

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015



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.





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**Town of Camp Verde
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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Town of Camp Verde

Gateway to the Verde Valley

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◆ Telephone: 928.554.0000 ◆ Fax: 928.554.0002 ◆

◆ www.campverde.az.gov

December 22, 2015

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, 2015. 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, 2015. 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 have grown 65% over the 4-year period starting in FY12. While a large portion of that growth comes from increases to the tax rate (2% to 3.65% over the 4 years) it also reflects increased spending in our area and presumably a comfortableness with current economic conditions.

Tax revenues from the State have grown an average of 8% over the last 4 years and are projected to grow another 12% in FY16 which combined with the local tax revenue outlook, give Camp Verde a stable economic base.

Camp Verde is located at the center of Arizona and within 1 hour of 4 dramatically different climates and cities, Phoenix to the South, Flagstaff to the North, Prescott to the West and Payson to East. This puts our Town in a great location to take advantage of travel and tourism within our area.

From 2004 to 2008, the Town saw a 9% population increase over the 4 year period. However, from 2008 to 2013 that increase drops to 1%. Current population growth within the Town has flat-lined, though the expectation for our area (Yavapai County) is moderate growth over the next several years. The dramatic slow-down in population growth was highlighted by the construction industry in Camp Verde which slowed considerably. Tax revenues from construction dropped 23% from FY13 to FY14. Construction has seen a turn-around though in recent years, increasing 12% from FY14 to FY15 and another 39% through the first quarter of FY16 with many projects already moving forward in our Community Development department.

Long-Term Financial Planning:

Town Council is working hard to further develop and enhance long-term planning processes. The Town is in the final stages of accepting their new General Plan and has developed for the first time, a strategic plan that will help focus the utilization of Town resources towards long-term goals. The Strategic Plan also becomes a driving factor behind the development of our 5-year Capital Improvement Plan as well. Camp Verde is dedicated to enhancing the quality of life for its citizens and providing municipal services in a fiscally responsible manner. To this end, Camp Verde has strived to remain financially strong and has an Unassigned General Fund balance of roughly \$1.9 million, which amounts to 25% of FY16 budgeted outflows in the General Fund.

Major Initiatives:

This last fiscal year has seen the beginning of a number of large projects in our Town.

- 1) Construction began on a new 26,000 square foot Verde Valley Medical Center.
- 2) The Town began construction on a new two-story, 17,000 square foot library.
- 3) Preparations for the expansion of Highway 260 by Arizona Department of Transportation are nearly complete and the project is set to move forward in 2016.
- 4) The expansion of sewer lines along Highway 260 is another project that is moving forward in conjunction with the Highway expansion project mentioned above, which will enable the economic development of that area.

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 A. Martin
Town Manager

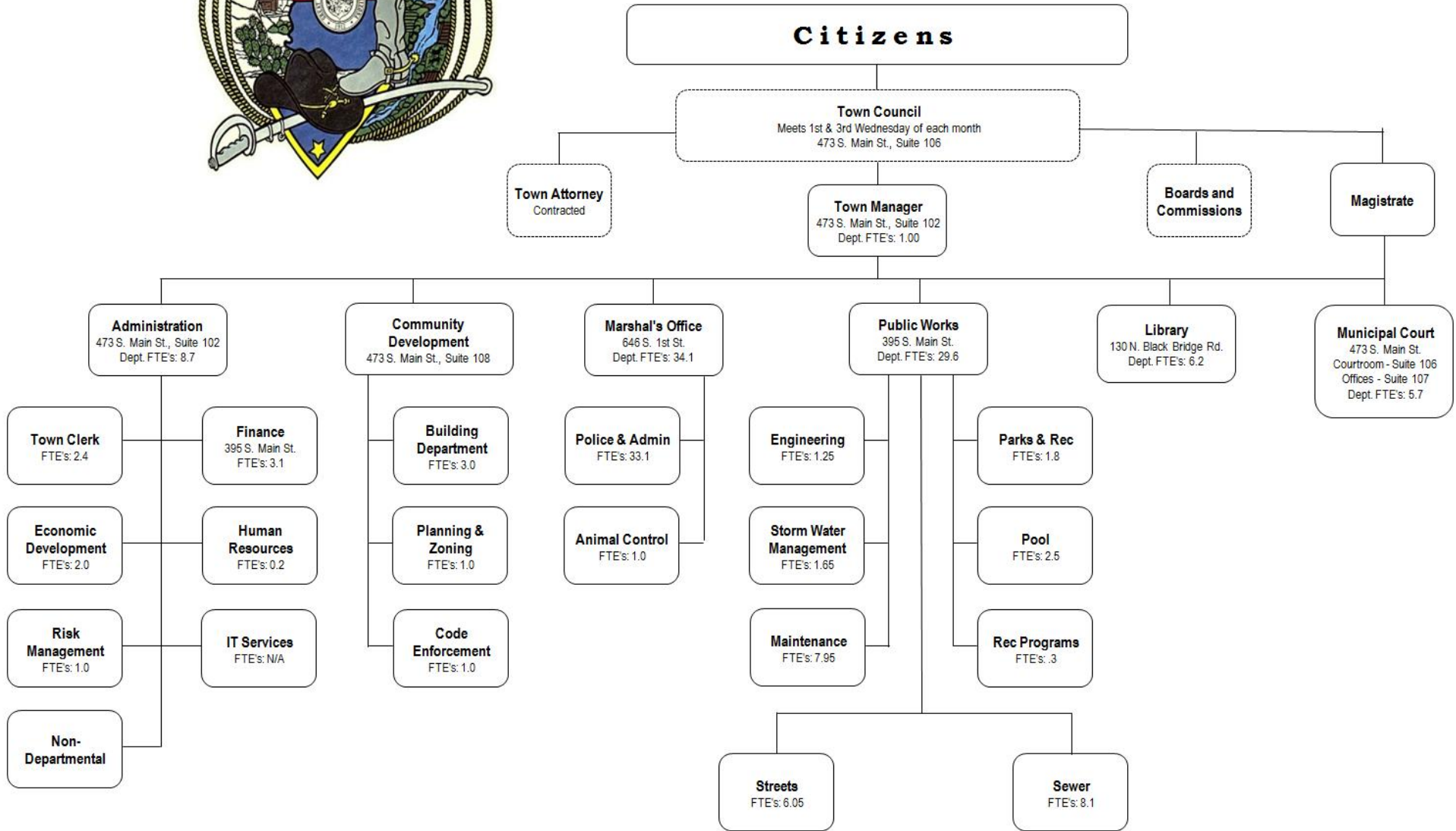


Michael E. Showers
Finance Director



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, Councilor Jackie Baker, Councilor Carol German

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

Russ Martin, *Town Manager*
Virginia Jones, *Town Clerk*
Mike Showers, *Finance Director*
Nancy Gardner, *Marshal*
Kathy Hellman, *Library Director*
Paul Schlegel, *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*



FINANCIAL SECTION





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, 2015, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, Arizona, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2015, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement Nos. 68 and 71. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 - 16, Budgetary Comparison Schedules on pages 62-65, Schedule of the Town's Proportionate Share of the Net Pension Liability – Cost-Sharing Pension Plans on page 67, Schedule of Changes in the Town's Net Pension Liability (Asset) and Related Ratios – Agent Pension Plans on page 68, Schedule of Town Pension Contributions on page 69, and Schedule of Agent OPEB Plans' Funding Progress on page 71 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 22, 2015, 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.

Other Reporting Required by Arizona Revised Statutes

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the Town solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

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

December 22, 2015



**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015. Please read it in conjunction with the Town's basic financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

- Governmental total assets increased by just over \$3.7 million, which is directly attributable to increases in restricted cash from bond monies received for the construction of a new library.
- Net position from governmental activities (excluding the adjustments for GASB 68 net pension liability) increased by \$1.3 million to \$16.47 million, representing an 8 percent increase over fiscal year 2013-14. After adjusting for net pension liability, net position is virtually unchanged at \$11 million.
- Net position for business-type activities fell by \$647,242 and can be directly attributed to depreciation expense of \$746,528.
- General revenues from governmental activities accounted for just under \$6.1 million of revenues, or 73 percent of all revenues from governmental activities. State shared revenues and local sales tax revenues make up 95% of the general revenues and together show an increase of \$450,229 from fiscal year 2013-14.
- Expenses from governmental activities were up from fiscal year 2013-14 by nearly \$1.24 million, most of which (\$842,174) comes from budgeted increases in general government and public safety.
- Among major governmental funds, the General Fund had \$6.8 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services, fines and forfeitures, and intergovernmental revenues. The total expenditures in the General Fund were just under \$6.24 million increasing the general fund balance, after allowing for net transfers out of \$497,796, by \$67,862. HURF Fund revenues of \$862,803 were only slightly higher (\$36,390) than last fiscal year, but a decrease from last year's combined expenditures and net transfers out of \$59,279 increased the HURF fund balance by \$112,474. The Parks fund was virtually unchanged.
- The Library fund became a major fund this year due to the Town securing funding through revenue bonds (\$3.5 million) for the construction of a new Town Library.

OVERVIEW OF FINANCIAL STATEMENTS

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

In the government-wide financial statements, the Town's activities are presented in the following 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's only business-type activity is the wastewater enterprise fund. Town took over the Camp Verde Sanitary District wastewater 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.

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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances starting on page 21 for the General, HURF, Library 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 which can be found on pages 74-92.

Proprietary funds. The Town maintains one type of proprietary fund; an enterprise fund for wastewater activities. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 23-25 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. Information on these funds can be found in the Other Financial Statements section of this report on page 92.

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 on pages 28-61.

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, Library and Parks Funds as required supplementary information which can be found on pages 62-65. The Town also reports certain required supplementary information concerning the Town's pension plans. Required supplementary information schedules concerning these plans can be found on pages 67 – 71.

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, total assets exceeded total liabilities by \$29.45 million as of June 30, 2015 which is a 3% drop from last year. The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	\$ 8,683,721	\$ 5,226,680	\$ 846,128	\$ 892,220	\$ 9,529,849	\$ 6,118,900
Capital assets, net	14,159,186	13,858,202	18,069,267	18,613,499	32,228,453	32,471,701
Other non-current assets	110,897	126,903	-	-	110,897	126,903
Total assets	<u>22,953,804</u>	<u>19,211,785</u>	<u>18,915,395</u>	<u>19,505,719</u>	<u>41,869,199</u>	<u>38,717,504</u>
Liabilities						
Current and other liabilities	1,633,935	1,062,788	74,918	57,786	1,708,853	1,120,574
Long-term liabilities	11,304,980	7,340,231	482,963	401,948	11,787,943	7,742,179
Total liabilities	<u>12,938,915</u>	<u>8,403,019</u>	<u>557,881</u>	<u>459,734</u>	<u>13,496,796</u>	<u>8,862,753</u>
Deferred Inflows/(Outflows) of Resources						
Def'd net outflows related to pensions	(1,070,604)	(422,232)	(72,710)	(31,482)	(1,143,314)	(453,714)
Def'd inflows related to debt defeasance	65,164	-	-	-	65,164	-
Total net position	<u>\$ (1,005,440)</u>	<u>\$ (422,232)</u>	<u>\$ (72,710)</u>	<u>\$ (31,482)</u>	<u>\$ (1,078,150)</u>	<u>\$ (453,714)</u>
Net Position						
Net investment in capital assets	11,390,529	10,488,341	18,069,267	18,613,499	29,459,796	29,101,840
Restricted	5,567,076	2,270,348	-	-	5,567,076	2,270,348
Unrestricted	<u>(5,937,276)</u>	<u>(1,527,691)</u>	<u>360,957</u>	<u>463,968</u>	<u>(5,576,319)</u>	<u>(1,063,723)</u>
Total net position	<u>\$ 11,020,329</u>	<u>\$ 11,230,998</u>	<u>\$ 18,430,224</u>	<u>\$ 19,077,467</u>	<u>\$ 29,450,553</u>	<u>\$ 30,308,465</u>

Governmental Activities. The Town's net position from governmental activities fell \$210,669 dollars from the restated fiscal year 2013-14 balance. The following are current year transactions that had a significant impact on the Town's net position:

- The Town received revenue bond funding in the amount of \$4,904,000 (\$1,372,950 amount of which was used to payoff the Town's GADA loan). This shows up as a significant increase in both long-term liabilities and current assets.
- Due to the implementation of GASB 68, there is a prior period adjustment for net pension liability of \$4.36 million and a current year adjustment of \$1,089,624.
- Net capital purchases of \$803,294 was comprised mostly of Construction in Progress for several projects including the new Town library and drainage improvements.

