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AGENDA



**WORK SESSION
MAYOR and COMMON COUNCIL
of the
TOWN OF CAMP VERDE
COUNCIL CHAMBERS
473 S. Main Street, # 106
WEDNESDAY, JANUARY 13, 2010
5:30 p.m.**

- 1. Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**
- 4. Presentation of the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2009 by Lisa Lumbard, Lumbard & Associates, PLLC.**
- 5. Presentation by Joel Westervelt relative to the architectural plans for the proposed renovation of Rio Verde Plaza, followed by discussion, consideration, and possible selection and direction to staff to proceed with one of the two options as follows: Staff Resource: Michael Scannell**

Option 1: Direct staff to redesignate \$129,000 from line item 5400 (Public Works Yard Construction) in the Capital Improvement Fund (03-00-00) for the purpose of establishing an appropriation for the balance of FY 2009/2010 to fund the architectural and engineering work on Rio Verde Plaza.

Option 2: Direct staff to either make a provision in the 2010-11 budget that funds the Rio Verde Plaza renovations in its entirety of \$750,000 OR to develop and include in the proposed budget a debt financing plan for the renovations. Staff Resource: Michael Scannell
- 6. Discussion, consideration, and possible clarification and/or direction to staff as it relates to the following motion made by Council during the September 2, 2009 Regular Session: "Direct staff to begin the process to suspend the duties of the Design Review Board: Council's intent is to incorporate appearance standards and check lists into the Town Code re-write of the Zoning Ordinance, to be brought back to Council by an Ordinance at its earliest possible date".**
- 7. Adjournment**

Posted by: U. James

Date/Time: 1-8-2010

8:15 a.m

Note: Pursuant to A.R.S. §38-431.03.A.3, the Council may vote to go into Executive Session for purposes of consultation for legal advice with the Town Attorney on any matter listed on the Agenda, or discussion of records exempt by law from public inspection associated with an agenda item.

The Town of Camp Verde Council Chambers is accessible to the handicapped. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk.



**TOWN OF CAMP VERDE
Agenda Action Form**

Meeting Date: January 13, 2010

Meeting Type: Work Session

Consent Agenda **Regular Business**

Reference Document: Comprehensive Annual Financial Report (CAFR)

Agenda Title (be exact):

Presentation and possible acceptance of the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2009 by Lisa Lumbard, Lumbard & Associates, PLLC.

Purpose and Background Information:

The CAFR details the financial status of the Town, covering the period 7-1-08 through 6-30-09. This information will enable Council to make more informed decisions relative to the financial management of the Town during this period. Given that this is the first CAFR the Town has ever completed, staff has submitted it for an award of excellence in financial reporting. The Town should be notified sometime within the next 2 or 3 months if we have received the award of excellence.

Recommendation (Suggested Motion):

Listen to the presentation, ask questions that you might have, and move to accept the Comprehensive Annual Financial Report, for the fiscal year ended June 30, 2009 as prepared by Lumbard and Associates.

Finance Review: Budgeted Unbudgeted N/A

Finance Director Comments/Fund: N/A

Attorney Review: Yes No N/A

Attorney Comments: N/A

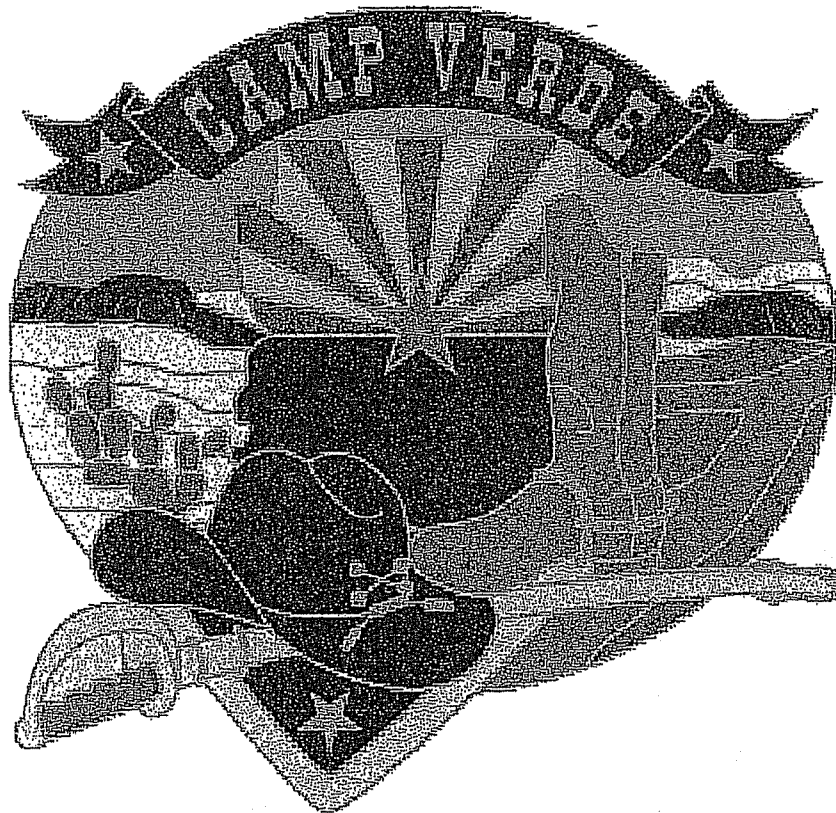
Submitting Department: Finance

Contact Person: Michael Scannell

Action Report prepared by: D. Barber

The Town of Camp Verde, Arizona

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009



"Where the past meets the present."

Issued by: Town of Camp Verde Finance Department

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JUNE 30, 2009**

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INTRODUCTORY SECTION



TOWN OF CAMP VERDE

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

December 17, 2009

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Camp Verde (Town) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government'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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been prepared by Heinfeld, Meech & Co., P.C., a firm of licensed certified public accountants and audited by Lombard and Associates, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town, for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2009, are fairly presented in all material aspects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited entity's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The Town of Camp Verde (Town), incorporated in 1986, is located in the Verde River Valley of Yavapai County in central Arizona near the geographic center of the state. The Town's land size is approximately forty-six (46) square miles and serves a population of approximately 11,000 people. The Town is situated between the City of Cottonwood and the Town of Payson and enjoys a mild climate at an elevation of 3,160 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 qualified electors of the Town directly elect the Mayor for a two-year term.

The Town provides a full range of services including police; planning, zoning, and building code enforcement; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events.

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, on the priorities of the Town Council. The Town Manager reviews departmental budget requests and may from time to time recommend changes to a department's budget priorities and/or projects. The Town Manager then presents a proposed, balanced budget to Town Council for review. The proposed budget is presented to the Town Council in May of each year. The proposed budget becomes the focal point of the community conversation with respect to the allocation of financial resources. At the conclusion of the process, the proposed budget, including any additions or deletions thereto becomes the tentative budget which is presented for adoption by the Town Council in early June. A public hearing is scheduled on the tentative budget generally during the first business meeting in July. Subsequent to the close of that hearing, the Town's final budget is adopted.

FACTORS AFFECTING FINANCIAL CONDITION

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 of Camp Verde operates.

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, much of the Town's revenue base is comprised of sales tax revenues generated locally as well as subvention funding from the State of Arizona.

The Town has experienced significant growth over the last eight year period. During that time frame, the population increased from 9,451 to 11,580. Stated another way, the population increased by 22.53%. The growth in population has caused an increase in the demand for service. The challenge that the Town faces from a financial perspective is funding the service delivery system, which has a high demand for service, with a revenue base comprised primarily of sales tax revenues and which is subject to the vagaries of the economy. Successfully addressing this most vexing challenge will necessitate diversifying our local economy so that the Town can smooth out the swings that it has experienced in the past with respect to the revenue base

Long-Term Financial Planning: The Town is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility. The Town is moving toward implementing a process whereby it can complete long range financial forecasts. The Town has instituted a five year capital planning process which details the capital needs for the next five year period and makes provision for funding those needs. In addition, the Town is examining its options with respect to pay as you use financing versus pay as you go financing. The Town has completed its first ever cost allocation plan and fee study earlier this year. The plans were adopted and are being utilized in our budgeting process.

The Town has completed several major capital projects and has plans for additional projects which will be funded through a variety of funding mechanisms. Those projects which have been completed include, but are not limited to the following: infrastructure improvements including streets, sidewalks, curbs, gutters, and drainage systems; development of community parks including Rezzonico Park and Verde Lakes Park; computer/fiber optic networking; and community restroom facilities through a CDBG grant. The Town anticipates undertaking additional projects as funding becomes available.

Cash Management Policies and Practices: The Town recently adopted its first ever Investment Policy. The objective is to maintain a disciplined approach with respect to the investment of the Town's funds. The hallmarks of the investment practices are safety, liquidity, optimal yield, and collateralization. The Town presently maintains a pooled cash account for all Town funds. Cash temporarily idle during the fiscal year is invested in the Local Government Investment Pool (LGIP) established pursuant to Arizona Revised Statutes, Section 35-326, and operated by the Arizona State Treasurer. Idle cash balances are transferred, as needed, to and from the LGIP. All monies are deposited daily and all accounts are balanced monthly to the general ledger.

Risk Management: The Town is responsible for protecting its assets. Various risk management techniques are used to protect, reduce, minimize, and/or eliminate the potential of risk. The Town has purchased insurance from Southwest Risk Services, Inc. for the past 23 years. Coverage provided includes property, boiler and machinery, errors and omissions, excess liability, crime, general liability, automobile liability, physical damage, law enforcement liability, employment practices liability, and employee benefits liability. Workers' compensation insurance is also carried through the Arizona Municipal Risk Retention Pool. Employees' medical needs are met through a health and medical benefits program offered by the Town.

Pension Benefits: The Town contributes to the *Public Safety Personnel Retirement System* (PSPRS) on behalf of its Police employees. PSPRS is an agent multiple-employer defined benefit pension plan that was created by the State of Arizona on July 1, 1968 "to provide a uniform, consistent and equitable statewide program for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision

thereof.”

The Town also provides pension benefits for its non-public-safety employees. The Town contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The Town's contribution to the Arizona State Retirement System for the year ended June 30, 2009 was equal to the required contribution for the year.

Eligible employees are entitled to participate in a deferred compensation retirement plan. Additional information on the Town of Camp Verde's pension benefits can be found in Note 18 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Town of Camp Verde is actively pursuing a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This award, issued by the Government Finance Officers Association (GFOA) is a prestigious award that is coveted by units of local government and is viewed widely as the gold standard. The Town's hope is that it can meet the standard for excellence in financial reporting that the Government Finance Officers Association (GFOA) promulgates.

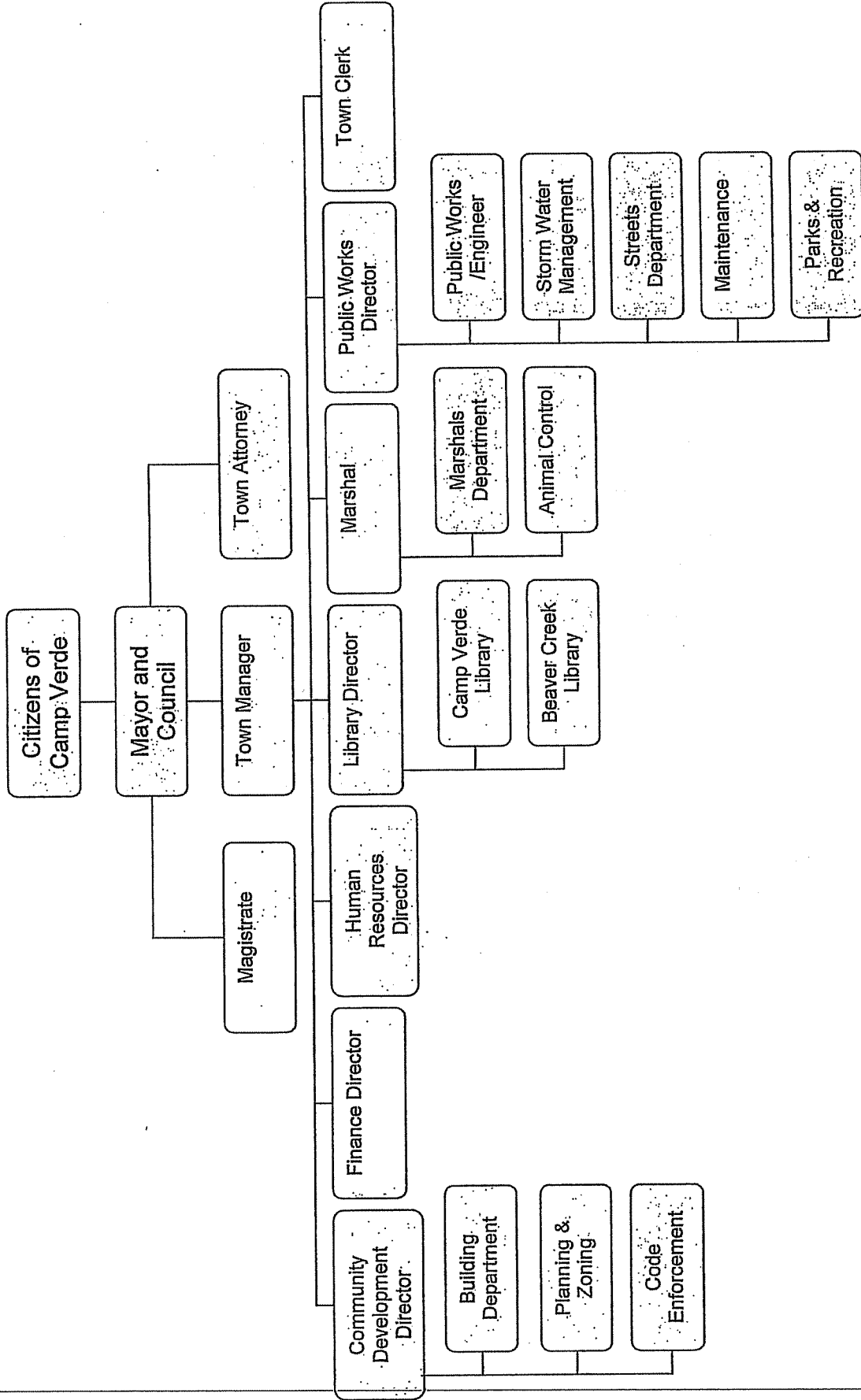
The preparation of this report would not have been possible without the efficient and dedicated services and the indefatigable energy of the entire staff of the finance and administration departments and the dedicated staff at Heinfeld and Meech, P.C., Certified Public Accountants. Credit also must be given to the Mayor and members of the Town Council for their interest and support for maintaining the highest standards of professionalism in the management of the Town of Camp Verde's finances.

Respectfully,



Michael K. Scannell, Town Manager

Town of Camp Verde Organization Chart



Town of Camp Verde

Town Council Members

Robert Burnside, Mayor
Robert Kovacovich, Vice Mayor
Jackie Baker
Norma Garrison
Carol German
Pete Roulette
Robin Whatley

Town Manager

Michael Scannell

Town Attorney

Moyes Sellers and Sims

Magistrate

Rodger Overholser

Department Heads

Community Development Director
Finance Director
Human Resources Director
Library Director
Marshal
Public Works Director
Town Clerk

Michael Jenkins, Acting
Michael Scannell, Interim
David Smith
Gerard Laurito
David Smith
Ronald Long
Deborah Barber

FINANCIAL SECTION

L LUMBARD & ASSOCIATES P.L.L.C.
A Certified Public Accounting Firm

Lisa B. Lumbard, C.P.A., C.G.F.M.
Neil Broadstock, C.P.A., M.B.A.
Janette Wallin, C.P.A.
Miranda Penrod, M.B.A.
Carlos Valdivia
A. Jake Litwiller
Jessica M. Castro
Stephanie M. Canez

American Institute of
Certified Public
Accountants
Government Finance
Officers Association
Arizona Society of
Certified Public
Accountants
Association of
Government
Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, Arizona, (the Town) as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

Honorable Mayor and Members of the of the Council
the Town of Camp Verde, Arizona

The management's discussion and analysis and budgetary comparison information presented in pages 9 through 18 and pages 45 through 48 respectively, along with the schedule of agent retirement plan's funding progress on page 49, and schedule of employer contributions marshal's retirement and health insurance plan on page 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Camp Verde's basic financial statements. The accompanying combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical information listed in the accompanying table of contents was not audited by us, and accordingly, we do not express an opinion thereon.

