

A G E N D A

REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, TO BE HELD FEBRUARY 5, 2013, AT 6:00 P.M., AT THE PUBLIC SAFETY BUILDING, 199 S. 6TH STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. BRIEF SUMMARY OF CURRENT EVENTS BY MAYOR, CITY COUNCIL AND/OR CITY MANAGER—THE PUBLIC BODY DOES NOT PROPOSE, DISCUSS, DELIBERATE OR TAKE LEGAL ACTION ON ANY MATTER BROUGHT UP DURING THIS SUMMARY UNLESS THE SPECIFIC MATTER IS PROPERLY NOTICED FOR LEGAL ACTION.
- V. PROCLAMATION—PRESCRIPTION DRUG ABUSE REDUCTION.
- VI. CALL TO THE PUBLIC— This portion of the agenda is set aside for the public to address the Council regarding an item that is not listed on the agenda for discussion. However, the Council cannot engage in discussion regarding any item that is not officially listed on the agenda for discussion and/or action (A.R.S. §38-431.02.H.) Comments are limited to a 5 minute time period.
- VII. EMPLOYEE OF THE QUARTER—Iris Dobler, Human Resources Manager.
- VIII. QUARTERLY SAFETY AWARD—Jeff Boyd, Fire Lieutenant.
- IX. APPROVAL OF MINUTES—Regular Meetings of December 18, 2012 and January 15, 2013.
- X. PRESENTATION REGARDING THE COTTONWOOD EMERGENCY NOTIFICATION SYSTEM.

Comments regarding items listed on the agenda are limited to a 5 minute time period per speaker.
- XI. OLD BUSINESS—None.
- XII. CONSENT AGENDA—None.
- XIII. NEW BUSINESS—The following items are for Council discussion, consideration, and possible legal action.
 1. RESOLUTION NUMBER 2678—APPOINTING A MEMBER TO THE CITY’S PERSONNEL BOARD.
 2. RESOLUTION NUMBER 2679—APPOINTING A MEMBER TO THE CITY’S PERSONNEL BOARD.
 3. LEASE AGREEMENT FOR THE OLD TOWN JAIL BUILDING FOR A TEA ROOM AND RELATED RETAIL.

A G E N D A
February 5, 2013/Page 2

4. REQUEST BY MINGUS UNION HIGH SCHOOL (MUHS) FOR THE CITY TO WAIVE PLANNING FEES IN THE AMOUNT OF \$3,270 FOR A REZONE REQUEST OF MUHS PROPERTY.
 5. REJECTION OF THE PROPOSED MEMORANDUM OF UNDERSTANDING WITH THE NORTHERN ARIZONA COUNCIL OF GOVERNMENTS AREA AGENCY ON AGING FOR SECTION 5317 GRANT FUNDING FOR A REGIONAL TAXI VOUCHER PROGRAM.
 6. COTTONWOOD AREA TRANSIT (CAT) PARA-TRANSIT PLAN.
 7. CONSIDERATION OF A CONSTRUCTION MANAGER AT RISK PRE-CONSTRUCTION SERVICES AGREEMENT WITH FELIX CONSTRUCTION FOR THE RIVERFRONT WATER RECLAMATION FACILITY.
 8. PRESENTATION AND ACCEPTANCE OF THE CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2012.
 9. ORDINANCE 592--AMENDING THE MUNICIPAL CODE BY DELETING TITLE 6 ANIMALS, IN ITS ENTIRETY; ADDING A NEW TITLE 6, ANIMALS; AND AMENDING SECTION 1.12.010 OF THE MUNICIPAL CODE; FIRST READING.
 10. RESOLUTION NUMBER 2680--CALLING FOR AN ELECTION ON A PROPOSED ADJUSTMENT TO THE CITY'S BASE EXPENDITURE LIMITATION; SETTING FORTH THE LANGUAGE OF THE BALLOT QUESTION; ESTABLISHING THE DATE OF THE ELECTION; PROVIDING FOR THE MANNER OF THE ELECTION; AND SETTING FORTH THE DEADLINES FOR REGISTERING TO VOTE IN THE ELECTION, AND FOR THE SUBMISSION OF ARGUMENTS IN FAVOR OF AND IN OPPOSITION TO THE PROPOSAL.
 11. ACRD/KHULT V. CITY--DISCUSSION, CONSIDERATION AND POSSIBLE LEGAL ACTION TO APPROVE A PROPOSED SETTLEMENT AGREEMENT AND CONSENT DECREE. PURSUANT TO A.R.S. § 38-431.03.(A)(3), AND/OR (A)(4), THE COUNCIL MAY VOTE TO CONVENE IN EXECUTIVE SESSION TO CONSULT WITH THE CITY ATTORNEY AND OTHER CITY OFFICIALS REGARDING THIS MATTER PRIOR TO TAKING LEGAL ACTION.
- XIV. CLAIMS & ADJUSTMENTS
- XV. EXECUTIVE SESSION--PURSUANT TO A.R.S. § 38-431.03.(A)(3) AND/OR (A)(4), THE COUNCIL MAY VOTE TO CONVENE IN EXECUTIVE SESSION TO DISCUSS A PROPOSED INTERGOVERNMENTAL AGREEMENT FOR FIRE DISPATCH SERVICES.
- XVI. ADJOURNMENT

Pursuant to A.R.S. § 38-431.03.(A) the Council may vote to go into executive session on any agenda item pursuant to A.R.S. § 38-431.03.(A)(3) Discussion or consultation for legal advice with the attorney or attorneys of the public body.

Americans with Disabilities Act Notice: The Cottonwood Council Chambers is wheelchair accessible.

A G E N D A
February 5, 2013/Page 3

Those with needs for special typeface print, hearing devices or other special accommodations may request these through the Cottonwood City Clerk at 928-340-2727 (TDD 928-634-5526). Requests should be made as early as possible to allow the City sufficient time to arrange for the necessary accommodations.

Members of the City Council will attend either in person or by telephone conference call.

Notice is hereby given that pursuant to A.R.S. §1-602.A.9 , subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents in order to exercise their rights may either file written consent with the City Clerk to such recording, or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. §1-602.A.9 have been waived.

PROCLAMATION

WHEREAS, citizens of the City of Cottonwood are affected by prescription drug abuse; and

WHEREAS, the U.S. Center for Disease Control declared prescription drug abuse an epidemic with far reaching effects upon the citizens of Cottonwood impacting individuals, families, friends, adults and children alike; and

WHEREAS, it is estimated that 40 deaths per day nationwide are due to prescription drugs, exceeding the number of deaths related to heroin and cocaine combined and for the first time in history, drug poisoning deaths are the number one cause of accidental deaths in America; and

WHEREAS, prescription drug abuse is directly associated with crimes against persons and property, physical illness, addiction, accidental death, economic loss, child abuse, destruction of families, driving while impaired and drug-related vehicular collisions; and

WHEREAS, the resources and capacity of the courts and detention system, hospital emergency rooms and providers of behavioral health services are severely stretched by the proliferation of prescription drug abuse within the City of Cottonwood; and

WHEREAS, prescription drug abuse is a community problem that is best addressed through a variety of strategies that bring together education, prevention, treatment and criminal justice resources in a coordinated, individualized approach; and

WHEREAS, Yavapai County has been selected by the Governor's Office for Children, Youth and Families and the Arizona Criminal Justice Commission to implement the Prescription Drug Reduction Initiative; and

WHEREAS, the City of Cottonwood has united against prescription drug abuse in partnership with MATFORCE; and

WHEREAS, under the Prescription Drug Abuse Reduction Initiative, Yavapai County and MATFORCE have implemented strategies to reduce prescription drug misuse and the consequences associated with this epidemic to improve the health of our communities and families.

THEREFORE, the City of Cottonwood proclaims support for the **Prescription Drug Abuse Reduction Initiative**.

Diane Joens, Mayor

Date: _____



4th QUARTER, 2012

EMPLOYEE

(please designate which)

RECOGNITION NOMINATION

(Please circle the category for which you are nominating this employee.)

Submit to the HR office by December 14, 2012

Please use the format shown below. You may write or type on an additional sheet of paper, if you wish.

SUBMISSION DATE: December 12, 2012

NAME OF EMPLOYEE: Iris Dobler

DEPARTMENT: Human Resources

POSITION: HR Manager

WHAT ACTION DID THE EMPLOYEE DO TO DESERVE THIS NOMINATION:

Iris coordinated the City's 2012 Compensation Study. Even though it was contracted out to Public Sector Personnel Consultants (PSPC) she reviewed every piece of detail that was submitted to ensure equity and fairness.

She attended numerous meetings with the General Managers as well as Public Safety to get feedback on the process and to determine if there were any issues that needed to be addressed. She processed the feedback and forwarded it to PSPC for evaluation and entry into the study.

Her review of the countless documents attests to her dedication to the organization and her devotion to our Cottonwood employees.

WHAT IS THE IMPACT/BENEFIT TO THE CITY:

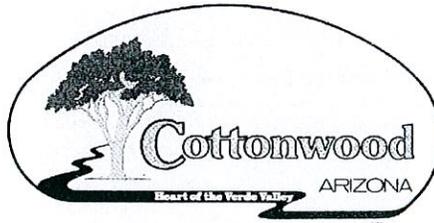
The impact of her work on the Compensation Study to the City of Cottonwood is in the finished product. The outcome was a very thorough and comprehensive Compensation Study that ensures that the City of Cottonwood is the premier Municipal employee in the Verde Valley and beyond. It demonstrates that Cottonwood is serious about hiring and keeping the best possible individuals as employees.

SIGNATURE OF NOMINATOR: _____

DATE: 12/12/12

PRINT NAME OF SUBMITTING NOMINATOR: _____

*Jesus R. Rodriguez CGPA
Admin. Services Gen Mgr*



4th QUARTER, 2012
SAFETY EMPLOYEE of the Quarter
(please designate which)

RECOGNITION NOMINATION

(Please circle the category for which you are nominating this employee.)

Submit to the HR office by December 14, 2012

Please use the format shown below. You may write or type on an additional sheet of paper, if you wish.

SUBMISSION DATE: December 11, 2012

NAME OF EMPLOYEE: Jeff Boyd

DEPARTMENT: FIRE

POSITION: Lieutenant

WHAT ACTION DID THE EMPLOYEE DO TO DESERVE THIS NOMINATION:

For a number of years Jeff has coordinated our mapping program. This program ensures that fire department personnel have the latest most accurate maps available to ensure safe and efficient response to emergency situations. This program involves continuously monitoring our community for new streets, new fire hydrants and other changes that require updating our maps. Jeff then has to update the map pages, and then upload the information to our mobile computer terminals in each response vehicle as well as update our printed maps.

Recently, Jeff took on some very time consuming additional responsibilities to ensure that addresses of structures in our community reflect the correct location on the "map grid". This is important in that addresses that do not correspond to the grid become difficult to locate in emergency situations. Jeff found a number of addresses in various parts of the city that are numbered incorrectly in relation to the grid. In cooperation with the building official and P & Z, Jeff has become a city liaison with Yavapai County officials responsible for addressing throughout the county. In addition Jeff also has taken on responsibility for coordinating addressing issues with our 911 dispatch centers to ensure that addresses are correct in the 911

system. This ensures that emergency units can find addresses in the fastest time and help improve the safety of our residents.

WHAT IS THE IMPACT/BENEFIT TO THE CITY:

Jeff's attention to detail and desire to make sure that addresses in our community are correct and that they conform to the county grid system has already resulted in a number of corrections that will improve our ability to quickly locate residences and businesses in emergency situations. Jeff was not required to expand his role in this area of responsibility; instead, he sought out these additional duties based upon his desire to improve our emergency response times to ensure that we provide the very best emergency service to our community. I sincerely believe that Jeff's willingness to take on this additional responsibility truly makes him a candidate for "Employee of the Quarter".

SIGNATURE OF NOMINATOR: _____ DATE: December 12, 2012

PRINT NAME OF SUBMITTING NOMINATOR: Mike Kuykendall

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	February 5, 2013
Subject:	Appointment of two Citizens at Large to the Personnel Board
Department:	HR
From:	Iris Dobler, Human Resources Manager

REQUESTED ACTION

The current appointments of the Citizens at Large on the Personnel Board expired December 31, 2012. These board members were Charles Rawson and Edmund Kiyler.

Mr. Rawson also notified me that he recently moved outside the City limits, and therefore is no longer eligible to be on this Board.

Applications have been received from William "Steve" Dockray, Edmund Kiyler and John Thornbury for the two open seats.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to approve Resolution Number 2678 appointing _____ as a member of the city's Personnel Board for a two-year term expiring February 5, 2015."

"I move to approve Resolution Number 2679 appointing _____ as a member of the city's Personnel Board for a two-year term expiring February 5, 2015."

BACKGROUND

Mr. Dockray has served on numerous boards over the last 40 years, as well as on the Cottonwood City Council. He holds a B.S. degree, and retired after being an educator for 30 years.

Mr. Kiyler has served on the Personnel Board for four terms. He has knowledge of the requirements of board members, as well as the City of Cottonwood personnel system. Ed has 40 years of law enforcement experience, and also currently serves on the City's Planning and Zoning Commission.

Mr. Thornbury has a B.A. in Economics, spent 30 years in the petroleum marketing industry, and is currently a part-time driver for the City's transit system. He served on various boards

and committees while in the petroleum industry, handling customer concerns covering many areas of dispute.

JUSTIFICATION/BENEFITS/ISSUES

Two Citizens at Large need to be named to serve on the Personnel Board. These two seats are in addition to three employees of the City who also serve on this Board.

COST/FUNDING SOURCE

N/A

ATTACHMENTS:

Name:	Description:	Type:
 P. B. Appls..pdf	Applications	Backup Material
 res2678.doc	Resolution Number 2678	Cover Memo
 res2679.doc	Resolution Number 2679	Cover Memo



17-01-13 P05:18 IN

CITY OF COTTONWOOD
816 NORTH MAIN STREET
COTTONWOOD, AZ 86326
Phone (928) 634-0060 x217
Fax (928) 634-3727
Revised January 11, 2010

APPLICATION FOR Personnel Board
(BRAND/COMMISSION/COMMITTEE)

NAME Dockray William Steve
(Last) (First) (Middle)

MAILING ADDRESS P. O. Box 2451 Cottonwood AZ 86326
(Route or Box) (City) (State) (Zip)

STREET ADDRESS 1190 S. 8th St. Cottonwood AZ 86326
(Number & Street) (City) (State) (Zip)

HOME PHONE 928-634-4896 WORK/MESSAGE PHONE 928-821-0239

EMAIL ADDRESS: scdockray@swiftaz.net

PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.

Professional Memberships, Registrations, Licenses, Etc.

Education BS+

Work Experience Educator 30years retired

(Please continue on reverse side)

Application for (Board/Commission/Committee)

Page 2

Please describe your qualifications for serving on Board/Commission/Committee: I have served on numerous boards over the last 40 years

List any community service organizations or projects you have been involved with (include a brief description of activities):
VACTE School Board, ALCS School Board, Cottonwood City Council, State Career & Technology

Board

Have you ever been convicted of, or pled "no contest" to any crime, including any convictions that were later set aside or expunged? _____ YES _____ NO

Does the City of Cottonwood employ any relative of yours? _____ YES _____ NO

Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City?
Yes, since 1999

Signature William Dockray Date 1-17-13
Via email

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

Council meetings are held the first and third Tuesday of every month. Council agendas can be found under the City Council tab on the City website: www.cottonwoodaz.gov.

Rcvd - 12/27/12



CITY OF COTTONWOOD
816 NORTH MAIN STREET
COTTONWOOD, AZ 86326
Phone (928) 634-0060 x217
Fax (928) 634-3727
Revised January 11, 2010

APPLICATION FOR PERSONNEL BOARD
(BOARD/COMMISSION/COMMITTEE)

NAME Kyler Edmund E
(Last) (First) (Middle)

MAILING ADDRESS _____
(Route or Box) (City) (State) (Zip)

STREET ADDRESS 1924 W. TRAIL BLAZER COTTONWOOD AZ 86326
(Number & Street) (City) (State) (Zip)

HOME PHONE 928.649.3994 WORK/MESSAGE PHONE 928.274.4385

EMAIL ADDRESS: CRUISER@WILDAPACHE.NET

PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.

Professional Memberships, Registrations, Licenses, Etc. _____

COTTONWOOD PERSONNEL BOARD 2002 TO PRESENT
COTTONWOOD P+Z 2004 TO PRESENT

Education ARIZ. STATE UNIV. 2 yrs NO DEGREE

Work Experience 40 yrs LAW ENFORCEMENT
20 yrs PHOENIX P.D.
20 yrs STATE OF ARIZONA

(Please continue on reverse side)

Application for (Board/Commission/Committee)
Page 2

Please describe your qualifications for serving on Board/Commission/Committee: _____

HAVE BEEN ON BOARD 8 YRS

List any community service organizations or projects you have been involved with (include a brief description of activities):

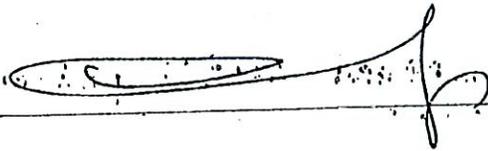
Have you ever been convicted of, or pled "no contest" to any crime, including any convictions that were later set aside or expunged? _____ YES NO

Does the City of Cottonwood employ any relative of yours? _____ YES NO

Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City?

12 YRS

Signature



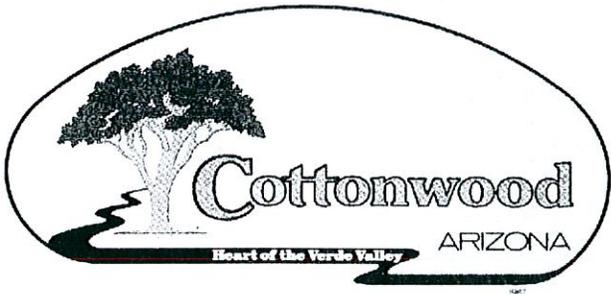
Date

1-5-12

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

Council meetings are held the first and third Tuesday of every month. Council agendas can be found under the City Council tab on the City website: www.cottonwoodaz.gov.



17-01-13 11:48 IN

CITY OF COTTONWOOD
816 NORTH MAIN STREET
COTTONWOOD, AZ 86326
Phone (928) 340-2713
Fax (928) 634-3727
Revised January 11, 2010

APPLICATION FOR City of Cottonwood Personnel Board
(BOARD/COMMISSION/COMMITTEE)

NAME Thornbury John Michael
(Last) (First) (Middle)

MAILING ADDRESS _____
(Route or Box) (City) (State) (Zip)

STREET ADDRESS 335 S. Katigo Way Cottonwood AZ 86326
(Number & Street) (City) (State) (Zip)

HOME PHONE (928) 646-0232 WORK/MESSAGE PHONE ^{Cell} (928) 451-4854

EMAIL ADDRESS: KATHLEEN.Thornbury@gmail.com

PLEASE TYPE OR PRINT CLEARLY IN INK ONLY.

Professional Memberships, Registrations, Licenses, Etc. _____

Ironworkers Union, United Steelworkers
N.E.F.I (New England Fuel Institute)

Education B.A. - Economics / UNIVERSITY OF NOTRE DAME

Work Experience Worked in Petroleum Marketing for 30 yrs -
Mostly with Atlantic Richfield Company. Handled Distribution
and Retail Marketing in N.Y., PA, and New England.
Currently Retired and working part-time as a C.A.T driver
for City of Cottonwood

Application for (Board/Commission/Committee)

Page 2

Please describe your qualifications for serving on Board/Commission/Committee: _____

SERVED ON VARIOUS BOARDS AND COMMITTEES HANDLING
DISTRIBUTION RELATIONS AND CUSTOMER CONCERNS COVERING
MANY AREAS OF DISPUTE.

List any community service organizations or projects you have been involved with (include a brief description of activities):

Have you ever been convicted of, or pled "no contest" to any crime, including any convictions that were later set aside or expunged? _____ YES NO

Does the City of Cottonwood employ any relative of yours? _____ YES NO

Are you currently a resident of Cottonwood? If so, how long have you been a resident of the City?

YES SINCE 12/04

Signature John Michael Hansen Date 1/17/13

NOTE: All applicants are strongly encouraged to attend the Council meeting at which their application will be considered. It is important for Council members to be able to assess applicants' qualifications and backgrounds during the selection process, and be able to ask questions for clarification.

Generally, the Council will conduct a brief interview process during the Council meeting.

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RESOLUTION NUMBER 2678

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPOINTING _____ A MEMBER OF THE CITY'S PERSONNEL BOARD & ESTABLISHING HIS TERM OF OFFICE.

WHEREAS, the term of Charles Rawson as a member of the City of Cottonwood's Personnel Board expired January 5, 2013; and

WHEREAS, it is necessary to appoint a member to the Personnel Board in accordance with the City of Cottonwood's Personnel Policy, Section 15, B. 1.b.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA:

THAT, _____ is hereby appointed to serve on the City of Cottonwood's Personnel Board for a two-year term expiring February 5, 2015.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, ARIZONA, THIS 5TH DAY OF FEBRUARY 2013.

Diane Joens, Mayor

ATTEST:

Marianne Jiménez, City Clerk

APPROVED AS TO FORM:

Steve Horton, Esq.
City Attorney

RESOLUTION NUMBER 2679

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, APPOINTING _____ A MEMBER OF THE CITY'S PERSONNEL BOARD & ESTABLISHING HIS TERM OF OFFICE.

WHEREAS, the term of Ed Kiyler as a member of the City of Cottonwood's Personnel Board expired January 5, 2013; and

WHEREAS, it is necessary to appoint a member to the Personnel Board in accordance with the City of Cottonwood's Personnel Policy, Section 15, B. 1.b.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA:

THAT, _____ is hereby appointed to serve on the City of Cottonwood's Personnel Board for a two-year term expiring February 5, 2015.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF COTTONWOOD, ARIZONA, THIS 5TH DAY OF FEBRUARY 2013.

Diane Joens, Mayor

ATTEST:

Marianne Jiménez, City Clerk

APPROVED AS TO FORM:

Steve Horton, Esq.
City Attorney

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date: February 5, 2013
Subject: Business Proposal and Lease for Old Town Jail
Department:
From: Casey Rooney, Manager, Cottonwood Economic Development

REQUESTED ACTION

Council approval of Old Town Jail business proposal and lease

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is: "I move to approve Old Town Jail business proposal submitted by Christina Williams and Cindi Battisti and to authorize staff to negotiate the final form of lease with the lessees to be signed by the Mayor."

BACKGROUND

The Old Town Jail was recently renovated. In the past, the Old Town Jail was used as a visitor's center. The use of the jail was ineffective. The decision was made to lease the facility out to a for-profit business. The business (Tea Room) fits into the City strategy related to the history and location next to the Jail Trail.

JUSTIFICATION/BENEFITS/ISSUES

Leasing the facility to a for-profit business will add tax revenue to the City and fill an empty building with a business that fits into the Old Town environment.

COST/FUNDING SOURCE

N/A

ATTACHMENTS:

Name:	Description:	Type:
 OLD_TOWN_JAIL_LEASE.docx	Old Town Jail Lease	Cover Memo

CITY OF COTTONWOOD OLD TOWN JAIL LEASE AGREEMENT

This Lease Agreement is made between the City of Cottonwood, Arizona, hereinafter called "City," and Christina Williams and Cindi Battisti (Wild Rose of Historic Old Town), hereinafter referred to as "Lessee." In consideration of the mutual covenants contained herein, the parties agree as follows:

I. PREMISES CALLED LEASED PREMISES

The City will lease to the Lessee the following described real property known as the Historic Old Town Jail located at 1101 N Main Street, Cottonwood, Arizona. The space includes the following:

Retail space located at 1101 N Main Street to include restroom and jail cell space.

II. USE OF LEASED PREMISES

The Lessee shall occupy and use the Leased Premises at 1101 N Main Street, Cottonwood, Arizona for conducting business only as described below:

Tea Room and related retail.

The Lessee is not authorized to use the Leased Premises as a residence, nor, for any other purpose other than as specified in Section II of the Lease Agreement without prior written consent of the City or his/her authorized agent.

III. RENTAL PAYMENTS

The Lessee shall pay the City the following:

- A.** The sum of five hundred dollars (\$500.00) per month for rent for the Leased Premises. These monthly rent payments shall be subject to increases in accordance with the provisions of Section VI. Rental payments shall be due on the first (1st) of each month and shall be payable to the City of Cottonwood and shall be mailed to the following:

City of Cottonwood
Administrative Services Department
816 N Main Street
Cottonwood, AZ 86326

Any payment not received on or before the tenth (10th) day of each month shall accrue interest at the rate of one percent (1%) per month or fraction of a month on such unpaid balance as may be due and a late payment charge of ten dollars (\$10.00) for each delinquent payment will be assessed. An additional \$25.00 will be assessed on all returned checks.

B. DELINQUENT RENTAL PAYMENT

All rent and other charges become delinquent if not paid in full by the end of the month, at which time the City will impose a late fee of up to ten percent (10%) and interest at the

rate of up to one and one-half percent (1 1/2%) per month pro-rated daily from the due date until paid on the amount owing, which penalty shall be immediately due and owing. If all charges, including but not limited to the delinquent penalty, are not paid within twenty (20) days after written notice of the default in payment is sent to the Lessee, the City may immediately terminate this Lease Agreement and exercise all rights of default as provided herein.

IV. UTILITIES

The Lessee shall be responsible for the payment of all utility expenses including, but not limited to, electricity, gas, water, trash/waste disposal, and any phone or internet access they require. No hazardous wastes, as defined by the Federal, State, County or City government, shall be disposed of on the premises unless by special permit. All hazardous wastes shall be handled and removed from the premises in accordance with Federal and State laws, rules and regulations.

V. SECURITY DEPOSIT

A security deposit for the building in the amount of one (1) month's rent (\$500.00) shall be paid within thirty (30) days of executing the Lease Agreement.

VI. RENT ADJUSTMENT

Rent will be adjusted annually by a three percent (3%) increase on the anniversary date.

VII. TERM

The term of this Lease Agreement shall be for a minimum of one (1) year; the first one (1) year period shall begin on the 15th day of February, 2013 and continue to and include the last day of February, 2014. The Lease Agreement may be extended for additional one (1) year periods subject to mutual agreement by both parties and as approved by the City Council. The Lessee shall give the City written notice of intent to renew the Lease Agreement with one hundred eighty (180) days prior notice. Either party may, with written notice, terminate the Lease Agreement with one hundred eighty (180) days prior notice. The maximum total lease term will be in accordance with A.R.S. §11-256.

VIII. ALTERATIONS, ADDITIONS, IMPROVEMENTS

- A.** All buildings and property are accepted by the Lessee in their present condition, and all repairs or improvements to the Leased Premises shall be at the sole cost of the Lessee unless prior arrangements with the City have been made. The Leased Premises are provided "AS IS". The City makes no warranty as to their condition. THE CITY EXPRESSLY DISCLAIMS ANY WARRANTY OF HABITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. Any improvements that may be necessary for the Lessee's purposes shall be the sole responsibility of the Lessee, including any heating, cooling, lighting, sewerage or other such facilities or repairs that may be required. Any such improvements provided by the Lessee are deemed to be for the benefit of the Lessee and the City shall not reimburse the Lessee for the expenses incurred thereby.
- B.** It is agreed, the Lessee, during the existence of this lease, may make improvements, alterations and additions to the Leased Premises. However, before commencement of

any work, the Lessee shall first receive the written approval of the City's Economic Development Director or designated representative.

- C. It is agreed, that subject to any right of removal afforded to the Lessee under this Lease Agreement, title to any leasehold improvements, buildings or structures added by the Lessee shall vest in the City immediately upon the completion of such facilities, and in consideration therefore, along with the Lessee's obligation of maintenance of these improvements, the City hereby grants to the Lessee the exclusive use of any such leasehold improvements for the term of the Lease Agreement.
- D. Upon the expiration or termination of this lease, the Lessee shall have the right to remove from the Leased Premises, any and all personal property or trade fixtures that have been placed thereon by the Lessee. The Lessee's right of removal of personal property and trade fixtures shall not be exercised where such removal will cause damage or injury to the Leased Premises. Under no circumstances shall the Lessee remove any electric or plumbing fixtures, including trade fixtures, which are connected with other building systems.
- E. Repairs and Maintenance – The Lessee shall, at all times during the lease, and at its own expense, repair, and maintain in a good, safe and substantial condition, any improvements on the Leased Premises, and shall use all reasonable precaution to prevent waste, damage or injury to the Leased Premises. In addition, the Lessee shall at all times keep the Leased Premises in a good and sightly condition, insofar as it may be affected by the Lessee's operations hereunder.

IX. LIENS

The Lessee shall keep the Leased Premises and all improvements erected thereon free and clear of any and all mechanics, material men and other liens arising out of the Lessee's use and occupancy of the Leased Premises. Filing of a lien against this property shall constitute a default of this Lease Agreement.

X. ASSIGNMENT, SUBLEASE OR LICENSE

The Lessee shall not assign, mortgage or encumber the premises, or any other right or privilege connected therewith, or allow any other person except agents and employees of the Lessee to occupy the Leased Premises or any part thereof without first obtaining the written consent of the City for each instance. No such assignment, subletting or occupancy shall be deemed a waiver of the covenant, or the acceptance of an assignee, subtenant or occupant as tenant, as a release of the Lessee of the covenants of this Lease Agreement. An unauthorized assignment, sublease or license to occupy by the Lessee shall be void and shall terminate the lease at the option of the City.

XI. COMPLIANCE WITH LAWS AND REGULATIONS

The Lessee shall comply with all federal, state and county laws, rules and regulations, controlling or in any manner affecting the use or occupancy of the Leased Premises. All City of Cottonwood regulations and ordinances as applicable to this facility or the operations therein and any future amendments thereto, are incorporated by reference into this lease and shall be considered part of the regulations the Lessee must comply with under the terms of this Lease Agreement.

XII. GOVERNMENT PROPERTY LEASE EXCISE TAX (GPLET)

This Lease Agreement is subject to the provisions of A.R.S. §42-6201 through §42-6210, regarding the payment of the Government Property Lease Excise Tax (GPLET). The Lessee will be required to submit returns on a form prescribed by the Arizona Department of Revenue (currently DOR 82620) to the Yavapai County Treasurer by or before December 1 of each year the Lease is in effect, together with any taxes due, and to submit a copy of the return to the City of Cottonwood Administrative Services Department.

Failure by the Lessee to pay the tax after notice and an opportunity to cure is an event of default that could result in the termination of the Lease Agreement and all of Lessee's interest in the property.

XIII. ENTRY TO PROPERTY

The City shall maintain keys for the Leased Premises and with reasonable notice be allowed to inspect the Leased Premises as deemed necessary and appropriate. The City may enter the Leased Premises at any time for the purpose of maintenance or janitorial services and in the case of fire or an emergency.

XIV. PARKING

Parking significant for the purpose of this Lease Agreement shall be made available by the City.

XV. INDEMNIFICATION

The Lessee shall defend, hold harmless, and indemnify the City, its officers, agents, and employees, from all claims, demands, suits, damages, and loss ("claim") which result from the negligence or intentional torts of the Lessee, its agents, officers, and employees, in the performance of this Agreement, but only to the extent that such claims arise from such negligence or intentional torts. The City shall hold harmless, defend and indemnify the Lessee, its officers, agents, and employees, from all claims, demands, suits, damages, and loss ("claims") which result from the negligence or intentional torts of the City, its agents, officers, and employees, in the performance of this Agreement, but only to the extent that such claims arise from such negligence or intentional torts. The extent of the foregoing liabilities shall be limited to and determined by the respective fault of the parties, their agents, subcontractors, and employees, in comparison with others (including, but not limited to, the other party) who may have contributed to or in part caused any such claim to arise.

XVI. INSURANCE

During the lease term, the Lessee shall, at its own expense, take out and maintain liability insurance. This liability insurance shall provide a minimum of \$1,000,000 liability coverage for each occurrence and with such insurance companies, as shall be satisfactory to the City to protect and indemnify the City from all damages or claims of any kind whatsoever, arising from the Lessee's use and occupancy of the Leased Premises. The Lessee shall cause these insurance policies to name the City as an additional insured and waive subrogation against the City.

In addition, the Lessee shall, at its own expense, take out and maintain business property and liability insurance in an amount sufficient to cover the value of all property owned, leased or stored by the Lessee on the Leased Premises.

The Lessee shall provide the City with certificates evidencing the coverage and naming the City of Cottonwood as additional insured within thirty (30) days of signing this lease agreement or prior to occupancy, whichever is sooner. The proper endorsements must also be provided with regards to the additional insured. A current certificate will be provided on the anniversary of the policy, to the City at the same address to which rent is sent. Should insurance be canceled, notification must be sent to the City within ten (10) working days.

XVII. FIRE AND CASUALTY DAMAGE

- A.** If the Leased Premises shall be damaged by fire or other casualty, but the Leased Premises are either tenantable or if untenable, the Leased Premises can reasonably be expected to be repaired within thirty (30) working days after the commencement of repair work, the lease shall continue in full force and effect. In such case, the Lessee may at its own cost, promptly and diligently repair and restore the Leased premises to substantially the same condition existing prior to such damage. Without limiting such obligation on the part of the Lessee, the proceeds of any insurance covering such damage or destruction shall be made available to the City for such repair and restoration.
- B.** If the Leased Premises shall be totally destroyed by fire or other casualty, or if the Leased Premises should be so badly damaged by fire or other casualty as to become untenable, and such damage cannot reasonably be expected to be repaired within thirty (30) working days after the commencement of repair work, the Lessee may terminate the lease, without further obligation by giving thirty (30) days prior written notice of such election to terminate, to the City. In such event, then all insurance money received or recoverable for the loss of the Leased Premises shall belong to and be paid to the City.

XVIII. DEFAULT OR BREACH

Each of the following events shall constitute a default or breach of this Lease by the Lessee.

- A.** If the Lessee shall fail to pay the City any rent when the rent shall become due.
- B.** If the Lessee shall fail to perform or comply with any of the conditions of this Lease.
- C.** If the Lessee shall vacate or abandon the Leased Premises.
- D.** If this Lease shall be transferred to or shall pass to or dissolve on any other person or party without the prior written consent of the City.
- E.** If the Lessee shall fail to maintain current, required amounts of insurance coverage.

XIX. SUPPLEMENTARY CONDITIONS

A. CONDITIONS OF GRANTING LEASE

The Lessee agrees that the privilege to use said public facilities in common with others authorized to do so shall be exercised only subject to and in accordance with the laws of

the United States of America, the State of Arizona, and the City of Cottonwood; the rules and regulations promulgated by their authority and all applicable standards, rules, regulations and ordinances of the City or by direction of the City now in force or hereafter prescribed or promulgated by City or by law.

The City reserves the right to further develop or improve all areas of the Office Space as it sees fit, regardless of the desires or views of the Lessee, and without interference or hindrance from any such Lessee.

The City has the right to inspect the Leased Premises at any time and the right to enter upon the Leased Premises at any time, for the purpose necessary, incidental to or connected with any matter related to the exercise of its governmental functions, or as may be required in the operation, maintenance or development of the premises, or to determine whether the Lessee is in compliance with Articles of this Lease Agreement; provided, however, that except in emergency circumstances or in situations where inspections must necessarily be undertaken during other than normal business hours, such inspections will occur only after reasonable notice to the Lessee, during regular business hours, and in such a manner as to minimize interference with the Lessee's use of Leased Premises.

The City has the right and easement to install, maintain, repair, replace or remove and replace water or sewer pipes, electrical or phone lines, gas pipes, pavement or any other utilities or services on the Leased Premises along with the right to enter the Leased Premises in order to accomplish such actions as are related to this right at all times.

The Leased Premises is leased on an "as is" basis and the City shall not be responsible for any costs or expenses the Lessee may incur in the use and occupancy of the Leased Premises and, specifically, any utilities or refuse removal the Lessee may require.

B. SECURITY

The Lessee shall, at its sole cost and expense, take such measures as may be necessary to keep the Leased Premises secure and safe at all times with the understanding that the City will have access to the office space at all times. The City has no obligation or responsibility to keep the Leased Premises policed, secured or safe.

The Lessee is fully responsible for any lost, stolen or damaged keys or access cards, and agrees that the Lessee shall reimburse the City for all costs for the replacement of such keys, door hardware cores and access cards.

XX. TERMINATION

In the event of any default or breach by the Lessee of any provisions of this Lease Agreement, and if such default continues for a period of thirty (30) days after written notice of default has been delivered by the City to the Lessee, this Lease Agreement shall, at the option of the City, be terminated forthwith upon the Lessee's receipt of a written notice of termination from the City. In such event, the Lessee agrees to deliver peaceful and lawful possession thereof, and to pursue any other legal remedy for damages or otherwise arising out of the default by the Lessee.

In the event of termination, upon expiration of the applicable term or as otherwise authorized herein, the Lessee shall vacate the premises and leave then in a good and clean condition, not

worse than existed at time of occupancy, ordinary wear and tear excepted. The Lessee shall remove, or arrange for the removal of all of its remaining personal property and waste from the Leased Premises on or before vacating the premises. Any property or materials not removed within thirty (30) days of the termination of the Lease Agreement shall be deemed to be abandoned and may be disposed of by the City at the Lessee's expense, as the City deems appropriate.

This agreement may be terminated for conflict of interest, pursuant to A.R.S. §38-511.

XXI. LEGAL REMEDIES

The parties hereby agree to make a good faith effort to resolve any controversy or claim through informal negotiation. Any claim or controversy must first be presented in writing, with supporting documentation, to the agent of the other party. The recipient shall have seven (7) days to prepare and deliver a response. Thereafter, if the parties fail to resolve the claim or controversy following a reasonable period for such resolution, but not less than ten (10) days, the aggrieved party may pursue its legal remedies in the Yavapai County Superior Court.

XXII. RIGHT AND REMEDIES

No provision in this document or in the Lessee's proposal shall be construed, expressly or by implication, as a waiver by the City of any existing or future right and/or remedy available by law in the event of any claim of default or breach of the Lease Agreement. The failure of any party to insist upon the strict performance of any term or condition of the Lease Agreement or to exercise or delay the exercise of any right or remedy provided in the Lease Agreement or by law, or the acceptance of materials or services, or the payment for materials or services, shall not release the other party(s) from any responsibilities or obligations imposed by the Lease Agreement or by law, and shall not be deemed a waiver of any right of any party(s) to insist upon the strict performance of the Lease Agreement.

XXIII. LEASE AGREEMENT

The Lease Agreement between the City and the Lessee shall consist of (1) the Request for Proposals solicitation, including instructions, all terms and conditions, plans, technical specifications, scope of work, attachments, and any amendments thereto; (2) the Proposal Form submitted by the Lessee in response to the solicitation, to the extent that it is consistent with the solicitation and other Lease Agreement documents; and (3) the executed Lease Agreement document. However, the City reserves the right to clarify or amplify any contractual terms, with the written concurrence of the Lessee, and such written Lease Agreement shall govern in case of conflict with the applicable requirements stated in the solicitation or the Lessee's proposal.

The terms of this Lease Agreement, Sections I through XXIII shall take precedence and be superior over the terms or conditions of any other incorporated documents in the event of any conflict or inconsistency among these respective terms or conditions.

XXIV. LEASE AGREEMENT AMENDMENTS

This Lease Agreement may be modified only by a written Lease Agreement Amendment signed by persons duly authorized to act in this capacity on behalf of the City and the Lessee.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names to this _____ day of _____, 20____.

CITY OF COTTONWOOD

LESSEE

By: _____

Diane Joens, Mayor

Title: _____

APPROVE AS TO FORM

ATTEST (If Corporation):

Steven Horton, City Attorney

Secretary

ATTEST

SEAL

Marianne Jimenez, City Clerk

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	February 5, 2013
Subject:	Mingus Union High School Request for the Waiver of Planning Fees for a Property Rezoning
Department:	City Manager
From:	Doug Bartosh, Office of the City Manager

REQUESTED ACTION

Council is being requested by MUHS to waive Planning fees of \$3,270 for the rezoning of property owned by the school at the corner of Fir and Camino Real Streets.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is: **I move to approve the waiver of Planning fees for the rezoning of property owned by Mingus Union High School.**

BACKGROUND

MUHS owns 22.05 acres of undeveloped property at the corner of Fir St. and Camino Real that is currently zoned as 1.6 acre residential development. They are requesting to rezone the property to a more dense zoning in an attempt to make the property more valuable for development. The proceeds from the sale of this property would be used to support the operation of the high school.

The following fees have been assessed by the Planning Department to support the rezoning work required.

Minor General Plan Amendment: \$1,500

Rezoning: \$750 plus \$35/acre

Assessor says parcel is 22 acres ($\$770 + \$750 = \$1,520$)

Design Review: \$250

TOTAL FEES: \$3,270

MUHS is requesting that the City Council waive the Planning fess so the school can maximize

the return on the property.

JUSTIFICATION/BENEFITS/ISSUES

The high school is attempting to maximize their return on the rezoning and sale of this property to support school operations.

COST/FUNDING SOURCE

The cost to the city is \$3,270 which represents the funding that is not collected by Planning for the work performed.

ATTACHMENTS:

Name:

Description:

Type:

No Attachments Available

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date: February 5, 2013

Subject: Consideration of Staff recommendation to reject the proposed Memorandum of Understanding with the Northern Arizona Council of Governments (NACOG) for Section 5317 (taxi voucher program) funds so that those funds can be awarded to the Verde Valley Care Givers.

Department: Community Services

From: Richard Faust, Community Services General Manager

REQUESTED ACTION

Staff recommends that Council reject the proposed 2012/13 Section 5317 (New Freedom) Grant for the Cottonwood Area Transit and Verde Lynx Systems involving funding for Taxi Voucher ("ADA-Plus") Para-transit services for the period July 1, 2012 through June 30, 2013.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to reject the proposed Memorandum of Understanding with the Northern Arizona Council of Governments for Section 5317 grant funding for a regional Taxi Voucher program for the period of July 1, 2012 through June 30, 2013."

BACKGROUND

As part of the re-integration of the Cottonwood Area Transit (CAT) and the inclusion of the Verde Lynx Transit system, the City applied for a Section 5317 New Freedom Formula grant in the amount of \$10,000 in February, 2012. It was felt at the time that this would be an opportunity for the City to continue and perhaps expand an ongoing trial program between NAIPTA and NACOG. Through discussions with NACOG and NAIPTA Management, it was felt that the program had merit; however staff noted issues with the proposed MOU in June 2012. Among these concerns was the obligation to register and monitor each individual transportation provider, and concerns regarding City's potential liability for the acts and omissions of those providers.

Council agreed with staff's concerns at its meeting on July 17, 2012, and directed staff to continue exploring other options and alternatives for continuing the taxi voucher program. This included asking NACOG to assist with researching opportunities with local non-profit organizations that already provide transportation services.

JUSTIFICATION/BENEFITS/ISSUES

Over the past six months, NACOG staff have met with the Verde Valley Care Givers Coalition. ADOT recently agreed that these services could be provided within the Cottonwood/Verde Valley service area by the Care Givers.

By rejecting the proposed MOU with NACOG, ADOT will be able to offer these funds to the Care Givers. This will enable the Care Givers to provide or arrange for after-hours transportation for eligible residents of the City and surrounding areas, to the extent of available funds.

COST/FUNDING SOURCE

There would be no funding required of the City for this program, until and unless the City elects to provide additional financial support for this program.

ATTACHMENTS:

Name:	Description:	Type:
Council Communication Document - July 17 2012 - Taxi Voucher System - Council Discussion and Authorization.pdf	Council Agenda Communication - July 17, 2012 - Taxi Voucher Program	Cover Memo
FY2012 Section 5317 Awards.pdf	Section 5317 Taxi Voucher Awards Document	Cover Memo
Verde Voucher funding allocations.pdf	Verde Valley Funding - Voucher Allocations & Population Groups	Cover Memo
Verde Valley Care Givers Coalition - Sec. 5317 Pilot Voucher Program Organizing Plan draft 2.doc	Verde Valley Care Givers Coalition - Outline of Primary Process of Voucher Program	Cover Memo
NACOG AAA-CAT MOU FY12 13 with comments.docx	Section 5317 Taxi Voucher Programs - MOU with NACOG & AAA	Cover Memo

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	July 17, 2012
Subject:	Discussion, consideration, and possible legal action regarding the City's continued involvement and participation in a taxi-voucher pilot program, including a proposed Memorandum of Understanding with the Northern Arizona Council of Governments (NACOG) Area Agency on Aging
Department:	Community Services
From:	Richard Faust, Community Services General Manager

REQUESTED ACTION

Discussion, consideration and possible legal action regarding the City's involvement and participation in a taxi-voucher ("ADA-Plus") para-transit program.

SUGGESTED MOTION

To be determined.

BACKGROUND

As part of the re-integration of the Cottonwood Area Transit (CAT) and the inclusion of the Verde Lynx Transit system, the City of Cottonwood applied for a Section 5317 "New Freedom Formula" grant in the amount of \$10,000 in February, 2012. Funding amounts were provided by the Area Agency on Aging through NACOG in the amount of \$5,000 with an additional \$5,000 being matched by the State of Arizona ADOT for the Taxi Voucher program for the Verde Valley region involving expanded transportation mobility options available to people with disabilities beyond the requirements of the ADA as set into law in 1990. This program is an ADA plus program whereby individuals can apply for vouchers through direct application with our transit system using the current Para-Transit application process.

JUSTIFICATION/BENEFITS/ISSUES

There are significant benefits as well as significant challenges associated with this program. The benefits are that the program expands the availability of transportation services to eligible individuals outside of the City's regular ADA-paratransit system's normal operating hours, or when that system is otherwise not available. The challenges include the fact that there is substantial evidence that the program has been used for purposes other than those for which it was intended; the relatively small

amount and uncertain nature of continued funding for this program; liability concerns; and substantial contractual obligations that include requiring the City to subcontract with, oversee, and accept responsibility for the performance of the participating taxi service providers.

At the time of this writing, staff was in the process of exploring other options and alternatives for continuing this program, including having the services provided by a non-profit organization that already provides transportation services as part of its menu of services under direct contract with NACOG; and having the City expand its para-transit program operations. Staff expects to be able to provide additional information about these alternatives to the Council at the meeting.

COST/FUNDING SOURCE

The proposed program would be funded 50% by the ADOT Section 5317 Grant Program and 50% by NACOG AAA transportation grant program for the interim term of July 1, 2012 through September 30, 2012 with extended funding from October 1, 2012 to June 30, 2013. These State Grant opportunities coinciding with match funding from NACOG are designed to be a 100% partnership from Federal 5317 Grants.