Business-Type Activities. The Town's net position from business-type activities fell \$647,242 from fiscal year 2013-14. The following are current year transactions that had a significant impact on the Town's net position:

- Depreciation in the amount of 746,528.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities

The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and 2014:

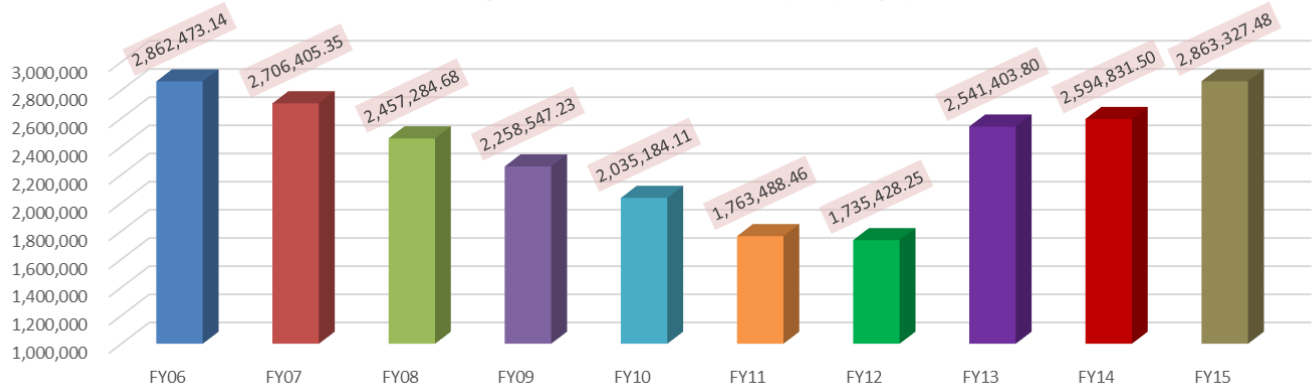
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 735,666	\$ 738,650	\$ 1,029,111	\$ 1,036,287	\$ 1,764,777	\$ 1,774,937
Operating grants and contributions	1,084,065	1,103,424			1,084,065	1,103,424
Capital grants and contributions	438,025	182,421			438,025	182,421
General revenues:					-	-
Town sales taxes	2,863,839	2,597,901			2,863,839	2,597,901
Franchise taxes	266,973	267,059			266,973	267,059
State shared revenue	2,942,726	2,758,435			2,942,726	2,758,435
Investment earnings	15,456	27,714	909	1,621	16,365	29,335
Miscellaneous	7,086	13,090			7,086	13,090
Special Items:				19,707,171	-	19,707,171
Total revenues	<u>8,353,836</u>	<u>7,688,694</u>	<u>1,030,020</u>	<u>20,745,079</u>	<u>9,383,856</u>	<u>28,433,773</u>
Expenses						
General government	2,776,465	2,383,176			2,776,465	2,383,176
Public safety	3,050,800	2,601,915			3,050,800	2,601,915
Public works and streets	1,156,551	1,006,300			1,156,551	1,006,300
Health and welfare	123,700	131,233			123,700	131,233
Culture and recreation	724,730	684,280			724,730	684,280
Economic and community development	507,702	411,023			507,702	411,023
Interest on long-term debt	224,557	107,141			224,557	107,141
Wastewater			1,677,262	1,667,612	1,677,262	1,667,612
Total expenses	<u>8,564,505</u>	<u>7,325,068</u>	<u>1,677,262</u>	<u>1,667,612</u>	<u>10,241,767</u>	<u>8,992,680</u>
Increase/ (decrease) in net position	(210,669)	363,626	(647,242)	19,077,467	(857,911)	19,441,093
Net position (restated), beginning	<u>11,230,998</u>	<u>10,867,372</u>	<u>19,077,466</u>	-	<u>30,308,464</u>	<u>10,867,372</u>
Net position, ending	<u>\$ 11,020,329</u>	<u>\$ 11,230,998</u>	<u>\$ 18,430,224</u>	<u>\$ 19,077,467</u>	<u>\$ 29,450,553</u>	<u>\$ 30,308,465</u>

Governmental Activities. Total governmental revenues increased \$665,142 (8%) from last year to \$8.35 million. While this reflects increased sales tax activity it is also attributable to an increase in the Town sales tax rate in March 2015 which accounted for \$138,560 (52%) of the total \$265,938 increase (See revenue schedule below). Grants and contributions were up \$236,245 (18%) over last year's numbers and state shared revenues (which includes state income and sales taxes as well as vehicle license tax) also increased this last year by \$184,291 (7%).

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

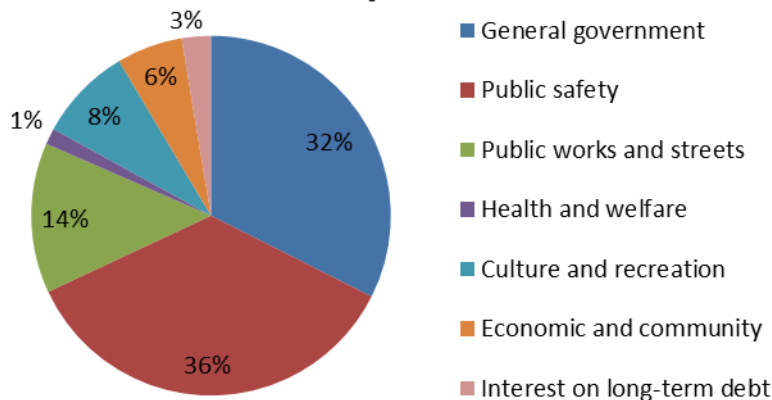
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Annual Local Tax Revenues

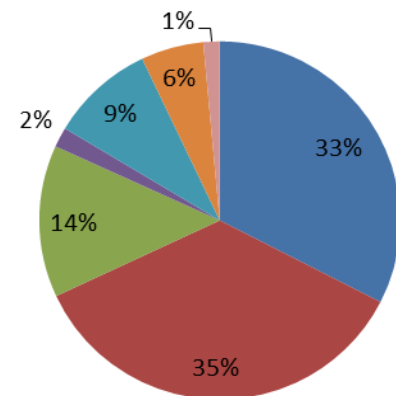


Expenses increased most notably in the areas of general government (\$393,289) and public safety (\$448,885). A significant amount of these two increases is an adjustment for the current year net pension liability of \$347,208 for the two combined; \$441,252 over all functional areas. Public safety also received and spent a \$120,000 equipment grant through DOHS and had increased salaries of nearly \$135,000 due mostly to 2 new positions.

**Governmental
Fiscal Year 2015 Expenses**



**Governmental
Fiscal Year 2014 Expenses**



**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities. The Town's only business-type activity is its wastewater department. This enterprise fund is funded almost exclusively through fee-for-service revenues. From fiscal year 2013-14 to 2014-15, fee-for-service revenues were virtually unchanged, falling only \$7,176 (.7%). It is important to note that a \$19.7 million revenue item from last fiscal year came from the transfer of operations of the Camp Verde Sanitary District to the Town of Camp Verde. While the Town received all assets, including infrastructure, the corresponding debt remains with the sanitary district and is paid through property taxes assessed on entities within the sanitary district completely unrelated to wastewater operational revenues. These property tax payments are maintained separately in an agency fund for bi-annual debt payments.

Total expenses increased slightly by \$9,650. The entire amount of the decrease in net position of \$647,242 can be found in the depreciation expense for the year of \$746,528.

Functional Net Governmental Activities

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.

	Year Ended June 30, 2015		Year Ended June 30, 2014	
	Total Expenses	Net (Exp) / Rev	Total Expenses	Net (Exp) / Rev
Governmental activities				
General government	\$ 2,776,465	\$ (2,751,231)	\$ 2,383,176	\$ (2,332,003)
Public safety	\$ 3,050,800	(2,371,977)	2,601,915	\$ (2,076,083)
Public works and streets	\$ 1,156,551	(95,026)	1,006,300	\$ (37,284)
Health and welfare	\$ 123,700	(123,700)	131,233	\$ (131,233)
Culture and recreation	\$ 724,730	(500,347)	684,280	\$ (409,109)
Economic and community development	\$ 507,702	(239,911)	411,023	\$ (207,720)
Interest on long-term debt	\$ 224,557	(224,557)	107,141	(107,141)
Net	\$ 8,564,505	\$ (6,306,749)	\$ 7,325,068	\$ (5,300,573)
Business-Type Activities				
Wastewater	\$ 1,677,262	\$ (648,151)	\$ 1,667,612	\$ (631,325)
Net	\$ 1,677,262	\$ (648,151)	\$ 1,667,612	\$ (631,325)
Total	\$ 10,241,767	\$ (6,954,900)	\$ 8,992,680	\$ (5,931,898)

Of the total \$8.56 million governmental expenses, \$2.26 million (26%) were covered by 1) those who directly benefitted from the services and 2) grants and contributions. The remaining \$6.3 million was subsidized mostly by state and local taxes of \$6 million. The wastewater services division (Business-type activities) total expenses of \$1.67 million, less depreciation, was covered with fee-for-service revenues.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

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 under \$7.8 million, a \$3.26 million increase from the prior year. Approximately 16 percent of the ending fund balance (\$1.24 million) constitutes *unassigned fund balance*, which is virtually identical to 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), HURF (\$1,404,240), library building construction (\$3,464,008), capital improvements (\$405,029) and various other special programs (\$644,835).

The General Fund is the principal operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund was \$2.57 million which is slightly higher than last year's \$2.5 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. For fiscal year 2014-15, fund balance in the General Fund is 41% of total General Fund expenditures.

The fund balance in the Library Fund is uncharacteristically high (\$3.2 million) due to the receipt of revenue bond monies in fiscal year 2014-15 that were only partially expended this year. These funds will be fully expended in the coming fiscal year, 2015-16, for the construction of the new library.

The HURF fund balance increased \$112,474 from last year due to a mild increase in revenues (4%) and decrease in expenses (14%) most notably from capital outlays which decreased \$100,759.

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.

Wastewater revenues and expenses were virtually the same as last year as mentioned previously in the government-wide analysis. Net position in the enterprise fund decreased \$647,242 (3%) all directly attributable to depreciation.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

BUDGETARY HIGHLIGHTS

Schedules showing the budget amounts compared to the Town's actual financial activity for the General, HURF, Library and Parks Funds are provided in this report as required supplementary information. Budgetary highlights for the General Fund are as follows:

- All functional areas are under the total expense budget for the year.
- General Fund expenditures in total were under budget by 4%.

General Fund Expenses: Budget to Actual



CAPITAL ASSETS

As of June 30, 2015, the Town had invested \$18.5 million in governmental capital assets and \$23.4 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 \$559,995 and \$746,528 respectively. More information on debt and long-term liabilities can be found in the Notes to the Financial Statements under Note 5 – Capital Assets.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2015 and 2014:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,868,719	\$ 5,868,719	\$ 1,275,828	\$ 1,275,828	\$ 7,144,547	\$ 7,144,547
Construction in progress	1,549,184	871,704	102,264	101,522	1,651,448	973,226
Buildings and improvements	3,857,920	3,833,184	553,417	406,260	4,411,337	4,239,444
Infrastructure	3,377,961	3,377,961	21,182,275	21,182,275	24,560,236	24,560,236
Machinery and equipment	2,912,901	2,811,823	325,849	303,756	3,238,750	3,115,579
Improvements other than buildings	953,431	953,431	-	-	953,431	953,431
Accumulated depreciation	(4,360,930)	(3,858,620)	(5,370,366)	(4,656,142)	(9,731,296)	(8,514,762)
Total	\$ 14,159,186	\$ 13,858,202	\$ 18,069,267	\$ 18,613,499	\$ 32,228,453	\$ 32,471,701

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

CAPITAL ASSETS (CONTINUED)

Key factors for Capital assets during the current fiscal year include the following:

- The Town added \$677,480 in construction in progress expenses. The largest investments was in the new library building for \$344,988.
- The increase in machinery and equipment comes from grant expenditures for \$117,622 of new communication equipment in the marshal's office.

DEBT AND LONG-TERM LIABILITIES

As of June 30, 2015, the Town had just under \$12.6 million in long-term debt and long-term liabilities, \$12.1 million for governmental activities and \$500,000 for business-type activities. Of the \$12.1 million governmental liabilities amount, \$6.2 million is in bond and capital lease debt of which \$323,030 is due within one year. Principle payments for bond and capital lease debt for the year were \$1.7 million. The Town does not have any business-type activity debt. Compensated absences increased \$56,632 (14%) for governmental activities and \$6,726 (27%) for business-type activities. The largest impact on long-term liabilities is the adjustment for GASB 68 net pension liability of \$5,450,696 and \$482,963 for governmental and business-type activities respectively. The net pension liability for governmental activities is 45% of the total balance and 94% of the business-type balance. 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. More information on debt and long-term liabilities can be found in the Notes to the Financial Statements under Note 7 – Long-Term Liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
2014 Revenue bonds	\$ 4,904,000	\$ -	\$ -	\$ -	\$ 4,904,000	\$ -
2011 Revenue bonds	798,227	871,084	-	-	798,227	871,084
2005 Revenue bonds	-	1,410,000	-	-	-	1,410,000
2005 Revenue bond premium	-	72,406	-	-	-	72,406
Capital leases	471,967	625,669	-	-	471,967	625,669
Net pension liability	5,450,696	4,361,072	482,963	401,948	5,933,659	4,763,020
Compensated absences	447,334	390,702	31,819	25,093	479,153	415,795
Total	\$ 12,072,224	\$ 7,730,933	\$ 514,782	\$ 427,041	\$ 12,587,006	\$ 8,157,974

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% on average of the Town's revenues. The local economy has stabilized and recently has increased 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 we began construction on a new library facility as well as preparing for infrastructure needs in the

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

future specifically along Highway 260. Another large construction project started in 2015 will be a new 26,000 square foot medical center on 29 acres of land. Both projects have spurred-on construction tax revenues in late fiscal year 2014-15. We will continue in fiscal year 2015-16 with the completion of these as well as several other small capital projects. It is also expected to be an even stronger construction year in 2016 with several new industrial warehouses as well as a couple of new retail buildings along Finnie Flat Road. Because of these construction related "one-time" revenues, our town council and staff will continue to monitor activity throughout the year to ensure the budget continues to guide prudent spending.

Staff continues to tighten projected spending in the budget preparation but has continued to consistently under-spend even their budgeted expenses each year. Departments continued to save across all areas of their budgets. We continue to make progress on expensive, longstanding capital projects within the budget. The Town is expecting to see additional revenue generation from current growth and must be able to sustain that revenue 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 to maintain 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 the past few years we were able to replace most of these previously lost positions to a point just short of where we were back in 2007 but continue to expand our service levels and project accomplishments in areas that hopefully will generate new revenue and serve the community even better.

Management continues to believe that the conservative approach taken over 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 realized, it is hoped that the new revenues will allow for even more capital projects to become reality. An increase local sales tax late in fiscal year 2014-15 has led to a new revenue source that will fund projects in the Capital Improvement Plan that have been put off for years as well as allow for the addition of others that had yet to even be considered due to the limited capital resources available in the past.

As a result of the thoughtful leadership of the town council and the professional 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, discipline and transparency. We are confident that we have and can continue to address and manage the challenges we face and look forward to finding ways to maintain the positive return of healthier revenues that will allow for continued high quality community services and capital construction and investment. Many planned construction projects are now in the works with more to come over the next year as well as years to come.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2015**



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.

