		\$ 75,000	\$ 150,000
Subtotal		\$ -	\$ 60,000	\$ 175,000	\$ 600,000	\$ 875,000	\$ 1,710,000
Reservoirs							
5	El Con Storage - Ops. Improve.				\$ 50,000		\$ 50,000
6	Big Wash Reservoir Coating			\$ 100,000			\$ 100,000
Subtotal		\$ -	\$ -	\$ 100,000	\$ 50,000	\$ -	\$ 150,000
Boosters							
7	Energy Efficiency Bstr. Upgrades	\$ 150,000	\$ 100,000				\$ 250,000
8	Deer Run Booster PRV Installation			\$ 40,000			\$ 40,000
9	Hydropneumatic Tank Replace.		\$ 20,000	\$ 60,000	\$ 60,000		\$ 140,000
10	Reclaimed Bstr. & Pump Replace.			\$ 200,000			\$ 200,000
Subtotal		\$ 150,000	\$ 120,000	\$ 300,000	\$ 60,000	\$ -	\$ 630,000
Mains							
11	W. Lambert Ln. 12" Main Relo	\$ 75,000	\$ 350,000				\$ 425,000
12	Naranja Shannon / La Cholla Main Relo	\$ 50,000					\$ 50,000
13	Tangerine Shannon/ La Canada Main Relo	\$ 75,000	\$ 100,000				\$ 175,000
14	Relocate 3 PRV'S OV Area			\$ 100,000			\$ 100,000
15	New "F to D" 6 Inch PRV Cliff Dweller	\$ 60,000					\$ 60,000
16	Rancho Verde Hydrants			\$ 200,000			\$ 200,000
17	Main Valve Replacements	\$ 50,000					\$ 50,000
18	CS1 to CS2 12 Inch Main Replace.	\$ 500,000					\$ 500,000
19	El Con. Patio Homes/Casitas Main Repl.					\$ 100,000	\$ 100,000
20	System Connection Upgrades	\$ 100,000	\$ 100,000				\$ 200,000
Subtotal		\$ 910,000	\$ 550,000	\$ 300,000	\$ -	\$ 100,000	\$ 1,860,000
Structures & Walls							
21	Security Walls					\$ 75,000	\$ 75,000
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
Meters & Equipment							
22	AMI Meter Replacement - Oro Valley	\$ 2,200,000	\$ 1,800,000				\$ 4,000,000
23	Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000		\$ 361,020
24	SCADA server and monitors					\$ 50,000	\$ 50,000
25	SCADA Legacy Replacement					\$ 100,000	\$ 100,000
26	Golf Course Metering Stations Mod.					\$ 50,000	\$ 50,000
Subtotal		\$ 2,303,020	\$ 1,898,000	\$ 91,000	\$ 69,000	\$ 200,000	\$ 4,561,020
Vehicles							
27	Meters Vehicles		\$ 70,000	\$ 45,000			\$ 115,000
28	Distribution Vehicles	\$ 85,000		\$ 70,000		\$ 50,000	\$ 205,000
29	Production Vehicles	\$ 30,000	\$ 50,000		\$ 70,000		\$ 150,000
30	Director Vehicle		\$ 35,000				\$ 35,000
31	Pool Vehicles			\$ 25,000		\$ 25,000	\$ 50,000
32	Backhoe & Trailer	\$ 119,000					\$ 119,000
33	On Call Service Truck s			\$ 90,000			\$ 90,000
Subtotal		\$ 234,000	\$ 155,000	\$ 230,000	\$ 70,000	\$ 75,000	\$ 764,000
Total Existing System Improvements		\$ 3,597,020	\$ 2,783,000	\$ 1,196,000	\$ 849,000	\$ 1,325,000	\$ 9,750,020

**Groundwater Preservation Fee Revenue
Renewable Water Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
1	24 Inch Reclaim Main Tangerine (DIS) RTA	\$ 100,000	\$ 350,000				\$ 450,000
Total Expansion Related Capital Improvements		\$ 100,000	\$ 350,000	\$ -	\$ -	\$ -	\$ 450,000

**Alternative Water Resources Development Impact Fee Fund
CAP Water Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
1	CAP La Cholla D-E Blending Booster Station	\$ 700,000					\$ 700,000
2	CAP Wheeling TW Naranja 1000 AF/Yr				\$ 400,000	\$ 400,000	\$ 800,000
3	24" pipe Naranja/ La Cholla/Tangerine					\$ 1,600,000	\$ 1,600,000
4	TW Naranja Booster Station Upgrade					\$ 1,200,000	\$ 1,200,000
5	TW Oasis Booster Station Upgrades					\$ 30,000	\$ 30,000
6	TW 12" Pipe					\$ 80,000	\$ 80,000
7	TW 16" Pipe Oasis Rd.					\$ 100,000	\$ 100,000
Total Alternative Water Capital Improvements		\$ 700,000	\$ -	\$ -	\$ 400,000	\$ 3,410,000	\$ 4,510,000

**Potable Water System Development Impact Fee Fund
Expansion Related Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
Total Expansion Related Capital Improvements		\$ -					



Town Council Regular Session

Item # 1.

Meeting Date: 12/03/2014
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

NOMINATION AND ELECTION OF VICE MAYOR

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

Section 2-1-4 of the Oro Valley Town Code states, "At the first regular meeting in December of each calendar year, the Town Council shall elect one of its members as Vice Mayor by a majority vote."

BACKGROUND OR DETAILED INFORMATION:

Mayor Hiremath will open and close nominations. All Councilmembers are eligible for consideration.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to elect _____ as Vice Mayor



Town Council Regular Session

Item # **2.**

Meeting Date: 12/03/2014

Requested by: Stacey Lemos

Submitted By: Stacey Lemos, Finance

Department: Finance

Information

SUBJECT:

PRESENTATION AND ACCEPTANCE OF THE TOWN'S ANNUAL FINANCIAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2014

RECOMMENDATION:

Staff recommends acceptance of the financial audit for the fiscal year ending June 30, 2014.

EXECUTIVE SUMMARY:

The certified public accounting firm of Heinfeld, Meech & Co., P.C. has completed the financial audit of the Town for the fiscal year ending June 30, 2014. The audit was conducted in accordance with generally accepted auditing standards, and the auditors have rendered an opinion that the Town's general purpose financial statements fairly present the Town's financial position as of June 30, 2014. This is also known as an unmodified, or clean, audit opinion.

It is important to note that there were no audit deficiencies or concerns presented to management during the audit to cause the issuance of a separate Management Letter.

Attached is a copy of the Comprehensive Annual Financial Report (CAFR), which contains the audited financial statements. The CAFR will be submitted to the Government Finance Officer's Association (GFOA) for the Excellence in Financial Reporting Award program for the 21st consecutive year.

Mr. Corey Arvizu, CPA, Partner, and Mr. Jim Rebenar, CPA, Manager, with the firm of Heinfeld, Meech & Co., P.C. will be present to provide an overview of the audit to the Mayor and Council this evening and answer any questions that may arise.

BACKGROUND OR DETAILED INFORMATION:

Key sections of the attached CAFR for Town Council review include the Letter of Transmittal located in the beginning of the report (pages i - viii); the Independent Auditors' Report (pages 1 - 2); and Management's Discussion and Analysis (pages 5 - 14).

The following is an overview of the Town's financial operations for the fiscal year ending June 30, 2014:

- On June 30, 2014, the General Fund's end-of-year fund balance was \$11,534,023, which decreased by \$1.6 million compared to last year (page 28). This was primarily due to the Council-authorized use of contingency reserves to fund improvements at Naranja Park.
- The Highway Fund's end-of-year fund balance was \$4,175,161, which increased by \$657,396 compared to last year (page 28). This was primarily due to an increase in construction sales tax revenues generated from development activity during the year.

The following is the financial position of the Oro Valley Water Utility at June 30, 2014:

- Net income of \$5,824,732 and capital contributions of \$179,675 increased the Utility's net position by \$6 million. Total net position at year-end was \$70.7 million (page 34).

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to accept the Town's financial audit for the fiscal year ending June 30, 2014.

Attachments

2014 CAFR



TOWN OF ORO VALLEY, ARIZONA
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED
JUNE 30, 2014



11000 NORTH LA CANADA DRIVE
ORO VALLEY, ARIZONA 85737 - 7015

**TOWN OF ORO VALLEY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Prepared by:

Finance Department

Stacey Lemos, CPA
Finance Director

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**TOWN OF ORO VALLEY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**TOWN OF ORO VALLEY, ARIZONA
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INTRODUCTORY SECTION

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Town of Oro Valley

November 26, 2014

Honorable Mayor, Members of Town Council and
Citizens of the Town of Oro Valley, Arizona:

State law mandates that cities publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Oro Valley, Arizona (Town) for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with accounting principles generally accepted in the United States of America. 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 will be free of 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.

The Town's financial statements have been audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Oro Valley's MD&A can be found immediately following the report of the independent auditors.

Caring for our heritage, our community, our future.

www.orovalleyaz.gov

11000 N. La Cañada Drive • Oro Valley, Arizona 85737

phone: (520) 229-4700 • fax: (520) 229-0428

PROFILE OF THE TOWN

The Town of Oro Valley was incorporated in 1974. It is located in northeastern Pima County, six miles north of Tucson. The Town currently occupies a land area of 34.95 square miles and serves an estimated population of 41,887. The population of Oro Valley has increased 41% since the 2000 population of 29,700.

Based on the 2010 Census data, Oro Valley has a median household income of \$71,628, compared to the median household income for the state of Arizona of \$50,296. Oro Valley residents enjoy a comfortable hometown feel with a strong family orientation, excellent education system and abundant opportunities in a safe environment.

The Town of Oro Valley operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the Town Council, which consists of a Mayor and six Council Members. Council Members are elected to four-year staggered terms. The citizens of Oro Valley elect the Mayor. The Council, from among its members, selects the Vice-Mayor. The Town Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees, the hiring and removal of the Town Manager, the Police Chief, Town Attorney and Town Magistrate. The Town Manager is responsible for implementation of the policies of the Town Council. The Town Manager appoints all other department heads except those mentioned above under Town Council responsibilities.

The Town of Oro Valley provides a full range of services including police protection; the construction and maintenance of streets and related infrastructure; the provision of water and stormwater services; public transportation services; recreational activities and cultural events. In addition to general government activities, the governing body is financially accountable for the Municipal Property Corporation; therefore, this activity is included in the reporting entity. Additional information in regards to the Municipal Property Corporation can be found in Note 1 in the notes to the basic financial statements.

As with all cities in the State of Arizona, the Town of Oro Valley is required to comply with Article IX, Section 20 (1) of the Arizona Constitution, which sets limits on the Town's legal budget capacity. The Town currently operates under the Alternative Expenditure Limitation – Home Rule Option. This option allows the Town Council to establish the budgetary limits locally, rather than being restricted by the State-imposed expenditure limitation. The voters must authorize this option every four years. It was last authorized by the citizens of Oro Valley in August of 2014.

The annual operating budget serves as the foundation for the Town's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual operating budget approved by the Town Council. The Town's proposed operating budget is presented to the Town Council for review throughout the budget cycle starting in December and approved in May. The Town Council is required to hold a public hearing on the proposed budget and to adopt the final budget by no later than the second Monday in August. Budget amendments requiring the approval of the Town Council include the following: budget transfers between funds; transfers to fund additional personnel or increased expenditures as a result of personnel reclassifications; transfers that would reduce or eliminate funding for items designated in the adopted Capital Improvement Plan; and transfers that would reduce or eliminate funding for debt service. All other operational budget amendments that involve transfers between line items or expenditure categories require approval by the Town Manager.

MAJOR INITIATIVES AND ACCOMPLISHMENTS FOR THE YEAR

Oro Valley's Strategic Plan was revised during FY 2012/13 and is grounded in the vision expressed in the Council-adopted and voter-ratified Oro Valley General Plan. While the Strategic Plan guides short-term decision-making, the General Plan provides a long-term (up to 10 years) direction regarding the growth, development and redevelopment of the community. Oro Valley is a community defined by the highest standard of environmental integrity, education, infrastructure, services and public safety. It is a community of people working together to create the Town's future with a government that is responsive to residents and ensures the long-term financial stability of the Town. The four main focus areas in the Strategic Plan are listed below. Also shown below are the Town's accomplishments in these areas during FY 2013/14.

- **Fiscal Responsibility**

The Town Council and management are focused on efforts to maintain long-term financial health through diversified revenue sources while investing in community initiatives.

- Collected over \$1.3 million in plan review and permit fees.
- Issued 1,536 permits, of which 255 were commercial building permits, 1,205 were residential permits and 76 were grading permits.
- Issued building permits for 646 new multi-family units.
- Received the Achievement of Excellence in Procurement Award for the 6th consecutive year.
- Received Certificate of Achievement for Financial Reporting Excellence for FY 2012/13 from Government Finance Officers Association (GFOA) for the 20th consecutive year.
- Received Distinguished Budget Presentation Award from GFOA for the 6th consecutive year.
- Received Popular Annual Financial Reporting (PAFR) Award from GFOA for FY 2012/13 for the 2nd consecutive year.
- Received an unqualified "clean" audit opinion for FY 2012/13 financial statements.
- Completed update of Town development impact fee study in compliance with State law with new fees effective July 1, 2014.
- Received two-notch bond rating upgrade from Standard & Poor's (S&P) on the Series 2005 Oracle Road Improvement District Bonds from A- to A+.
- Participated in successful loan closing through the Water Infrastructure Finance Authority (WIFA) for \$5 million at an annual interest rate of 2.65% for the Advanced Metering Infrastructure Project.
- Began implementation of Town's on-site health clinic.
- Transitioned the Town's dental insurance program from fully-insured to a self-insured program.
- Received \$15,000 AZ Game & Fish grant for Naranja Park archery range.
- A water rate increase of 0.6% and the elimination of tiered rate structures for commercial and multi-family classifications were approved.
- Completed Phase 1 of the Water Utility Energy Efficient Study and purchased new high efficiency pumps and motors.

- **Communication**

The Town will ensure residents are educated about and engaged in moving community initiatives forward.

- Implemented a Citizen Self Service module to enable business owners to pay business license fees online.

- Implemented an automated public records request system that allows requests to be submitted and tracked online, allows tracking of time spent on request and provides reports regarding requests.
 - Approved funding to increase the frequency of the *Oro Valley Vista* newsletter distribution to residents.
 - Developed and launched smart phone mobile application: OV APP.
 - Developed a summer marketing campaign for the Oro Valley Aquatic Center.
 - Developed a Parks & Recreation program guide that is published three times a year.
- **Economic Development**

The Town Council and management are focused on attracting and retaining globally-competitive high technology and bioscience employers. Additionally, the Town is focused on developing recreation and cultural opportunities to promote tourism and support employee attraction and retention.

 - Oro Valley named one of “America’s 10 Safest Suburbs” by Movoto Real Estate.
 - Provided a wide range of construction assistance from initial infrastructure and grading inspections through final approvals for a multitude of both residential and commercial developments and projects. Some of these include Securaplane, St. Mark’s Church, the apartments at Encantada at Steam Pump and San Dorado, CVS Pharmacy, Catalina Springs Memory Care & Basis K-6 school, and the opening of two new residential subdivisions.
 - Completed the Cañada del Oro (CDO) shared use path and pedestrian bridge.
 - Launched “Play OV, Stay OV” campaign.
 - Launched Visit Oro Valley microsite.
 - Celebrated the 10th anniversary of the Arizona Distance Classic Half Marathon and partnered with M3S Sports, the Greater Oro Valley Chamber of Commerce and Visit Tucson to provide participants with OV dollars.
 - Successfully attracted the 2016 Masters Synchronized Swimming Championships.
 - Celebrated the Town’s 40th anniversary through a series of events, social media campaigns, branding and signage, and partnerships with local businesses.
 - Successfully hosted eight (8) large scale aquatic meets/events to include National Synchronized Swimming.
 - Aquatic Center received Arizona Parks & Recreation Association (APRA) Outstanding New Facility award.
 - Oro Valley named Playful City USA 2014 (fourth consecutive year).
 - Hosted “Off the Vine Wine Festival” at Steam Pump Ranch.
 - **Community Services**

The Town Council and management are focused on providing services to enhance residents’ quality of life.

 - Authorized \$2.3 million for development of Naranja Park improvements, including a dog park, two multi-sport fields, parking lot and critical infrastructure.
 - Approved the adoption of the vision and guiding principles for the Your Voice, Our Future project, also known as the General Plan update.
 - Approved \$200K to help launch a Children’s Museum satellite location in Oro Valley.
 - Selected a new permitting system to replace the current Permits Plus system.
 - Seamlessly transitioned from the 2006 Building Codes to the 2012 editions.
 - Fiscal year Transit service ridership exceeded 40,000 passenger trips and increased 25% over prior year.
 - Lambert Lane Phase I widening project completed.
 - Conducted a market salary study of the Town’s benchmark classifications.

- Updated the Town’s classification plan by creating three schedules: general pay structure, Police Department pay structure and part-time pay structure.
- Implemented phase 1 of phone system replacement/Voice over IP project.
- Upgraded all Town computers to Windows 7 and Office 2013 software.
- Implemented internet access to Town GIS maps.
- Implemented faster and less expensive web-based portal for Court payments, reducing costs to constituents and the Court.
- Over 2,000 residents and visitors attended the 2013 4th of July Celebration at James D. Kriegh Park and Aquatic Center.
- Launched the 2nd Saturdays at Steam Pump Ranch concert series.
- Erected shade structures and other improvements at Steam Pump Ranch, allowing for the relocation of the Farmer’s Market to the property.
- Began work on the implementation of the Naranja Park Programming & Design Master Plan Update.
- 162 active businesses in the Police Department’s Adopt-A-Business Program.
- Citizen Volunteer Assistants Program (CVAP) members contributed an estimated 27,664 volunteer hours.
- Full implementation of the Pima County Wireless Integrated Network system was achieved on March 31, 2014.
- Oro Valley Police Department began beta testing a new Eticket, Ecrash and incident reporting system, the first of its kind (<http://www.thinbluereports.com/>).
- Constructed and completed the Central Arizona Project (CAP) water delivery connections at Northern & Hardy and at Countryside.
- Replaced 2,454 water meters under the Meter Replacement Program and Advanced Metering Infrastructure Project.

ECONOMIC CONDITIONS AND OUTLOOK

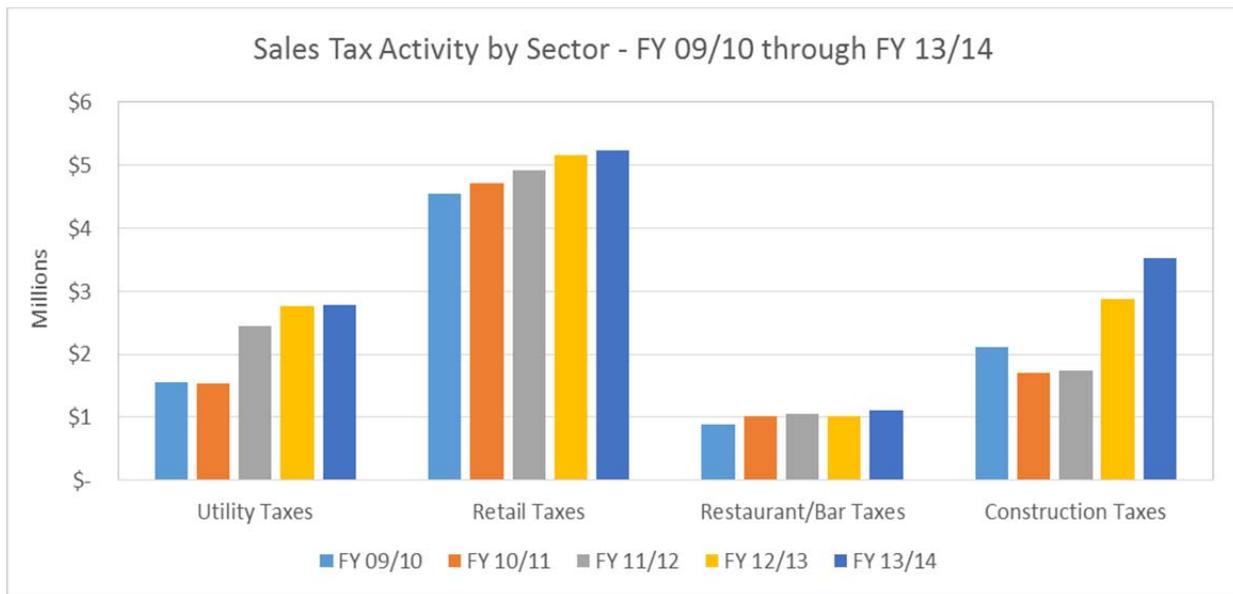
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Fiscal year 2013/14 in Oro Valley saw continued economic progress and recovery with year-over-year increases in most of the Town’s revenue categories. The Town continues to provide services and programs without a property tax to fund operations and, therefore, is dependent upon state shared revenues and local sales tax as major sources of operating revenue. These sources accounted for approximately 76% of total General Fund revenue for FY 2013/14.

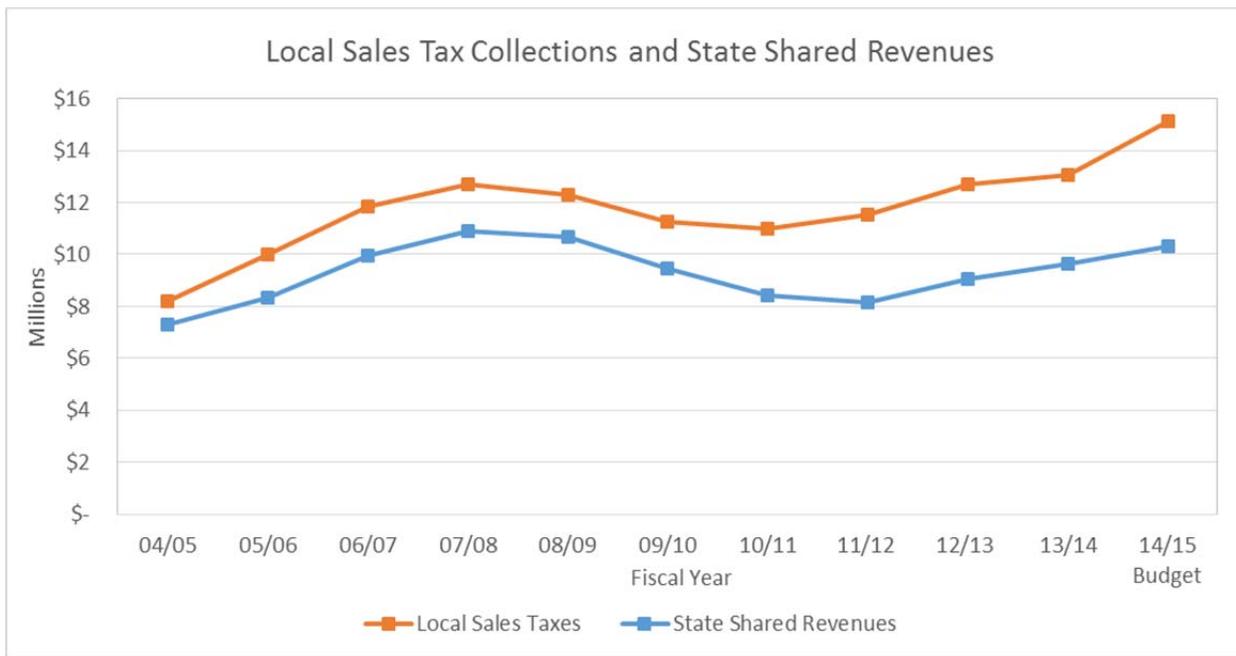
Most of the major local sales tax categories experienced year-over-year increases compared to amounts collected in FY 2012/13 as discussed below:

- Retail tax collections totaled \$5.2 million for FY 13/14, up 1.7%, or \$89,000 over last fiscal year.
- Restaurant and bar tax collections totaled \$1.1 million for the fiscal year, up 9.2% over last fiscal year.
- Construction sales tax collections totaled \$3.5 million for the fiscal year, up 22.6%, or \$650,000 over last fiscal year.
- Utility tax collections totaled \$2.8 million for the fiscal year, up 0.8%, or \$23,000 over last fiscal year.

