TOWN COUNCIL OF DEWEY-HUMBOLDT
SPECIAL STUDY SESSION MEETING NOTICE

Tuesday, March 24, 2015, 2:00 P.M.

COUNCIL SPECIAL STUDY SESSION MEETING **COUNCIL CHAMBERS, TOWN HALL**
2735 S. HWY 69 **DEWEY-HUMBOLDT, ARIZONA**

AGENDA

The issues that come before the Town Council are often challenging and potentially divisive. In order to make sure we benefit from the diverse views to be presented, the Council believes that the meeting be a safe place for people to speak. With this in mind, the Council asks that everyone refrain from clapping, heckling and any other expressions of approval or disapproval. Council may vote to go into Executive Session for legal advice regarding any matter on the open agenda pursuant to A.R.S. 38-431.03 (A) (3), which will be held immediately after the vote and will not be open to the public. Upon completion of Executive Session, the Council may resume the meeting, open to the public, to address the remaining items on the agenda. Agenda items may be taken out of order. Please turn off all cell phones. The Council meeting may be broadcast via live streaming video on the internet in both audio and visual formats. One or more members of the Council may attend either in person or by telephone, video or internet conferencing. **NOTICE TO PARENTS:** Parents and legal guardians have the right to consent before the Town of Dewey-Humboldt makes a video or voice recording of a minor child. A.R.S. § 1-602.A.9. Dewey-Humboldt Council Meetings are recorded and may be viewed on the Dewey-Humboldt website. If you permit your child to participate in the Council Meeting, a recording will be made. You may exercise your right not to consent by not permitting your child to participate or by submitting your request to the Town Clerk that your child not be recorded.

1. **Call To Order.**
2. **Roll Call.** Town Council Members Arlene Alen, Mark McBrady, Dennis Repan, Doug Treadway, Nancy Wright; Vice Mayor Jack Hamilton; and Mayor Terry Nolan.
3. **Study Session.** No legal action to be taken.

Page
3 **3.1. Review and discussion of Public Body Code of Ethics proposed Ordinance 15-112.** [Directed at the February 10, 2015 meeting]

9 **3.2. Report on conducting a Citizen Survey through the National Research Center and direction on a moving-forward plan.** [Directed at the March 10, 2015 meeting]

15 **3.3. Staff revisions on Principles of Sound Financial Management.** Council Review and direction.

4. **Comments from the Public**. The Council wishes to hear from Citizens at each meeting. Those wishing to address the Council need not request permission or give notice in advance. For the official record, individuals are asked to state their name. Public comments may appear on any video or audio record of this meeting. Please direct your comments to the Council. Individuals may address the Council on any issue within its jurisdiction. At the conclusion of Comments from the Public, Council members may respond to criticism made by those who have addressed the public body, may ask Town staff to review a matter, or may ask that a matter be put on a future agenda; however, Council members are forbidden by law from discussing or taking legal action on matters raised during the Comments from the Public unless the matters are properly noticed for discussion and legal action. The total time for Public Comment is **3** minutes per person. The audience is asked to please be courteous and silent while others are speaking.
5. **Adjourn.**

For Your Information:
Next Town Council Meeting: Tuesday, April 7, 2015, at 6:30 p.m.
Next Planning & Zoning Meeting: Thursday, April 9, 2015, at 6:00 p.m.
Next Town Council Work Session: Tuesday April 14, 2015, at 2:00 p.m.

If you would like to receive Town Council agendas via email, please sign up at AgendaList@dhaz.gov and type Subscribe in the subject line, or call 928-632-7362 and speak with Judy Morgan, Town Clerk.

Certification of Posting

The undersigned hereby certifies that a copy of the attached notice was duly posted at the following locations: Dewey-Humboldt Town Hall, 2735 South Highway 69, Humboldt, Arizona, Chevron Station, 2735 South Highway 69, Humboldt, Arizona, Blue Ridge Market, Highway 69 and Kachina Drive, Dewey, Arizona, on the _____ day of _____, 2015, at _____ p.m. in accordance with the statement filed by the Town of Dewey-Humboldt with the Town Clerk, Town of Dewey-Humboldt. By: _____, Town Clerk's Office.

Persons with a disability may request reasonable accommodations by contacting the Town Hall at 632-7362 at least 24 hours in advance of the meeting.

TOWN OF DEWEY-HUMBOLDT
P.O. BOX 69
HUMBOLDT, AZ 86329
Phone 928-632-7362 ▪ Fax 928-632-7365

TOWN COUNCIL SPECIAL STUDY SESSION
March 24, 2015 2:00 p.m. Town Council Meeting Chambers

Agenda Item: # 3.1. Review and discussion of Public Body Code of Ethics proposed Ordinance 15-112. (Directed at the February 10, 2015 meeting)

To: **Mayor and Town Council Members**

From: Yvonne Kimball, Town Manager

Date submitted: March 17, 2015

Summary:

Public Body Code of Ethics procedure, revising the current ordinance. At the February 10th Study Session, Council expressed consensus on how to revise the current ordinance regarding Public Body Code of Ethics, in that, Council wishes to have an independent hearing officer to conduct public body code of ethics complaints and related matters. A draft ordinance has been prepared. Due to its complexity and potential impact, the draft ordinance was sent to the Council individually for review on 2/20/2015 and staff is awaiting a study session so that the Council can discuss this in depth.

Attachment: Draft Ordinance 15-112 Public Body Code of Ethics

ORDINANCE Nº 15-112

AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF DEWEY-HUMBOLDT, COUNTY OF YAVAPAI, ARIZONA, AMENDING THE TOWN OF DEWEY-HUMBOLDT, ARIZONA CODE OF ORDINANCES, TITLE III ADMINISTRATION, CHAPTER 35 CODE OF ETHICS AND CONDUCT, § 35.06 COMPLIANCE AND ENFORCEMENT RELATED TO COMPLAINTS OF VIOLATION OF THE ETHICS CODE, PROCEDURES AND SANCTIONS; PROVIDING FOR A SAVINGS CLAUSE; AND PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES

Be it ordained by the Mayor and Common Council of the Town of Dewey-Humboldt, Arizona, as follows:

Section I. In General

The Town of Dewey-Humboldt, Arizona Code of Ordinances, Title III Administration, Chapter 35 Code of Ethics and Conduct, Section 35.06 Compliance and Enforcement is hereby amended to read as follows (additions in ALL CAPS; deletions in ~~strikeout~~):

§ 35.06 COMPLIANCE AND ENFORCEMENT.

(A) Public officials take an oath when they assume their duties to uphold the laws of the United States of America, the State of Arizona, and the Town of Dewey-Humboldt. Therefore, it is the intent of the Town Council to educate and, where necessary, to discipline public officials who violate this chapter.

(B) The process for enforcement follows:

(1) If a resident (complainant) thinks that a violation of this chapter has occurred, ~~they~~ HE shall complete a complaint form AND FILE IT WITH THE TOWN CLERK WITHIN FOURTEEN DAYS OF THE DISCOVERY OF THE ALLEGED VIOLATION. The form will be available online or at Town Hall. The form will include the date of filing the complaint, the date of the ALLEGED violation, the facts supporting the complaint, which part of the code ~~was~~ IS ALLEGED TO HAVE BEEN violated, and the name of the person ~~that~~ ALLEGED TO HAVE violated the code. The complainant will supply contact information so ~~they~~ HE can be told of the outcome of ~~their~~ THE complaint.

(2) WITHIN SEVEN DAYS OF RECEIPT OF THE COMPLAINT, THE TOWN CLERK SHALL FORWARD THE complaint AND SUPPORTING DOCUMENTATION TO A HEARING OFFICER APPOINTED PURSUANT TO PARAGRAPH (C) OF THIS SECTION.

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(3) THE HEARING OFFICER SHALL CONDUCT A HEARING ON THE COMPLAINT WITHIN FORTY-FIVE DAYS OF THE DATE OF THE COMPLAINT, WHICH DATE MAY BE EXTENDED BY THE HEARING OFFICER FOR GOOD CAUSE. ~~then goes to the Ethics Committee. This Committee will be made up of the Mayor, Vice-Mayor and a rotating Council Member. The rotating Member will be selected in the same manner in which the Vice-Mayor is selected on a yearly basis. The Committee will determine whether a violation has occurred.~~

(a) THE HEARING OFFICER SHALL PROVIDE NOTICE OF THE HEARING TO THE COMPLAINANT AND PUBLIC OFFICIAL ALLEGED TO HAVE VIOLATED THIS CHAPTER AT LEAST TEN DAYS PRIOR TO THE HEARING.

(b) The ~~Ethics Committee~~ HEARING OFFICER may request additional information from staff, the ~~respondent (object of the complaint)~~ PUBLIC OFFICIAL, the complainant and the Town Attorney.