TOWN OF CAMP VERDE, ARIZONA
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 4,545,530	\$ 738,406	\$ 5,283,936
Cash - restricted	3,405,537	-	3,405,537
Accounts receivable - net	224,407	106,307	330,714
Due from other governments	508,247	1,415	509,662
Loan receivable	110,897	-	110,897
Capital assets, not being depreciated	7,417,903	1,378,092	8,795,995
Capital assets, being depreciated, net	6,741,283	16,691,175	23,432,458
Total assets	22,953,804	18,915,395	41,869,199
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,816,598	157,165	1,973,763
LIABILITIES			
Accounts payable	430,966	43,099	474,065
Accrued expenses	162,781	-	162,781
Interest payable	117,739	-	117,739
Unavailable loan revenue	70,002	-	70,002
Court bonds payable	6,041	-	6,041
Claims payable	79,162	-	79,162
Noncurrent liabilities			
Due within 1 year	767,244	31,819	799,063
Due in more than 1 year	11,304,980	482,963	11,787,943
Total liabilities	12,938,915	557,881	13,496,796
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	745,994	84,455	830,449
Deferred inflows related to debt defeasance	65,164	-	65,164
Total deferred inflows of resources	811,158	84,455	895,613
NET POSITION			
Net investment in capital assets	11,390,529	18,069,267	29,459,796
Restricted for:			
Highways and streets	1,404,240	-	1,404,240
Housing redevelopment	147,625	-	147,625
Special programs	4,015,211	-	4,015,211
Unrestricted (deficit)	(5,937,276)	360,957	(5,576,319)
Total net position	\$ 11,020,329	\$ 18,430,224	\$ 29,450,553

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Activities
Year Ended June 30, 2015

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		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities							
General government	\$ 2,776,465	\$ 25,234	\$ -	\$ -	\$ (2,751,231)	\$ -	\$ (2,751,231)
Public safety	3,050,800	457,097	89,545	132,181	(2,371,977)	-	(2,371,977)
Public works and streets	1,156,551	16,214	845,963	199,348	(95,026)	-	(95,026)
Health and welfare	123,700	-	-	-	(123,700)	-	(123,700)
Culture and recreation	724,730	42,332	132,873	49,178	(500,347)	-	(500,347)
Economic and community development	507,702	194,789	15,684	57,318	(239,911)	-	(239,911)
Interest of long-term debt	224,557	-	-	-	(224,557)	-	(224,557)
Total governmental activities	<u>8,564,505</u>	<u>735,666</u>	<u>1,084,065</u>	<u>438,025</u>	<u>(6,306,749)</u>	<u>-</u>	<u>(6,306,749)</u>
Business-type activities							
Wastewater	1,677,262	1,029,111	-	-	-	(648,151)	(648,151)
Total business-type activities	<u>1,677,262</u>	<u>1,029,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(648,151)</u>	<u>(648,151)</u>
Total primary government	<u>\$ 10,241,767</u>	<u>\$ 1,764,777</u>	<u>\$ 1,084,065</u>	<u>\$ 438,025</u>	<u>\$ (6,306,749)</u>	<u>\$ (648,151)</u>	<u>\$ (6,954,900)</u>
General revenue:							
Taxes:							
Sales Taxes					2,863,839	-	2,863,839
Franchise tax					266,973	-	266,973
State shared revenue					2,942,726	-	2,942,726
Investment income					15,456	909	16,365
Miscellaneous					7,086	-	7,086
Total general revenue					<u>6,096,080</u>	<u>909</u>	<u>6,096,989</u>
Change in net position					(210,669)	(647,242)	(857,911)
Net position, July 1, 2014, restated					11,230,998	19,077,466	30,308,464
Net position, June 30, 2015					<u>\$ 11,020,329</u>	<u>\$ 18,430,224</u>	<u>\$ 29,450,553</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	HURF Fund	Library Building Fund	Parks Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	1,900,554	\$ 1,331,154	\$ 248,027	\$ 6,794	\$ 1,059,001	\$ 4,545,530
Cash - restricted	91,311	-	3,314,226	-	-	3,405,537
Accounts receivable, net	224,407	-	-	-	-	224,407
Due from other governments	255,549	80,111	-	-	172,587	508,247
Loans receivable	-	-	-	-	110,897	110,897
Due from other funds	673,323	-	-	-	-	673,323
Total assets	\$ 3,145,144	\$ 1,411,265	\$ 3,562,253	\$ 6,794	\$ 1,342,485	\$ 9,467,941
LIABILITIES						
Accounts payable	\$ 219,918	\$ 7,025	\$ 98,245	\$ -	\$ 105,778	\$ 430,966
Accrued expenses	162,781	-	-	-	-	162,781
Court bonds payable	6,041	-	-	-	-	6,041
Claims payable	79,162	-	-	-	-	79,162
Due to other funds	-	-	-	632,000	41,323	673,323
Total liabilities	467,902	7,025	98,245	632,000	147,101	1,352,273
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	102,476	-	-	-	219,695	322,171
Total deferred inflows of resources	102,476	-	-	-	219,695	322,171
FUND BALANCES						
Restricted	-	1,404,240	3,464,008	-	587,931	5,456,179
Committed	662,091	-	-	-	-	662,091
Assigned	-	-	-	-	431,842	431,842
Unassigned	1,912,675	-	-	(625,206)	(44,084)	1,243,385
Total fund balances	2,574,766	1,404,240	3,464,008	(625,206)	975,689	7,793,497
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,145,144	\$ 1,411,265	\$ 3,562,253	\$ 6,794	\$ 1,342,485	\$ 9,467,941

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, 2015

Fund balances--total governmental funds		\$ 7,793,497
<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	18,520,117	
Less accumulated depreciation	<u>(4,360,931)</u>	
		14,159,186
<p>Some receivables are not available to pay for current-period expenditures and therefore, are unavailable in the funds.</p>		
Reimbursable grant expenditures	38,796	
Loan receivable	110,897	
Fines receivable	<u>102,476</u>	
		252,169
<p>Some liabilities, including notes payable and net pension liabilities are not due and payable in the current period and therefore, are not reported in the funds</p>		
Compensated absences	(447,334)	
Net pension liability	(5,450,696)	
Revenue bonds payable	(5,702,227)	
Lease purchase	(464,912)	
Capital leases	(7,055)	
Interest payable	<u>(117,739)</u>	
		<u>(12,189,963)</u>
<p>Deferred outflows and inflows of resources related to pensions and amortized bond premiums are applicable to future reporting periods and, therefore, are not reported in the funds.</p>		
Pension related deferred outflows	1,816,598	
Pension related deferred inflows	(745,994)	
Amortized bond premiums	<u>(65,164)</u>	
		<u>1,005,440</u>
Net position of governmental activities		<u><u>\$ 11,020,329</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, 2015

	General Fund	HURF Fund	Library Building Fund	Parks Fund	Non-Major Governmental Funds	Total Governmental Fund
Revenue						
Taxes	\$ 3,130,812	\$ -	\$ -	\$ -	\$ -	\$ 3,130,812
Intergovernmental	3,198,440	845,963	-	-	502,950	4,547,353
Fines and forfeitures	199,003	-	-	-	35,139	234,142
Licenses and permits	174,518	-	-	-	-	174,518
Charges for services	86,718	-	-	-	-	86,718
Contributions	-	-	10,382	-	60,162	70,544
Investment income	8,758	3,240	1,650	-	1,808	15,456
Other revenue	5,756	13,600	1,788	-	15,684	36,828
Total revenue	<u>6,804,005</u>	<u>862,803</u>	<u>13,820</u>	<u>-</u>	<u>615,743</u>	<u>8,296,371</u>
Expenditures						
Current						
General government	2,426,763	-	-	-	203,621	2,630,384
Public safety	2,500,015	-	-	-	113,123	2,613,138
Public works and streets	246,107	541,516	-	-	27,478	815,101
Health and welfare	5,000	-	-	-	118,700	123,700
Culture and recreation	596,192	-	-	-	38,091	634,283
Economic and community development	425,631	-	-	-	39,443	465,074
Capital outlay	33,751	7,390	365,637	-	454,201	860,979
Debt service						
Principal	4,042	-	-	-	322,907	326,949
Interest	846	-	-	-	77,466	78,312
Total expenditures	<u>6,238,347</u>	<u>548,906</u>	<u>365,637</u>	<u>-</u>	<u>1,395,030</u>	<u>8,547,920</u>
Excess (deficiency) of revenue over (under) expenditures	<u>565,658</u>	<u>313,897</u>	<u>(351,817)</u>	<u>-</u>	<u>(779,287)</u>	<u>(251,549)</u>
Other financing sources						
Proceeds of refunding bonds	-	-	3,507,248	-	1,396,752	4,904,000
Payments to refunding bond trustee	-	-	-	-	(1,396,752)	(1,396,752)
Transfers (out)	(497,796)	(201,423)	46,483	(12,000)	664,736	-
Total other financing sources	<u>(497,796)</u>	<u>(201,423)</u>	<u>3,553,731</u>	<u>(12,000)</u>	<u>664,736</u>	<u>3,507,248</u>
Net change in fund balances	67,862	112,474	3,201,914	(12,000)	(114,551)	3,255,699
Fund balances, July 1, 2014	2,506,904	1,291,766	262,094	(613,206)	1,090,240	4,537,798
Fund balances, June 30, 2015	<u>\$ 2,574,766</u>	<u>\$ 1,404,240</u>	<u>\$ 3,464,008</u>	<u>\$ (625,206)</u>	<u>\$ 975,689</u>	<u>\$ 7,793,497</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, 2015

Net change in fund balances--total governmental funds		\$ 3,255,699
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	860,979	
Depreciation expense	<u>(559,995)</u>	300,984
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		57,465
Town pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Town pension contributions	472,518	
PSPRS health insurance transfer	(136,901)	
Pension expense	<u>(776,869)</u>	(441,252)
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.		
Bond acquisition	(4,904,000)	
Principal repaid	326,949	
Bond defeasance	<u>1,310,000</u>	(3,267,051)
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.		
Interest expense	(67,123)	
Amortization of bond premium	7,241	
Change in compensated absences	<u>(56,632)</u>	(116,514)
Change in net position of governmental activities		<u><u>\$ (210,669)</u></u>

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, 2015

	Wastewater Fund
ASSETS	
Cash and cash equivalents	738,406
Accounts receivable - net	106,307
Due from other governments	1,415
Capital assets, not being depreciated	1,378,092
Capital assets, being depreciated, net	16,691,175
Total assets	18,915,395
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	157,165
 LIABILITIES	
Accounts payable	43,099
Noncurrent liabilities	
Due within one year	31,819
Due in more than one year	482,963
Total liabilities	557,881
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	84,455
 Net position	
Net investment in capital assets	18,069,267
Unrestricted (deficit)	360,957
Total net position	\$ 18,430,224

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, 2015

	Wastewater Fund
Operating revenues	
Sewer charges	\$ 1,026,844
Miscellaneous	2,267
Total operating revenues	1,029,111
 Operating expenses	
Personnel	497,690
Materials and supplies	77,209
Professional services	40,660
Utilities	107,989
Insurance	6,900
Other	39,531
Repairs and maintenance	135,755
Bad debt	25,000
Depreciation	746,528
Total operating expenses	1,677,262
Operating income (loss)	(648,151)
 Nonoperating revenues (expenses)	
Interest income	909
Total nonoperating revenues (expenses)	909
Increase (decrease) in net position	(647,242)
Total net position, beginning of year, <i>restated</i>	19,077,466
Total net position, end of year	\$ 18,430,224

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, 2015

	Wastewater Fund
Cash flows from operating activities:	
Receipts from customers	\$ 1,058,043
Payments to suppliers and providers of goods and services	(357,851)
Payments to employees	(490,964)
Net cash provided (used) by operating activities	209,228
 Cash flows from capital and related financing activities:	
Purchase of capital assets	(202,297)
Net cash provided (used) by capital and related financing activities	(202,297)
 Cash flows from investing activities:	
Interest received	909
Net cash provided (used) by investing activities	909
 Net increase (decrease) in cash and cash equivalents	 7,840
Cash and cash equivalents, beginning of year	730,566
Cash and cash equivalents, end of year	\$ 738,406

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, 2015
(Continued)

		Wastewater Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	(648,151)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		746,528
Bad debts		25,000
Pension expense		74,395
Employer pension contributions		(34,608)
(Increase) decrease:		
Accounts receivable		28,425
Due from other governments		507
Increase (decrease):		
Accounts payable		10,406
Accrued expenses		6,726
Net cash provided (used) by operating activities	\$	209,228

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Fiduciary Assets and Liabilities
June 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 741,497</u>
Total assets	<u>741,497</u>
LIABILITIES	
Deposits held for others	<u>741,497</u>
Total liabilities	<u><u>\$ 741,497</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

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, 2015

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. 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 ***Library Building Fund*** accounts for specific revenue received from contributions and debt proceeds from a revenue bond to be spent on the construction of the Town’s new library.

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.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Accounting

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

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. The amount recorded at June 30, 2015 in the general fund for uncollectible municipal court fines and forfeitures is \$506,000. The amount recorded at June 30, 2015 in the wastewater fund for uncollectible wastewater receivables is \$55,000.

