

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2013



Town of Camp Verde, Arizona

473 S Main Street
Camp Verde, AZ 86322
(928) 554-0000
www.campverde.az.gov

The Center Of It All

TOWN OF CAMP VERDE
Comprehensive Annual Financial Report
June 30, 2013

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TOWN OF CAMP VERDE

395 S Main Street Camp Verde, AZ 86322
Finance 928-567-6631 Fax 928-567-6702
Parks & Recreation 928-567-0535 Fax 928-567-1540
Public Works Department 928-567-0534 Fax 928-567-1540
www.cvaz.org

December 4, 2013

To the Honorable Mayor, Members of the Town Council and Citizens of the Town of Camp Verde:

We are pleased to submit the Town of Camp Verde Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The Town annually publishes audited financial statements after the close of each fiscal year which includes a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) which are audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards (GAAS).

Town management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Town management has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is designed to fairly represent the financial position of the operations of the various funds of the Town.

Colby & Powell, PLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Camp Verde's financial statements for the fiscal year ended June 30, 2013. The independent auditors' report is located at the front of the financial section of this report.

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates. Part of this perspective is Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor's report, provides a narrative introduction, overview and analysis of the basic financial statements of the Town. The MD&A should be reviewed in conjunction with this letter of transmittal.

PROFILE OF THE GOVERNMENT

The Town of Camp Verde, Arizona, incorporated in 1986, is located in the Verde River Valley of Yavapai County and is recognized as the 2012 Centennial Center of Arizona. The Town's land size is 42.6 square miles and serves a population of approximately 11,000 people. Camp Verde is located on I-17, in-between Flagstaff and Phoenix and enjoys a mild climate at an elevation of 3,147 feet.

The Town operates under the council-manager form of government. The Town Council, which has policy-making and legislative authority, consists of a mayor and a six-member council. The Council is

responsible for, among other things, passing ordinances and resolutions and adopting the annual budget. The members of the Town Council also appoint the membership of various Town committees and hire the Town Manager, Town Attorney and Magistrate. The Town Manager is responsible for carrying out the policies, ordinances and resolutions of the Council and for overseeing the day-to-day operations of the Town. The Town Council is elected on a nonpartisan “at large” basis. Council members are elected to four-year staggered terms with three council members elected every two years. The Mayor is also elected for a two-year term.

The Town provides a full range of services including: police, animal control, magistrate court, planning and zoning, building code enforcement, the construction and maintenance of streets and other infrastructure, recreational activities, cultural events and a public library. The town also operates and maintains a community swimming pool as well as community parks and sports fields. It is important to note that the Camp Verde Fire Department is not a part of the Town nor under the Town’s control but does work closely with the Town.

The annual budget serves as the foundation for the town’s financial planning and control. All departments construct their programs and services based on the needs of the community and, no less importantly, the priorities of the Town Council. The Town Manger reviews departmental budget requests and may recommend changes to a department’s budget priorities and/or projects. The Town Manger then presents a proposed, balanced budget to the Town Council for review. The proposed budget is presented to the Town Council in May of each year. The proposed budget becomes the focal point of the community conversation with respect to the allocation of financial resources. At the conclusion of the process, the proposed budget, including any additions or deletions thereto, becomes the tentative budget which is presented for adoption by the Town Council in early June. A public hearing is scheduled on the tentative budget generally during the first business meeting in July. Subsequent to the close of that hearing, the Town’s final budget is adopted by the Council.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy:

In its early years, the Town’s economy was based primarily upon agriculture and tourism. In later years, the Town experienced an increase in manufacturing activities as well as retail trade. Currently, the majority of the Town’s revenue base is comprised of tax revenues generated both from local sales taxes and State shared tax revenues which include allocations of state income tax, sales tax, fuel tax and motor vehicle-in-lieu tax.

Local sales tax revenues have been declining in Camp Verde since FY07 with a total drop from 2006 to 2012 of 40%. In August of 2012, Camp Verde increased its local general sales tax to 3% which increased local tax revenues significantly (41%). When compared to adjusted 2012 revenue numbers to eliminate the effect of the tax increase, revenues still increased 8.4% from FY12 to FY13 which is a very positive sign for our local economy. The two most significant portions of local sales tax revenues are retail and restaurant and bar, together making up 51% of local tax revenues. Local sales tax revenues are important to the Town as unlike many municipal governments, we do not have or collect a property tax for operations.

From 2004 to 2012, the Town saw a 9% population increase. From 2007 to 2012 that increase drops to 1%. This dramatic slow-down was particularly felt by the construction industry in Camp Verde which has slowed dramatically though did show signs of improvement at the tail end of this fiscal year 2013.

Long-Term Financial Planning:

The town is dedicated to enhancing the quality of life for its citizens and providing municipal services in a fiscally responsible manner. To this end, the Town established a five year Capital Improvement Plan in fiscal year 2012, which was a major planning component in the fiscal year 2013 budget process, and has continued to update that plan annually. The Town has created and hired a new position in economic development and has become a part of the eCivis grant program in an effort to bolster acquisition of grants that can be used for local projects/initiatives. Securing and managing available grant funding efficiently and effectively is a primary long-term goal of the Town. With the increase of the sales tax in 2012, the Town has been able to provide a balanced general operations and capital expenditure budget for fiscal year 2013. Through this most recent economic downturn, the Town has remained financially strong, maintaining an Unassigned General Fund balance of over \$1.6 million.

Major Initiatives:

Throughout this past year, the Town has been working closely with the Camp Verde Sewer District to bring waste treatment operations under the purview of the Town. Voters approved the dissolution of the District by vote in the March 2013 general election. The Town will officially take over operations on July 1, 2013.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the dedicated support and cooperation of the Town Manager and Town employees from all departments. Credit must also be given to the Mayor and members of the Town Council for their desire and determination to maintain the highest standards of professionalism in the management of the Town of Camp Verde's finances. Finally, a special thank you to the auditors of Colby & Powell for their insight, professionalism and efficiency.

Respectfully submitted,



Russell Martin
Town Manager



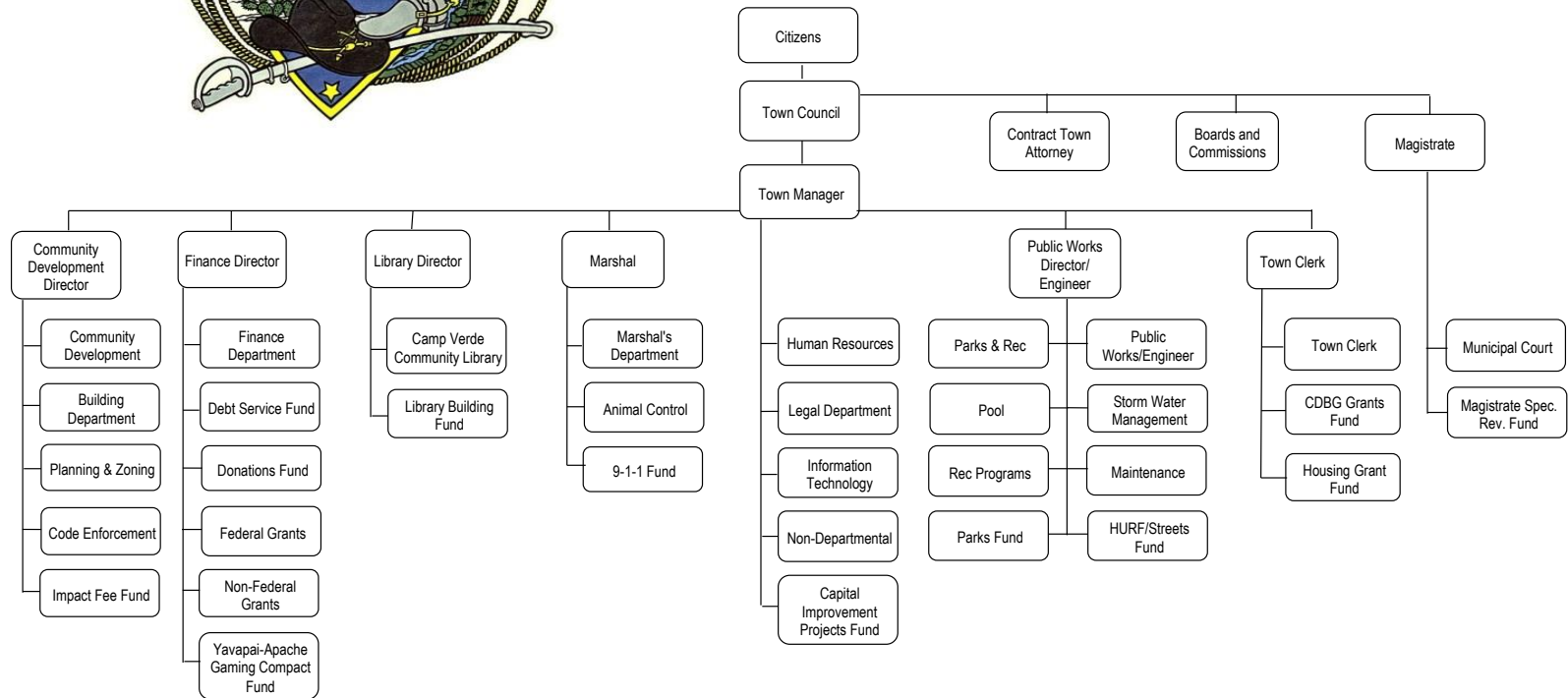
Michael E. Showers
Finance Director

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Town of Camp Verde, Arizona

Town Organization Chart



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**TOWN OF CAMP VERDE, ARIZONA
LIST OF PRINCIPAL OFFICIALS**

TOWN COUNCIL

Charlie German.....Mayor
Jackie Baker Vice Mayor
Carol German..... Council Member
Bruce George Council Member
Robin Whatley Council Member
Jessie Jones Council Member
Jessie Jones Council Member

ADMINISTRATIVE STAFF

Russ Martin	Town Manager
Deborah Barber	Clerk
Mike Showers	Finance Director
Steve Ayers	Economic Development Director
Ronald Long	Engineer / Public Works Director
Michael Jenkins	Community Development Director
Nancy Gardner	Marshal
Kathy Hellman	Library Director
Harry Cipriano	Presiding Magistrate

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Camp Verde, Arizona

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, Arizona, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–14 and 48–52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013, on our consideration of the Town of Camp Verde, 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 result 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* in considering the Town of Camp Verde, Arizona's internal control over financial reporting and compliance.

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

December 4, 2013

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TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

As management of the Town of Camp Verde, Arizona (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. Please read it in conjunction with the Town's basic financial statements, which begin on page 16.

FINANCIAL HIGHLIGHTS

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

- The Town's total net position of governmental activities increased \$889,323 to \$14.9 million, representing an increase of 6 percent from fiscal year 2011-12.
- General revenues from governmental activities accounted for approximately \$5.5 million in revenue, or 70 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.4 million or 30 percent of total governmental activities revenues.
- The Town had approximately \$7.0 million in expenses related to governmental activities of which \$2.4 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$5.5 million were more than adequate to cover all remaining costs in these programs.
- Among major governmental funds, the General Fund had \$6.1 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services, fines and forfeitures, and intergovernmental revenues. The total expenditures of the General Fund were \$5.4 million with a net total of \$403,048 in transfers out to other funds. The General Fund's fund balance increased by \$335,342 to \$2.25 million. The HURF Fund had revenues of \$761,235, which consisted primarily of intergovernmental revenues, and expenditures of \$485,552 and net transfers out of \$146,809. The fund balance of the HURF Fund increased by \$128,874 from the prior year. The fund balance of the Parks Fund decreased by \$238,721 as a result of no revenues coming into the Parks Fund during the year and transfers out to cover budgeted park expenditures. The Capital Improvement Fund (CIP) had net expenses of \$1.4 million and net transfers in of \$634,302 which accounted for a net decrease in fund balance of \$7,533.

OVERVIEW OF FINANCIAL STATEMENTS

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

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

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

- **Governmental activities** – The Town's basic services are included here, such as general government, public safety, public works and streets, health and welfare, culture and recreation, and economic and community development. Sales taxes, intergovernmental, licenses and permits, charges for services, and fines and forfeits revenue finance most of these activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The Town maintains fifteen (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, HURF, Parks and Capital Improvements Funds, all of which are considered to be major funds. Data from the other eleven (11) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the combining and individual fund financial statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's budget process. The Town adopts an annual budget for all governmental funds. A budgetary comparison schedule has been provided for the General, HURF, Parks and the Capital Improvements Funds as required supplementary information.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$14.9 million as of June 30, 2013.

The largest portion of the Town's net position (68 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, portions of the Town's net position are restricted for the specified purposes of highways and streets (9 percent), redevelopment and housing (1 percent), and special programs (7 percent). The remaining balance of unrestricted net position (\$2.3 million, 15 percent) may be used to meet the Town's ongoing obligation to citizens.

