

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



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

CAMP VERDE

THE OLDEST SETTLEMENT IN THE VERDE VALLEY SITE OF HISTORIC FORT VERDE. THE FIRST SETTLERS CAME INTO THE VALLEY IN FEBRUARY, 1865, FOLLOWED BY THE MILITARY IN AUGUST, 1865. ORIGINAL MILITARY AND HISTORIC BUILDINGS STILL STAND





Government Finance Officers Association

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**Town of Camp Verde
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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Town of Camp Verde

Gateway to the Verde Valley

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December 24, 2014

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, 2014. 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, 2014. 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, wastewater, 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 had 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. Local sales tax numbers increased again in FY14 to \$2.59 million. Sales tax numbers have not been that high since FY07. The two most significant portions of local sales tax revenues are retail and restaurant and bar, together making up 58% 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 is highlighted by the construction industry in Camp Verde which has slowed dramatically. Tax revenues from construction dropped 23% from FY13 to FY14.

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 2013 and 2014 fiscal year budget process, and has continued to update that plan annually. The Town was successful in obtaining secured ADOT funding to improve Highway 260 towards Cottonwood & Jerome. This project along with the transfer of Sewer District operations to the Town in FY14 have enabled the Town to begin detailed economic development plans along the Highway 260 corridor. Through these most recent difficult economic times (FY07-FY14), the Town has remained financially strong, increasing its Unassigned General Fund balance again in FY14 to over \$1.8 million.

Major Initiatives:

Voters approved the dissolution of the Camp Verde Sanitary District by vote in the March 2013 general election. The Town officially took over operations on July 1, 2013, completing a full year of service on June 30, 2014.

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

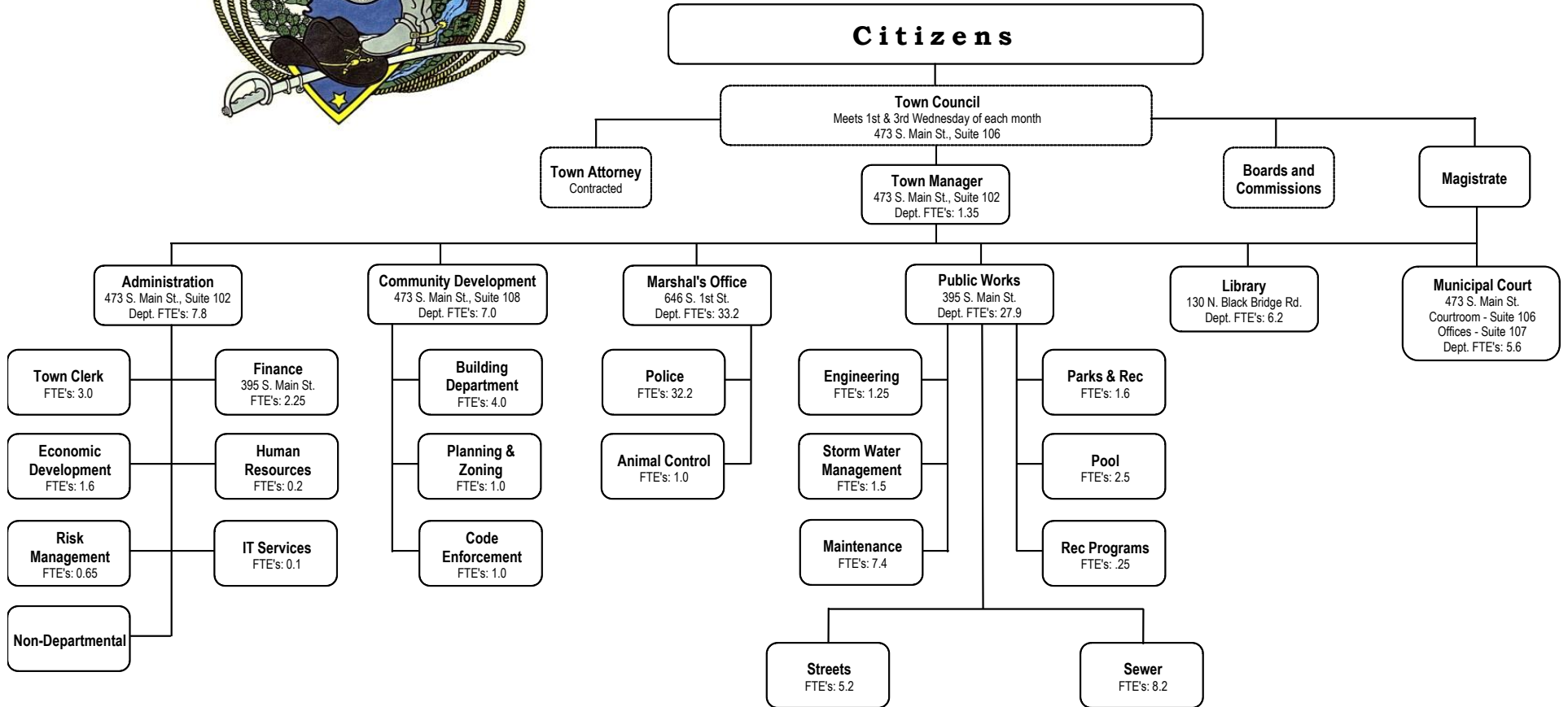


Michael E. Showers
Finance Director



Town of Camp Verde, Arizona

Town Organization Chart





Town of Camp Verde

Key Officials and Staff



Mayor and Council Members (Left to right)

Front Row: Councilor Robin Whatley, Vice-Mayor Jackie Baker, Councilor Carol German

Back Row: Councilor Bruce George, Councilor Brad Gordon, Mayor Charlie German, Councilor Jessie Jones.

Russ Martin, *Town Manager*
Deborah Barber, *Town Clerk*
Mike Showers, *Finance Director*
Nancy Gardner, *Marshal*
Kathy Hellman, *Library Director*
Harry Cipriano, *Presiding Magistrate*

Department Heads

Michael Jenkins, *Community Development Director*
Ronald Long, *Engineer/Public Works Director*
Steve Ayers, *Economic Development Director*
Veronica Pineda, *Court Supervisor*
Carol Brown, *Risk Management*

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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 business-type activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2014, 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 5–15 and 52–55 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, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules 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 24, 2014, 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 24, 2014

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

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, 2014. Please read it in conjunction with the Town's basic financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- Beginning July 1, 2013, the Town took-over the operations of the Camp Verde Sanitary District (the District) and maintains them in a separate enterprise fund. While all operating assets were brought under the Town's direct ownership in the enterprise fund, the District's debt and debt related cash and receivables remain a part of the District and are kept separately in an agency fund by the Town as Trustee of the District. This transfer of ownership increased the Town's government-wide assets by just over \$20 million. The impact of the increased assets without the corresponding debt has a major impact on the Town's 2013-14 fiscal year financial statements.
- The Town's government-wide net position from governmental activities increased \$358,160 to just over \$15.2 million, representing a slim increase of 6 percent from fiscal year 2012-13.
- Government-wide total assets decreased by only \$75,000, however, there was a nearly \$500,000 drop in total cash and equivalents which came almost entirely from the non-major funds. General Fund cash, alternatively, increased \$227,832 from fiscal year 2012-13.
- General revenues from governmental activities accounted for just over \$5.664 million of revenues, or 74 percent of all revenues from governmental activities, a 4 point increase from fiscal year 2012-13. State shared revenues, which make up 49% of the general revenues from governmental activities increased just over \$190,000 to \$2,758,435.
- Expenses from governmental activities were up from fiscal year 2012-13 by \$376,979, most of which, \$284,428 comes increased spending on public safety. Most of that increase was for increased officers and pay.
- Among major governmental funds, the General Fund had \$6.4 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 \$5.7 million with a net total of \$416,378 in transfers out to other funds. The General Fund's fund balance increased by \$254,628 to \$2.5 million. HURF Fund revenues of \$826,413 were a modest amount higher than last fiscal year's revenues of \$761,235, however, expenditures (\$634,858) and transfers out increased more significantly by \$177,247 which left the HURF fund balance relatively unchanged (\$16,805 increase) from last fiscal year. The main causes for the increased expenses were the purchase of equipment for \$90,000 and increases to wages and related costs of over \$45,000.

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

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.

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 categories:

- **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.
- **Business-type activities** – The Town took over the Camp Verde Sanitary District operations on July 1, 2013. Those operations are included here and include fee-for-service billing of residential and commercial accounts as well as all expenses for operating and maintaining the sewer system.

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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.

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

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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.

The Town maintains fifteen (14) 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 and Parks 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.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for the operations of wastewater services. The Wastewater Fund, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages 24 - 27 of this report.

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. The Town maintains two separate fiduciary funds.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$15.2 million as of June 30, 2014.

The largest portion of the Town's net position (72 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 (8 percent), redevelopment, housing and special programs (1 percent). The remaining balance of unrestricted net position (\$2.456 million, 16 percent) may be used to meet the Town's ongoing obligation to citizens.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets	\$ 5,226,680	\$ 5,711,142	\$ 892,220	\$ -	\$ 6,118,900	\$ 5,711,142
Capital assets, net	13,858,202	13,428,682	18,613,499	-	\$ 32,471,701	\$ 13,428,682
Other non-current assets	171,731	191,787	-	-	\$ 171,731	\$ 191,787
Total assets	19,256,613	19,331,611	19,505,719	-	38,762,332	19,331,611
Liabilities						
Current and other liabilities	1,062,788	1,396,847	57,786	-	\$ 1,120,574	\$ 1,396,847
Long-term liabilities	2,979,159	3,078,258	-	-	\$ 2,979,159	\$ 3,078,258
Total liabilities	4,041,947	4,475,105	57,786	-	4,099,733	4,475,105
Net Position						
Net investment in capital assets	10,488,341	10,132,430	18,613,499	-	\$ 29,101,840	\$ 10,132,430
Restricted	2,270,348	2,460,792	-	-	\$ 2,270,348	\$ 2,460,792
Unrestricted	2,455,977	2,263,284	834,434	-	\$ 3,290,411	\$ 2,263,284
Total net position	\$ 15,214,666	\$ 14,856,506	\$ 19,447,933	\$ -	\$ 34,662,599	\$ 14,856,506

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

- The Town took over assets and operations of the Camp Verde Sanitary District adding over \$19 million in net position.
- The largest impact on both assets and liabilities came from the Capital Improvements Fund where \$189,000 payable was paid out and further draws against cash for budgeted projects totaled \$361,000.
- The Library Fund also saw a decrease in cash (\$240,000) for expenses toward the construction of the new library building.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net position. The Town's total revenues for the fiscal year ended June 30, 2014, were \$7.69 million, down 2% from the previous year. The total cost of all governmental programs and services was \$7.3 million, up 5% from last year. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and 2013.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 738,650	\$ 698,252	\$ 1,036,287		\$ 1,774,937	\$ 698,252
Operating grants and contributions	1,103,424	1,032,082			1,103,424	1,032,082
Capital grants and contributions	182,421	647,539			182,421	647,539
General revenues:						
Town sales taxes	2,597,901	2,544,473			2,597,901	2,544,473
Franchise taxes	267,059	250,327			267,059	250,327
State shared revenue	2,758,435	2,567,890			2,758,435	2,567,890
Investment earnings	27,714	33,251	1,621		29,335	33,251
Miscellaneous	13,090	69,064			13,090	69,064
Special Item			20,077,637		20,077,637	-
Total revenues	7,688,694	7,842,878	21,115,545	-	28,804,239	7,842,878
Expenses						
General government	2,383,176	2,361,960			2,383,176	2,361,960
Public safety	2,601,915	2,317,487			2,601,915	2,317,487
Public works and streets	1,009,909	820,957			1,009,909	820,957
Health and welfare	131,233	136,266			131,233	136,266
Culture and recreation	686,137	735,840			686,137	735,840
Economic and community development	411,023	456,020			411,023	456,020
Interest on long-term debt	107,141	125,025			107,141	125,025
Wastewater			1,667,612	-	1,667,612	-
Total expenses	7,330,534	6,953,555	1,667,612	-	8,998,146	6,953,555
Increase/ (decrease) in net position	358,160	889,323	19,447,933	-	19,806,093	889,323
Net position, beginning	14,856,506	13,967,183			14,856,506	13,967,183
Net position, ending	\$ 15,214,666	\$ 14,856,506	\$ 19,447,933	\$ -	\$ 34,662,599	\$ 14,856,506

