

COUNCIL MEETING AGENDA

TUESDAY, JULY 23, 2013

Members may attend in person or by telephone

Ed Foster, Mayor
Michael Jewitt, Vice Mayor

Carol Kelley
Pat Workman
Mary Scott

Norma Crooks
Mark Orgeron

**Quartzsite Town Hall
Council Chambers
465 North Plymouth Avenue
Quartzsite, Arizona**

**Regular Meeting
9:00 a.m.**

SPEAKING TO THE COUNCIL

If you are interested in speaking to the Council during Public Hearings, Communications from Citizens, or other designated agenda items, you must fill out a speaker card (located on the table inside the front entrance to the Council Chambers) and deliver it to the Town Clerk prior to the convening of the meeting. Each individual will be limited to three (3) minutes for their remarks.

All persons attending the Council meeting, whether speaking to the Council or not, are expected to observe the Council Rules, as well as the rules of politeness, propriety, decorum and good conduct. Any person interfering with the meeting in any way, or acting rudely or loudly, will be asked to leave.

CELL PHONES AND RECORDING DEVICES

As a courtesy to others please turn off or silence all cell phones or pagers. Reporters or others with recording devices need to be staged at the back of the public seating area.

***The times listed for agenda items are estimated.
Items may be discussed earlier or in a different sequence.***

Est. Time	AGENDA ITEM	COUNCIL ACTION
9:00	CALL TO ORDER OF REGULAR MEETING	
9:00 – 9:05	INVOCATION AND PLEDGE OF ALLEGIANCE <i>The invocation may be offered by a person of any religion, faith, belief or non-belief. Interested persons should contact the Clerk for further information.</i>	
9:05	ROLL CALL	
9:05 – 9:06	APPROVAL/AMENDMENT OF AGENDA	Discussion, possible action by MOTION.
9:06 – 9:15	CONSENT AGENDA <i>All items listed below are considered consent calendar items and may be approved by a single motion unless removed at the request of Council for further discussion/action. Other items on the agenda may be added to the consent calendar and approved under a single motion.</i>	

	1.	LEDGER OF ACCOUNTS PAID – Consider approval of check series 35829 - 35895, totaling \$155,502.08.	Discussion; possible action by MOTION; may be acted upon with single motion.
	2.	MINUTES – Consider approval of the minutes of the Regular Meeting of July 9, 2013.	Discussion; possible action by MOTION; may be acted upon with single motion.
	3.	PROFESSIONAL SERVICES AGREEMENT – Consider Approval of a Professional Services Agreement addendum for bidding assistance services to be provided by the Town Engineer, Atkins North America.	Discussion; possible action by MOTION; may be acted upon with single motion.
	4.	RESOLUTION – Consider approval of a resolution adopting a policy related to the use of social media, social networking or the Town’s website by Town employees.	Discussion; possible action by MOTION; may be acted upon with single motion.
	5.	RESOLUTION – Consider approval of a resolution adopting a policy and designating authority for signing bank drafts and checks on behalf of the Town.	Discussion; possible action by MOTION; may be acted upon with single motion.
		<p>PUBLIC HEARING</p> <p><i>If no requests to speak have been submitted, Items will be heard at one Public Hearing. Items may be heard separately if requested by a member of the Council or if a request to speak has been submitted. Comments will be heard from those in support of or in opposition to an item. Hearings may be held prior to the estimated time indicated on the Agenda.</i></p> <p><i>In order to comment on a Public Hearing Item, you must fill out a public comment form, indicating the Item Number on which you wish to be heard. There is a 3 minute limit for each speaker.</i></p> <p><i>Once the hearing is closed, there will be no further public comment unless requested by a member of the Council. After the Public Hearing, the Council may act on all items not requiring additional staff, public or Council Member comment with a single vote.</i></p>	

9:15 – 9:30	6.	TENTATIVE BUDGET FY 2013-2014 - Conduct Hearing regarding the Town of Quartzsite Tentative Budget for Fiscal Year 2013-2014.	Conduct Public Hearing.
		<p>ADMINISTRATIVE ITEMS</p> <p><i>Administrative items are for Council discussion and action. It is at the discretion of the majority of the Council regarding public input requests on any Administrative Item. Persons wishing to speak on an Administrative Item should complete a Request to Speak Form and indicate the Item they wish to address. Council may or may not accept public comment.</i></p>	
9:30 – 9:45	7.	ANNUAL FINANCIAL REPORT – Consider acceptance of the Annual Financial Statements and Independent Auditors’ Report for Fiscal Year 2011-2012.	Discussion; possible action by MOTION.
9:45 – 10:15	8.	MEMORANDUM OF UNDERSTANDING – Discussion and possible action regarding a modification of the annual lease payments provided by the Memorandum of Understanding between the Town of Quartzsite, AZ and the Educational Options Foundation.	Discussion, possible action by MOTION.
10:15 – 10:25	9.	NOMINATION – Consider nomination and approval of a Primary Elected Designee and an Alternate Elected Designee for purposes of signing bank drafts and checks on behalf of the Town.	Discussion; possible action by MOTION.
10:25 – 10:30	10.	ATTORNEY-CLIENT PRIVILEGE – Discussion and consideration of waiver of the attorney-client privilege for three designated attorney-client privileged communications.	Discussion; possible action by MOTION.
10:30 – 11:00	11.	RESOLUTION – Consider approval of a Resolution censuring and reprimanding the Mayor for failure to comply with Town Ordinances, Failure to Maintain Decorum in Common Council Meetings, Exceeding the Scope of his Authority, and Failure to Cooperate with the Town Clerk in Complying with Public Records Laws.	Discussion; possible action by MOTION.

11:00 – 11:30	12.	<p>EXECUTIVE SESSION</p> <ul style="list-style-type: none"> An executive session pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion or consultation with the Town Attorney for legal advice and to consider the Town's position regarding the dissolution of the drug control task force intergovernmental agreement among La Paz County, the Town of Parker, and the Town of Quartzsite. An Executive Session pursuant to ARS 38-431.03(A)(3) and (A)(4) for legal advice and discussion and consultation with the Town Attorneys regarding the Town's position and to instruct the Town Attorneys regarding possible settlement of the case <i>Al Johnson v. Quartzsite</i>. 	
		COMMUNICATIONS	
11:30 - 11:35	13.	Announcements and Reports from the MAYOR on current events.	
11:35 - 11:40	14.	Announcements and Reports from the COUNCIL on current events.	
11:40 - 11:45	15.	Reports from the TOWN MANAGER to the Council.	
11:45 -12:00		<p>COMMUNICATIONS FROM CITIZENS</p> <p><i>At this time, members of the public may comment on matters within the jurisdiction of the Town but not on the agenda. For the official record, individuals must state their name. There is a 3 minute limit for each speaker. The Council's response is limited to responding to criticism, asking staff to review a matter commented upon; or asking that a matter be put on a future agenda.</i></p>	
12:00		ADJOURN	MOTION to adjourn.

Certification of Posting

The undersigned hereby certifies that a copy of the attached notice was duly posted at the following locations: Quartzsite Town Hall, 465 N. Plymouth Ave, Quartzsite, AZ, U.S. Post Office, 80 W. Main Street, Quartzsite, AZ and The Senior Center, 40 Moon Mountain Ave, Quartzsite, AZ, on the _____ day of _____, 2013, at _____ a.m./p.m. in accordance with the statement filed by the Town of Quartzsite with the Town Clerk, Town of Quartzsite.

By: _____, Town Clerk's Office.



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #1 Consider approval of Check series 35829 - 35895, totaling \$155,502.08.

Summary: The Quartzsite Town Council Procedure Policy states that at least once each month the Council shall review a list of all the bills paid, and may ask for clarification of any time.

The Procedure Policy also states the Council should designate the check numbers being approved.

Responsible Person: Laura Bruno, Town Manager

Attachment: Ledger of Accounts Paid: Check series 35829 - 35895

Action Requested: Motion to approve the Ledger of Accounts Paid; Check series 35829 - 35895.

**Council Meeting of July 23, 2013
Check Register/ Revenue/ Consent Agenda**

Horizon Community Bank- Begin Ck# 35829 - 35895

Balances on all cash accounts as of July 17, 2013

Checking Account	\$	\$2,348,185.78
LGIP Account	\$	0.00
WIFA Debt Reserve Account	\$	0.00

Total Expensed Dollar Amount for Consent Agenda	\$	223,727.17
Total Payroll for Pay Period Ending 07/06/13	\$	68,225.09
YTD Total Revenue Dollar Amount for Consent Agenda	\$	0.00
YTD Total Sewer Sales Revenue as of 04/18/13	\$	0.00
YTD Total Sewer Cap Revenue as of 04/18/13	\$	0.00
YTD Total Water Sales Revenue as of 04/18/13	\$	0.00
YTD Total Water Cap Revenue as of 04/18/13	\$	0.00

Report Criteria:

Report type: GL detail

Check.Check Number = 35829-35895

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
35844						
07/10/2013	35844	Amanda Lily	105.00	Per Diem:2013 Judicial Conf 6/25-	01-000-2200	105.00
07/10/2013	35844	Amanda Lily	251.25	Hotel Reimb. JW Marriott 6/25-6/2	01-000-2200	251.25
Total 35844:			356.25			
35845						
07/10/2013	35845	American Custom Tire, Inc	209.55	2-Mount & Dismount Tires& 2 Ne	03-220-5040	209.55
Total 35845:			209.55			
35846						
07/10/2013	35846	Andrew DeMauro	60.00	Refund: Overpayment TR2012-02	01-000-4410	60.00
Total 35846:			60.00			
35847						
07/10/2013	35847	Arizona State Treasurer	9,093.18	Fees Collected in June 2013	01-000-2200	9,093.18
Total 35847:			9,093.18			
35848						
07/10/2013	35848	Blue Cross& Blue Shield O	2,663.94	Employee Payroll Deduction	01-000-2208	2,663.94
07/10/2013	35848	Blue Cross& Blue Shield O	16,827.22	Payroll Payables	01-000-2208	16,827.22
Total 35848:			19,491.16			
35849						
07/10/2013	35849	Caselle, inc.	3,249.00	Annual Support & Maint. 7/1/13 to	01-130-5035	3,249.00
07/10/2013	35849	Caselle, Inc.	3,249.00	Annual Support & Maint. 7/1/13 to	03-220-5035	3,249.00
07/10/2013	35849	Caselle, Inc.	3,249.00	Annual Support & Maint. 7/1/13 to	15-500-5035	3,249.00
07/10/2013	35849	Caselle, Inc.	3,249.00	Annual Support & Maint. 7/1/13 to	16-550-5035	3,249.00
Total 35849:			12,996.00			
35850						
07/10/2013	35850	Cenpatico of Arizona	1,300.00	Consulting & Technical Assist Qtz	20-000-2200	1,300.00
Total 35850:			1,300.00			
35851						
07/10/2013	35851	Empire Southwest	108.76	Flapper Valve for PW Dept	03-000-2200	108.76
Total 35851:			108.76			
35852						
07/10/2013	35852	Fedex	132.65	Shipping	01-000-2200	132.65
Total 35852:			132.65			
35853						
07/10/2013	35853	Jack Pots Portables, Inc.	211.86	Porta Potty Clean for Qtz Park	01-000-2200	211.86

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
Total 35853:			211.86			
35854						
07/10/2013	35854	La Paz County Sheriffs De	444.32	Fees Collected in June 2013	01-000-2200	444.32
Total 35854:			444.32			
35855						
07/10/2013	35855	La Paz County Treasurer	49.33	Fees Collected in June 2013	01-000-2200	49.33
Total 35855:			49.33			
35856						
07/10/2013	35856	Lawrence C. King	1,872.46	Inv#2013-014: Interim Magistrate	01-000-2200	1,872.46
Total 35856:			1,872.46			
35857						
07/10/2013	35857	Palo Verde Valley Times	103.62	Ad for Open Grade Slurry Seal	03-000-2200	103.62
07/10/2013	35857	Palo Verde Valley Times	110.64	Ad for Magistrate Court Clerk	01-000-2200	110.64
Total 35857:			214.26			
35858						
07/10/2013	35858	Parker Auto & Marine	30.46	Equip Repair Parts for Sweeper	03-000-2200	30.46
Total 35858:			30.46			
35859						
07/10/2013	35859	Parker Oil Products	3,732.83	Unleaded Fuel	01-140-5024	3,732.83
07/10/2013	35859	Parker Oil Products	708.88	Unleaded Fuel	01-180-5024	708.88
07/10/2013	35859	Parker Oil Products	1,847.15	Unleaded Fuel	03-220-5024	1,847.15
07/10/2013	35859	Parker Oil Products	1,072.27	Unleaded Fuel	01-230-5024	1,072.27
07/10/2013	35859	Parker Oil Products	770.73	Unleaded Fuel	15-500-5024	770.73
07/10/2013	35859	Parker Oil Products	458.89	Unleaded Fuel	16-550-5024	458.89
Total 35859:			8,590.75			
35860						
07/10/2013	35860	Precision Striping Inc.	1,080.00	Centerline Stripes on Cholla Rd	03-220-5029	1,080.00
Total 35860:			1,080.00			
35861						
07/10/2013	35861	Principal Financial Group	3,202.51	Payroll Payables	01-000-2209	3,202.51
07/10/2013	35861	Principal Financial Group	38.30	Cobra Payables	01-000-2300	38.30
Total 35861:			3,240.81			
35862						
07/10/2013	35862	River City Newspapers	67.89	Ad for Open Grade Slurry Seal	03-000-2200	67.89
Total 35862:			67.89			

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
35863						
07/10/2013	35863	State of Arizona - ADEQ	500.00	Sewer Line to Dome Rock Rd Sub	15-500-5035	500.00
Total 35863:			500.00			
35864						
07/10/2013	35864	U.S. Bank Operations Ctr.	13,105.21	Excise Tax Revenue Bond Obligat	01-000-1105	13,105.21
Total 35864:			13,105.21			
35865						
07/10/2013	35865	Verizon Wireless	35.64	Cell Phone Service	01-160-5048	35.64
07/10/2013	35865	Verizon Wireless	92.91	Cell Phone Service	01-230-5048	92.91
07/10/2013	35865	Verizon Wireless	77.78	Cell Phone Service	01-130-5048	77.78
07/10/2013	35865	Verizon Wireless	30.28	Cell Phone Service	01-170-5048	30.28
07/10/2013	35865	Verizon Wireless	92.91	Cell Phone Service	01-180-5048	92.91
07/10/2013	35865	Verizon Wireless	40.28	Broadband for Lifeskills	20-121-5048	40.28
07/10/2013	35865	Verizon Wireless	46.81	Broadband for Recreation	01-185-5048	46.81
07/10/2013	35865	Verizon Wireless	74.53	Cell Phone Service	03-220-5048	74.53
07/10/2013	35865	Verizon Wireless	77.26	Cell Phone Service	15-500-5048	77.26
07/10/2013	35865	Verizon Wireless	111.91	Cell Phone Service	16-550-5048	111.91
Total 35865:			680.31			
35866						
07/10/2013	35866	Visa	214.89	Nelson JIT: Kraft Evidence Paper	01-000-2200	214.89
07/10/2013	35866	Visa	416.88	Springhill Suites: T. Frausto for A	01-000-2200	416.88
07/10/2013	35866	Visa	84.13	Konica Minolta: Toner Crtgds & M	01-000-2200	84.13
07/10/2013	35866	Visa	84.13	Konica Minolta: Toner Crtgds & M	16-000-2200	84.13
07/10/2013	35866	Visa	84.13	Konica Minolta: Toner Crtgds & M	15-000-2200	84.13
07/10/2013	35866	Visa	84.12	Konica Minolta: Toner Crtgds & M	03-000-2200	84.12
07/10/2013	35866	Visa	84.12	Konica Minolta: Toner Crtgds & M	01-000-2200	84.12
07/10/2013	35866	Visa	84.12	Konica Minolta: Toner Crtgds & M	01-000-2200	84.12
07/10/2013	35866	Visa	57.52	PBS: DVD's for the Library	10-000-2200	57.52
07/10/2013	35866	Visa	337.67	S&W: Crafts for Kids Rec Dept	01-000-2200	337.67
07/10/2013	35866	Visa	159.28	Amazon: HP 6700 All-in-One Print	01-000-2200	159.28
07/10/2013	35866	Visa	35.95	Am Health Care: CPR Course for	01-000-2200	35.95
07/10/2013	35866	Visa	150.00	AMCA: 2013 Conference T. Fraus	01-000-2200	150.00
07/10/2013	35866	Visa	66.04	HomeDepot: (2) 15 Ft Cord Prote	01-000-2200	66.04
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for C. K	01-110-5043	290.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for P. W	01-110-5043	290.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for M. O	01-110-5043	290.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for E. Fo	01-110-5043	290.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for M. S	01-110-5043	290.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for M. Je	01-110-5043	290.00
07/10/2013	35866	Visa	130.00	League of Az: 2013 Conf for M. Je	01-110-5043	130.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for N. Cr	01-110-5043	290.00
07/10/2013	35866	Visa	130.00	League of Az: 2013 Conf N. Croo	01-110-5043	130.00
07/10/2013	35866	Visa	290.00	League of Az: 2013 Conf for L. Br	01-130-5043	290.00
07/10/2013	35866	Visa	195.00	League of Az: Booth Show Case	01-110-5043	195.00
07/10/2013	35866	Visa	15.39	Pilot: Diesel Exhaust Fuel for PW	03-000-2200	15.39
07/10/2013	35866	Visa	107.69	ProAcoustics: Gooseneck Microp	01-000-2200	107.69
Total 35866:			4,841.06			