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The Town's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, and the acquisition and disposal of capital assets.

The following tables present a summary of the Town's net position for the fiscal years ended June 30, 2013 and 2012.

	2013 Governmental Activities	2012 Governmental Activities
	<u> </u>	<u> </u>
Current assets	\$ 5,711,142	\$ 6,029,753
Capital assets, net	13,428,682	12,004,193
Other non-current assets	<u>191,787</u>	<u>291,745</u>
Total assets	<u>19,331,611</u>	<u>18,325,691</u>
Current and other liabilities	1,396,847	1,743,810
Long-term liabilities	<u>3,078,258</u>	<u>2,614,698</u>
Total liabilities	<u>4,475,105</u>	<u>4,358,508</u>
Net position:		
Invested in capital assets, net of related debt	10,132,430	9,300,597
Restricted	2,460,792	2,719,944
Unrestricted	<u>2,263,284</u>	<u>1,946,642</u>
Total net position	<u>\$ 14,856,506</u>	<u>\$ 13,967,183</u>

The following are significant current year transactions that had a significant impact on the Statement of Net Position.

- Completed the Cliffs parkway drainage and Hollamon street projects at a total capitalized cost of \$1,563,521.
- Entered into a \$764,664 5 year lease purchase agreement of which \$405,320 was utilized for equipment purchases in FY13.
- Accounts payable was reduced by \$212,000.

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net position. The Town's total revenues for the fiscal year ended June 30, 2013, were \$7.8 million, up 12% from the previous year. The total cost of all programs and services was \$6.9 million, up 10% from last year. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and 2012.

	2013	2012
	Governmental Activities	Governmental Activities
	<hr/>	<hr/>
Revenues		
Program revenues:		
Charges for services	\$ 698,252	\$ 611,151
Operating grants and contributions	1,032,082	1,012,413
Capital grants and contributions	647,539	969,961
General revenues:		
Town sales taxes	2,544,473	1,738,752
Franchise taxes	250,327	245,501
State shared revenue	2,567,890	2,325,940
Investment earnings	33,251	13,787
Miscellaneous	69,064	11,840
	<hr/>	<hr/>
Total revenues	7,842,878	6,929,345
	<hr/>	<hr/>
Expenses		
General government	2,361,960	2,125,678
Public safety	2,317,487	2,209,435
Public works and streets	820,957	816,853
Health and welfare	136,266	131,300
Culture and recreation	735,840	561,166
Economic and community development	456,020	348,532
Interest on long-term debt	125,025	112,867
	<hr/>	<hr/>
Total expenses	6,953,555	6,305,831
	<hr/>	<hr/>
Increase/ (decrease) in net position	889,323	623,514
Net position, beginning	13,967,183	13,343,669
	<hr/>	<hr/>
Net position, ending	\$ 14,856,506	\$ 13,967,183
	<hr/>	<hr/>

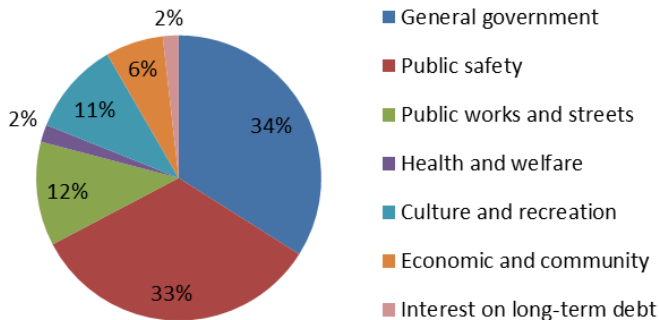
TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

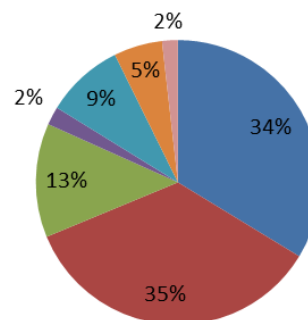
Governmental activities. The following table presents the cost of the seven major Town functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State's and Town's taxpayers by each of these functions.

	Year Ended June 30, 2013		Year Ended June 30, 2012	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental activities				
General government	\$ 2,361,960	\$ (2,343,739)	\$ 2,125,678	\$ (2,079,063)
Public safety	2,317,487	(1,779,777)	2,209,435	(1,749,610)
Public works and streets	820,957	187,415	816,853	419,095
Health and welfare	136,266	(136,266)	131,300	(131,300)
Culture and recreation	735,840	(522,372)	561,166	8,235
Economic and community development	456,020	144,082	348,532	(66,796)
Interest on long-term debt	125,025	(125,025)	112,867	(112,867)
Total	\$ 6,953,555	\$ (4,575,682)	\$ 6,305,831	\$ (3,712,306)

Fiscal Year 2013 Expenses



Fiscal Year 2012 Expenses



- The cost of all governmental activities this year was \$6.95 million.
- Grants and contributions from federal, state and county governments, charges for services and other local revenues subsidized certain governmental programs with revenues of \$2.4 million.
- The net cost of governmental activities of just under \$4.6 million was financed by general revenues, which are made up primarily of taxes and state shared revenue.

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported combined ending fund balances of \$4.8 million, an increase of \$28,558. Approximately 20 percent of this total amount (\$987,055) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved, committed or assigned to indicate that it is not available for new spending because it has already been designated/restricted for long term receivables (\$632,000), Legal Defense (\$30,015), HURF (\$1,274,961), capital improvements (\$686,683), and special programs (\$1,213,357).

The General Fund is the principal operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund was \$2.25 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 32 percent of total General Fund expenditures.

The fund balance of the Town's General Fund increased by \$335,342 during the fiscal year. The fund balance of the HURF Fund increased as well by \$128,874 increasing the HURF surplus to \$1,274,961. The fund balance of the Parks Fund decreased by \$238,721 as there are still no revenues occurring in this fund to offset the budgeted expenses. The fund balance of the Capital Improvements Fund decreased by \$7,533 leaving \$686,683 to be rolled over to FY14's budget for unfinished projects that are expected be completed in FY14.

BUDGETARY HIGHLIGHTS

Schedules showing the budget amounts compared to the Town's actual financial activity for the General Fund, HURF Fund, Parks Fund and Capital Improvements Fund are provided in this report as required supplementary information. The significant variances between budget and actual for the General Fund are as follows:

- Revenues in the General Fund were \$169,697 over budget due mainly to increased town sales tax revenues which were 6% over budget.
- General Fund expenditures were less than budgeted by \$323,199. \$165,761 was under budget from unused contingency funds. The remaining \$157,438 was spread out across all departments in reduced overall spending.
- The two significant portions of budget adjustments were: 1) reallocating personnel budget costs from the HR & Information technology departments to the Town Clerk and Marshal's Departments (\$36,501) and 2) The use of Contingency & Employee payouts (\$59,239).

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

BUDGETARY HIGHLIGHTS (CONTINUED)

- While HURF revenues were over budget \$29,835 (4%) the real budget variance was in expenses where actual expenditures for street maintenance, striping and construction were under budget by a combined \$162,188 (26%).
- Capital Improvement Fund expenditures were under budget \$75,372 from the net combined impact of various unfinished projects and new equipment purchased with the Capital lease funds.

CAPITAL ASSETS

As of June 30, 2013, the Town had invested \$13.4 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$377,340.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2013 and 2012.

	As of June 30,2013	As of June 30,2012
Land	\$ 5,868,719	\$ 5,868,719
Construction in progress	451,498	915,057
Buildings and improvements	3,792,840	3,628,376
Infrastructure	3,339,075	1,772,554
Machinery and equipment	2,544,596	2,039,612
Improvements other than buildings	913,394	883,976
Accumulated depreciation	(3,481,440)	(3,104,101)
 Total	 13,428,681	 12,004,194

Additional information on capital assets can be found on page 37.

Major capital asset events during the current fiscal year included the following:

- The most significant impact on Capital assets was the completion of two major infrastructure projects: 1) The Cliffs parkway drainage project (\$1,157,101) and 2) the Hollamon street improvement project (\$409,420)
- Construction in progress decreased 51% (\$463,559) as 4 projects with a value of \$705,836 were placed in service fiscal year 2013 and another \$242,277 from five new and/or continuing projects was added.
- A significant portion of the increase in Machinery and equipment (\$405,320 or 80%) was due to the purchase of 9 police vehicles and 1 Code enforcement vehicle through the Capital lease mentioned in the budget section above.

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

DEBT ADMINISTRATION

At year end, the Town had \$3.3 million in governmental long-term debt outstanding with \$251,790 due within one year. Compensated absences of \$317,837 had a total of \$284,041 due within one year. The following table presents a summary of the Town's outstanding long-term debt and compensated absences for the fiscal years ended June 30, 2013 and 2012.

	As of June 30,2013	As of June 30,2012
Compensated absences payable	\$ 317,837	\$ 329,025
Capital leases payable	770,465	11,553
Note payable	-	5,276
2005 Revenue bonds payable	1,505,000	1,595,000
2005 Revenue bonds premium	79,587	86,768
2011 Revenue bonds payable	941,200	1,005,000
	<u>3,614,089</u>	<u>3,032,622</u>
Total	<u>3,614,089</u>	<u>3,032,622</u>

Additional long-term debt information can be found on page 38.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Camp Verde's revenue base is funded primarily by Town Sales Tax and Shared Revenues from the State of Arizona. These revenue sources comprise approximately 69 percent of the Town's revenues. The economy has stabilized somewhat from the previous years and our primary revenue sources have as well. This has allowed the Town to move forward with several capital improvement projects and this year allowed us to do a 5 year lease purchase that brought long needed vehicle purchases forward. This should reduce overall repair cost and efficiencies of use of newer equipment. Funding from the increase in TPT tax by 1% as well as a general increase in activity is hoped to continue moving forward allowing the Town to continue to make progress on long planned capital projects. It is imperative that the Town Council and Staff continue to monitor activity throughout the year to ensure the budget continues to guide prudent spending.

The Town of Camp Verde continues to take a conservative spending approach as evident by our under-spending this past year of budgeted expenses. Departments continued to save across all areas within their respective departments this past year. Spending on overdue capital projects and only replacing employees, when a departure occurs, to maintain service levels continues to be the policy of management even with an increase in revenues. In the coming years we are expecting to begin a plan to only spend what we take in and hope to rebuild our reserves through a conservative projection of revenues as well as continued conservative spending by departments. It is important to continue to note that during the time since 2007, 22 positions were vacated to maintain an adequate reserve while accomplishing some outstanding capital projects. With those

TOWN OF CAMP VERDE
Management's Discussion And Analysis
June 30, 2013

accomplishments now behind us, we are expecting to expand our service levels and project accomplishments with new revenue.

Management continues to believe that the conservative approach taken in the past few years has led to the success of the Town of Camp Verde in maintaining its service delivery system in a way that necessitates the use of only a moderate amount of the financial resources of the Town. As a better economy continues to be anticipated, but yet to become reality, this approach will be changing to reflect demand for capital projects that were put off during the downturn as well as service levels that were accepted during that same period but with new revenues will come new expectations in both areas.