The chart below is a look at the past five years’ local sales tax activity by category:

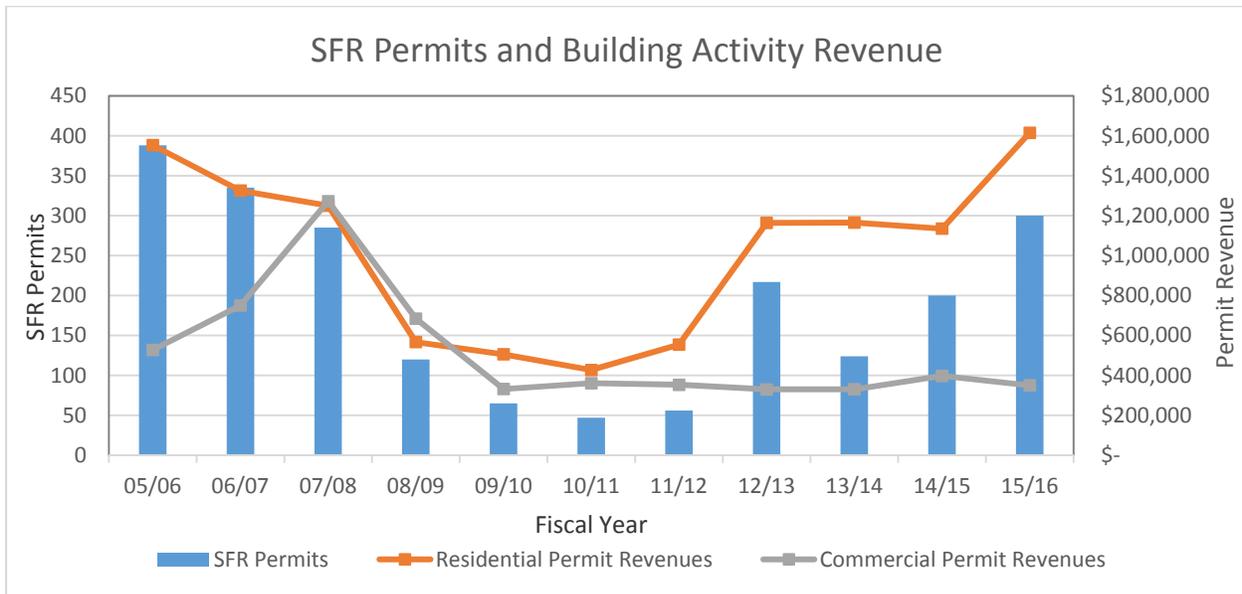


In FY 2013/14, the Town received \$9.6 million for state shared revenues in the General Fund, up 6.5%, or \$589,000 over last fiscal year. The trend chart below depicts the expected upward movement of both of these revenue categories for next fiscal year:



The demands of the organization continue to evolve as the Town sees significant signs of economic recovery. Specifically, the recovery in the housing market is leading to challenges and opportunities. Because the organization made significant staff reductions during the recession, this surge of activity presents some unique staffing challenges, and we continue to monitor the activity closely. The below chart depicts the local trends in single family residential (SFR) building permits issued and annual

permit revenues from both residential and commercial construction activity from FY 2005/06 through FY 2015/16 projections.



Future Focus

A significant effort was undertaken during the FY 2014/15 budget process to identify and quantify both one-time revenues derived from increased construction activity and recurring revenues derived from such areas as local sales taxes and state-shared sources. The Town used this information to dedicate one-time revenues to funding one-time expenditures in the budget, specifically for capital improvement projects, while ensuring that sufficient recurring revenues existed to fund recurring expenditures in the budget. With the expectation of this increased development activity continuing in future years, it will be important to continue to analyze the budget in this manner to avoid future reliance on one-time revenues to fund recurring costs.

For FY 2014/15, the Town will focus its efforts on investing in the very elements of our operation that provide the highest return on investment for the future – our employees, our assets and technology, continued delivery of quality community services and new initiatives.

These strategies will be fulfilled in a number of different ways as highlighted below:

- Employee performance merit and step increases have been budgeted for FY 2014/15, along with funding to fully implement compensation plan adjustments based on the findings of the salary market study that was performed during FY 2013/14.
- The FY 2014/15 budget includes funding to open and operate an on-site health clinic for our Town employees and covered dependents in further support of the Town’s robust health and wellness program.
- The FY 2014/15 budget includes more than \$1.1 million for the Pavement Preservation Program in the Highway Fund, which maintains the current condition of our streets and roads.
- Funding has also been included in the FY 2014/15 budget to build upon the \$2.3 million improvements at Naranja Park authorized during FY 2013/14 by adding \$250,000 to build restroom facilities at the park.
- The FY 2014/15 budget has dedicated funding for a satellite location of a Children’s Museum in partnership with the Tucson Children’s Museum to further efforts to provide arts and culture amenities for all ages in the Town.

Additionally, annexation efforts will continue to be a top priority in the future. Extensive annexation outreach has been conducted and will increase in the coming year as more resources are allocated to this area.

The Town also continues to maintain strong investment grade ratings on its outstanding excise tax bonds, rated “AA-“ by both Standard and Poor’s and Fitch Ratings. This is largely achieved by the Council’s goal of continuing to diversify the Town’s revenue base and maintaining strong fund balance reserves in the General Fund, currently at \$11.5 million, or 36% of FY 2014/15 adopted expenditures of \$32.3 million. This is well above the Council-adopted policy threshold of 25% of adopted expenditures.

AWARDS AND ACKNOWLEDGMENTS

Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Oro Valley for its comprehensive annual financial report for the year ended June 30, 2013. This was the twentieth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department who assisted and contributed in its preparation. We thank the Mayor and members of the Town Council for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,



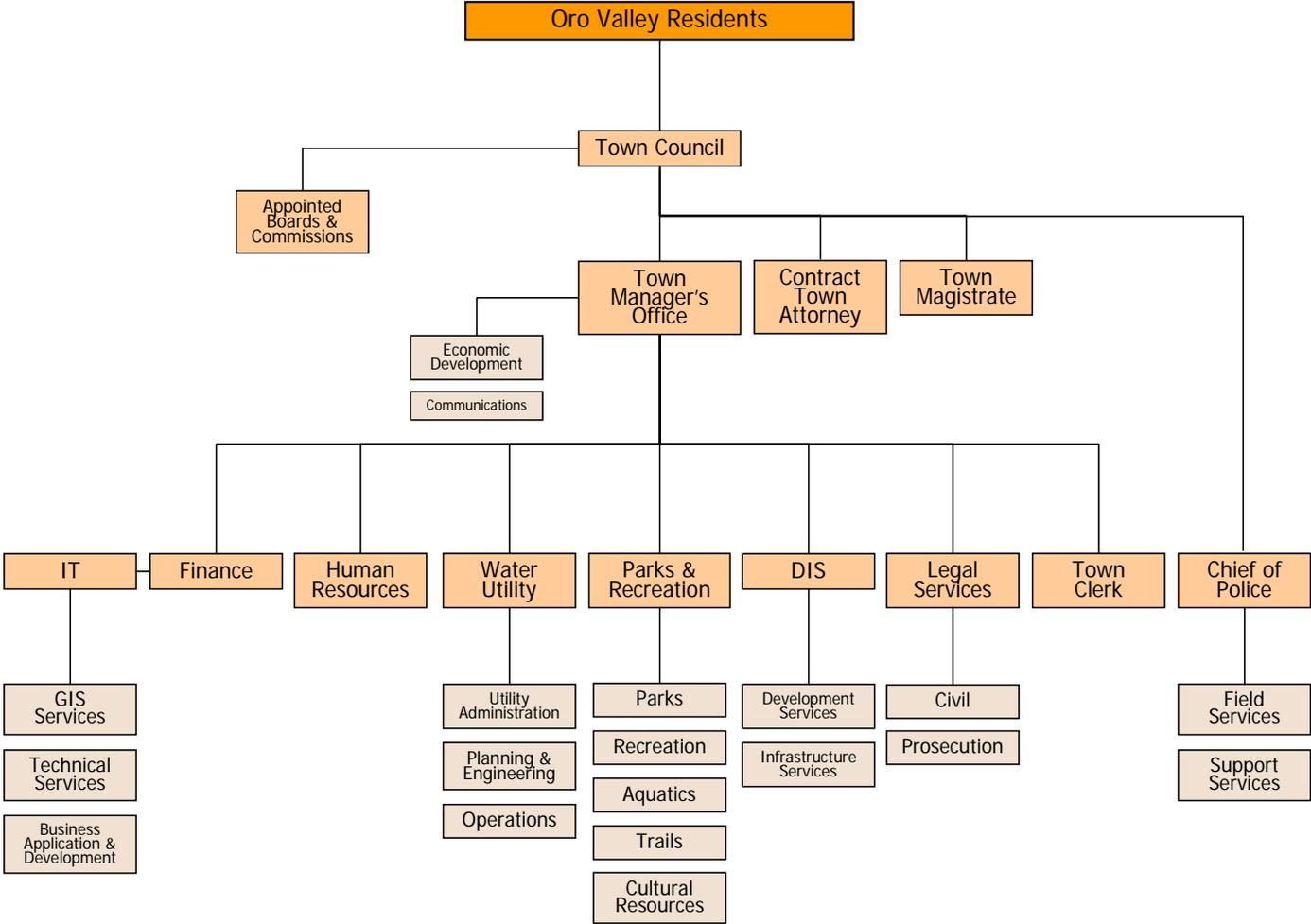
Greg Caton, ICMA-CM
Town Manager



Stacey Lemos, CPA
Finance Director



Organizational Chart



**TOWN OF ORO VALLEY, ARIZONA
LIST OF TOWN OFFICIALS**

ELECTED OFFICIALS

Mayor	Dr. Satish Hiremath
Vice-Mayor	Mr. Lou Waters
Council Member	Mr. Brendan Burns
Council Member	Mr. William Garner
Council Member	Mr. Joe Hornat
Council Member	Ms. Mary Snider
Council Member	Mr. Mike Zinkin

DEPARTMENT DIRECTORS

Town Manager	Greg Caton
Finance Director	Stacey Lemos, CPA
Human Resources Director	Vacant
Town Clerk	Julie Bower
Magistrate	George Dunscomb
Legal Services Director	Tobin Sidles
Water Utility Director	Philip Saletta
Chief of Police	Daniel G. Sharp
Development & Infrastructure Services Director/Town Engineer	Paul Keesler
Parks and Recreation Director	Kristy Diaz-Trahan
Information Technology Director	Chuck Boyer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Oro Valley
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Council
Town of Oro Valley, 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 Town of Oro Valley, Arizona (Town), as of and for the year ended June 30, 2014, 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.

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

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 of Oro Valley, Arizona, as of June 30, 2014, 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.

Change in Accounting Principle

As described in Note 1, the Town implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and budgetary comparison information on pages 64 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules information is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of Town of Oro Valley, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Oro Valley, Arizona's internal control over financial reporting and compliance.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

November 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

As management of the Town of Oro Valley, Arizona (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014. 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 in the introductory section of this report.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2013-14 as follows.

- The Town's total net position of governmental activities decreased \$443,413 to \$156.7 million and business-type activities increased \$6.0 million to \$74.3 million representing 68 percent and 32 percent respectively, of the total net position of \$231.0 million.
- General revenues from governmental activities accounted for \$25.8 million in revenue, or 67 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12.7 million or 33 percent of total governmental activities revenues. The Town had \$20.2 million of program revenues and \$111,816 in general revenues related to business-type activities.
- The Town had \$38.9 million in expenses related to governmental activities, an increase of 11 percent from the prior fiscal year. The Town had \$14.3 million in expenses related to business-type activities, an increase of 2 percent from the prior fiscal year.
- Among major funds, the General Fund had \$29.5 million in revenues, which primarily consisted of sales taxes and intergovernmental revenues. The total expenditures of the General Fund were \$28.0 million. The General Fund's fund balance decreased from \$13.1 million to \$11.5 million, primarily due to \$3.3 million in transfers to capital project funds for improvements to Naranja Park in the amount of \$2.3 million and \$1.5 million for the establishment of a General Government Capital Improvement Fund to account for governmental capital asset projects.
- The Highway User Revenue Fund had \$4.2 million in revenues, which primarily consisted of intergovernmental revenues. The total expenditures of the Highway User Revenue Fund were \$3.5 million.
- The Water Fund operating revenues of \$15.5 million exceeded operating expenses of \$11.6 million. The increase in net position of \$6.0 million was primarily due to revenues from charges for services exceeding operating expenses.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the Town's assets liabilities, and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements the Town's activities are presented in the following categories:

- **Governmental activities** – Most of the Town's basic services are included here, such as general government, public safety, highways and streets, and culture and recreation. Sales taxes, intergovernmental, and charges for services finance most of these activities.
- **Business-type activities** – The services provided by the Town included here are water and stormwater utilities. The services are primarily financed through user fees and charges.

Fund Financial 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 long-term impact of the Town's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Highway User Revenue (HURF) Funds, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Oro Valley Water Utility and Stormwater Drainage Utility. The Town uses internal service funds to account for its fleet maintenance services and to finance its self-insured employee health benefits. Because these services predominately benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to the financial statements. The notes 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 immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget process. The Town adopts an annual expenditure budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General Fund and major Special Revenue Fund as required supplementary information.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 outflows by \$231.0 million as of the current fiscal year end.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings and improvements, improvements other than buildings, infrastructure, vehicles, machinery and equipment and construction in progress), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	2014	2013	2014	2013		
	Governmental	Governmental	Business-type	Business-type	2014 Total	2013 Total
	Activities	Activities	Activities	Activities		
Current and other assets	\$ 28,033,668	\$ 27,802,041	\$ 25,162,539	\$ 22,603,794	\$ 53,196,207	\$ 50,405,835
Capital assets, net	143,597,865	146,102,837	98,221,633	97,911,736	241,819,498	244,014,573
Total assets	<u>171,631,533</u>	<u>173,904,878</u>	<u>123,384,172</u>	<u>120,515,530</u>	<u>295,015,705</u>	<u>294,420,408</u>
Deferred outflows	135,085		2,153,646		2,288,731	
Current and other liabilities	3,376,544	3,438,012	3,647,811	2,842,130	7,024,355	6,280,142
Long-term liabilities	11,689,969	13,323,348	47,573,244	49,369,457	59,263,213	62,692,805
Total liabilities	<u>15,066,513</u>	<u>16,761,360</u>	<u>51,221,055</u>	<u>52,211,587</u>	<u>66,287,568</u>	<u>68,972,947</u>
Net investment in capital assets	133,714,821	134,512,094	52,775,561	48,802,267	186,490,382	183,314,361
Restricted	4,555,138	3,730,312			4,555,138	3,730,312
Unrestricted	18,430,146	18,901,112	21,541,202	19,501,676	39,971,348	38,402,788
Total net position	<u>\$ 156,700,105</u>	<u>\$ 157,143,518</u>	<u>\$ 74,316,763</u>	<u>\$ 68,303,943</u>	<u>\$ 231,016,868</u>	<u>\$ 225,447,461</u>

The Town's financial position is the product of several financial transactions including the net results 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 current year transactions that have had an impact on the Statement of Net position.

- The addition of \$3.4 million in business-type activities capital assets through improvements to the existing water system.
- The addition of \$6.1 million in governmental activities capital assets, mostly consisting of the completion of the Lambert Lane street improvement project for \$10 million and \$1.4 million in improvements to Naranja Park.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

- The decrease of \$1.8 million in business-type activities long-term debt was due mainly to the issuance of a \$1.1 million in Water Infrastructure Finance Authority (WIFA) loan and annual debt service payments of \$2.7 million.
- The decrease of \$1.6 million in governmental activities long-term debt was due mainly to annual debt service payments of \$704,000, and the early payoff of \$1.1 million in special assessment bonds.

Changes in net position. The Town's total revenues for the current fiscal year were \$58.8 million. The total cost of all programs and services was \$53.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	2014 Governmental Activities	2013 Governmental Activities	2014 Business-type Activities	2013 Business-type Activities	2014 Total	2013 Total
Revenues:						
Program revenues:						
Charges for services	\$ 5,066,591	\$ 5,007,938	\$ 20,046,222	\$ 17,546,000	\$ 25,112,813	\$ 22,553,938
Operating grants and contributions	4,706,844	5,318,097			4,706,844	5,318,097
Capital grants and contributions	2,919,641	2,920,335	179,675	48,871	3,099,316	2,969,206
General revenues:						
Sales taxes	15,286,001	14,241,065			15,286,001	14,241,065
Franchise taxes	571,731	539,477			571,731	539,477
Unrestricted state shared revenues	9,636,906	9,048,365			9,636,906	9,048,365
Investment earnings	255,702	265,787	111,816	5,471	367,518	271,258
Total revenues	<u>38,443,416</u>	<u>37,341,064</u>	<u>20,337,713</u>	<u>17,600,342</u>	<u>58,781,129</u>	<u>54,941,406</u>
Expenses:						
General government	10,990,007	9,861,131			10,990,007	9,861,131
Public safety	13,814,914	12,770,224			13,814,914	12,770,224
Highways and streets	10,029,203	9,255,004			10,029,203	9,255,004
Culture and recreation	3,399,623	2,783,633			3,399,623	2,783,633
Interest on long-term debt	656,260	522,917			656,260	522,917
Water			13,572,677	13,047,373	13,572,677	13,047,373
Stormwater drainage			749,038	983,975	749,038	983,975
Total expenses	<u>38,890,007</u>	<u>35,192,909</u>	<u>14,321,715</u>	<u>14,031,348</u>	<u>53,211,722</u>	<u>49,224,257</u>
Transfers	3,178	2,319	(3,178)	(2,319)		
Special item		(2,606,804)				(2,606,804)
Changes in net position	(443,413)	(456,330)	6,012,820	3,566,675	5,569,407	3,110,345
Net position, beginning	157,143,518	157,599,848	68,303,943	64,737,268	225,447,461	222,337,116
Net position, ending	<u>\$ 156,700,105</u>	<u>\$ 157,143,518</u>	<u>\$ 74,316,763</u>	<u>\$ 68,303,943</u>	<u>\$ 231,016,868</u>	<u>\$ 225,447,461</u>

Total revenues increased \$3.8 million, or 7 percent, primarily due to an increase in sales tax revenue and state shared revenues. The increase of \$1.0 million in sales tax was largely due to an increase of \$500,000 in collections from construction-related activity and \$500,000 from the hotel and lodging industry. Business-type activities charges for services increased by \$2.5 million due to an increase in water sales of \$584,000 and \$1.8 million in collections from water connection fees and development impact fees.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

Governmental and Business-type activities. 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 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.

	2014		2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 10,990,007	\$ (6,790,678)	\$ 9,861,131	\$ (5,938,649)
Public safety	13,814,914	(12,711,503)	12,770,224	(11,749,770)
Highways and streets	10,029,203	(3,106,178)	9,255,004	(1,552,733)
Culture and recreation	3,399,623	(2,932,312)	2,783,633	(2,182,470)
Interest on long-term debt	656,260	(656,260)	522,917	(522,917)
Total	<u>\$ 38,890,007</u>	<u>\$ (26,196,931)</u>	<u>\$ 35,192,909</u>	<u>\$ (21,946,539)</u>
Business-type Activities				
Water	\$ 13,572,677	\$ 5,893,792	\$ 13,047,373	\$ 3,726,231
Stormwater drainage	749,038	10,390	983,975	(162,708)
Total	<u>\$ 14,321,715</u>	<u>\$ 5,904,182</u>	<u>\$ 14,031,348</u>	<u>\$ 3,563,523</u>

- The cost of all governmental activities this year was \$38.9 million. The increase of \$3.7 million from the prior year was due primarily to improvements to Naranja Park of \$1.3 million and the electric utility line undergrounding project in the amount of \$970,000. In addition, personnel costs increased due to the reinstatement of step and merit increases for all Town employees.
- The cost of all business-type activities this year was \$14.3 million. The increase of \$290,367 from the prior year was primarily due to increased personnel costs due to the reinstatement of merit increases for all Town employees.
- Federal and State governments, developer contributions, and charges for services subsidized certain governmental programs and business-type programs with revenues of \$32.9 million.
- Net cost of governmental activities of \$26.2 million was financed by general revenues, which are made up of primarily sales taxes and state shared revenues of \$24.9 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 spending at the end of the fiscal year.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Concl'd)

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported a combined fund balance of \$22.9 million, an increase of \$1.9 million. This was primarily due to increases in construction sales tax collections and funds received for the completion of the Lambert Lane street improvement project.

The General Fund is the principal operating fund of the Town. The fund balance decreased by \$1.6 million in the General Fund to \$11.5 million for the current fiscal year due to \$3.3 million in transfers to capital project funds of \$2.3 million for Naranja Park improvements and \$1.5 million for the establishment of a General Government Capital Improvement Fund to account for governmental capital projects.

The fund balance of the Highway User Revenue Fund showed an increase of \$657,396 to \$4.2 million for the current fiscal year due to an increase in local sales tax revenues and operating budget cost savings.

Proprietary funds. Net position of the Enterprise Funds at the end of the year amounted to \$74.3 million. The increase of \$6.0 million from the prior fiscal year was primarily due to increased operating income of \$3.9 million and development impact fee revenues of \$2.4 million from the Water Utility Fund.

BUDGETARY HIGHLIGHTS

There were budget amendments to the Town of Oro Valley's fiscal year 2013-14 operating and capital budget. A total of \$2 million was transferred to the Naranja Park Fund from the General Fund for \$1.6 million and the Bed Tax Fund for \$400,000. In addition, \$60,000 was transferred from General Fund contingency to the Information Technology budget. A schedule showing the original and final budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$575,988 in licenses, fees & permits was a result of an increase in local construction activity.
- The favorable variance of \$830,114 in public safety expenditures was a result of a result of not expending funds allocated for the Police Evidence Facility and seizure and forfeiture funds that were not expended.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At year end, the Town had invested \$241.8 million in capital assets (net of accumulated depreciation), including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. This amount represents a net decrease of \$2.2 million from last year. This was primarily due to the completion of numerous street projects and expansion of the Town's water system and depreciation expense of \$11.2 million.

The following schedule presents capital asset balances for the fiscal years ended June 30, 2014 and June 30, 2013.

Governmental Activities	As of June 30, 2014	As of June 30, 2013
Land	\$ 18,878,468	\$ 18,878,468
Infrastructure	165,954,674	153,945,765
Buildings and improvements	25,018,388	26,549,988
Machinery, equipment, and vehicles	12,853,856	11,500,475
Construction in progress	1,853,653	9,943,494
Less: Accumulated depreciation	(80,961,174)	(74,715,353)
Total	<u>\$ 143,597,865</u>	<u>\$146,102,837</u>
Business-type Activities	As of June 30, 2014	As of June 30, 2013
Land	\$ 2,410,660	\$ 2,410,660
Water rights	8,534,490	8,534,490
Water system	114,922,175	112,874,420
Stormwater system	2,779,503	2,779,503
Equipment and vehicles	4,467,875	4,387,633
Construction in progress	1,297,414	
Less: Accumulated depreciation	(36,190,485)	(33,074,970)
Total	<u>\$ 98,221,632</u>	<u>\$ 97,911,736</u>

Additional information on the Town's capital assets can be found in Note 6.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

Debt Administration. At year end, the Town had \$55.1 million in long-term debt outstanding, \$3.9 million due within one year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2014 and June 30, 2013.

	Governmental Activities	
	2014	2013
Revenue bonds	\$ 8,659,050	\$ 9,103,050
Special assessment bonds	1,055,000	2,435,000
Total	\$ 9,714,050	\$ 11,538,050
	Business-type Activities	
	2014	2013
Revenue bonds	\$ 38,980,950	\$ 41,386,950
Loan payable	6,376,774	5,575,041
Total	\$ 45,357,724	\$ 46,961,991

State statutes currently limit the amount of general obligation debt a Town may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves, parks, playgrounds and recreational facilities. The current debt limitation for the Town is \$118.6 million.