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
35867						
07/10/2013	35867	Vision Service Plan	263.26	Employee Payroll Deduction	01-000-2209	263.26
Total 35867:			<u>263.26</u>			
35868						
07/10/2013	35868	River City Newspapers	38.31	Ad for Magistrate Court Clerk	01-000-2200	38.31
Total 35868:			<u>38.31</u>			
35869						
07/10/2013	35869	State of Arizona - ADEQ	500.00	Sewer Line to Scott Lane Submitt	15-500-5035	500.00
Total 35869:			<u>500.00</u>			
35870						
07/17/2013	35870	APS	1,059.36	Electric Service	03-000-2200	1,059.36
Total 35870:			<u>1,059.36</u>			
35871						
07/17/2013	35871	AZ Dept. of Administration	5,000.00	Open Books Set Up & Annual Fee	01-130-5051	5,000.00
Total 35871:			<u>5,000.00</u>			
35872						
07/17/2013	35872	Berry & Branch PLLC	3,770.46	Professional Svcs Case# TX2011-	01-000-2200	3,770.46
Total 35872:			<u>3,770.46</u>			
35873						
07/17/2013	35873	C&D Disposal	103.90	4Yd Commercial Bin Fee	01-180-5035	103.90
Total 35873:			<u>103.90</u>			
35874						
07/17/2013	35874	Chevron Usa	42.22	Fuel	01-000-2200	42.22
Total 35874:			<u>42.22</u>			
35875						
07/17/2013	35875	Colby & Powell, PLC	11,900.00	Preparation of Audited Financial S	01-000-2200	11,900.00
Total 35875:			<u>11,900.00</u>			
35876						
07/17/2013	35876	Dennis Patterson	25.00	Pest Control Services	15-500-5035	25.00
07/17/2013	35876	Dennis Patterson	37.00	Pest Control Services	01-130-5035	37.00
07/17/2013	35876	Dennis Patterson	33.00	Pest Control Services	03-220-5035	33.00
07/17/2013	35876	Dennis Patterson	30.00	Pest Control Services	01-140-5035	30.00
07/17/2013	35876	Dennis Patterson	60.00	Pest Control Services	01-185-5035	60.00
Total 35876:			<u>185.00</u>			
35877						
07/17/2013	35877	Diamond Brooks Bottled W	8.20	Drinking Water	01-130-5035	8.20

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
07/17/2013	35877	Diamond Brooks Bottled W	8.20	Drinking Water	01-140-5035	8.20
07/17/2013	35877	Diamond Brooks Bottled W	8.20	Drinking Water	01-150-5035	8.20
07/17/2013	35877	Diamond Brooks Bottled W	8.20	Drinking Water	01-170-5035	8.20
07/17/2013	35877	Diamond Brooks Bottled W	8.20	Drinking Water	03-220-5035	8.20
Total 35877:			41.00			
35878						
07/17/2013	35878	Heinfeld, Meech & Co., P.	69.00	FLSA Workshop for B. Cunningha	01-130-5043	69.00
Total 35878:			69.00			
35879						
07/17/2013	35879	Kansas State Bank	144.94	Konica Minolta Bizhub C654 Copi	01-130-5058	144.94
07/17/2013	35879	Kansas State Bank	59.24	Konica Minolta Bizhub C654 Copi	01-130-5057	59.24
Total 35879:			204.18			
35880						
07/17/2013	35880	Kent & Ryan PLC	60.00	M. cardenas CR2013-0018	01-000-2200	60.00
07/17/2013	35880	Kent & Ryan PLC	15.00	B. Smith TR2013-00158	01-000-2200	15.00
07/17/2013	35880	Kent & Ryan PLC	810.00	C. Rogers CR2013-0021	01-000-2200	810.00
07/17/2013	35880	Kent & Ryan PLC	120.00	M. Smith TR2013-0182	01-000-2200	120.00
07/17/2013	35880	Kent & Ryan PLC	15.00	K. Cleverly CR2013-0009	01-000-2200	15.00
07/17/2013	35880	Kent & Ryan PLC	15.00	C. Wilhite TR2013-0057	01-000-2200	15.00
Total 35880:			1,035.00			
35881						
07/17/2013	35881	Konica Minolta Business S	298.83	BizHub C654 Annual Maint Agrmn	01-130-5051	298.83
07/17/2013	35881	Konica Minolta Business S	298.83	BizHub C654 Annual Maint Agrmn	01-160-5051	298.83
07/17/2013	35881	Konica Minolta Business S	298.83	BizHub C654 Annual Maint Agrmn	15-500-5051	298.83
07/17/2013	35881	Konica Minolta Business S	298.83	BizHub C654 Annual Maint Agrmn	16-550-5051	298.83
Total 35881:			1,195.32			
35882						
07/17/2013	35882	Law Office Of Fred H. Welc	187.50	Inv#3996: E. Aguilar CR2013-004	01-000-2200	187.50
07/17/2013	35882	Law Office Of Fred H. Welc	225.00	Inv#4004: W. Celaya CR2013-000	01-000-2200	225.00
07/17/2013	35882	Law Office Of Fred H. Welc	187.50	Inv#4027: P. Martinez CR2012-00	01-000-2200	187.50
07/17/2013	35882	Law Office Of Fred H. Welc	225.00	Inv#4044: T. Springhart TR2013-0	01-000-2200	225.00
07/17/2013	35882	Law Office Of Fred H. Welc	202.50	Inv#4050: J. Wilcox TR2013-0037	01-000-2200	202.50
Total 35882:			1,027.50			
35883						
07/17/2013	35883	League of Az Cities & Tow	5,515.00	Annual Dues for FY 2013-2014	01-110-5051	5,515.00
Total 35883:			5,515.00			
35884						
07/17/2013	35884	Milligan Lawless, P.C.	196.00	Personnel Advisory Board Trough	01-000-2200	196.00
Total 35884:			196.00			

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
35885						
07/17/2013	35885	Public Safety Personnel Re	500.00	Police Officer Annual Cancer Insu	01-150-5016	500.00
Total 35885:			500.00			
35886						
07/17/2013	35886	REDW LLC	14,153.46	Sales Tax Audit through June 17,	01-000-2200	14,153.46
Total 35886:			14,153.46			
35887						
07/17/2013	35887	Road Runner Sanitary Sup	11.34	Janitorial Supplies	01-130-5022	11.34
07/17/2013	35887	Road Runner Sanitary Sup	11.34	Janitorial Supplies	01-140-5022	11.34
07/17/2013	35887	Road Runner Sanitary Sup	11.33	Janitorial Supplies	01-150-5022	11.33
07/17/2013	35887	Road Runner Sanitary Sup	11.33	Janitorial Supplies	01-160-5022	11.33
07/17/2013	35887	Road Runner Sanitary Sup	11.33	Janitorial Supplies	01-170-5022	11.33
07/17/2013	35887	Road Runner Sanitary Sup	33.35	Janitorial Supplies	03-220-5022	33.35
07/17/2013	35887	Road Runner Sanitary Sup	11.33	Janitorial Supplies	15-500-5022	11.33
07/17/2013	35887	Road Runner Sanitary Sup	11.33	Janitorial Supplies	16-550-5022	11.33
07/17/2013	35887	Road Runner Sanitary Sup	31.42	Janitorial Supplies	01-185-5022	31.42
07/17/2013	35887	Road Runner Sanitary Sup	9.31	Janitorial Supplies	01-180-5022	9.31
Total 35887:			153.41			
35888						
07/17/2013	35888	Shadle & Walsma, PLC	127.00	Services Rendered Re: 09105PW	01-000-2200	127.00
Total 35888:			127.00			
35889						
07/17/2013	35889	SimplexGrinnell	747.78	Fire Alarm, Extinguisher Test & In	01-130-5035	747.78
07/17/2013	35889	SimplexGrinnell	747.78	Fire Alarm, Extinguisher Test & In	01-140-5035	747.78
07/17/2013	35889	SimplexGrinnell	747.77	Fire Alarm, Extinguisher Test & In	03-220-5035	747.77
07/17/2013	35889	SimplexGrinnell	747.77	Fire Alarm, Extinguisher Test & In	15-500-5035	747.77
Total 35889:			2,991.10			
35890						
07/17/2013	35890	Tamco Capital Corp.	52.34	Phone System Rental Pmt	01-110-5061	52.34
07/17/2013	35890	Tamco Capital Corp.	523.00	Phone System Rental Pmt	01-130-5061	523.00
07/17/2013	35890	Tamco Capital Corp.	575.33	Phone System Rental Pmt	01-140-5061	575.33
07/17/2013	35890	Tamco Capital Corp.	209.20	Phone System Rental Pmt	01-150-5061	209.20
07/17/2013	35890	Tamco Capital Corp.	157.01	Phone System Rental Pmt	01-160-5061	157.01
07/17/2013	35890	Tamco Capital Corp.	157.01	Phone System Rental Pmt	01-170-5061	157.01
07/17/2013	35890	Tamco Capital Corp.	104.67	Phone System Rental Pmt	01-185-5061	104.67
07/17/2013	35890	Tamco Capital Corp.	157.01	Phone System Rental Pmt	03-220-5061	157.01
07/17/2013	35890	Tamco Capital Corp.	104.67	Phone System Rental Pmt	15-500-5061	104.67
07/17/2013	35890	Tamco Capital Corp.	104.67	Phone System Rental Pmt	16-550-5061	104.67
Total 35890:			2,144.91			
35891						
07/17/2013	35891	The Pin Center	2,160.00	Town Pins for 2013 League Confe	01-110-5022	2,160.00
Total 35891:			2,160.00			

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
35892						
07/17/2013	35892	Ward Law Offices, PLLC	3,200.00	Prosecutorial Services	01-120-5073	3,200.00
Total 35892:			3,200.00			
35893						
07/17/2013	35893	Konica Minolta Business S	4,516.42	BizHub 423 Copy Machine for Ma	42-124-5060	4,516.42
Total 35893:			4,516.42			
35894						
07/17/2013	35894	Az Mun. Risk Retention Po	7,865.00	Work Comp	01-000-2200	7,865.00
07/17/2013	35894	Az Mun. Risk Retention Po	4,029.00	Work Comp	03-000-2200	4,029.00
07/17/2013	35894	Az Mun. Risk Retention Po	778.00	Work Comp	15-000-2200	778.00
07/17/2013	35894	Az Mun. Risk Retention Po	1,399.00	Work Comp	16-000-2200	1,399.00
07/17/2013	35894	Az Mun. Risk Retention Po	95.00	Work Comp	20-000-2200	95.00
Total 35894:			14,166.00			
35895						
07/17/2013	35895	Employers Direct Health	11.20	Aggregate Employer Insurance	01-110-5016	11.20
07/17/2013	35895	Employers Direct Health	49.60	Aggregate Employer Insurance	01-130-5016	49.60
07/17/2013	35895	Employers Direct Health	163.20	Aggregate Employer Insurance	01-140-5016	163.20
07/17/2013	35895	Employers Direct Health	19.20	Aggregate Employer Insurance	01-150-5016	19.20
07/17/2013	35895	Employers Direct Health	20.00	Aggregate Employer Insurance	01-160-5016	20.00
07/17/2013	35895	Employers Direct Health	35.20	Aggregate Employer Insurance	01-170-5016	35.20
07/17/2013	35895	Employers Direct Health	13.60	Aggregate Employer Insurance	01-180-5016	13.60
07/17/2013	35895	Employers Direct Health	8.00	Aggregate Employer Insurance	01-185-5016	8.00
07/17/2013	35895	Employers Direct Health	4.00	Aggregate Employer Insurance	01-160-5016	4.00
07/17/2013	35895	Employers Direct Health	92.00	Aggregate Employer Insurance	03-220-5016	92.00
07/17/2013	35895	Employers Direct Health	24.00	Aggregate Employer Insurance	01-230-5016	24.00
07/17/2013	35895	Employers Direct Health	9.60	Aggregate Employer Insurance	01-181-5016	9.60
07/17/2013	35895	Employers Direct Health	51.20	Aggregate Employer Insurance	15-500-5016	51.20
07/17/2013	35895	Employers Direct Health	43.20	Aggregate Employer Insurance	16-550-5016	43.20
07/17/2013	35895	Employers Direct Health	24.00	Aggregate Employer Insurance	20-121-5016	24.00
Total 35895:			568.00			
Grand Totals:			155,502.08			
Grand Totals:			155,502.08	155,502.08-	.00	

Report Criteria:

Report type: GL detail

Check.Check Number = 35829-35895



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #2 Consider approval of the Minutes of the Regular Meeting of July 9, 2013.

Summary: The Town Clerk shall keep the minutes of all meetings of the Common Council. Upon approval by the Council, the Clerk shall enter the approved minutes in a book constituting the official record of the Council.

Responsible Person: Terry Frausto, Town Clerk

Attachment: Minutes of the Regular Meeting of July 9, 2013.

Action Requested: Motion to approve the Minutes of July 9, 2013.

**MINUTES
TOWN OF QUARTZSITE
REGULAR MEETING OF THE COMMON COUNCIL
TUESDAY, JULY 9, 2013, 10:00 AM**

CALL TO ORDER: 10:00 a.m.
Mayor Foster

INVOCATION:
Moment of silence for the firefighters who died in service.

PLEDGE OF ALLEGIANCE:
Led by Vice Mayor Jewitt, said by all.

ROLL CALL:
Present: Mayor Foster, Vice Mayor Jewitt, Council Member Kelley, Council Member Crooks, Council Member Workman, Council Member Orgeron, Council Member Scott.

ABSENT:

STAFF PRESENT:
Town Manager – Laura Bruno, Town Attorney – Patricia Ronan, Town Clerk – Terry Frausto, Public Works – Emmett Brinkerhoff

APPROVAL/AMENDMENT OF AGENDA:
Mayor Foster would like to remove check number 35806 for discussion outside the consent agenda. Town Attorney recommended that they approve agenda first and remove check for discussion while doing the consent agenda.

Motion: Motion to approve the agenda as presented, **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded** by Council Member Crooks.

Motion passed unanimously

CONSENT AGENDA:

1. **Ledger of Accounts Paid- Consider approval of check series 35773 – 35828, totaling \$141,672.38.**
2. **Minutes – Consider approval of the minutes of the Work Session of June 24, 2013 and the Special Meeting of June 26, 2013.**

Motion: Motion to approve consent agenda with amendment proposed by Mayor Foster, **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded by** Council Member Crooks.

Motion passed unanimously.

Check Number 35806 was discussed. Town Manager will look into it.

PUBLIC HEARING

3. Tentative Budget FY 2013-2014 – Conduct Hearing regarding the Town of Quartzsite Tentative Budget for Fiscal Year 2013-2014

Motion: Motion to open to public for public hearing, **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded by** Council Member Scott.

Motion passed unanimously.

Jennifer Jones spoke on the subject.

ADMINISTRATIVE ITEMS:

4. Slurry Seal Bid – Consider Approval of a Bid for Slurry Seal services for Fiscal Year 2013-2014.

Emmett Brinkerhoff presented the bid to the Mayor and Council

Motion: to accept the bid as presented, **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded by** Council Member Crooks.

Motion passed unanimously.

5. Memorandum of Understanding – Discussion and possible action regarding a modification of the annual lease payments provided by the Memorandum of Understanding between the town of Quartzsite, AZ and the Educational Options Foundation.

Council Member Orgeron recused himself because he is employed by Ed Options High School.

Motion: to adjourn this item until Mr. Sawner can be present. **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded by** Mayor Foster.

Motion passed unanimously.

Executive Session

6. An executive session pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion or consultation with the Town Attorney for legal advice and to consider the Town's position regarding the dissolution of the drug control task force intergovernmental agreement among La Paz County, the Town of Parker, and the Town of Quartzsite

Motion: Moved to go into executive session, **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded by** Council Member Crooks.

Motion passed unanimously.

Adjourned into executive session: 10:17 a.m.

Reconvened: 10:40 a.m.

Mayor Foster

Roll Call

Present: Mayor Foster, Vice Mayor Jewitt, Council Member Kelley, Council Member Crooks, Council Member Workman, Council Member Orgeron, Council Member Scott.

COMMUNICATIONS:

7. Announcements and Reports from the Mayor on current events.

No announcements or reports from the Mayor.

8. Announcements and Reports from the Council on current events.

Council Member Kelley spoke on the subject of the parade in Prescott concerning the firefighters.

9. Reports from the Town Manager to the Council.

Mary Scott asked the late start on the meetings be explained by Laura Bruno.

COMMUNICATIONS FROM CITIZENS

Jennifer Jones spoke on the subject on the police chief.

ADJOURNMENT: 10:49 a.m.

Motion: Motion to adjourn, **Action:** Approve, **Moved by** Vice Mayor Jewitt, **Seconded** by Council Member Crooks.

Motion Passed.

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of July 9, 2013, of the Town Council of Quartzsite, Arizona.

I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 23th day of July, 2013

Terry Frausto, Town Clerk

On behalf of the Common Council

Approved:

Ed Foster, Mayor



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #3 Consider Approval of a Professional Services Agreement addendum for bidding assistance services to be provided by the Town Engineer, Atkins North America.

Summary: The Town's Wastewater Treatment Plant (WWTP) expansion project is underway. The design phase has been completed. Funding from both federal USDA-RD and from state WIFA sources has been approved. The next step involves the issuing of formal bids for this expansion.

Because the federal USDA and the state WIFA have separate and distinct bidding requirements, and are funding separate and distinct projects associated with the expansion, the Town is required to undergo two separate and formal bid processes.

Formal bid processes include preparation of bid documents, bidding, bid evaluation, recommendation of bid award, and submittals and documentation to the USDA and to WIFA.

Staff recommends that the Town's Engineer, Atkins North America, provide these required bidding assistance services.

Funding Source: \$30,000 USDA WWTP Expansion Funds
 \$30,000 WIFA WWTP Expansion Funds

The USDA and the WIFA funding budgets each include this line item cost for bidding services.

Responsible Person: Laura Bruno, Town Manager

Attachment: Professional Service Agreement Addendum

Action Requested: **Motion to approve a Professional Services Agreement addendum for bidding assistance services to be provided by the Town Engineer, Atkins North America.**

Professional Service Agreement Addendum

Addendum No. 2-R

THIS ADDENDUM to the AGREEMENT made and entered into July 19, 2013, by and between Atkins North America, Inc. and the Client identified herein, provides for the Additional Services described under Item 1 of this Agreement.

CLIENT: Town of Quartzsite

PROJECT NUMBER: 100020687

SHORT TITLE OF MAIN CONTRACT: Quartzsite Wastewater Treatment Plant Expansion

SHORT TITLE OF ADDENDUM: Bidding Assistance Services

1. DESCRIPTION OF ADDITIONAL PROFESSIONAL SERVICES TO BE PROVIDED BY ATKINS (If additional pages are necessary, they are identified as Attachment A):

For detailed scope of additional services to be provided by Atkins, please reference Attachment A.

2. THE COMPENSATION TO BE PAID Atkins for providing the requested services shall be (If additional pages are necessary, they are identified as Attachment B):

Direct personnel expense plus a surcharge of _____, plus reimbursable costs.

A Lump-Sum charge of \$ 60,000.00, plus out-of-pocket expenses.

Unit Cost/Time Charges identified in Attachment B, plus reimbursable costs.

In accordance with the provisions for additional services compensation set forth in the aforementioned Agreement.