Lumbarde & Associates, PLLC

Phoenix, Arizona
December 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009. Please read it in conjunction with the Town's basic financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2009 as follows:

- The Town's total net assets of governmental activities increased by \$92,770 to \$13.2 million, representing a less than 1 percent increase from fiscal year 2007-08.
- General revenues from governmental activities accounted for \$5.7 million in revenue, or 71 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.4 million or 29 percent of total governmental activities revenues.
- The Town had \$8.0 million in expenses related to governmental activities; of which \$2.4 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$5.7 million were adequate to provide for the remaining costs of these programs.
- Among major governmental funds, the General Fund had \$6.4 million in revenues, which primarily consisted of taxes, licenses and permits, charges for services, fines and forfeitures, and intergovernmental revenues. The total expenditures of the General Fund were \$5.6 million. The General Fund's fund balance increased by \$105,628 to \$3.6 million. The HURF Fund had revenues of \$881,987, which consisted primarily of intergovernmental revenues, and expenditures of \$1.0 million. The fund balance of the HURF Fund increased by \$142,527 from the prior year due primarily to reduced spending during the year and an operating transfer in from the Capital Improvements Fund. The fund balance of the Parks Fund increased by \$417,144 as a result of a reduction in spending during the year. The fund balance of the Housing Grant Fund decreased by \$149,336 due primarily to new housing loans issued during the year.

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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

- **Governmental activities** – Most of 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 forfeitures revenue finance most of these activities.

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

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

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$13.2 million as of June 30, 2009.

The largest portion of the Town's net assets (60 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, portions of the Town's net assets are restricted for the specified purposes of debt service repayment (1 percent), animal shelter (less than one percent), K-9 unit (less than one percent), police services (less than one percent), redevelopment and housing, (3 percent), library services (2 percent), JCEF (less than one percent), highways and streets (5 percent), fill the gap (less than 1 percent), court enhancement (less than 1 percent) and parks and recreation (less than one percent). The remaining balance of unrestricted net assets (\$3.8 million) may be used to meet the Town's ongoing obligation to citizens and creditors.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

The following tables present a summary of the Town's net assets for the fiscal years ended June 30, 2009 and June 30, 2008.

	2009 Governmental Activities	2008 Governmental Activities, as restated
Current assets	\$ 6,989,899	\$ 7,275,579
Capital assets, net	9,941,384	10,000,764
Other non-current assets	426,239	347,957
Total assets	<u>17,357,522</u>	<u>17,624,300</u>
Current and other liabilities	2,247,007	2,532,225
Long-term liabilities	1,957,826	2,032,156
Total liabilities	<u>4,204,833</u>	<u>4,564,381</u>
Net assets:		
Invested in capital assets, net of related debt	7,931,248	7,929,411
Restricted	1,375,836	1,219,728
Unrestricted	3,845,605	3,910,780
Total net assets	<u>\$13,152,689</u>	<u>\$ 13,059,919</u>

The following are significant current year transactions that have had an impact on the Statement of Net Assets.

- The amount due from other governments decreased \$436,822 primarily due to reduced CDBG grant funding and lower monthly distributions of sales taxes and other state shared revenues. Accounts payable decreased \$346,223 as a result of the decreased CDBG grant funding and the related decrease in expenditures.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets. The Town's total revenues for the fiscal year ended June 30, 2009, were \$8.1 million. The total cost of all programs and services was \$8.0 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2009 and 2008.

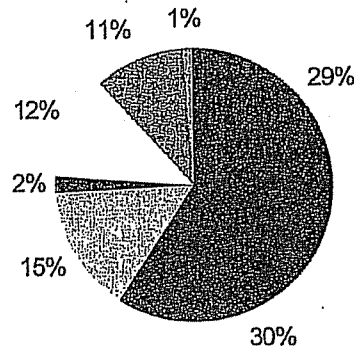
	<u>2009 Governmental Activities</u>	<u>2008 Governmental Activities, as restated</u>
Revenues		
Program revenues:		
Charges for services	\$ 777,707	\$ 883,859
Operating grants and contributions	1,585,120	1,361,690
Capital grants and contributions	32,815	703,532
General revenues:		
Town sales taxes	2,163,948	2,314,337
Franchise taxes	238,072	237,227
State shared revenue	3,091,906	3,154,857
Investment earnings	3,614	220,900
Miscellaneous	239,099	64,610
Total revenues	<u>8,132,281</u>	<u>8,941,012</u>
Expenses		
General government	2,338,688	2,110,980
Public safety	2,423,274	2,463,833
Public works and streets	1,205,471	1,185,801
Health and welfare	145,237	77,523
Culture and recreation	995,072	1,334,525
Economic and community development	845,225	552,987
Interest on long-term debt	86,544	88,421
Total expenses	<u>8,039,511</u>	<u>7,814,070</u>
Increase in net assets	<u>\$ 92,770</u>	<u>\$ 1,126,942</u>

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

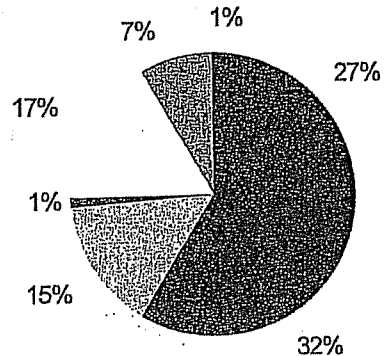
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Fiscal Year 2009 Expenses



Fiscal Year 2008 Expenses



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

	<u>Year Ended June 30, 2009</u>		<u>Year Ended June 30, 2008</u>	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue, as restated
Governmental Activities				
General government	\$2,338,688	\$(2,003,937)	\$2,110,980	\$(1,699,892)
Public safety	2,423,274	(2,212,935)	2,463,833	(2,183,151)
Public works and streets	1,205,471	(258,046)	1,185,801	(94,206)
Health and welfare	145,237	(145,237)	77,523	(77,523)
Culture and recreation	995,072	(684,339)	1,334,525	(981,340)
Economic and community development	845,225	(252,831)	552,987	259,544
Interest on long-term debt	86,544	(86,544)	88,421	(88,421)
Total	<u>\$8,039,511</u>	<u>\$(5,643,869)</u>	<u>\$7,814,070</u>	<u>\$(4,864,989)</u>

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- The cost of all governmental activities this year was \$8.0 million.
- Federal, state, and county governments and charges for services subsidized certain governmental programs with grants and contributions and other local revenues of \$2.4 million.
- The net cost of governmental activities of \$5.6 million was financed by general revenues, which are made up of primarily taxes and state shared revenue.

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, *unreserved fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported combined ending fund balances of \$5.3 million, a decrease of \$8,973. Approximately 79 percent of this total amount (\$4.2 million) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to library services (\$230,574), animal shelter services (\$8,378), the K-9 unit (\$1,936), police services (\$1,000), parks and recreation (\$2,407), JCEF (\$27,170), fill the gap (\$16,447), court enhancement (\$20,690), debt service (\$123,250), long-term receivables (\$632,000), and parks and recreation youth (\$41,336).

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 \$3.6 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 64 percent of total General Fund expenditures.

The fund balance of the Town's General Fund increased slightly by \$105,628 during the fiscal year. The HURF Fund showed an increase in fund balance of \$142,527 as of June 30, 2009 due primarily to reduced spending during the year and an operating transfer in from the Capital Improvements Fund. The fund balance of the Parks Fund increased by \$417,144 as a result of a reduction in spending during the year. The fund balance of the Housing Grant Fund decreased by \$149,336 due primarily to new housing loans issued during the year.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

BUDGETARY HIGHLIGHTS

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

- Intergovernmental revenues in the General Fund were \$351,485 less than budgeted due to the slowing economy and state shared revenues coming in less than expected.
- General Fund expenditures were less than budgeted by \$1.2 million. This was the result of conservative spending efforts to minimize the impact of forecasted future revenue shortfalls.

CAPITAL ASSETS

As of June 30, 2009, the Town had invested \$9.9 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$333,354.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2009 and 2008.

	As of June 30, 2009	As of June 30, 2008
Land	\$ 4,409,541	\$ 4,409,541
Construction in progress	199,490	95,944
Infrastructure	1,598,050	1,598,050
Buildings and improvements	3,505,380	3,490,773
Improvements other than buildings	840,150	848,661
Machinery and equipment	1,668,246	1,610,980
Accumulated depreciation	<u>(2,279,473)</u>	<u>(2,053,185)</u>
 Total	 <u>\$ 9,941,384</u>	 <u>\$ 10,000,764</u>

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

- Continued construction on the Finnie Flat sidewalk enhancement, Cliffs Parkway drainage project, and the Townsite Street improvements.

Additional information on the Town's capital assets can be found in Note 6 of this report.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

DEBT ADMINISTRATION

At year end, the Town had \$2.4 million in governmental long-term debt outstanding with \$443,827 due within one year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal year ended June 30, 2009 and 2008.

	As of <u>June 30, 2009</u>	As of <u>June 30, 2008</u>
Compensated absences payable	\$ 391,517	\$ 358,507
Capital leases payable	39,592	30,862
Revenue bonds payable	1,845,000	1,925,000
Revenue bonds premium	108,310	115,491
Note payable	<u>17,234</u>	<u>20,490</u>
 Total	 <u>\$ 2,401,653</u>	 <u>\$ 2,450,350</u>

Additional information on the Town's long-term debt can be found in Notes 8 - 11 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Camp Verde's revenue base is funded primarily by Town Sales Tax and Shared Revenues from the State of Arizona. These revenue sources comprise approximately 95 percent of the Town's general purpose revenues. With the decline of the State's economy as well as the performance of the local economy, the Town of Camp Verde has seen a continued decline in the revenues received to fund its service delivery system. In anticipation of continued economic struggle, the budget for the 2009-2010 fiscal year projects a decline in revenues over actual amounts collected in the 2008-2009 fiscal year of approximately 4.39 percent.

Since 2007 when the economy began its decline, the Town of Camp Verde has held a hiring freeze. Through this hiring freeze, twenty-four (24) positions have been vacated to date. To date, the reduction in personnel costs through attrition, combined with other expenditure reductions, has enabled the Town to maintain expenditures within the projected revenues without the need for furloughs or other reductions.

Management believes that the conservative approach taken in the past few years has led to the success of the Town of Camp Verde in maintaining its service delivery system in a way that does not deplete the financial resources of the Town.

On October 30, 2009, the Town of Camp Verde was notified that funding from the Urban Revenue Sharing program with the State of Arizona would experience a reduction totaling \$340,783 in the 2010-2011 fiscal year. This equates to a 24.6 percent reduction in funding in this particular revenue source. To prepare for this reduction, management has begun calculating possible budget reductions for fiscal year 2009-10. Any expenditure savings in the 2009-10 fiscal year would allow for additional monies to be contributed to fund balance at the end of the fiscal year. Management would recommend these funds be drawn down from fund balance in the subsequent fiscal year (2010-2011), if necessary, to assist in covering the reduction in Urban Revenue Sharing. As of December 11, 2009, the possible budget reductions are still being calculated and therefore have not been finalized and adopted by Council.

As a result of the thoughtful leadership of the Town Council and the managerial acumen of the Town's management team, we believe we are poised to manage the financial affairs of the Town of Camp Verde with a high degree of vigilance and discipline. We are confident that we can address and manage the challenges we face.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2009**

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 4,992,841
Accounts receivable (net)	1,509,858
Interest receivable	4,499
Due from other governments	432,161
Prepaid items	<u>50,540</u>
Total current assets	<u>6,989,899</u>
Non-current assets:	
Investments held by trustee - restricted	123,250
Loans receivable	279,765
Capital assets, not being depreciated	4,609,031
Capital assets, being depreciated, net	5,332,353
Deferred bond issuance costs	<u>23,224</u>
Total non-current assets	<u>10,367,623</u>
Total assets	<u>17,357,522</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	193,274
Accrued payroll and employee benefits	160,378
Due to other governments	862,267
Accrued interest	36,042
Court bonds payable	14,471
Deferred revenue	536,748
Current portion of long-term obligations	<u>443,827</u>
Total current liabilities	<u>2,247,007</u>
Non-current liabilities:	
Non-current portion of long-term obligations	<u>1,957,826</u>
Total non-current liabilities	<u>1,957,826</u>
Total liabilities	<u>4,204,833</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	7,931,248
Restricted for:	
Debt service	123,250
Animal shelter	8,378
K-9 unit	1,936
Police services	1,000
Redevelopment and housing	337,565
Library services	230,574
JCEF	27,170
Highways and streets	606,419
Fill the gap	16,447
Court enhancement	20,690
Parks and recreation	2,407
Unrestricted	<u>3,845,605</u>
Total net assets	<u>\$ 13,152,689</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,338,688	\$ 304,269	\$ 30,482	\$ -	\$ (2,003,937)
Public safety	2,423,274	94,397	115,942	-	(2,212,935)
Public works and streets	1,205,471	56,109	891,316	-	(258,046)
Health and welfare	145,237	-	-	-	(145,237)
Culture and recreation	995,072	101,703	209,030	-	(684,339)
Economic and community development	845,225	221,229	338,350	32,815	(252,831)
Interest on long-term debt	86,544	-	-	-	(86,544)
Total governmental activities	8,039,511	777,707	1,585,120	32,815	(5,643,869)
General revenues:					
Taxes:					
Town sales taxes for general purposes					2,163,948
Franchise taxes					238,072
State shared revenues					3,091,906
Investment earnings					3,614
Miscellaneous					239,099
Total general revenues					5,736,639
Changes in net assets					92,770
Net assets, beginning of year, as restated					13,059,919
Net assets, end of year					\$ 13,152,689

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

**TOWN OF CAMP VERDE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Parks Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,794,359	\$ 556,757	\$ 304,536
Investments held by trustee - restricted	-	-	-
Accounts receivable (net)	1,476,814	-	-
Interest receivable	4,034	19	-
Loans receivable	-	-	-
Due from other governments	333,223	83,662	5,370
Prepaid items	50,540	-	-
Advances to other funds	632,000	-	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 5,290,970	\$ 640,438	\$ 309,906
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 154,077	\$ 23,776	\$ 4,839
Accrued payroll and employee benefits	145,326	10,216	-
Due to other governments	862,240	27	-
Accrued interest	-	-	-
Court bonds payable	14,471	-	-
Deferred revenue	492,560	-	-
Advances from other funds	-	-	632,000
	<hr/>	<hr/>	<hr/>
Total liabilities	1,668,674	34,019	636,839
Fund balances (deficits):			
Reserved for library endowment	-	-	-
Reserved for animal shelter	-	-	-
Reserved for K-9 unit	-	-	-
Reserved for police services	-	-	-
Reserved for library services	-	-	-
Reserved for parks and recreation	-	-	-
Reserved for JCEF	-	-	-
Reserved for fill the gap	-	-	-
Reserved for court enhancement	-	-	-
Reserved for debt service	-	-	-
Reserved for long-term receivables from other funds	632,000	-	-
Unreserved:			
Undesignated	2,990,296	606,419	(326,933)
Designated for parks and recreation youth programs	-	-	-
Unreserved reported in:			
Capital projects funds	-	-	-
Special revenue funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	3,622,296	606,419	(326,933)
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 5,290,970	\$ 640,438	\$ 309,906

The notes to the financial statements are an integral part of this statement.

Housing Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 58,014	\$ 1,279,175	\$ 4,992,841
-	123,250	123,250
-	33,044	1,509,858
-	446	4,499
279,765	-	279,765
-	9,906	432,161
-	-	50,540
-	-	632,000
<u>\$ 337,779</u>	<u>\$ 1,445,821</u>	<u>\$ 8,024,914</u>

\$ 214	\$ 10,368	\$ 193,274
-	4,836	160,378
-	-	862,267
-	36,042	36,042
-	-	14,471
279,765	77,232	849,557
-	-	632,000
<u>279,979</u>	<u>128,478</u>	<u>2,747,989</u>

-	227,600	227,600
-	8,378	8,378
-	1,936	1,936
-	1,000	1,000
-	2,974	2,974
-	2,407	2,407
-	27,170	27,170
-	16,447	16,447
-	20,690	20,690
-	123,250	123,250
-	-	632,000
57,800	-	3,327,582
-	41,336	41,336
-	589,141	589,141
-	255,014	255,014
<u>57,800</u>	<u>1,317,343</u>	<u>5,276,925</u>
<u>\$ 337,779</u>	<u>\$ 1,445,821</u>	<u>\$ 8,024,914</u>

**TOWN OF CAMP VERDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Total governmental fund balances \$ 5,276,925

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 12,220,857	
Less accumulated depreciation	<u>(2,279,473)</u>	9,941,384

Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		312,809
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		23,224
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(391,517)	
Capital leases payable	(39,592)	
Revenue bonds payable	(1,845,000)	
Revenue bonds premium	(108,310)	
Note payable	<u>(17,234)</u>	<u>(2,401,653)</u>

Net assets of governmental activities \$ 13,152,689

The notes to the financial statements are an integral part of this statement.

