

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



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, 2018**

Prepared by:
The Finance Department

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Town of Camp Verde

Gateway to the Verde Valley

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January 23, 2019

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, 2018. 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, 2018. 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 1 hour of 4 dramatically different climates and cities, Phoenix to the South, Flagstaff to the North, Prescott to the West and Payson to East. This puts our Town in a great location to take advantage of travel and tourism within our area.

Local sales tax revenues have grown 183% in the 5-year period since FY13; an average growth rate of over 12% per year. In FY18 alone, local tax revenues increased 23% from FY17 and 19% from FY16. FY16’s 37% growth was considered at the time as an uncharacteristic year due to its significant growth in all tax categories. Retail is still generally the frontrunner of the various categories in both growth rate and total amount (13% & \$1.8M), however, in FY18 the Town experienced a significant growth (175%) in Construction tax revenues due to one-time improvements on Hwy 260 which runs through Camp Verde. The Town continues to maintain a

very positive economic position with an unassigned general fund balance climbing \$430 thousand to just over \$2.8 million.

Our 3 main general fund tax revenues from the State (state income, sales tax and vehicle license tax) grew an incredible 20% from FY17. This is a positive turn following 5 years of a dropping growth rate which was 3% in both FY16 and FY17.

The expectation for population in our area (Yavapai County) over the next several years is still a moderate growth scenario. We are seeing continued activity in potential new residential neighborhoods (though most are still in planning stages) as well as development moving forward along the I-17 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 continued 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 secured over \$7 million in financing for the new Sports Complex which began 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 secured \$3.5 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 as well as making improvements in plant efficiency.

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 increased its Unassigned General Fund balance to over \$2.8 million, which amounts to 39% of total FY18 General Fund expenses.

Major Initiatives for FY19:

- 1) Construction of the new Camp Verde Sports Complex.
- 2) New lift station on North-West side of I-17 to facilitate the expansion of sewer services along the Hwy 260 corridor.
- 3) Continued extensive street preventative maintenance and repairs.
- 4) Completion of Homestead Parkway road from Hwy 260 towards the Verde River supporting the development of a new Historical site.

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

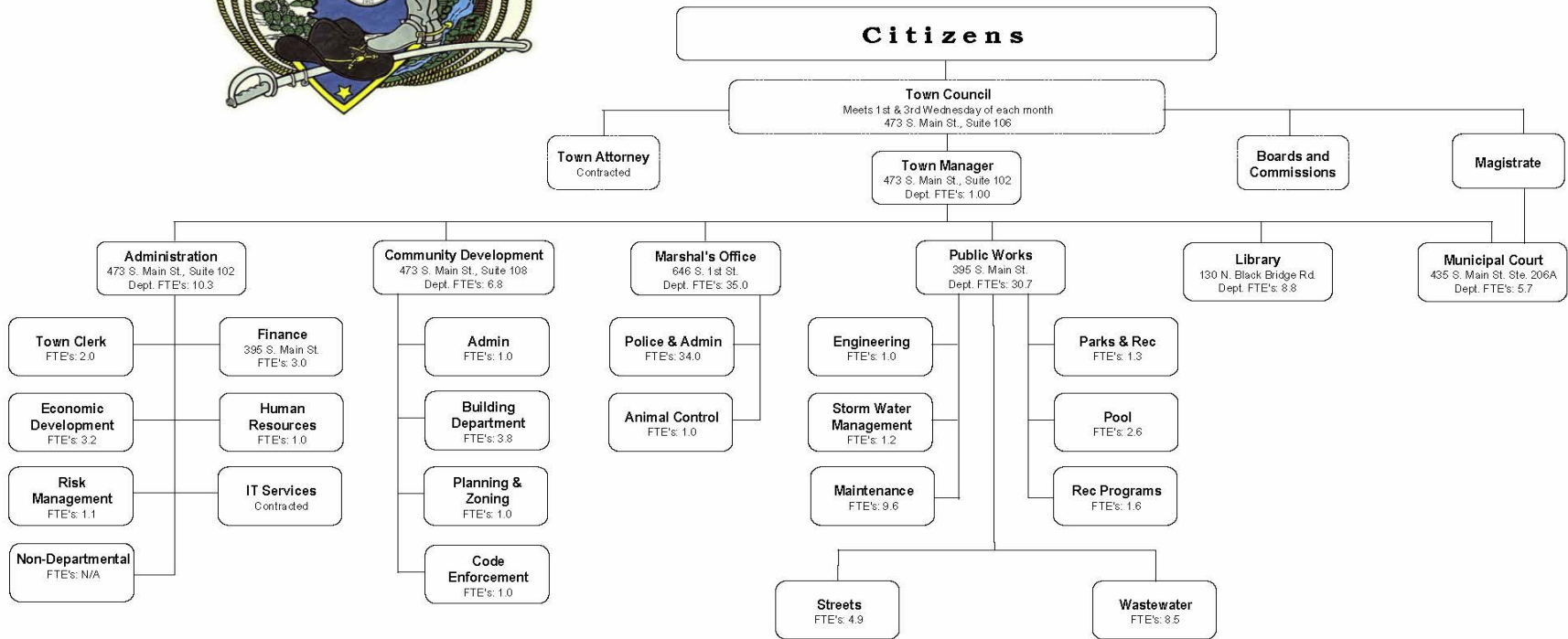
A handwritten signature in blue ink, appearing to read "Michael E. Showers".

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.

Department Heads

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

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, 2017

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION





COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Tel: (480) 635-3200 · Fax: (480) 635-3201

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2018, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 - 15, Budgetary Comparison Schedules on pages 62 - 63, Schedule of the Town's Proportionate Share of the Net Pension/OPEB Liability – Cost-Sharing Pension Plans on page 64, Schedule of Changes in the Town's Net Pension/OPEB Liability (Asset) and Related Ratios – Agent Pension Plans on page 65 and Schedule of Town Pension/OPEB Contributions on page 67 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 23, 2019, 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.



January 23, 2019

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**



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, 2018 (FY18). Please read it in conjunction with the Town's basic financial statements, which begin on page 16.

FINANCIAL HIGHLIGHTS

- Construction on the new \$7 million Camp Verde Sports Complex began in FY18 with financing secured from BNY Mellon through the Town's first-ever public offering. Approximately \$1.5 million was spent on park development in FY18.
- The Town's Wastewater Enterprise Fund took on new debt of nearly \$3.5 million through a loan from the Water Infrastructure Authority (WIFA). The loan package includes a \$1 million debt forgiveness grant bringing the total amount due on the note to just below \$2.5 million. Only \$60,175 had been drawn down by the end of FY18.
- Net position from governmental activities dropped nearly \$36 thousand to \$12 million.
- Total FY18 governmental fund revenues climbed \$652 thousand from FY17.
- Total FY18 governmental fund expenditures, conversely, decreased \$738 thousand from FY17. The largest impact came from the reduction in capital expenditures by just over \$1 million.
- Among major governmental funds:
 - The General Fund had just over \$8.9 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 just under \$1.4 million allowing for the General Fund unassigned fund balance to increase \$430 thousand to \$2.8 million.

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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**



OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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.

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

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

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**



OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

The Town maintains thirteen (13) 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 18 for the General and Parks Funds, both of which are considered to be major funds. Data from the other eleven (11) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the combining and individual fund financial statements and schedules which can be found on pages 72 - 96.

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 22 - 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 26.

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 27 - 59.

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 Fund as required supplementary information which can be found on page 62.

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**

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 \$28.9 million as of June 30, 2018 which is a 2% decrease from the previous year. The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	\$ 11,082,794	\$ 4,762,091	\$ 735,067	\$ 912,897	\$ 11,817,861	\$ 5,674,988
Capital assets, net	20,225,705	19,515,890	17,231,961	17,491,559	37,457,666	37,007,449
Other non-current assets	123,023	77,295	-	-	123,023	77,295
Total assets	<u>31,431,522</u>	<u>24,355,276</u>	<u>17,967,028</u>	<u>18,404,456</u>	<u>49,398,550</u>	<u>42,759,732</u>
Liabilities						
Current and other liabilities	2,393,860	2,033,526	200,015	161,786	2,593,875	2,195,312
Long-term liabilities	18,272,331	11,656,475	923,429	975,162	19,195,760	12,631,637
Total liabilities	<u>20,666,191</u>	<u>13,690,001</u>	<u>1,123,444</u>	<u>1,136,948</u>	<u>21,789,635</u>	<u>14,826,949</u>
Deferred Inflows/(Outflows) of Resources						
Def'd outflows related to pensions	(1,571,070)	(1,938,948)	(87,333)	(138,494)	(1,658,403)	(2,077,442)
Def'd inflows related to pensions	330,107	550,232	37,611	71,954	367,718	622,186
Net deferred inflows/(outflows) of resources	<u>\$ (1,240,963)</u>	<u>\$ (1,388,716)</u>	<u>\$ (49,722)</u>	<u>\$ (66,540)</u>	<u>\$ (1,290,685)</u>	<u>\$ (1,455,256)</u>
Net Position						
Net investment in capital assets	15,032,500	13,845,131	16,848,035	17,001,697	31,880,535	30,846,828
Restricted	1,219,663	1,304,975	-	-	1,219,663	1,304,975
Unrestricted	(4,245,869)	(3,107,929)	45,271	330,672	(4,200,598)	(2,777,257)
Total net position	<u>\$ 12,006,294</u>	<u>\$ 12,042,177</u>	<u>\$ 16,893,306</u>	<u>\$ 17,332,369</u>	<u>\$ 28,899,600</u>	<u>\$ 29,374,546</u>

Governmental Activities. The Town's net position from governmental activities remained nearly identical to FY17. There was, however, a significant jump in both current assets and long-term liabilities by \$7 million due to the new bond issue for the Camp Verde Sports Complex project which is discussed in more detail in both the capital assets and long-term liabilities sections below.

GASB 68 and 75 continues to have a significant effect on the Government-wide statements as well. Net pension/OPEB liabilities increased \$144 thousand to over \$6.8 million dollars in FY18. This has a dramatic impact on the unrestricted net position of the Town as can be seen in the negative \$4.2 million balance above. The \$6.8 million net pension liability makes up 33% of the Town's liability section. The Town has chosen to fund the net pension liability through a 20 year adjustment to the annual state retirement payment percentage (as of FY17) as well as fully funding the budgeted PSPRS amounts regardless of employment FTE's.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities. For FY18, there are no note-worthy items impacting the Statement of Net Position for Business-type activities.

Statement of Activities

The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 684,280	\$ 730,511	\$ 1,152,934	\$ 1,135,373	\$ 1,837,214	\$ 1,865,884
Operating grants and contributions	1,061,122	1,084,810	-	-	1,061,122	1,084,810
Capital grants and contributions	119,670	307,300	-	-	119,670	307,300
General revenues:						
Town sales taxes	4,642,673	3,756,648	-	-	4,642,673	3,756,648
Franchise taxes	286,341	270,925	-	-	286,341	270,925
State shared revenue	3,233,989	3,099,871	-	-	3,233,989	3,099,871
Investment earnings	17,889	27,872	2,769	1,181	20,658	29,053
Miscellaneous	13,379	91,581	-	-	13,379	91,581
Special Items:	-	(24,740)	425,000	22,740	425,000	(2,000)
Total revenues	<u>10,059,343</u>	<u>9,344,778</u>	<u>1,580,703</u>	<u>1,159,294</u>	<u>11,640,046</u>	<u>10,504,072</u>
Expenses						
General government	3,224,281	3,080,898			3,224,281	3,080,898
Public safety	3,178,404	3,160,536			3,178,404	3,160,536
Public works and streets	1,357,338	1,379,693			1,357,338	1,379,693
Health and welfare	123,589	123,627			123,589	123,627
Culture and recreation	1,418,639	1,076,784			1,418,639	1,076,784
Economic and community development	521,685	550,246			521,685	550,246
Interest on long-term debt	271,290	169,556			271,290	169,556
Wastewater			2,019,766	1,966,250	2,019,766	1,966,250
Total expenses	<u>10,095,226</u>	<u>9,541,340</u>	<u>2,019,766</u>	<u>1,966,250</u>	<u>12,114,992</u>	<u>11,507,590</u>
Increase/ (decrease) in net position	<u>(35,883)</u>	<u>(196,562)</u>	<u>(439,063)</u>	<u>(806,956)</u>	<u>(474,946)</u>	<u>(1,003,518)</u>
Net position (restated), beginning	<u>12,042,177</u>	<u>12,238,739</u>	<u>17,332,369</u>	<u>18,139,325</u>	<u>29,374,546</u>	<u>30,378,064</u>
Net position, ending	<u>\$ 12,006,294</u>	<u>\$ 12,042,177</u>	<u>\$ 16,893,306</u>	<u>\$ 17,332,369</u>	<u>\$ 28,899,600</u>	<u>\$ 29,374,546</u>

Governmental Activities. Total revenues from governmental activities increased by just over \$714 thousand (8%) from last year to just above \$10 million. This is seen almost exclusively in the \$886 thousand increase in Town sales taxes. All other revenue categories are reasonably similar to the previous year.

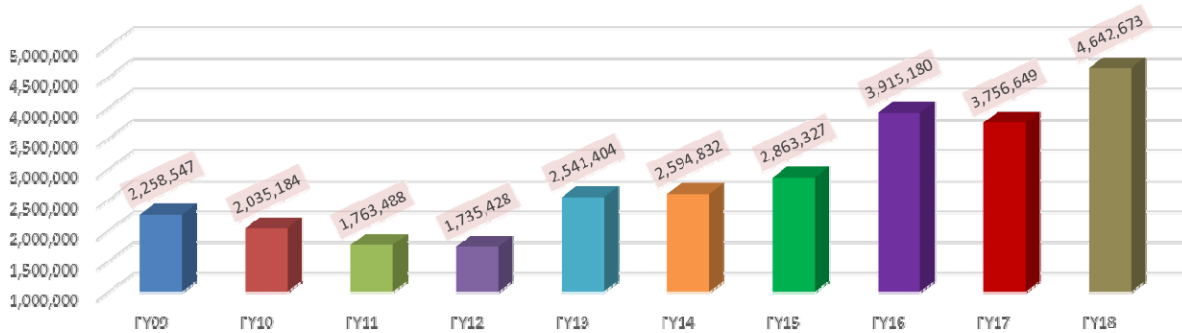
**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

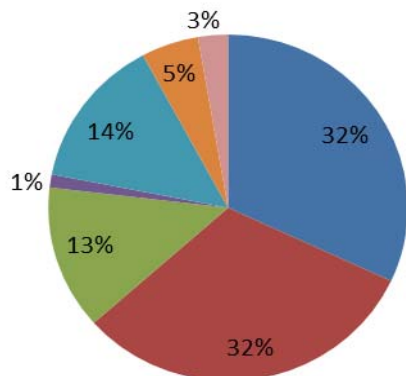
Local sales taxes are the largest source of revenue for the Town at over \$4.6 million with state shared revenues a distant second place at \$3.2 million. The two together make up 78% of the governmental activities revenues. The schedule below shows how the Town's local tax revenues have been increasing 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.