IN WITNESS WHEREOF, this Addendum is accepted on the later date written below, subject to the terms and conditions above stated, and the aforementioned Agreement.

(SIGN WITH BALL POINT PEN)

CLIENT: Town of Quartzsite

ATKINS NORTH AMERICA, INC.

SIGNED: _____

SIGNED: _____

TYPED NAME: Laura Bruno

TYPED NAME: Kevin P. Murphy

TITLE: Town Manager

TITLE: Project Director

DATE: _____

DATE: _____



Atkins North America, Inc.
60 South Acoma Boulevard, Suite C106
Lake Havasu City, Arizona 86403
Telephone: +1.928.855.4505
Fax: +1.928.855.4535
www.atkinsglobal.com/northamerica

ATTACHMENT A

ADDENDUM 2 – REVISED; BIDDING ASSISTANCE SERVICES:

DESIGN OF WASTEWATER PUMP STATION REHABILITATION IMPROVEMENTS

TOWN OF QUARTZSITE

PROJECT NO: 100020687

DATE OF AGREEMENT: JULY 19, 2013

In response to your request, Atkins is pleased to submit this proposal/agreement to you for additional engineering consulting services for the Town of Quartzsite's Wastewater Treatment Plant (WWTP) Expansion.

I. SCOPE OF SERVICES

Based on our current understanding of the Project, Atkins will provide the following additional engineering services:

A. BIDDING SERVICES FOR WIFA FUNDING \$30,000

All services necessary to meet WIFA bidding for funded portion of the project including, bidding services, preparation of bid documents, bidding, bid evaluation and recommendation of bid award to Council. This item also includes all necessary submittals and documentation to WIFA.

B. BIDDING SERVICES FOR USDA FUNDING \$30,000

All services necessary to obtain USDA approval for bidding and funding including, bidding services, preparation of bid documents, bidding, bid evaluation and recommendation of bid award to Council. This item also includes all necessary submittals and documentation to USDA to ensure funding is secured.



Atkins North America, Inc.
60 South Acoma Boulevard, Suite C106
Lake Havasu City, Arizona 86403
Telephone: +1.928.855.4505
Fax: +1.928.855.4535
www.atkinsglobal.com/northamerica

ATTACHMENT B

FEES AND CONDITIONS

ADDENDUM 2 – REVISED; BIDDING ASSISTANCE SERVICES:

DESIGN OF WASTEWATER PUMP STATION REHABILITATION IMPROVEMENTS

TOWN OF QUARTZSITE

PROJECT NO: 100020687

DATE OF AGREEMENT: JULY 19, 2013

I. FEES AND CONDITIONS

The fee for the Services described in Attachment A, Section I, Scope of Services, will be the lump sum amount of \$60,000.



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #4 Consider approval of a resolution adopting a policy related to the use of social media, social networking or the Town's website by Town employees.

Summary: Social media, social networking and websites are increasingly important mechanisms for communication, information and promotion.

The Town currently has no rules, regulations or ordinances authorizing or ensuring the appropriate use of social media, social networking or websites by Town employees.

To ensure that such social media, social networking or websites are used prudently and appropriately, and to protect the interests of the Town, it is necessary to adopt a policy that facilitates accurate, timely and appropriate public information.

Responsible Person: Laura Bruno, Town Manager

Attachment: 1) Proposed Resolution regarding the use of social media, social networking or the Town's website by Town employees.

Action Requested: **Motion to approve a Resolution adopting a policy related to the use of social media, social networking or the Town's website by Town employees.**

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, LA PAZ COUNTY, ARIZONA, ADOPTING A POLICY RELATED TO USE OF SOCIAL MEDIA, SOCIAL NETWORKING OR THE TOWN'S WEBSITE BY TOWN EMPLOYEES; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE FROM AND AFTER ITS PASSAGE AND APPROVAL ACCORDING TO THE LAW

WHEREAS, social media, social networking and websites are increasingly important mechanisms for communication, information and promotion;

WHEREAS, the Mayor and Council believe it is in the best interests of the Town to adopt a policy related to the use of social media, social networking and the Town's website; and

WHEREAS, the Town Council finds that social media, social networking and the Town's website should be used prudently to facilitate accurate, timely and appropriate public information;

WHEREAS, the Town Council has determined that the policy set forth below is in the best interests of the Town of Quartzsite and its employees.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the Town of Quartzsite, Arizona, that the following policy is hereby approved.

Section I. In General.

A. SOCIAL MEDIA AND SOCIAL NETWORKING; TOWN WEBSITE

Employees are permitted to use social media, social networking or the Town website either through the use of Town or personal electronic devices as set forth below. This Resolution applies to all content posted or sent by employees in their official capacities and to personal content posted or sent from Town or personal electronic devices. Use of Town computers shall also comply as noted below.

1. **DEFINITIONS:**

- 1.1 **Social Media.** Social Media is defined as the various online technology tools that enable people to communicate easily via the internet to share information and resources. Social media includes but is not limited to social networks, blogs, video sharing, podcasts, wikis, message boards and online forums. The technology for social media includes picture sharing, wall postings,

email, instant messaging, and music sharing. Examples include but are not limited to Facebook, YouTube, MySpace, LinkedIn, Twitter, Flickr, Nixle, and news media comment sharing.

1.2 **Social Networking.** Social Networking is defined as the practice of expanding the number of one's business contacts by making connections through web-based applications. Social networking relates to the use of Internet-based applications to promote such connections and the sharing of information.

1.3 **Town Website.** The Town's Website is defined as any website maintained by or for the benefits of the Town.

2. **FIRST AMENDMENT RIGHTS AND LIMITATIONS:**

Town employees have rights of freedom of speech, religion, and assembly under the First Amendment. The Town may impose certain restraints on job-related speech by an employee and on workplace speech. Employees shall not disclose through social media or social networking confidential information of the Town or other information obtained as part of their job duties. If an employee believes that information is a matter of public concern, the procedures set forth in this Resolution shall be followed. All communications with the media by Town employees in their official capacity must be preapproved by the Town Manager or his/her designee.

3. **ADMINISTRATION OF SOCIAL MEDIA AND SOCIAL NETWORKING:**

The Town's Manager's Office shall be the Town's official spokesperson for the Town's Social Media and Social Networking and in that capacity shall maintain the Town's official web presence, including but not limited to the Town's Website and any Social Networking by the Town or any of the Town's Departments.

3.1 The Town Manager's Officer shall administer security and monitoring measures for the Town's Social Media and Social Networking.

3.2 Department directors, managers, supervisors, and employees shall be responsible for assuring compliance with the provisions of this section.

4. **NO EXPECTATION OF PRIVACY:**

The Town reserves the right to use software and other available tools to monitor verbal and written communication, or discussions about the Town

or its employees anywhere on the Internet, including blogs, other public social networking sites, and open communications.

5. **PUBLIC RECORDS**

Any employee who manages the use of Social Media is responsible for preserving public records and maintaining them in accordance with A.R.S. § 39-101 and Town procedures. Such employees should coordinate with the Town Clerk, as the official custodian of Town records.

6. **USE OF SOCIAL MEDIA AND SOCIAL NETWORKING SITES:**

6.1 Employee blogging or personal/private use of social media sites shall not disrupt or distract from the work environment. Excessive or disruptive use of employee blogging or person/private use of social media or social networking sites may result in disciplinary action, up to and including termination.

6.2 Employees shall not attribute personal statements, opinions, or beliefs to the Town of Quartzsite when engaging in blogging or social networking for personal/private use. Employees shall not use Town logos, trademarks, photographs, or videos in their personal use of social media or social networking. Employees assume all risks relating to the use of social media and social networking, and the Town may require immediate removal of, and impose discipline for, material that is disruptive to the workplace or impairs the mission of the Town.

6.3 Employees are prohibited from disclosing confidential information or information that could breach the security of the Town or the Town's computer network.

6.4 Use of Social Media sites and participating in Social Networking by any Town Department or employee when representing the Town shall first be approved by the Town Manager's Office.

6.5 Use of social media of a business nature such as LinkedIn or a members-only site maintained by a professional organization approved by the Town may be permitted for professional use by Town Employees or Departments.

6.6 All requests for using third-party websites and services to advertise Town business, events, or services shall first be submitted to the Town Manager for review and approval. All Town-related content posted on third-party websites shall comply with Town web standards. Video may only be posted on outside sources (such as YouTube) by or with the consent of the Town Manager's Office.

Content posted on any third-party website shall include a clear statement that any reuse, reproduction or alteration of the content is prohibited.

- 6.7 Content posted on the Town Website shall not include content that is harassing, discriminatory, defamatory, promotes hate, obscene, profane, pornographic, or is in violation of federal, state, or local laws.

7. **TOWN WEBSITE:**

All content posted to the Town Website shall receive prior approval from the Town Manager's Office and be posted in compliance with the following policies.

- 7.1 The Town of Quartzsite shall maintain only one official website. Its web address is <http://www.ci.quartzsite.az.us/> and Town departments may have pages on the website.
- 7.2 The purpose of the Town Website is to provide the residents of Quartzsite and the general public with information about the Town of Quartzsite, its governance, and public events.
 - 7.2.1 The Town Manager will work with the Town Clerk to post agendas, minutes, and supporting documentation for all meetings of public bodies of the Town, including but not limited to the Common Council of the Town of Quartzsite.
 - 7.2.2 The Town is not responsible for the reliability, accuracy or functionality of links to third-party websites that it posts on the Town Website. The Town will issue an appropriate disclaimer on the Town Website with the advice of the Town Attorney.
- 7.3 The Town Website will contain accurate and timely information regarding the Town of Quartzsite.
 - 7.3.1 Department heads are responsible for ensuring that they provide the Town Manager with appropriate updates to maintain accurate information about their department on the Town Website.
 - 7.3.2 In the event an error is discovered in a posting, a prompt correction must be issued on the Town Website, noting the error and the correct information.

- 7.3 The Town Website may not be used for advertising or solicitation by private commercial entities.
- 7.4 The Town Website may not be used for campaigning by candidates or elected officials.

Section II. Providing for Repeal of Conflicting Resolutions or Policies.

All resolutions and parts of resolutions in conflict with the provisions of this Resolution are hereby repealed. All policies in conflict with the provisions of this Resolution are hereby repealed and superseded by this Resolution.

Section III. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Quartzsite, Arizona this ____ day of _____, 2013.

Ed Foster, Mayor

ATTEST:

Terry Frausto, Town Clerk

APPROVED AS TO FORM:

Curtis, Goodwin, Sullivan, Udall &
Schwab, PLC
Town Attorneys
By: Kelly Y. Schwab / Patricia E. Ronan



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #5 Consider approval of a resolution adopting a policy and designating authority for signing bank drafts and checks on behalf of the Town.

Summary: The Town's policies related to authority to signing bank drafts and checks on behalf of the Town were last updated April, 1990. The Town's current practice conflicts with existing Town policies. In addition, the Town's banking institution, Horizon Community Bank, has indicated that it needs an updated signature authorization from the Town.

The proposed policy designating authority for signing bank drafts and checks on behalf of the Town aligns with current municipal practices and procedures. The policy resolution provides for the following:

- Every warrant, check or bank draft will be signed by two (2) persons.
- Authorized signers shall be one elected designee (member of the Common Council) and one staff designee.
- There will be a primary elected designee and an alternate elected designee.
- There will be a primary staff designee (Town Manager) and an alternate staff designee (Town Clerk).
- Elected designees will be appointed for a period of two (2) years.

Responsible Person: Laura Bruno, Town Manager

Attachment:

- 1) Proposed Resolution regarding authority for signing bank drafts and checks on behalf of the Town.
- 2) Resolution 90-10 authorizing the certain official of the Town to sign warrants, checks and/or bank drafts.
- 3) Resolution 89-5 authorizing identified officials of the Town to sign warrants, checks and/or drafts.

Action Requested: **Motion to approve a Resolution adopting a policy and designating authority for signing bank drafts and checks on behalf of the Town.**

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, LA PAZ COUNTY, ARIZONA, ADOPTING A POLICY AND DESIGNATING AUTHORITY FOR SIGNING BANK DRAFTS AND CHECKS ON BEHALF OF THE TOWN

WHEREAS, the Mayor and Council have previously adopted Resolution No. 90-10 setting forth a policy related to authority to sign bank drafts and checks on behalf of the Town; and

WHEREAS, the Mayor and Council wish to designate specific parties responsible for signing bank drafts and checks on behalf of the Town to ensure fiscal responsibility and accountability;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the Town of Quartzsite, Arizona, that the following policy is hereby approved.

Section I. In General.

A. Every warrant, check or bank draft endorsed or issued on behalf of the Town shall be signed by two (2) persons specifically authorized by the Mayor and Council through adoption of this Resolution and appointment as set forth herein.

B. The authorized signers on warrants, checks bank drafts and endorsements shall be one Elected Designee and one Staff Designee.

1. A member of Town Council will be designated by a vote of the majority of Council and will be considered a Primary Elected Designee. The Primary Elected Designee will have signing authority for a period of two years, or until the designated Council member's term in office expires, whichever is first. Notwithstanding the foregoing, the Council may rescind signing authority at any time by a majority vote and approval of a different Council member to the position of Primary Elected Designee.

2. The Town Manager will be considered the Primary Staff Designee.

3. Two Alternates will have signing authority in the event that one of the Primary Designees is unavailable, including as a result of a conflict of interest or divided loyalty.

a. The Alternate Elected Designee will be a member of the Town Council, appointed pursuant to a vote of the majority of Council. The term as Alternate Elected Designee will be for two years, or until the Council member's term in office expires, whichever is first. In the event the Primary Elected Designee is unavailable to

sign or endorse warrant(s), bank draft(s) or check(s), the Alternate Elected Designee shall have authority to sign such necessary bank drafts or checks on behalf of the Town.

b. The Alternate Staff Designee will be the Town Clerk/Treasurer. In the event the Primary Staff Designee is unavailable to sign or endorse warrant(s), bank draft(s) or check(s), the Alternate Staff Designee shall have authority to sign such necessary bank drafts or checks on behalf of the Town.

Section II. Providing for Repeal of Conflicting Resolutions or Policies.

Resolution N. 90-10 and all other resolutions and parts of resolutions in conflict with the provisions of this Resolution are hereby repealed. All policies in conflict with the provisions of this Resolution are hereby repealed and superseded by this Resolution.

Section III. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Quartzsite, Arizona this ____ day of _____, 2013.

Ed Foster, Mayor

ATTEST:

Terry Frausto, Town Clerk

APPROVED AS TO FORM:

Curtis, Goodwin, Sullivan, Udall &
Schwab, PLC
Town Attorneys
By: Kelly Y. Schwab / Patricia E. Ronan

TOWN OF QUARTZSITE
RESOLUTION NUMBER 90-10

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, AUTHORIZING THE CERTAIN OFFICIAL OF THE TOWN OF QUARTZSITE TO SIGN WARRANTS, CHECKS AND/OR DRAFTS ON BEHALF OF THE TOWN OF QUARTZSITE.

BE IT RESOLVED by the Mayor and Common Council of the Town of Quartzsite, Arizona;

1. That any warrants, checking, and/or with any banking institution with which the Town of Quartzsite, Arizona maintains an account, shall require two (2) signatures for the issuance of any warrants, checks, or drafts on behalf of the Town of Quartzsite, Arizona. The first signature on any aforementioned account being the signature of the Town Clerk, Town Treasurer, or Deputy Clerk. The second signature on any aforementioned account shall be a signature of the Mayor, Vice/Mayor, or any council designated council person. Each of the foregoing officials are hereby authorized to sign warrants, checks, and/or drafts on behalf of the Town of Quartzsite and each of them is hereby authorized to endorse warrants, checks, and/or drafts payable to the Town of Quartzsite, Arizona for deposit.

2. All remaining portions of Resolution No. 89-5 as adopted by the Common Council of the Town of Quartzsite, State of Arizona, shall remain in full force and effect.

3. For the reason of the immediate need of the Town of Quartzsite, Arizona to do business the immediate operation of this Resolution is necessary for the preservation of the public peace, health and safety and therefore, an emergency is declared to exist and this Resolution shall be in force and effect immediately after its passage and adoption.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Quartzsite, Arizona this 4th day of April, 1990.

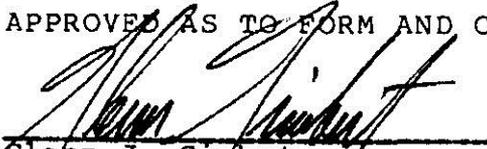

E. Richard Oldham, Mayor

ATTEST:



John Miner, Town Clerk

APPROVED AS TO FORM AND CONTENT:



Glenn J. Gimbut,
Town Attorney

TOWN OF QUARTZSITE
RESOLUTION NUMBER 89- 5

A RESOLUTION OF THE COMMON COUNCIL OF THE TOWN OF QUARTZSITE, LA PAZ COUNTY, ARIZONA AUTHORIZING IDENTIFIED OFFICIALS OF THE TOWN OF QUARTZSITE TO SIGN WARRANTS, CHECKS AND/OR DRAFTS FOR AND ON BEHALF OF THE TOWN OF QUARTZSITE AND FURTHER AUTHORIZING THE ESTABLISHMENT OF WARRANT, CHECKING AND/OR DRAFT ACCOUNTS WITH BANKING INSTITUTIONS DOING BUSINESS IN LA PAZ COUNTY, STATE OF ARIZONA; AND DECLARING AN EMERGENCY.

WHEREAS, it is immediately necessary for the Town of Quartzsite, La Paz County, Arizona to establish warrant, checking and/or draft accounts with banking institutions doing business in La Paz County, State of Arizona so that suppliers will be willing to do business with the Town of Quartzsite, employees will be willing to work for the Town of Quartzsite, and that the Town of Quartzsite may be able to do business;

BE IT RESOLVED by the Mayor and Common Council of the Town of Quartzsite, Arizona:

Section 1. That Shirley Bassford, Town Manager, and Town Treasurer of the Town of Quartzsite is hereby authorized to establish warrant, checking and/or draft accounts with any banking institution or organization doing business in La Paz County, State of Arizona including but not limited to Desert Sun Bank, First Interstate Bank of Arizona, Merabank, the Security Pacific Bank of Arizona, and/or Valley National Bank of Arizona.