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

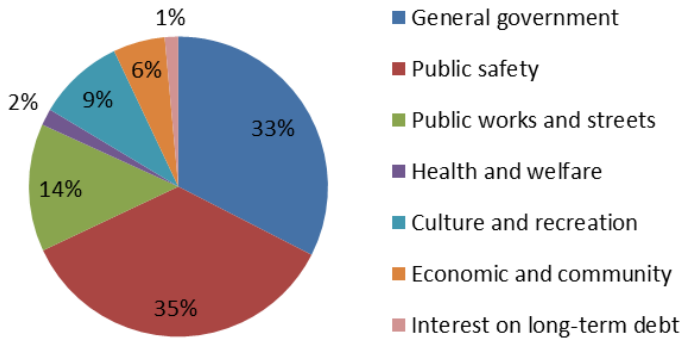
- The Town took over assets and operations of the Camp Verde Sanitary District adding over \$19 million in net position. The Special Item line is a one-time reflection of the increase in assets from that transfer of operations under business-type activities.
- Capital grants dropped \$465,000 due mostly to the completion of a CDBG grant in the previous year and a significant drop in county flood control monies from non-activity in the current year.
- State shared revenues increased \$190,000 from the previous year mostly on increased state income tax revenues (\$100,000) though state sales tax was up as well (\$56,000).
- Both public safety and public works and streets saw the largest changes in expenses. Public safety expenses increased \$284,000 (12%) due to increases in pay and personnel. Public works and streets expenses were up \$189,000 (23%) due mainly to pay increases (\$47,000) and the purchase of a new water truck (\$90,000).

The following table presents the cost of the 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.

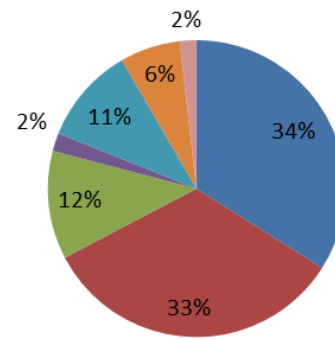
	<u>Year Ended June 30, 2014</u>		<u>Year Ended June 30, 2013</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental activities				
General government	\$ 2,383,176	\$ (2,332,003)	\$ 2,361,960	\$ (2,343,739)
Public safety	2,601,915	(2,076,083)	2,317,487	(1,838,499)
Public works and streets	1,009,909	(40,893)	820,957	187,415
Health and welfare	131,233	(131,233)	136,266	(136,266)
Culture and recreation	686,137	(410,966)	735,840	(522,372)
Economic and community development	411,023	(207,720)	456,020	144,082
Interest on long-term debt	107,141	(107,141)	125,025	(125,025)
Net	<u>\$ 7,330,534</u>	<u>\$ (5,306,039)</u>	<u>\$ 6,953,555</u>	<u>\$ (4,634,404)</u>
Business-Type Activities				
Wastewater	\$ 1,667,612	\$ (631,325)	\$ -	\$ -
Net	<u>\$ 1,667,612</u>	<u>\$ (631,325)</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 8,998,146</u>	<u>\$ (5,937,364)</u>	<u>\$ 6,953,555</u>	<u>\$ (4,634,404)</u>

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

Fiscal Year 2014 Expenses



Fiscal Year 2013 Expenses



- The total cost of primary government activities of nearly \$9.0 million was subsidized by grants and charges for services of \$3.06 million leaving a net unsubsidized expense amount of \$5.94 million.
- Governmental activities on their own have a net unsubsidized amount of \$5.3 million but cover that amount completely with general revenues of \$5.66 million.
- Business-type activities show a net unsubsidized amount of \$631,325. This shortage of user fees from expenses is entirely made up of current year depreciation expense. As such, the wastewater program expenses were entirely covered by user fees.

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.

As of the end of the Town's fiscal year, its governmental funds reported combined ending fund balances of just over \$4.5 million, a decrease of \$300,000 from the prior year. Approximately 27 percent of the ending fund balance (\$1.23 million) constitutes *unassigned fund balance*, which is actually up \$243,000 from the prior year. Unassigned fund balance is the amount 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 assigned, committed or restricted for long term receivables (\$632,000), legal defense (\$30,056), HURF (\$1,291,766) and special programs (\$1.35 million) which includes grants and capital improvements.

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 just over \$2.5 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 44 percent of total General Fund expenditures.

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

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

Governmental fund key factors are as follows:

- The fund balance of the Town's General Fund increased by \$254,628 during the fiscal year as revenue increases kept pace with increased expenses. This year's fund balance increase is very similar to last year's increase of \$335,342.
- The fund balance in the HURF Fund increased as well \$16,805 to a total of nearly \$1.3 million. Although less of an increase than last year's \$128,874, the increase has enabled the Town the opportunity to go after valuable federal grants with significant match requirements.
- The fund balance of the Parks Fund decreased by \$10,000 as its equity has been used to fund maintenance expenses at the Town's parks. The Parks Fund is expected to be supported through grant and local contributions.

Proprietary funds. The proprietary fund financial statements are prepared on the same accounting basis and measurement as the government-wide financial statements, but provide additional detail of the Town's enterprise fund.

Proprietary fund key factors are as follows:

- The transfer of wastewater assets to the Town on July 1, 2013 brought in \$20 million of assets related to wastewater operations.
- The \$1 million of user fees collected were nearly \$89,000 higher than expenses before depreciation.
- The ending fund balance in the wastewater fund was \$19,447,933.

BUDGETARY HIGHLIGHTS

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

- Revenues in the General Fund were 3% short of budget at \$6.4 million. Most of the shortage was due to city taxes which were \$189,912, or 6% under budget with construction and retail being the most significant categories under budget.
- General Fund expenditures were less than budgeted by \$328,773 or 5%. \$164,950 was under budget from unused contingency funds. The remaining \$163,823 was spread out evenly across all departments in reduced overall spending.
- Across all governmental funds, the two significant portions of budget adjustments were: 1) reallocating personnel budget costs from the the Federal Grants Fund to the Non-Federal Grants Fund (\$56,835) and 2) The use of Contingency & Employee payouts (\$60,000).
- HURF revenues were over budget \$70,013 or 9%. The contributing factors here were grant reimbursements for equipment use (\$21,000), equipment sales (\$18,000) and higher state highway user funds (\$27,196).
- HURF expenditures were \$75,567 under budget (11%) and when coupled with operating transfers out which were \$118,821 under budget due to a federal grant project that was put on hold, the HURF fund balance increases \$264,401, significantly over the projected \$247,596 decrease.

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

CAPITAL ASSETS

As of June 30, 2014, the Town had invested \$17.7 million in governmental capital assets and \$23.27 million in business-type assets (both before depreciation) including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year in governmental and business-type activities was \$539,510 and \$744,386 respectively.

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,868,719	\$ 5,868,719	\$ 1,275,828	\$ -	\$ 7,144,547	\$ 5,868,719
Construction in progress	871,704	451,498	101,522	-	973,226	451,498
Buildings and improvements	3,833,184	3,792,840	406,260	-	4,239,444	3,792,840
Infrastructure	3,377,961	3,339,075	21,182,275	-	24,560,236	3,339,075
Machinery and equipment	2,811,823	2,544,596	303,756	-	3,115,579	2,544,596
Improvements other than buildings	953,431	913,394	-	-	953,431	913,394
Accumulated depreciation	(3,858,620)	(3,481,440)	(4,656,142)	-	(8,514,762)	(3,481,440)
Total	\$ 13,858,202	\$ 13,428,682	\$ 18,613,499	\$ -	\$ 32,471,701	\$ 13,428,682

Governmental capital asset key factors during the current fiscal year included the following:

- The Town added \$437,122 in construction in progress expenses and only placed \$16,916 in service; a net increase of \$420,206. The largest investments were in the new library building (\$249,039), the Main Street and Middle Verde Road intersection improvements (\$84,330) and further improvements to the Cliffs Parkway drainage channel (\$66,396).
- The Town added \$429,557 in Autos and Equipment and sold \$162,330 for a net increase in machinery and equipment of \$267,227. Most notable in the additions were a 2013 Freightliner 108SD (\$124,730) and a 2007 Peterbuilt water truck (\$89,899).

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

DEBT ADMINISTRATION

As of June 30, 2014, the Town had \$3.37 million in long-term debt. Of that amount, 2.98 million is bond and lease debt of which \$333,583 is due within one year. Principle payments for bond and capital lease debt for the year were \$317,093. The Town does not have any business-type activity debt. Compensated absences increased \$72,865 to \$390,702 and coupled with the \$317,093 payments against debt for the year, the total outstanding long-term debt decreased by \$244,228. The following table presents a summary of the Town's outstanding long-term debt and compensated absences for the fiscal years ended June 30, 2014 and 2013.

	Governmental Activities	
	2014	2013
Compensated absences payable	\$ 390,702	\$ 317,837
Capital leases payable	625,669	770,465
2005 Revenue bonds payable	1,410,000	1,505,000
2005 Revenue bonds premium	72,406	79,587
2011 Revenue bonds payable	871,084	941,200
Total	3,369,861	3,614,089

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 70 percent on average 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 make final preparations for a new library facility with final design and construction beginning in 2015. This will increase the library size and community space about 4 times the current amount and is supported by over 10 years of community fundraising. Another large construction project starting in early 2015 will be a new 26,000 square foot medical center on 29 acres of land. Both projects will spur-on construction tax revenues in later FY15. However as always 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 consistent under-spending of budgeted expenses again this past year. Departments continued to save across all areas of their budgets this past year. We continue to make progress on expensive longstanding capital projects within the budget originally scoped. The future must consider additional revenue generation from growth or other areas if we are to make faster or more comprehensive progress on long awaited capital improvements beyond the library. In the coming years we will continue a plan to only spend what we take in and hope

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

ECONOMIC Factors AND NEXT YEAR'S BUDGET (CONTINUED)

to rebuild our reserves through a conservative projection of revenues as well as continued conservative spending by departments. It is important to note that during the time since 2007, 22 positions were vacated to maintain an adequate reserve while accomplishing some outstanding capital projects. In this past year we were able to replace some of these previously lost positions short of where we were back in 2007 but continue to make progress to expand our service levels and project accomplishments in areas that hopefully will generate new revenue.

Management continues to believe that the conservative approach taken in the past few years has led to the success of the Town 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, it is hoped that new revenues will allow for capital projects to become reality. Consideration late in the year for a new revenue source will lead to future opportunities to fund projects in the Capital Improvement Plan that have been put off for years as well as add others that had yet to even be considered due to the limited capital available in the past.

As a result of the thoughtful leadership of the town council and the managerial judgment of the Town's management team, we continue to be 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. This reality is on the near horizon with many planned construction projects in the works over the next year as well as years to come.

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.