The Town of Oro Valley has a bond rating of "AA-" rating from both Standard & Poor's and Fitch Ratings on its excise tax revenue bonds and an "AA" rating from Standard & Poor's on outstanding water revenue bonds.

Additional information on the Town's long-term debt can be found in Notes 7 through 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the Town of Oro Valley is currently 6.2%. Pima County's and the State of Arizona's unemployment rates are 6.9% and 6.9%, respectively.
- The Town's secondary assessed valuation for the current year is \$556,259,856.
- Single family residential (SFR) building permits issued in this fiscal year totaled 136, as compared to 217 SFR building permits issued last fiscal year. Projections for SFR building permits are 200 for fiscal year 2014-15.

**TOWN OF ORO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Concl'd)

The adopted combined operating and capital expenditure budget for fiscal year 2014-15 totals \$107.1 million, an increase of \$13.2 million, or 14.1% over last year's budget of \$93.9 million. This increase is primarily attributed to the implementation of the compensation plan for all Town employees, replacement of fleet vehicles, capital improvement projects and improvements to the Town's technology. The budget for fiscal year 2014-15 continues to place emphasis on the following: investing in our employees, investing in assets and technology, delivery of community services, and investment in new initiatives for the Town.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Finance Department, Town of Oro Valley, Arizona, 11000 North La Cañada Drive, Oro Valley, Arizona 85737.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 23,842,118	\$ 22,955,521	\$ 46,797,639
Taxes receivable	1,015,269		1,015,269
Accounts receivable	281,641	2,205,018	2,486,659
Intergovernmental receivable	1,751,337		1,751,337
Special assessments	1,055,000		1,055,000
Prepaid items	88,303	2,000	90,303
Total current assets	28,033,668	25,162,539	53,196,207
Noncurrent assets:			
Capital assets, non-depreciable	20,732,121	12,242,564	32,974,685
Capital assets, depreciable (net)	122,865,744	85,979,069	208,844,813
Total noncurrent assets	143,597,865	98,221,633	241,819,498
Total assets	171,631,533	123,384,172	295,015,705
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	135,085	2,153,646	2,288,731
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,522,643	1,101,458	2,624,101
Accrued wages and benefits	869,531	116,024	985,555
Intergovernmental payable	175,984	1,203,779	1,379,763
Interest payable		807,570	807,570
Sales tax payable	317,008		317,008
Unearned revenue	182,467		182,467
Claims payable	95,555		95,555
Customer deposits payable	213,356	418,980	632,336
Compensated absences	1,374,787	152,889	1,527,676
Capital leases payable	40,400	93,593	133,993
Loans payable		290,521	290,521
Special assessment bonds	130,000		130,000
Revenue bonds	479,440	2,995,560	3,475,000
Total current liabilities	5,401,171	7,180,374	12,581,545
Noncurrent liabilities:			
Compensated absences	387,760	138,745	526,505
Capital leases payable	128,594		128,594
Loans payable		6,086,253	6,086,253
Special assessment bonds	925,000		925,000
Revenue bonds	8,223,988	37,815,683	46,039,671
Total noncurrent liabilities	9,665,342	44,040,681	53,706,023
Total liabilities	15,066,513	51,221,055	66,287,568
<u>NET POSITION</u>			
Net investment in capital assets	133,714,821	52,775,561	186,490,382
Restricted for:			
Public safety	883,971		883,971
Capital outlay	3,136,958		3,136,958
Debt service	534,209		534,209
Unrestricted	18,430,146	21,541,202	39,971,348
Total net position	\$ 156,700,105	\$ 74,316,763	\$ 231,016,868

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General government	\$ 10,990,007	\$ 4,049,195	\$ 150,134	\$	\$ (6,790,678)
Public safety	13,814,914	35,976	635,197	432,238	(12,711,503)
Highway and streets	10,029,203	546,066	3,889,556	2,487,403	(3,106,178)
Culture and recreation	3,399,623	435,354	31,957		(2,932,312)
Interest on long-term debt	656,260				(656,260)
Total governmental activities	<u>38,890,007</u>	<u>5,066,591</u>	<u>4,706,844</u>	<u>2,919,641</u>	<u>(26,196,931)</u>
Business-type activities:					
Water	13,572,677	19,286,794		179,675	
Stormwater drainage	749,038	759,428			
Total business-type activities	<u>14,321,715</u>	<u>20,046,222</u>		<u>179,675</u>	
Total primary government	<u>\$ 53,211,722</u>	<u>\$ 25,112,813</u>	<u>\$ 4,706,844</u>	<u>\$ 3,099,316</u>	<u>(26,196,931)</u>
General revenues:					
Taxes:					
Sales taxes					15,286,001
Franchise taxes					571,731
Unrestricted state shared revenues					9,636,906
Investment earnings					255,702
Transfers					<u>3,178</u>
Total general revenues and transfers					<u>25,753,518</u>
Changes in net position					(443,413)
Net position, beginning of year					<u>157,143,518</u>
Net position, end of year					<u>\$ 156,700,105</u>

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Business-type Activities	Totals
\$	\$ (6,790,678)
	(12,711,503)
	(3,106,178)
	(2,932,312)
	(656,260)
	(26,196,931)
5,893,792	5,893,792
10,390	10,390
5,904,182	5,904,182
5,904,182	(20,292,749)
111,816	15,286,001
(3,178)	571,731
108,638	9,636,906
108,638	367,518
6,012,820	25,862,156
68,303,943	5,569,407
68,303,943	225,447,461
\$ 74,316,763	\$ 231,016,868

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FUND FINANCIAL STATEMENTS

**TOWN OF ORO VALLEY, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General Fund</u>	<u>HURF</u>	<u>Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 12,002,823	\$ 4,058,787	\$ 6,904,012
Taxes receivable	1,015,269		
Accounts receivable	281,641		
Intergovernmental receivable	435,777	251,581	1,063,979
Special assessments			1,055,000
Prepaid items	84,249		4,054
Total assets	<u>\$ 13,819,759</u>	<u>\$ 4,310,368</u>	<u>\$ 9,027,045</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 592,472	\$ 70,125	\$ 748,562
Accrued wages and benefits	804,449	65,082	
Intergovernmental payable	175,984		
Sales tax payable	317,008		
Unearned revenue	182,467		
Customer deposits payable	213,356		
Total liabilities	<u>2,285,736</u>	<u>135,207</u>	<u>748,562</u>
Deferred inflows of resources:			
Unavailable revenues - special assessments			<u>1,055,000</u>
Fund balances:			
Restricted			4,555,138
Committed		4,175,161	1,168,345
Assigned	1,608,035		1,500,000
Unassigned	9,925,988		
Total fund balances	<u>11,534,023</u>	<u>4,175,161</u>	<u>7,223,483</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 13,819,759</u>	 <u>\$ 4,310,368</u>	 <u>\$ 9,027,045</u>

The notes to the basic financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 22,965,622
1,015,269
281,641
1,751,337
1,055,000
88,303
\$ 27,157,172

\$ 1,411,159
869,531
175,984
317,008
182,467
213,356
3,169,505

1,055,000

4,555,138
5,343,506
3,108,035
9,925,988
22,932,667

\$ 27,157,172

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**TOWN OF ORO VALLEY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total governmental fund balances **\$ 22,932,667**

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	\$ 224,559,039	
Less accumulated depreciation	<u>(80,961,174)</u>	143,597,865

Special assessments receivable are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.		1,055,000
---	--	-----------

Deferred items related to the issuance of bonds are amortized over the life of the associated issuance in the government-wide statements but not reported in the funds.

Deferred bond charges	135,085	
Deferred bond premium	<u>(44,378)</u>	90,707

The Internal Service Funds are used by management to charge the cost of services to the individual funds. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position.		669,457
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Special assessment bonds	(1,055,000)	
Revenue bonds	(8,659,050)	
Capital leases	(168,994)	
Compensated absences	<u>(1,762,547)</u>	<u>(11,645,591)</u>

Net position of governmental activities **\$ 156,700,105**

The notes to the basic financial statements are integral part of this statement.

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>HURF</u>	<u>Non-Major Governmental Funds</u>
Revenues:			
Sales taxes	\$ 13,044,990	\$ 1,227,468	\$ 1,013,543
Franchise taxes	571,731		
Development impact fees			569,338
Special assessments			1,462,307
Intergovernmental	11,544,290	2,714,257	2,474,084
Licenses, fees & permits	2,069,443	47,257	
Fines, forfeitures & penalties	198,084		475,252
Charges for services	1,720,689	129,492	
Investment earnings	197,753	38,666	19,283
Other	165,119	20,345	120,025
Total revenues	<u>29,512,099</u>	<u>4,177,485</u>	<u>6,133,832</u>
Expenditures:			
Current -			
General government	10,127,193		483,480
Public safety	13,393,183		146,139
Highway and streets	1,275,093	2,435,484	
Culture and recreation	2,445,131		
Capital outlay	798,852	1,084,605	3,611,728
Debt service -			
Principal retirement			1,867,901
Interest and fiscal charges			472,268
Total expenditures	<u>28,039,452</u>	<u>3,520,089</u>	<u>6,581,516</u>
Excess (deficiency) of revenues over expenditures	<u>1,472,647</u>	<u>657,396</u>	<u>(447,684)</u>
Other financing sources (uses):			
Capital lease agreements			212,895
Transfers in	185,000		3,930,152
Transfers out	(3,260,729)		(851,245)
Total other financing sources (uses):	<u>(3,075,729)</u>		<u>3,291,802</u>
Changes in fund balances	<u>(1,603,082)</u>	<u>657,396</u>	<u>2,844,118</u>
Fund balances, beginning of year	13,137,105	3,517,765	4,379,365
Fund balances, end of year	<u>\$ 11,534,023</u>	<u>\$ 4,175,161</u>	<u>\$ 7,223,483</u>

The notes to the basic financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 15,286,001
571,731
569,338
1,462,307
16,732,631
2,116,700
673,336
1,850,181
255,702
305,489

39,823,416

10,610,673
13,539,322
3,710,577
2,445,131
5,495,185

1,867,901
472,268

38,141,057

1,682,359

212,895
4,115,152
(4,111,974)

216,073

1,898,432

21,034,235

\$ 22,932,667

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**TOWN OF ORO VALLEY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Net changes in fund balances - total governmental funds **\$ 1,898,432**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

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

Expenditures for capital assets	\$ 6,072,386	
Less current year depreciation	<u>(8,109,927)</u>	(2,037,541)

Special assessment revenues in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in the governmental funds. (1,380,000)

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

Capital lease principal retirement	43,901	
Revenue bond principal retirement	444,000	
Special assessment bond principal retirement	<u>1,380,000</u>	1,867,901

Issuance of obligations under capital leases provide current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Position. (212,895)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of premium on long-term debt	8,315	
Amortization of deferred charge on refunded debt	(192,307)	
Loss on disposal of capital assets	(467,431)	
Compensated absences	<u>(29,942)</u>	(681,365)

The Internal Service Funds are used by management to charge the cost of services to the individual funds. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities. 102,055

Change in net position in governmental activities **\$ (443,413)**

The notes to the basic financial statements are integral part of this statement.

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Enterprise Funds		
	Water	Non-Major Enterprise Funds	Totals
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 22,438,781	\$ 516,740	\$ 22,955,521
Accounts receivable	2,116,916	88,102	2,205,018
Prepaid items	2,000		2,000
Total current assets	<u>24,557,697</u>	<u>604,842</u>	<u>25,162,539</u>
Noncurrent assets:			
Capital assets, non-depreciable	12,196,307	46,257	12,242,564
Capital assets, depreciable (net)	82,858,178	3,120,891	85,979,069
Total noncurrent assets	<u>95,054,485</u>	<u>3,167,148</u>	<u>98,221,633</u>
Total assets	<u>119,612,182</u>	<u>3,771,990</u>	<u>123,384,172</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred charge on refunding	<u>2,153,646</u>		<u>2,153,646</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,082,055	19,403	1,101,458
Accrued wages and benefits	102,758	13,266	116,024
Intergovernmental payable	1,203,779		1,203,779
Interest payable	807,570		807,570
Customer deposits payable	418,980		418,980
Compensated absences	144,093	8,796	152,889
Capital leases payable		93,593	93,593
Loans payable	290,521		290,521
Revenue bonds	2,995,560		2,995,560
Claims payable			
Total current liabilities	<u>7,045,316</u>	<u>135,058</u>	<u>7,180,374</u>
Noncurrent liabilities:			
Compensated absences	117,257	21,488	138,745
Loans payable	6,086,253		6,086,253
Revenue bonds	37,815,683		37,815,683
Total noncurrent liabilities	<u>44,019,193</u>	<u>21,488</u>	<u>44,040,681</u>
Total liabilities	<u>51,064,509</u>	<u>156,546</u>	<u>51,221,055</u>
<u>NET POSITION</u>			
Net investment in capital assets	49,702,006	3,073,555	52,775,561
Unrestricted	20,999,313	541,889	21,541,202
Total net position	<u>\$ 70,701,319</u>	<u>\$ 3,615,444</u>	<u>\$ 74,316,763</u>

The notes to the basic financial statements are an integral part of this statement.

Governmental
Activities:
Internal Service
Funds

\$ 876,496

876,496

876,496

111,484

95,555

207,039

207,039

669,457

\$ 669,457

TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Enterprise Funds		
	Water	Non-Major Enterprise Funds	Totals
Operating revenues:			
Charges for services	\$ 15,485,234	\$ 759,405	\$ 16,244,639
Other	11,831	23	11,854
Self insurance premiums			
Total operating revenues	<u>15,497,065</u>	<u>759,428</u>	<u>16,256,493</u>
Operating expenses:			
Costs of sales and services	8,459,541	616,838	9,076,379
Depreciation and amortization	3,120,762	132,200	3,252,962
Claims payments			
Administrative fees			
Reinsurance premiums			
Total operating expenses	<u>11,580,303</u>	<u>749,038</u>	<u>12,329,341</u>
Operating income (loss)	<u>3,916,762</u>	<u>10,390</u>	<u>3,927,152</u>
Nonoperating revenues (expenses):			
Development impact fees	2,376,682		2,376,682
Connection fees	1,413,047		1,413,047
Investment earnings	110,615	1,201	111,816
Interest expense	(1,992,374)		(1,992,374)
Total nonoperating revenues (expenses)	<u>1,907,970</u>	<u>1,201</u>	<u>1,909,171</u>
Income (loss) before capital contributions and transfers	<u>5,824,732</u>	<u>11,591</u>	<u>5,836,323</u>
Capital contributions	179,675		179,675
Transfers out	(3,178)		(3,178)
Changes in net position	<u>6,001,229</u>	<u>11,591</u>	<u>6,012,820</u>
Total net position, beginning of year	64,700,090	3,603,853	68,303,943
Total net position, end of year	<u>\$ 70,701,319</u>	<u>\$ 3,615,444</u>	<u>\$ 74,316,763</u>

The notes to the basic financial statements are an integral part of this statement.

Governmental
Activities:
Internal Service
Funds

\$ 1,268,842
81,000
2,193,293
3,543,135

1,280,321

1,679,860
57,000
423,899
3,441,080

102,055

102,055

102,055

567,402

\$ 669,457

**TOWN OF ORO VALLEY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds			Governmental Activities
	Water	Non-Major Enterprise Funds	Total	Internal Service Funds
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 15,907,195	\$ 751,439	\$ 16,658,634	\$ 1,349,842
Cash received from premiums				2,193,293
Cash payments to suppliers for goods and services	(5,203,380)	(72,744)	(5,276,124)	(1,620,494)
Cash payments to employees for services	(2,634,312)	(534,953)	(3,169,265)	(75,786)
Cash payments for claims				(1,671,439)
Net cash provided by operating activities	8,069,503	143,742	8,213,245	175,416
Cash flows from noncapital and related financing activities:				
Interfund transfers	(3,178)		(3,178)	
Connection fees	1,413,047		1,413,047	
Net cash provided by noncapital financing activities	1,409,869		1,409,869	
Cash flows from capital and related financing activities:				
Development impact fees	2,376,682		2,376,682	
Acquisition of capital assets	(3,142,189)	(46,257)	(3,188,446)	
Proceeds from loans	1,078,442		1,078,442	
Principal paid on long-term debt	(2,682,709)	(91,714)	(2,774,423)	
Interest on long-term debt	(1,609,572)		(1,609,572)	
Net cash used for capital and related financing activities	(3,979,346)	(137,971)	(4,117,317)	
Cash flows from investing activities:				
Investment income	110,615	1,201	111,816	
Net cash provided by investing activities	110,615	1,201	111,816	
Net increase in cash and cash equivalents	5,610,641	6,972	5,617,613	175,416
Cash and cash equivalents, beginning of year	16,828,140	509,768	17,337,908	701,080
Cash and cash equivalents, end of year	\$ 22,438,781	\$ 516,740	\$ 22,955,521	\$ 876,496
<u>Reconciliation of Operating Income to</u>				
<u>Net Cash Provided by Operating Activities</u>				
Operating income (loss)	\$ 3,916,762	\$ 10,390	\$ 3,927,152	\$ 102,055
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	3,120,762	132,200	3,252,962	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	269,592	(7,989)	261,603	
Increase in prepaid items	(2,000)		(2,000)	
Increase in accounts payable	598,266	2,437	600,703	64,940
Increase in claims payable				8,421
Increase (decrease) in accrued payroll and employee benefits	6,349	(5,708)	641	
Increase in compensated absences payable	19,234	12,412	31,646	
Increase in deposits held for others	140,538		140,538	
Total adjustments	4,152,741	133,352	4,286,093	73,361
Net cash provided by operating activities	\$ 8,069,503	\$ 143,742	\$ 8,213,245	\$ 175,416
<u>Non-cash capital and financing activities</u>				
Contribution of assets from developers	\$ 179,675		\$ 179,675	

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Oro Valley, 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.

During the year ended June 30, 2014, the Town implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

The more significant of the Town's accounting policies are described below.

A. Reporting Entity

The Town is a municipal entity governed by an elected mayor and council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations and so data from these units are combined with data of the Town, the primary government. The blended component units presented have a June 30 year end.

The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, component units combined with the Town for financial statement presentation purposes, and the Town, are not included in any other governmental reporting entity. Consequently, the Town's financial statements include the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – The financial reporting entity presented in these financial statements consists of the Town and one blended component unit. This component unit, discussed below, is included in the Town's reporting entity because of the significance of its operational relationship or financial relationship with the Town. The component unit is governed by a board, substantially or wholly, comprised of the Town's elected council. Separate financial statements are not prepared for the component unit on a stand-alone basis.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Town of Oro Valley Municipal Property Corporation's (MPC) Board of Directors consists of the three members which are appointed by the Town of Oro Valley Town Council. The MPC, a non-profit corporation incorporated under the laws of the State of Arizona, was originally formed for the purpose of assisting the Town in obtaining financing for acquiring the Cañada Hills and Rancho Vistoso water companies. The Town has a contractual obligation for the repayment of the MPC's Excise Tax Refunding Bonds, Series 2007. The activity of the 2007 MPC is reported in the applicable water enterprise and governmental funds. All related receivables and payables between the Town and the MPC have been eliminated.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the Town as a whole. The reported information includes all of the activities of the Town and its component units. For the most part, the effect of internal activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the Town. Governmental activities normally are supported by sales 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 are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Sales taxes, franchise taxes, unrestricted state shared revenues, investment income and other items not included among program revenues are reported instead as general revenues.

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

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue 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; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

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 service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue 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. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Unearned revenue arises when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

The Council adopts the budget at the fund level as a total amount of expenditures. Financial control is administered by fund, with budgetary control for operating performance regulated at the departmental level, e.g., finance, economic development, police, and parks and recreation. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund level.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

The Town reports the following major governmental funds.

General Fund – This fund accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Highway User Revenue Fund – This fund is used to account for the Town's share of motor fuel tax revenues.

The Town reports the following major proprietary funds.

Water Fund – This fund accounts for the costs to operate, construct and finance the Town's water system.

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 internal service fund are charges for health benefits and charges to user departments for fleet maintenance services. The principal operating revenues of the Town's enterprise fund are charges to customers for water and stormwater drainage services. Operating expenses for these funds include the cost of sales and services, administrative expenses, depreciation, and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position

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

G. Prepaid Items

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

H. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset 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:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20-30
Infrastructure	20-50
Vehicles	4-6
Machinery and equipment	7-20

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

J. Compensated Absences

The Town's employee annual and sick leave policies generally provide for granting annual and sick leave with pay. Full-time employees accrue annual leave based on the number of years employed. Employees who terminate employment shall be paid in a lump sum. Full-time employees accumulate sick leave at the rate of one work day per month. Part-time employees whose normal week is twenty hours or more receive sick leave at half the rate of full-time employees. Once an employee has exceeded 480 hours of accrued sick leave, one half of the sick leave balance in excess of the 480 hours shall be paid to the employee upon separation from employment. The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay 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 applicable business-type activities and proprietary fund type statement of net position.

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

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

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. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

N. 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.

O. New Accounting Pronouncement

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the Town's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess Expenditures Over Budget – At year end, the Town had expenditures in a fund that exceeded the budget, however, this does not constitute a violation of any legal provisions.

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Town Council through the approval of a Town resolution. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The committed fund balance reported in the Bed Tax Fund is to be used for local economic development purposes. The committed fund balance reported in the Highway User Revenue Fund is to be used for roadway maintenance and preservation purposes. The committed fund balance reported in the Townwide Facilities Projects Fund is used for improvements to Town parks.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a management official delegated that authority by the formal Town Council action. This authorization has been given to the Town Manager through the approval of Resolution No. (R)11-30, which amended the Town Financial and Budgetary Policies. The assigned fund balance in the General Fund is set aside for the payout of compensated absences and for unemployment compensation claims. The assigned fund balance in the General Government CIP Fund is to be used for governmental capital asset projects.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 – FUND BALANCE CLASSIFICATIONS (Concl'd)

The Town applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the Town's fund balance classifications at year end.

	General Fund	Highway User Revenue Fund	Non-Major Governmental Funds
Fund Balances:			
Restricted:			
Debt service	\$	\$	\$ 534,209
Capital projects			3,136,958
Public safety			883,971
Committed		4,175,161	1,168,345
Assigned			
Compensated absences	1,410,644		
Unemployment claims	197,391		
Townwide capital			1,500,000
Unassigned	9,925,988		
Total fund balances	\$ 11,534,023	\$ 4,175,161	\$ 7,223,483

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the Town to invest public monies in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the Town's investments.

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool - Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments. No regulatory oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 – CASH AND INVESTMENTS (Cont'd)

The County Treasurer's pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The fair value of each participants' position in the County Treasurer investment pool approximates the value of the participants' shares in the pool and the participants' shares are not identified with specific investments.

Custodial Credit Risk – Deposits. Custodial Credit risk is the risk that in the event of bank failure the Town's deposits may not be returned to the Town. The Town does not have a deposit policy for custodial credit risk. At year end, the carrying value of the Town's deposits was \$1,839,158 and the bank balance was \$2,194,227. At year end \$475,522 of the Town's deposits were uninsured and uncollateralized.

At year end, the Town's investments consisted of the following.

Investment Type	Fair Value	Investments Maturities (in Years)	
		Less than 1	1-5
Money Market - U.S. Treasuries	\$ 4,707,028	\$ 4,707,028	\$
Municipal Securities	630,173	400,000	230,173
Commercial Paper	1,448,807	1,448,807	
U.S. Treasury Bonds/Notes	27,104,562	2,741,985	24,362,577
U.S. Agencies Bonds/Notes	5,684,182	1,253,448	4,430,734
		<u>\$ 10,551,268</u>	<u>\$ 29,023,484</u>
County Treasurer's investment pool	1,091,239	268 days average maturities	
State Treasurer's investment pool 5	4,286,040	34 days average maturities	
Total	<u>\$44,952,031</u>		

Interest Rate Risk. The Town has implemented an investment policy that will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by the following.

