

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2017



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

Town of Camp Verde, AZ

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the fiscal year ended
June 30, 2017**

Prepared by:
The Finance Department

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Town of Camp Verde

Gateway to the Verde Valley

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January 22, 2018

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, 2017. 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, 2017. 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 Manager reviews departmental budget requests and may recommend changes to a department’s budget priorities and/or projects. The Town Manager then presents a proposed, balanced budget to the Town council for review. The proposed budget is presented to the Town council in June 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. Camp Verde is located at the center of Arizona and within an hour of 4 dramatically different climates and cities, Phoenix to the South, Flagstaff to the north, Prescott to the west and Payson to the east. This puts our Town in a great location to take advantage of travel and tourism within our area.

Local sales tax revenues have grown 117% in the 5-years since their low point in FY12. While a large portion of that growth comes from increases to the tax rate (2% to 3.65% over the 5 years) it also reflects increased spending in our area and presumably comfortableness with current economic conditions. In FY17, local tax revenues decreased 4% from FY16. This should not be taken as a point of concern, however, as FY16 is seen as an outlier year of tremendous growth. When looking at local tax revenues from FY15 to FY17 (after factoring out the .65% increase), they grow 16% over the 2-year period which resembles a normal growth pattern for our Town. While down slightly from FY16, the Town is still in a very positive economic position with an unassigned general fund balance of nearly \$2.4 million.

Tax revenues from the State (including state income and sales tax and vehicle license tax) grew only 2% from FY16. This marks the low point of the last 5 years with growth rates trending down over that time period. In FY13, this growth rate was 10%, then 7% in both FY14 & FY15 and only 3% in FY16. This downward trend seems to have turned in FY18 with the expectation of 3% growth. While not exceptional at least it seems to have turned upward.

The expectation for population in our area (Yavapai County) is moderate growth over the next several years. We are seeing increased activity in business startups and residential neighborhoods, both new starts and re-starting projects that had been dormant through the real estate collapse. Construction along Highway 260 towards Cottonwood has bolstered our construction revenues as well and is opening the door for development along that corridor.

Long-Term Financial Planning:

The Town's long-term planning outcomes from the strategic planning retreat are: 1) Planned business growth, 2) Development of more ball fields, 3) Maintain Town service levels, 4) Preserve the river and ground water, and 5) Continue to improve infrastructure for business and families.

Planned Business Growth: The Town has engaged in a relationship with a retail strategy firm to develop business interest for new start-ups and filling empty retail space.

Development of more ball fields: The Town will be securing approximately \$6.8 million in financing for the new Sports Complex to begin construction in FY18.

Maintain Town services: While the Town has numerous activities in play for planned growth of business and residential locations, it is imperative that current service levels are maintained and to that end, council is committed to continue allocating appropriate budget levels for all Town departments.

Preserve the river and ground water: The Town is working with local organizations to facilitate planned use of recreational areas, appropriate conservation strategies and clean-up efforts.

Improved Infrastructure: The Town is securing approximately \$4 million in financing and grants to complete the wastewater treatment plant along with several improvements. This will then allow council to focus on the expansion of wastewater services down the Highway 260 corridor as construction will open up prime retail space in upcoming years.

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, the Town has strived to remain financially strong and has maintained an unassigned general fund balance of over \$2.3 million, which amounts to 32% of total FY17 general fund expenses.

Major Initiatives for FY18:

- 1) Finalize planning and begin construction on Camp Verde Sports Complex.
- 2) Construction on Highway 260, widening from 2 lanes to 4.
- 3) The expansion of sewer lines also along Highway 260, opening up the potential for economic development in that area.
- 4) Continued extensive street repairs

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,

A handwritten signature in blue ink, appearing to read "Russell A. Martin".

Russell A. Martin
Town Manager

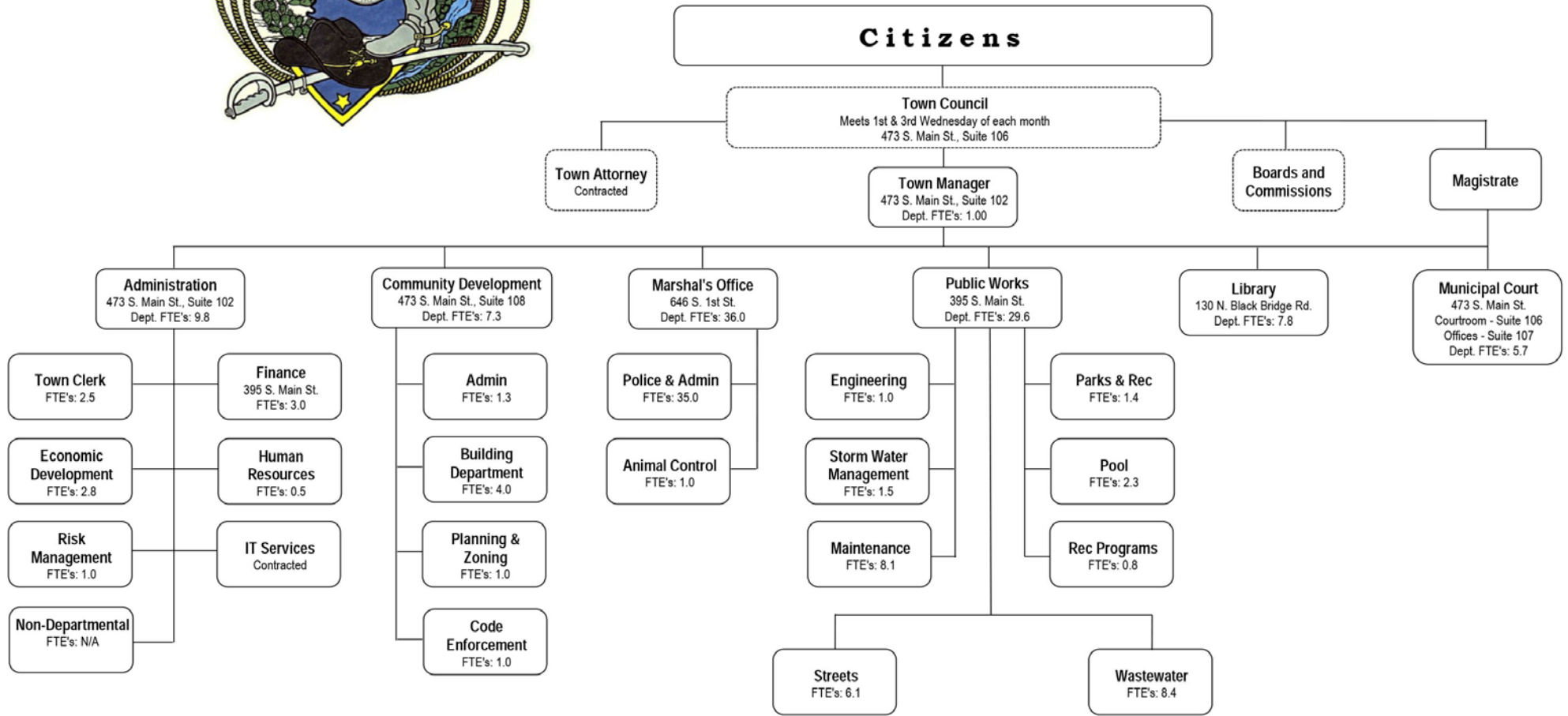
A handwritten signature in blue ink, appearing to read "Michael E. Showers".

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)

Councilor Dee Jenkins, Councilor Allan "Buck" Buchanan, Councilor Robin Whatley, Councilor Jackie Baker, Mayor Charlie German, Vice-Mayor Jessie Murdock, & Councilor Brad Gordon.

Russ Martin, *Town Manager*
Judy Morgan, *Town Clerk*
Mike Showers, *Finance Director*
Nancy Gardner, *Marshal*
Kathy Hellman, *Library Director*
Paul Schlegel, *Presiding Magistrate*

Department Heads

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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Camp Verde
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Camp Verde, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, Arizona, as of and for the year ended June 30, 2017, 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, 2017, 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.

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 4 - 16, Budgetary Comparison Schedules on pages 61-63, Schedule of the Town's Proportionate Share of the Net Pension Liability – Cost-Sharing Pension Plans on page 64, Schedule of Changes in the Town's Net Pension Liability (Asset) and Related Ratios – Agent Pension Plans on page 65, Schedule of Town Pension Contributions on page 66, and Schedule of Agent OPEB Plans' Funding Progress on page 68 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 January 22, 2018, 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".

January 22, 2018

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017 (FY17). Please read it in conjunction with the Town's basic financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

- Construction on the new \$4.7 million Library finished in FY17 which is the major component of the \$5.2 million increase in Buildings and Improvements. Our newly relocated magistrate courtroom amounted to most of the remaining increase at \$487K. Of the \$5.2 million increase, \$3.6 million of that amount came directly out of Construction in Progress.
- Net position from governmental activities decreased nearly \$185K, which is a dramatic change from the previous years \$1.2 million increase.
 - Revenues were down \$532K resulting from a mix of gains and losses in various categories. The most significant impact was the drop in capital grants of \$584K. Town sales tax dropped nearly \$159K as well.
 - Expenses, conversely, increased nearly \$872K from FY16. The largest increases came from Public Safety (\$370K), General Government (\$295K) and Culture & Recreation (\$258K).
- The Town took on new debt of \$542,800 through a lease purchase arrangement for vehicles within the Wastewater Enterprise Fund.
- Among major governmental funds:
 - The General Fund had in excess of \$8 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services, fines and forfeitures, and intergovernmental revenues. Total expenditures in the General Fund were just over \$7 million with net transfers out of \$1.5 million causing the general fund balance to fall by just over \$500K. The General Fund had originally budgeted to spend \$300K of unrestricted reserves on street repair, but increased that amount to \$529K due to increased expenses in the Library Construction Fund.
 - HURF Fund revenues of \$932K were again a bit higher (\$48K) than last fiscal year, with a slight decrease in overall expenses (\$32K). The HURF Fund, like the General Fund, budgeted to spend part of its reserve balance on street repairs (an ongoing 5 year project) to the amount of \$250K.
 - The Library Fund had just over \$1.5 million in expenses to close out all construction and equipment expenses for the new library. At \$4.7 million, the Library is the largest asset the Town has on its books. Funds for the construction expenses came from previous year's debt financing and donations.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**



OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide financial statements.

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

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

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

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

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

Business-type activities – The Town's only business-type activity is the wastewater enterprise fund. The 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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**



OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eleven (11) 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 19 for the General, HURF, Library Building, and Capital Improvement Funds, all of which are considered to be major funds. Data from the other seven (7) 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 71 - 89.

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 93.

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 - 60.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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 and HURF as required supplementary information which can be found on pages 61 - 62.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$29.4 million as of June 30, 2017 which is a 3% decrease from last year. The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 4,762,091	\$ 7,408,585	\$ 912,897	\$ 1,078,298	\$ 5,674,988	\$ 8,486,883
Capital assets, net	19,515,890	17,250,784	17,491,559	17,609,349	37,007,449	34,860,133
Other non-current assets	77,295	95,267	-	-	77,295	95,267
Total assets	<u>24,355,276</u>	<u>24,754,636</u>	<u>18,404,456</u>	<u>18,687,647</u>	<u>42,759,732</u>	<u>43,442,283</u>
Liabilities						
Current and other liabilities	2,033,526	2,109,176	161,786	68,397	2,195,312	2,177,573
Long-term liabilities	11,656,475	11,703,447	975,162	568,559	12,631,637	12,272,006
Total liabilities	<u>13,690,001</u>	<u>13,812,623</u>	<u>1,136,948</u>	<u>636,956</u>	<u>14,826,949</u>	<u>14,449,579</u>
Deferred Inflows/(Outflows) of Resources						
Def'd net outflows related to pensions	(1,938,948)	(1,722,850)	(138,494)	(136,648)	(2,077,442)	(1,859,498)
Def'd inflows related to debt defeasance	-	-	-	-	-	-
Def'd inflows related to pensions	550,232	426,124	71,954	48,014	622,186	474,138
Net deferred inflows/(outflows) of resources	<u>\$ (1,388,716)</u>	<u>\$ (1,296,726)</u>	<u>\$ (66,540)</u>	<u>\$ (88,634)</u>	<u>\$ (1,455,256)</u>	<u>\$ (1,385,360)</u>
Net Position						
Net investment in capital assets	13,845,131	12,264,826	17,001,697	17,609,349	30,846,828	29,874,175
Restricted	1,304,975	2,947,478	-	-	1,304,975	2,947,478
Unrestricted	(3,096,115)	(2,973,565)	332,351	529,976	(2,763,764)	(2,443,589)
Total net position	<u>\$ 12,053,991</u>	<u>\$ 12,238,739</u>	<u>\$ 17,334,048</u>	<u>\$ 18,139,325</u>	<u>\$ 29,388,039</u>	<u>\$ 30,378,064</u>

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. The Town's net position from governmental activities remained nearly identical to FY16. There was, however, a significant movement between the current and capital asset sections. Current assets and capital assets were both impacted by final library construction and improvement costs (\$1.3M) and the relocation of the magistrate's courtroom (\$487K). Of the \$2.6M decrease in current assets and \$2.3M increase in capital assets, these two projects together account for nearly \$1.8M of those changes.

GASB 68 continues to have a significant effect on the Government-wide statements as well. Net pension liabilities increased \$619K to over \$6.6 million dollars in FY17. This has a dramatic impact on the unrestricted net position of the Town as can be seen in the negative \$3.1 million balance above. The \$6.6M net pension liability is the single most impactful item within the Town's liability section at 52% of the total liability balance. The Town has chosen to fund the net pension liability through a 20 year adjustment to the annual state retirement payment percentage as well as fully funding the budgeted PSPRS amounts regardless of employment FTE's and not taking advantage of potential credits from the recent PSPRS lawsuits against the State of Arizona.