As a result of the thoughtful leadership of the Town Council and the managerial judgment of the Town's management team, we believe we are poised to manage the financial affairs of the Town of Camp Verde with a high degree of vigilance and discipline. We are confident that we can address and manage the challenges we face and look forward to finding ways to expedite the return of healthier revenues that will allow for higher levels of community services and capital construction and investment.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

Town of Camp Verde
Finance Department
395 South Main Street
Camp Verde, Arizona 86322.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,842,657
Cash - restricted	219,866
Accounts receivable - net	347,670
Due from other governments	300,949
Loan receivable	141,493
Bond issue costs, net	37,755
Deferred charges, net	12,539
Capital assets, not being depreciated	6,320,217
Capital assets, being depreciated, net	<u>7,108,465</u>
Total assets	<u>19,331,611</u>
LIABILITIES	
Accounts payable	551,354
Accrued expenses	82,534
Interest payable	54,750
Deferred revenue	82,771
Court bonds payable	6,041
Claims payable	83,566
Noncurrent liabilities	
Due within 1 year	535,831
Due in more than 1 year	<u>3,078,258</u>
Total liabilities	<u>4,475,105</u>
NET POSITION	
Invested in capital assets, net of related debt	10,132,430
Restricted for:	
Highways and streets	1,274,961
Housing redevelopment	210,455
Special programs	975,376
Unrestricted (deficit)	<u>2,263,284</u>
Total net position	<u>\$ 14,856,506</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Activities
Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities					
General government	\$ 2,361,960	\$ 18,221	\$ -	\$ -	\$ (2,343,739)
Public safety	2,317,487	454,195	83,515	-	(1,779,777)
Public works and streets	820,957	500	750,879	256,993	187,415
Health and welfare	136,266	-	-	-	(136,266)
Culture and recreation	735,840	35,274	167,406	10,788	(522,372)
Economic and community development	456,020	190,062	30,282	379,758	144,082
Interest of long-term debt	125,025	-	-	-	(125,025)
Total governmental activities	<u>6,953,555</u>	<u>698,252</u>	<u>1,032,082</u>	<u>647,539</u>	<u>(4,575,682)</u>
General revenue:					
Taxes:					
Sales Taxes					2,544,473
Franchise tax					250,327
State shared revenue					2,567,890
Investment income					33,251
Miscellaneous					69,064
Total general revenue					<u>5,465,005</u>
Change in net position					889,323
Net position, July 1, 2012					13,967,183
Net position, June 30, 2013					<u>\$ 14,856,506</u>

The accompanying notes are an integral part of these financial statements

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FUND FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	HURF Fund	Parks Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,480,444	\$ 1,217,140	\$ 28,794	\$ 875,934	\$ 1,240,345	\$ 4,842,657
Cash - restricted	219,866	-	-	-	-	219,866
Accounts receivable, net	206,494	72,054	-	-	69,122	347,670
Due from other governments	288,010	-	-	-	12,939	300,949
Loans receivable	-	-	-	-	141,493	141,493
Due from other funds	632,000	-	-	-	-	632,000
Total assets	\$ 2,826,814	\$ 1,289,194	\$ 28,794	\$ 875,934	\$ 1,463,899	\$ 6,484,635
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 327,922	\$ 14,233	\$ -	\$ 189,251	\$ 19,948	\$ 551,354
Accrued expenses	82,534	-	-	-	-	82,534
Court bonds payable	6,041	-	-	-	-	6,041
Deferred revenue	74,475	-	-	-	230,594	305,069
Claims payable	83,566	-	-	-	-	83,566
Due to other funds	-	-	632,000	-	-	632,000
Total liabilities	574,538	14,233	632,000	189,251	250,542	1,660,564
Fund balances						
Restricted	-	1,274,961	-	-	1,044,338	2,319,299
Committed	662,015	-	-	686,683	169,019	1,517,717
Unassigned	1,590,261	-	(603,206)	-	-	987,055
Total fund balances	2,252,276	1,274,961	(603,206)	686,683	1,213,357	4,824,071
Total liabilities and fund balances	\$ 2,826,814	\$ 1,289,194	\$ 28,794	\$ 875,934	\$ 1,463,899	\$ 6,484,635

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2013

Fund balances--total governmental funds		\$ 4,824,071
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Capital assets	16,910,122	
Less accumulated depreciation	<u>(3,481,441)</u>	13,428,681
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
Revenue bond issuance cost	37,755	
Deferred charges	<u>12,539</u>	50,294
<p>Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.</p>		
Reimbursable grant expenditures	6,330	
Loan receivable	141,493	
Fines receivable	<u>74,475</u>	222,298
<p>Some liabilities, including notes payable, are not due and payable in the current period and therefore, are not reported in the funds</p>		
Compensated absences	(317,837)	
Revenue bonds payable	(2,446,200)	
Revenue bonds premium	(79,586)	
Lease purchase	(764,664)	
Capital leases	(5,801)	
Interest payable	<u>(54,750)</u>	<u>(3,668,838)</u>
Net position of governmental activities		<u><u>\$ 14,856,506</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General Fund	HURF Fund	Parks Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Fund
Revenue						
Taxes	\$ 2,794,799	\$ -	\$ -	\$ -	\$ -	\$ 2,794,799
Intergovernmental	2,731,294	750,879	-	-	799,901	4,282,074
Fines and forfeitures	315,559	-	-	-	56,563	372,122
Licenses and permits	159,532	-	-	-	-	159,532
Charges for services	86,994	-	-	-	-	86,994
Contributions	-	-	-	-	16,478	16,478
Investment income	16,275	9,026	-	54	7,896	33,251
Other revenue	2,119	1,330	-	-	55,293	58,742
Total revenue	<u>6,106,572</u>	<u>761,235</u>	<u>-</u>	<u>54</u>	<u>936,131</u>	<u>7,803,992</u>
Expenditures						
Current						
General government	2,183,993	-	-	-	123,770	2,307,763
Public safety	2,115,640	-	-	-	106,452	2,222,092
Public works and streets	128,212	461,026	-	66,004	43	655,285
Health and welfare	17,500	-	-	-	118,766	136,266
Culture and recreation	549,379	-	-	128,052	3,379	680,810
Economic and community development	340,233	-	-	-	114,937	455,170
Capital outlay	26,093	24,518	-	1,212,497	538,720	1,801,828
Debt service						
Principal	5,752	-	-	-	159,076	164,828
Interest	1,380	8	-	-	114,668	116,056
Total expenditures	<u>5,368,182</u>	<u>485,552</u>	<u>-</u>	<u>1,406,553</u>	<u>1,279,811</u>	<u>8,540,098</u>
Excess (deficiency) of revenue over (under) expenditures	<u>738,390</u>	<u>275,683</u>	<u>-</u>	<u>(1,406,499)</u>	<u>(343,680)</u>	<u>(736,106)</u>
Other financing sources						
Capital lease acquisition	-	-	-	764,664	-	764,664
Transfers (out)	(403,048)	(146,809)	(238,721)	634,302	154,276	-
Total other financing sources	<u>(403,048)</u>	<u>(146,809)</u>	<u>(238,721)</u>	<u>1,398,966</u>	<u>154,276</u>	<u>764,664</u>
Net change in fund balances	<u>335,342</u>	<u>128,874</u>	<u>(238,721)</u>	<u>(7,533)</u>	<u>(189,404)</u>	<u>28,558</u>
Fund balances, July 1, 2012	1,916,934	1,146,087	(364,485)	694,216	1,402,761	4,795,513
Fund balances, June 30, 2013	<u>\$ 2,252,276</u>	<u>\$ 1,274,961</u>	<u>\$ (603,206)</u>	<u>\$ 686,683</u>	<u>\$ 1,213,357</u>	<u>\$ 4,824,071</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2013

Net change in fund balances--total governmental funds \$ 28,558

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	1,801,828	
Depreciation expense	(377,340)	
		1,424,488

Revenues in the Statement of Activities that do not provide
current financial resources are not reported as revenues
in the funds. 38,886

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

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

Principal repaid	164,828	
Capital lease	(764,664)	
		(599,836)

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

Revenue bond issuance expense	(3,609)	
Deferred charge	(1,383)	
Interest expense	(8,969)	
Change in compensated absences	11,188	
		(2,773)

Change in net position of governmental activities \$ 889,323

The accompanying notes are an integral part of these financial statements

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FIDUCIARY FUND FINANCIAL STATEMENTS

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TOWN OF CAMP VERDE, ARIZONA
Statement of Fiduciary Assets and Liabilities
June 30, 2013

	<u>Employee Assistance Fund (Agency)</u>
ASSETS	
Cash and cash equivalents	\$ 7,840
Accounts receivable	<u>1,950</u>
Total assets	<u>9,790</u>
LIABILITIES	
Deposits held for others	<u>9,790</u>
Total liabilities	<u><u>\$ 9,790</u></u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Town is a municipal entity governed by an elected Mayor and six-member council. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The financial reporting entity consists of a primary government and its component units. The Town is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Blended component units, although legally separate entities, are, in substance, part of the Town's operations. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the Town. The Town has no component units.

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.

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental 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 for goods or services, operating grants, capital grants and contributions. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 Town, except those required to be accounted for in another fund.

The ***HURF Fund*** accounts for specific revenue received from the State of Arizona Highway Revenue Fund which is legally restricted to expenditures for street purposes.

The ***Parks Fund*** accounts for all financial resources related to the maintenance of the Town’s parks.

The ***Capital Improvement Fund*** accounts for all financial resources of the Town related to purchasing assets that meet the appropriate threshold for capitalization and take more than one year to make ready for use by the Town.

Additionally, the Town reports the following fund type:

The ***Agency Funds*** are used to account for assets held by the town as an agent for other parties.

C. Basis of Accounting

The government-wide 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 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.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

The Town considers cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months from the date of acquisition to be cash equivalents.

Cash and investments are generally pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's Local Government Investment Pool, interest-bearing savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; bonds or other obligations of the U.S. government that are guaranteed as to principal and interest by the U.S. government; and bonds of the State of Arizona or any of its counties, cities, towns, school districts, and special districts as specified by statute. The State Board of Deposit provides oversight for the State Treasurer's pool, 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

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. The amount recorded at June 30, 2013 in the general fund for uncollectible municipal court fines and forfeitures is \$457,000.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Capital Assets

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

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 are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life (years)
Land	\$5,000	N/A	-
Construction in progress	5,000	N/A	-
Buildings	5,000	Straight-line	25 - 30
Improvements	5,000	Straight-line	18 - 75
Infrastructure	5,000	Straight-line	15
Furniture, machinery, and equipment	5,000	Straight-line	5 - 10
Vehicles	5,000	Straight-line	5 - 10

G. Compensated Absences

Compensated absences consist of vacation leave, compensatory time, and a calculated amount of sick leave earned by employees based on services already rendered.

Employees may accumulate up to 320 hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount that are unused each January 1 are forfeited. Upon termination of employment, all unused and unforfeited vacation benefits are paid to employees.

Employees may accumulate up to 480 hours of sick leave hours. Any sick leave hours in excess of the maximum must be converted at a rate of 50% to vacation time or cash value each December 15. Upon termination of employment, unused sick leave benefits are paid to employees at rates of 10 to 50 percent depending upon years of service.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The current and long-term liabilities for accrued vacation leave, compensatory time, and sick leave are reported in the government-wide financial statements. A liability for these amounts is reported in the governmental funds' financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal year end. Resources from the General Fund are generally used to liquidate the governmental funds liabilities for compensated absences.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

I. 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's 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

J. Investment Income

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

K. Estimates

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

NOTE 2 – 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.

Deposits—At June 30, 2013, the carrying amount of the Town's total cash in bank was \$5,062,523, and the bank balance was \$1,268,1049. Of the bank balance, \$817,597 was covered by federal depository insurance and the remaining balance was covered by collateral held by the pledging financial institution in the Town's name.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS - Continued

Deposits and investments at June 30, 2013 consist of the following:

Deposits	
Cash on hand	\$ 1,060
Cash in bank	1,222,593
Investments	
State treasurer's investment pool	664,774
U.S. Securities	<u>3,174,096</u>
Total deposits and investments	5,062,523
Less Cash - Restricted	<u>(219,866)</u>
Total cash and cash equivalents	<u><u>\$ 4,842,657</u></u>

Cash – restricted consists of cash set aside to meet debt service requirements.

At June 30, 2013, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %
		Less Than 1	1-5	
U.S. Treasuries	\$ 521,714	\$ 521,714	\$ -	16.44
U.S. Agencies				
Federal Agric Mtg Corp.	503,110	-	503,110	15.85
Federal Farm Credit Bank	104,830	-	104,830	3.30
Federal Home Loan Bank	748,703	-	748,703	23.59
Federal Natl Mtg Assn.	499,700	-	499,700	15.74
Federal Natl Mtg Assn.	500,260	-	500,260	15.76
Federal Natl Mtg Assn.	295,779	-	295,779	9.32
	<u>\$ 3,174,096</u>	<u>\$ 521,714</u>	<u>\$ 2,652,382</u>	<u>100.00</u>

Interest Rate Risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the maturities of its investment portfolio according to the needs of the Town. Investments are structured so that they mature concurrent with anticipated cash requirements for ongoing operations of the Town.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS - Continued

Credit Risk. The Town’s investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, and the Local Government Investment Pool. The Towns investment in U.S. Agencies and Money Market Funds were rated no lower than AAA by Standard & Poor’s. The State Treasurer’s Investment Pool is overseen according to Arizona State Statute by the State Board of Deposit. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk.

Concentration of Credit Risk. The Town’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the Town’s total investments. Securities issued by the United States of America or its agencies are exempt from this provision.

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2013, the Town’s receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$636,504 in municipal court fines and \$168,166 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$457,000.