Annual Local Tax Revenues



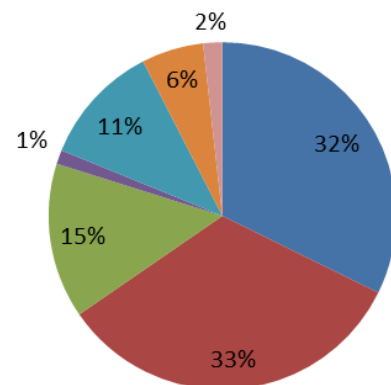
Total expenses increased 6% from FY17. These increases were focused around Culture and recreation and General government expense categories. The most significant portion of the increase comes from the Culture and recreation categories, most of which is from the sports park bond issuance costs of \$257,580. The remaining increases were spread across multiple departments within the General government category as well as Public safety. The table below shows how expenses are distributed within the Town governmental funds.

**Governmental
Fiscal Year 2018 Expenses**



- General government
- Public safety
- Public works and streets
- Health and welfare
- Culture and recreation
- Economic and community
- Interest on long-term debt

**Governmental
Fiscal Year 2017 Expenses**



**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-Type Activities. The wastewater fund saw a small 2% growth in revenues from user fees. However, a lawsuit settlement in FY18 brought in \$425 thousand as a 1-time revenue for the Town. Expenses increased as well similar to revenue growth at just 3%. Of the \$54 thousand increase in total fees, plant maintenance expenses (\$30 thousand increase) and consulting fees (\$37 thousand increase) had the biggest impact on increased expenses.

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, 2018		Year Ended June 30, 2017	
	Total Expenses	Net Exp / (Rev)	Total Expenses	Net (Exp) / Rev
Governmental activities				
General government	\$ 3,224,281	\$ 3,192,020	\$ 3,076,473	\$ 3,041,660
Public safety	3,178,404	2,762,086	3,156,111	2,620,452
Public works and streets	1,357,338	402,829	1,378,204	362,632
Health and welfare	123,589	123,589	123,627	123,627
Culture and recreation	1,418,639	1,236,061	1,075,309	749,459
Economic and community development	521,685	242,279	550,246	339,519
Interest on long-term debt	271,290	271,290	169,556	169,556
Net	\$ 10,095,226	\$ 8,230,154	\$ 9,529,526	\$ 7,406,905
Business-Type Activities				
Wastewater	2,019,766	866,832	1,964,571	829,198
Net	\$ 2,019,766	\$ 866,832	\$ 1,964,571	\$ 829,198
Total	\$ 12,114,992	\$ 9,096,986	\$ 11,494,097	\$ 8,236,103

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, 2018**



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 \$10.1 million, a nearly \$6.3 million increase from the prior year. Approximately 28 percent of the ending fund balance (\$2.8 million) constitutes *unassigned fund balance*, which is \$431 thousand higher 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 Park fund expenses (\$5.7 million) and various other grants and special programs (\$1.6 million).

The General Fund is the principal operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund was just over \$2.8 million which is \$431 thousand more than last year's \$2.4 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. For FY18, fund balance in the General Fund is 40% of total General Fund expenditures.

The fund balance in the Parks Fund shows the remaining funds available for development of the Camp Verde Sports Complex at \$5.66 million after the utilization of \$1.5 million towards park construction and financing costs.

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 \$439 thousand during FY18. Depreciation expense of \$853 thousand had the greatest impact on the decrease. 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 Park funds are provided in this report as required supplementary information. For the General Fund, revenues are \$520 thousand over budget while expenses were kept to \$126 thousand under budget. The Net change in fund balance, while budgeted to decrease \$215 thousand, increased \$645 thousand to just over \$2.8 million.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**

BUDGETARY HIGHLIGHTS (CONTINUED)

Budgetary highlights for the General Fund are as follows:

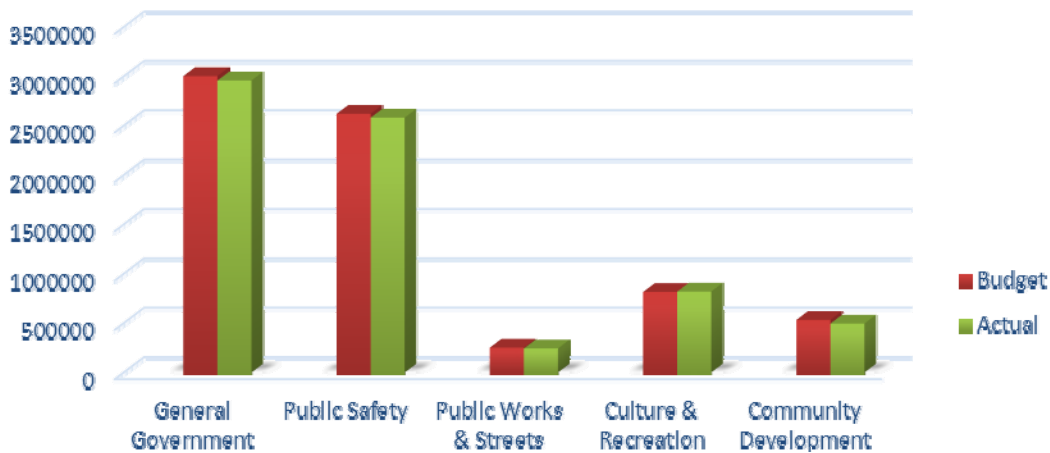
Revenues

- Local sales tax revenue was just over \$4.9 million this year. Construction saw the largest increase in sales tax categories at \$562 thousand, a 175% increase from the previous year. This, however should be taken with caution as a significant amount of that gain was due to a 1-time road construction project on a State highway that runs through the Town. The next largest increases came from: 1) Retail – \$209 thousand increase (13%) and 2) Restaurants – \$54 thousand increase (8%).

Expenses

- Total expenses were \$126 thousand short of budget, which is less than 2% short.
- There were no significant items or changes within the General Fund expenses.

General Fund Expenses: Budget to Actual



CAPITAL ASSETS

As of June 30, 2018, the Town had invested nearly \$26.6 million in governmental capital assets and \$24.9 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 \$965 thousand and \$853 thousand respectively. More information on capital assets can be found in the Notes to the Financial Statements under Note 6 – Capital Assets.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**

CAPITAL ASSETS (CONTINUED)

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,603,607	\$ 5,675,755	\$ 1,275,828	\$ 1,275,828	\$ 6,879,435	\$ 6,951,583
Construction in progress	1,529,054	853,739	257,701	162,140	1,786,755	1,015,879
Buildings and improvements	8,943,432	8,910,281	611,402	574,859	9,554,834	9,485,140
Infrastructure	5,276,527	4,807,176	21,844,420	21,414,728	27,120,947	26,221,904
Machinery and equipment	4,000,319	3,780,794	927,378	960,775	4,927,697	4,741,569
Improvements other than buildings	1,226,163	956,383	-	-	1,226,163	956,383
Accumulated depreciation	(6,353,397)	(5,468,238)	(7,684,768)	(6,896,971)	(14,038,165)	(12,365,209)
Total	\$ 20,225,705	\$ 19,515,890	\$ 17,231,961	\$ 17,491,359	\$ 37,457,666	\$ 37,007,249

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

- The Town began 2 major capital projects in FY18; development of the Camp Verde Sports Complex and additions and improvements at the wastewater plant. The sports complex is being developed with proceeds from a bond issue totaling \$7 million. Approximately \$1.5 million was added to construction in progress in FY18 for infrastructure and land improvements. The wastewater plant has only drawn down \$60,175 in expenses through FY18.
- The Town completed the Finney Flat sidewalk and library land improvements projects placing \$418 thousand into Infrastructure and \$270 thousand into Land improvements.
- The Wastewater fund placed Highway 260 expansion costs into service in FY18 accounting for the entire increase in infrastructure for business-type activities.

LONG-TERM LIABILITIES

As of June 30, 2018, the Town had just under \$20.7 million in long-term debt and long-term liabilities, \$19.6 million for governmental activities and \$1.1M for business-type activities. This represents a \$6.8 million increase attributable to the new Sports Complex bond. The most significant portion of the \$19.6 million governmental liabilities, \$12.0 million, is in bond and capital lease debt of which \$783 thousand is due within one year. Principle payments for bond and capital lease debt for the year were \$777 thousand in the governmental activities funds. The other significant component of governmental Long-term liabilities is the net pension liability for postemployment benefits of \$6.8 million which increased \$144 thousand from FY17.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018 and 2017. More information on debt and long-term liabilities can be found in the Notes to the Financial Statements under Note 8 – Long-Term Liabilities.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
2017 Revenue bonds	\$ 6,835,000	\$ -	\$ -	\$ -	\$ 6,835,000	\$ -
2017 Revenue bonds unamortized premium	196,769	-	-	-	196,769	-
2014 Revenue bonds	4,162,000	4,491,000			4,162,000	4,491,000
2011 Revenue bonds	562,115	643,856			562,115	643,856
Capital leases	469,090	535,903	383,926	489,862	853,016	1,025,765
Notes Payable	-	-	60,175		60,175	-
Net pension liability	6,821,405	6,677,127	586,912	595,954	7,408,317	7,273,081
Compensated absences	555,732	511,141	45,210	42,906	600,942	554,047
Total	\$ 19,602,111	\$ 12,859,027	\$ 1,076,223	\$ 1,128,722	\$ 20,678,334	\$ 13,987,749

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 tend to comprise approximately 75% on average of the Town's revenues. FY18 was a year of growth in tax revenues but not all of it is sustainable do to some 1-time revenue sources. As such, the FY19 budget while \$490 thousand higher than the FY18 budget, is actually \$93 thousand less (at \$4.5 million) than FY18's actual revenue received.

As predicted last year, several new stores and/or relocations into new buildings occurred in FY18 including: O'Reilly's auto parts, Circle K, Taco Bell and Vince's Auto Body. There are multiple local housing projects in the works or nearing completion including, high and low-end apartments, a gated community, new RV parks and other smaller projects. Finally, with the completion of the new library and construction started on the new Camp Verde Sports Complex, Camp Verde is positioning itself as a community able to host large events and offer top-rate amenities to its community.

FY18 saw the near-completion of the widening of Highway 260 North to 4 lanes with business access. While being a significant contribution to local construction taxes it has also opened 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, probably in the FY21 to FY22 time frame.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2018**



ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Staffing levels are expected to increase back to just over FY17 levels at 98.3 FTE's. Several departments saw increases in budgeted FTE's, the most significant being the Court – 1.0, the Marshal's office – 3.4, and the Library – 1.3. Our economic and expected residential growth along with the completion of the sports complex would suggest that staffing will continue to rise to meet the new demands on services, maintenance and security.

As expected last year, FY18 was another significant growth year for Camp Verde with numerous projects completed. Into FY19, 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,692,560	\$ 560,161	\$ 4,252,721
Cash held by trustee	6,884,763	-	6,884,763
Accounts receivable - net	143,973	171,841	315,814
Due from other governments	338,576	989	339,565
Loan receivable	123,023	-	123,023
Net other postemployment benefits asset	22,922	2,076	24,998
Capital assets, not being depreciated	7,132,661	1,533,529	8,666,190
Capital assets, being depreciated, net	13,093,044	15,698,432	28,791,476
Total assets	31,431,522	17,967,028	49,398,550
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	1,571,070	87,333	1,658,403
LIABILITIES			
Accounts payable	652,493	47,221	699,714
Accrued expenses	213,456	-	213,456
Interest payable	185,115	-	185,115
Unavailable revenue	11,110	-	11,110
Court bonds payable	1,906	-	1,906
Noncurrent liabilities			
Due within 1 year	1,329,780	152,794	1,482,574
Due in more than 1 year	18,272,331	923,429	19,195,760
Total liabilities	20,666,191	1,123,444	21,789,635
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	330,107	37,611	367,718
NET POSITION			
Net investment in capital assets	15,032,500	16,848,035	31,880,535
Restricted for:			
Highways and streets	990,077	-	990,077
Housing redevelopment	132,169	-	132,169
Special programs	97,417	-	97,417
Unrestricted (deficit)	(4,245,869)	45,271	(4,200,598)
Total net position	\$ 12,006,294	\$ 16,893,306	\$ 28,899,600

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Activities
Year Ended June 30, 2018