Business-Type Activities. For FY17, there are no note-worthy items impacting the Statement of Net Position for Business-type activities.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017 and 2016:

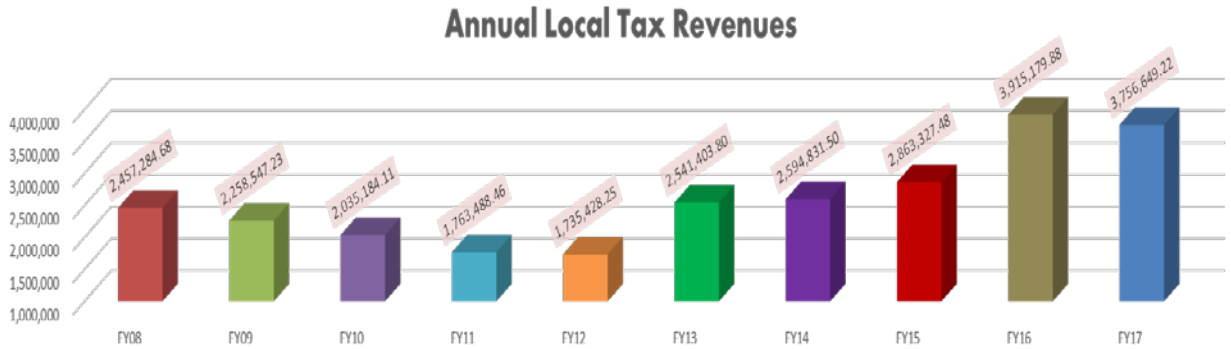
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program revenues:						
Charges for services	\$ 730,511	\$ 803,717	\$ 1,135,373	\$ 1,085,853	\$ 1,865,884	\$ 1,889,570
Operating grants and contributions	1,084,810	1,145,358	-	-	1,084,810	1,145,358
Capital grants and contributions	307,300	891,401	-	316,450	307,300	1,207,851
General revenues:					-	-
Town sales taxes	3,756,648	3,915,180	-	-	3,756,648	3,915,180
Franchise taxes	270,925	285,834	-	-	270,925	285,834
State shared revenue	3,099,871	3,020,345	-	-	3,099,871	3,020,345
Investment earnings	27,872	29,593	1,181	1,042	29,053	30,635
Miscellaneous	91,581	80,456	-	-	91,581	80,456
Special Items:	<u>(24,740)</u>	<u>(295,830)</u>	<u>22,740</u>	<u>33,462</u>	<u>(2,000)</u>	<u>(262,368)</u>
Total revenues	<u>9,344,778</u>	<u>9,876,054</u>	<u>1,159,294</u>	<u>1,436,807</u>	<u>10,504,072</u>	<u>11,312,861</u>
Expenses						
General government	3,076,473	2,780,681			3,076,473	2,780,681
Public safety	3,156,111	2,786,970			3,156,111	2,786,970
Public works and streets	1,378,204	1,566,914			1,378,204	1,566,914
Health and welfare	123,627	123,664			123,627	123,664
Culture and recreation	1,075,309	817,187			1,075,309	817,187
Economic and community development	550,246	473,270			550,246	473,270
Interest on long-term debt	169,556	108,958			169,556	108,958
Wastewater			1,964,571	1,727,706	1,964,571	1,727,706
Total expenses	<u>9,529,526</u>	<u>8,657,644</u>	<u>1,964,571</u>	<u>1,727,706</u>	<u>11,494,097</u>	<u>10,385,350</u>
Increase/ (decrease) in net position	(184,748)	1,218,410	(805,277)	(290,899)	(990,025)	927,511
Net position (restated), beginning	<u>12,238,739</u>	<u>11,020,329</u>	<u>18,139,325</u>	<u>18,430,224</u>	<u>30,378,064</u>	<u>29,450,553</u>
Net position, ending	<u>\$ 12,053,991</u>	<u>\$ 12,238,739</u>	<u>\$ 17,334,048</u>	<u>\$ 18,139,325</u>	<u>\$ 29,388,039</u>	<u>\$ 30,378,064</u>

Governmental Activities. Total revenues from governmental activities decreased by just over \$530K (5%) from last year to just above \$9.3 million. This is seen predominately in decreases from grants and contributions. The new library project received a contribution of \$417K in FY16 which was not seen, nor expected in FY17. The Town also received a CDBG grant for street maintenance in FY16 of \$260K which was a one-time event. Those two items alone make up the entire drop in grants and contributions in FY17.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

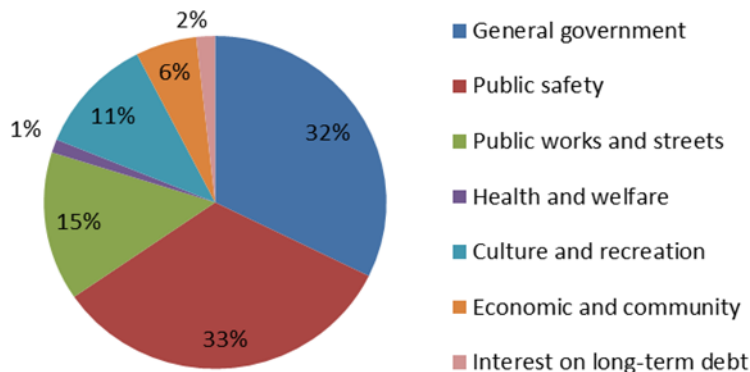
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Local sales taxes are the largest source of revenue for the Town (\$3.76M) with state shared revenues right behind them (\$3.1M). The two together make up 73% of the governmental activities revenues. The schedule below shows how the Town's local tax revenues have been increasing since FY12. While there is a slight drop in FY17 from FY16, the Town is still seeing an overall upward trend. The large jumps in FY13 and FY16 correspond to increases in the local tax rate (2% to 3% in early FY13 and 3% to 3.65% in late FY15) though FY16 still had a 19% increase in local tax revenues after factoring out the .65% increase.

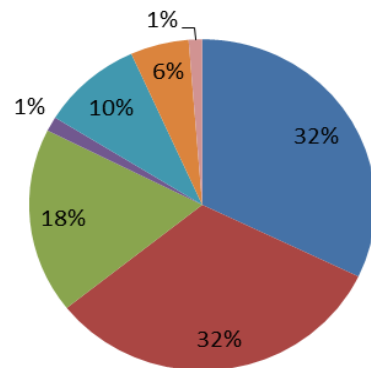


While expenses increased 10% from FY16, there really was no 1 single item that accounted for the increases. Public safety, general government and culture and recreation were the areas of largest increase. Causes were generally small to average amounts across numerous expense categories. Public safety employer related expenses saw the largest increase of roughly \$90K.

**Governmental
Fiscal Year 2017 Expenses**



**Governmental
Fiscal Year 2016 Expenses**



**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities. The wastewater fund saw moderate 5% growth in revenues from user fees. Expenses, however, were up nearly \$237K or 14%. Nearly the entire amount of the increase can be linked to two items: 1) Our lagoon closure project (\$112K) which will not be an on-going expense line in the future and 2) Increased depreciation due to large equipment purchases (\$50K) of a vac-truck and camera van and completion of our headworks project (\$46K).

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, 2017		Year Ended June 30, 2016	
	Total Expenses	Net Exp / (Rev)	Total Expenses	Net (Exp) / Rev
Governmental activities				
General government	\$ 3,076,473	\$ 3,041,660	\$ 2,780,681	\$ 2,747,636
Public safety	3,156,111	2,620,452	2,786,970	2,213,247
Public works and streets	1,378,204	362,632	1,566,914	548,168
Health and welfare	123,627	123,627	123,664	123,664
Culture and recreation	1,075,309	749,459	817,187	202,586
Economic and community development	550,246	339,519	473,270	(127,091)
Interest on long-term debt	169,556	169,556	108,958	108,958
Net	\$ 9,529,526	\$ 7,406,905	\$ 8,657,644	\$ 5,817,168
Business-Type Activities				
Wastewater	1,964,571	829,198	1,727,706	325,403
Net	\$ 1,964,571	\$ 829,198	\$ 1,727,706	\$ 325,403
Total	\$ 11,494,097	\$ 8,236,103	\$ 10,385,350	\$ 6,142,571

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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (CONTINUED)

As of the end of the Town's fiscal year, its governmental funds reported combined ending fund balances of just over \$3.8M, a nearly \$2.5 million decrease from the prior year. Approximately 62 percent of the ending fund balance (\$2.4M) constitutes *unassigned fund balance*, which is \$500K less than 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 HURF related expenses (\$1.07M), capital improvements (\$209K) and various other grants and special programs (\$191K).

The General Fund is the principal operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund was just under \$2.4 million which is \$500K less than last year's \$2.9 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. For FY17, fund balance in the General Fund is 34% of total General Fund expenditures.

The fund balance in the Library Fund was eliminated entirely in FY17 as all remaining funds were used for the completed new library. Consequently, fund balance at the end of this fiscal year is \$0.

The HURF fund balance decreased \$242K from last year to \$1.07M due to the budgeted use of reserves for an ongoing 4-year major street maintenance program.

The capital improvement fund year-end fund balance dropped just over \$300K as projects within the fund were completed. The ending fund balance within the capital improvement fund is \$209K.

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 fund balance dropped \$805K due to depreciation expense. The Town does not budget user fees and other revenues to cover the cost of depreciation.

BUDGETARY HIGHLIGHTS

Schedules showing the budget amounts compared to the Town's actual financial activity for the General and HURF funds are provided in this report as required supplementary information. For the General Fund, revenues are \$267K short of budget and expenses are \$209K under budget. The Net change in fund balance, however, remains right on budget as net transfers were kept at nearly \$59K below budget.

BUDGETARY HIGHLIGHTS (CONTINUED)

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

Budgetary highlights for the General Fund are as follows:

Revenues

- Local sales tax revenue was just over \$4.0M this year but short of budget by \$340K (8%). The areas seeing the most budget shortage were restaurant (\$119K), construction (\$103K) and retail (\$85K).
- The reimbursement of prior period police officer FICA payments amounted to an extra \$82K of unbudgeted revenue.

Expenses

- The Marshal's office was \$104K under budget which was by far the most significant portion of the \$209K budget shortage. Wages and benefits contain the entire savings.
- Four other departments (Clerk, Community Development, Library and Risk Management) are all contributors to the remaining budget savings fairly equally at between \$25K and \$35K each.

General Fund Expenses: Budget to Actual



CAPITAL ASSETS

As of June 30, 2017, the Town had invested nearly \$25.0 million in governmental capital assets and \$24.4 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 \$719K and \$813K respectively. More information on capital assets can be found in the Notes to the Financial Statements under Note 5 – Capital Assets.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

CAPITAL ASSETS (CONTINUED)

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2017 and 2016:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,675,755	\$ 5,624,719	\$ 1,275,828	\$ 1,275,828	\$ 6,951,583	\$ 6,900,547
Construction in progress	853,739	4,163,010	162,140	363,798	1,015,879	4,526,808
Buildings and improvements	8,910,281	3,705,442	574,859	553,417	9,485,140	4,258,859
Infrastructure	4,807,176	4,075,280	21,414,728	21,182,275	26,221,904	25,257,555
Machinery and equipment	3,780,794	3,549,249	960,775	325,849	4,741,569	3,875,098
Improvements other than buildings	956,383	960,281	-	-	956,383	960,281
Accumulated depreciation	(5,468,238)	(4,827,197)	(6,896,971)	(6,091,818)	(12,365,209)	(10,919,015)
Total	\$ 19,515,890	\$ 17,250,784	\$ 17,491,359	\$ 17,609,349	\$ 37,007,249	\$ 34,860,133

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

- The Town completed the new library building (\$4.7M) and placed the asset into service dramatically reducing construction in progress (\$3.5M).
- Infrastructure was most significantly affected by street paving projects (\$467K) and drainage projects (\$150K).
- New Equipment purchases for the Wastewater fund (as referenced earlier) increased business-type activities Machinery and equipment line \$572K.

LONG-TERM LIABILITIES

As of June 30, 2017, the Town had just over \$13.9M in long-term debt and long-term liabilities, \$12.8M for governmental activities and \$1.1M for business-type activities. Of the \$12.8M governmental liabilities amount, \$5.67M is in bond and capital lease debt of which \$675K is due within one year. During FY17, the Town took on \$542K of capital lease debt for vehicles at the wastewater department, which is currently the only debt within the Wastewater Fund. Principle payments for bond and capital lease debt for the year were \$658K in the governmental activities funds. Compensated absences increased just under \$13K for governmental activities and grew only \$1K for business-type activities. Of significant impact on long-term liabilities is the increase in net pension liabilities of \$619K and \$23K for governmental and business-type activities respectively. The net pension liability for governmental activities is 52% of the total balance and 53% of the business-type balance.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**

LONG-TERM LIABILITIES (CONTINUED)

The following table presents a summary of the Town's outstanding long-term debt and compensated absences for the fiscal years ended June 30, 2017 and 2016. More information on debt and long-term liabilities can be found in the Notes to the Financial Statements under Note 7 – Long-Term Liabilities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
2014 Revenue bonds	\$ 4,491,000	\$ 4,811,000	\$ -	\$ -	\$ 4,491,000	\$ 4,811,000
2011 Revenue bonds	643,856	722,522	-	-	643,856	722,522
Capital leases	535,903	795,481	489,862	-	1,025,765	795,481
Net pension liability	6,643,937	6,024,863	591,236	568,559	7,235,173	6,593,422
Compensated absences	511,141	498,372	42,906	41,657	554,047	540,029
Total	<u>\$ 12,825,837</u>	<u>\$ 12,852,238</u>	<u>\$ 1,124,004</u>	<u>\$ 610,216</u>	<u>\$ 13,949,841</u>	<u>\$ 13,462,454</u>

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. While local tax revenues fell off of the amazing growth of FY16, they have still gained 116% over the 5-year period from FY12. Even without the tax increases in 2012 & 2015, this equates to roughly 6% per year increases. Our FY18 budget includes a 7% increase of local tax revenues and is currently on track to surpass that amount.

While FY17 did not see tremendous growth, it did see business remaining strong and the beginnings of new retail projects that will be realized in FY18. O'Reilly's auto parts, Circle K, Taco Bell and Vince's Auto Body all have projects finishing in FY18 with more in the works within our economic and community development departments. There are multiple local housing projects in the works as well including, high and low-end apartments, a gated community, new RV parks and other smaller projects. Finally, the new library is completely finished and open, far outpacing utilization numbers from past years.

FY18 is also seeing the widening of Highway 260 North to 4 lanes with business access. While being a significant contribution to local construction taxes it is also opening up 6.7 miles of prime retail space within the Town. The Town's next major project will be to run wastewater utilities along this expansion to foster new growth in the area.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2017**



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Staffing has dropped off slightly, down to 94.0 FTE's in FY18 from 97.1 FTE's in FY17. The feeling is that the Town will be able to efficiently maintain current service levels with only a few reductions across the Town in whole. General fund expenses also have been kept very conservative, actually dropping \$60K from FY17.