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BASIC FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,341,409	\$ 730,566	\$ 5,071,975
Cash - restricted	223,862	-	223,862
Accounts receivable - net	378,627	159,732	538,359
Due from other governments	282,782	1,922	284,704
Loan receivable	126,903	-	126,903
Capital assets, not being depreciated	6,740,423	1,377,350	8,117,773
Capital assets, being depreciated, net	7,117,779	17,236,149	24,353,928
Total assets	19,211,785	19,505,719	38,717,504
LIABILITIES			
Accounts payable	319,427	32,693	352,120
Accrued expenses	146,345	-	146,345
Interest payable	51,005	-	51,005
Deferred revenue	70,106	-	70,106
Court bonds payable	6,041	-	6,041
Claims payable	79,162	-	79,162
Noncurrent liabilities			-
Due within 1 year	709,831	25,093	734,924
Due in more than 1 year	2,660,030	-	2,660,030
Total liabilities	4,041,947	57,786	4,099,733
NET POSITION			
Net investment in capital assets	10,488,341	18,613,499	29,101,840
Restricted for:			-
Highways and streets	1,291,766	-	1,291,766
Housing redevelopment	198,458	-	198,458
Special programs	780,124	-	780,124
Unrestricted (deficit)	2,411,149	834,434	3,245,583
Total net position	\$ 15,169,838	\$ 19,447,933	\$ 34,617,771

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Activities
Year Ended June 30, 2014

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	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 2,383,176	\$ 51,173	\$ -	\$ -	\$ (2,332,003)	\$ -	\$ (2,332,003)
Public safety	2,601,915	412,704	84,996	28,132	(2,076,083)	-	(2,076,083)
Public works and streets	1,006,300	42,817	777,196	149,003	(37,284)	-	(37,284)
Health and welfare	131,233	-	-	-	(131,233)	-	(131,233)
Culture and recreation	684,280	43,565	226,320	5,286	(409,109)	-	(409,109)
Economic and community development	411,023	188,391	14,912	-	(207,720)	-	(207,720)
Interest of long-term debt	107,141	-	-	-	(107,141)	-	(107,141)
Total governmental activities	7,325,068	738,650	1,103,424	182,421	(5,300,573)	-	(5,300,573)
Business-type activities							
Wastewater	1,667,612	1,036,287	-	-	-	(631,325)	(631,325)
Total business-type activities	1,667,612	1,036,287	-	-	-	(631,325)	(631,325)
Total primary government	<u>\$ 8,992,680</u>	<u>\$ 1,774,937</u>	<u>\$ 1,103,424</u>	<u>\$ 182,421</u>	<u>\$ (5,300,573)</u>	<u>\$ (631,325)</u>	<u>\$ (5,931,898)</u>
General revenue:							
Taxes:							
Sales Taxes					2,597,901	-	2,597,901
Franchise tax					267,059	-	267,059
State shared revenue					2,758,435	-	2,758,435
Investment income					27,714	1,621	29,335
Miscellaneous					13,090	-	13,090
Special item - Transfer of wastewater operations					-	20,077,637	20,077,637
Total general revenue and special items					<u>5,664,199</u>	<u>20,079,258</u>	<u>25,743,457</u>
Change in net position					363,626	19,447,933	19,811,559
Net position, July 1, 2013, restated					14,806,212	-	14,806,212
Net position, June 30, 2014					<u>\$ 15,169,838</u>	<u>\$ 19,447,933</u>	<u>\$ 34,617,771</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	HURF Fund	Parks Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,704,280	\$ 1,243,941	\$ 18,794	\$ 1,374,352	\$ 4,341,367
Cash - restricted	223,862	-	-	-	223,862
Accounts receivable, net	174,039	-	-	-	174,039
Due from other governments	272,932	73,688	-	140,750	487,370
Loans receivable	-	-	-	126,903	126,903
Due from other funds	670,867	-	-	-	670,867
Total assets	\$ 3,045,980	\$ 1,317,629	\$ 18,794	\$ 1,642,005	\$ 6,024,408
LIABILITIES					
Accounts payable	\$ 250,554	\$ 25,863	\$ -	\$ 42,968	\$ 319,385
Accrued expenses	146,345	-	-	-	146,345
Court bonds payable	6,041	-	-	-	6,041
Claims payable	79,162	-	-	-	79,162
Due to other funds	-	-	632,000	38,867	670,867
Total liabilities	482,102	25,863	632,000	81,835	1,221,800
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	56,974	-	-	207,836	264,810
Total deferred inflows of resources	56,974	-	-	207,836	264,810
FUND BALANCES					
Restricted	-	1,291,766	-	851,679	2,143,445
Committed	662,056	-	-	11,214	673,270
Assigned	-	-	-	491,190	491,190
Unassigned	1,844,848	-	(613,206)	(1,749)	1,229,893
Total fund balances	2,506,904	1,291,766	(613,206)	1,352,334	4,537,798
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,045,980	\$ 1,317,629	\$ 18,794	\$ 1,642,005	\$ 6,024,408

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, 2014

Fund balances--total governmental funds		\$ 4,537,798
<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	17,716,823	
Less accumulated depreciation	<u>(3,858,621)</u>	
		13,858,202
<p>Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.</p>		
Reimbursable grant expenditures	10,827	
Loan receivable	126,903	
Fines receivable	<u>56,974</u>	
		194,704
<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	(390,702)	
Revenue bonds payable	(2,281,084)	
Revenue bonds premium	(72,405)	
Lease purchase	(614,962)	
Capital leases	(10,708)	
Interest payable	<u>(51,005)</u>	
		<u>(3,420,866)</u>
Net position of governmental activities		<u><u>\$ 15,169,838</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, 2014

	General Fund	HURF Fund	Parks Fund	Non-Major Governmental Funds	Total Governmental Fund
Revenue					
Taxes	\$ 2,864,959	\$ -	\$ -	\$ -	\$ 2,864,959
Intergovernmental	3,037,936	777,196	-	393,623	4,208,755
Fines and forfeitures	231,455	-	-	44,245	275,700
Licenses and permits	160,321	-	-	-	160,321
Charges for services	92,682	-	-	-	92,682
Contributions	-	-	-	17,389	17,389
Investment income	12,753	9,686	-	5,275	27,714
Other revenue	14,325	39,531	-	14,912	68,768
Total revenue	<u>6,414,431</u>	<u>826,413</u>	<u>-</u>	<u>475,444</u>	<u>7,716,288</u>
Expenditures					
Current					
General government	2,210,720	-	-	106,039	2,316,759
Public safety	2,298,047	-	-	102,038	2,400,085
Public works and streets	198,138	526,709	-	16,453	741,300
Health and welfare	12,500	-	-	118,733	131,233
Culture and recreation	578,484	-	-	45,512	623,996
Economic and community development	379,753	-	-	11,848	391,601
Capital outlay	60,069	108,149	-	800,813	969,031
Debt service					
Principal	4,506	-	-	314,821	319,327
Interest	1,208	-	-	116,859	118,067
Total expenditures	<u>5,743,425</u>	<u>634,858</u>	<u>-</u>	<u>1,633,116</u>	<u>8,011,399</u>
Excess (deficiency) of revenue over (under) expenditures	<u>671,006</u>	<u>191,555</u>	<u>-</u>	<u>(1,157,672)</u>	<u>(295,111)</u>
Other financing sources					
Capital lease acquisition	-	-	-	8,838	8,838
Transfers (out)	(416,378)	(174,750)	(10,000)	601,128	-
Total other financing sources	<u>(416,378)</u>	<u>(174,750)</u>	<u>(10,000)</u>	<u>609,966</u>	<u>8,838</u>
Net change in fund balances	254,628	16,805	(10,000)	(547,706)	(286,273)
Fund balances, July 1, 2013	<u>2,252,276</u>	<u>1,274,961</u>	<u>(603,206)</u>	<u>1,900,040</u>	<u>4,824,071</u>
Fund balances, June 30, 2014	<u>\$ 2,506,904</u>	<u>\$ 1,291,766</u>	<u>\$ (613,206)</u>	<u>\$ 1,352,334</u>	<u>\$ 4,537,798</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, 2014

Net change in fund balances--total governmental funds		\$ (286,273)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Capital outlay	969,031	
Depreciation expense	(539,510)	
		429,521
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(27,594)
<p>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.</p>		
Capital lease acquisition	(8,838)	
Principal repaid	165,116	
Capital lease repaid	153,633	
		309,911
<p>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.</p>		
Interest expense	10,926	
Change in compensated absences	(72,865)	
		(61,939)
Change in net position of governmental activities		\$ 363,626

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Net Position
Proprietary Fund
Year Ended June 30, 2014

	Wastewater Fund
ASSETS	
Current assets	
Cash and cash equivalents	730,566
Accounts receivable - net	159,732
Due from other governments	1,922
Total current assets	892,220
Noncurrent assets	
Capital assets, net of accumulated depreciation, where applicable:	
Land	1,275,828
Construction in progress	101,522
Vehicles and equipment, net	104,012
Buildings and improvements, net	374,236
Systems, net	16,757,901
Total noncurrent assets	18,613,499
Total assets	19,505,719
LIABILITIES	
Current liabilities	
Accounts payable	32,693
Compensated absences, current	25,093
Total current liabilities	57,786
Total liabilities	57,786
Net position	
Net investment in capital assets	18,613,499
Unrestricted (deficit)	834,434
Total net position	\$ 19,447,933

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Revenue, Expenses, and Changes in Fund Net Position
Proprietary Fund
June 30, 2014

	Wastewater Fund
Operating revenues	
Sewer charges	\$ 1,012,074
Miscellaneous	24,213
Total operating revenues	1,036,287
 Operating expenses	
Personnel	406,547
Materials and supplies	185,007
Professional services	166,649
Utilities	96,791
Insurance	20,062
Other	35,783
Repairs and maintenance	12,387
Depreciation	744,386
Total operating expenses	1,667,612
Operating income (loss)	(631,325)
 Nonoperating revenues (expenses)	
Interest income	1,621
Total nonoperating revenues (expenses)	1,621
Income (loss) before special items	(629,704)
Special item - Transfer in of wastewater operations	20,077,637
Increase (decrease) in net position	19,447,933
Total net position, beginning of year	-
Total net position, end of year	\$ 19,447,933

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2014

	Wastewater Fund
Cash flows from operating activities:	
Receipts from customers	\$ 1,023,334
Payments to suppliers and providers of goods and services	(433,534)
Payments to employees	(406,547)
Net cash provided (used) by operating activities	183,253
 Cash flows from noncapital financing activities:	
Transfer of operations from sewer district	600,253
Net cash provided (used) by noncapital financing activities	600,253
 Cash flows from capital and related financing activities:	
Purchase of capital assets	(54,561)
Net cash provided (used) by capital and related financing activities	(54,561)
 Cash flows from investing activities:	
Interest received	1,621
Net cash provided (used) by investing activities	1,621
 Net increase (decrease) in cash and cash equivalents	730,566
 Cash and cash equivalents, beginning of year	-
 Cash and cash equivalents, end of year	\$ 730,566

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2014
(Continued)

	Wastewater Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (631,325)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	744,386
(Increase) decrease:	
Accounts receivable	(12,952)
Prepaid expenses	59,440
Increase (decrease):	
Accounts payable	10,181
Accrued expenses	13,523
	183,253
Net cash provided (used) by operating activities	\$ 183,253

Noncash Capital Financing Activities:

Capital assets - net of respective depreciation was acquired through a transfer of operations from the Camp Verde Sanitary District totaling \$19,303,324.

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Fiduciary Assets and Liabilities
June 30, 2014

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 589,640</u>
Total assets	<u>589,640</u>
LIABILITIES	
Deposits held for others	<u>589,640</u>
Total liabilities	<u><u>\$ 589,640</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

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. They also distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and each segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include charges to customers 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, 2014

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. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and enterprise 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 grants and contributions of financial resources related to the maintenance of the Town’s parks.

The Town reports the following major enterprise fund:

The ***Wastewater Fund*** accounts for the costs to operate, construct, and finance the Town’s wastewater treatment system.

Additionally, the Town reports the following fund types:

The ***Agency Funds*** are used to account for assets held by the Town in a custodial capacity for the following purposes:

- Employee assistance.
- Camp Verde Sanitary District property tax collection and debt service remittance.

C. Basis of Accounting

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

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, 2014 in the general fund for uncollectible municipal court fines and forfeitures is \$485,000. The amount recorded at June 30, 2014 in the wastewater fund for uncollectible wastewater receivables is \$30,000.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

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 and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life (years)</u>
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. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. 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.

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.

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.

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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

L. Impact of Recently Issued Accounting Principles

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for periods beginning after December 15, 2012. See Note 11 for further information on how this statement affected the Town.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Upon implementation, it is anticipated that this Statement will cause a restatement of beginning net position of the Governmental Activities, Business-type Activities, and proprietary funds.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASB 69 establishes accounting and financial reporting standards related to government combinations and disposal of government operations. GASB 69 defines *government combinations* as mergers, acquisitions, and transfers of operations. This Statement defines the measurement values of assets and liabilities under such combinations as well as provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. The provisions of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The Town has implemented GASB 69 for the year ended June 30, 2014 for the accounting and reporting of a transfer of operations from the Camp Verde Sanitary District (a legally separate governmental entity) to the Town. See Note 10 for further information on how this Statement affects the Town.

