

**TOWN OF CAMP VERDE, ARIZONA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007**

**TOWN OF CAMP VERDE, ARIZONA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007**

TABLE OF CONTENTS

Page

Financial Section

Independent Auditors' Report 1

Required Supplementary Information – Management’s Discussion and Analysis 5

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 16

Statement of Activities 17

Fund Financial Statements:

Balance Sheet – Governmental Funds 18

Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Assets 20

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds 22

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
to the Statement of Activities 24

Statement of Net Assets – Proprietary Fund 25

Statement of Revenues, Expenses, and Changes in Fund
Net Assets - Proprietary Fund 26

Statement of Cash Flows – Proprietary Fund 27

Statement of Fiduciary Assets and Liabilities 28

Notes to Financial Statements 29

**TOWN OF CAMP VERDE, ARIZONA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007**

<u>TABLE OF CONTENTS</u> (Concl'd)	<u>Page</u>
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (Required Supplementary Information)	
General Fund	48
Highway Users Fund	49
Parks Fund	50
Notes to Required Supplementary Information	51
Other Supplementary Information:	
Combining Balance Sheet – All Non-Major Governmental Funds by Fund Type	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Non-Major Governmental Funds by Fund Type	55
Combining Balance Sheet –Non-Major Special Revenue Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –Non-Major Special Revenue Funds	58

INDEPENDENT AUDITORS' REPORT

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

Certified Public Accountants

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

(This page intentionally left blank)

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

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, 2007. Please read it in conjunction with the Town's basic financial statements, which begin on page 16.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2007 as follows:

- The Town's total net assets of governmental activities increased by \$552,965 to \$11.9 million, representing a 4.9 percent increase from fiscal year 2005-06.
- General revenues from governmental activities accounted for \$6.0 million in revenue, or 70.2 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.6 million or 29.8 percent of total governmental activities revenues.
- The Town had \$8.1 million in expenses related to governmental activities; of which \$2.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$6.0 million were adequate to provide for the remaining costs of these programs.
- Among major governmental funds, the General Fund had \$6.2 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 \$6.1 million. The General Fund's fund balance increased from \$3.4 million to \$3.5 million. The HURF Fund had revenues of \$1.1 million, which consisted primarily of intergovernmental revenues, and expenditures of \$1.3 million. The fund balance of the HURF Fund decreased by \$227,638 from the prior year due primarily to increases in street maintenance costs. The Parks Fund and the Capital Improvements Fund activities were related to town sales taxes restricted for parks development and capital improvements.

OVERVIEW OF FINANCIAL STATEMENTS

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

The *statement of net 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 categories:

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

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

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

The Town maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, HURF, Parks, and Capital Improvement Funds, all of which are considered to be major funds. Data from the other 9 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 other supplementary information section.

Proprietary funds. The Town maintains one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its partially self-insured employee benefit fund. Because the Town only reports governmental activities, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Employee Benefit Fund.

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, and the Parks Fund as required supplementary information.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

The combining statements referred to earlier in connection with non-major governmental funds is 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 \$11.9 million as of June 30, 2007.

The largest portion of the Town's net assets (39.6 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 net assets are restricted for the specified purposes of debt service repayment (less than one percent), capital improvements (14.4 percent), parks development (13.9 percent), redevelopment and housing (3.4 percent), and library services (1.6 percent). The remaining balance of unrestricted net assets (\$3.2 million) may be used to meet the Town's ongoing obligation to citizens and creditors.

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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following tables present a summary of the Town's net assets for the fiscal year ended June 30, 2007.

	2007 Govern- mental Activities	2006 Govern- mental Activities, as restated
Current assets	\$ 9,280,709	\$ 8,507,450
Restricted assets	97	81,176
Deferred bond issuance costs	26,304	27,844
Capital assets, net	<u>6,886,049</u>	<u>6,737,156</u>
Total assets	<u>16,193,159</u>	<u>15,353,626</u>
Current liabilities	2,138,029	1,717,589
Non-current liabilities	<u>2,122,153</u>	<u>2,256,025</u>
Total liabilities	<u>4,260,182</u>	<u>3,973,614</u>
Net assets:		
Invested in capital assets, net of related debt	4,720,012	4,541,070
Restricted for debt service	97	81,176
Restricted for capital improvements	1,719,178	1,467,550
Restricted for parks development	1,660,258	1,339,634
Restricted for redevelopment and housing	402,024	394,270
Restricted for library	186,440	159,806
Restricted for highways and streets		105,310
Unrestricted	<u>3,244,968</u>	<u>3,291,196</u>
Total net assets	<u>\$11,932,977</u>	<u>\$11,380,012</u>

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

- The receivable, related liabilities, and deferred revenue for court fines increased approximately \$280,000 due to changes in court policies regarding enforcement of fines.
- Cash and cash equivalents balances increased approximately \$690,000 largely due to conservative spending efforts and increases in state shared revenues.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Changes in net assets. The Town's total revenues for the fiscal year ended June 30, 2007, were \$8.6 million. The total cost of all programs and services was \$8.1 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2007 and 2006.