ATTACHMENTS:

Name:	Description:	Type:
<u>□ NACOG AAA- CAT MOU FY12 13.docx</u>	Memorandum of Understanding with NACOG - Section 5317 Taxi Voucher Program	Cover Memo

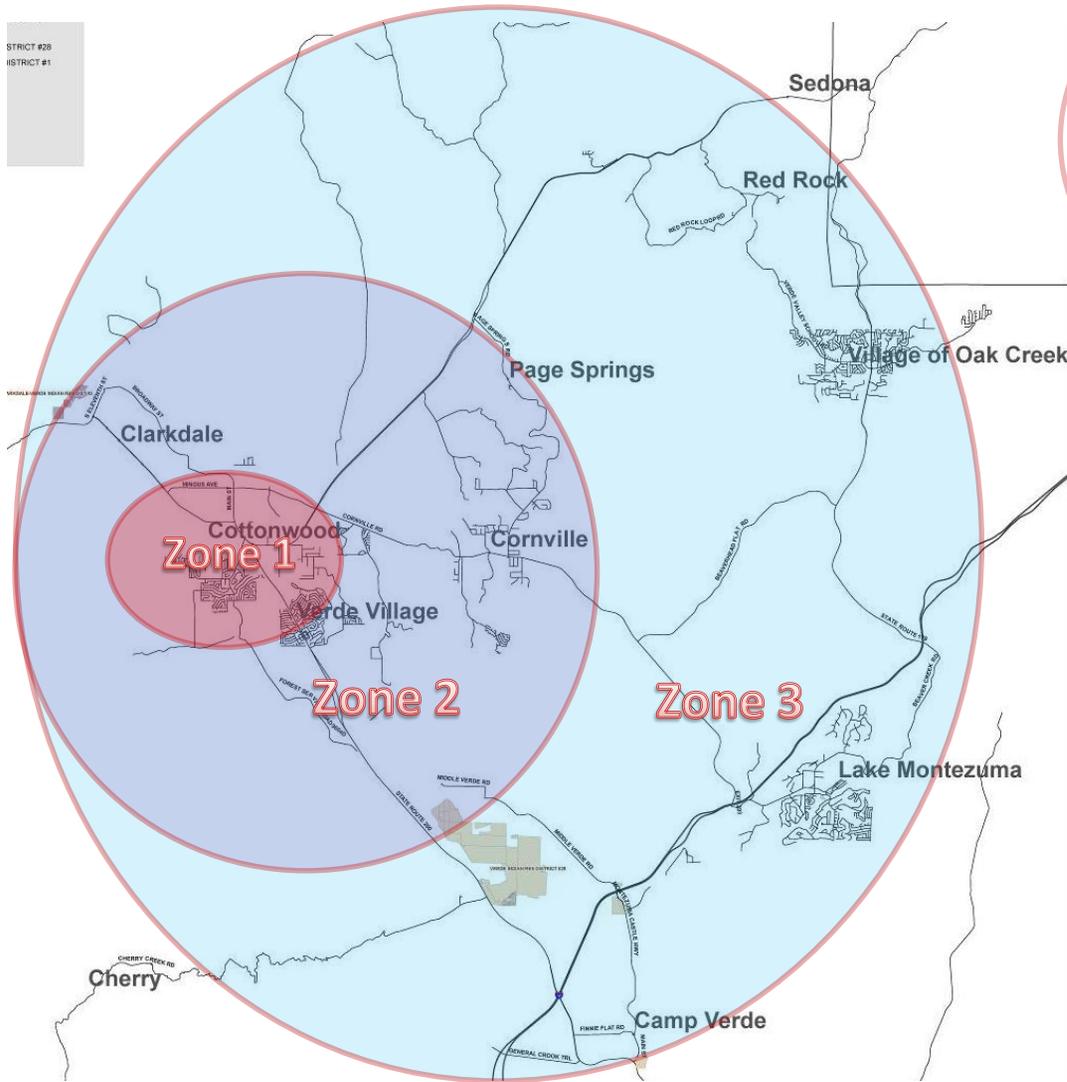
Table D FY 2012 Proposed Section 5317 Awards - 6/15/12

				REQUEST	ESTIMATED AWARD	
	Region	Agency	Request Description	Federal	Federal	COG/MPO Ranking
FUNDED PROJECTS	PAG	Intermountain Centers for Human Development	Operating Funds transport theraputic home service clients	\$70,000	\$50,000	Rank #1
	PAG	United Community Health Center	Operating Funds direct costs associated with ADA program	\$86,578	\$35,000	Rank #2
	PAG	Easter Seals Blake Foundation - SAGE	Operating Funds provide door to door service to ADA clients	\$57,000	\$20,000	Rank #3
UNFUNDED PROJECTS	PAG	Easter Seals Blake Foundation - SAGE	Operating Funds for new after hours service with TIARC	\$10,000	\$0	Rank #3
	PAG	Intermountain Centers for Human Development	(2) Replacement Suburban 3/4 Ton 4x4 - VINs 9494 & 4082	\$71,446	\$0	Rank #4
			PAG 5317 FTA Request Total	\$295,024		
			PAG 5317 FTA Award Total		\$105,000	
FUNDED PROJECTS	CYMPO	New Horizons Independent Center	Operating Funds support direct costs of ADA program	\$26,850	\$20,000	Recommend #1
	CYMPO	Intermountain Centers for Human Development	Operating Funds support direct costs of ADA program	\$40,000	\$10,000	Recommend #2
	CYMPO	NAU Senior Companion Program	Operating Funds support volunteer driver program	\$14,358	\$10,000	Recommend #3
UNFUNDED PROJECTS	CYMPO	Prescott Whipple Stage & Transit	Operating Funds support direct costs of ADA program	\$40,000	\$0	Recommend #4
	CYMPO	Prescott Whipple Stage & Transit	(2) Replacement Cutaway with lift	\$107,067	\$0	Recommend #4
	CYMPO	Prescott Whipple Stage & Transit	(1) FM radio	\$405	\$0	Recommend #4
			CYMPO 5317 FTA Request Total	\$228,680		
			CYMPO 5317 FTA Award Total		\$40,000	
FUNDED PROJECTS	FMPO	NAIPTA	Operating Funds - taxi voucher program	\$42,500	\$32,000	Rank #1
	FMPO	NAU Civic Service Institute	Operating Funds - mileage reimbursement	\$14,102	\$9,000	Rank #2
UNFUNDED PROJECTS	FMPO	The Guidance Center	Operating Funds - gas/oil/vehicle lift	\$10,600	\$0	Rank #3
			FMPO 5317 FTA Request Total	\$67,202		
			FMPO 5317 FTA Award Total		\$41,000	
FUNDED PROJECTS	YMPO	Saguaro Foundation	Operating Funds support direct costs increase in ADA riders	\$228,508	\$100,000	Rank #1
			YMPO 5317 FTA Request Total	\$228,508		
			YMPO 5317 FTA Award Total		\$100,000	

	Region	Agency	Request Description	REQUEST	ESTIMATED AWARD	COG/MPO Ranking
				Federal	Federal	
FUNDED PROJECTS	MAG	Nobody's Perfect	Operating Funds day training program	\$3,000	\$2,000	Rank #1
			MAG 5317 FTA Request Total	\$3,000		
			MAG 5317 FTA Award Total		\$2,000	
FUNDED PROJECTS	WACOG	La Paz County Health Department	Operating Funds enhance hours of service for disabled clients	\$15,000	\$12,000	Fund #1
	WACOG	Dolan Springs	Operating Funds support special needs service three days per week	\$20,000	\$10,000	Fund #2
	WACOG	Bullhead City (City of)	Operating Funds expand paratransit route/provide beyond the curb service	\$10,000	\$5,000	Fund #4
	WACOG	NAU - Senior Companion Program	Operating Funds support volunteer driver program/ mileage reimbursement	\$13,205	\$7,000	Fund #5
UNFUNDED PROJECTS	WACOG	Kingman Transportation	Operating Funds for new service to Kingman Airport complex for job access	\$10,000	\$0	Fund #6
	WACOG	Dolan Springs	(1) Replacement Minivan With Ramp	\$31,936	\$0	Fund #2
	WACOG	Colorado River Crisis Center	(1) New Service Maxivan No Lift	\$22,850	\$0	Fund #3
	WACOG	Kingman Transportation	(1) New Service Minivan With Ramp	\$31,936	\$0	Fund #7
	WACOG	Hualapai Tribe	(1) Expansion Stretcher Van	\$31,500	\$0	Fund #8
	WACOG	Hualapai Tribe	(1) Expansion Maxivan No Lift	\$22,850	\$0	Do Not Fund
	WACOG	Hualapai Tribe	Operating Funds to improve management, maintenance and tracking of funds	\$25,000	\$0	Do Not Fund
			WACOG 5317 FTA Request Total	\$234,277		
		WACOG 5317 FTA Award Total		\$34,000		

	Region	Agency	Request Description	REQUEST	ESTIMATED AWARD	COG/MPO Ranking
				Federal	Federal	
FUNDED PROJECTS	SEAGO	Easter Seals Blake Foundation - SAGE Graham	Operating Funds provide 7 day service door to door for disabled	\$60,500	\$45,000	Fund #1
	SEAGO	City of Bisbee	Operating Funds low cost passes to clients by paying for direct costs	\$34,757	\$17,500	Fund #2
	SEAGO	Douglas ARC	Operating Funds direct costs van to Elfrida for the disabled	\$30,000	\$15,000	Fund #3
	SEAGO	SEACAP	Operating Funds support development of new service & partnerships	\$20,000	\$10,000	Fund #4
	SEAGO	Santa Cruz Training Program	Operating Funds transport clients to worksites in SC County	\$189,254	\$10,000	Fund #5
	SEAGO	City of Douglas	Operating Funds passes for elderly/disabled riders for dial a ride	\$5,000	\$2,500	Fund #6
	SEAGO	City of Nogales	Operating Funds hire a part time driver & expand service	\$49,994	\$10,000	Fund #7
	SEAGO	Senior Citizens of Patagonia	Operating Funds ensure continuation of services	\$28,400	\$5,000	Fund #8
	SEAGO	Easter Seals Blake Foundation - SAGE Greenlee	Operating Funds provide 7 day service door to door for disabled	\$20,000	\$5,000	Fund #9
UNFUNDED PROJECTS	SEAGO	Town of Huachuca City	Operating Funds increase mobility to elderly/disabled clients	\$40,000	\$0	Fund #10
	SEAGO	Sierra Vista Volunteer Interfaith Caregiver Program	Operating Funds travel vouchers for elderly/disabled	\$37,200	\$0	Fund #11
			SEAGO 5317 FTA Request Total	\$515,105		
			SEAGO 5317 FTA Award Total		\$120,000	
FUNDED PROJECTS	CAAG	San Carlos Apache Tribe	Operating funds related to 5317 position; tires, oil, fuel expenses, etc.	\$35,265	\$27,000	Eval Score 93
	CAAG	East Valley Adult Resources	Operating funds to expand transportation service - City of Apache Junction. Focus on veterans transport to medical appts.	\$37,705	\$12,000	Eval Score 87
UNFUNDED PROJECTS	CAAG	San Carlos Apache Tribe	(1) Expansion Maxivan no Lift - 12 pass.	\$22,850	\$0	Eval Score 93
	CAAG	San Carlos Apache Tribe	(1) Backup warning system; one for each van	\$900	\$0	Eval Score 93
	CAAG	San Carlos Apache Tribe	(1) Telephone/service for driver staff	\$450	\$0	Eval Score 93
	CAAG	Maricopa Transportation System	(1) Expansion Minivan With Ramp - 5 pass.	\$31,936	\$0	Eval Score 58
	CAAG	Maricopa Transportation System	Operating Funds for Copa Shuttle project	\$49,816	\$0	Eval Score 58
			CAAG 5317 FTA Request Total	\$178,922		
		CAAG 5317 FTA Award Total		\$39,000		

STRICT #28
DISTRICT #1



Zone 1
City Cottonwood area
Total Voucher \$ = 50%
50% VVCG = \$4700
35% AAA = \$3300
15% CSA = \$1400
\$9,400

Zone 2
Jerome, Clarkdale, Verde Villages, Cornville, County
Total Voucher \$ = 24%
50% VVCG = \$2300
25% AAA = \$1150
25% CSA = \$1150
\$4,600



Zone 3
County, Sedona, Camp Verde, McGuireville
Total Voucher \$ = 15%
19% AAA = \$550
81% CSA = \$2350
\$2900

Zones 1-3
All communities
Total Voucher \$ = 11%
100% CSA = \$2000
\$2000



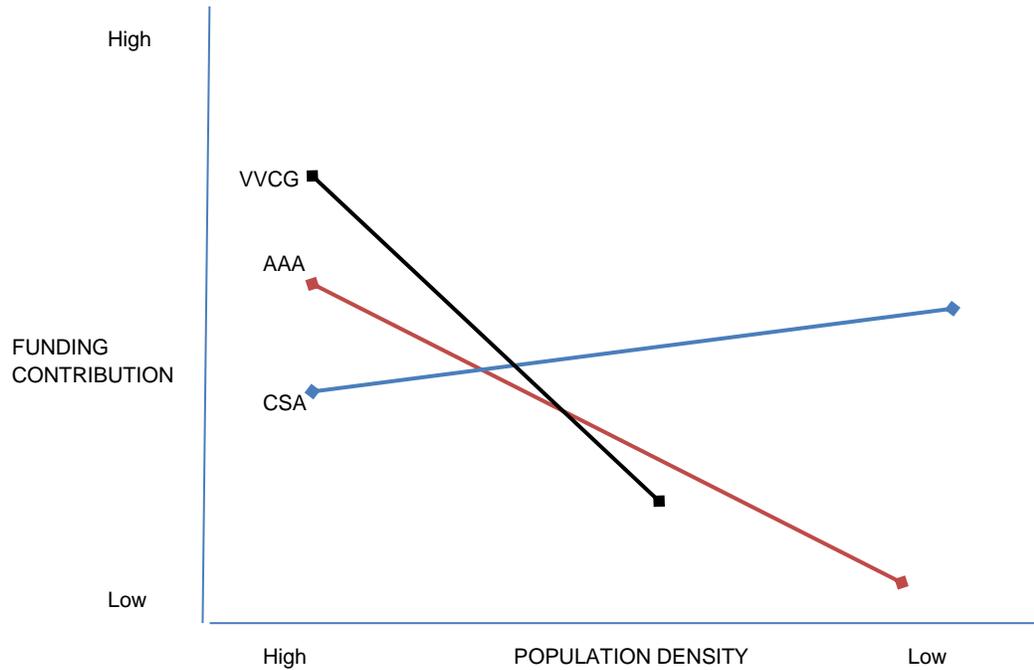
5317 Voucher Program
VVCG/FTA: \$7000
AAA: \$5000
CSA: \$5000
\$17,000

Low Income Only Voucher Program (All Zones)
CSA: \$2000
\$2000

Total Budget
\$19,000

Funding Contributions

by regional population density



Pictorial representation of funding levels. Note AAA contribution is higher in populated areas whereas CSA allocation is more evenly distributed in all areas due to geographically dispersed clients. Proposal based on statistics in the Coordination Plan and previous voucher program (see below).

Table 7 – Verde Valley Population Groups

Jurisdiction	Total Population	% of Region	% aged 65+	% w/ disability	Persons per square mile
Camp Verde	10,873	2%	19.8%		252
Clarkdale	4,097	.8%	25.7%		546
Cottonwood	11,265	2.0%	25.9%		687
Jerome	444	.1%	7.9%		557
Sedona	10,031	2%	29.2%		524
Verde Village	13,483	2.5%	18.1%		1663
Cornville	3,433	.7%	18.3%		264
Lake Montezuma	4,706	1%	18.2%		392
Total Estimated Verde Valley	64,479	31%	20.4%		
Yavapai County	211,033*	3.3%	24.1%	16.1%	26.0
Region	524,421*	10%	14.5%	16.7%	12.6
State	6,392,421	100%	13.8%	11.2%	56.3

Table 8 – Poverty Level, Median Household Income, Unemployment, Commute Time

Jurisdiction	% below poverty level	Median Household Income	% Unemployed	Mean Travel Time (minutes)
Camp Verde	19.8%	\$40,979	6.1%	27
Clarkdale	11.5%	\$42,346	3.1%	26
Cottonwood	21%	\$32,364	4.5%	16
Jerome	11.3%	\$60,000	2.7%	17
Sedona	10.8%	\$49,749	5.0%	17
Verde Villages	13.1%	\$43,030	5.8%	
Cornville	16.0%	\$43,219	14.5%	21
Lake Montezuma	15.6%	\$40,476	10.5%	30.1
Total Estimated Verde Valley				
Yavapai County	13.7%*	\$43,290	9.9%	22
Region	22.8%*	\$40,690	16%	22
State	15.3%	\$50,448	11.8%	25

Taxi Voucher Trips for May 2012

	Total trips	time of trip		type of trip			Total
		Mon thru Fri	After hours & weekends	Medical	Shopping	Other	
City	392	292	87	81	180	122	383
	77%	58%	17%	16%	36%	24%	76%
County	114	77	46	19	71	33	123
	22%	15%	9%	4%	14%	7%	24%
Totals	507	370	133	100	251	155	507
	100%	73%	26%	20%	50%	31%	100%

Verde Valley Caregivers Coalition
299 Van Deren Rd., Ste. 2
Sedona, AZ 86336

Transportation Vouchers Pilot Organizing Steps November - December 2012
Prepared by Kent Ellsworth, Executive Director
928-204-1238

Program Funders: NACOG Community Services Administration
NACOG Area Agency on Aging

Outline of Primary Process Steps

1. Develop client qualifications; application review and approval policy / Prioritization of clients most in need.
2. Clarify all funder requirements for client qualifications/Scope of Pilot (timeframe and number of rides) / Number of clients / Geographic Area / Budget.
3. Modify VVCC in-home assessment form to include Transportation Voucher Application. / provide in-home visit with each voucher applicant to complete application. / verify essential qualifying facts for client approval.
 - a. Orientation provided to in-home interviewers.
 - b. Stakeholders review client qualifications and application process.
4. Complete vendor qualifications and application / clarify all funder requirements regarding transportation provider / Review with Cottonwood Area Transit to understand their process and problems & issues with past program / Develop Provider MOU Form.
 - a. Distribute provider application to all available providers.
 - b. Review applications / select all qualified.
 - c. Complete Provider Contract form
 - d. Contract with providers.
4. Complete voucher usage and distribution process.

Potential elements:

 - a. Only use One-Call center to schedule rides with voucher providers. Clients state destination & ride general purpose (medical, grocery, etc.). Approved clients provided with Voucher Usage Instructions.
 - b. Electronic vouchers via VVCC database tracking per client / no hard-copy vouchers for client to provide to vendor
 - c. Client electronic file shows voucher usage history/
 - d. Voucher usage is approved by One-Call Center staff / upon client request and approval / One-Call Center contacts provider regarding request / and provider contacts client /
5. Provider Invoice/
 - a. Providers provide invoice listing name of riders / dates and time of service and destination.
 - b. VVCC staff verifies invoice by comparing to client electronic record of rides.
 - c. Invoice approved and paid at least monthly.

6. 30-day Initial Pilot Program Review / questionnaire completed by clients and providers.
7. Monthly Reports to Funder / Follow-up monthly usage reports and quarterly progress report summarizing problems/solutions and rider demographics and other reportable categories.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made and entered into effective as of the ____ day of _____, 20__ (the "Effective Date"), by and between the City of Cottonwood, a body politic and corporate of the State of Arizona ("CITY"), and the Northern Arizona Council of Governments-Area Agency on Aging, ("NACOG-AAA"). CITY and NACOG-AAA may be referred to in this MOU collectively as the Parties, and each individually as a Party.

RECITALS

A. WHEREAS, the CITY is a local government entity providing transportation services under contract with the Arizona Department of Transportation on behalf of the Federal Transportation Administration; and

B. WHEREAS, the NACOG-AAA is an organization established under the Older Americans Act of 1965 (OAA) to respond to the needs of Older Adults; and

C. WHEREAS, the CITY and NACOG-AAA wish to cooperate by partnering to better facilitate the mobility of seniors (60+) and disabled persons in Verde Valley, Arizona, in accordance with the terms of this MOU, and pursuant to all applicable laws, including but not limited to the Americans with Disabilities Act ("ADA"), the Health Insurance Portability and Accountability Act ("HIPPA"), and the Standards for Privacy of Individually Identifiable Health Information ("Privacy Rules") attached hereto as Exhibit "A"; and

D. WHEREAS, the Parties wish to set forth the terms and conditions pursuant to which they will cooperatively fund and implement a voucher transportation program in FY12/13, (the "Project"); and

E. WHEREAS, the Parties anticipate that their activities in implementing the Project will include (but may not be limited to), conducting a survey of the transit needs of the elderly disabled; exchanging technical data relating to the Project, including but not limited to standardization of services and conducting a conformity assessment; participating in courses, workshops, exhibitions and other joint meetings; and identifying; and seeking additional partnerships to improve the viability and sustainability of the Project.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. The Project. The Project will include two service provisions:
 - 1.1. A transportation voucher program ("Voucher Program") for CITY Para-transit clients.
 - 1.2. A trips program ("Trips Program") that includes transporting seniors to/from the Verde Valley Senior Center, for essential and non-essential needs, provided that such trips and activities are acceptable to both Parties and meet transportation criteria set forth by the Federal Transit Administration (FTA) and the State of Arizona Department of Economic Security – Division of Aging & Adult Services ("DES - DAAS").
 - 1.3. Joint activities that support the Project, including but not limited to courses, workshops and exhibitions agreed to by the Parties. Such joint activities may be described in Addendums to this

MOU, and the attachment of such Addendums, in the discretion of the staffs of both Parties, may not require a modification of this MOU.

2. CITY's Responsibilities:

- 2.1. Contribute 50% of the cost of the Project.
- 2.2. Enter into contracts with local, qualified providers (i.e. taxis) to provide services for the Program.
- 2.3. Otherwise establish and administer the Project, except as otherwise specifically set forth in this MOU.
- 2.4. Collect, maintain and provide monthly invoices to NACOG-AAA by the 10th of each month. Reports shall include Expense and Unit totals, and Social Service Report client data:
 - 2.4.1. Expense and Unit Totals for all programs
 - 2.4.2. Voucher Program
 - 2.4.2.1. CITY costs (personnel and operating)
 - 2.4.2.2. Total vouchers, cost of said vouchers, miles driven per voucher
 - 2.4.2.3. Units served (unduplicated riders)
 - 2.4.2.4. Total trips
 - 2.4.2.5. Ongoing listing of destinations to facilitate program monitoring
 - 2.4.3. Trips Program
 - 2.4.3.1. Program costs (personnel and operating)
 - 2.4.3.2. Trip Type (i.e. medical, social/recreational, shopping, meal service)
 - 2.4.3.3. Total Trips
 - 2.4.3.4. Units served (unduplicated riders)
 - 2.4.3.5. Miles driven
 - 2.4.4. Social Service Report
 - 2.4.4.1. Total unduplicated riders receiving NACOG services
- 2.6. Provide to NACOG insurance documents that meet specified limits as set forth in the NACOG General Provisions Section 3.05 and DES Special Provisions Section 16. DES and NACOG shall be indemnified and held harmless by Contractor.
- 2.7. Provide NACOG a current IRS W-9 Form (Vendor Authorization Form) prior to receiving reimbursement for services.
- 2.8. Follow fingerprint clearance requirements and guidelines as set forth by the DES - DAAS Policy # 1930.1, ARS Statute 46-141 and NACOG AAA Provider Procedure for Background Clearance.
- 2.9. Ensure all drivers and those directly associated with the transportation service are trained by the guidelines set forth in the DES Provisions.
- 2.10. Follow all guidelines for vehicle maintenance by the guidelines set forth in the DES Provisions.

- 2.11 Obtain approval from the NACOG AAA Director to use specified Subcontractor(s).
 - 2.12 Ensure Subcontractors must follow Insurance and Fingerprint clearance guidelines as set forth in the NACOG General Provisions and DES Provisions.
 - 2.13 CITY will consult with NACOG-AAA regularly regarding the development and evaluation of the Project.
3. NACOG-AAA's Responsibilities. NACOG-AAA will:
- 3.1. Contribute up to a maximum of \$10,000.00 in Fiscal Year 2012/2013: \$2,500.00 will be dedicated to the term July 1, 2012 through September 30, 2012 as match funding for the remainder of the Federal Fiscal Year (FFY) 2011/2012 contract with ADOT; \$7,500.00 is dedicated to the term October 1, 2012 through June 30, 2013 pending contract award by ADOT for the FFY 12/13. Additional allocations are dependent on funding availability.
 - 3.2. Review in a timely fashion and provide timely feedback to CITY regarding the Project.
 - 3.3. Pay CITY monthly for NACOG's costs incurred in running the Project up to, but not to exceed, 110% of the monthly budget allocation.
 - 3.4. Reserve the right to re-evaluate its funding contribution.
 - 3.5. Funding operations only; capital expenditures are excluded from NACOG-AAA match. Capital items are defined by the ADOT Coordinated Mobility Program handbook.
4. Cooperation. NACOG-AAA and CITY will cooperate in programs and undertakings intended to enhance the pilot taxi voucher program, which may include but are not limited to:
- 4.1. Joint or cooperative programs that utilize the local senior centers and local AHCCCS providers;
 - 4.2. Mutual cooperation in regional organizations relating to standardization, conformity assessment and ADA Compliances;
 - 4.3. Organizations of and participation in courses, workshops, exhibitions and other joint meetings of mutual interest;
 - 4.4. Exchange of technical data and information relating to standardization, conformity assessment while using HIPPA privacy rules;
 - 4.5. To survey the needs of the elderly 60+ and disabled in order improve their standards of life; and
 - 4.6. Other forms of cooperation as agreed by the Parties, including meetings between the two Parties on a regular basis.
- Cooperative activities are subject to the availability of funds and personnel, as determined by each Party in its sole discretion
5. Term. This MOU shall be effective until June 30, 2013 unless terminated earlier by either Party, upon ninety (90) days' prior written notice to the other Party, provided that the duration of projects started prior

to such termination, and fully funded, shall not be affected by such termination. The term of this MOU may also be renewed with written consent of both parties, and is subject to availability of funding.

6. Records and Audit Rights. Each Party's work and accounting records (hard copy, as well as computer readable data, and any other supporting evidence deemed necessary by the other Party to substantiate charges and claims related to this MOU) shall be open to inspection and subject to audit and/or reproduction by authorized representatives of the other Party, to adequately permit evaluation and verification of the performance and cost of the work, and to conduct and prepare all audits and reports required by law. Representatives of each Party shall be afforded access, at all reasonable times and places, to all of the other Party's records and personnel, pursuant to the provisions of this Section, throughout the term of this MOU (including Renewal Terms), and for a period of five (5) years after last or final payment
7. Public Records and Confidentiality. The Parties understand and agree that documents in the possession of CITY are subject to the Arizona Public Records Law, and that some documents may be confidential under the ADA, HIPPA, or other provisions of law. The Parties agree that they will consult with each other before any records or information derived from cooperative activities under this MOU is disclosed. However, in the event that the Parties cannot agree on whether information and/or records are subject to disclosure by law, the attorney for the Party served with a request for information and/or records will make the determination whether disclosure is required, and such disclosure shall not be considered to be a breach of this MOU, and no liability shall accrue to the disclosing Party.
8. General Provisions.
 - 8.1. Incorporation of Recitals and Exhibits. The Recitals are acknowledged by the Parties to be substantially true and correct, and are hereby incorporated as agreements of the Parties. All exhibits referenced herein and attached hereto, are hereby incorporated into this MOU.
 - 8.2. Entire Agreement. This MOU constitutes the entire understanding of the Parties and supersedes all previous representations, written or oral, with respect to the services specified herein. This MOU may not be modified or amended, except by written documents, signed by authorized representatives of each Party.
 - 8.3. Arizona Law. This MOU shall be governed and interpreted according to the laws of the State of Arizona.
 - 8.4. Modifications. Except as otherwise specifically provided in this MOU, any amendment, modification or variation from the terms of this MOU shall be in writing and shall be effective only after written approval of all Parties.
 - 8.5. Compliance with Immigration Laws and Regulations. Pursuant to the provisions of A.R.S. §41-4401, each Party warrants to the other Party that the warranting Party and all its subconsultants are in compliance with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. §23-214(A). Each Party acknowledges that a breach of this warranty by the warranting Party or any of its subconsultants is a material breach of this MOU subject to penalties up to and including termination of this MOU or any subcontract. Each Party retains the legal right to inspect the papers of any employee of the other Party or any subconsultant who works on this MOU to ensure compliance with this warranty.

A Party may conduct random verification of the employment records of the other Party and any of its subconsultants to ensure compliance with this warranty.

A Party will not consider the other Party or any of its subconsultants in material breach of the foregoing warranty if the warranting Party and its subconsultants establish that they have complied with the employment verification provisions prescribed by 8 USCA § 1324(a) and (b) of the Federal Immigration and Nationality Act and the e-verify requirements prescribed by Arizona Revised Statutes § 23-214(A).

The provisions of this Article must be included in any contract a Party enters into with any and all of its subconsultants who provide services under this MOU or any subcontract. As used in this Section, "services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

- 8.6. Prohibition of Doing Business with Sudan and Iran. Pursuant to A.R.S. §§35-391.06 and 35-393-06, each Party hereby certifies to the other Party that the certifying Party does not have "scrutinized" business operations, as defined in A.R.S. §§35-391 and 35-393, in either Sudan or Iran. The certifying Party acknowledges that, in the event either of the certifications contained in this paragraph is determined by the other Party to be false, that Party may terminate this MOU and exercise other remedies as provided by law, in accordance with A.R.S. §§35-391.06 and 35-393-06.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties have executed this MOU effective as of the Effective Date set forth above.

NACOG-AAA:

CITY:

By: _____

By: _____

Chris Fetzer, Executive Director Its: _____

EXHIBIT A

PRIVACY RULES

TITLE 45 - PUBLIC WELFARE

SUBTITLE A - DEPARTMENT OF HEALTH AND HUMAN

CHAPTER I - SERVICES, GENERAL ADMINISTRATION

SUBCHAPTER C - ADMINISTRATIVE DATA STANDARDS AND RELATED REQUIREMENTS

PART 160 - GENERAL ADMINISTRATIVE REQUIREMENTS

subpart a - GENERAL PROVISIONS

160.103 - Definitions.

Except as otherwise provided, the following definitions apply to this subchapter: Act means the Social Security Act.

ANSI stands for the American National Standards Institute.

Business associate: (1) Except as provided in paragraph (2) of this definition, business associate means, with respect to a covered entity, a person who: (i) On behalf of such covered entity or of an organized health care arrangement (as defined in 164.501 of this subchapter) in which the covered entity participates, but other than in the capacity of a member of the workforce of such covered entity or arrangement, performs, or assists in the performance of: (A) A function or activity involving the use or disclosure of individually identifiable health information, including claims processing or administration, data analysis, processing or administration, utilization review, quality assurance, billing, benefit management, practice management, and repricing; or (B) Any other function or activity regulated by this subchapter; or (ii) Provides, other than in the capacity of a member of the workforce of such covered entity, legal, actuarial, accounting, consulting, data aggregation (as defined in 164.501 of this subchapter), management, administrative, accreditation, or financial services to or for such covered entity, or to or for an organized health care arrangement in which the covered entity participates, where the provision of the service involves the disclosure of individually identifiable health information from such covered entity or arrangement, or from another business associate of such covered entity or arrangement, to the person.

(2) A covered entity participating in an organized health care arrangement that performs a function or activity as described by paragraph (1)(i) of this definition for or on behalf of such organized health care arrangement, or that provides a service as described in paragraph (1)(ii) of this definition to or for such organized health care arrangement, does not, simply through the performance of such function or activity or the provision of such service, become a business associate of other covered entities participating in such organized health care arrangement.

(3) A covered entity may be a business associate of another covered entity.

CMS stands for Centers for Medicare & Medicaid Services within the Department of Health and Human Services.

Compliance date means the date by which a covered entity must comply with a standard, implementation specification, requirement, or modification adopted under this subchapter.

Covered entity means: (1) A health plan.

(2) A health care clearinghouse.

(3) A health care provider who transmits any health information in electronic form in connection with a transaction covered by this subchapter.

Disclosure means the release, transfer, provision of, access to, or divulging in any other manner of information outside the entity holding the information.

EIN stands for the employer identification number assigned by the Internal Revenue Service, U.S. Department of the Treasury. The EIN is the taxpayer identifying number of an individual or other entity (whether or not an employer) assigned under one of the following: (1) 26 U.S.C. 6011(b), which is the portion of the Internal Revenue Code dealing with identifying the taxpayer in tax returns and statements, or corresponding provisions of prior law.

(2) 26 U.S.C. 6109, which is the portion of the Internal Revenue Code dealing with identifying numbers in tax returns, statements, and other required documents.

Electronic media means: (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.

Electronic protected health information means information that comes within paragraphs (1)(i) or (1)(ii) of the definition of protected health information as specified in this section.

Employer is defined as it is in 26 U.S.C. 3401(d).

Group health plan (also see definition of health plan in this section) means an employee welfare benefit plan (as defined in section 3(1) of the Employee Retirement Income and Security Act of 1974 (ERISA), 29 U.S.C. 1002(1)), including insured and self-insured plans, to the extent that the plan provides medical care (as defined in section 2791(a)(2) of the Public Health Service Act (PHS Act), 42 U.S.C. 300gg91(a)(2)), including items and services paid for as medical care, to employees or their dependents directly or through insurance, reimbursement, or otherwise, that: (1) Has 50 or more participants (as defined in section 3(7) of ERISA, 29 U.S.C. 1002(7)); or (2) Is administered by an entity other than the employer that established and maintains the plan.

HHS stands for the Department of Health and Human Services.

Health care means care, services, or supplies related to the health of an individual. Health care includes, but is not limited to, the following: (1) Preventive, diagnostic, therapeutic, rehabilitative, maintenance, or palliative care, and counseling, service, assessment, or procedure with respect to the physical or mental condition, or functional status, of an individual or that affects the structure or function of the body; and (2) Sale or dispensing of a drug, device, equipment, or other item in accordance with a prescription.

Health care clearinghouse means a public or private entity, including a billing service, repricing company, community health management information system or community health information system, and value-added networks and switches, that does either of the following functions: (1) Processes or facilitates the processing of health information received from another entity in a nonstandard format or containing nonstandard data content into standard data elements or a standard

transaction.

(2) Receives a standard transaction from another entity and processes or facilitates the processing of health information into nonstandard format or nonstandard data content for the receiving entity.

Health care provider means a provider of services (as defined in section 1861(u) of the Act, 42 U.S.C. 1395x(u)), a provider of medical or health services (as defined in section 1861(s) of the Act, 42 U.S.C. 1395x(s)), and any other person or organization who furnishes, bills, or is paid for health care in the normal course of business.

Health information means any information, whether oral or recorded in any form or medium, that: (1) Is created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearinghouse; and (2) Relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual.

Health insurance issuer (as defined in section 2791(b)(2) of the PHS Act, 42 U.S.C. 300gg91(b)(2) and used in the definition of health plan in this section) means an insurance company, insurance service, or insurance organization (including an HMO) that is licensed to engage in the business of insurance in a State and is subject to State law that regulates insurance. Such term does not include a group health plan.

Health maintenance organization (HMO) (as defined in section 2791(b)(3) of the PHS Act, 42 U.S.C. 300gg91(b)(3) and used in the definition of health plan in this section) means a federally qualified HMO, an organization recognized as an HMO under State law, or a similar organization regulated for solvency under State law in the same manner and to the same extent as such an HMO.

Health plan means an individual or group plan that provides, or pays the cost of, medical care (as defined in section 2791(a)(2) of the PHS Act, 42 U.S.C. 300gg91(a)(2)).

(1) Health plan includes the following, singly or in combination: (i) A group health plan, as defined in this section.

(ii) A health insurance issuer, as defined in this section.

(iii) An HMO, as defined in this section.

(iv) Part A or Part B of the Medicare program under title XVIII of the Act.

(v) The Medicaid program under title XIX of the Act, 42 U.S.C. 1396, et seq.

(vi) An issuer of a Medicare supplemental policy (as defined in section 1882(g)(1) of the Act, 42 U.S.C. 1395ss(g)(1)).

(vii) An issuer of a long-term care policy, excluding a nursing home fixed-indemnity policy.

(viii) An employee welfare benefit plan or any other arrangement that is established or maintained for the purpose of offering or providing health benefits to the employees of two or more employers.

(ix) The health care program for active military personnel under title 10 of the United States Code.

(x) The veterans health care program under 38 U.S.C. chapter 17.

(xi) The Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) (as defined in 10 U.S.C. 1072(4)).

(xii) The Indian Health Service program under the Indian Health Care Improvement Act, 25 U.S.C. 1601, et seq.

(xiii) The Federal Employees Health Benefits Program under 5 U.S.C. 8902, et seq.

(xiv) An approved State child health plan under title XXI of the Act, providing benefits for child health assistance that meet the requirements of section 2103 of the Act, 42 U.S.C. 1397, et seq.

(xv) The Medicare+Choice program under Part C of title XVIII of the Act, 42 U.S.C. 1395w21 through 1395w28.

(xvi) A high risk pool that is a mechanism established under State law to provide health insurance coverage or comparable coverage to eligible individuals.

(xvii) Any other individual or group plan, or combination of individual or group plans, that provides or pays for the cost of medical care (as defined in section 2791(a)(2) of the PHS Act, 42 U.S.C. 300gg91(a)(2)).

(2) Health plan excludes: (i) Any policy, plan, or program to the extent that it provides, or pays for the cost of, excepted benefits that are listed in section 2791(c)(1) of the PHS Act, 42 U.S.C. 300gg91(c)(1); and (ii) A government-funded program (other than one listed in paragraph (1)(i)(xvi) of this definition): (A) Whose principal purpose is other than providing, or paying the cost of, health care; or (B) Whose principal activity is: (1) The direct provision of health care to persons; or (2) The making of grants to fund the direct provision of health care to persons.

Implementation specification means specific requirements or instructions for implementing a standard.

Individual means the person who is the subject of protected health information.

Individually identifiable health information is information that is a subset of health information, including demographic information collected from an individual, and: (1) Is created or received by a health care provider, health plan, employer, or health care clearinghouse; and (2) Relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and (i) That identifies the individual; or (ii) With respect to which there is a reasonable basis to believe the information can be used to identify the individual.

Modify or modification refers to a change adopted by the Secretary, through regulation, to a standard or an implementation specification.

Organized health care arrangement means: (1) A clinically integrated care setting in which individuals typically receive health care from more than one health care provider; (2) An organized system of health care in which more than one covered entity participates and in which the participating covered entities: (i) Hold themselves out to the public as participating in a joint arrangement; and (ii) Participate in joint activities that include at least one of the following: (A) Utilization review, in which health care decisions by participating covered entities are reviewed by other participating covered entities or by a third party on their behalf; (B) Quality assessment and improvement activities, in which treatment provided by participating covered entities is assessed by other participating covered entities or by a third party on their behalf; or (C) Payment activities, if the financial risk for delivering health care is shared, in part or in whole, by participating covered entities through the joint arrangement and if protected health information created or received by a covered entity is reviewed by other participating covered entities or by a third party on their behalf for the purpose of administering the sharing of financial risk.

(3) A group health plan and a health insurance issuer or HMO with respect to such group health plan, but only with respect to protected health information created or received by such health insurance issuer or HMO that relates to individuals who are or who have been participants or beneficiaries in such group health plan; (4) A group health plan and one or more other group health plans each of which are maintained by the same plan sponsor; or (5) The group health plans described in paragraph (4) of this definition and health insurance issuers or HMOs with respect to such group health plans, but only with respect to protected health information created or received by such health insurance issuers or HMOs that relates to individuals who are or have been participants or beneficiaries in any of such group health plans.

Protected health information means individually identifiable health information: (1) Except as provided in paragraph (2) of this definition, that is: (i) Transmitted by electronic media; (ii) Maintained in electronic media; or (iii) Transmitted or maintained in any other form or medium.

(2) Protected health information excludes individually identifiable health information in: (i) Education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. 1232g; (ii) Records described at 20 U.S.C. 1232g(a)(4)(B)(iv); and (iii) Employment records held by a covered entity in its role as employer.

Secretary means the Secretary of Health and Human Services or any other officer or employee of HHS to whom the authority involved has been delegated.

Small health plan means a health plan with annual receipts of \$5 million or less.

Standard means a rule, condition, or requirement: (1) Describing the following information for products, systems, services or practices: (i) Classification of components.

(ii) Specification of materials, performance, or operations; or (iii) Delineation of procedures; or (2) With respect to the privacy of individually identifiable health information.

Standard setting organization (SSO) means an organization accredited by the American National Standards Institute that develops and maintains standards for information transactions or data elements, or any other standard that is necessary for, or will facilitate the implementation of, this part.

State refers to one of the following: (1) For a health plan established or regulated by Federal law, State has the meaning set forth in the applicable section of the United States Code for such health plan.

(2) For all other purposes, State means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

Trading partner agreement means an agreement related to the exchange of information in electronic transactions, whether the agreement is distinct or part of a larger agreement, between each party to the agreement. (For example, a trading partner agreement may specify, among other things, the duties and responsibilities of each party to the agreement in conducting a standard transaction.) Transaction means the transmission of information between two parties to carry out financial or administrative activities related to health care.

It includes the following types of information transmissions: (1) Health care claims or equivalent encounter information.

(2) Health care payment and remittance advice.

(3) Coordination of benefits.

(4) Health care claim status.

- (5) Enrollment and disenrollment in a health plan.
- (6) Eligibility for a health plan.
- (7) Health plan premium payments.
- (8) Referral certification and authorization.
- (9) First report of injury.
- (10) Health claims attachments.
- (11) Other transactions that the Secretary may prescribe by regulation.

Use means, with respect to individually identifiable health information, the sharing, employment, application, utilization, examination, or analysis of such information within an entity that maintains such information.

Workforce means employees, volunteers, trainees, and other persons whose conduct, in the performance of work for a covered entity, is under the direct control of such entity, whether or not they are paid by the covered entity.

[65 FR 82798, Dec. 28, 2000, as amended at 67 FR 38019, May 31, 2002; 67 FR 53266, Aug. 14, 2002; 68 FR 8374, Feb. 20, 2003]

EXHIBIT B

NORTHERN ARIZONA COUNCIL OF GOVERNMENTS AREA AGENCY ON AGING

GENERAL PROVISIONS

AGENCY means the NACOG Area Agency on Aging

ANNEX A is the annex to this contract, which contains a description of the services to be delivered pursuant to this contract.

ANNEX B is the annex to this contract, which defines the contracted unit rate and/or reimbursement ceilings and outlines the reimbursement procedures pursuant to this contract.

CONTRACT means this Contract, between the Agency and the Provider, which is allowed under the contract between the Department of Economic Security, Aging and Adult Administration, and the NACOG Area Agency on Aging.

CONTRACT EXPENDITURES means expenditures made by the Provider during the term of this Contract and pursuant to the approved budget for contract services set forth in Annex B.

CONTRACT SERVICES means the services to be delivered by the Provider, which are so designated in Annex A.

DAYS means calendar days.

ELIGIBLE PERSONS means the persons determined eligible for services in accordance with the criteria and procedures set forth herein.

REIMBURSEMENT CEILING means the amount so designated in Annex B and is the maximum amount payable by the Agency to the Provider under this contract.

SPECIAL PROVISIONS means the section of this contract, which contains specific terms and conditions. If General Provisions and Special Provisions contradict, Special Provisions shall govern.

II. BASIC RIGHTS AND OBLIGATIONS OF THE AREA AGENCY ON AGING

SECTION 2.01 ADDITIONAL FUNDING SOURCES Any additional funding sources identified by the Agency, for the current contracted services, will be governed by these General and Special Provisions.

SECTION 2.02 MONITORING For all contracts or subcontracts, the Agency will monitor contract services delivered and facilities maintained by the provider or subcontractor to this contract and all provisions of Section 2.03 Visitation, Inspection and Copying shall apply.

SECTION 2.03 PROGRAM EVALUATION The Agency will be entitled during the term of the contract to evaluate Contract Services. Evaluation will assess the quality and impact of Contract Services, either in isolation or in comparison with other similar services, and will assess the Provider's progress and/or success in achieving the goals and objectives set forth in Annex A. All provisions of Section 2.03 Visitation, Inspection and Copying shall apply. Evaluation reports prepared pursuant to this Section will be made available to the Provider.

SECTION 2.04 VISITATION, INSPECTION AND COPYING Provider's or subcontractor's facilities, services, books and records (including but not limited to Contract Services) shall be available for visitation, inspections and copying by the Agency and any other appropriate agent of State or Federal Government.

At the direction of the Agency, visitation, inspection and copying may be at any time during regular business hours announced or unannounced. At the request of the Provider, any report(s) prepared pursuant to this section will be made available to the Provider. If the Agency deems it to be an emergency situation, it may at any time visit and inspect the Provider's or Subcontractor's facilities and services, as well as inspect and copy their books and records.

SECTION 2.05 TECHNICAL ASSISTANCE The Agency, upon request, will provide technical assistance to the Provider relative to the terms and conditions, policies and procedures governing this Contract. The Agency may, but shall not be obligated to provide technical assistance to the Provider in the administration of Contract Services. Notwithstanding the foregoing, the provider shall not be relieved of full responsibility and accountability for the provision of Contract Services in accordance with the terms and conditions set forth herein.

SECTION 2.06 PAYMENT FOR CONTRACT SERVICES The Agency shall reimburse the provider for contract expenditures in accordance with Section 4.04 Payment and Annex B of this contract.

SECTION 2.07 BUDGET REDUCTION The Agency may reduce or terminate this contract without further recourse, obligation or penalty to the event that insufficient amounts are appropriated by the State or Federal Government for the purposes of this Contract or in the event that appropriated amounts are reduced or eliminated by the state or federal government during the term of this contract.

SECTION 2.08 FINANCIAL AUDIT At any time during the term of this contract, or within five (5) years after termination of this contract, the provider's overall financial operations are subject to audit by the Agency and by any other appropriate agent of State or Federal Government. At the discretion of the Agency, a private firm retained for such purposes by the Agency or the Provider will perform a final audit. Final financial settlement of this Contract shall be contingent upon the final audit. A copy of final audit will be submitted to the Agency.

The Agency shall ensure that audits required pursuant to federal or state laws, rules or regulations are conducted as provided in the U.S.C. Section 7500 et. Seq. and A.R.S. Section 35-181.03 and any other applicable laws, rules, regulations and standards.

The Federal Single Audit Act of 1984 (p. 98-502) and OMB Circular A-122, require that a contractor with state and/or federal funds totaling \$300,000 or more to have a yearly audit conducted in accordance with the prescribed audit and reporting standards.

The Agency will require contractors with state and/or federal funds, more than or equal to \$300,000, to meet the prescribed audit and reporting requirements. Unless request by NACOG.

Those contractors with state and/or federal funds totaling at least \$50,000 but less than \$300,000 will be required to have an audit once every three years. The agency will determine the year that will need to be audited. The audit will be conducted in accordance with the same audit and reporting requirements. The two years wherein an audit is not required, will be subject to financial reviews from a Certified Public Accountant.

Those contractors with state and/or federal totaling less than \$50,000 will be subject to financial reviews from a Certified Public Accountant.

The audit must include a report on the financial statements, a report on internal controls, a report on compliance and schedule of federal financial assistance. The Agency's contract numbers and award amounts should be either included in the schedule of federal financial assistance or in a separate report submitted to the Office of Internal Audit.

III. BASIC RIGHTS AND OBLIGATIONS OF THE PROVIDER

SECTION 3.01 CONTRACT SERVICES The provider shall provide Contract Services to eligible persons and to the Agency in accordance with all terms and conditions of this contract.

SECTION 3.02 COMPLIANCE WITH LAWS, RULES AND REGULATIONS The provider shall comply with all applicable Federal, State and local laws, rules, regulations, standards and Executive Orders, without limitation to those designated within this contract. Provider, by execution of this contract, certifies that they have not been debarred or suspended by any federal agency.

The laws and regulations of the State shall govern the rights of the parties, the performance of this contract and any disputes there under. If any action relating to this contract is held invalid or unenforceable, the remaining provisions shall continue valid and enforceable to the full extent permitted by law. Any changes in the governing laws, rules and regulations during the term of this contract shall apply but do not require an amendment pursuant to Section 4.03 Amendments.

1. The provider shall comply with the laws, rules, regulations and standards contained within the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) including Section 2352 "Title XX Block Grants"; Title 45 Code of Federal Regulations, Parts 74 and 96; and, the Arizona Title XX Social Services Plan.
2. The provider shall comply with the laws, rules, regulations and standards contained within Title III of the Older Americans Act, as amended; Title 45 Code of Federal Regulations, Parts 74 (except Subpart N); Title 45 of the Code of Federal Regulations Parts 1320, 1321, 1324, and 1326. In accordance with Title 45 code of Federal Regulations, Part 1321.51, the state agency shall afford the provider an opportunity for a hearing when required by the provisions of this part.
3. The provider shall comply with the provisions of A.R.S. Sections 46-251 through 46-253.

SECTION 3.03 CLIENT FEES AND PROGRAM INCOME Unless specified within Special Provisions, the provider shall impose no fees or charges of any kind upon recipients of contract services. Any program income generated and received by the provider as a result of contract services shall be disposed of and reported in accordance with applicable Agency policies and procedures and in accordance with applicable State or Federal regulations.

SECTION 3.04 ASSIGNMENTS AND SUBCONTRACTS No rights or obligations of the provider under this contract shall be assigned. No rights or obligations of the provider under this contract shall be subcontracted by the provider without prior written approval of the Agency. All subcontracts will incorporate the laws, rules and regulations governing this contract. The provider shall bear full responsibility for performance under all approved subcontracts, shall forward copies of such to the Agency and shall retain copies on file.

SECTION 3.05 INDEMNIFICATION AND INSURANCE Provider agrees to hold harmless NACOG and its departments, agencies, boards and commissions and all officers, agents, and employees thereof (hereinafter "indemnities"), each severally and separately, against any and all liabilities, demands, claims, damages, losses, costs and expense of whatsoever kind or nature including, without limitations, any and all direct and indirect costs of defense made against, incurred or suffered by; any such indemnities as a direct or indirect consequence of injury, sickness or disease, including death, to persons, injury to or destruction of property including without limitation, the loss of use of property or any other cause of action whatsoever arising out of, or resulting from, or which would not have occurred or existed but for this contract. The Provider's obligations under this paragraph do not extend to liability caused by the sole negligence of NACOG, its officers, agents or employees.

Provider shall maintain at all times during the term of this contract, an adequate limit, as determined by the Agency of comprehensive general liability and property insurance and automobile liability and property damage insurance naming Department of Economic Security and NACOG as an additional insured. Prior to execution of this contract, provider shall furnish the Agency a Certificate of Insurance. The Agency reserves the right to continue payments of premium, for which reimbursement with interest at the prime

rate will be deducted from amounts due or subsequently due provider.

Also, prior to the execution of this contract, Provider shall furnish the Agency a Certificate of Insurance that assures that all personnel hired to deliver contract services will be covered through the Workers' Compensation and Employers' Liability Insurance.

SECTION 3.06 CONTRACT PERSONNEL Unless otherwise provided for, pursuant to Section 3.04 Assignments and Subcontracts, the personnel delivering contract services shall be employees or volunteers of the provider, shall satisfy any qualifications and carry out any duties set forth in Annex A, and shall work the hours and receive the compensation set forth in this contract. Personnel policies and practices shall be uniform for all employees of the provider. Provider's employees shall not be considered officers, employees or agents of the State nor the Agency. Provider certifies that no individual or agent has been employed or retained to solicit or secure this contract for commission, percentage, brokerage or contingent fee except a bona fide employee maintained by the provider to secure business. When applicable, Contract personnel shall be fingerprinted and comply with all provisions of A.R.S. 46-141 as incorporated in Special Provisions.

SECTION 3.07 COMPLIANCE WITH NON-DISCRIMINATION LAWS Provider shall comply with Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, and State Executive Order No. 75-5 which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities. The provider shall comply with the Rehabilitation Act of 1973 as amended, which prohibits discrimination in the employment or advancement of employment of qualified persons because of physical or mental handicap. The Provider shall comply with the requirements of the Fair Labor Standards Act of 1938, as amended. The provider shall comply with Title IV of the Civil Rights Act of 1964, which prohibits the denial of benefits or no participation in contract services on the basis of race, color, or national origin. The provider shall comply with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, in delivering contract services.

SECTION 3.08 PROFESSIONAL STANDARDS AND LEVELS OF SERVICE The provider will deliver contract services in a humane and respectful manner, and in accordance with any and all applicable professional accreditation standards. The provider shall obtain and maintain all applicable licenses, permits and authority required to provide contract services.

The provider shall attain and maintain during the term of this contract the units of service set forth in Annex B.

SECTION 3.09 CONFIDENTIALITY Provider shall observe and abide by all applicable State and Federal statutes and regulations regarding use or disclosure information, including, but not limited to, information concerning applicants for and recipients of contract services.

SECTION 3.10 FAIR HEARINGS AND SERVICE RECIPIENT GRIEVANCES The provider shall advise all applicants for and recipients of contract services of their right, at any time and for any reason, to present to the Agency any grievances arising from the delivery of contract services, including but not limited to ineligibility determination, service reduction, suspension or termination, or quality of service.

SECTION 3.11 RATE OR BUDGET CERTIFICATION Provider certifies that the contract budget set forth in Annex B was prepared in accordance with applicable Agency guidelines and procedures. The provider further certifies that (a) the information which was provided to the Agency by the provider for use as a basis in approving the Annex B is accurate; (b) similar types of costs were accorded consistent accounting treatment in the development of Annex B; and (c) no costs are included in both direct and indirect costs. The provider certifies that funds received under this contract will be expended to achieve the purposes of this contract and to meet costs defined as allowable in applicable federal or state laws, rules, regulations and guidelines.

SECTION 3.12 COMPETITIVE BIDDING Provider is authorized to purchase the supplies and equipment itemized in Annex B for utilization in the delivery of contract service. Provider shall procure all such

supplies and equipment at the lowest practicable cost, and shall purchase all non-expendable items, having a useful life of more than one year and an acquisition cost of more than \$300, through general accepted and reasonable competitive bidding processes.

SECTION 3.13 CONTRACT EQUIPMENT The provider is authorized to purchase equipment itemized in Annex B for utilization in the delivery of contract services. The provider shall maintain complete and up-to-date inventory records for all equipment purchased thereunder.

The Agency shall retain an equitable interest, equal to a fair estimate of appraisal of current market value, in all equipment purchased under this or a predecessor contract. The Agency shall be included as a co-insured on any insurance policy, which covers equipment purchased under this or a predecessor contract.

The provider shall not dispose of any equipment purchased under this or a predecessor contract without the prior written consent of the Agency. Such consent, if given, may include direction as to means of disposition and utilization of proceeds including any necessary adjustments to Annex B.

SECTION 3.14 BOOKS AND RECORDS The provider shall keep adequate books and records relating to contract services and contract expenditures. Contract service records will be maintained in accordance with prescribed Agency policies and procedures. Financial records shall meet the following standards at a minimum: (1) adequately identify the service and application for contract and subcontract activities; (2) include personnel records which contain applications for employment, job titles and descriptions, hire and termination dates, wage rates, effective dates of personnel actions affecting any of these items; (3) include time and attendance records for individual employees to support all salaries and wages paid; (4) include records of the source of all receipts and the deposit of all funds received by the provider; (5) include original copies of invoices, statement, sales tickets, billings for services, etc., and a cash disbursement journal and canceled checks to reflect all disbursements applicable to the contract; (6) include a complete general ledger with accounts for the collection of all costs and/or fees applicable to the contract; (7) include a copy of the written, approved cost allocation plan to reflect the manner in which indirect costs were to be charged to the contract; and (8) include copies of lease/rental agreements, mortgages or other agreements which in any way may affect contract expenditures. Any such records not maintained shall mandate an audit exception in the amount of the inadequately documented expenditures.

Provider shall retain all such records and support documents for four years following termination of the contract or until after resolution of the final audit pursuant to Section 2.07 Financial Audit, whichever is the latter.

SECTION 3.15 REPORTING REQUIREMENTS No later than the 10th day following each month during the contract term, the provider shall submit to the Agency programmatic and financial reports in the form set forth in Annex B. Such reports shall cover contract services and contract expenditures for the preceding month and shall be certified as to their truth and accuracy by the provider. Failure to submit accurate and complete reports by the 10th day following the end of a month may result, at the option of the Agency, in forfeiture of right to payment.