FY18 looks to be another break-out year for Camp Verde with numerous projects completing this year. Revenues are up and continuing as the Town prepares for this planned growth. The Town continues 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.

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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,528,741	\$ 750,092	\$ 4,278,833
Cash - restricted	487,101	-	487,101
Accounts receivable - net	224,164	160,711	384,875
Due from other governments	522,085	2,094	524,179
Loan receivable	77,295	-	77,295
Capital assets, not being depreciated	6,529,494	1,437,968	7,967,462
Capital assets, being depreciated, net	<u>12,986,396</u>	<u>16,053,591</u>	<u>29,039,987</u>
Total assets	<u>24,355,276</u>	<u>18,404,456</u>	<u>42,759,732</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>1,938,948</u>	<u>138,494</u>	<u>2,077,442</u>
LIABILITIES			
Accounts payable	489,259	12,944	502,203
Accrued expenses	215,620	-	215,620
Interest payable	76,360	-	76,360
Court bonds payable	1,906	-	1,906
PSPRS Parker case liability	81,019	-	81,019
Noncurrent liabilities			
Due within 1 year	1,169,362	148,842	1,318,204
Due in more than 1 year	<u>11,656,475</u>	<u>975,162</u>	<u>12,631,637</u>
Total liabilities	<u>13,690,001</u>	<u>1,136,948</u>	<u>14,826,949</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>550,232</u>	<u>71,954</u>	<u>622,186</u>
NET POSITION			
Net investment in capital assets	13,845,131	17,001,697	30,846,828
Restricted for:			
Highways and streets	1,067,928	-	1,067,928
Housing redevelopment	131,588	-	131,588
Special programs	105,459	-	105,459
Unrestricted (deficit)	<u>(3,096,115)</u>	<u>332,351</u>	<u>(2,763,764)</u>
Total net position	<u>\$ 12,053,991</u>	<u>\$ 17,334,048</u>	<u>\$ 29,388,039</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Activities
Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		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	\$ 3,076,473	\$ 34,813	\$ -	\$ -	\$ (3,041,660)	\$ -	\$ (3,041,660)
Public safety	3,156,111	441,567	29,797	64,295	(2,620,452)	-	(2,620,452)
Public works and streets	1,378,204	7,348	923,793	84,431	(362,632)	-	(362,632)
Health and welfare	123,627	-	-	-	(123,627)	-	(123,627)
Culture and recreation	1,075,309	57,730	113,248	154,872	(749,459)	-	(749,459)
Community development	550,246	189,053	17,972	3,702	(339,519)	-	(339,519)
Interest of long-term debt	169,556	-	-	-	(169,556)	-	(169,556)
Total governmental activities	<u>9,529,526</u>	<u>730,511</u>	<u>1,084,810</u>	<u>307,300</u>	<u>(7,406,905)</u>	<u>-</u>	<u>(7,406,905)</u>
Business-type activities							
Wastewater	1,964,571	1,135,373	-	-	-	(829,198)	(829,198)
Total business-type activities	<u>1,964,571</u>	<u>1,135,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(829,198)</u>	<u>(829,198)</u>
Total primary government	<u>\$ 11,494,097</u>	<u>\$ 1,865,884</u>	<u>\$ 1,084,810</u>	<u>\$ 307,300</u>	<u>\$ (7,406,905)</u>	<u>\$ (829,198)</u>	<u>\$ (8,236,103)</u>
General revenue:							
Taxes:							
Sales Taxes					3,756,648	-	3,756,648
Franchise tax					270,925	-	270,925
State shared revenue					3,099,871	-	3,099,871
Investment income					27,872	1,181	29,053
Miscellaneous					91,581	-	91,581
Loss on disposal of assets					-	(2,000)	(2,000)
Transfers in (out)					<u>(24,740)</u>	<u>24,740</u>	<u>-</u>
Total general revenues and transfers					<u>7,222,157</u>	<u>23,921</u>	<u>7,246,078</u>
Change in net position					<u>(184,748)</u>	<u>(805,277)</u>	<u>(990,025)</u>
Net position, July 1, 2016					<u>12,238,739</u>	<u>18,139,325</u>	<u>30,378,064</u>
Net position, June 30, 2017					<u>\$ 12,053,991</u>	<u>\$ 17,334,048</u>	<u>\$ 29,388,039</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	HURF Fund	Library Building Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,951,067	\$ 991,226	\$ 69,165	\$ 308,619	\$ 208,664	\$ 3,528,741
Cash - restricted	487,101	-	-	-	-	487,101
Accounts receivable, net	224,164	-	-	-	-	224,164
Due from other governments	348,557	83,870	-	-	89,658	522,085
Loans receivable	-	-	-	-	77,295	77,295
Total assets	\$ 3,010,889	\$ 1,075,096	\$ 69,165	\$ 308,619	\$ 375,617	\$ 4,839,386
LIABILITIES						
Accounts payable	\$ 292,682	\$ 7,168	\$ 69,165	\$ 99,812	\$ 20,432	\$ 489,259
Accrued expenses	215,620	-	-	-	-	215,620
Court bonds payable	1,906	-	-	-	-	1,906
Total liabilities	510,208	7,168	69,165	99,812	20,432	706,785
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	111,689	-	-	-	163,808	275,497
FUND BALANCES						
Restricted	-	1,067,928	-	-	159,752	1,227,680
Committed	-	-	-	-	25,347	25,347
Assigned	-	-	-	208,807	6,278	215,085
Unassigned	2,388,992	-	-	-	-	2,388,992
Total fund balances	2,388,992	1,067,928	-	208,807	191,377	3,857,104
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,010,889	\$ 1,075,096	\$ 69,165	\$ 308,619	\$ 375,617	\$ 4,839,386

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, 2017

Fund balances--total governmental funds \$ 3,857,104

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

Capital assets used in governmental activities are not current financial resources. Therefore, they were not reported in Governmental Funds Balance Sheet.

Capital assets	24,984,128	
Less accumulated depreciation	<u>(5,468,238)</u>	19,515,890

Some receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.

Reimbursable grant expenditures	9,932	
Loan receivable	77,295	
Fines receivable	<u>188,270</u>	275,497

Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.

Pension related deferred outflows	1,938,948	
Pension related deferred inflows	<u>(550,232)</u>	1,388,716

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.

Compensated absences	(511,141)	
Net pension liability	(6,643,937)	
Revenue bonds payable	(5,134,856)	
PSPRS-Parker case liability	(81,019)	
Capital leases	(535,903)	
Interest payable	<u>(76,360)</u>	<u>(12,983,216)</u>

Net position of governmental activities \$ 12,053,991

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, 2017

	General Fund	HURF Fund	Library Building Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Fund
Revenue						
Taxes	\$ 4,027,574	\$ -	\$ -	\$ -	\$ -	\$ 4,027,574
Intergovernmental	3,388,499	923,793	-	-	259,617	4,571,909
Fines and forfeitures	174,897	-	-	-	24,631	199,528
Licenses and permits	184,215	-	-	-	-	184,215
Charges for services	169,610	-	-	-	-	169,610
Contributions	-	-	-	-	96,139	96,139
Investment income	17,123	7,950	1,319	-	1,479	27,871
Other revenue	102,709	538	-	-	18,031	121,278
Total revenue	<u>8,064,627</u>	<u>932,281</u>	<u>1,319</u>	<u>-</u>	<u>399,897</u>	<u>9,398,124</u>
Expenditures						
Current						
General government	2,774,157	-	-	16,278	-	2,790,435
Public safety	2,657,540	-	-	-	139,522	2,797,062
Public works and streets	270,824	598,677	-	-	-	869,501
Health and welfare	5,000	-	-	-	118,627	123,627
Culture and recreation	723,350	-	111,376	27,151	15,816	877,693
Community development	497,661	-	-	-	305	497,966
Capital outlay	146,527	11,248	1,431,334	1,256,226	202,585	3,047,920
Debt service			-			
Principal	1,774	-	-	-	656,468	658,242
Interest	571	-	-	-	175,069	175,640
Total expenditures	<u>7,077,404</u>	<u>609,925</u>	<u>1,542,710</u>	<u>1,299,655</u>	<u>1,308,392</u>	<u>11,838,086</u>
Excess (deficiency) of revenue over (under) expenditures	<u>987,223</u>	<u>322,356</u>	<u>(1,541,391)</u>	<u>(1,299,655)</u>	<u>(908,495)</u>	<u>(2,439,962)</u>
Other financing sources						
Transfers (out)	<u>(1,516,014)</u>	<u>(564,387)</u>	<u>336,117</u>	<u>957,262</u>	<u>762,282</u>	<u>(24,740)</u>
Net change in fund balances	<u>(528,791)</u>	<u>(242,031)</u>	<u>(1,205,274)</u>	<u>(342,393)</u>	<u>(146,213)</u>	<u>(2,464,702)</u>
Fund balances, July 1, 2016	<u>2,917,783</u>	<u>1,309,959</u>	<u>1,205,274</u>	<u>551,200</u>	<u>337,590</u>	<u>6,321,806</u>
Fund balances, June 30, 2017	<u>\$ 2,388,992</u>	<u>\$ 1,067,928</u>	<u>\$ -</u>	<u>\$ 208,807</u>	<u>\$ 191,377</u>	<u>\$ 3,857,104</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, 2017

Net change in fund balances--total governmental funds	\$ (2,464,702)
Governmental activities in the Statement of Activities were reported differently because:	
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	3,049,920
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(718,926)
Some items reported in the governmental funds are sources and uses of current financial resources and therefore are not reported as revenues or expenses in the Statement of Activities.	
Principal payments on debt	658,242
Accrued interest payable related to long-term debt is recognized as an expense in the Statement of Activities, however is not recognized in the governmental funds because it is not payable from current financial resources.	6,084
Some expense 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. These items include:	
Compensated absences	(12,769)
Pension related items	(527,084)
PSPRS-Parker case liability	(81,019)
	(620,872)
Certain revenues in governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period. However, the other revenues that are unavailable in the governmental funds because they do not provide current financial resources due to unavailability are recognized in the Statement of Activities.	(28,606)
In the Statement of Activites, only the gain/loss on the sale of capital assets is reported whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differ from the change in fund balance by the book value of the capital assets sold.	(65,888)
Change in net position of governmental activities	\$ (184,748)

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, 2017

	<u>Wastewater Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 750,092
Accounts receivable - net	160,711
Due from other governments	2,094
Total current assets	<u>912,897</u>
Noncurrent assets	
Capital assets, not being depreciated	1,437,968
Capital assets, being depreciated, net	16,053,591
Total noncurrent assets	<u>17,491,559</u>
Total assets	<u>18,404,456</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>138,494</u>
LIABILITIES	
Current liabilities	
Accounts payable	12,944
Compensated absences, current	42,906
Capital leases payable, current	105,936
Total current liabilities	<u>161,786</u>
Noncurrent liabilities	
Capital leases payable	383,926
Net pension liability	591,236
Total noncurrent liabilities	<u>975,162</u>
Total liabilities	<u>1,136,948</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>71,954</u>
Net position	
Net investment in capital assets	17,001,697
Unrestricted (deficit)	332,351
Total net position	<u>\$ 17,334,048</u>

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, 2017

	Wastewater Fund
Operating revenues	
Sewer charges	\$ 1,114,195
Miscellaneous	21,178
Total operating revenues	1,135,373
 Operating expenses	
Personnel	566,256
Materials and supplies	105,085
Professional services	47,193
Utilities	115,051
Insurance	29,300
Other	126,833
Repairs and maintenance	157,808
Depreciation	813,423
Total operating expenses	1,960,949
Operating income (loss)	(825,576)
 Nonoperating revenues (expenses)	
Interest income	1,181
Loss on disposition of asset	(2,000)
Interest expense	(3,622)
Income (loss) before transfers	(830,017)
Transfers in	24,740
Increase (decrease) in net position	(805,277)
Total net position, beginning of year	18,139,325
Total net position, end of year	\$ 17,334,048

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, 2017

	Wastewater Fund
Cash flows from operating activities:	
Receipts from customers	\$ 1,127,873
Payments to suppliers and providers of goods and services	(508,828)
Payments to employees	(606,474)
Net cash provided (used) by operating activities	12,571
Cash flows from noncapital financing activities:	
Transfers (to) from other funds	24,740
Reimbursements from other governments	188,573
Net cash provided (used) by noncapital financing activities	213,313
Cash flows from capital and related financing activities:	
Proceeds from issuance of capital leases payable	542,800
Purchase of capital assets	(697,633)
Principal payments on capital leases payable	(52,938)
Interest paid	(3,622)
Net cash provided (used) by capital and related financing activities	(211,393)
Cash flows from investing activities:	
Interest received	1,181
Net increase (decrease) in cash and cash equivalents	15,672
Cash and cash equivalents, beginning of year	734,420
Cash and cash equivalents, end of year	\$ 750,092

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, 2017
(Continued)

	Wastewater Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (825,576)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	813,423
Pension expense	86,948
Employer pension contributions	(42,177)
(Increase) decrease:	
Accounts receivable	(7,500)
Increase (decrease):	
Accounts payable	(13,796)
Accrued expenses	1,249
	<u>12,571</u>
Net cash provided (used) by operating activities	<u>\$ 12,571</u>
 Noncash Investing, Capital, and Non Capital Financing Activities:	
Loss on disposal of assets	\$ (2,000)

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Fiduciary Assets and Liabilities
June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 424,240</u>
Total assets	<u>424,240</u>
LIABILITIES	
Deposits held for others	<u>424,240</u>
Total liabilities	<u><u>\$ 424,240</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

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 activities of the Town (the primary government). 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, 2017

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 enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from transactions associated with the fund’s principal activity in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, results from transactions in which the parties do not exchange equal values. Revenues generated by ancillary activities are also reported as nonoperating revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Other expenses, such as interest expense are considered to be nonoperating expenses.

The Town reports the following major governmental funds:

General Fund – This fund accounts for all financial resources of the Town, except those required to be accounted for in other funds.

HURF Fund – This fund is used to account for specific revenue received from the State of Arizona Highway Revenue Fund which is legally restricted to expenditures for street purposes.

Library Building Fund – This fund accounts for the collection and spending of resources via contributions and debt proceeds for the construction of the Town’s new library.