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, 2014, the carrying amount of the Town’s total cash in bank was \$1,895,274, and the bank balance was \$2,106,517. Of the bank balance, \$1,667,260 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.

Deposits and investments at June 30, 2014 consist of the following:

Deposits		
Cash on hand	\$	1,360
Cash in bank		1,895,274
Investments		
State treasurer's investment pool		601,684
U.S. Securities		2,797,519
		5,295,837
Total deposits and investments		5,295,837
Less Cash - Restricted		(223,862)
Total cash and cash equivalents	\$	5,071,975

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS- Continued

At June 30, 2014 June 30, 2014, 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	\$ 804,760	\$ 804,760	\$ -	28.77
U.S. Agencies				
Federal Agric Mtg Corp.	500,065	500,065	-	17.88
Federal Farm Credit Bank	101,964	101,964	-	3.64
Federal Farm Credit Bank	225,414		225,414	8.06
Federal Farm Credit Bank	248,603		248,603	8.89
Federal Home Loan Bank	239,323	-	239,323	8.55
Federal Home Loan Bank	251,747		251,747	9.00
Federal Natl Mtg Assn.	300,294	-	300,294	10.73
Federal Natl Mtg Assn.	125,349	-	125,349	4.48
	<u>\$ 2,797,519</u>	<u>\$ 1,406,789</u>	<u>\$ 1,390,730</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.

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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2014, the Town’s receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$566,449 in municipal court fines and \$92,590 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$485,000.

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, unavailable revenue consisted of fines receivable of \$123,612, loans receivable of \$126,903, and unexpended grant funds of \$14,295.

As of June 30, 2014, the Town’s receivables for individual major proprietary funds consisted of wastewater fees billed to customers totaling \$189,732. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$30,000.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2014 consisted of the following:

State collected sales tax	\$ 80,357
Yavapai County	56,498
State of Arizona	157,940
State shared revenues:	
State sales tax	166,753
Vehicle licensing tax	25,822
	<u>487,370</u>
	<u><u>\$ 487,370</u></u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>July 01, 2013</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,868,719	\$ -	\$ -	\$ 5,868,719
Construction in progress	451,498	437,122	(16,916)	871,704
Total capital assets not being depreciated	<u>6,320,217</u>	<u>437,122</u>	<u>(16,916)</u>	<u>6,740,423</u>
Capital assets being depreciated:				
Buildings and improvements	3,792,839	40,345	-	3,833,184
Infrastructure	3,339,075	38,886	-	3,377,961
Machinery and equipment	2,544,596	429,557	(162,330)	2,811,823
Improvements other than buildings	913,395	40,036	-	953,431
Total	<u>10,589,905</u>	<u>548,824</u>	<u>(162,330)</u>	<u>10,976,399</u>
Less accumulated depreciation for:				
Buildings and improvements	(845,377)	(89,813)	-	(935,190)
Infrastructure	(672,800)	(166,954)	-	(839,754)
Machinery and equipment	(1,585,215)	(251,567)	162,330	(1,674,452)
Improvements other than buildings	(378,048)	(31,176)	-	(409,224)
Total	<u>(3,481,440)</u>	<u>(539,510)</u>	<u>162,330</u>	<u>(3,858,620)</u>
Total capital assets being depreciated, net	<u>7,108,465</u>	<u>9,314</u>	<u>-</u>	<u>7,117,779</u>
Governmental activities capital assets, net	<u>\$ 13,428,682</u>	<u>\$ 446,436</u>	<u>\$ (16,916)</u>	<u>\$ 13,858,202</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 5 – CAPITAL ASSETS – Continued

	Balance <u>July 01, 2013</u>	Increase	Decreases	Balance <u>June 30, 2014</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,275,828	\$ -	\$ -	\$ 1,275,828
Construction in progress	<u>442,965</u>	<u>3,638</u>	<u>(345,081)</u>	<u>101,522</u>
Total capital assets not being depreciated	<u>1,718,793</u>	<u>3,638</u>	<u>(345,081)</u>	<u>1,377,350</u>
Capital assets being depreciated:				
Buildings and improvements	49,393	356,867	-	406,260
Infrastructure systems	21,182,275	-	-	21,182,275
Vehicles and equipment	<u>267,908</u>	<u>39,137</u>	<u>(3,290)</u>	<u>303,755</u>
Total	<u>21,499,576</u>	<u>396,004</u>	<u>(3,290)</u>	<u>21,892,290</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,151)	(25,873)	-	(32,024)
Infrastructure	(3,740,978)	(683,396)	-	(4,424,374)
Vehicles and equipment	<u>(167,916)</u>	<u>(35,117)</u>	<u>3,290</u>	<u>(199,743)</u>
Total	<u>(3,915,045)</u>	<u>(744,386)</u>	<u>3,290</u>	<u>(4,656,141)</u>
Total capital assets being depreciated, net	<u>17,584,531</u>	<u>(348,382)</u>	<u>-</u>	<u>17,236,149</u>
Business-type activities capital assets, net	<u>\$ 19,303,324</u>	<u>\$ (344,744)</u>	<u>\$ (345,081)</u>	<u>\$ 18,613,499</u>

Depreciation expense was charged to each function as follows:

Governmental activities:	
Public works and streets	\$ 252,085
Public safety	163,023
Culture and recreation	60,558
General government	57,617
Economic and community development	<u>6,227</u>
Total governmental activities depreciation expense	<u>\$ 539,510</u>
Business-type activities:	
Wastewater fund	<u>\$ 744,386</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 6 – LOANS RECEIVABLE

The Town has outstanding loans due from homeowners related to funding through a Community Development Block Grant (CDBG). Income from CDBG loans is considered program income of the grant. The governmental funds reports unearned revenue as “deferred inflows of resources” 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 unearned revenue represents a reconciling item between the government-wide and fund financial statements. At June 30, 2014, \$126,903 of the deferred loan receivable recorded in the Housing Grant Fund represents funds that were unavailable.

NOTE 7 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2014.

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within 1 year
Governmental activities:					
Compensated absences	\$ 317,837	\$ 418,561	\$ 345,696	\$ 390,702	\$ 376,248
Capital leases payable	770,465	8,838	153,634	625,669	153,545
2005 Revenue bonds payable	1,505,000	-	95,000	1,410,000	100,000
2005 Revenue bonds premium	79,587	-	7,181	72,406	7,181
2011 Revenue bonds payable	941,200	-	70,116	871,084	72,857
Governmental activities long-term liabilities	<u>\$ 3,614,089</u>	<u>\$ 427,399</u>	<u>\$ 671,627</u>	<u>\$ 3,369,861</u>	<u>\$ 709,831</u>
Business-type activities:					
Compensated absences	<u>\$ -</u>	<u>\$ 49,709</u>	<u>\$ 24,616</u>	<u>\$ 25,093</u>	<u>\$ 25,093</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.

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2014</u>
Revenue Bonds, Series 2005	\$ 2,040,000	2008-2024	2.75-5.00%	\$ 1,410,000
Revenue Bonds, Series 2011	1,005,000	2012-2023	3.91%	871,084
Totals	<u>\$ 3,045,000</u>			<u>\$ 2,281,084</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s bonds payable at June 30, 2014.

Year Ending June 30	Governmental Activities			
	2011 Bond Payable		2005 Bond Payable	
	Principal	Interest	Principal	Interest
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	84,938	20,318	120,000	43,450
2020-2024	477,178	48,074	700,000	122,975
2025	-	-	160,000	3,400
Total	<u>\$ 871,085</u>	<u>\$ 181,048</u>	<u>\$ 1,410,000</u>	<u>\$ 399,875</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	\$ 864,219
Less: accumulated depreciation	(137,289)
Carrying value	<u>\$ 726,930</u>

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2014.

Year Ending June 30	Governmental Activities
2015	\$ 163,395
2016	161,558
2017	161,391
2018	161,391
2019	1,842
Total minimum lease payments	649,577
Less amount representing interest	(23,908)
Present value of net minimum lease payments	<u>\$ 625,669</u>

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2014

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 Camp Verde 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 \$1.6 million. For the current year, principal and interest paid by the Sanitary District totaled \$118,700. Total sales tax and state shared revenues recognized by the Town totaled \$5.3 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 FY2014 and remaining amount owed from the Parks fund to the General fund is \$632,000. During the year ended June 30, 2014, the Non-Federal Grants Fund borrowed \$38,867 from the General Fund monies for the purpose of paying reimbursable grant expenditures that will be repaid in the short term.

Interfund transfers – During the year ended June 30, 2014, the Town transferred funds to cover shared expenses and interfund borrowings. Transfers made between funds during the year are as follows:

Transfers to	Transfers from			Total
	General Fund	HURF Fund	Parks Fund	
Non-Major Governmental Funds	\$ 416,378	\$ 174,750	\$ 10,000	\$ 601,128

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 10 – TRANSFER OF OPERATIONS - WASTEWATER TREATMENT OPERATIONS

On July 1, 2013 the Town entered into an agreement with the Camp Verde Sanitary District for the transfer of the Camp Verde Sanitary District’s operations as well as certain assets and liabilities associated with such operations. The Town implemented the provisions of GASB 69 – *Government Combinations and Disposals of Government Operations*, which defines the measurement values of assets and liabilities under such combinations. Under the provisions of GASB 69 the assets and liabilities transferred to the Town have been recognized on the effective date of the transfer (July 1, 2013) at their carrying values. Under the provisions of GASB 69, the net position received by the Town has been recorded as a special item.

Below is a listing of the assets, liabilities, and net position acquired by the Town from the Camp Verde Sanitary District at July 1, 2013:

(Measured at Carrying Value)	
ASSETS	
Current assets	
Cash and cash equivalents	\$ 600,253
Accounts receivable - net	139,947
Due from other governments	8,755
Prepaid expenses	59,440
Total current assets	808,395
Noncurrent assets	
Capital assets,	
Land	1,275,828
Construction in progress	442,965
Vehicles and equipment	267,908
Buildings and improvements	49,393
Systems	21,182,275
Accumulated depreciation	(3,915,045)
Total noncurrent assets	19,303,324
Total assets	20,111,719
 LIABILITIES	
Current liabilities	
Accounts payable	22,512
Accrued expenses	11,570
Total current liabilities	34,082
Net position acquired as special item	\$ 20,077,637

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 11 – RESTATEMENT OF BEGINNING NET POSITION

The Town had to restate the net position of the Governmental Activities to adjust for deferred costs which are no longer considered assets under GASB 65 (see Note 1). The effects of the restatement are a reduction of beginning net position of the Governmental Activities in the amount of \$50,294.