No later than the 30th day following termination of this contract, provider shall submit to the Agency a final program and fiscal report. Failure to submit the final program and fiscal report within the above time period may result, at the option of the Agency, in forfeiture of right to final payment.

SECTION 3.16 SUPPORTING DOCUMENTS AND INFORMATION In addition to any documents, reports or information required by any other section of this contract, provider shall furnish the Agency with any further documents and information deemed necessary by the Agency.

SECTION 3.17 IDENTIFICATION OF FUNDING AND COPYRIGHTS All advertisements, publications and printed materials which are produced by the Provider and refer to contract services shall state that such services are funded under contract with the Agency, and where federal funds are involved, state by reference the specific funding source.

The provider shall not copyright any materials or products developed through contract services or contract expenditures without prior written approval by the Agency. Upon approval, the agency shall have a non-exclusive irrevocable license to reproduce, publish or otherwise use or authorize the use of any

copyrighted material.

SECTION 3.18 CONFLICT OF INTEREST Provider shall not make any payments, either directly or indirectly to any person partnership, corporation, trust, or any other organization which has a substantial interest in provider's organization or with which (or one of its directors, officers, owners, trust certificate holders or a relative thereof) has a substantial interest.

In addition to any other transactions, any request for approval of leases or rental agreements or purchase of real property in which there is a potential conflict of interest as set forth in Paragraph A of this section shall be accompanied by an independent commercial appraisal of fair market rental or lease value.

For the purpose of this Section, the terms "substantial interest" and "relative" shall have the same meanings as in A.R.S. 38-502.

IV. BASIC RIGHTS AND OBLIGATIONS OF THE AGENCY AND THE PROVIDER

SECTION 4.01 NOTICES All notices under this contract shall be in writing and shall be directed to the persons and addresses specified for such purpose in Annex A or to such other persons and/or addresses as either party may designate to the other by notice.

SECTION 4.02 EXERCISE OF RIGHTS Failure to exercise any right, power or privilege under this contract shall not operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of that or any other right, power or privilege.

SECTION 4.03 AMENDMENTS Any change to this contract shall be carried out in accordance with amendment policies and procedures promulgated by the Agency, including the following:

A written amendment signed by both parties to this contract shall be required for every standard purpose listed below:

1. Whenever there is a change in reimbursement ceiling.
2. Whenever the term of this contract is extended and whenever the term is reduced without terminating the contract.
3. Whenever there is a change in contract services, the service delivery methodology as set forth in Annex A or the level of service as defined in Annex B.
4. In fixed rate and negotiated rate contracts, whenever there is a change in the rate.
5. In cost reimbursement or unit fee contracts, whenever any budget category in Annex B is increased or decreased by an amount equal to or greater than 10 percent during the term of this contract.

SECTION 4.04 PAYMENT The provider shall report contract expenditures to the Agency in the manner prescribed pursuant to Section 3.15 Reporting Requirements. Upon receipt of applicable, accurate, and complete reports, the Agency will authorize payment in accordance with the reimbursement method contained within Annex B no later than 30 days after receipt, subject to availability of funds.

If the provider is in any manner in default in the performance of any obligation under this contract, or if audit exceptions are identified, the Agency may, at its option and in addition to other available remedies, either adjust the amount of payment or withhold payment until satisfactory resolution of the default or exception. The provider shall have the right only to notice of the Agency's action of

adjusting the amount of payment or withholding payment. The provider shall have the right to submit to the Agency a written explanation of its position on the proposed payment adjustment or payment withholding.

Under no circumstances will the Agency authorize payment to the provider that exceeds the reimbursement ceiling contained within Annex B without an amendment to this contract in accordance with Section 4.03 Amendments nor will the Agency authorize final payment to the provider until after receipt of final reports in accordance with Section 3.15 Reporting Requirements.

Section 4.05 PAYMENT RECOUPMENT Provider must reimburse the Agency upon demand or the Agency may deduct from future payments the following;

1. Any amounts received by provider from the Agency for contract services which have been inaccurately reported or are found to be unsubstantiated.
2. Any amounts paid by the provider to a subcontractor not authorized in writing by the Agency.
3. Any amount or benefit paid directly or indirectly to an individual or organization as specified in Section 3.18 Conflict of Interest.
4. Any amount paid by the Agency for services which either duplicate services covered by other specific grants and contracts, or amounts determined by the Agency as unallowable.
5. Any amounts expended for items or purposes determined unallowable by the Agency.
6. Any amounts paid by the Agency for which the provider's books, record, and other documents are not sufficient to clearly substantiate that those amounts were used by the provider to perform contract services as described in Annex A.
7. Any amount identified as a financial audit exception.

Section 4.06 DEFAULT If the provider fails to comply with one or more provisions of this contract; the Agency may, by notice to the provider, specify a period of time not less than 14 days nor more than 60 days from receipt of notification by which such noncompliance must be remedied. The provider shall be notified that should such noncompliance fail to be remedied within the specified time period, the Agency may interrupt funding, amend, or terminate the contract.

Section 4.07 TERMINATION This contract may be terminated without cause upon 30 days notice by either party during the term of this contract. The Agency **and provider have** the right to terminate this contract upon 24-hour notice when **either** deem the health or welfare of the service recipients is endangered, or **the Agency deems** provider noncompliance jeopardizes Federal Financial Participation. The State may cancel this contract as provided in A.R.S. 38-511. If not terminated by one of the above methods, this contract will terminate upon the expiration of the term of this contract as stated in Annex A.

Section 4.08 PREDECESSOR AND SUCCESSOR CONTRACTS. The execution or termination of this contract shall not be considered a waiver by the Agency of any and all rights it may have for damages suffered through a breach of this or a prior contract with the provider. The Agency has no obligation to renew this contract.

Section 4.09 RENEWABLE CONTRACT If so stated in the Special Provisions, this contract and all rights and obligations thereunder may be renewed in their entirety or in part for a period equal to the original contract term, but in no case longer than 12 months, upon agreement by the parties to this contract.

EXHIBIT C

NACOG AREA AGENCY ON AGING

SPECIAL PROVISIONS

I. DEFINITIONS

Area Agency on Aging is the organizational unit for Region III (hereinafter referred to as Agency) planning and service are designated to carry out the functions of the local plan on aging services in Apache, Coconino, Navajo, and Yavapai Counties.

II. BASIC RIGHTS AND OBLIGATIONS OF THE AGENCY

Section 2.08 Financial Audit. *All contractors are subject to the programmatic and fiscal monitoring requirements of each Agency program to ensure accountability of the delivery of all goods and services, as required under Single Audit.*

The Agency will require contractors with state and/or federal funds, more than or equal to \$100,000, to meet the prescribed audit and reporting requirements outlined in the General Provisions. Those contractors with state and/or federal funds totaling less than \$100,000 will be required to submit an annual Financial Review from a Certified Public Accountant.

Those contractors that have annual audits, due to the fiscal requirements of other funding sources, will be required to submit a copy to the Agency.

III. BASIC RIGHTS AND OBLIGATIONS OF THE PROVIDER

X Section 3.02 Compliance with Laws, Rules and Regulations

The provider shall comply with the laws, rules, regulations and standards contained within the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) including Section 2352 "Title XX Block Grants"; Title 45 Code of Federal Regulations, Parts 74 and 96; and the Arizona Title XX Social Services Plan.

 X The provider shall comply with the laws, rules, regulations and standards contained within Title III of the Older Americans Acts, as amended; Title 45 Code of Federal Regulations, Parts 74 (except Subpart N); Title 45 of the Code of Federal Regulations Parts 1321, 1324 and 1326. In accordance with Title 45 Code of Federal Regulations, Part 1321.51, the Agency shall afford the provider an opportunity for a hearing when required by the provisions of this part.

 X The provider shall comply with the provisions of A.R.S. 46-251 through 46-253, Supplemental Payment Program.

Section 3.03 Client Fees and Program Income

The provider may impose fees upon recipients of the Contract Title XX funded service. A fee policy must have written approval by the Agency prior to implementation. The provider must comply with any restriction or stipulation set by the Agency. Income generated by client fees shall be used to expand program services.

Section 3.05 Indemnification and Insurance

The provider shall comply with Rules 1 through 5 of NACOG Administrative Policy No. 100-110 *Workers' Compensation* requirements for Sub-contractors

Section 3.07 Compliance with Non-Discrimination Laws. (Tribal Intergovernmental Agreements) It shall be permissible for the provider to engage in preference in hiring pursuant to applicable Tribal codes, policies or procedures.

Section 3.08 Professional Standards and Level of Service

The provider will be required to utilize a standardized assessment process including an instrument which meets at a minimum certain functional status requirements established by the Agency prior to implementation or usage of an assessment instrument, the Agency will review and approve the instrument to be employed.

Section 3.15 Reporting Requirements

No later than the 10th day following each month during the contract term, the provider shall submit to the Agency, programmatic and financial reports in the form set forth in Annex B.

Section 3.18 Conflict of Interest

The provider shall comply with all pertinent federal lobbying and disclosure rules (31 U.S.C. Section 1352) and sign, copy and keep on file the *Lobbying Certification* form completed as part of this subcontract.

EXHIBIT D

STATE OF ARIZONA UNIFORM TERMS & CONDITIONS

1 Definition of Terms. As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

- 1.1 *“Attachment”* means any item the Solicitation requires the Offeror to submit as part of the Offer.
- 1.2 *“Contract”* means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.
- 1.3 *“Contract Amendment”* means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
- 1.4 *“Contractor”* means any person who has a Contract with the State.
- 1.5 *“Days”* means calendar days unless otherwise specified.
- 1.6 *“Exhibit”* means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
- 1.7 *“Gratuity”* means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
- 1.8 *“Materials”* means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
- 1.9 *“Procurement Officer”* means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
- 1.10 *“Services”* means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.
- 1.11 *“Subcontract”* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 1.12 *“State”* means the State of Arizona and Department or Agency of the State that executes the Contract.
- 1.13 *“State Fiscal Year”* means the period beginning with July 1 and ending June 30,

2 Contract Interpretation

- 2.1 Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.
- 2.2 Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
- 2.3 Contract Order of Precedence. In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:
- 2.3.1 Special Terms and Conditions;
 - 2.3.2 Uniform Terms and Conditions;
 - 2.3.3 Statement or Scope of Work;
 - 2.3.4 Specifications;
 - 2.3.5 Attachments;
 - 2.3.6 Exhibits;
 - 2.3.7 Documents referenced or included in the Solicitation.
- 2.4 Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
- 2.5 Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
- 2.6 No Parole Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
- 2.7 No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3 Contract administration and operation.

- 3.1 Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.
- 3.2 Non-Discrimination. The Contractor shall comply with State Executive Order No. 99-4 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.
- 3.3 Audit. Pursuant to ARS § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.

- 3.4 Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines non-compliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.
- 3.5 Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
- 3.6 Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- 3.7 Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.
- 3.8 Ownership of Intellectual Property. Any and all intellectual property, including but not limited to copyright, invention, trademark, tradename, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract ("Intellectual Property"), shall be work made for hire and the State shall be considered the creator of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor (s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract.

4 Costs and Payments

- 4.1 Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.
- 4.2 Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destination.
- 4.3 Applicable Taxes.

- 4.3.1 Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.
- 4.3.2 State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.
- 4.3.3 Tax Indemnification. Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.
- 4.3.4 IRS W9 Form. In order to receive payment the Contractor shall have a current I.R.S. W9 Form on file with the State of Arizona, unless not required by law.
- 4.4 Availability of Funds for the Next State fiscal year. Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract.
- 4.5 Availability of Funds for the current State fiscal year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:
 - 4.5.1 Accept a decrease in price offered by the contractor;
 - 4.5.2 Cancel the Contract
 - 4.5.3 Cancel the contract and re-solicit the requirements.

5 Contract changes

- 5.1 Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
- 5.2 Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.
- 5.3 Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6 Risk and Liability

6.1. Risk of Loss: The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.

6.2 Indemnification

6.2.1 Contractor/Vendor Indemnification (Not Public Agency). The parties to this contract agree that the State of Arizona, its' departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its' departments, agencies, boards and commissions shall be responsible for its' own negligence. Each party to this contract is responsible for its' own negligence.

6.2.2 Public Agency Language Only. Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnitee') from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its' officers, officials, agents, employees, or volunteers."

6.3 Indemnification - Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this section shall not apply.

6.4 Force Majeure.

6.4.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "*force majeure*" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2 Force Majeure shall not include the following occurrences:

6.4.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2 Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and

condition; or

6.4.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

6.4.3 If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.4.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

6.5 Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

7 Warranties

7.1 Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.

7.2 Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one year after acceptance by the State of the materials, they shall be:

7.2.1 Of a quality to pass without objection in the trade under the Contract description;

7.2.2 Fit for the intended purposes for which the materials are used;

7.2.3 Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;

7.2.4 Adequately contained, packaged and marked as the Contract may require; and

7.2.5 Conform to the written promises or affirmations of fact made by the Contractor.

7.3 Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.

7.4 Inspection/Testing. The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.

7.5 Year 2000.

- 7.5.1 Notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that all products delivered and all services rendered under this Contract shall comply in all respects to performance and delivery requirements of the specifications and shall not be adversely affected by any date-related data Year 2000 issues. This warranty shall survive the expiration or termination of this Contract. In addition, the defense of *force majeure* shall not apply to the Contractor's failure to perform specification requirements as a result of any date-related data Year 2000 issues.
- 7.5.2 Additionally, notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that each hardware, software, and firmware product delivered under this Contract shall be able to accurately process date/time data (including but not limited to calculation, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology utilized by the State in combination with the information technology being acquired under this Contract properly exchanges date-time data with it. If this Contract requires that the information technology products being acquired perform as a system, or that the information technology products being acquired perform as a system in combination with other State information technology, then this warranty shall apply to the acquired products as a system. The remedies available to the State for breach of this warranty shall include, but shall not be limited to, repair and replacement of the information technology products delivered under this Contract. In addition, the defense of *force majeure* shall not apply to the failure of the Contractor to perform any specification requirements as a result of any date-related data Year 2000 issues.
- 7.6 Compliance With Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.
- 7.7 Survival of Rights and Obligations after Contract Expiration or Termination.
 - 7.7.1 Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.
 - 7.7.2 Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.

8 State's Contractual Remedies

- 8.1 Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.

8.2 Stop Work Order.

8.2.1 The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.

8.2.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

8.3 Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.

8.4 Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

8.5 Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

9 Contract Termination

9.1 Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.

9.2 Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.

9.3 Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been

debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the contractor is not currently suspended or debarred. If the contractor becomes suspended or debarred, the contractor shall immediately notify the State.

9.4 Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time, when in the best interests of the State without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.

9.5 Termination for Default.

9.5.1 In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

9.5.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

9.5.3 The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

9.6 Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

10 **Contract Claims.** All contract claims or controversies under this Contract shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted thereunder.

11 **Arbitration**

The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

EXHIBIT E

DEPARTMENT OF ECONOMIC SECURITY SPECIAL TERMS AND CONDITIONS

1. **Definition of Terms.** In addition to the terms and conditions defined in section 1 of the Uniform Terms and Conditions, the following shall apply:

As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:

- A. **"Equipment"** means all vehicles, furniture, machinery, electronic data processing (EDP) equipment, software and all other equipment costing \$1,000.00 or more, including all normal and necessary expenses incurred to make the equipment ready for its intended use (e.g., taxes, freight, installation, assembly and testing charges, etc.), and with a useful life of greater than one year. Equipment as used herein does not include real property (e.g., land, buildings, structures, or facilities' improvements).
- B. **"Department"** means the Arizona Department of Economic Security (DES), unless otherwise indicated.
- C. **"Effective Date"** means the date that the Procurement Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the contract.

2. **Audit.** In addition to the terms and conditions in section 3.3 of the Uniform Terms and Conditions, the following shall apply:

- A. In compliance with the Federal Single Audit Act (31 U.S.C. Sections 7501-7507), as amended by the Single Audit Act Amendments of 1996 (P.L. 104 to 156), Contractors designated as subrecipients, as prescribed by the President's Council on Integrity and Efficiency Position Statement No. 6, expending Federal funds from all sources totaling \$300,000 or more (\$500,000 for fiscal years ending after December 31, 2003), must have a yearly audit conducted in accordance with the audit and reporting standards as prescribed in OMB Circular A-133 (A-133). The audit must include the Reporting Package as outlined in A-133. The Department's contract numbers and award amounts must be included in a separate schedule, if not included on the Schedule of Federal Financial Assistance. A copy of the Audit Report, Management Letter and Auditors Opinion must be submitted to the Department's Office of Audit and Management Services within thirty (30) days after completion of the audit to the Department person designated to receive notices.
- B. All Contractors are subject to the programmatic and fiscal monitoring requirements of each Department program to insure accountability of the delivery of all goods and services, as required under the Federal Single Audit Act. A minimum fiscal requirement for all Contractors designated as vendors is an annual financial audit which includes Department contract numbers and award amounts. The Audit Report, Management Letter and Auditor's Opinion must be submitted to the Department person designated to receive notices within thirty (30) days after completion of the audit.
- C. As prescribed in OMB Circular A-133, for-profit subrecipients are subject to compliance requirements established by the Department. Methods to ensure compliance for Federal

awards made to for-profit subrecipients may include pre-award audits, Department monitoring during the contract, and post-award audits.

- D. Audits of non-profit corporations receiving Federal or State monies required pursuant to Federal or State law must be conducted as provided in 31 U.S.C. Section 7501 et seq. and A.R.S. Section 35-181.03 and any other applicable statutes, rules, regulations and standards.
3. **Availability of Funds.** The Department may reduce payments or terminate this contract without further recourse, obligation or penalty in the event that insufficient funds are appropriated or allocated. The Director of the Department shall have the sole and unfettered discretion in determining the availability of funds. The Department and the Contractor may mutually agree to reduce reimbursement to the Contractor when the payment type is Fixed Price with Price Adjustment by executing a contract amendment.
4. **Certification of Cost or Pricing Data.** By signing the offer and contract award form, the contract, change order, contract amendment or other official form, the Contractor is certifying that, to the best of the Contractor's knowledge and belief, any cost or pricing data submitted is accurate, complete and current as of the date submitted or other mutually agreed upon date. Furthermore, the price to the State shall be adjusted to exclude any significant amounts by which the State finds the price was increased because the Contractor-furnished cost or pricing data was inaccurate, incomplete or not current as of the date of certification. Such adjustment by the State may include overhead, profit or fees. The certifying of cost or pricing data does not apply when contract rates are set by law or regulation.
5. **Competitive Bidding.** The Contractor is authorized to purchase the supplies and equipment itemized in the contract for utilization in the delivery of contract services. Contractor shall procure all such supplies and equipment at the lowest practicable cost and shall purchase all non-expendable items having a useful life of more than one year and an acquisition cost of \$1,000 or more, through generally accepted and reasonable competitive bidding processes. Any procurement in violation of this provision shall be considered a financial audit exception.
6. **Compliance with Applicable Laws.** In addition to the terms and conditions in section 7.6 of the Uniform Terms and Conditions, the following shall apply:
- A. In accordance with A.R.S. §36-557 (Purchase of community developmental disabilities services; application; contracts; limitation), as applicable, all recipients of contract services shall have all of the same specified rights as they would have if enrolled in a service program operated directly by the State.
- B. Nothing in this contract shall be construed as a waiver of an Indian tribe's sovereign immunity; nothing shall be construed as an Indian tribe's consent to be sued, or as consent by an Indian tribe to jurisdiction of any State Court.
- C. The Contractor shall comply with the requirements related to reporting to a peace officer or child protective services incidents of crimes against children as specified in A.R.S. §13-3620.
- D. The Contractor shall comply with P.L. 101-121, Section 319 (31 U.S.C. section 1352) and 29 C.F.R. Part 93 which prohibit the use of Federal funds for lobbying and which state, in part: Except with the express authorization of Congress, the Contractor, its

employees or agents, shall not utilize any Federal funds under the terms of this contract to solicit or influence, or to attempt to solicit or influence, directly or indirectly, any member of Congress regarding pending or prospective legislation. Indian tribes, tribal organizations and any other Indian organizations are exempt from these lobbying restrictions with respect to expenditures that are specifically permitted by other Federal law.

7. **Confidentiality.** The Contractor shall observe and abide by all applicable State and Federal statutes, rules and regulations regarding the use or disclosure of information including, but not limited to, information concerning applicants for and recipients of contract services. To the extent permitted by law, the Contractor shall release information to the Department and the Attorney General's Office as required by the terms of this contract, by law or upon their request.
8. **Contract Extension.** The State has no obligation to extend or renew this contract. However, this contract may be extended or renewed for multiple periods, or may be established as a multi-year contract in its entirety or in part at the sole option of the State. The Department's Procurement Officer may exercise the Department's option to extend or renew the contract by unilateral contract amendment; a written amendment to the contract signed by both parties shall not be necessary. Any extension or renewal must be made prior to the end of the contract period specified in this contract.
9. **Contract Term.** The term of this contract shall be the period of time from the contract begin date to the contract termination date as awarded or extended. The begin date of the contract term is the date that the Contractor may start to provide services under this contract. The Contractor will not be paid or reimbursed for contract services provided prior to the begin date. However, payments or reimbursements shall not be made under this contract until the effective date of this contract.
10. **Cooperation.** The Department may undertake or award other contracts for additional work related to the work performed by the Contractor, and the Contractor shall fully cooperate with such other Contractors and State employees, and carefully fit its own work to such other Contractors' work. The Contractor shall not commit or permit any act which will interfere with the performance of work by any other Contractor or by State employees. The Contractor shall cooperate as the State deems necessary, with the transfer of work, services, case records and files performed or prepared by the Contractor to other Contractor(s).
11. **Equipment.**
 - A. If the Contractor is authorized to purchase equipment, it shall be itemized in the contract for utilization in the delivery of contract services. If equipment is purchased as authorized by this contract, the Contractor shall maintain complete and up-to-date inventory records for all equipment purchased hereunder. Equipment specifically designated within this contract, to be purchased in whole or part with the Department funds, shall be reported in accordance with Department inventory policies and procedures. The Contractor shall report equipment purchased with contract funds to the Department within thirty (30) days of purchase, perform an annual inventory of all equipment purchased with Department funds and submit the equipment inventory form to the Department person designated to receive notices.
 - B. The Department shall retain an equitable interest equal to the purchase price paid, or a fair estimate or appraisal of current market value, whichever is greater, in all equipment purchased under this contract. The Department shall be included as a co-insured on any insurance policy which covers equipment purchased under this contract.

- C. The Contractor shall not dispose of any equipment purchased under this contract without the prior written consent of the Department during and after the contract term. Such consent, if given, may include direction as to the means of disposition and the utilization of proceeds, including any necessary adjustments to the contract.
 - D. Upon termination of this contract, any equipment purchased under this contract shall be disposed of as directed by the Department and, if sold, the Department shall be compensated in the amount of its equitable interest.
12. **Evaluation.** The Department may evaluate, and the Contractor shall cooperate in the evaluation of, contract services. Evaluation may assess the quality and impact of contract services, either in isolation or in comparison with other similar services, and assess the Contractor's progress and/or success in achieving the goals, objectives and deliverables set forth in this contract.
13. **Fair Hearings and Service Recipients' Grievances.**
- A. The Contractor shall advise all applicants for and recipients of contract services of their right, at any time and for any reason, to present to the Contractor and to the Department any grievances arising from the delivery of contract services, including, but not limited to, ineligibility determination, reduction of services, suspension or termination of services, or quality of services. The Department may assert its jurisdiction to hear the grievance or refer the matter to the appropriate authority.
 - B. The Contractor, whenever authorized by law, shall maintain a formal system acceptable to and approved by the Department for reviewing and adjudicating grievances by service recipients or subcontractors arising from this contract.
14. **Fees and Program Income.** Unless specifically authorized in the contract, the Contractor shall impose no fees or charges of any kind upon recipients for contract services.
15. **Fingerprinting.** The provisions of A.R.S. § 46-141 (as may be amended) are hereby incorporated in their entirety as provisions of this contract. For reference, these provisions include, but are not limited to, the following:
- A. Personnel who are employed by the Contractor, whether paid or not, and who are required or allowed to provide services directly to juveniles shall have a valid class one or class two fingerprint clearance card issued pursuant to title 41, chapter 12, article 3.1, or shall apply for a class one or class two fingerprint clearance card within seven working days of employment.
 - B. The provider shall assume the costs of fingerprint checks and may charge these costs to its fingerprinted personnel. The department may allow all or part of the costs of fingerprint checks to be included as an allowable cost in a contract.
 - C. Except as provided in A.R.S. § 46-141, this contract may be cancelled or terminated immediately if a person employed by the Contractor and who has contact with juveniles certifies pursuant to the provisions of A.R.S. § 46-141 (as may be amended) that the person is awaiting trial or has been convicted of any of the offenses listed therein in this state, or of acts committed in another state that would be offenses in this state, or if the person does not possess or is denied issuance of a valid fingerprint clearance card.
 - D. Personnel who are employed by any provider, whether paid or not, and who are required or allowed to provide services directly to juveniles shall certify on forms provided by the Department of Economic Security and notarized whether they are awaiting trial on or have ever been convicted of any of the offenses described in A.R.S. § 46-141 (F) (as may be amended).

- E Personnel who are employed by any provider, whether paid or not, and who are required or allowed to provide services directly to juveniles shall certify on forms provided by the Department of Economic Security and notarized whether they have ever committed any act of sexual abuse of a child, including sexual exploitation and commercial sexual exploitation, or any act of child abuse.
- F. Federally recognized Indian tribes or military bases may submit and the Department of Economic Security shall accept certifications that state that no personnel who are employed or who will be employed during the contract term have been convicted of, have admitted committing or are awaiting trial on any offense as described in A.R.S. § 46-141 (F) (as may be amended).

16. Indemnification and Insurance

INDEMNIFICATION CLAUSE:

The parties to this contract agree that the State of Arizona and the Department of Economic Security (DES) shall be indemnified and held harmless by Contractor)for the vicarious liability of the State and/or DES as a result of entering into this contract. However, the parties further agree that the State of Arizona and DES shall each be responsible for its own negligence. Each party to this contract is responsible for its own negligence.

INSURANCE REQUIREMENTS:

Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The *insurance requirements* herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona and DES in no way warrant that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

A. MINIMUM SCOPE AND LIMITS OF INSURANCE: Contractor shall provide coverage with limits of liability not less than those stated below.

1. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

- General Aggregate \$2,000,000
- Products – Completed Operations Aggregate \$1,000,000
- Personal and Advertising Injury \$1,000,000
- Blanket Contractual Liability – Written and Oral \$1,000,000
- Fire Legal Liability \$ 50,000
- Each Occurrence \$1,000,000

a. The policy shall be endorsed to **include coverage for sexual abuse and molestation.**

b. The policy shall be endorsed to include the following additional insured language: ***“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities***

performed by or on behalf of the Contractor".

- c. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

2. Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL)	\$1,000,000
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The policy shall be endorsed to include the following additional insured language: ***"The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor".***

3. Worker's Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

- a. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
- b. This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

4. Professional Liability (Errors and Omissions Liability)

Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000

- a. In the event that the professional liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed. The requirement for a policy Annual Aggregate of \$2,000,000 above under this paragraph 4 may also be substituted with an endorsement to the contractor's or subcontractor's (as the case may be) showing "Unimpaired Annual Aggregate \$1,000,000 for the Named Insured with respect to contracts with the State of Arizona, Department of Economic Security."

- b. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
 - c. The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.
- B. **ADDITIONAL INSURANCE REQUIREMENTS:** The policies shall include, or be endorsed to include, the following provisions:
- 1. The State of Arizona Department of Economic Security wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.
 - 2. The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.
 - 3. The Additional Insured endorsement(s), where applicable to liability policies required under these provisions, and which extend policy rights to the State of Arizona (Contracting agency), shall insure only the vicarious liability to the extent stated in the Indemnification Clause.
- C. **NOTICE OF CANCELLATION:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to **(State of Arizona Department Representative's Name & Address)** and shall be sent by certified mail, return receipt requested.
- D. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.
- E. **VERIFICATION OF COVERAGE:** Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to **(State of Arizona Department Representative's Name and Address)**. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK**

MANAGEMENT SECTION.

- F. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insureds under its policies **or** Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- G. **APPROVAL:** Any modification or variation from the *insurance requirements* in this Contract shall be made by the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.
- H. **EXCEPTIONS:** For any Contractor or subcontractor,
 - 1. Which is a state university (in the State of Arizona), then the indemnification and insurance requirements set forth above shall not apply.
 - 2. Which is a public entity (but not a state agency or state university referred to in paragraph H1 above) the indemnification and insurance requirements are replaced in their entirety by the following:

INDEMNIFICATION:

Each party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers.

In addition, Contractor shall cause its contractor(s) and subcontractors, if any, to indemnify, defend, save and hold harmless the State of Arizona, any jurisdiction or agency issuing any permits for any work arising out of this Agreement, and their respective directors, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor's contractor or any of the directors, officers, agents, or employees or subcontractors of such contractor. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by such contractor from and against any and all claims. It is agreed that such contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable.

For subcontractors which are not public entities, insurance provisions A through G above shall apply.

3. Which is a Tribal government, the indemnification and insurance requirements are replaced in their entirety by the following:

Each party is responsible for its own negligence. Contractor is insured under the federal tort claims act.

4. Which does not perform professional services under certification or licensure, then paragraph A.4. Professional Liability above shall not be required with respect to such person(s).
5. Which does not provide professional services under certification or licensure to children or disabled persons, then paragraph A.1.a. above shall not apply.

17. Levels of Service.

- A. If the Contractor determines service recipient eligibility, the Contractor shall maintain and regulate the units or services set forth in this contract to ensure continuity and availability of services to eligible persons during the term of this contract and during any transition to a subsequent Contractor.
- B. The Department makes no guarantee to purchase specific quantities of goods or services, or to refer eligible persons as may be identified or specified herein. Further, it is understood and agreed that this contract is for the sole convenience of the Department and that the Department reserves the right to obtain like goods or services from other sources when such need is determined necessary by the Department.
- C. Any administration within the Department may obtain services under this contract.
- D. Contract services may be moved or expanded to other site locations within the geographic area awarded only by a written contract amendment.
- E. The Department makes no guarantee to purchase all of the service units authorized or to provide any number of referrals. If quantities of units are specified, they are estimates only and the Department may decrease and/or increase them by providing written notice to the Contractor.
- F. When the method of compensation for the service is **Fixed Price with Price Adjustment**, the contract may be amended, by mutual agreement, to purchase additional services by increasing the contract service budget and/or budget summary.

18. Monitoring. The Department may monitor the Contractor and/or subcontractor and they shall cooperate in the monitoring of services delivered, facilities and records maintained and fiscal practices.

19. Non-Discrimination. In addition to the terms and conditions in section 3.2 of the Uniform Terms and Conditions, the following shall apply:

- A. Unless exempt under Federal law the Contractor shall comply with Title VII of the Civil Rights Act of 1964 as amended. Contractor shall comply with the Age Discrimination in Employment Act. The Contractor shall comply with the Rehabilitation Act of 1973, as

amended, which prohibits discrimination in the employment or advancement in employment of qualified persons because of physical or mental handicap. The Contractor shall comply with the requirements of the Fair Labor Standards Act of 1938, as amended.

- B. If Contractor is an Indian Tribal Government, Contractor shall comply with the Indian Civil Rights Act of 1968. It shall be permissible for an Indian Tribal Contractor to engage in Indian preference in hiring.
- C. The Contractor shall comply with Title VI of the Civil Rights Act of 1964, which prohibits the denial of benefits of or participation in contract services on the basis of race, color, or national origin. The Contractor shall comply with the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of handicap, in delivering contract services; and with Title II of the Americans with Disabilities Act, and the Arizona Disability Act, which prohibit discrimination on the basis of physical or mental disabilities in the provision of contract programs, services and activities.
- D. The following shall be included in all publications, forms, flyers, etc. that are distributed to recipients of contract services:

“Under the Americans with Disabilities Act, the *(insert Contractor name here)* must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the *(insert Contractor name here)* must provide sign language interpreters for people who are deaf, a wheelchair accessible location, or enlarged print materials. It also means that the *(insert Contractor name here)* will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. Please contact: *(insert Contractor contact person and phone number here)*”

20. Notices. In addition to the terms and conditions in section 3.5 of the Uniform Terms and Conditions, the following shall apply:

All notices shall reference the contract number.

The Contractor shall give written notice to the Department of changes to the following, and a written amendment to the contract shall not be necessary:

1. Change of address of business office;
2. Change of telephone number;
3. Changes in the name and/or address of the person to whom notices are to be sent;
4. Changes in contract-related personnel positions of the Contractor which do not affect staffing ratios, staff qualifications or specific individuals required under this contract;
5. Change in the name of the Contractor, where the ownership or responsible entity remains the same; or,

6. In a fixed price with price adjustment contract, whenever there is less than a 10% increase in any budget category; any such increase must be offset by an equal value decrease in another budget category or categories.
21. **Payments.** In addition to the terms and conditions in section 4.1 of the Uniform Terms and Conditions, the following shall apply:
- A. Payments shall be made according to the type of payment defined as follows:
 1. **Rate (or) Fixed Price-** The Contractor is paid a specified amount for each unit of service or deliverable as designated in the contract, not to exceed the maximum number of authorized units if indicated by the Department for each contract service/deliverable.
 2. **Fixed Price with Price Adjustment** - Reimbursement to the Contractor is in accordance with actual, allowable costs incurred consistent with each service budget and/or budget summary not to exceed the service reimbursement ceiling. The Contractor shall furnish the Department with an accounting of actual costs incurred consistent with the categories set forth in the service budget. Budget categories, to include cost items in a category, may be deleted, added, or modified by a contract amendment, provided that the Total DES Service Cost shall not increase unless a price increase is permitted by renewal or extension of the contract.
 - B. The Contractor shall report to the Department in the manner prescribed by the "Reporting Requirements" section of these terms and conditions. Upon receipt of applicable, accurate and complete reports, the Department shall authorize payment or reimbursement in accordance with the type of payment indicated by this contract.
 - C. If the Contractor is in any manner in default in the performance of any obligation under this contract, or if audit exceptions are identified, the Department may, at its option and in addition to other available remedies, either adjust the amount of payment or withhold payment until satisfactory resolution of the default or exception.
 - D. Under no circumstances shall the Department make payment to the Contractor that exceeds the contract or service reimbursement ceiling without an amendment to this contract. Under no circumstances shall the Department make payment to the Contractor for services performed prior to or after the term of the contract without timely extension or renewal of the contract.
 - E. The Contractor may offer a price reduction adjustment at any time during the term of the contract. Any price reduction shall be executed by a contract amendment.
22. **Payment Recoupment.** The Contractor must reimburse the Department upon demand or the Department may deduct from future payments the following:
- A. Any amounts received by the Contractor from the Department for contract services which have been inaccurately reported or are found to be unsubstantiated;
 - B. Any amounts paid by the Contractor to a subcontractor not authorized in writing by the Department;

- C. Any amount or benefit paid directly or indirectly to an individual or organization not in accordance with the "Substantial Interest" section of these terms and conditions;
 - D. Any amounts paid by the Department for services which duplicate services covered or reimbursed by other specific grants, contracts, or payments;
 - E. Any amounts expended for items or purposes determined unallowable by the Department when this contract provides for the reimbursement of costs, see the "**Unallowable Costs**" section of these terms and conditions;
 - F. Any amounts paid by the Department for which the Contractor's books, records, and other documents are not sufficient to clearly substantiate that those amounts were used by the Contractor to perform contract services;
 - G. Any amounts received by the Contractor from the Department which are identified as a financial audit exception;
 - H. Any amounts paid or reimbursed in excess of the contract or service reimbursement ceiling;
 - I. Any amounts paid to the Contractor which are subsequently determined to be defective pursuant to the "Certification of Cost or Pricing Data" section of these terms and conditions.
 - J. Any payments made for services rendered before the contract begin date or after the contract termination date.
23. **Personnel.** The Contractor's personnel shall satisfy all qualifications, carry out all duties, and work the hours as set forth in this contract.
24. **Predecessor and Successor Contracts.** The execution or termination of this contract shall not be considered a waiver by the Department of any rights it may have for damages suffered through a breach of this or a prior contract with the Contractor.
25. **Professional Standards.** The Contractor shall deliver contract services in a humane and respectful manner and in accordance with any and all applicable professional accreditation standards. Levels of staff qualifications, professionalism, numbers of staff and individuals identified by name must be maintained as presented in the contract.
26. **Records.** In addition to the terms and conditions in section 3.1 of the Uniform Terms and Conditions, the following shall apply:
- Contract service records will be maintained in accordance with this contract. Records shall, as applicable, meet the following standards:
- A. Adequately identify the service provided and each service recipient's application for contract and subcontract activities;
 - B. Include personnel records which contain applications for employment, job titles and descriptions, hire and termination dates, a copy of the fingerprint clearance card, wage rates, and effective dates of personnel actions affecting any of these items;

- C. Include time and attendance records for individual employees to support all salaries and wages paid;
- D. Include records of the source of all receipts and the deposit of all funds received by the Contractor;
- E. Include original copies of invoices, statements, sales tickets, billings for services, deposit slips, etc., and a cash disbursement journal and cancelled checks to reflect all disbursements applicable to the contract;
- F. Include a complete general ledger with accounts for the collection of all costs and/or fees applicable to the contract; and,
- G. Include copies of lease/rental agreements, mortgages and/or any other agreements which in any way may affect contract expenditures.

Any such records not maintained shall mandate an audit exception in the amount of the inadequately documented expenditures.

27. Reporting Requirements.

- A. Unless otherwise provided in this contract, reporting shall adhere to the following schedule: no later than the 15th day following each month during the contract term the Contractor shall submit programmatic and financial reports to the Department in the form set forth in the contract. Failure to submit accurate and complete reports by the 15th day following the end of a month may result, at the option of the Department, in retention of payment. Failure to provide such report within 45 days following the end of a month may result, at the option of the Department, in a forfeiture of such payment.
- B. No later than the 45th day following the termination of this contract, Contractor shall submit to the Department a final program and fiscal report. Failure to submit the final program and fiscal report within the above time period may result, at the option of the Department, in forfeiture of final payment.
- C. All reports shall reference the contract number and be submitted to the person designated by the Department.

28. Subcontracts. In addition to the terms and conditions in section 5.2 of the Uniform Terms and Conditions, the following shall apply:

The Contractor shall provide copies of subcontracts relating to the provision of contract services to the Department upon request.

29. Substantial Interest Disclosure.

- A. Contractor shall not make any payments, either directly or indirectly, to any person, partnership, corporation, trust, or any other organization which has a substantial interest in Contractor's organization or with which Contractor (or one of its directors, officers, owners, trust certificate holders or a relative thereof) has a substantial interest, unless Contractor has made a full written disclosure of the proposed payments, including amounts, to the Department.

- B. Leases or rental agreements or purchase of real property which would be covered by Paragraph A of this section shall be in writing and accompanied by an independent commercial appraisal of fair market rental, lease, or purchase value, as appropriate.
- C. For the purpose of this Section, "relative" shall have the same meaning as in A.R.S. §38-502.

30. Supporting Documents and Information. In addition to any documents, reports or information required by any other section of this contract, Contractor shall furnish the Department with any further documents and information deemed necessary by the Department.

31. Technical Assistance. The Department may, but shall not be obligated to, provide technical assistance to the Contractor in the administration of contract services, or relating to the terms and conditions, policies and procedures governing this contract. Notwithstanding the foregoing, the Contractor shall not be relieved of full responsibility and accountability for the provision of contract services in accordance with the terms and conditions set forth herein.

32. Termination for Any Reason.

- A. In the event the contract is terminated, with or without cause, or expires, the Contractor, whenever determined appropriate by the Department, shall assist the Department in the transition of services or eligible persons to other Contractors. Such assistance and coordination shall include, but not be limited to, the forwarding of program and other records as may be necessary to assure the smoothest possible transition and continuity of services. The cost of reproducing and forwarding such records and other materials shall be borne by the Contractor. The Contractor must make provisions for continuing all management/administrative services until the transition of services or eligible persons is complete and all other requirements of this contract are satisfied.
- B. In the event of termination or suspension of the contract by the Department, such termination or suspension shall not affect the obligation of the Contractor to indemnify the Department and the State for any claim by any other party against the State or Department arising from the Contractor's performance of this contract and for which the Contractor would otherwise be liable under this contract. To the extent such indemnification is excluded by A.R.S. §41-621 et seq. or an obligation is unauthorized under A.R.S. §35-154, the provisions of this paragraph shall not apply.
- C. In the event of early termination, any funds advanced to the Contractor shall be returned to the Department within ten (10) days after the date of termination or upon receipt of notice of termination of the contract, whichever is earlier.

33. Termination for Default. In addition to the terms and conditions in section 9.5 of the Uniform Terms and Conditions, the following shall apply:

This contract may immediately be terminated if the Department determines that the health or welfare or safety of service recipients is endangered.

34. Unallowable Costs. The cost principles set forth in the Code of Federal Regulations, 48 CFR, Chapter 1, Subchapter e, Part 31, (October 1, 1991), excluding later amendments and editions, on file with the Arizona Secretary of State and incorporated by this reference, shall be used to determine the allowability of incurred costs for the purpose of reimbursing costs under contract provisions that provide for the reimbursement of costs. Those costs which are specifically

defined as unallowable therein will not be submitted for reimbursement by the Contractor and may not be reimbursed with Department funds.

In addition, the Contractor shall comply with the following publications, as applicable:

- A. OMB Circular A-87 for State, local and Indian Tribal Governments.
- B. OMB Circular A-122 for private non-profit organizations other than institutions of higher education, hospitals or others specified in A-122.
- C. OMB Circular A-21 for educational institutions.
- D. OMB Circular A-133 for audits of institutions of higher education and other non-profit institutions.

35. Visitation, Inspection and Copying. Contractor's or subcontractor's facilities, services and individuals served, books and records pertaining to the contract shall be available for visitation, inspection and copying by the Department and any other appropriate agent of the State or Federal Government. At the discretion of the Department, visitation, inspection and copying may be at any time during regular business hours, announced or unannounced. If the Department deems it to be an emergency situation, it may at any time visit and inspect the Contractor's or subcontractor's facilities, services and individuals served, as well as inspect and copy their contract-related books and records.

36. Offshore Performance of Work Prohibited. Due to security and identity protection concerns, all services under this contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.

EXHIBIT F

ARIZONA DEPARTMENT OF ECONOMIC SECURITY AGING AND ADULT ADMINISTRATION

SPECIAL TERMS AND CONDITIONS

1. REPORTING REQUIREMENTS, Section 27 of the DES Special Terms and Conditions

The following replaces section A:

No later than the 30th day following the end of each month during the Contract Term, the Contractor shall submit to the Department programmatic and financial reports identified in the Aging and Adult Administration Policies and Procedures Manual Chapter 1600 and as may be amended periodically. Failure to submit accurate and complete reports by the 30th day following the end of a month may result, at the option of the Department, in retention of the next scheduled payment.

2. PAYMENT REQUIREMENTS, Section 21 of the DES Special Terms and Conditions

The following replaces Sections A.1. and A.2.

A. Payments shall be made according to the type of payment defined as follows:

1. Rate (or) Fixed price – The Contractor is paid a specified amount for each unit of service or deliverable as designated by the contract, not to exceed the maximum number of authorized units if indicated by the Department for each service/deliverable. The Department may authorize units in incremental amounts throughout the term of the contract by amending the contract or through the process of issuing release orders.
2. Fixed Price with Price Adjustment – Reimbursement to the Contractor is in accordance with actual, allowable costs incurred consistent with each service budget and/or budget summary not to exceed the service reimbursement ceiling. The Contractor shall furnish the Department with an accounting of actual costs incurred consistent with the categories set forth in the service budget. Budget categories, to include cost items in a category, may be deleted, added, or modified by a contract amendment or through the process of issuing release orders, provided that the Total DES Service Cost shall not increase unless a price increase is permitted by renewal or extension of the contract.

The following replaces Section D.

Under no circumstances shall the Department make payment to the Contractor that exceeds (a) the specified contract amount (rate or fixed price amount X number of authorized units) in the case of contracts entered into under Section A.1 (as amended) above or (b) the service reimbursement ceiling in the case of contracts entered into under Section A.2 (as amended) above, unless in either case, DES has issued a release order for additional units or funds, or the contract is amended. Under no circumstances shall the Department make payment to the Contractor for services performed prior to or after the term of the contract without timely extension or renewal of the contract.

The following replaces Section 20, 6.

5. In a fixed price with price adjustments contract, written amendment shall not be necessary to shift costs among budget categories. The contractor shall give written notice to the Department that includes justification for the changes and receive written approval by the Department. Any such increase must be offset by an equal decrease in any budget category and categories. A maximum of 3 adjustments can be made within any Alert period.

EXHIBIT G

NACOG AREA AGENCY ON AGING

Provider Procedure for BACKGROUND CLEARANCE

1. All staff/volunteers that work directly with vulnerable adults in an unsupervised setting **MUST** be cleared. Area Agency on Aging and sub-contractors are **BOTH** required to maintain secure files of the documents described in section 2.
2. The following documentation must be completed and sent to NACOG AAA via Kurtis Kegley. **For new staff please send all three documents together when they are obtained.**
 - a. A **Central Registry** form must be completed. We will submit to Division of Children Youth and Families for a search. We will notify by phone or email when each person is cleared on this search. If a person is not cleared on Central Registry AAA will be notified and we will contact the individual directly. AAA Staff
 - b. **CRIMINAL HISTORY AFFIDAVIT** –Notarized (LCR-1034A FORNA [9-09])
 - c. A copy (**front and back**) of a valid “**LEVEL ONE fingerprint CLEARANCE card**”. Staff or Volunteer applies for this card directly from DPS.
Rolled Fingerprint Card, Application and Payment are to be sent to:
**Arizona Department of Public Safety
Fingerprint Clearance Card Application
P.O. Box 18390
Phoenix, Arizona 85005-8390
Cost: \$67 for employees and \$65 for volunteers.**

MONTHLY UPDATES

3. Each month sub-contractors are required to send us a list of **new fingerprint card applicants**. Also please list any volunteers or staff no longer working for your organization so we may update our records.
4. Per the State Terms and conditions volunteers must clear **Central Registry and obtain valid LEVEL ONE fingerprint clearance card, and complete affidavit** in order to provide unsupervised direct services to vulnerable adults. Sub-contractors may NOT have staff/volunteers working directly with NACOG clients until all items are received and cleared. However, staff/volunteers may train under the direct supervision of an employee or volunteer that has been cleared.
5. If we find a sub-contractor in violation of procedure they will be given a corrective action to obtain the required items listed above.

ARS 46-141.

Level One Card-Law Reference

- A. Each licensee granted by the department of economic security and each contract entered into between the department of economic security and any contract provider for the provision of services to juveniles OR VULNERABLE ADULTS shall provide that, as a condition of employment, personnel who are employed by the licensee or contractor, whether paid or not, and who are required or allowed to provide services directly to juveniles OR VULNERABLE ADULTS shall have a valid fingerprint clearance card issued pursuant to section 41-1758.07 or shall apply for a fingerprint clearance card within seven working days of employment.

Revised-May 2012

City of Cottonwood, Arizona City Council Agenda Communication



 Print

Meeting Date:	February 5, 2013
Subject:	Para-transit Plan - 2013
Department:	Community Services
From:	Bruce Morrow, Transportation Manager

REQUESTED ACTION

Staff is requesting Council consideration and approval of the CAT/Lynx Paratransit Plan for the City of Cottonwood thereby meeting the requirements by ADOT and FTA whereby an organization that provides fixed-route service must also provide para-transit service.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is: "I make a motion to approve the CAT/Lynx Para-transit Plan as presented."

BACKGROUND

According to part 37 (Subpart F) of the Americans with Disabilities Act, all public entities operating **a fixed route system** shall provide paratransit or other special services to individuals with disabilities that is comparable to the level of service provided to individuals without disabilities who use the fixed route system. These services shall be provided in accordance with a paratransit plan developed by these entities. ADOT has requested that a plan be developed and submitted to them to assist them in their compliance with FTA regulations and for all future State ADOT and FTA Grant programs.

Since no plan could be found that would satisfy current requirements, staff developed the attached plan for consideration. This plan has previously been submitted to ADOT for comment and has been updated accordingly. In addition, staff met to discuss any additions or modifications that should be in the plan and those have also been incorporated. The completed plan has been submitted to ADOT for their approval. Due to the time constraints that were imposed by ADOT for submission of the Section 5311 Rural Transportation Grant document, this plan was not available for any previous Council meetings and is now submitted for Council comment and approval.

JUSTIFICATION/BENEFITS/ISSUES

Completion and approval of this plan is a requirement for the City to continue to receive grant funding under the 5311 program from the FTA. ADOT is required to have a copy in their files

to show compliance as they are the granting entity. This will enable ADOT to continue to consider the City of Cottonwood in all future funding requests for transportation funding.

COST/FUNDING SOURCE

N/A

ATTACHMENTS:

Name:	Description:	Type:
 2012 CAT Paratransit Plan Revised.docx	FY 2012-2013 Paratransit Plan	Backup Material

Paratransit Plan



Getting you where you want to go!

Cottonwood Area Transit (CAT)

340 Happy Jack Way

Cottonwood, AZ 86326

Phone - 928-634-2287

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Table of Contents

Introduction to Cottonwood Area Transit.....	pg 3
Description of the Fixed Route System.....	pg 4
Description of the ADA Complementary Paratransit System.....	pg 5
Demographic Information – Verde Valley.....	pg 6
Attachments.....	pg 8
A. CAT ADA Compliance Matrix	
B. CAT Fares	
C. CAT Paratransit Policies	
D. CAT ADA Eligibility Process and Policy	
E. CAT Paratransit ADA Application	

Introduction to Cottonwood Area Transit

The City of Cottonwood is the operator of Cottonwood Area Transit (CAT) and Verde Lynx. The Transportation Department operations and call center are located at:

Cottonwood Area Transit
Verde Lynx
340 Happy Jack Way
Cottonwood, AZ 86326

Phone – 928-634-2287
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Description of the Fixed Route System

The CAT system provides service to the City of Cottonwood, Town of Clarkdale, and rural areas of Yavapai County surrounding Cottonwood. Population of the area is approximately 40,000, with Cottonwood's population estimated at 12,000.

The fixed route service is made up of two routes that run on a schedule of 7:00am to 6:00pm, Monday through Friday. The Red Route averages 48 trips a day and services Clarkdale and Yavapai College, as well as Old Town area of Cottonwood. The Blue Route averages 120 trips a day and services the primary medical and commercial and retail areas of Cottonwood, the rural Yavapai County area of Bridgeport, and the southern rural communities of the Verde Villages. Both routes operate on an hourly basis. CAT also operates a commuter service between Cottonwood and Sedona known as the Verde Lynx. This service runs 8 daily roundtrips between Cottonwood and Sedona, Monday through Saturday, 6 roundtrips on Sunday, and connects with the CAT routes Monday through Friday. All services run on major holidays, with the exception of Thanksgiving Day, Christmas Day, and New Year's Day. See attached schedules for map of routes.

CAT operates two buses, one each, on the Red and Blue routes. CAT also operates a single bus for the Verde Lynx commuter service. All our buses are ADA accessible and all our routes are accessible to people with disabilities, including those that require a wheelchair. CAT has a total of 10 buses and 1 minivan, all capable of providing rides to persons that require a wheelchair.

Fixed route fares are as follows: Cash fare per ride on the CAT buses is \$1.25, all day passes are \$3.00, 20 trip passes are \$25.00, and monthly passes are \$40.00. Verde Lynx commuter service is \$2.00 per trip, \$40.00 for a 20 trip pass, and a monthly pass costing \$60.00. Also available are All Access Passes that provide rides on both CAT and Lynx are \$7.50 for daily and \$80.00 for the monthly.