(c) AT THE HEARING, THE COMPLAINANT AND THE PUBLIC OFFICIAL MAY SUBMIT EVIDENCE AND TESTIMONY REGARDING THE ALLEGED VIOLATION. AT THE END OF THE HEARING, THE HEARING OFFICER SHALL ISSUE HIS WRITTEN DECISION REGARDING WHETHER THERE HAS BEEN A VIOLATION OF THIS CHAPTER AND, IF SO, WHETHER THE VIOLATION WAS A MAJOR OR MINOR VIOLATION.

(d) THE HEARING OFFICER SHALL FORWARD HIS DECISION TO THE TOWN COUNCIL WITHIN FIVE DAYS OF THE END OF THE HEARING.

(4) THE TOWN COUNCIL SHALL REVIEW THE DECISION OF THE HEARING OFFICER AT ITS NEXT REGULARLY SCHEDULED MEETING OR AT A SPECIAL MEETING. IF THE COMPLAINANT IS A MEMBER OF THE COUNCIL, HE SHALL RECUSE HIMSELF FROM THE DISCUSSION AND THE VOTE. IF THE DECISION OF THE HEARING OFFICER IS THAT THE PUBLIC OFFICIAL VIOLATED THIS CHAPTER, THE COUNCIL SHALL DETERMINE WHAT SANCTIONS, IF ANY SHALL BE IMPOSED.

(a) FOR A FIRST MINOR VIOLATION, THE COUNCIL MAY DISCUSS THE VIOLATION WITH THE PUBLIC OFFICIAL AND EXPLAIN HOW TO AVOID A VIOLATION IN THE FUTURE. FOR A SECOND MINOR VIOLATION, THE COUNCIL MAY EITHER DISCUSS THE VIOLATION WITH THE PUBLIC OFFICIAL OR MAY ADOPT A PUBLIC CENSURE. FOR A THIRD MINOR VIOLATION, THE COUNCIL MAY ADOPT A PUBLIC CENSURE.

(b) FOR A FIRST MAJOR VIOLATION, THE COUNCIL MAY ADOPT A PUBLIC CENSURE. FOR A SECOND MAJOR VIOLATION, THE COUNCIL MAY REMOVE THE PUBLIC OFFICIAL FROM A TOWN BOARD, COMMITTEE OR COMMISSION, OR REMOVE HIM FROM REPRESENTING THE TOWN AT OTHER GOVERNMENT

ENTITIES SUCH AS CYMPO, NACOG, WAC OR THE LIKE. FOR A THIRD MAJOR VIOLATION, THE COUNCIL MAY IMPOSE A FINE OF UP TO $500 PER § 10.99.

(c) THE DECISION OF THE COUNCIL SHALL BE FINAL. THE COMPLAINANT SHALL BE NOTIFIED IN WRITING OF THE DECISION OF THE COUNCIL.

~~(3) The Ethics Committee will then decide whether or not there was a violation, and whether it was a minor or major violation of the ethics code. The ruling of the majority of the Committee is then presented to the full Council. If there is not a unanimous decision by the Committee, a minority report can be presented along with the majority opinion. The whole Council can also look at all the information received by the Ethics Committee to make its determination. The Ethics Committee discussion may be held in executive session.~~

~~(4) If a majority of the Council determines that no violation occurred, no action will be taken and the complainant will be notified of the outcome.~~

~~(5) If a majority of the Council agrees that a minor violation has occurred, the Committee has the following options:~~

~~(a) For the first minor offense, the Committee can talk to the violator in executive session and explain how to avoid a violation in the future.~~

~~(b) For the second minor offense, the Committee can choose to again speak to the violator on how to avoid a violation in the future or recommend a public censure.~~

~~(c) For the third minor offense, the committee can recommend a public censure.~~

~~(6) If a majority of the Council agrees that a major violation has occurred, the Committee has the following options:~~

~~(a) For the first major offense, the Committee can recommend a public censure.~~

~~(b) For the second major offense, the Committee can recommend a public sanction. This can be removal from a town board, committee or commission, or removal from representing the town at other government entities such as CYMPO, NACOG, WAC or the like.~~

~~(c) For the third major offense, the committee can recommend a fine of up to $500 per § 10.99.~~

~~(7) For any outcome the complainant will be notified of the decision.~~

~~(8) If the complaint is against one of the members of the Ethics Committee, that person will be excused from the proceedings and another Council Member will be appointed in his or her place.~~

~~(9) The respondent has the right to appeal any Council decision to binding arbitration by an independent hearing officer mutually agreed to between the Town Council and the public official. The cost of the hearing officer shall be borne equally between the town and the public official.~~

(C) THE HEARING OFFICER SHALL BE APPOINTED BY THE TOWN MANAGER. THE HEARING OFFICER SHALL HAVE EXPERIENCE IN MEDIATION OR ARBITRATION AND SUCH OTHER QUALIFICATIONS THAT THE TOWN MANAGER FINDS ARE RELEVANT TO THE ABILITY OF A HEARING OFFICER TO EXERCISE INDEPENDENT JUDGMENT REGARDING A VIOLATION OF THIS CHAPTER. ***THIS NEEDS DISCUSSION WITH THE COUNCIL.***

Section II. Savings Clause

If any section, subsection, sentence, clause, phrase, or portion of this Ordinance as amended 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 remainder of this Ordinance.

Section III. Repeal of Conflicting Ordinance

All other code provisions, ordinances, or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed as of the effective date hereof.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Dewey-Humboldt, Arizona, this _____ day of _____, 2015, by the following vote:

AYES: _____

NAYES: _____ ABSENT: _____

EXCUSED: _____ ABSTAINED: _____

APPROVED this ____ day of _____, 2015.

_____
Terry Nolan, Mayor

ATTEST:

_____
Judy Morgan, Town Clerk

APPROVED AS TO FORM:

_____
Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
Town Attorneys
By Susan D. Goodwin

I, JUDY MORGAN, TOWN CLERK, DO HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE ORDINANCE NO. _____ ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF DEWEY-HUMBOLDT, ARIZONA ON THE ____ DAY OF _____, 2015, WAS POSTED IN THREE PLACES ON THE _____ DAY OF _____, 2015.

_____
Judy Morgan, Town Clerk

TOWN OF DEWEY-HUMBOLDT
P.O. BOX 69
HUMBOLDT, AZ 86329
Phone 928-632-7362 ▪ Fax 928-632-7365

TOWN COUNCIL SPECIAL STUDY SESSION
March 24, 2015 2:00 p.m. Town Council Meeting Chambers

Agenda Item: # 3.2. Report on conducting a Citizen Survey through the National Research Center and direction on a moving-forward plan. (Directed at the March 10, 2015 meeting)

To: **Mayor and Town Council Members**

From: Yvonne Kimball, Town Manager

Date submitted: March 17, 2015

Summary:

At the March 10, 2015 Council meeting, Town Council directed staff to contact the National Research Center regarding a potential citizen's survey for the town. I found helpful information on NRC's website: www.n-r-c.com. I encourage Council to visit the site.

Specifically for Dewey-Humboldt, NRC conducted two surveys in 2008 and 2009. The cost was $9,600 each survey. The current cost for the survey has gone up to $12,150 with an expanded scope. I have attached the current survey template. When we enroll, NCR will work with the Town to customize the survey. Any items we do not wish to ask from questions 5-10 may be removed, and there's about ¾ of a page reserved for questions that are specific to Dewey-Humboldt (see placeholders on page 4). NCR is happy to help craft and/or wordsmith those custom questions.

NCR also provides me with a recent project – Scottsdale. The reports from their most recent iteration of the NCS are posted on Scottsdale website:
http://www.scottsdaleaz.gov/citizensurvey

What staff want to know are:

1. Define Questions to be included in the survey
2. Define how to proceed if you wish to proceed. $5,000 was budgeted for this activity; there is additional funding under the same account from other projects.

Attachment: 2015 NCS survey template

The XYZ of ABC 2015 Citizen Survey

Please complete this questionnaire if you are the adult (age 18 or older) in the household who most recently had a birthday. The adult's year of birth does not matter. Please select the response (by circling the number or checking the box) that most closely represents your opinion for each question. Your responses are anonymous and will be reported in group form only.