NOTE 12 – GOVERNMENTAL FUND BALANCE/NET POSITION COMPONENTS

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

	Governmental Activities
Restricted Net Position:	
Highway User Revenues	\$ 1,291,766
Housing redevelopment:	
Loans Receivable	126,903
Other	71,555
Court Special Revenue:	
Court Enhancement	164,324
Fill the Gap	16,548
Local JCEF	39,095
9-1-1	2,503
Library Building	262,094
Impact Fees:	
General government	68,891
Library	46,443
Parks and Recreation	103,648
Police Services	59,395
Donations:	
Animal Shelter	25
Camp Verde Marshal's Office	980
K-9	1,837
Library	4,242
Parks and Recreation	3,952
Safety fund	5,720
Volunteers in Police Services	427
Total Restricted Net Position	\$ 2,270,348

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2014

**NOTE 12 – GOVERNMENTAL FUND BALANCE/NET POSITION COMPONENTS –
Continued**

The components of governmental fund balances are as follows:

	<u>General</u>	<u>HURF</u>	<u>Parks</u>	<u>Non-Major Govt'l Funds</u>	<u>Total Govt'l Funds</u>
Ending Fund balances, June 30, 2014					
Restricted for:					
Highways and streets	-	1,291,766	-	-	1,291,766
Housing redevelopment	-	-	-	71,555	71,555
Court special revenue					
Court enhancement	-	-	-	164,324	164,324
Fill the gap	-	-	-	16,548	16,548
Local JCEF	-	-	-	39,095	39,095
9-1-1	-	-	-	2,503	2,503
Library building	-	-	-	262,094	262,094
Impact fees					
General government	-	-	-	68,891	68,891
Library	-	-	-	46,443	46,443
Parks and recreation	-	-	-	103,648	103,648
Police services	-	-	-	59,395	59,395
Donations					
Animal shelter	-	-	-	25	25
Camp Verde Marshal's office	-	-	-	980	980
K-9	-	-	-	1,837	1,837
Library	-	-	-	4,242	4,242
Parks and recreation	-	-	-	3,952	3,952
Safety fund	-	-	-	5,720	5,720
Volunteers in police service	-	-	-	427	427
Total restricted	<u>-</u>	<u>1,291,766</u>	<u>-</u>	<u>851,679</u>	<u>2,143,445</u>
Committed for:					
Long-term receivable	632,000	-	-	-	632,000
Legal defense	30,056	-	-	-	30,056
Federal grants	-	-	-	7,517	7,517
Senior center	-	-	-	3,697	3,697
Total committed	<u>662,056</u>	<u>-</u>	<u>-</u>	<u>11,214</u>	<u>673,270</u>
Assigned for:					
Capital improvements	-	-	-	323,191	323,191
Schools and school programs	-	-	-	167,999	167,999
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,190</u>	<u>491,190</u>
Unassigned:	1,844,848	-	(613,206)	(1,749)	1,229,893
Ending Fund Balances	<u>\$ 2,506,904</u>	<u>\$ 1,291,766</u>	<u>\$ (613,206)</u>	<u>\$ 1,352,334</u>	<u>\$ 4,537,798</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 13 – 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 14 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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 15 – 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, 2014 totaled \$79,162.

NOTE 16 – 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, 2014

NOTE 16 – 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, 2014, active ASRS members and the Town were each required by statute to contribute at the actuarially determined rate of 11.54 percent (11.3 percent retirement and .24 percent long-term disability) of the members' annual covered payroll. The Town's contributions to ASRS for the years ended June 30, 2014, 2013 and 2012, were \$283,686, \$227,039, and \$219,179, respectively, which were equal to the required contributions for the year.

Agent plans – For the year ended June 30, 2014, active PSPRS members were required by statute to contribute 10.35 percent of the members' annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 17.89 percent, of which 1.26 percent was the health insurance premium portion.

The contribution requirements for the year ended June 30, 2014, were established by the June 30, 2012 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding status provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on 1) the plans as understood by the Town of Camp Verde, Arizona and plan members and include the types of benefits in force at the valuation date, and 2) the pattern of sharing benefit costs between the Town and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 16 – RETIREMENT PLANS – Continued

The significant actuarial methods and assumptions used to establish the fiscal year 2014 contribution requirements are as follows:

	PSPRS
Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4% - 8%
Includes inflation at	4.00%
Cost-of-living adjustments	None
Amortization method	Level percent-of-pay closed
Remaining amortization period	22 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	2014	\$ 142,838	100 %	\$ -
	2013	130,150	100 %	-
	2012	134,661	100 %	-
Health Insurance	2014	\$ 10,822	100 %	\$ -
	2013	11,580	100 %	-
	2012	12,505	100 %	-

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2014

NOTE 16 – RETIREMENT PLANS – Continued

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)
2014	\$3,023,178	\$4,852,992	\$ 1,829,814	62.3 %	\$ 873,954	209.4 %
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

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)
2014	\$ 163,233	\$ 145,215	\$ (18,018)	112.4 %	\$ 873,954	(2.06) %
2013	-	72,549	72,549	-	706,486	10.27
2012	-	113,920	113,920	-	779,063	14.62

NOTE 17 – INDIVIDUAL FUND DISCLOSURES

Individual funds with deficiencies in fund balance/net position at June 30, 2014 were as follows:

Special revenue funds

Nonfederal Grants Fund	\$	(1,749)
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The deficiency in the Nonfederal Grants Fund of the special revenue funds will be eliminated through reimbursements from state and local granting agencies.

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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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 3,054,871	\$ 3,054,871	\$ 2,864,959	\$ (189,912)
Intergovernmental	2,961,600	2,961,600	3,037,936	76,336
Fines and forfeitures	321,800	321,800	231,455	(90,345)
Licenses and permits	116,900	116,900	160,321	43,421
Charges for services	97,575	97,575	92,682	(4,893)
Investment income	25,000	25,000	12,753	(12,247)
Other revenue	32,370	32,370	14,325	(18,045)
Total revenue	<u>6,610,116</u>	<u>6,610,116</u>	<u>6,414,431</u>	<u>(195,685)</u>
Expenditures				
Marshal	2,349,653	2,365,041	2,317,964	47,077
Maintenance	498,425	519,102	526,292	(7,190)
Magistrate	378,315	379,188	364,212	14,976
Community development	392,180	407,510	381,727	25,783
Library	352,960	359,715	339,478	20,237
Risk management	298,040	298,040	261,060	36,980
Information technology	130,635	130,635	167,521	(36,886)
Parks and recreation	256,173	256,173	239,006	17,167
Town clerk	205,115	205,115	199,687	5,428
Town manager	207,545	207,545	206,793	752
Finance	221,297	221,899	215,428	6,471
Economic development	173,415	173,415	153,950	19,465
Non-departmental	333,550	273,501	96,750	176,751
Public works and streets	110,455	110,455	107,801	2,654
Storm water management	93,295	93,295	92,576	719
Mayor and council	44,004	44,004	41,377	2,627
Human resources	27,565	27,565	31,803	(4,238)
Total expenditures	<u>6,072,622</u>	<u>6,072,198</u>	<u>5,743,425</u>	<u>328,773</u>
Excess (deficiency) of revenue over (under) expenditures	<u>537,494</u>	<u>537,918</u>	<u>671,006</u>	<u>133,088</u>
Other financing sources				
Transfers in (out)	<u>(537,494)</u>	<u>(537,494)</u>	<u>(416,378)</u>	<u>121,116</u>
Total other financing sources	<u>(537,494)</u>	<u>(537,494)</u>	<u>(416,378)</u>	<u>121,116</u>
Net change in fund balances	-	424	254,628	254,204
Fund balances, July 1, 2013	<u>2,252,276</u>	<u>2,252,276</u>	<u>2,252,276</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 2,252,276</u>	<u>\$ 2,252,700</u>	<u>\$ 2,506,904</u>	<u>\$ 254,204</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 750,000	\$ 750,000	777,196	27,196
Investment income	5,000	5,000	9,686	4,686
Other revenue	1,400	1,400	39,531	38,131
Total revenue	<u>756,400</u>	<u>756,400</u>	<u>826,413</u>	<u>70,013</u>
Expenditures				
Current				
Highways and streets	655,425	655,425	526,709	128,716
Capital outlay	55,000	55,000	108,149	(53,149)
Total expenditures	<u>710,425</u>	<u>710,425</u>	<u>634,858</u>	<u>75,567</u>
Excess (deficiency) of revenue over (under) expenditures	<u>45,975</u>	<u>45,975</u>	<u>191,555</u>	<u>145,580</u>
Other financing sources				
Transfers in (out)	<u>(293,571)</u>	<u>(293,571)</u>	<u>(174,750)</u>	<u>118,821</u>
Total other financing sources	<u>(293,571)</u>	<u>(293,571)</u>	<u>(174,750)</u>	<u>118,821</u>
Net change in fund balances	<u>(247,596)</u>	<u>(247,596)</u>	<u>16,805</u>	<u>264,401</u>
Fund balances, July 1, 2013	<u>1,274,961</u>	<u>1,274,961</u>	<u>1,274,961</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ 1,027,365</u>	<u>\$ 1,027,365</u>	<u>\$ 1,291,766</u>	<u>\$ 264,401</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other financing sources				
Transfers in (out)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ -
Total other financing sources	(10,000)	(10,000)	(10,000)	-
Net change in fund balances	(10,000)	(10,000)	(10,000)	-
Fund balances, July 1, 2013	(603,206)	(603,206)	(603,206)	-
Fund balances, June 30, 2014	<u>\$ (613,206)</u>	<u>\$ (613,206)</u>	<u>\$ (613,206)</u>	<u>\$ -</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2014

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.

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OTHER FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Combining Balance Sheet – All Non-Major Governmental Funds
By Fund Type
June 30, 2014

	Special Revenue Funds	Capital Improvement Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,048,642	\$ 325,752	\$ -	\$ 1,374,394
Accounts receivable, net	-	-	-	-
Due from other governments	140,750	-	-	140,750
Loans receivable	126,903	-	-	126,903
Total assets	\$ 1,316,295	\$ 325,752	\$ -	\$ 1,642,047
LIABILITIES				
Accounts payable	\$ 40,449	\$ 2,561	\$ -	\$ 43,010
Due to other funds	38,867	-	-	38,867
Total liabilities	79,316	2,561	-	81,877
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	207,836	-	-	207,836
Total deferred inflows of resources	207,836	-	-	207,836
FUND BALANCES				
Restricted	851,679	-	-	851,679
Committed	11,214	-	-	11,214
Assigned	167,999	323,191	-	491,190
Unassigned	(1,749)	-	-	(1,749)
Total fund balances	1,029,143	323,191	-	1,352,334
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,316,295	\$ 325,752	\$ -	\$ 1,642,047

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, 2014

	Special Revenue Funds	Capital Improvement Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenue				
Intergovernmental	\$ 393,623	\$ -	\$ -	\$ 393,623
Fines and forfeitures	44,245	-	-	44,245
Contributions	17,389	-	-	17,389
Investment income	5,220	55	-	5,275
Other revenue	14,912	-	-	14,912
Total revenue	<u>475,389</u>	<u>55</u>	<u>-</u>	<u>475,444</u>
Expenditures				
Current				
General government	106,039	-	-	106,039
Public safety	102,038	-	-	102,038
Public works and streets	-	16,453	-	16,453
Health and welfare	-	-	118,733	118,733
Culture and recreation	17,125	28,387	-	45,512
Economic and community development	11,848	-	-	11,848
Capital outlay	407,565	393,248	-	800,813
Principal	-	-	314,821	314,821
Interest	-	-	116,859	116,859
Total expenditures	<u>644,615</u>	<u>438,088</u>	<u>550,413</u>	<u>1,633,116</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(169,226)</u>	<u>(438,033)</u>	<u>(550,413)</u>	<u>(1,157,672)</u>
Other financing sources				
Capital lease acquisition	-	8,838	-	8,838
Transfers (out)	(14,988)	65,703	550,413	601,128
Total other financing sources	<u>(14,988)</u>	<u>74,541</u>	<u>550,413</u>	<u>609,966</u>
Net change in fund balances	<u>(184,214)</u>	<u>(363,492)</u>	<u>-</u>	<u>(547,706)</u>
Fund balances, July 1, 2013	<u>1,213,357</u>	<u>686,683</u>	<u>-</u>	<u>1,900,040</u>
Fund balances, June 30, 2014	<u>\$ 1,029,143</u>	<u>\$ 323,191</u>	<u>\$ -</u>	<u>\$ 1,352,334</u>

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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.