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
2. Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools limiting the average maturity in the portfolio in accordance with this policy.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

Credit Risk. The Town has implemented an investment policy that will minimize credit risk, which is the risk of loss due to the failure of the security or backer by the following:

1. Limiting investments to the types of securities listed in Section 6 if this investment policy;
2. Pre-qualifying financial institutions, broker/dealers, intermediaries, and advisers with which the Town will do business in accordance with Section 5; and
3. Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

As of year end, the Town's investment in the State and County Treasurers' investment pools did not receive a credit quality rating from a national rating agency. The State Treasurer's investment pool 5 was rated AAAF/S1+ by Standard and Poor's at year end. The Town's investments in U.S. agencies and municipal bonds were rated AA+ and AAA/AA, respectively, by Standard and Poor's.

Custodial Credit Risk – Investments. The Town's investment in the State and County Treasurer's investment pools represents a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The Town places no limit on the amount the Town may invest in any one issuer. More than 5 percent of the Town's investments are in FNMA notes, which make up 9 percent of the Town's total investments.

NOTE 5 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, net of allowance for uncollectibles, as of year end for the Town's individual major funds in the aggregate, were as follows.

	General Fund	HURF Fund	Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Intergovernmental receivables:			
Due from Federal government	\$ 132,685	\$	\$
Due from State government	303,092	251,581	
Due from other governments			1,063,979
Net intergovernmental receivables	<u>\$ 435,777</u>	<u>\$ 251,581</u>	<u>\$ 1,063,979</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS

A summary of capital asset activity for the current fiscal year follows.

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 18,878,468	\$	\$	\$18,878,468
Construction in progress	9,943,494	1,659,225	9,749,066	1,853,653
Total capital assets, not being depreciated	<u>28,821,962</u>	<u>1,659,225</u>	<u>9,749,066</u>	<u>20,732,121</u>
Capital assets, being depreciated:				
Infrastructure	153,945,765	12,008,909		165,954,674
Buildings and improvements	26,549,988	203,754	1,735,354	25,018,388
Machinery, equipment, and vehicles	11,500,475	1,949,564	596,183	12,853,856
Total capital assets being depreciated	<u>191,996,228</u>	<u>14,162,227</u>	<u>2,331,537</u>	<u>203,826,918</u>
Less accumulated depreciation for:				
Infrastructure	(61,125,798)	(6,240,750)		(67,366,548)
Buildings and improvements	(5,541,885)	(768,054)	(1,323,446)	(4,986,493)
Machinery, equipment, and vehicles	(8,047,670)	(1,101,123)	(540,660)	(8,608,133)
Total accumulated depreciation	<u>(74,715,353)</u>	<u>(8,109,927)</u>	<u>(1,864,106)</u>	<u>(80,961,174)</u>
Total capital assets, being depreciated, net	<u>117,280,875</u>	<u>6,052,300</u>	<u>467,431</u>	<u>122,865,744</u>
Governmental activities capital assets, net	<u>\$ 146,102,837</u>	<u>\$ 7,711,525</u>	<u>\$ 10,216,497</u>	<u>\$ 143,597,865</u>
<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,410,660	\$	\$	\$ 2,410,660
Water rights	8,534,490			8,534,490
Construction in progress		1,297,414		1,297,414
Total capital assets, not being depreciated	<u>10,945,150</u>	<u>1,297,414</u>		<u>12,242,564</u>
Capital assets, being depreciated:				
Water system	112,874,420	2,047,755		114,922,175
Stormwater system	2,779,503			2,779,503
Equipment and vehicles	4,387,633	86,479	6,237	4,467,875
Total capital assets being depreciated	<u>120,041,556</u>	<u>2,134,234</u>	<u>6,237</u>	<u>122,169,553</u>
Less accumulated depreciation for:				
Water system	(30,037,158)	(2,861,782)		(32,898,940)
Stormwater system	(191,936)	(59,291)		(251,227)
Equipment and vehicles	(2,845,876)	(197,280)	(2,838)	(3,040,318)
Total accumulated depreciation	<u>(33,074,970)</u>	<u>(3,118,353)</u>	<u>(2,838)</u>	<u>(36,190,485)</u>
Total capital assets, being depreciated, net	<u>86,966,586</u>	<u>(984,119)</u>	<u>3,399</u>	<u>85,979,068</u>
Business-type activities capital assets, net	<u>\$ 97,911,736</u>	<u>\$ 313,295</u>	<u>\$ 3,399</u>	<u>\$ 98,221,632</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 – CAPITAL ASSETS (Concl'd)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 616,787
Public Safety	428,787
Highways and streets	6,493,924
Culture and recreation	<u>570,429</u>
Total depreciation expense – governmental activities	<u>\$8,109,927</u>
Business-type activities:	
Water	\$2,986,153
Stormwater	<u>132,200</u>
Total depreciation expense – business-type activities	<u>\$3,118,353</u>

Construction Commitments – As of year end, the Town was involved in several construction projects. The estimated cost to complete the construction projects is \$9.8 million.

NOTE 7 – LOANS PAYABLE

The Town has loans from the Water Infrastructure Finance Authority of Arizona for water system projects. The loans payable at current fiscal year end are presented below.

<u>Business-type activities:</u>	<u>Interest Rate</u> (Including Fees)	<u>Remaining</u> <u>Maturities</u>	<u>Outstanding</u> <u>Principal</u> <u>June 30, 2014</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
WIFA Loan, 2007	2.04%	7/1/14-27	\$ 3,429,474	\$ 198,963
WIFA Loan, 2009	2.75%	7/1/14-29	1,868,858	91,558
WIFA Loan, 2014	2.65%	7/1/15-29	<u>1,078,442</u>	
Total			<u>\$ 6,376,774</u>	<u>\$ 290,521</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – LOANS PAYABLE (Concl'd)

Principal and interest payments on the business-type activities loans payable at June 30, 2014 are summarized as follows.

Year ending June 30:	Business-type Activities	
	Principal	Interest
2015	\$ 290,521	\$ 175,372
2016	353,524	284,851
2017	366,032	270,791
2018	378,986	253,208
2019	392,403	234,966
2020-24	2,180,635	876,506
2025-29	2,170,568	317,943
2030	244,105	4,273
Total	<u>\$ 6,376,774</u>	<u>\$ 2,417,910</u>

NOTE 8 – BONDS PAYABLE

Bonds payable at year end, consisted of the following outstanding revenue and refunding bonds. The bonds are both callable and noncallable with interest payable semiannually. Taxes and Impact Fees are used to pay bonded debt.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2014	Due Within One Year
Governmental activities:					
Revenue Bonds, 2005	\$ 4,164,050	3.50-4.25%	7/1/14-25	\$ 2,884,350	\$ 194,300
Refunding Revenue Bonds, 2007	1,389,180	4.25-5.00%	7/1/14-26	1,259,700	10,140
Excise Tax Revenue Obligations, 2010	2,445,000	3.72-6.59%	7/1/14-27	2,050,000	135,000
Revenue Bonds, 2012	2,580,000	2.00-4.00%	7/1/14-27	2,465,000	140,000
Total				<u>\$ 8,659,050</u>	<u>\$ 479,440</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 – BONDS PAYABLE (Cont'd)

Annual debt service requirements to maturity on revenue and refunding bonds for governmental activities at year end are summarized as follows.

Year ending June 30:	Governmental Activities	
	Principal	Interest
2015	\$ 479,440	\$ 367,991
2016	530,920	350,711
2017	539,960	330,665
2018	554,000	308,392
2019	581,390	283,392
2020-24	3,486,740	973,749
2025-28	2,486,600	199,465
Total	<u>\$ 8,659,050</u>	<u>\$ 2,814,364</u>

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2014	Due Within One Year
Business-type activities:					
Revenue Bonds, 2005	\$ 2,050,950	3.50-4.25%	7/1/14-25	\$ 1,420,650	\$ 95,700
Refunding Revenue Bonds, 2007	16,420,820	4.25-5.00%	7/1/14-26	14,890,300	119,860
Refunding Revenue Bonds, 2012	16,595,000	2.00-5.00%	7/1/14-28	16,315,000	1,360,000
Refunding Revenue Bonds, 2013	6,355,000	1.45%	7/1/14-19	6,355,000	1,420,000
Total				<u>\$ 38,980,950</u>	<u>\$ 2,995,560</u>

Annual debt service requirements to maturity revenue and refunding bonds for business-type activities at year end are summarized as follows.

Year ending June 30:	Business-type Activities	
	Principal	Interest
2015	\$ 2,995,560	\$ 1,400,141
2016	3,054,080	1,322,821
2017	3,155,040	1,236,878
2018	3,231,000	1,152,362
2019	3,323,610	1,047,297
2020-24	16,203,260	3,122,187
2025-29	7,018,400	631,658
Total	<u>\$ 38,980,950</u>	<u>\$ 9,913,345</u>

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 – BONDS PAYABLE (Concl'd)

Pledged revenues – governmental activities. The Town has pledged future sales (excise) tax revenues to repay outstanding revenue bonds and refunding revenue bonds of \$8.7 million as of June 30, 2014. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for land acquisition and facility construction. The bonds are paid solely from the Town’s sales taxes and are payable through 2028. Total annual principal and interest payments for all sales tax revenue bonds are expected to require less than 7% of gross revenues. The total principal and interest to be paid on the bonds is \$11.5 million. The current total sales tax revenues were \$14.3 million and the total principal and interest paid on the bonds was \$826,639, or 6% of gross revenues.

Pledged revenues – business-type activities. The Town has pledged future water revenues to repay outstanding revenue bonds and refunding revenue bonds of \$39.0 million as of June 30, 2014. Proceeds from the original bond issuances, including those subsequently refunded, provided financing for the construction and improvements to the Town’s water systems and infrastructure. The bonds are paid solely from water utility revenues and are payable through 2029. Total annual principal and interest payments for all water revenue bond issuances are expected to require approximately 25% of gross revenues. The total principal and interest to be paid on the bonds is \$48.9 million. The current total customer gross revenues were \$19.3 million and the total principal and interest paid on the bonds was \$3.8 million or 20% of gross revenues.

NOTE 9 – SPECIAL ASSESSMENT BONDS

Special assessment bonds at year end consisted of the following outstanding bonds. The bonds are both callable and noncallable with interest payable semiannually. Special assessments from the Oracle Road Debt Service Fund are used to pay bonded debt.

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Special assessments debt	\$3,945,000	4.30-5.00%	1/1/14-21	\$ 1,055,000	\$ 130,000
Total				<u>\$ 1,055,000</u>	<u>\$ 130,000</u>

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 9 – SPECIAL ASSESSMENT BONDS (Concl'd)

Annual debt service requirements to maturity on special assessment bonds at year end are summarized as follows.

Year ending June 30:	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 130,000	\$ 45,917
2016	135,000	40,152
2017	145,000	33,557
2018	150,000	26,520
2019	160,000	19,428
2020-21	335,000	15,948
Total	<u>\$ 1,055,000</u>	<u>\$ 181,522</u>

NOTE 10 – OBLIGATIONS UNDER CAPITAL LEASES

The governmental activities of the Town have acquired police motorcycles under the provisions of long-term lease agreements classified as capital leases. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Federal Seizures and Forfeitures Fund are used to pay the capital lease obligations.

	<u>Governmental Activities</u>
Asset:	
Vehicles	\$ 212,895
Less: Accumulated depreciation	4,435
Total	<u>\$ 208,460</u>

The future minimum lease obligations and the net present value of these minimum lease payments at year end were as follows.

Year Ending June 30:	<u>Governmental Activities</u>
2015	\$ 45,453
2016	45,453
2017	45,453
2018	45,453
Total minimum lease payments	<u>181,812</u>
Less: amount representing interest	<u>12,818</u>
Present value of minimum lease payments	<u>\$ 168,994</u>
Due within one year	<u>\$ 40,400</u>

TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 – OBLIGATIONS UNDER CAPITAL LEASES (Concl'd)

The business-type activities of the Town have acquired a street sweeper and vacuum excavator under the provisions of long-term lease agreements classified as capital leases. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the Stormwater Fund are used to pay the capital lease obligations.

The assets capitalized and acquired through capital leases are as follows.

	Business-type Activities
Asset:	
Machinery, equipment, and vehicles	\$ 280,819
Less: Accumulated depreciation	35,210
Total	\$ 245,609

As of June 30, 2014, the future minimum lease obligation was \$95,512, less the amount representing interest of \$1,919, resulting in a net present value of \$93,593 to be paid during the fiscal year ended June 30, 2015.

NOTE 11 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 9,103,050	\$	\$ 444,000	\$ 8,659,050	\$ 479,440
Bond premium	52,693		8,315	44,378	
Total bonds payable	9,155,743		452,315	8,703,428	479,440
Special assessments payable	2,435,000		1,380,000	1,055,000	130,000
Capital leases payable		212,895	43,901	168,994	40,400
Compensated absences payable	1,732,605	1,616,152	1,586,210	1,762,547	1,374,787
Governmental activity long-term liabilities	\$ 13,323,348	\$ 1,829,047	\$ 3,462,426	\$ 11,689,969	\$ 2,024,627

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 11 – CHANGES IN LONG-TERM LIABILITIES (Concl'd)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds payable	\$ 41,386,950	\$	\$ 2,406,000	38,980,950	\$ 2,995,560
Bond premium	1,962,171		131,878	1,830,293	
Total bonds payable	<u>43,349,121</u>		<u>2,537,878</u>	<u>40,811,243</u>	<u>2,995,560</u>
Loan payable	5,575,041	1,078,442	276,709	6,376,774	290,521
Capital lease payable	185,307		91,714	93,593	93,593
Compensated absences payable	<u>259,988</u>	<u>311,461</u>	<u>279,815</u>	<u>291,634</u>	<u>152,889</u>
Business-type activities long-term liabilities	<u>\$ 49,369,457</u>	<u>\$ 1,389,903</u>	<u>\$ 3,186,116</u>	<u>\$ 47,573,244</u>	<u>\$ 3,532,563</u>

NOTE 12 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund transfers:

<u>Transfers out</u>	<u>Transfers in</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
General Fund	\$	\$ 3,260,729	\$ 3,260,729
Non-Major Governmental Funds	185,000	666,245	851,245
Water Fund		3,178	3,178
Total	<u>\$185,000</u>	<u>\$ 3,930,152</u>	<u>\$ 4,115,152</u>

Transfers were made from the General, Bed Tax, Aquatic Center Project, and Water Funds to the Municipal Debt Service Fund for debt service. In addition, transfers were made from the General Fund and the Bed Tax Fund to the Townwide Facilities Projects Fund for Naranja Park improvements and from the General Fund to the General Government CIP Fund to fund capital projects for the upcoming fiscal year, 2014-15. Finally, transfers were made from the Bed Tax Fund to the General Fund to subsidize the increased operating costs of the new Oro Valley Aquatic Center as directed by the Town Council.

NOTE 13 – CONTINGENT LIABILITIES

Compliance – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures/expenses that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 14 – 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; injuries to employees; 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 limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$10,000,000 per occurrence on a follow form, claims made basis. The aggregate limit is also \$10,000,000. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

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

The Town is insured by Arizona Municipal Workers Compensation Pool for potential worker related accidents.

The Town has established a Self Insurance Fund to account for and finance its employee health benefits program. The activity is reported in an internal service fund in these financial statements. Under this program, the Fund provides coverage for up to a maximum of \$100,000 for each claim, not to exceed an annual aggregate of \$2,000,000. The Fund purchases commercial insurance for claims in excess of this coverage. Settled claims have not exceeded this coverage for the fiscal year.

The Town limits its exposure through specific and aggregate stop-loss coverage. All claims handling procedures are performed by a third-party claims administrator. Reported unpaid claims, as well as incurred but not reported claims, have been accrued as a liability based upon monthly claims lag summary reports. These claims are expected to be fully paid within one year of the financial statement date.

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
2013-14	\$ 87,134	\$ 1,592,726	\$ 1,584,305	\$ 95,555
2012-13	- 0 -	1,402,981	1,315,847	87,134

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions – The Town contributes to the three plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan; a cost-sharing multiple employer defined benefit health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) administers agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The *Corrections Officer Retirement Plan* (CORP) administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers certain employees of the State of Arizona’s Department of Corrections and Department of Juvenile Corrections, and county employees whose primary duties require direct inmate contact. The CORP is governed by The Fund Manager of PSPRS and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 6.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan. The reports are also available on their websites at www.azasrs.gov and www.psprs.com.

ASRS

P.O. Box 33910
Phoenix, AZ 85012-0250
(602) 240-2200 or (800) 621-3778

PSPRS/CORP

3010 E. Camelback Road Suite 200
Phoenix, AZ 85016
(602) 255-5575

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Funding policy – The Arizona State Legislature establishes and may amend active plan members’ and the Town’s contribution rates.

Cost-sharing plans – The Arizona State Legislature establishes and may amend active plan members’ and the Town’s contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.54 percent (11.30 percent for retirement and 0.24 percent for long-term disability) of the members’ annual covered payroll and the Town was required by statute to contribute at the actuarially determined rate of 11.54 percent (10.70 percent for retirement, 0.60 percent for health insurance premium, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

The Town’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Year ending June 30:			
2014	\$ 1,102,466	\$ 61,821	\$ 24,728
2013	1,089,376	69,082	25,507
2012	924,771	59,028	22,487

Agent plan – For the current fiscal year, active PSPRS and CORP members were required by statute to contribute 10.35 and 7.96 percent of the members’ annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 20.33 and 16.29 percent. The health insurance premium portion of the contribution rate was actuarially set at 1.14 percent of covered payroll for PSPRS and 0.91 percent for CORP.

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Actuarial methods and assumptions – The contribution requirements for the year ended June 30, 2014 were established by the June 30, 2012 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. The required schedule of funding programs which follows provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	<u>PSPRS</u>	<u>CORP</u>
Contribution rates:		
Town	20.33%	16.29%
Plan members	10.35%	7.96%
Actuarial valuation date	June 30, 2012	June 30, 2012
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.0% - 9.0%	5.0% - 8.25%
Payroll growth	5.0%	5.0%
Healthcare cost trend rate	N/A - flat rate subsidy	N/A - flat rate subsidy
Amortization method	Level percent-of-pay closed	Level percent-of-pay closed
Remaining amortization	24 years for underfunded , 20 years for overfunded	24 years for underfunded , 20 years for overfunded
Asset valuation method	7-year smoothed market	7-year smoothed market

Annual Pension/OPEB Cost – The Town's pension/OPEB cost for the agent plans for the current fiscal year end and related information follows.

	<u>PSPRS</u>		<u>CORP</u>	
	<u>Pension</u>	<u>Health Insurance</u>	<u>Pension</u>	<u>Health Insurance</u>
Annual pension/OPEB cost	\$ 1,224,229	\$ 72,727	\$ 63,179	\$ 3,738
Contributions made	1,224,229	72,727	63,179	3,738

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 15– PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

Trend Information – Information for each of the agent plans as of most recent actuarial valuations follows.

Oro Valley Police Plan (PSPRS):

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2014	\$1,224,229	100%	-0-
2013	1,031,650	100%	-0-
2012	914,787	100%	-0-
<i>Health Insurance</i>			
2014	\$ 72,727	100%	-0-
2013	79,540	100%	-0-
2012	40,410	100%	-0-

Oro Valley Dispatchers Plan (CORP):

Year Ended <u>June 30,</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
<i>Pension</i>			
2014	\$63,179	100%	-0-
2013	44,936	100%	-0-
2012	40,512	100%	-0-
<i>Health Insurance</i>			
2014	\$ 3,738	100%	-0-
2013	3,849	100%	-0-
2012	2,051	100%	-0-

**TOWN OF ORO VALLEY, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

Funding Progress – An analysis of funding progress for each of the agent plans as of the most recent actuarial valuations follows.

Oro Valley Police Plan (PSPRS):

Valuation Date <u>June 30,</u>	Actuarial Value of Plan Assets <u>(a)</u>	Actuarial Accrued Liability <u>(b)</u>	Funding Liability <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	Unfunded Liability as Percentage of Covered Payroll <u>([a-b]/c)</u>
<i>Pension</i>						
2013	\$23,173,423	\$30,759,243	\$(7,585,820)	75.3%	\$6,048,143	125.42%
2012	21,539,446	29,146,126	(7,606,680)	73.9%	5,994,297	126.90%
2011	19,281,518	25,262,364	(5,980,846)	76.3%	5,728,605	104.40%
<i>Health Insurance</i>						
2013	\$ -0-	\$ 896,558	\$ (896,558)	0.0%	\$6,048,143	14.82%
2012	-0-	870,374	(870,374)	0.0%	5,994,297	14.52%
2011	-0-	942,374	(942,374)	0.0%	5,728,605	16.45%

Oro Valley Dispatchers Plan (CORP):

Valuation Date <u>June 30,</u>	Actuarial Value of Plan Assets <u>(a)</u>	Actuarial Accrued Liability <u>(b)</u>	Funding Liability <u>(a-b)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	Unfunded Liability as Percentage of Covered Payroll <u>[a-b]/c)</u>
<i>Pension</i>						
2013	\$1,229,237	\$1,974,876	\$(745,639)	62.2%	\$ 405,564	183.85%
2012	1,173,314	1,904,329	(731,015)	61.6%	451,808	161.80%
2011	1,160,778	1,670,411	(509,633)	69.5%	477,701	106.68%
<i>Health Insurance</i>						
2013	\$ -0-	\$ 66,776	\$ (66,776)	0.0%	\$ 405,564	16.46%
2012	-0-	62,245	(62,245)	0.0%	451,808	13.78%
2011	-0-	61,474	(61,474)	0.0%	477,701	12.87%

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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
(REQUIRED SUPPLEMENTARY INFORMATION)**

TOWN OF ORO VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Sales taxes	\$ 12,623,382	\$ 13,044,990	\$ 421,608
Franchise taxes	500,000	571,731	71,731
Intergovernmental	11,775,357	11,544,290	(231,067)
Licenses, fees & permits	1,493,455	2,069,443	575,988
Fines, forfeitures & penalties	190,000	198,084	8,084
Charges for services	1,443,437	1,720,689	277,252
Investment earnings	62,275	197,753	135,478
Other	114,000	165,119	51,119
Total revenues	<u>28,201,906</u>	<u>29,512,099</u>	<u>1,310,193</u>
Expenditures:			
Current -			
General government	10,378,686	10,127,193	251,493
Public safety	14,223,297	13,393,183	830,114
Highway and streets	1,243,575	1,275,093	(31,518)
Culture and recreation	2,536,955	2,445,131	91,824
Capital outlay	765,000	798,852	(33,852)
Total expenditures	<u>29,147,513</u>	<u>28,039,452</u>	<u>1,108,061</u>
Excess (deficiency) of revenues over expenditures	<u>(945,607)</u>	<u>1,472,647</u>	<u>2,418,254</u>
Other financing sources (uses):			
Transfers in	185,000	185,000	
Transfers out	(162,729)	(3,260,729)	(3,098,000)
Total other financing sources (uses):	<u>22,271</u>	<u>(3,075,729)</u>	<u>(3,098,000)</u>
Changes in fund balances	<u>(923,336)</u>	<u>(1,603,082)</u>	<u>(679,746)</u>
Fund balances, beginning of year	923,336	13,137,105	12,213,769
Fund balances, end of year	<u>\$</u>	<u>\$ 11,534,023</u>	<u>\$ 11,534,023</u>

See accompanying notes to this schedule.

TOWN OF ORO VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HURF
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Original & Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Sales taxes	\$ 1,077,197	\$ 1,227,468	\$ 150,271
Intergovernmental	2,535,000	2,714,257	179,257
Licenses, fees & permits	48,000	47,257	(743)
Charges for services	129,493	129,492	(1)
Investment earnings	7,000	38,666	31,666
Other	10,000	20,345	10,345
Total revenues	<u>3,806,690</u>	<u>4,177,485</u>	<u>370,795</u>
Expenditures:			
Current -			
Highway and streets	6,573,318	2,435,484	4,137,834
Capital outlay		1,084,605	(1,084,605)
Total expenditures	<u>6,573,318</u>	<u>3,520,089</u>	<u>3,053,229</u>
Changes in fund balances	<u>(2,766,628)</u>	<u>657,396</u>	<u>3,424,024</u>
Fund balances, beginning of year	2,766,628	3,517,765	751,137
Fund balances, end of year	<u>\$</u>	<u>\$ 4,175,161</u>	<u>\$ 4,175,161</u>

See accompanying notes to this schedule.