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, 2015

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, 2015

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 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. The Town implemented this standard during this fiscal period. See the subsequent notes for further details.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The Town implemented this standard during this fiscal period. See the subsequent notes for further details.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015, the carrying amount of the Town's total cash in bank was \$5,072,294, and the bank balance was \$5,289,463. Of the bank balance, \$1,247,258 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, 2015 consist of the following:

Deposits		
Cash on hand	\$	1,510
Cash in bank		5,072,294
Investments		
State treasurer's investment pool		1,268,766
U.S. Securities		2,346,903
		8,689,473
Total deposits and investments		8,689,473
Less Cash - Restricted		(3,405,537)
		\$ 5,283,936
Total cash and cash equivalents		

Cash – restricted consists of cash set aside to meet debt service requirements totaling \$91,311 and refunding bond proceeds restricted for library capital improvements totaling \$3,314,226.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 2 – DEPOSITS AND INVESTMENTS- Continued

At June 30, 2015, 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	\$ 9,195	\$ 9,195	\$ -	0.39
Negotiable Certificates of Deposits				
Beal Bank USA	384,000	384,000	-	16.36
U.S. Agencies				
Federal Farm Credit Bank	248,800	-	248,800	10.60
Federal Farm Credit Bank	249,243	-	249,243	10.62
Federal Home Loan Bank	224,955	-	224,955	9.59
Federal Home Loan Bank	180,286	-	180,286	7.68
Federal Home Loan Bank	299,889	-	299,889	12.78
Federal Natl Mtg Assn.	350,035	-	350,035	14.91
Federal Natl Mtg Corp.	400,500	-	400,500	17.07
	<u>\$ 2,346,903</u>	<u>\$ 393,195</u>	<u>\$ 1,953,708</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 Town's 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, 2015

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2015, the Town's receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$632,518 in municipal court fines and \$97,889 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$506,000.

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 \$172,478, loans receivable of \$110,897, and unexpended grant funds of \$38,796.

As of June 30, 2015, the Town's receivables for individual major proprietary funds consisted of wastewater fees billed to customers totaling \$161,307. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$55,000.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2015 consisted of the following:

State collected sales tax	\$ 86,552
Yavapai County	55,546
State of Arizona	197,152
State shared revenues:	
State sales tax	138,659
Vehicle licensing tax	30,338
	<u>508,247</u>
	<u>\$ 508,247</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>July 01, 2014</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,868,719	\$ -	\$ -	\$ 5,868,719
Construction in progress	871,704	677,480	-	1,549,184
Total capital assets not being depreciated	<u>6,740,423</u>	<u>677,480</u>	<u>-</u>	<u>7,417,903</u>
Capital assets being depreciated:				
Buildings and improvements	3,833,184	24,736	-	3,857,920
Infrastructure	3,377,961	-	-	3,377,961
Machinery and equipment	2,811,823	158,763	(57,685)	2,912,901
Improvements other than buildings	953,431	-	-	953,431
Total	<u>10,976,399</u>	<u>183,499</u>	<u>(57,685)</u>	<u>11,102,213</u>
Less accumulated depreciation for:				
Buildings and improvements	(935,190)	(92,923)	-	(1,028,113)
Infrastructure	(839,754)	(168,898)	-	(1,008,652)
Machinery and equipment	(1,674,452)	(268,787)	57,685	(1,885,554)
Improvements other than buildings	(409,224)	(29,387)	-	(438,611)
Total	<u>(3,858,620)</u>	<u>(559,995)</u>	<u>57,685</u>	<u>(4,360,930)</u>
Total capital assets being depreciated, net	<u>7,117,779</u>	<u>(376,496)</u>	<u>-</u>	<u>6,741,283</u>
Governmental activities capital assets, net	<u>\$ 13,858,202</u>	<u>\$ 300,984</u>	<u>\$ -</u>	<u>\$ 14,159,186</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 5 – CAPITAL ASSETS – Continued

	Balance July 01, 2014	Increase	Decreases	Balance June 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,275,828	\$ -	\$ -	\$ 1,275,828
Construction in progress	101,522	4,380	(3,638)	102,264
Total capital assets not being depreciated	<u>1,377,350</u>	<u>4,380</u>	<u>(3,638)</u>	<u>1,378,092</u>
Capital assets being depreciated:				
Buildings and improvements	406,260	147,157	-	553,417
Infrastructure systems	21,182,275	-	-	21,182,275
Vehicles and equipment	303,755	58,017	(35,923)	325,849
Total	<u>21,892,290</u>	<u>205,174</u>	<u>(35,923)</u>	<u>22,061,541</u>
Less accumulated depreciation for:				
Buildings and improvements	(32,024)	(29,547)	-	(61,571)
Infrastructure	(4,424,374)	(682,828)	-	(5,107,202)
Vehicles and equipment	(199,743)	(34,153)	32,303	(201,593)
Total	<u>(4,656,141)</u>	<u>(746,528)</u>	<u>32,303</u>	<u>(5,370,366)</u>
Total capital assets being depreciated, net	<u>17,236,149</u>	<u>(541,354)</u>	<u>(3,620)</u>	<u>16,691,175</u>
Business-type activities capital assets, net	<u>\$ 18,613,499</u>	<u>\$ (536,974)</u>	<u>\$ (7,258)</u>	<u>\$ 18,069,267</u>

Depreciation expense was charged to each function as follows:

Governmental activities:	
Public works and streets	\$ 286,753
Public safety	155,480
Culture and recreation	59,963
General government	51,467
Economic and community development	<u>6,332</u>
Total governmental activities depreciation expense	<u>\$ 559,995</u>
Business-type activities:	
Wastewater fund	<u>\$ 746,528</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

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 unavailable 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 unavailable revenue represents a reconciling item between the government-wide and fund financial statements. At June 30, 2015, \$110,897 of the loan receivable recorded in the Housing 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, 2015.

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due within 1 year
Governmental activities:					
Compensated absences	\$ 390,702	\$ 460,147	\$ 403,515	\$ 447,334	\$ 444,214
Capital leases payable	625,669	-	153,702	471,967	154,325
Net pension liability	4,361,072	1,089,624	-	5,450,696	-
Bonds payable:					
Revenue bonds	2,353,490	4,904,000	1,555,263	5,702,227	168,705
Governmental activities long-term liabilities	<u>\$ 7,730,933</u>	<u>\$ 6,453,771</u>	<u>\$ 2,112,480</u>	<u>\$ 12,072,224</u>	<u>\$ 767,244</u>
Business-type activities:					
Compensated absences	\$ 25,093	\$ 33,273	\$ 26,547	\$ 31,819	\$ 31,819
Net pension liability	401,948	81,015	-	482,963	-
Business-type activities long-term liabilities	<u>\$ 427,041</u>	<u>\$ 114,288</u>	<u>\$ 26,547</u>	<u>\$ 514,782</u>	<u>\$ 31,819</u>

Bonds Payable:

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.

In October 2014, the Town issued bonds totaling \$4,904,000 to provide for an advance refunding of the 2005 revenue bond debt service payments for \$1,372,950 with the remaining funds for the building of a new library. The principal and interest on the bonds are payable from excise tax revenues and state shared revenues.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES – Continued

Description	Original Amount	Maturity Ranges	Interest Rates	Outstanding Principal June 30, 2015
Revenue Bonds, Series 2011	\$ 1,005,000	2008-2024	3.91%	\$ 798,227
Revenue Refunding Bonds, Series 2014	4,904,000	2016-2031	2.84%	4,904,000
Totals	<u>\$ 5,909,000</u>			<u>\$ 5,702,227</u>

Current Year Defeasance

On October 7, 2014, the Town issued \$4,904,000 in Revenue Refunding Bonds with an average interest rate of 2.84 percent. This issuance was used to refund \$1,310,000 of Series 2005 Revenue Bonds with an average interest rate of 5 percent. The refunding portion of the 2014 Revenue Refunding Bonds totaling \$1,372,950 was used to fund an irrevocable trust with an escrow agent to refund the bonds in full as of August 1, 2015. The refunding issuance resulted in a deferred outflow of \$65,164. This difference will be allocated to expense through the fiscal year 2025 using the straight-line amortization method. The Town completed the refunding to provide for a better interest rate and to decrease its total debt service payments over the next 10 years by extending the repayment terms an additional six years. Due to the extended payment terms, the Town will pay a total of \$47,592 in additional debt service payments over the life of the Refunding Bond and will incurred an economic loss (difference between the present values of the old and new debt service payments) of \$(55,259).

The Town has placed the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the advance refunded (defeased) bonds are not included in the Town's financial statements. The refunded debt outstanding as of June 30, 2015 totaled \$1,310,000.

The following schedule details debt service requirements to maturity for the Town's bonds payable at June 30, 2015.

Year Ending June 30	Governmental Activities			
	2011 Bond Payable		2014 Bond Payable	
	Principal	Interest	Principal	Interest
2016	\$ 75,705	\$ 2,971	\$ 93,000	\$ 167,742
2017	78,666	26,713	320,000	132,088
2018	81,741	23,577	329,000	122,873
2019	84,938	20,318	337,000	113,415
2020	88,259	16,932	346,000	103,717
2021-2025	388,918	31,141	1,900,000	362,016
2026-2030	-	-	1,297,000	134,205
2031	-	-	282,000	4,004
Total	<u>\$ 798,227</u>	<u>\$ 121,652</u>	<u>\$ 4,904,000</u>	<u>\$ 1,140,060</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES – Continued

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	\$ 866,238
Less: accumulated depreciation	(305,054)
Carrying value	\$ 561,184

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2015.

Year Ending June 30	Governmental Activities
2016	\$ 161,558
2017	161,391
2018	161,391
2019	1,842
Total minimum lease payments	486,182
Less amount representing interest	(14,215)
Present value of net minimum lease payments	\$ 471,967

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.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2015

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 FY2015 and remaining amount owed from the Parks fund to the General fund is \$632,000. During the year ended June 30, 2015, the Federal Grants Fund borrowed \$41,323 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, 2015, 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	
Library Fund	\$ 46,483	\$ -	\$ -	\$ 46,483
Non-Major Governmental Funds	451,313	201,423	12,000	664,736
Total	\$ 497,796	\$ 201,423	\$ 12,000	\$ 711,219

NOTE 10 – INDIVIDUAL FUND DISCLOSURES

Individual funds with deficiencies in fund balance/net position at June 30, 2015 were as follows:

Non-major special revenue funds

Federal Grants Fund	\$ (42,369)
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The deficiency in the Federal Grants Fund of the Non-major special revenue funds will be eliminated through reimbursements from Federal granting agencies.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 11 – 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	\$ 1,404,240
Housing redevelopment:	
Loans Receivable	110,897
Other	36,728
Court Special Revenue:	
Court Enhancement	188,782
Fill the Gap	19,406
Local JCEF	40,650
Nonfederal grants	
Anti-racketeering	10,325
Walton family	41,471
Federal grants	
LSTA	1,715
9-1-1	2,143
Library Building	3,464,008
Impact Fees:	
General government	68,970
Parks and Recreation	103,767
Police Services	59,463
Donations:	
Animal Shelter	25
Camp Verde Marshal's Office	100
K-9	2,607
Library	4,412
Parks and Recreation	3,952
Safety fund	2,933
Economic development	55
Volunteers in Police Services	427
Total Restricted Net Position	\$ 5,567,076

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 11 – GOVERNMENTAL FUND BALANCE/NET POSITION COMPONENTS –
Continued

The components of governmental fund balances are as follows:

	General	HURF	Library Building	Parks	Non-Major Govt'l Funds	Total Govt'l Funds
Ending Fund balances, June 30, 2015						
Restricted for:						
Highways and streets	\$ -	\$ 1,404,240	\$ -	\$ -	\$ -	\$ 1,404,240
Housing redevelopment	-	-	-	-	36,728	36,728
Court special revenue			-			
Court enhancement	-	-	-	-	188,782	188,782
Fill the gap	-	-	-	-	19,406	19,406
Local JCEF	-	-	-	-	40,650	40,650
Nonfederal grants						
Anti-racketeering	-	-	-	-	10,325	10,325
Walton family	-	-	-	-	41,471	41,471
Federal grants						
LSTA	-	-	-	-	1,715	1,715
9-1-1	-	-	-	-	2,143	2,143
Library building	-	-	3,464,008	-	-	3,464,008
Impact fees						
General government	-	-	-	-	68,970	68,970
Parks and recreation	-	-	-	-	103,767	103,767
Police services	-	-	-	-	59,463	59,463
Donations						
Animal shelter	-	-	-	-	25	25
Camp Verde Marshal's office	-	-	-	-	100	100
K-9	-	-	-	-	2,607	2,607
Library	-	-	-	-	4,412	4,412
Parks and recreation	-	-	-	-	3,952	3,952
Safety fund	-	-	-	-	2,933	2,933
Economic development	-	-	-	-	55	55
Volunteers in police service	-	-	-	-	427	427
Total restricted	<u>-</u>	<u>1,404,240</u>	<u>3,464,008</u>	<u>-</u>	<u>587,931</u>	<u>5,456,179</u>
Committed for:						
Long-term receivable	632,000	-	-	-	-	632,000
Legal defense	30,091	-	-	-	-	30,091
Total committed	<u>662,091</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>662,091</u>
Assigned for:						
Capital improvements	-	-	-	-	405,029	405,029
Senior center	-	-	-	-	4,197	4,197
Schools and school programs	-	-	-	-	22,616	22,616
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,842</u>	<u>431,842</u>
Unassigned:	1,912,675	-	-	(625,206)	(44,084)	1,243,385
Ending Fund Balances	<u>\$ 2,574,766</u>	<u>\$ 1,404,240</u>	<u>\$ 3,464,008</u>	<u>\$ (625,206)</u>	<u>\$ 975,689</u>	<u>\$ 7,793,497</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 12 – 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 13 – 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 14 – CLAIMS PAYABLE

In 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 balance at June 30, 2015 and 2014 was \$79,162. There were no changes to the claim or payments on the claim during the year ended June 30, 2015.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2014, has been restated as for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

	Governmental Activities	Business-type Activities	Wastewater Fund
Net position as previously reported at June 30, 2014	\$ 15,169,838	\$ 19,447,933	\$ 19,447,933
Prior period adjustments-implementation of GASB 68:			
Net pension liability (measurement date as of June 30, 2013)	(4,361,072)	(401,948)	(401,948)
Deferred outflows-Town contributions made during fiscal year 2014	422,233	31,481	31,481
Total prior period adjustment	(3,938,839)	(370,467)	(370,467)
Net position, as restated, July 1, 2014	\$ 11,230,999	\$ 19,077,466	\$ 19,077,466

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The Town contributes to the pension plans described below. The plans are component units of the State of Arizona.