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, 2014

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund
ASSETS				
Cash and cash equivalents	\$ 71,555	\$ 209,558	\$ -	\$ 171,696
Accounts receivable, net	-	-	-	-
Due from other governments	-	77,047	55,140	-
	<u>126,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 198,458</u></u>	<u><u>\$ 286,605</u></u>	<u><u>\$ 55,140</u></u>	<u><u>\$ 171,696</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 14,554	\$ -
Due to other funds	-	-	38,867	-
	<u>-</u>	<u>-</u>	<u>53,421</u>	<u>-</u>
Total liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>53,421</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>126,903</u>	<u>66,638</u>	<u>3,468</u>	<u>-</u>
Total deferred inflows of resources	<u><u>126,903</u></u>	<u><u>66,638</u></u>	<u><u>3,468</u></u>	<u><u>-</u></u>
FUND BALANCES				
Restricted	71,555	219,967	-	-
Committed	-	-	-	3,697
Unassigned	-	-	(1,749)	-
	<u>71,555</u>	<u>219,967</u>	<u>(1,749)</u>	<u>3,697</u>
Total fund balances	<u><u>71,555</u></u>	<u><u>219,967</u></u>	<u><u>(1,749)</u></u>	<u><u>3,697</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 198,458</u></u>	<u><u>\$ 286,605</u></u>	<u><u>\$ 55,140</u></u>	<u><u>\$ 3,697</u></u>

Federal Grants Fund	9-1-1 Fund	Library Building Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 20,585	\$ 2,503	\$ 276,355	\$ 278,377	\$ 18,013	\$ 1,048,642
-	-	-	-	-	-
8,563	-	-	-	-	140,750
-	-	-	-	-	126,903
<u>\$ 29,148</u>	<u>\$ 2,503</u>	<u>\$ 276,355</u>	<u>\$ 278,377</u>	<u>\$ 18,013</u>	<u>\$ 1,316,295</u>
\$ 10,804	\$ -	\$ 14,261	\$ -	\$ 830	\$ 40,449
-	-	-	-	-	38,867
<u>10,804</u>	<u>-</u>	<u>14,261</u>	<u>-</u>	<u>830</u>	<u>79,316</u>
10,827	-	-	-	-	207,836
<u>10,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,836</u>
-	2,503	262,094	278,377	17,183	851,679
7,517	-	-	-	-	11,214
-	-	-	-	-	(1,749)
<u>7,517</u>	<u>2,503</u>	<u>262,094</u>	<u>278,377</u>	<u>17,183</u>	<u>861,144</u>
<u>\$ 29,148</u>	<u>\$ 2,503</u>	<u>\$ 276,355</u>	<u>\$ 278,377</u>	<u>\$ 18,013</u>	<u>\$ 1,148,296</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
June 30, 2014

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund
Revenue				
Intergovernmental	\$ -	\$ -	\$ 133,651	\$ 113,734
Fines and forfeitures	-	44,245	-	-
Contributions	-	-	3,600	-
Investment income	1,681	-	-	-
Other revenue	14,912	-	-	-
Total revenue	<u>16,593</u>	<u>44,245</u>	<u>137,251</u>	<u>113,734</u>
Expenditures				
Current				
General government	14,000	1,957	-	90,082
Public safety	-	-	72,604	-
Culture and recreation	-	-	-	-
Economic and community development	-	-	-	-
Capital outlay	-	-	66,396	-
Total expenditures	<u>14,000</u>	<u>1,957</u>	<u>139,000</u>	<u>90,082</u>
Excess (deficiency) of revenue over (under) expenditures	<u>2,593</u>	<u>42,288</u>	<u>(1,749)</u>	<u>23,652</u>
Other financing sources				
Transfers (out)	-	-	-	(14,988)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,988)</u>
Net change in fund balances	2,593	42,288	(1,749)	8,664
Fund balances, July 1, 2013	<u>68,962</u>	<u>177,679</u>	<u>-</u>	<u>163,032</u>
Fund balances, June 30, 2014	<u>\$ 71,555</u>	<u>\$ 219,967</u>	<u>\$ (1,749)</u>	<u>\$ 171,696</u>

Federal Grants Fund	9-1-1 Fund	Library Building Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 146,238	\$ -	\$ -	\$ -	\$ -	\$ 393,623
-	-	-	-	-	44,245
-	-	5,286	-	8,503	17,389
-	-	3,163	376	-	5,220
-	-	-	-	-	14,912
<u>146,238</u>	<u>-</u>	<u>8,449</u>	<u>376</u>	<u>8,503</u>	<u>475,389</u>
-	-	-	-	-	106,039
28,951	57	-	-	426	102,038
14,779	-	-	-	2,346	17,125
11,848	-	-	-	-	11,848
89,130	-	249,039	-	3,000	407,565
<u>144,708</u>	<u>57</u>	<u>249,039</u>	<u>-</u>	<u>5,772</u>	<u>644,615</u>
<u>1,530</u>	<u>(57)</u>	<u>(240,590)</u>	<u>376</u>	<u>2,731</u>	<u>(169,226)</u>
-	-	-	-	-	(14,988)
-	-	-	-	-	(14,988)
1,530	(57)	(240,590)	376	2,731	(184,214)
5,987	2,560	502,684	278,001	14,452	1,213,357
<u>\$ 7,517</u>	<u>\$ 2,503</u>	<u>\$ 262,094</u>	<u>\$ 278,377</u>	<u>\$ 17,183</u>	<u>\$ 1,029,143</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, 2014

	Housing Fund			Court Special Revenue Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	56,470	44,245	(12,225)
Contributions	-	-	-	-	-	-
Investment income	2,000	1,681	(319)	-	-	-
Other revenue	15,430	14,912	(518)	-	-	-
Total revenue	17,430	16,593	(837)	56,470	44,245	(12,225)
Expenditures						
Current						
General government	95,430	14,000	81,430	5,950	1,957	3,993
Public safety	-	-	-	-	-	-
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic and community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	95,430	14,000	81,430	5,950	1,957	3,993
Excess (deficiency) of revenue over (under) expenditures	(78,000)	2,593	80,593	50,520	42,288	(8,232)
Other financing sources						
Transfers in(out)	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balances	(78,000)	2,593	80,593	50,520	42,288	(8,232)
Fund balances, July 1, 2013	68,962	68,962	-	177,679	177,679	-
Fund balances, June 30, 2014	\$ (9,038)	\$ 71,555	\$ 80,593	\$ 228,199	\$ 219,967	\$ (8,232)

Nonfederal Grants Fund			YAG Compact Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 145,000	\$ 133,651	\$ (11,349)	\$ -	\$ 113,734	\$ 113,734
-	-	-	-	-	-
-	3,600	3,600	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>145,000</u>	<u>137,251</u>	<u>(7,749)</u>	<u>-</u>	<u>113,734</u>	<u>113,734</u>
5,000	-	5,000	118,063	90,082	27,981
127,052	72,604	54,448	-	-	-
75,000	-	75,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	66,396	(66,396)	-	-	-
<u>207,052</u>	<u>139,000</u>	<u>68,052</u>	<u>118,063</u>	<u>90,082</u>	<u>27,981</u>
<u>(62,052)</u>	<u>(1,749)</u>	<u>60,303</u>	<u>(118,063)</u>	<u>23,652</u>	<u>141,715</u>
-	-	-	<u>(14,988)</u>	<u>(14,988)</u>	-
-	-	-	<u>(14,988)</u>	<u>(14,988)</u>	-
<u>(62,052)</u>	<u>(1,749)</u>	<u>60,303</u>	<u>(133,051)</u>	<u>8,664</u>	<u>141,715</u>
-	-	-	<u>163,032</u>	<u>163,032</u>	-
<u>\$ (62,052)</u>	<u>\$ (1,749)</u>	<u>\$ 60,303</u>	<u>\$ 29,981</u>	<u>\$ 171,696</u>	<u>\$ 141,715</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, 2014
(Continued)

	Federal Grants Fund			9-1-1 Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ 431,130	\$ 146,238	\$ (284,892)	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	431,130	146,238	(284,892)	-	-	-
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	112,675	28,951	83,724	2,560	57	2,503
Public works and streets	292,253	-	292,253	-	-	-
Culture and recreation	-	14,779	(14,779)	-	-	-
Economic and community development	33,455	11,848	21,607	-	-	-
Capital outlay	-	89,130	(89,130)	-	-	-
Total expenditures	438,383	144,708	293,675	2,560	57	2,503
Excess (deficiency) of revenue over (under) expenditures	(7,253)	1,530	8,783	(2,560)	(57)	2,503
Other financing sources						
Transfers (out)	7,253	-	(7,253)	-	-	-
Total other financing sources	7,253	-	(7,253)	-	-	-
Net change in fund balances	-	1,530	1,530	(2,560)	(57)	2,503
Fund balances, July 1, 2013	5,987	5,987	-	2,560	2,560	-
Fund balances, June 30, 2014	\$ 5,987	\$ 7,517	\$ 1,530	\$ -	\$ 2,503	\$ 2,503

Library Building Fund			Impact Fee Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
350,000	5,286	(344,714)	-	-	-
2,000	3,163	1,163	1,100	376	(724)
-	-	-	-	-	-
<u>352,000</u>	<u>8,449</u>	<u>(343,551)</u>	<u>1,100</u>	<u>376</u>	<u>(724)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
946,560	249,039	697,521	63,983	-	63,983
<u>946,560</u>	<u>249,039</u>	<u>697,521</u>	<u>63,983</u>	<u>-</u>	<u>63,983</u>
(594,560)	(240,590)	353,970	(62,883)	376	63,259
<u>46,434</u>	<u>-</u>	<u>(46,434)</u>	<u>(46,434)</u>	<u>-</u>	<u>46,434</u>
46,434	-	(46,434)	(46,434)	-	46,434
(548,126)	(240,590)	307,536	(109,317)	376	109,693
<u>502,684</u>	<u>502,684</u>	<u>-</u>	<u>278,001</u>	<u>278,001</u>	<u>-</u>
<u>\$ (45,442)</u>	<u>\$ 262,094</u>	<u>\$ 307,536</u>	<u>\$ 168,684</u>	<u>\$ 278,377</u>	<u>\$ 109,693</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, 2014
(Continued)

	Donations Fund			Totals		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ 576,130	\$ 393,623	\$ (182,507)
Fines and forfeitures	-	-	-	56,470	44,245	(12,225)
Contributions	3,600	8,503	4,903	353,600	17,389	(336,211)
Investment income	-	-	-	5,100	5,220	120
Other revenue	-	-	-	15,430	14,912	(518)
Total revenue	<u>3,600</u>	<u>8,503</u>	<u>4,903</u>	<u>1,006,730</u>	<u>475,389</u>	<u>(531,341)</u>
Expenditures						
Current						
General government	-	-	-	224,443	106,039	118,404
Public safety	11,645	426	11,219	253,932	102,038	151,894
Public works and streets	-	-	-	367,253	-	367,253
Culture and recreation	11,743	2,346	9,397	11,743	17,125	(5,382)
Economic and comm. develop.	-	-	-	33,455	11,848	21,607
Capital outlay	-	3,000	(3,000)	1,010,543	407,565	602,978
Total expenditures	<u>23,388</u>	<u>5,772</u>	<u>17,616</u>	<u>1,901,369</u>	<u>644,615</u>	<u>1,256,754</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(19,788)</u>	<u>2,731</u>	<u>22,519</u>	<u>(894,639)</u>	<u>(169,226)</u>	<u>725,413</u>
Other financing sources						
Transfers (out)	-	-	-	(7,735)	(14,988)	(7,253)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,735)</u>	<u>(14,988)</u>	<u>(7,253)</u>
Net change in fund balances	<u>(19,788)</u>	<u>2,731</u>	<u>22,519</u>	<u>(902,374)</u>	<u>(184,214)</u>	<u>718,160</u>
Fund balances, July 1, 2013	<u>14,452</u>	<u>14,452</u>	<u>-</u>	<u>1,213,357</u>	<u>1,213,357</u>	<u>-</u>
Fund balances, June 30, 2014	<u>\$ (5,336)</u>	<u>\$ 17,183</u>	<u>\$ 22,519</u>	<u>310,983</u>	<u>1,029,143</u>	<u>718,160</u>

NON-MAJOR CAPITAL IMPROVEMENT FUND

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.

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Capital Improvement Fund
Year Ended June 30, 2014

	Capital Improvement Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenue			
Investment income	\$ -	\$ 55	\$ 55
Total revenue	-	55	55
Expenditures			
Current			
Public works and streets	17,000	16,453	547
Culture and recreation	30,000	28,387	1,613
Capital outlay	540,931	393,248	147,683
Total expenditures	587,931	438,088	149,843
Excess (deficiency) of revenue over (under) expenditures	(587,931)	(438,033)	149,898
Other financing sources			
Capital lease acquisition	-	8,838	8,838
Transfers in (out)	283,000	65,703	(217,297)
Total other financing sources	283,000	74,541	(217,297)
Net change in fund balances	(304,931)	(363,492)	(58,561)
Fund balances, July 1, 2013	686,683	686,683	-
Fund balances, June 30, 2014	\$ 381,752	\$ 323,191	\$ (58,561)

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.