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	\$ 3,224,281	\$ 32,261	\$ -	\$ -	\$ (3,192,020)	\$ -	\$ (3,192,020)
Public safety	3,178,404	358,508	4,514	53,296	(2,762,086)	-	(2,762,086)
Public works and streets	1,357,338	7,755	927,339	19,415	(402,829)	-	(402,829)
Health and welfare	123,589	-	-	-	(123,589)	-	(123,589)
Culture and recreation	1,418,639	58,029	116,842	7,707	(1,236,061)	-	(1,236,061)
Community development	521,685	227,727	12,427	39,252	(242,279)	-	(242,279)
Interest of long-term debt	271,290	-	-	-	(271,290)	-	(271,290)
Total governmental activities	<u>10,095,226</u>	<u>684,280</u>	<u>1,061,122</u>	<u>119,670</u>	<u>(8,230,154)</u>	<u>-</u>	<u>(8,230,154)</u>
Business-type activities							
Wastewater	2,019,766	1,152,934	-	-	-	(866,832)	(866,832)
Total business-type activities	<u>2,019,766</u>	<u>1,152,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(866,832)</u>	<u>(866,832)</u>
Total primary government	<u>\$ 12,114,992</u>	<u>\$ 1,837,214</u>	<u>\$ 1,061,122</u>	<u>\$ 119,670</u>	<u>\$ (8,230,154)</u>	<u>\$ (866,832)</u>	<u>\$ (9,096,986)</u>
General revenue:							
Taxes:							
Sales Taxes					4,642,673	-	4,642,673
Franchise tax					286,341	-	286,341
State shared revenue					3,233,989	-	3,233,989
Investment income					17,889	2,769	20,658
Miscellaneous					13,379	-	13,379
Special item - Settlements					-	425,000	425,000
Total general revenues and special items					<u>8,194,271</u>	<u>427,769</u>	<u>8,622,040</u>
Change in net position					<u>(35,883)</u>	<u>(439,063)</u>	<u>(474,946)</u>
Net position - restated, July 1, 2017					<u>12,042,177</u>	<u>17,332,369</u>	<u>29,374,546</u>
Net position, June 30, 2018					<u>\$ 12,006,294</u>	<u>\$ 16,893,306</u>	<u>\$ 28,899,600</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Parks Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,095,786	\$ -	\$ 1,596,774	\$ 3,692,560
Cash held by trustee	825,660	6,059,103	-	6,884,763
Accounts receivable, net	143,973	-	-	143,973
Due from other governments	249,716	-	88,860	338,576
Loans receivable	58,155	-	64,868	123,023
Total assets	<u>\$ 3,373,290</u>	<u>\$ 6,059,103</u>	<u>\$ 1,750,502</u>	<u>\$ 11,182,895</u>
LIABILITIES				
Accounts payable	\$ 235,108	\$ 397,499	\$ 19,886	\$ 652,493
Accrued expenses	213,456	-	-	213,456
Court bonds payable	1,906	-	-	1,906
Total liabilities	<u>450,470</u>	<u>397,499</u>	<u>19,886</u>	<u>867,855</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	103,155	-	75,978	179,133
FUND BALANCES				
Restricted	-	5,661,604	1,154,795	6,816,399
Committed	-	-	25,743	25,743
Assigned	-	-	474,100	474,100
Unassigned	2,819,665	-	-	2,819,665
Total fund balances	<u>2,819,665</u>	<u>5,661,604</u>	<u>1,654,638</u>	<u>10,135,907</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,373,290</u>	<u>\$ 6,059,103</u>	<u>\$ 1,750,502</u>	<u>\$ 11,182,895</u>

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, 2018

Fund balances--total governmental funds \$ 10,135,907

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	26,579,102	
Less accumulated depreciation	<u>(6,353,397)</u>	20,225,705

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

Loan receivable	123,023	
Due from other governments	<u>45,000</u>	168,023

Net pension assets held in trust for future benefits are not available for operations and, therefore, are not reported in the funds.

22,922

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

Pension related deferred outflows	1,571,070	
Pension related deferred inflows	<u>(330,107)</u>	1,240,963

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	(555,732)	
Net pension liability/OPEB	(6,821,405)	
Revenue bonds payable	(11,755,884)	
Capital leases	(469,090)	
Interest payable	<u>(185,115)</u>	<u>(19,787,226)</u>

Net position of governmental activities \$ 12,006,294

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, 2018

	General Fund	Parks Fund	Non-Major Governmental Funds	Total Governmental Fund
Revenue				
Taxes	\$ 4,929,014	\$ -	\$ -	\$ 4,929,014
Intergovernmental	3,475,184	-	1,053,609	4,528,793
Fines and forfeitures	144,415	-	23,577	167,992
Licenses and permits	204,715	-	-	204,715
Charges for services	115,919	-	-	115,919
Contributions	-	-	35,333	35,333
Investment income	2,982	-	14,906	17,888
Other revenue	32,864	-	18,178	51,042
Total revenue	<u>8,905,093</u>	<u>-</u>	<u>1,145,603</u>	<u>10,050,696</u>
Expenditures				
Current				
General government	2,925,190	-	207,095	3,132,285
Public safety	2,579,451	-	43,583	2,623,034
Public works and streets	258,741	-	624,395	883,136
Health and welfare	5,000	-	118,589	123,589
Culture and recreation	819,680	-	83,676	903,356
Community development	493,695	-	-	493,695
Capital outlay	16,002	1,254,455	476,440	1,746,897
Debt service				
Principal	1,867	-	774,921	776,788
Interest	468	-	159,278	159,746
Issuance cost	-	257,580	-	257,580
Total expenditures	<u>7,100,094</u>	<u>1,512,035</u>	<u>2,487,977</u>	<u>11,100,106</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,804,999</u>	<u>(1,512,035)</u>	<u>(1,342,374)</u>	<u>(1,049,410)</u>
Other financing sources				
Bond proceeds	-	6,835,000	-	6,835,000
Bond premium	-	196,769	-	196,769
Capital lease acquisition	-	-	296,445	296,445
Transfers (out)	(1,374,326)	141,870	1,232,456	-
Total other financing sources	<u>(1,374,326)</u>	<u>7,173,639</u>	<u>1,528,901</u>	<u>7,328,214</u>
Net change in fund balances	430,673	5,661,604	186,527	6,278,804
Fund balances, July 1, 2017	2,388,992	-	1,468,111	3,857,103
Fund balances, June 30, 2018	<u>\$ 2,819,665</u>	<u>\$ 5,661,604</u>	<u>\$ 1,654,638</u>	<u>\$ 10,135,907</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, 2018

Net change in fund balances--total governmental funds		\$ 6,278,804
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 are allocated over their estimated useful lives as depreciation expense.		
Capital outlay	1,746,897	
Depreciation expense	<u>(964,934)</u>	781,963
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.		
Bond acquisition	(7,031,769)	
Lease acquisition	(296,445)	
Principal payments on debt	<u>774,000</u>	(6,554,214)
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.		
		(108,756)
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	(44,591)	
Pension/OPEB related items	(290,485)	
PSPRS-Parker case liability	<u>81,019</u>	(254,057)
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.		
		(165,630)
In the Statement of Activities, 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.		
		<u>(13,993)</u>
Change in net position of governmental activities		<u><u>\$ (35,883)</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Net Position
Proprietary Fund
Year Ended June 30, 2018

	Wastewater Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 560,161
Accounts receivable - net	171,841
Due from other governments	989
Net other postemployment benefits asset	2,076
Total current assets	735,067
Noncurrent assets	
Capital assets, not being depreciated	1,533,529
Capital assets, being depreciated, net	15,698,432
Total noncurrent assets	17,231,961
Total assets	17,967,028
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions and other postemployment benefits	87,333
LIABILITIES	
Current liabilities	
Accounts payable	47,221
Compensated absences, current	45,210
Capital leases payable, current	107,584
Total current liabilities	200,015
Noncurrent liabilities	
Capital leases payable	276,342
Notes payable	60,175
Net pension and other postemployment liability	586,912
Total noncurrent liabilities	923,429
Total liabilities	1,123,444
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and other postemployment benefits	37,611
NET POSITION	
Net investment in capital assets	16,848,035
Unrestricted (deficit)	45,271
Total net position	\$ 16,893,306

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, 2018

	Wastewater Fund
Operating revenues	
Sewer charges	\$ 1,134,263
Miscellaneous	18,671
Total operating revenues	1,152,934
 Operating expenses	
Personnel	542,774
Materials and supplies	111,492
Professional services	78,401
Utilities	123,389
Insurance	29,300
Other	102,162
Repairs and maintenance	172,267
Depreciation	852,797
Total operating expenses	2,012,582
Operating income (loss)	(859,648)
 Nonoperating revenues (expenses)	
Interest income	2,769
Settlements	425,000
Interest expense	(7,184)
Increase (decrease) in net position	(439,063)
Total net position, beginning of year, as restated	17,332,369
Total net position, end of year	\$ 16,893,306

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, 2018

	Wastewater Fund
Cash flows from operating activities:	
Receipts from customers	\$ 1,142,909
Payments to suppliers and providers of goods and services	(573,995)
Payments to employees	(540,470)
Net cash provided (used) by operating activities	28,444
 Cash flows from noncapital financing activities:	
Settlement proceeds	425,000
 Cash flows from capital and related financing activities:	
Proceeds from issuance of notes payable	60,175
Purchase of capital assets	(593,199)
Principal payments on capital leases payable	(105,936)
Interest paid	(7,184)
Net cash provided (used) by capital and related financing activities	(646,144)
 Cash flows from investing activities:	
Interest received	2,769
 Net increase (decrease) in cash and cash equivalents	(189,931)
 Cash and cash equivalents, beginning of year	750,092
 Cash and cash equivalents, end of year	\$ 560,161

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, 2018
(Continued)

		Wastewater Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$	(859,648)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		852,797
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Accounts receivable		(11,130)
Due from other governments		1,105
Deferred outflows of resources related to pensions and other postemployment benefits		54,200
Accounts payable		34,277
Accrued expenses		2,304
Net pension and other postemployment benefits and liabilities		(11,118)
Deferred inflows of resources related to pensions and other postemployment benefits		(34,343)
		(34,343)
Net cash provided (used) by operating activities	\$	28,444

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Fiduciary Assets and Liabilities
June 30, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 407,059</u>
Total assets	<u>407,059</u>
LIABILITIES	
Deposits held for others	<u>407,059</u>
Total liabilities	<u><u>\$ 407,059</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

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, 2018

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.

Parks Fund – This fund accounts for the capital spending of resources via debt proceeds for the construction of the Town’s parks.

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.

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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Basis of Accounting

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

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

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

D. Cash and Investments

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

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. The amount recorded at June 30, 2018 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 - 30
Improvements	5,000	Straight-line	18 - 75
Infrastructure	5,000	Straight-line	15
Furniture, machinery, and equipment	5,000	Straight-line	5 - 10
Vehicles	5,000	Straight-line	5 - 10

G. 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.

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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

The unrestricted fund balance category is composed of committed, assigned, and unassigned resources. Committed fund balances are self-imposed limitations that the Town Council has approved, which is the highest level of decision-making authority within the Town. Only the Town Council can remove or change the constraints placed on committed fund balances.

Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but that are neither restricted nor committed. The Town Council has authorized the Town manager to assign resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

When an expenditure is incurred that can be paid from either restricted or unrestricted fund balances, it is the Town's policy to use (the Town will use) restricted fund balance first. It is the Town's policy to use (the Town will use) committed amounts first when disbursing unrestricted fund balances, followed by assigned amounts, and lastly unassigned amounts.

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. Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB 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.

M. 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, 2018, if any.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), as amended by GASB Statement No. 85, *Omnibus 2017*.

	Governmental Activities	Business-type Activities	Wastewater Fund
Net position as previously reported at June 30, 2017	\$ 12,053,991	\$ 17,334,048	\$ 17,334,048
Prior period adjustments-implementation of GASB 75:			
Net OPEB liability (measurement date as of June 30, 2016)	(33,190)	(4,718)	(4,718)
Deferred outflows-Town contributions made during fiscal year 2017	21,376	3,039	3,039
Total prior period adjustment	(11,814)	(1,679)	(1,679)
Net position, as restated, July 1, 2017	\$ 12,042,177	\$ 17,332,369	\$ 17,332,369

NOTE 3 – 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.

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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 3 – DEPOSITS AND INVESTMENTS

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, 2018, 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	\$ 13,201	\$ 13,201	\$ -	0.84
Negotiable Certificates of Deposits				
Ally Bank	248,723	249,793	-	15.76
U.S. Agencies				
Federal Farm Credit Bank	494,800	494,800	-	31.36
Federal Home Loan MTG CORP	434,889	-	434,889	27.56
Federal Home Loan Bank	386,388	-	386,388	24.49
	<u>\$ 1,578,001</u>	<u>\$ 757,794</u>	<u>\$ 821,277</u>	<u>100.00</u>

The Town reported investments in the State Treasurer’s Investment Pool 5 with a reported amount of \$735,258. 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, 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 3 – DEPOSITS AND INVESTMENTS- Continued

The Town’s investments at June 30, 2018, 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	\$ 13,201	Aaa/AA+/AAA	\$ 13,201	\$ -
Negotiable Certificates of Deposits				
Ally Bank	248,723	N/A	-	248,723
U.S. Agencies				
Federal Farm Credit Bank	494,800	Aaa/AA+/AAA	-	494,800
Federal Home Loan MTG CORP	434,889	Aaa/AA+/AAA	-	434,889
Federal Home Loan Bank	386,388	Aaa/AA+/AAA	-	386,388
Total Investments by Fair Value Level	<u>1,578,001</u>		<u>\$ 13,201</u>	<u>\$ 1,564,800</u>
External Investment Pools at Fair Value				
State Treasurer's Investment Pool 5	735,258	AAA/S1 +		
Total Investments at Fair Value	<u>\$ 2,313,259</u>			

Deposits — At June 30, 2018, the carrying amount of the Town’s total cash in bank was \$8,822,715, and the bank balance was \$8,955,284. Of the bank balance, \$1,271,396 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, 2018 consist of the following:

	Governmental Activities	Business-type Activities	Total
Deposits			
Cash on hand	\$ 1,360	\$ 150	\$ 1,510
Cash held by trustee	6,884,763	-	6,884,763
Amount of deposits	1,377,941	560,011	1,937,952
Investments			
State treasurer's investment pool 5	735,258	-	735,258
U.S. Securities	1,578,001	-	1,578,001
Total	<u>\$ 10,577,323</u>	<u>\$ 560,161</u>	<u>\$ 11,137,484</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 4 – ACCOUNTS RECEIVABLE

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. As of June 30, 2018, the Town’s receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$143,973 in various miscellaneous receivables. The Town considers these accounts to be 100% collectible.

As of June 30, 2018, the Town’s receivables for individual major proprietary funds consisted of wastewater fees billed to customers totaling \$226,841. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$55,000.