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TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2009

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Parks Fund</u>
Revenues:			
Taxes	\$ 2,402,020	\$ -	\$ -
Licenses and permits	184,016	-	-
Fines and forfeits	238,045	-	-
Intergovernmental	3,261,424	880,157	-
Charges for services	137,003	-	-
Investment earnings	2,713	336	-
Rents and royalties	20,788	-	-
Contributions and donations	21,167	-	-
Other	104,489	1,494	5,371
Total revenues	<u>6,371,665</u>	<u>881,987</u>	<u>5,371</u>
Expenditures:			
Current -			
General government	1,920,447	-	-
Public safety	2,174,377	-	-
Public works and streets	97,421	569,077	-
Health and welfare	10,000	-	-
Culture and recreation	828,186	-	-
Economic and community development	477,796	-	-
Capital outlay	104,787	441,729	111,828
Debt service -			
Principal retirement	9,729	-	-
Interest and fiscal charges	2,667	-	-
Total expenditures	<u>5,625,410</u>	<u>1,010,806</u>	<u>111,828</u>
Excess (deficiency) of revenues over expenditures	<u>746,255</u>	<u>(128,819)</u>	<u>(106,457)</u>
Other financing sources (uses):			
Capital lease agreements	18,459	-	-
Transfers in	86,300	271,346	540,000
Transfers out	(745,386)	-	(16,399)
Total other financing sources (uses)	<u>(640,627)</u>	<u>271,346</u>	<u>523,601</u>
Changes in fund balances	<u>105,628</u>	<u>142,527</u>	<u>417,144</u>
Fund balances (deficits), beginning of year, as restated	<u>3,516,668</u>	<u>463,892</u>	<u>(744,077)</u>
Fund balances (deficits), end of year	<u>\$ 3,622,296</u>	<u>\$ 606,419</u>	<u>\$ (326,933)</u>

The notes to the financial statements are an integral part of this statement.

Housing Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 2,402,020
-	-	184,016
-	19,580	257,625
364,432	223,274	4,729,287
-	111,937	248,940
900	(335)	3,614
-	-	20,788
-	24,230	45,397
15,274	-	126,628
<u>380,606</u>	<u>378,686</u>	<u>8,018,315</u>
191,592	113,719	2,225,758
-	112,263	2,286,640
-	16,198	682,696
-	135,237	145,237
-	29,664	857,850
338,350	-	816,146
-	187,906	846,250
-	83,256	92,985
-	89,518	92,185
<u>529,942</u>	<u>767,761</u>	<u>8,045,747</u>
<u>(149,336)</u>	<u>(389,075)</u>	<u>(27,432)</u>
-	-	18,459
-	321,785	1,219,431
-	(457,646)	(1,219,431)
-	(135,861)	18,459
<u>(149,336)</u>	<u>(524,936)</u>	<u>(8,973)</u>
<u>207,136</u>	<u>1,842,279</u>	<u>5,285,898</u>
<u>\$ 57,800</u>	<u>\$ 1,317,343</u>	<u>\$ 5,276,925</u>

**TOWN OF CAMP VERDE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2009**

Net changes in fund balances - total governmental funds \$ (8,973)

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 372,678	
Less current year depreciation	<u>(333,354)</u>	39,324

The disposal of capital assets resulted in a loss on the Statement of Activities. However, the loss is not an expenditure in the governmental funds. (98,704)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues 113,966

The issuance of long-term debt (e.g., bonds, leases, loans, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 80,167

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (33,010)

Change in net assets in governmental activities \$ 92,770

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2009

	<u>Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 10,296
Due from others	<u>6</u>
Total assets	<u><u>\$ 10,302</u></u>
<u>LIABILITIES</u>	
Accounts payable	\$ 3,675
Deposits held for others	<u>6,627</u>
Total liabilities	<u><u>\$ 10,302</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. The Town has only governmental activities, which are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state shared revenues, investment income, and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses and permits, financial forfeits, state shared revenues, charges for services, rents and royalties, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Contributions and donations and miscellaneous revenues are not susceptible to accrual because generally they are not measurable until cash is received. Deferred revenues also arise when resources are received by the Town before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider. Receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

The Town reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in other funds.

The *HURF Fund* accounts for the revenue received from the State for public works and streets.

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

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

Additionally, the Town reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

As a general rule the effect of internal activity has been eliminated from the government-wide financial statements. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange value.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for these funds include the cost of sales and services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Town did not report any Proprietary funds for the year ended June 30, 2009.

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, Cash Equivalents, and Investments

For purposes of the Statement of Cash Flows, 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 or 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.

Money market investments are stated at amortized cost. All other investments are stated at cost, which approximates fair value. Certain resources are set aside for the repayments of debt are classified as investments held by trustee – restricted on the statement of net assets/balance sheet. A trust account, recorded in the Debt Service Fund, a non-major fund, is used to segregate resources accumulated for future debt service payments.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Restricted Assets

Certain proceeds of the Town's bonds, as well as certain resources set aside for their repayment, are classified as restricted cash and investments on the balance sheet because their use is limited by applicable bond covenants.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, machinery, equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Certain capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20
Buildings and improvements	10-50
Improvements other than buildings	20-50
Machinery and equipment	5-20

I. Compensated Absences

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

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences (continued)

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.

J. Long-Term Obligations

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

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

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the statement of activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. Budgets

The Town publishes and adopts an annual budget in accordance with applicable state statutes.

O. Impairment of Long-Lived Assets

The Town reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows, expected to be generated by the asset.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe that there were any long-lived asset impairments for the year ended June 30, 2009.

NOTE 2- CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the Town's deposits may not be returned to the Town. The Town does not have a policy for custodial credit risk. At June 30, 2009, the carrying amount of the Town deposits was \$774,206, and the bank balance was \$652,775. At June 30, 2009, the Town's deposits were entirely covered by Federal depository insurance.

The Town's investments at June 30, 2009, were as follows:

	Fair Value	Investment Maturities (in Years) Less than 1
Money market mutual fund	\$ 123,250	\$ 123,250
State Treasurer's investment pool	4,184,984	4,184,984
Total	\$ 4,308,234	\$ 4,308,234

Interest Rate Risk. The Town's investment policy limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 2- CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk. The Town's investment policy limits investment choices based on allowable investments in state statutes. As of June 30, 2009, the Town's investment in the State Treasurer's investment pool had Standard and Poor's Rating Services assign the highest rating for credit quality of AA+ and the highest rating for stability of S1+.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2009, the Town had \$123,250 of money market funds that were uninsured and held by the counterparty's trust department or agent not in the Town's name. The Town's investment in the State Treasurer's investment pool represents a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The Town limits the investment in debt issued by a single entity to 5%. As of June 30, 2009 the Town's investments include 3 percent invested in money market funds and 97 percent invested in the State Treasurer's investment pool.

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:	
Cash on hand	\$ 43,942
Amount of deposits	774,206
Amount of investments	<u>4,308,234</u>
Total	<u>\$ 5,126,387</u>

	Governmental Activities	Agency Funds	Total
Statement of Net Assets:			
Cash and cash equivalents	\$ 4,992,841	\$ 10,296	\$ 5,003,137
Restricted cash and cash equivalents	<u>123,250</u>	<u>-</u>	<u>123,250</u>
Total	<u>\$ 5,116,091</u>	<u>\$ 10,296</u>	<u>\$ 5,126,387</u>

The Town participates in an external investment pool, the State of Arizona Treasury Local Government Investment Pool (LGIP). The State Treasurer's Office operates a LGIP to provide professional short-term investment services for a wide array of public entities. By investing in the LGIP, participants are able to benefit from the substantial aggregate buying power of the state portfolio as well as a pool of monies from other participants. Participants enjoy safety of principal, daily liquidity, and competitive yields. That portion of the external investment pool which belongs to local government participants is reported in the State's Annual Financial Report. A copy of the report can be obtained from the State's website at www.aztreasury.gov or by writing to Arizona State Treasurer's Office, 1700 W. Washington Street, 1st Floor, Phoenix, AZ 85007.

The Town's position in the LGIP at June 30, 2009 is stated at cost which approximates fair value.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 3- ACCOUNTS RECEIVABLES

As of June 30, 2009, the Town's receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$1,418,013 in municipal court fines, \$7,783 in grants, \$386,326 in State distributions, and \$129,897 in other miscellaneous receivables. Management has an aggressive collection policy and deems uncollectible amounts to be immaterial to the financial statements. In connection with receivables, governmental funds reported deferred revenue for amounts not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the deferred revenue consisted of fines receivable of \$521,801, loans receivable of \$279,765, and unexpended grant funds of \$47,991.

NOTE 4 – DUE FROM GOVERNMENTAL ENTITIES

Due from governmental entities as of year end for the Town's individual major funds and non-major governmental funds in the aggregate, were as follows:

	General Fund	HURF Fund	Parks Fund	Non-Major Governmental Funds	Total
Due from governmental entities:					
Due from Federal government	\$ -	\$ -	\$ -	\$ 1,723	\$ 1,723
Due from State government	333,223	83,662	5,370	-	422,255
Due from other Towns/Cities	-	-	-	8,183	8,183
Due from governmental entities	<u>\$ 333,223</u>	<u>\$ 83,662</u>	<u>\$ 5,370</u>	<u>\$ 9,906</u>	<u>\$ 432,161</u>

The Town considers the amounts due from governmental entities to be 100 percent collectible; therefore, no allowance for doubtful accounts was reported.

NOTE 5- LOANS RECEIVABLE

The Town has outstanding loans due from homeowners. The loans were originally issued to homeowners within the Town to assist in redevelopment and housing. The loans were funded by a Community Development Block Grant, and any income from the loan is considered program income of the grant. The governmental funds report deferred revenue in connection with the receivables for revenues that are not considered to be available to liquidate liabilities of the current period. However, the government-wide financial statements recognized the revenue when the receivable was recognized. Therefore, the deferred revenue represents a reconciling item between the government-wide and fund financial statements. At June 30, 2009, \$279,765 of the deferred loan receivable recorded in the Housing Grant Fund represents funds that were unavailable.

The Town considers the receivables to be 100 percent collectible; therefore, no allowance for doubtful accounts was reported.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 6- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2009 follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,409,541	\$ -	\$ -	\$ 4,409,541
Construction in progress	95,944	173,917	70,371	199,490
Total capital assets, not being depreciated	<u>4,505,485</u>	<u>173,917</u>	<u>70,371</u>	<u>4,609,031</u>
Capital assets, being depreciated:				
Infrastructure	1,598,050	-	-	1,598,050
Buildings and improvements	3,490,773	14,607	-	3,505,380
Improvements other than buildings	848,661	76,489	85,000	840,150
Machinery and equipment	1,610,980	107,665	50,399	1,668,246
Total capital assets being depreciated	<u>7,548,464</u>	<u>198,761</u>	<u>135,399</u>	<u>7,611,826</u>
Less accumulated depreciation for:				
Infrastructure	(211,797)	(86,381)	-	(298,178)
Buildings and improvements	(462,323)	(79,013)	-	(541,336)
Improvements other than buildings	(291,320)	(29,007)	(56,667)	(263,660)
Machinery and equipment	(1,087,745)	(138,953)	(50,399)	(1,176,299)
Total accumulated depreciation	<u>(2,053,185)</u>	<u>(333,354)</u>	<u>(107,066)</u>	<u>(2,279,473)</u>
Total capital assets, being depreciated, net	<u>5,495,279</u>	<u>(134,593)</u>	<u>28,333</u>	<u>5,332,353</u>
Governmental activities capital assets, net	<u>\$ 10,000,764</u>	<u>\$ 39,324</u>	<u>\$ 98,704</u>	<u>\$ 9,941,384</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 30,596
Public safety	105,125
Public works and streets	126,979
Culture and recreation	67,079
Economic and community development	<u>3,575</u>
 Total depreciation expense	 <u>\$ 333,354</u>

NOTE 7- DUE TO OTHER GOVERNMENTS

Due to governmental entities for the Town's individual major funds in the aggregate at year end, were as follows.

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Total</u>
Due to governmental entities:			
Due to State government	\$ 828,862	\$ -	\$ 828,862
Due to County government	<u>33,378</u>	<u>27</u>	<u>33,405</u>
Total due to governmental entities	<u>\$ 862,240</u>	<u>\$ 27</u>	<u>\$ 862,267</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 8- OBLIGATIONS UNDER CAPITAL LEASES

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and Equipment	\$ 60,581
Less: Accumulated Depreciation	20,472
Carrying Value	\$ 40,109

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

		Governmental Activities
Year Ending June 30:		
	2010	\$ 14,495
	2011	14,495
	2012	9,279
	2013	4,422
	2014	2,098
Total minimum lease payments		44,789
Less: amount representing interest		5,197
Present value of minimum lease payments		\$ 39,592
Due within one year		\$ 11,987

NOTE 9- NOTE PAYABLE

In July 1998, the Town entered into a mortgage note agreement for the purchase of Butler Park. The original principal amount was \$40,000 with monthly payments of \$430 at 10% interest per annum. The debt service requirements to maturity are as follows:

	Principal	Interest
Year ending June 30:		
	2010	\$ 1,562
	2011	1,185
	2012	769
	2013	309
	2014	4
Total	\$ 17,234	\$ 3,829

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 10- REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2009 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

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

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2009
Governmental activities:			
Greater Arizona Development Authority (GADA) Infrastructure Series 2005 Revenue Bonds	2.75-5.00%	8/1/2008-24	\$1,845,000

Revenue bond debt service requirements to maturity are as follows:

Year ending June 30:	Principal	Interest
2010	\$ 80,000	\$ 85,250
2011	85,000	82,725
2012	85,000	79,325
2013	90,000	74,950
2014	95,000	70,325
2015-19	550,000	273,500
2020-24	700,000	122,975
2025	160,000	3,400
Total	\$ 1,845,000	\$ 792,450

NOTE 11- CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 358,507	\$ 308,446	\$ 275,436	\$ 391,517	\$ 341,063
Capital leases payable	30,862	18,459	9,729	39,592	11,987
Revenue bonds payable	1,925,000	-	80,000	1,845,000	80,000
Revenue bonds premium	115,491	-	7,181	108,310	7,181
Note payable	20,490	-	3,256	17,234	3,596
Governmental activities long-term liabilities	\$ 2,450,350	\$ 326,904	\$ 375,602	\$ 2,401,653	\$ 443,827

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 12- OPERATING LEASE

The Town leases an animal control facility under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. Rental expenditures under the terms of the operating lease totaled \$19,568 for the fiscal year ended June 30, 2009.

The future minimum lease payments are as follows:

Year Ending June 30:	<u>Amount</u>
2010	<u>\$ 4,927</u>
Total	<u>\$ 4,927</u>

NOTE 13- PLEDGED REVENUES

The Town has pledged, as security for a lease-purchase agreement entered into by the Camp Verde Sanitary District, a portion of the Town's sales tax. The lease-purchase agreement, executed by the Sanitary District in 2007 in the amount of \$1.9 million to provide financing for construction of a new wastewater treatment plant, outfall, and collector sewer lines, is payable through 2027. The Town has committed to appropriate \$135,000 each year for 25 years, from sales tax revenues and state shared revenues, to cover the principal and interest requirements on the Sanitary District's debt.

The Sanitary District has pledged, as the sole security for the lease-purchase agreement, the annual appropriations from the Town. Total principal and interest remaining on the District's debt is \$3.1 million with annual requirements ranging from \$135,013 in 2010 to \$657,708 in the final year. Sales taxes and state shared revenues, from which the appropriations will be made, have averaged \$3.7 million per year over the last ten years. For the current year, principal and interest paid by the Sanitary District and the total sales tax revenue and state shared revenues recognized by the Town were \$135,237 and \$4.6 million, respectively.