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, 2014

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Expenditures			
Current			
Health and welfare	\$ 118,736	\$ 118,733	\$ 3
Debt service			
Principal	314,819	314,821	(2)
Interest	118,035	116,859	1,176
Total expenditures	551,590	550,413	1,177
Excess (deficiency) of revenue over (under) expenditures	(551,590)	(550,413)	1,177
Other financing sources			
Transfers in	551,590	550,413	(1,177)
Total other financing sources	551,590	550,413	(1,177)
Net change in fund balances	-	-	-
Fund balances, July 1, 2013	-	-	-
Fund balances, June 30, 2014	\$ -	\$ -	\$ -

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual – Wastewater Fund
Year Ended June 30, 2014

	Wastewater Fund		
	Budget	Actual	Variance- Positive (Negative)
Operating revenues			
Sewer charges	\$ 982,315	\$ 1,012,074	\$ 29,759
Miscellaneous	-	24,213	24,213
Total operating revenues	<u>982,315</u>	<u>1,036,287</u>	<u>53,972</u>
Operating expenses			
Personnel	401,550	406,547	(4,997)
Materials and supplies	272,500	185,007	87,493
Professional services	66,500	166,649	(100,149)
Utilities	105,000	96,791	8,209
Insurance	28,000	20,062	7,938
Other	39,250	35,783	3,467
Repairs and maintenance	83,550	12,387	71,163
Depreciation	720,000	744,386	(24,386)
Total operating expenses	<u>1,716,350</u>	<u>1,667,612</u>	<u>48,738</u>
Operating income (loss)	<u>(734,035)</u>	<u>(631,325)</u>	<u>102,710</u>
Nonoperating revenues (expenses)			
Interest income	4,000	1,621	(2,379)
Total nonoperating revenues (expenses)	<u>4,000</u>	<u>1,621</u>	<u>(2,379)</u>
Income (loss) before special items	(730,035)	(629,704)	100,331
Special item - Transfer in of wastewater operations	-	20,077,637	20,077,637
Increase (decrease) in net position	(730,035)	19,447,933	20,177,968
Total net position, beginning of year	-	-	-
Total net position, end of year	<u>\$ (730,035)</u>	<u>\$ 19,447,933</u>	<u>\$ 20,177,968</u>

AGENCY FUNDS

Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Employee Assistance Fund – accounts for monies received from employees for providing other employees monetary assistance when in special need exists.

Camp Verde Sanitary District Fund- accounts for monies received from Sanitary District property tax revenues for the purpose of meeting the Districts debt service requirements.

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

Employee Assistance Fund	Beginning Balance	Additions	Deductions	Ending Balance
<u>Assets</u>				
Restricted cash and investments	\$ 7,840	\$ 3,845	\$ 1,250	\$ 10,435
Total assets	<u>\$ 7,840</u>	<u>\$ 3,845</u>	<u>\$ 1,250</u>	<u>\$ 10,435</u>
<u>Liabilities</u>				
Deposit held for employees payable	\$ 7,840	\$ 3,845	\$ 1,250	\$ 10,435
Total liabilities	<u>\$ 7,840</u>	<u>\$ 3,845</u>	<u>\$ 1,250</u>	<u>\$ 10,435</u>
Camp Verde Sanitary District Fund				
<u>Assets</u>				
Restricted cash and investments	\$ -	\$ 1,671,719	\$ 1,092,514	\$ 579,205
Total assets	<u>\$ -</u>	<u>\$ 1,671,719</u>	<u>\$ 1,092,514</u>	<u>\$ 579,205</u>
<u>Liabilities</u>				
Deposit held for debt service payments	\$ -	\$ 1,671,719	\$ 1,092,514	\$ 579,205
Total liabilities	<u>\$ -</u>	<u>\$ 1,671,719</u>	<u>\$ 1,092,514</u>	<u>\$ 579,205</u>

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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.

TOWN OF CAMP VERDE, ARIZONA
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities:										
Net investment in capital assets	\$ 10,488,341	\$ 10,143,618	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070	\$ 2,887,878
Restricted	2,034,463	2,614,589	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858	4,136,468
Unrestricted	2,691,862	2,040,296	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403	2,313,587
Total governmental activities net position	<u>\$ 15,214,666</u>	<u>\$ 14,798,503</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>
Business-type activities:										
Net investment in capital assets	\$ 18,613,499	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unrestricted	834,434	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities net position	<u>\$ 19,447,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government										
Net investment in capital assets	\$ 29,101,840	\$ 10,143,618	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070	\$ 2,887,878
Restricted	2,034,463	2,614,589	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858	4,136,468
Unrestricted	3,526,296	2,040,296	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403	2,313,587
Total net position	<u>\$ 34,662,599</u>	<u>\$ 14,798,503</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>

Source: The Town's financial records.

Note: The Town took over the Camp Verde Sanitary District Operations July 1, 2013 and classifies them above as business-type activities.

TOWN OF CAMP VERDE, ARIZONA
Expenses, Program Revenues, and Net Expense
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	\$ 2,383,176	\$ 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
Public safety	2,601,915	2,316,714	2,209,435	2,233,318	2,250,649	2,439,899	2,463,833	2,310,866	1,916,994	1,073,301
Public works and streets	1,009,909	820,956	816,853	669,205	765,392	1,197,351	1,185,801	1,692,038	1,466,531	1,000,494
Health and welfare	131,233	136,266	131,300	131,331	107,603	145,237	77,523	10,000	-	-
Culture and recreation	686,137	735,840	561,166	630,502	695,151	995,711	1,334,525	1,265,748	1,080,657	708,377
Economic and community development	411,023	456,020	348,532	460,601	551,747	845,225	552,987	460,395	35,178	5,166
Interest on long-term debt	107,141	125,025	112,867	100,851	83,429	86,544	88,421	89,413	111,259	36,754
Total governmental activities	<u>7,330,534</u>	<u>6,952,781</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>
Business-type activities:										
Wastewater	1,667,612	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>1,667,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>8,998,146</u>	<u>6,952,781</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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	51,173	18,221	43,244	304,918	303,797	304,269	399,952	582,776	1,312,310	912,135
Public safety	412,704	395,473	373,510	88,421	91,651	94,397	139,246	41,931	86,566	87,837
Public works and streets	42,817	500	5,942	3,429	55,132	56,109	-	21,887	2,050	-
Culture and recreation	43,565	35,274	36,957	43,746	88,751	101,703	160,177	193,536	60,222	59,954
Economic and community development	188,391	190,062	151,498	101,929	105,337	221,229	189,428	338,303	-	-
Operating grants and contributions	1,103,424	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
Capital grants and contributions	182,421	647,539	969,961	-	6,491	32,815	703,532	-	-	83,156
Total governmental activities	<u>2,024,495</u>	<u>2,319,151</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>
Business-type activities:										
Charges for services:										
Wastewater	1,036,287	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>1,036,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>3,060,782</u>	<u>2,319,151</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>
Net Expense	<u>\$ (5,937,364)</u>	<u>\$ (4,633,630)</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>

Source: The Town's financial records.

Note: The Town took over the Camp Verde Sanitary District Operations July 1, 2013.

TOWN OF CAMP VERDE, ARIZONA
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Expense	\$ (5,937,364)	\$ (4,633,630)	\$ (3,712,306)	\$ (4,599,760)	\$ (4,748,185)	\$ (5,621,137)	\$ (4,860,045)	\$ (5,494,811)	\$ (4,142,290)	\$ (3,368,156)
General Revenues:										
Governmental activities:										
Taxes:										
Sales taxes	2,597,901	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
Franchise taxes	267,059	250,327	245,501	243,353	239,946	238,072	237,227	219,502	187,130	174,072
State shared revenues	2,758,435	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
Investment earnings	27,714	33,251	13,787	12,985	19,964	3,614	220,900	313,860	209,644	66,880
Miscellaneous	13,090	69,009	11,840	53,507	23,954	239,099	64,610	8,242	-	-
Total governmental activities	<u>5,664,199</u>	<u>5,464,950</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>
Business-type activities:										
Investment earnings	1,621	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special item*	20,077,637									
Total business-type activities	<u>20,079,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ 19,806,093</u>	<u>\$ 831,320</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>

Source: The Town's financial records.

Note: * - The Town took over the Camp Verde Sanitary District (CVSD) Operations July 1, 2013. In doing so, just over \$20 million in assets were transferred to the Town. All debt, however, remains with CVSD and is not a part of the Town's liabilities.

TOWN OF CAMP VERDE, ARIZONA
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved					\$ 996,886	\$ 632,000	\$ 832,000	\$ -	\$ -	\$ -
Nonspendable	\$ -	\$ -	\$ -	\$ 22,096						
Restricted	-	-	-	-						
Committed	662,056	632,000	632,000	1,033,628						
Assigned	-	-	-	-						
Unassigned	1,844,848	1,621,049	1,284,934	1,950,054	2,352,892	2,990,296	2,732,574	3,518,376	3,229,020	2,475,296
Total General Fund	<u>\$ 2,506,904</u>	<u>\$ 2,253,049</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>
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
Parks fund					(339,161)	(326,933)	(744,077)	1,660,258	1,346,233	972,176
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
Non-major Debt service funds					-	-	-	-	177,535	145,635
Non-major Capital projects funds					602,214	589,141	1,212,018	1,719,178	1,384,235	2,413,063
Nonspendable	\$ -	\$ -	\$ 79,345	\$ 83,198						
Restricted	2,143,445	2,473,096	2,483,485	2,294,509						
Committed	11,214	686,629	694,215	185,200						
Assigned	491,190	-	-	-						
Unassigned	(614,955)	(587,984)	(378,467)	(559,961)						
Total all other governmental funds	<u>\$ 2,030,894</u>	<u>\$ 2,571,741</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>

Source: 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Taxes	\$ 2,864,959	\$ 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
Intergovernmental	4,208,755	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
Fines and forfeits	275,700	372,122	335,496	278,736	297,058	257,625	342,149	535,170	549,294	410,064
Licenses and permits	160,321	159,532	123,738	102,725	106,006	184,016	150,852	242,345	438,119	319,639
Charges for services	92,682	86,994	86,787	82,052	110,892	248,940	227,056	292,339	259,712	182,462
Contributions and donations	17,389	16,478	361,292	106,964	26,009	45,397	75,038	70,100	75,171	179,218
Investment income	27,714	33,197	13,787	12,984	19,964	3,614	220,900	313,860	209,644	66,880
Rents and royalties	-	-	-	3,068	5,048	20,788	43,424	45,692	43,660	18,784
Other	68,768	58,742	36,021	149,967	23,784	126,628	73,206	19,968	170,363	128,977
Total revenues	<u>\$ 7,716,288</u>	<u>\$ 7,803,938</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>

Source: 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenditures:										
Current -										
General government	\$ 2,316,759	\$ 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
Public safety	2,400,085	2,221,319	2,148,531	2,080,685	2,283,648	2,286,640	2,322,781	2,136,825	3,411,061	1,657,781
Public works and streets	741,300	655,284	688,127	528,172	625,582	682,696	1,072,780	1,583,979	1,374,738	923,922
Health and welfare	131,233	136,266	131,300	131,332	107,603	14,527	77,523	10,000	-	-
Culture and recreation	623,996	680,810	508,581	579,516	637,130	857,850	1,141,267	1,102,211	1,332,275	1,057,554
Economic and community development	391,601	455,170	352,412	345,807	469,503	816,146	531,984	434,940	35,375	5,166
Capital outlay	969,031	1,801,828	913,146	2,059,278	396,478	846,250	3,588,221	625,952	-	-
Debt service -										
Principal retirement	319,327	164,828	302,011	141,408	117,470	92,985	90,452	41,424	2,577	2,333
Interest and fiscal charges	118,067	116,056	84,722	103,044	89,070	92,185	94,061	95,054	118,089	39,031
Bond issuance costs	-	-	-	25,000	-	-	-	-	-	30,025
Total expenditures	<u>\$ 8,011,399</u>	<u>\$ 8,539,324</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>
Expenditures for capitalized assets	\$ 969,031	\$ 1,801,828	\$ 913,146	\$ 1,884,647	\$ 280,572	\$ 302,307	\$ 3,415,762	\$ 305,602	\$ 1,908,945	\$ 1,579,586
Debt service as a percentage of noncapital expenditures	6%	4%	6%	4%	3%	2%	2%	2%	2%	1%