At June 30, 2015, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activities	Total
Net pension liabilities	\$ 5,450,696	\$ 482,963	\$ 5,933,659
Deferred outflows of resources	1,816,598	157,165	1,973,763
Deferred inflows of resources	745,994	84,455	830,449
Pension expense	776,869	74,395	851,264

The Town reported \$552,812 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

A. Arizona State Retirement System

Plan Description – Town employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at www.azasrs.gov.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 months of last 120 months	Highest 60 months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member’s death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member’s account balance that includes the member’s contributions and employer’s contributions, plus interest earned.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members’ annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members’ annual covered payroll. The Town’s contributions to the pension plan for the year ended June 30, 2015,

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

were \$291,063. The Town’s contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

ASRS	<u>Health Benefit Supplement Fund</u>	<u>Long-term Disability Fund</u>
Year ended June 30,		
2015	\$ 16,051	\$ 3,210
2014	14,750	5,900
2013	12,217	5,091

During fiscal year 2015, the Town paid for ASRS pension and OPEB contributions as follows: 91.59 percent from the General Fund and 8.41 percent from the Wastewater Fund.

Pension Liability – At June 30, 2015, the Town reported a liability of \$4,061,925 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The Town’s proportion of the net pension liability was based on the Town’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2014. The Town’s proportion measured as of June 30, 2014, was .006760 percent, which was an increase of .000545 from its proportion measured as of June 30, 2013.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2015, the Town recognized pension expense for ASRS of \$625,696. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 206,439	\$ -
Net difference between projected and actual earnings on pension plan investments	-	710,305
Changes in proportion and differences between Town contributions and proportionate share of contributions	824,321	-
Town contributions subsequent to the measurement date	291,063	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,321,823</u>	<u>\$ 710,305</u>

The \$1,321,823 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year ended June 30,	
2016	\$ 270,580
2017	270,580
2018	(43,129)
2019	(177,576)
2020	-
Thereafter	-

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ASRS		Long-term Expected Real Rate of Return
Asset Class	Target Allocation	
Equity	63%	7.03%
Fixed income	25%	3.20%
Real estate	8%	4.75%
Commodities	4%	4.50%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

ASRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Town's proportionate share of the net pension liability	\$ 5,134,065	\$ 4,061,925	\$ 3,480,235

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Descriptions – Town police employees participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at www.psprs.com.

Benefits Provided – The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited services over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% of retired member's pension benefit	
Active Members	80% if accidental disability retirement benefit or 100% of average monthly compensation if death was result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

TOWN OF CAMP VERDE, ARIZONA

Notes to Financial Statements

June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Employees Covered by Benefit Terms – At June 30, 2015, the following employees were covered by the agent pension plans’ benefit terms:

PSPRS

	<u>PSPRS Police</u>
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>18</u>
Total	<u><u>27</u></u>

Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2015, are indicated below. Rates are a percentage of active members’ annual covered payroll.

PSPRS

	<u>PSPRS Police</u>
Active Members - Pension	11.05%
Town Pension	20.70%
Health insurance premium benefit	1.09%

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

For the agent plans, the Town’s contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

Pension	PSPRS Police
Contributions Made	\$ 310,086
Health Insurance Premium Benefit	
Annual OPEB cost	8,409
Contributions made	8,409

During fiscal year 2015, the Town paid for 100 percent of PSPRS pension and OPEB contributions from the General Fund.

Net Pension Liability (Asset) – At June 30, 2015, the Town reported the following net pension liability:

	Net Pension Liability (Asset)
PSPRS Police	\$ 1,871,734

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions:

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Pension Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Discount rate	7.85%
Projected salary increases	4.0%-8.0%
Inflation	4.0%
Permanent benefit increase	Included

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Short term investments	2%	3.25%
Absolute return	4%	6.75%
Risk parity	4%	6.04%
Fixed Income	7%	4.75%
Real assets	8%	5.96%
GTAA	10%	5.73%
Private Equity	11%	9.50%
Real estate	11%	6.50%
Credit opportunities	13%	8.00%
Non-U.S. equity	14%	8.63%
U.S. equity	16%	7.60%
Total	100%	

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Pension Discount Rates – The following discount rates were used to measure the total pension liabilities:

	PSPRS Police
Discount rates	7.85%

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

PSPRS	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 4,109,780	\$ 2,727,314	\$ 1,382,466
Changes for the year			
Service Cost	135,654	-	135,654
Interest on the total pension liability	317,555	-	317,555
Changes of benefit terms	69,633	-	69,633
Differences between expected and actual experience in the measurement of the pension liability	41,958	-	41,958
Changes of assumptions or other inputs	443,060	-	443,060
Contributions-employer	-	170,919	(170,919)
Contributions-employee	-	79,176	(79,176)
Net investment income	-	357,316	(357,316)
Benefit payments, including refunds of employee contributions	(264,648)	(264,648)	-
Other changes	-	(88,819)	88,819
Net changes	743,212	253,944	489,268
Balances at June 30, 2015	\$ 4,852,992	\$ 2,981,258	\$ 1,871,734

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Net Pension Liability to Changes in the Discount Rate – The following table presents the Town’s net pension liabilities calculated using the discount rates noted above, as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PSPRS

	1% Decrease		Current Discount Rate		1% Increase
PSPRS Police					
Rate	6.85%		7.85%		8.85%
Net pension liability	\$ 2,497,821		\$ 1,871,734		\$ 1,353,684

Pension Plan Fiduciary Net Position – Detailed information about the pension plans’ fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense – For the year ended June 30, 2015, the Town recognized the following pension expense:

	Pension Expense
PSPRS Police	\$ 225,568

Pension Deferred Outflows/Inflows of Resources – At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,148		\$ -
Changes of assumptions or other inputs	381,714		-
Net difference between projected and actual earnings on pension plan investments	-		120,144
Town contributions subsequent to the measurement date			
	234,078		-
Total	\$ 651,940		\$ 120,144

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	PSPRS Police
2016	\$ 37,120
2017	37,120
2018	37,120
2019	37,120
2020	67,156
Thereafter	82,083

Agent Plan OPEB Actuarial Assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Projections of benefits are based on (1) the plans as understood by the Town and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the Town and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements are as follows:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5%
Wage growth	4.5%

Agent Plan OPEB Trend Information – Annual OPEB cost information for the health insurance premium benefit for the current and two preceding years:

Year ended June 30,	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Police			
2015	\$ 8,409	100%	Unavailable
2014	10,822	100%	(18,018)
2013	11,580	0%	72,549

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2015

NOTE 16 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Agent Plan OPEB Funded Status – The health insurance premium benefit plans’ funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

		PSPRS Police
Actuarial value of assets (a)	\$	163,233
Actuarial accrued liability (b)	\$	145,215
Unfunded actuarial accrued liability (funding excess) (b) - (a)	\$	(18,018)
Funded ratio (a)/(b)		112.41%
Annual covered payroll (c)	\$	873,954
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)		0.00%

The actuarial methods and assumptions for the most recent valuation date are as follows:

PSPRS - OPEB Funded Status

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4%-8%
Wage growth	4%

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 3,467,900	\$ 3,467,900	\$ 3,130,812	\$ (337,088)
Intergovernmental	3,154,600	3,154,600	3,198,440	43,840
Fines and forfeitures	272,750	272,750	199,003	(73,747)
Licenses and permits	217,400	217,400	174,518	(42,882)
Charges for services	114,450	114,450	86,718	(27,732)
Investment income	20,000	20,000	8,758	(11,242)
Other revenue	5,000	5,000	5,756	756
Total revenue	<u>7,252,100</u>	<u>7,252,100</u>	<u>6,804,005</u>	<u>(448,095)</u>
Expenditures				
Marshal	2,571,185	2,580,658	2,512,091	68,567
Maintenance	554,150	562,150	552,023	10,127
Magistrate	379,920	379,920	364,344	15,576
Community development	462,625	462,625	427,959	34,666
Library	378,145	378,145	367,313	10,832
Risk management	346,105	346,105	301,036	45,069
Information technology	141,490	141,490	213,107	(71,617)
Parks and recreation	252,725	252,725	228,878	23,847
Town clerk	227,735	227,735	221,346	6,389
Town manager	194,055	205,930	189,702	16,228
Finance	226,570	226,570	219,032	7,538
Economic development	156,735	162,557	159,887	2,670
Non-departmental	262,080	226,910	106,188	120,722
Public works and streets	118,340	118,340	116,075	2,265
Storm water management	129,200	129,200	126,566	2,634
Mayor and council	45,925	45,925	76,896	(30,971)
Human resources	25,760	25,760	55,904	(30,144)
Total expenditures	<u>6,472,745</u>	<u>6,472,745</u>	<u>6,238,347</u>	<u>234,398</u>
Excess (deficiency) of revenue over (under) expenditures	<u>779,355</u>	<u>779,355</u>	<u>565,658</u>	<u>(213,697)</u>
Other financing sources				
Transfers in (out)	<u>(1,136,425)</u>	<u>(1,135,173)</u>	<u>(497,796)</u>	<u>637,377</u>
Total other financing sources	<u>(1,136,425)</u>	<u>(1,135,173)</u>	<u>(497,796)</u>	<u>637,377</u>
Net change in fund balances	(357,070)	(355,818)	67,862	423,680
Fund balances, July 1, 2014	<u>2,506,904</u>	<u>2,506,904</u>	<u>2,506,904</u>	<u>-</u>
Fund balances, June 30, 2015	<u>\$ 2,149,834</u>	<u>\$ 2,151,086</u>	<u>\$ 2,574,766</u>	<u>\$ 423,680</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 809,000	\$ 809,000	845,963	36,963
Investment income	5,000	5,000	3,240	(1,760)
Other revenue	2,100	2,100	13,600	11,500
Total revenue	<u>816,100</u>	<u>816,100</u>	<u>862,803</u>	<u>46,703</u>
Expenditures				
Current				
Highways and streets	613,465	613,465	541,516	71,949
Capital outlay	25,000	25,000	7,390	17,610
Total expenditures	<u>638,465</u>	<u>638,465</u>	<u>548,906</u>	<u>89,559</u>
Excess (deficiency) of revenue over (under) expenditures	<u>177,635</u>	<u>177,635</u>	<u>313,897</u>	<u>136,262</u>
Other financing sources				
Transfers in (out)	<u>(492,590)</u>	<u>(492,590)</u>	<u>(201,423)</u>	<u>291,167</u>
Total other financing sources	<u>(492,590)</u>	<u>(492,590)</u>	<u>(201,423)</u>	<u>291,167</u>
Net change in fund balances	<u>(314,955)</u>	<u>(314,955)</u>	<u>112,474</u>	<u>427,429</u>
Fund balances, July 1, 2014	<u>1,291,766</u>	<u>1,291,766</u>	<u>1,291,766</u>	<u>-</u>
Fund balances, June 30, 2015	<u>\$ 976,811</u>	<u>\$ 976,811</u>	<u>\$ 1,404,240</u>	<u>\$ 427,429</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 – Library Building Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Contributions	\$ 370,000	\$ 370,000	\$ 10,382	\$ (359,618)
Investment income	2,418	2,418	1,650	(768)
Other revenue	-	-	1,788	1,788
Total revenue	<u>372,418</u>	<u>372,418</u>	<u>13,820</u>	<u>(358,598)</u>
Expenditures				
Capital outlay	4,260,000	4,260,000	365,637	3,894,363
Total expenditures	<u>4,260,000</u>	<u>4,260,000</u>	<u>365,637</u>	<u>3,894,363</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,887,582)</u>	<u>(3,887,582)</u>	<u>(351,817)</u>	<u>3,535,765</u>
Other financing sources				
Proceeds from refunding bonds	3,490,000	3,490,000	3,507,248	17,248
Transfers in(out)	83,350	83,350	46,483	(36,867)
Total other financing sources	<u>3,573,350</u>	<u>3,573,350</u>	<u>3,553,731</u>	<u>(19,619)</u>
Net change in fund balances	(314,232)	(314,232)	3,201,914	3,516,146
Fund balances, July 1, 2014	<u>262,094</u>	<u>262,094</u>	<u>262,094</u>	<u>-</u>
Fund balances, June 30, 2015	<u>\$ (52,138)</u>	<u>\$ (52,138)</u>	<u>\$ 3,464,008</u>	<u>\$ 3,516,146</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources				
Transfers in (out)	\$ (12,000)	\$ (12,000)	\$ (12,000)	\$ -
Total other financing sources	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Net change in fund balances	(12,000)	(12,000)	(12,000)	-
Fund balances, July 1, 2014	<u>(613,206)</u>	<u>(613,206)</u>	<u>(613,206)</u>	<u>-</u>
Fund balances, June 30, 2015	<u><u>\$ (625,206)</u></u>	<u><u>\$ (625,206)</u></u>	<u><u>\$ (625,206)</u></u>	<u><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, 2015

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. prohibits 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. However, the Town Manager may approve budget reallocations within functional departments without the Town Council's approval.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

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

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of the Town's Proportionate
Share of the Net Pension Liability
Cost-Sharing Pension Plans
June 30, 2015

Arizona State Retirement System

	Reporting Fiscal Year	
	(Measurement Date)	
	2015	2014 through
	(2014)	2006
Town's proportion of the net pension liability	0.027452%	Information
Town's proportionate share of the net pension liability	\$ 4,061,925	not available
Town's covered-employee payroll	\$ 2,479,630	
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.81%	
Plan fiduciary net position as a percentage of the total pension liability	69.49%	

See accompanying notes to plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Town's
Net Pension Liability (Asset) and Related Ratios
Agent Pension Plans
June 30, 2015