NOTE 14- INTERFUND BALANCES AND ACTIVITY

At June 30, 2009, interfund balances and activity were as follows:

Advances to/from other funds:

<u>Fund</u>	<u>Advances Receivable</u>	<u>Advances Payable</u>
General	\$ 632,000	\$ -
Parks	-	<u>632,000</u>
Total	<u>\$ 632,000</u>	<u>\$ 632,000</u>

During March 2008, the Town Council approved an agreement to loan \$832,000 to the Parks Fund from General Fund monies. According to agreement, quarterly payments of \$50,000 will be made until the full amount borrowed has been repaid.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 14- INTERFUND BALANCES AND ACTIVITY (CONTINUED)

Interfund transfers:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 86,300	\$ 745,386
HURF	271,346	-
Parks	540,000	16,399
Non-Major Governmental	321,785	457,646
Total	<u>\$1,219,431</u>	<u>\$1,219,431</u>

Transfers between funds are used (1) to move revenues from the fund with collection authorization to the Parks Fund and other non-major governmental funds and (2) to cover shared expenses.

NOTE 15- 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 – The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTE 16- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balances/Net Assets – At June 30, 2009, the Parks Fund reported a deficit in fund balance of \$326,933. The deficit arose because of operations in prior years. Additional revenues received in future fiscal years are expected to eliminate the deficit.

NOTE 17- 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; and natural disasters; but was unable to obtain insurance at a cost it considered to be economically justifiable. Therefore, the Town joined the Arizona Municipal Risk Retention Pool (AMRRP), together with other cities and towns in the State. AMRRP is a public entity risk pool currently operating as a common risk management and insurance program for 70 member cities and towns. The Town pays an annual premium to AMRRP for its general insurance coverage. The agreement provides that AMRRP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$600,000 for general liability claims and \$400,000 for property claims for each insured event. Member premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$5,000,000 per occurrence on a follow form, claims made basis.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 17- RISK MANAGEMENT (CONTINUED)

No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

The Town provides health benefits to its employees and their dependents through the Verde Valley Employee Benefit Pool (Pool), currently composed of nine member governmental entities. The Pool provides the benefits through a self-funding agreement with its participants and administers the program. The Town is responsible for paying the premium for all employees and requires its employees to contribute only for dependent coverage. If it withdraws from the Pool, the Town is responsible for any claims run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Pool were to terminate, the Town would be responsible for its proportional share of any pool deficit.

NOTE 18- RETIREMENT PLANS

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

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

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

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

ASRS

3300 North Central Avenue
P.O. Box 33910
Phoenix, Arizona 85067-3910
(602) 240-2200 or (800) 621-3778

PSPRS

3010 East Camelback Road, Suite 200
Phoenix, Arizona 85016-4416
(602) 255-5575

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 18- RETIREMENT PLANS (CONTINUED)

Cost-sharing plan – For the year ended June 30, 2009, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.45 percent (8.95 percent for retirement and 0.5 percent long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 9.45 percent (7.99 percent for retirement, 0.96 percent for health insurance premium, and 0.50 percent for long-term disability) of the members' annual covered payroll. There were 55 participants in the ASRS as of June 30, 2009.

The Town's contributions for the current and two preceding years, all of which were equal to the required contributions, were as follows:

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Year ending June 30:			
2009	\$ 174,581	\$ 20,976	\$ 10,925
2008	210,644	27,475	13,083
2007	182,348	25,360	12,076

Agent plan – For the year ended June 30, 2009, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll to the Plan, and the Town was required to contribute at the actuarially determined rate of 14.26 percent. There were 17 participants in the PSPRS as of June 30, 2009.

Actuarial Methods and Assumptions – The contribution requirements for the year ended June 30, 2009 were established by the June 30, 2007 actuarial valuation, and that actuarial valuation was based on the following actuarial methods and assumptions. Actuarial valuations involve estimation of the value of reported amounts and assumptions about the probability of events in the future. The required schedule of funding programs which follows provides multi-year trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	<u>PSPRS</u>
Actuarial valuation date	June 30, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	27 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	Smoothed market value
Actuarial assumptions:	
Investment rate of return	8.5%
Projected salary increases	5.5-8.5%
Inflation rate	5.0%

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 18- RETIREMENT PLANS (CONTINUED)

Trend Information – Information for the agent plan as of the most recent actuarial valuations follows:

Camp Verde Marshals Plan (Retirement):

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 72,328	100.0%	\$ 0
2008	86,484	100.0%	0
2009	141,785	100.0%	0

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

Camp Verde Marshals Plan (Retirement):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll [(a-b)/c]
2009	\$2,221,063	\$2,668,918	\$(447,855)	83.2%	\$878,429	(51.0%)
2008	1,968,768	2,568,446	(599,678)	76.7%	932,555	(64.3%)
2007	1,747,570	2,478,480	(730,910)	70.5%	879,009	(83.2%)

Camp Verde Marshals Plan (Health):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll [(a-b)/c]
2009	-	\$ 96,466	\$ (96,466)	0.0%	\$ 878,429	(11.0%)
2008	-	100,364	(100,364)	0.0%	932,555	(10.7%)
2007	-	94,638	(94,638)	0.0%	879,009	(10.8%)

NOTE 19- CONSTRUCTION COMMITMENTS

As of June 30, 2009, the Town was involved in three construction projects. The outstanding commitments for these construction projects were \$110,949.

NOTE 20- PRIOR PERIOD ADJUSTMENTS

The July 1, 2008, government-wide net assets and the net assets of the General Fund and the Court Special Revenue Fund, a non-major special revenue fund, do not agree to the prior year financial statements due to the correction of errors. The errors were due to (1) a misallocation of beginning balances for the Court Special Revenue Fund when originally created and transferred from the General Fund and (2) the establishment of the Special Olympics Fund, an agency fund, the activity of which had been incorrectly reported in the General Fund in prior years.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 20- PRIOR PERIOD ADJUSTMENTS (CONTINUED)

	<u>Statement of Activities</u>	<u>General Fund</u>	<u>Court Special Revenue Fund</u>
Net Assets/Fund Balance, June 30, 2008, as previously reported	\$13,064,863	\$ 3,564,574	\$ 58,900
Correction of Court Special Revenue Fund beginning balance	-	(42,962)	42,962
Correction of Special Olympics Fund beginning balance	(4,944)	(4,944)	-
Net Assets/Fund Balance, July 1, 2008, as restated	<u>\$13,059,919</u>	<u>\$ 3,516,668</u>	<u>\$ 101,862</u>

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REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL- GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Non-GAAP Actual	
Revenues:				
Taxes	\$ 2,712,107	\$ 2,457,107	\$ 2,402,020	\$ (55,087)
Licenses and permits	150,200	165,200	184,016	18,816
Fines and forfeits	334,603	334,103	238,045	(96,058)
Intergovernmental	3,712,909	3,612,909	3,261,424	(351,485)
Charges for services	201,170	236,120	137,003	(99,117)
Investment earnings	150,000	70,000	2,713	(67,287)
Rents and royalties	42,000	42,000	20,788	(21,212)
Contributions and donations	29,000	29,000	21,167	(7,833)
Other	18,200	18,200	104,489	86,289
Total revenues	7,350,189	6,964,639	6,371,665	(592,974)
Expenditures:				
Current -				
General government	2,235,308	2,265,324	1,904,868	360,456
Public safety	2,371,327	2,371,327	2,174,377	196,950
Public works and streets	527,312	518,290	97,421	420,869
Health and welfare	10,000	10,000	10,000	-
Culture and recreation	915,098	902,372	828,186	74,186
Economic and community development	766,134	634,934	477,796	157,138
Capital outlay	52,000	48,750	86,328	(37,578)
Debt service -				
Principal retirement	10,988	10,988	9,729	1,259
Interest and fiscal charges	3,012	3,012	2,667	345
Total expenditures	6,891,179	6,764,997	5,591,372	1,173,625
Excess (deficiency) of revenues over expenditures	459,010	199,642	780,293	580,651
Other financing sources (uses):				
Transfers in	286,300	286,300	286,300	-
Transfers out	(742,263)	(742,263)	(745,386)	(3,123)
Total other financing sources (uses)	(455,963)	(455,963)	(459,086)	(3,123)
Change in fund balances	3,047	(256,321)	321,207	577,528
Fund balances, July 1, 2008, as restated	3,113,105	3,113,105	3,501,089	387,984
Fund balances, June 30, 2009	\$ 3,116,152	\$ 2,856,784	\$ 3,822,296	\$ 965,512

**TOWN OF CAMP VERDE, ARIZONA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES- BUDGET AND ACTUAL- HURF FUND
 FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 985,496	\$ 905,496	\$ 880,157	\$ (25,339)
Investment earnings	-	-	336	336
Other	47,820	47,820	1,494	(46,326)
Total revenues	<u>1,033,316</u>	<u>953,316</u>	<u>881,987</u>	<u>(71,329)</u>
Expenditures:				
Current -				
Public works and streets	721,951	721,951	569,077	152,874
Capital outlay	1,056,218	1,056,218	441,729	614,489
Total expenditures	<u>1,778,169</u>	<u>1,778,169</u>	<u>1,010,806</u>	<u>767,363</u>
Excess (deficiency) of revenues over expenditures	(744,853)	(824,853)	(128,819)	696,034
Other financing sources (uses):				
Transfers in	271,346	271,346	271,346	-
Total other financing sources (uses)	<u>271,346</u>	<u>271,346</u>	<u>271,346</u>	<u>-</u>
Change in fund balances	(473,507)	(553,507)	142,527	696,034
Fund balances, July 1, 2008	<u>473,508</u>	<u>473,508</u>	<u>463,892</u>	<u>(9,616)</u>
Fund balances, June 30, 2009	<u>\$ 1</u>	<u>\$ (79,999)</u>	<u>\$ 606,419</u>	<u>\$ 686,418</u>

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL- PARKS FUND
FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>		Non-GAAP Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other	\$ -	\$ -	\$ 5,371	\$ 5,371
Total revenues	<u>-</u>	<u>-</u>	<u>5,371</u>	<u>5,371</u>
Expenditures:				
Capital outlay	150,800	250,800	111,828	138,972
Total expenditures	<u>150,800</u>	<u>250,800</u>	<u>111,828</u>	<u>138,972</u>
Excess (deficiency) of revenues over expenditures	<u>(150,800)</u>	<u>(250,800)</u>	<u>(106,457)</u>	<u>144,343</u>
Other financing sources (uses):				
Transfers in	440,000	440,000	540,000	100,000
Transfers out	<u>(205,500)</u>	<u>(205,500)</u>	<u>(216,399)</u>	<u>(10,899)</u>
Total other financing sources (uses)	<u>234,500</u>	<u>234,500</u>	<u>323,601</u>	<u>89,101</u>
Change in fund balances	83,700	(16,300)	217,144	233,444
Fund balances (deficits), July 1, 2008	<u>84,432</u>	<u>84,432</u>	<u>(744,077)</u>	<u>(828,509)</u>
Fund balances (deficits), June 30, 2009	<u>\$ 168,132</u>	<u>\$ 68,132</u>	<u>\$ (526,933)</u>	<u>\$ (595,065)</u>

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL- HOUSING GRANT FUND
YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts Original & Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 380,082	\$ 364,432	\$ (15,650)
Investment earnings	-	900	900
Other	21,500	15,274	(6,226)
Total revenues	<u>401,582</u>	<u>380,606</u>	<u>(20,976)</u>
Expenditures:			
Current -			
General government	236,188	191,592	44,596
Economic and community development	354,000	338,350	15,650
Total expenditures	<u>590,188</u>	<u>529,942</u>	<u>60,246</u>
Change in fund balances	(188,606)	(149,336)	39,270
Fund balances, July 1, 2008	<u>205,585</u>	<u>207,136.00</u>	<u>1,551</u>
Fund balances, June 30, 2009	<u>\$ 16,979</u>	<u>\$ 57,800</u>	<u>\$ 40,821</u>

**TOWN OF CAMP VERDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT RETIREMENT AND HEALTH INSURANCE
PLAN'S FUNDING PROGRESS
JUNE 30, 2009**

Camp Verde Marshal's Plan (Retirement):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((a-b)/c)
2003	\$ 1,422,828	\$ 1,294,744	\$ 128,084	109.9%	\$ 607,257	0.0%
2004	1,501,555	1,451,834	49,721	103.4%	618,541	0.0%
2005	1,620,472	1,667,035	(46,563)	97.2%	702,255	(6.6%)
2006	1,637,141	1,839,003	(201,862)	89.0%	739,848	(27.3%)
2007	1,747,570	2,478,480	(730,910)	70.5%	879,009	(83.2%)
2008	1,968,768	2,568,446	(599,678)	76.7%	932,555	(64.3%)
2009	2,221,063	2,668,918	(447,855)	83.2%	878,429	(51.0%)

Camp Verde Marshal's Plan (Health Insurance):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ((a-b)/c)
2006	-	\$ 52,291	\$ (52,291)	0.0%	739,848	(7.1%)
2007	-	94,638	(94,638)	0.0%	879,009	(10.8%)
2008	-	100,364	(100,364)	0.0%	932,555	(10.7%)
2009	-	96,466	(96,466)	0.0%	878,429	(11.0%)

**TOWN OF CAMP VERDE, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 MARSHAL'S RETIREMENT AND HEALTH INSURANCE PLAN
 JUNE 30, 2009**

Camp Verde Marshal's Plan (Retirement):

<u>Calendar Year</u>	<u>Employer Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 39,661	\$ 39,661	100.0 %
2004	55,798	55,798	100.0 %
2005	52,876	52,876	100.0%
2006	65,511	65,511	100.0%
2007	72,328	72,328	100.0%
2008	86,484	86,484	100.0%
2009	141,785	141,785	100.0%

Camp Verde Marshal's Plan (Health Insurance):

<u>Valuation Date June 30,</u>	<u>Fiscal Year Ended June 30,</u>	<u>Normal Cost (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Total (a+b)</u>	<u>Dollar Amount</u>
2006	2008	0.59%	0.33%	0.92%	\$ 8,580
2007	2009	0.78%	0.51%	1.29%	12,030
2008	2010	0.75%	0.52%	1.27%	11,843
2009	2011	0.82%	0.54%	1.36%	13,297

TOWN OF CAMP VERDE, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

NOTE 1- BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles, except for the following: (1) in accordance with Arizona Revised Statutes, payments made from encumbered monies within sixty days immediately after the end of the fiscal year are accrued for budgetary purposes, (2) present value of net minimum capital lease payments, and (3) repayment of advance between the General Fund and Parks Fund. The following schedule reconciles the excess (deficiency) of revenues over expenditures and beginning of year and end of year fund balances from the Statement of Revenues, Expenditures and Changes in Fund Balances to the budgetary comparison schedules:

	<u>Total Expenditures</u>	<u>Fund Balance, June 30, 2009</u>	<u>Fund Balance, July 1, 2008</u>
General Fund:			
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 5,625,410	\$ 3,622,296	\$ 3,516,668
Prior year payments made from encumbered monies	(15,579)	-	(15,579)
Capital lease additions	(18,459)	-	-
Transfer in for payment on advance	-	200,000	-
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 5,591,372</u>	<u>\$ 3,822,296</u>	<u>\$ 3,501,089</u>
Parks Fund:		<u>Fund Balance, June 30, 2009</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds		\$ (326,933)	
Transfer in for payment on advance		(200,000)	
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Parks Fund		<u>\$ (526,933)</u>	

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

At June 30, 2009, the Town had expenditures in funds that exceeded the budget; however, this does not constitute a violation of any legal provisions.