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2018 consisted of the following:

	General Fund	Non-Major Governmental Funds	Wastewater Fund
State of Arizona			
Highway user revenues	\$ -	\$ 85,185	\$ -
State and city sales tax revenues	220,078	-	-
GOHS grant revenues	-	3,675	-
Yavapai County			
Vehicle licensing tax revenues	29,638	-	-
Miscellaneous	-	-	989
	<u>\$ 249,716</u>	<u>\$ 88,860</u>	<u>\$ 989</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance <u>July 01, 2017</u>	Increase	Decreases	Balance <u>June 30, 2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,675,755	\$ -	\$ (72,148)	\$ 5,603,607
Construction in progress	<u>853,739</u>	<u>1,364,070</u>	<u>(688,755)</u>	<u>1,529,054</u>
Total capital assets not being depreciated	<u>6,529,494</u>	<u>1,364,070</u>	<u>(760,903)</u>	<u>7,132,661</u>
Capital assets being depreciated:				
Buildings and improvements	8,910,281	33,151	-	8,943,432
Infrastructure	4,807,176	469,351	-	5,276,527
Machinery and equipment	3,780,794	299,300	(79,775)	4,000,319
Improvements other than buildings	<u>956,383</u>	<u>269,780</u>	<u>-</u>	<u>1,226,163</u>
Total	<u>18,454,634</u>	<u>1,071,582</u>	<u>(79,775)</u>	<u>19,446,441</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,101,248)	(274,209)	-	(1,375,457)
Infrastructure	(1,402,994)	(250,596)	-	(1,653,590)
Machinery and equipment	(2,496,404)	(406,349)	79,775	(2,822,978)
Improvements other than buildings	<u>(467,592)</u>	<u>(33,780)</u>	<u>-</u>	<u>(501,372)</u>
Total	<u>(5,468,238)</u>	<u>(964,934)</u>	<u>79,775</u>	<u>(6,353,397)</u>
Total capital assets being depreciated, net	<u>12,986,396</u>	<u>106,648</u>	<u>-</u>	<u>13,093,044</u>
Governmental activities capital assets, net	<u>\$ 19,515,890</u>	<u>\$ 1,470,718</u>	<u>\$ (760,903)</u>	<u>\$ 20,225,705</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 6 – CAPITAL ASSETS – Continued

	<u>Balance</u> <u>July 01, 2017</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,275,828	\$ -	\$ -	\$ 1,275,828
Construction in progress	162,140	539,988	(444,427)	257,701
Total capital assets not being depreciated	<u>1,437,968</u>	<u>539,988</u>	<u>(444,427)</u>	<u>1,533,529</u>
Capital assets being depreciated:				
Buildings and improvements	574,859	36,543	-	611,402
Infrastructure systems	21,414,728	429,692	-	21,844,420
Vehicles and equipment	960,775	31,603	(65,000)	927,378
Total	<u>22,950,362</u>	<u>497,838</u>	<u>(65,000)</u>	<u>23,383,200</u>
Less accumulated depreciation for:				
Buildings and improvements	(116,736)	(29,875)	-	(146,611)
Infrastructure	(6,458,582)	(696,928)	-	(7,155,510)
Vehicles and equipment	(321,653)	(125,994)	65,000	(382,647)
Total	<u>(6,896,971)</u>	<u>(852,797)</u>	<u>65,000</u>	<u>(7,684,768)</u>
Total capital assets being depreciated, net	<u>16,053,391</u>	<u>(354,959)</u>	<u>-</u>	<u>15,698,432</u>
Business-type activities capital assets, net	<u>\$ 17,491,359</u>	<u>\$ 185,029</u>	<u>\$ (444,427)</u>	<u>\$ 17,231,961</u>

Depreciation expense was charged to each function as follows:

Governmental activities:	
Public works and streets	\$ 453,073
Public safety	213,611
Culture and recreation	240,228
General government	52,071
Economic and community development	5,951
Total governmental activities depreciation expense	<u>\$ 964,934</u>
Business-type activities:	
Wastewater fund	<u>\$ 852,797</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 7 – LOANS RECEIVABLE

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, 2018, the Town had the following loans receivable.

CDBG Home loans (Housing fund - nonmajor)	\$	64,868
Property sale loan (General fund)		58,155
		\$ 123,023

NOTE 8 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2018.

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due within 1 year
Governmental activities:					
Compensated absences	\$ 511,141	\$ 455,163	\$ 410,572	\$ 555,732	\$ 547,007
Capital leases payable	535,903	299,233	366,046	469,090	205,835
Net pension and other postemployment benefits liability	6,677,127	144,278	-	6,821,405	-
Bonds payable:					
Revenue bonds	5,134,856	6,835,000	410,741	11,559,115	576,938
Unamortized premium	-	196,769	-	196,769	-
Governmental activities long-term liabilities	\$ 12,859,027	\$ 7,930,443	\$ 1,187,359	\$ 19,602,111	\$ 1,329,780
Business-type activities:					
Compensated absences	\$ 42,906	\$ 42,009	\$ 39,705	\$ 45,210	\$ 45,210
Capital leases payable	489,862	-	105,936	383,926	107,584
Notes payable	-	60,175	-	60,175	-
Net pension and other postemployment benefits liability	595,954	-	9,042	586,912	-
Business-type activities long-term liabilities	\$ 1,128,722	\$ 102,184	\$ 154,683	\$ 1,076,223	\$ 152,794

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 8 – LONG-TERM LIABILITIES - Continued

Bonds Payable:

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

In December 2017, the Town issued bonds totaling \$6,835,000 to finance capital improvements within the Town. 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.

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2018</u>
Revenue Bonds, Series 2011	\$ 1,005,000	2012-2023	3.91%	\$ 562,115
Revenue Refunding Bonds, Series 2014	4,904,000	2016-2031	2.84%	4,162,000
Revenue Bonds, Series 2017	<u>6,835,000</u>	2018-2044	2.00% - 4.00%	<u>6,835,000</u>
Totals	<u>\$12,744,000</u>			<u>\$11,559,115</u>

The following schedule details debt service requirements to maturity for the Town's bonds payable at June 30, 2018.

Year Ending June 30	<u>Governmental Activities</u>					
	<u>2011 Bond Payable</u>		<u>2014 Bond Payable</u>		<u>2017 Bond Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 84,938	\$ 20,318	\$ 337,000	\$ 113,415	\$ 155,000	\$ 115,026
2020	88,259	16,932	346,000	103,717	160,000	221,950
2021	91,709	13,414	360,000	93,692	165,000	218,750
2022	95,295	9,758	370,000	83,326	170,000	215,450
2023	99,021	5,959	378,000	72,704	175,000	210,350
2024-2028	102,893	2,012	1,548,000	215,016	980,000	950,100
2029-2033	-	-	823,000	35,486	1,200,000	737,500
2034-2038	-	-	-	-	1,430,000	506,400
2039-2043	-	-	-	-	1,660,000	274,845
2044-2045	-	-	-	-	740,000	34,844
Total	<u>\$ 562,115</u>	<u>\$ 68,393</u>	<u>\$4,162,000</u>	<u>\$ 717,356</u>	<u>\$ 6,835,000</u>	<u>\$ 3,485,215</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 8 – LONG-TERM LIABILITIES - Continued

Notes Payable:

On April 20, 2018, the Town entered into a note agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) for the construction of wastewater facility improvements. The original note term was for \$3,487,210 with \$1,000,000 forgivable principal and a \$2,487,210 repayment amount. As of June 30, 2018, the Town had drawn \$60,175 and has not met the forgivable principal requirement. As of June 30, 2018, the Town has \$3,427,037 available to draw on the note. The note requires the first payment of interest on July 1, 2018 with interest due semi-annually at 2.183% and principal due annually for 25 years. The note matures July 1, 2042.

Year Ending June 30	Business-type Activities		
	Principal	Interest	Total
2019	\$ -	\$ 37,856	\$ 37,856
2020	60,175	53,423	113,598
Total	\$ 60,175	\$ 91,279	\$ 151,454

Capital Leases Payable:

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:

	Governmental Activities	Business-type Activities
Machinery and equipment	\$ 636,038	\$ 542,451
Less: accumulated depreciation	(261,175)	(127,856)
Carrying value	\$ 374,863	\$ 414,595

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 8 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2018.

Year Ending June 30	Governmental Activities	Business-type Activities
2019	\$ 214,763	\$ 113,120
2020	212,989	113,120
2021	55,494	113,120
2022	-	56,560
Total minimum lease payments	483,246	395,920
Less amount representing interest	(14,156)	(11,994)
Present value of net minimum lease payments	<u>\$ 469,090</u>	<u>\$ 383,926</u>

NOTE 9 – 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 \$118,589. Total sales tax and state-shared revenues recognized by the Town totaled \$7.1 million.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 10 – INTERFUND BALANCES AND ACTIVITY

Interfund transfers – During the year ended June 30, 2018, 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)	
Debt Service Fund (non-major)	\$ 1,052,788	\$ -	\$ -	\$ 1,052,788
Capital Improvement Fund (non-major)	166,029	404,017	47,270	617,316
Parks Fund	141,870	-	-	141,870
Library Building Fund (non-major)	13,163	-	-	13,163
Donations Fund (non-major)	476	-	-	476
Total	<u>\$ 1,374,326</u>	<u>\$ 404,017</u>	<u>\$ 47,270</u>	<u>\$ 1,825,613</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

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	\$ 990,077
Housing redevelopment:	
Loans Receivable	64,868
Other	67,301
Court Special Revenue:	
Court Enhancement	18,916
Fill the Gap	15,387
Local JCEF	18,619
Nonfederal grants	
Anti-racketeering	5,425
Federal grants	
Department of Justice	2,574
LSTA	362
9-1-1	1,361
Donations:	
Animal Shelter	140
Camp Verde Marshal's Office	155
Tree planting	1,420
Library	10,616
Parks and Recreation	11,884
Safety fund	6,409
Economic development	3,722
Volunteers in Police Services	427
Total Restricted Net Position	\$ 1,219,663

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

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

The components of governmental fund balances are as follows:

	General Fund	Parks Fund	Non-Major Gov't'l Funds	Total Gov't'l Funds
Ending Fund balances, June 30, 2018				
Restricted for:				
Park improvements	\$ -	\$ 5,661,604	\$ -	\$ 5,661,604
Highways and streets	-	-	990,077	990,077
Housing redevelopment	-	-	67,301	67,301
Court special revenue				
Court enhancement	-	-	18,916	18,916
Fill the gap	-	-	15,387	15,387
Local JCEF	-	-	18,619	18,619
Nonfederal grants				
Anti-racketeering	-	-	5,425	5,425
Federal grants				
Department of Justice	-	-	2,574	2,574
LSTA	-	-	362	362
9-1-1	-	-	1,361	1,361
Donations				
Animal shelter	-	-	140	140
Camp Verde Marshal's office	-	-	155	155
Tree planting	-	-	1,420	1,420
Library	-	-	10,616	10,616
Parks and recreation	-	-	11,884	11,884
Safety fund	-	-	6,409	6,409
Economic development	-	-	3,722	3,722
Volunteers in police service	-	-	427	427
Total restricted	<u>-</u>	<u>5,661,604</u>	<u>1,154,795</u>	<u>6,816,399</u>
Committed for:				
Legal defense	<u>-</u>	<u>-</u>	<u>25,743</u>	<u>25,743</u>
Assigned for:				
Capital improvements	-	-	473,723	473,723
Library media	-	-	377	377
Total assigned	<u>-</u>	<u>-</u>	<u>474,100</u>	<u>474,100</u>
Unassigned:	<u>2,819,665</u>	<u>-</u>	<u>-</u>	<u>2,819,665</u>
Ending Fund Balances	<u>\$ 2,819,665</u>	<u>\$ 5,661,604</u>	<u>\$ 1,654,638</u>	<u>\$ 10,135,907</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

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, 2018, the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

	Statement of Net Position and Statement of Activities		
	Governmental Activities	Business-Type Activities	Total
Net OPEB assets	\$ 22,922	\$ 2,076	\$ 24,998
Net pension and OPEB liabilities	6,821,405	586,912	7,408,317
Deferred outflows of resources related to pension and OPEB	1,571,070	87,333	1,658,403
Deferred inflows of resources related to pension and OPEB	330,107	37,611	367,718
Pension expense and OPEB	874,707	52,400	927,107

The Town reported \$584,222 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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.

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:

	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 retirement benefit option chosen determines the survivor benefit. 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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

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, 2018, statute required active ASRS members to contribute at the actuarially determined rate of 11.50 percent (11.34 percent for retirement and 0.16 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 11.50 percent (10.90 percent for retirement, 0.44 percent for health insurance premium benefit, and 0.16 percent for long-term disability) of the active members’ annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.49 percent (9.26 percent for retirement, 0.01 percent for health insurance premium benefit, and 0.13 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town’s contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2018, were \$333,697, \$13,470, and \$4,898, respectively

During fiscal year 2018, the Town paid for ASRS pension and OPEB contributions as follows: 81.1 percent from the General Fund, 6.5 percent from the HURF Fund (nonmajor) and 12.4 percent from the Wastewater Fund.

Liability – At June 30, 2018, the Town reported the following asset and liabilities for its proportionate share of the ASRS’ net pension/OPEB asset or liability.

	Pension/OPEB (Asset)
	Liability
Pension	\$ 4,704,571
Health insurance premium benefit	(16,680)
Long-term disability	10,990

The net asset and net liabilities were measured as of June 30, 2017. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2016, to the measurement date of June 30, 2017. The total pension liability as of June 30, 2018, reflects a change in actuarial assumption related to changes in loads for future potential permanent benefit increases.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The Town’s proportion of the net asset or net 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, 2017. The Town’s proportions measured as of June 30, 2017, and the change from its proportions measured as of June 30, 2016, were:

	<u>Proportion</u> <u>June 30, 2017</u>	<u>Increase</u> <u>(decrease) from</u> <u>June 30, 2016</u>
Pension	0.03020%	-0.00077%
Health insurance premium benefit	0.03064%	0.00000%
Long-term disability	0.03032%	0.00000%

The net asset and net liabilities measured as of June 30, 2018, 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 asset and net liabilities as a result of these changes is not known.

Expense – For the year ended June 30, 2018, the Town recognized the following pension and OPEB expense.

	<u>Pension/OPEB</u> <u>Expense</u>
Pension	405,393
Health insurance premium benefit	9,756
Long-term disability	5,863

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Deferred Outflows/Inflows of Resources—At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	<u>Pension</u>		<u>Health Insurance Premium Benefit</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 141,069	\$ -	
Changes of assumptions or other inputs	204,330	140,675	-	
Net difference between projected and actual earnings on pension plan investments	33,776	-	-	18,781
Changes in proportion and differences between contributions and proportionate share of contributions	111,511	-	-	19
Contributions subsequent to the measurement date	333,697	-	13,470	-
Total	\$ 683,314	\$ 281,744	\$ 13,470	\$ 18,800

	<u>Long-Term Disability</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,644
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	2
Town contributions subsequent to the measurement date	4,898	-
Total	\$ 4,898	\$ 1,646

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2019	\$ (125,126)	\$ (4,700)	(412)
2020	235,779	(4,700)	(412)
2021	65,439	(4,700)	(411)
2022	(108,219)	(4,699)	(411)
2023	-	-	-
Thereafter	-	-	-

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

Actuarial valuation date	June 30, 2016
Actuarial roll forward date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3 - 6.75% for pensions/not applicable for OPEB
Inflation	3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	1994 GAM Scale BB
Healthcare cost trend rate	Not applicable

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, 2012.