In connection with receivables, governmental funds reported deferred revenue for amounts not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the deferred revenue consisted of fines receivable of \$130,683, loans receivable of \$141,493, RICO funds receivable of \$26,563 and unexpended grant funds of \$6,330.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2013 consisted of the following:

State collected sales tax	\$	77,485
State of Arizona grant revenues		11,290
City of Cottonwood		15,000
State of Arizona		1,649
State shared revenues:		
State sales tax		172,994
Vehicle licensing tax		22,531
		<hr/>
	\$	300,949
		<hr/> <hr/>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 5 – LOANS RECEIVABLE

The Town has outstanding loans due from homeowners related to funding through a Community Development Block Grant. Income from the loans are considered program income of the grant. The governmental funds report deferred revenue in connection with the receivables for revenues that are not considered to be available to liquidate liabilities of the current period. However, the government-wide financial statements recognized the revenue when the receivable was recognized. Therefore, the deferred revenue represents a reconciling item between the government-wide and fund financial statements. At June 30, 2013, \$141,493 of the deferred loan receivable recorded in the Housing Grant Fund represents funds that were unavailable.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>July 01, 2012</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,868,719	\$ -	\$ -	\$ 5,868,719
Construction in progress	915,057	242,277	(705,836)	451,498
Total capital assets not being depreciated	<u>6,783,776</u>	<u>242,277</u>	<u>(705,836)</u>	<u>6,320,217</u>
Capital assets being depreciated:				
Buildings and improvements	3,628,376	164,464	-	3,792,840
Infrastructure	1,772,554	1,566,521	-	3,339,075
Machinery and equipment	2,039,612	504,984	-	2,544,596
Improvements other than buildings	883,976	29,418	-	913,394
Total	<u>8,324,518</u>	<u>2,265,387</u>	<u>-</u>	<u>10,589,905</u>
Less accumulated depreciation for:				
Buildings and improvements	(758,844)	(86,534)	-	(845,378)
Infrastructure	(548,124)	(124,676)	-	(672,800)
Machinery and equipment	(1,449,446)	(135,769)	-	(1,585,215)
Improvements other than buildings	(347,686)	(30,361)	-	(378,047)
Total	<u>(3,104,100)</u>	<u>(377,340)</u>	<u>-</u>	<u>(3,481,440)</u>
Total capital assets being depreciated, net	<u>5,220,418</u>	<u>1,888,047</u>	<u>-</u>	<u>7,108,465</u>
Governmental activities capital assets, net	<u>\$ 12,004,194</u>	<u>\$ 2,130,324</u>	<u>\$ (705,836)</u>	<u>\$ 13,428,682</u>

Depreciation expense was charged to each function as follows:

Governmental activities:	
Public works and streets	\$ 161,236
Public safety	98,537
Culture and recreation	57,850
General government	57,821
Economic and community development	1,896
Total governmental activities depreciation expense	<u>\$ 377,340</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2013.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within 1 year
Governmental activities:					
Compensated absences	\$ 329,025	\$ 337,800	\$ 348,988	\$ 317,837	\$ 284,041
Capital leases payable	11,553	764,664	5,752	770,465	79,494
Notes payable	5,276	-	5,276	-	-
2005 Revenue bonds payable	1,595,000	-	90,000	1,505,000	95,000
2005 Revenue bonds premium	86,768	-	7,181	79,587	7,181
2011 Revenue bonds payable	1,005,000	-	63,800	941,200	70,115
Governmental activities long-term liabilities	<u>\$ 3,032,622</u>	<u>\$ 1,102,464</u>	<u>\$ 520,997</u>	<u>\$ 3,614,089</u>	<u>\$ 535,831</u>

Bonds Payable:

In February 2005, the Town issued bonds totaling \$2,040,000 to finance the acquisition of land and construction of new Town Marshal facilities. The principal and interest on the bonds are payable solely from and are secured by a pledge of the Town’s unrestricted excise taxes and state shared revenues.

In May 2011, the Town issued bonds totaling \$1,005,000 to finance the purchase of land for use by the Public Works Department. The principal and interest on the bonds are payable from excise tax revenues and State shared revenues.

Description	Original Amount	Maturity Ranges	Interest Rates	Principal June 30, 2013
Revenue Bonds, Series 2005	\$ 2,040,000	2008-2024	2.75-5.00%	\$ 1,505,000
Revenue Bonds, Series 2011	1,005,000	2012-2023	3.91%	941,200
Totals	<u>\$ 3,045,000</u>			<u>\$ 2,446,200</u>

Notes Payable:

In July 1998, the Town entered into a mortgage note agreement for the purchase of Butler Park.

Description	Original Amount	Maturity Ranges	Interest Rates	Principal June 30, 2013
Butler Park Note	<u>\$ 40,000</u>	1998-2014	10%	<u>\$ -</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s bonds payable at June 30, 2013.

Year Ending June 30	Governmental Activities			
	2011 Bond Payable		2005 Bond Payable	
	Principal	Interest	Principal	Interest
2014	\$ 70,115	\$ 35,430	\$ 95,000	\$ 70,325
2015	72,857	32,635	100,000	65,450
2016	75,705	29,731	105,000	60,325
2017	78,666	26,713	110,000	54,950
2018	81,741	23,577	115,000	49,325
2019-23	459,222	66,381	665,000	155,750
2024-27	102,894	2,012	315,000	14,075
Total	<u>\$ 941,200</u>	<u>\$ 216,479</u>	<u>\$ 1,505,000</u>	<u>\$ 470,200</u>

Capital leases – The Town has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	Governmental Activities
Equipment	\$ 502,333
Less: accumulated depreciation	(21,512)
Carrying value	<u>\$ 480,821</u>

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2013.

Year Ending June 30	Governmental Activities
2014	\$ 163,635
2015	161,219
2016	159,549
2017	159,382
2018	159,382
Total minimum lease payments	803,167
Less amount representing interest	(32,702)
Present value of net minimum lease payments	<u>\$ 770,465</u>

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2013

NOTE 8 – PLEDGED REVENUES

The Town has pledged, as security for a lease-purchase agreement entered into by the Camp Verde Sanitary District, a portion of the Town’s sales tax. The lease-purchase agreement, executed by the Sanitary District in FY2007, was amended during FY2010. Per the amendment, the agreement is in the amount of \$2.04 million to provide financing for construction of a new wastewater treatment plant, outfall, and collector sewer lines, and is payable through 2032. The Town has committed to appropriate \$135,000 each year from sales tax revenues and state shared revenues, to cover the principal and interest requirements on the Sanitary District’s debt.

The Sanitary District has pledged, as the sole security for the lease-purchase agreement, the annual appropriations from the Town. Total principal and interest remaining on the District’s debt is \$2.4 million with annual requirements averaging at \$133,736. Sales taxes and state shared revenues, from which the appropriations will be made, have averaged \$4.7 million per year over the last eight years. For the current year, principal and interest paid by the Sanitary District totaled \$118,768. Total sales tax and state shared revenues recognized by the Town totaled \$5.1 million.

NOTE 9 – INTERFUND BALANCES AND ACTIVITY

Interfund borrowings - During March 2008, the Town Council approved an agreement to loan \$832,000 to the Parks Fund from General Fund monies. According to the agreement, quarterly payments of \$50,000 are to be made if funds are available until the full amount borrowed has been repaid. However, no payments were made during FY2013 and remaining amount owed from the Parks fund to the General fund is \$632,000.

Interfund transfers – During the year ended June 30, 2013, the Town transferred funds to cover shared expenses and interfund borrowings. Transfers made between funds during the year are as follows:

Transfers from	Transfer to		
	Capital Improvement Fund	Non-Major Governmental Funds	Total
General Fund	\$ 248,772	\$ 154,276	\$ 403,048
HURF Fund	146,809	-	146,809
Parks Fund	238,721	-	238,721
Total	\$ 634,302	\$ 154,276	\$ 788,578

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2013

NOTE 10 – GOVERNMENTAL FUND BALANCE/NET POSITION COMPONENTS

The Town's restrictions on net position in the government-wide statement of net position are as follows:

	<u>Governmental Activities</u>
Restricted Net Position:	
Highway User Revenues	\$ 1,274,961
Housing redevelopment:	
Loans Receivable	141,493
Other	68,962
Court Special Revenue:	
Court Enhancement	127,210
Fill the Gap	13,714
Local JCEF	36,755
9-1-1	2,560
Library Building	502,684
Impact Fees:	
General government	68,798
Library	46,381
Parks and Recreation	103,508
Police Services	59,314
Donations:	
Camp Verde Marshal's Office	930
K-9	1,813
Library	4,531
Parks and Recreation	3,952
Safety fund	2,799
Volunteers in Police Services	427
Total Restricted Net Position	<u>\$ 2,460,792</u>

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2013

**NOTE 10 – GOVERNMENTAL FUND BALANCE/NET POSITION COMPONENTS –
Continued**

The components of governmental fund balances are as follows:

	General	HURF	Parks	Capital Improvements	Non-Major Gov't Funds	Total Gov't Funds
Ending Fund balances, June 30, 2013						
Restricted for:						
Highways and streets	-	1,274,961	-	-	-	1,274,961
Housing redevelopment	-	-	-	-	68,962	68,962
Court special revenue						
Court enhancement	-	-	-	-	127,210	127,210
Fill the gap	-	-	-	-	13,714	13,714
Local JCEF	-	-	-	-	36,755	36,755
9-1-1	-	-	-	-	2,560	2,560
Library building	-	-	-	-	502,684	502,684
Impact fees						
General government	-	-	-	-	68,798	68,798
Library	-	-	-	-	46,381	46,381
Parks and recreation	-	-	-	-	103,508	103,508
Police services	-	-	-	-	59,314	59,314
Donations						
Camp Verde Marshal's office	-	-	-	-	930	930
K-9	-	-	-	-	1,813	1,813
Library	-	-	-	-	4,531	4,531
Parks and recreation	-	-	-	-	3,952	3,952
Safety fund	-	-	-	-	2,799	2,799
Volunteers in police service	-	-	-	-	427	427
Total restricted	-	1,274,961	-	-	1,044,338	2,319,299
Committed for:						
Long-term receivable	632,000	-	-	-	-	632,000
Legal defense	30,015	-	-	-	-	30,015
Capital improvements	-	-	-	686,683	-	686,683
Federal grants	-	-	-	-	5,987	5,987
Heritage Pool	-	-	-	-	14,988	14,988
Schools and school programs	-	-	-	-	140,544	140,544
Senior center	-	-	-	-	7,500	7,500
Total committed	662,015	-	-	686,683	169,019	1,517,717
Unassigned:	1,590,261	-	(603,206)	-	-	987,055
Ending Fund Balances	<u>\$ 2,252,276</u>	<u>\$ 1,274,961</u>	<u>\$ (603,206)</u>	<u>\$ 686,683</u>	<u>\$ 1,213,357</u>	<u>\$ 4,824,071</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 11 – CONTINGENT LIABILITIES

Federal and State grants and loans – The Town has received a number of grants from both the Federal and State governments. Amounts received or receivable from grantor agencies are subject to audit and adjustment; however, the Town expects no material disallowance of expenditures.

Lawsuits – At times the Town is a defendant in various lawsuits, although the outcome of these lawsuits is not always determinable, in the opinion of the Town’s legal counsel, any resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTE 12 – 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 13 – CLAIMS PAYABLE

In the fiscal year 2011, the Town entered into an agreement with a local business entity to settle a dispute over the use of the business entity’s property. The agreement requires the Town to pay three annual installments of \$25,000 plus costs related to the installation. The balance of the estimated claim payable at June 30, 2013 totaled \$83,566.

NOTE 14 – RETIREMENT PLANS

Plan Descriptions—The Town contributes to the two plans described below. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits.

The *Arizona State Retirement System* (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan, and a cost-sharing multiple-employer defined benefit health insurance plan, and a cost sharing multiple-employer defined benefit long-term disability plan that covers general employees of the Town. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2013

NOTE 14 – RETIREMENT PLANS – Continued

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS
3300 N. Central Ave.
Phoenix, AZ 85012-0250
(602) 240-2000

PSPRS
3010 E. Camelback Rd., Ste. 200
Phoenix, AZ 85016
(602) 255-5575

Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Town's contribution rates.

Cost-sharing plans – For the year ended June 30, 2013, active ASRS members and the Town were each required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent retirement and 0.24 percent long-term disability) of the members' annual covered payroll. The Town's contributions to ASRS for the years ended June 30, 2013, 2012 and 2011, were \$227,039, \$219,179, and \$214,551, respectively, which were equal to the required contributions for the year.

Agent plans – For the year ended June 30, 2013, active PSPRS members were required by statute to contribute 9.55 percent of the members' annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 16.88 percent.

Annual Pension Cost—The Town's pension cost for the agent plan for the year ended June 30, 2013, and related information follows:

	<u>PSPRS</u>
Contribution rates:	
City	16.88%
Plan members	9.55%
Annual pension cost	\$ 178,702
Contributions made	\$ 178,702

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2013

NOTE 14 – RETIREMENT PLANS – Continued

	PSPRS
Actuarial valuation date	06/30/13
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5%
Includes inflation at	4.50%
Cost-of-living adjustments	None
Amortization method	Level percent-of-pay closed
Remaining amortization period	23 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value 80%/120% market

Trend Information – Annual pension cost information for the current and 2 preceding years follows for each of the agent plans.