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

TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET- ALL NON-MAJOR GOVERNMENTAL FUNDS
BY FUND TYPE
FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue	Debt Service Fund	Capital Improvements Fund	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 653,130	\$ 36,042	\$ 590,003	\$ 1,279,175
Investments held by trustee - restricted	-	123,250	-	123,250
Accounts receivable (net)	33,044	-	-	33,044
Interest receivable	446	-	-	446
Due from governments	9,906	-	-	9,906
Total assets	\$ 696,526	\$ 159,292	\$ 590,003	\$ 1,445,821
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,506	\$ -	\$ 862	\$ 10,368
Accrued payroll and employee benefits	4,836	-	-	4,836
Accrued interest	-	36,042	-	36,042
Deferred revenue	77,232	-	-	77,232
Total liabilities	91,574	36,042	862	128,478
Fund balances:				
Reserved for library endowment	227,600	-	-	227,600
Reserved for animal shelter	8,378	-	-	8,378
Reserved for K-9 unit	1,936	-	-	1,936
Reserved for police services	1,000	-	-	1,000
Reserved for library services	2,974	-	-	2,974
Reserved for parks and recreation	2,407	-	-	2,407
Reserved for JCEF	27,170	-	-	27,170
Reserved for fill the gap	16,447	-	-	16,447
Reserved for court enhancement	20,690	-	-	20,690
Reserved for debt service	-	123,250	-	123,250
Unreserved:				
Undesignated	255,014	-	589,141	844,155
Designated for parks and recreation youth youth programs	41,336	-	-	41,336
Total fund balances	604,952	123,250	589,141	1,317,343
Total liabilities and fund balances	\$ 696,526	\$ 159,292	\$ 590,003	\$ 1,445,821

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ALL NON-MAJOR GOVERNMENTAL FUNDS- BY FUND TYPE
FISCAL YEAR ENDED JUNE 30, 2009

	Special Revenue	Debt Service Fund	Capital Improvements Fund	Total Non-Major Governmental Funds
Revenues:				
Fines and forfeits	\$ 19,580	\$ -	\$ -	\$ 19,580
Intergovernmental	223,274	-	-	223,274
Charges for services	111,937	-	-	111,937
Investment earnings	(519)	184	-	(335)
Contributions and donations	24,230	-	-	24,230
Total revenues	378,502	184	-	378,686
Expenditures:				
Current -				
General government	113,719	-	-	113,719
Public safety	112,263	-	-	112,263
Public works and streets	16,198	-	-	16,198
Health and welfare	-	135,237	-	135,237
Culture and recreation	29,664	-	-	29,664
Capital outlay	22,675	-	165,231	187,906
Debt service -				
Principal retirement	-	83,256	-	83,256
Interest and fiscal charges	-	89,518	-	89,518
Total expenditures	294,519	308,011	165,231	767,761
Excess (deficiency) of revenues over expenditures	83,983	(307,827)	(165,231)	(389,075)
Other financing sources (uses):				
Transfers in	15,058	306,727	-	321,785
Transfers out	-	-	(457,646)	(457,646)
Total other financing sources (uses)	15,058	306,727	(457,646)	(135,861)
Change in fund balances	99,041	(1,100)	(622,877)	(524,936)
Fund balances, beginning of year, as restated	505,911	124,350	1,212,018	1,842,279
Fund balances, end of year	\$ 604,952	\$ 123,250	\$ 589,141	\$ 1,317,343

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds of specific revenues 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.

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

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

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

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

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

Library Endowment Fund- accounts for endowments to the library.

Impact Fee Fund- accounts for development impact fees.

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

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TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2009

	Court Special Revenue Fund	Nonfederal Grant Fund	Yavapai- Apache Gaming Compact	9-1-1 Fund
<u>ASSETS</u>				
Cash and cash equivalents	\$ 61,546	\$ 48,457	\$ 68,857	\$ 2,284
Accounts receivable (net)	33,044	-	-	-
Interest receivable	-	-	-	-
Due from other governments	1,723	7,783	-	400
Total assets	\$ 96,313	\$ 56,240	\$ 68,857	\$ 2,684
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 237	\$ 5,941	\$ 1,799	\$ -
Accrued payroll and employee benefits	2,528	2,308	-	-
Deferred revenue	29,241	47,991	-	-
Total liabilities	32,006	56,240	1,799	-
Fund balances:				
Reserved for library endowment	-	-	-	-
Reserved for animal shelter	-	-	-	-
Reserved for K-9 unit	-	-	-	-
Reserved for police services	-	-	-	-
Reserved for library services	-	-	-	-
Reserved for parks and recreation	-	-	-	-
Reserved for JCEF	27,170	-	-	-
Reserved for fill the gap	16,447	-	-	-
Reserved for court enhancement	20,690	-	-	-
Unreserved:				
Undesignated	-	-	25,722	2,684
Designated for parks and recreation youth programs	-	-	41,336	-
Total fund balances	64,307	-	67,058	2,684
Total liabilities and fund balances	\$ 96,313	\$ 56,240	\$ 68,857	\$ 2,684

Library Endowment Fund	Impact Fee Fund	Donations Fund	Totals
\$ 227,359	\$ 226,652	\$ 17,975	\$ 653,130
-	-	-	33,044
241	205	-	446
-	-	-	9,906
<u>\$ 227,600</u>	<u>\$ 226,857</u>	<u>\$ 17,975</u>	<u>\$ 696,526</u>
\$ -	\$ 249	\$ 1,280	\$ 9,506
-	-	-	4,836
-	-	-	77,232
<u>-</u>	<u>249</u>	<u>1,280</u>	<u>91,574</u>
227,600	-	-	227,600
-	-	8,378	8,378
-	-	1,936	1,936
-	-	1,000	1,000
-	-	2,974	2,974
-	-	2,407	2,407
-	-	-	27,170
-	-	-	16,447
-	-	-	20,690
-	226,608	-	255,014
<u>-</u>	<u>-</u>	<u>-</u>	<u>41,336</u>
<u>227,600</u>	<u>226,608</u>	<u>16,695</u>	<u>604,952</u>
<u>\$ 227,600</u>	<u>\$ 226,857</u>	<u>\$ 17,975</u>	<u>\$ 696,526</u>

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ALL NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2009

	Court Special Revenue Fund	Nonfederal Grant Fund	Yavapai-Apache Gaming Compact Fund
Revenues:			
Fines and forfeitures	\$ 19,580	\$ -	\$ -
Intergovernmental	4,400	129,100	56,059
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Total revenues	<u>23,980</u>	<u>129,100</u>	<u>56,059</u>
Expenditures:			
Current -			
General government	61,535	-	42,044
Public safety	-	110,288	-
Public works and streets	-	16,198	-
Culture and recreation	-	18,660	10,115
Capital outlay	-	-	-
Total expenditures	<u>61,535</u>	<u>145,146</u>	<u>52,159</u>
Excess (deficiency) of revenues over expenditures	<u>(37,555)</u>	<u>(16,046)</u>	<u>3,900</u>
Other financing sources (uses):			
Transfers in	-	15,058	-
Total other financing sources (uses)	<u>-</u>	<u>15,058</u>	<u>-</u>
Change in fund balances	(37,555)	(988)	3,900
Fund balances, beginning of year, as restated	<u>101,862</u>	<u>988</u>	<u>63,158</u>
Fund balances, end of year	<u>\$ 64,307</u>	<u>\$ -</u>	<u>\$ 67,058</u>

CDBG Fund	9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Donations Fund.	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,580
32,815	900	-	-	-	223,274
-	-	-	111,937	-	111,937
-	-	(1,590)	1,071	-	(519)
-	-	14,634	-	9,596	24,230
<u>32,815</u>	<u>900</u>	<u>13,044</u>	<u>113,008</u>	<u>9,596</u>	<u>378,502</u>
10,140	-	-	-	-	113,719
-	-	-	-	1,975	112,263
-	-	-	-	-	16,198
-	-	-	-	889	29,664
<u>22,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,675</u>
<u>32,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,864</u>	<u>294,519</u>
-	900	13,044	113,008	6,732	83,983
-	-	-	-	-	15,058
-	-	-	-	-	15,058
-	900	13,044	113,008	6,732	99,041
-	1,784	214,556	113,600	9,963	505,911
<u>\$ -</u>	<u>\$ 2,684</u>	<u>\$ 227,600</u>	<u>\$ 226,608</u>	<u>\$ 16,695</u>	<u>\$ 604,952</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, 2009

	<u>Court Special Revenue Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues:			
Fines and forfeits	\$ 37,740	\$ 19,580	\$ (18,160)
Intergovernmental	6,090	4,400	(1,690)
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Total revenues	<u>43,830</u>	<u>23,980</u>	<u>(19,850)</u>
Expenditures:			
Current -			
General government	66,848	61,535	5,313
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>66,848</u>	<u>61,535</u>	<u>5,313</u>
Excess (deficiency) of revenues over expenditures	<u>(23,018)</u>	<u>(37,555)</u>	<u>(14,537)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	<u>(23,018)</u>	<u>(37,555)</u>	<u>(14,537)</u>
Fund balances, July 1, 2008, as restated	<u>31,018</u>	<u>101,862</u>	<u>70,844</u>
Fund balances, June 30, 2009	<u>\$ 8,000</u>	<u>\$ 64,307</u>	<u>\$ 56,307</u>

Nonfederal Grant Fund			Yavapai-Apache Gaming Compact Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
159,475	129,100	(30,375)	46,000	56,059	10,059
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
159,475	129,100	(30,375)	46,000	56,059	10,059
-	-	-	-	42,044	(42,044)
143,975	110,288	33,687	-	-	-
8,500	16,198	(7,698)	-	-	-
7,000	18,660	(11,660)	31,000	10,115	20,885
-	-	-	-	-	-
159,475	145,146	14,329	31,000	52,159	(21,159)
-	(16,046)	(16,046)	15,000	3,900	(11,100)
-	15,058	15,058	-	-	-
-	15,058	15,058	-	-	-
-	(988)	(988)	15,000	3,900	(11,100)
-	988	988	57,158	63,158	6,000
\$ -	\$ -	\$ -	\$ 72,158	\$ 67,058	\$ (5,100)

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, 2009
(Continued)

	CDBG Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeits	\$ -	\$ -	\$ -
Intergovernmental	681,808	32,815	(648,993)
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Total revenues	681,808	32,815	(648,993)
Expenditures:			
Current -			
General government	104,970	10,140	94,830
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	576,838.00	22,675	554,163
Total expenditures	681,808	32,815	648,993
Excess (deficiency) of revenues over expenditures	-	-	-
Other financing sources (uses):			
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	-	-	-
Fund balances, July 1, 2008, as restated	-	-	-
Fund balances, June 30, 2009	\$ -	\$ -	\$ -

9-1-1 Fund			Library Endowment Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
600	900	300	-	-	-
-	-	-	-	-	-
-	-	-	10,000	(1,590)	(11,590)
-	-	-	14,449	14,634	185
600	900	300	24,449	13,044	(11,405)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
600	900	300	24,449	13,044	(11,405)
-	-	-	-	-	-
-	-	-	-	-	-
600	900	300	24,449	13,044	(11,405)
1,784	1,784		223,044	214,556	(8,488)
\$ 2,384	\$ 2,684	\$ 300	\$ 247,493	\$ 227,600	\$ (19,893)

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, 2009
(Continued)

	Impact Fee Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeits	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	75,000	111,937	36,937
Investment earnings	480	1,071	591
Contributions and donations	-	-	-
Total revenues	75,480	113,008	37,528
Expenditures:			
Current -			
General government	-	-	-
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	75,480	113,008	37,528
Other financing sources (uses):			
Transfers in	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	75,480	113,008	37,528
Fund balances, July 1, 2008, as restated	106,684	113,600	6,916
Fund balances, June 30, 2009	\$ 182,164	\$ 226,608	\$ 44,444

Donations Fund			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ 37,740	\$ 19,580	\$ (18,160)
-	-	-	893,973	223,274	(670,699)
-	-	-	75,000	111,937	36,937
-	-	-	10,480	(519)	(10,999)
<u>13,600</u>	<u>9,596</u>	<u>(4,004)</u>	<u>28,049</u>	<u>24,230</u>	<u>(3,819)</u>
<u>13,600</u>	<u>9,596</u>	<u>(4,004)</u>	<u>1,045,242</u>	<u>378,502</u>	<u>(666,740)</u>
-	-	-	171,818	113,719	58,099
5,600	1,975	3,625	149,575	112,263	37,312
-	-	-	8,500	16,198	(7,698)
8,000	889	7,111	46,000	29,664	16,336
-	-	-	576,838	22,675	554,163
<u>13,600</u>	<u>2,864</u>	<u>10,736</u>	<u>952,731</u>	<u>294,519</u>	<u>658,212</u>
-	6,732	6,732	92,511	83,983	(8,528)
-	-	-	-	15,058	15,058
-	-	-	-	15,058	15,058
-	6,732	6,732	92,511	99,041	6,530
<u>7,291</u>	<u>9,963</u>	<u>2,672</u>	<u>426,979</u>	<u>505,911</u>	<u>78,932</u>
<u>\$ 7,291</u>	<u>\$ 16,695</u>	<u>\$ 9,404</u>	<u>\$ 519,490</u>	<u>\$ 604,952</u>	<u>\$ 85,462</u>

NON-MAJOR DEBT SERVICE FUNDS

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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- NON-MAJOR DEBT SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2009

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment earnings	\$ 500	\$ 184	\$ (316)
Total revenues	<u>500</u>	<u>184</u>	<u>(316)</u>
Expenditures:			
Current -			
Health and welfare	135,237	135,237	-
Debt Service -			
Principal retirement	83,394	83,256	138
Interest and fiscal charges	89,706	89,518	188
Total expenditures	<u>308,337</u>	<u>308,011</u>	<u>326</u>
Excess (deficiency) of revenues over expenditures	<u>(307,837)</u>	<u>(307,827)</u>	<u>10</u>
Other financing sources (uses):			
Transfers in	307,763	306,727	(1,036)
Total other financing sources (uses)	<u>307,763</u>	<u>306,727</u>	<u>(1,036)</u>
Change in fund balances	<u>(74)</u>	<u>(1,100)</u>	<u>(1,026)</u>
Fund balances, July 1, 2008	<u>5,354</u>	<u>124,350</u>	<u>118,996</u>
Fund balances, June 30, 2009	<u>\$ 5,280</u>	<u>\$ 123,250</u>	<u>\$ 117,970</u>

NON-MAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the resources expended in the acquisition of major capital projects. The Town maintains the following non-major Capital Projects funds.

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

TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- NON-MAJOR CAPITAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2009

	Capital Improvements Fund		
	Budget	Actual	Variance - Positive (Negative)
Expenditures:			
Capital outlay	\$ 373,100	\$ 165,231	\$ 207,869
Total expenditures	373,100	165,231	207,869
Excess (deficiency) of revenues over expenditures	(373,100)	(165,231)	207,869
Other financing sources (uses):			
Transfers out	(357,646)	(457,646)	(100,000)
Total other financing sources (uses)	(357,646)	(457,646)	(100,000)
Change in fund balances	(730,746)	(622,877)	107,869
Fund balances, July 1, 2008	1,362,357	1,212,018	(150,339)
Fund balances, June 30, 2009	\$ 631,611	\$ 589,141	\$ (42,470)

AGENCY FUNDS

Employee Assistance Fund- accounts for monies contributed by employees to the assistance fund.

Employee Christmas Party Fund- accounts for monies raised by employees to finance an annual Christmas Party.

Sanitary District Fund- accounts for monies held on behalf of the Sanitary District for payroll processing.

Special Olympics Fund- accounts for monies held on behalf of the Crocodile Swim Team.