Section 2. That C. Richard Oldham, Mayor, Zack Carnes, Vice Mayor, Charles Busby, Councilman, and Shirley Bassford, Town Treasurer, of the Town of Quartzsite are hereby authorized to sign warrants, checks and/or drafts on behalf of the Town of Quartzsite, Arizona and that each of them is hereby authorized to endorse warrants, checks and drafts payable to the Town of Quartzsite, Arizona for deposit.

Section 3. That the above named officer or officers of the Town of Quartzsite, Arizona are hereby authorized and directed for and on behalf of the Town of Quartzsite to agree with any of the foregoing financial institutions, Desert Sun Bank, First Interstate Bank of Arizona, Merabank, the Security Pacific Bank of Arizona, and/or Valley National Bank of Arizona as follows:

That in receiving for deposit or collection, the bank acts only as depositor's collection agency and assumes no responsibility beyond the exercise of due care. All items are credited and subjected to final payment in cash or solvent credits. These said banks will not be liable for default or negligence of its only selected correspondents nor for losses in transit and each correspondent may send items, directly or indirectly to any bank, including the payor and accepts its draft or credit as conditional payment in lieu of cash. It may change back any item at any time before final payment whether returned or not. The banks shall have until midnight of the next business day after receipt within which to honor or refuse payment of any item drawn on it deposited during regular business hours and any item received after business hours shall be deemed received at the opening of its next business day. Each branch or office of the aforementioned banks, shall be deemed as a separate bank.

That all prior authorizations given by the Town of Quartzsite, Arizona for the aforementioned said purpose are hereby superseded and revoked.

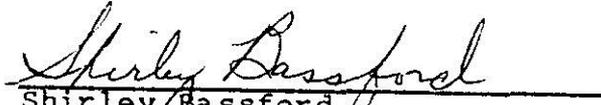
Section 4. For the reason of the immediate need of the Town of Quartzsite, Arizona to have suppliers willing to do business with it to supply necessary supplies, equipment, and materials for the Town to operate, to secure staff and employees who are willing to work for the Town of Quartzsite, Arizona, and for the further need of the Town of Quartzsite, Arizona to be able to do business, the immediate operation of this resolution is necessary for the preservation of the public peace, health and safety and therefore, an emergency is declared to exist, and this resolution shall be in force and effect immediately after its passage and adoption.

Town of Quartzsite
Resolution Number 89-5
Page Three

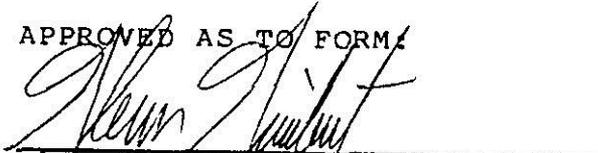
PASSED AND ADOPTED by the Mayor and Common Council
of the Town of Quartzsite, Arizona by three-fourths vote
this 3 day of October, 1989.


C. Richard Oldham, Mayor

ATTEST:


Shirley Bassford
Town Clerk

APPROVED AS TO FORM:


Glenn J. Gimbut
Town Attorney



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #6 Conduct Hearing regarding the Town of Quartzsite Tentative Budget for Fiscal Year 2013-2014.

Summary: On June 26, 2013, the Council adopted a Tentative Budget and set the maximum limits for expenditure for Fiscal Year 2013-2014. State law requires that once the tentative budget has been adopted, the expenditures may not be increased beyond the maximum limits for expenditure for final adoption; however, the expenditures may be decreased.

There is no specific date set by state law for adoption of the final budget. For Town's such as Quartzsite without a property tax, it is recommended that final budget adoption take place by mid-August. The Town's Budget Calendar for Fiscal Year 2013 provides for the following actions; some actions are and required by State law while others are not.

1. June 25: Adoption of the Tentative Budget.
2. Publish the Tentative Budget with the Notice of Public Hearings twice in a newspaper of general circulation.
3. July 9: Hold a Public Hearing on the Proposed Budget.
4. July 23: Hold a second Public Hearing on the Proposed Budget.
5. August 6: Conduct a final review of the Proposed Budget.
6. August 13: Adoption of the Final Budget for Fiscal Year 2013-2014.

Responsible Person: Laura Bruno, Town Manager

Attachment: None.

Action Requested: Motion to conduct a public hearing regarding the Town of Quartzsite Tentative Budget for Fiscal Year 2013-2014.



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #7 Consider acceptance of the Annual Financial Statements and Independent Auditors' Report for Fiscal Year 2011-2012.

Summary: As a governmental municipality within the State of Arizona, the Town is required to undergo an annual audit of its financial statements. These audits, performed by certified public accountants, must be conducted 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.

The independent auditors are required to obtain reasonable assurance about whether the financial statements are free of material misstatement; and evaluating the overall financial statement presentation.

It is the independent auditors' opinion that the Town's financial statements 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.

Responsible Persons: Laura Bruno, Town Manager
Scott Graff, CPA, Colby & Powell, PLC

Attachment: 1) Annual Financial Statements and Independent Auditors' Report, June 30, 2012.
2) Annual Expenditure Limitation Report, June 30, 2012.

Action Requested: **Motion to accept the Annual Financial Statements and Independent Auditors' Report for Fiscal Year 2011-2012.**

TOWN OF QUARTZSITE, ARIZONA

Annual Financial Statements
and
Independent Auditors' Report
June 30, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
Government-wide Statements	
Statement of Net Assets	3
Statement of Activities.....	5
Fund Statements	
Governmental Funds	
Balance Sheet.....	6
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	7
Statement of Revenue, Expenditures, and Changes in Fund Balances.....	8
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	9
Proprietary Funds	
Statement of Net Assets.....	10
Statement of Revenue, Expenses, and Changes in Fund Net Assets.....	11
Statement of Cash Flows	12
Notes to Financial Statements	14
Other Required Supplementary Information	
Budgetary Comparison Schedules	29
Notes to Budgetary Comparison Schedules.....	32
Schedule of Agent Retirement Plan Funding Progress.....	33
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	35
Schedule of Findings and Responses.....	37
Independent Auditors' Report on Compliance with Requirements Applicable to the Uses of Highway User Revenue Fund Monies in Accordance with ARS Title 28, Chapter 18, Article 2	41

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Quartzsite, 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 Town of Quartzsite, Arizona, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Quartzsite, Arizona'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 Town of Quartzsite, Arizona, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, 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 June 28, 2013, on our consideration of the Town of Quartzsite, 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 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.

The Town of Quartzsite has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29 through 32 and Schedule of Agent Retirement Plan Funding Progress on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Colby & Powell". The signature is written in black ink and is positioned above the date.

June 28, 2013

TOWN OF QUARTZSITE, ARIZONA
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,181,314	\$ -	\$ 3,181,314
Restricted cash	276,623	401,583	678,206
Receivables - net	16,858	253,828	270,686
Due from other governments	210,923	605	211,528
Prepaid expenses	1,000	-	1,000
Inventory	-	9,975	9,975
Deposits	-	620	620
Interfund balances	4,167,552	(4,167,552)	-
Deferred charges	39,493	-	39,493
Capital assets, not being depreciated	819,121	1,232,295	2,051,416
Capital assets, being depreciated, net	9,234,854	13,187,875	22,422,729
Total assets	<u>17,947,738</u>	<u>10,919,229</u>	<u>28,866,967</u>
LIABILITIES			
Accounts payable	91,232	66,411	157,643
Accrued expenses	64,915	145,077	209,992
Claims and settlements payable	36,940	-	36,940
Refundable deposits	-	7,623	7,623
Deferred revenue	-	19,738	19,738
Noncurrent liabilities			
Due within 1 year	282,131	234,681	516,812
Due in more than 1 year	814,511	8,706,577	9,521,088
Total liabilities	<u>1,289,729</u>	<u>9,180,107</u>	<u>10,469,836</u>
NET ASSETS			
Invested in capital assets, net of related debt	9,367,436	5,497,365	14,864,801
Restricted for:			
Highways and streets	4,929,880	-	4,929,880
Public safety	38,126	-	38,126
Unrestricted (deficit)	2,322,567	(3,758,243)	(1,435,676)
Total net assets	<u>\$ 16,658,009</u>	<u>\$ 1,739,122</u>	<u>\$ 18,397,131</u>

See accompanying notes to financial statements

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TOWN OF QUARTZSITE, ARIZONA
Statement of Activities
Year Ended June 30, 2012

Functions / Programs	Expenses	Program Revenue			Net (Expenses) Re-	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Pror
Primary government:						
Governmental activities						
General government	\$ 1,155,239	\$ 139,484	\$ 1,865	\$ -	\$ (1,013,890)	\$
Public safety	1,479,734	168,524	123,591	-	(1,187,619)	
Public works and streets	1,516,657	137,913	1,059,522	273,446	(45,776)	
Culture and recreation	334,952	666	13,781	-	(320,505)	
Debt service - interest	59,390	-	-	-	(59,390)	
Total governmental activities	4,545,972	446,587	1,198,759	273,446	(2,627,180)	
Business-type activities						
Water	1,113,633	746,047	-	10,969	-	
Sewer	748,525	862,176	-	13,019	-	
Total business-type activities	1,862,158	1,608,223	-	23,988	-	
Total primary government	\$ 6,408,130	\$ 2,054,810	\$ 1,198,759	\$ 297,434	(2,627,180)	
General revenue:						
Taxes:						
Sales						
Franchise						
State revenue sharing						
Auto lieu tax revenue sharing						
State sales tax revenue sharing						
Miscellaneous						
Lease income						
Gain on sale of assets						
Interest income						
Total general revenue						
Change in net assets						
Net assets, July 1, 2011						
Net assets, June 30, 2012						

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	HURF/LTAF Fund	Grants Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,174,030	\$ 7,284	\$ 3,181,314
Restricted cash	276,623	-	-	276,623
Accounts receivable - net	16,858	-	-	16,858
Due from other governments	67,206	104,665	39,052	210,923
Prepaid expenses	1,000	-	-	1,000
Due from other funds	2,482,239	1,685,313	-	4,167,552
Total assets	\$ 2,843,926	\$ 4,964,008	\$ 46,336	\$ 7,854,270
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 76,602	\$ 10,444	\$ 4,186	\$ 91,232
Accrued expenses	53,785	7,106	4,024	64,915
Claims and settlements payable	36,940	-	-	36,940
Total liabilities	167,327	17,550	8,210	193,087
Fund balances				
Restricted for:				
Highways and streets	-	4,946,458	-	4,946,458
Public safety	-	-	38,126	38,126
Unassigned	2,676,599	-	-	2,676,599
Total fund balances	2,676,599	4,946,458	38,126	7,661,183
Total liabilities and fund balances	\$ 2,843,926	\$ 4,964,008	\$ 46,336	\$ 7,854,270

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2012

Fund balances--total governmental funds	\$ 7,661,183
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.	10,053,975
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	39,493
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(1,096,642)</u>
Net assets of governmental activities	<u><u>\$ 16,658,009</u></u>

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2012

	General Fund	HURF/LTAF Fund	Grants Fund	Total Governmental Fund
Revenues				
Taxes	\$ 1,159,593	\$ -	\$ -	\$ 1,159,593
Intergovernmental	902,066	1,058,032	350,647	2,310,745
Franchise fees	76,191	-	-	76,191
Licenses and permits	137,734	500	-	138,234
Charges for services	14,736	149,292	-	164,028
Fines	160,525	-	6,045	166,570
Interest	5,399	-	-	5,399
Other revenue	26,901	1,276	58,601	86,778
Total revenues	<u>2,483,145</u>	<u>1,209,100</u>	<u>415,293</u>	<u>4,107,538</u>
Expenditures				
<i>Current</i>				
General government	1,111,707	-	-	1,111,707
Public safety	1,307,374	-	115,065	1,422,439
Highways and streets	-	918,929	4,099	923,028
Culture and recreation	312,728	-	4,152	316,880
Capital outlay	57,983	251,036	297,734	606,753
Debt service				
Principal	105,377	92,631	-	198,008
Interest	57,327	-	-	57,327
Total expenditures	<u>2,952,496</u>	<u>1,262,596</u>	<u>421,050</u>	<u>4,636,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(469,351)</u>	<u>(53,496)</u>	<u>(5,757)</u>	<u>(528,604)</u>
Other financing sources (uses)				
Sale of capital assets	4,068	23,488	-	27,556
Capital lease agreement	-	119,706	-	119,706
Total other financing sources (uses)	<u>4,068</u>	<u>143,194</u>	<u>-</u>	<u>147,262</u>
Net change in fund balances	(465,283)	89,698	(5,757)	(381,342)
Fund balances, July 1, 2011	<u>3,141,882</u>	<u>4,856,760</u>	<u>43,883</u>	<u>8,042,525</u>
Fund balances, June 30, 2012	<u>\$ 2,676,599</u>	<u>\$ 4,946,458</u>	<u>\$ 38,126</u>	<u>\$ 7,661,183</u>

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Statement of Revenue, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities--Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues			
Water charges (net of bad debts of \$34,555)	\$ 735,265	\$ -	\$ 735,265
Sewer charges (net of bad debts of \$52,988)	-	848,615	848,615
Rental revenue	-	7,623	7,623
Miscellaneous	10,782	5,938	16,720
Total operating revenues	<u>746,047</u>	<u>862,176</u>	<u>1,608,223</u>
Operating expenses			
Personnel	237,379	139,071	376,450
Insurance	8,005	11,402	19,407
Professional services	51,892	70,556	122,448
Utilities	97,665	68,951	166,616
Repairs and maintenance	153,520	40,382	193,902
Materials and supplies	46,551	67,196	113,747
Other	3,599	10,410	14,009
Depreciation	305,837	210,367	516,204
Total operating expenses	<u>904,448</u>	<u>618,335</u>	<u>1,522,783</u>
Operating income (loss)	<u>(158,401)</u>	<u>243,841</u>	<u>85,440</u>
Nonoperating revenues (expenses)			
Meter and cap fees	10,969	13,019	23,988
Interest expense	(209,185)	(130,190)	(339,375)
Total nonoperating revenues (expenses)	<u>(198,216)</u>	<u>(117,171)</u>	<u>(315,387)</u>
Increase (decrease) in net assets	<u>(356,617)</u>	<u>126,670</u>	<u>(229,947)</u>
Total net assets, July 1, 2011	<u>2,671,496</u>	<u>(702,427)</u>	<u>1,969,069</u>
Total net assets, June 30, 2012	<u>\$ 2,314,879</u>	<u>\$ (575,757)</u>	<u>\$ 1,739,122</u>

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012

	Business-type Activities--Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 777,782	\$ 872,631	\$ 1,650,413
Payments to suppliers and providers of goods and services	(374,388)	(309,612)	(684,000)
Payments to employees	(176,690)	(104,618)	(281,308)
Net cash provided (used) by operating activities	<u>226,704</u>	<u>458,401</u>	<u>685,105</u>
Cash flows from noncapital financing activities:			
Loans (to) from other funds	73,793	(335,431)	(261,638)
Net cash provided (used) by noncapital financing activities	<u>73,793</u>	<u>(335,431)</u>	<u>(261,638)</u>
Cash flows from capital and related financing activities:			
Proceeds from issuance of note payable	-	463,694	463,694
Receipts from meter and cap fees	61,774	39,315	101,089
Purchase of capital assets	-	(434,616)	(434,616)
Interest paid	(212,589)	(131,244)	(343,833)
Principal payments on notes payable	(148,514)	(59,262)	(207,776)
Net cash provided (used) by capital and related financing activities	<u>(299,329)</u>	<u>(122,113)</u>	<u>(421,442)</u>
Net increase (decrease) in cash and cash equivalents	1,168	857	2,025
Cash and cash equivalents, July 1, 2011	<u>274,470</u>	<u>125,088</u>	<u>397,258</u>
Cash and cash equivalents, June 30, 2012	<u><u>\$ 275,638</u></u>	<u><u>\$ 125,945</u></u>	<u><u>\$ 401,583</u></u>

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2012
(Continued)

	Business-type Activities--Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (158,401)	\$ 243,841	\$ 85,440
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	305,837	210,367	516,204
Bad debts	34,555	52,988	87,543
(Increase) decrease:			
Accounts receivable	(1,845)	(37,954)	(39,799)
Increase (decrease):			
Accounts payable	43,894	(6,501)	37,393
Accrued expenses	3,639	239	3,878
Compensated absences payable	-	-	-
Refundable deposits	2,100	500	2,600
Deferred revenue	(3,075)	(5,079)	(8,154)
Net cash provided (used) by operating activities	<u>\$ 226,704</u>	<u>\$ 458,401</u>	<u>\$ 685,105</u>

NONCASH CAPITAL FINANCING ACTIVITIES: Loan premiums in the Water and Sewer Funds were amortized to interest expense at \$849 and \$615, respectively.

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Quartzsite, Arizona, conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's significant accounting policies are as follows:

A. Reporting Entity

The Town is a general purpose local government that is governed by a separately elected Town Council. The accompanying financial statements present the activities of the Town (the primary government) and its component units.

Component units are legally separate entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Town. Each blended component unit discussed below has a June 30 year-end. The Town has no discretely presented component units.

The Town of Quartzsite Municipal Property Corporation is an Arizona nonprofit corporation incorporated under the laws of the State of Arizona. The principal objective of the Corporation is to assist the Town of Quartzsite, Arizona, in acquiring, constructing, financing, operating, improving or modifying public facilities for the benefit of all Town of Quartzsite, Arizona, residents. The Corporation's board of directors consists of three members appointed by the Quartzsite Town Council.

Separate financial statements of the blended component unit are not prepared.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government. They also distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided,
- operating grants and contributions, and
- capital grants and contributions.

Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

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

Fund financial statements—provide information about the Town's funds, including blended component units. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non major funds.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund's principal activity in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as non-operating revenues.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Town reports the following major governmental funds:

The ***General Fund*** is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***HURF/LTAF Fund*** accounts for specific revenue received from the State of Arizona Highway User Revenue Fund and from State of Arizona Local Transportation Assistance Fund which are legally restricted to expenditures for specified purposes.

The ***Grants Fund*** accounts for specific revenue sources that are restricted to expenditures for specified purposes as defined by the grantor.

The Town reports the following major enterprise funds:

The ***Water Fund*** and ***Sewer Fund*** account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the Town Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or for which the Town Council has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and donations are recognized as revenue as soon as all eligibility requirements the provider imposed have been met.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they are due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital lease agreements are reported as other financing sources.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Town's business-type activities follow FASB Statements and Interpretations issued before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Cash and Investments

For purposes of its statement of cash flows, the Town considers only those highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable in the proprietary funds are estimated by the Town. The amount recorded as uncollectible at June 30, 2012, for the Water and Sewer Funds was \$40,000 and \$60,000, respectively.