Description of the Complementary ADA Paratransit Service

CAT Provides ADA qualified clients paratransit services, curb-to-curb, five days a week to coincide with the hours the fixed route service operates. Paratransit services run 7am – 6pm, Monday through Friday. Clients may call for a ride 24 hours in advance and up to 7 days in advance and use the answering machine on the weekends to make reservations for Monday. CAT can provide limited same-day rides, providing they do not “bump” existing reservations in the system. CAT Paratransit service operates in a roughly $\frac{3}{4}$ mile corridor around out fixed routes.

Other options in the area include Verde Valley Caregivers Coalition, a non-profit organization that provides rides, counseling, application assistance, and other services to those that are in need. Additionally, there are two taxi service providers, CK’s Need A Lift and Tender Hearts, that can provide rides to any ADA qualified person, including those that need wheelchair assistance.

Per ADA guidelines, fares for paratransit services can be no more than two times the regular fare for fixed routes. Fares for the paratransit service are \$2.25 per ride. There is a 20-trip pass available for \$45.00 and a monthly pass available for \$75.00. See attached fare chart for more details. Clients may qualify for low income fares of \$1.00 per trip if their income falls at or below Federal poverty guidelines. There are programs available through NACOG (Northern Arizona Council of Governments) to assist low-income persons with transit and other needs.

CAT follows Federal guidelines in the scheduling and transporting its clients. People are informed when they apply for the service that drivers may arrive at their residence or other pick-up point at any time 15 minutes before or 15 minutes after their scheduled pick-up. This policy is also reaffirmed when clients call in to make their reservations for rides. CAT also informs the client that the driver will wait up to 5 minutes at their pick-up point for them to get out to the bus and board.

CAT places no restrictions on the trip purpose and the hours of service match those of the fixed route service. CAT has the ability to add buses and drivers on those days when the demand is highest in order to ensure that all rides will be honored. CAT also has supervisors and a manager trained in paratransit operations and can fill in as needed when a bus breaks down or there is a need that falls outside the regular demands of the system. CAT has a minivan that is handicapped accessible, with the ability to load a wheelchair that can also be used as needed.

DEMOGRAPHICS

Based on the 2010 Census, the Verde Valley grew in population, but in some places like Camp Verde the growth was less than some people were expecting. Population in Yavapai County also exploded nearly 26 percent from 167,517 in 2000 to 211,033 people counted in 2010. In the Verde Valley, every municipality in the region gained population except for Sedona. The city in the red rocks lost 161 over the last three years with a 2010 population of 10,031.

In Cottonwood, population grew by nearly 22 percent, pushing Cottonwood ahead of Camp Verde as the most populous town in the Verde Valley. Cottonwood's 2010 population stands at 11,265, up from 9,179 a decade earlier, a gain of 2,086 people. Clarkdale also enjoyed near 20 percent growth, with recorded population numbers jumping from 3,422 to 4,097 over the past 10 years. That's fewer people than the census bureau predicted, as it estimated Clarkdale was home to 4,252 people in 2009.

The following table shows the population breakdown of the major areas that we service:

Community	1990	2000	2010
Cottonwood	5,918	9,179	11,265
Clarkdale	2,144	3,422	4,097
Sedona	7,720	10,192	10,031
Verde Villages	7,037	10,610	13,483
Totals	22,819	33,403	38,876

According to the Arizona Department of Commerce Community Profiles, Clarkdale has a population of 4,159 (2012 estimate), of which 1,669 are in the 60+ category, or approximately 40% of the population. Cottonwood shows a population of 11,438 (2012 estimate), of which 3,373 are in the 60+ category, or approximately 29.5% of the population. The area continues to see increasing population, with the percentage of the population reaching 60 and above growing a little faster than the total population. The need for paratransit services continues to grow. Please see the attached compliance matrix for CAT Paratransit.

ATTACHMENTS

A) CAT Paratransit Compliance Matrix

DA Requirement	CAT Performance	Meets Requirement
Service Area		
ADA paratransit services must be offered in a all areas defined as being within 3/4 mile of a fixed route.	CAT Paratransit is provided throughout the greater Cottonwood area within 3/4 mile of the fixed route service.	CAT Paratransit meets this ADA Requirement
Coverage		
Service must be offered during the days and times when fixed route service is offered.	CAT Paratransit service is provided in parallel to the fixed route service hours throughout the CAT service area.	CAT Paratransit meets this ADA Requirement
Fares		
Fares for ADA paratransit may be up to twice the cash fare for equivalent fixed route service for riders who are not mobility limited.	The fare for an adult CAT fixed route rider is \$1.25. CAT Paratransit fare is \$2.25/one way passenger trip.	CAT paratransit fares are in full compliance being less than the maximum allowable by ADA
Eligibility		
Individuals who are unable to use fixed route transit due to a disability or mobility impairment must be eligible for paratransit.	CAT Paratransit provides transportation service to ADA-certified registrants.	CAT Paratransit meets this ADA Requirement
Reservations		
Must be able to make "next day" reservations. Longer reservations and standing reservations may be offered.	CAT Paratransit accommodates advance reservations from 1 to 7 days in advance as well as subscription bookings. Additionally, same day rides are accepted on a space available basis if called in before 1 pm. Machine available for Monday reservations made on Sunday.	CAT Paratransit meets this ADA Requirement

Trip Purpose and Trip Limit Restrictions		
There may be no prioritization or limitation placed on trip purposes, and there may be no limitation as to the number of trips an individual may take on paratransit.	There are no trip purpose restrictions or limits on the number of trips an individual can book.	CAT Paratransit meets this ADA Requirement
Subscription Trips or Standing Orders		
Subscription trips or standing orders may not exceed 50% of capacity during any time period when capacity is limited.	Rule does not apply if there are no trip denials.	CAT Paratransit meets this ADA Requirement
Passenger Assistance		
Curb-to-curb service is required, with passengers traveling from their residence or destination locations to and from the vehicle.	CAT provides curb-to-curb service, with additional help provided if requested in advance and the bus may be left unattended to assist the passenger.	CAT Paratransit meets this ADA Requirement and exceeds it on a case-by-case basis when requested.
Capacity Limitations		
Under a recent ADA legal interpretation, no trip request booked at least on day in advance can be denied. However, agencies can offer travel time alternatives within one hour before or after the originally requested drop off or pick up times.	CAT does not deny time call bookings. However, same day bookings may be denied due to capacity constraints. Passengers are offered alternative times to ride or may be picked up as soon as a bus can get to them.	CAT Paratransit meets this requirement.

Guests and Attendants		
<p>Guests who may or may not have mobility limitations may ride the paratransit service provided they have reserved in advance, pay the full fare for their ride and are subject to capacity constraints. Attendants who are required to assist a rider with mobility may ride at no charge, provided they are registered as a Personal Care Attendant (PCA) and have reserved in advance.</p>	<p>CAT Paratransit transports and does not charge a fare for PCAs travelling with ADA clients. CAT provides service to guests and children on a space available basis.</p>	<p>CAT Paratransit meets or exceeds this requirement.</p>
Vehicle Design		
<p>Vehicles must be designed to accommodate both ambulatory passengers and persons using an electric wheelchair, scooter, or non-powered wheelchair.</p>	<p>CAT operates a fleet of wheelchair accessible cut-away vehicles as well as a passenger minivan. CAT paratransit operates sufficient wheelchair accessible vehicles to meet wheelchair capacity requirements.</p>	<p>CAT Paratransit is in compliance.</p>

B) BUS FARES AS OF 11/01/2011

Fixed Route

Regular Fare.....	\$1.25
All Day Pass	\$3.00
Day Pass Vouchers.....	\$3.00
20 – Trip Pass.....	\$25.00
Monthly Pass.....	\$40.00

ADA PARATRANSIT

Regular Fare	\$2.25
LITS Fare (Cash Only)	\$1.00
20 – Trip Pass.....	\$45.00
10 – Trip Pass	\$22.50
Monthly Pass	\$75.00

Verde Lynx

Regular Fare	\$2.00
Within Sedona.....	\$1.00
Monthly Pass.....	\$60.00
20 Trip Pass.....	\$40.00

All Access (CAT+Lynx, all you can ride!)

Daily Pass.....	\$7.50
Monthly Pass.....	\$80.00

C) PARATRANSIT POLICIES

Cell Phone Use Policy

In the interest of safety, employees are prohibited from using cell phones and other personal communication devices while operating CAT owned and operated equipment.

Below are guidelines for staff on ways to be compliant with this policy.

1. Cell phones are to be turned off and safely stored while operating CAT vehicles or equipment. Vehicles and equipment include, but are not limited to, buses, vans, service vehicles, carpool vehicles, rental cars, and other equipment.
2. Cell phone use is **not** permitted while a vehicle is on route or stopped at locations on route or while passengers occupy a CAT vehicle.
3. Cell phone use is **not** permitted while Operators are occupying the driver's seat of any CAT vehicle, even if the vehicle is stopped at the side of the road or at a designated stop.
4. Cell phone use **is** permitted while parked at the transfer centers. Drivers need to secure vehicle and step out of vehicle while on cell phone.
5. Cell phone use **is** permitted for Paratransit drivers stopped at pick up or drop off locations with a wait time of more than 15 minutes. Drivers need to secure vehicle and step out of vehicle while on cell phone.
6. Cell phone use **is** permitted during breaks or lunch periods or when there are no passengers in the CAT vehicle.
7. Cell phone use **is** permitted by management and senior staff using hands free equipment only when responding to an emergency situation.
8. If emergency contact with employees is required, the office is available to contact persons operating CAT vehicles or equipment. If the office is closed, shift leaders and managers are available by cell phone contact. Contact numbers can be provided to immediate family for use in case of an emergency.

Violation of this policy is subject to disciplinary action, up to and including termination.

Paratransit Vehicle Use policy

Subject: Vehicle use, pre-trip, post-trip inspections, rotations, and cleanliness

Purpose: To establish guidelines for the above subject

Guidelines:

Vehicle use – A Paratransit vehicle can only be used for official business. Because of the nature of our service, breaks and lunches cannot be planned to be at a certain location. Operators may go up to a convenient location be able to take a break or lunch. Vehicles must be secured. All doors must be locked if the vehicle is going to left out of eyesight.

Pre-trip and Post-trip Inspections – Before leaving the lot or when relieving on-the-line, the operator will check the vehicle. Defects must be recorded on the Pre-trip Checklist. If the defect is serious enough to affect the safety of the vehicle, it should be reported to the Field Supervisor or Office immediately, and the van will be replaced. Post-trip inspections shall be conducted. Safety Defect Reports shall be submitted to the Field Supervisor at the end of each evening shift.

Vehicle Rotations – Vehicles will be assigned to a specific route for a week at a time. Vehicles may be switched mid-shift in the case of a breakdown. As soon as the vehicle is repaired that same vehicle will be placed back on route.

Vehicle Cleanliness – Operators are responsible to maintain clean vehicles. At the end of each shift, operators shall sweep the vehicle, wipe down the dash, remove unnecessary papers, and clean out trash for their assigned vehicle. Trash shall be disposed of at the local CAT transportation building.

Lift Use Policy

Subject: Lift Use

Purpose: To establish rules and guidelines on when to use a wheelchair lift in an equipped vehicle.

Guidelines:

The lift is a tool to use for the loading/unloading of customers.
Any customer can use the lift to board or to disembark the vehicle upon a request. This includes ambulatory customers.

Operators should ride on the lift for only the following reasons.

A customer has requested the additional service.

The customer is a double amputee.

The operator feels that the person needs the additional help.

Two-way Radio Usage Rules

All operators will use the radio for proper communication purposes.

The operator *shall* use the radio to:

- report an accident, incident, emergency, etc. occurring on or off the bus;
- report an equipment malfunction;
- report any unusual situations such as a route blockage, passenger problem, or lost article;
- ask for route clarification (NOTE: It is the operator's responsibility to know the route and, if not sure about a route or any special conditions on the route, to find out before leaving the CAT transportation building);
- communicate schedule information for passengers including transfer and arrival times

The operator shall *not* use the radio:

- while fueling the vehicle;
- around designated "Blasting Area" or "do not use radio" construction areas;
- if another conversation is in-progress, except in grave emergencies;
- to send personal messages (the radio must be used strictly for business);
- for prolonged or sensitive business conversations (switch to the administration channel or use cell phone when stopped)

Ten-codes

An operator should always identify him/herself by route number or unit number (if not on route), and use common English speaking. Ten codes will be discontinued.

Paratransit Payment Policy

FARES:

Each person** riding Paratransit is responsible for making payment at time of boarding.

- The driver manifest will show amount due from the client.
- The driver will request payment upon boarding. No client will be provided with a ride, without prepaying.
- Punch Passes can be presented as payment. The driver is to punch the pass and record pass used on manifest. CAT's punch pass is equal to \$2.25 per punch.
- All cash or checks are to be placed in the vehicle's bank bag or Fare box and will be turned in at the end of the day.
- If fixed route has a free fare day, Paratransit must have a free fare day also.

Drivers' manifests will be compared to the drivers' bank bag or fare box totals. Driver should note cash amount, check amount, or punch amount.

The Paratransit fares will be included with the daily or weekly deposit.

**If a client is paid for by agency authorization, this will be noted on the driver's manifest. These clients will not be asked to pay at boarding as their bill is paid by an outside funding source. Personal attendants will be provided a ride free of charge per ADA guidelines.

Comparable Fixed Route Ride Time Policy

Subject: Comparable Fixed Route Ride Time

Purpose: To establish guidelines for how long a customer may be able to ride on the van.

Guidelines: CAT has always had a policy where a customer can ride on the vehicle for a maximum of an hour. There is a need for this policy to be revised to be comparable to the fixed route ride times and therefore is accurate for all Paratransit systems of CAT. The following formula is used throughout the industry.

Ride Time = time to walk the distance to bus stop + $\frac{1}{2}$ FR wait time + FR ride time + time to walk from the bus stop to the destination

For example (Fixed Route):

A CAT Customer lives at
2240 E Rio Mesa Drive and he is going to the Safeway

Walking to the bus stop = 8 mins

FR Wait Time = 20 mins

FR ride time = 8 mins

Walking from bus stop = 6 mins

Total time = 42 minutes

For example (Paratransit):

A CAT Customer lives at
2240 E Rio Mesa Drive and he is going to the Safeway

Walking to the bus stop = 8 mins

$\frac{1}{2}$ FR wait time = 10 mins

FR ride time = 8 mins

Walking from bus stop = 6 mins

Total time = 32 minutes

Wait time policy

Subject: Wait time policy

Purpose: To establish a policy to designate a wait time when picking up customers.

Guidelines: The wait time is five (5) minutes.

An operator may start timing from the moment that their wheels stop turning when they pull up to an address to pick up a customer, if the time is within the “fifteen minute window.” If the time is not within the “fifteen minute window” the operator may not begin to time until the “fifteen minute window” starts.

The operator may call into dispatch after about 2 to 3 minutes of waiting. Operators may honk horn and go knock on the door if the door is within sight of the van and there are no clients on board that may not be left alone. Upon calling in the operator may ask dispatch to place a call to the customer to notify them that the van is waiting.

If the customer does not come out within the five minute wait time, the operator must place another radio call into dispatch. Dispatch will advise the operator what to do.

Mobility Aid Policy

Subject: Mobility Aids and how to transport them

Purpose: to establish guidelines on how to transport them

Guidelines:

Definition: A mobility aid is a helpful tool that a person may use which assists the person to be more mobile.

All mobility aids must be transported.

All wheelchairs and scooters must be secured to the vehicle using the equipped wheelchair securement system. Wheelchair and scooter users will be requested to place their device in the off position with brakes locked. This is not mandatory but is strongly recommended.

Other mobility aids may also need to be secured to the vehicle. This may be done by the customer grasping the object, folding the device and placing it under the seats, or by securing the device to the vehicle floor by using the equipped wheelchair securement system.

Mobility aids include but are not confined to the following list:

Oxygen tanks up to 100lbs

Walkers

Canes
Wheelchairs
Scooters
Crutches

Footstep policy for non-door to door requests

Subject: Footstep Policy

Purpose: To establish a policy for guidance on how much service to give for origin to destination ride requests.

Guidelines: The operator shall take no more than 6 steps from the perimeter of the van to assist “origin to destination” riders.

For example: The driver has five different customers on the van and stops to pick up the sixth. The sixth customer’s home is 65 feet from the curb. When the van arrives the customer is not out at the curb and one of the other five customers currently on the van won’t stay seated and continually unbuckles the seatbelt. The sixth customer is locking their front door and is trying to get out to the van. In order for the driver to maintain complete control of the vehicle and to insure the highest safety for all parties involved the operator should use the five minute wait time window and wait for client number six to make to journey to the van alone. Many unsafe projections could occur if the driver were to leave the van and go the 65 feet to the door to help the sixth customer to the van. If client number six used a wheelchair and needed the help to maneuver the chair to the van the driver would be advised not to go more than SIX steps away to make sure they could intervene quickly if any unplanned circumstance should occur.

Same Day Paratransit Trip Scheduling

Subject: Same Day Scheduling

Purpose: To set up Procedures for Same Day Trip Scheduling

Guidelines:

1. Customers will be able to call for a trip on the same day Monday through Friday 8am to 1pm.
2. Customer trips will be approved on a first come first serve basis and will be denied if there is not capacity to accommodate the trip.
3. ADA Mandated priorities must be adhered to when scheduling trips i.e. requested ‘same day trips’ may not be scheduled (will be denied) if it bumps an ADA trip

outside of the 15 minute pick up time, makes a customer late for an appointment or keeps a customer on a van more than the comparable fixed route ride time.

4. A dispatcher will schedule the trip while the customer is on the phone and will let the customer know if and when their trip will be. If this is not possible the dispatcher will call the customer back as soon as possible with trip information.

5. Cost of ‘Same Day Trips’ is the same as what the cost is per trip for the customer currently.

Personal Care Attendants, Companions, Service Animals and Pets

Subject: PCAs, Companions, Service Animals, and Pets

Purpose: to clearly identify the guidelines for the above subject

Guidelines:

An eligible person’s PCA (Personal Care Attendant) shall be provided a trip free of charge as long as the PCA is riding with an eligible person. A companion of an eligible person shall also be provided a trip but shall pay the same fare as the eligible person. A second companion, however, shall be provided a trip only if space is available. PCAs and companions shall have the same origin and destination as the eligible person.

Definitions: PCA – A PCA is someone specifically designated or employed to help the eligible person meet his or her personal care needs and is considered a “mobility aid” similar to a wheelchair or cane. A PCA may be a friend or family member.

Companion – A companion is a friend, family member, business associate, date, etc. A companion is not a PCA unless the eligible person regularly uses a PCA and the companion is actually acting in that capacity. Unless the eligible person states that he or she uses a PCA, any individual accompanying the eligible person shall be regarded as a companion and shall pay a fare.

Service Animals and Pets – A service animal is considered a mobility aid. Eligible persons will inform Dispatch of their intent to use a service animal. Pets are welcome as long as the pet is in a pet carrier and the eligible person can carry the carrier with the pet inside it. Pets and service animals must be under the control of the animals owner.

Seatbelt Policy

Subject: Seatbelt use in Paratransit Vehicles

Purpose: To establish rules for seatbelt use in Paratransit vehicles

Guidelines: Seatbelts, for passengers, should be worn while being transported in a Paratransit vehicle. Ambulatory passengers should wear the provided seatbelt. Passengers using a wheelchair or scooter should use the lap and shoulder belt. Children and infants riding in car seats should have their car seats securely fastened to the van seat. Operators must always wear their seatbelts while the van is in transit.

Suspension of Service Policy

Subject: Paratransit customer suspension policy

Purpose: To incorporate a suspension policy

Guidelines:

1. An ADA eligible person who engages in violent, seriously disruptive or illegal conduct, to themselves or others, while receiving ADA Paratransit service shall be refused ADA Paratransit service. This policy is the same on the Fixed Route Mountain Line service.
2. A person with ADA Paratransit Eligibility who establishes a pattern of late cancellations may have his or her ADA Paratransit service suspended.
3. *Pattern or Practice:* A “pattern or practice” is established when an ADA eligible person has three (3) late cancellations or no shows in a one month period. Once a “pattern or practice” is established during a month, each additional late cancellation or no show is subject to sanction. A rider may only have disciplinary actions taken against them for late cancellations and no shows.

Types of Cancellations:

Late Cancellation: Client called to cancel trip but the time of the call is within 1 hour of the scheduled pick up time.

Cancel at Door: Client cancelled after the driver arrived due to circumstances beyond the client’s control.

Same Day Cancel: Client cancelled trip on the same day as the ride, prior to the 1 hour window.

No Show: Driver arrived at the point of pick up but client wasn’t there or decided not to ride.

Missed Trip: Client was not present for trip where there were multiple client pickups at the address.

Suspension: When an ADA eligible person has established a pattern or practice of late cancellations and/or no shows, he or she may have service suspended or terminated.

How does it affect the Rider?

Customers should expect:

1. A warning letter after three late cancellations or no shows combined in any one month.
2. One week suspension if there is another late cancellation or no show in the next month. After the week's suspension, service will be reinstated.
3. Any further late cancellations or no shows may result in a one month suspension of service.
4. Additional late cancellations or no shows may result in termination of service.
5. Service will be reinstated after arrangements have been determined between the customer and the Transportation Manager.

PROVISIONAL Door to Door Policy

Paratransit Policy on Door to Door Service

The current policies of the CAT Paratransit programs are to provide origin-to-destination service (curb-to-curb). We understand that origin-to-destination service can be a hardship on some customers who need additional assistance yet lack a family member, caregiver or other agency to provide such assistance. In order to respond to this need, CAT has implemented the following policy:

CAT Paratransit will provide door-to-door service for customers who need such service and have no other resource(s) available. Paratransit customers must request this additional service in advance.

This is a significant policy shift for CAT and will require the help of caregivers, family members and other agencies to be successful. Clearly, CAT has limited resources of vehicles and drivers. If Paratransit staff were to provide door-to-door assistance to all customers, we would have to drastically reduce the total amount of trips we provide. For these reasons, CAT staff will be relying on customers, family members, caregivers and other agencies as follows:

- Staff of other agencies will be requested, by the customer, to assist customers whenever possible.
- Family members and caregivers will be required to provide additional assistance whenever possible.
- Drivers may not enter the home of a customer. Customers must be able to come out of the door to the driver.
- Drivers may not leave the vehicle and venture to a place where an obstacle may obstruct the driver's view of the transit vehicle. The Driver must be able to view the vehicle at all times.
- A path from the door to the van must be clear for the driver and customer to navigate at both pick-up and drop-off locations.

- If any of the above makes the request not able to be filled, the additional service will be denied. Drivers will help as much as they can per regular policies.

By providing this service whenever a request is made, CAT will be compliant with the Origin-to-Destination guidance from the FTA found at http://www.fta.dot.gov/12876_4058.html

Customer Baggage Policy

Subject: Customer baggage amounts

Purpose: To establish guidelines for the above subject

Guidelines: Customers may bring along baggage with them if the baggage meets the following criteria.

- Baggage must be able to be carried by the customer or by their PCA independently
- Baggage must be able to be carried on to the bus in **one (1)** trip only
- Baggage must not take up other passenger's space and must be moved if another passenger needs the seat that the baggage is taking up
- Shopping carts (Walmart, Fry's, Safeway, etc.) will not be allowed on the bus

If, for any reason the above limitations are broken, the operator will radio into dispatch to receive direction from dispatch on whether to deny the customer's ride. In the case of denial, the customer will need to make other arrangements. Customers may call dispatch, in advance, to inquire if modified arrangements can be made.

Double amputee policy

Subject: How to assist a person that is a double amputee

Purpose: To form procedures for employees who may have the opportunity to assist a customer that is a double amputee. To make sure customers and employees are as safe as possible.

Guidelines: Persons that have both legs amputated have less weight in the front of their mobility device (wheelchair). Since there is significantly less weight in the front of their wheelchair than in the rear of their chair, the possibility of a wheelchair turning over backward is much more likely. Therefore the following guidelines are recommended for the safety of transit customers and employees.

Never pull the customer's wheelchair backward.

Always push a customer's wheelchair in a forward motion.

Direct the customer to go on to the wheelchair loading device (ramp/lift) forward facing and assist them by either pushing them up the ramp or by riding the lift with them.

Hand To Hand Policy

Subject: Hand to Hand customer transfers

Purpose: To establish procedures for hand to hand customer transfers.

Guidelines: A hand to hand transfer is needed when a customer cannot be left alone. This would be for customers who have disabilities that prevent them from being capable of taking care of him/herself or that are easily confused. Parents, care providers, customers and the eligibility worker will help make a determination when a customer should have hand to hand transfer status and must inform dispatch of this need so it can be noted on the driver manifest.

An example of how this kind of transfer would work is as follows:

A customer is picked up from their origin and taken to the van by someone in authority. The van operator accepts the customer and seats the customer in the van. When the van arrives at the customer's destination, the driver assists the customer off the van and delivers the customer to another person that is to receive the customer.

Passengers with Open Wounds, Sores, Other Potential Hazards

When using the bus, passengers with disabilities who have health-related open wounds, sores, or other potential physical issues need to ensure that all wounds and sores are properly covered and that all physical needs are planned for (incontinence).

Passengers with disabilities who have open wounds and sores shall be transported unless their medical condition or personal hygiene presents a direct threat to other passengers. Any passenger, including passengers with disabilities, may be refused access to public transportation if visible body fluid leakage or dripping is occurring while at the bus stop. The passenger may also be requested to exit the bus if leakage or dripping occurs after they have boarded. Such leakage or dripping can create a biohazard to other passengers on the bus.

The existence of wounds and sores may limit securement on all securement points. The operator shall secure as many points as possible and transport the passenger.

D. CAT ADA ELIGIBILITY PROCESS AND POLICY

I ADA PARATRANSIT ELIGIBILITY

- A. Reference – Reference Sections in this policy are found in 49 CFR Part 37
- Transportation for Individuals with Disabilities (ADA).

Section 37.123 – ADA Paratransit Eligibility: Standards

Section 37.125 – ADA Paratransit Eligibility: Process, Section (a)-(f)

Section 37.131 – Service Criteria for Complementary Paratransit

- B. Policy – Within the limits of the ADA service criteria, it is the policy of Cottonwood Area Transit (CAT) to provide ADA paratransit service to all persons with disabilities who fall under at least one of the following eligibility categories:

CATEGORY 1: Any person who cannot, as a result of a physical, cognitive, or sensory disability, independently (except for the assistance of a bus driver) board, ride, or disembark from any vehicle which is accessible to and usable by persons with disabilities.

CATEGORY 2: Any person with a disability who can independently board, ride, or disembark from an accessible vehicle but an accessible vehicle is not available to that person on the route and at a time a trip is desired; also, a person who must embark/disembark on a lift is eligible under this category when the lift cannot be deployed at the bus stop he or she requests.

CATEGORY 3: Any person with a disability who has a specific impairment-related condition which prevents him or her from getting to and from a bus stop or waiting a reasonable period of time at the bus stop.

The basis for eligibility under this category is that the interaction between an architectural and/or environmental barrier and a specific impairment related condition prevents a person with disability/disabilities from getting to and from a bus stop. Distance, terrain, and weather are examples of environmental barriers. Difficulty alone in traveling to or from a bus stop is not a basis for eligibility.

Eligibility in any of these categories shall be based on a functional determination, not a medical determination.

- C. Conditions of Eligibility – ADA Eligibility shall be granted by Condition as follows:
Unconditional - A person shall be eligible to ride Paratransit for all trips at all times, within the limits of the ADA service criteria. A Temporary condition may be granted to a person with a temporary disability for a specific length of time.

Conditional – A person shall be eligible to ride Paratransit only when there is no accessible Fixed Route Transit bus on a route and at a time he or she desires a trip. A person who must embark/disembark an accessible bus on a lift shall also be eligible to ride Paratransit when the lift cannot be used at the bus stop he or she requests.

A person shall be eligible to ride Paratransit on a conditional basis and may be eligible to ride Paratransit for some trips but not others. Conditional eligibility may be related to the environment (distance, terrain, weather, etc.), whether or not a person is trained to make a trip independently and/or other variables that prevent a person from riding Paratransit on some days.

D. Application And Certification Process

1. Application form and materials: The application form for ADA Paratransit Eligibility must be completed by the applicant or by another person on behalf of the applicant. Social service agencies may also provide assistance to the applicant. If additional assistance is needed to complete the application, the applicant may call CAT for assistance.
2. Application submission: Applications may be submitted by mail or in person at the CAT office. Upon receipt, each application form shall be reviewed for completeness including a signed statement of impairment from a qualified medical professional. Applications that are considered to be complete must be date-stamped. A copy of an incomplete application shall be returned to the applicant with a letter indicating what information is missing. Incomplete applications shall not be processed.
3. Application processing: Completed applications shall be processed by the ADA Eligibility staff of CAT. When necessary, the assistance of a contracted medical and/or disability professional may be solicited. Medical documentation must be provided by the applicant. The application is designed to provide sufficient information to determine the eligibility of most applicants. It may be necessary to make a telephone call to the applicant to clarify certain responses.

If after review and making additional contacts, the ADA Eligibility staff is still unable to determine the functional limitations of the applicant, they may refer the applicant to a medical professional. The medical professional may be a clinical social worker, independent living specialist, occupational therapist, psychiatrist, physical therapist, rehabilitation specialist, audiologist, ophthalmologist, registered nurse, psychologist, physician or other professional who can assess the functional limitations of persons with disabilities.

When an application is received, the medical professional shall review the application and make a recommendation. If necessary, the medical professional may conduct a telephone or in-person interview with the applicant. The recommendation of the medical professional shall be forwarded to the ADA Eligibility staff who shall determine the eligibility of the applicant.

4. Timing: A complete application shall be processed and a determination issued within 21 calendar days of receiving a completed application. If the review process is unable to be completed within 21 days, the applicant shall be given temporary eligibility until the applicant is notified of his or her eligibility status.
5. Notice of action: The ADA Eligibility staff shall notify applicants in writing that they have been granted or denied ADA Paratransit Eligibility.

If an applicant is denied ADA Paratransit Eligibility, the ADA Eligibility staff shall notify the applicant in writing stating the specific reason or reasons eligibility was denied. The letter shall include information regarding the Administrative Appeals Process. Blind or visually impaired applicants shall receive materials in appropriate alternate formats.

II ELIGIBILITY APPEALS PROCESS

- A. Reference - Section 37.125 (g) – ADA Paratransit Eligibility: Process
- B. Policy - Applicants who are denied ADA Paratransit Eligibility or who have been given conditional eligibility may appeal the determination.
- C. Appeals Process -
 1. Submission of an appeal: The applicant initiates an appeal by writing a brief, one-page letter stating that he or she wishes to appeal the decision. If the person's disability prevents him or her from writing a letter, the person may initiate an appeal by contacting CAT's Transportation Manager Bruce Morrow by telephone (928-634-2287).

Appeals should present information that would support a reconsideration of the application. The appeal may identify other persons who could support the case for reconsideration.

2. CAT Action: When a letter or phone call requesting an appeal has been received, CAT shall schedule a hearing before the Appeals Review Board.

3. The Appeals Review Board: An independent Appeals Review Board shall be formed to review all appeals. The members of the board shall have had no involvement in the initial eligibility determination but shall be generally familiar with the goals and objectives of the ADA Paratransit Eligibility Program.
4. The appeals process: A person making an appeal shall be given the opportunity to present additional information to the Appeals Review Board. The information presented may be written information, personal testimony, and verification from a credible witness, or presented in any other format that may add clarification to the person's functional limitations.
5. Appeal determination: The determination of the Appeals Review Board shall be provided in writing. Appropriate alternate formats shall be provided. If the denial is upheld, the letter shall state the specific reason or reasons for the determination.
6. Timing: An appeal must be submitted within 60 calendar days of the date of the letter of denial. A determination on the appeal shall be made within 30 calendar days of the date of the hearing.
7. Eligibility Pending Appeal Determination: If a determination is not made within 30 days of the administrative hearing, the person shall be given temporary ADA Paratransit Eligibility until a determination is made.

III RECERTIFICATION

A. Reference

Section 37.125 (f) – ADA Paratransit Eligibility: Process

- B. Policy – Persons with ADA Paratransit Eligibility shall recertify at least once every three years. Persons with a temporary or conditional eligibility may request recertification if they believe their condition has changed significantly. CAT reserves the right to require recertification of an ADA Paratransit Eligible person at any time.
- C. Notification – CAT shall notify an ADA Paratransit Eligible person approximately 60 days before the end of the eligibility period. The process for evaluating the application shall be the same as described in Section One, “ADA Paratransit Eligibility” above.

IV SUSPENSION OF SERVICE

A. Reference: Section 37.125 (h), *ADA Paratransit Eligibility: Process*, Page 45635. Also, Appendix D to Part 37, Subpart F, Section 37.125, *ADA Paratransit Eligibility – Process*, Page 45747.

B. Policy:

1. An ADA eligible person who engages in violent, seriously disruptive or illegal conduct, to themselves or others, while receiving ADA paratransit service shall be refused ADA paratransit service.
2. A person with ADA Paratransit Eligibility who establishes a pattern of late cancellations may have his or her ADA paratransit service suspended.
3. *Pattern or Practice:* A “pattern or practice” is established when an ADA eligible person has three (3) late cancellations or no shows in a one month period. Once a “pattern or practice” is established during a month, each additional late cancellation or no show is subject to sanction. A rider may only have disciplinary actions taken against them for late cancellations and no shows.

Types of Cancellations:

- *Late Cancellation:* Client called to cancel trip but the time of the call is within 2 hours of the scheduled pick up time.
- *Cancel at Door:* Client cancelled after the driver arrived due to circumstances beyond the client’s control. (i.e. Client has become sick, has fallen, etc)
- *Same Day Cancel:* Client cancelled trip on the same day as the ride, prior to the 2 hour window.
- *No Show:* Driver arrived at the point of pick up but client wasn’t there or decided not to ride.
- *Missed Trip:* Client was not present for trip where there were multiple client pickups at the address. (i.e. Group trips from the Manor, Senior Center, etc.)

Suspension: When an ADA eligible person has established a pattern or practice of late cancellations and or no shows, he or she may have service suspended or terminated.

How does it affect the Rider?

Customers should expect:

1. A warning letter after three late cancellations or no shows combined in any one month.
2. One week suspension if there is another late cancellation or no show in the next month.
3. After the week’s suspension, service will be reinstated.

4. Any further late cancellations or no shows may result in a one month suspension of service.
5. Additional late cancellations or no shows may result in termination of service.

Service will be reinstated after arrangements have been determined between the customer and the Transportation Manager.

The Appeals Process above may be requested by a client who feels they should not be suspended from service also.

V ADA PARATRANSIT SERVICE FOR VISITORS

A. Reference

Section 37.127 Complementary Paratransit Service for Visitors

B. Policy – CAT shall provide ADA paratransit service within the ADA service area to all ADA Paratransit Eligible visitors for a period of 21 calendar days.

C. Visitors – A visitor is a person with a disability who does not live in the Cities of Cottonwood or Clarkdale or within the paratransit service area.

D. Procedure

1. Documentation: Visitors may request Paratransit service by:

Showing their ADA Eligibility Identification Card issued by the jurisdiction in which they permanently reside.

Visitors shall be requested to provide the ADA Specialist with information that will be put into the booking software and used by dispatchers.

2. Length of visitor's Flagstaff eligibility: Visitors shall be provided up to 21 days of Paratransit service during any 12 month period. The 21 days begins with the visitor's first ride on Paratransit. The 21 days may be continuous or may be a combination of visits to the Flagstaff or Cottonwood areas totaling 21 days.

3. Contacting CAT: A visitor may either contact CAT upon arrival or before arrival in the Cottonwood area. Before arrival contact may be by telephone, mail or fax. If a visitor chooses to apply in person, Paratransit may provide the visitor a ride to the office.

After the first contact with CAT, visitors shall be sent a Paratransit brochure and instructions for completing an application for eligibility if the visitor plans to spend more than 21 days in the Cottonwood area

VI PCA (PERSONAL CARE ATTENDANTS) AND COMPANIONS

A. Reference

Section 37.123 (f) ADA Paratransit Eligibility: Standards
Section 37.125 (I) ADA Paratransit Eligibility: Process
Section 37.131© Service Criteria for Complementary Paratransit: Fares

- B. Policy – An eligible person’s PCA (Personal Care Attendant) shall be provided a trip free of charge as long as the PCA is riding with an eligible person. A companion of an eligible person shall also be provided a trip but shall pay the same fare as the eligible person. A second companion, however, shall be provided a trip only if space is available. PCAs and companions shall have the same origin and destination as the eligible person.
- C. PCA (Personal Care Attendant) – A PCA is someone specifically designated or employed to help the eligible person meet his or her personal care needs and is considered a “mobility aid” similar to a wheelchair or cane. A PCA may be a friend or family member.
- D. Service Animals and Pets – A service animal is considered a mobility aid. Eligible persons will inform Paratransit of their intent to use a service animal. Pets are welcome as long as the pet is in a pet carrier and the eligible person can carry the carrier with the pet inside it. Pets and service animals must be able to be controlled.
- E. Companion – A companion is a friend, family member, business associate, date, etc. A companion is not a PCA unless the eligible person regularly uses a PCA and the companion is actually acting in that capacity. Unless the eligible person states that he or she uses a PCA, any individual accompanying the eligible person shall be regarded as a companion and shall pay a fare.

E. CAT PARATRANSIT APPLICATION

ADA PARATRANSIT APPLICATION FORM

Please complete this application to the best of your ability and be as thorough as possible. If you have difficulty answering any questions on the application, or if you need assistance completing this form, please call **Debbie Calkins** or **Bruce Morrow** at (928) 634-2287. **In order for the application to be considered complete, every question on the application must be answered. We cannot begin processing the application until it is complete.** If a question does not apply to you, please write 'Not Applicable' or 'NA'.

The purpose of this application is to provide an opportunity for you to describe how your disability prevents you from riding the fixed-route system. This includes any environmental and/or physical barriers that prevent you from riding the fixed-route buses. The more complete and accurate the information you provide is, the better CAT will understand your abilities and travel challenges. Information contained in this application will be kept confidential and will only be shared with the professionals involved in the evaluation of your eligibility for CAT, or others if disclosure is required by law.

There are three sections to this application. Parts A and B are to be filled out by the applicant or by someone on the applicant's behalf. Part C is to be filled out by a professional familiar with the applicant's **functional** abilities. The application will not be accepted or considered complete until all three parts are completed in full and submitted to CAT.

PART A Applicant Data

Please Print:

Name _____ Date of Birth _____

Address _____ Apt _____

City _____ State _____ Zip _____

Home Phone _____ Cell Phone _____

Work Phone _____

Email Address _____

EMERGENCY CONTACT INFORMATION

Please provide us with the name of the person you would like us to contact in case of an emergency. Select someone who will not be riding with you.

Name _____

Relationship to Applicant _____

Home Phone _____

Cell Phone _____

Work Phone _____

Email Address _____

To be completed by any person assisting the applicant with the completion of this application:

Name _____

Daytime Phone _____

Address _____

Relationship to Applicant _____

Date _____

Email Address _____

To whom should we send correspondence (information regarding eligibility, late trips, missed trips, etc.)? Information may only be sent to one person.

Self

Case Manager

Other

If Case Manager or other, please fill out the following information:

Name _____

Daytime Phone _____

Address _____

Relationship to Applicant _____

Date _____

Will you need future materials in an alternative format? If yes, please circle one:

Braille

Large Print

Email

Disc

INFORMATION ABOUT YOUR DISABILITY AND MOBILITY EQUIPMENT

1) What is the disability that prevents you from using the fixed-route system?

2) Is your disability considered permanent? _____ Yes _____ No

3) If no, how long do you expect to have this disability?

4) Does your disability change from day to day? _____ Yes _____ No

5) If yes, please explain:

6) When using Paratransit service, does your health condition/disability require you to travel with a personal care attendant (PCA*)?

* A PCA is a person traveling as an aide who is designated or employed by a person with disabilities to help that person meet his or her personal needs and/or facilitate travel.

CAT Paratransit is a curb to curb service. Our van operators are not to enter any structure to find you or assist you to the curb. You must be able to get to and from the curb. If you are unable to get to the curb independently, please have a friend, relative, home health care assistant, or other assistant to assist you with your mobility needs.

7) Designate any mobility aids you use (check all that apply):

Manual Wheelchair _____ Service Animal _____
Prosthesis _____ Motorized Wheelchair _____ White Cane _____
Crutches _____ 3 Wheeled _____ Cane _____
Portable Oxygen _____ 4 Wheeled _____ Walker _____
Other _____ Brand Name _____ Braces _____

Required of all wheelchair and scooter users:

Is this device more than 30 inches wide?

_____ Yes _____ No

Is this device than 48 inches long?

_____ Yes _____ No

Is the combined weight of device and occupant more than 600 pounds?

_____ Yes _____ No

INFORMATION REGARDING ANY VISUAL IMPAIRMENT

Please fill out this section if you have a visual impairment.

1) Name of Eye Disease/Condition: _____

2) My vision is worse during these conditions:

_____ Bright sunlight

_____ Dimly lit or shaded places

_____ Night time

_____ I see the same in different lighting conditions

_____ I have no vision at all

3) My eye condition is considered to be:

_____ Stable

_____ Degenerative

_____ Other (please explain)

4) I can easily see steps and curbs. _____ Yes _____ No

_____ Sometimes

5) I can see the route numbers on the bus from the bus stop. _____ Yes _____ No

_____ Sometimes

6) I can find the bus stop without assistance. _____ Yes _____ No

_____ Sometimes

INFORMATION ON THE ENVIRONMENT AROUND YOUR HOME

5) If you currently use the fixed-route system, which routes do you use?

8) What is the closest bus stop to your home? Please give the location (ex: Corner of Fourth and Route 66):

9) Can you get to this stop by yourself? _____ Yes _____ No _____ Sometimes

10) If no, what prevents you from getting to this stop?

INFORMATION ON WEATHER-RELATED CONDITIONS

1) Does the weather affect your ability to use the fixed-route bus system?

___ Yes ___ No

If yes, please explain how the weather affects your ability to use the fixed-route system:

INFORMATION REGARDING YOUR OPINIONS ABOUT CERTAIN ASPECTS OF ACCESSIBLE FIXED-ROUTE BUS SERVICE

Please read each question carefully and circle the number that indicates whether you agree, disagree, or are not sure. Agree=1 Disagree=2 Not Sure=3

		Agree	Disagree	Not Sure
1)	The fixed-route system is too complicated for me to figure out.	1	2	3
2)	I'm not at all interested in using the fixed-route service for my transportation.	1	2	3
3)	I have to have a seat on the bus and I'm afraid I won't get one.	1	2	3

- | | | | | |
|-----|---|---|---|---|
| 4) | Everyone on the bus will be inconvenienced since it takes me longer to board the bus. | 1 | 2 | 3 |
| 5) | Riding the bus makes me more vulnerable to crime. I'm afraid for my safety. | 1 | 2 | 3 |
| 6) | I'm afraid I'll get off at the wrong stop. | 1 | 2 | 3 |
| 7) | Lower fixed-route bus fares compared to fares are an incentive for me to ride the bus. | 1 | 2 | 3 |
| 8) | Taking my trips by fixed-route bus would take me too long. | 1 | 2 | 3 |
| 9) | I need assistance securing my wheelchair and I don't think the fixed-route drivers would assist me. | 1 | 2 | 3 |
| 10) | I'd have to get up earlier in the morning to ride the fixed-route, which would be a problem. | 1 | 2 | 3 |
| 11) | If the bus moves before I am seated, I believe I might fall. | 1 | 2 | 3 |

INFORMATION ON TRAVEL/MOBILITY TRAINING

- 1) Have you ever received training to learn how to use the fixed-route bus or to travel around the community? _____ Yes _____ No
- 2) If yes, by which agency were you trained?

- 3) Did you successfully complete training? _____ Yes _____ No
 - a) If yes, which routes/trips did you learn in training?

 - b) If you did not complete training, would you like to participate in training to learn to ride the fixed-route bus? _____ Yes _____ No

PLEASE READ THE FOLLOWING STATEMENTS AND CHECK THOSE WHICH BEST DESCRIBE WHAT YOU BELIEVE IS YOUR ABILITY TO USE THE TRANSIT FIXED-ROUTE SYSTEM. YOU MAY SELECT MORE THAN ONE.

- I can use the fixed-route bus sometimes, if the conditions are right.
- I have difficulty understanding and/or remembering all of the things I need to do to find my way to and from the bus.
- I have a temporary disability which prevents me from getting to the bus stop. I will need only until I recover.
- I believe I could learn to ride the fixed-route bus, if someone would teach me.
- I have difficulty or cannot climb stairs and can only board a bus with a lift/ramp.
- I have a visual disability which prevents me from getting to and from the bus.
- The severity of my disability changes from day to day. I can ride the fixed-route bus only when I am feeling well.
- I have a severe medical condition. My condition results in an impairment which makes it impossible for me to use the fixed-route system.
- I have never attempted to ride the fixed-route buses.
- I am not sure if I can ride the fixed-route buses.

I am: (circle one)

- | | | | |
|---|------------|-----------|------------------|
| A. Familiar with what to do if I miss my bus | Yes | No | Sometimes |
| B. Able or recognize destinations, bus stops, or landmarks | Yes | No | Sometimes |
| C. Adversely affected by air pollution (smog, fumes, perfume) | Yes | No | Sometimes |
| D. Unable to travel at night due to night blindness | Yes | No | Sometimes |
| E. Able to recognize printed information | Yes | No | Sometimes |
| F. Able to hear and process spoken words or auditory information | Yes | No | Sometimes |

- | | | | |
|---|------------|-----------|------------------|
| G. Able to communicate needs | Yes | No | Sometimes |
| H. Able to follow directions | Yes | No | Sometimes |
| I. Able to deal with unexpected situations or changes in routine
(example: bus detours) | Yes | No | Sometimes |
| J. Able to safely and effectively travel through crowded and/or
complex facilities | Yes | No | Sometimes |
| K. Able to recognize curbs and other drop offs | Yes | No | Sometimes |
| L. Able to travel independently along sidewalks and other
pedestrian ways | Yes | No | Sometimes |
| M. Able to cross streets independently | Yes | No | Sometimes |
| N. Able to find the correct bus stop | Yes | No | Sometimes |
| O. Able to identify the correct bus | Yes | No | Sometimes |
| P. Able to safely enter/exit the bus (this includes stepping up
three steps with maximum height of 16 inches) | Yes | No | Sometimes |
| Q. Able to deposit fare into the fare box or show bus pass | Yes | No | Sometimes |
| R. Able to get to a set wheelchair position and remain seated during
a bus trip | Yes | No | Sometimes |

If you circled “No” or “Sometimes” to any of the items in the “I am” section, please explain:

MOBILITY TRAINING HISTORY AUTHORIZATION FORM

If you have received mobility training, it may be necessary to contact the agency that provided your training. Please complete the following information as an authorization for the agency that provided your mobility training to release the specific information regarding your training to Cottonwood Area Transit.

Name of Agency _____

Name of Individual(s) that provided Training

Address _____

Phone _____

Fax _____

I hereby authorize the certifying entity to contact any agency or professional indicated to verify documentation of functional abilities and limitations.

Applicant's Signature or Mark

Date _____

Witness _____

Date _____

INFORMATION REGARDING YOUR FUNCTIONAL ABILITY

Your answers to the questions in this section will help us to better understand your functional ability in specific areas. For each question, circle one answer. Your answers should be based on your ability to complete these tasks independently according to how you feel most of the time, under normal circumstances, using your mobility equipment.

Without the help of someone else, can you:

- 1) Walk up and down three steps if there are handrails on both sides?
Always Sometimes Never Not Sure
- 2) Use the telephone to get information?
Always Sometimes Never Not Sure
- 3) Travel one level block on the sidewalk when the weather is good?
Always Sometimes Never Not Sure
- 4) If you are able to do this, how long does it take you?
Less than five minutes Five or more minutes Not Sure
- 5) Cross the street, if there are curb cuts?
Always Sometimes Never Not Sure
- 6) When the weather is good, travel three level blocks on the sidewalk?
Always Sometimes Never Not Sure
- 7) If you are able to do this, how long does it take you?
Less than ten minutes Ten or more minutes Not Sure
- 8) Wait ten minutes at a bus stop that does not have a seat or a shelter, if the weather is good?
Always Sometimes Never Not Sure
- 9) Travel up or down a gradual hill on the sidewalk, if the weather is good?
Always Sometimes Never Not Sure
- 10) Find your way to the bus stop, if someone shows you the way once?
Always Sometimes Never Not Sure
- 11) Step on and off the curb from a sidewalk?
Always Sometimes Never Not Sure

12) If you need the assistance of another person, what do they do for you?

13) Have you ever gotten lost when traveling alone?

_____ Yes _____ No, I never travel alone _____ No, I've never gotten lost

a) If yes, what was the outcome of the situation?

14) If the weather is good and there are no barriers in the way, what is the farthest you can walk or travel outdoors on a level sidewalk, using your mobility aid?

_____ I can't travel outdoors alone at all _____ Less than 1 block
_____ 3 blocks _____ 6 blocks
_____ 9 blocks _____ More than 9 blocks
_____ Not Sure _____ Other (explain)

I certify that I have been truthful in answering this form and that the information that I have provided is correct. I understand that the purpose of this application is to determine if I am eligible to use Paratransit services and that I may be required to do an in-person interview if additional information is needed to determine my eligibility.

Applicant's Signature or Mark

Date

Please review the application to make sure that you have answered all of the questions to the best of your ability. If there are questions that you cannot answer, please state why you cannot answer these questions. Thank You!

PART C Professional Verification

Please take this section of the application to a professional for verification of your disability and your **functional** abilities. We prefer that this section be filled out by someone who is not only familiar with your diagnosis, but who is also familiar with your mobility. We suggest taking these forms to a Case Manager, Social Worker, Health Care Professional (Nurse, Physical Therapist, Rehabilitation Specialist, etc), or Physician. If you have any questions regarding what professionals will be accepted or if the professional you have chosen is charging you a fee for the completion of this paperwork, please call the CAT Office and speak with Debbie Calkins or Bruce Morrow (928) 634-2287.

GUIDELINES FOR PROFESSIONAL VERIFICATION

Your patient/client has requested eligibility for CAT Paratransit transportation service. Because of your professional relationship with this applicant, you are uniquely qualified to help clarify his or her **functional abilities and limitations**. The following are guidelines for using Paratransit. These guidelines may help you in understanding the types of information we need in order to determine the applicant's eligibility for Paratransit.

The basis for CAT ADA eligibility is the American with Disabilities Act. Eligibility is based on:

- **Functional ability** to independently perform the tasks necessary for bus use including: getting to and from the bus stop, getting on the bus, riding the bus, and understanding how to navigate the system in a variety of environments. A diagnosis by itself does not qualify an individual for Paratransit Eligibility.
- Whether the individual is **prevented** from performing these tasks (as opposed to the task being more inconvenient or difficult)
- Whether the individual can perform these tasks **all of the time, only under some circumstances**, or if the disability would **always prevent** the individual from performing these tasks. Eligibility is unique to the individual's personal functional ability and reflects the patient's ability to use the bus and under what circumstances (ex: could use the bus if it were not more than two level blocks to the bus stop, and there was no snow or ice present).