**TOWN OF CAMP VERDE, ARIZONA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2009**

	<u>Employee Assistance Fund</u>	<u>Employee Christmas Party Fund</u>	<u>Sanitary District Fund</u>	<u>Special Olympics Fund</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 6,301	\$ 88	\$ 238	\$ 3,669	\$ 10,296
Due from others	-	-	-	6	6
Total assets	\$ 6,301	\$ 88	\$ 238	\$ 3,675	10,302
<u>LIABILITIES</u>					
Accounts payable	-	-	-	3,675	3,675
Deposits held for others	6,301	88	238	-	6,627
Total liabilities	\$ 6,301	\$ 88	\$ 238	\$ 3,675	\$ 10,302

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2009

	Beginning Balance, as restated	Additions	Deductions	Ending Balance
<u>EMPLOYEE ASSISTANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 6,258	\$ 4,545	\$ 4,502	\$ 6,301
Total assets	<u>\$ 6,258</u>	<u>\$ 4,545</u>	<u>\$ 4,502</u>	<u>\$ 6,301</u>
<u>Liabilities</u>				
Deposits held for others	\$ 6,258	\$ 4,545	\$ 4,502	\$ 6,301
Total liabilities	<u>\$ 6,258</u>	<u>\$ 4,545</u>	<u>\$ 4,502</u>	<u>\$ 6,301</u>
<u>EMPLOYEE CHRISTMAS PARTY FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 88	\$ -	\$ -	\$ 88
Total assets	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88</u>
<u>Liabilities</u>				
Deposits held for others	\$ 88	\$ -	\$ -	\$ 88
Total liabilities	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88</u>
<u>SANITARY DISTRICT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 238	\$ -	\$ -	\$ 238
Total assets	<u>\$ 238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238</u>
<u>Liabilities</u>				
Deposits held for others	\$ 238	\$ -	\$ -	\$ 238
Total liabilities	<u>\$ 238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238</u>
<u>SPECIAL OLYMPICS FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 5,358	\$ 3,799	\$ 5,488	\$ 3,669
Due from others	-	6	-	6
Total assets	<u>\$ 5,358</u>	<u>\$ 3,805</u>	<u>\$ 5,488</u>	<u>\$ 3,675</u>
<u>Liabilities</u>				
Accounts payable	\$ 5,358	\$ 3,675	\$ -	\$ 3,675
Deposits held for others	-	130	5,488	-
Total liabilities	<u>\$ 5,358</u>	<u>\$ 3,805</u>	<u>\$ 5,488</u>	<u>\$ 3,675</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 11,942	\$ 8,344	\$ 9,990	\$ 10,296
Due from others	-	6	-	6
Total assets	<u>\$ 11,942</u>	<u>\$ 8,350</u>	<u>\$ 9,990</u>	<u>\$ 10,302</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 3,675	\$ -	\$ 3,675
Deposits held for others	11,942	4,675	9,990	6,627
Total liabilities	<u>\$ 11,942</u>	<u>\$ 8,350</u>	<u>\$ 9,990</u>	<u>\$ 10,302</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.

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

TOWN OF CAMP VERDE, ARIZONA
NET ASSETS BY COMPONENT
LAST SIX FISCAL YEARS
 (Accrual basis of accounting)

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	2004
Governmental activities:						
Invested in capital assets, net of related debt	\$ 7,931,248	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070	\$ 2,887,878	\$ 3,746,929
Restricted	1,375,836	1,219,728	3,967,997	3,276,858	4,136,468	2,311,098
Unrestricted	3,845,605	3,915,724	3,244,968	3,091,403	2,313,587	2,200,483
Total governmental activities net assets	<u>\$ 13,152,689</u>	<u>\$ 13,064,863</u>	<u>\$ 11,932,977</u>	<u>\$ 10,909,331</u>	<u>\$ 9,337,933</u>	<u>\$ 8,258,510</u>

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

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2003-04 therefore only six years are shown.

TOWN OF CAMP VERDE, ARIZONA
EXPENSES, PROGRAM REVENUES, AND NET EXPENSE
LAST SIX FISCAL YEARS
 (Accrual basis of accounting)

	Fiscal Year Ended June 30					
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses						
General government	\$ 2,338,688	\$ 2,110,980	\$ 2,239,261	\$ 2,612,232	\$ 2,965,425	\$ 2,121,209
Public safety	2,423,274	2,463,833	2,310,866	1,916,994	1,073,301	1,752,643
Public works and streets	1,205,471	1,185,801	1,692,038	1,466,531	1,000,494	770,194
Health and welfare	145,237	77,523	10,000	-	-	-
Culture and recreation	995,072	1,334,525	1,265,748	1,080,657	708,377	961,374
Economic and community development	845,225	552,987	460,395	35,178	5,166	28,658
Interest on long-term debt	86,544	88,421	89,413	111,259	36,754	3,372
Total expenses	<u>8,039,511</u>	<u>7,814,070</u>	<u>8,067,721</u>	<u>7,222,851</u>	<u>5,789,517</u>	<u>5,637,450</u>
Program Revenues						
Charges for services:						
General government	304,269	399,952	582,776	1,312,310	912,135	683,488
Public safety	94,397	139,246	41,931	86,566	87,837	100,743
Public works and streets	56,109	-	21,887	2,050	-	50
Culture and recreation	101,703	160,177	193,536	60,222	59,954	113,614
Economic and community development	221,229	189,428	338,303	-	-	-
Operating grants and contributions	1,585,120	1,361,690	1,394,477	1,619,413	1,278,279	1,307,672
Capital grants and contributions	32,815	703,532	-	-	83,156	749,025
Total program revenues	<u>2,395,642</u>	<u>2,954,025</u>	<u>2,572,910</u>	<u>3,080,561</u>	<u>2,421,361</u>	<u>2,954,592</u>
Net Expense	<u>\$ (5,643,869)</u>	<u>\$ (4,860,045)</u>	<u>\$ (5,494,811)</u>	<u>\$ (4,142,290)</u>	<u>\$ (3,368,156)</u>	<u>\$ (2,682,858)</u>

Source: The source of this information is the City's financial records.
Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2003-04 therefore only six years are shown.

TOWN OF CAMP VERDE, ARIZONA
GENERAL REVENUES AND TOTAL CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	2004
Net Expense	\$ (5,643,869)	\$ (4,860,045)	\$ (5,494,811)	\$ (4,142,290)	\$ (3,368,155)	\$ (2,682,855)
General Revenues:						
Governmental activities:						
Taxes:						
Town sales taxes for general purposes	2,163,948	2,314,337	1,610,895	2,832,105	1,828,357	1,631,609
Town sales taxes, restricted for capital improvements	-	-	585,348	-	-	-
Town sales taxes, restricted for parks development	-	-	390,231	-	-	-
Franchise taxes	238,072	237,227	219,502	187,130	174,072	168,592
State shared revenues	3,091,906	3,154,857	2,919,698	2,714,144	2,378,270	2,244,308
Investment earnings	3,614	220,900	313,860	209,644	66,880	41,969
Miscellaneous	239,099	64,610	8,242	-	-	-
Total governmental activities	<u>5,736,639</u>	<u>5,991,931</u>	<u>6,047,776</u>	<u>5,943,023</u>	<u>4,447,579</u>	<u>4,086,478</u>
Changes in Net Assets	\$ 92,770	\$ 1,131,886	\$ 552,965	\$ 1,800,733	\$ 1,079,423	\$ 1,403,620

Source: The source of this information is the City's financial records.
Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 were adopted in fiscal year 2003-04 therefore only six years are shown.

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

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	2004
General Fund:						
Reserved	\$ 632,000	\$ 832,000	\$ -	\$ -	\$ -	\$ -
Unreserved	2,990,296	2,732,574	3,518,376	3,229,020	2,475,296	2,385,425
Total General Fund	<u>\$ 3,622,296</u>	<u>\$ 3,564,574</u>	<u>\$ 3,518,376</u>	<u>\$ 3,229,020</u>	<u>\$ 2,475,296</u>	<u>\$ 2,385,425</u>
All Other Governmental Funds:						
Reserved	\$ 308,602	\$ 348,869	\$ 186,537	\$ -	\$ -	\$ -
Unreserved, reported in:						
Special revenue funds	296,350	165,381	1,874,529	1,541,217	1,360,397	855,508
Capital projects funds	589,141	1,212,018	1,719,178	1,384,235	2,413,063	1,080,878
Debt service funds	123,250	-	-	177,535	145,635	60,857
Total all other governmental funds	<u>\$ 1,317,343</u>	<u>\$ 1,726,268</u>	<u>\$ 3,780,244</u>	<u>\$ 3,102,987</u>	<u>\$ 3,919,095</u>	<u>\$ 1,997,243</u>

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

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

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	2004
Taxes	\$ 2,402,020	\$ 2,551,564	\$ 2,805,976	\$ 3,019,235	\$ 2,002,429	\$ 1,800,201
Licenses and permits	184,016	150,852	242,345	438,119	319,639	215,631
Fines and forfeits	257,625	342,149	535,170	549,294	410,064	327,701
Intergovernmental	4,729,287	5,270,363	4,306,962	4,278,710	3,634,853	3,540,971
Charges for services	248,940	227,056	292,339	259,712	182,462	230,619
Investment earnings	3,614	220,900	313,860	209,644	66,880	41,969
Rents and royalties	20,788	43,424	45,692	43,660	18,784	7,507
Contributions and donations	45,397	75,038	70,100	75,171	179,218	26,244
Other	126,628	73,206	19,968	170,363	128,977	116,437
Total revenues	\$ 8,018,315	\$ 8,954,552	\$ 8,632,412	\$ 9,043,908	\$ 6,943,306	\$ 6,307,280

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

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

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	2004
Expenditures:						
Current -						
General government	\$ 2,225,758	\$ 2,075,036	\$ 2,190,340	\$ 2,602,842	\$ 3,395,796	\$ 2,140,861
Public safety	2,286,640	2,322,781	2,136,825	3,411,061	1,657,781	1,731,569
Public works and streets	682,696	1,072,780	1,583,979	1,374,738	923,922	1,059,509
Health and welfare	14,527	77,523	10,000	-	-	-
Culture and recreation	857,850	1,141,267	1,102,211	1,332,275	1,057,554	1,001,797
Economic and community development	816,146	531,984	434,940	35,375	5,166	28,658
Capital outlay	846,250	3,588,221	625,952	-	-	-
Debt service -						
Principal retirement	92,985	90,452	41,424	2,577	2,333	12,322
Interest and fiscal charges	92,185	94,061	95,054	118,089	39,031	3,372
Bond issuance costs	-	-	-	-	30,025	-
Total expenditures	\$ 7,915,037	\$ 10,994,105	\$ 8,220,725	\$ 8,876,957	\$ 7,111,608	\$ 5,978,088
Expenditures for capitalized assets	\$ 302,307	\$ 3,415,762	\$ 305,602	\$ 1,908,945	\$ 1,579,586	\$ 1,275,866
Debt service as a percentage of noncapital expenditures	2%	2%	2%	2%	1%	0%

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

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

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	2004
Excess (deficiency) of revenues over expenditures	\$ 103,278	\$ (2,039,553)	\$ 411,687	\$ 166,951	\$ (168,302)	\$ 329,192
Other financing sources (uses):						
Capital lease agreements	18,459	-	42,123	-	-	-
Transfers in	1,219,431	1,974,620	71,915	-	13,233	34,730
Transfers out	(1,219,431)	(1,942,845)	(71,915)	-	(13,233)	(34,730)
Proceeds of long-term debt issuance	-	-	-	-	2,040,000	-
Proceeds from premium on long-term debt issuance	-	-	-	-	140,025	-
Total other financing sources (uses)	<u>18,459</u>	<u>31,775</u>	<u>42,123</u>	<u>-</u>	<u>2,180,025</u>	<u>-</u>
Changes in fund balances	\$ 121,737	\$ (2,007,778)	\$ 453,810	\$ 166,951	\$ 2,011,723	\$ 329,192

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

TOWN OF CAMP VERDE, ARIZONA
TAXABLE SALES BY CATEGORY
LAST SIX FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005	
Mining	\$ 7,828	\$ 12,736	\$ 20,472	\$ 19,715	\$ 13,311	
Communications & Utilities	118,950	135,303	136,274	126,126	107,199	
Transportation & Warehousing	1,750	3,396	1,706	1,196	916	
Construction	307,651	430,671	512,790	681,725	441,979	
Manufacturing	53,684	68,785	64,840	58,736	51,810	
Wholesale Trade	112,402	159,886	144,925	133,614	100,099	
Retail Trade	832,860	989,920	1,068,343	1,108,776	546,790	
Finance & Insurance	6,029	5,918	7,657	13,285	7,751	
Real Estate, Rental & Leasing	122,225	111,852	121,702	115,071	94,460	
Restaurants & Bars	319,393	324,358	321,300	305,811	252,532	
Accommodation	142,302	148,094	139,946	116,911	98,706	
Public Administration	4,277	4,180	3,973	4,045	1,976	
Services	133,860	43,705	44,090	48,833	66,629	
Arts & Entertainment	62,039	56,874	52,342	42,792	3,362	
All Others Not Specified	34,713	55,092	69,025	99,558	48,942	
Total	\$ 2,259,963	\$ 2,551,371	\$ 2,709,385	\$ 2,876,192	\$ 1,836,462	

Source: The source of this information is the Town's financial records.
Note: Information was not available prior to fiscal year 2005.

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

Overlapping Rates

Fiscal Year Ended June 30	Town of Camp Verde	Town of Camp Verde Hospitality	Town of Camp Verde Construction	Yavapai County	Arizona State
2009	2.00	4.00	3.00	0.75	5.60
2008	2.00	4.00	3.00	0.75	5.60
2007	2.00	4.00	3.00	0.75	5.60
2006	2.00	4.00	3.00	0.75	5.60
2005	2.00	4.00	3.00	0.70	5.60
2004	2.00	4.00	3.00	0.70	5.60

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

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

Fiscal Year Ended June 30	Governmental Activities				Total Outstanding Debt				
	Revenue Bonds	Less: Amounts Restricted for Principal	Total	Capital Leases	Loans Payable	Total Debt	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
2009	\$ 1,845,000	\$ 80,000	\$ 1,765,000	\$ 39,592	\$ 17,234	\$ 1,821,826	0.20 %	N/A %	8
2008	1,925,000	80,000	1,845,000	30,862	20,490	1,896,352	0.28	0.01	8
2007	2,005,000	80,000	1,925,000	38,367	23,437	1,986,804	0.36	0.01	9
2006	2,040,000	35,000	2,005,000	-	25,168	2,030,168	0.42	0.01	10
2005	-	-	-	-	27,745	27,745	0.01	0.86	0
2004	-	-	-	-	30,078	30,078	0.01	0.73	0

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

**TOWN OF CAMP VERDE, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2009**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Town</u>	<u>Estimated Amount Applicable to Town</u>
Yavapai County Community College District	\$ 54,310,000	0.03 %	\$ 16,293
Camp Verde Unified School District	\$ 530,000	0.92	4,876
Subtotal, Overlapping Debt			<u>21,169</u>
Direct:			
Town of Camp Verde			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 21,169</u>

Source: The source of this information is the City's records and the State and County Abstract of the Arizona Department of Revenue and the applicable governmental unit.

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capital Income</u>	<u>Unemployment Rate</u>
2008	227,348	N/A	N/A	5.6 %
2007	223,934	\$ 5,860,461	\$ 27,620	3.7
2006	213,285	5,537,703	26,786	3.9
2005	205,105	5,032,945	25,460	4.4
2004	194,975	4,524,850	23,858	4.6
2003	187,970	4,049,851	22,071	5.1
2002	180,295	3,853,070	21,590	5.3
2001	175,310	3,701,821	21,359	4.2
2000	169,900	3,574,050	21,163	3.9
1999	161,800	N/A	N/A	3.4

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis for Yavapai County. The source of the "Population" and "Unemployment Rate" information is State of Arizona, Department of Economic Security.

Note: N/A indicates that the information is not available at this time.

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

<u>Employer</u>	<u>2009</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Yavapai County	1,505	8.5 %	1,212	8.4 %
Yavapai Regional Medical Center	1,491	8.5	730	5.0
Veteran's Admin Medical Center	823	4.7	550	3.8
Prescott Unified School District	754	4.3	573	3.9
City of Prescott	504	2.9	380	2.6
Wal-Mart	450	2.6	-	0.0
Yavapai College	420	2.4	300	2.1
Embry-Riddle Aeronautical University	398	2.3	300	2.1
Yavapai Gaming Agency	309	1.8	-	0.0
West Yavapai Guidance Clinic	271	1.5	182	1.3
Sturm Ruger & Co	-	0.0	1,176	8.1
State of Arizona	-	0.0	330	2.3
Total	<u>6,925</u>	<u>39.3 %</u>	<u>5,733</u>	<u>39.5 %</u>
Total Employment	<u>17,621</u>		<u>14,509</u>	

Source: Local principal employer information with number of employees was not available. Management has provided County employer information as available from the Arizona Department of Commerce for 2009 and 2002.

Note: Employee figures were not available for the period prior to 2002.