1. Please rate each of the following aspects of quality of life in ABC:

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
ABC as a place to live	1	2	3	4	5
Your neighborhood as a place to live	1	2	3	4	5
ABC as a place to raise children	1	2	3	4	5
ABC as a place to work	1	2	3	4	5
ABC as a place to visit	1	2	3	4	5
ABC as a place to retire	1	2	3	4	5
The overall quality of life in ABC	1	2	3	4	5

2. Please rate each of the following characteristics as they relate to ABC as a whole:

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
Overall feeling of safety in ABC	1	2	3	4	5
Overall ease of getting to the places you usually have to visit	1	2	3	4	5
Quality of overall natural environment in ABC	1	2	3	4	5
Overall "built environment" of ABC (including overall design, buildings, parks and transportation systems)	1	2	3	4	5
Health and wellness opportunities in ABC	1	2	3	4	5
Overall opportunities for education and enrichment	1	2	3	4	5
Overall economic health of ABC	1	2	3	4	5
Sense of community	1	2	3	4	5
Overall image or reputation of ABC	1	2	3	4	5

3. Please indicate how likely or unlikely you are to do each of the following:

	Very likely	*Somewhat likely*	*Somewhat unlikely*	*Very unlikely*	*Don't know*
Recommend living in ABC to someone who asks	1	2	3	4	5
Remain in ABC for the next five years	1	2	3	4	5

4. Please rate how safe or unsafe you feel:

	Very safe	*Somewhat safe*	*Neither safe nor unsafe*	*Somewhat unsafe*	*Very unsafe*	*Don't know*
In your neighborhood during the day	1	2	3	4	5	6
In ABC's downtown/commercial area during the day	1	2	3	4	5	6

5. Please rate each of the following characteristics as they relate to ABC as a whole:

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
Traffic flow on major streets	1	2	3	4	5
Ease of public parking	1	2	3	4	5
Ease of travel by car in ABC	1	2	3	4	5
Ease of travel by public transportation in ABC	1	2	3	4	5
Ease of travel by bicycle in ABC	1	2	3	4	5
Ease of walking in ABC	1	2	3	4	5
Availability of paths and walking trails	1	2	3	4	5
Air quality	1	2	3	4	5
Cleanliness of ABC	1	2	3	4	5
Overall appearance of ABC	1	2	3	4	5
Public places where people want to spend time	1	2	3	4	5
Variety of housing options	1	2	3	4	5
Availability of affordable quality housing	1	2	3	4	5
Fitness opportunities (including exercise classes and paths or trails, etc.)	1	2	3	4	5
Recreational opportunities	1	2	3	4	5
Availability of affordable quality food	1	2	3	4	5
Availability of affordable quality health care	1	2	3	4	5
Availability of preventive health services	1	2	3	4	5
Availability of affordable quality mental health care	1	2	3	4	5

6. Please rate each of the following characteristics as they relate to ABC as a whole:

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
Availability of affordable quality child care/preschool	1	2	3	4	5
K-12 education	1	2	3	4	5
Adult educational opportunities	1	2	3	4	5
Opportunities to attend cultural/arts/music activities	1	2	3	4	5
Opportunities to participate in religious or spiritual events and activities	1	2	3	4	5
Employment opportunities	1	2	3	4	5
Shopping opportunities	1	2	3	4	5
Cost of living in ABC	1	2	3	4	5
Overall quality of business and service establishments in ABC	1	2	3	4	5
Vibrant downtown/commercial area	1	2	3	4	5
Overall quality of new development in ABC	1	2	3	4	5
Opportunities to participate in social events and activities	1	2	3	4	5
Opportunities to volunteer	1	2	3	4	5
Opportunities to participate in community matters	1	2	3	4	5
Openness and acceptance of the community toward people of diverse backgrounds	1	2	3	4	5
Neighborliness of residents in ABC	1	2	3	4	5

7. Please indicate whether or not you have done each of the following in the last 12 months.

	No	*Yes*
Made efforts to conserve water	1	2
Made efforts to make your home more energy efficient	1	2
Observed a code violation or other hazard in ABC (weeds, abandoned buildings, etc.)	1	2
Household member was a victim of a crime in ABC	1	2
Reported a crime to the police in ABC	1	2
Stocked supplies in preparation for an emergency	1	2
Campaigned or advocated for an issue, cause or candidate	1	2
Contacted the XYZ of ABC (in-person, phone, email or web) for help or information	1	2
Contacted ABC elected officials (in-person, phone, email or web) to express your opinion	1	2

8. In the last 12 months, about how many times, if at all, have you or other household members done each of the following in ABC?

	2 times a week or more	*2-4 times a month*	*Once a month or less*	*Not at all*
Used ABC recreation centers or their services	1	2	3	4
Visited a neighborhood park or XYZ park	1	2	3	4
Used ABC public libraries or their services	1	2	3	4
Participated in religious or spiritual activities in ABC	1	2	3	4
Attended a XYZ-sponsored event	1	2	3	4
Used bus, rail, subway or other public transportation instead of driving	1	2	3	4
Carpooled with other adults or children instead of driving alone	1	2	3	4
Walked or biked instead of driving	1	2	3	4
Volunteered your time to some group/activity in ABC	1	2	3	4
Participated in a club	1	2	3	4
Talked to or visited with your immediate neighbors	1	2	3	4
Done a favor for a neighbor	1	2	3	4

9. Thinking about local public meetings (of local elected officials like City Council or County Commissioners, advisory boards, town halls, HOA, neighborhood watch, etc.), in the last 12 months, about how many times, if at all, have you or other household members attended or watched a local public meeting?

	2 times a week or more	*2-4 times a month*	*Once a month or less*	*Not at all*
Attended a local public meeting	1	2	3	4
Watched (online or on television) a local public meeting	1	2	3	4

The National Citizen Survey™ • © 2001-2015 National Research Center, Inc.

10. Please rate the quality of each of the following services in ABC:

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
Police/Sheriff services	1	2	3	4	5
Fire services	1	2	3	4	5
Ambulance or emergency medical services	1	2	3	4	5
Crime prevention	1	2	3	4	5
Fire prevention and education	1	2	3	4	5
Traffic enforcement	1	2	3	4	5
Street repair	1	2	3	4	5
Street cleaning	1	2	3	4	5
Street lighting	1	2	3	4	5
Snow removal	1	2	3	4	5
Sidewalk maintenance	1	2	3	4	5
Traffic signal timing	1	2	3	4	5
Bus or transit services	1	2	3	4	5
Garbage collection	1	2	3	4	5
Recycling	1	2	3	4	5
Yard waste pick-up	1	2	3	4	5
Storm drainage	1	2	3	4	5
Drinking water	1	2	3	4	5
Sewer services	1	2	3	4	5
Power (electric and/or gas) utility	1	2	3	4	5
Utility billing	1	2	3	4	5
XYZ parks	1	2	3	4	5
Recreation programs or classes	1	2	3	4	5
Recreation centers or facilities	1	2	3	4	5
Land use, planning and zoning	1	2	3	4	5
Code enforcement (weeds, abandoned buildings, etc.)	1	2	3	4	5
Animal control	1	2	3	4	5
Economic development	1	2	3	4	5
Health services	1	2	3	4	5
Public library services	1	2	3	4	5
Public information services	1	2	3	4	5
Cable television	1	2	3	4	5
Emergency preparedness (services that prepare the community for natural disasters or other emergency situations)	1	2	3	4	5
Preservation of natural areas such as open space, farmlands and greenbelts	1	2	3	4	5
ABC open space	1	2	3	4	5
XYZ-sponsored special events	1	2	3	4	5
Overall customer service by ABC employees (police, receptionists, planners, etc.)	1	2	3	4	5

11. Overall, how would you rate the quality of the services provided by each of the following?

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
The XYZ of ABC	1	2	3	4	5
The Federal Government	1	2	3	4	5

12. Please rate the following categories of ABC government performance:

	Excellent	*Good*	*Fair*	*Poor*	*Don't know*
The value of services for the taxes paid to ABC	1	2	3	4	5
The overall direction that ABC is taking	1	2	3	4	5
The job ABC government does at welcoming citizen involvement	1	2	3	4	5
Overall confidence in ABC government	1	2	3	4	5
Generally acting in the best interest of the community	1	2	3	4	5
Being honest	1	2	3	4	5
Treating all residents fairly	1	2	3	4	5

13. Please rate how important, if at all, you think it is for the ABC community to focus on each of the following in the coming two years:

	Essential	*Very important*	*Somewhat important*	*Not at all important*
Overall feeling of safety in ABC	1	2	3	4
Overall ease of getting to the places you usually have to visit	1	2	3	4
Quality of overall natural environment in ABC	1	2	3	4
Overall "built environment" of ABC (including overall design, buildings, parks and transportation systems)	1	2	3	4
Health and wellness opportunities in ABC	1	2	3	4
Overall opportunities for education and enrichment	1	2	3	4
Overall economic health of ABC	1	2	3	4
Sense of community	1	2	3	4

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❍ Scale point 1 ❍ Scale point 2 ❍ Scale point 3 ❍ Scale point 4 ❍ Scale point5

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❍ Scale point 1 ❍ Scale point 2 ❍ Scale point 3 ❍ Scale point 4 ❍ Scale point5

xx. OPTIONAL [See Worksheets for details and price of this option] Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question Open-Ended Question

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The National Citizen Survey™ • © 2001-2015 National Research Center, Inc.

The XYZ of ABC 2015 Citizen Survey

Our last questions are about you and your household. Again, all of your responses to this survey are completely anonymous and will be reported in group form only.

D1. How often, if at all, do you do each of the following, considering all of the times you could?