Information we need you to provide:

You may expand on, in as much detail as you can provide, how this individual's physical, sensory, cognitive, or emotional problems may impact his/her ability to travel on a bus. Please relate your comments to the specific tasks necessary to board, ride, and navigate the Transit fixed-route system by describing how each condition limits his/her functional ability in these specific areas.

The following is a list of specific points which can serve as a guide for your report to CAT. **Please address any of the following points that apply to the applicant on the forms provided (pages 14-17):**

- **Specific diagnosis and prognosis** of **each** of your patient's disabling conditions. Identify which of these conditions you are currently treating him/her for.
- **Specific measurements:**
 - **For the visually impaired:** visual acuity measurements and visual field readings for both eyes
 - **For the cognitively impaired:** I.Q. scores and Adaptive Behavior scores
- **Date of onset:**
 - **Prognosis:** If the individual has a progressive disease or condition, or if s/he is expected to improve or recover. Provide the best estimate of the rate at which this is expected to occur, and if therapy is part of the treatment plan.
- **Mobility Impairments**
 - Can the individual walk?
 - Under what conditions can s/he walk?
 - Under what conditions can s/he not walk?
 - What mobility aids does s/he use?
 - How long has s/he been using this device?
 - How far can s/he walk/travel independently using mobility aids?
 - How do weather conditions (rain, ice, snow) affect his/her mobility?
 - How are balance and endurance affected?
- **Neurological Impairments or Head Injuries**
 - Is judgment or behavioral inhibition impaired, and to what extent?
- **Seizures**
 - What type of seizures?
 - Are they controlled by medication?
- **Emotional and/or Behavioral Problems**
 - Is judgment impaired?
 - Does the individual experience disabling anxiety, auditory or visual hallucinations, delusions, etc.?
- **General Information**
 - Would the individual need the help of an assistant or companion in order to ride the bus?
 - How do temperature fluctuations affect his/her functioning?

FOR MORE INFORMATION

If you have any questions regarding ADA Paratransit Eligibility or these forms contact either Debbie Calkins or Bruce Morrow at CAT (928) 634-2287. Thank you for your cooperation.

PROFESSIONAL VERIFICATION

Applicant's Name _____

Date of Birth _____

1) In what capacity do you know this individual?

2) How long have you known this individual?

3) What is the last date of face-to-face contact (by you or your agency) with this individual?

4) Primary Disability/Medical Condition

5) Secondary Medical Condition(s)

6) Date of onset

7) Currently receiving any treatment?

8) What is the prognosis?

9) Are the effects of the disability variable? _____ Yes _____ No

10) Temperature sensitivity? ____ Yes (____ Heat ____ Cold) _____ No

11) Current Medications?

Name of Medication

Date Prescribed

12) Medication side effects reported by patient/client:

13) How does the above medication effect the individual's functional ability to travel independently within the community (ex: drowsiness, confusion, etc.)?

- 23) Can individual safely negotiate three 12" steps? Yes No
- 24) Able to climb bus steps from street level without curb? Yes
 Yes, but not recommended No
- 25) Please check if any apply to the individual:
 Ambulatory Wheelchair user 3 Wheeled Scooter user Walker
 Cane
- 26) Is the individual:
 Able to maneuver onto bus lift platform? Yes Yes, with assistance
 No
 Able to negotiate up ramp from street level? Yes Yes, with assistance
 No
 Able to negotiate down ramp to street level? Yes Yes, with assistance
 No
 Able to place fare in fare box? Yes No
 Able to handle fare tickets? Yes No
 Able to stand on a moving bus? Yes No
- 27) Would the individual be able to independently:
 Identify and board the correct bus? Yes No
 Seek and ask for directions? Yes No
 Find way to/from bus stop or downtown terminal? Yes No
 Transfer to a second bus? Yes No
 Exit bus at the correct destination? Yes No
- 28) Are any of the following affected by the individual's disability? (check all that apply)
- | | |
|---|--|
| <input type="checkbox"/> Disorientation | <input type="checkbox"/> Monitoring time |
| <input type="checkbox"/> Problem solving | <input type="checkbox"/> Judgment |
| <input type="checkbox"/> Short-term memory | <input type="checkbox"/> Communication |
| <input type="checkbox"/> Long-term memory | <input type="checkbox"/> Inconsistent performance |
| <input type="checkbox"/> Gait or balance | <input type="checkbox"/> Inappropriate social behavior |
| <input type="checkbox"/> Other (please explain) | |
-

29) Please describe any inappropriate social behavior (aggressive, sexual, overly friendly, etc.):

30) Would mobility training be appropriate for this individual? ___Yes ___No

31) If no, why not?

32) Would training tools help with fixed-route travel (ex: memory cards, written route directions, photos, etc.)? _____Yes _____No

33) How will using Paratransit better suit this individual than using the fixed-route system?

34) Is the goal of traveling independently on the fixed-route system (even limited travel within the neighborhood) within the context of treatment? ___Yes ___No

Is there any additional information regarding this individual which you believe impacts his/her functional ability to use the fixed-route system or any special circumstances that you believe should be considered?

I certify that this information is true and correct to the best of my knowledge.

Signature

Title

Please print or type name

Please print or type title

Agency

Date

Address

Phone

Extension

Fax

Thank you for your time and input.



If you have any questions,
Please feel free to stop by or call our CAT Dispatchers
at
340 Happy Jack Way Cottonwood AZ 86326
928-634-2287

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	February 5, 2013
Subject:	Riverfront Water Reclamation Facility Pre-Consatruction Services Agreement
Department:	Development Services
From:	Doug Bartosh, City Manager

REQUESTED ACTION

Authorization to enter into a pre-construction services agreement with Felix Construction for a not-to-exceed amount of \$64,954, subject to the negotiation and approval of a final form of agreement by the city attorney.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to authorize the City to enter into a contract with Felix Construction for pre-construction services on the Riverfront Water Reclamation Facility project, for a not-to-exceed amount of \$64,954, subject to the negotiation and approval of the final form of agreement by the city attorney."

BACKGROUND

On August 7, 2012 the City Council terminated the design/build pre-construction services contract with PCL Constructors and directed staff to issue a Request for Statements of Qualifications (RFQ) for a construction-manager-at-risk (CMAR) for the Riverfront Water Reclamation Facility project. Staff developed an RFQ and sample CMAR contract which was advertised by the City purchasing department. A total of five (5) proposals were received and reviewed by a selection committee which consisted of engineer Troy Odell PE; utility administrative manager Roger Biggs; utility operations manager Mike Traynor; wastewater superintendent Debbie Breitreutz; engineering technician David Hausaman; and Bob Backus from Backus Construction. Following the committee's review and scoring of the initial submissions, the firms were provided specific questions and invited back for an onsite interview with the committee on November 20, 2012. Subsequent to the interviews, the respondents' scores for their initial submissions and the onsite interviews were combined, and Felix Construction was identified as the highest rated firm.

Negotiations on a scope of work and proposed cost were then initiated with Felix, and the parties have come to agreement on those terms. Under the agreement, the maximum, not-to-exceed cost for Felix to provide pre-construction services through completion of the design of

the facility will be less than the remaining balance of the pre-construction services budget.

JUSTIFICATION/BENEFITS/ISSUES

The cost and liability associated with pumping raw sanitary sewage several miles uphill to the existing treatment plant and the need for additional, long-term irrigation at Riverfront Park and the surrounding area make this project a win/win for the City and its residents. This project has been very well-received by the Arizona Department of Environmental Quality and is a model for the Governor’s Blue Ribbon Panel on Water Sustainability in Arizona.

COST/FUNDING SOURCE

Enterprise fund

ATTACHMENTS:

Name:	Description:	Type:
☐	1627 Felix Preconstruction Fee Matrix - v 01 02 13.pdf - Fee Schedule	Cover Memo



Cottonwood Riverfront WRF Preconstruction Services



Felix Const. Project # 1627
Cottonwood Project # XXXX

January 2, 2013

Task ID	Task Description	Direct Labor Hours										Reimburse Allowances	Direct Labor Costs	Burdened Labor Rate	Profit	Total Labor Hours	Task Total
		Principal (\$Hourly Rate)		Project Manager/Supt (\$Hourly Rate)		Project Engineer/Est. (\$Hourly Rate)		Proj. Mgr. Electrical (in house)		Administrative (\$Hourly Rate)							
		Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$						
100	Constructability Review / Value Engineering:																
101	30% Plan Submittal		-	33	1,386	33	1,221	33	1,386	4	76		4,069	7,975	638	103	\$ 8,613
102	60% Plan Submittal		-	24	1,008	24	888	24	1,008	2	38		2,942	5,766	461	74	\$ 6,228
103	90% Plan Submittal	4	208	16	16	16	592	16	672	4	76		1,564	3,065	245	56	\$ 3,311
104	95% Plan Submittal		-		-		-		-		-		-	-	-	-	\$ -
105	100% Plan Submittal	4	208	8	336	8	296	8	336	2	38		1,214	2,379	190	30	\$ 2,570
	<i>100 Subtotal</i>	8	416	81	2,746	81	2,997	81	3,402	12	228	-	9,789	19,186	1,535	263	\$ 20,721
200	Scheduling:																
201	30% Plan Submittal		-		-		-		-		-		-	-	-	-	\$ -
202	60% Plan Submittal		-	4	168	2	74	2	84		-		326	639	51	8	\$ 690
203	90% Plan Submittal		-		-		-		-		-		-	-	-	-	\$ -
204	95% Plan Submittal		-		-		-		-		-		-	-	-	-	\$ -
205	100% Plan Submittal		-	4	168	2	74	2	84		-		326	639	51	8	\$ 690
	<i>200 Subtotal</i>	0	-	8	336	4	148	4	168	-	-	-	652	1,278	102	16	\$ 1,380
300	Budget / Cost Modeling / GMP Preparation:		0		0		0		0		0		0	0	0	0	0
301	30% Plan Submittal		-	32	1,344	32	1,184	32	1,344		-		3,872	7,589	607	96	\$ 8,196
302	60% Plan Submittal		-	24	1,008	24	888	24	1,008		-		2,904	5,692	455	72	\$ 6,147
303	90% Plan Submittal		-	12	504	12	444	12	504	2	38		1,490	2,920	234	38	\$ 3,154
304	Bid Packages/Bid Quals/Bid Review	4	208	32	1,344	32	1,184	12	504	6	114		3,354	6,574	526	86	\$ 7,100
305	95% Plan Submittal		-		-		-		-		-		-	-	-	-	\$ -
306	100% Plan Submittal	2	104	8	336	16	592	8	336	2	38		1,406	2,756	220	36	\$ 2,976
	<i>300 Subtotal</i>	6	312	108	4,536	116	4,292	88	3,696	10	190	-	13,026	25,531	2,042	328	\$ 27,573



Cottonwood Riverfront WRF Preconstruction Services



Felix Const. Project # 1627
Cottonwood Project # XXXX

January 2, 2013

Task ID	Task Description	Direct Labor Hours										Reimburse Allowances	Direct Labor Costs	Burdened Labor Rate	Profit	Total Labor Hours	Task Total
		Principal (\$Hourly Rate)		Project Manager/Supt (\$Hourly Rate)		Project Engineer/Est. (\$Hourly Rate)		Proj. Mgr. Electrical (in house)		Administrative (\$Hourly Rate)							
		Hrs	\$ 52.00	Hrs	\$ 42.00	Hrs	\$ 37.00	Hrs	\$ 42.00	Hrs	\$ 19.00						
400	Meetings:	0		0		0		0		0			0	0	0	0	0
401	30% Plan Submittal (Qty 2)	2	104	8	336	16	592	8	336		-		1,368	2,681	215	34	\$ 2,896
402	60% Plan Submittal (Qty 3)		-	12	504	24	888	12	504		-		1,896	3,716	297	48	\$ 4,013
403	90% Plan Submittal (Qty 2)		-	8	336	16	592	8	336	2	38		1,302	2,552	204	34	\$ 2,756
404	95% Plan Submittal		-		-		-		-		-		-	-	-	-	\$ -
405	100% Plan Submittal (Qty 2)	2	104	8	336	16	592	8	336		-		1,368	2,681	215	34	\$ 2,896
406	Misc Meetings in Cottonwood (Qty 2)			12	504	12	444	8	336				1,284	2,517	201	32	\$ 2,718
407	Mini Meetings (Qty As Req)												-	-	-	-	\$ -
	<i>400 Subtotal</i>	4	208	48	2,016	84	3,108	44	1,848	2	38	-	7,218	14,147	1,132	182	\$ 15,279
500	Subcontractor Selection Process		-		-		-		-		-		-	-	-	-	\$ -
600	Site / Underground Investigation		-		-		-		-		-		-	-	-	-	\$ -
700	Pre-Construction Subconsultants	0		0		0		0		0			0	0	0	0	0
701																	\$ -
702			-		-		-		-		-		-	-	-	-	\$ -
	<i>700 Subtotal</i>	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
800	Other																
900	Other		-		-		-		-		-		-	-	-	-	\$ -
	Grand Total	18	\$ 936	245	\$ 9,634	285	\$ 10,545	217	\$ 9,114	24	\$ 456	\$ -	\$ 30,685	\$ 60,143	\$ 4,811	789	\$ 64,954

Riverfront WRF - List of Deliverables:		Not Recmd by Felix	NOTES
2.1	General		
2.1.2	Written Evaluation of the Owner's Program	x	Unnecessary for this project
2.1.4	Notify of changes (in writing) which are inappropriate	x	Verbal or email will suffice for preconstruction service phase
2.2	Construction Management Plan (CMP)		
2.2.1	Preparation & Description of CMP	x	Unnecessary during preconstruction phase
2.2.2	Updates to CMP	x	Unnecessary during preconstruction phase
2.3	Project Schedule		
2.3.1	Develop and maintain the "Project Schedule"	x	Provide CPM Schedule at 60% & 100% (Only) - MS Project
2.3.2.1	CPM Format	x	Unnecessary - Early & late start / finish dates, float times, etc.
2.3.2.4	Activities to coincide with schedule of values	x	Unnecessary - Requires cost loading schedule
2.3.2.5	Submittal review times with each work activity	x	Unnecessary - Requires cost loading schedule
2.3.2.7	Rain delays bases on average climatic ranges & weather data	x	Unnecessary during preconstruction phase
2.3.3	Schedule to reflect occupancy priority	x	Unnecessary during preconstruction phase
2.3.4	Float time as prescribed below:	x	Unnecessary during preconstruction phase
2.3.4.1	Total Float	x	Unnecessary during preconstruction phase
2.3.4.2	Shared Float	x	Unnecessary during preconstruction phase
2.3.4.3	City caused delays off-set by City caused time savings	x	Unnecessary during preconstruction phase
2.3.5	Updates	x	Will only be updated from 60% to 100% prior to construction
2.3.6	Project Phasing	x	Unnecessary during preconstruction phase
2.4	Design Document Reviews		
2.4.1	Periodically evaluate cost-sensitive aspects of the design	x	Unnecessary
2.4.4.3	Formal written reports of discrepancies & inconsistencies	x	Information to be provided to team in matrix format
2.5	Cost Estimates		
2.5.1	Pricing within 14 days for receipt of documents	x	More than 14 days required (min 30 depending on % complete)
2.6	Section Left Intentionally Blank		
2.7	Guaranteed Maximum Price (GMP) Proposals		
2.7.8	Updated schedule with any GMP Proposal(s)	x	Provide CPM Schedule at 60% & 100% (Only) - MS Project
2.7.9	GMP savings remaining at end of the project will revert to CITY	x	Unnecessary during preconstruction phase
2.7.10	GMP Proposal(s) Review and Approval		
2.7.10.7	Notification if revisions are inconsistent with agreements	x	An email will meet the requirement of "in writing"
2.8	Subcontractor & Major Supplier Selections		
2.8.2.2	Prepare a Subcontractor or Supplier selection plan and submit	x	Felix shall submit company plan (not project specific)
2.8.4	Submit a report to CITY of the Subcontractor selection process	x	Unnecessary during preconstruction phase
2.8.5	Subs to provide schedule of values for use to create project SOV	x	Unnecessary during preconstruction phase
	Article 3 - Period of Services	x	Unnecessary during preconstruction phase
	Article 4 - Contract Amount and Payments	x	Unnecessary during preconstruction phase
	Article 5 - City's Responsibilities	x	Unnecessary during preconstruction phase
	Article 6 - Insurance Requirements	x	Unnecessary during preconstruction phase
	Article 7 - Contract Conditions	x	Unnecessary during preconstruction phase
	Exhibits - A, B, C, D	x	Unnecessary during preconstruction phase

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	February 5, 2013
Subject:	Comprehensive Annual Financial Report (C.A.F.R.) - Annual Audit for the Fiscal Year Ended June 30, 2012
Department:	Administrative Services
From:	Jesus R. Rodriguez, C.G.F.M., Administrative Services General Manager

REQUESTED ACTION

Staff is requesting acceptance by the Council of the City's Comprehensive Annual Financial Report (C.A.F.R.), for the fiscal year ending June 30, 2012.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:
I move to accept the City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2012.

BACKGROUND

This is a presentation of the annual audit for the fiscal year ended June 30, 2012. All the documentation is now provided electronically to each Council member and is attached to this council communication.

Megan Lausten, CPA, and Michael Lauzon, CPA from the firm of Heinfeld, Meech & Co., P.C. will be presenting the City's Comprehensive Annual Financial Report today. Heinfeld, Meech & Co., P.C became our auditors for the first time this past fiscal year.

All reports including the Independent Accountant's Report, Annual Expenditure Limitation Report, Single Audit Act Reports, and the findings report, were all prepared in collaboration between the City of Cottonwood Finance Department and Heinfeld, Meech & Co., P.C.

The Management's Discussion and Analysis (MD&A) on page 5 introduces the basic financial statements and provides an analytical overview of the government's financial statements. Since the implementation of Government Accounting Standards Board (GASB) Statement 34 a number of years ago, MD&As have provided valuable insight on the financial status of the City.

The CAFR still has a familiar feel to it with three major sections:

Introductory Section - This section introduces the reader to the report and includes the Letters of Transmittal from the Mayor, City Manager, and Finance Director/Treasurer, the City's Organizational Chart and a copy of the Government Finance Officers Association (GFOA) Certificate of Achievement from June 30, 2011.

Financial Section - This section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual and Individual Fund Schedules.

Statistical Section - This section has been updated to comply with GASB Statement 34, and includes numerous tables of unaudited data depicting the financial history of the City for the last ten years, information of other governmental units' debt overlapping the City, demographics and economic history, and other miscellaneous data.

The CAFR is filled with a plenty of great information, showing the City of Cottonwood's accomplishments for the past year, as well as some goals for the future. It also describes the financial controls that have helped the City of Cottonwood maintain its fiscal stability.

The City of Cottonwood CAFR is posted on the City Website, in the Finance Department section at <http://www.cottonwoodaz.gov/finance/cafr2012.pdf>.

All reports including the Independent Accountant's Report, Annual Expenditure Limitation Report, Single Audit Act Reports, and the findings report, were all prepared in collaboration between the City of Cottonwood Finance Department and Heinfeld, Meech & Co., P.C.

JUSTIFICATION/BENEFITS/ISSUES

Council acceptance concludes the CAFR process for FY 2012

COST/FUNDING SOURCE

ATTACHMENTS:

Name:	Description:	Type:
 Cottonwood, City of CAFR 12.pdf	City of Cottonwood C.A.F.R. 2012	Backup Material

City of Cottonwood, Arizona



Comprehensive Annual Financial Report
Year Ending June 30, 2012

Cover Design: Kirsten L. Lennon, Accounting/Budget Manager
Willard and Main Street Project-2012



CITY OF COTTONWOOD, ARIZONA

COTTONWOOD, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Issued by:
Finance Department

CITY OF COTTONWOOD, ARIZONA

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letters of Transmittal	
Mayor	i
City Management	iii
GFOA Certificate of Excellence	x
Organizational Chart	xi
List of Principal Officials	xii
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Assets	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds	26
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	33
Statement of Net Assets - Proprietary Funds	34

CITY OF COTTONWOOD, ARIZONA

TABLE OF CONTENTS

<u>FINANCIAL SECTION (Concl'd)</u>	<u>Page</u>
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	38
Statement of Fiduciary Fund Net Assets	39
Statement of Changes in Fiduciary Net Assets	40
Notes to Financial Statements	41
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	72
HURF Fund	73
Grant Fund	74
Note to Required Supplementary Information	75
Schedules of Funding Progress	76
INDIVIDUAL FUND SCHEDULES	
Debt Service Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	78
Capital Projects Fund:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	79

CITY OF COTTONWOOD, ARIZONA

TABLE OF CONTENTS (Cont'd)

<u>STATISTICAL SECTION</u>	<u>Page</u>
Financial Trends:	
Net Assets by Component	82
Expenses, Program Revenues, and Net (Expense)/Revenue	84
General Revenues and Total Changes in Net Assets	86
Governmental Activities Tax Revenues by Source	88
Fund Balances - Governmental Funds	89
Governmental Funds Revenues	90
Governmental Funds Expenditures and Debt Service Ratio	91
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds	93
Revenue Capacity:	
Taxable Sales by Category	94
Direct and Overlapping Sales Tax Rates	95
Debt Capacity:	
Outstanding Debt by Type	96
Ratios of General Bonded Debt Outstanding	97
Direct and Overlapping Governmental Activities Debt	98
Legal Debt Margin Information	99
Pledged Revenue Coverage	100
Demographic and Economic Information:	
Demographic and Economic Statistics	101
Principal Employers	102

CITY OF COTTONWOOD, ARIZONA

TABLE OF CONTENTS (Concl'd)

<u>STATISTICAL SECTION</u> (Concl'd)	<u>Page</u>
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program	103
Operating Indicators by Function/Program	105
Capital Assets Statistics by Function	106

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INTRODUCTORY SECTION

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December 18, 2012

Dear Citizens:

City staff continues devoting their time working on numerous projects during fiscal year 2012. Although each City project is important, there are a few that highlight the efforts that were made this year by City staff and crews, despite the downturn in the economy.

As part of the city's effort to boost the economy, City staff completed renovation on one of its Old Town buildings and turned it into the City Clerk's office. Old Town, in general, has also seen increased activities through some City supported events, such as the Christmas Chocolate Walk and Walkin' on Main Street. Some of the area wineries have contributed to the local activities by moving into this section of the community.



The wineries use the Old Town area to showcase and sell their products. Inclusive, the local winery businesses have been very successful in becoming part of the area's Verde Valley Wine Trail <http://www.vvwinetrail.com> which has been showcased in several national magazines and articles as well.

Despite the slow economy, Cottonwood continues to improve the quality of life by seeking a location for its second disc golf course near the base of Mingus Mountain. The completion of its first 18 hole disc golf course at Riverfront Park attracted national attention from disc golfers for its unique layout using the natural topography and vegetation of the Verde River riparian area. This Disc Golf Course has already hosted several regional tournaments and a national event. As part of improving our quality of life, the City of Cottonwood was named a Bronze Bicycle Friendly Community by the League of American Bicyclists. Also bicycle related, our very own Lime Kiln Trail connecting Dead Horse Ranch State Park and Red Rock State Park won a 2012 Critic's Choice Award for Best Bike Ride.

Our public safety departments have been very busy instituting many projects this year. The Police Department implemented its Electronic Citation Project, as well as re-establishing its bicycle patrol program. The Fire Department took delivery of a \$465,000 Rosenbauer fire engine with state of the art technology. They hosted an open house by sponsoring the Pink Heals Tours event, raising \$2,300 for female cancer victims in the Cottonwood/Verde Valley area. Both departments also solicited and obtained grant funding for some very important programs. Two such grant funded programs were the \$40,000 Assistance to Firefighters Grant for the acquisition of 21 narrow band compliant mobile and portable radios and the \$12,000 Governor's Office of Highway Safety Grant to purchase rescue airbags and stabilization struts used in extrications of trapped victims.



The City staff is continually updating and improving its five year Capital Improvements Plan (CIP). Some of the future projects include such items as the Riverfront Wastewater Reclamation Facility, additional street and airport improvements, parks and urban trails, new buildings, and public safety vehicles and equipment. Updating the CIP is part of the annual budget process. As always, the economy will dictate the City's ability to complete plans and projects on behalf of the residents of Cottonwood.

These projects are a small illustration of the time and commitment provided by City staff and crews during this and every fiscal year. I would like to extend my appreciation to the City Council for its dedication and personally thank each member for the support they have given me in our collaborative effort to serve the residents of Cottonwood. To the members of the various boards and commissions, I extend my sincerest gratitude for valuable service to the community. Finally, I sincerely thank the City Manager, Doug Bartosh, the General Managers, department heads, and their staffs. They are without a doubt among the finest, most professional and dedicated individuals with whom I have had the privilege of working. I ardently look forward to the challenges that lie ahead. With the collaboration of our highly esteemed citizens, City Council, excellent staff, and dedicated volunteers we will continue to accomplish great things together in the coming year.

Respectfully,



Diane Joens
Mayor, City of Cottonwood



December 18, 2012

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Cottonwood:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States 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 City of Cottonwood (City) for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the City. 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 City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Cottonwood'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 City'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 City'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 City for the fiscal year ended June 30, 2012, 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 unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2012, 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.



The independent audit of the financial statements of the City was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited entity's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

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 City of Cottonwood's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The community of Cottonwood was settled in 1879 and named after the tall stands of cottonwood trees. The first settlers were ranchers utilizing the fertile grasslands along the Verde River to feed their herds. Cottonwood developed as a farming and ranching community to support the nearby copper mining industry in Clarkdale and Jerome. The city incorporated in 1960 as the Town of Cottonwood. In 1987, the voters approved a name change from Town to City.

The City of Cottonwood, Arizona is situated in central Arizona bordering the Verde River to its north. The total geographic area is 15.75 square miles. Cottonwood is near the geographic center of Arizona adjacent to Interstate 17 on State Highways 89A and 260. The 2010 Census places the population at 11,265. Cottonwood is the retail and services center for the Verde Valley area. The main industries are tourism, government services, medical and health services, retail and education.

The City of Cottonwood, Arizona has a Council-Manager form of government consisting of the Mayor and six Council Members. The Mayor is elected directly by the voters and serves a four-year term. The voters elect six City Council representatives for staggered four-year terms. The City Council is vested with policy and legislative authority and is responsible for passing ordinances, adopting the budget, appointing committees, commissions, and board members, and appointing the positions of City Manager, City Attorney, City Clerk and Magistrate Judge. The City Council appoints a City Manager who is responsible for carrying out the policies and ordinances of the City Council, as well as overseeing the general operations of the various departments within the city.

The City of Cottonwood, Arizona provides a full range of municipal services, including law enforcement and fire suppression. Other services include road maintenance, park and recreational services, regulation of building and zoning codes, animal control, and a public library. Cottonwood offers community facilities including a swimming pool, civic center, recreation center, sports fields and community parks. The City also operates and maintains a water/wastewater utility, a cemetery, and a municipal airport.

FACTORS AFFECTING FINANCIAL CONDITION

Internal Controls. As earlier noted, the management of the City of Cottonwood, Arizona is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding;

- 1) Safeguarding of assets against loss from unauthorized use or deposition, and
- 2) Reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes:

- 1) The cost of a control should not exceed the benefits likely to be derived, and
- 2) The valuation of costs and benefits requires estimates and judgments by management.

The system of internal control is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the City's financial statements. All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls. The budget process is a cyclical process. A "beginning point" is the preparation of the base budget by each department head. Each budget is based on expenditures to date and the previous year's experience. The departments' base budgets, along with any requests for new positions, programs or services are then presented to the City Manager. City management then meets with each department head to review their base budget and requests for new services and/or programs. Once management has reviewed the departments' requests, a tentative budget is presented to the City Council by the City Manager in June.

In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget to the City Council for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The City is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the city to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. All appropriations lapse at year-end requiring actual fund balances to be re-budgeted each fiscal year.

The City operates under the voter-approved Alternative Expenditure Limitation. On May 19, 2009, the electorate authorized the City in accordance with Arizona Revised Statutes, to establish a local annual expenditure limitation each fiscal year for the next four fiscal years. The City sets the annual expenditure limitation for all fund types as a whole with the adoption of the annual budget.

To ensure compliance with the state imposed expenditure limitation, a uniform expenditure report must be filed with the state each year. This report reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the state's uniform expenditure reporting system (ARS Section 41-1279.07). Public hearings on the budget are held each year in accordance with legal requirements in order to obtain comments from local taxpayers.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within the department. Transfers of appropriations between departments, however, require City Council approval. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. Budget-to-actual comparisons for the General Fund and Major Special Revenue Funds are presented in the Required Supplementary Information Other Than MD&A and all other funds are presented in Other Information – Fund Schedules.

Local Economy. The City of Cottonwood, Arizona continues to face many growth issues during these very tough economic times. Its citizens, governing body, and municipal government are committed to finding solutions for each of the issues. This strong commitment to the community has made 2012 a successful year, and will provide for future success. Currently, the City of Cottonwood is researching programs that have been postponed in the recent past. Additionally, the City hopes to correct any deficiencies that occurred during the slow economy.

In order to correct these deficiencies, the City has proposed a baseline budget with a compensation study for the upcoming year. The hiring for all vacancies needing to be filled will be delayed by three to six months. Some non-essential vacancies will continue to be frozen indefinitely. The City will be closely monitoring its revenue sources and make adjustments accordingly.

Economic Outlook. Retail Sales - The City of Cottonwood, Arizona relies heavily on city sales tax. Overall, city sales tax revenues provide over 50% of the General Fund revenues. The city's sales tax rate is currently at 3.0%, and the City also has a 3.0% Bed Tax (occupancy) which is transferred to the local Chamber of Commerce.

State Shared Revenues - The City of Cottonwood, Arizona receives significant revenue allocations from the State. These "State Shared Revenues" include allocations of the state-collected income tax, sales tax, fuel tax and motor vehicle-in-lieu taxes. All but the fuel tax is placed in the City's General Fund, where it is used to sustain a large portion of the City's day-to-day activities. The revenue sources have continued to erode as the economy has worsened.

Highway User Revenue Fund (HURF) - The state shared fuel tax, as it is often called, is placed in this fund to be used specifically for street maintenance and construction, as well as supporting our local transit system. In recent years, the state legislature has reduced the formula distribution of state-shared revenues to cities. The state shared revenue formulas generally allocate revenues based on official census data. (Last census: Year 2010).

Long-term Financial Planning. The City's Budget Policy has helped it weather the economic downturn. This policy continues to require the City to internally restrict an amount equal to 16.67% of the previous year's operating revenues as part of its fund balance. This is also estimated to be about 60 days of expenditures coverage.

Additionally, an accumulating reserve of 2.67% of the previous year's general fund operating revenues is set aside for capital projects. This year represents the thirteenth year of this policy. With this fund now over \$1,000,000, the City Council, at the recommendation of Management, made the decision to cap this fund at \$1,000,000 and use any excess for everyday maintenance and operational costs until the economy improves.

Regular reporting to the City Manager and General Managers, allows for prompt shift of priorities in order to counter downward economic pressure. This year the General Fund alone was able to heavily revise its budget downward and still accomplish its overall goals.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Year. The following depicts the continued commitment of the City of Cottonwood, Arizona to make the community a better place to live. Fiscal year 2012 goals obtained are summarized within this list of accomplishments:

Physical Development -

-  Completed demolition and rehabilitation of old court building into City Clerk's Office
-  Successfully took over the operations of the Solid Waste Transfer Station
-  Applied for and obtained a \$22,000 grant for a new beacon and lighted windsock at the Airport
-  Completion of 7,200 ft. 12" water main to Pine Shadows Mobile Home Park
-  Installation of 1,000 ft. of 8" water main on Fir Street to provide an interconnection between Cottonwood water system and Verde Village #6

Community and Economic Development -

-  Cottonwood Airfest 2011 was a successful public event at the airport with 3,000 people attending the event held October 11, 2011
-  Hosted Thunder Valley Rally, Relay for Life, and the Bicycle Rodeo
-  Obtained Arthritis Foundation certification for training workshops and classes held at the recreation center and aquatic facility
-  Completed installation of self-checkout stations and security gates at the public library
-  Library adult services went from nine patron internet use computers to 17 internet use computers through the AZPac BTOP grant received by the State Library

Public Safety –

-  Implemented the Electronic Citation Project
-  Reinstated the bicycle patrol program
-  Completed the implementation of Automatic Vehicle Locator (AVL) in MDC's
-  Received, equipped and placed in front line service, a new \$465,000 Rosenbauer fire engine with state of the art technology including compressed air foam and an advanced emissions system
-  Awarded a \$40,000 Assistance to Firefighters Grant from FEMA for 21 narrow band compliant mobile and portable radios
-  Hosted the bi-annual CFD open house where the City sponsored the Pink Heals Tour Event that drew 500 attendees and raised \$2,300 for female cancer victims in the Cottonwood/Verde Valley area
-  Awarded a \$12,000 Governor's Office of Highway Safety Grant for rescue air bags and stabilization struts for use in rescue and extrication of trapped victims

General -

-  Successfully hosted the City of Cottonwood's 100th year Anniversary of Incorporation Celebration
-  Completed a cost and benefit analysis of a regional public safety communications facility
-  Completed plans to transition the City's transit service from Northern Arizona Intergovernmental Public Transit Authority to the City of Cottonwood
-  Obtained 13th Distinguished Budget Presentation Award from Government Finance Officers Association (GFOA) for Fiscal Year 2012

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 21st consecutive year that the City has received this prestigious award. In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

This certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the program's requirements and we are submitting it to GFOA to determine its eligibility for the fiscal year 2011-12 certificate.

Acknowledgments. The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedication of the City Manager, staff, and Finance Department. We also wish to thank all the department heads and members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Doug Bartosh', written over a horizontal line.

Doug Bartosh,
City Manager

A handwritten signature in black ink, appearing to read 'Jesus R. Rodriguez', written over a horizontal line.

Jesus R. Rodriguez, CGFM
Administrative Services General Manager



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cottonwood
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



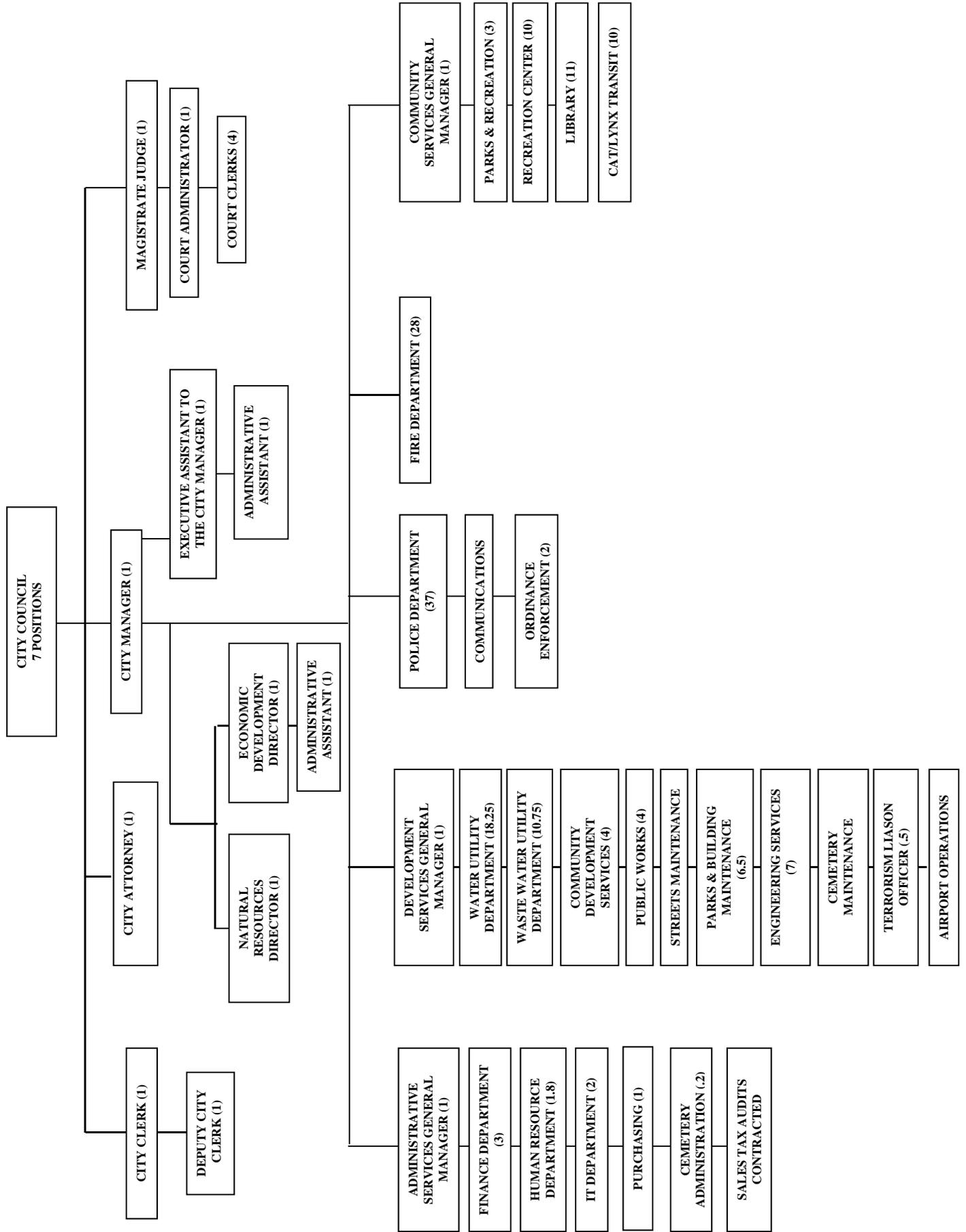
Christopher P. Moirice

President

Jeffrey R. Emer

Executive Director

**CITY OF COTTONWOOD, ARIZONA
ORGANIZATIONAL CHART
JUNE 30, 2012**



CITY OF COTTONWOOD, ARIZONA

LIST OF PRINCIPAL OFFICIALS

CITY COUNCIL

Diane Joens
Mayor

Karen Pfeifer
Vice Mayor

Tim Elinski
Member

Linda Norman
Member

Jessie Dowling
Member

Terrence Pratt
Member

Ruben Jaurequi
Member

ADMINISTRATIVE STAFF

Doug Bartosh
City Manager

Jesus R. Rodriguez, CGFM
Administrative Services General Manager

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Cottonwood, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cottonwood, Arizona (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Cottonwood, Arizona, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of City of Cottonwood, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16, budgetary comparison information on pages 72 through 75, and schedules of funding progress on page 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information such as the introductory section, individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Heinfeld, Meech & Co., P.C.

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

December 18, 2012

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

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**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

As management of the City of Cottonwood, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letters of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total net assets of governmental activities decreased \$1.1 million to \$44.7 million and the business-type activities decreased \$621,991 to \$24.7 million, representing a 2 percent decrease and 2 percent decrease, respectively, of the total net assets of \$69.4 million.
- General revenues from governmental activities accounted for \$13.6 million in revenue, or 75 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4.5 million or 25 percent of total governmental activities revenues. The City had \$7.1 million of program specific revenues and \$395,242 in general revenues related to business-type activities.
- The City had \$19.2 million in expenses related to governmental activities, an increase of 1 percent from the prior fiscal year primarily due to depreciation expense and operating costs related to the new recreation center. The City had \$8.2 million in expenses related to business-type activities, a decrease of less than 1 percent from the prior fiscal year.
- Among major governmental funds, the General Fund had \$14.9 million in current fiscal year revenues, which primarily consisted of taxes, charges for services and intergovernmental revenues. The total expenditures of the General Fund were \$16.1 million. The General Fund's fund balance decreased \$628,962 to \$6.4 million as a result of increased capital outlay expenditures for the purchase of vehicles, furniture, and equipment.
- The Enterprise Funds' net assets at the end of the year amounted to \$24.7 million. The decrease in net assets of \$621,991 was primarily due to the Sewer Fund operating at a loss.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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 City's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

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

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

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

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and 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 City'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 City'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 Fund, HURF Fund, Grant Fund, Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. The City does not have non-major governmental funds.

Proprietary funds. The City maintains two different types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its operations of the sewer plant and water system. The internal service fund is an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for some employee benefits, including flexible spending accounts and dependent care reimbursement for certain employees and their dependents.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water fund and sewer fund, which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

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 City's budget process. The City adopts an annual 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 Funds as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, governmental activities assets exceeded liabilities by \$43.5 million at the current fiscal year end.

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

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following tables present a summary of the City's net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012	2011	2012	2011	2012	2011
	Governmental	Governmental	Business-Type	Business-Type	2012	2011
	Activities	Activities	Activities	Activities	Total	Total
Current and other assets	\$ 24,011,957	\$ 26,025,486	\$ 22,610,537	\$ 24,106,496	\$ 46,622,494	\$ 50,131,982
Capital assets, net	42,522,744	42,822,496	37,504,115	37,534,396	80,026,859	80,356,892
Total assets	<u>66,534,701</u>	<u>68,847,982</u>	<u>60,114,652</u>	<u>61,640,892</u>	<u>126,649,353</u>	<u>130,488,874</u>
Current and other liabilities	1,430,954	1,754,182	1,206,547	1,170,293	2,637,501	2,924,475
Long-term liabilities	20,411,655	21,320,814	34,214,534	35,155,037	54,626,189	56,475,851
Total liabilities	<u>21,842,609</u>	<u>23,074,996</u>	<u>35,421,081</u>	<u>36,325,330</u>	<u>57,263,690</u>	<u>59,400,326</u>
Net assets						
Invested in capital assets, net of related debt	23,573,513	22,889,100	3,354,977	7,739,853	26,928,490	30,628,953
Restricted	2,034,245	15,552,386	2,557,735		4,591,980	15,552,386
Unrestricted	19,084,334	7,331,500	18,780,859	17,575,709	37,865,193	24,907,209
Total net assets	<u>\$ 44,692,092</u>	<u>\$ 45,772,986</u>	<u>\$ 24,693,571</u>	<u>\$ 25,315,562</u>	<u>\$ 69,385,663</u>	<u>\$ 71,088,548</u>

At the end of the current fiscal year the City reported positive balances in all categories of net assets. The same situation held true for the prior fiscal year.

The City'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 had an impact on the Statement of Net Assets.

- The principal retirement of \$1,055,000 of bonds and \$1,070,000 of loans.
- The addition of \$1.8 million of governmental capital assets primarily through construction projects and purchases of vehicles, furniture, and equipment.
- The addition of \$1.3 million of business-type capital assets through construction projects, infrastructure improvements and purchases of vehicles, machinery, and equipment.
- A new capital lease agreement of \$601,035 for the purchase of vehicles, machinery, and equipment.
- An increase in accumulated depreciation due to depreciation expense of \$2.1 million and \$1.3 million for governmental and business-type activities, respectively.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

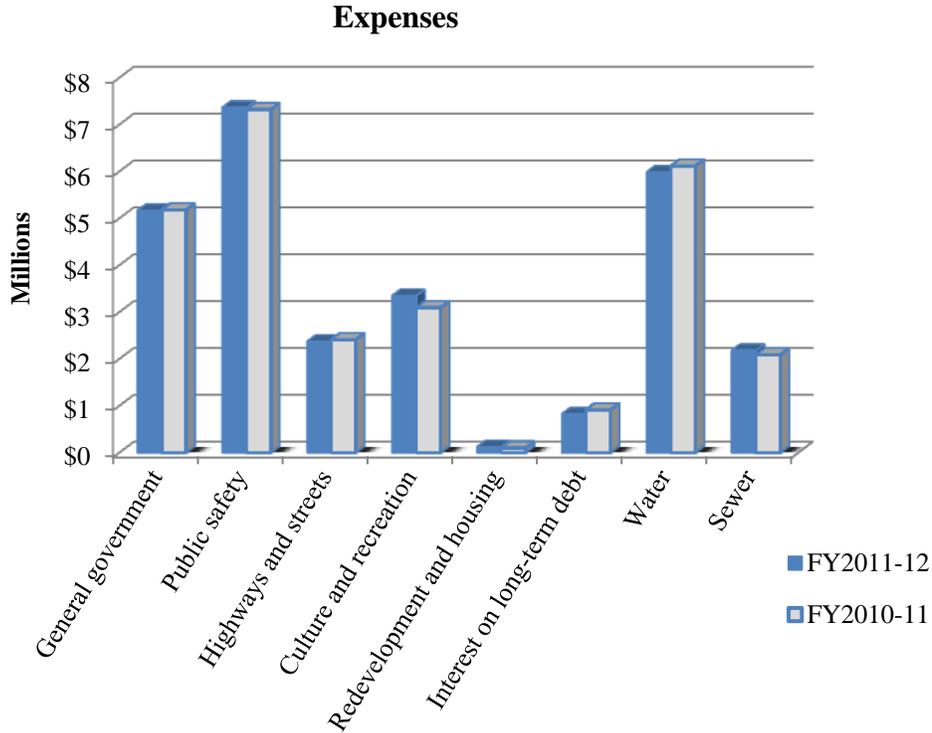
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The City's total revenues for the current fiscal year were \$25.7 million. The total cost of all programs and services was \$27.4 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012 Governmental Activities	2011 Governmental Activities	2012 Business-Type Activities	2011 Business-Type Activities	2012 Total	2011 Total
Revenues						
Program revenues						
Charges for services	\$ 2,842,327	\$ 2,150,319	\$ 7,148,251	\$ 7,165,180	\$ 9,990,578	\$ 9,315,499
Operating grants and contributions	1,359,992	1,825,975			1,359,992	1,825,975
Capital grants and contributions	293,486	327,435			293,486	327,435
General revenues						
Sales taxes	10,579,983	10,624,971			10,579,983	10,624,971
Auto lieu taxes	602,832	582,707			602,832	582,707
Franchise taxes	359,871	240,140			359,871	240,140
Unrestricted state shared revenue	1,831,024	1,890,634			1,831,024	1,890,634
Investment income	240,737	142,386	395,242	390,179	635,979	532,565
Gain on disposal of capital assets				13,567		13,567
Total revenues	\$ 18,110,252	\$ 17,784,567	\$ 7,543,493	\$ 7,568,926	\$ 25,653,745	\$ 25,353,493
Expenses						
General government	\$ 5,162,738	\$ 5,174,022	\$	\$	\$ 5,162,738	\$ 5,174,022
Public safety	7,364,363	7,319,363			7,364,363	7,319,363
Highways and streets	2,373,133	2,409,649			2,373,133	2,409,649
Culture and recreation	3,347,540	3,092,946			3,347,540	3,092,946
Redevelopment and housing	120,858	96,330			120,858	96,330
Interest on long-term debt	822,514	910,875			822,514	910,875
Water			5,988,525	6,113,747	5,988,525	6,113,747
Sewer			2,176,959	2,083,265	2,176,959	2,083,265
Total expenses	19,191,146	19,003,185	8,165,484	8,197,012	27,356,630	27,200,197
Change in net assets	(1,080,894)	(1,218,618)	(621,991)	(628,086)	(1,702,885)	(1,846,704)
Net assets, beginning	45,772,986	46,991,604	25,315,562	25,943,648	71,088,548	72,935,252
Net assets, ending	\$ 44,692,092	\$ 45,772,986	\$ 24,693,571	\$ 25,315,562	\$ 69,385,663	\$ 71,088,548

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)



The following are significant current year transactions that have had an impact on the change of net assets.

- An increase in charges for services of \$675,079 primarily due to the City assuming management of the transfer station and operation of delivering fuel to planes at the airport. In addition, the City held a new community event, Thunder Valley Ralley.
- A decrease in operating grants and contributions of \$465,983 primarily due to a decrease in grant funding for public safety and highways and streets.
- An increase in culture and recreation expenses of \$254,594 primarily due to increased depreciation expense and operating costs related to the new recreation center.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

The following table presents the cost of the City'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 City's taxpayers by each of these functions.

	2012 Total Expenses	2012 Net (Expense)/ Revenue	2011 Total Expenses	2011 Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 5,162,738	\$ (3,227,858)	\$ 5,174,022	\$ (3,992,870)
Public safety	7,364,363	(6,704,944)	7,319,363	(6,449,711)
Highways and streets	2,373,133	(1,605,716)	2,409,649	(1,230,648)
Culture and recreation	3,347,540	(2,224,149)	3,092,946	(2,019,022)
Redevelopment and housing	120,858	(110,160)	96,330	(96,330)
Interest on long-term debt	822,514	(822,514)	910,875	(910,875)
Total expenses	<u>\$ 19,191,146</u>	<u>\$ (14,695,341)</u>	<u>\$ 19,003,185</u>	<u>\$ (14,699,456)</u>
Business-Type Activities				
Water	5,988,525	(289,136)	6,113,747	(527,229)
Sewer	2,176,959	(728,097)	2,083,265	(504,603)
Total expenses	<u>8,165,484</u>	<u>(1,017,233)</u>	<u>8,197,012</u>	<u>(1,031,832)</u>
Total	<u>\$ 27,356,630</u>	<u>\$ (15,712,574)</u>	<u>\$ 27,200,197</u>	<u>\$ (15,731,288)</u>

- The cost of all governmental activities this year was \$19.2 million. The cost of all business-type activities this year was \$8.2 million.
- Federal, State, and county governments and charges for services subsidized certain governmental programs with grants and contributions and other local revenues of \$5.0 million.
- Net cost of governmental activities of \$14.7 million was financed by general revenues, which are made up of primarily sales taxes of \$10.6 million and state shared revenues of \$1.8 million.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$20.9 million, a decrease of \$1.7 million due primarily to increased capital outlay expenditures for highways and streets projects and public safety vehicles and equipment.

The General Fund comprises 31 percent of the total fund balance. Approximately \$4.2 million or 65 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the City. The decrease in fund balance of \$628,962 to \$6.4 million as of fiscal year end was primarily a result of increased capital outlay expenditures. General Fund revenues increased \$524,102 as a result of increased charges for services due to a change in operations at the transfer station and airport as well as the addition of a new community event. General Fund expenditures increased \$1.7 million. This was a result of increased capital outlay expenditures for highways and streets projects and public safety vehicles and equipment.

The fund balance of the HURF Fund decreased \$1.0 million primarily due to a decrease in state shared fuel taxes allocated to the City.

The Capital Projects Fund comprises 65% of the total fund balance, which is restricted and assigned for capital projects. The fund balance decreased \$60,054 to \$13.5 million.

Proprietary funds. Net assets of the Enterprise Funds and the Internal Service Fund at the end of the fiscal year amounted to \$24.7 million and \$108,191, respectively. The decrease in net assets in the Enterprise Funds of \$621,991 from the prior fiscal year was primarily due to the Sewer Fund operating at a loss.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised the General Fund annual expenditure budget primarily due to changes in the council contingency reserve. The difference between the original budget and the final amended budget was a \$1.2 million decrease, or 7 percent.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

BUDGETARY HIGHLIGHTS (Concl'd)

A schedule showing the budget amounts compared to the City'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 \$913,317 in public safety and the unfavorable variance of \$1,028,021 in capital outlay are primarily due to capital expenditures budgeted on the departmental level for fire and safety equipment.
- The favorable variance of \$284,620 in general government was primarily a result of lower than projected costs of contractual services at the airport.
- The favorable variance of \$283,617 in culture and recreation was primarily a result of lower than projected costs of salaries and related benefits at the library and recreation center.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of the end of the current fiscal year, the City had invested \$64.8 million in governmental capital assets and \$53.6 million in business-type capital assets, including buildings, facilities, vehicles, computers, equipment, and infrastructure assets. These amounts represent net increases prior to depreciation of \$1.7 million and \$1.3 million from the prior fiscal year for governmental and business-type activities, respectively. The increases were primarily due to construction projects, infrastructure improvements and purchases of vehicles, machinery, and equipment. Total depreciation expense for the current fiscal year was \$2.1 million for governmental activities and \$1.3 million for business-type activities.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2012 and June 30, 2011.