F. Inventories

Inventories of the business type activities are recorded at cost using the first-in, first-out basis of accounting.

G. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	n/a	n/a
Construction in progress	5,000	n/a	n/a
Vehicles	5,000	Straight-line	5-10
Furniture and fixtures	5,000	Straight-line	5-15
Equipment	5,000	Straight-line	5-15
Land Improvements	5,000	Straight-line	15-20
Buildings	5,000	Straight-line	25-50
Utility systems	5,000	Straight-line	25-50
Infrastructure	5,000	Straight-line	25-50

H. Investment Income

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

I. Compensated Absences

Compensated absences consist of vacation leave earned by employees based on services already rendered. Employees may accumulate up to 320 hours of vacation depending on years of service. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited amount of sick leave hours. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements.

J. Subsequent Events

Management has evaluated subsequent events through the date of issuance of the financial statements, and has determined that there are no significant subsequent events requiring disclosure.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K. Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54 requires fund balances to be properly reported within one of the fund balance categories listed below:

1. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact such as fund balance associated with inventories, prepaids, long-term loans and notes receivable (unless the proceeds are restricted, committed, or assigned),
2. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution provisions or enabling legislation, or external resource providers,
3. Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council,
4. Assigned fund balances are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. Unassigned fund balance is the residual classification for the Town's governmental funds and includes all spendable amounts not contained in other classifications.

The Town's policy for committed fund balances is through formal Town resolutions passed through the elected Town council. The process of rescinding a committed fund balance requires the same process.

The Town's policy for assigned fund balances is through motions passed by the elected Town council. Assigned fund balances do not require a formal resolution.

When expenditures incur for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the Town's policy is to apply the expenditure first to restricted, and then to unrestricted in the following order of committed, assigned, and then unassigned.

NOTE 2 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. The statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS – Continued

Deposits—At June 30, 2012, the carrying amount of the Town’s total pooled cash in bank was \$2,490,192, and the bank balance was \$2,683,055. The bank balance is covered by federal depository insurance and collateral held by the pledging financial institution’s trust department or agent in the Town’s name.

Investments—At June 30, 2012, the investments consisted of the following:

Investment	Rating Organization	Credit Rating	Reported Amount	Fair Value
Arizona LGIP Pool 5	S&P	AAA	\$ 686,506	\$ 686,506

The State Board of Investment provides oversight for the State Treasurer’s pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares. Those shares are not identified with specific investments and are not subject to custodial credit risk. All other investments were insured or registered in the Town’s name, or were held by the Town or its agent in the Town’s name.

Restricted cash – Restricted cash consisted of cash held by trustee for debt service and for certain property and equipment improvements and expenditures. Total restricted cash at June 30, 2012 totaled \$678,206.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, were as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 115,974	-	-	\$ 115,974
Construction in progress	280,242	422,905	-	703,147
Total capital assets not being depreciated	396,216	422,905	-	819,121
Capital assets being depreciated:				
Buildings	880,950	16,337	-	897,287
Land improvements	245,617	-	-	245,617
Furniture and fixtures	450,132	-	-	450,132
Equipment	1,335,108	131,023	-	1,466,131
Vehicles	909,945	24,288	-	934,233
Street lights	55,471	-	-	55,471
Streets and curbs	10,426,738	12,200	-	10,438,938
Total	14,303,961	183,848	-	14,487,809
Less accumulated depreciation for:				
Buildings	(300,642)	(25,870)	-	(326,512)
Land improvements	(96,156)	(12,281)	-	(108,437)
Furniture and fixtures	(450,132)	-	-	(450,132)
Equipment	(1,000,947)	(129,614)	-	(1,130,561)
Vehicles	(638,867)	(85,210)	-	(724,077)
Street lights	(18,954)	(2,774)	-	(21,728)
Streets and curbs	(1,967,793)	(523,715)	-	(2,491,508)
Total	(4,473,491)	(779,464)	-	(5,252,955)
Total capital assets being depreciated, net	9,830,470	(595,616)	-	9,234,854
Governmental activities capital assets, net	<u>\$ 10,226,686</u>	<u>\$ (172,711)</u>	<u>\$ -</u>	<u>\$ 10,053,975</u>

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 3 – CAPITAL ASSETS – Continued

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 33,547	\$ -	\$ -	\$ 33,547
Construction in progress	1,117,170	81,578		1,198,748
Total capital assets not being depreciated	<u>1,150,717</u>	<u>81,578</u>	<u>-</u>	<u>1,232,295</u>
Capital assets being depreciated:				
Utility systems	17,673,529	-	-	17,673,529
Equipment	749,720	-	-	749,720
Vehicles	57,356	-	-	57,356
Total	<u>18,480,605</u>	<u>-</u>	<u>-</u>	<u>18,480,605</u>
Less accumulated depreciation for:				
Utility systems	(4,243,697)	(472,604)	-	(4,716,301)
Equipment	(490,223)	(39,487)	-	(529,710)
Vehicles	(42,606)	(4,113)	-	(46,719)
Total	<u>(4,776,526)</u>	<u>(516,204)</u>	<u>-</u>	<u>(5,292,730)</u>
Total capital assets being depreciated, net	<u>13,704,079</u>	<u>(516,204)</u>	<u>-</u>	<u>13,187,875</u>
Business-type activities capital assets, net	<u>\$ 14,854,796</u>	<u>\$ (434,626)</u>	<u>\$ -</u>	<u>\$ 14,420,170</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 62,367
Public safety	91,399
Highways and streets	597,364
Culture and recreation	28,334
Total governmental activities depreciation expense	<u>\$ 779,464</u>
Business-type activities:	
Water	\$ 305,837
Sewer	210,367
Total business-type activities depreciation expense	<u>\$ 516,204</u>

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consisted of the following:

	Due from State of Arizona
City sales tax	\$ 31,761
State sales tax	24,400
Vehicle license tax	11,045
Highway user shared revenue	104,665
Grants	39,052
	\$ 210,923

NOTE 5 – LONG-TERM LIABILITIES

The following schedule details the Town's long-term liability and obligation activity for the year ended June 30, 2012.

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Governmental activities:					
Compensated absences	\$ 206,329	\$ 137,093	\$ (209,942)	\$ 133,480	\$ 133,480
Capital leases payable	100,784	119,706	(103,008)	117,482	46,691
Bonds payable - net	937,640	3,040	(95,000)	845,680	101,960
Governmental activities long-term liabilities	\$ 1,515,917	\$ 259,839	\$ (407,950)	\$ 1,096,642	\$ 282,131
Business-type activities:					
Compensated absences	\$ 18,453	\$ 8,280	\$ (8,280)	\$ 18,453	\$ 18,453
Notes payable	8,668,350	463,693	(209,238)	8,922,805	216,228
Business-type activities long-term liabilities	\$ 8,663,100	\$ 471,973	\$ (217,518)	\$ 8,941,258	\$ 234,681

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 5 – LONG-TERM LIABILITIES – Continued

Bonds payable—The Town's bonded debt consists of a 2004 revenue bond issuance of \$1,520,000. The revenue bond requires repayments of principal and interest payments due annually on July 1st of each year with the final payment due July 1, 2019. Bonds outstanding at June 30, 2012, were as follows:

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal
Revenue bonds	\$ 1,520,000	2004 -2019	5.0% - 6.25%	\$ 870,000
			Amortized bond discount	(24,320)
			Revenue bonds-net	845,680

Notes payable—The Town's notes payable consisted of the following:

	Business-type Activities		Total
	Water Fund	Sewer Fund	
Note payable to Greater Arizona Development Authority (GADA) requiring repayments of an interest only payment on February 1st of each year beginning February 1, 2007 and principal and interest payments due annually on August 1 of each year with final payment due August 1, 2036. Interest rates follow a GADA bond issue rate that varies between 4% and 5%. Note payable is net of an amortized note premium of \$50,450.	\$ 3,812,680	\$ 2,798,289	\$ 6,610,969
Note payable to Water Infrastructure Finance Authority of Arizona in monthly installments of \$8,636 including interest at 2.45%, final payment due June 2034.	1,421,032	-	1,421,032
Note payable to Water Infrastructure Finance Authority of Arizona with interest at 0.427% and due January 1st and July 1st of each year beginning January 1, 2011. The entire loan principal will be paid on the final payment period of July 1, 2013.	-	890,804	890,804
	\$ 5,233,712	\$ 3,689,093	\$ 8,922,805

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 5 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town's bonds and notes payable at June 30, 2012.

Year Ending June 30	Governmental Activities		Business-type Activities	
	Revenue Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 101,960	\$ 56,340	\$ 216,228	\$ 335,560
2014	106,960	50,303	1,113,756	323,674
2015	111,960	43,978	229,720	315,338
2016	121,960	36,790	241,530	305,416
2017	126,960	28,978	248,386	296,197
2018-22	275,880	35,995	1,401,412	1,175,021
2023-27	-	-	1,725,204	950,774
2028-32	-	-	1,768,373	559,138
2033-37	-	-	1,978,196	154,181
Total	<u>\$ 845,680</u>	<u>\$ 252,384</u>	<u>\$ 8,922,805</u>	<u>\$ 4,415,299</u>

Capital leases—The Town has acquired equipment under long-term lease agreements classified as capital leases because it provides for a bargain purchase option or a transfer of ownership by the end of the lease term. The assets acquired through capital leases are as follows:

	Governmental Activities
Equipment	\$ 167,489
Less: accumulated depreciation	<u>(41,421)</u>
Carrying value	<u>\$ 126,068</u>

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 5 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2012.

Year Ending June 30	Governmental Activities
2013	\$ 50,504
2014	41,988
2015	31,491
Total minimum lease payments	123,983
Less amount representing interest	(6,501)
Present value of net minimum lease payments	\$ 117,482

NOTE 6 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers’ compensation and employees’ health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – CONTINGENT LIABILITIES

Pending Litigation

The Town is subject to a number of lawsuits, investigations, and other claims. The Town does not currently possess sufficient information to reasonably estimate all of the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits. However, the Town has recorded a liability for lawsuits, investigations, and other claims that were incurred during the year ending June 30, 2012 which were settled before the date of these financial statements. Total settlements totaling \$36,940 have been accrued as of June 30, 2012.

While the ultimate resolution of the remaining such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of Town management, based on the advice of the Town Attorney, the resolution of these matters will not have a material adverse effect on the Town’s financial position and such claims have not exceeded the Town’s commercial insurance coverage.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 8 – RETIREMENT PLANS

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension 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 the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The 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 plan at: PSPRS, 3010 E. Camelback Rd., Ste. 200, Phoenix, AZ, 85016. Telephone: (602) 255-5575.

For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members' annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 11.42 percent.

Annual Pension Cost—The Town's pension cost for the agent plan for the year ended June 30, 2012, and related information follows:

	PSPRS
Contribution rates:	
Town	11.42%
Plan members	8.65%
Annual pension cost	\$ 71,436
Contributions made	\$ 71,436

The current-year annual required contributions for the PSPRS were determined as part of its June 30, 2012, actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 8.00 percent investment rate of return and (b) projected salary increases ranging from 5.0 percent to 9.0 percent per year. Both (a) and (b) included an inflation component of 5.0 percent. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 7-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012, was 24 years for unfunded actuarial accrued liability, 20 years for excess.

TOWN OF QUARTZSITE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 8 – RETIREMENT PLANS - Continued

Trend Information—Annual pension cost information for the current and two preceding years follows:

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2012	\$ 71,436	100 %	\$ -
	2011	72,429	100	-
	2010	56,097	100	-

NOTE 9 – INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables for the year ended June 30, 2012, were as follows:

Payable to	Payable from		Total
	Water Fund	Sewer Fund	
General Fund	\$ 1,840,928	\$ 641,311	\$ 2,482,239
HURF/LTAF Fund	-	1,685,313	1,685,313
	<u>\$ 1,840,928</u>	<u>\$ 2,326,624</u>	<u>\$ 4,167,552</u>

The interfund receivables and payables were necessary in order to fund the ongoing activities of the Water and Sewer Funds. The balances owed from the Water and Sewer Funds is not expected to be repaid within one year.

TOWN OF QUARTZSITE, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,380,000	\$ 1,380,000	\$ 1,159,593	\$ (220,407)
Intergovernmental	890,123	890,123	902,066	11,943
Franchise fees	77,000	77,000	76,191	(809)
Licenses and permits	163,500	163,500	137,734	(25,766)
Charges for services	33,920	33,920	14,736	(19,184)
Fines	167,475	167,475	160,525	(6,950)
Interest	4,000	4,000	5,399	1,399
Other revenue	217,300	217,300	26,901	(190,399)
Total revenues	<u>2,933,318</u>	<u>2,933,318</u>	<u>2,483,145</u>	<u>(450,173)</u>
Expenditures				
Current				
General government	1,031,774	1,031,774	1,111,707	(79,933)
Public safety	1,344,694	1,344,694	1,307,374	37,320
Culture and recreation	356,520	356,520	312,728	43,792
Capital outlay	-	-	57,983	(57,983)
Debt service				
Principal	-	-	105,377	(105,377)
Interest	-	-	57,327	(57,327)
Total expenditures	<u>2,732,988</u>	<u>2,732,988</u>	<u>2,952,496</u>	<u>(219,508)</u>
Excess (deficiency) of revenues over expenditures	200,330	200,330	(469,351)	(669,681)
Other financing sources (uses)				
Sale of capital assets	-	-	4,068	4,068
Transfers out	(68,217)	(68,217)	-	68,217
Total other financing sources (uses)	<u>(68,217)</u>	<u>(68,217)</u>	<u>4,068</u>	<u>72,285</u>
Net changes in fund balances	132,113	132,113	(465,283)	(597,396)
Fund balances, July 1, 2011	<u>3,141,882</u>	<u>3,141,882</u>	<u>3,141,882</u>	<u>-</u>
Fund balances, June 30, 2012	<u><u>\$ 3,273,995</u></u>	<u><u>\$ 3,273,995</u></u>	<u><u>\$ 2,676,599</u></u>	<u><u>\$ (597,396)</u></u>

See accompanying notes to budgetary comparison schedule.

TOWN OF QUARTZSITE, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
HURF/LTAF Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,113,608	\$ 1,113,608	\$ 1,058,032	\$ (55,576)
Licenses and permits	3,000	3,000	500	(2,500)
Charges for services	6,500	6,500	149,292	142,792
Other revenue	2,000	2,000	1,276	(724)
Total revenues	<u>1,125,108</u>	<u>1,125,108</u>	<u>1,209,100</u>	<u>83,992</u>
Expenditures				
Current				
Highways and streets	1,697,106	1,697,106	918,929	778,177
Capital outlay	-	-	251,036	(251,036)
Debt service				
Principal	-	-	92,631	(92,631)
Total expenditures	<u>1,697,106</u>	<u>1,697,106</u>	<u>1,262,596</u>	<u>434,510</u>
Excess (deficiency) of revenues over expenditures	(571,998)	(571,998)	(53,496)	518,502
Other financing sources (uses)				
Sale of capital assets	-	-	23,488	23,488
Transfers in	208,217	208,217	-	(208,217)
Capital lease agreement	-	-	119,706	119,706
Total other financing sources (uses)	<u>208,217</u>	<u>208,217</u>	<u>143,194</u>	<u>(65,023)</u>
Net changes in fund balances	(363,781)	(363,781)	89,698	453,479
Fund balances, July 1, 2011	<u>4,856,760</u>	<u>4,856,760</u>	<u>4,856,760</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 4,492,979</u>	<u>\$ 4,492,979</u>	<u>\$ 4,946,458</u>	<u>\$ 453,479</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF QUARTZSITE, ARIZONA
Required Supplementary Information
Budgetary Comparison Schedule
Grants Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,827,547	\$ 1,827,547	\$ 350,647	\$ (1,476,900)
Fines	8,500	8,500	6,045	(2,455)
Other revenue	63,790	63,790	58,601	(5,189)
Total revenues	<u>1,899,837</u>	<u>1,899,837</u>	<u>415,293</u>	<u>(1,484,544)</u>
Expenditures				
Current				
General government	245,000	245,000	-	245,000
Public safety	576,286	576,286	115,065	461,221
Highways and streets	-	-	4,099	(4,099)
Culture and recreation	-	-	4,152	(4,152)
Capital outlay	1,101,281	1,101,281	297,734	803,547
Total expenditures	<u>1,922,567</u>	<u>1,922,567</u>	<u>421,050</u>	<u>1,501,517</u>
Net changes in fund balances	(22,730)	(22,730)	(5,757)	16,973
Fund balances, July 1, 2011	<u>43,883</u>	<u>43,883</u>	<u>43,883</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 21,153</u>	<u>\$ 21,153</u>	<u>\$ 38,126</u>	<u>\$ 16,973</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF QUARTZSITE, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2012

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

Arizona Revised Statutes (A.R.S.) require the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibit expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Town Councils' approval. The Town has exceeded appropriations in the General Fund for the year ended June 30, 2012.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

Except for not budgeting for debt service expenditures of the Town of Quartzsite Municipal Property Corporation (a blended component unit), the Town's budget is prepared on a basis consistent with generally accepted accounting principles.

TOWN OF QUARTZSITE, ARIZONA
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2012

Public Safety Personnel Retirement System

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
06/30/12	\$ 2,821,166	\$ 2,275,505	\$ 545,661	124.0 %	\$ 568,865	- %
06/30/11	2,423,533	2,055,898	367,635	117.9	774,050	-
06/30/10	2,105,207	1,688,469	416,738	124.7	760,544	-

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TOWN OF QUARTZSITE, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2012

Net change in fund balances--total governmental funds \$ (381,342)

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

Governmental funds report capital outlays as expenditures.

However, in the Statement of Activities the cost of
those assets is allocated over their estimated useful
lives and reported as depreciation expense.

Capital outlay-type expenditures	606,753	
Depreciation expense	<u>(779,464)</u>	(172,711)

Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues
in the funds. (12,501)

Governmental funds report the effect of issuance
costs when debt is first issued, whereas these
amounts are deferred and amortized in the statement
of activities. (7,976)

Debt proceeds provide current financial resources to
governmental funds, but issuing debt increases long-term
liabilities in the Statement of Net Assets.

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces
long-term liabilities in the Statement of Net Assets.