	Never	*Rarely*	*Sometimes*	*Usually*	*Always*
Recycle at home	1	2	3	4	5
Purchase goods or services from a business located in ABC	1	2	3	4	5
Eat at least 5 portions of fruits and vegetables a day	1	2	3	4	5
Participate in moderate or vigorous physical activity	1	2	3	4	5
Read or watch local news (via television, paper, computer, etc.)	1	2	3	4	5
Vote in local elections	1	2	3	4	5

D2. Would you say that in general your health is:
❍ Excellent ❍ Very good ❍ Good ❍ Fair ❍ Poor

D3. What impact, if any, do you think the economy will have on your family income in the next 6 months? Do you think the impact will be:
❍ Very positive ❍ Somewhat positive ❍ Neutral ❍ Somewhat negative ❍ Very negative

D4. What is your employment status?
❍ Working full time for pay
❍ Working part time for pay
❍ Unemployed, looking for paid work
❍ Unemployed, not looking for paid work
❍ Fully retired

D5. Do you work inside the boundaries of ABC?
❍ Yes, outside the home
❍ Yes, from home
❍ No

D6. How many years have you lived in ABC?
❍ Less than 2 years ❍ 11-20 years
❍ 2-5 years ❍ More than 20 years
❍ 6-10 years

D7. Which best describes the building you live in?
❍ One family house detached from any other houses
❍ Building with two or more homes (duplex, townhome, apartment or condominium)
❍ Mobile home
❍ Other

D8. Is this house, apartment or mobile home…
❍ Rented
❍ Owned

D9. About how much is your monthly housing cost for the place you live (including rent, mortgage payment, property tax, property insurance and homeowners' association (HOA) fees)?
❍ Less than $300 per month
❍ $300 to $599 per month
❍ $600 to $999 per month
❍ $1,000 to $1,499 per month
❍ $1,500 to $2,499 per month
❍ $2,500 or more per month

D10. Do any children 17 or under live in your household?
❍ No ❍ Yes

D11. Are you or any other members of your household aged 65 or older?
❍ No ❍ Yes

D12. How much do you anticipate your household's total income before taxes will be for the current year? (Please include in your total income money from all sources for all persons living in your household.)
❍ Less than $25,000
❍ $25,000 to $49,999
❍ $50,000 to $99,999
❍ $100,000 to $149,999
❍ $150,000 or more

Please respond to both questions D13 and D14:

D13. Are you Spanish, Hispanic or Latino?
❍ No, not Spanish, Hispanic or Latino
❍ Yes, I consider myself to be Spanish, Hispanic or Latino

D14. What is your race? (Mark one or more races to indicate what race you consider yourself to be.)
❍ American Indian or Alaskan Native
❍ Asian, Asian Indian or Pacific Islander
❍ Black or African American
❍ White
❍ Other

D15. In which category is your age?
❍ 18-24 years ❍ 55-64 years
❍ 25-34 years ❍ 65-74 years
❍ 35-44 years ❍ 75 years or older
❍ 45-54 years

D16. What is your sex?
❍ Female ❍ Male

D17. Do you consider a cell phone or land line your primary telephone number?
❍ Cell ❍ Land line ❍ Both

Thank you for completing this survey. Please return the completed survey in the postage-paid envelope to: National Research Center, Inc., PO Box 549, Belle Mead, NJ 08502

TOWN OF DEWEY-HUMBOLDT
P.O. BOX 69
HUMBOLDT, AZ 86329
Phone 928-632-8562 ▪ Fax 928-632-7365

Principles of Sound Financial Management

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Introduction

The Town has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities. In these times of tight budgets, of major changes in federal and state policies toward local government, and of limited growth in the Town's tax base, the Town needs to ensure that it is capable of adequately funding and providing those government services desired by the community. Ultimately, the Town's reputation and success will depend on the public's awareness and acceptability of the management and delivery of these services.

These adopted Principles of Sound Financial Management establish guidelines for the Town's overall fiscal planning and management. These principles are intended to foster and support the continued financial strength and stability of the Town of Dewey-Humboldt as reflected in its financial goals. The Town's financial goals are broad, fairly timeless statements of the financial position the Town seeks to attain:

- ☑ To deliver quality services in an affordable, efficient and cost-effective basis providing full value for each tax dollar.
- ☑ To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in the Town of Dewey-Humboldt.
- ☑ To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of our community, and to respond to changes in Federal and State priorities and funding as they affect the Town's residents.
- ☑ The Town does have bond obligations now. If and when the Town is in bond markets, town will do the following: ~~T~~to maintain a high bond credit rating to ensure the Town's access to the bond markets and to provide assurance to the Town's taxpayers that the Town government is well managed and financially sound.

Following these principles will enhance the Town's financial health as well as its image and credibility with its citizens; the public in general, bond rating agencies and investors. To achieve these purposes as the Town of Dewey-Humboldt continues to grow and develop, it is important to regularly engage in the process of financial planning including reaffirming and updating these financial guidelines. Policy changes will be needed as the Town continues to grow and become more diverse and complex in the services it provides, as well as the organization under which it operates to provide these services to its citizens.

Commented [YK1]: It is a well written document. It appears to reflect council's desires of maintaining a sound financial outlook for the Town. The document was created in 2008 shortly after the town become incorporated and then revised in 2011 during a period without a permeant town manager.
Some of the contents and expectations are not practical for the current set-up of the town and not commensurate with the current staffing level or staff capability. In order to fully implement this policy, additional resources are needed.

I recommend Council revisit the document and make revisions accordingly if council desires to keep the document at all.

Commented [YK2]: Throughout the document, there is a strong indication that this document was written in preparation of bonds and debt issuance. I was not unsure this is the council's intention.

Resolution adopting these Principals as a Council Policy 08-58

Commented [YK3]: New resolution may needed if revisions occur.

RESOLUTION № 08-58

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF DEWEY-HUMBOLDT, ARIZONA, ADOPTING THE PRINCIPLES OF SOUND FINANCIAL MANAGEMENT AS COUNCIL POLICY 08-01, AUTHORIZING THE PREPARATION OF DOCUMENTS, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town has an important responsibility to its citizens to carefully account for public funds, to manage its finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities;

WHEREAS, in these times of tight budgets, of major changes in federal and state policies toward local government, and of limited growth in the Town's tax base, the Town needs to ensure that it is capable of adequately funding and providing those government services desired by the community; and

WHEREAS, ultimately, the Town's reputation and success will depend on the public's awareness and acceptability of the management and delivery of these services.

NOW THEREFORE, be it resolved by the Mayor and Town Council of the Town of Dewey-Humboldt, Arizona that:

Section 1: Principles of Sound Financial Management Adoption. It shall be the public policy of the Town of Dewey Humboldt to adopt the Principles of Sound Financial Management (PoSFM), attached hereto as ***Exhibit A***, as Council Policy № 08-01, to establish guidelines for the Town's overall fiscal planning and management in order to foster and support the continued financial strength and stability of the Town of Dewey-Humboldt as reflected in its financial goals.

Section 2: Authorization to Prepare Documents. The Town Manager, Town Clerk, Town Attorney, and any other necessary persons are hereby authorized to prepare the agreements, forms and instruments contemplated to be used by the Town in implementing the provisions of the PoSFM.

Section 3: Effective Date. This Resolution shall be effective immediately.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Dewey Humboldt, Arizona, this 21st day of October 2008.

Earl Goodwin, Mayor

ATTEST:

Judy Morgan, Town Clerk

APPROVED AS TO FORM:

Keelon Jones, Town Attorney

1. Fiscal Planning and Budgeting

Fiscal planning refers to the process of identifying resources and allocating those resources among numerous and complex competing purposes. The primary vehicle for this planning is the preparation, monitoring and analysis of the Town's budget. It is increasingly important to incorporate a long-term perspective and to monitor the performance of the programs competing to receive funding.

Forecasting

The Chief Financial Officer and/or the Town Manager will prepare a ***3-year*** long-range financial forecast that will incorporate both revenue and expenditure estimates for the Town's major operating funds. The ***3-year*** revenue forecast will ***focus solely on*** revenues that are anticipated to be sustainable over the ***3-year*** period. The estimates of non-agency revenues, **grant** and agency revenues, and inter-fund transfers will also be provided. Expenditure projections should include the anticipated operating impacts of the adopted capital improvement program. The ***3-year*** long-range forecast will be updated ***annually*** and presented to the Town Council at the start of the Town budget process. In the event that the Town issues debt securities, the CFO will prepare ***5-year*** forecasts, rather than ***3-year***.

Additionally, the CFO will prepare less detailed ***10-year*** forecasts for use in the Capital Improvement Program budget only.

Schedule

The Town Manager shall submit a proposed annual budget to the Town Council before the April 30th ~~***March 31st***~~ ***in each year***. This proposed budget must be based on Council's established goals. The Town Manager shall execute the budget as finally adopted, ~~pursuant to Title 42, Chapter 7, Article 3, Section 17105 of the Arizona Revised Statutes, as amended~~. The Town will budget revenues and expenditures on the basis of a fiscal year which begins July 1st and ends on the following June 30th. The Town Council shall adopt the budget for the following fiscal year no later than July 1st ~~***June 1st***~~. If the budget is not adopted before ~~June~~ July 1st, the Council shall adopt a continuing resolution to allow the Town to expend funds until the budget is adopted.