	2012 Governmental Activities	2011 Governmental Activities	2012 Business-Type Activities	2011 Business-Type Activities	2012 Total	2011 Total
Capital assets – non-depreciable	\$ 3,467,235	\$ 2,917,721	\$ 5,126,815	\$ 6,943,392	\$ 8,594,050	\$ 9,861,113
Capital assets – depreciable, net	<u>39,055,509</u>	<u>39,904,775</u>	<u>32,377,300</u>	<u>30,591,004</u>	<u>71,432,809</u>	<u>70,495,779</u>
Total	<u>\$ 42,522,744</u>	<u>\$ 42,822,496</u>	<u>\$ 37,504,115</u>	<u>\$ 37,534,396</u>	<u>\$ 80,026,859</u>	<u>\$ 80,356,892</u>

The estimated cost to complete current construction projects is \$1.6 million.

Additional information on the City's capital assets can be found in Note 8.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

Debt Administration. At year-end, the City had \$19.6 million in governmental long-term debt outstanding with \$1.6 million due within one year. The City had \$34.2 million in business-type long-term debt outstanding, with \$1.0 million due within one year. This represents net decreases of \$984,147 and \$940,359 for governmental and business-type activities, respectively.

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves parks, playgrounds and recreational facilities. The current 20 percent debt limitation for the City is \$24.5 million. State statutes also currently limit the amount of general obligation debt a City may issue to 6 percent of its total assessed valuation for all other purposes. The current 6 percent debt limitation for the City is \$7.4 million. The City's outstanding bonds are not considered general obligation bonds subject to statutory limits because the bonds are secured by sales taxes.

Additional information on the City's long-term debt can be found in Notes 9-12 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2012-13 budget. Among them:

- Fiscal year 2011-12 budget balance carry forward (estimated \$4.3 million).
- Employee salaries (The City performed a compensation study in 2012-13 resulting in pay increases totaling an estimated \$600,000).
- The City is returning to operating the Cottonwood Area Transit and Verde LYNX bus systems as of July 1, 2012.
- The City will begin construction of a new water reclamation facility at Riverfront Park.

Also considered in the development of the budget is the local economy and inflation of the surrounding area.

**CITY OF COTTONWOOD, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2012**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Accounting Department, City of Cottonwood, 827 North Main Street, Cottonwood, Arizona 86326.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF COTTONWOOD, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 21,393,268	\$ 9,519,031	\$ 30,912,299
Taxes receivable	1,152,788		1,152,788
Intergovernmental receivable	227,979		227,979
Accounts receivable	230,866	990,512	1,221,378
Interest receivable	1,788		1,788
Inventories	66,600		66,600
Total current assets	<u>23,073,289</u>	<u>10,509,543</u>	<u>33,582,832</u>
Noncurrent assets:			
Restricted cash and investments	635,584	2,805,218	3,440,802
Notes receivable		6,572,083	6,572,083
Deferred charges	303,084	1,535,303	1,838,387
Other assets		1,188,390	1,188,390
Land	2,497,195	3,239,645	5,736,840
Infrastructure	17,942,701	40,494,133	58,436,834
Buildings and improvements	34,775,018	5,711,446	40,486,464
Vehicles, machinery, and equipment	8,647,041	2,266,102	10,913,143
Construction in progress	970,040	1,887,170	2,857,210
Accumulated depreciation	(22,309,251)	(16,094,381)	(38,403,632)
Total noncurrent assets	<u>43,461,412</u>	<u>49,605,109</u>	<u>93,066,521</u>
Total assets	<u>66,534,701</u>	<u>60,114,652</u>	<u>126,649,353</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	640,795	72,133	712,928
Accrued payroll and employee benefits	319,727	52,398	372,125
Deposits held for others	22,086	247,483	269,569
Intergovernmental payable		28,958	28,958
Unearned revenue	41,882	26,010	67,892
Compensated absences payable	557,487	37,112	594,599
Bonds payable	140,000	965,000	1,105,000
Loans payable	1,110,000		1,110,000
Obligations under capital leases	357,415		357,415
Accrued interest payable	406,464	779,565	1,186,029
Total current liabilities	<u>3,595,856</u>	<u>2,208,659</u>	<u>5,804,515</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	18,246,753	33,212,422	51,459,175
Total noncurrent liabilities	<u>18,246,753</u>	<u>33,212,422</u>	<u>51,459,175</u>
Total liabilities	<u>21,842,609</u>	<u>35,421,081</u>	<u>57,263,690</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	23,573,513	3,354,977	26,928,490
Restricted for:			
Debt service	1,237,020	2,557,735	3,794,755
Capital projects	635,584		635,584
Grants	161,641		161,641
Unrestricted	19,084,334	18,780,859	37,865,193
Total net assets	<u>\$ 44,692,092</u>	<u>\$ 24,693,571</u>	<u>\$ 69,385,663</u>

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

Net (Expense) Revenue and
Changes in Net Assets

Business-type Activities	Totals
\$	\$ (3,227,858)
	(6,704,944)
	(1,605,716)
	(2,224,149)
	(110,160)
	(822,514)
	(14,695,341)
	(289,136)
	(289,136)
	(728,097)
	(728,097)
	(1,017,233)
	(1,017,233)
	(1,017,233)
	(1,017,233)
	10,579,983
	602,832
	359,871
	1,831,024
	635,979
395,242	635,979
395,242	14,009,689
	(621,991)
	(1,702,885)
25,315,562	71,088,548
\$ 24,693,571	\$ 69,385,663

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FUND FINANCIAL STATEMENTS

CITY OF COTTONWOOD, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	HURF	Grant
<u>ASSETS</u>			
Cash and investments	\$ 5,566,838	\$	\$ 158,340
Restricted cash and investments			
Taxes receivable	927,175	5,586	
Intergovernmental receivable	158,202	69,777	
Accounts receivable	194,072	15,161	3,301
Due from other funds	546,464		
Inventories	35,436	31,164	
Total assets	\$ 7,428,187	\$ 121,688	\$ 161,641
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 640,795	\$	\$
Accrued payroll and employee benefits	310,196	9,531	
Deposits held for others	8,369	13,717	
Due to other funds		546,464	
Deferred revenue	41,882		
Bonds payable			
Loans payable			
Interest payable			
Total liabilities	1,001,242	569,712	
Fund balances (deficits):			
Nonspendable	35,436	31,164	
Restricted			161,641
Assigned	2,214,190		
Unassigned	4,177,319	(479,188)	
Total fund balances	6,426,945	(448,024)	161,641
 Total liabilities and fund balances	\$ 7,428,187	\$ 121,688	\$ 161,641

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

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 2,655,168	\$ 12,906,519	\$ 21,286,865
	635,584	635,584
220,027		1,152,788
		227,979
18,289	43	230,866
		546,464
		66,600
<u>\$ 2,893,484</u>	<u>\$ 13,542,146</u>	<u>\$ 24,147,146</u>
\$	\$	\$ 640,795
		319,727
		22,086
		546,464
		41,882
140,000		140,000
1,110,000		1,110,000
406,464		406,464
<u>1,656,464</u>	<u> </u>	<u>3,227,418</u>
		66,600
1,237,020	635,584	2,034,245
	12,906,562	15,120,752
		3,698,131
<u>1,237,020</u>	<u>13,542,146</u>	<u>20,919,728</u>
<u>\$ 2,893,484</u>	<u>\$ 13,542,146</u>	<u>\$ 24,147,146</u>

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**CITY OF COTTONWOOD, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total governmental fund balances **\$ 20,919,728**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 64,831,995	
Less accumulated depreciation	<u>(22,309,251)</u>	42,522,744

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		303,084
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(826,840)	
Bonds payable	(150,000)	
Loans payable	(16,865,000)	
Premium on loans	(262,557)	
Obligations under capital leases	<u>(1,057,258)</u>	(19,161,655)

The Internal service fund is used by management to charge the costs of certain activities to the individual funds. The assets and liabilities of the internal service fund are included in the Statement of Net Assets.

		<u>108,191</u>
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Net assets of governmental activities **\$ 44,692,092**

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

CITY OF COTTONWOOD, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>HURF</u>	<u>Grant</u>
Revenues:			
Taxes	\$ 8,765,038	\$ 112,937	\$
Licenses and permits	120,239		
Intergovernmental	3,135,754	713,231	104,455
Charges for services	2,322,410		
Fines and forfeits	220,557		
Rents and royalties	95,311		
Miscellaneous	83,810		
Contributions	133,894		
Investment income	29,027	1,013	7
Total revenues	<u>14,906,040</u>	<u>827,181</u>	<u>104,462</u>
Expenditures:			
Current -			
General government	4,909,750		
Public safety	6,843,873		
Highways and streets	357,954	1,430,643	
Culture and recreation	2,437,903		
Redevelopment and housing	113,931		
Capital outlay	1,077,521	427,926	99,518
Debt service -			
Principal retirement	362,775		
Interest and fiscal charges	32,330		
Total expenditures	<u>16,136,037</u>	<u>1,858,569</u>	<u>99,518</u>
Excess (deficiency) of revenues over expenditures	<u>(1,229,997)</u>	<u>(1,031,388)</u>	<u>4,944</u>
Other financing sources (uses):			
Capital lease agreements	601,035		
Total other financing sources (uses):	<u>601,035</u>		
Changes in fund balances	<u>(628,962)</u>	<u>(1,031,388)</u>	<u>4,944</u>
Fund balances, beginning of year	7,055,907	583,364	156,697
Fund balances, end of year	<u>\$ 6,426,945</u>	<u>\$ (448,024)</u>	<u>\$ 161,641</u>

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

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 2,061,879	\$	\$ 10,939,854
		120,239
		3,953,440
		2,322,410
		220,557
		95,311
		83,810
		133,894
2,513	207,048	239,608
<u>2,064,392</u>	<u>207,048</u>	<u>18,109,123</u>
		4,909,750
		6,843,873
		1,788,597
		2,437,903
		113,931
	267,102	1,872,067
1,250,000		1,612,775
787,497		819,827
<u>2,037,497</u>	<u>267,102</u>	<u>20,398,723</u>
<u>26,895</u>	<u>(60,054)</u>	<u>(2,289,600)</u>
		601,035
		<u>601,035</u>
<u>26,895</u>	<u>(60,054)</u>	<u>(1,688,565)</u>
1,210,125	13,602,200	22,608,293
<u>\$ 1,237,020</u>	<u>\$ 13,542,146</u>	<u>\$ 20,919,728</u>

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CITY OF COTTONWOOD, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Net changes in fund balances - total governmental funds **\$ (1,688,565)**

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

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 1,751,100	
Less current year depreciation	<u>(2,050,852)</u>	(299,752)

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

Bond principal retirement	140,000	
Loan principal retirement	1,110,000	
Capital lease principal retirement	362,775	
Amortization of premium	17,407	
Amortization of issuance costs	<u>(20,094)</u>	1,610,088

Issuance of long-term liabilities provides current financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Net Assets.

Capital lease agreements		(601,035)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(74,988)
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The Internal Service Fund is used by management to charge the cost of certain activities to the individual funds. The changes in net assets of the Internal Service Fund are reported with governmental activities in the Statement of Activities.

		<u>(26,642)</u>
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Change in net assets in governmental activities **\$ (1,080,894)**

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

CITY OF COTTONWOOD, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Funds		
	Sewer	Water	Totals
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 2,521,874	\$ 6,997,157	\$ 9,519,031
Accounts receivable	381,044	609,468	990,512
Interest receivable			
Total current assets	<u>2,902,918</u>	<u>7,606,625</u>	<u>10,509,543</u>
Noncurrent assets:			
Restricted cash and investments		2,805,218	2,805,218
Notes receivable		6,572,083	6,572,083
Deferred charges		1,535,303	1,535,303
Other assets		1,188,390	1,188,390
Land	2,814,205	425,440	3,239,645
Infrastructure	19,157,212	21,336,921	40,494,133
Buildings and improvements	4,085,416	1,626,030	5,711,446
Vehicles, machinery, and equipment	918,754	1,347,348	2,266,102
Construction in progress	1,277,901	609,269	1,887,170
Accumulated depreciation	(9,638,026)	(6,456,355)	(16,094,381)
Total noncurrent assets	<u>18,615,462</u>	<u>30,989,647</u>	<u>49,605,109</u>
Total assets	<u>21,518,380</u>	<u>38,596,272</u>	<u>60,114,652</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,884	70,249	72,133
Accrued payroll and employee benefits	18,112	34,286	52,398
Deposits held for others		247,483	247,483
Intergovernmental payable		28,958	28,958
Unearned revenue		26,010	26,010
Compensated absences payable	9,908	27,204	37,112
Bonds payable		965,000	965,000
Accrued interest payable		779,565	779,565
Total current liabilities	<u>29,904</u>	<u>2,178,755</u>	<u>2,208,659</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	10,307	33,202,115	33,212,422
Total noncurrent liabilities	<u>10,307</u>	<u>33,202,115</u>	<u>33,212,422</u>
Total liabilities	<u>40,211</u>	<u>35,380,870</u>	<u>35,421,081</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	18,615,462	(15,260,485)	3,354,977
Restricted for:			
Debt service		2,557,735	2,557,735
Unrestricted	2,862,707	15,918,152	18,780,859
Total net assets	<u>\$ 21,478,169</u>	<u>\$ 3,215,402</u>	<u>\$ 24,693,571</u>

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

Governmental
Activities:
Internal Service
Funds

\$ 106,403

1,788
108,191

108,191

108,191
\$ 108,191

CITY OF COTTONWOOD, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds		
	Sewer	Water	Totals
Operating revenues:			
Charges for services	\$ 1,407,060	\$ 5,595,823	\$ 7,002,883
Total operating revenues	1,407,060	5,595,823	7,002,883
Operating expenses:			
Costs of sales and services	1,642,405	3,627,892	5,270,297
Depreciation	534,554	752,762	1,287,316
Total operating expenses	2,176,959	4,380,654	6,557,613
Operating income (loss)	(769,899)	1,215,169	445,270
Nonoperating revenues (expenses):			
Investment income	48,154	347,088	395,242
Impact fees	41,802	60,132	101,934
Miscellaneous		43,434	43,434
Interest expense		(1,607,871)	(1,607,871)
Total nonoperating revenues (expenses)	89,956	(1,157,217)	(1,067,261)
Changes in net assets	(679,943)	57,952	(621,991)
Total net assets, beginning of year	22,158,112	3,157,450	25,315,562
Total net assets, end of year	\$ 21,478,169	\$ 3,215,402	\$ 24,693,571

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

Governmental
Activities:
Internal Service
Funds

\$

27,771

27,771

(27,771)

1,129

1,129

(26,642)

134,833

\$ 108,191

CITY OF COTTONWOOD, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	<u>Enterprise Funds</u>			Governmental
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>	Activities: Internal Service Fund
<u>Decrease in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 1,412,226	\$ 5,463,198	\$ 6,875,424	\$
Cash payments to employees for services	(429,954)	(695,443)	(1,125,397)	
Cash payments to suppliers for goods/services	(1,211,006)	(2,865,854)	(4,076,860)	(27,771)
Other nonoperating receipts		43,434	43,434	
Net cash provided by (used for) operating activities	<u>(228,734)</u>	<u>1,945,335</u>	<u>1,716,601</u>	<u>(27,771)</u>
Cash flows from non-capital financing activities:				
Impact fees	41,802	60,132	101,934	
Net cash provided by (used for) non-capital financing activities	<u>41,802</u>	<u>60,132</u>	<u>101,934</u>	
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(576,599)	(680,436)	(1,257,035)	
Principal paid on debt		(920,000)	(920,000)	
Interest paid on debt		(1,541,951)	(1,541,951)	
Collections on notes receivable		172,917	172,917	
Interest earned on notes receivable		318,533	318,533	
Net cash used for capital and related financing activities	<u>(576,599)</u>	<u>(2,650,937)</u>	<u>(3,227,536)</u>	
Cash flows from investing activities:				
Investment income	48,154	28,555	76,709	1,129
Net cash provided by investing activities	<u>48,154</u>	<u>28,555</u>	<u>76,709</u>	<u>1,129</u>
Net increase (decrease) in cash and cash equivalents	<u>(715,377)</u>	<u>(616,915)</u>	<u>(1,332,292)</u>	<u>(26,642)</u>
Cash and cash equivalents, beginning of year	<u>3,237,251</u>	<u>10,419,290</u>	<u>13,656,541</u>	<u>133,045</u>
Cash and cash equivalents, end of year	<u>\$ 2,521,874</u>	<u>\$ 9,802,375</u>	<u>\$ 12,324,249</u>	<u>\$ 106,403</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</u>				
Cash and investments	\$ 2,521,874	\$ 6,997,157	\$ 9,519,031	\$ 106,403
Restricted cash and investments		2,805,218	2,805,218	
Total cash and cash equivalents	<u>\$ 2,521,874</u>	<u>\$ 9,802,375</u>	<u>\$ 12,324,249</u>	<u>\$ 106,403</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</u>				
Operating income (loss)	\$ (769,899)	\$ 1,215,169	\$ 445,270	\$ (27,771)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	534,554	752,762	1,287,316	
Other nonoperating revenues		43,434	43,434	
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	5,166	(125,957)	(120,791)	
Increase in accounts payable	1,884	43,766	45,650	
Increase (decrease) in accrued payroll and employee benefits	(908)	3,815	2,907	
Increase (decrease) in compensated absences payable	469	(613)	(144)	
Increase in deposits held for others		7,200	7,200	
Increase in intergovernmental payable		19,626	19,626	
(Decrease) in deferred revenue		(13,867)	(13,867)	
Total adjustments	<u>541,165</u>	<u>730,166</u>	<u>1,271,331</u>	
Net cash provided by (used for) operating activities	<u>\$ (228,734)</u>	<u>\$ 1,945,335</u>	<u>\$ 1,716,601</u>	<u>\$ (27,771)</u>

CITY OF COTTONWOOD, ARIZONA
STATEMENT OF FIDUCIARY FUND NET ASSETS
JUNE 30, 2012

	<u>Pension Trust</u>
<u>ASSETS</u>	
Cash and investments	\$ 140,244
Total assets	<u>140,244</u>
<u>NET ASSETS</u>	
Held in trust	<u>\$ 140,244</u>

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

**CITY OF COTTONWOOD, ARIZONA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2012**

	Pension Trust
Additions:	
Contributions	\$ 26,371
Total additions	26,371
Deductions:	
Benefits	32,098
Total deductions	32,098
Changes in net assets	(5,727)
Net assets, beginning of year	145,971
Net assets, end of year	\$ 140,244

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

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Cottonwood, Arizona (City) 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.

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

A. Reporting Entity

The City's major operations include police and fire protection, parks and recreation, certain social services and general administrative services. In addition, the City owns and operates enterprise funds which include sewer and water services.

The City is a municipal entity governed by a separately elected governing body. 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 City 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, the component unit combined with the City for financial statement presentation purposes and the City are not included in any other governmental reporting entity. Consequently, the City's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – The Cottonwood Municipal Property Corporation, (CMPC) board of directors consists of three members, which are appointed by the Cottonwood City Council. The CMPC is a nonprofit corporation incorporated under the laws of the State of Arizona and was formed for the sole purpose of assisting the City in obtaining financing for various projects of the City. It has a June 30 year-end and is reported as a debt service fund. No separate financial statements are issued for CMPC.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of internal activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and therefore the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Sales taxes, franchise taxes, state shared revenues, licenses and permits, charges for services, 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. Deferred revenues arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The City reports the following major governmental funds.

General Fund – The General Fund is the City’s primary operating fund. This fund accounts for all financial resources of the City, except those required to be accounted for in other funds.

Highway User Revenue Fund (HURF) – This fund accounts for the City’s share of state taxes on gasoline, diesel fuels and other transportation related fees to be used solely for street and highway purposes. Eligible expenditures include the cost of right-of-way acquisitions, construction, reconstruction, maintenance, repair, roadside development of city roads, streets and bridges and the payment of the principal and interest on highway and street bonds.

Grant Fund – This fund accounts for Federal and State grants received by the City not required to be accounted for in a separate fund. Each grant has a specific project objective and the grant funds must be used for the stated purpose.

Debt Service Fund – This fund accounts for the accumulation of resources for the payment of long-term debt principal, interest and related costs.

Capital Projects Fund – This fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

The City reports the following major proprietary funds.

Sewer Fund – This fund accounts for the City's sewer utility operations.

Water Fund – This fund accounts for the City's water utility operations.

Additionally, the City reports the following fund types:

Internal Service Fund – The Internal Service Fund includes only the activity of the Employee Benefit Trust Fund (EBT). The EBT Fund accounts for the City's partially self-funded health and accident insurance program for certain City employees and their dependents. The EBT has been inactive since fiscal year 2002-03 after the City moved its required health insurance pool. All remaining funds will be used to supplement employee benefits. Accordingly, there are no actual claims or estimated claims payable at June 30, 2012.

Firemen Pension Trust Fund – This fund accounts for the activities of the Firefighters' Relief and Pension Trust Fund, which accumulates funds for the defined contribution pension plan administered by the City and a board of trustees for the City's volunteer firefighters.

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

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting.

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 City's enterprise funds are charges to customers for sewer and water services. The principal operating revenues of the City's internal service fund are charges for health and welfare benefits. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

D. Cash and Investments

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand, cash in bank, cash held by fiscal agent and cash and investments held by the State Treasurer.

Cash and investments are pooled, except for investments that are restricted under provisions of bond indentures or other restrictions that are required to be reported in the individual funds. All expenditures of the City are made out of the General Fund's operations account (except for Employee Benefit Internal Service Fund). An interfund receivable is recorded in the General Fund and an interfund payable is recorded in the applicable fund. At the end of the month, the interfund receivables and payables are liquidated.

State statues authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment income is a component of revenue in the governmental fund financial statements and of nonoperating revenues in the propriety fund financial statements.

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."

All receivables are shown net of an allowance for uncollectibles.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

G. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed in the government-wide and proprietary fund financial statements, and as expenditures when consumed in the governmental funds.

H. Prepaid Items

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

I. Restricted Assets

Certain proceeds of the City's bonds and loans, as well as certain resources set aside for their repayment, are classified as restricted cash and investments because their use is limited by applicable loan covenants. In addition, customer deposits for utility services are classified as restricted assets because their use is limited to the repayment to those customers.

J. Other Assets

Other assets consist of goodwill. Goodwill is any excess of the cost of an acquired entity over the amounts assigned to assets acquired. Goodwill is presented as a separate line item in the financial statements. Amortization is provided on a straight-line basis over the estimated useful life of 40 years.

K. Capital Assets

Capital assets, which include land and improvements, buildings and improvements, vehicles, machinery, and equipment, construction in progress, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year. Infrastructure assets acquired prior to 1980 are not included in the government-wide financial statements. Such assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the 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 assets or materially extend the life of the asset are not capitalized.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15 - 40 years
Improvements other than buildings	8 - 40 years
Infrastructure	20 years
Machinery and equipment	5 - 25 years
Vehicles	5 - 8 years

L. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. Full-time classified employees earn one sick day per month. Firefighters earn 11.2 hours of sick leave per month. Full-time classified, exempt employees receive 120 hours of annual vacation leave, or 160 hours after five years of service. All other full-time, non-exempt employees receive 80 hours of annual vacation leave, or 120 hours after five years of service. Firefighters receive 112.06 hours of annual vacation leave, or 168.22 hours after five years of service. Classified employees who have completed five years of continuous employment will be paid upon separation from employment for all hours of sick leave accrued in excess of 480 hours to a maximum of 1040 hours, for a maximum payout of 560 hours. Firefighters who have completed five years of continuous employment will be paid upon separation from employment for all hours of sick leave accrued in excess of 670 hours to a maximum of 1450 hours, for a maximum payout of 780 hours. All accrued vacation hours for terminating employees will be paid in the final paycheck upon separation at the employee's current rate of pay.

The current and long-term liabilities, including related benefits, for accumulated vacation and sick leave are reported on the government-wide financial statements and in the proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to liquidate the governmental funds liabilities for compensated absences.

M. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

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.

N. 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 financial statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

O. 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.

NOTE 2 – 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.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Cont'd)

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the City 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 City Council or a management official delegated that authority by formal City Council action.

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.

The City applies restricted resources first when expenditures 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 City has established a minimum fund balance policy for each governmental fund type which contains operating expenses. The minimum unassigned fund balance in the General Fund is not less than 16.66% and not more than 25% of the total revised budgeted operating expenditures. The minimum assigned fund balance for general capital purposes in the General Fund is not less than 2.67% of the total revised budgeted operating revenues and not more than \$1,000,000. The minimum assigned fund balance for public safety capital purposes in the General Fund is not less than \$100,000. The minimum restricted fund balance in the HURF Fund is not less than 5% and not more than 16.66% (60 days) of the total budgeted revenues. The minimum assigned and unassigned fund balance in the Capital Projects Fund must be sufficient to fund all outstanding obligations.

Additionally, the City has established a minimum net asset policy for the proprietary funds. The minimum net asset balance for the Water and Sewer Funds is not less than 25% (90 days) and not more than 33.3% (120 days) of the total budgeted operating expenses.

**CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

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

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Grant</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Fund Balances:					
Nonspendable:					
Inventory	\$ 35,436	\$ 31,164	\$	\$	\$
Restricted:					
Grants			161,641		
Debt Service				1,237,020	
Capital Outlay					635,584
Assigned:					
Capital Outlay	1,614,190				12,906,562
Compensation Study	600,000				
Unassigned	4,177,319	(479,188)			
Total fund balances	<u>\$ 6,426,945</u>	<u>\$ (448,024)</u>	<u>\$ 161,641</u>	<u>\$ 1,237,020</u>	<u>\$ 13,542,146</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Individual Deficit Fund Balance – At year end, the following major governmental fund reported a deficit in fund balance.

	<u>Deficit</u>
Major Governmental Fund:	
HURF Fund	\$ 448,024

The deficit arose because of operations during the year. Operating transfers in fiscal year 2012-13 are expected to eliminate the deficit.

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

NOTE 4 – CASH AND INVESTMENTS

A.R.S. authorize the City to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, 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 City's investments.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – CASH AND INVESTMENTS (Cont'd)

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. As of year end, the carrying amount of the City's deposits was \$2,513,557 and the bank balance was \$2,988,829.

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. The cash with trustee and cash with paying agent are on deposit and invested in U.S. government securities and bonds.

At year end, cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows.

Carrying amount of investments	\$ 31,979,788
Carrying amount of cash deposits	<u>2,513,557</u>
Total pooled cash and investments	<u>\$ 34,493,345</u>
Pooled cash and investments - unrestricted	\$ 31,052,543
Restricted cash and investments	<u>3,440,802</u>
Total pooled cash and investments	<u>\$ 34,493,345</u>

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
U.S. Government Agencies	\$ 16,992,837	\$	\$ 16,992,837
Mutual funds	145,871	145,871	
Cash with trustee	9,202,166	9,202,166	
Cash with paying agent	1,656,464	<u>1,656,464</u>	
		<u>\$ 11,004,501</u>	<u>\$ 16,992,837</u>
State Treasurer's investment pool 7	<u>3,982,450</u>	29 days average maturities	
Total	<u>\$ 31,979,788</u>		

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 – CASH AND INVESTMENTS (Concl'd)

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to five years or less. Total investments greater than three years may not exceed 25% of the City's investment portfolio.

Credit Risk. The City has no investment policy that would further limit its investment choices. The State Treasurer's investment pool 7 had a weighted average of AA+ at year end as it was invested in obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

Custodial Credit Risk - Investments. The City's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however the City's portion is not identified with specific investments and is not subject to custodial credit risk. The mutual funds are subject to custodial credit risk.

Concentration of Credit Risk. In accordance with its investment policy, the City diversifies its investment portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity, specific issuer, or specific class of securities. Total investments in two categories may not exceed 25% of the investment portfolio: (1) fully insured or collateralized certificates of deposit (2) State, county, school district, and other district municipal bonds with an A rating or better. More than 5 percent of the City's investments are in U.S. Treasuries and Agencies. These investments are 53% of the City'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 City's individual major funds are as follows.

	General Fund
Due from governmental entities:	
Due from Federal government	\$ 27,051
Due from State government	185,130
Due from County government	15,798
Net due from governmental entities	\$ 227,979

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 – RECEIVABLES (Concl'd)

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

	Unearned
Rental fees received in advance (General Fund)	\$ 41,882
Total deferred revenue for governmental funds	\$ 41,882

NOTE 6 – NOTES RECEIVABLE

The City's Water Fund has an intergovernmental utilities purchase agreement with the Town of Clarkdale dated January 1, 2006 to receive principal and interest payments from the Town of Clarkdale for the Town of Clarkdale's portion of Water Revenue Bonds, MPC Series 2006. Assets comprising the Town of Clarkdale's water system were simultaneously sold to the Town of Clarkdale upon issuance of the revenue bonds. Future year receivables to be received by the City under this agreement are as follows:

Year Ending June 30:	Business-type Activities
2013	\$ 142,083
2014	160,000
2015	185,000
2016	190,000
2017	200,000
2018-22	1,150,000
2023-27	1,420,000
2028-32	1,810,000
2033-35	1,315,000
Total	\$ 6,572,083

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 – OTHER ASSETS

In the fiscal year ended June 30, 2005, the City acquired three water companies. The net excess of the cost of the acquired water companies over the amounts assigned to assets acquired is reported as goodwill. Amortization expense for the fiscal year was \$36,856.

	Business-type Activities
Goodwill	\$ 1,474,221
Less: Accumulated depreciation	(285,831)
Total	\$ 1,188,390

The future estimated aggregate amortization expense as of June 30, 2012, was as follows:

		Business-type Activities
Year Ending June 30:		
2013	\$	36,855
2014		36,856
2015		36,855
2016		36,856
2017		36,855
2018-22		184,277
2023-27		184,277
2028-32		184,278
2033-37		184,278
2038-42		184,278
2043-45		82,725
Total	\$	1,188,390

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – CAPITAL ASSETS

A summary of capital asset activity at year end is as follows.

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,409,955	\$ 87,240	\$	\$ 2,497,195
Construction in progress	507,766	462,274		970,040
Total capital assets, not being depreciated	<u>2,917,721</u>	<u>549,514</u>		<u>3,467,235</u>
Capital assets, being depreciated:				
Infrastructure	17,942,701			17,942,701
Buildings and improvements	34,650,757	124,261		34,775,018
Vehicles, machinery and equipment	7,599,584	1,077,325	29,868	8,647,041
Total capital assets being depreciated	<u>60,193,042</u>	<u>1,201,586</u>	<u>29,868</u>	<u>61,364,760</u>
Less accumulated depreciation for:				
Infrastructure	(8,635,131)	(634,152)		(9,269,283)
Buildings and improvements	(6,139,322)	(981,898)		(7,121,220)
Vehicles, machinery and equipment	(5,513,814)	(434,802)	(29,868)	(5,918,748)
Total accumulated depreciation	<u>(20,288,267)</u>	<u>(2,050,852)</u>	<u>(29,868)</u>	<u>(22,309,251)</u>
Total capital assets, being depreciated, net	<u>39,904,775</u>	<u>(849,266)</u>		<u>39,055,509</u>
Governmental activities capital assets, net	<u>\$ 42,822,496</u>	<u>\$ (299,752)</u>	<u>\$</u>	<u>\$ 42,522,744</u>

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 – CAPITAL ASSETS (Concl'd)

Business-type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,239,645	\$	\$	\$ 3,239,645
Construction in progress	3,703,747	975,678	2,792,255	1,887,170
Total capital assets, not being depreciated	<u>6,943,392</u>	<u>975,678</u>	<u>2,792,255</u>	<u>5,126,815</u>
Capital assets, being depreciated:				
Water Distribution System	18,544,666	2,792,255		21,336,921
Wastewater System	19,157,212			19,157,212
Buildings and improvements	5,711,446			5,711,446
Vehicles, machinery and equipment	1,984,745	281,357		2,266,102
Total capital assets being depreciated	<u>45,398,069</u>	<u>3,073,612</u>		<u>48,471,681</u>
Less accumulated depreciation for:				
Water Distribution System	(5,126,251)	(586,747)		(5,712,998)
Wastewater System	(6,798,485)	(410,050)		(7,208,535)
Buildings and improvements	(1,865,521)	(120,482)		(1,986,003)
Vehicles, machinery and equipment	(1,016,808)	(170,037)		(1,186,845)
Total accumulated depreciation	<u>(14,807,065)</u>	<u>(1,287,316)</u>		<u>(16,094,381)</u>
Total capital assets, being depreciated, net	<u>30,591,004</u>	<u>1,786,296</u>		<u>32,377,300</u>
Governmental activities capital assets, net	<u>\$ 37,534,396</u>	<u>\$ 2,761,974</u>	<u>\$ 2,792,255</u>	<u>\$ 37,504,115</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 195,490
Public safety	402,677
Highways and streets	575,444
Culture and recreation	877,241
Total depreciation expense	<u>2,050,852</u>
Business-type activities:	
Water	752,762
Sewer	534,554
Total depreciation expense	<u>\$ 1,287,316</u>

Construction Commitments – At year end, the City had contractual commitments related to various capital projects. At year end the City had spent \$2.9 million on the projects and had estimated remaining contractual commitments of \$1.6 million.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 – OBLIGATIONS UNDER CAPITAL LEASES

The City has acquired vehicles and equipment under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. Revenues from the General Fund are used to pay for the governmental activities lease obligations.

The assets acquired through capital leases that meet the City’s capitalization threshold are as follows.

	Governmental Activities
Asset:	
Vehicles and equipment	\$ 2,339,917
Less: Accumulated depreciation	(1,897,964)
Total	\$ 441,953

The future minimum lease obligations and the net present value of these minimum lease payments as of year end were as follows.

	Governmental Activities
Year Ending June 30:	
2013	\$ 383,461
2014	300,581
2015	179,342
2016	126,524
2017	126,524
Total minimum lease payments	1,116,432
Less: amount representing interest	(59,174)
Present value of minimum lease payments	1,057,258
Due within one year	\$ 357,415

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 – LOANS PAYABLE

Governmental activities loans payable at year end consisted of the following outstanding loans from the Greater Arizona Development Authority (GADA). The proceeds of the loans were used to finance the Railroad Wash Flood Control Project, the public safety building, the construction of the recreation center, expansion of the library, acquisition of land for public safety facilities and completion of improvements for the park. The loans are to be repaid in annual principal payments with interest payable semiannually. Sales taxes allocated to the Debt Service Fund are used to pay the debt.

	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
The Greater Arizona Development Authority (GADA), Project of 2000	\$ 895,000	5.0-6.0%	7/1/12-13	\$ 185,000	\$ 90,000
The Greater Arizona Development Authority (GADA), Project of 2002	2,500,000	3.35-4.5%	7/1/12-13	505,000	245,000
The Greater Arizona Development Authority (GADA), Project of 2007	19,935,000	4.0-5.0%	7/1/12-27	<u>17,285,000</u>	<u>775,000</u>
Total				<u>\$ 17,975,000</u>	<u>\$ 1,110,000</u>

Annual debt service requirements to maturity on the governmental activities loans payable at year end are summarized as follows.

Year ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,110,000	\$ 773,277
2014	1,165,000	724,776
2015	840,000	683,076
2016	875,000	648,776
2017	910,000	613,076
2018-22	5,180,000	2,414,123
2023-27	6,420,000	1,134,987
2028	<u>1,475,000</u>	<u>32,266</u>
Total	<u>\$ 17,975,000</u>	<u>\$ 7,024,357</u>

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 – LOANS PAYABLE (Concl'd)

Pledged Revenues

The City has pledged certain future revenues to repay the loans as follows.

The City has pledged state shared revenues and sales taxes to repay \$895,000 in governmental Greater Arizona Development Authority (GADA) loans issued in 2000. Proceeds of the loans provided financing of the Railroad Wash Flood Control Project. The loans are payable solely from state shared revenues and sales taxes and are payable through 2013. The total principal and interest remaining to be paid on the loans is \$196,138. The debt principal and interest paid on this debt during fiscal year 2012 was \$98,149 (1% of pledged revenues).

The City has pledged state shared revenues and sales taxes to repay \$2.5 million in governmental GADA loans issued in 2001. Proceeds of the loans provided financing of the public safety building. The loans are payable solely from state shared revenues and sales taxes and are payable through 2013. The total principal and interest remaining to be paid on the loan is \$528,063. The debt principal and interest paid on this debt during fiscal year 2012 was \$262,778 (2% of pledged revenues).

The City has pledged state shared revenues and sales taxes to repay \$19.9 million in governmental GADA loans issued in 2007. Proceeds of the loans provided financing for construction of the recreation center, expansion of the library, acquisition of land for public safety facilities and completion of improvements for the park. The loans are payable solely from state shared revenues and sales taxes and are payable through 2027. The total principal and interest remaining to be paid on the loans is \$24,275,156. The debt principal and interest paid on this debt during fiscal year 2012 was \$1,528,276 (12% of pledged revenues).

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 – BONDS PAYABLE

Bonds payable at year end consisted of the following general obligation and revenue bonds. The bonds are both callable and noncallable with interest payable semiannually. Sales taxes allocated to the Debt Service Fund are used to pay the governmental activities bonded debt. Charges for services from the Water Fund are used to pay the business-type activities bonded debt.

	<u>Original Amount Issued</u>	<u>Interest Rates</u>	<u>Remaining Maturities</u>	<u>Outstanding Principal June 30, 2012</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
Project of 1992, Series A (1993)	\$ 900,000	6.0-9.0%	7/1/12-13	\$ 155,000	\$ 75,000
Project of 1992, Series B (1994)	900,000	2.5%	7/1/12-13	135,000	65,000
Total				<u>290,000</u>	<u>140,000</u>
Business-type activities:					
Revenue Bonds:					
MPC Series 2004	13,580,000	3.25-5.0%	7/1/12-29	11,420,000	445,000
MPC Series 2006	23,965,000	3.75-5.0%	7/1/12-35	22,270,000	520,000
Total				<u>\$ 33,690,000</u>	<u>\$ 965,000</u>

Annual debt service requirements to maturity on the bonds payable at year end are summarized as follows.

Year ending June 30,	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 140,000	\$ 16,050
2014	150,000	8,300
Total	<u>\$ 290,000</u>	<u>\$ 24,350</u>

Year ending June 30,	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 965,000	\$ 1,559,310
2014	975,000	1,524,048
2015	1,000,000	1,482,773
2016	1,105,000	1,446,461
2017	1,140,000	1,405,337
2018-22	6,505,000	6,252,516
2023-27	8,050,000	4,712,501
2028-32	8,290,000	2,560,750
2033-36	5,660,000	724,750
Total	<u>\$ 33,690,000</u>	<u>\$ 21,668,446</u>

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 – BONDS PAYABLE (Cont'd)

Pledged Revenues

The City has pledged certain future revenues to repay the bonds as follows.

The City has pledged sales taxes to repay \$900,000 in governmental general obligation bonds issued in 1993. Proceeds of the bonds provided financing for the municipal library facility complete with interior furnishings, books and periodicals, acquisition of land for the municipal library facility, improvement of the grounds of the municipal library facility and the operation and maintenance expenses of the municipal library facility. The bonds are payable from sales taxes and are payable through 2013. The total principal and interest remaining to be paid on the bonds is \$169,100. The debt principal and interest paid on this debt during fiscal year 2012 was \$83,500 (1% of pledged revenues).

The City has pledged sales taxes to repay \$900,000 in governmental general obligation bonds issued in 1993. Proceeds of the bonds provided financing for the municipal library facility complete with interior furnishings, books and periodicals, acquisition of land for the municipal library facility, improvement of the grounds of the municipal library facility and the operation and maintenance expenses of the municipal library facility. The bonds are payable from sales taxes and are payable through 2013. The total principal and interest remaining to be paid on the bonds is \$145,250. The debt principal and interest paid on this debt during fiscal year 2012 was \$75,000 (1% of pledged revenues).

The City has pledged net revenues received from the City Water System to repay \$13.6 million in business-type senior lien water system revenue bonds issued in 2004. Proceeds of the bonds provided financing for the acquisition of three private water companies and initial improvements to the Water System. The bonds are payable solely from revenues received from the City Water System and are payable through 2029. The total principal and interest remaining to be paid on the bonds is \$17,171,984. The debt principal and interest paid on this debt during fiscal year 2012 was \$956,034 (40% of pledged revenues).

The City has pledged net revenues received from the City Water System to repay \$24.0 million in business-type senior lien water system revenue bonds issued in 2006. Proceeds of the bonds provided financing of the acquisition of a privately-owned water company, a portion of which became part of the water utility system of the City and a portion of which was simultaneously sold by the City to the Town of Clarkdale. The bonds are payable solely from revenues received from the City Water System, including purchase payments in limited amounts required to be paid by the Town of Clarkdale pursuant to an Intergovernmental Utilities Purchase Agreement between the City and Town of Clarkdale. The bonds are payable through 2035. The total principal and interest remaining to be paid on the bonds is \$38,186,462. The debt principal and interest paid on this debt during fiscal year 2012 was \$1,556,270 (64% of pledged revenues).

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 11 – BONDS PAYABLE (Concl'd)

Covenants

The business-type senior lien water system revenue bonds issued in 2004 and 2006 have certain covenants. The covenants require the City to maintain 1.35 times coverage of net water system revenues to current year debt service payments. At year end, the City did not satisfy the covenant, as the coverage ratio was .96 times the net water system revenues for the year.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 425,000	\$	\$ 135,000	\$ 290,000	\$ 140,000
Loans payable	19,045,000		1,070,000	17,975,000	1,110,000
Premium on loans	279,964		17,407	262,557	
Obligations under capital leases	818,998	601,035	362,775	1,057,258	357,415
Compensated absences payable	751,852	399,307	324,319	826,840	557,487
Governmental activity long-term liabilities	<u>\$ 21,320,814</u>	<u>\$ 1,000,342</u>	<u>\$ 1,909,501</u>	<u>\$ 20,411,655</u>	<u>\$ 2,164,902</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable	\$ 34,610,000	\$	\$ 920,000	\$ 33,690,000	\$ 965,000
Premium on bonds	479,497		20,359	459,138	
Compensated absences payable	65,540	30,732	30,876	65,396	37,112
Business-type activity long-term liabilities	<u>\$ 35,155,037</u>	<u>\$ 30,732</u>	<u>\$ 971,235</u>	<u>\$ 34,214,534</u>	<u>\$ 1,002,112</u>

**CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 13 – INTERFUND RECEIVABLES AND PAYABLES

At year end, interfund balances were as follows.

	Due from General Fund
Due to	
HURF Fund	\$ 546,464
Total	\$ 546,464

At year end one fund had a negative cash balance in the Treasurer’s pooled cash accounts. Negative cash was reduced by interfund borrowing with the General Fund. All interfund balances are expected to be paid within one year.

NOTE 14 – 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 City expects such amounts, if any, to be immaterial.

Lawsuits - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 15 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City was unable to obtain general property and liability insurance at a cost it considered to be economically justifiable. Therefore, the City joined the Arizona Municipal Risk Pool (Pool) as an alternative to escalating general liability insurance costs. The Pool is made up of various towns and cities within Arizona that operate a common risk management and insurance program. The 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.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15 – RISK MANAGEMENT (Concl'd)

The City joined the Arizona Public Employers Health Pool (APEHP) for risks of loss related to employee health and accident claims. APEHP is a public entity risk pool currently operating as a common risk management and insurance program for towns and cities in the State. The City pays monthly premiums to APEHP for its employee health and accident insurance coverage. The agreement provides that APEHP will be self-sustaining through members' premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event.

The City joined the Arizona Municipal Workers' Compensation Pool (Pool) together with other governments in the state for risks of loss related to workers' compensation claims. The Pool is a public entity risk pool currently operating as a common risk management and insurance program for towns and cities in the State. The City is responsible for paying a premium, based on an experience rating formula that allocates pool expenditures and liabilities among members.

The City continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

In prior years, the City of Cottonwood, Arizona established the City of Cottonwood Employee Benefit Trust (an internal service fund) to account for and finance its uninsured risks of loss for certain health and welfare benefits to eligible employees and their dependents. As of July 1, 2002, the City discontinued the City of Cottonwood Employee Benefit Trust and as of June 30, 2004 no liability was outstanding for unpaid claims. A balance of \$291,278 was carried forward from fiscal year 2001-02 and will be used by the City to supplement employee benefits.

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined 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.

**CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Plan Descriptions - The City contributes to the two plans as described below.

The *Arizona State Retirement System* (ASRS) benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation. Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree's healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

The *Public Safety Personnel Retirement System* (PSPRS) is an 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.

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.

ASRS

3300 North Central Avenue
P.O. Box 33910
Phoenix, Arizona 85067-3910
(602) 240-2200 or (800) 621-3778

PSPRS

3010 East Camelback Road, Suite 200
Phoenix, Arizona 85016
(602) 255-5575

Arizona State Retirement System

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and the City's contribution rates for the plans of the ASRS and PSPRS. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 10.74 percent (10.5 percent for retirement and 0.24 percent for long-term disability) of the members' annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent for retirement, 0.63 percent for health insurance premium, and 0.24 percent for long-term disability) of the members' annual covered payroll.

**CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

The City’s contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Years ended June 30,			
2012	\$ 481,799	\$ 30,753	\$ 11,715
2011	473,470	31,004	13,137
2010	434,626	34,395	20,845

Public Safety Personnel Retirement System

Funding Policy – For the current fiscal year, active PSPRS police members were required by statute to contribute 7.65 percent of the members’ annual covered payroll and the City was required to contribute 23.2 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.24 percent of covered payroll. Active PSPRS fire members were required by statute to contribute 7.65 percent of the members’ annual covered payroll and the City was required to contribute 12.35 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at .85 percent of covered payroll.

Actuarial methods and assumptions – The contribution requirements for the current year end were established by the June 30, 2010 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. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans’ assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Projects of benefits are based on 1) the plans as understood by the City and plans' members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the City and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all plans and related benefits (unless noted), and the actuarial assumptions used to establish the fiscal year 2011-12 contribution requirements are as follows.

Actuarial valuation date	June 30, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 years for underfunded, 20 years for overfunded
Asset valuation method	7 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5% - 8.5% for PSPRS
Payroll growth	5.5%
Cost-of-living adjustments	None

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Trend Information – Annual pension cost information for the current and two preceding years follows for each of the agent plans. Annual OPEB cost information for the current year (i.e., transition year) and prior two years is as follows.

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS – Police				
Pension	2012	411,612	100%	-
	2011	376,342	100%	-
	2010	341,928	100%	-
Health Insurance	2012	23,242	100%	-
	2011	25,288	100%	-
	2010	17,635	100%	-
PSPRS – Fire				
Pension	2012	188,466	100%	-
	2011	137,771	100%	-
	2010	188,918	100%	-
Health Insurance	2012	13,930	100%	-
	2011	13,836	100%	-
	2010	10,540	100%	-

Funding Progress - As of June 30, 2011, the most recent actuarial calculation date, the police plan was 50.2% funded and the firefighters' plan was 83.8% funded. The actuarial accrued liability for benefits was \$8,068,860 for police and \$3,789,921 for firefighters and the actuarial value of assets was \$4,050,241 for police and \$3,177,210 for firefighters, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,018,619 for police and \$612,711 for firefighters. The covered payrolls (annual payrolls of active employees covered by the plans) were \$1.8 million and \$1.5 million, and the ratio of the UAAL to the covered payroll was 224.8 and 41.4 percent for police and firefighters, respectively. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 16 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'd)

As of June 30, 2011, the other postemployment benefit plan was 0.0 percent funded for police and fire. The actuarial accrued liability for benefits was \$0.2 million for police and \$0.1 million for fire, and the actuarial value of assets was \$0 for police and fire, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.2 million for police and \$0.1 million for fire. The covered payroll (annual payroll of active employees covered by the plan) was \$1.8 million for police and \$1.5 million for fire, and the ratio of the UAAL to the covered payroll was 12.8 percent for police and 9.6 percent for fire.

NOTE 17 – FIREFIGHTERS’ RELIEF AND PENSION FUND

The Firefighters’ Relief and Pension Fund, known as the Cottonwood Fire Department Alternate Pension/Benefit Plan, is a defined contribution pension plan administered by the City and a board of trustees for the City’s volunteer firefighters.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual’s account are to be determined instead of specifying the amount of benefits the individual is to receive. According to the plan, a volunteer firefighter who has served twelve (12) months is eligible to participate. Normal retirement is the earlier of age 55 or 20 years of service. The employer contributions vest at twenty-five percent (25%) after three (3) years, six percent (6%) per year thereafter until the volunteer is 100% vested after fifteen (15) years. The monthly retirement benefit cannot exceed \$150, as determined by the Board of Trustees. Such pension, if paid, may be increased or decreased in amount, or discontinued at the discretion of the board of trustees. Pension and relief benefits may only be paid from the income of the trust fund. However, a firefighter who leaves the service without being eligible for retirement benefits is entitled to all previous deductions from his salary plus interest at a rate determined by the board of trustees. As established by state statute, in lieu of another acceptable pension plan, all volunteer firefighters must participate in the pension plan from the date they enter service.

Each volunteer must contribute at least 5.0% of covered compensation which is matched by the City. In addition, the State of Arizona is required by statute to contribute a portion of the annual tax received on fire insurance premiums. During the fiscal year ended June 30, 2012, the City’s required contributions amounted to \$873, while the firefighters’ contributions amounted to \$3,004. The City received a state contribution of \$22,493 during the fiscal year. On behalf payments of fringe benefits and salaries for the government’s employees from the state were recognized as revenues and expenditures in the General Fund during the fiscal year.

CITY OF COTTONWOOD, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 17 – FIREFIGHTERS’ RELIEF AND PENSION FUND (Concl’d)

No pension provision changes occurred during the year that affected the required contributions to be made by the City or its volunteer firefighters.

The Firefighters’ Relief and Pension Fund held no securities of the City or other related parties during the fiscal year or as of the close of the fiscal year. A separate, audited GAAP-basis postemployment benefit plan was not available.