The long-term expected rate of return on ASRS plan investments was determined to be 8.70 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic 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/OPEB liability was 8 percent, which is less than the long-term expected rate of return of 8.7 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension/OPEB liability calculated using the discount rate of 8 percent, as well as what the Town’s proportionate share of the net pension/OPEB 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:

	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
Town's Proportionate share of the			
Net pension liability	\$ 6,038,399	\$ 4,704,571	\$ 3,590,044
Net insurance premium benefit liability (asset)	27,701	(16,680)	(54,397)
Net long-term disability liability	13,142	10,990	9,166

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

B. Public Safety Personnel Retirement System

Plan Descriptions – Town police employees participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) 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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues publicly available financial report that includes financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

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

	Initial Membership Date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 36 consecutive months of last 20 years
Benefit percentage		
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%	1.25% to 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% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments. The adjustments are based on inflation. 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the agent plans’ benefit terms:

	PSPRS Police	
	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	8	8
Inactive employees entitled to but not yet receiving benefits	3	0
Active employees	17	17
Total	28	25

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, 2018, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	Active Member- Pension	Town-Pension	Town-Health Insurance Premium Benefit
PSPRS Police	7.65% - 11.65%	33.36%	0.50%
PSPRS Tier 3 Risk Pool	9.94%	9.68%	0.26%

The Town’s contributions to the plans for the year ended June 30, 2018, were:

	Pension	Health Insurance Premium Benefit
PSPRS Police	\$ 301,845	\$ 4,583
PSPRS Tier 3 Risk Pool	\$ 2,449	\$ 66

During fiscal year 2018, the Town paid for 100 percent of PSPRS pension and OPEB contributions from the General Fund.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Liability – At June 30, 2018, the Town reported the following liability:

	Net Pension (Asset) Liability	Net OPEB (Asset) Liability
PSPRS Police	\$ 2,692,756	\$ (8,318)

The net assets and net liabilities were measured as of June 30, 2017, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2017, reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pension liabilities for PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decision that decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 30, 2018, because of refunds of excess member contributions. The change in the Town’s PSPRS net pension liabilities as a result of the refunds is not known.

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

PSPRS

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The long-term expected rate of return on PSPRS plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 Geometric Real Rate of Return</u>
Short term investments	2%	0.25%
Absolute return	2%	3.75%
Risk parity	4%	5.00%
Fixed Income	5%	1.25%
Real assets	9%	4.52%
GTAA	10%	3.96%
Private credit	12%	6.75%
Real estate	10%	3.75%
Credit opportunities	16%	5.83%
Non-U.S. equity	14%	8.70%
U.S. equity	16%	7.60%
Total	<u>100%</u>	

Discount Rates – At June 30, 2017, the discount rate used to measure the PSPRS total pension/OPEB liabilities was 7.4 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2016. 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the Net Pension/OPEB Liability (Asset)

	Pension		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 5,796,006	\$ 3,311,131	\$ 2,484,875
Changes for the year			
Service Cost	203,294	-	203,294
Interest on the total pension liability	430,229	-	430,229
Changes of benefit terms	53,055	-	53,055
Differences between expected and actual experience in the measurement of the pension liability	99,752	-	99,752
Changes of assumptions or other inputs	160,550	-	160,550
Contributions-employer	-	251,099	(251,099)
Contributions-employee	-	98,238	(98,238)
Net investment income	-	392,528	(392,528)
Benefit payments, including refunds of employee contributions	(322,536)	(322,536)	-
Administrative expense	-	(3,873)	3,873
Other changes	-	1,007	(1,007)
Net changes	624,344	416,463	207,881
Balances at June 30, 2018	\$ 6,420,350	\$ 3,727,594	\$ 2,692,756
	Health Insurance Premium Benefit		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 185,787	\$ 167,635	\$ 18,152
Changes for the year			
Service Cost	4,851	-	4,851
Interest on the total pension liability	13,808	-	13,808
Changes of benefit terms	5,646	-	5,646
Differences between expected and actual experience in the measurement of the pension liability	(20,723)	-	(20,723)
Changes of assumptions or other inputs	(6,818)	-	(6,818)
Contributions-employer	-	3,796	(3,796)
Contributions-employee	-	-	-
Net investment income	-	19,613	(19,613)
Benefit payments, including refunds of employee contributions	(8,205)	(8,205)	-
Administrative expense	-	(175)	175
Other changes	-	-	-
Net changes	(11,441)	15,029	(26,470)
Balances at June 30, 2018	\$ 174,346	\$ 182,664	\$ (8,318)

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

Sensitivity of the Town’s Net Pension/OPEB Liability to Changes in the Discount Rate – The following table presents the Town’s net pension/OPEB (assets) liabilities calculated using the discount rate of 7.4 percent, as well as what the Town’s net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.4 percent) or 1 percentage point higher (8.4 percent) than the current rate:

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSPRS Police			
Net pension (asset) liability	\$ 3,620,589	\$ 2,692,756	\$ 1,941,340
Net OPEB (asset) liability	12,499	(8,318)	(25,669)

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

Expense – For the year ended June 30, 2018, the Town recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Police	\$ 499,514	\$ 6,581

Deferred Outflows/Inflows of Resources – At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,789	\$ 36,273	\$ -	\$ 17,671
Changes of assumptions or other inputs	478,258	-	-	5,814
Net difference between projected and actual earnings on pension plan investments	46,731	-	-	5,770
Contributions subsequent to the measurement date	304,294	-	4,649	-
Total	\$ 952,072	\$ 36,273	\$ 4,649	\$ 29,255

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2018

NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS – Continued

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ended June 30,	PSPRS Police	
	Pension	Health
2019	\$ 157,541	\$ (5,498)
2020	186,997	(5,498)
2021	161,872	(5,498)
2022	62,365	(5,500)
2023	42,730	(4,056)
Thereafter	-	(3,205)



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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 4,324,000	\$ 4,324,000	\$ 4,929,014	\$ 605,014
Intergovernmental	3,480,000	3,480,000	3,475,184	(4,816)
Fines and forfeitures	189,000	189,000	144,415	(44,585)
Licenses and permits	237,750	237,750	204,715	(33,035)
Charges for services	131,800	131,800	115,919	(15,881)
Investment income	16,000	16,000	2,982	(13,018)
Other revenue	6,500	6,500	32,864	26,364
Total revenue	<u>8,385,050</u>	<u>8,385,050</u>	<u>8,905,093</u>	<u>520,043</u>
Expenditures				
Marshal	2,621,480	2,621,480	2,582,028	39,452
Maintenance	663,895	663,895	651,961	11,934
Magistrate	358,340	358,340	349,630	8,710
Community development	532,865	532,865	496,030	36,835
Library	450,440	468,190	475,455	(7,265)
Risk management	353,890	353,890	327,126	26,764
Information technology	151,000	151,000	210,603	(59,603)
Parks and recreation	348,640	348,640	344,225	4,415
Town clerk	181,515	181,515	179,040	2,475
Town manager	173,265	173,265	173,310	(45)
Finance	316,895	316,895	306,088	10,807
Economic development	270,165	270,165	282,997	(12,832)
Non-departmental	343,435	325,685	291,625	34,060
Public works and streets	111,215	111,215	121,061	(9,846)
Storm water management	141,366	141,366	123,399	17,967
Mayor and council	51,190	51,190	41,345	9,845
Human resources	157,065	157,065	144,171	12,894
Total expenditures	<u>7,226,661</u>	<u>7,226,661</u>	<u>7,100,094</u>	<u>126,567</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,158,389</u>	<u>1,158,389</u>	<u>1,804,999</u>	<u>646,610</u>
Other financing sources				
Transfers in (out)	<u>(1,373,389)</u>	<u>(1,373,389)</u>	<u>(1,374,326)</u>	<u>(937)</u>
Net change in fund balances	<u>(215,000)</u>	<u>(215,000)</u>	<u>430,673</u>	<u>645,673</u>
Fund balances, July 1, 2017	<u>2,388,992</u>	<u>2,388,992</u>	<u>2,388,992</u>	<u>-</u>
Fund balances, June 30, 2018	<u>\$ 2,173,992</u>	<u>\$ 2,173,992</u>	<u>\$ 2,819,665</u>	<u>\$ 645,673</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2018

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/OPEB Liability
Cost-Sharing Plans
June 30, 2018

	ASRS - Pension				
	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 Through 2007
Town's proportion of the net pension liability	0.030200%	0.029430%	0.029330%	0.027452%	Information
Town's proportionate share of the net pension liability	\$ 4,704,571	\$ 4,750,298	\$ 4,568,105	\$ 4,061,925	not available
Town's covered-employee payroll	\$ 2,945,686	\$ 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	159.71%	175.76%	170.76%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	69.92%	67.06%	68.35%	69.49%	
	ASRS-Health Insurance		ASRS-Long-Term		
	Premium Benefit		Disability		
	Reporting Fiscal Year (Measurement Date)		Reporting Fiscal Year (Measurement Date)		
	2018 (2017)	2017 through 2009	2018 (2017)	2017 through 2009	
Town's proportion of the net OPEB (asset)	0.030640%	Information	0.030320%	Information	
Town's proportionate share of the net OPEB (asset)	\$ (16,680)	not available	\$ 10,990	not available	
Town's covered payroll	\$ 2,945,686		\$ 2,945,686		
Town's proportionate share of the net OPEB (asset) as a percentage of its covered-employee payroll	-0.57%		0.37%		
Plan fiduciary net position as a percentage of the total OPEB liability	103.57%		84.44%		

See accompanying notes to pension/OPEB plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Town's
Net Pension/OPEB Liability (Asset) and Related Ratios
Agent Pension Plans
June 30, 2018

PSPRS - Pension

	Reporting Fiscal Year (Measurement Date)				
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2007
Total pension liability					Information not available
Service cost	\$ 203,294	\$ 160,518	\$ 164,394	\$ 135,654	
Interest on the total pension liability	430,229	398,485	377,049	317,555	
Changes of benefit terms	53,055	253,675	-	69,633	
Differences between expected and actual experience in the measurement of the pension liability	99,752	(51,869)	39,167	41,958	
Changes of assumptions or other inputs	160,550	212,804	-	443,060	
Benefit payments, including refunds of employee contributions	(322,536)	(347,173)	(264,036)	(264,648)	
Net change in total pension liability	624,344	626,440	316,574	743,212	
Total pension liability - beginning	5,796,006	5,169,566	4,852,992	4,109,780	
Total pension liability - ending (a)	<u>\$ 6,420,350</u>	<u>\$ 5,796,006</u>	<u>\$ 5,169,566</u>	<u>\$ 4,852,992</u>	
Plan fiduciary net position					
Contributions - employer	\$ 251,099	\$ 267,840	\$ 225,914	\$ 170,919	
Contributions - employee	98,238	248,471	96,283	79,176	
Net investment income	392,528	18,359	110,474	357,316	
Benefit payments, including refunds of employee contributions	(322,536)	(347,173)	(264,036)	(264,648)	
Administrative expense	(3,873)	(3,042)	(3,075)	-	
Other changes	1,007	(17,573)	(2,569)	(88,819)	
Net change in plan fiduciary net position	416,463	166,882	162,991	253,944	
Plan fiduciary net position - beginning	3,311,131	3,144,249	2,981,258	2,727,314	
Plan fiduciary net position - ending (b)	<u>\$ 3,727,594</u>	<u>\$ 3,311,131</u>	<u>\$ 3,144,249</u>	<u>\$ 2,981,258</u>	
Town's net pension liability (asset) - ending (a) - (b)	<u>\$ 2,692,756</u>	<u>\$ 2,484,875</u>	<u>\$ 2,025,317</u>	<u>\$ 1,871,734</u>	
Plan fiduciary net position as a percentage of the total pension liability	58.06%	57.13%	60.82%	61.43%	
Covered-employee payroll	\$ 898,338	\$ 845,274	\$ 919,242	\$ 873,953	
Town's net pension liability (asset) as a percentage of covered-employee payroll	299.75%	293.97%	220.32%	214.17%	

See accompanying notes to pension/OPEB plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Changes in the Town's
Net Pension/OPEB Liability (Asset) and Related Ratios
Agent Pension Plans
June 30, 2018

PSPRS - Health Insurance Premium Benefit

	<u>Reporting Fiscal Year</u> <u>(Measurement Date)</u>	
	<u>2018</u> <u>(2017)</u>	<u>2017 through</u> <u>2009</u>
Total OPEB liability		
Service cost	\$ 4,851	Information
Interest on the total OPEB liability	13,808	not available
Changes of benefit terms	5,646	
Differences between expected and actual experience in the measurement of the OPEB liability	(20,723)	
Changes of assumptions or other inputs	(6,818)	
Benefit payments	(8,205)	
Net change in total OPEB liability	(11,441)	
Total OPEB liability - beginning	185,787	
Total OPEB liability - ending (a)	<u>\$ 174,346</u>	
Plan fiduciary net position		
Contributions - employer	\$ 3,796	
Net investment income	19,613	
Benefit payments	(8,205)	
Administrative expense	(175)	
Other changes	-	
Net change in plan fiduciary net position	15,029	
Plan fiduciary net position - beginning	167,635	
Plan fiduciary net position - ending (b)	<u>\$ 182,664</u>	
Town's net OPEB (asset) liability - ending (a) - (b)	<u>\$ (8,318)</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	104.77%	
Covered payroll	\$ 898,338	
Town's net OPEB (asset) liability as a percentage of covered payroll	-0.93%	

See accompanying notes to pension/OPEB plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2018

	ASRS - Pension					2013 through 2007
	Reporting Fiscal Year					
	2018	2017	2016	2015	2014	
Statutorily required contribution	\$ 333,697	\$ 317,545	\$ 293,243	\$ 291,063	\$ 264,780	Information not available
Town's contributions in relation to the statutorily required contribution	(333,697)	(317,545)	(293,243)	(291,063)	(264,780)	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered-employee payroll	\$ 3,061,440	\$ 2,945,686	\$ 2,702,700	\$ 2,675,211	\$ 2,474,579	
Town's contributions as a percentage of covered-employee payroll	10.90%	10.78%	10.85%	10.89%	10.70%	