Capital Improvement Fund – This 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. (Other than those acquired through the Library Building Fund)

The Town reports the following major enterprise fund:

Wastewater Fund – This fund is used to account for the provision of wastewater services to residents of the Town. All activities necessary to provide such service are accounted for in this fund.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Additionally, the Town reports the following fund types:

Agency Funds – These funds are used to account for assets held by the Town in a custodial capacity for the following purposes:

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

C. Basis of Accounting

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

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

provides consultation and advice to the Treasurer. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. The amount recorded at June 30, 2017 in the General Fund for uncollectible municipal court fines and forfeitures is \$539,000. The amount recorded at June 30, 2017 in the Wastewater Fund for uncollectible Wastewater receivables is \$55,000.

F. Capital Assets

Capital assets are reported at actual cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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 - 50
Improvements	5,000	Straight-line	10 - 50
Infrastructure	5,000	Straight-line	15 - 20
Furniture, machinery, and equipment	5,000	Straight-line	5 - 10
Vehicles	5,000	Straight-line	5 - 10

G. Investment Income

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

H. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. 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, holiday 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.

J. Fund Balance Reporting

The governmental funds' fund balances are reported separately within classifications based on a hierarchy of the constraints placed on those resources' use. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Town implemented this standard during this fiscal period.

In June 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB 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 all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2017.

In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Town implemented this standard during this fiscal period.

In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In June 2017, the GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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.

N. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual reports as listed in the table of contents present all departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2017, if any.

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; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds, notes, and other evidences of indebtedness; interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; specified commercial paper issued by corporations organized and doing business in the United States; specified bonds, debentures, notes, and other evidences of indebtedness that are denominated in United States dollars; and certain open-end and closed-end mutual funds, including exchange traded funds. In addition, the Town Treasurer may invest trust funds in certain fixed income securities of corporations doing business in the United States or District of Columbia.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS- Continued

Credit Risk - The Town’s investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, and the Local Government Investment Pool. The Towns investment in U.S. Agencies and Money Market Funds were rated no lower than AAA by Standard & Poor’s.

Custodial credit risk - The Town’s policy requires collateral for deposits at 102 percent of all deposits federal depository insurance does not cover.

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.

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.

Foreign currency risk - Statutes do not allow foreign investments unless the investment is denominated in United States dollars.

At June 30, 2017, 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	\$ 18,339	\$ 18,339	\$ -	0.99
Negotiable Certificates of Deposits				
Ally Bank	249,793	-	249,793	13.47
U.S. Agencies				
Federal Farm Credit Bank	249,788	249,788	-	13.47
Federal Farm Credit Bank	497,505	-	497,505	26.84
Federal Home Loan MTG CORP	442,746	-	442,746	23.88
Federal Home Loan Bank	395,727	-	395,727	21.35
	<u>\$ 1,853,898</u>	<u>\$ 268,127</u>	<u>\$ 1,585,771</u>	<u>100.00</u>

The Town reported investments in the State Treasurer’s Investment Pool 5 with a reported amount of \$964,784. The Standard and Poor’s credit quality rating of the pool is AAA.

The State Board of Investment provides oversight for the State Treasurer’s pools. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares and the participant’s shares are not identified with specific investments.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 2 – DEPOSITS AND INVESTMENTS- Continued

Town of Camp Verde, Arizona, categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Investments categorized as Level 1 are valued using prices quoted in active markets for those investments. Investments categorized as Level 2 are valued using other significant observable inputs.

The Town’s investments at June 30, 2017, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

Investment Type	Amount	Rating	Fair Value Measurement Using	
			Level 1	Level 2
U.S. Treasuries	\$ 18,339	Aaa/AA+/AAA	\$ 18,339	\$ -
Negotiable Certificates of Deposits				
Ally Bank	249,793	N/A	-	252,378
U.S. Agencies				
Federal Farm Credit Bank	249,788	Aaa/AA+/AAA	-	249,788
Federal Farm Credit Bank	497,505	Aaa/AA+/AAA	-	497,505
Federal Home Loan MTG CORP	442,746	Aaa/AA+/AAA	-	225,455
Federal Home Loan Bank	395,727	Aaa/AA+/AAA	-	395,727
Total Investments by Fair Value Level	<u>1,853,898</u>		<u>\$ 18,339</u>	<u>\$ 1,620,853</u>
External Investment Pools at Fair Value				
State Treasurer's Investment Pool 5	<u>964,784</u>	AAA/S1 +		
Total Investments at Fair Value	<u>\$ 2,818,682</u>			

Deposits — At June 30, 2017, the carrying amount of the Town’s total cash in bank was \$1,945,792, and the bank balance was \$2,300,471. Of the bank balance, \$1,245,231 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, 2017 consist of the following:

	Governmental Activities	Business-type Activities	Total
Deposits			
Cash on hand	\$ 1,310	\$ 150	\$ 1,460
Amount of deposits	1,195,850	749,942	1,945,792
Investments			
State treasurer's investment pool 5	964,784	-	964,784
U.S. Securities	1,853,898	-	1,853,898
Total	<u>\$ 4,015,842</u>	<u>\$ 750,092</u>	<u>\$ 4,765,934</u>

Cash – restricted consists of cash set aside to meet debt service requirements totaling \$487,101.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2017, the Town’s receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$673,161 in municipal court fines and \$90,003 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$539,000.

In connection with receivables, governmental funds reported unavailable 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 \$188,270, loans receivable of \$77,294, and unexpended grant funds of \$9,932.

As of June 30, 2017, the Town’s receivables for individual major proprietary funds consisted of wastewater fees billed to customers totaling \$215,711. 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, 2017 consisted of the following:

	General Fund	HURF Fund	Non-Major Governmental Funds	Wastewater Fund
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
United States Internal Revenue Service	2,604	-	-	-
State of Arizona				
Highway user revenues	-	83,870	-	-
State and city sales tax revenues	316,532	-	-	-
Magistrate court revenues	-	-	79,740	-
GOHS grant revenues	-	-	1,168	-
Department of transportation grant revenues	-	-	8,750	-
Yavapai County				
Vehicle licensing tax revenues	29,421	-	-	-
Miscellaneous	-	-	-	2,094
	<u>\$ 348,557</u>	<u>\$ 83,870</u>	<u>\$ 89,658</u>	<u>\$ 2,094</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance July 01, 2016	Increase	Decreases	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,624,719	\$ 51,036	\$ -	\$ 5,675,755
Construction in progress	4,163,010	291,424	(3,600,695)	853,739
Total capital assets not being depreciated	<u>9,787,729</u>	<u>342,460</u>	<u>(3,600,695)</u>	<u>6,529,494</u>
Capital assets being depreciated:				
Buildings and improvements	3,705,442	5,323,929	(119,090)	8,910,281
Infrastructure	4,075,280	731,896	-	4,807,176
Machinery and equipment	3,549,249	264,955	(33,410)	3,780,794
Improvements other than buildings	960,281	22,467	(26,365)	956,383
Total	<u>12,290,252</u>	<u>6,343,247</u>	<u>(178,865)</u>	<u>18,454,634</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,082,505)	(86,538)	67,795	(1,101,248)
Infrastructure	(1,177,594)	(225,400)	-	(1,402,994)
Machinery and equipment	(2,101,119)	(379,010)	(16,275)	(2,496,404)
Improvements other than buildings	(465,979)	(27,978)	26,365	(467,592)
Total	<u>(4,827,197)</u>	<u>(718,926)</u>	<u>77,885</u>	<u>(5,468,238)</u>
Total capital assets being depreciated, net	<u>7,463,055</u>	<u>5,624,321</u>	<u>(100,980)</u>	<u>12,986,396</u>
Governmental activities capital assets, net	<u>\$ 17,250,784</u>	<u>\$ 5,966,781</u>	<u>\$ (3,701,675)</u>	<u>\$ 19,515,890</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 5 – CAPITAL ASSETS – Continued

	<u>Balance</u> <u>July 01, 2016</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,275,828	\$ -	\$ -	\$ 1,275,828
Construction in progress	363,798	45,795	(247,453)	162,140
Total capital assets not being depreciated	<u>1,639,626</u>	<u>45,795</u>	<u>(247,453)</u>	<u>1,437,968</u>
Capital assets being depreciated:				
Buildings and improvements	553,417	21,442	-	574,859
Infrastructure systems	21,182,275	232,453	-	21,414,728
Vehicles and equipment	325,849	645,396	(10,470)	960,775
Total	<u>22,061,541</u>	<u>899,291</u>	<u>(10,470)</u>	<u>22,950,362</u>
Less accumulated depreciation for:				
Buildings and improvements	(87,365)	(29,371)	-	(116,736)
Infrastructure	(5,765,951)	(692,631)	-	(6,458,582)
Vehicles and equipment	(238,502)	(91,421)	8,270	(321,653)
Total	<u>(6,091,818)</u>	<u>(813,423)</u>	<u>8,270</u>	<u>(6,896,971)</u>
Total capital assets being depreciated, net	<u>15,969,723</u>	<u>85,868</u>	<u>(2,200)</u>	<u>16,053,391</u>
Business-type activities capital assets, net	<u>\$ 17,609,349</u>	<u>\$ 131,663</u>	<u>\$ (249,653)</u>	<u>\$ 17,491,359</u>

Depreciation expense was charged to each function as follows:

Governmental activities:	
Public works and streets	\$ 419,837
Public safety	175,463
Culture and recreation	67,975
General government	49,319
Economic and community development	6,332
Total governmental activities depreciation expense	<u>\$ 718,926</u>
Business-type activities:	
Wastewater fund	<u>\$ 813,423</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

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, 2017, \$77,295 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, 2017.

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Due within 1 year
Governmental activities:					
Compensated absences	\$ 498,372	\$ 450,726	\$ 437,957	\$ 511,141	\$ 494,576
Capital leases payable	795,481	-	259,578	535,903	264,045
Net pension liability	6,024,863	619,074	-	6,643,937	-
Bonds payable:					
Revenue bonds	5,533,522	-	398,666	5,134,856	410,741
Governmental activities long-term liabilities	<u>\$ 12,852,238</u>	<u>\$ 1,069,800</u>	<u>\$ 1,096,201</u>	<u>\$ 12,825,837</u>	<u>\$ 1,169,362</u>
Business-type activities:					
Compensated absences	\$ 41,657	\$ 45,319	\$ 44,070	\$ 42,906	\$ 42,906
Capital leases payable	-	542,800	52,938	489,862	105,936
Net pension liability	568,559	22,677	-	591,236	-
Business-type activities long-term liabilities	<u>\$ 610,216</u>	<u>\$ 610,796</u>	<u>\$ 97,008</u>	<u>\$ 1,124,004</u>	<u>\$ 148,842</u>

Bonds Payable:

In May 2011, the Town issued bonds totaling \$1,005,000 to finance the purchase of land for use by the Streets Department. The principal and interest on the bonds are payable from excise tax revenues and state shared revenues. The Town has pledged future state shared revenues and excise tax revenues to repay the bond.

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 revenue and state shared revenues. The Town has pledged future state shared revenues and excise tax revenues to repay the bond.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 7 – LONG-TERM LIABILITIES – Continued

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2017</u>
Revenue Bonds, Series 2011	\$ 1,005,000	2012-2023	3.91%	\$ 643,856
Revenue Refunding Bonds, Series 2014	<u>4,904,000</u>	2016-2031	2.84%	<u>4,491,000</u>
Totals	<u>\$ 5,909,000</u>			<u>\$ 5,134,856</u>

The following schedule details debt service requirements to maturity for the Town's bonds payable at June 30, 2017.

Year Ending June 30	<u>Governmental Activities</u>			
	<u>2011 Bond Payable</u>		<u>2014 Bond Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	91,709	13,414	360,000	93,692
2022	95,295	9,758	370,000	83,326
2023-2027	201,914	7,971	1,667,000	260,669
2028-2031	-	-	<u>1,082,000</u>	<u>62,537</u>
Total	<u>\$ 643,856</u>	<u>\$ 91,970</u>	<u>\$4,491,000</u>	<u>\$ 840,229</u>

Capital leases – The Town has entered into lease agreements as lessee for financing the acquisition of machinery and equipment. The 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 Town's general revenues are used to pay the capital lease obligations for the governmental activities and the Town's wastewater revenues are used to pay the capital lease obligations for the business-type activities. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Machinery and equipment	\$ 1,289,386	\$ 542,451
Less: accumulated depreciation	<u>(714,139)</u>	<u>(50,363)</u>
Carrying value	<u>\$ 575,247</u>	<u>\$ 492,088</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 7 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2017.

Year Ending June 30	Governmental Activities	Business-type Activities
2018	\$ 272,379	\$ 113,120
2019	112,830	113,120
2020	110,988	113,120
2021	55,494	113,120
2022	-	56,560
Total minimum lease payments	551,691	509,040
Less amount representing interest	(15,788)	(19,178)
Present value of net minimum lease payments	<u>\$ 535,903</u>	<u>\$ 489,862</u>

NOTE 8 – PLEDGED REVENUES

As described in Note 7, the Town has pledged future state-shared revenues and excise tax revenues to repay revenue bonds.

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 \$1.47 million. For the current year, principal and interest paid by the Sanitary District totaled \$118,629. Total sales tax and state-shared revenues recognized by the Town totaled \$6.9 million.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 9 – INTERFUND BALANCES AND ACTIVITY

Interfund transfers – During the year ended June 30, 2017, 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	(Non-major) Federal Grants Fund	(Non-major) Court Special Revenue Fund	
Capital Improvement Fund	\$ 514,134	\$ 383,928	\$ -	\$ 59,200	\$ 957,262
Debt Service (Non-major)	769,705	180,459	-	-	950,164
Library Building Fund	207,435	-	128,682	-	336,117
Wastewater Fund	24,740	-	-	-	24,740
Total	\$ 1,516,014	\$ 564,387	\$ 128,682	\$ 59,200	\$ 2,268,283

NOTE 10 – PSPRS PARKER CASE LIABILITY

In 2011, legislators passed Senate Bill 1609, which contained several provisions meant to shore up the plans administered by PSPRS. One of those provisions was a gradual increase in member contribution rates from 7% to 11% in the elected officials' plan (EORP) and from 7.65% to 11.65% in the public safety plan (PSPRS). In August 2011, those provisions were challenged via two separate, but parallel, lawsuits—Hall for EORP and Parker for PSPRS. In November 2016, the Supreme Court upheld the lower court decision in Hall that ruled those increased member contribution rates were unconstitutional. These two lawsuits have been adjudicated separately where the Parker case was stayed (put on hold) pending the final outcome of Hall. Nevertheless, the facts and circumstances are essentially the same where both parties to Parker agreed, at the time of stay, to appropriately apply the remedies of Hall when finalized.