Plan	Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PSPRS	2013	\$ 137,143	100 %	\$ -
	2012	134,661	100 %	-
	2011	130,238	100 %	-
Health Insurance	2013	\$ 11,580	100 %	\$ -
	2012	12,505	100 %	-
	2011	13,297	100 %	-

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2013

Funding Progress – An analysis of funding progress for the agent plan as of the most recent actuarial valuation follows:

Camp Verde Marshals Plan (Retirement)

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2013	\$3,050,572	\$4,109,780	\$ 1,059,208	74.2 %	\$ 706,486	149.9 %
2012	2,976,077	3,643,057	666,980	81.7	779,063	85.6
2011	2,663,510	3,219,604	556,094	82.7	761,124	73.1

Camp Verde Marshals Plan (Health)

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2012	\$ -	\$ 72,549	\$ 72,549	- %	\$ 706,486	10.27 %
2012	-	113,920	113,920	-	779,063	14.62
2011	-	113,233	113,233	-	761,124	14.88

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 2,630,500	\$ 2,630,500	\$ 2,794,799	\$ 164,299
Intergovernmental	2,777,400	2,777,400	2,731,294	(46,106)
Fines and forfeitures	320,500	320,500	315,559	(4,941)
Licenses and permits	80,350	80,350	159,532	79,182
Charges for services	65,755	65,755	86,994	21,239
Investment income	20,000	20,000	16,275	(3,725)
Other revenue	42,370	42,370	2,119	(40,251)
Total revenue	<u>5,936,875</u>	<u>5,936,875</u>	<u>6,106,572</u>	<u>169,697</u>
Expenditures				
Marshal	2,088,908	2,137,200	2,140,020	(2,820)
Maintenance	426,779	445,082	453,629	(8,547)
Magistrate	369,651	374,679	359,676	15,003
Community development	360,035	360,035	342,326	17,709
Library	362,888	362,888	339,908	22,980
Risk management	340,010	340,010	272,869	67,141
Information technology	135,028	116,830	213,358	(96,528)
Parks and recreation	257,356	257,356	209,479	47,877
Town clerk	218,615	236,813	200,052	36,761
Town manager	190,965	190,965	186,837	4,128
Finance	187,783	187,783	170,138	17,645
Economic development	184,418	184,418	165,748	18,670
Non-departmental	367,970	308,731	164,762	143,969
Public works and streets	91,489	91,489	85,688	5,801
Storm water management	39,000	39,000	28,604	10,396
Mayor and council	27,284	27,284	20,226	7,058
Human resources	49,121	30,818	14,862	15,956
Total expenditures	<u>5,697,300</u>	<u>5,691,381</u>	<u>5,368,182</u>	<u>323,199</u>
Excess (deficiency) of revenue over (under) expenditures	<u>239,575</u>	<u>245,494</u>	<u>738,390</u>	<u>492,896</u>
Other financing sources				
Transfers in (out)	(455,174)	(455,174)	(403,048)	52,126
Total other financing sources	<u>(455,174)</u>	<u>(455,174)</u>	<u>(403,048)</u>	<u>52,126</u>
Net change in fund balances	(215,599)	(209,680)	335,342	545,022
Fund balances, July 1, 2012	<u>1,916,934</u>	<u>1,916,934</u>	<u>1,916,934</u>	<u>-</u>
Fund balances, June 30, 2013	<u><u>\$ 1,701,335</u></u>	<u><u>\$ 1,707,254</u></u>	<u><u>\$ 2,252,276</u></u>	<u><u>\$ 545,022</u></u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – HURF Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 725,000	\$ 725,000	750,879	25,879
Investment income	5,000	5,000	9,026	4,026
Other revenue	1,400	1,400	1,330	(70)
Total revenue	<u>731,400</u>	<u>731,400</u>	<u>761,235</u>	<u>29,835</u>
Expenditures				
Current				
Highways and streets	623,214	623,214	461,026	162,188
Capital outlay	82,000	82,000	24,518	57,482
Debt service				
Interest	-	-	8	(8)
Total expenditures	<u>705,214</u>	<u>705,214</u>	<u>485,552</u>	<u>219,662</u>
Excess (deficiency) of revenue over (under) expenditures	<u>26,186</u>	<u>26,186</u>	<u>275,683</u>	<u>249,497</u>
Other financing sources				
Transfers in (out)	<u>(256,587)</u>	<u>(256,587)</u>	<u>(146,809)</u>	<u>109,778</u>
Total other financing sources	<u>(256,587)</u>	<u>(256,587)</u>	<u>(146,809)</u>	<u>109,778</u>
Net change in fund balances	<u>(230,401)</u>	<u>(230,401)</u>	<u>128,874</u>	<u>359,275</u>
Fund balances, July 1, 2012	<u>1,146,087</u>	<u>1,146,087</u>	<u>1,146,087</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 915,686</u>	<u>\$ 915,686</u>	<u>\$ 1,274,961</u>	<u>\$ 359,275</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Parks Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other financing sources				
Transfers in (out)	\$ (240,090)	\$ (240,090)	\$ (238,721)	\$ 1,369
Total other financing sources	(240,090)	(240,090)	(238,721)	1,369
Net change in fund balances	(240,090)	(240,090)	(238,721)	1,369
Fund balances, July 1, 2012	(364,485)	(364,485)	(364,485)	-
Fund balances, June 30, 2013	<u>\$ (604,575)</u>	<u>\$ (604,575)</u>	<u>\$ (603,206)</u>	<u>\$ 1,369</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Capital Improvements Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Investment income	\$ -	\$ -	\$ 54	\$ 54
Total revenue	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>
Expenditures				
Current				
Public works and streets	\$ 109,406	\$ 109,406	\$ 66,004	\$ 43,402
Culture and recreation	115,000	120,919	128,052	(7,133)
Capital outlay	1,251,600	1,251,600	1,212,497	39,103
Total expenditures	<u>1,476,006</u>	<u>1,481,925</u>	<u>1,406,553</u>	<u>75,372</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,476,006)</u>	<u>(1,481,925)</u>	<u>(1,406,499)</u>	<u>75,426</u>
Other financing sources				
Capital lease acquisition	-	-	764,664	764,664
Transfers in (out)	784,999	784,999	634,302	(150,697)
Total other financing sources	<u>784,999</u>	<u>784,999</u>	<u>1,398,966</u>	<u>(150,697)</u>
Net change in fund balances	(691,007)	(696,926)	(7,533)	689,393
Fund balances, July 1, 2012	<u>694,216</u>	<u>694,216</u>	<u>694,216</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 3,209</u>	<u>\$ (2,710)</u>	<u>\$ 686,683</u>	<u>\$ 689,393</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2013

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.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

TOWN OF CAMP VERDE, ARIZONA
Combining Balance Sheet – All Non-Major Governmental Funds
By Fund Type
June 30, 2013

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Non-major Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,240,345	\$ -	\$ 1,240,345
Accounts receivable, net	69,122	-	69,122
Due from other governments	12,939	-	12,939
Loans receivable	141,493	-	141,493
Total assets	<u>\$ 1,463,899</u>	<u>\$ -</u>	<u>\$ 1,463,899</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 19,948	\$ -	\$ 19,948
Deferred revenue	230,594	-	230,594
Total liabilities	<u>250,542</u>	<u>-</u>	<u>250,542</u>
Fund balances			
Restricted	1,044,338	-	1,044,338
Committed	169,019	-	169,019
Total fund balances	<u>1,213,357</u>	<u>-</u>	<u>1,213,357</u>
Total liabilities and fund balances	<u>\$ 1,463,899</u>	<u>\$ -</u>	<u>\$ 1,463,899</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
All Non-Major Governmental Funds
By Fund Type
June 30, 2013

	Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenue			
Intergovernmental	\$ 799,901	\$ -	\$ 799,901
Fines and forfeitures	56,563	-	56,563
Contributions	16,478	-	16,478
Investment income	7,896	-	7,896
Other revenue	55,293	-	55,293
Total revenue	936,131	-	936,131
Expenditures			
Current			
General government	123,770	-	123,770
Public safety	106,452	-	106,452
Public works and streets	43	-	43
Health and welfare	-	118,766	118,766
Culture and recreation	3,379	-	3,379
Economic and community development	114,937	-	114,937
Capital outlay	538,720	-	538,720
Principal	-	159,076	159,076
Interest	-	114,668	114,668
Total expenditures	887,301	392,510	1,279,811
Excess (deficiency) of revenue over (under) expenditures	48,830	(392,510)	(343,680)
Other financing sources			
Transfers (out)	(238,234)	392,510	154,276
Total other financing sources	(238,234)	392,510	154,276
Net change in fund balances	(189,404)	-	(189,404)
Fund balances, July 1, 2012	1,402,761	-	1,402,761
Fund balances, June 30, 2013	\$ 1,213,357	\$ -	\$ 1,213,357

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NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes (other than major capital projects). The funds are usually required by statute, ordinance, or federal grant regulation to finance specified activities of the Town. The Town maintains the following non-major Special Revenue funds.

Housing Fund – accounts for revolving loan funds as well as the revenues and expenditures related to the HOME Grant.

Court Special Revenue Fund- accounts for Local JCEF, Fill the Gap and Court Enhancement revenues.

Nonfederal Grants Fund- accounts for all nonfederal grants received by the Town.

Yavapai-Apache Gaming Compact Fund- accounts for the gaming compact revenues received from the Yavapai-Apache Tribe.

Federal Grants Fund- accounts for the activity related to the Town's Federal grants with the exception of the Community Development Block Grant which is accounted for in a separate fund.

CDBG Grants Fund– accounts for the activity related to the Town's Community Development Block Grant.

9-1-1 Fund- accounts for 9-1-1 distributions.

Library Building Fund- accounts for contributions toward the Town's library.

Impact Fee Fund- accounts for development impact fees.

Donations Fund- accounts for gifts, donations, bequests and private grants made to the Town.

TOWN OF CAMP VERDE, ARIZONA
Combining Balance Sheet Non-Major Special Revenue Funds
June 30, 2013

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund	Federal Grants Fund
ASSETS					
Cash and cash equivalents	\$ 68,982	\$ 163,116	\$ 32,383	\$ 163,032	\$ 1,381
Accounts receivable, net	-	69,122	-	-	-
Due from other governments	-	1,649	-	-	11,290
	<u>141,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 210,475</u></u>	<u><u>\$ 233,887</u></u>	<u><u>\$ 32,383</u></u>	<u><u>\$ 163,032</u></u>	<u><u>\$ 12,671</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 20	\$ -	\$ 5,820	\$ -	\$ 354
Deferred revenue	<u>141,493</u>	<u>56,208</u>	<u>26,563</u>	<u>-</u>	<u>6,330</u>
Total liabilities	<u>141,513</u>	<u>56,208</u>	<u>32,383</u>	<u>-</u>	<u>6,684</u>
Fund balances					
Restricted	68,962	177,679	-	-	-
Committed	-	-	-	163,032	5,987
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>68,962</u>	<u>177,679</u>	<u>-</u>	<u>163,032</u>	<u>5,987</u>
Total liabilities and fund balances	<u><u>\$ 210,475</u></u>	<u><u>\$ 233,887</u></u>	<u><u>\$ 32,383</u></u>	<u><u>\$ 163,032</u></u>	<u><u>\$ 12,671</u></u>

CDBG Grants Fund	9-1-1 Fund	Library Building Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ -	\$ 2,560	\$ 516,438	\$ 278,001	\$ 14,452	\$ 1,240,345
-	-	-	-	-	69,122
-	-	-	-	-	12,939
-	-	-	-	-	141,493
<u>\$ -</u>	<u>\$ 2,560</u>	<u>\$ 516,438</u>	<u>\$ 278,001</u>	<u>\$ 14,452</u>	<u>\$ 1,463,899</u>
\$ -	\$ -	\$ 13,754	\$ -	\$ -	\$ 19,948
-	-	-	-	-	230,594
-	-	13,754	-	-	250,542
-	2,560	502,684	278,001	14,452	1,044,338
-	-	-	-	-	169,019
-	-	-	-	-	-
-	2,560	502,684	278,001	14,452	1,213,357
<u>\$ -</u>	<u>\$ 2,560</u>	<u>\$ 516,438</u>	<u>\$ 278,001</u>	<u>\$ 14,452</u>	<u>\$ 1,463,899</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
June 30, 2013

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund	Federal Grants Fund
Revenue					
Intergovernmental	\$ 25,000	\$ -	\$ 304,023	\$ 73,188	\$ 49,262
Fines and forfeitures	-	56,563	-	-	-
Contributions	-	-	-	-	-
Investment income	2,030	-	-	-	-
Other revenue	53,172	-	-	-	-
Total revenue	<u>80,202</u>	<u>56,563</u>	<u>304,023</u>	<u>73,188</u>	<u>49,262</u>
Expenditures					
Current					
General government	73,124	1,988	-	48,658	-
Public safety	-	-	73,329	-	28,492
Public works and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Economic and community development	114,137	-	-	-	800
Capital outlay	-	-	-	-	-
Total expenditures	<u>187,261</u>	<u>1,988</u>	<u>73,329</u>	<u>48,658</u>	<u>29,292</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(107,059)</u>	<u>54,575</u>	<u>230,694</u>	<u>24,530</u>	<u>19,970</u>
Other financing sources					
Transfers (out)	-	-	(230,694)	(32,000)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>(230,694)</u>	<u>(32,000)</u>	<u>-</u>
Net change in fund balances	<u>(107,059)</u>	<u>54,575</u>	<u>-</u>	<u>(7,470)</u>	<u>19,970</u>
Fund balances, July 1, 2012	<u>176,021</u>	<u>123,104</u>	<u>-</u>	<u>170,502</u>	<u>(13,983)</u>
Fund balances, June 30, 2013	<u>\$ 68,962</u>	<u>\$ 177,679</u>	<u>\$ -</u>	<u>\$ 163,032</u>	<u>\$ 5,987</u>