The Town Manager shall provide ***annually*** a budget preparation schedule outlining the preparation timelines for the proposed budget. Budget packages for the preparation of the budget, including forms and instructions, shall be distributed to appropriate Town staff ~~programs~~ in a timely manner for the budget Programs' completion. ~~Program officials~~Assigned staff shall prepare and return their budget proposals to the Town Manager~~Budget Office~~, as required in the budget preparation schedule.

Standards

~~The Town will prepare a budget in accordance with the framework established by the National Advisory Council on State and Local Budgeting in Recommended Budget Practices – A Framework for Improved State and Local Government Budgeting and the Government Finance Officers Association in its Distinguished Budget Award Program.~~ The proposed budget will contain the following:

Commented [YK4]: The intention is great. However, it appears that the document is more appropriate for organizations with a lot bigger budgets and larger staffs.

Commented [YK5]: Staff (I) do informal forecasts routinely. However, if formal forecasts are expected, additional personnel with specific financial forecasting skills will be needed; or consultants should be considered.
All the forecasts are very common for organizations with a lot bigger budgets, and debts (most municipalities have debts). As a result, these organizations have bigger staffs to engage in this kind of financial activities.

Commented [YK6]: In order to truly reflect the spirit of this, budget retreats/workshop would be needed around December or January each year. The practice and expectation is again very common for bigger organizations with bigger budgets and bigger staffs.

Formatted: Superscript

Commented [YK7]: I was unable to locate this ARS section.

Formatted: Superscript

Commented [YK8]: These dates are restrictions that the town decided to add. State law has some guidance on timeline when there is a tax levy and it was more relaxed than the timeline included here.

Commented [YK9]: I do not think this part is necessary. Town managers know how to handle their communication with the staff on the budget. This should be left up to the town manager.

Commented [YK10]: This language indicates that town council requires the budget to obtain the "distinguished budget award". The town obtained the awards twice. I have not made this a priority although I would like to continue/re-gain the award when I have sufficient manpower. One added benefits for the award is the increased marketability of staff.

- ☑ Revenue estimates by major category, by fund;
- ☑ Expenditure estimates by program levels and major expenditure category, by fund;
- ☑ Estimated fund balance by fund;
- ☑ Debt service, by issue, detailing principal and interest amounts;
- ☑ Proposed personnel staffing levels per program;
- ☑ A detailed schedule of capital projects; and
- ☑ Any additional information, data, or analysis requested of management by the Town Council.

The Town maintains its financial records in accordance with accounting principles generally accepted in the United States of America known as GAAP. Although the Town's budget is prepared on a modified cash basis that differs from GAAP, the Town will attempt to minimize these differences between the budget basis of accounting and GAAP.

Operating Budget

The operating budget will be organized around policy outcomes, typically in programs, intended to be achieved within the budget period. It is often appropriate to refer to interim outcomes towards a longer-term outcome beyond the current year. The preferred policy outcomes will be explicitly outlined and will describe the changes in the lives of individuals, families, organizations, or the Town as a result of the program. Line items within programs should describe discrete actions, and should be neither so vague as to confuse the expected outcome nor so granular that the mass of detail is distracting.

Fiscally, the operating budget will be based on the principle that current operating expenditures, including debt service when it occurs, will be funded with current revenues creating a balanced budget. The budget will not use one-time (non-recurring) sources to fund continuing (recurring) uses, postpone expenditures, or use external borrowing for operational requirements. The budget will incorporate the best available estimates of revenues and expenditures.

Commented [YK11]: Debt service?

The budget will fully appropriate the estimated actual expenditures needed for authorized regular staffing. A system will be used to facilitate position control. At no time shall the number of full-time and regular part-time employees on the payroll exceed the total number of positions authorized by the Town Council. Pursuant to Personnel Administrative Regulations, additional temporary appointment of employees can be made with the approval of the Town Manager.

Unspent appropriations for significant programs and major projects will be considered for re-appropriation in the subsequent fiscal year. Such re-appropriation shall be included to finance the overall proposed budget. ***There may be transfers of appropriations between programs that occur only by Council action amending the adopted budget***.

Performance Measures

Performance measurement indicators will be integrated into the budget process as appropriate. Performance measures will be monitored and reported on an annual basis.

Alternatives for improving the efficiency and effectiveness of the Town's programs and the productivity of its employees will be considered during the budget process. Duplication of services and inefficiency in service delivery ***should*** be eliminated wherever they are identified.

Budget Risk Management

The Town's annual budget will include contingency appropriation to provide for unanticipated increases in service delivery costs, emergencies, and needs that may arise throughout the fiscal year. The contingency appropriation can only be expended upon separate Council action.

The Town shall establish appropriate management controls to monitor expenditure budgets to ensure they do not exceed authorizations. For operating budgets, this control shall be exercised at the program/fund level. For capital budgets, this control shall be at the project level.

A ***quarterly*** report on the status of the General Fund budget and trends will be prepared by the Finance Department and presented to the Town Council by ***no later than 60 days of the end of each quarter***. In addition, the ***quarterly*** report shall include revenue and expenditure projections through the end of the fiscal year.

If a deficit is projected during any fiscal year, the Town will take steps to reduce expenditures, increase revenues or, if a deficit is caused by an emergency, consider using the Undesignated General Fund Balance, to the extent necessary to ensure a balanced budget at the close of the fiscal year. The Town Manager may institute a cessation during the fiscal year on new hires, promotions, transfers, and capital equipment purchases. Such action will not be taken arbitrarily and without knowledge and support of the Town Council.

Capital Budget

The Capital Budget will be prepared in accordance with the *Capital Improvement Program* section hereof.

2. Fund Balance

Fund balance is an important indicator of the Town's financial position. Adequate fund balances must be maintained to allow the Town to continue providing services to the community in case of economic downturns and/or unexpected emergencies or requirements.

Fund Balance is comprised of Nonspendable, Restricted, Committed, Assigned, or Unassigned components. This policy refers to unrestricted fund balances which would include the latter three fund balance components: Committed, Assigned, or Unassigned. See the chart at the end of this section for an explanation of Fund Balance Reporting.

The Town's Unrestricted Fund Balances will be maintained to provide the Town with a comfortable margin of safety to address emergencies and/or unexpected declines in revenue without borrowing.

Committed Fund Balance

Mayor and Council action is required to "Commit" and "Uncommit" funds for a specific purpose.

The Town will maintain a Contingency Reserve Fund as part of the committed component. This fund will maintain a balance of at least 10% and no more than 30% of the general fund budgeted expenditures for the current fiscal year. The exact percentage will be set by Council each year as part of the budget process.

The Town will maintain an Operational Reserve at least 30% and no more than 50% of the average General and HURF fund total revenues or expenditures for the preceding three years; whichever amount is higher. The intent of this is to provide additional stability to the General Fund recognizing the cyclical nature of the economy. The Operational Reserve may only be used to cover unforeseen emergencies and unexpected declines in revenue.

To the extent these reserves are expended, the Town will increase its General Fund revenues or decrease its expenditures as necessary to prevent the continued use of these reserves. The Town must restore to the minimum limit over a period not to exceed three years.

Assigned Fund Balance

Use of any Assigned Fund Balance up to $4,999 requires approval of both the Town Manager and finance. Amounts $5,000 and up requires finance, Town Manager and Council approval.

Unassigned

Funds in excess of the minimum targets will be retained in the Unassigned General Fund Balance, and may be considered to supplement "pay as you go" capital outlay and one-time operating expenditures, or may be used to prepay existing Town debt. These funds may not be used to establish or support costs that are recurring in nature.

Fund Balance Reporting			
CLASSIFICATION		***DEFINITION***	***EXAMPLES***
NONSPENDABLE		"Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact."	Permanent principal of an endowment fund, Prepaid items, inventories
RESTRICTED		"Fund balance should be reported as restricted when constraints placed on the use of resources are either: a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b. Imposed by law through constitutional provisions or enabling legislation."	Restricted by state statute, Taxes dedicated to a specific purpose (HURF), Revenues restricted by enabling legislation, Grants earned but not spent, Unspent bond proceeds, Debt covenants
UNRESTRICTED	***COMMITTED***	"Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority"	Formal Minimum Fund Balance Contingency Reserve Fund Economic Uncertainty Fund Town Council decides to set aside $1M for a new town hall
	ASSIGNED	"Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed"	Other Specified Contingencies, Appropriated Fund Balance, Council deligates the authority to assign fund balance to the Town Manager (during budget process)
	UNASSIGNED	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.	

Your attention to Unrestricted/committed (fund Balance Reporting) /example - "Town Council decides to set aside $1 M for a new town hall"

3. Expenditure Control

Management must ensure compliance with the legally adopted budget. In addition, purchases and expenditures must comply with legal requirements and policies and procedures set forth by the Town.