Compensated absences	72,849	
Capital lease agreement	(119,706)	
Debt repayments	<u>198,008</u>	<u>151,151</u>

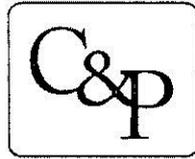
Change in net assets of governmental activities \$ (423,379)

See accompanying notes to financial statements

TOWN OF QUARTZSITE, ARIZONA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities--Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets			
Restricted cash	\$ 275,638	\$ 125,945	\$ 401,583
Accounts receivable - net	123,202	130,626	253,828
Due from other governments	-	605	605
Inventory	7,439	2,536	9,975
Deposits	320	300	620
Total current assets	<u>406,599</u>	<u>260,012</u>	<u>666,611</u>
Noncurrent assets			
Capital assets, net of accumulated depreciation, where applicable:			
Land	14,047	19,500	33,547
Construction in progress	70,810	1,127,938	1,198,748
Equipment, net	73,828	146,182	220,010
Systems, net	8,981,549	3,975,679	12,957,228
Vehicles, net	10,637	-	10,637
Total noncurrent assets	<u>9,150,871</u>	<u>5,269,299</u>	<u>14,420,170</u>
Total assets	<u>9,557,470</u>	<u>5,529,311</u>	<u>15,086,781</u>
LIABILITIES			
Current liabilities			
Accounts payable	49,765	16,646	66,411
Accrued expenses	87,951	57,126	145,077
Compensated absences	9,783	8,670	18,453
Refundable deposits	5,168	2,455	7,623
Deferred revenue	15,284	4,454	19,738
Notes payable, current portion	154,150	62,078	216,228
Total current liabilities	<u>322,101</u>	<u>151,429</u>	<u>473,530</u>
Noncurrent liabilities			
Due to other funds	1,840,928	2,326,624	4,167,552
Notes payable, net of current portion	5,079,562	3,627,015	8,706,577
Total noncurrent liabilities	<u>6,920,490</u>	<u>5,953,639</u>	<u>12,874,129</u>
Total liabilities	<u>7,242,591</u>	<u>6,105,068</u>	<u>13,347,659</u>
Net assets			
Invested in capital assets, net of related debt	3,917,159	1,580,206	5,497,365
Unrestricted (deficit)	(1,602,280)	(2,155,963)	(3,758,243)
Total net assets	<u>\$ 2,314,879</u>	<u>\$ (575,757)</u>	<u>\$ 1,739,122</u>

See accompanying notes to financial statements



COLBY &
POWELL, PLC

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**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Town Council
Town of Quartzsite, 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 Town of Quartzsite, Arizona, as of and for the year ended June 30, 2012, which collectively comprise the Town of Quartzsite, Arizona's basic financial statements and have issued our report thereon dated June 28, 2013. 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.

Internal Control Over Financial Reporting

Management of the Town of Quartzsite, Arizona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Quartzsite, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Quartzsite, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Quartzsite, Arizona's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies with reference numbers **11-01, 11-02, 12-01, 12-02, and 12-03** described in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Quartzsite, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item **11-03 and 12-04**.

The Town of Quartzsite, Arizona's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Quartzsite, Arizona's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Colby & Powell".

June 28, 2013

TOWN OF QUARTZSITE, ARIZONA
Schedule of Findings and Responses
June 30, 2012

Financial Statement Findings

Item: 11-01

Subject: Review of utility billing adjustments

Criteria/Specific Requirements: The billing adjustment function should be segregated from the cash receipting and billing functions. If it cannot be segregated, someone apart from such functions should review billing adjustments on a regular basis.

Condition: Billing adjustments are done by the same employee who collects cash payments for utility services.

Cause and Effect: The Town's unwritten procedures require monthly reviews and approvals of all billing adjustments; however, during the period of audit not all billing adjustments were reviewed and approved. The lack of review could result in misstatements due to error or fraud which would not be discovered by management in a reasonable amount of time.

Recommendation: Management should implement written procedures over the review and approval of billing adjustments.

Response: Management agrees with this finding and has now implement procedures over the review and approval of billing adjustments.

Item: 11-02

Subject: Accounting policies and procedures manual

Criteria/Specific Requirements: Written policies and procedures may prevent or reduce misunderstandings and errors that can result in inaccurate accounting records.

Condition: The Town does not maintain a written accounting policies and procedures manual.

Cause and Effect: Over the years, the Town has incorporated policies and procedures in maintaining internal controls and effective procedures over the accounting processes. However, current internal controls and procedures have not been documented in formal written procedures. The lack of written procedures may result in inefficiencies through common usage and during times of employee turnover.

Recommendation: We recommend that policies and procedures be in writing, to avoid the acceptance of weak procedures established through common usage and to assist in maintaining procedures at times of employee turnover.

Response: Management agrees with the audit finding and is in the process of implementing a written policies and procedures manual.

TOWN OF QUARTZSITE, ARIZONA
Schedule of Findings and Responses
June 30, 2012

Item: 11-03

Subject: Highway User Revenue Fund (HURF) spending

Criteria/Specific Requirements: Article IX, § 14 of the Arizona Constitution specifies that the use of HURF monies is restricted to "highway and street purposes."

Condition: As of June 30, 2012, the Town had borrowed \$1,685,313 of HURF revenue to fund operations of the Sewer Fund.

Cause and Effect: The Town pools cash resources from all areas of unrestricted and restricted sources to pay for the Town's operating and debt service expenditures. Although restricted monies are pooled with unrestricted monies, restricted monies are accounted for through the restriction of fund balances. Due to cash shortages in the Town's unrestricted funds, cash resources from restricted HURF monies have been borrowed. Recent developments from audits of various towns by the State of Arizona Office of the Auditor General have concluded that the loan of HURF monies constitutes "spending" which is not allowable under the Arizona Revised Statutes.

Recommendation: Management should implement a formal plan to pay back the HURF Fund.

Response: Management is aware of the balance due to HURF and through management efforts has reduced the accumulated balance owed to HURF by \$170,775 in the year ending June 30, 2012. Management will continue its efforts to pay back restricted HURF monies.

Item: 12-01

Subject: Reconciliation of bank accounts

Criteria/Specific Requirements: Management should reconcile all bank accounts to the general ledger on a consistent and timely basis to help insure that all material transactions of the Town have been recorded in the general ledger on a timely basis.

Condition: The Town did not reconcile the bank accounts to the general ledger until the start of the audit.

Cause/Effect: Due to key employee turnover, bank accounts did not get reconciled to the general ledger until the start of the audit. A material misstatement could occur due to error or fraud and not be discovered by management in a reasonable amount of time.

Recommendation: Management should reconcile bank accounts to the general ledger on a monthly basis. A separate individual with suitable skill and knowledge should review the reconciliation and sign-off on the reconciliation to evidence their review.

Response: Management agrees with this finding and has developed procedures to ensure that bank accounts are reconciled to the general ledger on a regular basis.

TOWN OF QUARTZSITE, ARIZONA
Schedule of Findings and Responses
June 30, 2012

Item: 12-02

Subject: Accounting for grants

Criteria/Specific Requirements: Grant accounting should be organized and should reconcile supporting documentation to grant agreements and the accounting in the general ledger.

Condition: Grant files were not organized and the new employees were not easily able to provide all grant information. Grant accounting was not reconciled to the general ledger.

Cause and Effect: Due to employee turnover It was found that various grant receipts and expenditures were improperly recorded in the general ledger which required auditor proposed journal entries.

Recommendation: Management should implement policies for retaining and organizing all grant records and should reconcile all grant receipts and expenditures in the general ledger.

Response: Management agrees with this finding and is developing procedures to ensure that all grant records are organized and that all grant receipts and expenditures are reconciled to the grant accounting records.

Item: 12-03

Subject: Accounting for cap fees receivables in the proprietary funds

Criteria/Specific Requirements: Cap fee receivables records should be reconciled to the general ledger on a routine basis.

Condition: The accounting department had not kept a record of the total receivable for cap fees. No reconciliation of the cap fee was made to the general ledger account balance.

Cause and Effect: Due to employee turnover, and due to a change in accounting software for cap fees receivables in the proprietary funds, no record of total cap receivable was available from the new accounting software. The accounting department had not been reconciling the cap fee balance to the general ledger causing the balance of the cap receivable and revenue to be misstated.

Recommendation: We suggest management improve the accounting over cap fee by reconciling the cap fee receivable general ledger account to subsidiary ledgers on a routine basis.

Response: Management agrees with this finding and has implement a reconciliation process.

TOWN OF QUARTZSITE, ARIZONA
Schedule of Findings and Responses
June 30, 2012

Item: 12-04

Subject: Control of Expenditures

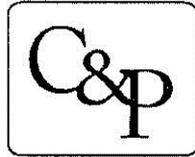
Criteria/Specific Requirements: Arizona State law stipulates that no expenditure may be made for a purpose not authorized in the annual budget.

Condition: The General Fund expenditures exceeded Town budget for expenditures.

Cause and Effect: Inadequate monitoring of budgeting requirements during year allowed the Town to exceed its budget appropriations.

Recommendation: Management should monitor actual expenses to budget on a routine basis.

Response: Management agrees with this finding and will monitor budget and actual expenses on a routine basis.



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**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO THE USES OF HIGHWAY USER REVENUE FUND MONIES
IN ACCORDANCE WITH ARS TITLE 28, CHAPTER 18, ARTICLE 2**

To the Town Council
Town of Quartzsite, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Quartzsite as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 28, 2013.

In connection with our audit, we noted that over time, the Town had loaned \$1,685,313 of highway user revenue monies to the Sewer Fund. The loan proceeds were expended in the Sewer Fund for various purposes which were not related to highways and streets. We do not consider such a loan in compliance with Arizona Revised Statutes Title 28, Chapter 18, Article 2.

This report is intended solely for the information and use of management, the Town Council, and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

June 28, 2013



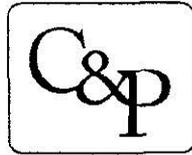
TOWN OF QUARTZSITE, ARIZONA

Annual Expenditure Limitation Report

June 30, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5



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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona and
the Honorable Mayor and Town Council of the
Town of Quartzsite, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of the Town of Quartzsite, Arizona, for the year ended June 30, 2012. This report is the responsibility of the Town's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of the Town of Quartzsite, Arizona, for the year ended June 30, 2012, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of management, and for filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Colby & Powell".

June 28, 2013

TOWN OF QUARTZSITE, ARIZONA
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2012

1. Economic Estimates Commission expenditure limitation	\$ 4,640,970	
2. Voter-approved alternative expenditure limitation	<u> -</u>	
3. Enter applicable amount from Line 1 or Line 2		\$ 4,640,970
4. Amount subject to the expenditure limitation (total amount from Part II, Line C	4,468,000	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Art. IX, Sec. 20[2][a], Arizona Constitution)	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Art. IX, Sec. 20[2][b], Arizona Constitution)	-	
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Art. IX, Sec. 20[2][c], Arizona Constitution)	<u> -</u>	
8. Subtotal	4,468,000	
9. Board-authorized excess expenditures for the previous fiscal year not declared by the Governor and not approved by the voters (Article IX, Sec.20[2][b], Arizona Constitution)	<u> -</u>	
10. Total adjusted amount subject to the expenditure limitation		<u> 4,468,000</u>
11. Amount under (in excess of) the expenditure limitation (if excess expenditures are reported, provide an explanation)		<u> \$ 172,970</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: _____

Name and Title: _____

Telephone No.: _____ Date: _____

See accompanying notes.

TOWN OF QUARTZSITE, ARIZONA
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2012

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$4,516,436	\$ 1,636,770	\$ 6,153,206
B. Less exclusions claimed:			
1. Bond proceeds	-	-	-
Debt service requirements on bonded indebtedness	151,350	-	151,350
Proceeds from other long-term obligations	-	463,693	463,693
Debt service requirements on other long-term obligations	103,985	551,609	655,594
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-
3. Trustee or custodian	-	-	-
4. Grants and aid from the federal government	282,378	-	282,378
5. Grants, aid, contributions or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	67,694	-	67,694
6. Amounts received from the State of Arizona	4,600	-	4,600
7. Quasi-external interfund transactions	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
9. Highway user revenue in excess of those received in fiscal year 1979-1980	-	-	-
10. Contracts with other political subdivisions	59,897	-	59,897
11. Refunds, reimbursements and other recoveries	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-
13. Prior years carryforward	-	-	-
14. Total exclusions claimed	<u>669,904</u>	<u>1,015,302</u>	<u>1,685,206</u>
C. Amount subject to expenditure limitation	<u>\$3,846,532</u>	<u>\$ 621,468</u>	<u>\$ 4,468,000</u>

See accompanying notes.

TOWN OF QUARTZSITE, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2012

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 4,636,142	\$ 1,862,158	\$ 6,498,300
B. Subtractions:			
1. Items not requiring the use of working capital:			
Depreciation and amortization	-	516,204	516,204
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	-	-
Claims incurred but not reported	-	-	-
Landfill closure costs	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	119,706	-	119,706
4. Charges to other funds in excess of Internal Service Fund expenses	-	-	-
5. Involuntary court judgments	-	-	-
6. Total subtractions	<u>119,706</u>	<u>516,204</u>	<u>635,910</u>
C. Additions:			
1. Principal payments on long-term debt	-	209,238	209,238
2. Acquisition of capital assets	-	81,578	81,578
3. Claims paid in the current year but reported as expenses incurred but not reported in previous year	-	-	-
4. Landfill closure and postclosure care costs recorded as expended in previous years	-	-	-
5. Total additions	<u>-</u>	<u>290,816</u>	<u>290,816</u>
D. Amounts reported on Part II, Line A	<u>\$ 4,516,436</u>	<u>\$ 1,636,770</u>	<u>\$ 6,153,206</u>

See accompanying notes.

TOWN OF QUARTZSITE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes Section 41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

NOTE 2 – DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements on bond indebtedness in the Governmental Funds and other long-term obligations in the Governmental Funds and the Enterprise Funds consist of principal retirement and interest expense.

NOTE 3 – DIVIDENDS INTEREST AND GAINS ON THE SALE OR REDEMPTION OF INVESTMENT SECURITIES

The exclusion claimed for dividends, interest, and gains on the sale or redemption of investment securities has been carried forward to future years. The total carryforward available for future years totaled \$65,380 at June 30, 2012.

NOTE 4 – CONTRIBUTIONS FROM PRIVATE ORGANIZATION, OR INDIVIDUAL

The exclusion claimed for contributions from private organizations or individuals consisted of parks and recreation donations, transit van donations, and various grant contributions totaling \$67,694.

TOWN OF QUARTZSITE, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2012

NOTE 5 – INTERGOVERNMENTAL

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, amounts received from political subdivisions, and highway user revenues in the Governmental Funds.

Grants and aid from the federal government	\$ 282,378
AZ Community Foundation	3,773
Amounts received from the State of Arizona	4,600
Amounts received from political subdivisions (La Paz County)	59,897
Other revenues (non-excludable)	995,091
Amount carried forward (HURF)	<u>965,006</u>
Total intergovernmental revenues as reported in the in the fund financial statements	<u><u>\$ 2,310,745</u></u>



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #8 Discussion and possible action regarding a modification of the annual lease payments provided by the Memorandum of Understanding between the Town of Quartzsite, AZ and the Educational Options Foundation

Summary: In August 2012, the Town entered into a Memorandum of Understanding (MOU) with the Education Options Foundation for the lease of land upon which the EdOptions High School facility is located.

The agreement provides for annual lease payments of \$18,000, with the first year's lease payment, due in FY 12/13, waived. The term is for three (3) years, with automatic one-year renewal periods thereafter.

Council Member Kelley has requested consideration to modify the lease terms of the existing MOU as follows:

1. FY 12/13 lease payment, \$ 0
2. FY 13/14 lease payment, \$ 6,000
3. FY 14/15 lease payment, \$ 12,000
4. FY 15/16 and thereafter lease payment, \$18,000

Responsible Person: Carol Kelley, Council Member

Attachment:

1. Signed Memorandum of Understanding between the Town of Quartzsite, AZ and the Educational Options Foundation.
2. Letter from EdOptions representative, dated 6/8/13.

Action Requested: **Motion to consider action to modify the lease payment terms of the Memorandum of Understanding between the Town of Quartzsite and the Educational Options Foundation.**

TOWN OF QUARTZSITE
RESOLUTION NUMBER 12-15

A RESOLUTION OF THE COMMON COUNCIL OF THE TOWN OF QUARTZSITE, LA PAZ COUNTY, ARIZONA, AUTHORIZING THE TOWN MANAGER TO SIGN A MEMORANDUM OF UNDERSTANDING WITH ED OPTIONS HIGH SCHOOL.

WHEREAS, A.R.S. § 9-241 and Article 9, Section 7 of the Arizona Constitution permit the Town to lease the Town's property for a public purpose; and

WHEREAS, the use of the property located at 560 Coyote as a Charter High School is for a public purpose;

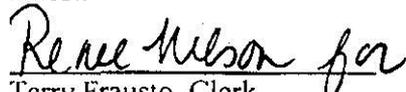
NOW THEREFORE, BE IT RESOLVED by the Common Council of the Town of Quartzsite that the Town Manager may enter into the Memorandum of Understanding attached hereto.

PASSED AND ADOPTED this 14th day of August, 2012.

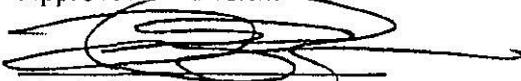
Affirm:


~~Acting Mayor~~ Senior Council Member

Attest:


Terry Frausto, Clerk

Approved as to form:


Martin Brannan, Attorney

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE TOWN OF QUARTZSITE, AZ
AND
THE EDUCATIONAL OPTIONS FOUNDATION**

This Memorandum of Understanding ("MOU") is entered into between the Town of Quartzsite and The Educational Options Foundation.

I. Background Information

The Educational Options Foundation, a 501 (c) (3) non-profit corporation in the State of Arizona, operates EdOptions High School and the EdOptions AOI Program under a charter granted by the Arizona State Board for Charter Schools. On June 29, 2012, the Foundation purchased the assets, including 3 large buildings, 2 storage sheds, school contents, and improvements made to the facility and site, of a charter high school that operated on land leased from the Town of Quartzsite, at 560 Coyote.

For the purpose of this MOU, the Town of Quartzsite and The Educational Options Foundation desire to enter into an agreement to allow The Educational Options Foundation to lease the property located at 560 Coyote, Quartzsite, AZ for the purpose of operating the EdOptions High School Quartzsite Learning Center. The learning center will provide an opportunity for high school students in grade 9-12 to attend school in Quartzsite.