NOTE 18 – SUBSEQUENT EVENT

Subsequent to June 30, 2012, the City was negotiating a \$640,197, 1.61 percent lease-purchase agreement for the acquisition of equipment. The proposed lease requires nine semi-annual lease payments through July 1, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL
YEAR ENDED JUNE 30, 2012

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
Revenues:				
Taxes	\$ 8,353,340	\$ 9,014,045	\$ 8,765,038	\$ (249,007)
Licenses and permits	122,000	115,000	120,239	5,239
Intergovernmental	3,528,220	3,096,580	3,135,754	39,174
Charges for services	3,066,195	2,628,435	2,322,410	(306,025)
Fines and forfeits	164,000	161,690	220,557	58,867
Rents and royalties	92,650	91,850	95,311	3,461
Miscellaneous	43,020	33,815	83,810	49,995
Contributions	8,620	7,550	133,894	126,344
Investment income	16,140	37,900	29,027	(8,873)
Total revenues	<u>15,394,185</u>	<u>15,186,865</u>	<u>14,906,040</u>	<u>(280,825)</u>
Expenditures:				
Current -				
General government				
Administration	675,860	670,400	687,919	(17,519)
Personnel	184,800	180,420	160,339	20,081
City council	843,405	404,770	395,774	8,996
City clerk	266,265	234,310	227,014	7,296
Natural resource project	164,195	116,210	95,664	20,546
Finance department	654,435	340,420	333,394	7,026
IT services	125,610	247,055	148,441	98,614
Planning and zoning	313,285	311,905	307,115	4,790
Municipal court	425,435	401,020	380,021	20,999
Legal	317,580	281,975	270,814	11,161
Maintenance	427,645	440,060	431,252	8,808
Custodial service	132,000	133,700	130,462	3,238
Non-departmental	625,300	575,500	533,341	42,159
Engineering	523,595	453,815	475,541	(21,726)
Purchasing	73,010	77,255	77,658	(403)
Cemetery	31,900	24,245	25,437	(1,192)
Airport	274,875	301,310	229,564	71,746
Total general government	<u>6,059,195</u>	<u>5,194,370</u>	<u>4,909,750</u>	<u>284,620</u>
Public safety				
Police department	3,715,985	3,705,220	3,457,470	247,750
Fire department	3,393,395	3,172,470	2,473,662	698,808
Code enforcement	185,800	183,510	181,404	2,106
Communications	770,220	695,990	731,337	(35,347)
Total public safety	<u>8,065,400</u>	<u>7,757,190</u>	<u>6,843,873</u>	<u>913,317</u>
Highways and streets				
Public works	311,830	362,150	357,954	4,196
Culture and recreation				
Library	831,350	816,910	676,357	140,553
Parks and recreation	503,690	530,080	410,396	119,684
City pool			98,420	(98,420)
Recreation center operations	1,436,560	1,374,530	1,252,730	121,800
Total culture and recreation	<u>2,771,600</u>	<u>2,721,520</u>	<u>2,437,903</u>	<u>283,617</u>
Redevelopment and housing				
Economic development	102,905	118,590	113,931	4,659
Capital outlay	49,000	49,500	1,077,521	(1,028,021)
Debt service -				
Principal retirement	370,450	352,865	362,775	(9,910)
Interest and fiscal charges			32,330	(32,330)
Total debt service	<u>370,450</u>	<u>352,865</u>	<u>395,105</u>	<u>(42,240)</u>
Total expenditures	<u>17,730,380</u>	<u>16,556,185</u>	<u>16,136,037</u>	<u>420,148</u>
Excess (deficiency) of revenues over expenditures	<u>(2,336,195)</u>	<u>(1,369,320)</u>	<u>(1,229,997)</u>	<u>139,323</u>
Other financing sources (uses):				
Capital lease agreements	670,000	601,035	601,035	
Transfers out	(625,525)	(778,255)		778,255
Transfers in	618,025	703,570		(703,570)
Total other financing sources (uses):	<u>662,500</u>	<u>526,350</u>	<u>601,035</u>	<u>74,685</u>
Changes in fund balances	<u>(1,673,695)</u>	<u>(842,970)</u>	<u>(628,962)</u>	<u>214,008</u>
Fund balances, beginning of year	6,320,300	7,055,905	7,055,907	2
Fund balances, end of year	<u>\$ 4,646,605</u>	<u>\$ 6,212,935</u>	<u>\$ 6,426,945</u>	<u>\$ 214,010</u>

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HURF
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 152,000	\$ 152,000	\$ 112,937	\$ (39,063)
Intergovernmental	702,705	732,705	713,231	(19,474)
Miscellaneous	12,000			
Investment income	2,000	450	1,013	563
Total revenues	<u>868,705</u>	<u>885,155</u>	<u>827,181</u>	<u>(57,974)</u>
Expenditures:				
Current -				
Highways and streets	969,900	755,185	1,430,643	(675,458)
Capital outlay	4,821,645	1,286,135	427,926	858,209
Total expenditures	<u>5,791,545</u>	<u>2,041,320</u>	<u>1,858,569</u>	<u>182,751</u>
Excess (deficiency) of revenues over expenditures	<u>(4,922,840)</u>	<u>(1,156,165)</u>	<u>(1,031,388)</u>	<u>124,777</u>
Other financing sources (uses):				
Transfers in		72,800		(72,800)
Issuance of Long-Term Debt	4,475,000	500,000		(500,000)
Total other financing sources (uses):	<u>4,475,000</u>	<u>572,800</u>		<u>(572,800)</u>
Changes in fund balances	<u>(447,840)</u>	<u>(583,365)</u>	<u>(1,031,388)</u>	<u>(448,023)</u>
Fund balances, beginning of year	447,840	583,365	583,364	(1)
Fund balances (deficits), end of year	<u>\$</u>	<u>\$</u>	<u>\$ (448,024)</u>	<u>\$ (448,024)</u>

See accompanying notes to this schedule.

CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GRANT
YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 850,000	\$ 12,500	\$ 104,455	\$ 91,955
Investment income			7	7
Total revenues	<u>850,000</u>	<u>12,500</u>	<u>104,462</u>	<u>91,962</u>
Expenditures:				
Capital outlay	<u>850,000</u>	<u>12,500</u>	<u>99,518</u>	<u>(87,018)</u>
Total expenditures	<u>850,000</u>	<u>12,500</u>	<u>99,518</u>	<u>(87,018)</u>
Changes in fund balances			<u>4,944</u>	<u>4,944</u>
Fund balances, beginning of year			156,697	156,697
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 161,641</u>	<u>\$ 161,641</u>

See accompanying notes to this schedule.

CITY OF COTTONWOOD, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The adopted budget of the City is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

CITY OF COTTONWOOD, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

Schedules of Funding Progress
Cottonwood Police Plan (Pension):

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
2009	\$ 3,864,723	\$ 7,286,394	\$ 3,421,671	53.0%	\$ 1,630,770	209.8
2010	3,761,812	7,599,630	3,837,818	49.5	1,684,033	227.9
2011	4,050,241	8,068,860	4,018,619	50.2	1,787,518	224.8

Cottonwood Police Plan (Health Insurance Subsidy):

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
2009	\$ -	\$ 165,105	\$ 165,105	0.0%	\$ 1,630,770	10.1
2010	-	175,002	175,002	0.0	1,684,033	10.4
2011	-	228,061	228,061	0.0	1,787,518	12.8

Cottonwood Fire Plan (Pension):

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
2009	\$ 2,160,999	\$ 2,670,780	\$ 509,781	80.9%	\$ 916,893	55.6
2010	2,663,266	3,143,490	480,224	84.7	1,472,418	32.6
2011	3,177,210	3,789,921	612,711	83.8	1,481,174	41.4

Cottonwood Fire Plan (Health Insurance Subsidy):

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Liability (AAL) - (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
2009	\$ -	\$ 94,807	\$ 94,807	0.0%	\$ 916,893	10.3
2010	-	105,777	105,777	0.0	1,472,418	7.2
2011	-	141,655	141,655	0.0	1,481,174	9.6

INDIVIDUAL FUND SCHEDULES

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,062,585	\$ 2,062,825	\$ 2,061,879	\$ (946)
Investment income	850	350	2,513	2,163
Total revenues	<u>2,063,435</u>	<u>2,063,175</u>	<u>2,064,392</u>	<u>1,217</u>
Expenditures:				
Debt service -				
Principal retirement	1,250,000	1,250,000	1,250,000	
Interest and fiscal charges	2,024,365	2,023,300	787,497	1,235,803
Total expenditures	<u>3,274,365</u>	<u>3,273,300</u>	<u>2,037,497</u>	<u>1,235,803</u>
Changes in fund balances	<u>(1,210,930)</u>	<u>(1,210,125)</u>	<u>26,895</u>	<u>1,237,020</u>
Fund balances, beginning of year	1,210,830	1,210,125	1,210,125	
Fund balances (deficits), end of year	<u>\$ (100)</u>	<u>\$</u>	<u>\$ 1,237,020</u>	<u>\$ 1,237,020</u>

**CITY OF COTTONWOOD, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ 705,495	\$ 236,945	\$ 207,048	\$ (29,897)
Total revenues	<u>705,495</u>	<u>236,945</u>	<u>207,048</u>	<u>(29,897)</u>
Expenditures:				
Capital outlay	12,387,255	12,939,145	267,102	12,672,043
Total expenditures	<u>12,387,255</u>	<u>12,939,145</u>	<u>267,102</u>	<u>12,672,043</u>
Excess (deficiency) of revenues over expenditures	<u>(11,681,760)</u>	<u>(12,702,200)</u>	<u>(60,054)</u>	<u>12,642,146</u>
Other financing sources (uses):				
Transfers out	(3,285,000)	(900,000)		900,000
Transfers in	292,500			
Total other financing sources (uses):	<u>(2,992,500)</u>	<u>(900,000)</u>	<u></u>	<u>900,000</u>
Changes in fund balances	<u>(14,674,260)</u>	<u>(13,602,200)</u>	<u>(60,054)</u>	<u>13,542,146</u>
Fund balances, beginning of year	14,674,260	13,602,200	13,602,200	
Fund balances, end of year	<u>\$</u>	<u>\$</u>	<u>\$ 13,542,146</u>	<u>\$ 13,542,146</u>

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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 City'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 City's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City'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 City's financial activities take place and to help make comparisons with other cities.

Operating Information

These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.

Due to cost considerations for the accumulation of data, the City has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

CITY OF COTTONWOOD, ARIZONA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 23,573,513	\$ 22,889,100	\$ 23,242,386	\$ 22,014,425	\$ 19,879,529
Restricted	2,034,245	15,552,386	15,770,678	16,794,972	15,803,361
Unrestricted	19,084,334	7,331,500	7,978,540	7,197,482	6,160,664
Total governmental activities net assets	<u>\$ 44,692,092</u>	<u>\$ 45,772,986</u>	<u>\$ 46,991,604</u>	<u>\$ 46,006,879</u>	<u>\$ 41,843,554</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 3,354,977	\$ 7,739,853	\$ 9,625,579	\$ 9,847,238	\$ 9,411,516
Restricted	2,557,735				
Unrestricted	18,780,859	17,575,709	16,318,069	16,983,936	17,757,892
Total business-type activities net assets	<u>\$ 24,693,571</u>	<u>\$ 25,315,562</u>	<u>\$ 25,943,648</u>	<u>\$ 26,831,174</u>	<u>\$ 27,169,408</u>
Primary government					
Invested in capital assets, net of related debt	\$ 26,928,490	\$ 30,628,953	\$ 32,867,965	\$ 31,861,663	\$ 29,291,045
Restricted	4,591,980	15,552,386	15,770,678	16,794,972	15,803,361
Unrestricted	37,865,193	24,907,209	24,296,609	24,181,418	23,918,556
Total net assets	<u>\$ 69,385,663</u>	<u>\$ 71,088,548</u>	<u>\$ 72,935,252</u>	<u>\$ 72,838,053</u>	<u>\$ 69,012,962</u>

(Continued)

CITY OF COTTONWOOD, ARIZONA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities:					
Invested in capital assets, net of related debt	\$ 15,984,073	\$ 13,203,698	\$ 11,768,874	\$ 8,734,998	\$ 5,533,106
Restricted	17,373,701	15,078,283	12,240,292	10,392,167	10,138,969
Unrestricted	<u>4,734,579</u>	<u>5,841,777</u>	<u>4,654,070</u>	<u>5,041,344</u>	<u>5,109,084</u>
Total net assets	<u><u>\$ 38,092,353</u></u>	<u><u>\$ 34,123,758</u></u>	<u><u>\$ 28,663,236</u></u>	<u><u>\$ 24,168,509</u></u>	<u><u>\$ 20,781,159</u></u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 6,664,535	\$ 3,026,355	\$ 19,861,056	\$ 20,232,323	\$ 20,721,636
Unrestricted	<u>19,720,865</u>	<u>21,354,969</u>	<u>2,308,144</u>	<u>2,251,193</u>	<u>1,651,327</u>
Total net assets	<u><u>\$ 26,385,400</u></u>	<u><u>\$ 24,381,324</u></u>	<u><u>\$ 22,169,200</u></u>	<u><u>\$ 22,483,516</u></u>	<u><u>\$ 22,372,963</u></u>
Primary government					
Invested in capital assets, net of related debt	\$ 22,648,608	\$ 16,230,053	\$ 31,629,930	\$ 28,967,321	\$ 26,254,742
Restricted	17,373,701	15,078,283	12,349,487	10,392,167	10,138,969
Unrestricted	<u>24,455,444</u>	<u>27,196,746</u>	<u>6,962,214</u>	<u>7,292,537</u>	<u>6,760,411</u>
Total net assets	<u><u>\$ 64,477,753</u></u>	<u><u>\$ 58,505,082</u></u>	<u><u>\$ 50,941,631</u></u>	<u><u>\$ 46,652,025</u></u>	<u><u>\$ 43,154,122</u></u>

Source: The source of this information is the City's financial records.

(Concluded)

CITY OF COTTONWOOD, ARIZONA
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenses					
Governmental activities:					
General government	\$ 5,162,738	\$ 5,174,022	\$ 5,611,820	\$ 4,316,367	\$ 5,431,120
Public safety	7,364,363	7,319,363	6,632,795	6,229,032	5,823,848
Highways and Streets	2,373,133	2,409,649	3,520,748	2,789,376	1,690,237
Culture and Recreation	3,347,540	3,092,946	1,499,241	1,210,892	1,461,968
Redevelopment and Housing	120,858	96,330	86,325	76,143	5,993
Interest on long-term debt	822,514	910,875	972,889	1,078,525	782,836
Total governmental activities	<u>19,191,146</u>	<u>19,003,185</u>	<u>18,323,818</u>	<u>15,700,335</u>	<u>15,196,002</u>
Business-type activities:					
Sewer	2,176,959	2,083,265	2,020,026	2,175,251	5,806,893
Water	5,988,525	6,113,747	5,964,337	6,515,516	2,111,798
Total business-type activities	<u>8,165,484</u>	<u>8,197,012</u>	<u>7,984,363</u>	<u>8,690,767</u>	<u>7,918,691</u>
Total expenses	<u>27,356,630</u>	<u>27,200,197</u>	<u>26,308,181</u>	<u>24,391,102</u>	<u>23,114,693</u>
Program Revenues					
Governmental activities:					
Fines, Fees and Charges for Services:					
General government	1,740,320	1,037,848	1,270,158	1,246,262	1,272,614
Public safety	178,281	164,832	161,427	162,592	163,902
Highways and Streets		69,734	85,326	83,937	106,112
Culture and Recreation	913,028	877,905	435,399	204,294	209,570
Redevelopment and housing	10,698				
Operating grants and contributions	1,359,992	1,825,975	2,595,064	1,607,763	1,563,547
Capital grants and contributions	293,486	327,435	1,251,278	1,728,638	766,878
Total governmental activities	<u>4,495,805</u>	<u>4,303,729</u>	<u>5,798,652</u>	<u>5,033,486</u>	<u>4,082,623</u>
Business-type activities:					
Charges for services					
Water	5,699,389	5,609,144	5,024,639	6,119,076	5,484,298
Sewer	1,448,862	1,556,036	1,528,026	1,509,393	1,556,314
Total business-type activities	<u>7,148,251</u>	<u>7,165,180</u>	<u>6,552,665</u>	<u>7,628,469</u>	<u>7,040,612</u>
Total program revenues	<u>11,644,056</u>	<u>11,468,909</u>	<u>12,351,317</u>	<u>12,661,955</u>	<u>11,123,235</u>
Net (Expense)/Revenue	<u><u>\$ (15,712,574)</u></u>	<u><u>\$ (15,731,288)</u></u>	<u><u>\$ (13,956,864)</u></u>	<u><u>\$ (11,729,147)</u></u>	<u><u>\$ (11,991,458)</u></u>

CITY OF COTTONWOOD, ARIZONA
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Governmental activities:					
General government	\$ 4,158,178	\$ 3,633,378	\$ 3,391,797	\$ 3,165,670	\$ 1,935,444
Public safety	5,340,930	4,999,751	3,955,040	3,754,576	3,440,847
Highways and Streets	1,919,302	1,768,236	1,756,480	1,178,261	2,088,749
Culture and Recreation	1,570,172	1,072,134	1,188,433	1,219,169	738,018
Redevelopment and Housing	7,726	330,859	12,895	59,157	
Interest on long-term debt	453,033	440,910	433,955	521,391	617,896
Total governmental activities	<u>13,449,341</u>	<u>12,245,268</u>	<u>10,738,600</u>	<u>9,898,224</u>	<u>8,820,954</u>
Business-type activities:					
Sewer	5,357,102	3,091,964	1,647,241		
Water	1,741,877	1,783,106	1,829,552	1,756,288	1,756,223
Total business-type activities	<u>7,098,979</u>	<u>4,875,070</u>	<u>3,476,793</u>	<u>1,756,288</u>	<u>1,756,223</u>
Total expenses	<u>20,548,320</u>	<u>17,120,338</u>	<u>14,215,393</u>	<u>11,654,512</u>	<u>10,577,177</u>
Program Revenues					
Governmental activities:					
Fines, Fees and Charges for Services:					
General government	1,106,685	1,291,421	1,061,751	942,135	905,345
Public safety	154,297	155,653	136,062	111,726	116,221
Highways and Streets	102,770	119,723	112,414	73,271	55,117
Culture and Recreation	166,496	133,373	128,879	150,514	145,247
Redevelopment and housing					
Operating grants and contributions	1,680,043	1,720,891	1,312,060	1,757,041	2,009,528
Capital grants and contributions	497,116	1,033,594	1,801,971	607,633	
Total governmental activities	<u>3,707,407</u>	<u>4,454,655</u>	<u>4,553,137</u>	<u>3,642,320</u>	<u>3,231,458</u>
Business-type activities:					
Charges for services					
Water	5,992,924	4,316,081	1,330,414		
Sewer	1,510,301	1,473,445	1,537,397	1,365,152	1,287,650
Total business-type activities	<u>7,503,225</u>	<u>5,789,526</u>	<u>2,867,811</u>	<u>1,365,152</u>	<u>1,287,650</u>
Total program revenues	<u>11,210,632</u>	<u>10,244,181</u>	<u>7,420,948</u>	<u>5,007,472</u>	<u>4,519,108</u>
Net (Expense)/Revenue	<u><u>\$ (9,337,688)</u></u>	<u><u>\$ (6,876,157)</u></u>	<u><u>\$ (6,794,445)</u></u>	<u><u>\$ (6,647,040)</u></u>	<u><u>\$ (6,058,069)</u></u>

Source: The source of this information is the City's financial records.

CITY OF COTTONWOOD, ARIZONA
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Revenue/(Expense)	\$ (15,712,574)	\$ (15,731,288)	\$ (13,956,864)	\$ (11,729,147)	\$ (11,991,458)
General Revenues:					
Governmental activities:					
Taxes:					
Sales taxes	10,579,983	10,624,971	10,212,304	10,298,594	10,102,433
Auto lieu taxes	602,832	582,707	590,201	640,922	667,929
Franchise Taxes	359,871	240,140	233,128	201,322	226,368
Unrestricted state shared revenue	1,831,024	1,890,634	2,199,106	2,487,459	2,526,405
Investment income	240,737	142,386	275,152	1,201,877	1,341,445
Total governmental activities	13,614,447	13,480,838	13,509,891	14,830,174	14,864,580
General Revenues:					
Business-type activities:					
Impact fees					148,861
Investment income	395,242	390,179	543,340	724,064	951,471
Gain of disposal of capital assets		13,567	832		
Total business-type activities	395,242	403,746	544,172	724,064	1,100,332
Changes in Net Assets	\$ (1,702,885)	\$ (1,846,704)	\$ 97,199	\$ 3,825,091	\$ 3,973,454

(Continued)

CITY OF COTTONWOOD, ARIZONA
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net Revenue/(Expense)	\$ (9,337,688)	\$ (6,876,157)	\$ (6,794,445)	\$ (6,647,040)	\$ (6,058,069)
General Revenues:					
Governmental activities:					
Taxes:					
Sales taxes	10,247,957	10,073,924	7,865,948	7,262,398	6,767,354
Auto lieu taxes	690,992	695,836	615,579	579,864	612,487
Franchise taxes	221,675	215,249	200,448		
Unrestricted state shared revenue	2,265,211	1,943,837	1,694,149	1,599,897	1,694,801
Investment income (loss)	1,028,744	637,714	304,066	201,095	(81,126)
Transfers	<u>(744,050)</u>	<u>(315,425)</u>	<u></u>	<u></u>	<u></u>
Total governmental activities	<u>13,710,529</u>	<u>13,251,135</u>	<u>10,680,190</u>	<u>9,643,254</u>	<u>8,993,516</u>
General Revenues:					
Business-type activities:					
Impact fees	123,038	457,503	292,026	462,773	263,414
Investment income	732,742	408,032	111,345	37,509	(15,379)
Other		7,513	490	1,407	990
Transfers	<u>744,050</u>	<u>315,425</u>	<u></u>	<u></u>	<u></u>
Total business-type activities	<u>1,599,830</u>	<u>1,188,473</u>	<u>403,861</u>	<u>501,689</u>	<u>249,025</u>
Changes in Net Assets	<u>\$ 5,972,671</u>	<u>\$ 7,563,451</u>	<u>\$ 4,289,606</u>	<u>\$ 3,497,903</u>	<u>\$ 3,184,472</u>

Source: The source of this information is the City's financial records.

CITY OF COTTONWOOD, ARIZONA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

<u>Year</u>	<u>Sales taxes</u>	<u>Occupancy taxes</u>	<u>Franchise taxes</u>	<u>Utility taxes</u>	<u>Total</u>
2012	\$ 10,265,355	\$ 104,143	\$ 359,871	\$ 210,485	10,939,854
2011	10,319,948	101,677	240,140	203,346	10,865,111
2010	9,925,087	93,694	233,128	193,523	10,445,432
2009	10,007,515	118,169	201,322	172,910	10,499,916
2008	9,809,638	117,091	226,368	175,704	10,328,801
2007	9,996,301	84,362	221,675	167,294	10,469,632
2006	9,849,837	84,108	215,249	139,979	10,289,173
2005	7,690,663	71,998	200,448	103,287	8,066,396
2004	6,907,731	66,026	194,534	94,107	7,262,398
2003	6,412,152	66,739	184,996	103,467	6,767,354

Sources: The City of Cottonwood, Arizona's Finance Department

Note: Tax revenues are subject to accrual; therefore, the taxes reported above on the accrual basis of accounting are the same as the tax revenues reported on the modified accrual basis of accounting.

CITY OF COTTONWOOD, ARIZONA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund:					
Nonspendable	\$ 35,436	\$ 36,961	\$	\$	\$
Assigned	2,214,190				
Unassigned	4,177,319	7,018,946			
Reserved			17,389	10,971	7,171
Unreserved			7,105,988	5,620,578	4,594,856
Total General Fund	<u>\$ 6,426,945</u>	<u>\$ 7,055,907</u>	<u>\$ 7,123,377</u>	<u>\$ 5,631,549</u>	<u>\$ 4,602,027</u>
All Other Governmental Funds:					
Nonspendable	\$ 31,164	\$ 11,450	\$	\$	\$
Restricted	2,034,245	15,540,936			
Assigned	12,906,562				
Unassigned	(479,188)				
Reserved			2,567,487	2,607,657	309,368
Unreserved, reported in:					
Special revenue funds			1,096,519	1,795,343	1,867,639
Capital projects funds			14,152,370	28,421,851	32,170,394
Debt service fund			(1,357,358)	(1,328,207)	1,335,401
Total all other governmental funds	<u>\$ 14,492,783</u>	<u>\$ 15,552,386</u>	<u>\$ 16,459,018</u>	<u>\$ 31,496,644</u>	<u>\$ 35,682,802</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:					
Nonspendable	\$	\$	\$	\$	\$
Assigned					
Unassigned					
Reserved	8,634	10,181	8,617	7,345	49,289
Unreserved	2,739,761	3,906,175	2,749,476	3,011,469	2,850,602
Total General Fund	<u>\$ 2,748,395</u>	<u>\$ 3,916,356</u>	<u>\$ 2,758,093</u>	<u>\$ 3,018,814</u>	<u>\$ 2,899,891</u>
All Other Governmental Funds:					
Nonspendable	\$	\$	\$	\$	\$
Restricted					
Assigned					
Unassigned					
Reserved	5,068,960	5,061,148	5,061,148	5,066,448	5,067,525
Unreserved, reported in:					
Special revenue funds	793,167	586,077	129,173	145,344	223,105
Capital projects funds	1,214,506	1,292,734	1,245,289	1,212,512	793,370
Debt service fund	10,449,717	8,261,550	5,843,855	4,118,507	4,071,740
Total all other governmental funds	<u>\$ 17,526,350</u>	<u>\$ 15,201,509</u>	<u>\$ 12,279,465</u>	<u>\$ 10,542,811</u>	<u>\$ 10,155,740</u>

Source: The source of this information is the City's financial records.

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.

CITY OF COTTONWOOD, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Taxes	\$ 10,939,854	\$ 10,865,111	\$ 10,445,432	\$ 10,499,916	\$ 10,328,801
Licenses and permits	120,239	141,637	164,880	250,544	406,296
Intergovernmental	3,953,440	4,618,408	6,634,866	6,464,915	5,506,436
Charges for services	2,322,410	1,780,365	1,767,486	1,359,950	1,170,904
Fines and forfeits	220,557	167,312	144,122	150,913	201,539
Rents and royalties	95,311	114,985	113,126	81,337	99,654
Miscellaneous	83,810	123,955	137,220	183,708	129,259
Contributions	133,894	8,343	783	1,297	18,323
Investment income	239,608	142,754	272,061	1,196,820	1,331,015
Total revenues	\$ 18,109,123	\$ 17,962,870	\$ 19,679,976	\$ 20,189,400	\$ 19,192,227
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Taxes	\$ 10,469,632	\$ 10,289,173	\$ 8,066,396	\$ 7,262,398	\$ 6,767,354
Licenses and permits	437,983	575,266	514,256	399,709	251,794
Intergovernmental	5,117,564	5,145,641	5,420,044	4,536,910	4,302,568
Charges for services	952,151	840,152	786,746	721,605	686,362
Fines and forfeits	197,862	217,603	188,403	136,045	144,252
Rents and royalties	93,460	73,865			
Miscellaneous	90,547	181,122	154,097	224,450	320,685
Contributions	15,798	619			
Investment income	1,019,753	631,846	300,983	199,159	(80,643)
Total revenues	\$ 18,394,750	\$ 17,955,287	\$ 15,430,925	\$ 13,480,276	\$ 12,392,372

Source: The source of this information is the City's financial records.

CITY OF COTTONWOOD, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Expenditures:					
Current -					
General government	\$ 4,909,750	\$ 4,561,617	\$ 5,207,435	\$ 4,587,995	\$ 4,953,976
Public safety	6,843,873	6,908,826	6,634,825	5,774,540	6,188,641
Highways and street	1,788,597	1,940,247	3,078,858	3,568,798	2,057,739
Culture and recreation	2,437,903	2,269,302	1,685,493	1,662,528	1,839,829
Redevelopment and housing	113,931	96,565	89,036	72,333	2,967
Capital outlay	1,872,067	738,814	14,438,028	5,175,228	3,101,630
Debt service -					
Principal Retirement	1,612,775	1,513,413	1,501,347	1,428,775	875,000
Interest on long-term debt	819,827	908,188	970,202	1,075,839	780,374
Bond issuance costs					401,879
Total expenditures	<u>\$ 20,398,723</u>	<u>\$ 18,936,972</u>	<u>\$ 33,605,224</u>	<u>\$ 23,346,036</u>	<u>\$ 20,202,035</u>
Expenditures for capitalized assets	\$ 1,751,100	\$ 1,166,761	\$ 15,341,751	\$ 7,748,356	\$ 5,061,717
Debt service as a percentage of noncapital expenditures	13%	14%	14%	16%	14%

(Continued)

CITY OF COTTONWOOD, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenditures:					
Current -					
General government	\$ 4,050,855	\$ 3,527,813	\$ 3,291,331	\$ 2,748,927	\$ 2,463,621
Public safety	6,073,567	4,792,440	3,888,439	3,700,437	3,378,651
Highways and street	1,926,129	1,296,764	2,576,666	1,206,585	1,789,262
Culture and recreation	2,055,696	1,557,929	1,647,340	1,174,615	1,147,835
Redevelopment and housing		324,972	7,420	45,317	
Capital outlay	209,127	19,406	4,841	1,527,010	519,808
Debt service -					
Principal Retirement	2,225,000	2,170,000	2,105,000	2,050,000	1,975,000
Interest on long-term debt	404,129	440,910	433,955	521,391	617,896
Bond issuance costs					
Total expenditures	<u>\$ 16,944,503</u>	<u>\$ 14,130,234</u>	<u>\$ 13,954,992</u>	<u>\$ 12,974,282</u>	<u>\$ 11,892,073</u>
Expenditures for capitalized assets	\$ 2,331,458	\$ 1,178,862	\$ 2,063,360	\$ 2,510,219	\$ 2,263,227
Debt service as a percentage of noncapital expenditures	18%	20%	21%	25%	27%

Source: The source of this information is the City's financial records.

(Concluded)

CITY OF COTTONWOOD, ARIZONA
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Excess (deficiency) of revenues over expenditures	\$ (2,289,600)	\$ (974,102)	\$ (13,925,248)	\$ (3,156,636)	\$ (1,009,808)
Other financing sources (uses):					
Issuance of long-term debt					19,935,000
Premium on issuance of long-term debt					348,142
Capital lease agreements	601,035		379,450		736,750
Transfers in			807,565	769,960	15,639,553
Transfers out			(807,565)	(769,960)	(15,639,553)
Total other financing sources (uses)	<u>601,035</u>		<u>379,450</u>		<u>21,019,892</u>
Changes in fund balances	<u>\$ (1,688,565)</u>	<u>\$ (974,102)</u>	<u>\$ (13,545,798)</u>	<u>\$ (3,156,636)</u>	<u>\$ 20,010,084</u>
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Excess (deficiency) of revenues over expenditures	\$ 1,450,247	\$ 3,825,053	\$ 1,475,933	\$ 505,994	\$ 500,299
Other financing sources (uses):					
Issuance of long-term debt					
Premium on issuance of long-term debt					
Capital lease agreements	450,683	570,679			361,212
Transfers in	1,719,306	1,171,803	1,082,493	2,171,893	882,044
Transfers out	(2,463,356)	(1,487,228)	(1,082,493)	(2,171,893)	(882,044)
Total other financing sources (uses)	<u>(293,367)</u>	<u>255,254</u>			<u>361,212</u>
Changes in fund balances	<u>\$ 1,156,880</u>	<u>\$ 4,080,307</u>	<u>\$ 1,475,933</u>	<u>\$ 505,994</u>	<u>\$ 861,511</u>

Source: The source of this information is the City's financial records.

CITY OF COTTONWOOD, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(In thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Construction	\$ 12,410	\$ 14,738	\$ 29,358	\$ 31,422	\$ 50,977
Manufacturing	5,803	6,026	5,998	7,647	9,782
Communications and utilities	12,786	12,226	12,768	5,662	5,651
Wholesale Trade	2,005	2,321	2,371	2,914	3,943
Retail Trade	236,753	227,250	226,677	235,180	277,900
Restaurants and Bars	29,636	27,550	27,579	27,731	29,610
Real estate, rental and lease	31,397	33,370	32,897	33,894	38,711
Hotels and Other Lodging	7,443	7,172	7,576	5,640	11,425
Services	8,359	8,127	8,168	8,208	8,983
All Others Not Specified	5,347	5,566	4,678	6,391	
Total	<u>\$ 351,939</u>	<u>\$ 344,346</u>	<u>\$ 358,070</u>	<u>\$ 364,689</u>	<u>\$ 436,982</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Construction	\$ 24,263	\$ 26,775	\$ 29,591	\$ 27,182	\$ 21,545
Manufacturing	10,679	10,489	10,182	7,182	5,273
Communications and utilities	5,651	5,387	7,409	4,864	6,636
Wholesale Trade	3,952	4,356	3,455	4,318	7,273
Retail Trade	310,058	292,781	231,227	106,591	178,818
Restaurants and Bars	31,504	27,845	23,909	21,364	20,091
Real estate, rental and lease	40,134	41,707	32,500	22,227	19,455
Hotels and Other Lodging	6,180	5,988	5,500	5,091	4,864
Services	8,582	8,639	8,727	12,636	16,500
All Others Not Specified	6,901	7,013	5,043	109,811	28,744
Total	<u>\$ 447,904</u>	<u>\$ 430,980</u>	<u>\$ 357,543</u>	<u>\$ 321,266</u>	<u>\$ 309,199</u>

Source: The source of this information is the Arizona Department of Revenue.

Note: Taxable sales were only available on a calendar year basis.

**CITY OF COTTONWOOD, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Overlapping Rates			
Fiscal Year Ended June 30	City of Cottonwood	Yavapai County	State of Arizona
2012	3.00	0.75	6.60
2011	3.00	0.75	6.60
2010	3.00	0.75	6.60
2009	3.00	0.75	5.60
2008	2.20	0.75	5.60
2007	2.20	0.75	5.60
2006	2.20	0.75	5.60
2005	2.20	0.70	5.60
2004	2.20	0.70	5.60
2003	2.20	0.70	5.60

Source: The source of this information is the Property Tax Rates and Assessed Values, Arizona Tax Research Foundation.

**CITY OF COTTONWOOD, ARIZONA
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities	Total Outstanding Debt		
	General Obligation and Other Bonds	Notes and Loans Payable	Capital Leases	Total	Revenue Bonds	Total Debt	Percentage of Personal Income	Per Capita
2012	\$ 290,000	\$ 18,237,557	\$ 1,057,258	\$ 19,584,815	\$ 33,690,000	\$ 53,274,815	14.50 %	4,691
2011	290,000	17,975,000	819,000	19,084,000	33,690,000	52,774,000	14.22	4,685
2010	425,000	19,045,000	1,127,000	20,597,000	34,610,000	55,207,000	13.76	4,533
2009	550,000	20,075,000	1,094,000	21,719,000	35,515,000	57,234,000	14.27	4,699
2008	670,000	21,060,000	1,418,000	23,148,000	36,380,000	59,528,000	14.93	5,287
2007	780,000	1,890,000	952,000	3,622,000	37,005,000	40,627,000	11.60	3,650
2006	1,740,000	3,155,000	698,000	5,593,000	37,305,000	42,898,000	12.56	3,927
2005	2,650,000	4,415,000	174,000	7,239,000	13,580,000	20,819,000	6.24	1,917
2004	3,515,000	5,655,000	219,000	9,389,000		9,389,000	3.04	880
2003	4,330,000	6,890,000	263,000	11,483,000		11,483,000	3.96	1,121

Source: The source of this information is the City's financial records.

**CITY OF COTTONWOOD, ARIZONA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Excise tax Backed Bonds</u>	<u>Taxable Sales</u>	<u>Percentage of outstanding bonds to taxable sales</u>	<u>Population</u>	<u>Net general obligation bonded debt per capita</u>
2012	290,000	351,940,000	0.08 %	11,356	25.54
2011	290,000	344,346,000	0.08	11,265	25.74
2010	425,000	358,070,000	0.12	12,180	34.89
2009	550,000	364,689,000	0.15	12,180	45.16
2008	670,000	436,982,000	0.15	11,260	59.50
2007	780,000	447,904,000	0.17	11,130	70.08
2006	1,740,000	430,980,000	0.40	10,925	159.27
2005	2,650,000	357,543,000	0.74	10,860	244.01
2004	3,515,000	321,266,000	1.09	10,665	329.58
2003	4,330,000	309,199,000	1.40	10,240	422.85

Sources: The City of Cottonwood, Arizona and the Department of Economic Security.

CITY OF COTTONWOOD, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Amount Overlapping Debt</u>
Overlapping Debt:			
Yavapai County	\$ 2,800,000	100.00%	\$ 2,800,000
Yavapai Community College	40,470,000	4.55%	1,841,385
Mingus Union High School District	12,950,000	44.98%	5,824,910
Total Overlapping Debt			<u>10,466,295</u>
Direct:			
City of Cottonwood			<u>19,584,815</u>
Total Direct Debt			<u><u>\$ 30,051,110</u></u>

Source: Arizona Department of Revenue.

Note: Proportion applicable to the City of Cottonwood, Arizona is computed on the ratio of net secondary assessed valuation for 2011-12.

**CITY OF COTTONWOOD, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Total Legal Debt Margin Calculation for Fiscal Year 2012:

Secondary assessed valuation	\$ 122,594,325
Debt limit (6%)	7,355,660
Debt applicable to limit	
Legal debt margin	<u>\$ 7,355,660</u>

Total Legal Debt Margin Calculation for Fiscal Year 2012:

Secondary assessed valuation	\$ 122,594,325
Debt limit (20%)	24,518,865
Debt applicable to limit	
Legal debt margin	<u>\$ 24,518,865</u>

Fiscal Year Ended June 30

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Debt limit	\$ 31,874,525	\$ 37,366,814	\$ 38,062,972	\$ 38,027,794	\$ 31,447,850
Total net debt applicable to limit					
Legal debt margin	<u>\$ 31,874,525</u>	<u>\$ 37,366,814</u>	<u>\$ 38,062,972</u>	<u>\$ 38,027,794</u>	<u>\$ 31,447,850</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt limit	\$ 27,494,198	\$ 23,969,189	\$ 21,646,907	\$ 20,224,541	\$ 17,717,350
Total net debt applicable to limit					
Legal debt margin	<u>\$ 27,494,198</u>	<u>\$ 23,969,189</u>	<u>\$ 21,646,907</u>	<u>\$ 20,224,541</u>	<u>\$ 17,717,350</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

Source: The source of this information is the City's financial records.

Note: For statutory purposes, the City's outstanding bonds are not considered general obligation bonds subject to the statutory limits listed above because the City's bonds outstanding were secured by sales taxes rather than property taxes.

**CITY OF COTTONWOOD, ARIZONA
PLEDGED REVENUE COVERAGE
LAST EIGHT FISCAL YEARS**

Water Revenue Bonds						
Fiscal Year	Water Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2012	\$ 6,046,477	\$ 3,627,892	\$ 2,418,585	\$ 920,000	\$ 1,592,304	0.96
2011	5,987,454	3,109,285	2,878,169	920,000	1,561,373	1.16
2010	5,499,709	3,296,423	2,203,286	905,000	1,624,304	0.87
2009	6,695,522	3,868,029	2,827,493	865,000	1,653,779	1.12
2008	6,250,028	3,158,315	3,091,713	625,000	1,672,104	1.35
2007	6,633,214	2,782,507	3,850,707	300,000	1,678,854	1.95
2006	4,641,070	1,464,254	3,176,816	240,000	1,084,643	2.40
2005	1,385,599	916,353	469,246		425,007	1.10

General Obligation Bonds				
Fiscal Year (3)	Transaction Privilege (Sales) Taxes	Debt Service Principal	Debt Service Interest	Coverage
2012	\$ 10,579,983	\$ 135,000	\$ 23,500	66.75
2011	7,794,838	135,000	23,500	49.18
2010	7,455,750	125,000	30,400	47.98
2009	6,889,345	120,000	37,000	43.88
2008	7,885,943	110,000	42,995	51.54

General Arizona Development Authority Loans				
Fiscal Year (3)	Transaction Privilege (Sales) Taxes	Debt Service Principal	Debt Service Interest	Coverage
2012	\$ 10,579,983	\$ 1,070,000	\$ 977,703	5.20
2011	9,685,372	1,070,000	842,577	5.06
2010	9,654,856	1,030,000	885,492	5.04
2009	9,376,804	985,000	926,613	4.91
2008	10,412,348	765,000	726,245	6.98

Source: The source of this information is the City's financial records

Notes: 1) Water charges and other includes charges for services, impact fees, capacity fees, investment income, and miscellaneous revenues.

2) Operating expenses do not include depreciation and interest expense

3) Information prior to 2008 is not available.

**CITY OF COTTONWOOD, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>School Enrollment</u>	<u>City of Cottonwood Unemployment Rate</u>
2012	11,356	\$367,536,940	\$ 29,586	2,889	8.20 %
2011	11,265 ¹	371,012,775	32,935	3,108	10.40 ²
2010	12,180	401,148,300	32,935	2,722	9.70
2009	12,180	401,148,300	32,935	2,876	9.10
2008	11,260	398,795,420	35,417	3,369	5.10
2007	11,130	350,127,540	31,458	3,008	3.70
2006	10,925	341,425,720	31,252	3,190	3.90
2005	10,860	333,904,040	30,746	3,432	3.90
2004	10,665	309,135,690	28,986	2,981	3.60
2003	10,240	289,976,320	28,318	2,642	4.50

Sources: The City of Cottonwood, Arizona and the Economic Estimates Commission.

¹ U.S. Census Bureau 2010 Census

² Yavapai County Unemployment Rate

**CITY OF COTTONWOOD, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE FISCAL YEARS AGO**

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Verde Vally Medical Center	806	16.23 %	637	20.04 %
Wal-Mart	430	8.66	308	9.69
Cottonwood Oak Creek Schools	185	3.73	139	4.37
City of Cottonwood	182	3.67	119	3.74
Mingus Union High School	140	2.82	158	4.97
Fry's	125	2.52	85	2.67
Verde Valley Guidance Clinic	125	2.52	100	3.15
Home Depot	120	2.42		
Safeway	95	1.91	91	2.86
Larry Greens	50	1.01		
Food City	49	0.99	70	2.20
Oxendales	40	0.81		
Griffith Enterprises			62	1.95
Total	<u>2,347</u>	<u>47.29 %</u>	<u>1,769</u>	<u>55.64 %</u>
Total employment	<u>4,965</u>		<u>3,178</u>	

Source: The source of this information is the City's records.

CITY OF COTTONWOOD, ARIZONA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government					
Management Services	14.8	10.8	11.8	8.8	7.8
Finance	4.2	4.2	4.2	4.2	4.2
Planning	4.0	6.0	6.0	6.0	6.5
Building				3.5	3.5
Legal	1.0	1.0			
Court	6.0	6.0	6.0	5.0	6.0
Total general government	<u>30.0</u>	<u>28.0</u>	<u>28.0</u>	<u>27.5</u>	<u>28.0</u>
Public Safety					
Police	49.5	46.5	47.5	47.5	47.0
Firefighters	28.0	29.0	29.0	16.0	16.0
Total public safety	<u>77.5</u>	<u>75.5</u>	<u>76.5</u>	<u>63.5</u>	<u>63.0</u>
Public Works					
Engineering	6.0	6.0	6.0	4.5	4.5
Others	4.0	3.0	3.0		
Streets	5.5	5.0	6.0	6.5	6.5
Total public works	<u>15.5</u>	<u>14.0</u>	<u>15.0</u>	<u>11.0</u>	<u>11.0</u>
Parks and Recreation	19.5	21.0	21.0	13.0	13.0
Library	11.0	10.0	11.0	11.0	11.0
Water	18.1	17.3	16.2	16.8	17.2
Sewer	10.4	10.3	10.4	10.3	9.8
Transit		11.0	11.0	11.0	11.0
Total	<u>182.0</u>	<u>187.1</u>	<u>189.1</u>	<u>164.1</u>	<u>164.0</u>

(Continued)

CITY OF COTTONWOOD, ARIZONA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government					
Management Services	6.8	5.3	5.3	5.3	5.3
Finance	4.2	2.7	2.7	2.7	3.7
Planning	6.5	6.5	6.5	6.5	5.5
Building	3.5	3.5	2.5	2.5	2.5
Legal	2.0	2.0			1.5
Court	6.0	6.0	3.5	3.5	3.5
Total general government	<u>29.0</u>	<u>26.0</u>	<u>20.5</u>	<u>20.5</u>	<u>22.0</u>
Public Safety					
Police	47.0	45.0	44.0	42.0	42.0
Firefighters	16.0	16.0	14.0	12.0	11.0
Total public safety	<u>63.0</u>	<u>61.0</u>	<u>58.0</u>	<u>54.0</u>	<u>53.0</u>
Public Works					
Engineering	4.5	3.3	3.3	3.3	3.3
Others					
Streets	6.5	6.3	6.5	6.5	6.5
Total public works	<u>11.0</u>	<u>9.6</u>	<u>9.8</u>	<u>9.8</u>	<u>9.8</u>
Parks and Recreation	13.0	13.0	11.0	11.0	11.0
Library	11.0	9.0	8.0	9.0	9.0
Water	16.2	9.3			
Sewer	9.8	9.3	8.3	8.3	8.3
Transit	10.0	8.0	8.0	6.0	6.0
Total	<u>163.0</u>	<u>145.2</u>	<u>123.6</u>	<u>118.6</u>	<u>119.1</u>

Source: The source of this information is the City's Annual Budget.

(Concluded)

**CITY OF COTTONWOOD, ARIZONA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Function										
General Government										
Building Permits Issued	251	208	205	240	454	440	830	767	485	418
Police										
Physical Arrests	1,564	1,292	1,675	1,596	1,325	1,584	1,230	953	923	904
Parking Violations	75	127	86	N/A	1	10	68	114	68	70
Traffic Violations	1,850	1,607	2,261	1,348	1,872	1,820	2,405	2,679	2,322	2,646
Fire										
Emergency Responses	2,804	2,550	2,377	2,478	2,455	2,356	1,970	1,970	1,580	1,745
Fires Extinguished	247	242	211	252	181	183	225	161	170	N/A
Inspections	1,559	2,063	1,865	1,805	1,287	654	1,001	1,001	649	1,038
Other Public Works										
Street Resurfacing (Miles)	N/A	8.25	6	N/A	N/A	N/A	2	8	N/A	N/A
Library										
Volumes in Collection	96,673	102,015	89,300	98,000	96,332	93,469	86,182	83,334	76,733	71,000
Total Volumes Borrowed	245,786	246,786	377,110	343,000	327,324	349,783	309,351	281,845	269,950	250,269
Water										
New Connections	12	26	13	8	33	59	248	N/A	N/A	N/A
Water Main Breaks	150	237	212	197	170	131	82	N/A	N/A	N/A
Average Daily Consumption (Thousands of Gallons)	2,096	2,073	2,595	1,257	263	261	115	N/A	N/A	N/A
Peak Daily Consumption (Thousands of Gallons)	2,714	2,654	3,452	1,664	34	27	183	N/A	N/A	N/A
Wastewater										
Average Daily Sewage Treatment (Thousands of Gallons)	983	957	963	940	960	1,017	987	910	910	789
Transit										
Total Route Miles	N/A	94,804 *	180,230	230,457	221,819	219,483	179,644	105,046	94,630	94,630
Passengers	N/A	2,099 *	48,164	50,622	55,330	48,212	40,830	36,745	36,115	36,115

Source: The source of this information is the City's facilities records.

- Notes:** 1) N/A indicates the information was either not available or not applicable
2) * The significant decline was due to the elimination of a portion of the City's transit.

**CITY OF COTTONWOOD, ARIZONA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police										
Police Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	20	30	19	17	24	19	16	18	16	16
Fire Stations	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (Miles)	63	63	63	60	60	60	60	60	60	60
Highways (Miles)	10	10	10	10	10	10	10	10	10	10
Streetlights	644	644	644	646	646	646	646	598	597	597
Traffic Signals	10	10	10	10	10	10	10	9	8	8
Parks and Recreation										
Acreage	125	125	125	121	121	121	121	121	121	121
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/Softball Diamonds	8	8	8	8	6	5	5	5	5	5
Soccer/Football Fields	4	3	3	2	1	1	1	1	1	1
Community Centers	2	2	2	1	1	1	1	1	1	1
Water										
Water Mains (Miles)	94	92	92	90	87	87	N/A	N/A	N/A	N/A
Fire Hydrants	569	558	558	558	349	349	N/A	N/A	N/A	N/A
Storage Capacity (Thousands of Gallons)	3,208	3,208	3,209	5,336	7,836	7,836	N/A	N/A	N/A	N/A
Wastewater										
Sanitary Sewers (Miles)	49	49	49	49	48	35	35	35	35	35
Treatment Capacity (Millions of Gallons)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Transit										
Minibuses	N/A	N/A	9	7	7	6	6	6	6	6

Source: The source of this information is the City's facilities records.

Note: N/A indicates that the information is not available.

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date:	February 5, 2013
Subject:	Revised Animal Code
Department:	City Clerk
From:	Autumn Durnez, Ordinance Enforcement

REQUESTED ACTION

First reading of Ordinance 592, repealing and replacing the City's current animal code.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

N/A. First reading.

BACKGROUND

Ordinance enforcement staff has determined that the City's current animal code is out-of-date, vague, and difficult to navigate. This makes it hard for the public and the City's ordinance enforcement officers to know in many cases what is allowed, required, and/or prohibited, and what does or may constitute a violation.

Staff has spent many months researching animal related laws in other states, counties, and municipalities, and consulted consulting with several other agencies, and believes the proposed revisions to the City's animal code will better serve and benefit the community and employees enforcing it.

JUSTIFICATION/BENEFITS/ISSUES

The City's current animal code is dated and in many cases open to varying interpretation, and this increases the potential for abuse and cruelty to animals inside the City. The proposed new code is clearer and better-organized, and covers issues that the current code does not cover.

COST/FUNDING SOURCE

N/A

ATTACHMENTS:

Name:

Description:

Type:

 [ord592.doc](#)

Ordinance Number 592

Cover Memo

ORDINANCE NUMBER 592

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, AMENDING THE MUNICIPAL CODE BY DELETING TITLE 6 ANIMALS, IN ITS ENTIRETY; ADDING A NEW TITLE 6, ANIMALS; AND AMENDING SECTION 1.12.010 OF THE MUNICIPAL CODE.

WHEREAS, the City Council finds it necessary and appropriate to update the chapter of the Municipal Code pertaining to the keeping, care, and treatment of animals;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, AS FOLLOWS:

Section 1. That Title 6, Animals, of the Municipal Code is hereby deleted in its entirety, and a new Title 6, Animals, is hereby adopted as follows:

Title 6 - ANIMALS

Chapters:

Chapter 6.01 - Introduction

Chapter 6.04 - Impoundment

Chapter 6.08 - General requirements

Chapter 6.11 - License-Vaccination-Rabies

Chapter 6.12 - Dogs

Chapter 6.13 - Vicious Dogs

Chapter 6.01 - INTRODUCTION

Chapter 6.01.010 - INTRODUCTION AND DEFINITIONS

6.01.010 - Introduction.

The purpose and intent of Title 6 is to protect public health and safety and promote the general welfare of citizens and animals residing within the City in accordance with the Arizona State Statues. Pet ownership is encouraged and welcomed when it is accompanied by responsible, caring, humane, and legal treatment of the animal.

6.01.020 - Definitions.

The following words, terms and phrases, when used in Title 6, shall have the meanings ascribed to them below, except where the context clearly indicates a different meaning:

- A. "Abandon" means the act of placing an animal on public property or within a public building, unattended or uncared for, or on or within the private property of another without the express permission of the owner, custodian or tenant of the private property. An animal shall also be considered abandoned when it has been unattended and without adequate food, water, ventilation or shelter, for a period in excess of twenty-four (24) hours, regardless of where such animal may be found or kept.
- B. "Abuse" refers to physical injury, physical pain, and death.
- C. "Animal Shelter" means any facility designated by the City for the purpose of housing and caring for animals held under the authority of this chapter.
- D. "At large" means off the premises of the owner, not under the control of the owner or other persons acting for the owner by physical restraint on a leash.
- E. "Baiting" means to attack with violence, to provoke, or to harass an animal with one or more animals for the purpose of training an animal for, or to cause an animal to engage in, fights with or among other animals.
- F. "Bite" means any actual puncture, tear, or abrasion of the skin inflicted by the teeth of an animal.
- G. "Caregiver" refers to the responsible person caring for a maintained colony of cats.
- H. "Cat" means the domestic cat, felis catus.
- I. "Citation" means a written notice issued to a person by an officer stating that the officer has probable cause to believe that the person has committed an infraction of this chapter and that the court will hear the charge.
- J. "Collar" means a band, chain, harness or suitable device worn around the neck of a dog to which a license may be affixed.
- K. "Dog" means any domesticated member of the canis familiaris family.
- L. "Domestic" refers to a household pet of a tame nature.