Source: The Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
Other Financing Sources and Uses and Net Change in Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Excess (deficiency) of revenues over expenditures	\$ (295,111)	\$ (735,386)	\$ (213,212)	\$ (1,684,926)	\$ 140,704	\$ 103,278	\$ (2,039,553)	\$ 411,687	\$ 166,951	\$ (168,302)
Other financing sources (uses):										
Capital lease agreements	8,838	764,664		208,237	62,784	18,459	-	42,123	-	-
Transfers in	641,103	266,480	1,729,132	411,442	499,244	1,219,431	1,974,620	71,915	-	13,233
Transfers out	(641,103)	(266,480)	(1,729,132)	(411,442)	(499,244)	(1,219,431)	(1,942,845)	(71,915)	-	(13,233)
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>8,838</u>	<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>
Changes in fund balances	<u>\$ (286,273)</u>	<u>\$ 29,278</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>

Source: The Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
Tax Revenues by Category
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Retail Trade	\$ 1,040,491	\$ 990,166	\$ 686,400	\$ 691,160	\$ 701,977	\$ 832,860	\$ 898,920	\$ 1,068,343	\$ 1,108,776	\$ 546,790
Restaurants & Bars	473,070	437,452	309,169	301,925	307,921	319,393	324,358	321,300	305,811	252,532
Communications & Utilities	230,848	251,911	127,280	167,542	150,683	118,950	135,303	136,274	126,126	107,199
Construction	182,702	236,112	128,008	142,535	353,081	307,651	430,671	512,790	681,725	441,979
Real Estate, Rental & Leasing	170,109	170,973	147,728	134,821	140,596	122,225	111,852	121,702	115,071	94,460
Accommodation	138,850	131,748	88,626	84,609	110,798	142,302	148,694	139,946	116,911	98,706
Arts & Entertainment	114,106	92,444	59,604	62,416	53,087	62,039	56,874	52,342	42,792	3,362
Manufacturing	75,231	72,694	57,808	52,222	55,908	53,684	68,785	64,840	58,736	51,810
Services	75,939	57,851	45,369	42,630	59,894	133,860	43,705	44,090	48,833	66,629
Wholesale Trade	26,000	57,668	59,127	54,873	64,400	112,402	159,886	144,925	133,614	100,099
Other	67,486	42,385	26,309	28,756	36,839	54,597	81,322	102,832	137,798	72,896
Total	<u>\$ 2,594,832</u>	<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	2.1%	46.4%	-1.6%	-13.3%	-9.9%	-8.1%	-9.2%	-5.8%	56.6%	N/A

Source: The Town's financial records and the Arizona Dept. of Revenue.

Note: Camp Verde increased its local tax rates on 8/1/12; see the following page.

TOWN OF CAMP VERDE, ARIZONA
Tax Revenues by Source
Last Ten Fiscal Years
(Modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>Franchise Tax</u>	<u>Accomodation/ Bed Tax</u>	<u>Total</u>
2014	\$ 2,459,051	\$ 267,059	\$ 138,850	\$ 2,864,960
2013	2,412,725	250,327	131,748	2,794,800
2012	1,650,126	245,501	88,626	1,984,253
2011	1,678,879	243,353	84,609	2,006,841
2010	1,850,812	239,946	110,798	2,201,556
2009	2,021,646	238,072	142,302	2,402,020
2008	2,165,643	237,227	148,694	2,551,564
2007	2,446,528	219,502	139,946	2,805,976
2006	2,715,194	187,130	116,911	3,019,235
2005	1,729,651	174,072	98,706	2,002,429

Source: The Town's financial records and the Arizona Dept. of Revenue.

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		
2014	3.00	6.00	2.00	3.00	0.75	5.60
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

Source: Arizona Department of Revenue.

TOWN OF CAMP VERDE, ARIZONA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Outstanding Debt		
	Revenue Bonds	Capital Leases	Loans Payable	Bonds Payable	Notes Payable	Total Debt	Percentage of Personal Income	Per Capita
2014	\$ 2,353,490	\$ 625,670	\$ -	\$ -	\$ -	\$ 2,979,160	N/A	N/A
2013	2,525,787	770,465	-	-	-	3,296,252	0.05%	301
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	0.04%	269
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

Source: The Town's financial records.

Note: FY14 population information was not available at the time the audit was completed.

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>
2014	\$ 2,353,490	\$ 2,353,490	N/A
2013	2,525,787	2,525,787	230
2012	2,600,000	2,600,000	239
2011	2,685,000	2,685,000	247
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

Source: The Town's financial records.

Note: FY14 population information was not available at the time the audit was completed.

TOWN OF CAMP VERDE, ARIZONA
Direct and Overlapping Governmental Activities Debt
June 30, 2014

<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*	\$ -	2.7%	\$ -
Yavapai County Community College*	41,610,000	2.7%	1,136,746
Camp Verde Unified School District	1,804,770	92.0%	16,605
Camp Verde Fire District	927,242	100.0%	9,272
Camp Verde Sanitary District	12,224,124	100.0%	12,224,124
Total Overlapping Debt			<u>13,386,747</u>
Direct:			
Town of Camp Verde	<u>2,979,160</u>	100.0%	<u>2,979,160</u>
Total Direct and Overlapping Debt			<u>\$ 16,365,907</u>

Source: Arizona Department of Revenue (azdor.gov) Bonded Indebtedness report
Yavapai County Assessor's Office

Note: * - FY13 debt amount used as information for FY14 was not yet available.

TOWN OF CAMP VERDE, ARIZONA
Legal Debt Margin Information
Last Ten Fiscal Years

6% Debt Limit

	Fiscal Year Ended June 30									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 3,699,522	\$ 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
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 3,699,522</u>	<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>
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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt Limit	\$ 12,331,739	\$ 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
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 12,331,739</u>	<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>
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 Town's financial records and the Yavapai County Assessor's Office.

TOWN OF CAMP VERDE, ARIZONA
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Revenue Bonds				Coverage
	Excise Tax Revenue	Debt Service			
		Principal	Interest		
2014	\$ 5,623,395	\$ 165,115	\$ 105,755	21	
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	-	0	N/A	

Source: The Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
Demographic and Economic Statistics – Yavapai County
Last Ten Calendar Years

Year	Town of Camp Verde Population	Yavapai County Population	County Personal Income (1)	County Per Capita Income	County Unemployment Rate
2013	10,960	215,133	\$ 6,992,574	\$ 32,503	8.0 %
2012	10,883	212,530	6,800,376	31,997	8.6 %
2011	10,849	210,867	6,498,204	30,817	9.8 %
2010	10,875	210,137	6,245,478	29,721	10.9 %
2009	10,871	211,172	6,272,906	29,705	10.3 %
2008	10,892	211,211	6,602,128	31,258	6.0 %
2007	10,829	208,773	6,602,162	31,624	3.6 %
2006	10,596	204,082	6,058,552	29,687	3.9 %
2005	10,148	195,424	5,471,859	28,000	4.4 %
2004	10,014	187,822	4,839,973	25,769	4.6 %

Sources: Bureau of Economic Analysis (bea.gov)
Arizona Office of Employment & Population Statistics (azstats.gov)
Unemployment Rate information from US Bureau of Labor Statistics (bls.gov)

Note: (1) - In thousands of dollars
Information for FY14 was not available at the time of printing.

TOWN OF CAMP VERDE, ARIZONA
Principal Employers – Yavapai County
Current, Prior, & Nine Years Ago Fiscal Years

<u>Employer</u>	<u>2014</u>		<u>2013</u>	<u>2005</u>
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Employees</u>
Cliff Castle Casino & Hotel	490	19.6 %	471	N/A
Yavapai-Apache Nation	217	8.7	238	N/A
Camp Verde Unified School District	197	7.9	222	N/A
Bashas	110	4.4	101	N/A
Town of Camp Verde	107	4.3	96	N/A
Rainbow Acres	70	2.8	70	N/A
The Haven of Camp Verde	58	2.3	58	N/A
Out of Africa Wildlife Park	48	1.9	48	N/A
McDonald's	46	1.8	46	N/A
Denny's	36	1.4	32	N/A
Total	<u>1,379</u>	<u>55.2 %</u>	<u>1,382</u>	<u>-</u>
Total Employment*	<u>2,500</u>		<u>2,551</u>	<u>N/A</u>

Source(s): The Town's financial records.
United States Census Bureau (census.gov)
Local business' records

Note: Total employment information for FY2005 was not available.
Total employment for 2014 is estimated from the Town's financial records and other sources.

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government										
Management Services	5.1	5.1	5.1	5.4	5.4	5.2	7.2	5.0	7.0	6.0
Finance	2.2	2.0	2.0	1.0	2.5	2.0	2.1	2.9	2.9	2.9
Economic Development	1.6	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Municipal Court	5.6	5.6	5.6	5.6	5.5	6.0	6.0	6.0	6.0	6.0
Total General Government	<u>14.5</u>	<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>
Public Safety										
Marshal's Department	30.2	25.7	28.0	26.0	28.0	29.6	32.6	31.0	30.0	28.0
Animal Control	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	1.5
Total Public Safety	<u>31.2</u>	<u>26.7</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>
Public Works										
Admin	2.4	1.7	1.0	1.0	2.5	1.5	1.0	1.0	0.0	0.0
Streets	6.2	5.8	5.4	5.0	3.5	6.5	7.0	6.0	6.0	8.5
Maintenance	7.2	6.2	6.4	7.0	6.0	6.0	7.0	8.0	7.0	6.0
Total Public Works	<u>15.8</u>	<u>13.7</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>
Library	5.8	5.3	5.4	4.2	5.0	5.4	5.4	4.6	4.9	4.9
Parks & Recreation	4.0	3.5	3.6	3.6	2.8	2.7	3.7	3.0	4.0	4.0
Community Development	5.0	5.0	5.0	4.0	4.0	5.0	7.0	6.0	8.0	7.0
Sewer	7.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u><u>83.3</u></u>	<u><u>67.9</u></u>	<u><u>69.4</u></u>	<u><u>58.4</u></u>	<u><u>61.8</u></u>	<u><u>66.7</u></u>	<u><u>73.8</u></u>	<u><u>70.5</u></u>	<u><u>70.8</u></u>	<u><u>68.8</u></u>

Source: The Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
Capital Assets Statistics by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year Ended June 30</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	31	22	19	17	30	30	31	29	26	26
Streets										
Streets (miles)	110	110	110	110	110	106	106	106	105	104
Streetlights	110	110	110	110	92	102	102	102	98	58
Traffic signals	6	6	6	6	2	2	2	2	2	2
Parks and Recreation										
Parks developed	4	4	4	4	4	3	2	2	2	2
Parks acreage	138	138	138	138	138	130	130	12	12	12
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1
Sewer										
Pipeline (Miles)	29	29	29	29	29	29	20	20	20	13
Manholes	440	440	440	440	440	440	265	265	265	220

Source: 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government										
Business Licenses	645	650	582	555	597	576	556	544	542	511
Public Safety										
Total Incidents	13,782	10,462	11,614	11,234	10,420	8,348	10,281	9,741	9,821	8,959
Public Works										
Street Resurfacing (miles)	-	-	-	-	0.25	-	-	8.30	8.70	11.30
Library										
Circulation	52,631	51,303	63,580	59,883	76,813	80,139	69,349	62,855	58,722	53,565
Traffic	33,787	27,766	25,831	22,336	N/A	N/A	N/A	N/A	N/A	N/A
Community Development										
Building Permits	362	387	312	341	364	128	107	151	348	220

Source: The Town's records.