TOWN OF ORO VALLEY, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The Town budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,367,443	\$ 586,968	\$ 4,949,601
Intergovernmental receivable			1,063,979
Special assessments		1,055,000	
Prepaid items	4,054		
Total assets	\$ 1,371,497	\$ 1,641,968	\$ 6,013,580
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 62,427	\$ 52,759	\$ 633,376
Total liabilities	62,427	52,759	633,376
Deferred inflows of resources:			
Unavailable revenues - special assessments		1,055,000	
Fund balances:			
Restricted	883,971	534,209	3,136,958
Committed	425,099		743,246
Assigned			1,500,000
Total fund balances	1,309,070	534,209	5,380,204
Total liabilities, deferred inflows of resources and fund balances	\$ 1,371,497	\$ 1,641,968	\$ 6,013,580

Total Non-Major
Governmental
Fund

\$	6,904,012
	1,063,979
	1,055,000
	4,054
\$	<u>9,027,045</u>

\$	<u>748,562</u>
	<u>748,562</u>

	<u>1,055,000</u>
--	------------------

	4,555,138
	1,168,345
	<u>1,500,000</u>
	<u>7,223,483</u>

\$	<u>9,027,045</u>
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TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2014

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Sales taxes	\$ 1,013,543	\$	\$
Development impact fees			569,338
Special assessments		1,462,307	
Intergovernmental		68,988	2,405,096
Fines, forfeitures & penalties	475,252		
Investment earnings	14,647	40	4,596
Other	5,000	92,375	22,650
Total revenues	<u>1,508,442</u>	<u>1,623,710</u>	<u>3,001,680</u>
Expenditures:			
Current -			
General government	483,480		
Public safety	146,139		
Capital outlay	610,069		3,001,659
Debt service -			
Principal retirement	43,901	1,824,000	
Interest and fiscal charges	1,552	470,716	
Total expenditures	<u>1,285,141</u>	<u>2,294,716</u>	<u>3,001,659</u>
Excess (deficiency) of revenues over expenditures	<u>223,301</u>	<u>(671,006)</u>	<u>21</u>
Other financing sources (uses):			
Capital lease agreements	212,895		
Transfers in		430,152	3,500,000
Transfers out	(790,669)		(60,576)
Total other financing sources (uses):	<u>(577,774)</u>	<u>430,152</u>	<u>3,439,424</u>
Changes in fund balances	<u>(354,473)</u>	<u>(240,854)</u>	<u>3,439,445</u>
Fund balances, beginning of year	1,663,543	775,063	1,940,759
Fund balances, end of year	<u>\$ 1,309,070</u>	<u>\$ 534,209</u>	<u>\$ 5,380,204</u>

Total Non-
Major
Governmental
Funds

\$ 1,013,543
569,338
1,462,307
2,474,084
475,252
19,283
120,025
6,133,832

483,480
146,139
3,611,728

1,867,901
472,268
6,581,516

(447,684)

212,895
3,930,152
(851,245)

3,291,802

2,844,118

4,379,365

\$ 7,223,483

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SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

State Seizures and Forfeitures – accounts for state police seizures and forfeitures received by the Town.

Federal Seizures and Forfeitures – accounts for federal police seizures and forfeitures received by the Town.

Bed Tax – accounts for the collection of the 6 percent bed tax revenues which funds economic development and tourism initiatives.

Impound Fee – accounts for the collection of administrative fees for processing vehicles impounded by the Oro Valley police department.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Bed Tax</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 532,733	\$ 349,724	\$ 477,631
Prepaid items			4,054
Total assets	<u>\$ 532,733</u>	<u>\$ 349,724</u>	<u>\$ 481,685</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 5,832	\$	\$ 56,586
Total liabilities	<u>5,832</u>	<u></u>	<u>56,586</u>
Fund balances:			
Restricted	526,901	349,724	
Committed			425,099
Total fund balances	<u>526,901</u>	<u>349,724</u>	<u>425,099</u>
 Total liabilities and fund balances	 <u>\$ 532,733</u>	 <u>\$ 349,724</u>	 <u>\$ 481,685</u>

<u>Impound Fee</u>	<u>Totals</u>
\$ 7,355	\$ 1,367,443
	4,054
<u>\$ 7,355</u>	<u>\$ 1,371,497</u>

<u>\$ 9</u>	<u>\$ 62,427</u>
9	62,427

7,346	883,971
	425,099
<u>7,346</u>	<u>1,309,070</u>
<u>\$ 7,355</u>	<u>\$ 1,371,497</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	<u>State Seizures and Forfeitures</u>	<u>Federal Seizures and Forfeitures</u>	<u>Bed Tax</u>
Revenues:			
Sales taxes	\$	\$	\$ 1,013,543
Fines, forfeitures & penalties	129,362	314,090	
Investment earnings	3,352	4,097	7,198
Other			5,000
Total revenues	<u>132,714</u>	<u>318,187</u>	<u>1,025,741</u>
Expenditures:			
Current -			
General government			459,026
Public safety	63,023	83,116	
Capital outlay	37,627	572,442	
Debt service -			
Principal retirement		43,901	
Interest and fiscal charges		1,552	
Total expenditures	<u>100,650</u>	<u>701,011</u>	<u>459,026</u>
Excess (deficiency) of revenues over expenditures	<u>32,064</u>	<u>(382,824)</u>	<u>566,715</u>
Other financing sources (uses):			
Capital lease agreements		212,895	
Transfers out			(790,669)
Total other financing sources (uses):		<u>212,895</u>	<u>(790,669)</u>
Changes in fund balances	<u>32,064</u>	<u>(169,929)</u>	<u>(223,954)</u>
Fund balances, beginning of year	494,837	519,653	649,053
Fund balances, end of year	<u>\$ 526,901</u>	<u>\$ 349,724</u>	<u>\$ 425,099</u>

<u>Impound Fee</u>	<u>Totals</u>
\$ 31,800	\$ 1,013,543
	475,252
	14,647
	5,000
<u>31,800</u>	<u>1,508,442</u>
24,454	483,480
	146,139
	610,069
	43,901
	1,552
<u>24,454</u>	<u>1,285,141</u>
<u>7,346</u>	<u>223,301</u>
	212,895
	(790,669)
	<u>(577,774)</u>
<u>7,346</u>	<u>(354,473)</u>
	1,663,543
<u>\$ 7,346</u>	<u>\$ 1,309,070</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	State Seizures and Forfeitures		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Sales taxes	\$	\$	\$
Fines, forfeitures & penalties	175,000	129,362	(45,638)
Investment earnings		3,352	3,352
Other			
Total revenues	<u>175,000</u>	<u>132,714</u>	<u>(42,286)</u>
Expenditures:			
Current -			
General government			
Public safety	525,354	63,023	462,331
Capital outlay		37,627	(37,627)
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>525,354</u>	<u>100,650</u>	<u>424,704</u>
Excess (deficiency) of revenues over expenditures	<u>(350,354)</u>	<u>32,064</u>	<u>382,418</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	<u>(350,354)</u>	<u>32,064</u>	<u>382,418</u>
Fund balances, beginning of year	350,354	494,837	144,483
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>
	<u>526,901</u>	<u>526,901</u>	<u>526,901</u>

Federal Seizures and Forfeitures			Bed Tax		
Budget	Non-GAAP Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 250,000	\$ 314,090	\$ 64,090	\$ 789,000	\$ 1,013,543	\$ 224,543
	4,097	4,097	3,975	7,198	3,223
				5,000	5,000
<u>250,000</u>	<u>318,187</u>	<u>68,187</u>	<u>792,975</u>	<u>1,025,741</u>	<u>232,766</u>
508,867	83,116	425,751	997,807	459,026	538,781
	359,547	(359,547)			
	43,901	(43,901)			
	1,552	(1,552)			
<u>508,867</u>	<u>488,116</u>	<u>20,751</u>	<u>997,807</u>	<u>459,026</u>	<u>538,781</u>
<u>(258,867)</u>	<u>(169,929)</u>	<u>88,938</u>	<u>(204,832)</u>	<u>566,715</u>	<u>771,547</u>
			(390,669)	(790,669)	(400,000)
			<u>(390,669)</u>	<u>(790,669)</u>	<u>(400,000)</u>
<u>(258,867)</u>	<u>(169,929)</u>	<u>88,938</u>	<u>(595,501)</u>	<u>(223,954)</u>	<u>371,547</u>
258,867	519,653	260,786	595,501	649,053	53,552
<u>\$</u>	<u>\$ 349,724</u>	<u>\$ 349,724</u>	<u>\$</u>	<u>\$ 425,099</u>	<u>\$ 425,099</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2014

	Impound Fee		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Sales taxes	\$	\$	\$
Fines, forfeitures & penalties	47,500	31,800	(15,700)
Investment earnings			
Other			
Total revenues	<u>47,500</u>	<u>31,800</u>	<u>(15,700)</u>
Expenditures:			
Current -			
General government	47,500	24,454	23,046
Public safety			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>47,500</u>	<u>24,454</u>	<u>23,046</u>
Excess (deficiency) of revenues over expenditures		<u>7,346</u>	<u>7,346</u>
Other financing sources (uses):			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances		<u>7,346</u>	<u>7,346</u>
Fund balances, beginning of year			
Fund balances, end of year	<u>\$</u>	<u>\$ 7,346</u>	<u>\$ 7,346</u>

Totals		
Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 789,000	\$ 1,013,543	\$ 224,543
472,500	475,252	2,752
3,975	14,647	10,672
	5,000	5,000
<u>1,265,475</u>	<u>1,508,442</u>	<u>242,967</u>
1,045,307	483,480	561,827
1,034,221	146,139	888,082
	397,174	(397,174)
	43,901	(43,901)
	1,552	(1,552)
<u>2,079,528</u>	<u>1,072,246</u>	<u>1,007,282</u>
<u>(814,053)</u>	<u>436,196</u>	<u>1,250,249</u>
<u>(390,669)</u>	<u>(790,669)</u>	<u>(400,000)</u>
<u>(390,669)</u>	<u>(790,669)</u>	<u>(400,000)</u>
<u>(1,204,722)</u>	<u>(354,473)</u>	<u>850,249</u>
1,204,722	1,663,543	458,821
<u>\$</u>	<u>\$ 1,309,070</u>	<u>\$ 1,309,070</u>

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MUNICIPAL DEBT SERVICE FUNDS

Municipal Debt Service - to account for the payments of debt service on the Series 2005 Excise Tax Revenue Obligations, the Series 2007 MPC Excise Tax Revenue Refunding Bonds, the Series 2010 Excise Tax Revenue Clean Renewable Energy Bonds (CREBs), and the Series 2012 Excise Tax Revenue Obligations.

Oracle Road Debt Service – to account for the special assessment collections and payment of the outstanding Oracle Road bond issue.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2014

	Municipal Debt Service	Oracle Road Debt Service	Totals
<u>ASSETS</u>			
Cash and cash equivalents	\$ 534,928	\$ 52,040	\$ 586,968
Special assessments		1,055,000	1,055,000
Total assets	\$ 534,928	\$ 1,107,040	\$ 1,641,968
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,000	\$ 51,759	\$ 52,759
Total liabilities	1,000	51,759	52,759
Deferred inflows of resources:			
Unavailable revenues - special assessments		1,055,000	1,055,000
Fund balances:			
Restricted	533,928	281	534,209
Total fund balances	533,928	281	534,209
 Total liabilities, deferred inflows of resources and fund balances	 \$ 534,928	 \$ 1,107,040	 \$ 1,641,968

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Municipal Debt Service	Oracle Road Debt Service	Totals
Revenues:			
Special assessments	\$	\$ 1,462,307	\$ 1,462,307
Intergovernmental	68,988		68,988
Investment earnings	40		40
Other	92,375		92,375
Total revenues	<u>161,403</u>	<u>1,462,307</u>	<u>1,623,710</u>
Expenditures:			
Debt service -			
Principal retirement	444,000	1,380,000	1,824,000
Interest and fiscal charges	388,541	82,175	470,716
Total expenditures	<u>832,541</u>	<u>1,462,175</u>	<u>2,294,716</u>
Excess (deficiency) of revenues over expenditures	<u>(671,138)</u>	<u>132</u>	<u>(671,006)</u>
Other financing sources (uses):			
Transfers in	430,152		430,152
Total other financing sources (uses):	<u>430,152</u>		<u>430,152</u>
Changes in fund balances	<u>(240,986)</u>	<u>132</u>	<u>(240,854)</u>
Fund balances, beginning of year	774,914	149	775,063
Fund balances, end of year	<u>\$ 533,928</u>	<u>\$ 281</u>	<u>\$ 534,209</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2014

	Municipal Debt Service		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Special assessments	\$	\$	\$
Intergovernmental	70,677	68,988	(1,689)
Investment earnings		40	40
Other	83,000	92,375	9,375
Total revenues	<u>153,677</u>	<u>161,403</u>	<u>7,726</u>
Expenditures:			
Debt service -			
Principal retirement	444,000	444,000	
Interest and fiscal charges	929,416	388,541	540,875
Total expenditures	<u>1,373,416</u>	<u>832,541</u>	<u>540,875</u>
Excess (deficiency) of revenues over expenditures	<u>(1,219,739)</u>	<u>(671,138)</u>	<u>548,601</u>
Other financing sources (uses):			
Transfers in	369,576	430,152	60,576
Total other financing sources (uses):	<u>369,576</u>	<u>430,152</u>	<u>60,576</u>
Changes in fund balances	<u>(850,163)</u>	<u>(240,986)</u>	<u>609,177</u>
Fund balances, beginning of year	850,163	774,914	(75,249)
Fund balances, end of year	<u>\$</u> <u>533,928</u>	<u>\$</u> <u>533,928</u>	<u>\$</u> <u>533,928</u>

Oracle Road Debt Service			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 365,868	\$ 1,462,307	\$ 1,096,439	\$ 365,868	\$ 1,462,307	\$ 1,096,439
			70,677	68,988	(1,689)
				40	40
			83,000	92,375	9,375
<u>365,868</u>	<u>1,462,307</u>	<u>1,096,439</u>	<u>519,545</u>	<u>1,623,710</u>	<u>1,104,165</u>
368,740	1,380,000	(1,011,260)	812,740	1,824,000	(1,011,260)
	82,175	(82,175)	929,416	470,716	458,700
<u>368,740</u>	<u>1,462,175</u>	<u>(1,093,435)</u>	<u>1,742,156</u>	<u>2,294,716</u>	<u>(552,560)</u>
<u>(2,872)</u>	<u>132</u>	<u>3,004</u>	<u>(1,222,611)</u>	<u>(671,006)</u>	<u>551,605</u>
2,000		(2,000)	371,576	430,152	58,576
<u>2,000</u>		<u>(2,000)</u>	<u>371,576</u>	<u>430,152</u>	<u>58,576</u>
<u>(872)</u>	<u>132</u>	<u>1,004</u>	<u>(851,035)</u>	<u>(240,854)</u>	<u>610,181</u>
872	149	(723)	851,035	775,063	(75,972)
<u>\$</u>	<u>\$ 281</u>	<u>\$ 281</u>	<u>\$</u>	<u>\$ 534,209</u>	<u>\$ 534,209</u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for the purchase or construction of major capital facilities which are not financed by the general, enterprise, or special revenue funds.

Townwide Roadway Development Impact Fees – to account for the collection and capital expenditures of the Townwide Roadway Development Impact Fees.

General Impact Fees – accounts for the collection of development impact fees charged for new residential and nonresidential growth to be used for future general government facilities, vehicles, equipment, and other necessary general government infrastructure needed as a result of new growth.

Townwide Facilities Projects – accounts for revenues dedicated to constructing solar facilities, improvements to Town parks, and historic properties.

Aquatic Center Project – accounts for construction of expanded Aquatic Center at James D. Krieh Park.

General Government CIP – to account for governmental capital asset projects.

TOWN OF ORO VALLEY, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2014

	Townwide Roadway Development Impact Fees	General Impact Fees	Townwide Facilities Projects
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,737,768	\$ 345,792	\$ 1,366,041
Intergovernmental receivable	1,063,979		
Total assets	\$ 2,801,747	\$ 345,792	\$ 1,366,041
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 10,581	\$	\$ 622,795
Total liabilities	10,581	\$	622,795
Fund balances:			
Restricted	2,791,166	345,792	
Committed			743,246
Assigned			
Total fund balances	2,791,166	345,792	743,246
 Total liabilities and fund balances	 \$ 2,801,747	 \$ 345,792	 \$ 1,366,041

<u>General Government CIP</u>	<u>Totals</u>
\$ 1,500,000	\$ 4,949,601
	1,063,979
<u>\$ 1,500,000</u>	<u>\$ 6,013,580</u>

<u>\$</u>	<u>\$ 633,376</u>
	633,376

	3,136,958
	743,246
<u>1,500,000</u>	<u>1,500,000</u>
<u>1,500,000</u>	<u>5,380,204</u>
<u>\$ 1,500,000</u>	<u>\$ 6,013,580</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Townwide Roadway Development Impact Fees	General Impact Fees	Townwide Facilities Projects
Revenues:			
Development impact fees	\$ 326,322	\$ 243,016	\$
Intergovernmental	2,405,096		
Investment earnings	3,382	1,039	175
Other	22,650		
Total revenues	2,757,450	244,055	175
Expenditures:			
Current -			
Capital outlay	1,427,721	295,937	1,271,939
Total expenditures	1,427,721	295,937	1,271,939
Excess (deficiency) of revenues over expenditures	1,329,729	(51,882)	(1,271,764)
Other financing sources (uses):			
Transfers in			2,000,000
Transfers out			
Total other financing sources (uses):			2,000,000
Changes in fund balances	1,329,729	(51,882)	728,236
Fund balances, beginning of year	1,461,437	397,674	15,010
Fund balances, end of year	\$ 2,791,166	\$ 345,792	\$ 743,246

Aquatic Center Project	General Government CIP	Totals
\$	\$	\$ 569,338
		2,405,096
		4,596
		22,650
		<u>3,001,680</u>
<u>6,062</u>		<u>3,001,659</u>
<u>6,062</u>		<u>3,001,659</u>
<u>(6,062)</u>		<u>21</u>
	1,500,000	3,500,000
<u>(60,576)</u>		<u>(60,576)</u>
<u>(60,576)</u>	<u>1,500,000</u>	<u>3,439,424</u>
<u>(66,638)</u>	<u>1,500,000</u>	<u>3,439,445</u>
66,638		1,940,759
<u>\$</u>	<u>\$ 1,500,000</u>	<u>\$ 5,380,204</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Townwide Roadway Development Impact Fees		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Development impact fees	\$ 791,375	\$ 326,322	\$ (465,053)
Intergovernmental	3,650,000	2,405,096	(1,244,904)
Contributions and donations			
Investment earnings	1,500	3,382	1,882
Other	18,000	22,650	4,650
Total revenues	4,460,875	2,757,450	(1,703,425)
Expenditures:			
Current -			
Capital outlay	5,689,538	1,427,721	4,261,817
Total expenditures	5,689,538	1,427,721	4,261,817
Excess (deficiency) of revenues over expenditures	(1,228,663)	1,329,729	2,558,392
Other financing sources (uses):			
Transfers in			
Transfers out			
Total other financing sources (uses):			
Changes in fund balances	(1,228,663)	1,329,729	2,558,392
Fund balances, beginning of year	1,228,663	1,461,437	232,774
Fund balances, end of year	\$ 2,791,166	\$ 2,791,166	\$ 2,791,166

General Impact Fees			Townwide Facilities Projects		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 308,689	\$ 243,016	\$ (65,673)	\$	\$	\$
	1,039	1,039		175	175
<u>308,689</u>	<u>244,055</u>	<u>(64,634)</u>	<u></u>	<u>175</u>	<u>175</u>
638,349	295,937	342,412	25,174	1,271,939	(1,246,765)
<u>638,349</u>	<u>295,937</u>	<u>342,412</u>	<u>25,174</u>	<u>1,271,939</u>	<u>(1,246,765)</u>
(329,660)	(51,882)	277,778	(25,174)	(1,271,764)	(1,246,590)
				2,000,000	2,000,000
				<u>2,000,000</u>	<u>2,000,000</u>
(329,660)	(51,882)	277,778	(25,174)	728,236	753,410
329,660	397,674	68,014	25,174	15,010	(10,164)
<u>\$</u>	<u>\$ 345,792</u>	<u>\$ 345,792</u>	<u>\$</u>	<u>\$ 743,246</u>	<u>\$ 743,246</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NON-MAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2014

	Aquatic Center Project		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Development impact fees	\$	\$	\$
Intergovernmental			
Contributions and donations	30,000		(30,000)
Investment earnings			
Other			
Total revenues	<u>30,000</u>	<u></u>	<u>(30,000)</u>
Expenditures:			
Current -			
Capital outlay	42,114	6,062	36,052
Total expenditures	<u>42,114</u>	<u>6,062</u>	<u>36,052</u>
Excess (deficiency) of revenues over expenditures	<u>(12,114)</u>	<u>(6,062)</u>	<u>6,052</u>
Other financing sources (uses):			
Transfers in			
Transfers out		(60,576)	(60,576)
Total other financing sources (uses):		<u>(60,576)</u>	<u>(60,576)</u>
Changes in fund balances	<u>(12,114)</u>	<u>(66,638)</u>	<u>(54,524)</u>
Fund balances, beginning of year	12,114	66,638	54,524
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

General Government CIP			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 1,100,064	\$ 569,338	\$ (530,726)
			3,650,000	2,405,096	(1,244,904)
			30,000		(30,000)
			1,500	4,596	3,096
			18,000	22,650	4,650
			4,799,564	3,001,680	(1,797,884)
			6,395,175	3,001,659	3,393,516
			6,395,175	3,001,659	3,393,516
			(1,595,611)	21	1,595,632
	1,500,000	1,500,000		3,500,000	3,500,000
				(60,576)	(60,576)
	1,500,000	1,500,000		3,439,424	3,439,424
	1,500,000	1,500,000	(1,595,611)	3,439,445	5,035,056
			1,595,611	1,940,759	345,148
\$	\$ 1,500,000	\$ 1,500,000	\$	\$ 5,380,204	\$ 5,380,204

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INTERNAL SERVICE FUNDS

Self Insurance - to account for the financial activity associated with the Town's self-insurance program for employee health care.

Fleet Maintenance - to account for the Town's fleet maintenance services.