PSPRS members who became members of the system prior to July 20, 2011 and who paid employee contributions that exceeded 7.65% are eligible to receive a refund of those excess contributions unless they terminated and already received a refund. PSPRS has prepared a list of affected members for each employer, along with the amount of excess contributions that must be returned to them. The Town has estimated that the total amount of refunds due to employees (including applicable interest) will be \$81,019.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

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	\$ 1,067,928
Housing redevelopment:	
Loans Receivable	77,295
Other	54,293
Court Special Revenue:	
Court Enhancement	3,688
Fill the Gap	13,163
Local JCEF	17,983
Nonfederal grants	
Anti-racketeering	5,425
Federal grants	
Department of Justice	2,574
LSTA	362
9-1-1	1,781
Library Building	
Impact Fees:	
Parks and Recreation	8,499
Donations:	
Animal Shelter	70
Camp Verde Marshal's Office	154
K-9	18
Library	9,297
Parks and Recreation	8,802
Safety fund	7,610
Economic development	25,606
Volunteers in Police Services	427
Total Restricted Net Position	\$ 1,304,975

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

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

The components of governmental fund balances are as follows:

	General Fund	HURF Fund	Capital Improvement Fund	Non-Major Gov't Funds	Total Gov't Funds
Ending Fund balances, June 30, 2017					
Restricted for:					
Highways and streets	\$ -	\$ 1,067,928	\$ -	\$ -	\$ 1,067,928
Housing redevelopment	-	-	-	54,293	54,293
Court special revenue					
Court enhancement	-	-	-	3,688	3,688
Fill the gap	-	-	-	13,163	13,163
Local JCEF	-	-	-	17,983	17,983
Nonfederal grants					
Anti-racketeering	-	-	-	5,425	5,425
Federal grants					
Department of Justice	-	-	-	2,574	2,574
LSTA	-	-	-	362	362
9-1-1	-	-	-	1,781	1,781
Impact fees					
Parks and recreation	-	-	-	8,499	8,499
Donations					
Animal shelter	-	-	-	70	70
Camp Verde Marshal's office	-	-	-	154	154
K-9	-	-	-	18	18
Library	-	-	-	9,297	9,297
Parks and recreation	-	-	-	8,802	8,802
Safety fund	-	-	-	7,610	7,610
Economic development	-	-	-	25,606	25,606
Volunteers in police service	-	-	-	427	427
Total restricted	<u>-</u>	<u>1,067,928</u>	<u>-</u>	<u>159,752</u>	<u>1,227,680</u>
Committed for:					
Legal defense	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,347</u>	<u>25,347</u>
Assigned for:					
Capital improvements	<u>-</u>	<u>-</u>	<u>208,807</u>	<u>-</u>	<u>208,807</u>
Library media	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,278</u>	<u>6,278</u>
Total assigned	<u>-</u>	<u>-</u>	<u>208,807</u>	<u>6,278</u>	<u>215,085</u>
Unassigned:	<u>2,388,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,388,992</u>
Ending Fund Balances	<u>\$ 2,388,992</u>	<u>\$ 1,067,928</u>	<u>\$ 208,807</u>	<u>\$ 191,377</u>	<u>\$ 3,857,104</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

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 – 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, 2017, 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	Business-Type	Total
	Activities	Activities	
Net pension liabilities	\$ 6,643,937	\$ 591,236	\$ 7,235,173
Deferred outflows of resources	1,938,948	138,494	2,077,442
Deferred inflows of resources	550,232	71,954	622,186
Pension expense	1,083,344	86,948	1,170,292

The Town reported \$559,341 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, 2017

NOTE 14 – 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%

*With actuarially reduced benefits.

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, 2017, statute required active ASRS members to contribute at the actuarially determined rate of 11.48 percent (11.34 percent for retirement and 0.14 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 11.48 percent (10.78 percent for retirement, 0.56 percent for health insurance premium benefit, and 0.14 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, 2017,

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 15 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

were \$333,167. 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	Health Benefit Supplement Fund	Long-Term Disability Fund
June 30, 2017	\$ 17,428	\$ 3,486
June 30, 2016	16,367	3,273
June 30, 2015	16,051	3,210

During fiscal year 2017, the Town paid for ASRS pension and OPEB contributions as follows: 79.95 percent from the General Fund, 7.31 percent from the HURF Fund and 12.74 percent from the Wastewater Fund.

Pension Liability – At June 30, 2017, the Town reported a liability of \$4,750,298 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2016. 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, 2015, to the measurement date of June 30, 2016. The total pension liability as of June 30, 2016, reflects a change in actuarial assumption for a decrease in loads for future potential permanent benefit increases.

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, 2016. The Town’s proportion measured as of June 30, 2016, was .02943 percent, which was an increase of .0001 from its proportion measured as of June 30, 2015.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2017, the Town recognized pension expense for ASRS of \$698,589. At June 30, 2017, 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
Differences between expected and actual experience	\$ 28,867	\$ 326,786
Changes of assumptions or other inputs	-	251,329
Net difference between projected and actual earnings on pension plan investments	514,774	-
Changes in proportion and differences between contributions and proportionate share of contributions	235,922	-
Contributions subsequent to the measurement date	333,167	-
Total	\$ 1,112,730	\$ 578,115

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The \$333,167 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, 2017. 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:		
2018	\$	(13,405)
2019		(140,293)
2020		210,806
2021		144,340
2022		-
Thereafter		-

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

ASRS	
Actuarial valuation date	June 30, 2015
Actuarial roll forward date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.0%
Projected salary increases	3.0 - 6.75%
Inflation	3.0%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

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, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.75 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The target allocation and best estimates of arithmetic 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>
Equity	58%	6.73%
Fixed income	25%	3.70%
Real estate	10%	4.25%
Multi-asset class	5%	3.41%
Commodities	2%	3.84%
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 8.75 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.

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	<u>1% Decrease (7.0%)</u>	<u>Current Discount Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Town's proportionate share of the net pension liability	\$ 6,056,990	\$ 4,750,298	\$ 3,702,616

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

	Retirement Initial Membership Date:	
	Before January 1, 2012	On or after January 1, 2012
Years of service and age required to receive benefit	20 years any age 15 years, age 62	25 years, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
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	

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase’s effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member’s compensation for up to 12 months.

Employees Covered by Benefit Terms – At June 30, 2017, the following employees were covered by the agent pension plans’ benefit terms:

	PSPRS Police
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	5
Active employees	16
Total	28

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, 2017, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS Police
Active Members - Pension	11.65%
Town Pension	25.40%
Health insurance premium benefit	0.43%

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, 2017, were:

	PSPRS Police
Pension	
Contributions Made	\$ 264,327
Health Insurance Premium Benefit	
Annual OPEB cost	4,275
Contributions made	4,275

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

During fiscal year 2017, the Town paid for 100 percent of PSPRS pension and OPEB contributions from the General Fund.

Net Pension Liability (Asset) – At June 30, 2017, the Town reported the following net pension liability:

	Net Pension Liability (Asset)
PSPRS Police	\$ 2,484,875

The net pension liability was measured as of June 30, 2016, 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, 2016, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS’ automatic cost-of-living adjustments. The statutory adjustments changed the basis for cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS plans.

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the Town’s net pension liabilities as a result of these changes is not known.

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

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Discount rate	7.50%
Projected salary increases	4.0%-8.0%
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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>
U.S. equity	16%	6.23%
Non-U.S. equity	14%	8.25%
Credit opportunities	13%	7.08%
Private Equity	11%	9.50%
Real estate	10%	4.48%
GTAA	10%	4.38%
Real assets	8%	4.77%
Fixed Income	7%	2.92%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Short term investments	2%	0.75%
Total	<u>100%</u>	

Pension Discount Rates – At June 30, 2016, the discount rate used to measure the PSPRS total pension liabilities was 7.50 percent, which was a decrease of 0.35 from the discount rate used as of June 30, 2015. The projection of cash flows used to determine the discount rate 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2016	\$ 5,169,566	\$ 3,144,249	\$ 2,025,317
Changes for the year			
Service Cost	160,518	-	160,518
Interest on the total pension liability	398,485	-	398,485
Changes of benefit terms	253,675	-	253,675
Differences between expected and actual experience in the measurement of the pension liability	(51,869)	-	(51,869)
Changes of assumptions or other inputs	212,804	-	212,804
Contributions-employer	-	267,840	(267,840)
Contributions-employee	-	248,471	(248,471)
Net investment income	-	18,359	(18,359)
Benefit payments, including refunds of employee contributions	(347,173)	(347,173)	-
Administrative expense	-	(3,042)	3,042
Other changes	-	(17,573)	17,573
Net changes	626,440	166,882	459,558
Balances at June 30, 2017	\$ 5,796,006	\$ 3,311,131	\$ 2,484,875

Sensitivity of the Town’s Net Pension Liability to Changes in the Discount Rate – The following table presents the Town’s net pension liabilities (assets) calculated using the discount rate of 7.50 percent, as well as what the Town’s net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
PSPRS Police:			
Rate	6.50%	7.50%	8.50%
Net pension liability	\$ 3,274,245	\$ 2,484,875	\$ 1,843,143

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Pension Expense – For the year ended June 30, 2017, the Town recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS - Police	<u>\$ 471,703</u>

Pension Deferred Outflows/Inflows of Resources – At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,385	\$ 44,071
Changes of assumptions or other inputs	439,831	-
Net difference between projected and actual earnings on pension plan investments	203,894	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	268,602	-
Total	<u><u>\$ 964,712</u></u>	<u><u>\$ 44,071</u></u>

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PSPRS - Police</u>
Year ended June 30:	
2018	\$ 139,534
2019	139,535
2020	168,991
2021	143,866
2022	44,360
Thereafter	15,753

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Agent Plan OPEB Actuarial Assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, 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.

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 2017 contribution requirements are as follows:

PSPRS - OPEB Contribution Requirements

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 years for unfunded actuarial accrued liability, open for excess
Asset valuation method	7-year smoothed market value; 80%/120% market
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2017

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
PSPRS Police:			
June 30, 2017	\$ 4,275	100%	Unavailable
June 30, 2016	3,214	100%	3,995
June 30, 2015	8,409	100%	(9,199)

Agent Plan OPEB Funded Status – The health insurance premium benefit plans’ funded status as of the most recent valuation date, June 30, 2016, along with the actuarial assumptions and methods used in those valuations follow.

	<u>PSPRS Police</u>
Actuarial value of assets (a)	\$ 181,792
Actuarial accrued liability (b)	\$ 185,787
Unfunded actuarial accrued liability (funding excess) (b) - (a)	\$ 3,995
Funded ratio (a)/(b)	97.85%
Annual covered payroll (c)	\$ 845,274
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.47%

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

PSPRS - OPEB Funded Status

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 4,367,000	\$ 4,367,000	\$ 4,027,574	\$ (339,426)
Intergovernmental	3,366,900	3,366,900	3,388,499	21,599
Fines and forfeitures	191,300	191,300	174,897	(16,403)
Licenses and permits	234,500	234,500	184,215	(50,285)
Charges for services	154,650	154,650	169,610	14,960
Investment income	15,000	15,000	17,123	2,123
Other revenue	2,500	2,500	102,709	100,209
Total revenue	<u>8,331,850</u>	<u>8,331,850</u>	<u>8,064,627</u>	<u>(267,223)</u>
Expenditures				
Marshal	2,820,910	2,820,910	2,716,667	104,243
Maintenance	606,990	606,990	614,158	(7,168)
Magistrate	350,475	363,275	360,424	2,851
Community development	529,140	529,140	500,005	29,135
Library	441,105	441,105	413,070	28,035
Risk management	361,975	361,975	337,113	24,862
Information technology	166,000	166,000	192,413	(26,413)
Parks and recreation	298,545	298,545	310,281	(11,736)
Town clerk	192,105	192,105	157,408	34,697
Town manager	169,405	169,405	165,660	3,745
Finance	308,200	308,200	298,470	9,730
Economic development	246,830	246,830	248,786	(1,956)
Non-departmental	305,025	277,960	269,513	8,447
Public works engineer	108,350	118,615	112,300	6,315
Storm water management	179,355	230,355	218,157	12,198
Mayor and council	46,240	46,240	49,292	(3,052)
Human resources	108,915	108,915	113,687	(4,772)
Total expenditures	<u>7,239,565</u>	<u>7,286,565</u>	<u>7,077,404</u>	<u>209,161</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,092,285</u>	<u>1,045,285</u>	<u>987,223</u>	<u>(58,062)</u>
Other financing sources				
Transfers in (out)	<u>(1,376,747)</u>	<u>(1,574,952)</u>	<u>(1,516,014)</u>	<u>58,938</u>
Net change in fund balances	<u>(284,462)</u>	<u>(529,667)</u>	<u>(528,791)</u>	<u>876</u>
Fund balances, July 1, 2016	<u>2,917,783</u>	<u>2,917,783</u>	<u>2,917,783</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 2,633,321</u>	<u>\$ 2,388,116</u>	<u>\$ 2,388,992</u>	<u>\$ 876</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 891,500	\$ 891,500	923,793	32,293
Investment income	1,000	1,000	7,950	6,950
Other revenue	150	150	538	388
Total revenue	<u>892,650</u>	<u>892,650</u>	<u>932,281</u>	<u>39,631</u>
Expenditures				
Current				
Highways and streets	621,475	621,475	598,677	22,798
Capital outlay	12,000	12,000	11,248	752
Total expenditures	<u>633,475</u>	<u>633,475</u>	<u>609,925</u>	<u>23,550</u>
Excess (deficiency) of revenue over (under) expenditures	<u>259,175</u>	<u>259,175</u>	<u>322,356</u>	<u>63,181</u>
Other financing sources				
Transfers in (out)	<u>(601,162)</u>	<u>(707,768)</u>	<u>(564,387)</u>	<u>143,381</u>
Net change in fund balances	<u>(341,987)</u>	<u>(448,593)</u>	<u>(242,031)</u>	<u>206,562</u>
Fund balances, July 1, 2016	<u>1,309,959</u>	<u>1,309,959</u>	<u>1,309,959</u>	<u>-</u>
Fund balances, June 30, 2017	<u><u>\$ 967,972</u></u>	<u><u>\$ 861,366</u></u>	<u><u>\$ 1,067,928</u></u>	<u><u>\$ 206,562</u></u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2017