	ASRS-Health Insurance Premium			ASRS-Long-Term Disability		
	Benefit			Reporting Fiscal Year		
	2018	2017	2016 through 2009	2018	2017	2016 through 2009
Statutorily required contribution	\$ 13,470	\$ 16,496	Information not available	\$ 4,898	\$ 4,123	Information not available
Town's contributions in relation to the statutorily required contribution	(13,470)	(16,496)		(4,898)	(4,123)	
Town's contribution deficiency (excess)	\$ -	\$ -		\$ -	\$ -	
Town's covered payroll	\$ 3,061,440	\$ 2,945,686		\$ 3,061,440	\$ 2,945,686	
Town's contributions as a percentage of covered payroll	0.44%	0.56%		0.16%	0.14%	

See accompanying notes to pension/OPEB plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Town Pension/OPEB Contributions
June 30, 2018

	PSPRS - Pension					2013 through 2007
	Reporting Fiscal Year					
	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 304,294	\$ 251,099	\$ 267,840	\$ 225,914	\$ 170,919	Information not available
Town's contributions in relation to the actuarially determined contribution	(304,294)	(251,099)	(267,840)	(225,914)	(170,919)	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered-employee payroll	\$ 1,018,223	\$ 898,338	\$ 845,274	\$ 919,242	\$ 873,953	
Town's contributions as a percentage of covered-employee payroll	29.88%	27.95%	31.69%	24.58%	19.56%	

	PSPRS-Health Insurance Premium			2016 through 2009
	Benefit			
	Reporting Fiscal Year			
	2018	2017		
Actuarially determined contribution	\$ 4,649	\$ 3,796	Information not available	
Town's contributions in relation to the actuarially determined contribution	(4,649)	(3,796)		
Town's contribution deficiency (excess)	\$ -	\$ -		
Town's covered payroll	\$ 1,018,223	\$ 898,338		
Town's contributions as a percentage of covered payroll	0.46%	0.42%		

See accompanying notes to pension/OPEB plan schedules.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Pension/OPEB Plan Schedules
June 30, 2018

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-of-pay, closed
Remaining amortization period as of the 2016 actuarial valuation	20 years
Asset valuation method	7-year smoothed market value; 80%/120% market corridor

Actuarial assumptions:

Investment rate of return	In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. 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)

NOTE 2 – FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required

NOTE 2 – FACTORS THAT AFFECT TRENDS – Continued

pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS members. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined contributions for 2018

OTHER FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Combining Balance Sheet – All Non-Major Governmental Funds
By Fund Type
June 30, 2018

	Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,119,527	\$ 475,997	\$ 1,250	\$ 1,596,774
Due from other governments	88,860	-	-	88,860
Loans receivable	64,868	-	-	64,868
Total assets	\$ 1,273,255	\$ 475,997	\$ 1,250	\$ 1,750,502
LIABILITIES				
Accounts payable	\$ 16,362	\$ 2,274	\$ 1,250	\$ 19,886
Total liabilities	16,362	2,274	1,250	19,886
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	75,978	-	-	75,978
FUND BALANCES				
Restricted	1,154,795	-	-	1,154,795
Committed	25,743	-	-	25,743
Assigned	377	473,723	-	474,100
Total fund balances	1,180,915	473,723	-	1,654,638
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,273,255	\$ 475,997	\$ 1,250	\$ 1,750,502

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, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenue				
Intergovernmental	\$ 1,053,609	\$ -	\$ -	\$ 1,053,609
Fines and forfeitures	23,577	-	-	23,577
Contributions	35,333	-	-	35,333
Investment income	14,906	-	-	14,906
Other revenue	18,178	-	-	18,178
Total revenue	<u>1,145,603</u>	<u>-</u>	<u>-</u>	<u>1,145,603</u>
Expenditures				
Current				
General government	14,881	192,214	-	207,095
Public safety	43,583	-	-	43,583
Public works and streets	624,395	-	-	624,395
Health and welfare	-	-	118,589	118,589
Culture and recreation	28,486	55,190	-	83,676
Capital outlay	61,836	414,604	-	476,440
Principal	-	-	774,921	774,921
Interest	-	-	159,278	159,278
Total expenditures	<u>773,181</u>	<u>662,008</u>	<u>1,052,788</u>	<u>2,487,977</u>
Excess (deficiency) of revenue over (under) expenditures	<u>372,422</u>	<u>(662,008)</u>	<u>(1,052,788)</u>	<u>(1,342,374)</u>
Other financing sources				
Capital lease acquisition	-	296,445	-	296,445
Transfers (out)	(450,811)	630,479	1,052,788	1,232,456
Net change in fund balances	(78,389)	264,916	-	186,527
Fund balances, July 1, 2017	1,259,304	208,807	-	1,468,111
Fund balances, June 30, 2018	<u>\$ 1,180,915</u>	<u>\$ 473,723</u>	<u>\$ -</u>	<u>\$ 1,654,638</u>



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.

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

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, 2018

	Housing Fund	HURF Fund	Court Special Revenue Fund	Nonfederal Grants Fund
ASSETS				
Cash and cash equivalents	\$ 67,301	\$ 921,254	\$ 52,922	\$ 5,425
Accounts receivable, net	-	-	-	-
Due from other governments	-	85,185	-	-
Loans receivable	64,868	-	-	-
Total assets	\$ 132,169	\$ 1,006,439	\$ 52,922	\$ 5,425
LIABILITIES				
Accounts payable	\$ -	\$ 16,362	\$ -	\$ -
Total liabilities	-	16,362	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	64,868	-	-	-
Total deferred inflows of resources	64,868	-	-	-
FUND BALANCES				
Restricted	67,301	990,077	52,922	5,425
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	67,301	990,077	52,922	5,425
Total liabilities, deferred inflows of resources, and fund balances	\$ 132,169	\$ 1,006,439	\$ 52,922	\$ 5,425

Federal Grants Fund	9-1-1 Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 10,371	\$ 1,361	\$ -	\$ 60,893	\$ 1,119,527
-	-	-	-	-
3,675	-	-	-	88,860
-	-	-	-	64,868
<u>\$ 14,046</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ 60,893</u>	<u>\$ 1,273,255</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,362</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,362</u>
<u>11,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,978</u>
<u>11,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,978</u>
2,936	1,361	-	34,773	1,154,795
-	-	-	25,743	25,743
-	-	-	377	377
<u>2,936</u>	<u>1,361</u>	<u>-</u>	<u>60,893</u>	<u>1,180,915</u>
<u>\$ 14,046</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ 60,893</u>	<u>\$ 1,273,255</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
June 30, 2018

	Housing Fund	HURF Fund	Court Special Revenue Fund	Nonfederal Grants Fund
Revenue				
Intergovernmental	\$ -	\$ 937,271	\$ -	\$ 670
Fines and forfeitures	-	-	23,577	-
Contributions	-	-	-	10,000
Investment income	580	13,930	-	-
Other revenue	12,428	5,750	-	-
Total revenue	<u>13,008</u>	<u>956,951</u>	<u>23,577</u>	<u>10,670</u>
Expenditures				
Current				
General government	-	-	-	10,000
Public safety	-	-	5,488	670
Public works and streets	-	624,395	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	6,390	-	-
Total expenditures	<u>-</u>	<u>630,785</u>	<u>5,488</u>	<u>10,670</u>
Excess (deficiency) of revenue over (under) expenditures	<u>13,008</u>	<u>326,166</u>	<u>18,089</u>	<u>-</u>
Other financing sources				
Transfers (out)	-	(404,017)	-	-
Net change in fund balances	13,008	(77,851)	18,089	-
Fund balances, July 1, 2017	54,293	1,067,928	34,833	5,425
Fund balances, June 30, 2018	<u>\$ 67,301</u>	<u>\$ 990,077</u>	<u>\$ 52,922</u>	<u>\$ 5,425</u>

Federal Grants Fund	9-1-1 Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 115,668	\$ -	\$ -	\$ -	\$ 1,053,609
-	-	-	-	23,577
-	-	-	25,333	35,333
-	-	-	396	14,906
-	-	-	-	18,178
<u>115,668</u>	<u>-</u>	<u>-</u>	<u>25,729</u>	<u>1,145,603</u>
4,881	-	-	-	14,881
30,484	420	-	6,521	43,583
-	-	-	-	624,395
10,221	-	-	18,265	28,486
22,812	-	8,499	24,135	61,836
<u>68,398</u>	<u>420</u>	<u>8,499</u>	<u>48,921</u>	<u>773,181</u>
<u>47,270</u>	<u>(420)</u>	<u>(8,499)</u>	<u>(23,192)</u>	<u>372,422</u>
<u>(47,270)</u>	<u>-</u>	<u>-</u>	<u>476</u>	<u>(450,811)</u>
-	(420)	(8,499)	(22,716)	(78,389)
2,936	1,781	8,499	83,609	1,259,304
<u>\$ 2,936</u>	<u>\$ 1,361</u>	<u>\$ -</u>	<u>\$ 60,893</u>	<u>\$ 1,180,915</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, 2018

	Housing Fund			HURF Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ 915,000	\$ 937,271	\$ 22,271
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	1,200	580	(620)	4,000	13,930	9,930
Other revenue	15,600	12,428	(3,172)	200	5,750	5,550
Total revenue	16,800	13,008	(3,792)	919,200	956,951	37,751
Expenditures						
Current						
General government	20,000	-	20,000	-	-	-
Public safety	-	-	-	-	-	-
Public works and streets	-	-	-	622,865	624,395	(1,530)
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	44,500	6,390	38,110
Total expenditures	20,000	-	20,000	667,365	630,785	36,580
Excess (deficiency) of revenue over (under) expenditures	(3,200)	13,008	16,208	251,835	326,166	74,331
Other financing sources						
Transfers in(out)	(50,000)	-	(50,000)	(594,452)	(404,017)	190,435
Total other financing sources	(50,000)	-	(50,000)	(594,452)	(404,017)	190,435
Net change in fund balances	(53,200)	13,008	(33,792)	(342,617)	(77,851)	264,766
Fund balances, July 1, 2017	54,293	54,293	-	1,067,928	1,067,928	-
Fund balances, June 30, 2018	\$ 1,093	\$ 67,301	\$ (33,792)	\$ 725,311	\$ 990,077	\$ 264,766

Court Special Revenue Fund			Nonfederal Grants Fund			Federal Grants Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ 530,000	\$ 670	\$ (529,330)	\$ 687,000	\$ 115,668	\$ (571,332)
35,500	23,577	(11,923)	-	-	-	-	-	-
-	-	-	-	10,000	10,000	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>35,500</u>	<u>23,577</u>	<u>(11,923)</u>	<u>530,000</u>	<u>10,670</u>	<u>(519,330)</u>	<u>687,000</u>	<u>115,668</u>	<u>(571,332)</u>
-	-	-	405,000	10,000	395,000	-	4,881	(4,881)
64,500	5,488	59,012	25,000	670	24,330	25,000	30,484	(5,484)
-	-	-	-	-	-	425,000	-	425,000
-	-	-	1,704	-	1,704	15,694	10,221	5,473
-	-	-	100,000	-	100,000	12,500	22,812	(10,312)
<u>64,500</u>	<u>5,488</u>	<u>59,012</u>	<u>531,704</u>	<u>10,670</u>	<u>521,034</u>	<u>478,194</u>	<u>68,398</u>	<u>409,796</u>
<u>(29,000)</u>	<u>18,089</u>	<u>47,089</u>	<u>(1,704)</u>	<u>-</u>	<u>1,704</u>	<u>208,806</u>	<u>47,270</u>	<u>(161,536)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229,718)</u>	<u>(47,270)</u>	<u>182,448</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229,718)</u>	<u>(47,270)</u>	<u>182,448</u>
<u>(29,000)</u>	<u>18,089</u>	<u>47,089</u>	<u>(1,704)</u>	<u>-</u>	<u>1,704</u>	<u>(20,912)</u>	<u>-</u>	<u>20,912</u>
<u>34,833</u>	<u>34,833</u>	<u>-</u>	<u>5,425</u>	<u>5,425</u>	<u>-</u>	<u>2,936</u>	<u>2,936</u>	<u>-</u>
<u>\$ 5,833</u>	<u>\$ 52,922</u>	<u>\$ 47,089</u>	<u>\$ 3,721</u>	<u>\$ 5,425</u>	<u>\$ 1,704</u>	<u>\$ (17,976)</u>	<u>\$ 2,936</u>	<u>\$ 20,912</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, 2018
(Continued)

	9-1-1 Fund			Impact Fee Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	1,781	420	1,361	-	-	-
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	87,300	8,499	78,801
Total expenditures	<u>1,781</u>	<u>420</u>	<u>1,361</u>	<u>87,300</u>	<u>8,499</u>	<u>78,801</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,781)</u>	<u>(420)</u>	<u>1,361</u>	<u>(87,300)</u>	<u>(8,499)</u>	<u>78,801</u>
Other financing sources						
Transfers (out)	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,781)</u>	<u>(420)</u>	<u>1,361</u>	<u>(87,300)</u>	<u>(8,499)</u>	<u>78,801</u>
Fund balances, July 1, 2016	<u>1,781</u>	<u>1,781</u>	<u>-</u>	<u>8,499</u>	<u>8,499</u>	<u>-</u>
Fund balances, June 30, 2017	<u>\$ -</u>	<u>\$ 1,361</u>	<u>\$ 1,361</u>	<u>\$ (78,801)</u>	<u>\$ -</u>	<u>\$ 78,801</u>

Donations Fund			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ 2,132,000	\$ 1,053,609	\$ (1,078,391)
-	-	-	35,500	23,577	(11,923)
13,800	25,333	11,533	13,800	35,333	21,533
100	396	296	5,300	14,906	9,606
-	-	-	15,800	18,178	2,378
<u>13,900</u>	<u>25,729</u>	<u>11,829</u>	<u>2,202,400</u>	<u>1,145,603</u>	<u>(1,056,797)</u>
-	-	-	425,000	14,881	410,119
37,397	6,521	30,876	153,678	43,583	110,095
-	-	-	1,047,865	624,395	423,470
61,729	18,265	43,464	79,127	28,486	50,641
-	24,135	(24,135)	244,300	61,836	182,464
<u>99,126</u>	<u>48,921</u>	<u>50,205</u>	<u>1,949,970</u>	<u>773,181</u>	<u>1,176,789</u>
<u>(85,226)</u>	<u>(23,192)</u>	<u>62,034</u>	<u>252,430</u>	<u>372,422</u>	<u>119,992</u>
-	476	(476)	(874,170)	(450,811)	322,407
-	476	(476)	(874,170)	(450,811)	322,407
(85,226)	(22,716)	61,558	(621,740)	(78,389)	442,399
83,609	83,609	-	1,259,304	1,259,304	-
<u>\$ (1,617)</u>	<u>\$ 60,893</u>	<u>\$ 61,558</u>	<u>\$ 637,564</u>	<u>\$ 1,180,915</u>	<u>\$ 442,399</u>



CAPITAL PROJECTS FUNDS

Library Building Fund- (Non-Major 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- (Non-Major 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.