TOWN OF CAMP VERDE, ARIZONA
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST 10 FISCAL YEARS

	Full-time Equivalent Employees as of June 30			
	2009	2008	2007	2006
General Government				
Town Manager's Office	1.80	1.80	1.00	3.00
Town Clerk's Office	3.00	3.00	3.00	3.00
Finance	1.95	2.10	2.90	2.90
Human Resources	0.40	0.40	-	-
Municipal Court	6.00	6.00	6.00	6.00
Housing	-	2.00	1.00	1.00
Total General Government	<u>13.15</u>	<u>15.30</u>	<u>13.90</u>	<u>15.90</u>
Public Safety				
Marshal's Department	29.60	32.60	31.00	30.00
Animal Control	2.00	2.00	2.00	2.00
Total Public Safety	<u>31.60</u>	<u>34.60</u>	<u>33.00</u>	<u>32.00</u>
Public Works				
Engineering	1.50	1.00	1.00	-
HURF/Streets	6.50	7.00	6.00	6.00
Maintenance	6.00	7.00	8.00	7.00
Total Public Works	<u>14.00</u>	<u>15.00</u>	<u>15.00</u>	<u>13.00</u>
Library	5.40	5.40	4.63	4.88
Parks & Recreation	2.70	3.70	3.00	4.00
Community Development	5.00	7.00	6.00	8.00
Total Support and Administration	<u>13.10</u>	<u>16.10</u>	<u>13.63</u>	<u>16.88</u>
Total	<u>71.85</u>	<u>81.00</u>	<u>75.53</u>	<u>77.78</u>

**TOWN OF CAMP VERDE, ARIZONA
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (CONTINUED)
LAST 10 FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	2004	2003	2002	2001	2000
General Government					
Town Manager's Office	2.00	1.00	3.00	3.00	2.00
Town Clerk's Office	2.00	2.00	2.00	3.00	2.00
Finance	3.00	3.00	3.00	2.00	3.00
Human Resources	-	-	-	-	-
Municipal Court	6.00	6.00	6.00	6.00	3.00
Housing	2.00	2.00	2.00	-	1.00
Total General Government	<u>15</u>	<u>14</u>	<u>16</u>	<u>14</u>	<u>11</u>
Public Safety					
Marshal's Department	27.00	27.00	29.00	29.00	25.00
Animal Control	1.00	1.00	1.00	1.00	1.00
Total Public Safety	<u>28</u>	<u>28</u>	<u>30</u>	<u>30</u>	<u>26</u>
Public Works					
Engineering	-	1.00	1.00	-	1.00
HURF/Streets	7.90	7.90	7.90	9.90	8.00
Maintenance	5.50	5.00	5.00	5.00	4.00
Total Public Works	<u>13.40</u>	<u>13.90</u>	<u>13.90</u>	<u>14.90</u>	<u>13.00</u>
Library	4.38	4.38	4.38	4.38	4.38
Parks and Recreation	4.00	3.00	3.00	4.00	3.00
Community Development	7.00	8.00	7.00	5.00	6.00
Total Support and Administration	<u>15.38</u>	<u>15.38</u>	<u>14.38</u>	<u>13.38</u>	<u>13.38</u>
Total	<u>71.78</u>	<u>71.28</u>	<u>74.28</u>	<u>72.28</u>	<u>63.38</u>

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

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

Function	Fiscal Year Ended June 30									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	30	31	29	26	26	25	27	27	20	20
Streets										
Streets (miles)	106	106	106	105	104	102	100	100	100	100
Streetlights	102	102	102	98	58	0	0	0	0	0
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Parks developed	3	2	2	2	2	2	2	2	2	2
Parks acreage	130	130	12	12	12	8	8	8	8	8
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1

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

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

Function	Fiscal Years									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Business Licenses	576	556	544	542	511	463	434	446	N/A	N/A
Public Safety										
Total Incidents	8,348	10,281	9,741	9,821	8,959	8,175	8,062	7,152	6,752	N/A
Public Works										
Street Resurfacing (miles)	-	-	8.3	8.7	11.3	9.2	12.5	N/A	N/A	N/A
New Roads (miles)	-	-	-	-	-	3.0	-	N/A	N/A	N/A
Library										
Circulation	80,139	69,349	62,855	58,722	53,565	54,581	47,729	40,938	36,886	34,590
Community Development										
Commercial Building Permits	84	59	43	67	42	49	20	32	31	N/A
Valuation (in thousands)	\$ 10,860	\$ 3,010	\$ 11,928	\$ 8,471	\$ 6,031	\$ 2,939	\$ 1,959	\$ 1,840	\$ 3,812	N/A
Residential Building Permits	44	48	108	281	178	112	121	79	88	N/A
Valuation (in thousands)	\$ 3,395	\$ 5,649	\$ 12,286	\$ 31,531	\$ 19,060	\$ 9,685	\$ 8,132	\$ 5,286	\$ 6,135	N/A

Source: The source of the information is the Town of Camp Verde's records.
Note: N/A indicates that the information is not available at this time.



**TOWN OF CAMP VERDE
Agenda Action Form**

Meeting Date: January 13, 2010

Meeting Type: Work Session

Consent Agenda **Regular Business**

Subject: Joel Westervelt's Architectural Plan for Rio Verde Plaza

Agenda Title:

Presentation by Joel Westervelt relative to the architectural plans for the proposed renovation of Rio Verde Plaza, followed by discussion, consideration, possible selection and direction to staff to proceed with one of the two options enumerated below:

- Option 1:** Direct staff to redesignate \$129,000, in line item 5400 (Public Work Yard Construction) of the Capital Improvement Fund (03-00-00), for the purpose of establishing an appropriation for the balance of FY 2009/2010 to fund the architectural and engineering work on Rio Verde Plaza.
- Option 2:** Direct staff to either make a provision in the 2010/2011 budget that funds the Rio Verde Plaza renovations in its entirety of approximately seven hundred fifty-thousand dollars (\$750,000) OR to develop and include in the proposed budget a debt financing plan for the renovations.

Resource: Michael Scannell

Purpose and Background Information:

Joel Westervelt, local Architect, was engaged by the Town Council to provide the Town with an architectural plan for the town-owned Rio Verde Plaza facility. A copy of Mr. Westervelt's report was submitted to you under separate cover.

Mr. Westervelt's report achieved the following objectives:

1. It provided an assessment of the existing building's condition and a determination if the facility could be utilized for office space by the Town of Camp Verde without incurring extraordinary expense.
2. It provided an estimated cost to renovate the facility for use as town office space.
3. It set forth an option with respect to how the facility would be utilized from a space utilization perspective if it were to be used for town office space.

Staff believes that undertaking a refurbishment of the Rio Verde Facility is of the utmost importance and, as such, I am recommending that we move forward with the project. My recommendation as set forth below details a plan that will, if implemented, bring the project to fruition.

Recommendation:

Move to accept and direct staff to proceed with one of the two options enumerated below:

- Option 1:** Direct staff to redesignate \$129,000, in line item 5400 (Public Work Yard Construction) of the Capital Improvement Fund (03-00-00), for the purpose of establishing an appropriation for the balance of FY 2009/2010 to fund the architectural and engineering work on Rio Verde Plaza.

Option 2: Direct staff to either make a provision in the 2010/2011 budget that funds the Rio Verde Plaza renovations in its entirety of approximately seven hundred fifty-thousand dollars (\$750,000) OR to develop and include in the proposed budget a debt financing plan for the renovations.

Finance Review: **Budgeted** **Unbudgeted** **N/A**

Finance Director Comments: Either of the recommendations advanced by the Town Manager are achievable. The decision whether to proceed or not to proceed will be a decision for the Council to consider.

Attorney Review: **Yes** **No** **N/A**

Attorney Comments: N/A

Submitting Department: Town Manager

Action Report prepared by: C. Brown

Contact Person: Michael K. Scannell

*7/15
by
CJB*

JOEL WESTERVELT ARCHITECT

ARCHITECTURAL ASSESSMENT OF RIO VERDE PLAZA BUILDING

497 South Main St.
Camp Verde, Arizona

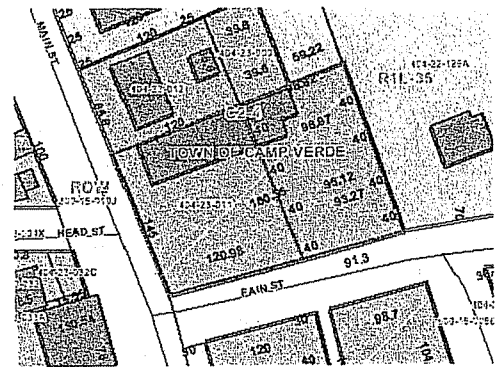
9 November 2009

Introduction/ General Context:

The building known as **Rio Verde Plaza** is located on Main Street & Fain Street in Camp Verde, Arizona. Its prominent location in the historic uptown district has long undergone public scrutiny. It was constructed in c.1983. With an austere concrete façade, it lacked a complementary compatibility to this historic western town. It was built prior to the town's incorporation, in a time which lacked a design review process.

Twenty two years later, the Town of Camp Verde purchased the building. Until recently, it had been leased to various businesses including misc. retail & a restaurant. Due to the deteriorating & unsafe condition of the building, however, it was decided that the tenants must vacate the building. After much controversy, the building now stands unoccupied & it was set to be demolished.

Recently however, reconsideration was given to renovating this structure to house offices for the Town of Camp Verde. This Architectural Assessment will study the current condition of the **Rio Verde Plaza** & provide a recommendation for a possible reprieve through an extensive renovation to the building.



Context plan

Code/ Zoning issues:

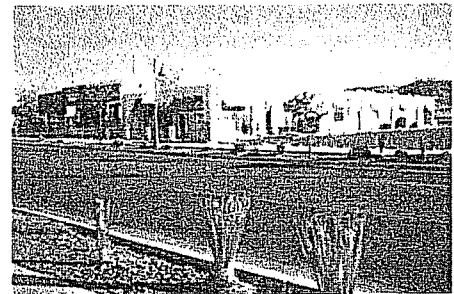
The building is single-story & approximately 5800 s.f.
The dimensions are approximately 154' x 42'.
Its present use or occupancy is light commercial.
The zoning for this property is C2-4. It also sits within the Downtown Parking District
The code requirement for parking is 45 spaces (1 space per 200 s.f. plus 1 space per employee based on the zoning district).
With the given site configuration, approximately 45 vehicles can be accommodated.

Site/ ADA:

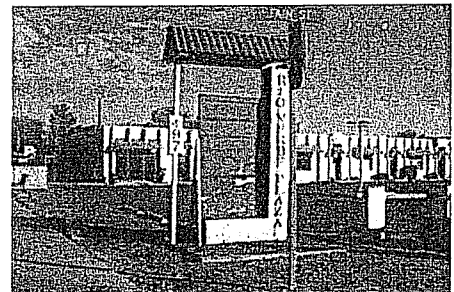
The site is approximately 150'x215'. The building's primary orientation is not the frontage of Main Street. Instead, it faces south.

The site's topography is relatively flat with a gentle slope. The asphalt paving is in good condition. A site boundary & topography survey is recommended prior to commencement of any future design work.

Signage: two types of signage are provided—building mounted signs above each tenant's entry & a monument sign at the southwest corner of the property. All signage is in very poor condition.



Street Scene



Monument signage

ARCHITECTURAL ASSESSMENT

Rio Verde Plaza Building

Exterior Lighting: Two types of lighting exists—wall mounted lights at the building & freestanding street lamps. The existing exterior lighting does not meet the current Town ordinances/ requirements & is in poor condition.

ADA: Due to the flat site & single level nature of the building's slab, a ramp is unnecessary. Code ADA parking, however, will be required. All interior improvements are to meet full compliance with ADA.

Exterior Observations:

Walls: The building's construction is primarily precast 'T-beam' walls. These have been painted & also serve as the exterior finish. The concrete is mostly in good condition, except for some edges which are deteriorating. The joints between the concrete will require additional sealing for adequate moisture protection. The thermal insulation of these walls is substandard—should be minimum R-13 per building code.

Windows/ Exterior doors: Composed of aluminum & wood, these elements are in poor condition & should be replaced. Glazing is mostly single pane, un-insulated. Tempered glazing must be installed where required. Accessible doors need to meet ADA standards.

Roof Structure:

The primary roof structure is sloped 'T-beam' precast members covered with a built-up / hot-mop roof membrane.

It is presumed that bearing is achieved only at the exterior walls & no interior walls are load-bearing. Minor shear cracks & minimal structural deflection were observed on field investigation.

Additionally, small metal makeshift awnings have been applied to the exterior wall to provide shade / shelter at the entrances of each of the suites.

Roof & drainage:

The existing roof pitches from south to north. Gutters/downspouts are present to contain roof drainage. Stormwater then continues to the east & exits the property. The property owner has not reported any recent roof leaks. Field observation did not reveal any signs of leaks

There are potential flashing problems at the interface of roof/ concrete walls.

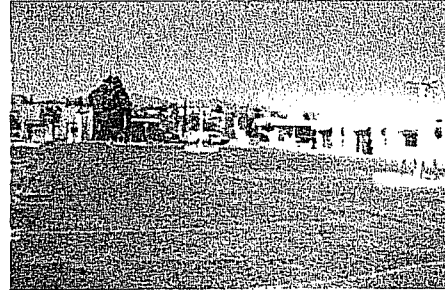
Interior Observations:

The building has been divided into six spaces, which are approximately 24' x 42'. Interior partitions (party walls) between units are composed of 2x4 wood frame with gypsum board finish. Additional partition walls have been constructed in some of the spaces.

The ceiling of a typical space is an 8' drywall furred ceilings. Above the ceilings, the underside of the concrete roof structure is visible. Sub-standard insulation is visible in the attic space. Should be minimum R-30.

Exit lighting and emergency lighting will be required according to local code requirements.

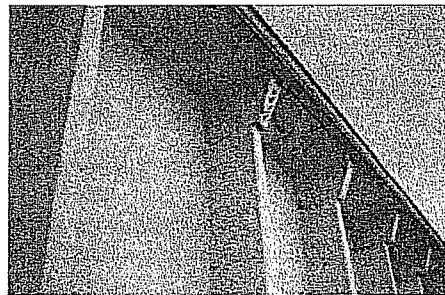
The floor structure is a concrete slab, which is in decent condition.



Parking Lot



Building Corner (southwest)



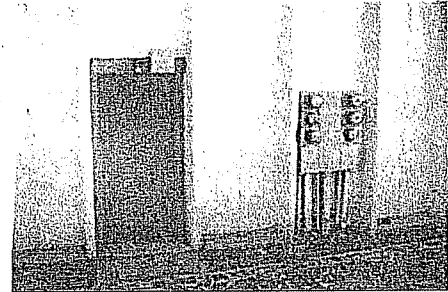
Typical construction detail



Roof structure / soffit space

Electrical System:

The electrical service is a 400 amp Main service panel. Sub panels are presumed to be located in various zones of the building. The electrical loads for the building will need to be reviewed by an electrical engineer to verify its capacity. However, based on the existing electrical service, & the proposed use of the building, it is anticipated that a service upgrade will not be required.

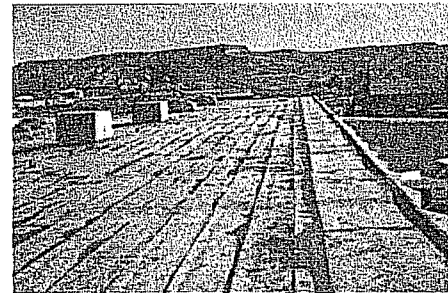


Electrical service

Mechanical System:

Heating, cooling & ventilation for the building is provided by (6) roof-top air conditioners for each zone/space. Electric heat is currently being utilized. Based on observation, the a/c units are outdated & should be replaced with more efficient units (higher SEER rating) as part of the renovation project.

Air distribution to the various spaces is obtained by ductwork in dropped ceiling.



Roofscape / AC units

Plumbing:

The building currently has a restroom (water closets / sinks) for each tenant.

Plumbing supply, waste and fixtures will require replacement and/or brought up to Code compliance.

Fire sprinklers are not present.

This building is connected to the public water and sewer system.

Gas services the building from the east via natural gas line.

Environmental: Hazardous materials

A mold/asbestos inspection prior to occupancy is recommended to insure the building is free of hazardous materials.