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 in individual funds. 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 Councils' 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, 2017

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 Through 2007
Town's proportion of the net pension liability	0.029430%	0.029330%	0.027452%	Information not available
Town's proportionate share of the net pension liability	\$ 4,750,298	\$ 4,568,105	\$ 4,061,925	
Town's covered-employee payroll	\$ 2,702,700	\$ 2,675,211	\$ 2,474,579	
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	175.76%	170.76%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	67.06%	68.35%	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, 2017

PSPRS

	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2007
Total pension liability				Information not available
Service cost	\$ 160,518	\$ 164,394	\$ 135,654	
Interest on the total pension liability	398,485	377,049	317,555	
Changes of benefit terms	253,675	-	69,633	
Differences between expected and actual experience in the measurement of the pension liability	(51,869)	39,167	41,958	
Changes of assumptions or other inputs	212,804	-	443,060	
Benefit payments, including refunds of employee contributions	<u>(347,173)</u>	<u>(264,036)</u>	<u>(264,648)</u>	
Net change in total pension liability	626,440	316,574	743,212	
Total pension liability - beginning	<u>5,169,566</u>	<u>4,852,992</u>	<u>4,109,780</u>	
Total pension liability - ending (a)	<u><u>\$ 5,796,006</u></u>	<u><u>\$ 5,169,566</u></u>	<u><u>\$ 4,852,992</u></u>	
Plan fiduciary net position				
Contributions - employer	\$ 267,840	\$ 225,914	\$ 170,919	
Contributions - employee	248,471	96,283	79,176	
Net investment income	18,359	110,474	357,316	
Benefit payments, including refunds of employee contributions	(347,173)	(264,036)	(264,648)	
Administrative expense	(3,042)	(3,075)	-	
Other changes	<u>(17,573)</u>	<u>(2,569)</u>	<u>(88,819)</u>	
Net change in plan fiduciary net position	166,882	162,991	253,944	
Plan fiduciary net position - beginning	<u>3,144,249</u>	<u>2,981,258</u>	<u>2,727,314</u>	
Plan fiduciary net position - ending (b)	<u><u>\$ 3,311,131</u></u>	<u><u>\$ 3,144,249</u></u>	<u><u>\$ 2,981,258</u></u>	
Town's net pension liability (asset) - ending (a) - (b)	<u><u>\$ 2,484,875</u></u>	<u><u>\$ 2,025,317</u></u>	<u><u>\$ 1,871,734</u></u>	
Plan fiduciary net position as a percentage of the total pension liability	57.13%	60.82%	61.43%	
Covered-employee payroll	\$ 845,274	\$ 919,242	\$ 873,953	
Town's net pension liability (asset) as a percentage of covered-employee payroll	293.97%	220.32%	214.17%	

See accompanying notes to plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Town Pension Contributions
June 30, 2017

ASRS

	Reporting Fiscal Year				2013 through 2007
	2017	2016	2015	2014	
Statutorily required contribution	\$ 333,167	\$ 293,243	\$ 291,063	\$ 264,780	Information not available
Town's contributions in relation to the statutorily required contribution	(333,167)	(293,243)	(291,063)	(264,780)	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered-employee payroll	<u>\$ 3,090,603</u>	<u>\$ 2,702,700</u>	<u>\$ 2,675,211</u>	<u>\$ 2,474,579</u>	
Town's contributions as a percentage of covered-employee payroll	10.78%	10.85%	10.89%	10.70%	

PSPRS

	Reporting Fiscal Year				2013 through 2007
	2017	2016	2015	2014	
Actuarially determined contribution	\$ 268,602	\$ 267,840	\$ 225,914	\$ 170,919	Information not available
Town's contributions in relation to the actuarially determined contribution	(268,602)	(267,840)	(225,914)	(170,919)	
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Town's covered-employee payroll	<u>\$ 1,057,488</u>	<u>\$ 845,274</u>	<u>\$ 919,242</u>	<u>\$ 873,953</u>	
Town's contributions as a percentage of covered-employee payroll	25.40%	31.69%	24.58%	19.56%	

See accompanying notes to plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Pension Plan Schedules
June 30, 2017

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 2014 actuarial valuation	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market 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 2014 actuarial valuation, projected salary increases were decreased from 4.5% - 8.5% to 4.0% - 8.0%. In 2013 actuarial valuation, projected salary increases were decreased from 5.0% - 9.0% to 4.5% - 8.5%.
Wage growth	In 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. 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, 2017

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)
06/30/16	\$ 181,792	\$ 185,787	\$ 3,995	97.8 %	\$ 845,274	0.47%
06/30/15	173,928	164,729	(9,199)	105.6	919,242	0.00
06/30/14	163,233	145,215	(18,018)	112.4	873,954	0.00

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, 2017

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, 2017

	Special Revenue Funds	Debt Service Fund	Total Non-major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 207,564	\$ 1,100	\$ 208,664
Due from other governments	89,658	-	89,658
Loans receivable	77,295	-	77,295
Total assets	<u><u>\$ 374,517</u></u>	<u><u>\$ 1,100</u></u>	<u><u>\$ 375,617</u></u>
LIABILITIES			
Accounts payable	\$ 19,332	\$ 1,100	\$ 20,432
Total liabilities	<u>19,332</u>	<u>1,100</u>	<u>20,432</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>163,808</u>	<u>-</u>	<u>163,808</u>
FUND BALANCES			
Restricted	159,752	-	159,752
Committed	25,347	-	25,347
Assigned	6,278	-	6,278
Total fund balances	<u>191,377</u>	<u>-</u>	<u>191,377</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 374,517</u></u>	<u><u>\$ 1,100</u></u>	<u><u>\$ 375,617</u></u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
All Non-Major Governmental Funds
By Fund Type
June 30, 2017

	Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenue			
Intergovernmental	\$ 259,617	\$ -	\$ 259,617
Fines and forfeitures	24,631	-	24,631
Contributions	96,139	-	96,139
Investment income	1,479	-	1,479
Other revenue	18,031	-	18,031
Total revenue	399,897	-	399,897
Expenditures			
Current			
General government	51,299	-	51,299
Public safety	88,223	-	88,223
Health and welfare	-	118,627	118,627
Culture and recreation	15,816	-	15,816
Community development	305	-	305
Capital outlay	202,585	-	202,585
Principal	-	656,468	656,468
Interest	-	175,069	175,069
Total expenditures	358,228	950,164	1,308,392
Excess (deficiency) of revenue over (under) expenditures	41,669	(950,164)	(908,495)
Other financing sources			
Transfers (out)	(187,882)	950,164	762,282
Net change in fund balances	(146,213)	-	(146,213)
Fund balances, July 1, 2016	337,590	-	337,590
Fund balances, June 30, 2017	\$ 191,377	\$ -	\$ 191,377



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.

Federal Grants Fund- accounts for the activity related to the Town's Federal grants.

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, 2017

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Federal Grants Fund
ASSETS				
Cash and cash equivalents	\$ 54,293	\$ 31,675	\$ 5,425	\$ 9,810
Due from other governments	-	79,740	-	9,918
Loans receivable	77,295	-	-	-
Total assets	\$ 131,588	\$ 111,415	\$ 5,425	\$ 19,728
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,860
Total liabilities	-	-	-	6,860
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	77,295	76,581	-	9,932
FUND BALANCES				
Restricted	54,293	34,834	5,425	2,936
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	54,293	34,834	5,425	2,936
Total liabilities, deferred inflows of resources, and fund balances	\$ 131,588	\$ 111,415	\$ 5,425	\$ 19,728

9-1-1 Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 1,781	\$ 20,629	\$ 83,951	\$ 207,564
-	-	-	89,658
-	-	-	77,295
<u>\$ 1,781</u>	<u>\$ 20,629</u>	<u>\$ 83,951</u>	<u>\$ 374,517</u>
\$ -	\$ 12,130	\$ 342	\$ 19,332
-	12,130	342	19,332
-	-	-	163,808
1,781	8,499	51,984	159,752
-	-	25,347	25,347
-	-	6,278	6,278
<u>1,781</u>	<u>8,499</u>	<u>83,609</u>	<u>191,377</u>
<u>\$ 1,781</u>	<u>\$ 20,629</u>	<u>\$ 83,951</u>	<u>\$ 374,517</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
June 30, 2017

	Housing Fund	Court Special Revenue Fund	Nonfederal Grants Fund	Federal Grants Fund
Revenue				
Intergovernmental	\$ -	\$ -	\$ 91,142	\$ 168,475
Fines and forfeitures	-	24,631	-	-
Contributions	-	-	2,880	40,656
Investment income	860	-	-	-
Other revenue	17,973	-	-	-
Total revenue	<u>18,833</u>	<u>24,631</u>	<u>94,022</u>	<u>209,131</u>
Expenditures				
Current				
Public safety	-	51,299	38,474	44,386
Culture and recreation	-	-	399	3,253
Community development	-	-	-	305
Capital outlay	-	5,887	75,000	-
Total expenditures	<u>-</u>	<u>57,186</u>	<u>113,873</u>	<u>47,944</u>
Excess (deficiency) of revenue over (under) expenditures	<u>18,833</u>	<u>(32,555)</u>	<u>(19,851)</u>	<u>161,187</u>
Other financing sources				
Transfers (out)	-	(59,200)	-	(128,682)
Net change in fund balances	18,833	(91,755)	(19,851)	32,505
Fund balances, July 1, 2016	<u>35,460</u>	<u>126,589</u>	<u>25,276</u>	<u>(29,569)</u>
Fund balances, June 30, 2017	<u>\$ 54,293</u>	<u>\$ 34,834</u>	<u>\$ 5,425</u>	<u>\$ 2,936</u>

9-1-1 Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ 259,617
-	-	-	24,631
-	-	52,603	96,139
-	454	165	1,479
-	-	58	18,031
<u>-</u>	<u>454</u>	<u>52,826</u>	<u>399,897</u>
362	-	5,001	139,522
-	-	12,164	15,816
-	-	-	305
-	113,534	8,164	202,585
<u>362</u>	<u>113,534</u>	<u>25,329</u>	<u>358,228</u>
<u>(362)</u>	<u>(113,080)</u>	<u>27,497</u>	<u>41,669</u>
-	-	-	(187,882)
(362)	(113,080)	27,497	(146,213)
2,143	121,579	56,112	337,590
<u>\$ 1,781</u>	<u>\$ 8,499</u>	<u>\$ 83,609</u>	<u>\$ 191,377</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, 2017

	Housing Fund			Court Special Revenue Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	42,770	24,631	(18,139)
Contributions	-	-	-	-	-	-
Investment income	1,200	860	(340)	-	-	-
Other revenue	15,600	17,973	2,373	-	-	-
Total revenue	<u>16,800</u>	<u>18,833</u>	<u>2,033</u>	<u>42,770</u>	<u>24,631</u>	<u>(18,139)</u>
Expenditures						
Current						
General government	30,000	-	30,000	-	-	-
Public safety	-	-	-	57,450	51,299	6,151
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	-	5,887	(5,887)
Total expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>57,450</u>	<u>57,186</u>	<u>264</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(13,200)</u>	<u>18,833</u>	<u>32,033</u>	<u>(14,680)</u>	<u>(32,555)</u>	<u>(17,875)</u>
Other financing sources						
Transfers in(out)	-	-	-	(59,200)	(59,200)	-
Net change in fund balances	<u>(13,200)</u>	<u>18,833</u>	<u>32,033</u>	<u>(73,880)</u>	<u>(91,755)</u>	<u>(17,875)</u>
Fund balances, July 1, 2016	<u>35,460</u>	<u>35,460</u>	<u>-</u>	<u>126,589</u>	<u>126,589</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 22,260</u>	<u>\$ 54,293</u>	<u>\$ 32,033</u>	<u>\$ 52,709</u>	<u>\$ 34,834</u>	<u>\$ (17,875)</u>

Nonfederal Grants Fund			Federal Grants Fund			9-1-1 Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 370,000	\$ 91,142	\$ (278,858)	\$ 48,000	\$ 168,475	\$ 120,475	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	2,880	2,880	-	40,656	40,656	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>370,000</u>	<u>94,022</u>	<u>(275,978)</u>	<u>48,000</u>	<u>209,131</u>	<u>161,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
221,050	-	221,050	-	-	-	-	-	-
48,173	38,474	9,699	27,000	44,386	(17,386)	2,143	362	1,781
2,300	399	1,901	-	3,253	(3,253)	-	-	-
-	-	-	-	305	(305)	-	-	-
75,000	75,000	-	21,000	-	21,000	-	-	-
<u>346,523</u>	<u>113,873</u>	<u>232,650</u>	<u>48,000</u>	<u>47,944</u>	<u>56</u>	<u>2,143</u>	<u>362</u>	<u>1,781</u>
<u>23,477</u>	<u>(19,851)</u>	<u>(43,328)</u>	<u>-</u>	<u>161,187</u>	<u>161,187</u>	<u>(2,143)</u>	<u>(362)</u>	<u>1,781</u>
-	-	-	(128,672)	(128,682)	(10)	-	-	-
23,477	(19,851)	(43,328)	(128,672)	32,505	161,177	(2,143)	(362)	1,781
25,276	25,276	-	(29,569)	(29,569)	-	2,143	2,143	-
<u>\$ 48,753</u>	<u>\$ 5,425</u>	<u>\$ (43,328)</u>	<u>\$ (158,241)</u>	<u>\$ 2,936</u>	<u>\$ 161,177</u>	<u>\$ -</u>	<u>\$ 1,781</u>	<u>\$ 1,781</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, 2017
(Continued)

	Impact Fee Fund			Donations Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	30,300	52,603	22,303
Investment income	120	454	334	-	165	165
Other revenue	-	-	-	-	58	58
Total revenue	<u>120</u>	<u>454</u>	<u>334</u>	<u>30,300</u>	<u>52,826</u>	<u>22,526</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	36,373	5,001	31,372
Culture and recreation	-	-	-	44,987	12,164	32,823
Community development	-	-	-	-	-	-
Capital outlay	121,584	113,534	8,050	-	8,164	(8,164)
Total expenditures	<u>121,584</u>	<u>113,534</u>	<u>8,050</u>	<u>81,360</u>	<u>25,329</u>	<u>56,031</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(121,464)</u>	<u>(113,080)</u>	<u>8,384</u>	<u>(51,060)</u>	<u>27,497</u>	<u>78,557</u>
Other financing sources						
Transfers (out)	-	-	-	-	-	-
Net change in fund balances	<u>(121,464)</u>	<u>(113,080)</u>	<u>8,384</u>	<u>(51,060)</u>	<u>27,497</u>	<u>78,557</u>
Fund balances, July 1, 2016	121,579	121,579	-	56,112	56,112	-
Fund balances, June 30, 2017	<u>\$ 115</u>	<u>\$ 8,499</u>	<u>\$ 8,384</u>	<u>\$ 5,052</u>	<u>\$ 83,609</u>	<u>\$ 78,557</u>

Totals

Budget	Actual	Variance - Positive (Negative)
\$ 418,000	\$ 259,617	\$ (158,383)
42,770	24,631	(18,139)
30,300	96,139	65,839
1,320	1,479	159
15,600	18,031	2,431
<u>507,990</u>	<u>399,897</u>	<u>(108,093)</u>
251,050	-	251,050
171,139	139,522	31,617
47,287	15,816	31,471
-	305	(305)
<u>217,584</u>	<u>202,585</u>	<u>14,999</u>
<u>687,060</u>	<u>358,228</u>	<u>328,832</u>
<u>(179,070)</u>	<u>41,669</u>	<u>220,739</u>
<u>(187,872)</u>	<u>(187,882)</u>	<u>(10)</u>
(366,942)	(146,213)	220,729
<u>337,590</u>	<u>337,590</u>	<u>-</u>
<u>\$ (29,352)</u>	<u>\$ 191,377</u>	<u>\$ 220,729</u>



CAPITAL PROJECTS FUNDS

Library Building Fund- accounts for the collection and spending of resources via contributions and debt proceeds for the construction of the Town's new library.