PSPRS

	Reporting Fiscal Year (Measurement Date)	
	2015 (2014)	2014 through 2006
Total pension liability		Information not available
Service cost	\$ 135,654	
Interest on the total pension liability	317,555	
Changes of benefit terms	69,633	
Differences between expected and actual experience in the measurement of the pension liability	41,958	
Changes of assumptions or other inputs	443,060	
Benefit payments, including refunds of employee contributions	<u>(264,648)</u>	
Net change in total pension liability	743,212	
Total pension liability - beginning	<u>4,109,780</u>	
Total pension liability - ending (a)	<u><u>\$ 4,852,992</u></u>	
 Plan fiduciary net position		
Contributions - employer	\$ 170,919	
Contributions - employee	79,176	
Net investment income	357,316	
Benefit payments, including refunds of employee contributions	<u>(264,648)</u>	
Administrative expense	-	
Other changes	<u>(88,819)</u>	
Net change in plan fiduciary net position	253,944	
Plan fiduciary net position - beginning	<u>2,727,314</u>	
Plan fiduciary net position - ending (b)	<u><u>\$ 2,981,258</u></u>	
 Town's net pension liability (asset) - ending (a) - (b)	<u><u>\$ 1,871,734</u></u>	
 Plan fiduciary net position as a percentage of the total pension liability	61.43%	
 Covered-employee payroll	\$ 873,953	
 Town's net pension liability (asset) as a percentage of covered- employee payroll	214.17%	

See accompanying notes to plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Town Pension Contributions
June 30, 2015

Arizona State Retirement System

	<u>Reporting Fiscal Year</u>		
	2015	2014	2013 through 2006
Statutorily required contribution	\$ 291,063	\$ 264,780	Information not available
Town's contributions in relation to the statutorily required contribution	<u>(291,063)</u>	<u>(264,780)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Town's covered-employee payroll	<u>\$ 2,675,211</u>	<u>\$ 2,474,579</u>	
Town's contributions as a percentage of covered-employee payroll	10.88%	10.70%	

PSPRS

	<u>Reporting Fiscal Year</u>		
	2015	2014	2013 through 2006
Actuarially determined contribution	\$ 234,078	\$ 188,934	Information not available
Town's contributions in relation to the actuarially determined contribution	<u>(234,078)</u>	<u>(188,934)</u>	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	
Town's covered-employee payroll	<u>\$ 1,130,812</u>	<u>\$ 873,953</u>	
Town's contributions as a percentage of covered-employee payroll	20.70%	21.62%	

See accompanying notes to plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2015

NOTE 1 – ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2013 actuarial valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	In 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%
Wage growth	In 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

Health Insurance Premium Benefit - PSPRS

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Funding (Liability) Excess (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((a-b)/c)
06/30/14	\$ 163,233	\$ 145,215	\$ (18,018)	112.4 %	\$ 873,954	0.0 %
06/30/13	-	72,549	72,549	0.0	706,486	10.27
06/30/12	-	113,920	113,920	0.0	779,063	14.62

See accompanying notes to schedule of agent OPEB plans' funding progress.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

NOTE 1 – FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plan transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from the plan's Pension Fund to the new Health Insurance Fund.

OTHER FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Combining Balance Sheet – All Non-Major Governmental Funds
By Fund Type
June 30, 2015

	Special Revenue Funds	Capital Improvement Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 639,069	\$ 419,932	\$ -	\$ 1,059,001
Due from other governments	172,587	-	-	172,587
Loans receivable	110,897	-	-	110,897
Total assets	\$ 922,553	\$ 419,932	\$ -	\$ 1,342,485
LIABILITIES				
Accounts payable	\$ 90,875	\$ 14,903	\$ -	\$ 105,778
Due to other funds	41,323	-	-	41,323
Total liabilities	132,198	14,903	-	147,101
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	219,695	-	-	219,695
Total deferred inflows of resources	219,695	-	-	219,695
FUND BALANCES				
Restricted	587,931	-	-	587,931
Assigned	26,813	405,029	-	431,842
Unassigned	(44,084)	-	-	(44,084)
Total fund balances	570,660	405,029	-	975,689
Total liabilities, deferred inflows of resources, and fund balances	\$ 922,553	\$ 419,932	\$ -	\$ 1,342,485

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, 2015

	Special Revenue Funds	Capital Improvement Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenue				
Intergovernmental	\$ 502,950	\$ -	\$ -	\$ 502,950
Fines and forfeitures	35,139	-	-	35,139
Contributions	60,162	-	-	60,162
Investment income	1,724	-	84	1,808
Other revenue	15,684	-	-	15,684
Total revenue	615,659	-	84	615,743
Expenditures				
Current				
General government	203,621	-	-	203,621
Public safety	113,123	-	-	113,123
Public works and streets	27,428	50	-	27,478
Health and welfare	-	-	118,700	118,700
Culture and recreation	24,297	13,794	-	38,091
Economic and community development	39,443	-	-	39,443
Capital outlay	362,847	91,354	-	454,201
Principal	-	-	322,907	322,907
Interest	-	-	77,466	77,466
Total expenditures	770,759	105,198	519,073	1,395,030
Excess (deficiency) of revenue over (under) expenditures	(155,100)	(105,198)	(518,989)	(779,287)
Other financing sources				
Proceeds of refunding bonds	-	-	1,396,752	1,396,752
Payments to refunding bond trustee	-	-	(1,396,752)	(1,396,752)
Transfers (out)	(41,289)	187,036	518,989	664,736
Total other financing sources	(41,289)	187,036	518,989	664,736
Net change in fund balances	(196,389)	81,838	-	(114,551)
Fund balances, July 1, 2014	767,049	323,191	-	1,090,240
Fund balances, June 30, 2015	\$ 570,660	\$ 405,029	\$ -	\$ 975,689



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 CDBG fund.

CDBG Fund- accounts for all CDBG grants received by the Town.

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

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, 2015

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund
ASSETS				
Cash and cash equivalents	\$ 36,728	\$ 240,595	\$ 86,079	\$ 26,813
Due from other governments	-	78,245	55,546	-
Loans receivable	110,897	-	-	-
Total assets	\$ 147,625	\$ 318,840	\$ 141,625	\$ 26,813
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 89,829	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	89,829	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	110,897	70,002	-	-
Total deferred inflows of resources	110,897	70,002	-	-
FUND BALANCES				
Restricted	36,728	248,838	51,796	-
Assigned	-	-	-	26,813
Unassigned	-	-	-	-
Total fund balances	36,728	248,838	51,796	26,813
Total liabilities, deferred inflows of resources, and fund balances	\$ 147,625	\$ 318,840	\$ 141,625	\$ 26,813

Federal Grants Fund	CDBG Grants	9-1-1 Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ 2,143	\$ 232,200	\$ 14,511	\$ 639,069
38,796	-	-	-	-	172,587
-	-	-	-	-	110,897
<u>\$ 38,796</u>	<u>\$ -</u>	<u>\$ 2,143</u>	<u>\$ 232,200</u>	<u>\$ 14,511</u>	<u>\$ 922,553</u>
\$ 1,046	\$ -	\$ -	\$ -	\$ -	\$ 90,875
41,323	-	-	-	-	41,323
<u>42,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,198</u>
38,796	-	-	-	-	219,695
<u>38,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,695</u>
1,715	-	2,143	232,200	14,511	587,931
-	-	-	-	-	26,813
<u>(44,084)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,084)</u>
<u>(42,369)</u>	<u>-</u>	<u>2,143</u>	<u>232,200</u>	<u>14,511</u>	<u>570,660</u>
<u>\$ 38,796</u>	<u>\$ -</u>	<u>\$ 2,143</u>	<u>\$ 232,200</u>	<u>\$ 14,511</u>	<u>\$ 922,553</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
June 30, 2015

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund
Revenue				
Intergovernmental	\$ -	\$ -	\$ 264,457	\$ 16,875
Fines and forfeitures	-	35,139	-	-
Contributions	-	-	50,000	-
Investment income	1,418	-	-	-
Other revenue	15,684	-	-	-
Total revenue	<u>17,102</u>	<u>35,139</u>	<u>314,457</u>	<u>16,875</u>
Expenditures				
Current				
General government	51,929	1,668	-	150,024
Public safety	-	-	68,805	-
Public works and streets	-	-	-	-
Culture and recreation	-	-	8,529	-
Economic and community development	-	-	-	-
Capital outlay	-	-	183,578	-
Total expenditures	<u>51,929</u>	<u>1,668</u>	<u>260,912</u>	<u>150,024</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(34,827)</u>	<u>33,471</u>	<u>53,545</u>	<u>(133,149)</u>
Other financing sources				
Transfers (out)	-	(4,600)	-	(11,734)
Total other financing sources	<u>-</u>	<u>(4,600)</u>	<u>-</u>	<u>(11,734)</u>
Net change in fund balances	<u>(34,827)</u>	<u>28,871</u>	<u>53,545</u>	<u>(144,883)</u>
Fund balances, July 1, 2014	<u>71,555</u>	<u>219,967</u>	<u>(1,749)</u>	<u>171,696</u>
Fund balances, June 30, 2015	<u>\$ 36,728</u>	<u>\$ 248,838</u>	<u>\$ 51,796</u>	<u>\$ 26,813</u>

Federal Grants Fund	CDBG Grants	9-1-1 Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 215,355	6,263	\$ -	\$ -	\$ -	\$ 502,950
-	-	-	-	-	35,139
-	-	-	-	10,162	60,162
-	-	-	306	-	1,724
-	-	-	-	-	15,684
<u>215,355</u>	<u>6,263</u>	<u>-</u>	<u>306</u>	<u>10,162</u>	<u>615,659</u>
-	-	-	-	-	203,621
36,322	-	360	-	7,636	113,123
27,428	-	-	-	-	27,428
10,570	-	-	-	5,198	24,297
39,443	-	-	-	-	39,443
173,306	5,963	-	-	-	362,847
<u>287,069</u>	<u>5,963</u>	<u>360</u>	<u>-</u>	<u>12,834</u>	<u>770,759</u>
<u>(71,714)</u>	<u>300</u>	<u>(360)</u>	<u>306</u>	<u>(2,672)</u>	<u>(155,100)</u>
<u>21,828</u>	<u>(300)</u>	<u>-</u>	<u>(46,483)</u>	<u>-</u>	<u>(41,289)</u>
<u>21,828</u>	<u>(300)</u>	<u>-</u>	<u>(46,483)</u>	<u>-</u>	<u>(41,289)</u>
<u>(49,886)</u>	<u>-</u>	<u>(360)</u>	<u>(46,177)</u>	<u>(2,672)</u>	<u>(196,389)</u>
<u>7,517</u>	<u>-</u>	<u>2,503</u>	<u>278,377</u>	<u>17,183</u>	<u>767,049</u>
<u>\$ (42,369)</u>	<u>\$ -</u>	<u>\$ 2,143</u>	<u>\$ 232,200</u>	<u>\$ 14,511</u>	<u>\$ 570,660</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, 2015

	Housing Fund			Court Special Revenue Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	47,728	35,139	(12,589)
Contributions	-	-	-	-	-	-
Investment income	1,600	1,418	(182)	-	-	-
Other revenue	15,600	15,684	84	-	-	-
Total revenue	17,200	17,102	(98)	47,728	35,139	(12,589)
Expenditures						
Current						
General government	70,000	51,929	18,071	7,700	1,668	6,032
Public safety	-	-	-	-	-	-
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic and community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	70,000	51,929	18,071	7,700	1,668	6,032
Excess (deficiency) of revenue over (under) expenditures	(52,800)	(34,827)	17,973	40,028	33,471	(6,557)
Other financing sources						
Transfers in(out)	-	-	-	(100,000)	(4,600)	(95,400)
Total other financing sources	-	-	-	(100,000)	(4,600)	(95,400)
Net change in fund balances	(52,800)	(34,827)	17,973	(59,972)	28,871	(101,957)
Fund balances, July 1, 2014	71,555	71,555	-	219,967	219,967	-
Fund balances, June 30, 2015	\$ 18,755	\$ 36,728	\$ 17,973	\$ 159,995	\$ 248,838	\$ (101,957)

Nonfederal Grants Fund			YAG Compact Fund			Federal Grants Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 752,500	\$ 264,457	\$ (488,043)	\$ -	\$ 16,875	\$ 16,875	\$ 2,275,030	\$ 215,355	\$ (2,059,675)
-	-	-	-	-	-	-	-	-
50,000	50,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>802,500</u>	<u>314,457</u>	<u>(488,043)</u>	<u>-</u>	<u>16,875</u>	<u>16,875</u>	<u>2,275,030</u>	<u>215,355</u>	<u>(2,059,675)</u>
405,000	-	405,000	159,962	150,024	9,938	-	-	-
99,218	68,805	30,413	-	-	-	40,000	36,322	3,678
100,000	-	100,000	-	-	-	1,965,700	27,428	1,938,272
-	8,529	(8,529)	-	-	-	-	10,570	(10,570)
-	-	-	-	-	-	-	39,443	(39,443)
-	183,578	(183,578)	-	-	-	304,430	173,306	131,124
<u>604,218</u>	<u>260,912</u>	<u>343,306</u>	<u>159,962</u>	<u>150,024</u>	<u>9,938</u>	<u>2,310,130</u>	<u>287,069</u>	<u>2,023,061</u>
198,282	53,545	(144,737)	(159,962)	(133,149)	26,813	(35,100)	(71,714)	(36,614)
(200,000)	-	(200,000)	(11,734)	(11,734)	-	21,832	21,828	(4)
(200,000)	-	(200,000)	(11,734)	(11,734)	-	21,832	21,828	(4)
(1,718)	53,545	(344,737)	(171,696)	(144,883)	26,813	(13,268)	(49,886)	(36,618)
(1,749)	(1,749)	-	171,696	171,696	-	7,517	7,517	-
<u>\$ (3,467)</u>	<u>\$ 51,796</u>	<u>\$ (344,737)</u>	<u>\$ -</u>	<u>\$ 26,813</u>	<u>\$ 26,813</u>	<u>\$ (5,751)</u>	<u>\$ (42,369)</u>	<u>\$ (36,618)</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, 2015
(Continued)