Parks Fund- (Major fund)-accounts for the capital spending of resources via debt proceeds for the construction of the Town's parks.

TOWN OF CAMP VERDE, ARIZONA
Combining Balance Sheet Non-Major Capital Projects Funds
June 30, 2018

	Capital Improvement	Library Building	Total Non-Major Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 475,997	\$ -	\$ 475,997
Total assets	\$ 475,997	\$ -	\$ 475,997
LIABILITIES			
Accounts payable	\$ 2,274	\$ -	\$ 2,274
Total liabilities	2,274	-	2,274
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Assigned	473,723	-	473,723
Total fund balances	473,723	-	473,723
Total liabilities, deferred inflows of resources, and fund balances	\$ 475,997	\$ -	\$ 475,997

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Projects Funds
June 30, 2018

	Capital Improvement	Library Building	Total Non-Major Capital Projects Funds
Expenditures			
Current			
General government	\$ 192,214	\$ -	\$ 192,214
Culture and recreation	55,190	-	55,190
Capital outlay	<u>401,441</u>	<u>13,163</u>	<u>414,604</u>
Total expenditures	<u>648,845</u>	<u>13,163</u>	<u>662,008</u>
 Excess (deficiency) of revenue over (under) expenditures	 <u>(648,845)</u>	 <u>(13,163)</u>	 <u>(662,008)</u>
Other financing sources			
Capital lease acquisition	296,445	-	296,445
Transfers (out)	<u>617,316</u>	<u>13,163</u>	<u>630,479</u>
Net change in fund balances	264,916	-	264,916
Fund balances, July 1, 2017	<u>208,807</u>	<u>-</u>	<u>208,807</u>
Fund balances, June 30, 2018	<u><u>\$ 473,723</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 473,723</u></u>

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Capital Projects Funds
Year Ended June 30, 2018

	Capital Improvement Fund			Library Building Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Expenditures						
Current						
General government	\$ -	\$ 192,214	\$ (192,214)	\$ -	\$ -	\$ -
Community development	66,935	55,190	11,745	-	-	-
Capital outlay	1,515,295	401,441	1,113,854	15,000	13,163	1,837
Total expenditures	<u>1,582,230</u>	<u>648,845</u>	<u>933,385</u>	<u>15,000</u>	<u>13,163</u>	<u>1,837</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,582,230)</u>	<u>(648,845)</u>	<u>(933,385)</u>	<u>(15,000)</u>	<u>(13,163)</u>	<u>1,837</u>
Other financing sources						
Capital lease acquisition	300,000	296,445	(3,555)	-	-	-
Transfers in(out)	1,040,936	617,316	(423,620)	15,000	13,163	(1,837)
Total other financing sources	<u>1,340,936</u>	<u>913,761</u>	<u>(427,175)</u>	<u>15,000</u>	<u>13,163</u>	<u>(1,837)</u>
Net change in fund balances	(241,294)	264,916	506,210	-	-	-
Fund balances, July 1, 2017	<u>208,807</u>	<u>208,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2018	<u><u>\$ (32,487)</u></u>	<u><u>\$ 473,723</u></u>	<u><u>506,210</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Total		
Budget	Actual	Variance - Positive (Negative)
\$ -	\$ 192,214	\$ (192,214)
66,935	55,190	11,745
1,530,295	414,604	1,115,691
<u>1,597,230</u>	<u>662,008</u>	<u>935,222</u>
<u>(1,597,230)</u>	<u>(662,008)</u>	<u>(935,222)</u>
300,000	296,445	(3,555)
<u>1,055,936</u>	<u>630,479</u>	<u>(425,457)</u>
<u>1,355,936</u>	<u>926,924</u>	<u>(429,012)</u>
(241,294)	264,916	506,210
<u>208,807</u>	<u>208,807</u>	<u>-</u>
<u>(32,487)</u>	<u>473,723</u>	<u>506,210</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual –Major Capital Projects Funds
Year Ended June 30, 2018

	Parks Fund		Variance - Positive (Negative)
	Budget	Actual	
Expenditures			
Current			
Capital outlay	\$ 3,476,718	\$ 1,254,455	\$ 2,222,263
Debt service			
Issuance cost	-	257,580	(257,580)
Total expenditures	<u>3,476,718</u>	<u>1,512,035</u>	<u>1,964,683</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(3,476,718)</u>	<u>(1,512,035)</u>	<u>1,964,683</u>
Other financing sources			
Bond proceeds	3,000,000	6,835,000	3,835,000
Bond premium	-	196,769	196,769
Transfers in (out)	141,870	141,870	-
Total other financing sources	<u>3,141,870</u>	<u>7,173,639</u>	<u>4,031,769</u>
Net change in fund balances	<u>(334,848)</u>	<u>5,661,604</u>	<u>5,996,452</u>
Fund balances, July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2018	<u><u>\$ (334,848)</u></u>	<u><u>\$ 5,661,604</u></u>	<u><u>\$ 5,996,452</u></u>

NON-MAJOR DEBT SERVICE FUND

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

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Debt Service Fund
Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Expenditures			
Current			
Health and welfare	\$ 118,590	\$ 118,589	\$ 1
Debt service			
Principal	773,918	774,921	(1,003)
Interest	157,245	159,278	(2,033)
Total expenditures	<u>1,049,753</u>	<u>1,052,788</u>	<u>(3,035)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,049,753)</u>	<u>(1,052,788)</u>	<u>(3,035)</u>
Other financing sources			
Transfers in	<u>1,049,753</u>	<u>1,052,788</u>	<u>3,035</u>
Net change in fund balances	-	-	-
Fund balances, July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, June 30, 2018	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2018

	Budget	Actual	Variance- Positive (Negative)
Operating revenues			
Sewer charges	\$ 1,286,500	\$ 1,134,263	\$ (152,237)
Miscellaneous	-	18,671	18,671
Total operating revenues	<u>1,286,500</u>	<u>1,152,934</u>	<u>(133,566)</u>
Operating expenses			
Personnel	577,580	542,774	34,806
Materials and supplies	102,000	111,492	(9,492)
Professional services	40,950	78,401	(37,451)
Utilities	116,400	123,389	(6,989)
Insurance	29,300	29,300	-
Other	414,836	102,162	312,674
Repairs and maintenance	173,100	172,267	833
Depreciation	800,000	852,797	(52,797)
Total operating expenses	<u>2,254,166</u>	<u>2,012,582</u>	<u>241,584</u>
Operating income (loss)	<u>(967,666)</u>	<u>(859,648)</u>	<u>108,018</u>
Nonoperating revenues (expenses)			
Interest income	600	2,769	2,169
Settlements	-	425,000	425,000
Interest expense	(7,184)	(7,184)	-
Total nonoperating revenues (expenses)	<u>(6,584)</u>	<u>420,585</u>	<u>427,169</u>
Increase (decrease) in net position	<u>(974,250)</u>	<u>(439,063)</u>	<u>535,187</u>
Total net position, beginning of year	<u>17,332,369</u>	<u>17,332,369</u>	<u>-</u>
Total net position, end of year	<u>\$ 16,358,119</u>	<u>\$ 16,893,306</u>	<u>\$ 535,187</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, 2018

Employee Assistance Fund	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Assets</u>				
Restricted cash and investments	\$ 17,335	\$ 4,262	\$ 545	\$ 21,052
Total assets	<u>\$ 17,335</u>	<u>\$ 4,262</u>	<u>\$ 545</u>	<u>\$ 21,052</u>
<u>Liabilities</u>				
Deposit held for employees payable	\$ 17,335	\$ 4,262	\$ 545	\$ 21,052
Total liabilities	<u>\$ 17,335</u>	<u>\$ 4,262</u>	<u>\$ 545</u>	<u>\$ 21,052</u>
Camp Verde Sanitary District Fund				
<u>Assets</u>				
Restricted cash and investments	\$ 406,905	\$ 1,080,810	\$ 1,101,708	\$ 386,007
Total assets	<u>\$ 406,905</u>	<u>\$ 1,080,810</u>	<u>\$ 1,101,708</u>	<u>\$ 386,007</u>
<u>Liabilities</u>				
Deposit held for debt service payments	\$ 406,905	\$ 1,080,810	\$ 1,101,708	\$ 386,007
Total liabilities	<u>\$ 406,905</u>	<u>\$ 1,080,810</u>	<u>\$ 1,101,708</u>	<u>\$ 386,007</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									
	<u>2018</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>
Governmental activities:										
Net investment in capital assets	\$ 15,032,500	\$ 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
Restricted	6,881,267	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
Unrestricted	(9,907,473)	(3,107,929)	(2,973,565)	(5,937,276)	2,411,149	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605
Total governmental activities net position	<u>\$ 12,006,294</u>	<u>\$ 12,042,177</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>
Business-type activities:										
Net investment in capital assets	\$ 16,848,035	\$ 17,001,697	\$ 17,609,349	\$ 18,069,267	\$ 18,613,499	N/A	N/A	N/A	N/A	N/A
Restricted	-	-	-	-	-					
Unrestricted	45,271	330,672	529,976	360,957	834,434					
Total business-type activities net position	<u>\$ 16,893,306</u>	<u>\$ 17,332,369</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>
Primary government										
Net investment in capital assets	\$ 31,880,535	\$ 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
Restricted	6,881,267	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
Unrestricted	(9,862,202)	(2,777,257)	(2,443,589)	(5,576,319)	3,245,583	2,263,284	1,946,642	2,376,365	3,626,780	3,845,605
Total net position	<u>\$ 28,899,600</u>	<u>\$ 29,374,546</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>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 3,224,281	\$ 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
Public safety	3,178,404	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
Public works and streets	1,357,338	1,378,204	1,566,914	1,156,551	1,006,300	820,957	816,853	669,205	765,392	1,197,351
Health and welfare	123,589	123,627	123,664	123,700	131,233	136,266	131,300	131,331	107,603	145,237
Culture and recreation	1,418,639	1,075,309	817,187	724,730	684,280	735,840	561,166	630,502	695,151	995,711
Community development	521,685	550,246	473,270	507,702	411,023	456,020	348,532	460,601	551,747	845,225
Interest on long-term debt	271,290	169,556	108,958	224,557	107,141	125,025	112,867	100,851	83,429	86,544
Total governmental activities	<u>10,095,226</u>	<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>
Business-type activities:										
Wastewater	\$ 2,019,766	\$ 1,964,571	\$ 1,727,706	\$ 1,677,262	\$ 1,667,612	N/A	N/A	N/A	N/A	N/A
Total business-type activities	<u>2,019,766</u>	<u>1,964,571</u>	<u>1,727,706</u>	<u>1,677,262</u>	<u>1,667,612</u>	-	-	-	-	-
Total expenses	<u>12,114,992</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 32,261	\$ 34,813	\$ 33,045	\$ 25,234	\$ 51,173	\$ 18,221	\$ 43,244	\$ 304,918	\$ 303,797	\$ 304,269
Public safety	358,508	441,567	481,762	457,097	412,704	454,195	373,510	88,421	91,651	94,397
Public works and streets	7,755	7,348	13,905	16,214	42,817	500	5,942	3,429	55,132	56,109
Culture and recreation	58,029	57,730	48,260	42,332	43,565	35,274	36,957	43,746	88,751	101,703
Community development	227,727	189,053	226,745	194,789	188,391	190,062	151,498	101,929	105,337	221,229
Operating grants and contributions	1,061,122	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
Capital grants and contributions	119,670	307,300	891,401	438,025	182,421	647,539	969,961	-	6,491	32,815
Total governmental activities	<u>1,865,072</u>	<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>
Business-type activities:										
Charges for services	\$ 1,152,934	\$ 1,135,373	\$ 1,085,853	\$ 1,029,111	\$ 1,036,287	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
Total business-type activities	<u>1,152,934</u>	<u>1,135,373</u>	<u>1,402,303</u>	<u>1,029,111</u>	<u>1,036,287</u>	-	-	-	-	-
Total program revenues	<u>3,018,006</u>	<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>
Net Expense	<u>\$ (9,096,986)</u>	<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>

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									
	<u>2018</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>
Net Expense	\$ (9,096,986)	\$ (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)
General Revenues:										
Governmental activities:										
Taxes:										
Sales taxes	\$ 4,642,673	\$ 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
Franchise taxes	286,341	270,925	285,834	266,973	267,059	250,327	245,501	243,353	239,946	238,072
State shared revenues	3,233,989	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
Investment earnings	17,889	27,872	29,593	15,456	27,714	33,251	13,787	12,985	19,964	3,614
Miscellaneous	13,379	91,581	80,456	7,086	13,090	69,009	11,840	53,507	23,954	239,099
Loss on Sale of Assets	-	-	(262,368)	-	-	-	-	-	-	-
Transfers	-	(24,740)	(33,462)	-	-	-	-	-	-	-
Total governmental activities	<u>8,194,271</u>	<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>
Business-type activities:										
Investment earnings	\$ 2,769	\$ 1,181	\$ 1,042	\$ 909	\$ 1,621	N/A	N/A	N/A	N/A	N/A
Special item*	425,000	-	-	-	20,077,637	-	-	-	-	-
Loss on Disposal of Assets	-	(2,000)	-	-	-	-	-	-	-	-
Transfers	-	24,740	33,462	-	-	-	-	-	-	-
Total business-type activities	<u>427,769</u>	<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>
Changes in Net Position	<u>\$ (474,946)</u>	<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>

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. In 2018, a settlement was finally reached in a lawsuit which had begun prior to 7/1/13 in which the Wastewater Fund received \$425,000.