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 –Library Building Fund
Year Ended June 30, 2017

	Budget	Actual	Variance - Positive (Negative)
Revenue			
Contributions	\$ 380,000	\$ -	\$ (380,000)
Investment income	2,021	1,319	(702)
Total revenue	<u>382,021</u>	<u>1,319</u>	<u>(380,702)</u>
Expenditures			
Current			
Culture and recreation	-	111,376	(111,376)
Capital outlay	1,742,057	1,431,334	310,723
Total expenditures	<u>1,742,057</u>	<u>1,542,710</u>	<u>199,347</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,360,036)</u>	<u>(1,541,391)</u>	<u>(181,355)</u>
Other financing sources			
Transfers in(out)	<u>394,889</u>	<u>336,117</u>	<u>(58,772)</u>
Net change in fund balances	(965,147)	(1,205,274)	(240,127)
Fund balances, July 1, 2016	<u>1,205,274</u>	<u>1,205,274</u>	<u>-</u>
Fund balances, June 30, 2017	<u><u>\$ 240,127</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (240,127)</u></u>

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual –Capital Improvement Fund
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Expenditures			
Current			
General government	\$ -	16,278	\$ (16,278)
Culture and recreation	79,000	27,151	51,849
Capital outlay	<u>1,561,523</u>	<u>1,256,226</u>	<u>305,297</u>
Total expenditures	<u>1,640,523</u>	<u>1,299,655</u>	<u>357,146</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,640,523)</u>	<u>(1,299,655)</u>	<u>340,868</u>
Other financing sources			
Transfers in (out)	<u>1,100,652</u>	<u>957,262</u>	<u>(143,390)</u>
Net change in fund balances	(539,871)	(342,393)	197,478
Fund balances, July 1, 2016	<u>551,200</u>	<u>551,200</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ 11,329</u>	<u>\$ 208,807</u>	<u>\$ 197,478</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, 2017

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Expenditures			
Current			
Health and welfare	118,627	118,627	-
Debt service			
Principal	656,473	656,468	5
Interest	175,470	175,069	401
Total expenditures	<u>950,570</u>	<u>950,164</u>	<u>406</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(950,570)</u>	<u>(950,164)</u>	<u>406</u>
Other financing sources			
Transfers in	<u>950,570</u>	<u>950,164</u>	<u>(406)</u>
Net change in fund balances	-	-	-
Fund balances, July 1, 2016	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUNDS

Enterprise funds are used to report any activity for which a fee is charged to external users for goods or services.

Wastewater Fund - accounts for the costs to operate, construct, and finance the Town's wastewater treatment system.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenses, and Changes in Net Position
Budget and Actual – Wastewater Fund
Year Ended June 30, 2017

	Budget	Actual	Variance- Positive (Negative)
Operating revenues			
Sewer charges	\$ 1,290,600	\$ 1,114,195	\$ (176,405)
Miscellaneous	664,366	21,178	(643,188)
Total operating revenues	<u>1,954,966</u>	<u>1,135,373</u>	<u>(819,593)</u>
Operating expenses			
Personnel	566,325	566,256	69
Materials and supplies	243,500	105,085	138,415
Professional services	65,500	47,193	18,307
Utilities	118,000	115,051	2,949
Insurance	29,300	29,300	-
Other	95,475	126,833	(31,358)
Repairs and maintenance	826,947	157,808	669,139
Depreciation	770,000	813,423	(43,423)
Total operating expenses	<u>2,715,047</u>	<u>1,960,949</u>	<u>754,098</u>
Operating income (loss)	<u>(760,081)</u>	<u>(825,576)</u>	<u>(65,495)</u>
Nonoperating revenues (expenses)			
Interest income	600	1,181	581
Loss on disposition of asset	-	(2,000)	(2,000)
Interest expense	-	(3,622)	(3,622)
Total nonoperating revenues (expenses)	<u>600</u>	<u>(4,441)</u>	<u>(5,041)</u>
Income (loss) before transfers	<u>(759,481)</u>	<u>(830,017)</u>	<u>(70,536)</u>
Transfer in	24,481	24,740	259
Increase (decrease) in net position	<u>(735,000)</u>	<u>(805,277)</u>	<u>(70,277)</u>
Total net position, beginning of year	18,139,325	18,139,325	-
Total net position, end of year	<u>\$ 17,404,325</u>	<u>\$ 17,334,048</u>	<u>\$ (70,277)</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, 2017

Employee Assistance Fund	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Assets</u>				
Restricted cash and investments	\$ 13,883	\$ 3,952	\$ 500	\$ 17,335
Total assets	<u>\$ 13,883</u>	<u>\$ 3,952</u>	<u>\$ 500</u>	<u>\$ 17,335</u>
<u>Liabilities</u>				
Deposit held for employees payable	\$ 13,883	\$ 3,952	\$ 500	\$ 17,335
Total liabilities	<u>\$ 13,883</u>	<u>\$ 3,952</u>	<u>\$ 500</u>	<u>\$ 17,335</u>
Camp Verde Sanitary District Fund				
<u>Assets</u>				
Restricted cash and investments	\$ 617,203	\$ 1,045,388	\$ 1,255,686	\$ 406,905
Total assets	<u>\$ 617,203</u>	<u>\$ 1,045,388</u>	<u>\$ 1,255,686</u>	<u>\$ 406,905</u>
<u>Liabilities</u>				
Deposit held for debt service payments	\$ 617,203	\$ 1,045,388	\$ 1,255,686	\$ 406,905
Total liabilities	<u>\$ 617,203</u>	<u>\$ 1,045,388</u>	<u>\$ 1,255,686</u>	<u>\$ 406,905</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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 13,845,131	\$ 12,264,826	\$ 11,390,529	\$ 10,488,341	\$ 10,132,430	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411
Restricted	1,304,975	2,947,478	5,567,076	2,270,348	2,460,792	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728
Unrestricted	(3,096,115)	(2,973,565)	(5,937,276)	2,411,149	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724
Total governmental activities net position	<u>\$ 12,053,991</u>	<u>\$ 12,238,739</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 17,001,697	\$ 17,609,349	\$ 18,069,267	\$ 18,613,499	N/A	N/A	N/A	N/A	N/A	N/A
Restricted	-	-	-	-						
Unrestricted	332,351	529,976	360,957	834,434						
Total business-type activities net position	<u>\$ 17,334,048</u>	<u>\$ 18,139,325</u>	<u>\$ 18,430,224</u>	<u>\$ 19,447,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government										
Net investment in capital assets	\$ 30,846,828	\$ 29,874,175	\$ 29,459,796	\$ 29,101,840	\$ 10,132,430	\$ 9,300,597	\$ 8,422,141	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411
Restricted	1,304,975	2,947,478	5,567,076	2,270,348	2,460,792	2,719,944	2,545,163	1,838,636	1,375,836	1,219,728
Unrestricted	(2,763,764)	(2,443,589)	(5,576,319)	3,245,583	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605	3,915,724
Total net position	<u>\$ 29,388,039</u>	<u>\$ 30,378,064</u>	<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>

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									
	<u>2017</u>	<u>2016</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>
Expenses										
Governmental activities:										
General government	\$ 3,076,473	\$ 2,780,681	\$ 2,776,465	\$ 2,383,176	\$ 2,361,960	\$ 2,125,678	\$ 2,407,140	\$ 2,242,817	\$ 2,306,812	\$ 2,110,980
Public safety	3,156,111	2,786,970	3,050,800	2,601,915	2,317,487	2,209,435	2,233,318	2,250,649	2,439,899	2,463,833
Public works and streets	1,378,204	1,566,914	1,156,551	1,006,300	820,957	816,853	669,205	765,392	1,197,351	1,185,801
Health and welfare	123,627	123,664	123,700	131,233	136,266	131,300	131,331	107,603	145,237	77,523
Culture and recreation	1,075,309	817,187	724,730	684,280	735,840	561,166	630,502	695,151	995,711	1,334,525
Community development	550,246	473,270	507,702	411,023	456,020	348,532	460,601	551,747	845,225	552,987
Interest on long-term debt	169,556	108,958	224,557	107,141	125,025	112,867	100,851	83,429	86,544	88,421
Total governmental activities	<u>9,529,526</u>	<u>8,657,644</u>	<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>
Business-type activities:										
Wastewater	1,964,571	1,727,706	1,677,262	1,667,612	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>1,964,571</u>	<u>1,727,706</u>	<u>1,677,262</u>	<u>1,667,612</u>	-	-	-	-	-	-
Total expenses	<u>11,494,097</u>	<u>10,385,350</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	34,813	33,045	25,234	51,173	18,221	43,244	304,918	303,797	304,269	399,952
Public safety	441,567	481,762	457,097	412,704	454,195	373,510	88,421	91,651	94,397	139,246
Public works and streets	7,348	13,905	16,214	42,817	500	5,942	3,429	55,132	56,109	-
Culture and recreation	57,730	48,260	42,332	43,565	35,274	36,957	43,746	88,751	101,703	160,177
Community development	189,053	226,745	194,789	188,391	190,062	151,498	101,929	105,337	221,229	189,428
Operating grants and contributions	1,084,810	1,145,358	1,084,065	1,103,424	1,032,082	1,012,413	1,490,745	1,297,444	1,585,120	1,361,690
Capital grants and contributions	307,300	891,401	438,025	182,421	647,539	969,961	-	6,491	32,815	703,532
Total governmental activities	<u>2,122,621</u>	<u>2,840,476</u>	<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>
Business-type activities:										
Charges for services	1,135,373	1,085,853	1,029,111	1,036,287	N/A	N/A	N/A	N/A	N/A	N/A
Capital grants and contributions	-	316,450	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>1,135,373</u>	<u>1,402,303</u>	<u>1,029,111</u>	<u>1,036,287</u>	-	-	-	-	-	-
Total program revenues	<u>3,257,994</u>	<u>4,242,779</u>	<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>
Net Expense	<u>\$ (8,236,103)</u>	<u>\$ (6,142,571)</u>	<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>

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Expense	\$ (8,236,103)	\$ (6,142,571)	\$ (6,954,900)	\$ (5,931,898)	\$ (4,575,682)	\$ (3,712,306)	\$ (4,599,760)	\$ (4,748,185)	\$ (5,621,137)	\$ (4,860,045)
General Revenues:										
Governmental activities:										
Taxes:										
Sales taxes	3,756,648	3,915,180	2,863,839	2,597,901	2,544,473	1,738,752	1,763,488	1,961,610	2,163,948	2,314,337
Franchise taxes	270,925	285,834	266,973	267,059	250,327	245,501	243,353	239,946	238,072	237,227
State shared revenues	3,099,871	3,020,345	2,942,726	2,758,435	2,567,890	2,325,940	2,441,489	2,755,897	3,091,906	3,154,857
Investment earnings	27,872	29,593	15,456	27,714	33,251	13,787	12,985	19,964	3,614	220,900
Miscellaneous	91,581	80,456	7,086	13,090	69,009	11,840	53,507	23,954	239,099	64,610
Loss on Sale of Assets	0	(262,368)	0	0	0	0	0	0	0	0
Transfers	(24,740)	(33,462)	0	0	0	0	0	0	0	0
Total governmental activities	<u>7,222,157</u>	<u>7,035,578</u>	<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>
Business-type activities:										
Investment earnings	1,181	1,042	909	1,621	N/A	N/A	N/A	N/A	N/A	N/A
Special item*	-	-	-	20,077,637	-	-	-	-	-	-
Loss on Disposal of Assets	(2,000)	-	-	-	-	-	-	-	-	-
Transfers	24,740	33,462	-	-	-	-	-	-	-	-
Total business-type activities	<u>23,921</u>	<u>34,504</u>	<u>909</u>	<u>20,079,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ (990,025)</u>	<u>\$ 927,511</u>	<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>

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>2017</u>	<u>2016</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>
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	2,388,992	2,917,783	1,912,675	1,844,848	1,621,049	1,284,934	1,950,054	2,352,892	2,990,296	2,732,574
Total General Fund	<u>\$ 2,388,992</u>	<u>\$ 2,917,783</u>	<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>
All Other Governmental Funds:										
Reserved								\$ 571,720	\$ 431,852	\$ 348,869
Unreserved, reported in:										
HURF fund								924,322	606,419	463,892
Parks fund								(339,161)	(326,933)	(744,077)
Housing grant fund								77,166	57,800	-
Non-major Special revenue funds								294,374	296,350	445,566
Non-major Debt service funds								-	-	-
Non-major Capital projects funds								602,214	589,141	1,212,018
Nonspendable	\$ -	\$ -	\$ -	\$ -		\$ 79,345	\$ 83,198			
Restricted	1,227,680	2,852,211	5,456,179	2,143,445	2,473,096	2,483,485	2,294,509			
Committed	25,347	30,181	-	11,214	686,629	694,215	185,200			
Assigned	215,085	551,200	431,842	491,190	-	-	-			
Unassigned	-	(29,569)	(669,290)	(614,955)	(587,984)	(378,467)	(559,961)			
Total all other governmental funds	<u>\$ 1,468,112</u>	<u>\$ 3,404,023</u>	<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>