Expenditures will be controlled by an annual appropriated budget at the program/fund level. The Town Council shall establish appropriations through the budget process. The Town Manager may transfer expenditure authority between line items within a program, but only the Council may transfer appropriations between programs. Written procedures will be maintained for administrative approval and processing of budget transfers between line items, programs, and funds. All purchases, including contracts exceeding ***$5,000*** must be executed by the Town Council: other purchases, including contracts and financial obligations may be executed by the Town Manager when appropriated in the annual budget.

Program heads are responsible for monitoring expenditures to prevent exceeding their total program expenditure budget. It is the responsibility of these program heads to immediately notify the Town's Chief Financial Officer and the Town Manager of any circumstances that could result in a program budget being exceeded.

The Town will maintain a purchasing system that provides needed commodities and services in a timely manner to avoid interruptions in the delivery of services. All purchases shall be made in accordance with the Town's procurement code, purchasing policies, guidelines and procedures and applicable state and federal laws. The Town will endeavor to obtain supplies, equipment and services that provide the best value.

A system of appropriate internal controls and procedures using best practices shall be maintained for the procurement and payment processes. These internal controls will be reviewed in conjunction with the Town's annual financial audit.

The Town will make all payments within the established terms. The Town shall pay applicable contractor invoices in accordance with the requirements of Arizona Revised Statutes § 34-221.

The State of Arizona sets a limit on the expenditures of local jurisdictions. The Town will comply with these expenditure limitations and will submit an audited expenditure limitation report, audited financial statements, and audited reconciliation report as defined by the Uniform Expenditure Reporting System (A.R.S. § 41-1279.07) to the State Auditor General within the prescribed timelines.

The Town Council will pursue local override of the State expenditure limitation as provided by the State Constitution if the projected expenditures within ***2 years*** are anticipated to exceed the expenditure limitation. This override may be through local voter approval of a permanent base adjustment (Article IX, Section 20, Subsection 6), or by local voter approval of Home Rule (Article IX, Section 20, Subsection 9).

4. Revenues and Collections

In order to provide funding for service delivery, the Town must have reliable revenue sources. These diverse revenues must be assessed and collected equitably, timely, and efficiently.

The Town's goal is a General Fund revenue base balanced between local sales (transaction privilege) taxes, state shared revenues (including state sales taxes), and other revenue sources.

The Town will maintain a diversified and stable revenue base to shelter it from economic changes or short-term fluctuations by doing the following:

- ☑ Conducting a cost of service study ~~every ***3 years***~~ periodically to determine if all allowable fees are being properly calculated and set at an appropriate level.
- ☑ Establishing new charges and fees as appropriate and as permitted by law.
- ☑ Pursuing legislative change, when necessary, to permit changes or establishment of user charges and fees.
- ☑ ~~Aggressively~~ Actively collecting all revenues, late penalties and related interest as authorized by the Arizona Revised Statues. Towards collecting civil penalties that have been imposed by the Town, the town has the following policies: A. Town utilizes a collection agency. The Town Manager shall have discretion to determine the length of time the collection agency will have to collect the amounts due to the Town. B. If a civil penalty was imposed in a case related to the occupancy or use of land, the town can record a lien upon the land. The Town can also record a notice of civil sanction and/or an abatement order and/or violation notice with the Yavapai County Recorder.

Commented [YK12]: The first fee study cost $27,065 in 2010. I have discussed with Council whether it would be cost –effective to another study in 2013. I did not recommend a fee study like 2010. Council agreed not to conduct a fee study in 2013. Instead, I had staff do a building permit fee comparison with other municipalities in the community. I agree that there are times and situations warranting a fee study. I also predict that the town will need a professionally done in the near future. I do not think DH needs a fee study every three years.

Commented [YK13]: Not sure if it is valid. need to verify with town attorney.

Commented [YK14]: This has been verified as a can-do in December, 2014.

Commented [YK15]: This direction was given at the February 11, 2014 meeting. The attorney has since advised that "lien" is not appropriate. I also wanted to reiterate that Although penalties may be necessary, code compliance is the purpose of code enforcement.

5. Grants

Many grants require Council's appropriation of funds, either for the original grant or to continue programs after the grant funding has expired. Council should review these grant programs prior to determining whether application should be made for these grant funds.

The Town shall apply for only those grants that are consistent with the objectives and high priority needs previously identified by Council. The potential for incurring ongoing costs, to include the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant.

The Town shall attempt to recover all allowable costs – direct and indirect – associated with the administration and implementation of programs funded through grants. The Town may waive or reduce indirect costs if doing so will significantly increase the effectiveness of the grant.

All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the Town's policy objectives. When the potential for ongoing expenditures exceeds the program budget allocation, programs shall seek Council approval prior to submission of the grant application. If time constraints under the grant program make this impossible, the program shall obtain approval to submit an application from the Town Manager and then, at the earliest feasible time, seek formal Council approval. If there is a cash match requirement, the source of funding shall be identified prior to application.

The Town may terminate grant-funded programs and associated positions when grant funds are no longer available unless alternate funding is identified. When such grant funding is terminated, Town staff will prepare a report evaluating the results of the grant program and will make a finding to determine whether to continue funding the project with other financial resources. Many grants are given to enable towns to try a program or to provide seed money to establish a program, and follow-up analysis is required to make the best use of such funds.

6. User Fee Cost Recovery and Indirect Cost Allocations

User fees and charges are payments for voluntarily purchased, publicly provided services that benefit specific individuals. The Town relies on user fees and charges to supplement other revenue sources in order to provide public services.

Indirect cost charges are assessed to recover a portion of the costs for services provided between various funds.

The Town may establish user fees and charges for certain services provided to users receiving a specific benefit.

~~The Town will conduct a cost of service study to identify the full cost of providing a service for which fees are charged. The calculation of full cost will include all reasonable and justifiable direct and indirect cost components. Fees and charges will be established to recover the full cost of service, unless the percentage of full cost recovery has been reduced by specific action of the Town Council. It is recognized that occasionally competing policy objectives may result in reduced user fees and charges that recover only a portion of service costs.~~

~~User fees shall be reviewed every ***3 years*** to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.~~

~~The Town shall establish a cost allocation plan to determine ***annually*** the administrative service charges due to the appropriate operating fund for overhead and staff support provided to another fund. Funds shall pay these indirect cost charges for services provided by another fund.~~

Commented [YK16]: ???

Commented [YK17]: ??? I believe this requirement is one of the primary reasons for a fee and cost study.

Commented [YK18]: Same concern; every 3 years.

Commented [YK19]: Another plan/study? annually?

7. Development impact fees (reserved)

~~7. Development Impact Fees~~

~~The Council's policy is that growth should pay for itself to the maximum extent possible. As such, the Council has adopted a system of development impact fees. Development impact fees are one-time charges assessed against new customers to recover a proportional share of capital costs incurred to provide service capacity for new customers. Appropriate development fees are an important component in the overall strategy for pricing services.~~

~~The Town's objectives for development impact fees shall include the following:~~

- ☑ ~~Support the cost of growth.~~
- ☑ ~~Minimize the impact of growth on existing residents.~~
- ☑ ~~Develop cost justified development fees.~~
- ☑ ~~Address infrastructure requirements.~~
- ☑ ~~Promote economic development.~~
- ☑ ~~Provide financial capacity.~~

~~In general, development impact fees must be based on a rational analysis. This analysis will include:~~

- ☑ ~~an assessment of the impacts of growth on the Town's capital needs;~~
- ☑ ~~a determination that the amount of the fee does not exceed the reasonable cost to provide capacity to accommodate growth;~~
- ☑ ~~the funds collected must be adequately allocated to pay for growth related impacts; and~~
- ☑ ~~an identification of potential waivers or offsets to recognize other financial commitments resulting from development.~~

~~The Town will monitor the use of impact fee credits (both offsets and reimbursements) and will track and report liabilities associated with these credits.~~

~~Development impact fees will be assessed for the purposes allowed by law. The Town is allowed to adopt impact fees for the following:~~

- ☑ ~~Libraries~~
- ☑ ~~Parks, recreation facilities, rivers and trails and open space~~
- ☑ ~~Law enforcement~~
- ☑ ~~General government~~
- ☑ ~~Transportation~~

~~The Town shall conduct a review of its development impact fees every ***3 years***.~~

Commented [YK20]: State law has made significant changes; the cost for setting impact fees are higher, the uses of impact fees are much stricter. Council has decided to remove impact fee charge as of August 1, 2014 upon recommendation by the town attorney and myself. However, the council can decide to reinstate the impact fees at any time. The process takes about a year.

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8. Capital Improvement Program

The purpose of the Capital Improvement Program is to systematically identify, plan, schedule, finance, track and monitor capital projects to ensure cost-effectiveness as well as conformance to established policies.