**TOWN OF ORO VALLEY, ARIZONA
 COMBINING STATEMENT OF NET POSITION -
 ALL INTERNAL SERVICE FUNDS
 JUNE 30, 2014**

	<u>Fleet Maintenance</u>	<u>Self Insurance</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 182,554	\$ 693,942	\$ 876,496
Total current assets	<u>182,554</u>	<u>693,942</u>	<u>876,496</u>
Total assets	<u>182,554</u>	<u>693,942</u>	<u>876,496</u>
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	97,606	13,878	111,484
Claims payable		<u>95,555</u>	<u>95,555</u>
Total current liabilities	<u>97,606</u>	<u>109,433</u>	<u>207,039</u>
Total liabilities	<u>97,606</u>	<u>109,433</u>	<u>207,039</u>
 <u>NET POSITION</u>			
Unrestricted	<u>84,948</u>	<u>584,509</u>	<u>669,457</u>
Total net position	<u>\$ 84,948</u>	<u>\$ 584,509</u>	<u>\$ 669,457</u>

TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Fleet Maintenance	Self Insurance	Totals
Operating revenues:			
Charges for services	\$ 1,268,842	\$	\$ 1,268,842
Other	61,000	20,000	81,000
Self insurance premiums		2,193,293	2,193,293
Total operating revenues	<u>1,329,842</u>	<u>2,213,293</u>	<u>3,543,135</u>
Operating expenses:			
Costs of sales and services	1,244,894	35,427	1,280,321
Claims payments		1,679,860	1,679,860
Administrative fees		57,000	57,000
Reinsurance premiums		423,899	423,899
Total operating expenses	<u>1,244,894</u>	<u>2,196,186</u>	<u>3,441,080</u>
Operating income (loss)	<u>84,948</u>	<u>17,107</u>	<u>102,055</u>
Changes in net position	<u>84,948</u>	<u>17,107</u>	<u>102,055</u>
Total net position, beginning of year		567,402	567,402
Total net position, end of year	<u>\$ 84,948</u>	<u>\$ 584,509</u>	<u>\$ 669,457</u>

**TOWN OF ORO VALLEY, ARIZONA
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Fleet Maintenance	Self Insurance	Total
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
Cash flows from operating activities:			
Cash received from customers	\$ 1,329,842	\$ 20,000	\$ 1,349,842
Cash received from premiums		2,193,293	2,193,293
Cash payments to suppliers for goods and services	(1,103,796)	(516,698)	(1,620,494)
Cash payments to employees for services	(75,786)		(75,786)
Cash payments for claims		(1,671,439)	(1,671,439)
	150,260	25,156	175,416
Net cash provided by operating activities	150,260	25,156	175,416
Net increase in cash and cash equivalents	150,260	25,156	175,416
Cash and cash equivalents, beginning of year	32,294	668,786	701,080
Cash and cash equivalents, end of year	\$ 182,554	\$ 693,942	\$ 876,496
 <u>Reconciliation of Operating Income to</u>			
<u>Net Cash Provided by Operating Activities</u>			
Operating income	\$ 84,948	\$ 17,107	\$ 102,055
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Change in assets and liabilities:			
Increase (decrease) in accounts payable	65,312	(372)	64,940
Increase in claims payable		8,421	8,421
	65,312	8,049	73,361
Total adjustments	65,312	8,049	73,361
Net cash provided by operating activities	\$ 150,260	\$ 25,156	\$ 175,416

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the Town's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate property revenue.

Debt Capacity

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Town's financial activities take place and to help make comparisons with other municipalities.

Operating Information

These schedules contain information about the Town's operations and various resources to help the reader draw conclusions as to how the Town's financial information relates to the services provided by the Town.

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TOWN OF ORO VALLEY, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 92,541,223	\$ 107,413,486	\$ 106,644,847	\$ 115,177,344	\$ 120,515,962	\$ 127,712,057	\$ 132,956,156	\$ 135,336,862	\$ 134,512,094	\$ 133,714,821
Restricted	15,360,660	8,919,398	8,326,731	14,072,781	7,537,331	9,580,610	9,048,505	11,454,390	3,730,312	4,555,138
Unrestricted	15,394,707	15,063,081	23,571,109	26,698,611	26,135,593	15,979,093	10,588,160	10,808,596	18,901,112	18,430,146
Total governmental activities net position	<u>\$ 123,296,590</u>	<u>\$ 131,395,965</u>	<u>\$ 138,542,687</u>	<u>\$ 155,948,736</u>	<u>\$ 154,188,886</u>	<u>\$ 153,271,760</u>	<u>\$ 152,592,821</u>	<u>\$ 157,599,848</u>	<u>\$ 157,143,518</u>	<u>\$ 156,700,105</u>
Business-type activities										
Net investment in capital assets	\$ 546,602	\$ 7,240,791	\$ 15,534,043	\$ 21,274,023	\$ 28,212,750	\$ 31,383,715	\$ 40,005,568	\$ 45,669,488	\$ 48,802,267	\$ 52,775,561
Restricted	2,310,980	2,331,001								
Unrestricted	24,499,050	22,958,536	23,252,747	24,651,948	24,393,984	24,404,427	20,371,225	19,067,780	19,501,676	21,541,202
Total business-type activities net position	<u>\$ 27,356,632</u>	<u>\$ 32,530,328</u>	<u>\$ 38,786,790</u>	<u>\$ 45,925,971</u>	<u>\$ 52,606,734</u>	<u>\$ 55,788,142</u>	<u>\$ 60,376,793</u>	<u>\$ 64,737,268</u>	<u>\$ 68,303,943</u>	<u>\$ 74,316,763</u>
Primary government										
Net investment in capital assets	\$ 93,087,825	\$ 114,654,277	\$ 122,178,890	\$ 136,451,367	\$ 148,728,712	\$ 159,095,772	\$ 172,961,724	\$ 181,006,350	\$ 183,314,361	\$ 186,490,382
Restricted	17,671,640	11,250,399	8,326,731	14,072,781	7,537,331	9,580,610	9,048,505	11,454,390	3,730,312	4,555,138
Unrestricted	39,893,757	38,021,617	46,823,856	51,350,559	50,529,577	40,383,520	30,959,385	29,876,376	38,402,788	39,971,348
Total primary government net position	<u>\$ 150,653,222</u>	<u>\$ 163,926,293</u>	<u>\$ 177,329,477</u>	<u>\$ 201,874,707</u>	<u>\$ 206,795,620</u>	<u>\$ 209,059,902</u>	<u>\$ 212,969,614</u>	<u>\$ 222,337,116</u>	<u>\$ 225,447,461</u>	<u>\$ 231,016,868</u>

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 5,997,864	\$ 7,162,732	\$ 7,529,245	\$ 9,080,766	\$ 9,936,639	\$ 9,950,053	\$ 9,887,523	\$ 9,961,376	\$ 9,861,131	\$ 10,990,007
Public Safety	10,309,453	11,155,542	12,352,671	14,347,250	15,019,980	13,730,593	12,509,201	12,349,948	12,770,224	13,814,914
Highways and streets	4,789,234	5,732,026	7,757,276	7,292,972	9,481,040	9,353,689	8,895,987	9,339,062	9,255,004	10,029,203
Culture and recreation	2,631,306	3,014,341	3,375,314	3,644,973	3,806,555	3,527,949	3,375,281	3,227,895	2,783,633	3,399,623
Interest on long-term debt	653,331	805,123	996,336	987,074	954,645	1,767,155	430,570	654,262	522,917	656,260
Total governmental activities/expenses	<u>24,381,188</u>	<u>27,869,764</u>	<u>32,010,842</u>	<u>35,353,035</u>	<u>39,198,859</u>	<u>38,329,439</u>	<u>35,098,562</u>	<u>35,532,543</u>	<u>35,192,909</u>	<u>38,890,007</u>
Business-type activities:										
Water	9,642,592	10,438,869	11,446,958	12,676,275	13,495,124	12,830,137	12,527,851	11,984,829	13,047,373	13,572,677
Stormwater drainage	271,469	111,695	74,235	177,673	494,166	486,994	586,006	636,966	983,975	749,038
Total business-type activities expenses	<u>9,914,061</u>	<u>10,550,564</u>	<u>11,521,193</u>	<u>12,853,948</u>	<u>13,989,290</u>	<u>13,317,131</u>	<u>13,113,857</u>	<u>12,621,795</u>	<u>14,031,348</u>	<u>14,321,715</u>
Total primary government expenses	<u>\$ 34,295,249</u>	<u>\$ 38,420,328</u>	<u>\$ 43,532,035</u>	<u>\$ 48,206,983</u>	<u>\$ 53,188,149</u>	<u>\$ 51,646,570</u>	<u>\$ 48,212,419</u>	<u>\$ 48,154,338</u>	<u>\$ 49,224,257</u>	<u>\$ 53,211,722</u>
Program Revenues										
Governmental activities:										
Fees, Fines and Charges for Services:										
General government	\$ 3,784,049	\$ 4,013,368	\$ 3,291,983	\$ 3,830,060	\$ 2,835,884	\$ 2,261,815	\$ 2,455,182	\$ 3,079,526	\$ 3,740,046	\$ 4,049,195
Public Safety			229,546	69,256	83,279	28,785	33,976	33,109	45,346	35,976
Highways and streets	396,602	183,842	122,124	211,088	119,847	137,436	400,977	329,420	1,052,581	546,066
Culture and recreation			121,358	73,149	110,857	119,273	126,290	82,832	169,965	435,354
Operating grants and contributions	4,216,642	4,558,864	4,893,869	5,619,003	5,392,667	4,728,050	4,887,283	5,247,844	5,318,097	4,706,844
Capital grants and contributions	13,834,121	3,994,640	8,321,691	10,264,829	1,781,571	6,514,602	8,980,239	7,107,063	2,920,335	2,919,641
Total governmental activities program revenues	<u>22,231,414</u>	<u>12,750,714</u>	<u>16,980,571</u>	<u>20,067,385</u>	<u>10,324,105</u>	<u>13,789,961</u>	<u>16,883,947</u>	<u>15,879,794</u>	<u>13,246,370</u>	<u>12,693,076</u>
Business-type activities:										
Charges for services:										
Water	11,951,413	14,038,391	13,617,336	16,803,950	16,098,086	15,136,784	15,119,065	15,817,345	16,732,600	19,286,794
Stormwater Utility	14,710	21,401	125	357,602	746,655	927,238	888,391	752,212	813,400	759,428
Capital grants and contributions	2,934,747	628,501	3,066,170	3,567,083	3,697,229	362,273	1,655,307	245,607	48,871	179,675
Total business-type activities program revenues	<u>14,900,870</u>	<u>14,688,293</u>	<u>16,683,631</u>	<u>20,728,635</u>	<u>20,541,970</u>	<u>16,426,295</u>	<u>17,662,763</u>	<u>16,815,164</u>	<u>17,594,871</u>	<u>20,225,897</u>
Total primary government program revenues	<u>\$ 37,132,284</u>	<u>\$ 27,439,007</u>	<u>\$ 33,664,202</u>	<u>\$ 40,796,020</u>	<u>\$ 30,866,075</u>	<u>\$ 30,216,256</u>	<u>\$ 34,546,710</u>	<u>\$ 32,694,958</u>	<u>\$ 30,841,241</u>	<u>\$ 32,918,973</u>

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenues										
Governmental activities	\$ (2,149,774)	\$ (15,119,050)	\$ (15,030,271)	\$ (15,285,650)	\$ (28,874,754)	\$ (24,539,478)	\$ (18,214,615)	\$ (19,652,749)	\$ (21,946,539)	\$ (26,196,931)
Business-type activities	4,986,809	4,137,729	5,162,438	7,874,687	6,552,680	3,109,164	4,548,906	4,193,369	3,563,523	5,904,182
Total primary government net expenses	<u>\$ 2,837,035</u>	<u>\$ (10,981,321)</u>	<u>\$ (9,867,833)</u>	<u>\$ (7,410,963)</u>	<u>\$ (22,322,074)</u>	<u>\$ (21,430,314)</u>	<u>\$ (13,665,709)</u>	<u>\$ (15,459,380)</u>	<u>\$ (18,383,016)</u>	<u>\$ (20,292,749)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Sales taxes	\$ 9,536,791	\$ 12,455,609	\$ 16,873,630	\$ 17,168,998	\$ 15,376,408	\$ 12,970,865	\$ 11,572,148	\$ 12,799,678	\$ 14,241,065	\$ 15,286,001
Franchise taxes	402,482	435,428	478,175	516,652	506,685	509,285	514,814	525,427	539,477	571,731
Impact fees*	1,547,819	1,098,977	1,038,217	910,741	441,020	584,113				
Unrestricted state revenue sharing	2,935,615	3,343,471	4,473,305	5,544,763	5,886,132	5,086,953	4,520,935	3,461,359	9,048,365	9,636,906
Unrestricted state sales tax revenue sharing	2,958,376	3,432,007	3,744,864	3,621,016	3,134,789	2,891,386	2,569,666	3,204,612		
Unrestricted auto lieu tax revenue sharing	1,395,094	1,541,560	1,726,149	1,738,875	1,655,875	1,484,125	1,318,989	1,479,094		
Special assessments	5,433,301									
Investment earnings (loss)	557,238	991,151	1,471,641	1,590,654	113,995	95,625	39,124	189,606	265,787	255,702
Special item - Capital asset conveyance									(2,606,804)	
Transfers	(91,194)	(79,778)	69,813	1,600,000					2,319	3,178
Total governmental activities	<u>24,675,522</u>	<u>23,218,425</u>	<u>29,875,794</u>	<u>32,691,699</u>	<u>27,114,904</u>	<u>23,622,352</u>	<u>20,535,676</u>	<u>21,659,776</u>	<u>21,490,209</u>	<u>25,753,518</u>
Business-type activities:										
Investment earnings (loss)	591,932	956,189	1,163,837	864,494	128,083	72,244	39,745	167,106	5,471	111,816
Transfers	91,194	79,778	(69,813)	(1,600,000)					(2,319)	(3,178)
Total business-type activities	<u>683,126</u>	<u>1,035,967</u>	<u>1,094,024</u>	<u>(735,506)</u>	<u>128,083</u>	<u>72,244</u>	<u>39,745</u>	<u>167,106</u>	<u>3,152</u>	<u>108,638</u>
Total primary government	<u>\$ 25,358,648</u>	<u>\$ 24,254,392</u>	<u>\$ 30,969,818</u>	<u>\$ 31,956,193</u>	<u>\$ 27,242,987</u>	<u>\$ 23,694,596</u>	<u>\$ 20,575,421</u>	<u>\$ 21,826,882</u>	<u>\$ 21,493,361</u>	<u>\$ 25,862,156</u>
Change in Net Position										
Governmental activities	\$ 22,525,748	\$ 8,099,375	\$ 14,845,523	\$ 17,406,049	\$ (1,759,850)	\$ (917,126)	\$ 2,321,061	\$ 2,007,027	\$ (456,330)	\$ (443,413)
Business-type activities	5,669,935	5,173,696	6,256,462	7,139,181	6,680,763	3,181,408	4,588,651	4,360,475	3,566,675	6,012,820
Total primary government	<u>\$ 28,195,683</u>	<u>\$ 13,273,071</u>	<u>\$ 21,101,985</u>	<u>\$ 24,545,230</u>	<u>\$ 4,920,913</u>	<u>\$ 2,264,282</u>	<u>\$ 6,909,712</u>	<u>\$ 6,367,502</u>	<u>\$ 3,110,345</u>	<u>\$ 5,569,407</u>

Source: Town of Oro Valley Finance Department

* Impact fees in fiscal year 2011 are now presented in program revenues.

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TOWN OF ORO VALLEY, ARIZONA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed										
Assigned							1,769,333	1,608,035	1,608,035	1,608,035
Unassigned							9,237,805	9,793,614	11,529,070	9,925,988
Reserved	112	7,267								
Unreserved	11,744,160	14,356,224	18,477,706	16,666,388	15,940,438	11,904,429				
Total general fund	<u>\$ 11,744,272</u>	<u>\$ 14,363,491</u>	<u>\$ 18,477,706</u>	<u>\$ 16,666,388</u>	<u>\$ 15,940,438</u>	<u>\$ 11,904,429</u>	<u>\$ 11,007,138</u>	<u>\$ 11,401,649</u>	<u>\$ 13,137,105</u>	<u>\$ 11,534,023</u>
All Other Governmental Funds										
Restricted	\$	\$	\$	\$	\$	\$	\$ 9,128,505	\$ 11,454,390	\$ 3,730,312	\$ 4,555,138
Committed							840,704	622,919	4,166,818	5,343,506
Assigned										1,500,000
Unassigned										
Reserved	36,076	80,624								
Unreserved, reported in:										
Special revenue funds	3,856,925	4,439,573	4,891,095	5,534,192	5,887,082	5,868,523				
Capital projects funds	10,972,912	4,985,836	4,520,718	15,396,024	9,071,398	3,933,044				
Debt service funds	403,332	280,055	245,208	263,478	158,816	1,929,635				
Total all other governmental funds	<u>\$ 15,269,245</u>	<u>\$ 9,786,088</u>	<u>\$ 9,657,021</u>	<u>\$ 21,193,694</u>	<u>\$ 15,117,296</u>	<u>\$ 11,731,202</u>	<u>\$ 9,969,209</u>	<u>\$ 12,077,309</u>	<u>\$ 7,897,130</u>	<u>\$ 11,398,644</u>

Source: Town of Oro Valley Finance Department

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications; nonspendable, restricted, committed, assigned, and unassigned fund balance.

TOWN OF ORO VALLEY, ARIZONA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 9,939,273	\$ 12,891,037	\$ 17,351,805	\$ 17,685,650	\$ 15,883,093	\$ 13,480,150	\$ 12,086,962	\$ 13,325,105	\$ 14,780,542	\$ 15,857,732
Intergovernmental	25,339,848	16,773,215	18,405,713	21,863,875	17,616,213	17,940,749	18,040,619	19,723,086	16,817,756	16,732,631
Fines and forfeitures	326,427	462,246	429,458	391,921	413,720	612,031	560,941	895,820	551,962	673,336
Licenses and permits	2,524,484	2,433,264	2,368,851	2,792,684	1,507,930	1,108,411	1,059,309	1,185,862	1,813,947	2,116,700
Charges for services	880,582	942,676	1,026,921	1,040,694	1,066,376	965,455	926,135	1,209,814	1,630,238	1,850,181
Contributions and donations		97,327	19,171	249,999	1,000	59	15,000	995	27,229	
Special assessments	1,547,819		189,820	193,023	367,539	368,152	365,811	366,028	365,935	1,462,307
Impact fees	1,488,301	1,098,977	1,038,217	910,741	441,020	584,113	481,619	417,742	988,342	569,338
Investment earnings	557,238	991,151	1,471,641	1,590,654	113,995	95,625	39,124	189,606	265,787	255,702
Other revenues	458,034	325,428	135,261	555,790	233,123	216,030	297,109	460,512	349,326	305,489
Total revenues	\$ 43,062,006	\$ 36,015,321	\$ 42,436,858	\$ 47,275,031	\$ 37,644,009	\$ 35,370,775	\$ 33,872,629	\$ 37,774,570	\$ 37,591,064	\$ 39,823,416
Expenditures										
General government	\$ 5,676,217	\$ 9,988,956	\$ 7,019,030	\$ 8,767,496	\$ 9,586,029	\$ 9,452,778	\$ 9,848,393	\$ 9,212,866	\$ 9,289,771	\$ 10,610,673
Public safety	10,089,128	11,636,915	11,808,799	13,549,170	14,289,423	12,979,291	11,928,567	11,993,864	12,342,349	13,539,322
Highways and streets	21,727,223	13,773,561	3,768,851	4,107,871	3,848,725	3,475,556	3,288,349	3,191,654	3,513,479	3,710,577
Culture and recreation	2,640,777	3,868,249	3,109,228	3,324,066	3,416,305	3,157,369	3,031,520	2,954,549	2,468,129	2,445,131
Capital Outlay			10,662,190	13,090,313	11,332,914	3,189,765	7,014,659	6,929,834	11,053,739	5,495,185
Debt Service										
Principal retirement	2,559,190	2,856,595	1,077,813	3,403,102	938,900	3,400,877	3,459,970	3,052,953	571,910	1,867,901
Interest and fiscal charges	589,725	731,358	921,205	907,658	1,034,061	831,580	470,578	554,274	498,729	472,268
Payment to bond escrow agent						6,279,112				
Bond Issuance costs	251,327	107,897	28,868			26,550		75,800		
Total expenditures	\$ 43,533,587	\$ 42,963,531	\$ 38,395,984	\$ 47,149,676	\$ 44,446,357	\$ 42,792,878	\$ 39,042,036	\$ 37,965,794	\$ 39,738,106	\$ 38,141,057
Excess of revenues over (under) expenditures	\$ (220,254)	\$ (6,840,313)	\$ 4,069,742	\$ 125,355	\$ (6,802,348)	\$ (7,395,553)	\$ (5,169,407)	\$ (191,224)	\$ (2,147,042)	\$ 1,682,359

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Premium on bonds issued	\$	\$	\$ 25,719	\$	\$	\$	\$	\$ 113,835	\$	\$
Proceeds from capital lease agreements										212,895
Issuance of long-term loan payable	4,030,033			8,000,000						
Issuance of refunding debt			1,389,180							
Payment to bond escrow agent			(1,540,438)							
Issuance of long-term debt		4,164,050					2,445,000	2,580,000		
Transfers in	1,105,422	1,248,569	2,927,754	8,447,951	1,950,898	10,012,679	860,143	1,003,666	1,704,272	4,115,152
Transfers out	(1,196,616)	(1,328,347)	(2,857,941)	(6,847,951)	(1,950,898)	(10,012,679)	(795,020)	(1,003,666)	(2,001,953)	(4,111,974)
Total other financing sources (uses)	\$ 3,938,839	\$ 4,084,272	\$ (81,445)	\$ 9,600,000	\$ -	\$ -	\$ 2,510,123	\$ 2,693,835	\$ (297,681)	\$ 216,073
Net change in fund balances	\$ 3,718,585	\$ (2,756,041)	\$ 3,988,297	\$ 9,725,355	\$ (6,802,348)	\$ (7,395,553)	\$ (2,659,284)	\$ 2,502,611	\$ (2,444,723)	\$ 1,898,432
Debt service as a percentage of noncapital expenditures	13.05%	13.02%	7.17%	12.51%	5.88%	10.60%	12.36%	11.55%	3.76%	7.30%

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR
 (UNAUDITED)

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Ventana Medical Systems	1,500	1	8.49%	550	2	3.16%
Oro Valley Hospital	533	2	3.02%	600	1	
Hilton El Conquistador Golf & Tennis Resort	475	4	2.69%	440	4	2.52%
Amphitheater Public Schools	477	3	2.70%	500	3	2.87%
Town of Oro Valley	433	5	2.45%	359	5	2.06%
Walmart Supercenter	346	6	1.96%			
Fry's Food & Drug Store	243	7	1.37%	270	6	1.55%
Securaplane	182	8	1.03%			
Splendido at Rancho Vistoso	175	9	0.99%	130	10	
Target	128	10	0.72%	130	9	0.75%
Hilton El Conquistador Country Club				260	7	1.49%
Home Depot				160	8	0.01%
Total	4,492		25.41%	3,399		15.32%

Source: Principal Employers Arizona Workforce Informer

TOWN OF ORO VALLEY, ARIZONA
 PRINCIPAL SALES TAXPAYERS
 CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS PRIOR
 (UNAUDITED)

Taxpayer	Business Type	Fiscal Year 2014			Fiscal Year 2005		
		Sales Tax Payments	Rank	Percentage of Total Sales Tax Payments	Sales Tax Payments	Rank	Percentage of Total Sales Tax Payments
Taxpayer A	Utility	\$ 1,797,531	1	11.73%			
Taxpayer B	Retail Trade	828,798	3	5.41%			
Taxpayer C	Retail Trade	602,684	4	3.93%	\$ 584,705	3	6.27%
Taxpayer D	Utility	493,888	5	3.22%			
Taxpayer E	Construction	341,502	8	2.23%			
Taxpayer F	Utility	403,191	6	2.63%			
Taxpayer G	Retail Trade	388,882	7	2.54%	532,775	4	5.72%
Taxpayer H	Retail Trade	312,409	9	2.04%			
Taxpayer I	Accommodation	1,236,804	2	8.07%	1,086,800	1	11.66%
Taxpayer J	Construction	288,453	10	1.88%			
Taxpayer K	Retail Trade				221,823	5	2.38%
Taxpayer L	Construction				709,681	2	7.61%
Taxpayer M	Construction				214,447	6	2.30%
Taxpayer N	Construction				179,052	7	1.92%
Taxpayer O	Retail Trade				162,693	8	1.75%
Taxpayer P	Construction				157,634	9	1.69%
Taxpayer Q	Construction				123,461	10	1.32%
Total		<u>\$ 6,694,142</u>		<u>43.67%</u>	<u>\$ 3,973,071</u>		<u>42.63%</u>

Source: Arizona Department of Revenue

Note: 2005 is the first fiscal year of available data of sales tax payments by business type