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

	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Reserved									\$ 996,886	\$ 632,000
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,096		
Restricted	-	-	-	-	-	-	-	-		
Committed	-	-	-	662,091	662,056	632,000	632,000	1,033,628		
Assigned	-	-	-	-	-	-	-	-		
Unassigned	2,819,665	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
Total General Fund	<u>\$ 2,819,665</u>	<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>
All Other Governmental Funds:										
Reserved									\$ 571,720	\$ 431,852
Unreserved, reported in:										
HURF fund									924,322	606,419
Parks fund									(339,161)	(326,933)
Housing grant fund									77,166	57,800
Non-major Special revenue funds									294,374	296,350
Non-major Capital projects funds									602,214	589,141
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 79,345	\$ 83,198		
Restricted	6,816,399	1,227,680	2,852,211	5,456,179	2,143,445	2,473,096	2,483,485	2,294,509		
Committed	25,743	25,347	30,181	-	11,214	686,629	694,215	185,200		
Assigned	474,100	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>\$ 7,316,242</u>	<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>

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 Excise Tax and Other Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	<u>2018</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>
Pledged Excise Tax and State Shared Revenues										
Town Sales Tax	\$ 4,642,673	\$ 3,756,648	\$ 3,915,180	\$ 2,863,839	\$ 2,597,901	\$ 2,544,473	\$ 1,738,752			
Franchise Fees	286,341	270,925	285,834	266,973	267,059	250,327	245,501			
State-shared Sales Taxes	1,079,184	1,021,663	1,027,544	993,670	946,416	889,975	849,619			
State-shared Income Taxes	1,391,933	1,364,734	1,309,108	1,316,244	1,212,909	1,110,654	917,689			
Licenses and permits	204,715	184,215	198,155	174,518	160,321	159,532	123,738			
Fines and forfeits	167,992	199,528	297,865	234,142	275,700	372,122	335,496			
Net	<u>\$ 7,772,838</u>	<u>\$ 6,797,713</u>	<u>\$ 7,033,686</u>	<u>\$ 5,849,386</u>	<u>\$ 5,460,306</u>	<u>\$ 5,327,083</u>	<u>\$ 4,210,795</u>			
Other Governmental Funds Revenues										
Intergovernmental	\$ 2,057,676	\$ 2,100,792	\$ 2,483,338	\$ 2,237,439	\$ 2,049,430	\$ 2,281,445	\$ 2,271,505			
Charges for services	115,919	169,610	122,360	86,718	92,682	86,994	86,787			
Contributions and donations	35,333	96,139	426,638	70,544	17,389	16,478	361,292			
Investment income	17,888	27,871	29,594	15,456	27,714	33,251	13,787			
Other	51,042	121,278	201,094	36,828	68,768	58,742	36,021			
Net	<u>\$ 2,277,858</u>	<u>\$ 2,515,690</u>	<u>\$ 3,263,024</u>	<u>\$ 2,446,985</u>	<u>\$ 2,255,983</u>	<u>\$ 2,476,910</u>	<u>\$ 2,769,392</u>			
Total revenues	<u>\$ 10,050,696</u>	<u>\$ 9,313,403</u>	<u>\$ 10,296,710</u>	<u>\$ 8,296,371</u>	<u>\$ 7,716,289</u>	<u>\$ 7,803,993</u>	<u>\$ 6,980,187</u>			
Taxes								\$ 2,006,841	\$ 2,201,557	\$ 2,402,020
Intergovernmental								3,899,960	4,158,619	4,729,287
Fines and forfeits								278,736	297,058	257,625
Licenses and permits								102,725	106,006	184,016
Charges for services								82,052	110,892	248,940
Contributions and donations								106,964	26,009	45,397
Investment income								12,984	19,964	3,614
Other								153,035	28,832	147,416
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,643,297</u>	<u>\$ 6,948,937</u>	<u>\$ 8,018,315</u>

Source: The Town's financial records.

*Revenue was rearranged starting in FY2012 for bond reporting requirements

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>2018</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>
Expenditures:										
Current -										
General government	\$ 3,132,285	\$ 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
Public safety	2,623,034	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
Public works and streets	883,136	869,501	1,056,558	815,101	741,300	655,285	688,127	528,172	625,582	682,696
Health and welfare	123,589	123,627	123,664	123,700	131,233	136,266	131,300	131,332	107,603	14,527
Culture and recreation	903,356	877,693	720,032	634,283	623,996	680,810	508,581	579,516	637,130	857,850
Community development	493,695	497,966	415,069	465,074	391,601	455,170	352,412	345,807	469,503	816,146
Capital outlay	1,746,897	3,047,920	4,254,033	860,979	969,031	1,801,828	913,146	2,059,278	396,478	846,250
Debt service -										
Interest and fiscal charges	159,746	175,640	209,419	78,312	118,067	116,056	84,722	103,044	89,070	92,185
Bond issuance costs	257,580	-	-	-	-	-	-	25,000	-	-
Total expenditures	<u>\$ 11,100,106</u>	<u>\$ 11,838,086</u>	<u>\$ 12,264,939</u>	<u>\$ 8,547,920</u>	<u>\$ 8,011,399</u>	<u>\$ 8,540,098</u>	<u>\$ 7,193,399</u>	<u>\$ 8,328,223</u>	<u>\$ 6,808,233</u>	<u>\$ 7,915,037</u>
Expenditures for capitalized assets	\$ 1,746,897	\$ 3,047,920	\$ 4,254,033	\$ 860,979	\$ 969,031	\$ 1,801,828	\$ 913,146	\$ 1,884,647	\$ 280,572	\$ 302,307
Debt service as a percentage of noncapital expenditures	13%	9%	7%	5%	6%	4%	6%	4%	3%	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>2018</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>
Excess (deficiency) of revenues over expenditures	\$ (1,049,410)	\$ (2,439,962)	\$ (1,968,229)	\$ (251,549)	\$ (295,110)	\$ (736,105)	\$ (213,212)	\$ (1,684,926)	\$ 140,704	\$ 103,278
Other financing sources (uses):										
Capital lease agreements	296,445	-	530,000	-	8,838	764,664	-	208,237	62,784	18,459
Proceeds of long-term debt issuance	7,031,769	-	-	4,904,000	-	-	-	1,005,000	-	-
Payments to Refunding Bond Trustee	-	-	-	(1,396,752)	-	-	-	-	-	-
Transfers in	1,825,724	2,264,518	1,618,470	894,208	641,103	266,480	1,729,132	411,442	499,244	1,219,431
Transfers out	(1,825,724)	(2,289,258)	(1,651,932)	(894,208)	(641,103)	(266,480)	(1,729,132)	(411,442)	(499,244)	(1,219,431)
Total other financing sources (uses)	<u>7,328,214</u>	<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>
Changes in fund balances	<u>\$ 6,278,804</u>	<u>\$ (2,464,702)</u>	<u>\$ (1,471,691)</u>	<u>\$ 3,255,699</u>	<u>\$ (286,272)</u>	<u>\$ 28,559</u>	<u>\$ (213,212)</u>	<u>\$ (471,689)</u>	<u>\$ 203,488</u>	<u>\$ 121,737</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>2018</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>
Retail Trade	\$ 1,805,886	\$ 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	713,275	659,258	708,520	520,320	473,070	437,452	309,169	301,925	307,921	319,393	324,358
Communications & Utilities	373,162	358,356	394,159	269,845	230,848	251,911	127,280	167,542	150,683	118,950	135,303
Construction	882,868	320,451	366,968	212,866	182,702	236,112	128,008	142,535	353,081	307,651	430,671
Real Estate, Rental & Leasing	252,516	235,245	215,991	173,914	170,109	170,973	147,728	134,821	140,596	122,225	111,852
Accommodation	291,544	294,627	239,218	207,993	138,850	131,748	88,626	84,609	110,798	142,302	148,694
Arts & Entertainment	156,189	146,780	167,769	134,961	114,106	92,444	59,604	62,416	53,087	62,039	56,874
Manufacturing	14,000	14,663	15,015	67,644	75,231	72,694	57,808	52,222	55,908	53,684	68,785
Use Tax	134,415	116,350	151,626	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	1,634	14,575	86,660	71,912	67,486	42,385	26,309	28,756	36,839	54,597	81,322
Total	<u>\$ 4,625,489</u>	<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	23.1%	-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>
2018	\$ 4,351,129	\$ 286,341	\$ 291,544	\$ 4,929,014
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

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		
2018	3.65	6.65	2.00	3.65	0.75	5.60
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

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	Loans Payable	Total Debt	Percentage of Personal Income	Per Capita
2018	\$ 11,559,115	\$ 469,090	\$ -	\$ -	\$ 383,926	\$ 60,175	\$ 12,472,306	N/A	1,122
2017	5,134,856	535,903	-	-	489,862	-	6,160,621	0.07%	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

Source: The Town's financial records.

Note: FY18 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>
2018	\$ 11,559,115	\$ 11,559,115	1,040
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

Source: The Town's financial records.

TOWN OF CAMP VERDE, ARIZONA
Direct and Overlapping Governmental Activities Debt
June 30, 2018

<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*	\$ 26,495,000	2.6%	\$ 691,276
Camp Verde Unified School District	\$ -	92.1%	\$ -
Copper Canyon Fire	\$ -	50.0%	\$ -
Camp Verde Sanitary District	\$ 9,505,396	100.0%	<u>\$ 9,505,396</u>
Total Overlapping Debt			<u><u>\$ 10,196,672</u></u>
Direct:			
Town of Camp Verde	<u>\$ 11,559,115</u>	100.0%	<u>\$ 11,559,115</u>
Total Direct and Overlapping Debt			<u><u>\$ 21,755,787</u></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									
	<u>2018</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>
Debt Limit	\$ 4,079,704	\$ 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
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 4,079,704</u>	<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>
Total net debt applicable to the limit as a percentage of the debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

	Fiscal Year Ended June 30									
	<u>2018</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>
Debt Limit	\$ 13,599,013	\$ 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
Total applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 13,599,013</u>	<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>
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>		
2018	\$ 8,163,003	\$ 410,741	\$ 146,450	15	
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	

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>
2018	11,113	228,970	N/A	N/A	4.4 %
2017	11,083	225,364	8,428,162 (2)	37,398	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 %

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

Note: (1) - In thousands of dollars
(2) - Calculated from Per Capita Income (BEA) and Yavapai County Population (AzStats)
2018 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>2018</u>		<u>2017</u>	<u>2009</u>
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Employees</u>
Cliff Castle Casino & Hotel	497	13.7 %	428	N/A
Yavapai-Apache Nation	325	8.9	305	N/A
Yavapai County	311	8.6	295	N/A
Camp Verde School District	216	5.9	239	N/A
Town of Camp Verde	115	3.2	117	N/A
Bashas	115	3.2	90	N/A
Rainbow Acres	75	2.1	72	N/A
The Haven of Camp Verde	76	2.1	67	N/A
Copper Canyon Fire District	61	1.7	66	N/A
Out of Africa Wildlife Park	53	1.5	46	N/A
Total	<u>1,844</u>	<u>50.7 %</u>	<u>1,725</u>	<u>-</u>
Total Est'd Employment*	<u>3,637</u>		<u>3,637</u>	<u>N/A</u>

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

Note: Employment information for FY2009 is not available. The Town began tracking employment information in FY13.
Total employment for 2017 & 2018 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>2018</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>
General Government										
Management Services	5.1	5.0	4.6	5.2	5.1	5.1	5.1	5.4	5.4	5.2
Finance	3.0	3.0	3.1	2.2	2.2	2.0	2.0	1.0	2.5	2.0
Economic Development	3.2	2.8	2.0	1.6	1.6	1.0	1.0	0.0	0.0	0.0
Municipal Court	4.7	5.7	5.7	5.6	5.6	5.6	5.6	5.6	5.5	6.0
Total General Government	<u>16.0</u>	<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>
Public Safety										
Marshal's Department	31.1	31.3	33.1	32.2	30.2	26.7	28.0	26.0	28.0	29.6
Animal Control	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Total Public Safety	<u>31.6</u>	<u>32.3</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>
Public Works										
Admin	2.5	2.5	2.8	2.8	2.4	1.7	1.0	1.0	2.5	1.5
Streets	4.9	6.1	6.1	5.2	6.2	5.8	5.4	5.0	3.5	6.5
Maintenance	9.1	8.1	8.0	7.4	7.2	6.2	6.4	7.0	6.0	6.0
Total Public Works	<u>16.5</u>	<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>
Library	7.5	7.8	6.2	6.2	5.8	5.3	5.4	4.2	5.0	5.4
Parks & Recreation	4.8	4.5	4.6	4.6	4.3	3.5	3.6	3.6	2.8	2.7
Community Development	6.2	7.2	6.0	6.0	5.0	5.0	5.0	4.0	4.0	5.0
Sewer	8.4	8.4	8.1	7.2	7.1	N/A	N/A	N/A	N/A	N/A
Total	<u>91.0</u>	<u>93.4</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>

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>2018</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>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol vehicles	24	25	23	31	31	22	19	17	30	30
Streets										
Streets (miles)	110	110	110	110	110	110	110	110	110	106
Streetlights	122	110	110	110	110	110	110	110	92	102
Traffic signals	5	6	6	6	6	6	6	6	2	2
Parks and Recreation										
Parks developed	4	4	4	4	4	4	4	4	4	3
Parks acreage	138	138	138	138	138	138	138	138	138	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)	34	31	31	29	29	29	29	29	29	29
Manholes	490	490	459	440	440	440	440	440	440	440

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>2018</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>
General Government										
Business Licenses	820	833	823	673	645	650	582	555	597	576
Public Safety										
Total Incidents	9,829	10,853	15,762	10,020	13,782	10,462	11,614	11,234	10,420	8,348
Public Works										
Street Resurfacing (miles)	-	-	0.92	-	-	-	0.31	-	0.25	-
Library										
Circulation	133,135	123,127	63,976	62,140	52,631	51,303	63,580	59,883	76,813	80,139
Traffic	95,490	87,357	67,978	67,824	33,787	27,766	25,831	22,336	N/A	N/A
Community Development										
Building Permits	428	400	324	331	362	387	312	341	364	128

Source: The Town's records.