CONCEPTUAL PLAN & ELEVATION
0 10 20 30

TOWN OFFICE RENOVATION
497 South Main St.
9 November 09

JOEL WESTERVELT ARCHITECT
CAMP VERDE, AZ
928.567.2255

ARCHITECTURAL ASSESSMENT

Rio Verde Plaza Building

Proposed Use / Conclusion

It is the property owner's intent to renovate the building to accommodate various business offices within the City, such as the Building Dept, P&Z & Public Works. A conceptual plan & elevation is presented along with this report to incorporate these spatial requirements. Improvements include thickened walls with an integral color stucco, a heavy timber covered terrace & new storefront glazing system. These exterior elements help integrate the building into Main Street & will set the trend for new improvements in the historic district. The renovation will also give the Community Development department an improved image, along with a more efficient work environment. The structure would be brought up to code & undergo a significant exterior transformation. The following budget is suggested to meet these considerations:

Proposed modifications

Phase I (shell)

- Site Monument signage
- Building signage
- Paving re-surfacing / striping
- Lighting (parking & building)
- Entry sidewalk to be replaced.
- Landscaping (minimal)

Demolition/ disposal

Exterior walls

- Furr out in an adobe-esque treatment to obtain thick walls.
- Extend to form parapet & contain roof/ hide mech. equipment.
- Framing & related furring requirements
- Stucco finish (synthetic)

Windows/ exterior doors: Replace all windows & doors with storefront system.

Roof To be replaced with new system.

Includes Contractor's P&O, taxes, & insurance

Budget \$270,000.

Phase II (Tenant improvement spaces)

Partition walls

Drywall (hung, textured & painted) & suspended ceiling

Flooring

Interior doors/trim

Cabinetry/ casework

Mechanical, Plumbing & Electrical

Includes Contractor's P&O, taxes, & insurance

Budget 5800 s.f. @ \$53/ s.f. \$305,000.

*Grand Total budget.....\$575,000. (approx. \$100/ s.f.)

*Does not include Architecture/ Engineering fees.

Based on limited funding sources & lack of personnel to fill the building, it is recommended that the proposed plan be built in phases. The 3rd phase would be completed as office needs become necessary & financing becomes available.

- 1) Shell & site improvements Estimate budget: \$270,000.
 - 2) Interior improvements—phase I Estimate budget: \$153,000.
 - 3) Interior improvements—phase II. Estimate budget: \$152,000.
- \$575,000.**

Note that construction of a new building would be an average of \$150-\$200/ s.f. plus demolition costs.(approx. \$1.2 million). Additionally, construction costs will increase as economic conditions improve.

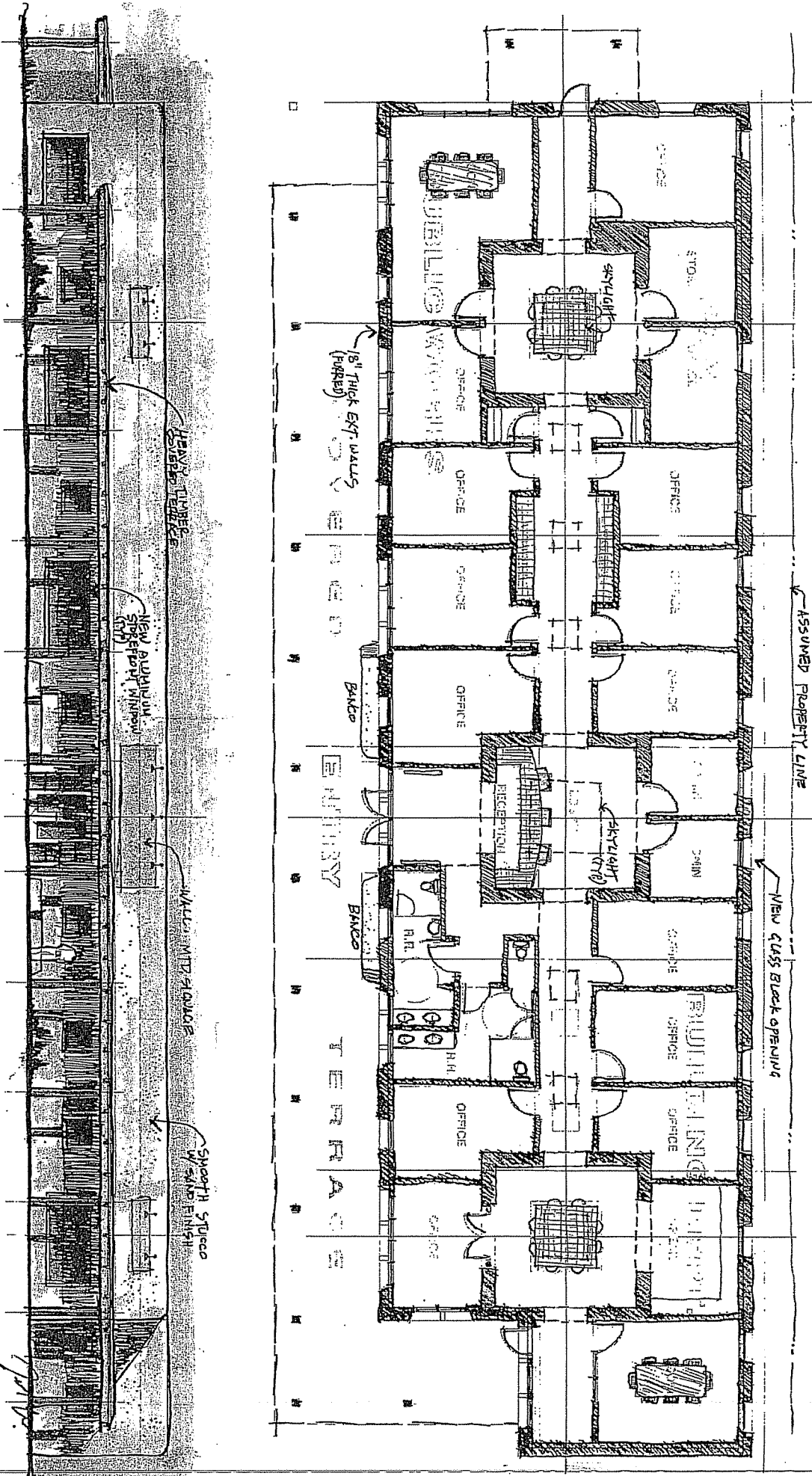
Respectfully submitted,

Joel Westervelt Architect
AZ Lic. # 45222

CONCEPTUAL PLAN & ELEVATION

TOWN OFFICE RENOVATION

JOEL WESTERVELT ARCHITECT
 CAMP VERDE, AZ
 928.587.2255



JW



**TOWN OF CAMP VERDE
Agenda Action Form**

Meeting Date: January 13, 2009

Meeting Type: Work Session

Consent Agenda **Regular Business**

Reference Document:

Agenda Title (be exact): Discussion and possible direction to staff regarding clarification of a motion made by Council during their regular session meeting held on September 2, 2009, suspending Design Review Board duties.

Purpose and Background Information:

During the September 2nd Council meeting, Council unanimously approved the following motion:

Direct staff to begin the process to suspend the Design Review Board duties; Council's intent is to incorporate appearance standards and check lists into the Town Code re-write of the Zoning Ordinance, to be brought back to Council by an Ordinance at its earliest possible date.

Subsequently, staff began to suspend the Design Review Board duties as directed by Council. However, there appears to be some confusion regarding the wording used in the above motion and staff is seeking clarification of Council's intent.

In addition, several significant challenges have been identified that pose potential ramifications should the motion be fully executed as stated. Staff would like to discuss these challenges with Council as well as, provide several options for Council consideration (see attached memo from the Town Manager), and/or other alternatives that would ultimately provide the clarification staff needs to implement Council's directives.

Also, to help clarify the Council's goals it may be beneficial to discuss the specific issues and challenges associated with the design review program. For instance, are the concerns related to the time it takes for applicants to obtain approvals, or are there concerns about the type and breadth of requirements associated with the program and board approvals? Is there concern with the quality of development product being produced as a result of the program, or is there simply no longer a desire to have a design review program in Camp Verde? Based on the comments we have received thus far, it appears as though there may be a mixture of the above concerns. As such, it will be highly beneficial to clarify these challenges so that staff may help the Town get to where it ultimately wants to be. Please be sure to review the attached memo prior to the January 13th work session.

Recommendation (Suggested Motion):

Move to direct staff to move forward with one of the four options proposed in the attached memo from the Town Manager and/or other alternatives that would provide clarification of Council's intent as it relates to Planning & Zoning Ordinances, Section 124 – Design Review.

Finance Review: Budgeted Unbudgeted N/A

Finance Director Comments/Fund: N/A

Attorney Review: Yes No N/A

Attorney Comments: N/A

Submitting Department: Community Development

Contact Person: Matt Morris

Action Report prepared by: Valerie House

DEC 23 2009

CJB

Manager's Office

MEMORANDUM

To: Mayor and Council
From: Michael Scannell, Town Manager ✓
CC: Debbie Barber, Town Clerk; Matt Morris, Special Projects Administrator; Mike Jenkins, Acting Community Development Director
Date: 12/23/2009
Re: Council Work Session, January 13, 2010

On September 2nd the Council discussed the future of the Town Design Review program. Multiple ideas and strategies were discussed by the Council during this agenda item, which included discussion regarding the repeal of the entire program and or the possibility of retaining specific elements of the current design criteria and incorporating into a new set of appearance standards as part of the comprehensive update to the Town's Planning and Zoning Ordinance. Subsequent to the Council discussion, the following action was taken by the Council:

"On a motion by Garrison, seconded by German, the Council voted 6-1 to direct staff to begin the process to repeal the Design Review Board duties by Ordinance of this Council at the earliest possible date, as amended, with a 'no' vote by Whatley."

The motion was then modified with the following:

"On a motion by Garrison to amend the original motion, seconded by German, Council unanimously directed staff to begin the process to suspend the Design Review Board duties; Council's intent is to incorporate appearance standards and check lists into the Town Code rewrite of the Zoning Ordinance, to be brought back to Council by an Ordinance at its earliest possible date."

My guess is that if I were to poll each Council Member independently as to what action was taken on September 2nd, I would likely receive varying interpretations of what ultimately occurred. Given it is the duty and responsibility of staff to faithfully execute the directives provided by the Town Council, it is difficult to do so when the directives are not clearly defined. In this particular instance, there appears to be confusion regarding the words used in the above motion and the intent of the Council. Even if this is incorrect, and the above motion captures the true essence of how the Council wants to proceed, staff has identified a significant challenge which would occur if the motion were to be fully executed as specified on September 2nd. Staff is, therefore, duty bound to disclose this issue to you. At an absolute minimum, staff needs clarification from Council on how to proceed. As such, staff is planning a work session for January 13th to provide an opportunity for Council clarification. The purpose of this memo is to apprise the Council of recent actions taken by staff, including the preparation for the upcoming meeting in January, and to serve as a precursor by beginning the conversation of where we have been, where we are currently, and what options the Council may want to consider in moving forward.

Following the September 2nd meeting, staff began to suspend the Design Review Board (DRB) duties as directed by the Town Council. However, in doing so staff identified a significant challenge. For instance, removal of the Board would not by itself relieve the Town of its responsibility to enforce its Design Review regulations. If the Town suspends the DRB it will have regulations with no enforcement mechanism in place to administer them. Thus, the first proposed commercial project submitted for approval after suspending the DRB would have to idle while staff obtained clarification from the Council on how to proceed. Upon receipt of Council direction, staff could then begin the process to implement the Council's plan. Arizona Revised Statutes prescribe the process where to revisions may be made to the Planning and Zoning Ordinance. This process includes the requirement for public hearings by the Planning and Zoning Commission and the Town Council, including adequate advance public notice. In

addition, Council approved revisions to the zoning regulations must be published in the local newspaper prior to its effective date. In addition, state law requires a minimum of a 30 day waiting period, beyond the date of Council approval before new or revised zoning regulations may become effective. Thus the total time a potential development project may have been delayed would have easily consumed three months or longer, which would produce a result I would categorize as unacceptable.

Given the Council's direction to suspend the Design Review Board, and the consequent issue of needing some type of an administrative process, staff developed a draft ordinance which would suspend the duties of the DRB and transfer those responsibilities to the Community Development Department. This draft ordinance was reviewed and approved by the Planning and Zoning Commission on November 5th, and was scheduled to be reviewed by the Council at the November 18th meeting. However, I pulled the item in order to conduct additional analysis upon receipt of questions and concerns from a council member. Having conducted further analysis, it has become increasingly apparent additional direction from the Council is necessary.

While the official motion by Council requests suspension of the DRB, staff believes it may have been the intent of the Council to suspend the entire Design Review program, rather than just the board, with the added intent of incorporating appearance standards in the new Planning and Zoning Ordinance. If this is correct, we are faced with the issue of how should the Town handle commercial development during the interim period while the broader revisions to the Planning and Zoning Ordinance are completed? One view may be that specific portions of the current criteria, as selected by the Council, could be utilized for the interim period during the next year while the broader revisions are completed. This may appear to be a simple task, one which would take little time to complete, but in reality the potential to cause more harm than good is quite likely given the potential ramifications of the Private Property Rights Protection Act of 2006 (Proposition 207). In effect, any regulation removed from the zoning ordinance today may not necessarily be reincorporated into future zoning regulations without potential legal liability due to Prop 207. Hence, the Town needs to be very careful in modifying its zoning regulations to avoid unintentional consequences. It may, therefore, be advantageous to the Town to avoid tinkering with the zoning ordinance in an ad hoc, temporary, fashion, and instead develop a long term solution via the public process established to complete the comprehensive update to the Planning and Zoning Ordinance. The challenge is while such an approach may help to serve the Town's long term interests, it does little to address the concerns being voiced by the public today. Staff is extremely sensitive to these concerns and is therefore committed to carrying out Council directives in order to meet the needs of the community.

In conclusion, staff has identified several options the Council may want to consider in moving forward. They are listed below from least to most extensive in terms of the level of necessary revisions to the Planning and Zoning Ordinance:

- o First, the Council could elect to leave Section 124 alone and intact until the new standards are identified and established during the comprehensive zoning update. This would avoid revising the Planning and Zoning Ordinance in a piecemeal fashion and would allow the Design Review program to be evaluated in a comprehensive manner as part of the Planning and Zoning Ordinance update. This would not provide immediate relief to the development community; however, according to the Community Development Department there is not a plethora of applications or interest in development here in Camp Verde at the present time.
- o Second option, adopt the proposed resolution and ordinance as recommended by the Planning and Zoning Commission, which would suspend the duties of the Design Review Board and transfer the administration responsibilities to the Community Development Department. While this may help to streamline the process by eliminating the need for DRB approval, it does not address any problems with the current design regulations.
- o Third option, direct staff to begin the process to suspend Section 124 in its entirety while we conduct the broader revisions to the Planning and Zoning Ordinance. This would provide immediate relief to the development community, but development applications submitted in the interim would not be subject to any appearance standards whatsoever.

- Fourth option, direct staff to begin process to incorporate design criteria, as selected by the Council, from Section 124 to be used in the interim period while the broader revisions to the Planning and Zoning Ordinance are completed. While this may seem somewhat straightforward, careful consideration must be accounted for with respect to Prop 207. In addition, the ability to incorporate public input would be limited in comparison to the current efforts of the broader revisions to the Planning and Zoning Ordinance, which may lead to inefficiencies due to duplication of work by staff and the Town's planning consulting firm, and also due to new ideas and strategies that will likely surface during the broader public process. In addition, the question of how the regulations will be administered remains, e.g. via a public board or by staff.

In preparation of the meeting, we ask that you consider each of these options, and or other alternatives not listed above, so that you may provide clear direction as to where you ultimately want to be and how you would like to see the community get there. Given the complexity of this issue, we encourage you to meet with staff to answer any questions you may have, or to explore other options, prior to the January 13th work session. Please rest assured that staff is committed to helping the Council and community to ultimately get you where you want to be, but in order to do so we need to fully understand where exactly that is.

Town staff, including Mike Jenkins, Matt Morris and I, will be in attendance at the January 13th work session and fully prepared to provide staff support in assisting the Council as you navigate through this item. While we have not requested the presence of our consulting team, Ms. Dava Hoffman and Mr. Richard Counts, their presence may be beneficial. The decision to engage the consultants in the January 13th work session is, however, one in which we believe rests with the Town Council. As such, please specify your interest, or non-interest, with respect to the participation of Dava and Associates at the January 13th work session. We ask that you please indicate your preference prior to January 6th so we may provide adequate advance notice to Ms. Hoffman and Mr. Counts.

Please feel free to see me if you would like to discuss any of the content included in this memo.