Providing an opportunity for students to attend school will provide a mutual benefit for the Town, the members of the community, students, and the Foundation. It is our collective belief that strong schools help build strong communities. The Educational Options Foundation is proud to be part of the Quartzsite community.

II. Terms and Conditions Regarding MOU

A. Lease

The Town and Foundation desire to enter into a lease for the land located at 560 Coyote, Quartzsite, AZ, (see attached site plan). The Educational Options Foundation owns real property including buildings and equipment at that location. Property will be used to operate EdOptions High School Quartzsite Learning Center and other educational uses as may be deemed beneficial by the Foundation.

B. Payment

The parties agree to an annual lease payment for the land of Eighteen thousand dollars (\$18,000) per year beginning July 1, 2012. The first years lease payment will be waved. Monthly lease payments will be paid to the Town beginning on June 1, 2013 in the amount of \$1,500. per month. Payments delivered to the

Town by the tenth (10) day of the month will be considered paid in a timely manner.

C. Term

The initial term of this MOU shall be for three (3) years, and the agreement shall be automatically renewed for additional one (1) year periods, unless otherwise terminated pursuant to paragraph E.

D. Agreement Amendment

The parties to this MOU may amend, modify, or supplement this MOU in writing at any time by mutual consent. All other unaffected provisions set forth in this MOU shall remain in effect.

E. Termination

Either party may terminate this MOU, with ninety (90) days notice in writing, to the other party. Such notice shall be given by personal delivery or by registered or certified mail at the other party's official mailing address. The Foundation shall have the option to finish the current school year if the MOU is terminated by the Town. Each school year begins on July 1 and ends on June 30. In the event of termination the Foundation will have a minimum of one-hundred and eighty days (180) to remove the buildings and contents from the property.

F. Insurance

The Foundation agrees to maintain liability insurance coverage and to provide the Town evidence of insurance showing the town as an additional insured.

G. Miscellaneous Provisions

1. **Assignment.** This MOU is non-assignable in whole or in part by either party without the written consent of the other party.
2. **Authority of Signatory.** Each individual executing this MOU on behalf of either party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of the Town of Quartzsite or The Educational Options Foundation.
3. **Cancellation.** This MOU is subject to cancellation for conflict of interest without penalty or further obligation as provided by A.R.S. § 38-511.
4. **Entire Agreement.** This MOU and any attachments represent the entire agreement between the parties and supersede all prior negotiations,

representations or agreements, whether express or implied, written or oral.

5. **Governing Law and Venue.** The terms and conditions of this MOU shall be governed by and interpreted in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either party for the purpose of enforcing a right or rights provided for in this Agreement shall be tried in the Superior Court of La Paz County, State of Arizona. The parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county. In the event either party shall bring suit to enforce any term of this Agreement or to recover any damages for on account of the breach of any term or conditions of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs including: all litigation and appeal expenses, collection expenses, reasonable attorneys' fees, necessary witness fees and court costs to be determined by the court in such action.
6. **Incorporation of Documents.** All documents referred to in this MOU are hereby incorporated by reference into the MOU.
7. **Integration.** This MOU contains the entire arrangement between the parties. No statement, promise or inducement made by either party that is not contained in this written MOU and signed by both parties shall be valid or binding.
8. **No Third Party Beneficiaries.** Only the parties may enforce this MOU. The parties do not intend through this MOU to confer enforceable rights on any non-party and do not intend to create any third party beneficiaries to this MOU.
9. **Notices.** Any notice or demand under this MOU from either party to the other shall be in writing and shall be deemed to have been given when the notice is delivered personally or deposited in a U.S. mailbox, in a stamped envelope addressed to the other party's official business address provided herein. Either party may at any time change such address by delivering or mailing, as aforesaid, to the other party a notice stating the change.

Town of Quartzsite
P.O. Box 2812
465 N Plymouth Ave
Quartzsite, AZ 85346-2812
Attn: Town Manager

The Educational Options
Foundation
Steve Durand
2150 E Southern Ave
Tempe, AZ 85282

10. **Section Headings.** Captions and section headings used herein are for convenience only, are not a part of this MOU, shall not be deemed to limit or alter any provisions hereof, and shall not be deemed relevant in construing this MOU.
11. **Severability.** The provisions of this MOU shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provisions.
12. **Waiver of Terms and Conditions.** The failure of either party to insist on any one or more instances of performance of any of the terms of conditions of this MOU or to exercise any right or privilege contained herein shall not be considered as thereafter waiving such terms, conditions, rights or privileges, and they shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this MOU on the date and year specified below.

DATED: Aug. 17, 2012

THE TOWN OF QUARTZSITE
RESPRESENTATIVE:


Signature

Town Manager
Title

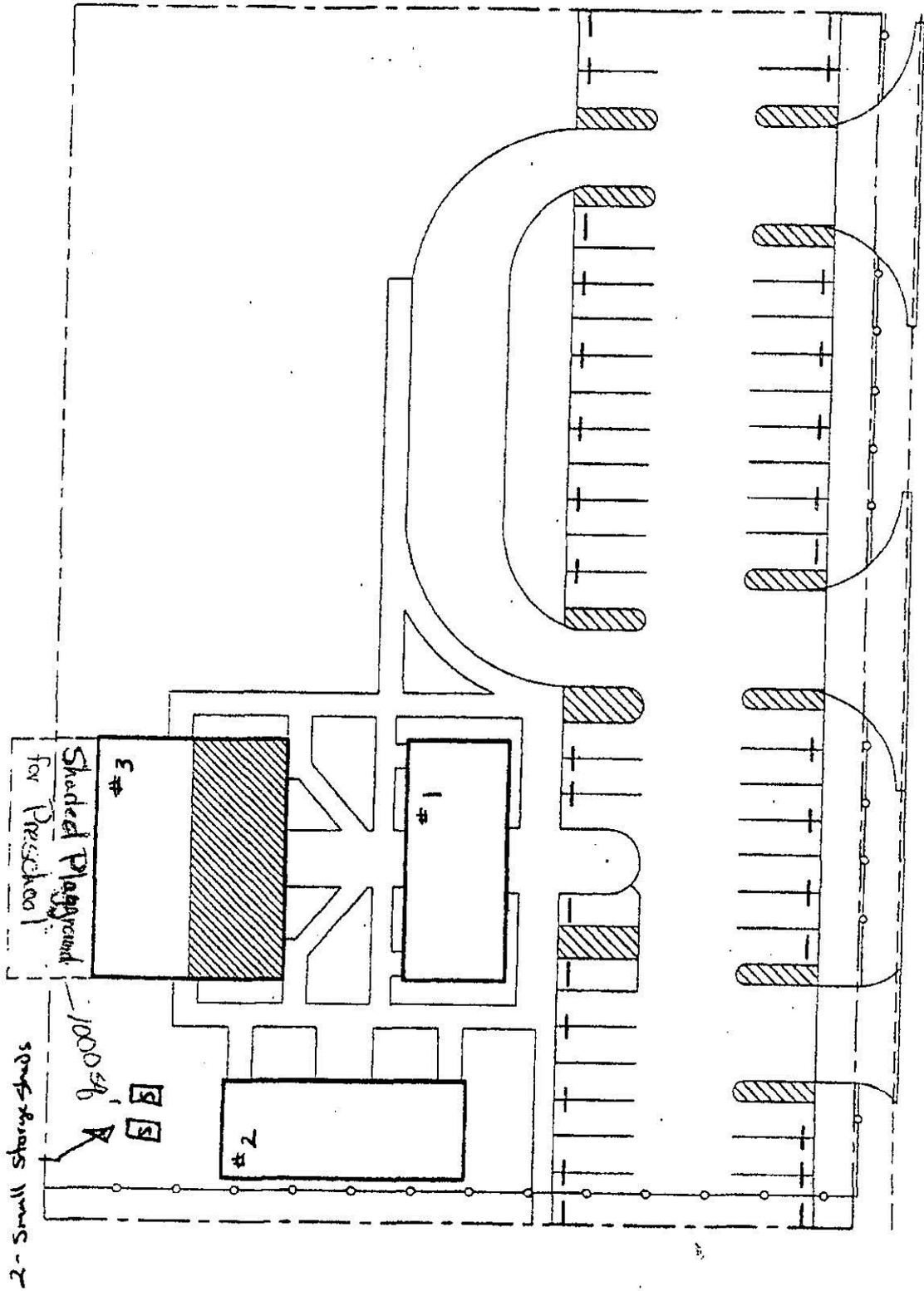
DATED: 8/27/12

THE EDUCATIONAL OPTIONS FOUNDATION
RESPRESENTATIVE:


Signature

Vice President
Title

V1 8/8/12 JS



SITE PLAN

SCALE: 1" = 40'





EdOptions
High School
Tempe

RECEIVED

JUL 09 2013

TOWN OF QUARTZSITE

July 8, 2013

From: Mr. Jeff Sawner, Educational Options Foundation/EdOptions High School

To: Town Council, Town of Quartzsite

Subj: Lease Agreement For EdOptions High School, Quartzsite Learning Center

Mayor and members of the Council, it has been a pleasure to serve our community this past school year and we look forward to being part of the Quartzsite community for many years to come. At EdOptions High School, our mission is to make a positive difference in the lives of our students and the community by providing a high quality educational experience. We provide this in an environment which recognizes the needs of all students. We blend technology and instruction into a teacher managed experience which provides each student the greatest opportunity for success.

Last year was a good year for the Quartzsite Learning Center. Out of approximately 43 students, seven students graduated. Of the graduating students, four are currently enrolled in college while the other three are currently employed. Due to the rigorous standards we impose on our students, enrollment is currently around 35 students. Although we maintain the same site as the previous high school, changing the community perception has been a formidable task. We believe through time, high test scores, and rigorous standards a student population of 80 is realistic.

With a break-even point of 40 students, Quartzsite Learning Center began last year with an administrator/teacher, two teachers, and an administrative assistant. Budget cuts, due to a decreased enrollment, resulted in the loss of the administrative assistant position. While we are committed to the community and will not leave, we wish to keep our current staff intact without any further cuts. This will allow the teachers to help our students achieve their dreams and to graduate from a high school in Quartzsite. Ultimately, it is our goal to change the Quartzsite Learning Center into a brick and mortar school (Quartzsite High School). This will be achieved through continued high scores on the AIMS testing and a growing student population.

Thank you for considering a restructuring of the lease and allowing us to grow and serve our community. If you have any questions, please stop by the school and visit with our talented staff of educational professionals.

Sincerely,

Jeff Sawner

jsawner@edopfoundation.org

(480) 621-3365

www.eohighschool.com

2150 E. Southern Ave | Tempe, AZ 85282 | Phone 480.621.3365 | Fax 480.621.3383



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #9 Consider nomination and approval of a Primary Elected Designee and an Alternate Elected Designee for purposes of signing bank drafts and checks on behalf of the Town.

Summary: If approved, the policy designating authority for signing bank drafts and checks on behalf of the Town provides that every warrant, check or bank draft will be signed by two (2) persons. Authorized signers shall be one elected designee (member of the Common Council) and one staff designee.

The elected designee (member of the Common Council) includes a primary elected designee and an alternate elected designee, both appointed by the Council. Elected designees will be appointed for a period of two (2) years.

The Council will need to nominate and approve one Council Member to serve as the Primary Elected Designee and one Council Member to serve as the Alternate Elected Designee.

Responsible Person: Laura Bruno, Town Manager

Attachment: None

Action Requested: **Motion to nominate and approve:**

- **One Primary Elected Designee**
- **One Alternate Elected Designee**

for purposes of signing bank drafts and checks on behalf of the Town.



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #10 Discussion and consideration of waiver of the attorney-client privilege for three designated attorney-client privileged communications

Summary: The Council has received three memoranda from the Town Attorneys' office informing Council about the following current issues in municipal law:

1. Prayers at Council Meetings (Memorandum dated 6/7/13)
2. City Hall "Holiday Display" (Memorandum dated 6/20/13)
3. Preclearance Requirements under the Voting Rights Act (Memorandum dated 6/27/13)

Council Member Jewitt has requested that the Council consider waiving the attorney-client privilege for only these three communications in order to make them available to the public. The Town Attorneys have no concern if the Council waives the attorney-client privilege for these 3 specific items only.

Responsible Person: Mike Jewitt, Council Member

Attachment: None

Action Requested: **Motion to approve waiver of the attorney-client privilege for three memoranda from the Town Attorneys' office informing Council about current issues in municipal law: 1) Prayers at Council Meetings (Memorandum dated 6/7/13), 2) City Hall "Holiday Display" (Memorandum dated 6/20/13), and 3) Preclearance Requirements under the Voting Rights Act (Memorandum dated 6/27/13).**



TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING

Tuesday, July 23, 2013

Agenda Item #11

Consider approval of a Resolution censuring and reprimanding the Mayor for failure to comply with Town Ordinances, Failure to Maintain Decorum in Common Council Meetings, Exceeding the Scope of his Authority, and Failure to Cooperate with the Town Clerk in Complying with Public Records Laws.

Summary:

Town Ordinance 11-10 specifies that the Mayor may not issue any statement on behalf of the Town of Quartzsite in his official capacity without the express approval of a majority of the Common Council. Nevertheless, the Town is aware that Mayor Foster has written on Town letterhead to the Arizona Department of Public Safety, with copies sent to the State Senate Judiciary Committee, the State House Judicial Committee, the Arizona Police Officers Standards and Training Board, and the Federal Bureau of Investigation. Mayor Foster did not seek or receive approval from a majority of the Council to send this letter in his official capacity as Mayor.

Mayor Foster's continued writing of such letters without the Council's knowledge and consent is outside the scope of his official duties as the Mayor of Quartzsite and exceeds his authority.

All letters written on Town letterhead are public records. According to the State of Arizona's Public Records Retention requirements, municipalities are legally required to maintain a copy of all Town Council correspondence for a period of at least four (4) years (or in certain instances, permanently) following the creation or receipt of such correspondence.

Upon learning that Mayor Foster was writing such letters, the Town Clerk twice requested that Mayor Foster provide her with all copies of letters that he authored. Mayor Foster refused to provide any letters, despite the fact that the Town Clerk is the official custodian of records for the Town of Quartzsite and any letters he writes are public documents.

Mayor Foster fails to maintain appropriate decorum in the meetings of the Common Council. This includes refusal to hear motions or

acknowledge points of order raised by fellow members of Council. At the meeting of July 9, 2013, the Mayor refused to hear motions regarding whether to grant an extension of time or enforce the Town Ordinance limiting public speakers to three (3) minutes. He also refused to participate in a vote to adjourn the meeting.

Although the Council has the discretion to extend the duration of time for citizens to address the Council beyond the three (3) minutes set by Ordinance 13-01, at the July 9, 2013 meeting of the Common Council, Mayor Foster refused to hear motions on the subject and denied his fellow members of Council their right to propose and vote on motions.

Responsible Person: Mark Orgeron, Council Member
Mary Scott, Council Member
Pat Workman, Council Member

Attachment:

- 1) Proposed Resolution censuring and reprimanding Mayor Edward Foster.
- 2) Ordinance 11-10 relating to the duties, responsibilities and authority of the Common Council and through delegation, the Mayor.
- 3) Ordinance 13-01 relating to the order of business conducted by the Mayor and Common Council of the Town of Quartzsite

Action Requested: **Motion to approve a Resolution censuring and reprimanding Mayor Edward Foster for failure to comply with Town ordinances, failure to maintain decorum in Common Council Meetings, exceeding the scope of his authority, and failure to cooperate with the town Clerk in complying with public records laws.**

RESOLUTION NO. _____

A RESOLUTION OF THE COMMON COUNCIL OF THE TOWN OF QUARTZSITE, LA PAZ COUNTY, ARIZONA, CENSURING AND REPRIMANDING MAYOR EDWARD FOSTER FOR FAILURE TO COMPLY WITH TOWN ORDINANCES, FAILURE TO MAINTAIN DECORUM IN COMMON COUNCIL MEETINGS, EXCEEDING THE SCOPE OF HIS AUTHORITY, AND FAILURE TO COOPERATE WITH THE TOWN CLERK IN COMPLYING WITH PUBLIC RECORDS LAWS.

WHEREAS, the Council believes it is in the best interests of the Town to censure Mayor Foster for a variety of misconduct and actions in excess of the authority afforded to him in his capacity as Mayor of the Town of Quartzsite;

WHEREAS, the Council finds that the Mayor Foster's continued use of Town letterhead to make official statements in his capacity as Mayor without express approval of the majority of the Common Council exceeds the scope of the Mayor's authority and violates Town Ordinance 11-10;

WHEREAS, Mayor Foster's continued writing of letters purporting to represent the Town without Council's knowledge and consent is outside the scope of the official duties as the Mayor of Quartzsite;

WHEREAS, the Town Clerk is the official custodian of records for the Town of Quartzsite and has requested copies of all correspondence from Mayor Foster on Town letterhead and Mayor Foster has denied each request in violation of the public records laws;

WHEREAS, Mayor Foster repeatedly fails to maintain appropriate decorum in the meetings of the Common Council or comply with the Quartzsite Town Council Procedure Policy Manual when presiding over Council meetings;

WHEREAS, Mayor Foster repeatedly ignores the requirements set forth in Town Ordinance 13-01, which limits the duration of time citizens may address the Council to three (3) minutes and grants each speaker one opportunity to address a specific subject; and

WHEREAS, Mayor Foster's conduct in meetings of the Common Council of Quartzsite fails to preserve decorum appropriate for such meetings and fails to afford citizens and fellow members of the Common Council with appropriate respect;

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the Town of Quartzsite, Arizona, that Mayor Edward Foster be censured and reprimanded.

Section I:

The Common Council of the Town of Quartzsite officially censures and reprimands Mayor Edward Foster for the following misconduct:

1. Exceeding the scope of his authority as provided by Arizona statutes and the Codes and Ordinances of the Town of Quartzsite;
2. Failing to maintain decorum in Council meetings;
3. Failing to provide the Town Clerk, official custodian of records for the Town of Quartzsite, with public records for appropriate preservation pursuant to the requirements of the Arizona Public Records Laws and Codes and Ordinances of the Town of Quartzsite;
4. Failing to seek and receive approval of a majority of the Common Council before issuing letters on Town letterhead or otherwise making statements as Mayor or Quartzsite; and
5. Failing to comply with the Quartzsite Town Council Procedure Policy Manual.

Section II. Providing for Severability.

If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Quartzsite, Arizona this ____ day of _____, 2013.