CDBG Grants Fund	9-1-1 Fund	Library Building Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 348,428	\$ -	\$ -	\$ -	\$ -	\$ 799,901
-	-	-	-	-	56,563
-	-	10,788	-	5,690	16,478
-	-	4,899	967	-	7,896
-	-	2,121	-	-	55,293
<u>348,428</u>	<u>-</u>	<u>17,808</u>	<u>967</u>	<u>5,690</u>	<u>936,131</u>
-	-	-	-	-	123,770
-	720	-	-	3,911	106,452
43	-	-	-	-	43
-	-	-	-	3,379	3,379
-	-	-	-	-	114,937
<u>372,345</u>	<u>-</u>	<u>151,649</u>	<u>14,726</u>	<u>-</u>	<u>538,720</u>
<u>372,388</u>	<u>720</u>	<u>151,649</u>	<u>14,726</u>	<u>7,290</u>	<u>887,301</u>
<u>(23,960)</u>	<u>(720)</u>	<u>(133,841)</u>	<u>(13,759)</u>	<u>(1,600)</u>	<u>48,830</u>
<u>23,960</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>(238,234)</u>
<u>23,960</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>(238,234)</u>
-	(720)	(133,341)	(13,759)	(1,600)	(189,404)
-	3,280	636,025	291,760	16,052	1,402,761
<u>\$ -</u>	<u>\$ 2,560</u>	<u>\$ 502,684</u>	<u>\$ 278,001</u>	<u>\$ 14,452</u>	<u>\$ 1,213,357</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Special Revenue Funds
Year Ended June 30, 2013

	Housing Fund			Court Special Revenue Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ 25,000	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	56,472	56,563	91
Contributions	-	-	-	-	-	-
Investment income	2,064	2,030	(34)	-	-	-
Other revenue	65,432	53,172	(12,260)	-	-	-
Total revenue	<u>92,496</u>	<u>80,202</u>	<u>(12,294)</u>	<u>56,472</u>	<u>56,563</u>	<u>91</u>
Expenditures						
Current						
General government	104,000	73,124	30,876	5,650	1,988	3,662
Public safety	-	-	-	-	-	-
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic and community development	25,000	114,137	(89,137)	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>129,000</u>	<u>187,261</u>	<u>(58,261)</u>	<u>5,650</u>	<u>1,988</u>	<u>3,662</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(36,504)</u>	<u>(107,059)</u>	<u>(70,555)</u>	<u>50,822</u>	<u>54,575</u>	<u>3,753</u>
Other financing sources						
Transfers in(out)	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(36,504)</u>	<u>(107,059)</u>	<u>(70,555)</u>	<u>50,822</u>	<u>54,575</u>	<u>3,753</u>
Fund balances, July 1, 2012	176,021	176,021	-	123,104	123,104	-
Fund balances, June 30, 2013	<u>\$ 139,517</u>	<u>\$ 68,962</u>	<u>\$ (70,555)</u>	<u>\$ 173,926</u>	<u>\$ 177,679</u>	<u>\$ 3,753</u>

Nonfederal Grants Fund			YAG Compact Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 596,000	\$ 304,023	\$ (291,977)	\$ -	\$ 73,188	\$ 73,188
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>596,000</u>	<u>304,023</u>	<u>(291,977)</u>	<u>-</u>	<u>73,188</u>	<u>73,188</u>
406,000	-	406,000	78,639	48,658	29,981
-	73,329	(73,329)	-	-	-
12,118	-	12,118	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>418,118</u>	<u>73,329</u>	<u>344,789</u>	<u>78,639</u>	<u>48,658</u>	<u>29,981</u>
177,882	230,694	52,812	(78,639)	24,530	103,169
(263,000)	(230,694)	(32,306)	(37,400)	(32,000)	(5,400)
<u>(263,000)</u>	<u>(230,694)</u>	<u>(32,306)</u>	<u>(37,400)</u>	<u>(32,000)</u>	<u>(5,400)</u>
(85,118)	-	20,506	(116,039)	(7,470)	97,769
-	-	-	170,502	170,502	-
<u>\$ (85,118)</u>	<u>\$ -</u>	<u>\$ 20,506</u>	<u>\$ 54,463</u>	<u>\$ 163,032</u>	<u>\$ 97,769</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Special Revenue Funds
Year Ended June 30, 2013
(Continued)

	Federal Grants Fund			CDBG Grants Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ 242,347	\$ 49,262	\$ (193,085)	\$ 353,643	\$ 348,428	\$ (5,215)
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	<u>242,347</u>	<u>49,262</u>	<u>(193,085)</u>	<u>353,643</u>	<u>348,428</u>	<u>(5,215)</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	28,492	(28,492)	-	-	-
Public works and streets	249,600	-	249,600	34,195	43	34,152
Culture and recreation	-	-	-	-	-	-
Economic and community development	-	800	(800)	-	-	-
Capital outlay	-	-	-	386,382	372,345	14,037
Total expenditures	<u>249,600</u>	<u>29,292</u>	<u>220,308</u>	<u>420,577</u>	<u>372,388</u>	<u>48,189</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(7,253)</u>	<u>19,970</u>	<u>27,223</u>	<u>(66,934)</u>	<u>(23,960)</u>	<u>42,974</u>
Other financing sources						
Transfers (out)	<u>7,253</u>	<u>-</u>	<u>7,253</u>	<u>66,934</u>	<u>23,960</u>	<u>42,974</u>
Total other financing sources	<u>7,253</u>	<u>-</u>	<u>7,253</u>	<u>66,934</u>	<u>23,960</u>	<u>42,974</u>
Net change in fund balances	<u>-</u>	<u>19,970</u>	<u>34,476</u>	<u>-</u>	<u>-</u>	<u>85,948</u>
Fund balances, July 1, 2011	<u>(13,983)</u>	<u>(13,983)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ (13,983)</u>	<u>\$ 5,987</u>	<u>\$ 34,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,948</u>

9-1-1 Fund			Library Building Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	10,000	10,788	788
-	-	-	5,000	4,899	(101)
-	-	-	-	2,121	2,121
-	-	-	<u>15,000</u>	<u>17,808</u>	<u>2,808</u>
-	-	-	-	-	-
-	720	(720)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	697,491	151,649	545,842
-	720	(720)	<u>697,491</u>	<u>151,649</u>	<u>545,842</u>
-	(720)	(720)	<u>(682,491)</u>	<u>(133,841)</u>	<u>548,650</u>
-	-	-	46,965	500	46,465
-	-	-	46,965	500	46,465
-	(720)	(720)	(635,526)	(133,341)	595,115
3,280	3,280	-	636,025	636,025	-
<u>\$ 3,280</u>	<u>\$ 2,560</u>	<u>\$ (720)</u>	<u>\$ 499</u>	<u>\$ 502,684</u>	<u>\$ 595,115</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Special Revenue Funds
Year Ended June 30, 2013
(Continued)

	Impact Fee Fund			Donations Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	1,400	5,690	4,290
Investment income	621	967	346	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	<u>621</u>	<u>967</u>	<u>346</u>	<u>1,400</u>	<u>5,690</u>	<u>4,290</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	12,427	3,911	8,516
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	5,982	3,379	2,603
Economic and community develop	-	-	-	-	-	-
Capital outlay	74,048	14,726	59,322	-	-	-
Total expenditures	<u>74,048</u>	<u>14,726</u>	<u>59,322</u>	<u>18,409</u>	<u>7,290</u>	<u>11,119</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(73,427)</u>	<u>(13,759)</u>	<u>59,668</u>	<u>(17,009)</u>	<u>(1,600)</u>	<u>15,409</u>
Other financing sources						
Transfers (out)	(46,465)	-	(46,465)	-	-	-
Total other financing sources	<u>(46,465)</u>	<u>-</u>	<u>(46,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(119,892)</u>	<u>(13,759)</u>	<u>13,203</u>	<u>(17,009)</u>	<u>(1,600)</u>	<u>15,409</u>
Fund balances, July 1, 2011	291,760	291,760	-	16,052	16,052	-
Fund balances, June 30, 2012	<u>\$ 171,868</u>	<u>\$ 278,001</u>	<u>\$ 13,203</u>	<u>\$ (957)</u>	<u>\$ 14,452</u>	<u>\$ 15,409</u>

Totals

Budget	Actual	Variance - Positive (Negative)
\$ 1,216,990	\$ 799,901	\$ (417,089)
56,472	56,563	91
11,400	16,478	5,078
7,685	7,896	211
65,432	55,293	(10,139)
<u>1,357,979</u>	<u>936,131</u>	<u>(421,848)</u>
594,289	123,770	470,519
12,427	106,452	(94,025)
295,913	43	295,870
5,982	3,379	2,603
25,000	114,937	(89,937)
<u>1,157,921</u>	<u>538,720</u>	<u>619,201</u>
<u>2,091,532</u>	<u>887,301</u>	<u>1,204,231</u>
<u>(733,553)</u>	<u>48,830</u>	<u>782,383</u>
<u>(225,713)</u>	<u>(238,234)</u>	<u>12,521</u>
<u>(225,713)</u>	<u>(238,234)</u>	<u>12,521</u>
(959,266)	(189,404)	794,904
<u>1,402,761</u>	<u>1,402,761</u>	<u>-</u>
<u>\$ 443,495</u>	<u>\$ 1,213,357</u>	<u>\$ 794,904</u>

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NON-MAJOR DEBT SERVICE FUND

Debt Service Fund- accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs.

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TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Debt Service Fund
Year Ended June 30, 2013

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Expenditures			
Current			
Health and welfare	\$ 117,764	\$ 118,768	\$ (1,004)
Debt service			
Principal	159,076	159,074	2
Interest	115,725	114,668	1,057
Total expenditures	392,565	392,510	55
Excess (deficiency) of revenue over (under) expenditures	(392,565)	(392,510)	55
Other financing sources			
Transfers in	392,565	392,510	(55)
Total other financing sources	392,565	392,510	(55)
Net change in fund balances	-	-	-
Fund balances, July 1, 2012	-	-	-
Fund balances, June 30, 2013	\$ -	\$ -	\$ -

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STATISTICAL SECTION

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the Town's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Town's financial activities take place and to help make comparisons with other municipalities.

Operating Information

These schedules contain information about the Town's operations and various resources to help the reader draw conclusions as to how the Town's financial information relates to the services provided by the Town.

Due to cost considerations for the accumulation of data, the Town has elected to present less than ten years of data, or data from less than nine years prior, for certain statistical schedules. This information will be accumulated and reported each year until the complete ten years of data is presented.

**TOWN OF CAMP VERDE, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)**

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:										
Invested in capital assets, net of related debt	\$ 10,132,430	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070	\$ 2,887,878	\$ 3,746,929
Restricted	2,460,792	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858	4,136,468	2,311,098
Unrestricted	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403	2,313,587	2,200,483
Total governmental activities net position	<u>\$ 14,856,506</u>	<u>\$ 13,967,183</u>	<u>\$ 13,343,669</u>	<u>\$ 13,428,607</u>	<u>\$ 13,175,421</u>	<u>\$ 13,064,863</u>	<u>\$ 11,932,977</u>	<u>\$ 10,909,331</u>	<u>\$ 9,337,933</u>	<u>\$ 8,258,510</u>
Primary government										
Invested in capital assets, net of related debt	\$ 10,132,430	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070	\$ 2,887,878	\$ 3,746,929
Restricted	2,460,792	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858	4,136,468	2,311,098
Unrestricted	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403	2,313,587	2,200,483
Total net position	<u>\$ 14,856,506</u>	<u>\$ 13,967,183</u>	<u>\$ 13,343,669</u>	<u>\$ 13,428,607</u>	<u>\$ 13,175,421</u>	<u>\$ 13,064,863</u>	<u>\$ 11,932,977</u>	<u>\$ 10,909,331</u>	<u>\$ 9,337,933</u>	<u>\$ 8,258,510</u>

Source: The source of this information is the Town's financial records.