	CDBG			9-1-1 Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ 264,500	\$ 6,263	\$ (258,237)	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	<u>264,500</u>	<u>6,263</u>	<u>(258,237)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	2,503	360	2,143
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic and community development	-	-	-	-	-	-
Capital outlay	416,500	5,963	410,537	-	-	-
Total expenditures	<u>416,500</u>	<u>5,963</u>	<u>410,537</u>	<u>2,503</u>	<u>360</u>	<u>2,143</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(152,000)</u>	<u>300</u>	<u>152,300</u>	<u>(2,503)</u>	<u>(360)</u>	<u>2,143</u>
Other financing sources						
Transfers (out)	151,700	(300)	(152,000)	-	-	-
Total other financing sources	<u>151,700</u>	<u>(300)</u>	<u>(152,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(300)</u>	<u>-</u>	<u>300</u>	<u>(2,503)</u>	<u>(360)</u>	<u>2,143</u>
Fund balances, July 1, 2014	-	-	-	2,503	2,503	-
Fund balances, June 30, 2015	<u>\$ (300)</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 2,143</u>	<u>\$ 2,143</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, 2015
(Continued)

Impact Fee Fund			Donations Fund			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,292,030	\$ 502,950	\$ (2,789,080)
-	-	-	-	-	-	47,728	35,139	(12,589)
-	-	-	33,500	10,162	(23,338)	83,500	60,162	(23,338)
338	306	(32)	-	-	-	1,938	1,724	(214)
-	-	-	-	-	-	15,600	15,684	84
<u>338</u>	<u>306</u>	<u>(32)</u>	<u>33,500</u>	<u>10,162</u>	<u>(23,338)</u>	<u>3,440,796</u>	<u>615,659</u>	<u>(2,825,137)</u>
-	-	-	-	-	-	642,662	203,621	439,041
-	-	-	10,876	7,636	3,240	152,597	113,123	39,474
-	-	-	-	-	-	2,065,700	27,428	2,038,272
-	-	-	38,889	5,198	33,691	38,889	24,297	14,592
-	-	-	-	-	-	-	39,443	(39,443)
175,772	-	175,772	-	-	-	896,702	362,847	533,855
<u>175,772</u>	<u>-</u>	<u>175,772</u>	<u>49,765</u>	<u>12,834</u>	<u>36,931</u>	<u>3,796,550</u>	<u>770,759</u>	<u>3,025,791</u>
(175,434)	306	175,740	(16,265)	(2,672)	13,593	(355,754)	(155,100)	200,654
(115,130)	(46,483)	68,647	-	-	-	(253,332)	(41,289)	(378,757)
(115,130)	(46,483)	68,647	-	-	-	(253,332)	(41,289)	(378,757)
(290,564)	(46,177)	244,387	(16,265)	(2,672)	13,593	(609,086)	(196,389)	(178,103)
278,377	278,377	-	17,183	17,183	-	767,049	767,049	-
<u>\$ (12,187)</u>	<u>\$ 232,200</u>	<u>\$ 244,387</u>	<u>\$ 918</u>	<u>\$ 14,511</u>	<u>\$ 13,593</u>	<u>\$ 157,963</u>	<u>\$ 570,660</u>	<u>\$ (178,103)</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, 2015

	Capital Improvement Fund		
	Budget	Actual	Variance - Positive (Negative)
Expenditures			
Current			
Public works and streets	\$ 10,372	\$ 50	\$ 10,322
Culture and recreation	-	13,794	(13,794)
Capital outlay	1,073,129	91,354	981,775
Total expenditures	<u>1,083,501</u>	<u>105,198</u>	<u>978,303</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,083,501)</u>	<u>(105,198)</u>	<u>978,303</u>
Other financing sources			
Transfers in (out)	<u>758,780</u>	<u>187,036</u>	<u>(571,744)</u>
Total other financing sources	<u>758,780</u>	<u>187,036</u>	<u>(571,744)</u>
Net change in fund balances	(324,721)	81,838	406,559
Fund balances, July 1, 2014	<u>323,191</u>	<u>323,191</u>	<u>-</u>
Fund balances, June 30, 2015	<u><u>\$ (1,530)</u></u>	<u><u>\$ 405,029</u></u>	<u><u>\$ 406,559</u></u>

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, 2015

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenue			
Investment income	\$ -	\$ 84	84
Total revenue	-	84	84
Expenditures			
Current			
Health and welfare	118,705	118,700	5
Debt service			
Principal	322,220	322,907	(687)
Interest	109,540	77,466	32,074
Total expenditures	550,465	519,073	31,392
Excess (deficiency) of revenue over (under) expenditures	(550,465)	(518,989)	31,476
Other financing sources			
Proceeds of refunding bonds	-	1,396,752	1,396,752
Payments to refunding bond trustee	-	(1,396,752)	(1,396,752)
Transfers in	550,465	518,989	(31,476)
Total other financing sources	550,465	518,989	(31,476)
Net change in fund balances	-	-	-
Fund balances, July 1, 2014	-	-	-
Fund balances, June 30, 2015	\$ -	\$ -	\$ -

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual – Wastewater Fund
Year Ended June 30, 2015

	Wastewater Fund		Variance- Positive (Negative)
	Budget	Actual	
Operating revenues			
Sewer charges	\$ 991,200	\$ 1,026,844	\$ 35,644
Miscellaneous	425,000	2,267	(422,733)
Total operating revenues	<u>1,416,200</u>	<u>1,029,111</u>	<u>(387,089)</u>
Operating expenses			
Personnel	463,430	497,690	(34,260)
Materials and supplies	96,620	77,209	19,411
Professional services	71,920	40,660	31,260
Utilities	98,150	107,989	(9,839)
Insurance	6,900	6,900	-
Other	61,840	39,531	22,309
Repairs and maintenance	1,567,350	135,755	1,431,595
Bad debt	-	25,000	(25,000)
Depreciation	740,000	746,528	(6,528)
Total operating expenses	<u>3,106,210</u>	<u>1,677,262</u>	<u>1,428,948</u>
Operating income (loss)	<u>(1,690,010)</u>	<u>(648,151)</u>	<u>1,041,859</u>
Nonoperating revenues (expenses)			
Interest income	1,200	909	(291)
Total nonoperating revenues (expenses)	<u>1,200</u>	<u>909</u>	<u>(291)</u>
Increase (decrease) in net position	<u>(1,688,810)</u>	<u>(647,242)</u>	<u>1,041,568</u>
Total net position, beginning of year, <i>restated</i>	<u>19,077,466</u>	<u>19,077,466</u>	<u>-</u>
Total net position, end of year	<u><u>\$ 17,388,656</u></u>	<u><u>\$ 18,430,224</u></u>	<u><u>\$ 1,041,568</u></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, 2015

Employee Assistance Fund	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Assets</u>				
Restricted cash and investments	\$ 10,435	\$ 3,489	\$ 1,500	\$ 12,424
Total assets	<u>\$ 10,435</u>	<u>\$ 3,489</u>	<u>\$ 1,500</u>	<u>\$ 12,424</u>
<u>Liabilities</u>				
Deposit held for employees payable	\$ 10,435	\$ 3,489	\$ 1,500	\$ 12,424
Total liabilities	<u>\$ 10,435</u>	<u>\$ 3,489</u>	<u>\$ 1,500</u>	<u>\$ 12,424</u>
Camp Verde Sanitary District Fund				
<u>Assets</u>				
Restricted cash and investments	\$ 579,205	\$ 1,273,986	\$ 1,124,118	\$ 729,073
Total assets	<u>\$ 579,205</u>	<u>\$ 1,273,986</u>	<u>\$ 1,124,118</u>	<u>\$ 729,073</u>
<u>Liabilities</u>				
Deposit held for debt service payments	\$ 579,205	\$ 1,273,986	\$ 1,124,118	\$ 729,073
Total liabilities	<u>\$ 579,205</u>	<u>\$ 1,273,986</u>	<u>\$ 1,124,118</u>	<u>\$ 729,073</u>

STATISTICAL SECTION



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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
Invested in capital assets, net of related debt	\$ 11,390,529	\$ 10,488,341	\$ 10,132,430	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070
Restricted	5,567,076	2,270,348	2,460,792	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858
Unrestricted	(5,937,276)	2,411,149	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403
Total governmental activities net position	<u>\$ 11,020,329</u>	<u>\$ 15,169,838</u>	<u>\$ 14,856,506</u>	<u>\$ 13,967,183</u>	<u>\$ 13,343,669</u>	<u>\$ 13,428,607</u>	<u>\$ 13,175,421</u>	<u>\$ 13,064,863</u>	<u>\$ 11,932,977</u>	<u>\$ 10,909,331</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 18,069,267	\$ 18,613,499	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	-	-								
Unrestricted	360,957	834,434								
Total business-type activities net position	<u>\$ 18,430,224</u>	<u>\$ 19,447,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government										
Invested in capital assets, net of related debt	\$ 29,459,796	\$ 29,101,840	\$ 10,132,430	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070
Restricted	5,567,076	2,270,348	2,460,792	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858
Unrestricted	(5,576,319)	3,245,583	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403
Total net position	<u>\$ 29,450,553</u>	<u>\$ 34,617,771</u>	<u>\$ 14,856,506</u>	<u>\$ 13,967,183</u>	<u>\$ 13,343,669</u>	<u>\$ 13,428,607</u>	<u>\$ 13,175,421</u>	<u>\$ 13,064,863</u>	<u>\$ 11,932,977</u>	<u>\$ 10,909,331</u>

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 2,776,465	\$ 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
Public safety	3,050,800	2,601,915	2,317,487	2,209,435	2,233,318	2,250,649	2,439,899	2,463,833	2,310,866	1,916,994
Public works and streets	1,156,551	1,006,300	820,957	816,853	669,205	765,392	1,197,351	1,185,801	1,692,038	1,466,531
Health and welfare	123,700	131,233	136,266	131,300	131,331	107,603	145,237	77,523	10,000	-
Culture and recreation	724,730	684,280	735,840	561,166	630,502	695,151	995,711	1,334,525	1,265,748	1,080,657
Economic and community development	507,702	411,023	456,020	348,532	460,601	551,747	845,225	552,987	460,395	35,178
Interest on long-term debt	224,557	107,141	125,025	112,867	100,851	83,429	86,544	88,421	89,413	111,259
Total governmental activities	<u>8,564,505</u>	<u>7,325,068</u>	<u>6,953,555</u>	<u>6,305,831</u>	<u>6,632,948</u>	<u>6,696,788</u>	<u>8,016,779</u>	<u>7,814,070</u>	<u>8,067,721</u>	<u>7,222,851</u>
Business-type activities:										
Wastewater	1,677,262	1,667,612	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>1,677,262</u>	<u>1,667,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>10,241,767</u>	<u>8,992,680</u>	<u>6,953,555</u>	<u>6,305,831</u>	<u>6,632,948</u>	<u>6,696,788</u>	<u>8,016,779</u>	<u>7,814,070</u>	<u>8,067,721</u>	<u>7,222,851</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	25,234	51,173	18,221	43,244	304,918	303,797	304,269	399,952	582,776	1,312,310
Public safety	457,097	412,704	454,195	373,510	88,421	91,651	94,397	139,246	41,931	86,566
Public works and streets	16,214	42,817	500	5,942	3,429	55,132	56,109	-	21,887	2,050
Culture and recreation	42,332	43,565	35,274	36,957	43,746	88,751	101,703	160,177	193,536	60,222
Economic and community development	194,789	188,391	190,062	151,498	101,929	105,337	221,229	189,428	338,303	-
Operating grants and contributions	1,084,065	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
Capital grants and contributions	438,025	182,421	647,539	969,961	-	6,491	32,815	703,532	-	-
Total governmental activities	<u>2,257,756</u>	<u>2,024,495</u>	<u>2,377,873</u>	<u>2,593,525</u>	<u>2,033,188</u>	<u>1,948,603</u>	<u>2,395,642</u>	<u>2,954,025</u>	<u>2,572,910</u>	<u>3,080,561</u>
Business-type activities:										
Charges for services										
Wastewater	1,029,111	1,036,287	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>1,029,111</u>	<u>1,036,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>3,286,867</u>	<u>3,060,782</u>	<u>2,377,873</u>	<u>2,593,525</u>	<u>2,033,188</u>	<u>1,948,603</u>	<u>2,395,642</u>	<u>2,954,025</u>	<u>2,572,910</u>	<u>3,080,561</u>
Net Expense	<u>\$ (6,954,900)</u>	<u>\$ (5,931,898)</u>	<u>\$ (4,575,682)</u>	<u>\$ (3,712,306)</u>	<u>\$ (4,599,760)</u>	<u>\$ (4,748,185)</u>	<u>\$ (5,621,137)</u>	<u>\$ (4,860,045)</u>	<u>\$ (5,494,811)</u>	<u>\$ (4,142,290)</u>

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Expense	\$ (6,954,900)	\$ (5,931,898)	\$ (4,575,682)	\$ (3,712,306)	\$ (4,599,760)	\$ (4,748,185)	\$ (5,621,137)	\$ (4,860,045)	\$ (5,494,811)	\$ (4,142,290)
General Revenues:										
Governmental activities:										
Taxes:										
Sales taxes	2,863,839	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
Franchise taxes	266,973	267,059	250,327	245,501	243,353	239,946	238,072	237,227	219,502	187,130
State shared revenues	2,942,726	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
Investment earnings	15,456	27,714	33,251	13,787	12,985	19,964	3,614	220,900	313,860	209,644
Miscellaneous	7,086	13,090	69,009	11,840	53,507	23,954	239,099	64,610	8,242	-
Total governmental activities	<u>6,096,080</u>	<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>
Business-type activities:										
Investment earnings	909	1,621	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>909</u>	<u>20,079,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ (857,911)</u>	<u>\$ 19,811,559</u>	<u>\$ 889,268</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>