TOWN OF ORO VALLEY, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)
(\$000's)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Construction	\$ 3,594	\$ 5,602	\$ 6,895	\$ 7,038	\$ 5,143	\$ 2,110	\$ 1,707	\$ 1,738	\$ 2,842	\$ 3,338
Manufacturing	137	165	181	280	230	230	266	258	258	257
Transportation, Warehousing, Communications & Utilities	116	91	226	1,279	1,632	1,554	1,534	2,450	2,785	2,959
Wholesale Trade	54	56	58	69	54	75	93	106	110	103
Retail Trade	2,942	3,229	3,665	4,017	4,264	4,544	4,720	4,925	5,153	5,243
Restaurants, Bars & Lodging	1,888	2,392	2,720	2,775	2,333	2,283	2,314	2,314	2,164	2,761
Finance, Insurance & Real Estate	142	155	859	496	324	381	324	333	335	75
Services	379	262	313	312	322	378	417	456	456	529
All Other	68	197	167	337	896	627	102	103	75	60
Cable Franchise	402	435	478	517	507	509	515	525	540	572
Total	\$ 9,722	\$ 12,584	\$ 15,562	\$ 17,120	\$ 15,705	\$ 12,691	\$ 11,992	\$ 13,208	\$ 14,718	\$ 15,897
Town sales tax rate*	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Arizona Department of Revenue

*Note:
1% Additional Bed Tax Effective May 1, 1990
3% Additional Bed Tax Effective September 1, 2001
4% Construction Sales Tax Effective May 1, 2004
6% Additional Bed Tax Effective January 1, 2006
2% Utility Sales Tax Effective April 1, 2007
2% Additional Utility Sales Tax Effective August 1, 2011

TOWN OF ORO VALLEY, ARIZONA
 DIRECT AND OVERLAPPING SALES TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Town of Oro Valley Sales Tax	Town of Oro Valley Bed Tax	Town of Oro Valley Construction Sales Tax	Town of Oro Valley Utility Sales Tax	Pima County
2005	2.00%	3.00%	4.00%	0.00%	5.60%
2006	2.00%	6.00%	4.00%	0.00%	6.10%
2007	2.00%	6.00%	4.00%	2.00%	6.10%
2008	2.00%	6.00%	4.00%	2.00%	6.10%
2009	2.00%	6.00%	4.00%	2.00%	6.10%
2010	2.00%	6.00%	4.00%	2.00%	7.10%
2011	2.00%	6.00%	4.00%	2.00%	7.10%
2012	2.00%	6.00%	4.00%	4.00%	7.10%
2013	2.00%	6.00%	4.00%	4.00%	6.10%
2014	2.00%	6.00%	4.00%	4.00%	6.10%

Source: Arizona Department of Revenue

TOWN OF ORO VALLEY, ARIZONA
 PRIMARY & SECONDARY ASSESSED PROPERTY VALUES
 LAST NINE FISCAL YEARS
 (UNAUDITED)

Year	Primary Assessed Valuation	Secondary Assessed Valuation	Estimated Full Cash Value	Total Outstanding General Obligation Bond Debt
2006	440,110,880	463,211,743	4,043,665,781	0
2007	515,095,975	582,838,439	5,098,720,276	0
2008	582,236,657	686,707,506	6,141,419,229	0
2009	642,601,840	693,924,598	6,140,054,657	0
2010	649,015,575	672,309,638	6,041,904,306	0
2011	618,976,953	629,340,548	5,716,229,517	0
2012	589,160,533	592,761,968	5,461,131,133	0
2013	553,366,744	556,259,856	5,175,406,955	0
2014	556,566,167	560,863,509	5,252,917,489	0

Source: State of Arizona Department of Revenue Abstract of the Assessment Roll

TOWN OF ORO VALLEY, ARIZONA
HISTORICAL AND PROJECTED EXCISE TAX COLLECTIONS
JUNE 30, 2014
(UNAUDITED)

Revenue Source	Actual								Projected	
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Town Sales and Franchise Taxes	\$ 17,351,805	\$ 17,685,650	\$ 15,883,093	\$ 13,480,150	\$ 12,086,962	\$ 13,325,106	\$ 14,780,543	\$ 15,857,732	\$ 16,612,476	\$ 17,276,975
Licenses and Permits	2,368,851	2,792,684	1,507,930	1,108,411	1,059,309	1,185,862	1,813,947	2,116,700	1,857,547	1,931,849
Fines	215,500	249,762	285,628	202,144	195,933	200,672	180,875	172,232	180,000	187,200
State-Shared Sales Tax	3,744,864	3,621,016	3,134,789	2,891,386	3,024,857	3,204,612	3,356,826	3,569,711	3,705,688	3,853,916
State-Shared Income Tax	4,473,305	5,544,763	5,886,132	5,086,954	3,834,911	3,461,359	4,189,186	4,571,196	4,964,344	5,162,918
Total	\$ 28,154,325	\$ 29,893,875	\$ 26,697,572	\$ 22,769,045	\$ 20,201,972	\$ 21,377,611	\$ 24,321,377	\$ 26,287,571	\$ 27,320,055	\$ 28,412,857

(a) All revenue sources are presented on a modified accrual basis of accounting except for Town sales taxes which are presented on the cash basis of accounting per the Arizona Department of Revenue Standard Industry Summary Local Taxes Collection Reports.

Source: Oro Valley Finance Department

Note: The above information is provided for bond requirements only and the bond does not require ten years of data.

TOWN OF ORO VALLEY, ARIZONA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities					Business-Type Activities				Percentage of Personal Income	Per Capita
	Capital Leases	Certificates of Participation	Loan Payable	Excise Tax Bonds	Special Assessment Bonds	Revenue Bonds	Capital Leases	Loan Payable	Total Primary Government		
2005	\$	\$ 420,000	\$ 4,803,100	\$ 9,413,909	\$ 3,945,000	\$ 64,222,360	\$	\$	\$ 82,804,369	5.67%	\$ 2,106
2006		215,000	2,604,143	13,173,254	3,945,000	64,437,008			84,374,405	5.48%	2,098
2007			2,500,000	12,891,148	3,760,000	61,568,852			80,720,000	4.81%	1,897
2008			8,000,000	12,183,046	3,565,000	59,586,954		5,731,766	89,066,766	5.02%	2,040
2009			8,000,000	11,449,146	3,360,000	57,575,854	107,046	5,788,122	86,280,168	4.72%	1,975
2010			5,513,133	4,939,750	3,145,000	52,305,500	123,883	6,305,650	72,332,916	3.86%	1,662
2011			2,513,133	7,149,780	2,920,000	49,803,970	35,392	5,473,096	67,895,371	3.73%	1,656
2012				9,485,968	2,685,000	45,988,331		5,893,122	64,052,421	3.85%	1,550
2013				9,155,743	2,435,000	43,349,121	185,307	5,575,041	60,700,212	3.59%	1,409
2014	168,994			8,703,428	1,055,000	40,811,243	93,593	6,371,529	57,203,787	3.41%	1,366

Source: Town of Oro Valley Finance Department and U.S. Census Bureau

TOWN OF ORO VALLEY, ARIZONA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2014
 (UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Pima County	\$ 1,348,889,696	7.25%	\$ 97,794,503
Pima County Community College District	1,335,000	7.25%	96,788
Amphitheater Unified School District No. 10	114,670,000	18.15%	<u>20,812,605</u>
Total Overlapping			118,703,895
Town of Oro Valley	9,758,428	100.00%	<u>9,758,428</u>
Total Direct			9,758,428
Total direct and overlapping debt			<u><u>\$ 128,462,323</u></u>

Source: Pima County, Pima County Community College District and Amphitheater Unified School District No. 10.
 (1) Proportion applicable to the Town of Oro Valley, Arizona, is computed on the ratio of secondary assessed valuation for 2013-14.

TOWN OF ORO VALLEY, ARIZONA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 93,101,081	\$ 108,807,180	\$ 120,435,053	\$ 151,537,994	\$ 178,543,952	\$ 180,420,396	\$ 174,800,436	\$ 163,628,543	\$ 154,118,112	\$ 144,627,563
Total net debt applicable to limit										
Legal debt margin	<u>\$ 93,101,081</u>	<u>\$ 108,807,180</u>	<u>\$ 120,435,053</u>	<u>\$ 151,537,994</u>	<u>\$ 178,543,952</u>	<u>\$ 180,420,396</u>	<u>\$ 174,800,436</u>	<u>\$ 163,628,543</u>	<u>\$ 154,118,112</u>	<u>\$ 144,627,563</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Water Utility Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2005	\$ 12,544,928	\$ 1,473,710	\$ 2,949,409	\$ 4,423,119	2.84
2006	14,989,621	1,907,362	2,888,226	4,795,588	3.13
2007	14,810,173	2,336,330	2,552,081	4,888,411	3.03
2008	17,668,212	1,981,898	2,452,583	4,434,481	3.98
2009	16,223,544	2,011,100	2,784,444	4,795,544	3.38
2010	15,207,113	5,270,354	2,689,427	7,959,781	1.91
2011	15,359,681	2,501,530	2,505,960	5,007,490	3.07
2012	15,983,999	2,370,180	2,190,894	4,561,074	3.50
2013	16,732,600	2,536,840	1,732,008	4,268,848	3.92
2014	19,397,409	2,406,000	1,429,538	3,835,538	5.06

Governmental Revenue Bonds

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2005	\$ 21,011,720	\$ 456,290	\$ 433,108	\$ 889,398	23.62
2006	25,018,727	452,638	415,640	868,278	28.81
2007	29,200,152	788,670	642,711	1,431,381	20.40
2008	30,629,130	708,102	501,150	1,209,252	25.33
2009	28,084,482	733,900	486,372	1,220,272	23.01
2010	25,695,598	6,510,516	933,536	7,444,052	3.45
2011	23,921,715	234,970	253,984	488,954	48.92
2012	25,085,767	304,820	314,703	619,523	40.49
2013	28,135,868	321,910	371,951	693,861	40.55
2014	29,512,099	444,000	382,639	826,639	35.70

Certificates of Participation

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2005	\$ 19,837,894	\$ 180,000	\$ 15,768	\$ 195,768	101.33
2006	21,011,720	190,000	26,690	216,690	96.97
2007	25,018,727	205,000	16,566	221,566	112.92
2008	29,200,152				0.00
2009	30,629,130				0.00
2010	28,084,482				0.00
2011	25,695,598				0.00
2012	23,921,715				0.00
2013	28,135,868				0.00
2014	29,512,099				0.00

Special Assessment

Fiscal Year	Gross Revenues	Debt Service			Coverage
		Principal	Interest	Total	
2005	\$	\$	\$	\$	0.00
2006			176,967	176,967	0.00
2007	379,840	185,000	186,828	371,828	0.00
2008	365,810	195,000	177,577	372,577	0.98
2009	367,539	205,000	248,429	453,429	0.81
2010	368,152	215,000	152,203	367,203	1.00
2011	365,811	225,000	147,548	372,548	0.98
2012	366,028	235,000	132,423	367,423	1.00
2013	365,935	250,000	117,576	367,576	1.00
2014	1,462,307	1,380,000	80,020	1,460,020	1.00

Source: Town of Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
HISTORICAL AND PROJECTED WATER SYSTEM REVENUES,
EXPENSES, DEBT SERVICE AND COVERAGE
JUNE 30, 2014
(UNAUDITED)

	Historical 2006/07	Historical 2007/08	Historical 2008/09	Historical 2009/10	Historical 2010/11	Historical 2011/12	Historical 2012/13	Actual 2013/14
Revenues:								
Water revenues	\$ 11,021,820	\$ 11,686,598	\$ 11,424,787	\$ 12,071,031	\$ 12,038,482	\$ 11,578,981	\$ 11,585,181	\$ 12,169,375
Water connection fees	1,050,471	1,925,656	1,588,084	293,607	244,376	462,762	706,159	1,413,047
Alternative water connection fees	148,200	512,543	812,740	475,973	400,988	759,958	1,253,055	2,376,682
Groundwater preservation fees	767,993	1,092,778	1,632,549	1,769,142	2,096,093	2,315,277	2,527,524	2,599,718
Other revenues	663,852	1,586,375	639,926	527,031	541,299	557,222	660,681	727,972
Interest income	1,157,837	864,262	125,458	70,329	38,445	166,654	-	110,615
Total revenues	14,810,173	17,668,212	16,223,544	15,207,113	15,359,683	15,840,854	16,732,600	19,397,409
Expenses:								
Personnel	2,167,957	2,324,921	2,447,642	2,514,595	2,418,118	2,497,865	2,537,150	2,659,895
Operations & maintenance	3,230,334	5,836,698	5,415,423	4,505,751	3,721,167	3,559,807	4,564,894	4,303,230
CAP water costs	472,638	602,682	185,490	154,575	903,855	636,519	1,093,105	1,499,594
Total expenses	5,870,929	8,764,301	8,048,555	7,174,921	7,043,140	6,694,191	8,195,149	8,462,719
Net water system revenues	8,939,244	8,903,911	8,174,989	8,032,192	8,316,544	9,146,662	8,537,452	10,934,690
Water supported debt service:								
2007 WIFA Loan	-	-	308,406	369,627	316,983	316,875	316,763	311,494
2009 WIFA Loan	-	-	-	-	161,554	182,268	186,817	150,471
2003 Revenue Bonds	2,548,923	2,542,673	2,544,423	2,544,973	2,545,935	2,545,435	980,000	-
2003 Refunding Revenue Bonds	647,569	648,512	648,674	647,374	1,152,546	1,238,996	1,243,058	-
2012 Refunding Bonds	-	-	-	-	-	-	956,975	1,968,281
2013 Refunding Bonds	-	-	-	-	-	-	-	1,513,427
Total water supported debt service	\$ 3,196,492	\$ 3,191,184	\$ 3,501,503	\$ 3,561,973	\$ 4,177,017	\$ 4,283,574	\$ 3,683,613	3,943,673
Net water system revenues debt service coverage	2.80	2.79	2.33	2.25	1.99	2.14	2.32	2.77

Source: Oro Valley Finance Department

TOWN OF ORO VALLEY, ARIZONA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2005	39,310	\$ 1,461,373,787	\$ 37,176	2.5%
2006	40,215	1,539,868,259	38,291	3.0%
2007	42,551	1,678,195,258	39,440	2.6%
2008	43,651	1,773,226,205	40,623	3.0%
2009	43,694	1,828,222,176	41,841	5.1%
2010	43,521	1,875,613,105	43,097	6.2%
2011	41,011	1,820,460,164	44,390	6.0%
2012	41,335	1,661,839,665	40,204	6.4%
2013	43,070	1,692,780,210	39,303	6.4%
2014	41,887	1,679,965,408	40,107	6.2%

Source: US Census Bureau, Arizona Employment statistics and Pima Association of Governments

TOWN OF ORO VALLEY, ARIZONA
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Function/Program</u>	Full-time Equivalent Employees as of June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Administration										
Town Clerk	4.90	4.54	4.44	4.60	4.00	4.60	4.60	4.60	4.50	4.50
Town Manager	7.00	7.00	7.10	7.10	8.10	8.50	8.10	6.00	6.00	5.00
Human Resources	2.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00
Economic Development	2.00	3.00	1.00	1.00	1.40	1.40	2.25	2.25	2.00	2.00
Finance	7.00	7.00	7.00	7.00	7.00	9.00	9.00	8.00	7.50	7.50
Information Systems	7.30	6.50	6.50	8.00	8.00	7.00	8.00	5.00	4.00	4.00
Legal	6.00	6.00	8.00	8.00	7.00	10.00	10.25	10.25	10.25	6.25
Community Development										
Building Safety	0.00	0.00	0.00	0.00	13.00	16.00	18.00	17.00	16.00	16.00
Community Development Admin.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	4.00
Planning & Zoning	0.00	0.00	0.00	0.00	13.00	16.00	16.00	14.00	13.50	13.50
Development & Infrastructure Services										
	78.84	77.22	73.38	73.10	0.00	0.00	0.00	0.00	0.00	0.00
Parks and Recreation										
	37.61	27.26	20.62	22.70	27.50	27.60	28.10	27.00	20.80	20.80
Cultural Resources										
	0.00	1.35	1.30	1.30	0.00	0.00	0.00	0.00	0.00	0.00
Library										
	0.00	0.00	18.55	18.40	18.50	18.70	19.40	19.30	19.43	14.00
Police										
Civilians	25.93	30.25	30.25	29.70	30.70	33.00	34.00	34.00	29.00	28.00
Officers	101.91	101.44	97.96	95.00	97.90	102.40	108.00	105.00	96.00	92.00
Magistrate Court										
	8.70	8.00	8.00	9.00	9.00	9.00	8.50	8.50	8.50	8.50
Public Works										
	0.00	0.00	0.00	0.00	47.70	52.90	56.10	53.13	54.00	51.50
Water Utility										
	37.00	36.00	36.00	34.00	35.00	36.30	35.50	35.50	34.00	34.00
Total	326.19	320.56	325.10	323.90	331.80	356.4	369.80	353.53	332.48	314.55

TOWN OF ORO VALLEY, ARIZONA
WATER UTILITY REVENUES BY USER TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Irrigation</u>	<u>Irrigation Reclaimed</u>	<u>Construction</u>	<u>Construction Reclaimed</u>	<u>Turf</u>	<u>Turf Reclaimed</u>	<u>Wholesale/ Unmetered</u>	<u>Total</u>
2005	\$ 6,758,806	\$ 515,989	\$ 833,179	\$	\$ 401,095	\$	\$ 1,200,402	\$	\$	\$ 9,709,471
2006	7,227,509	614,474	921,364		368,784		940,753	670,968	1,235	10,745,087
2007	7,187,885	614,404	978,556	1,555	542,879		680,833	1,015,709		11,021,820
2008	7,511,067	667,910	1,146,222	796	652,446	1,630	666,558	1,039,969		11,686,598
2009	7,573,960	749,019	1,093,852	9,007	349,994	3,757	265,413	1,389,783		11,434,785
2010	8,040,762	902,432	1,152,529	14,240	222,447	720	354,308	1,383,592		12,071,030
2011	8,043,658	921,825	1,166,921	13,258	92,257	814	130,704	1,669,045		12,038,482
2012	7,761,639	954,472	1,050,602	13,466	120,830	653	115,568	1,561,750		11,578,980
2013	7,752,934	962,824	1,040,793	19,000	196,354	884	135,720	1,507,574		11,616,083
2014	7,881,436	886,712	1,169,067	187,622	283,632	816	121,108	1,638,981		12,169,374

Source: Town of Oro Valley Water Utility Department

TOWN OF ORO VALLEY, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Burglaries	124	97	112	125	125	120	100	134	105	75
Citations (traffic)	8,660	8,203	8,183	7,497	9,256	6,736	5,244	5,084	5,456	4,668
Investigations	4,216	5,106	6,656	6,892	917	732	746	711	681	765
Total Arrests	2,076	2,053	2,236	2,254	2,478	2,176	1,932	1,716	1,564	1,679
Thefts	580	568	575	577	528	567	656	571	563	561
Development & Infrastructure Services										
Street resurfacing (miles)	17.3	5.4	7.7	10.5	53.4	14.8	13.9	22.4	30.5	73.4
Parks and Recreation										
Recreation Programs Held Annually	30	38	42	46	46	40	47	37	35	30
Months of Public Pool Operations	10	10	10	10	10	12	12	12	10	12
Parks Maintenance Man-Hours Worked	13,520	13,520	15,600	17,472	16,288	16,120	18,680	16,016	17,000	20,000
Library										
Collection volume	80,000	86,000	90,000	96,000	95,750	100,142	100,652	97,364	0	0
Water										
New connections	377	508	367	346	196	68	61	97	213	165
Total connections	16,955	17,463	17,830	18,177	18,373	18,441	18,502	18,599	18,812	18,977
Transit										
Total route miles	190,609	165,202	165,202	175,841	163,964	138,752	138,333	200,058	353,936	439,512
Passengers	15,937	14,387	14,858	16,908	17,101	15,573	14,873	20,119	32,442	39,196

Source: Town of Oro Valley Finance Department

Note: Oro Valley Library was transferred to Pima County Library District on January 1, 2013.

TOWN OF ORO VALLEY, ARIZONA
WATER RATES
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Base Rate monthly</u>	<u>Tier 1 per 1,000</u>	<u>Tier 2 per 1,000</u>	<u>Tier 3 per 1,000</u>	<u>Tier 4 per 1,000</u>	<u>GPF per 1,000</u>
2005	\$ 12.65	\$ 1.98	\$ 2.68	\$ 3.58	N/A	\$ 0.21
2006	12.65	1.98	2.68	3.58	N/A	0.21
2007	13.25	2.08	2.81	3.76	N/A	0.25
2008	13.25	2.08	2.81	3.76	5.00	0.40
2009	13.91	2.18	2.95	3.95	5.25	0.55
2010	14.19	2.20	2.99	4.03	5.38	0.75
2011	14.19	2.20	2.99	4.03	5.38	0.75
2012	14.19	2.20	2.99	4.03	5.38	0.95
2013	14.19	2.20	2.99	4.03	5.38	0.95
2014	14.19	2.23	3.01	4.07	5.49	0.95

Source: Town of Oro Valley Water Utility

TOWN OF ORO VALLEY, ARIZONA
 CAPITAL ASSETS STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	2	2	2	3	3	3	3	3
Patrol units	103	105	105	113	109	108	53	67	66	64
Other fleet	0	0	0	0	0	0	55	42	43	42
Development & Infrastructure Services										
Streets (miles)	188.0	191.3	201.9	220.1	220.1	214.0	203.8	203.8	205.1	221.0
Streetlights	187	187	193	218	253	272	234	270	272	95
Traffic signals	10	10	15	16	16	18	16	17	19	19
Parks and recreation										
Acreage	87	300	300	300	300	374	374	436	436	457
Playgrounds	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	7	7	7	7	7	7	7	7	7	7
Water										
Wells	22	22	22	19	22	18	22	22	22	18
Storage capacity (MG)	17	17	17.5	18	19	19	20	20	20	13
Booster capacity	28	28	28	27	27	26	25	25	25	26
Transit										
Transit vans	9	9	9	9	9	9	5	5	5	9
Transit mini buses	0	0	0	0	0	0	5	10	12	17

Source: Town of Oro Valley Finance Department

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Town Council Regular Session

Item # 3.

Meeting Date: 12/03/2014
Requested by: Councilmember Zinkin & Councilmember Garner
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

DISCUSSION AND POSSIBLE DIRECTION REGARDING QUESTIONS CONCERNING POLICE DEPARTMENT BUDGET ITEMS

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

Councilmember Zinkin and Councilmember Garner have requested that this item be placed on the agenda.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to _____.



Town Council Regular Session

Item # **4. a.**

Meeting Date: 12/03/2014
Requested by: Kristy Diaz-Trahan
Submitted By: Kristy Diaz-Trahan, Parks and Recreation
Department: Parks and Recreation

Information

SUBJECT:

RESOLUTION NO. (R)14-61, DECLARING THE PROPOSED AMENDMENT TO THE ORO VALLEY TOWN CODE SECTION 16-1-2, PARK OPERATIONS, PROVIDED AS "EXHIBIT A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

This is a procedural item to declare the draft ordinance a matter of public record. The draft ordinance has been posted online and made available in the Town Clerk's office. If the final version is adopted, as approved by Town Council, it will be made available in the same manner.

BACKGROUND OR DETAILED INFORMATION:

Resolution declaring the proposed amendment to the Oro Valley Parks Operations Code, Chapter 16 Article 1-2, Park Operations, provided as Exhibit A within the attached resolution and filed with the Town Clerk, a public record.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)14-61, declaring the proposed amendments to the Oro Valley Town Code Section 16-1-2, Park Operations, provided as "Exhibit A" within the attached resolution and filed with the Town Clerk, a public record.