~~The Town Manager will ***annually*** submit a ***10 year*** Capital Improvement Program for review by the Town Council pursuant to the timeline established in the annual budget preparation schedule. A ***5 year*** program would be more accurate and give the public more assurance that all of the projects within the plan will be completed, but the Town's level of income is such that a full ***10 years*** is needed to accumulate enough funds to include any significant improvements. Submission of the Capital Improvement Program shall be consistent with the requirements of Title 42, Chapter 17, Article 3 of the Arizona Revised Statutes. The Capital Improvement Program will incorporate a methodology to determine a general sense of project priority according to developed criteria.~~

The Capital Improvement Program shall provide:

- ☑ A statement of the objectives of the Capital Improvement Program and the relationship with the Town's General Plan, program master plans, necessary service levels, and expected facility needs.
- ☑ An implementation program for each of the capital improvements that provides for the coordination and timing of project construction among various Town programs.
- ☑ An estimate of each project's costs, anticipated sources of revenue for financing the project, and an estimate of the impact of each project on Town revenues and operating budgets. The *operating impact information* shall be provided for the period covered in the Town's current ***10-year*** Capital Improvement Program. No capital project shall be funded unless operating impacts have been assessed and the necessary funds can be reasonably anticipated to be available when needed for the systematic improvement and maintenance of the Town's capital infrastructure.
- ☑ Revenues and project costs will be calculated in current dollars.
- ☑ Debt ratio targets that comply with the Debt Management section of these policies.
- ☑ A schedule of proposed debt issuance.

The Town will match programs and activities identified in the Capital Improvement Program with associated funding sources. The Town will also seek to match project costs with project users, with may require the issuance of debt to allow future users to pay in the future and to maintain intergenerational equity.

When current revenues or resources are available for capital improvement projects, consideration will be given first to those capital assets with the shortest useful life and to those capital assets whose nature makes them comparatively more difficult to finance with bonds or lease financing. Using cash for projects with shorter lives and bonds for projects with longer lives facilitates intergenerational equity, wherein projects with long useful lives are paid over several generations using the project through debt service payments.

Commented [YK21]: The town has a 10 year CIP 2011-2021; but looking at the prior budgets, it appears that the CIP projects were intended to be funded by grants.

I have all along been thinking about a CIP program that intends to use realistic revenue source to pay for; but I do need professional help to get this done. When I do, I believe road/transportation projects should be priority. The 2012 PARA study has identified 30 millions of dollars of road projects for the future ($4 million for the near term of 5 years). PARA 's driving force was growth and multimode traffic model not operation "nuts and bolts". Nonetheless, it contains relevant information. If council wishes for another CIP, I can look into it. It will take time and resource.

Additionally, instead of new infrastructure projects which is the CIP all about, staff has developed a multiyear paved road maintenance plan. Staff is working on a unpaved road plan. Towards that end, I have told the Council recently that I would like to have an independent engineer firm to conduct a visual inspection of all roads or just the dirt roads and give a rough cost estimate. This report will be focusing on the nuts of bolts of the road service.

Capital improvement projects will not be authorized or awarded until the funding sources have been identified to finance the project and operating costs have been accounted.

Staff will monitor projects in progress to insure their timely completion or the adjustment of the Capital Improvement Program as approved by Council if a project is delayed or deferred. A ***quarterly*** status report will be presented to Town Council to monitor each project's progress and to identify any significant issues associated with a project. A prior year capital project status report shall be presented to the Town Council for information purposes when the capital improvement budget is considered.

Within ***90 days*** of the completion of a capital project any remaining appropriated funds for the project will be closed off and will revert to the fund balance of the funding source.

The Capital Improvement Program will be updated ~~***annually***~~ periodically as a multi-program effort.

Commented [YK22]: These requirements are indications of the document aiming for organizations with bigger budget /larger staff. It is ok to have for when we actually have CIP projects.

9. Cash Management and Investment

Cash management includes the activities undertaken to ensure maximum cash availability and maximum investment yield on a government's idle cash, and the cash collection function.

The Town shall maintain and comply with a written Investment Policy that has been approved by the Town Council. The Chief Financial Officer, as Chief Investment Officer, or his designee shall invest all funds of the Town according to the approved Investment Policy.

The Town will collect, deposit and disburse all funds on a schedule that insures optimum cash availability for investment.

In order to maximize yields from its overall portfolio, the Town will consolidate cash balances from various funds for investment purposes, and will allocate investment earnings to each participating fund.

Bond funds will be segregated from all other funds for arbitrage and accounting purposes.

The Town will project the cash needs of the Town to optimize the efficiency of the Town's investment and cash management program.

The Town will conduct its treasury activities with financial institution(s) based upon written contracts.

Ownership of the Town's investment securities will be protected through third party custodial safekeeping.

All Town bank accounts shall be reconciled and reviewed on a ***monthly*** basis.

Investment performance will be measured using standard indices specified in the Town's written investment policy. The Chief Financial Officer shall provide the Town Council with a ***quarterly*** investment report within ***45 days*** of the end of each ***quarter***.

The Town's Cash Management and Investment processes will be in accordance with written internal controls and procedures.

10. Debt Management

Commented [YK23]: It may be a good idea for when debt occurs.

It is the Town's intention to utilize long term debt to finance capital projects with long useful lives. Financing capital projects with debt provides for an "intergenerational equity," as the actual users of the capital asset pay for its cost over time, rather than one group of users paying in advance for the costs of the asset.

The purpose of this debt management policy is to provide for the preservation and eventual enhancement of the Town's bond ratings, the maintenance of adequate debt service reserves, compliance with debt instrument covenants and provisions, and required disclosures to investors, underwriters and rating agencies. These policy guidelines will also be used when evaluating the purpose, necessity and condition under which debt will be issued. These policies are meant to supplement the legal framework of public debt laws provided by the Arizona Constitution, State Statutes, Town incorporation documents, federal tax laws, and any future bond resolutions and covenants.

The Arizona Constitution limits a Town's bonded debt capacity (outstanding principal) to certain percentages of the Town's secondary assessed valuation by the type of project to be constructed. There is a limit of ***20%*** of secondary assessed valuation for projects involving water, sewer, artificial lighting, parks, open space, and recreational facility improvements. There is a limit of ***6%*** of secondary assessed valuation for any other general-purpose project.

All projects funded with Town general obligation bonds or revenue bonds must be included in the Town's Capital Improvement Plan and can only be undertaken after voter authorization is obtained through a Town-wide bond election.

The overall debt management policy of the Town is to ensure that financial resources of the Town are adequate in any general economic situation to not preclude the Town's ability to pay its debt when due.

The Town will not use long-term debt to fund current operations or projects that can be financed from current revenues or resources. The Town will first attempt to utilize "pay as you go" capital financing and/or the use of operating funds or impact fees where applicable.

The Town does not intend to issue commercial paper (CP) or bond anticipation notes (BANs) for periods longer than ***2 years*** or for the term of a construction project. If CP or a BAN is issued for a capital project, it will be converted to a long-term bond or redeemed at its maturity.

The issuance of variable rate debt by the Town will be subject to the most careful review and will be issued only in a prudent and fiscally responsible manner.

The Town shall make every effort to combine debt issuances in order to minimize issuance costs.

Whenever the Town finds it necessary to issue tax-supported bonds, the following policy will be adhered to:

- ☑ Tax supported bonds are bonds for which funds used to make annual debt service expenditures are derived from Ad Valorem Tax (property tax) revenue of the Town.

- ☑ The target for the maturity of general obligation bonds will typically be between ***20 and 30 years***. The target for the "average weighted maturities" for general obligation bonds of the Town will be ***12 years and 6 months***.
- ☑ Where applicable, the Town will structure general obligation bond issues to create level debt service payments over the life of the issue.
- ☑ Debt supported by the Town's General Fund will not exceed ***10%*** of the annual General Fund revenues.
- ☑ Secondary property tax rates will be determined each year as part of the budgetary process (pursuant to State law) to pay the necessary debt service payments of general obligation bonds currently outstanding or expected to be issued within the fiscal year.
- ☑ In accordance with requirements of the State of Arizona Constitution, total bonded debt will not exceed the ***20%*** limitation and ***6%*** limitation of the total secondary assessed valuation of taxable property in the Town.
- ☑ Reserve funds, when required, will be provided to adequately meet debt service requirements in subsequent years.
- ☑ Interest earnings on bond fund balances will only be used to pay debt service on the bonds unless otherwise committed for other uses or purposes of the project.
- ☑ The term of any bond will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

Revenue bonds are defined as a bond on which the debt service is payable from the revenue generated from the operation of the project being financed or a category of facilities, from other non-tax sources of the Town, or from other designated taxes such as highway user's revenues, excise tax, or special fees or taxes. For any bonds or lease-purchase obligations in which the debt service is paid from revenue generated by the project and/or partially paid from non-property tax sources, that debt service is deemed to be revenue bonds and are excluded from the calculation of the annual debt service limitation. Whenever the Town finds it necessary to issue revenue bonds, the following guidelines will be adhered to:

- ☑ Revenue bonds of the Town will be analyzed carefully by the Finance Department for fiscal soundness. Part of this analysis shall include a feasibility report prepared by an independent consultant prior to the issuance of utility supported revenue bonds to ensure the generation of sufficient revenues to meet debt service requirements, compliance with existing bond covenants and to protect the bondholders.
- ☑ Revenue bonds should be structured to provide level annual debt service over the life of the issue.
- ☑ Debt Service Reserve Funds will be provided when required by rating agencies, bond insurers or existing bond covenants.
- ☑ Interest earnings on the reserve fund balances will be used to pay debt service on the bonds unless otherwise committed for other uses or purposes of the project.