Ed Foster, Mayor/ Michael Jewitt, Vice Mayor

ATTEST:

Terry Frausto, Town Clerk

APPROVED AS TO FORM:

Curtis, Goodwin, Sullivan, Udall &

Recording requested by and when
Recorded mail to:
Town of Quartzsite
PO Box 2812
Quartzsite, AZ 85346
Attn: Nora Yackley

(This space reserved for recording information)

CAPTION HEADING:

Ordinance No. 11-10, An Ordinance of the Town of Quartzsite, Arizona, Relating to the Duties, Responsibilities and Authority of the Common Council and Through Delegation, the Mayor.

TOWN OF QUARTZSITE**ORDINANCE NO. 11-10**

AN ORDINANCE OF THE TOWN OF QUARTZSITE, ARIZONA, RELATING TO THE DUTIES, RESPONSIBILITIES AND AUTHORITY OF THE COMMON COUNCIL AND THROUGH DELEGATION, THE MAYOR.

BE IT ORDAINED BY THE QUARTZSITE COMMON COUNCIL, TOWN OF QUARTZSITE, ARIZONA:

Section 1: Quartzsite Town Council Procedure Policy Section 1.9 is amended to read:

9. **Mayor's Duties, Responsibility and Authority:**

A. Preamble.

Pursuant to Arizona Revised Statutes, in addition to being a member of the Common Council, the Mayor is the Town's Chief Executive Officer. All authority in Town government ultimately resides with the Common Council of which the Mayor comprises one-seventh of its membership. Except as set forth in the Arizona Constitution and the Arizona Revised Statutes, the Mayor has no duties, responsibility or authority not delegated by the Council. This section sets forth the duties, responsibility and authority delegated by the Common Council to the Mayor.

B. Prior Delegations Withdrawn.

Any delegation of duties, responsibility or authority expressed or implied by any section of the Town of Quartzsite Code, the Zoning Ordinance of the Town of Quartzsite, Arizona, the Quartzsite Town Council Procedure Policy, the Town of Quartzsite Personnel Policy or any other resolution or ordinance passed before August 23, 2011 is hereby withdrawn.

C. Duties and Responsibility.

1. The Mayor shall execute the legislative agenda of the Common Council.

2. The Mayor shall sign all ordinances, resolutions and other enactments passed by a majority of the Common Council. The Mayor may note his non-concurrence with the majority, but may not refuse to sign any ordinance, resolution or enactment passed by a majority of the Common Council.

3. The Mayor shall perform any other duty specifically imposed by Arizona Revised Statutes.

4. The Mayor shall perform any other duty specifically imposed by any ordinance, resolution or other enactment passed by a majority of the Common Council after October 1, 2011.

D. Authority.

1. The Mayor shall have only such authority as expressed or implied by Arizona Revised Statutes.

2. The Mayor shall not have the authority to declare any emergency or to take unilateral action not specifically permitted or required by Arizona Revised Statutes on behalf of the town or the Common Council.

3. The Mayor shall not make any statement in his or her capacity as Mayor without the express approval of a majority of the Common Council.

4. The Mayor shall not use Town letterhead in any correspondence without the express approval of a majority of the Common Council.

5. The Mayor shall not represent the Town before any other town, city, county, state or federal government or agency without the express approval of a majority of the Common Council.

E. Acting in Excess of Delegation.

In addition to being subject to censure as set forth in Quartzsite Town Council Procedure Policy Section IX, if a majority of the Common Council determine that the Mayor has acted in excess the Common Council's delegation of duties, responsibilities or authority, the Common Council shall direct the Town Prosecutor to consider charging the Mayor with a civil violation under this section, or the Town Prosecutor may, of his or her own volition, charge the Mayor with a civil violation under this section. If the Town Prosecutor brings such a charge and if the Town Magistrate determines by a preponderance of evidence that the Mayor has exceeded his or her delegated authority, the Magistrate shall impose a fine of not less than twenty (20) and not more than two thousand (2,000) dollars.

F. Failure to Perform.

In addition to being subject to censure as set forth in Quartzsite Town Council Procedure Policy Section IX, if a majority of the Common Council determine that the Mayor has failed to perform any duty or responsibility imposed on him or her by this section, any other ordinance, statute or law, the Common Council shall

direct the Town Prosecutor to consider charging the Mayor with a civil violation under this section or a criminal charge of Nonfeasance in Public Office as defined by Arizona Revised Statutes, or the Town Prosecutor may, of his or her own volition, charge the Mayor with a civil violation under this section or a criminal charge of Nonfeasance in Public Office as defined by Arizona Revised Statutes. If the Town Prosecutor brings a civil charge and if the Town Magistrate determines by a preponderance of evidence that the Mayor has failed to perform as required by this section, the Magistrate shall impose a fine of not less than twenty (20) and not more than two thousand (2,000) dollars. If the Town Prosecutor brings a criminal charge of Nonfeasance in Public Office and the Town Magistrate finds the Mayor guilty, the Mayor shall be subject to the maximum criminal penalty available for such a violation. If the Town Prosecutor brings both a civil and a criminal charge and the Mayor is found responsible for the civil charge and guilty of the criminal charge, the Mayor shall be subject to both the criminal penalties and the civil fine, but if fines are imposed for the criminal offense, they shall offset any fines imposed for the civil offense.

Section 2: Quartzsite Town Council Procedure Policy Section 4.1 is amended to read:

Section IV – Presiding Officer & Duties

1. Presiding Officer's Duties:

At the first meeting in September of each year, the Common Council shall elect one of its members as chair and one of its members to serve as the vice-chair of its meetings.

The Presiding Officer at all meetings of the Council shall be the chair or the vice-chair in the chair's absence.

In the absence of both the Chair and the Vice-Chair, the senior member of the Common Council in attendance shall serve as acting chair.

The Presiding Officer shall not make or second motions and shall not participate in debate unless he or she has ceded the position of chair to the vice-chair or, in the absence of the vice-chair or when the vice-chair is acting as chair, to the senior member of the Common Council in attendance.

Section VI – Creation of Committees, Boards & Commissions

1. Committees, Boards and Commissions:

The Common Council shall create such boards, committees and commissions, standing or special as deemed necessary. The Common Council shall, by a simple majority vote at a properly noticed public meeting, appoint members to any board, committees and commissions. Boards, committees and commissions shall perform such duties as the Common Council prescribes.

Section 2-1-5 Compensation

- C. That each Council Member's monthly stipend payment shall be paid in installments of one-half after each regularly scheduled council meeting. Each payment shall be dependent and conditioned upon the Council Member's attendance either in person or telephonically at each regularly scheduled council meetings, unless such absence is excused by the Common Council.

Section 2-2-4 Powers and Duties of the Mayor

- A. Preamble.

Pursuant to Arizona Revised Statutes, in addition to being a member of the Common Council, the Mayor is the Town's Chief Executive Officer. All authority in Town government ultimately resides with the Common Council of which the Mayor comprises one-seventh of its membership. Except as set forth in the Arizona Constitution and the Arizona Revised Statutes, the Mayor has no duties, responsibility or authority not delegated by the Council. This section sets forth the duties, responsibility and authority delegated by the Common Council to the Mayor.

- B. Prior Delegations Withdrawn.

Any delegation of duties, responsibility or authority expressed or implied by any section of the Town of Quartzsite Code, the Zoning Ordinance of the Town of Quartzsite, Arizona, the Quartzsite Town Council Procedure Policy, the Town of Quartzsite Personnel Policy or any other resolution or ordinance passed before august 23, 2011 is hereby withdrawn.

- C. Duties and Responsibility.

1. The Mayor shall execute the legislative agenda of the Common Council.
2. The Mayor shall sign all ordinances, resolutions and other enactments passed by a majority of the Common Council. The Mayor may note his non-concurrence with the majority, but may not refuse to sign any ordinance, resolution or enactment passed by a majority of the Common Council.
3. The Mayor shall perform any other duty specifically imposed by Arizona Revised Statutes.
4. The Mayor shall perform any other duty specifically imposed by any ordinance, resolution or other enactment passed by a majority of the Common Council after October 1, 2011.

- D. Authority.

1. The Mayor shall have only such authority as expressed or implied by Arizona Revised Statutes.
2. The Mayor shall not have the authority to declare any emergency or to take unilateral action not specifically permitted or required by Arizona Revised Statutes on behalf of the town or the Common Council.
3. The Mayor shall not make any statement in his or her capacity as Mayor without the express approval of a majority of the Common Council.
4. The Mayor shall not use Town letterhead in any correspondence without the express approval of a majority of the Common Council.
5. The Mayor shall not represent the Town before any other town, city, county, state or federal government or agency without the express approval of a majority of the Common Council.

E. Acting in Excess of Delegation.

In addition to being subject to censure as set forth in Quartzsite Town Council Procedure Policy Section IX, if a majority of the Common Council determine that the Mayor has acted in excess the Common Council's delegation of duties, responsibilities or authority, the Common Council shall direct the Town Prosecutor to consider charging the Mayor with a civil violation under this section, or the Town Prosecutor may, of his or her own volition, charge the Mayor with a civil violation under this section. If the Town Prosecutor brings such a charge and if the Town Magistrate determines by a preponderance of evidence that the Mayor has exceeded his or her delegated authority, the Magistrate shall impose a fine of not less than twenty (20) and not more than two thousand (2,000) dollars.

F. Failure to Perform.

In addition to being subject to censure as set forth in Quartzsite Town Council Procedure Policy Section IX, if a majority of the Common Council determine that the Mayor has failed to perform any duty or responsibility imposed on him or her by this section, any other ordinance, statute or law, the Common Council shall direct the Town Prosecutor to consider charging the Mayor with a civil violation under this section or a criminal charge of Nonfeasance in Public Office as defined by Arizona Revised Statutes, or the Town Prosecutor may, of his or her own volition, charge the Mayor with a civil violation under this section or a criminal charge of Nonfeasance in Public Office as defined by Arizona Revised Statutes. If the Town Prosecutor brings a civil charge and if the Town Magistrate determines by a preponderance of evidence that the Mayor has failed to perform as required by this section, the Magistrate shall impose a fine of not less than twenty (20) and not more than two thousand (2,000) dollars. If the Town Prosecutor brings a

criminal charge of Nonfeasance in Public Office and the Town Magistrate finds the Mayor guilty, the Mayor shall be subject to the maximum criminal penalty available for such a violation. If the Town Prosecutor brings both a civil and a criminal charge and the Mayor is found responsible for the civil charge and guilty of the criminal charge, the Mayor shall be subject to both the criminal penalties and the civil fine, but if fines are imposed for the criminal offense, they shall offset any fines imposed for the civil offense.

Section 2-2-6 Compensation

The Mayor shall sign any ordinance, resolution, contract, warrant, demand or other document or instrument requiring the Mayor's signature within five calendar days from the date the Common Council took action requiring the Mayor's signature or from notification by the Town Manager or the Town Manager's designee that such document requires the Mayor's signature. Failure to sign any ordinance, resolution, contract, warrant, demand or other document or instrument requiring the Mayor's signature within five calendar days from the date the Common Council took action requiring the Mayor's signature or from notification by the town manager or the town manager's designee that such document requires the Mayor's signature shall constitute nonfeasance and shall be referred to the Town Prosecutor for possible criminal or civil prosecution or both criminal and civil prosecution. If any ordinance, resolution, contract, warrant, demand or other document or instrument requiring the Mayor's signature remains unsigned after five calendar days from the date the Common Council took action requiring the Mayor's signature or from notification by the Town Manager or the Town Manager's designee that such document requires the Mayor's signature, the vice-Mayor or, if the vice-Mayor is unavailable, any council member may sign such ordinance, resolution, contract warrant, demand or other document which when so signed shall have the same force and effect as if signed by the Mayor.

Section 6: Quartzsite Town Code Section 2-2-7 is adopted and reads:

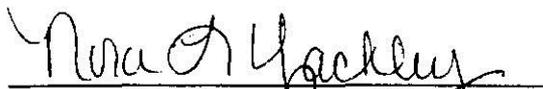
Section 2-2-7 Local Emergencies

- A. The Common Council, by concurrence of any four of its members, may by proclamation declare an emergency or a local emergency to exist due to fire, conflagration, flood, earthquake, explosion, war, bombing, acts of the enemy or any other natural or man-made calamity or disaster or by reason of threats or occurrences of riots, routs, affrays or other acts of civil disobedience which endanger life or property within the town.
- B. After an emergency is declared pursuant to subsection a, the Common Council shall, during such emergency, govern by proclamation and shall have the authority to impose all necessary regulations to preserve the peace and order of the town, including but not limited to:
 - 1. Imposition of curfews in all or portions of the town.

2. Ordering the closing of any business.
3. Closing to public access any public building, street, or other public place.
4. Calling upon regular or auxiliary law enforcement agencies and organizations within or without the town for assistance.
5. Requiring that town offices remain open or remain closed

PASSED AND ADOPTED by the Quartzsite Common Council, Town of Quartzsite, Arizona, this 23rd day of August, 2011.

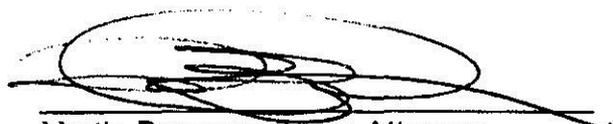
I attest that the foregoing ordinance was passed by a majority of the Quartzsite Common Council.


Nora Yackley, Acting Town Clerk

I verify that the foregoing ordinance was passed by a majority of the Quartzsite Common Council.


Mayor/Vice Mayor/Acting Mayor

Approved as to form only;


Martin Brannan, Town Attorney

2013-00504

Page 1 of 3

Requested By: TOQ

SHELLY D BAKER, RECORDER

OFFICIAL RECORDS OF LA PAZ COUNTY, AZ

02-12-2013 03:18 PM Recording Fee \$8.00

Recording requested by and when

Recorded mail to:

Town of Quartzsite

P.O. Box 2812

Quartzsite, AZ 85346

Attn: Terry Frausto

RECEIVED
MAR 06 2013

BY: _____

(This space reserved for recording information)

CAPTION HEADING: Ordinance Number 13-01

AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, AMENDING THE TOWN CODE, SECTION 2-4-6, BY REPEALING PRESENT SECTION 2-4-6 AND ADOPTING AMENDED SECTION 2-4-6, RELATING TO THE ORDER OF BUSINESS CONDUCTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, AND AMENDING THE COUNCIL PROCEDURE POLICY MANUAL TO CONFORM THERETO.

TOWN OF QUARTZSITE

ORDINANCE NO. 13-01

AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, AMENDING THE TOWN CODE, SECTION 2-4-6, BY REPEALING PRESENT SECTION 2-4-6 AND ADOPTING AMENDED SECTION 2-4-6, RELATING TO THE ORDER OF BUSINESS CONDUCTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA AND AMENDING THE COUNCIL PROCEDURE POLICY MANUAL TO CONFORM THERETO.

Section 1: Section 2-4-6 of the Town Code of the Town of Quartzsite, Arizona, is hereby repealed in its entirety and adopted as follows:

Section 2-4-6 Order of Business

- **CALL TO ORDER** – The presiding officer shall remind persons present to turn off all cell phones.
- **INVOCATION** – The Invocation shall be given on a rotating basis by Clergy or a member of the public present at the Council meeting; or by holding a moment of silence.
- **PLEDGE OF ALLEGIANCE** – The Pledge shall be led by selected member of Council.
- **ROLL CALL OF THE COUNCIL**
- **PRESENTATIONS; PROCLAMATIONS**
- **CONSENT AGENDA** – Consent agenda items are generally non-discussion items. A Council Member may request an item to be removed from the consent agenda for discussion and a separate action on the item.
- **BUSINESS** – For items that include public comment, the item shall so state on the agenda. Public comments shall be limited to three (3) minutes per person. The Town Clerk shall maintain the clock. For each agenda item, the staff may explain the item or issue before the motion is made. Council discussion follows the motion.
- **COMMUNICATIONS-** All announcements and reports must be pertinent to Town business, Town charitable or non-profit events and may not include commercial statements, political or personal news. All reports and announcements must be placed on the agenda.
- **COMMUNICATIONS FROM CITIZENS (call to the public)** – Members of the public may comment on matters within the jurisdiction of the Town but not on the agenda. Each citizen is limited to three (3) minutes and must stand at the podium and state their name for the record. The clerk shall maintain the clock. Personal attacks, personal comments, political comments or commercial comments shall not be allowed. One person may not assign their time to another person. If there are several speakers on a particular matter, they should select a person to make the presentation on their behalf. Citizens shall observe rules of propriety, decorum and good conduct. Profanity, threatening or personal attacks and slanderous remarks are not permitted. If such behavior does not cease at

the request of the Mayor or a Council Member, the individual may be barred from further audience before the Council for the remainder of that meeting and the next general meeting unless permission is granted by a majority vote of the Council. Public officials and Town staff may respond to criticism or request staff to review a matter or place on the agenda.

Section 2: Quartzsite Town Council Procedure Policy Manual, Section VII Citizen's Rights, Part 1, Addressing the Council be replaced in its entirety and be read as follows:

1. Addressing the Council:

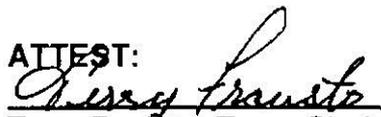
During the "Communications from Citizens" portion of the agenda anyone may address the Council on any subject within the jurisdiction of the Town but not on the agenda,, when recognized by the Presiding Officer. Comments will be limited to three (3) minutes and individuals may address an issue only once.

- The public will be permitted three (3) minutes to present their comments in regards to any agenda item so stated.
- Persons wishing to speak on an item shall complete the appropriate Request to Speak Form indicating the item they wish to address.
- No one individual can address the same issue a second time.
- When public input is complete, the floor will be closed to any further public comment. Council Members may respond to criticism, ask staff to review a matter commented upon or ask that a matter be put on a later agenda.
- Each person shall step up to the microphone and give his/her name in a clearly audible manner for the record.
- It is recommended that persons write their remarks in advance so that they can present them concisely and make maximum use the allotted time.
- All remarks shall be addressed to the Council as a body, and not to any individual Member thereof.

No person, other than Members of the Council and the person having the floor, shall be permitted to enter into any discussion, either directly or through the Members of Council. No questions shall be asked of Council Members or Town Staff, except through the Presiding Officer.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Quartzsite, Arizona, and this 8th day of January, 2013

ATTEST:


Terry Frangisto, Town Clerk

APPROVED:


Ed Foster, Mayor

APPROVED AS TO FORM:


David Ward, Town Attorney