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									
	<u>2015</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>
General Fund:										
Reserved						\$ 996,886	\$ 632,000	\$ 832,000	\$ -	\$ -
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 22,096					
Restricted	-	-	-	-	-					
Committed	662,091	662,056	632,000	632,000	1,033,628					
Assigned	-	-	-	-	-					
Unassigned	1,912,675	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
Total General Fund	<u>\$ 2,574,766</u>	<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>
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
Parks fund						(339,161)	(326,933)	(744,077)	1,660,258	1,346,233
Housing grant fund						77,166	57,800	-	-	45,916
Non-major Special revenue funds						294,374	296,350	445,566	336,599	48,364
Non-major Debt service funds						-	-	-	-	177,535
Non-major Capital projects funds						602,214	589,141	1,212,018	1,719,178	1,384,235
Nonspendable	\$ -	\$ -		\$ 79,345	\$ 83,198					
Restricted	5,456,179	2,143,445	2,473,096	2,483,485	2,294,509					
Committed	-	11,214	686,629	694,215	185,200					
Assigned	431,842	491,190	-	-	-					
Unassigned	(669,290)	(614,955)	(587,984)	(378,467)	(559,961)					
Total all other governmental funds	<u>\$ 5,218,731</u>	<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>

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>2015</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>
Taxes	\$ 3,130,812	\$ 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
Intergovernmental	4,547,353	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
Fines and forfeits	234,142	275,700	372,122	335,496	278,736	297,058	257,625	342,149	535,170	549,294
Licenses and permits	174,518	160,321	159,532	123,738	102,725	106,006	184,016	150,852	242,345	438,119
Charges for services	86,718	92,682	86,994	86,787	82,052	110,892	248,940	227,056	292,339	259,712
Contributions and donations	70,544	17,389	16,478	361,292	106,964	26,009	45,397	75,038	70,100	75,171
Investment income	15,456	27,714	33,251	13,787	12,984	19,964	3,614	220,900	313,860	209,644
Rents and royalties	-	-	-	-	3,068	5,048	20,788	43,424	45,692	43,660
Other	36,828	68,768	58,742	36,021	149,967	23,784	126,628	73,206	19,968	170,363
Total revenues	<u>\$ 8,296,371</u>	<u>\$ 7,716,288</u>	<u>\$ 7,803,992</u>	<u>\$ 6,980,187</u>	<u>\$ 6,643,297</u>	<u>\$ 6,948,937</u>	<u>\$ 8,018,315</u>	<u>\$ 8,954,552</u>	<u>\$ 8,632,412</u>	<u>\$ 9,043,908</u>

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>2015</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>
Expenditures:										
Current -										
General government	\$ 2,630,384	\$ 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
Public safety	2,613,138	2,400,085	2,222,092	2,148,531	2,080,685	2,283,648	2,286,640	2,322,781	2,136,825	3,411,061
Public works and streets	815,101	741,300	655,285	688,127	528,172	625,582	682,696	1,072,780	1,583,979	1,374,738
Health and welfare	123,700	131,233	136,266	131,300	131,332	107,603	14,527	77,523	10,000	-
Culture and recreation	634,283	623,996	680,810	508,581	579,516	637,130	857,850	1,141,267	1,102,211	1,332,275
Economic and community development	465,074	391,601	455,170	352,412	345,807	469,503	816,146	531,984	434,940	35,375
Capital outlay	860,979	969,031	1,801,828	913,146	2,059,278	396,478	846,250	3,588,221	625,952	-
Debt service -										
Principal retirement	326,949	319,327	164,828	302,011	141,408	117,470	92,985	90,452	41,424	2,577
Interest and fiscal charges	78,312	118,067	116,056	84,722	103,044	89,070	92,185	94,061	95,054	118,089
Bond issuance costs	-	-	-	-	25,000	-	-	-	-	-
Total expenditures	<u>\$ 8,547,920</u>	<u>\$ 8,011,399</u>	<u>\$ 8,540,098</u>	<u>\$ 7,193,399</u>	<u>\$ 8,328,223</u>	<u>\$ 6,808,233</u>	<u>\$ 7,915,037</u>	<u>\$ 10,994,105</u>	<u>\$ 8,220,725</u>	<u>\$ 8,876,957</u>
Expenditures for capitalized assets	\$ 860,979	\$ 969,031	\$ 1,801,828	\$ 913,146	\$ 1,884,647	\$ 280,572	\$ 302,307	\$ 3,415,762	\$ 305,602	\$ 1,908,945
Debt service as a percentage of noncapital expenditures	5%	6%	4%	6%	4%	3%	2%	2%	2%	2%

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>2015</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>
Excess (deficiency) of revenues over expenditures	\$ (251,549)	\$ (295,111)	\$ (736,106)	\$ (213,212)	\$ (1,684,926)	\$ 140,704	\$ 103,278	\$ (2,039,553)	\$ 411,687	\$ 166,951
Other financing sources (uses):										
Capital lease agreements		8,838	764,664		208,237	62,784	18,459	-	42,123	-
Proceeds of long-term debt issuance	4,904,000				1,005,000	-	-	-	-	-
Payments to Refunding Bond Trustee	(1,396,752)									
Transfers in	894,208	641,103	266,480	1,729,132	411,442	499,244	1,219,431	1,974,620	71,915	-
Transfers out	(894,208)	(641,103)	(266,480)	(1,729,132)	(411,442)	(499,244)	(1,219,431)	(1,942,845)	(71,915)	-
Total other financing sources (uses)	<u>3,507,248</u>	<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>
Changes in fund balances	<u>\$ 3,255,699</u>	<u>\$ (286,273)</u>	<u>\$ 28,558</u>	<u>\$ (213,212)</u>	<u>\$ (471,689)</u>	<u>\$ 203,488</u>	<u>\$ 121,737</u>	<u>\$ (2,007,778)</u>	<u>\$ 453,810</u>	<u>\$ 166,951</u>

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>2015</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>
Retail Trade	1,106,741	1,040,491	990,166	686,400	691,160	701,977	832,860	898,920	1,068,343	1,108,776
Restaurants & Bars	520,320	473,070	437,452	309,169	301,925	307,921	319,393	324,358	321,300	305,811
Communications & Utilities	269,845	230,848	251,911	127,280	167,542	150,683	118,950	135,303	136,274	126,126
Construction	212,866	182,702	236,112	128,008	142,535	353,081	307,651	430,671	512,790	681,725
Real Estate, Rental & Leasing	173,914	170,109	170,973	147,728	134,821	140,596	122,225	111,852	121,702	115,071
Accommodation	207,993	138,850	131,748	88,626	84,609	110,798	142,302	148,694	139,946	116,911
Arts & Entertainment	134,961	114,106	92,444	59,604	62,416	53,087	62,039	56,874	52,342	42,792
Manufacturing	67,644	75,231	72,694	57,808	52,222	55,908	53,684	68,785	64,840	58,736
Services	69,088	75,939	57,851	45,369	42,630	59,894	133,860	43,705	44,090	48,833
Wholesale Trade	28,043	26,000	57,668	59,127	54,873	64,400	112,402	159,886	144,925	133,614
Other	71,912	67,486	42,385	26,309	28,756	36,839	54,597	81,322	102,832	137,798
Total	<u>\$ 2,863,327</u>	<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>
Total revenue % growth by year	10.3%	2.1%	46.4%	-1.6%	-13.3%	-9.9%	-8.1%	-9.2%	-5.8%	56.6%

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

Note: See tax rate changes on 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>Accommodation/ Bed Tax</u>	<u>Total</u>
2015	2,655,846	266,973	207,993	3,130,812
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

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		
2015	3.65	6.65	2.00	3.65	0.75	5.60
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

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
2015	\$ 5,702,227	\$ 471,967	\$ -	\$ -	\$ -	\$ 6,174,194	N/A	N/A
2014	2,281,084	625,670	-	-	-	2,906,754	0.04%	266
2013	2,446,200	770,465	-	-	-	3,216,665	0.05%	293
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

Source: The Town's financial records.

Note: FY15 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>
2015	\$ 5,702,227	\$ 5,702,227	N/A
2014	2,281,084	2,281,084	209
2013	2,446,200	2,446,200	223
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

Source: The Town's financial records.

Note: FY15 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, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Town</u>	<u>Estimated Amount Applicable to Town</u>
Overlapping:			
Yavapai County Community College*	\$ 37,395,000	2.7%	\$ 993,757
Camp Verde Unified School District	-	91.5%	-
Camp Verde Fire District	-	100.0%	-
Camp Verde Sanitary District	11,144,079	100.0%	<u>11,144,079</u>
Total Overlapping Debt			<u><u>\$ 12,137,836</u></u>
Direct:			
Town of Camp Verde	<u>6,174,194</u>	100.0%	<u>6,174,194</u>
Total Direct and Overlapping Debt			<u><u>\$ 18,312,030</u></u>

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

Note: * - FY14 debt amount was used as the information for FY15 was not yet available.

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

	Fiscal Year Ended June 30									
	<u>2015</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>
6% Debt Limit										
Primary Assessed Value (HIDE)	61,464,859	61,658,697	65,576,506	71,284,066	81,699,851	93,710,990	110,746,846	106,919,901	73,375,205	63,401,800
Debt Limit	3,687,892	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
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>3,687,892</u>	<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>
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%
	Fiscal Year Ended June 30									
	<u>2015</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>
20% Debt Limit										
Debt Limit	12,292,972	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
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>12,292,972</u>	<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>
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

<u>Fiscal Year</u>	<u>Revenue Bonds</u>				<u>Coverage %</u>
	<u>Excise Tax Revenue</u>	<u>Debt Service</u>			
		<u>Principal</u>	<u>Interest</u>		
2015	6,073,538	\$ 172,857	66,610	25	
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	

Source: The Town's financial records.

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

<u>Year</u>	<u>Town of Camp Verde Population</u>	<u>Yavapai County Population</u>	<u>County Personal Income (1)</u>	<u>County Per Capita Income</u>	<u>County Unemployment Rate</u>
2014	10,925	218,844	7,172,392	32,774	6.3 %
2013	10,960	215,389	6,811,155	31,623	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 %

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 FY15 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>2015</u>		<u>2014</u>	<u>2006</u>
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Employees</u>
Cliff Castle Casino & Hotel	327	13.6 %	490	N/A
Yavapai-Apache Nation	294	12.3	217	N/A
Camp Verde Unified School District	227	9.5	197	N/A
Town of Camp Verde	117	4.9	107	N/A
Bashas	102	4.3	110	N/A
Rainbow Acres	80	3.3	70	N/A
The Haven of Camp Verde	55	2.3	58	N/A
Out of Africa Wildlife Park	47	2.0	48	N/A
McDonald's	38	1.6	46	N/A
Denny's	34	1.4	36	N/A
Total	<u>1,321</u>	<u>55.0 %</u>	<u>1,379</u>	<u>-</u>
Total Employment*	<u>2,400</u>		<u>2,500</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 FY2006 was not available.
Total employment for 2014 & 2015 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>2015</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>
General Government										
Management Services	5.2	5.1	5.1	5.1	5.4	5.4	5.2	7.2	5.0	7.0
Finance	2.2	2.2	2.0	2.0	1.0	2.5	2.0	2.1	2.9	2.9
Economic Development	1.6	1.6	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Municipal Court	5.6	5.6	5.6	5.6	5.6	5.5	6.0	6.0	6.0	6.0
Total General Government	<u>14.6</u>	<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>
Public Safety										
Marshal's Department	32.2	30.2	26.7	28.0	26.0	28.0	29.6	32.6	31.0	30.0
Animal Control	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Total Public Safety	<u>33.2</u>	<u>31.2</u>	<u>27.7</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>
Public Works										
Admin	2.8	2.4	1.7	1.0	1.0	2.5	1.5	1.0	1.0	0.0
Streets	5.2	6.2	5.8	5.4	5.0	3.5	6.5	7.0	6.0	6.0
Maintenance	7.4	7.2	6.2	6.4	7.0	6.0	6.0	7.0	8.0	7.0
Total Public Works	<u>15.4</u>	<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>
Library	6.2	5.8	5.3	5.4	4.2	5.0	5.4	5.4	4.6	4.9
Parks & Recreation	4.6	4.3	3.5	3.6	3.6	2.8	2.7	3.7	3.0	4.0
Community Development	6.0	5.0	5.0	5.0	4.0	4.0	5.0	7.0	6.0	8.0
Sewer	7.2	7.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>87.1</u>	<u>83.7</u>	<u>68.9</u>	<u>69.4</u>	<u>58.4</u>	<u>61.8</u>	<u>66.7</u>	<u>73.8</u>	<u>70.5</u>	<u>70.8</u>

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>2015</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>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	31	31	22	19	17	30	30	31	29	26
Streets										
Streets (miles)	110	110	110	110	110	110	106	106	106	105
Streetlights	110	110	110	110	110	92	102	102	102	98
Traffic signals	6	6	6	6	6	2	2	2	2	2
Parks and Recreation										
Parks developed	4	4	4	4	4	4	3	2	2	2
Parks acreage	138	138	138	138	138	138	130	130	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	29	20	20	20
Manholes	440	440	440	440	440	440	440	265	265	265

Source: The Town's facilities records.

TOWN OF CAMP VERDE, ARIZONA
Operating Indicators By Function
Last Ten Fiscal Years

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

<u>Function</u>	<u>Fiscal Year Ended June 30</u>									
	<u>2015</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>
General Government										
Business Licenses	673	645	650	582	555	597	576	556	544	542
Public Safety										
Total Incidents	10,020	13,782	10,462	11,614	11,234	10,420	8,348	10,281	9,741	9,821
Public Works										
Street Resurfacing (miles)	-	-	-	-	-	0.25	-	-	8.30	8.70
Library										
Circulation	62,140	52,631	51,303	63,580	59,883	76,813	80,139	69,349	62,855	58,722
Traffic	67,824	33,787	27,766	25,831	22,336	N/A	N/A	N/A	N/A	N/A
Community Development										
Building Permits	331	362	387	312	341	364	128	107	151	348

Source: The Town's records.