- ☑ The term of any revenue bond or lease obligation issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.
- ☑ The target for the term of revenue bonds will typically be between ***20*** and ***30 years***. The target for the "average weighted maturities" for revenue bonds of the Town (except for those issued through the Arizona-Water Infrastructure Finance Authority) will be ***12 years and 6 months***.

Improvement District (ID) and Community Facility District (CFD) Bonds shall be issued only when the formation of the district demonstrates a clear and significant purpose for the Town. It is intended that Improvement District and Community Facility District bonds will be primarily issued for neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, street lights, and drainage. The District must provide a specific benefit to the property owner(s). The Town will review each project through active involvement of Town staff and/or selected consultants to prepare projections, review pro-forma information and business plans, perform engineering studies, and analyze minimum debt coverage and value to debt ratios, and other analyses necessary to consider the proposal against specified criteria. Both ID and CFD bonds will be utilized only when it is expected that they will be outstanding for their full term.

An expanded policy will be maintained detailing the policy and procedures of the Town related to any future consideration of the formation of a Community Facilities District. Use of a CFD would require compliance with the new guidelines and procedures and specific Council approval.

Refunding bonds will be measured against a standard of the net present value debt service savings exceeding ***5%*** of the debt service amount of the bonds being refunded, or if savings exceed ***$250,000***, or for the purposes of modifying restrictive covenants or to modify the existing debt structure to the benefit of the Town.

The investment of bond proceeds shall at all times be in compliance with the Town's Investment and Portfolio Policies and meet all requirements of bond covenants. The Town shall comply with all U.S. Internal Revenue Service arbitrage rebate requirements for bonded indebtedness. The Town shall comply with Arizona Revised Statutes and all other legal requirements regarding the issuance of bonds and certificates of the Town or its debt issuing authorities. The Town will maintain contact with rating agencies through meetings and visits on and off-site. The Town will secure ratings on all bonds issued when economically feasible.

The Town shall maintain a debt profile for all bonds issued and update the profile on an annual basis. The debt profile shall include specific information regarding the size and type of debt issued, projects financed by the bonds, debt service schedules and other pertinent information related to each specific bond issue.

11. Risk Management

Risk management has become increasingly important in guarding against economic loss and in ensuring public safety in a time of increasing public liability and litigation. Risk management is involved in the identification, evaluation, and treatment of the Town's risk.

The Town shall make diligent efforts to prevent or mitigate the loss of Town assets and to reduce the Town's exposure to liability ~~through training, safety, risk financing and the transfer of risk when cost effective.~~

~~When cost effective, the Town shall manage its exposure to risk through self-insurance or through the purchase of traditional third-party insurance in the following areas: general liability, automobile liability, public officials' errors and omissions, police professional liability, property loss and workers' compensation. The use of risk-pooling opportunities should be maximized, e.g., by use of the Arizona risk retention pool.~~

~~When cost effective, the Town will further control its exposure to risk through the use of "hold harmless" agreements in Town contracts and by requiring contractors to carry liability insurance, including errors and omissions coverage for architectural, engineering, and other applicable professional firms.~~

~~Insurance reserves shall be maintained at a level which, together with any purchased insurance, will adequately indemnify the Town's assets and its elected officials, officers and directors against loss. A study will be conducted every ***3 years*** for potential liability areas and shall be used as a basis for determining self-insurance reserves based on historical loss data. The Town will strive to fully fund actual and estimated liabilities including reserves for incurred-but-not-reported (IBNR) claims.~~

~~The Town will identify and disclose material contingent liabilities in the Town's Comprehensive Annual Financial Report (CAFR).~~

~~Cost allocations to various funds will be based on an analysis of contributing factors.~~

Commented [YK24]: In order to determine "cost –effective" or not would require research which needs resources that we do not have now or in the near future. All these internally imposed requirements/expectations are very common for big organizations with a population a lot bigger than DH and /or providing a lot more services.

Commented [YK25]: Impractical for DH. Staff spoke to the town's indepdent auditor who also conduct CARF reports. We were advised that there is no real reason for CARF based on the budget we have and the fact that we issue no bonds.

12. Accounting, Auditing and Financial Reporting

Accounting, auditing and financial reporting form the informational infrastructure for public finance. Internal and external financial reports provide important information to the Town's legislative body, management, citizens, investors and creditors.

The Town will comply with accounting principles generally accepted in the United States in its accounting and financial reporting, as contained in the following publications:

- ☑ Codification of Governmental Accounting and Financial Reporting Standards, issued by the Governmental Accounting Standard Board (GASB).
- ☑ Pronouncements of the Financial Accounting Standards Board, (FASB).
- ☑ Governmental Accounting, Auditing, and Financial Reporting (GAAFR), issued by the Government Finance Officers Association (GFOA) of the United States and Canada.
- ☑ Municipal Budget and Finance Manual, prepared by the League of Arizona Cities and Towns.
- ☑ Audits of State and Local Governmental Units, an industry audit guide published by the American Institute of Certified Public Accounts (AICPA).
- ☑ Government Accounting Standards, issued by the Comptroller General of the United States.
- ☑ U.S. Office of Management and Budget (OMB) Circular A-133, issued by the U.S. Office of Management and Budget.

Quarterly financial reports will be provided for all programs summarizing financial activity comparing actual revenues and expenditures with budgeted amounts.

A system of internal accounting controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets and proper recording of financial transactions of the Town and compliance with applicable laws and regulations.

In accordance with State law, a comprehensive financial audit, including an audit of federal grants according to the Single Audit Act and the OMB Circular A-133, will be performed ***annually*** by an independent public accounting firm, with the objective of expressing an opinion on the Town's financial statements. The Town will prepare its financial statements in accordance with applicable standards and will account for its operations in a manner consistent with the goal of obtaining an unqualified opinion from its auditors.

~~The Town will prepare a Comprehensive Annual Financial Report (CAFR) in accordance with the principles and guidelines established by the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program. Staff will issue the CAFR to the Town Council by the 2nd Council meeting in November and to the Government Finance Officers Association by ***December 31st*** of each year for the preceding fiscal year or as required by the Arizona Revised Statues.~~

When the Town utilizes bonds to fund programs, ~~A~~all programs will provide notice of all significant events and financial and related matters to the Chief Financial Officer for the Town's annual disclosures, as required by the SEC Rule 15c2-12, for the municipal markets, financial

statements and bond representations. A listing of significant events is included in ***Appendix A*** to this document. The Chief Financial Officer will notify all Nationally Recognized Municipal Securities Information Repositories of these significant events.

Commented [YK26]: This is for bonds.

The Town's Comprehensive Annual Financial Report (CAFR) will include the bond related on-going disclosure requirements and will fully disclose all significant events and financial and related issues. The Town will provide the CAFR to the Town Council, rating agencies, municipal bond insurers, national bond disclosure repositories and other interested parties.

13. Policy Review

By their nature policies must change and evolve over time. As with any other policies, these financial policies should be subject to periodic review and revision. ~~Accordingly, the Town Council will review and affirm the financial policies contained in this document every ***3 years***.~~

Commented [YK27]: Once again, this requires resources that we currently do not have.

Appendix A: Reporting of Significant Events (Continuing Disclosure Requirements)

If knowledge of the occurrence of a listed event would be material to the Town, the Town shall promptly file a "Notice of Material Event" with the Municipal Securities Rulemaking Board and with each depository. The following events are defined as significant events with respect to municipal securities:

- ☑ Principal and interest payment delinquencies.
- ☑ Non-payment related defaults.
- ☑ Unscheduled draws on debt service reserves reflecting financial difficulties.
- ☑ Unscheduled draws on credit enhancements reflecting financial difficulties.
- ☑ Substitution of credit or liquidity providers or their failure to perform.
- ☑ Adverse tax opinions or events affecting the tax-exempt status of the securities.
- ☑ Modifications to rights of holders (i.e., owners).
- ☑ Bond calls (which are other than mandatory or scheduled redemptions, not otherwise contingent upon the occurrence of an event are optional or unscheduled).
- ☑ Defeasances.
- ☑ Release, substitutions or sale of property securing repayment of the securities (including property leased, mortgaged or pledged as such security).
- ☑ Bond rating changes.