**TOWN OF CAMP VERDE, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)**

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses										
General government	\$ 2,361,960	\$ 2,125,678	\$ 2,407,140	\$ 2,242,817	\$ 2,306,812	\$ 2,110,980	\$ 2,239,261	\$ 2,612,232	\$ 2,965,425	\$ 2,121,209
Public safety	2,317,487	2,209,435	2,233,318	2,250,649	2,439,899	2,463,833	2,310,866	1,916,994	1,073,301	1,752,643
Public works and streets	820,957	816,853	669,205	765,392	1,197,351	1,185,801	1,692,038	1,466,531	1,000,494	770,194
Health and welfare	136,266	131,300	131,331	107,603	145,237	77,523	10,000	-	-	-
Culture and recreation	735,840	561,166	630,502	695,151	995,711	1,334,525	1,265,748	1,080,657	708,377	961,374
Economic and community development	456,020	348,532	460,601	551,747	845,225	552,987	460,395	35,178	5,166	28,658
Interest on long-term debt	125,025	112,867	100,851	83,429	86,544	88,421	89,413	111,259	36,754	3,372
Total expenses	<u>6,953,555</u>	<u>6,305,831</u>	<u>6,632,948</u>	<u>6,696,788</u>	<u>8,016,779</u>	<u>7,814,070</u>	<u>8,067,721</u>	<u>7,222,851</u>	<u>5,789,517</u>	<u>5,637,450</u>
Program Revenues										
Charges for services:										
General government	18,221	43,244	304,918	303,797	304,269	399,952	582,776	1,312,310	912,135	683,488
Public safety	454,195	373,510	88,421	91,651	94,397	139,246	41,931	86,566	87,837	100,743
Public works and streets	500	5,942	3,429	55,132	56,109	-	21,887	2,050	-	50
Culture and recreation	35,274	36,957	43,746	88,751	101,703	160,177	193,536	60,222	59,954	113,614
Economic and community development	190,062	151,498	101,929	105,337	221,229	189,428	338,303	-	-	-
Operating grants and contributions	1,032,082	1,012,413	1,490,745	1,297,444	1,585,120	1,361,690	1,394,477	1,619,413	1,278,279	1,307,672
Capital grants and contributions	647,539	969,961	-	6,491	32,815	703,532	-	-	83,156	749,025
Total program revenues	<u>2,377,873</u>	<u>2,593,525</u>	<u>2,033,188</u>	<u>1,948,603</u>	<u>2,395,642</u>	<u>2,954,025</u>	<u>2,572,910</u>	<u>3,080,561</u>	<u>2,421,361</u>	<u>2,954,592</u>
Net Expense	<u>\$ (4,575,682)</u>	<u>\$ (3,712,306)</u>	<u>\$ (4,599,760)</u>	<u>\$ (4,748,185)</u>	<u>\$ (5,621,137)</u>	<u>\$ (4,860,045)</u>	<u>\$ (5,494,811)</u>	<u>\$ (4,142,290)</u>	<u>\$ (3,368,156)</u>	<u>\$ (2,682,858)</u>

Source: The source of this information is the Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Expense	\$ (4,575,682)	\$ (3,712,306)	\$ (4,599,760)	\$ (4,748,185)	\$ (5,621,137)	\$ (4,860,045)	\$ (5,494,811)	\$ (4,142,290)	\$ (3,368,156)	\$ (2,682,858)
General Revenues:										
Governmental activities:										
Taxes:										
Sales taxes	2,544,473	1,738,752	1,763,488	1,961,610	2,163,948	2,314,337	2,586,474	2,832,105	1,828,357	1,631,609
Franchise taxes	250,327	245,501	243,353	239,946	238,072	237,227	219,502	187,130	174,072	168,592
State shared revenues	2,567,890	2,325,940	2,441,489	2,755,897	3,091,906	3,154,857	2,919,698	2,714,144	2,378,270	2,244,308
Investment earnings	33,251	13,787	12,985	19,964	3,614	220,900	313,860	209,644	66,880	41,969
Miscellaneous	69,064	11,840	53,507	23,954	239,099	64,610	8,242	-	-	-
Total governmental activities	<u>5,465,005</u>	<u>4,335,820</u>	<u>4,514,822</u>	<u>5,001,371</u>	<u>5,736,639</u>	<u>5,991,931</u>	<u>6,047,776</u>	<u>5,943,023</u>	<u>4,447,579</u>	<u>4,086,478</u>
Changes in Net Position	<u>\$ 889,323</u>	<u>\$ 623,514</u>	<u>\$ (84,938)</u>	<u>\$ 253,186</u>	<u>\$ 115,502</u>	<u>\$ 1,131,886</u>	<u>\$ 552,965</u>	<u>\$ 1,800,733</u>	<u>\$ 1,079,423</u>	<u>\$ 1,403,620</u>

Source: The source of this information is the Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 632,000	\$ 832,000	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	3,349,778	2,990,296	2,732,574	3,518,376	3,229,020	2,475,296	2,385,425
Nonspendable	-	-	22,096	-	-	-	-	-	-	-
Committed	662,015	632,000	1,033,628	-	-	-	-	-	-	-
Unassigned	1,590,261	1,284,934	1,950,054	-	-	-	-	-	-	-
Total General Fund	<u>\$ 2,252,276</u>	<u>\$ 1,916,934</u>	<u>\$ 3,005,778</u>	<u>\$ 3,349,778</u>	<u>\$ 3,622,296</u>	<u>\$ 3,564,574</u>	<u>\$ 3,518,376</u>	<u>\$ 3,229,020</u>	<u>\$ 2,475,296</u>	<u>\$ 2,385,425</u>
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ 571,720	\$ 431,852	\$ 348,869	\$ 186,537	\$ -	\$ -	\$ -
Unreserved, reported in:										
HURF fund	-	-	-	924,322	606,419	463,892	(122,328)	100,704	100,538	14,924
Parks fund	-	-	-	(339,161)	(326,933)	(744,077)	1,660,258	1,346,233	972,176	678,201
Housing grant fund	-	-	-	77,166	57,800	-	-	45,916	-	-
Non-major Special revenue funds	-	-	-	294,374	296,350	445,566	336,599	48,364	287,683	162,383
Non-major Debt service funds	-	-	-	-	-	-	-	177,535	145,635	60,857
Non-major Capital projects funds	-	-	-	602,214	589,141	1,212,018	1,719,178	1,384,235	2,413,063	1,080,878
Nonspendable	-	79,345	83,198	-	-	-	-	-	-	-
Restricted	2,319,299	2,483,485	2,294,509	-	-	-	-	-	-	-
Committed	855,702	694,215	185,200	-	-	-	-	-	-	-
Unassigned	(603,206)	(378,467)	(559,961)	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,571,795</u>	<u>\$ 2,878,578</u>	<u>\$ 2,002,946</u>	<u>\$ 2,130,635</u>	<u>\$ 1,654,629</u>	<u>\$ 1,726,268</u>	<u>\$ 3,780,244</u>	<u>\$ 3,102,987</u>	<u>\$ 3,919,095</u>	<u>\$ 1,997,243</u>

Source: The source of this information is the Town's financial records.

Note: The Town implemented GASB 54 for the fiscal year ended June 30, 2011.

**TOWN OF CAMP VERDE, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Taxes	\$ 2,794,799	\$ 1,984,253	\$ 2,006,841	\$ 2,201,557	\$ 2,402,020	\$ 2,551,564	\$ 2,805,976	\$ 3,019,235	\$ 2,002,429	\$ 1,800,201
Intergovernmental	4,282,074	4,038,813	3,899,960	4,158,619	4,729,287	5,270,363	4,306,962	4,278,710	3,634,853	3,540,971
Fines and forfeits	372,122	335,496	278,736	297,058	257,625	342,149	535,170	549,294	410,064	327,701
Licenses and permits	159,532	123,738	102,725	106,006	184,016	150,852	242,345	438,119	319,639	215,631
Charges for services	86,994	86,787	82,052	110,892	248,940	227,056	292,339	259,712	182,462	230,619
Contributions and donations	16,478	361,292	106,964	26,009	45,397	75,038	70,100	75,171	179,218	26,244
Investment income	33,251	13,787	12,984	19,964	3,614	220,900	313,860	209,644	66,880	41,969
Rents and royalties	-	-	3,068	5,048	20,788	43,424	45,692	43,660	18,784	7,507
Other	58,742	36,021	149,967	23,784	126,628	73,206	19,968	170,363	128,977	116,437
Total revenues	<u>\$ 7,803,992</u>	<u>\$ 6,980,187</u>	<u>\$ 6,643,297</u>	<u>\$ 6,948,937</u>	<u>\$ 8,018,315</u>	<u>\$ 8,954,552</u>	<u>\$ 8,632,412</u>	<u>\$ 9,043,908</u>	<u>\$ 6,943,306</u>	<u>\$ 6,307,280</u>

Source: The source of this information is the Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenditures:										
Current -										
General government	\$ 2,307,763	\$ 2,064,569	\$ 2,333,981	\$ 2,081,749	\$ 2,225,758	\$ 2,075,036	\$ 2,190,340	\$ 2,602,842	\$ 3,395,796	\$ 2,140,861
Public safety	2,222,092	2,148,531	2,080,685	2,283,648	2,286,640	2,322,781	2,136,825	3,411,061	1,657,781	1,731,569
Public works and streets	655,285	688,127	528,172	625,582	682,696	1,072,780	1,583,979	1,374,738	923,922	1,059,509
Health and welfare	136,266	131,300	131,332	107,603	14,527	77,523	10,000	-	-	-
Culture and recreation	680,810	508,581	579,516	637,130	857,850	1,141,267	1,102,211	1,332,275	1,057,554	1,001,797
Economic and community development	455,170	352,412	345,807	469,503	816,146	531,984	434,940	35,375	5,166	28,658
Capital outlay	1,801,828	913,146	2,059,278	396,478	846,250	3,588,221	625,952	-	-	-
Debt service -										
Principal retirement	164,828	302,011	141,408	117,470	92,985	90,452	41,424	2,577	2,333	12,322
Interest and fiscal charges	116,056	84,722	103,044	89,070	92,185	94,061	95,054	118,089	39,031	3,372
Bond issuance costs	-	-	25,000	-	-	-	-	-	30,025	-
Total expenditures	<u>\$ 8,540,098</u>	<u>\$ 7,193,399</u>	<u>\$ 8,328,223</u>	<u>\$ 6,808,233</u>	<u>\$ 7,915,037</u>	<u>\$ 10,994,105</u>	<u>\$ 8,220,725</u>	<u>\$ 8,876,957</u>	<u>\$ 7,111,608</u>	<u>\$ 5,978,088</u>
Expenditures for capitalized assets	\$ 1,801,828	\$ 913,146	\$ 1,884,647	\$ 280,572	\$ 302,307	\$ 3,415,762	\$ 305,602	\$ 1,908,945	\$ 1,579,586	\$ 1,275,866
Debt service as a percentage of noncapital expenditures	4%	6%	4%	3%	2%	2%	2%	2%	1%	0%

Source: The source of this information is the Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excess (deficiency) of revenues over expenditures	\$ (736,106)	\$ (213,212)	\$ (1,684,926)	\$ 140,704	\$ 103,278	\$ (2,039,553)	\$ 411,687	\$ 166,951	\$ (168,302)	\$ 329,192
Other financing sources (uses):										
Capital lease agreements	764,664	-	208,237	62,784	18,459	-	42,123	-	-	-
Transfers in	266,480	1,729,132	411,442	499,244	1,219,431	1,974,620	71,915	-	13,233	34,730
Transfers out	(266,480)	(1,729,132)	(411,442)	(499,244)	(1,219,431)	(1,942,845)	(71,915)	-	(13,233)	(34,730)
Proceeds of long-term debt issuance	-	-	1,005,000	-	-	-	-	-	2,040,000	-
Proceeds from premium on long-term debt issuance	-	-	-	-	-	-	-	-	140,025	-
Total other financing sources (uses)	<u>764,664</u>	<u>-</u>	<u>1,213,237</u>	<u>62,784</u>	<u>18,459</u>	<u>31,775</u>	<u>42,123</u>	<u>-</u>	<u>2,180,025</u>	<u>-</u>
Changes in fund balances	<u>\$ 28,558</u>	<u>\$ (213,212)</u>	<u>\$ (471,689)</u>	<u>\$ 203,488</u>	<u>\$ 121,737</u>	<u>\$ (2,007,778)</u>	<u>\$ 453,810</u>	<u>\$ 166,951</u>	<u>\$ 2,011,723</u>	<u>\$ 329,192</u>

Source: The source of this information is the Town's financial records.