Attachments

(R)14-61 Declaring Amendments to 16-1-2 as a Public Record
Exhibit "A"

RESOLUTION NO. (R)14-61

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT KNOWN AS CHAPTER 16 PARKS AND RECREATION, ARTICLE 1-2, PARK OPERATIONS, ATTACHED HERETO AS EXHIBIT "A" AND FILED WITH THE TOWN CLERK

BE IT RESOLVED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, that certain document entitled "Oro Valley Town Code", Chapter 16 Parks and Recreation, Article 1-2, Park Operations, three copies of which are on file in the office of the Town Clerk, is hereby declared to be a public record, and said copies are ordered to remain on file with the Town Clerk.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 3rd day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

Julie K. Bower, Town Clerk

Date: _____

APPROVED AS TO FORM:

Tobin Sidles, Legal Services Director

Date: _____

Section 16-1-2 is amended to read as follows, with additions being shown in ALL CAPS and deletions being shown in ~~Strikethrough text~~:

16-1-2 Park Operations

~~A. Hours. No person shall trespass upon or be on the grounds, of any municipal park between the hours of 10:00 p.m. and 6:00 a.m. Sunday through Saturday, unless such person has received written permission from the Town. All activities sponsored or co-sponsored by the Town of Oro Valley are exempt. However, the park in question will close immediately upon completion of the activity. The total number of people admitted for any usage shall not exceed the capacity of the facility involved as determined by an official designated by the Parks and Recreation Director or the Fire District.~~

~~B. Closing of Parks. Any park or portion of a park may be declared closed to the public by the Town or any agent of the Town, including the Police Department at any time and for any interval of time, either temporarily or at regular and stated intervals (daily or otherwise), and either entirely or merely to certain users, as the Town shall find reasonably necessary; no person shall enter any closed area of a park if such entry is prohibited; nor shall any person utilize any portion of a park if such utilization is prohibited.~~

A. THE DIRECTOR OR HIS OR HER DESGINEE MAY MAKE SUCH REASONABLE RULES AND REGULATIONS AS ARE NECESSARY TO MANAGE, USE, PRESERVE AND GOVERN PARK PROERTY AND ACTIVITIES, AND MAY DESGNATE HOURS OF OPERATION AND OPENING AND CLOSING TIMES OF THE MUNICIPAL PARKS. NO PERSON SHALL TRESPASS UPON OR BE ON THE GROUNDS OF ANY MUNICIPAL PARK DURING HOURS WHEN ANY MUNICIPAL PARK IS CLOSED TO THE PUBLIC, UNLESS SUCH PERSON HAS RECEIVED WRITTEN PERMISSION FROM THE TOWN.

B. ANY SECTION OR PART OF ANY PARK MAY BE DECLARED CLOSED TO THE PUBLIC BY THE DIRECTOR, AND/OR THE POLICE DEPARTMENT, AT ANY TIME AND FOR ANY INTERVAL OF TIME, EITHER TEMPORARILY OR AT REGULAR AND STATED INTERVALS (DAILY OR OTHERWISE), AND EITHER ENTIRELY OR MERELY TO CERTAIN USES, AS THE DIRECTOR MAY FIND IN THE PUBLIC HEALTH, SAFETY OR WELFARE, OR FOR PROPER OPERATION OF THE PARK. THE DIRECTOR MAY ALSO MODIFY SEASONAL PARK HOURS TO ALLOW FOR THE APPROPRATE USE OF TOWN RESOURCES AND CITIZEN USE.

C. Oro Valley Aquatics Center Hours of Operation. The Oro Valley Aquatics Center shall be open to the public from the hours of 5:00 a.m. to 10:00 p.m., Monday through Sunday. The Oro Valley Parks and Recreation Director shall have discretion to modify these normal hours for all programs and/or special events held at the Oro Valley Aquatics Center.



Town Council Regular Session

Item # **4. b.**

Meeting Date: 12/03/2014
Requested by: Kristy Diaz-Trahan
Submitted By: Kristy Diaz-Trahan, Parks and Recreation
Department: Parks and Recreation

Information

SUBJECT:

PUBLIC HEARING: ORDINANCE NO. (O)14-16, AMENDING TOWN CODE 16-1-2 PARK OPERATIONS

RECOMMENDATION:

Staff recommends approval of amending Town Code 16-1-2 (A) and (B) as presented.

EXECUTIVE SUMMARY:

Town Code Section 16-1-2 Park Operations notes the following:

- A. Hours
- B. Closing of Parks
- C. Oro Valley Aquatic Center Hours of Operation

This code amendment recommendation is to provide the Parks & Recreation Director the discretion to modify normal hours for parks to meet the needs, demands, and season as it relates to the times a park can open and/or close.

The organized sports teams, who are the typical park user staying till 10:00 p.m., generally finish their fall season after Thanksgiving and generally start back up in March. As a result, the sport field lights are not on, which means the parks are fairly dark with virtually no patron use in the late cool winter evenings.

BACKGROUND OR DETAILED INFORMATION:

Town Code 16-1-2 Park Operations notes the following:

16-1-2 Park Operations

- A. Hours. No person shall trespass upon or be on the grounds, of any municipal park between the hours of 10:00 p.m. and 6:00 a.m. Sunday through Saturday, unless such person has received written permission from the Town. All activities sponsored or co-sponsored by the Town of Oro Valley are exempt. However, the park in question will close immediately upon completion of the activity. The total number of people admitted for any usage shall not exceed the capacity of the facility involved as determined by an official designated by the Parks and Recreation Director or the Fire District.
- B. Closing of Parks. Any park or portion of a park may be declared closed to the public by the Town or any agent of the Town, including the Police Department at any time and for any interval of time, either temporarily or at regular and stated intervals (daily or otherwise), and either entirely or merely to certain users, as the Town shall find reasonably necessary; no person shall enter any closed area of a park if such entry is prohibited; nor shall any person utilize any portion of a park if such utilization is prohibited.

C. Oro Valley Aquatics Center Hours of Operation. The Oro Valley Aquatics Center shall be open to the public from the hours of 5:00 a.m. to 10:00 p.m., Monday through Sunday. The Oro Valley Parks and Recreation Director shall have discretion to modify these normal hours for all programs and/or special events held at the Oro Valley Aquatics Center.

The intent of item B is to have the flexibility to allow for temporary closures for repair and maintenance; special events and festivals, etc. This was not intended to allow for seasonal closures or any other closure that would last several weeks or months in duration.

This request is to provide the Parks & Recreation Director the discretion to modify the normal park hours to address longer periods of time where the park could close earlier.

Seasonality is the primary reason to make this change. During the cool, dark, winter months when sport fields/lights are not in use, the parks are normally empty. Yet, personnel are required to be on duty so that the restrooms are locked at or shortly after 10:00 pm (park closure). Providing the Parks & Recreation Director the discretion to close, at 9:00 pm for example, is a cost savings over three months.

FISCAL IMPACT:

Closing the parks one hour early from December 1 through February 28 totals 90 hours at \$12.50/hr., resulting in savings of \$1,125.

SUGGESTED MOTION:

I MOVE to (approve or deny) Ordinance No. (O)14-16, amending Town Code 16-1-2 Park Operations.

Attachments

(O)14-16 Amending Section 16-1-2

Exhibit "A"

ORDINANCE NO. (O)14-16

**AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA
AMENDING ORO VALLEY TOWN CODE, SECTION 16-1-2,
PARK OPERATIONS, AND REPEALING ALL RESOLUTIONS,
ORDINANCES AND RULES OF THE TOWN OF ORO VALLEY
IN CONFLICT THEREWITH**

WHEREAS, on December 18, 1996, the Town Council adopted (R)96-54 that enacted the Parks and Recreation's Park Operations; and

WHEREAS, the Mayor and Council desire to amend the Oro Valley Town Code, Chapter 16, Parks and Recreation, Section 16-1-2 Park Operations in order to modify park hours at the discretion of the Parks Director, specifically for seasonal adjustments to park hours; and

WHEREAS, the Parks and Recreation Director will be given discretion to modify the hours of operation for all parks within in Town.

NOW, THEREFORE BE IT ORDAINED by the Mayor and Council of the Town of Oro Valley, Arizona, that certain document known as the "Oro Valley Town Code", Section 16-1-2, Park Operations is hereby amended and attached hereto as "Exhibit "A":

SECTION 1. Pursuant to ARS § 41-1346, the Town shall maintain efficient record management for local public records and it has been determined that this Ordinance is a public record with three copies of said Ordinance to remain on file in the office of the Town Clerk.

SECTION 2. All Oro Valley Ordinances, Resolutions, or Motions and parts of Ordinances, Resolutions, or Motions of the Council in conflict with the provisions of this Ordinance are hereby repealed.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by Mayor and Town Council, the Town of Oro Valley, Arizona, this 3rd day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

Section 16-1-2 is amended to read as follows, with additions being shown in ALL CAPS and deletions being shown in ~~Strikethrough text~~:

16-1-2 Park Operations

~~A. Hours. No person shall trespass upon or be on the grounds, of any municipal park between the hours of 10:00 p.m. and 6:00 a.m. Sunday through Saturday, unless such person has received written permission from the Town. All activities sponsored or co-sponsored by the Town of Oro Valley are exempt. However, the park in question will close immediately upon completion of the activity. The total number of people admitted for any usage shall not exceed the capacity of the facility involved as determined by an official designated by the Parks and Recreation Director or the Fire District.~~

~~B. Closing of Parks. Any park or portion of a park may be declared closed to the public by the Town or any agent of the Town, including the Police Department at any time and for any interval of time, either temporarily or at regular and stated intervals (daily or otherwise), and either entirely or merely to certain users, as the Town shall find reasonably necessary; no person shall enter any closed area of a park if such entry is prohibited; nor shall any person utilize any portion of a park if such utilization is prohibited.~~

A. THE DIRECTOR OR HIS OR HER DESGINEE MAY MAKE SUCH REASONABLE RULES AND REGULATIONS AS ARE NECESSARY TO MANAGE, USE, PRESERVE AND GOVERN PARK PROERTY AND ACTIVITIES, AND MAY DESGNATE HOURS OF OPERATION AND OPENING AND CLOSING TIMES OF THE MUNICIPAL PARKS. NO PERSON SHALL TRESPASS UPON OR BE ON THE GROUNDS OF ANY MUNICIPAL PARK DURING HOURS WHEN ANY MUNICIPAL PARK IS CLOSED TO THE PUBLIC, UNLESS SUCH PERSON HAS RECEIVED WRITTEN PERMISSION FROM THE TOWN.

B. ANY SECTION OR PART OF ANY PARK MAY BE DECLARED CLOSED TO THE PUBLIC BY THE DIRECTOR, AND/OR THE POLICE DEPARTMENT, AT ANY TIME AND FOR ANY INTERVAL OF TIME, EITHER TEMPORARILY OR AT REGULAR AND STATED INTERVALS (DAILY OR OTHERWISE), AND EITHER ENTIRELY OR MERELY TO CERTAIN USES, AS THE DIRECTOR MAY FIND IN THE PUBLIC HEALTH, SAFETY OR WELFARE, OR FOR PROPER OPERATION OF THE PARK. THE DIRECTOR MAY ALSO MODIFY SEASONAL PARK HOURS TO ALLOW FOR THE APPROPRATE USE OF TOWN RESOURCES AND CITIZEN USE.

C. Oro Valley Aquatics Center Hours of Operation. The Oro Valley Aquatics Center shall be open to the public from the hours of 5:00 a.m. to 10:00 p.m., Monday through Sunday. The Oro Valley Parks and Recreation Director shall have discretion to modify these normal hours for all programs and/or special events held at the Oro Valley Aquatics Center.



Town Council Regular Session

Item # **5.**

Meeting Date: 12/03/2014
Submitted By: Philip Saletta, Water
Department: Water

Information

SUBJECT:

RESOLUTION NO. (R)14-62, AUTHORIZING AND APPROVING THE PURCHASE OF LONG-TERM STORAGE CREDITS FROM THE BUREAU OF RECLAMATION

RECOMMENDATION:

The Water Utility Commission and Water Utility staff recommend approval.

EXECUTIVE SUMMARY:

The U.S. Bureau of Reclamation has sent a letter to water providers in the Tucson Active Management Area soliciting offers to purchase Long-Term Storage Credits (LTSCs). In recent years, the Water Utility has used some of its LTSCs to replace groundwater used from our wells. Additional purchases of LTSCs will build our accounts back up and provide for additional credits that can be used for future demands, and protect against any possible shortages from drought conditions.

The Water Utility is requesting Council's approval to make an offer to purchase these LTSCs from the Bureau of Reclamation in accordance with their attached letter dated October 27, 2014. The offer to purchase would be for 4,000 acre feet of LTSCs per year for three (3) years at \$140.00 per acre foot. This is a total of 12,000 acre feet of LTSCs for a total cost of \$1,680,000.00 for the entire three (3) year period. The cost to purchase credits is budgeted in the Water Utility FY 2014-15 Budget under Water Resource Management for \$450,000.00.

The purchase of these credits provides a benefit to the Town at a cost lower than the purchase of our Central Arizona Project water. If our offer is accepted by the Bureau of Reclamation, the proposed resolution authorizes the Water Utility to proceed with a purchase agreement for up to 12,000 acre feet of LTSCs.

BACKGROUND OR DETAILED INFORMATION:

The U.S. Bureau of Reclamation (Reclamation) stores water under the Lower Santa Cruz Managed In-Channel Recharge Project and accrues Long-Term Storage Credits (LTSCs). These LTSCs are from treated wastewater effluent owned by Reclamation and are discharged from the local wastewater treatment plants to the Santa Cruz River. The LTSCs are recharged into the groundwater aquifer along the Santa Cruz River below the waste water plants and within the Tucson Active Management Area. If these LTSCs are not used, Reclamation can sell these credits. Reclamation has sent the attached letter dated October 27, 2014, soliciting offers from water providers to purchase water.

These credits are similar to credits that Oro Valley can also store under our permit in the same project. However, since Oro Valley Water Utility uses all of its wastewater effluent directly in our reclaimed water system, we are not currently storing any credits under this project. We do continue to store any unused balance of our purchased CAP water. An additional purchase of these LTSCs will further increase our

account balances for the future.

The credits we will purchase under the agreement will benefit the Town by increasing the balances in our Long-Term Storage Accounts, which can be used to replace groundwater pumping from our recovery wells in the Tucson Active Management Area. These credits will be used to meet future demands and protect against drought conditions and possible shortages or curtailment of CAP water deliveries.

Purchase of these credits is timely since we have used some of our credits in recent years to replace groundwater pumping and to wheel our CAP water delivered through the Tucson water system. The Water Utility recommends purchasing 4,000 acre feet per year of these LTSCs for three (3) years. The cost offered will be \$140.00 per acre foot which is lower than the current cost of \$172.00 per acre foot to purchase and store our CAP Water. Building up our accounts by an additional 12,000 acre feet would increase our LTSC account balances close to the amounts we held in 2010. The credits would be transferred from Reclamation accounts to the Town of Oro Valley Long-Term Storage Accounts through the Arizona Department of Water Resources.

The cost to purchase credits is budgeted in the Water Utility FY 2014-15 Budget under Water Resource Management for \$450,000.00. The costs are also included in the recent 5-year projection in our Water Rates Analysis.

The Water Utility Commission reviewed this proposed purchase at their meeting on November 10, 2014, and unanimously recommended that Council approve the purchase of up to 12,000 acre feet of these LTSCs at a total cost of \$1,680,000.00 for the three (3) year purchase period.

FISCAL IMPACT:

The purchase of the Long-Term Storage Credits would cost \$1,680,000.00 over the next three (3) years, approximately \$560,000.00 per year. The purchase is for up to 4,000 acre feet per year for three (3) years, which totals up to 12,000 acre feet. Funds are budgeted under Water Resource Management in FY 2014-15 and are also included in the 5-year projection in the recent Water Rates Analysis. The cost is \$140.00 per acre foot for these LTSCs, which is lower than the current \$172.00 per acre foot cost to store our CAP water. The cost to purchase credits is budgeted in the Water Utility FY 2014-15 Budget under Water Resource Management for \$450,000.00.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution (R)14-62, authorizing and approving the purchase of Long-Term Storage Credits from the Bureau of Reclamation.

Attachments

(R)14-62 Purchase of Long-Term Storage Credits

Exhibit A-USBR Letter

RESOLUTION NO. (R)14-62

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING THE PURCHASE OF LONG-TERM STORAGE CREDITS FROM THE BUREAU OF RECLAMATION

WHEREAS, pursuant to A.R.S. § 9-511, *et seq.*, the Town has the requisite statutory authority to acquire, own and maintain a water utility for the benefit of the residents within and without the Town's corporate boundaries; and

WHEREAS, The United States Bureau of Reclamation (Reclamation) has Long-Term Storage Credits available for sale in the Tucson Active Management Area stored in the Lower Santa Cruz River Managed Recharge Project (WSP #73-591928.0500); and

WHEREAS, the Town desires to purchase up to 4,000 acre-feet per year of the Reclamation Long-Term Storage Credits for the next three years; and

WHEREAS, Reclamation has sent a letter dated October 27, 2014, attached hereto as Exhibit "A", to Oro Valley and other water providers soliciting offers to purchase Long-Term Storage Credits; and

WHEREAS, it is in the best interest of the Town to purchase these Long-Term Storage Credits which will be used to meet Town water supply needs.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona, that:

1. The Water Utility is authorized to make an offer to purchase and execute an agreement for purchase and payment of the Long-Term Storage Credits for up to 4,000 acre-feet per year for three years for a total of up to 12,000 acre feet at a total costs of no more than \$1,680,000.00.
2. The Water Utility Director and any other administrative officials of the Town of Oro Valley are hereby authorized to take steps as necessary to execute and implement the terms of the purchase.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 3rd day of December, 2014.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

Exhibit “A”



United States Department of the Interior

BUREAU OF RECLAMATION
Lower Colorado Region
Phoenix Area Office
6150 West Thunderbird Road
Glendale, AZ 85306-4001

IN REPLY REFER TO:
PXAO-3000
PRJ-1.10

OCT 27 2014

MEMORANDUM

To: All Interested Parties

From: Randy N. Chandler
Area Manager

Subject: Solicitation of Offers to Purchase Long-Term Storage Credits (LTSCs)

The Bureau of Reclamation is currently recharging effluent discharged into the Santa Cruz River under Arizona Water Storage Permits (WSP:73-591928.05) and has developed LTSCs within the Tucson Active Management Area in accordance with Arizona State law.

Reclamation is seeking offers to purchase up to 20,000 acre-feet per year of these LTSCs for a period of 3 years, beginning in 2015. Sales to multiple parties up to the total amount of credits will be considered. Multiple year sales or single year sales will also be considered. At this time, Reclamation is not seeking offers to enter into a long-term arrangement.

Reclamation will consider offers subject to the following conditions:

1. Offers to purchase can be made for 1 to 3 years, with a different quantity for each year.
2. Recovery of the LTSCs will be the sole responsibility of the purchaser and Reclamation shall have no obligation or responsibility to assist in recovery.
3. The applicant must agree that recovery of the LTSCs will be in compliance with Arizona State law, including A.R.S. 45-834.01, and the Intergovernmental Agreements (IGAs) under which the WSP is governed. A copy of the IGA will be provided upon request.
4. The applicant must agree not to recover nor allow the recovery of the LTSCs within 5 miles of the exterior boundary of the Tohono O'odham Nation.
5. The applicant must provide Reclamation with adequate information for Reclamation to comply with applicable Federal environmental laws including the National Environmental Policy Act, the Endangered Species Act, and cultural resource laws.
6. Applicants will only be considered if they currently have a Certificate of Assured Water supply in accordance with A.R.S. § 45-576, or they are able to accrue LTSCs under State law.
7. The applicant must agree to hold harmless and indemnify the United States.
8. Assignments of LTSCs will take place upon the receipt of payment pursuant to a written agreement to be entered into between Reclamation and the purchaser.

Reclamation reserves the right to decide to accept some or all offers based upon the price offered, environmental review, public input received during the environmental review, and other criteria at Reclamation discretion. Reclamation may also choose not to accept any of the offers.

Please provide within 45 days of the date of this solicitation your offer to purchase credits to:

Mr. Randy N. Chandler
Area Manager
Phoenix Area Office
Bureau of Reclamation
6150 West Thunderbird Road
Glendale, AZ 85306-4001

The initial submittal should include a proposed price per acre-foot of credit, the number of LTSCs the applicant seeks to purchase each year during the period from 2015 through 2018, a description of the intended use of the credits, and a statement that the applicant is willing to meet the above-stated seven conditions. After Reclamation's review of offers received, applicant of interest will be contacted to address any additional details that might be needed and to begin the contracting process.

Questions should be directed to Mr. Lawrence R. Marquez at 623-773-6213.

cc: See next page.



Town Council Regular Session

Item # **6.**

Meeting Date: 12/03/2014
Requested by: Bayer Vella
Submitted By: Matt Michels, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

PUBLIC HEARING: REQUEST FOR A REVISION TO AN APPROVED REZONING FROM R1-144 TO R1-7 FOR A 120-LOT SINGLE-FAMILY DEVELOPMENT ON APPROXIMATELY 45 ACRES, LOCATED EAST OF IRONWOOD RIDGE HIGH SCHOOL ON THE SOUTH SIDE OF NARANJA DRIVE, BY REQUESTING TO UTILIZE THE BUILDING SETBACK REDUCTION ENABLED BY THE ENVIRONMENTALLY SENSITIVE LANDS (ESL) SECTION OF THE ZONING CODE

RECOMMENDATION:

Staff recommends approval of the proposed side yard building setback reduction.

EXECUTIVE SUMMARY:

On April 2, 2014, the Town Council approved the rezoning for the 120-lot Meritage on Naranja single-family residential subdivision as a Conservation Subdivision Design utilizing the lot size reduction incentive. The applicant requests approval to reduce the required minimum side yard building setback from 7.5 feet to 5 feet to accommodate the homes planned for the subdivision. This reduction is allowed as a flexible design option enabled by the Environmentally Sensitive Lands (ESL) requirements and it is intended to help accommodate the smaller development footprint of Conservation Subdivision Design.

BACKGROUND OR DETAILED INFORMATION:

The intent of the ESL section of the Zoning Code is that all flexible design options are requested by the applicant during the rezoning process. This allows staff and Town Council timely and coordinated review of all associated requests. Although this was not done during the initial public rezoning for the Meritage on Naranja subdivision, it is the applicant's prerogative to reopen a rezoning request for consideration of flexible design options, subject to Town Council approval.

The ESL requirements permit building setback reductions as a flexible design option. The original Tentative Development Plan (Attachment 1) was approved as a Conservation Subdivision Design utilizing the lot reduction incentive.

A Conservation Subdivision Design allows smaller lot sizes in exchange for the preservation of additional natural open space. A commensurate reduction in the side yard building setback is warranted to account for the reduced lot size. The applicant is requesting a reduction in minimum side yard building setbacks from 7.5 feet to 5 feet. Approval of this reduction will allow the subdivision to fully utilize the Conservation Subdivision Design option originally approved by Town Council.

This request is consistent with the review criteria in Section 27.10.D.3.F.2.c.ii and represents a minor reduction in minimum side yard building setbacks. The reduction will provide additional developable area

to accommodate the proposed homes and achieve the development program approved as depicted on the Tentative Development Plan. As a result, staff recommends approval of this request.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

The Council may wish to consider one of the following motions:

I MOVE to APPROVE the applicant's request to reduce minimum side yard setbacks from 7.5 feet to 5 feet, finding that the request is consistent with the objectives of the Environmentally Sensitive Lands section of the zoning code.

OR

I MOVE to DENY the applicant's request to reduce minimum side yard setbacks from 7.5 feet to 5 feet, finding that the request is not consistent with the objectives of the Environmentally Sensitive Lands section of the zoning code, specifically _____.

Attachments

ATTACHMENT 1 - TENTATIVE DEVELOPMENT PLAN

NARANJA DR.

LA CHOLLA BLVD.

Poppy Trail Alignment

Proposed Neighborhood Trail Alignment

CASAS CHURCH

IRONWOOD RIDGE HIGH SCHOOL

PLAN SUMMARY

Property Area = 49 ± Acres
 Open Space = 37% ±
 Total Lots = 120:
 ● 42 (70' x 120')
 ● 78 (56' x 120')

**EXHIBIT P:
TENTATIVE SITE PLAN**

DR. WFB

Scale: North Arrow
1" = 100'

300'





Town Council Regular Session

Item # 7.

Meeting Date: 12/03/2014
Requested by: Mayor Hiremath & Councilmember Zinkin
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

DISCUSSION AND POSSIBLE DIRECTION REGARDING THE ACQUISITION OF REAL PROPERTY FOR RECREATIONAL PURPOSES

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

Mayor Hiremath and Councilmember Zinkin have requested that this item be placed on the agenda for discussion and possible direction.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to _____