M. "Ear -tipping" is a straight line cutting of the tip of the left ear of a cat while the cat is under anesthesia.

N. "Feral "means any wild cat or dog, whether it was born in the wild or reverted to a wild state due to abandonment or lack of domestication.

O. "Fowl" means poultry of any kind, including but not limited to chickens, pheasants, guineas, turkeys, peacocks, ducks, and geese.

P. "Leash" means a line made of rope, chain or other suitable material, not less than one-quarter inch in diameter the purpose of which is to restrain a dog.

Q. "Livestock "means all animals of the equine, bovine, ratite or swine class. This includes goats, sheep, mules, horses, hogs, cattle, ostriches, and other grazing animals.

R. "Maintained Colony" refers to a group of cats being taken care of in a TNR ("Trap Neuter Return") Program.

S. "Motor vehicle" includes, without limitation, an automobile, a pickup truck, or any self-propelled vehicle or a trailer that is drawn by a self-propelled vehicle.

T. "Neglect" means an act involving failure to provide for animal health or safety, including but not limited to failure to provide adequate food, water, shelter, exercise, or necessary veterinary care to an animal or to adequately confine an animal in a manner appropriate to its species, breed, age, and condition

U. "Nuisance" means that which causes offence, annoyance, trouble or injury.

V. "Ordinance Enforcement Officer" means a person employed by the City of Cottonwood responsible for the enforcement of this chapter and the regulations promulgated thereunder.

X. "Owner" means any person, partnership, corporation or other legal entity owning, harboring, or keeping any animal, or in the case of a person under the age of 18 years of age, that person's parent or legal guardian. This definition shall not apply to any veterinary clinic or boarding kennel.

Y. "Pound" means any establishment authorized by the City for the confinement, maintenance, safekeeping and control of dogs that come into the custody of the police department.

Z. "Scratch" means that the skin has been penetrated by an animal's claws, horn, or other appendage.

AA. "Spayed or neutered" means rendered permanently incapable of reproduction by a licensed veterinarian.

BB. "TNR Program" refers to a program pursuant to which feral and stray cats are humanely trapped, and taken to a veterinarian to be evaluated, neutered or spayed, and vaccinated against rabies, and returned to the colony location where they were collected or safely relocated to a more appropriate location.

CC. "Vaccination" means the inoculation of an animal against rabies in accordance with state law.

DD. "Veterinarian" means a person trained and authorized to treat animals medically who is duly licensed and registered.

EE. "Vicious Dog" means any dog that bites human beings without provocation; or with a known propensity, tendency or disposition to bite human beings; or any dog that, while at large, kills or causes injury to domestic animals; or that has been so declared after a hearing before a city magistrate or a justice of the peace.

Chapter 6.04 - IMPOUNDMENT

6.04.010 - Poundmaster-Designated

6.04.020 - Deputy poundmaster

6.04.030 - Impeding poundmaster prohibited

6.04.040 - Animals at large-Impoundment

6.04.050 - Biting animals-Examination

6.04.060 - Contracting for services

6.04.010 - Poundmaster - Designated.

The chief of police is designated poundmaster for the City of Cottonwood.

6.04.020 - Deputy Poundmaster.

The poundmaster shall appoint any deputy poundmaster he may deem necessary for the proper performance of the work and duties of the poundmaster, and any such deputy is empowered to perform any of the duties of the poundmaster set forth in this chapter.

6.04.030 - Impeding poundmaster prohibited.

It is unlawful for any person to interfere with, impede, prevent, obstruct, intimidate, or attempt to interfere with, impede, prevent, obstruct, or intimidate the poundmaster or

his deputies: in the discharge of their duties in taking up or attempting to take up and impound any and all animals under the provisions of this Title 6; or to release any animal so impounded.

6.04.040 - Animals at large-Impoundment.

A. The poundmaster and his deputies shall impound all domesticated animals, poultry, or livestock found at large, or not in the charge or under the care or control of some person, in the streets, alleys or other public places or vacant or unenclosed lots in the city.

1. If the owner of any impounded livestock be known to the poundmaster and shall reside or have a known place of business inside the city limits, the poundmaster shall notify the owner of such livestock in person, by phone, or by letter through the post office within twenty-four (24) hours after such livestock has been taken up and impounded. The notice shall contain a description of the livestock and shall state that unless reclaimed, such livestock shall be sold at public auction to the highest bidder at the time and place specified in the notice. Copies of the notice shall be posted at the place of impoundment and at the City Hall.

2. If the owner of any livestock shall, within five (5) days after such livestock has been taken up and impounded, apply to the poundmaster and pay all fees and charges accrued, the poundmaster shall release the animal to the owner.

3. All livestock taken up and impounded under the provisions of this chapter which have not been claimed or for which the fees and charges have not been paid to the poundmaster by the owner within five (5) days, shall at the time provided in the notice to owner, be sold by the poundmaster at public auction to the highest cash bidder. The poundmaster shall execute a bill of sale in favor of the purchaser of such livestock and upon payment of the amount bid shall deliver the bill of sale to the purchaser. The poundmaster shall immediately pay to the clerk the proceeds of the sale of any such livestock, after deducting any fees and charges accrued. Any proceeds shall be paid to the owner of the livestock if he appears and claims the same within thirty (30) days after the sale, and if not, then the proceeds shall be paid into the general fund of the city.

B. The poundmaster shall provide for the keeping of all animals taken up and impounded by him or his deputies in a safe, convenient and comfortable place within or conveniently near the city limits and shall feed such animals at least once every twenty-four (24) hours and treat them in a humane manner during the time they are impounded, which shall not be less than five (5) days, unless sooner claimed by the owner, except dogs which shall be kept as provided in Chapter 6.12.

C. If the owner of any animal, other than a dog, shall, within five (5) days after such animal has been taken up and impounded, apply to the poundmaster and pay all fees and charges accrued, the poundmaster shall release the animal to the owner.

6.04.050 - Biting animal-Examination.

Whenever any animal, other than dogs, cats or ferrets which are addressed under Section **6.11.050**, bites a person, the person so bitten and the owner of the animal shall immediately notify the police department, which shall cause an examination of the animal to be made by a duly licensed physician or a duly licensed veterinarian, and shall order the animal impounded as long as necessary for a complete examination. If it is determined that the animal is infected with rabies or other dangerous, contagious and infectious disease the police department may destroy such animal in as humane a manner as is reasonably possible. If at the end of the quarantine or impoundment, a veterinarian is convinced that the animal is free from such diseases, the animal shall be released. If the animal dies during the period of quarantine or impoundment, it shall be sent to the laboratory at the Department of Health Services for examination in accordance with the Department's rules and regulations.

6.04.060 - Contracting for services.

The city council may enter into a contract with any organization for the operation of the animal pound and may enter into a contract with any licensed veterinarian for the medical care and humane disposal of animals impounded under the provisions of this title.

Chapter 6.08 - GENERAL REQUIREMENTS

6.08.010 - Care requirements.

6.08.020 - Cruel treatment prohibited.

6.08.030 - Trapping.

6.08.040 - Housing requirements.

6.08.050 - Feeding of feral animals.

6.08.060 - Noisy animals prohibited.

6.08.070 - Removal of animal waste.

6.08.080 - Diseased animals.

6.08.090 - Sale or giveaway of animals prohibited.

6.08.100 - Protection of animals and public.

6.08.110 - Dangerous animals-Prohibited.

6.08.120 - Dangerous animals-Killing permitted when.

6.08.130 - Bees-Keeping-Permission required.

6.08.140 - Cats.

6.08.150 -Cats-TNR program.

6.08.160 - Violation-Penalties.

6.08.010 - Care requirements.

A. Any animal restrained on an owner's premises shall be cared and provided for. Care of an animal shall include, but not be limited to, a clean, safe shelter that provides protection from the weather at all times, veterinary care, sufficient heat and ventilation, wholesome food and water, and exercise consistent with the normal requirements and feeding habits of the animal's size, species, and breed.

B. The owner or caretaker of an animal shall provide clean water for the animal in a sufficient quantity to maintain the animal in a healthy condition. Water shall be provided at all times in a stable container that is sized appropriately for the animal's species and breed.

C. Owners and caretakers of animals shall provide all health-related grooming, cleaning and parasite control required to ensure that the animals are maintained in a humane state and able to carry out normal activities.

D. The owner or caretaker to any sick or injured animal shall seek veterinary care when needed to prevent suffering.

E. A person who violates this section will be guilty of a class 2 misdemeanor.

6.08.020 - Cruel treatment prohibited.

A. It is unlawful for any person to torture or mistreat any animal whether the person is an owner or not of the animal.

B. No person shall unnecessarily overload, overdrive, torture or torment, deprive of necessary sustenance or shelter, beat, mutilate, or inhumanely kill, or otherwise abuse any animal or cause or permit the same to be done.

C. No person shall abandon any animal.

D. Any person who commits any of the following acts shall be in violation of this section:

1. Baiting, breeding, training, transporting, selling, owning, possessing, or using any wild or domestic animal for the purpose of animal fighting or baiting;

2. Betting or wagering any money or other valuable consideration on the fighting or baiting of animals.

3. Attending the fighting or baiting of animals.

4. Providing or allowing property for use in the housing, training, transport, fighting or baiting of animals.

E. It is unlawful for any person to poison any domestic animal, which term includes but is not limited to poultry and livestock, or to distribute poison in any manner whatsoever with the intent or the purpose of poisoning any domestic animal, or to willfully injure or disfigure any domestic animal, within the city, except that any officer or agent of the United States or of this state or of the city who exposes poison to be taken by predatory animals shall be exempted from the provisions of this section.

F. A person who violates this section will be guilty of a class 1 misdemeanor.

6.08.030 -Trapping.

Any person who is a property owner or agent of property owner may trap domestic animals or feral animals on their property by use of humane live traps only. Trapped domestic animals or feral animals may be turned over to an ordinance enforcement officer. The relocation and abandonment of any species of domestic animal or feral animal is strictly prohibited.

6.08.040 -Housing requirements.

Any person who keeps or causes to be kept any horses, mules, cattle, burros, goats, sheep or other livestock, poultry within the corporate limits of the city, as allowed by the specific zoning ordinances associated with the property, shall keep such livestock or poultry in a pen or similar enclosure to prevent them from roaming at large. Any such livestock or poultry running at large may be impounded as provided in this chapter. It is unlawful to cause or allow any stable, pen, or other enclosure where any animal is or may be kept to become unclean or unwholesome.

A person who violates this section will be guilty of a class 2 misdemeanor.

6.08.050 -Feeding of feral animals

A. It is unlawful to feed or harbor any feral animal within city limits as feral animals constitute health and environmental risks to domesticated animals, wildlife and persons.

B. Exceptions are as follows:

A person may feed or harbor a feral animal on their own private property as long as:

1. The person accepts legal responsibility for the feral animal and ensures compliance with all provisions of this chapter; and
2. The feral animal has been spayed or neutered; and
3. The feral animal is kept currently vaccinated against rabies.

6.08.060 - Noisy animals prohibited.

A. It is unlawful for any person to keep or harbor within the city any animal which frequently or for continuous duration barks, howls, whines, or makes other noises by day or night and disturbs the peace and quiet of any reasonable person or family.

B. No person shall keep or harbor an animal which barks, howls, whines, or makes other noises in violation of this section. It shall be a violation of this section if the barking , howling, whining, or other noises that are made continually occur and are audible beyond the property line of the premises on which the animal is located if:

1. It occurs for more than five (5) minutes between the hours of 10:00 p.m. and 8:00 a.m.; or
2. It occurs for more than fifteen (15) minutes between the hours of 8:00 a.m. and 10:00 p.m.; or
3. For a shorter duration than cited above, but on more than five (5) occasions within a given ten (10) day period if attested to by complaints from two or more separate properties.

C. It shall be a defense to such violation if the owner of an animal proves by a preponderance of the evidence that the animal was barking, howling, whining, or making other noises because it was being provoked by a person or otherwise being incited to make noise.

6.08.070 - Removal of animal waste.

A. The owner or custodian of any animal, including but not limited to dogs, cats, livestock, horses, or any other animal under his or her control within the City of Cottonwood, shall be responsible for the immediate clean up and proper disposal of all feces deposited by an animal on public property including but not limited to sidewalks,

walkways, trails, recreation areas, and parks, or on any privately owned property without the consent of the owner.

B. Exceptions to this section shall include: unsighted persons while relying on a guide dog; police officer or other law enforcement officer accompanied by police dogs; or horses and or livestock at the equestrian center or taking part in an authorized public event or parade that have separate rules and regulations regarding the collection and removal of animal feces.

6.08.080 - Diseased animals.

A. It is unlawful to allow any domestic animal afflicted with a contagious or infectious disease to run at large, or to be exposed in any public place whereby the health of man or animal may be affected. It is unlawful for such diseased animal to be shipped or removed from the premises of its owner, except under the supervision of the police chief or ordinance enforcement officer.

B. It is the duty of the police chief or ordinance enforcement officer, at the owner's expense and under the direction of a licensed veterinarian and/or health official, to secure such disposition of any diseased animal and such treatment of affected premises as to prevent the communication and spread of the contagion or infection, except in cases where the State Health Officer or State Veterinarian is empowered to act.

6.08.090 -Sale or giveaway of animals prohibited.

A. It is unlawful for any business or store to allow any person(s) to sell or give away any animal in front of any business or store in the city limits of Cottonwood, Arizona.

B. It is unlawful for any person(s) to give away or sell any animal in front of any business, store or on the side of any public roadway in the city limits of the city of Cottonwood, Arizona.

6.08.100 - Protection of animals and public.

A. No person shall transport or carry on any public highway or public roadway, any dog or other animal in or on a motor vehicle unless the dog or other animal is enclosed within the vehicle or protected by a container, cage, cross-tether, or other device to prevent the animal from falling from, being thrown from, or jumping from said motor vehicle.

B. Any animal in a parked motor vehicle shall be confined in the manner set forth above so as to prevent it from reaching to or beyond the outside edge of such vehicle with any portion of its body. A law enforcement officer or an animal control officer

shall be empowered to remove an animal that is not so confined from a motor vehicle when it appears that said animal may itself be in danger or when it appears that said animal may endanger the safety of the public.

C. No person shall leave or confine any animal in any unattended motor vehicle under conditions that endanger the health or well-being of an animal due to heat, cold, lack of adequate ventilation, or lack of food or water, or other circumstances that could reasonably be expected to cause suffering, disability, or death to the animal.

1. Removal authorized. A law enforcement officer or ordinance enforcement officer shall be empowered to take all steps that are reasonably necessary to remove an animal from a motor vehicle if the animal's safety, health, or well-being appears to be in immediate danger from heat, cold or lack of adequate ventilation and the conditions could reasonably be expected to cause extreme suffering or death, pursuant to Arizona Revised Statutes Section 13-2910.

2. Notice required. A law enforcement officer or ordinance enforcement officer who removes an animal in accordance with the foregoing subsection 1 shall, in a secure and conspicuous location on or within the motor vehicle, leave written notice bearing the officer's or agent's name and office and the address of the location where the animal may be claimed. The owner may claim the animal only after payment of all charges that have accrued for the maintenance, care, medical treatment and impoundment of the animal.

D. A person who violates this section will be guilty of a class 1 misdemeanor.

6.08.110 - Dangerous animals-Prohibited.

It is unlawful to permit any dangerous or vicious animal of any kind to run at large within the city and such animals shall be immediately impounded by the police department. Exhibitions or parades of animals which are of a feral or wild nature in the eyes of the law may be conducted only upon securing a permit from the chief of police.

6.08.120 - Dangerous animals-Killing permitted when.

The members of the police department or any other persons in the city are authorized to kill any dangerous animals of any kind when it is necessary for the protection of any person, animal or property in a safe and humane manner.

6.08.130 - Bees-Keeping-Permission required.

It is unlawful to keep or care for bees or maintain any stands or hives of bees within the corporate limits of the city without the written permission of the city council.

6.08.140 - Cats.

No owner of any cat shall allow the animal to freely roam out of doors unless it has been spayed or neutered. The owner of each spayed or neutered cat shall keep a record for each cat from a duly licensed veterinarian containing a description of the cat, the name of the owner and the date on which the spaying or neutering took place, as well as proof of current rabies vaccination as described in Section 6.11.040.

6.08.150 - Cats-TNR Program.

A. Any person or organization conducting a program for the reduction of feral cats through a TNR program within the City may do so with their own funding and personnel under the following guidelines:

B. Every TNR Program must maintain current contact information with Ordinance Enforcement for the care giver, in the event that complaints are received concerning the colony.

C. Every TNR Program must remove each cat in the maintained colony to be sterilized, vaccinated as provided in Section 6.11.040, tested for the transmittable diseases Feline leukemia virus (FeLV) and feline immunodeficiency virus (FIV), and ear-tipped.

D. Every TNR Program must maintain each of the following documented records;

1. A detailed description of each cat in the maintained colony;

2. Proof each cat in the maintained colony has been sterilized, vaccinated as provided in Chapter **6.11.040**, tested for the transmittable diseases feline leukemia virus (FeLV) and feline immunodeficiency virus (FIV), and ear-tipped OR are being actively trapped so as to perform sterilization, vaccinations as provided in **Chapter 6.11.040**, tested for the transmittable diseases feline leukemia virus (FeLV) and feline immunodeficiency virus (FIV), and ear-tipped;

3. Specific feeding site location for the maintained colony. Feeding site shall not be located in any roadway, alleyway, public area, or city-owned property for the safety of the public.

4. Proof of current property owner and/or landlord permission at the site that the colony is being maintained if different than the owned property of the person or organization.

E. Every TNR Program must remove kittens from the colony before eight (8) weeks of age for domestication and placement.

F. Every TNR Program must remove sick or injured cats from the maintained colony for immediate veterinarian care or humane euthanasia.

G. Every TNR Program must remove or relocate any cat in a maintained colony causing a nuisance to any citizen in the community.

H. An ordinance enforcement officer may;

1. Seize or remove cats from a maintained colony that have not been vaccinated against rabies and which are demonstrating signs of the disease;

2. Seize or remove a cat from a maintained colony that is creating a nuisance after the caregiver has been afforded fifteen (15) days to remove and relocate the cat and has failed to do so;

3. Seize and remove a maintained colony of cats when a caregiver is unable to provide care and management of the colony and has not been able to obtain a replacement or substitute caregiver.

4. Take any and all other measures reasonably necessary to protect the health and safety of the community.

6.08.160 - Violation-Penalties

Unless otherwise specified, any violation of this chapter is designated as a petty offense, and fines will be determined in accordance with ARS 13-802.

Chapter 6.11 - LICENSE-VACCINATION-RABIES

6.11.010 - License-Required

6.11.020 - License-Certificate-Tag

6.11.030 - License-Delinquent

6.11.040 - Vaccination required

6.11.050 - Biting dogs, cats, or ferrets

6.11.060 - Rabies-Infection-Disposition

6.11.070 - Rabies-Destruction

6.11.080 - Rabies-Moving prohibited

6.11.090 - Violation-Penalties

6.11.010 - License – Required.

All dogs kept, harbored, or maintained in the city must be licensed at four (4) months of age and older. Dog licenses will be issued by the police department, pound, or participating veterinary office upon payment of such fees as set by the poundmaster. The owner shall state at the time application is made for such license his/her name, street address, dog's name, breed, color, and sex of each dog in the owner's possession. A certificate of sterilization must also be provided for each dog, if applicable). No license shall be issued except upon presentation of proof of rabies vaccination as provided for in Section 6.11.040. The provisions of this section shall not apply to dogs brought into the city for purposes of any dog show. Dog licenses shall be issued for a period of one (1) year and shall run from the first day of January in each calendar year to the last day of December, the same year. Licenses issued shall be worn, either by collar or harness, only by the dog for which they were issued.

6.11.020 - License – Certificate – Tag.

Upon payment of the license fee, there shall be issued to the owner a license certificate and a tag for each dog licensed. The tag shall have the year for which it was issued and number corresponding with the number on the certificate. Every owner must provide each dog with a collar or harness to which the license tag must be affixed and must see that the collar or harness and tag are worn at all times that the dog is out of doors. In case a dog tag is lost or destroyed, a new tag will be issued upon payment of the license fee, as provided for in this chapter. Dog tags are not transferable from one dog to another. It is unlawful for a person to counterfeit or attempt to counterfeit a dog tag, certificate of vaccination or license certificate, or to take from a dog a tag legally placed upon it, or place a dog tag upon a dog unless the tag was specifically issued for that particular dog.

6.11.030 - License-Delinquent.

Except as provided for in Section 6.11.010, if the license is not obtained by the owner during the month of January of each year, or within thirty (30) days of the first possession of any dog or of its becoming four (4) months old, or within thirty (30) days from the arrival of the dog in the city, whichever occurs first, the license payment shall be deemed delinquent and a penalty of five dollars (\$5.00) shall be added to the license fee.

6.11.040 - Vaccination required.

Every owner of a dog, cat, or ferret within the corporate limits of the city must have it vaccinated against rabies by a veterinarian licensed to practice veterinary medicine under the laws of the state, and no more frequently than the effective period of the approved vaccine used. Vaccination is excused only if a licensed veterinarian certifies in writing that the vaccination would be injurious to the cat, dog or ferret's health. In such

case, the cat, dog or ferret shall be confined to an enclosed building or kennel until the cat, dog, or ferret can be safely vaccinated. The chief of police may establish an administrative procedure to permit any licensed veterinarian to issue dog licenses and tags for dogs that have been vaccinated.

6.11.050 - Biting dogs, cats, or ferrets.

A. Whenever any dog, cat, or ferret bites a person, the person so bitten or, if a minor, the parent of such person and the owner of the dog, cat, or ferret shall immediately notify the police department. The responding ordinance enforcement officer shall then cause the dog, cat or ferret to be quarantined and observed as follows:

1. If unlicensed or unvaccinated within the preceding three (3) years, be quarantined in the pound or, upon request of and at the expense of the owner, at a veterinary hospital for a period of not less than ten (10) days in accordance with Arizona Department of Health Services guidelines;

2. If licensed, or an animal for which a license is not required, and vaccinated within the preceding three (3) years, be quarantined as provided for in subsection A of this section, or may be confined and quarantined at the home of the owner or wherever the dog, cat or ferret is harbored and maintained with the consent of, and in a manner prescribed by, the ordinance enforcement officer in accordance with Arizona Department of Health Services guidelines .

6.11.060 - Rabies-Infection-Disposition.

A. If an ordinance enforcement officer believes that a dog, cat, or ferret has rabies or that a dog, cat, or ferret has been bitten by another animal which is believed to have rabies, such dog, cat, or ferret shall:

1. If unlicensed or unvaccinated within the preceding three (3) years, be quarantined and observed in the pound or, on request of and at the expense of the owner, at a veterinary hospital for a period of not less than ten (10) days in accordance with Arizona Department of Health Services guidelines.

2. If licensed, or an animal for which a license is not required, and vaccinated within the preceding three (3) years, be quarantined as provided for in subdivision 1 of this subsection or may be confined and quarantined at the home of the owner or wherever the dog, cat, or ferret is harbored and maintained with the consent of, and in a manner prescribed by, the ordinance enforcement officer in accordance with Arizona Department of Health Services guidelines.

B. If an owner of a dog, cat, or ferret or other person has reason to believe a dog, cat, or ferret has been exposed to rabies, they shall notify the police department of such exposure. At the discretion of the responding ordinance enforcement officer, the responding ordinance enforcement officer may order that the dog, cat, or ferret be quarantined and observed as provided for in this section and in accordance with Arizona Department of Health Services guidelines.

6.11.070 - Rabies-Destruction.

Any dog, cat, or ferret determined by a certified veterinarian to be infected with rabies after quarantine and observation, as provided for in this chapter, it shall be destroyed by an ordinance enforcement officer. If, upon termination of the quarantine period, the veterinarian determines that the dog, cat, or ferret is free from rabies, it shall be released to the owner. If the dog, cat, or ferret dies during the period of confinement, it shall be sent to the State Department of Health Services for examination in accordance with the Department's rules and regulations.

6.11.080 - Rabies-Moving prohibited.

It shall be unlawful for any dog, cat, or ferret owner or other person knowing that a dog, cat, or ferret has rabies or has been exposed to rabies to remove the dog, cat, or ferret from the owner's premises or beyond the limits of the city, if not initially located on the premises, except upon order of the chief of police or his ordinance enforcement officer.

6.11.090 - Violation-Penalties.

Any violation of this chapter is designated as a petty offense and will be fined in accordance with A.R.S. Section 13-802, unless otherwise noted.

Chapter 6.12 - DOGS

6.12.010 - Care requirements

6.12.020 - Creating disturbance prohibited

6.12.030 - Running at large prohibited

6.12.040 - At large-Exemption

6.12.050 - Impoundment-Grounds

6.12.060 - Impoundment-Redemption and fees

6.12.070 - Impoundment-Sale or destruction

6.12.080 - Violation-Penalties

6.12.010 - Care requirements.

- A. Any dog restrained on an owner's premises as required by Section **6.12.030** shall be cared and provided for. Care of a dog shall include, but not be limited to, a clean, safe shelter that provides protection from the weather at all times, veterinary care, sufficient heat and ventilation, wholesome food and water, and exercise consistent with the normal requirements and feeding habits of the animal's size, species, and breed..
- B. The owner or caretaker of any dog shall provide clean water at all times in a stable container that is sized appropriately for the dog's size and breed.
- C. Owners and caretakers of any dog shall provide all health related grooming, cleaning and parasite control required to ensure that the dog is maintained in a humane state and able to carry out normal activities.
- D. The owner or caretaker of any sick or injured dog shall seek veterinary care as needed to prevent suffering.
- E. The owner or caretaker of any dog kept or left outside the home for any length of time must provide shelter and protection from the elements.
1. Shelter must be constructed of solid wood or other weather resistant material with the exception of metal and glass.
 2. Shall be sufficient in size for the dog being sheltered, so that the dog may enter and have room to stand and turn around inside.
 3. Shelter must be seasonally equipped with ventilation to provide movement of air during the heat to help cool down the dog. Dry, clean bedding, such as blankets or wood chips, must be provided during the cold to help the pet retain heat .
- F. The owner or caretaker of any dog contained in an outdoor kennel or pen must allow adequate space for exercise. A minimum sized enclosure for any dog is one hundred (100) square feet. Dogs over eighty (80) pounds must be provided with an additional fifty (50) square feet. For each additional dog inside the enclosure, fifty (50) square feet of space for exercise must be added per dog.

6.12.020 - Creating disturbance prohibited.

- A. It is unlawful for any person to keep or harbor within the city any dog which frequently or for continuous duration barks, howls, whines, or makes other noises by day or night and disturbs the peace and quiet of any reasonable person or family.

B. It shall be a violation of this section if the barking , howling, whining, or other noises that are made are audible beyond the property line of the premises on which the dog is located if:

1. It occurs for more than five (5) minutes between the hours of 10:00 p.m. and 8:00 a.m. or;
2. It occurs for more than fifteen (15) minutes between the hours of 8:00 a.m. and 10:00 p.m. or;
3. For a shorter duration than cited above, but on more than five (5) occasions within a given ten (10) day period if attested to by complaints from inhabitants of two or more separate properties.

C. It shall be a defense to such violation if the owner of the dog proves by a preponderance of the evidence that the dog was barking, howling, whining, or making other noises because it was being provoked by a person or otherwise being incited, or was acting as a guide dog, hearing dog, service dog, or police work dog.

D. Any violation of this section will be charged as a criminal petty offense.

6.12.030 - Running at large prohibited.

A. Every person owning or having charge, care, custody or control of a dog of any age shall keep such dog exclusively upon the owner's property and shall have the dog restrained by a sufficient fence, leash, or both; provided, however, that a dog may be on such owner's premises and not restrained by fence or leash as long as it is under the immediate control of a competent person through voice or physical command.

B. Tethers on an owner's premises must follow the following guidelines:

1. The tether shall be attached to a properly fitted collar or harness. The use of a prong collar is prohibited.

2. The tether shall not extend over an object or edge in such a way that could result in strangulation of, or injury to, the animal. The length of the tether must be a minimum of six (6) feet and allow entry and egress from shelter, access to drinking water, and freedom to move about and avoid becoming entangled with objects.

3. The weight or gauge of any tether or chain shall not be more than necessary to establish direct control. Logging chains and vehicle tow chains are expressly prohibited. No person shall add any weight to an animal collar, harness, chain or tether.

4. No animals shall be tethered and left unattended on a vacant or abandoned property.

C. Any dog found running at large in violation of this chapter may be taken up and impounded. If a dog cannot safely be taken up and impounded due to its dangerous, vicious, or fierce propensities, it may be destroyed by a law enforcement officer in order to protect the health and safety of citizens.

D. A dog may be off the owner's property if it is under the control of a competent person and restrained by a leash of not more than six (6) feet in length, nor less than one-quarter (1/4) inch in diameter.

6.12.040 - At large-Exemption.

A. A dog may run at large while participating in field trials, obedience classes, kennel club events, organized school or park-sponsored shows, while assisting its owner or trainer in legal hunting or herding livestock, while assisting a police officer engaged in law enforcement duties, or if it is a service dog assisting its disabled owner, as long as sufficient control is exercised to permit immediate leashing of the dog upon any person's reasonable request.

B. Dogs are allowed inside motor vehicles, including truck beds while parked, without restraint and under constant supervision, but as soon as the dog leaves the motor vehicle or truck bed, it is considered to be at large.

6.12.050 - Impoundment-Grounds.

The ordinance enforcement officer may apprehend and impound any dog found running at large in violation of the provisions of this chapter.

6.12.060 - Impoundment - Redemption and fees.

Any impounded dog may be reclaimed by its owner, or such owner's agent; provided, that the person reclaiming the dog furnishes proof of current license and rabies vaccination and pays the cost of impoundment in accordance with a fee schedule set by the poundmaster. Proof of ownership may be required.

6.12.070 - Impoundment – Sale or destruction.

Every impounded dog shall be kept and maintained at the pound for a minimum of seventy-two (72) hours unless claimed by its owner. Any person may purchase such dog upon expiration of the impoundment period, provided such person pays all impoundment fees and complies with the licensing and vaccinating provisions of this

chapter. Any dog unclaimed by its owner within seventy-two (72) hours of impoundment may be destroyed in a humane manner.

6.12.080 - Violation-Penalties.

A person who violates this chapter is guilty of a class 2 misdemeanor and will be sentenced in accordance with A.R.S. § 13-707, and fines will be determined in accordance with A.R.S. § 13-802, unless otherwise specified.

Chapter 6.13 - VICIOUS DOGS

6.13.010 - Determination of a vicious dog

6.13.020 - Control of a vicious dog

6.13.030 - Vicious dog at large prohibited

6.13.040 - Appeal process

6.13.050 - Penalties

6.13.060 - Exemption

6.13.010 - Determination of a vicious dog

Any dog declared by a city magistrate or hearing officer to be vicious shall be made only after a hearing on the issue of the dog's vicious propensities and only after presentation of evidence that a dog has exhibited aggressive behavior that has caused injury, apprehension or intimidation.

- A. In the event that a law enforcement officer, enforcement agent, or citizen has probable cause to believe that a dog is vicious, a hearing may be convened by a city magistrate or hearing officer. The hearing officer will be designated by the city manager to fulfill the duties specified by this chapter.
- B. There shall be a rebuttable presumption that any dog, owned or in the custody of an owner or custodian, who has been convicted of dog fighting charges shall be considered a vicious dog.
- C. It shall be an affirmative defense to the determination of viciousness if:
 1. The injury was sustained to a human, dog, cat or livestock as the result of teasing, tormenting, abusing or assaulting the dog.
 2. The dog was defending or protecting a human being or the dogs young.
 3. The dog injures or attacks a person criminally trespassing on/or unlawfully breaking into private property.

4. The dog, being on its owner's or custodian's premises, attacks, injures or kills a dog, cat, or livestock.
- D. The city magistrate or hearing officer, law enforcement officer, or ordinance enforcement officer shall either deliver in person or send to the dog owner or custodian by certified mail, return receipt, the notice of hearing. Notification to owner or custodian will be considered complete at the mailing of the notice.
- E. Notices may be left at the doorstep or mailed by first class mail to other interested persons, including, but not necessarily limited to, all properties contiguous to the address of the owner or custodian.
- F. If the owner of the dog cannot be located and the dog has been impounded, the hearing officer shall determine whether the dog is vicious and if so, the dog will be destroyed pursuant to state laws.
- G. A hearing date shall be set not later than ten calendar days from the date of notification (from the date of personal delivery of notice or the date of mailing of the notice sent by certified mail).
- H. The hearing shall be informal and shall be open to the public. At the hearing, both testimony and documentary evidence may be taken from any interested person and be considered in determining whether the dog is vicious. If an owner or custodian fails to appear after proper notice was given, the hearing may proceed without him/her being present. The hearing officer's decision shall be based on the preponderance of evidence.
- I. After the hearing, the city magistrate or hearing officer shall notify in person the owner or custodian of the dog of the determination or, if the matter is taken under advisement may notify him/her in writing of the determination. Notification will be considered complete at the mailing of the notice. If a determination is made that the dog is vicious, the owner or custodian shall comply with a time schedule established and broken down into immediate and time limited steps as specified by the city magistrate or hearing officer in Section 6.13.020 of this chapter. Compliance with immediate steps shall be as soon as notification of the determination is complete. Compliance with time limited steps shall be within thirty days of the date that notification of the determination is completed or on any other date specifically stated.
- J. Without a court order, the law enforcement officer or ordinance enforcement officer may seize and impound a dog for a period of not more than seventy-two hours based upon probable cause to believe the dog is a vicious dog. At the end of the seventy-two hour period, the dog shall be released, unless a judge has ordered the

impoundment of the dog continued or unless there is another legal basis for continuing the impoundment of the dog.

K. The court may, upon ex parte motion of the prosecutor or other appropriate city official, order impoundment of a dog continued or order a dog seized and impounded upon a written showing of probable cause to believe the dog is a vicious dog. The procedures to be followed in obtaining an order and challenging the order shall be those specified in Section 6.13.050.C and 6.13.050.D of this chapter.

L. At the hearing, the court shall determine whether there is probable cause to believe the dog is a vicious dog. If the court finds the probable cause substantiated, then it may order the impoundment continued until there is a disposition of the viciousness complaint. In addition, the court may order the owner or custodian to pay all expenses, including shelter, food, handling and veterinary care, necessitated by the enforcement of subsection I of this chapter.

6.13.020 - Control of a vicious dog

Once a dog is declared vicious, the city magistrate or hearing officer may require in his/her sole discretion any combination of the following steps by the owner or custodian to continue ownership or custodial care of such animal. The steps are broken down into immediate and time limited:

- A. Immediate (compliance within one calendar day upon completion of notification of a determination of viciousness):
1. Leash and Muzzle. No person shall permit a vicious dog outside confinement, unless such dog is securely leashed with a leash not longer than six feet in length. No person shall permit a vicious dog to be kept on a chain, rope or other type of leash outside confinement, unless a person is in physical control of the leash. Such dogs may not be leashed to inanimate objects, such as trees, posts, buildings, etc. In addition, all vicious dogs on a leash outside confinement must be muzzled by a muzzling device sufficient to prevent such dog from biting persons or other animals. Any pen must meet the requirements of subsection B.1 of this section.
 2. Notification. Should it be necessary to provide the dog with medical attention, it is the responsibility of the owner or custodian to provide advance notification to the veterinarian's office that this dog has been declared vicious.
 3. Confinement Indoors. No vicious dog may be kept on a porch, patio or in any part of a house or structure that would allow the dog to exit such building of its own volition. In addition, no such animal may be kept in a house or

structure when the windows are open or when screen windows or screen doors are the only obstacle preventing the dog from exiting the structure. If the door is answered while the dog is indoors, the dog must either be on a leash or behind another closed door.

4. Reporting Requirements. The following types of information must be reported by the owner or custodian of the dog to the hearing officer within ten calendar days of occurrence:

a. Spaying or neutering of dog;

b. Any permanent change of location and/or ownership of the dog to another location and/or owner or custodian.

5. The following occurrences must be reported by the owner or custodian to hearing officer, enforcement agent, or law enforcement officer within twenty-four hours of occurrence:

a. A vicious dog is at large;

b. A vicious dog bites or attacks another dog, cat or livestock, with or without provocation;

c. A human being has been attacked by the vicious dog, with or without provocation.

B. "Time Limited" means that a time schedule for completion of actions is set by the city magistrate or hearing officer, but in no case will it be longer than thirty (30) calendar days:

1. Confinement. All vicious dogs shall be securely confined indoors or in a securely enclosed and locked pen, except when leashed and muzzled. Such pen or structure must have secure sides and a secure top attached to the sides.

a. All structures used to confine vicious dogs must be locked with a key or combination lock when such animals are within the structure. This structure must have a secure top and bottom or floor attached to the sides of the pen. If there is no secure floor, the sides of the pen must be embedded in the ground not less than two (2) feet;

b. No pen wall may be part of a perimeter fence;

c. All structures erected to house vicious dogs must comply with all applicable regulations of the city. All such structures must be adequately lighted, ventilated, and kept in a clean and sanitary condition and any other condition that provides for humane care.

2. Registration. A dog declared vicious shall not only be routinely registered with the police department yearly, but shall also be permanently registered as a vicious dog. At the expense of the owner or custodian, a registration number as decided by the city magistrate or hearing officer, will be tattooed on the inner right ear. This tattoo will be placed by a veterinarian. A written certificate shall be obtained from the veterinarian and provided to the city magistrate or hearing officer to prove compliance.

3. Reproduction. Any dog that is declared vicious shall be spayed or neutered by a veterinarian after notice of declaration. A certificate from the veterinarian shall be obtained by the owner or custodian and provided to the hearing officer to prove compliance.

4. Change of Ownership. Once a dog has been declared vicious, ownership may not be transferred to any other person without notice to the city magistrate or hearing officer. The new owner is required to be in compliance with this chapter.

5. Signs. All owners or custodians of vicious dogs within the city shall display, in a prominent place on their premises, a sign in three-inch letters which is easily readable by the public using the words "vicious dog." In addition, a similar sign is required to be posted on the pen of such animal.

6.13.030 - Appeal process.

A. The owner or custodian may pursue an appeal of the hearing officer's decision within five (5) calendar days of the mailing of the determination. He/she may appeal by bringing a petition to the municipal court requesting that the court conduct a *de novo* hearing on whether the dog should be declared vicious. The hearing officer will be served notice by the municipal court of the hearing and it shall be held within seven (7) calendar days of the notification of the hearing officer. In addition, all interested persons (as defined in Section 6.13.010.D of this chapter) may receive notification of the hearing. The city magistrate will make a decision based on the preponderance of evidence. If the dog is declared vicious, the court shall inform the owner or custodian or, if the matter is taken under advisement, the court may mail notice of the determination of viciousness to him/her. Notification of the determination will be complete at the mailing of the notice. During the process of appeal, the owner or custodian shall be responsible for complying with the immediate steps of the control process. He/she shall be allowed not more than thirty (30) calendar days to institute the time-limited steps after notification of a determination of viciousness.

B. The determination by the municipal court will be final and conclusive with regard to the issues raised and adjudicated. Such determination will not bar an animal control officer, law enforcement officer or citizen from requesting a hearing to determine viciousness of the dog for subsequent actions of the dog.

6.13.040 - Penalties.

The purpose of complying with these requirements for a dog declared vicious is to prevent attacks, injuries or deaths by mandating the use of control methods.

A. Any person violating or permitting the violation of any provision of this chapter shall upon conviction in municipal court be fined a sum not less than two hundred fifty dollars and not more than one thousand dollars. In addition to the fine imposed, the court:

1. May impose any other penalties specified in Chapter 1.12 of this code;
2. May order the vicious dog destroyed; and
3. May order the owner or custodian to pay all expenses, including shelter, food, handling, and veterinary care, of the dog necessitated by the enforcement of this chapter.

B. Without an order, the animal control officer or a peace officer may seize and impound a dog for a period of not more than seventy-two (72) hours based upon probable cause to believe that the owner or custodian of a vicious dog has violated or permitted a violation of any provision of this chapter. At the end of the seventy-two (72) hour time period, the dog shall be released, unless a judge has ordered the impoundment of the dog continued.

C. The court may, upon ex parte motion of the prosecutor, peace officer or other appropriate city official, order the impoundment of a dog continued or a dog seized and impounded upon a written showing of probable cause to believe that the owner or custodian of a vicious dog has violated or permitted a violation of any provision of this chapter. In lieu of, or in addition to, a written affidavit, or affidavits, the judge may take an oral statement under oath which shall be recorded on tape, wire or other comparable method. This statement may be given in person to the judge, or by telephone, radio, or other means of electronic communication. This statement shall be deemed to be an affidavit for the purposes of issuance of an order pursuant to this subsection. In such cases, if a recording of the sworn statement has been made, the judge may direct that the statement be transcribed and certified by the judge and filed with the court.

D. If a dog is ordered seized and/or impounded, the court shall set a hearing not more than ten (10) days from the date of seizure with notice to the owner or custodian. In addition to sending such notice by certified mail, such notice shall also be accomplished by one of the following methods or attempted by at least two (2) of the following methods:

1. Personal service of notification by the appropriate city official on the owner or custodian;

2. Personal service of notification by the appropriate city official on a person of suitable age and discretion at the last known address of the owner or custodian; and/or

3. Telephone contact with the owner or custodian under circumstances which would lead a reasonable person to believe they have spoken with the owner or custodian.

E. At the hearing, the owner or custodian may appear, cross-examine witnesses and present evidence. At such hearing, the court may order:

1. The dog held in impoundment for a maximum of thirty (30) days or until the owner or custodian complies with the immediate or time-limited steps specified by a hearing officer or judge, whichever occurs first. If, at the end of thirty (30) days, the owner or custodian has failed to comply with the immediate or time-limited steps specified by a hearing officer or judge, the dog shall be destroyed; or

2. The dog destroyed in accordance with **A.R.S. Section 11-1014.H** and **A.R.S Section 11-1029**. In addition, the court may order the owner or custodian to pay all expenses, including shelter, food, handling and veterinary care, necessitated by the enforcement of this chapter.

F. Any vicious dog that kills a human being, dog, cat or livestock may be destroyed.

G. In the event that the owner or custodian of the vicious dog is a minor, the parent or guardian in physical control of such minor at the time of the acts giving rise to the determination of viciousness shall be liable:

1. For all injuries and property damage sustained by any person, dog, cat or livestock, caused without provocation by such vicious dog; and

2. All violations of this chapter.

6.13.050 - Exemption.

This chapter shall not apply to any dog used by the police department and trained to assist in carrying out police duties.

6.13.060 - Violation – Penalty.

Any person found to have been in violation of the provisions of this chapter shall be deemed to have committed a criminal infraction and shall be subject to a fine of not less than two hundred fifty dollars or more than one thousand dollars, unless specified otherwise.

Section 2. That Section 1.12.010 of the City Code is hereby amended as follows:

1.12.010 - Designated.

Except as otherwise provided in this code, any person violating any of its provisions or any ordinance of the city is guilty of a misdemeanor punishable by a fine not to exceed one thousand dollars or by imprisonment for a period not to exceed six months, or by a combination of fines and imprisonment not to exceed the above maximums, with each day or portion of a day that any such violation continues constituting a separate offense.

Section 3. That if any section, subsection, 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 provisions hereof.

PASSED AND ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 19th DAY OF FEBRUARY, 2013.

Diane Joens, Mayor

APPROVED AS TO FORM:

ATTEST:

Steven B. Horton, Esq.
City Attorney

Marianne Jiménez, City Clerk

**City of Cottonwood, Arizona
City Council Agenda Communication**



 Print

Meeting Date: February 5, 2013

Subject: Resolution Number 2680--Calling for an election on a proposed permanent adjustment to the City's base expenditure limitation; setting forth the language of the ballot question; establishing the date of the election; providing for the manner of the election; and setting forth the deadlines for registering to vote in the election and for the submission of arguments in favor of and in opposition to the proposal.

Department: City Clerk

From: Marianne Jimenez, City Clerk

REQUESTED ACTION

Consideration and approval of Resolution Number 2680, which calls for an election on a proposed permanent adjustment to the City's base expenditure limitation; sets forth the language of the ballot question (as set forth in Resolution Number 2677, as approved by the Council on January 15, 2013); establishes the date of the election (May 21, 2013); provides for the manner of the election (mail ballot only); and sets forth the deadlines for registering to vote in the election (April 22, 2013), and for the submission of arguments in favor of and in opposition to the proposal (February 20, 2013).

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

I move to approve Resolution Number 2680.

BACKGROUND

At a regular meeting held on January 15, 2013, the Council approved Resolution Number 2677, which proposes a permanent adjustment to the 1979-80 base expenditure limitation of the City and authorizes the placement of the proposal on the May 21, 2013, general election ballot. Resolution Number 2680 calls for this election, sets forth the language of the ballot question as set forth in Resolution Number 2677; establishes the date of the election; provides that the election will be held by mail ballot only; and sets forth the deadlines for registering to vote in the election (April 22, 2013), and for the submission of arguments in favor of and in opposition to the proposal (February 20, 2013).

State law requires the City to produce a publicity pamphlet which provides certain information regarding the proposed adjustment to the City's 1979-80 base expenditure limitation. Arguments for or against the proposition may be submitted for inclusion in the publicity pamphlet. A \$125 deposit is required for each argument and must be received in the City Clerk's office by February 20, 2013, at 5 p.m.

JUSTIFICATION/BENEFITS/ISSUES

COST/FUNDING SOURCE

The cost to produce the publicity pamphlet will be covered by the City Clerk's election budget.

ATTACHMENTS:

Name:	Description:	Type:
 res2680.doc	Resolution Number 2680	Cover Memo
 res2680_espagnol.doc	Resolucion Numero 2680	Cover Memo

RESOLUTION NUMBER 2680

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF COTTONWOOD, YAVAPAI COUNTY, ARIZONA, CALLING FOR AN ELECTION ON THE QUESTION OF A PROPOSED PERMANENT ADJUSTMENT TO THE CITY'S BASE EXPENDITURE LIMITATION; DESIGNATING THE DATE FOR ELECTION; AND DESIGNATING THE DEADLINES FOR VOTER REGISTRATION AND FOR THE SUBMISSION OF ARGUMENTS FOR AND AGAINST THE PROPOSAL.

BE IT RESOLVED, by the Mayor and Council of the City of Cottonwood, as follows:

Section 1. Call for Election; Ballot Language

That an election shall be held to pose the following question to the City's voters:

"Shall the expenditure base of the City of Cottonwood be permanently adjusted by \$5,894,399?"

Section 2. Designation of Election Date

The election shall be held in conjunction with the general election on May 21, 2013.

Section 3. Form of Election. The election shall be conducted through the use of mail ballots only, as authorized by Arizona Revised Statutes Section 16-409.

Section 4. Voter Lists; Deadline For Voter Registration

Yavapai County registration and voting lists will be used for the election. In order to be qualified to vote in the election, an individual must be registered by April 22, 2013.

Section 5: Deadline to Submit Arguments for Publicity Pamphlets

The deadline to submit arguments for or against the proposal is February 20, 2013.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, THIS 5TH DAY OF FEBRUARY 2013.

Diane Joens, Mayor

RESOLUTION NUMBER 2680
Page 2

APPROVED AS TO FORM:

ATTEST:

Steven B. Horton, Esq.
City Attorney

Marianne Jiménez, City Clerk

RESOLUCIÓN NUMERO 2680

UNA RESOLUCIÓN DEL ALCALDE Y DEL CABILDO DE LA CIUDAD DE COTTONWOOD, CONDADO DE YAVAPAI, ARIZONA, ESTABLECIENDO COMO EL TIEMPO PARA CELEBRAR LA ELECCIÓN CON EL PROPÓSITO DE PROPONER UN ARREGLO PERMANENTE AL BASE DEL LÍMITE DE GASTO; DESIGNANDO LA FECHA DE ELECCIÓN; DESIGNANDO UNA FECHA LÍMITE PARA REGISTRARSE PARA VOTAR; Y DESIGNANDO LA FECHA LIMITE PARA SOMETER ARGUMENTOS A FAVOR O EN CONTRA DE EL PROPÓSITO.

SE RESUELVE, por el Alcalde y el Cabildo de la Ciudad de Cottonwood, como sigue:

Sección 1: Estableciendo el Tiempo para Celebrar la Elección; Propósito

Estableciendo el tiempo para celebrar la elección para proponer el siguiente a los votantes de la ciudad de Cottonwood:

“¿Debe ser arreglado permanentemente el base de gasto de la ciudad de Cottonwood por \$5,894,399?”

Sección 2. Designación de la Fecha de la Elección

El 21 de mayo 2013, ha sido establecido como el tiempo para celebrar la elección general.

Sección 3. Forma de la Elección

La elección será conducido solamente por votación por correo autorizado por A.R.S. § 16-409.

Sección 4. Registros y las Listas para Votar; Designación de la Fecha Límite para Registrarse para Votar

Los registros y las listas para votar del Condado Yavapai serán usadas para la elección . A fin de estar calificado para votar, usted debe estar registrado para el 22 de abril 2013.

RESOLUCIÓN NUMERO 2680

Página 2

Sección 5. Designación de la Fecha Limite para Someter Argumentos

La fecha límite para presentar argumentos a favor o en contra de un arreglo permanente a la base del límite de gasto es el 20 de febrero 2013.

PASADA Y ADOPTADA POR EL ALCALDE Y EL CABILDO DE LA CIUDAD DE COTTONWOOD, ARIZONA, ESTE DÍA 5 DE FEBRERO 2013.

Diane Joens, Alcalde

ATESTIGUA:

Marianne Jiménez, Secretaria de la Ciudad

APROBADO EN FORMA:

Steven B. Horton, Procurador de la Ciudad

CLAIMS REPORT OF FEBRUARY 5, 2013

FUND TOTAL	VENDOR NAME	DESCRIPTION	TOTAL \$0.00
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CLAIMS EXCEPTIONS REPORT OF FEBRUARY 5, 2013

FUND	VENDOR NAME	DESCRIPTION	TOTAL
All	City of Cottonwood	Payroll 01/18/2013	\$470,364.47
All	City of Cottonwood	Payroll 02/01/2013	\$465,381.85
Gen	Accurate Building Maintenance	Half of Dec PO 19227 Custodial Contract	\$7,219.52
Hurf, Utilities	Blucor Contracting	PO 19119 Mingus Ave	\$503,085.28
Gen	Cottonwood Chamber of Commerce	Bed Tax Dec 2012	\$9,798.62
Utilities	ESRI, Inc.	Po 19228 Arcgis for desktop	\$6,631.49
Gen	Larry Green Chevrolet	Sales Tax Dec 2012	\$16,152.81
Utilities	US Postmaster	Postage Meter	\$5,350.00
All	United Fuel	Fuel	\$12,222.93
All	APS	Utilities	\$16,638.53
Gen	Accurate Building Maintenance	January Custodial PO 19227	\$18,911.00
All	Arizona Public Employers Health Pool	January Premiums	\$150,046.44
Utilities	Brown & Brown Law Firm	Adjudication	\$19,520.14
Utilities	D & K Farming	PO 19241 Sludge Removal Dec & Jan	\$13,555.62
Capital	Kinney Construction Services	PO 19216 & PO 19225 Old Town Parking	\$90,744.75
Capital	Prescott Fence	PO to Remove Fence at Dog Park	\$9,307.97
Gen	Sedona Fire District	Feb 2013 PO 19154 Dispatching	\$8,459.25
Utilities	UV Doctor	PO 19229 Amalgam Lamps	\$12,240.00
Gen	VV Senior Center	2nd Qrt 2013	\$11,250.00
TOTAL			\$1,846,880.67