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>2017</u>	<u>2016</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>
Taxes	\$ 4,027,574	\$ 4,201,014	\$ 3,130,812	\$ 2,864,959	\$ 2,794,799	\$ 1,984,253	\$ 2,006,841	\$ 2,201,557	\$ 2,402,020	\$ 2,551,564
Intergovernmental	4,571,909	4,819,990	4,547,353	4,208,755	4,282,074	4,038,813	3,899,960	4,158,619	4,729,287	5,270,363
Fines and forfeits	199,528	297,865	234,142	275,700	372,122	335,496	278,736	297,058	257,625	342,149
Licenses and permits	184,215	198,155	174,518	160,321	159,532	123,738	102,725	106,006	184,016	150,852
Charges for services	169,610	122,360	86,718	92,682	86,994	86,787	82,052	110,892	248,940	227,056
Contributions and donations	96,139	426,638	70,544	17,389	16,478	361,292	106,964	26,009	45,397	75,038
Investment income	27,871	29,594	15,456	27,714	33,251	13,787	12,984	19,964	3,614	220,900
Other	121,278	201,094	36,828	68,768	58,742	36,021	153,035	28,832	147,416	116,630
Total revenues	<u>\$ 9,398,124</u>	<u>\$ 10,296,710</u>	<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>

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>2017</u>	<u>2016</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>
Expenditures:										
Current -										
General government	\$ 2,790,435	\$ 2,550,697	\$ 2,630,384	\$ 2,316,759	\$ 2,307,763	\$ 2,064,569	\$ 2,333,981	\$ 2,081,749	\$ 2,225,758	\$ 2,075,036
Public safety	2,797,062	2,560,276	2,613,138	2,400,085	2,222,092	2,148,531	2,080,685	2,283,648	2,286,640	2,322,781
Public works and streets	869,501	1,056,558	815,101	741,300	655,285	688,127	528,172	625,582	682,696	1,072,780
Health and welfare	123,627	123,664	123,700	131,233	136,266	131,300	131,332	107,603	14,527	77,523
Culture and recreation	877,693	720,032	634,283	623,996	680,810	508,581	579,516	637,130	857,850	1,141,267
Community development	497,966	415,069	465,074	391,601	455,170	352,412	345,807	469,503	816,146	531,984
Capital outlay	3,047,920	4,254,033	860,979	969,031	1,801,828	913,146	2,059,278	396,478	846,250	3,588,221
Debt service -										
Principal retirement	658,242	375,191	326,949	319,327	164,828	302,011	141,408	117,470	92,985	90,452
Interest and fiscal charges	175,640	209,419	78,312	118,067	116,056	84,722	103,044	89,070	92,185	94,061
Bond issuance costs	-	-	-	-	-	-	25,000	-	-	-
Total expenditures	\$ 11,838,086	\$ 12,264,939	\$ 8,547,920	\$ 8,011,399	\$ 8,540,098	\$ 7,193,399	\$ 8,328,223	\$ 6,808,233	\$ 7,915,037	\$ 10,994,105
Expenditures for capitalized assets	\$ 3,047,920	\$ 4,254,033	\$ 860,979	\$ 969,031	\$ 1,801,828	\$ 913,146	\$ 1,884,647	\$ 280,572	\$ 302,307	\$ 3,415,762
Debt service as a percentage of noncapital expenditures	9%	7%	5%	6%	4%	6%	4%	3%	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>2017</u>	<u>2016</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>
Excess (deficiency) of revenues over expenditures	\$ (2,439,962)	\$ (1,968,229)	\$ (251,549)	\$ (295,111)	\$ (736,106)	\$ (213,212)	\$ (1,684,926)	\$ 140,704	\$ 103,278	\$ (2,039,553)
Other financing sources (uses):										
Capital lease agreements	-	530,000	-	8,838	764,664	-	208,237	62,784	18,459	-
Proceeds of long-term debt issuance	-	-	4,904,000	-	-	-	1,005,000	-	-	-
Payments to Refunding Bond Trustee	-	-	(1,396,752)	-	-	-	-	-	-	-
Transfers in	2,264,518	1,618,470	894,208	641,103	266,480	1,729,132	411,442	499,244	1,219,431	1,974,620
Transfers out	(2,289,258)	(1,651,932)	(894,208)	(641,103)	(266,480)	(1,729,132)	(411,442)	(499,244)	(1,219,431)	(1,942,845)
Total other financing sources (uses)	<u>(24,740)</u>	<u>496,538</u>	<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>
Changes in fund balances	<u>\$ (2,464,702)</u>	<u>\$ (1,471,691)</u>	<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>

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>2017</u>	<u>2016</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>
Retail Trade	1,596,344	1,569,254	1,203,872	1,142,430	1,105,685	790,896	788,663	826,271	1,079,122	1,102,511
Restaurants & Bars	659,258	708,520	520,320	473,070	437,452	309,169	301,925	307,921	319,393	324,358
Communications & Utilities	358,356	394,159	269,845	230,848	251,911	127,280	167,542	150,683	118,950	135,303
Construction	320,451	366,968	212,866	182,702	236,112	128,008	142,535	353,081	307,651	430,671
Real Estate, Rental & Leasing	235,245	215,991	173,914	170,109	170,973	147,728	134,821	140,596	122,225	111,852
Accommodation	294,627	239,218	207,993	138,850	131,748	88,626	84,609	110,798	142,302	148,694
Arts & Entertainment	146,780	167,769	134,961	114,106	92,444	59,604	62,416	53,087	62,039	56,874
Manufacturing	14,663	15,015	67,644	75,231	72,694	57,808	52,222	55,908	53,684	68,785
Use Tax	116,350	151,626	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	14,575	86,660	71,912	67,486	42,385	26,309	28,756	36,839	54,597	81,322
Total	<u>\$ 3,756,649</u>	<u>\$ 3,915,180</u>	<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>\$ 2,259,964</u>	<u>\$ 2,460,371</u>
Total revenue % growth by year	-4.0%	36.7%	10.3%	2.1%	46.4%	-1.6%	-13.3%	-9.9%	-8.1%	-9.2%

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

Note: See tax rate changes on the following page.

Use Tax was separated out as a new category in FY16. Prior to FY16, most Use Tax Revenues were included in Retail Trade.

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

<u>Fiscal Year</u>	<u>City Sales Tax</u>	<u>Franchise Tax</u>	<u>Accomodation/ Bed Tax</u>	<u>Total</u>
2017	3,462,021	270,925	294,627	4,027,573
2016	3,675,962	285,834	239,218	4,201,014
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

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		
2017	3.65	6.65	2.00	3.65	0.75	5.60
2016	3.65	6.65	2.00	3.65	0.75	5.60
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

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	Revenue Bonds	Capital Leases	Total Debt	Percentage of Personal Income	Per Capita
2017	\$ 5,134,856	\$ 535,903	\$ -	\$ -	\$ 489,862	\$ 6,160,621	N/A	556
2016	5,533,522	795,481	-	-	-	6,329,003	0.08%	577
2015	5,702,227	471,967	-	-	-	6,174,194	0.08%	563
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	0.05%	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

Source: The Town's financial records.

Note: FY17 income 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>
2017	\$ 5,134,856	\$ 5,134,856	463
2016	5,533,522	5,533,522	505
2015	5,702,227	5,702,227	520
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

Source: The Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
Direct and Overlapping Governmental Activities Debt
June 30, 2017

<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*	\$ 37,890,000	2.7%	\$ 1,015,737
Camp Verde Unified School District	-	91.8%	-
Copper Canyon Fire	-	50.0%	-
Camp Verde Sanitary District	10,130,668	100.0%	<u>10,130,668</u>
Total Overlapping Debt			<u>\$ 11,146,405</u>
Direct:			
Town of Camp Verde	<u>5,533,522</u>	100.0%	<u>5,533,522</u>
Total Direct and Overlapping Debt			<u>\$ 16,679,927</u>

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

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

Fiscal Year Ended June 30

6% Debt Limit

	<u>2017</u>	<u>2016</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>
Primary Assessed Value (HIDE)	65,314,344	62,620,674	61,464,859	61,658,697	65,576,506	71,284,066	81,699,851	93,710,990	110,746,846	106,919,901
Debt Limit	3,918,861	3,757,240	3,687,892	3,699,522	3,934,590	4,277,044	4,901,991	5,622,659	6,644,811	6,415,194
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>3,918,861</u>	<u>3,757,240</u>	<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>
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

20% Debt Limit

	<u>2017</u>	<u>2016</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>
Debt Limit	13,062,869	12,524,135	12,292,972	12,331,739	13,115,301	14,256,813	16,339,970	18,742,198	22,149,369	21,383,980
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>13,062,869</u>	<u>12,524,135</u>	<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>
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>		
2017	\$ 7,127,444	\$ 398,666	\$ 158,801	13	
2016	7,221,359	168,706	197,473	20	
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	

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>
2017	11,083	N/A	N/A	N/A	4.7 %
2016	10,968	225,562	\$ 8,199,948	\$ 36,353	5.0 %
2015	10,970	221,584	\$ 7,888,490	\$ 35,600	5.4 %
2014	10,925	218,405	\$ 7,482,253	\$ 34,259	6.3 %
2013	10,960	215,027	\$ 6,936,360	\$ 32,258	8.0 %
2012	10,883	212,350	\$ 6,623,513	\$ 31,191	8.6 %
2011	10,849	211,138	\$ 6,387,827	\$ 30,254	9.8 %
2010	10,875	211,139	\$ 6,141,108	\$ 29,086	10.9 %
2009	10,871	211,172	\$ 6,301,415	\$ 29,840	10.3 %
2008	10,892	211,211	\$ 6,501,350	\$ 30,781	6.0 %

Sources: Bureau of Economic Analysis (bea.gov)
Arizona Office of Employment & Population Statistics (azstats.gov)

Note: (1) - In thousands of dollars
County population & personal income estimate was not available from BEA 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>2017</u>		<u>2016</u>	<u>2008</u>
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Employees</u>
Cliff Castle Casino & Hotel	428	14.9 %	395	N/A
Yavapai-Apache Nation	305	10.6	212	N/A
Yavapai County	295	10.2	277	N/A
Camp Verde School District	239	8.3	216	N/A
Town of Camp Verde	117	4.1	120	N/A
Bashas	90	3.1	110	N/A
Rainbow Acres	72	2.5	70	N/A
Copper Canyon Fire District	66	2.3	61	N/A
The Haven of Camp Verde	67	2.3	68	N/A
Out of Africa Wildlife Park	46	1.6	49	N/A
Total	<u>1,725</u>	<u>59.9 %</u>	<u>1,578</u>	<u>-</u>
Total Est'd Employment*	<u>2,880</u>		<u>2,872</u>	<u>N/A</u>

Source(s): The Town's financial records.

Note: Employment information for FY2008 is not available.
Total employment for 2016 & 2017 is estimated by the Town.

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>2017</u>	<u>2016</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>
General Government										
Management Services	5.0	4.6	5.2	5.1	5.1	5.1	5.4	5.4	5.2	7.2
Finance	3.0	3.1	2.2	2.2	2.0	2.0	1.0	2.5	2.0	2.1
Economic Development	2.8	2.0	1.6	1.6	1.0	1.0	0.0	0.0	0.0	0.0
Municipal Court	5.7	5.7	5.6	5.6	5.6	5.6	5.6	5.5	6.0	6.0
Total General Government	<u>16.5</u>	<u>15.4</u>	<u>14.6</u>	<u>14.5</u>	<u>13.7</u>	<u>13.7</u>	<u>12.0</u>	<u>13.4</u>	<u>13.2</u>	<u>15.3</u>
Public Safety										
Marshal's Department	35.0	33.1	32.2	30.2	26.7	28.0	26.0	28.0	29.6	32.6
Animal Control	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Total Public Safety	<u>36.0</u>	<u>34.1</u>	<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>
Public Works										
Admin	2.5	2.8	2.8	2.4	1.7	1.0	1.0	2.5	1.5	1.0
Streets	6.1	6.1	5.2	6.2	5.8	5.4	5.0	3.5	6.5	7.0
Maintenance	8.1	8.0	7.4	7.2	6.2	6.4	7.0	6.0	6.0	7.0
Total Public Works	<u>16.7</u>	<u>16.9</u>	<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>
Library	7.8	6.2	6.2	5.8	5.3	5.4	4.2	5.0	5.4	5.4
Parks & Recreation	4.5	4.6	4.6	4.3	3.5	3.6	3.6	2.8	2.7	3.7
Community Development	7.2	6.0	6.0	5.0	5.0	5.0	4.0	4.0	5.0	7.0
Sewer	8.4	8.1	7.2	7.1	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>97.1</u>	<u>91.3</u>	<u>87.1</u>	<u>83.7</u>	<u>68.9</u>	<u>69.4</u>	<u>63.8</u>	<u>67.2</u>	<u>71.9</u>	<u>81.0</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>2017</u>	<u>2016</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>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	25	23	31	31	22	19	17	30	30	31
Streets										
Streets (miles)	110	110	110	110	110	110	110	110	106	106
Streetlights	110	110	110	110	110	110	110	92	102	102
Traffic signals	6	6	6	6	6	6	6	2	2	2
Parks and Recreation										
Parks developed	4	4	4	4	4	4	4	4	3	2
Parks acreage	138	138	138	138	138	138	138	138	130	130
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)	31	31	29	29	29	29	29	29	29	20
Manholes	490	459	440	440	440	440	440	440	440	265

Source: The Town's facilities records.

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

<u>Function</u>	<u>Fiscal Year Ended June 30</u>									
	<u>2017</u>	<u>2016</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>
General Government										
Business Licenses	833	823	673	645	650	582	555	597	576	556
Public Safety										
Total Incidents	10,853	15,762	10,020	13,782	10,462	11,614	11,234	10,420	8,348	10,281
Public Works										
Street Resurfacing (miles)	-	0.92	-	-	-	0.31	-	0.25	-	-
Library										
Circulation	115,154	63,976	62,140	52,631	51,303	63,580	59,883	76,813	80,139	69,349
Traffic	87,357	67,978	67,824	33,787	27,766	25,831	22,336	N/A	N/A	N/A
Community Development										
Building Permits	399	324	331	362	387	312	341	364	128	107

Source: The Town's records.