**TOWN OF CAMP VERDE, ARIZONA
TAX REVENUES BY CATEGORY
LAST NINE FISCAL YEARS
(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30								
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Retail Trade	\$ 990,166	\$ 686,400	\$ 691,160	\$ 701,977	\$ 832,860	\$ 898,920	\$ 1,068,343	\$ 1,108,776	\$ 546,790
Restaurants & Bars	437,452	309,169	301,925	307,921	319,393	324,358	321,300	305,811	252,532
Communications & Utilities	251,911	127,280	167,542	150,683	118,950	135,303	136,274	126,126	107,199
Construction	236,112	128,008	142,535	353,081	307,651	430,671	512,790	681,725	441,979
Real Estate, Rental & Leasing	170,973	147,728	134,821	140,596	122,225	111,852	121,702	115,071	94,460
Accommodation	131,748	88,626	84,609	110,798	142,302	148,694	139,946	116,911	98,706
Arts & Entertainment	92,444	59,604	62,416	53,087	62,039	56,874	52,342	42,792	3,362
Manufacturing	72,694	57,808	52,222	55,908	53,684	68,785	64,840	58,736	51,810
Services	57,851	45,369	42,630	59,894	133,860	43,705	44,090	48,833	66,629
Wholesale Trade	57,668	59,127	54,873	64,400	112,402	159,886	144,925	133,614	100,099
Other	42,385	26,309	28,756	36,839	54,597	81,322	102,832	137,798	72,896
Total	<u>\$ 2,541,404</u>	<u>\$ 1,735,428</u>	<u>\$ 1,763,489</u>	<u>\$ 2,035,184</u>	<u>\$ 2,259,963</u>	<u>\$ 2,460,371</u>	<u>\$ 2,709,385</u>	<u>\$ 2,876,192</u>	<u>\$ 1,836,462</u>
Total revenue % growth by year	46.4%	-1.6%	-13.3%	-9.9%	-8.1%	-9.2%	-5.8%	56.6%	N/A

Source: The source of this information is the Town's financial records.

Note: Information was not available prior to fiscal year 2005.
Camp Verde increased its local tax rates on 8/1/12; see the following page.

**TOWN OF CAMP VERDE, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Overlapping Rates						
Fiscal Year Ended June 30	Town of Camp Verde				Yavapai County	Arizona State
	Sales Tax	Hospitality	Real Property			
			Rentals	Construction		
2013	3.00	6.00	2.00	3.00	0.75	5.60
2012	2.00	4.00	2.00	3.00	0.75	6.60
2011	2.00	4.00	2.00	3.00	0.75	6.60
2010	2.00	4.00	2.00	3.00	0.75	6.60
2009	2.00	4.00	2.00	3.00	0.75	5.60
2008	2.00	4.00	2.00	3.00	0.75	5.60
2007	2.00	4.00	2.00	3.00	0.75	5.60
2006	2.00	4.00	2.00	3.00	0.75	5.60
2005	2.00	4.00	2.00	3.00	0.70	5.60
2004	2.00	4.00	2.00	3.00	0.70	5.60

Source: The source of this information is the Arizona Department of Revenue.

**TOWN OF CAMP VERDE, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Total Outstanding Debt		
	Revenue Bonds	Capital Leases	Loans Payable	Total Debt	Percentage of Personal Income	Per Capita
2013	\$ 2,446,200	\$ 770,465	\$ -	\$ 3,216,665	N/A	N/A
2012	2,600,000	11,463	5,276	2,616,739	0.04%	240
2011	2,685,000	224,305	9,665	2,918,970	0.05%	267
2010	1,765,000	68,502	13,638	1,847,140	0.03%	170
2009	1,845,000	39,592	17,234	1,901,826	0.03%	175
2008	1,925,000	30,862	20,490	1,976,352	0.03%	181
2007	2,005,000	38,367	23,437	2,066,804	0.03%	191
2006	2,040,000	-	25,168	2,065,168	0.03%	195
2005	-	-	27,745	27,745	0.00%	3
2004	-	-	30,078	30,078	0.00%	3

Source: The source of this information is the Town's financial records.

**TOWN OF CAMP VERDE, ARIZONA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	<u>Total Bonds</u>	<u>Per Capita</u>
2013	2,446,200	\$ 2,446,200	N/A
2012	2,600,000	\$ 2,600,000	238
2011	2,685,000	\$ 2,685,000	246
2010	1,765,000	\$ 1,765,000	162
2009	1,845,000	\$ 1,845,000	170
2008	1,925,000	\$ 1,925,000	177
2007	2,005,000	\$ 2,005,000	185
2006	2,040,000	\$ 2,040,000	193
2005	-	\$ -	0
2004	-	\$ -	0

Source: The source of this information is the Town's financial records.

**TOWN OF CAMP VERDE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Town</u>	<u>Estimated Amount Applicable to Town</u>
Overlapping:			
Yavapai County Community College District	\$ 40,470,000	3.0%	\$ 1,214,100
Direct:			
Town of Camp Verde	<u>3,216,665</u>	100.0%	<u>3,216,665</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,430,765</u></u>

Source: Arizona Department of Revenue (azdor.gov) Bonded Indebtedness report

Note: FY13 information was not available at the time the audit was completed.

**TOWN OF CAMP VERDE, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

6% Debt Limit

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Primary Assessed Value (HIDE)	\$ 65,576,506	\$ 71,284,066	\$ 81,699,851	\$ 93,710,990	\$ 110,746,846	\$ 106,919,901	\$ 73,375,205	\$ 63,401,800	\$ 56,247,835	\$ 51,686,854
Debt Limit	3,934,590	4,277,044	4,901,991	5,622,659	6,644,811	6,415,194	4,402,512	3,804,108	3,374,870	3,101,211
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 3,934,590</u>	<u>\$ 4,277,044</u>	<u>\$ 4,901,991</u>	<u>\$ 5,622,659</u>	<u>\$ 6,644,811</u>	<u>\$ 6,415,194</u>	<u>\$ 4,402,512</u>	<u>\$ 3,804,108</u>	<u>\$ 3,374,870</u>	<u>\$ 3,101,211</u>
Total net debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

20% Debt Limit

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 13,115,301	\$ 14,256,813	\$ 16,339,970	\$ 18,742,198	\$ 22,149,369	\$ 21,383,980	\$ 14,675,041	\$ 12,680,360	\$ 11,249,567	\$ 10,337,371
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 13,115,301</u>	<u>\$ 14,256,813</u>	<u>\$ 16,339,970</u>	<u>\$ 18,742,198</u>	<u>\$ 22,149,369</u>	<u>\$ 21,383,980</u>	<u>\$ 14,675,041</u>	<u>\$ 12,680,360</u>	<u>\$ 11,249,567</u>	<u>\$ 10,337,371</u>
Total net debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: The source of this information is the Town's financial records and the Yavapai County Assessor's Office.

Note: Information was not available prior to fiscal year 2005.
Camp Verde increased its local tax rates on 8/1/12; see the following page.

**TOWN OF CAMP VERDE, ARIZONA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Fiscal Year	Revenue Bonds				Coverage
	Excise Tax Revenue	Debt Service			
		Principal	Interest		
2013	\$ 5,362,690	\$ 153,800	\$ 112,998	20	
2012	4,310,193	85,000	102,793	23	
2011	4,448,330	85,000	82,725	27	
2010	4,957,453	80,000	85,250	30	
2009	5,493,926	80,000	87,600	33	
2008	5,706,421	80,000	89,650	34	
2007	5,725,674	35,000	91,475	45	
2006	5,733,379	-	86,706	66	
2005	4,380,699	-	-	N/A	
2004	4,044,509	-	-	N/A	

Source: The source of this information is the Town's financial records.

**TOWN OF CAMP VERDE, ARIZONA
 DEMOGRAPHIC AND ECONOMIC STATISTICS - YAVAPAI COUNTY
 LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Town of Camp Verde Population</u>	<u>Yavapai County Population</u>	<u>County Personal Income (1)</u>	<u>County Per Capita Income</u>	<u>County Unemployment Rate</u>
2012	10,925	212,637	\$ 6,722,907	\$ 31,617	8.7 %
2011	10,914	211,130	6,448,529	30,543	10.0
2010	10,873	210,249	6,223,793	29,602	10.8
2009	10,871	211,172	6,247,299	29,584	10.3
2008	10,892	211,211	6,578,410	31,146	5.5
2007	10,829	208,773	6,580,336	31,519	3.4
2006	10,596	204,082	6,038,349	29,588	4.1
2005	10,148	195,424	5,457,132	27,925	4.4
2004	10,014	187,822	4,825,508	25,692	4.7
2003	9,869	182,090	4,326,538	23,760	5.4

Sources: Population, Personal Income & Per Capita Income: US Census Bureau Estimates (census.gov)
 & Bureau of Economic Analysis (bea.gov)
 Unemployment Rate information from US Bureau of Labor Statistics (bls.gov)

Note: (1) - In thousands of dollars
 Information for FY13 was not available at the time of printing.

**TOWN OF CAMP VERDE, ARIZONA
 PRINCIPAL EMPLOYERS - YAVAPAI COUNTY
 PRIOR FISCAL YEAR AND TEN YEARS AGO**

Employer	2013	2003
Employees	Employees	Employees
Cliff Castle Casino & Hotel	471	N/A
Yavapai-Apache Nation	238	
Camp Verde School District	222	
Bashas	101	
Town of Camp Verde	96	
Out of Africa Wildlife Park	48	
Steve Coury Automotive	40	
Denny's	32	
US Forest Service	28	
Quintus	26	
Total	1,302	-

Source: The source of this information is the Town's financial records.

Note: Information for FY2003 was not available.

TOWN OF CAMP VERDE, ARIZONA
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government										
Management Services	4.8	5.1	5.4	5.4	5.2	7.2	5.0	7.0	6.0	6.0
Finance	2.0	2.0	1.0	2.5	2.0	2.1	2.9	2.9	2.9	3.0
Economic Development	1.3	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Municipal Court	5.6	5.6	5.6	5.5	6.0	6.0	6.0	6.0	6.0	6.0
Total General Government	<u>13.7</u>	<u>13.7</u>	<u>6.6</u>	<u>8.0</u>	<u>8.0</u>	<u>8.1</u>	<u>8.9</u>	<u>8.9</u>	<u>8.9</u>	<u>9.0</u>
Public Safety										
Marshal's Department	25.0	28.0	26.0	28.0	29.6	32.6	31.0	30.0	28.0	27.0
Animal Control	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	1.5	1.0
Total Public Safety	<u>26.0</u>	<u>29.0</u>	<u>27.0</u>	<u>30.0</u>	<u>31.6</u>	<u>34.6</u>	<u>33.0</u>	<u>32.0</u>	<u>29.5</u>	<u>28.0</u>
Public Works										
Engineering	1.0	1.0	1.0	2.5	1.5	1.0	1.0	0.0	0.0	0.0
HURF/Streets	6.0	5.4	5.0	3.5	6.5	7.0	6.0	6.0	8.5	7.9
Maintenance	7.3	6.4	7.0	6.0	6.0	7.0	8.0	7.0	6.0	5.5
Total Public Works	<u>14.3</u>	<u>12.8</u>	<u>13.0</u>	<u>12.0</u>	<u>14.0</u>	<u>15.0</u>	<u>15.0</u>	<u>13.0</u>	<u>14.5</u>	<u>13.4</u>
Library	5.2	5.4	4.2	5.0	5.4	5.4	4.6	4.9	4.9	4.4
Parks & Recreation	3.7	3.6	3.6	2.8	2.7	3.7	3.0	4.0	4.0	4.0
Community Development	5.0	5.0	4.0	4.0	5.0	7.0	6.0	8.0	7.0	7.0
Total Support and Administration	<u>13.9</u>	<u>14.0</u>	<u>11.8</u>	<u>11.8</u>	<u>13.1</u>	<u>16.1</u>	<u>13.6</u>	<u>16.9</u>	<u>15.9</u>	<u>15.4</u>
Total	<u>67.9</u>	<u>69.4</u>	<u>58.4</u>	<u>61.8</u>	<u>66.7</u>	<u>73.8</u>	<u>70.5</u>	<u>70.8</u>	<u>68.8</u>	<u>65.8</u>

Source: The Town's financial records.

**TOWN OF CAMP VERDE, ARIZONA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	22	19	17	30	30	31	29	26	26	25
Streets										
Streets (miles)	110	110	110	110	106	106	106	105	104	102
Streetlights	110	110	110	92	102	102	102	98	58	0
Traffic signals	6	6	6	2	2	2	2	2	2	2
Parks and Recreation										
Parks developed	4	4	4	4	3	2	2	2	2	2
Parks acreage	138	138	138	138	130	130	12	12	12	8
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1

Source: The source of this information is the Town's facilities records.

**TOWN OF CAMP VERDE, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>Fiscal Year Ended June 30</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government										
Business Licenses	650	582	555	597	576	556	544	542	511	463
Public Safety										
Total Incidents	11,614	11,234	10,420	8,916	8,348	10,281	9,741	9,821	8,959	8,175
Public Works										
Street Resurfacing (miles)	-	-	-	0.25	-	-	8.30	8.70	11.30	9.20
Library										
Circulation	51,303	63,580	59,883	76,813	80,139	69,349	62,855	58,722	53,565	54,581
Community Development										
Building Permits	387	312	341	364	128	107	151	348	220	161

Source: The source of this information is the Town's records.