	2007 Governmental Activities	2006 Governmental Activities, as restated
Revenues		
Program revenues:		
Charges for services	\$ 1,178,433	\$ 1,628,290
Operating grants and contributions	1,394,477	1,653,606
General revenues:		
Town sales taxes	2,586,474	3,019,235
Franchise taxes	219,502	43,935
State shared revenue	2,919,698	2,714,144
Investment earnings	313,860	237,035
Miscellaneous	8,242	831
Total revenues	8,620,686	9,297,076
Expenses		
General government	2,239,261	2,222,219
Public safety	2,310,866	1,908,190
Public works and streets	1,692,038	1,465,595
Health and welfare	10,000	
Culture and recreation	1,265,748	1,068,576
Economic and community development	460,395	424,063
Interest on long-term debt	89,413	121,444
Total expenses	8,067,721	7,210,087
Increase in net assets	\$ 552,965	\$ 2,086,989

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

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 and Town's taxpayers by each of these functions.

	Total Expenses	Net (Expense)/ Revenue
Governmental Activities		
General government	\$ 2,239,261	\$ (1,652,210)
Public safety	2,310,866	(2,209,486)
Public works and streets	1,692,038	(532,299)
Health and welfare	10,000	(10,000)
Culture and recreation	1,265,748	(890,643)
Economic and community development	460,395	(110,760)
Interest on long-term debt	89,413	(89,413)
Total	\$ 8,067,721	\$(5,494,811)

- The cost of all governmental activities this year was \$8.1 million.
- Federal, state, and county governments and charges for services subsidized certain governmental programs with grants and contributions and other local revenues of \$2.6 million.
- The net cost of governmental activities of \$5.5 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.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Concl'd)

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 \$7.3 million, an increase of \$453,810 due primarily to the limited spending in the Parks and Capital Improvement Funds. Approximately 94 percent of this total amount (\$6,843,194) 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 (\$186,440), debt service (\$97), acquisition of a water company (\$250,000), and parks and recreation youth programs (\$18,889).

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 \$3,518,376. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 57.5 percent of total General Fund expenditures.

The fund balance of the Town's General Fund increased by \$129,214 during the fiscal year due to increases in state shared revenues. The Highway Users Fund showed a decrease in fund balance of \$227,638 as of June 30, 2007. This fund balance decrease can be partially attributed to an overall increase in capital and general operating expenditures.

Proprietary funds. Net assets of the Internal Service Fund at the end of the year amounted to \$35,405. The Internal Service Fund had a slight decrease in net assets of \$4,500.

BUDGETARY HIGHLIGHTS

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

- Building permit revenues for the year were under budget by \$183,056. This was the result of a large housing development halted during the year.
- Code revisions were budgeted at \$75,000 in the community development expenditures; however, the project was postponed.
- HURF Fund expenditures exceeded budgeted amounts by \$291,616 due to unanticipated sidewalk and street lighting improvements.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

CAPITAL ASSETS

As of June 30, 2007, the Town had invested \$6.9 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$296,280 million.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2007 and 2006.

	As of <u>June 30, 2007</u>	As of <u>June 30, 2006</u>
Land	\$ 2,004,616	\$ 2,004,616
Buildings and improvements	3,185,779	1,509,720
Improvements other than buildings	820,980	820,980
Infrastructure	1,107,918	1,017,590
Machinery and equipment	1,518,894	1,485,430
Construction in progress		1,494,249
Accumulated depreciation	<u>(1,752,138)</u>	<u>(1,595,429)</u>
Total	<u>\$ 6,886,049</u>	<u>\$ 6,737,156</u>

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

- The new Town Marshal facility was completed at a total cost of \$1.6 million.

Additional information on the Town's capital assets can be found in Note 4 of this report.

DEBT ADMINISTRATION

At year end, the Town had \$2.5 million in governmental long-term debt outstanding with \$398,687 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, 2007.

	As of <u>June 30, 2007</u>	As of <u>June 30, 2006</u>
Compensated absences payable	\$ 331,365	\$ 292,911
Capital leases payable	38,367	
Revenue bonds payable	2,005,000	2,040,000
Revenue bonds premium	122,671	129,852
Note payable	<u>23,437</u>	<u>26,105</u>
Total	<u>\$2,520,840</u>	<u>\$2,488,868</u>

Additional information on the Town's long-term debt can be found in Notes 5 – 8 of this report.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2007**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and 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, P.O. Box 710, 395 South Main Street, Suite 314, Camp Verde, AZ 86322.

BASIC FINANCIAL STATEMENTS

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 6,999,603
Accounts receivable (net)	1,494,104
Interest receivable	18,076
Loans receivable	207,439
Due from other governments	561,487
Total current assets	9,280,709
Noncurrent assets:	
Investments held by trustee - restricted	97
Capital assets, not being depreciated	2,004,616
Capital assets, being depreciated, net	4,881,433
Deferred bond issuance costs	26,304
Total noncurrent assets	6,912,450
Total assets	16,193,159
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	167,289
Accrued payroll and employee benefits	151,210
Due to other governments	724,225
Accrued interest	37,750
Court bonds payable	23,862
Deferred revenue	635,006
Current portion of long-term obligations	398,687
Total current liabilities	2,138,029
Noncurrent liabilities:	
Non-current portion of long-term obligations	2,122,153
Total non-current liabilities	2,122,153
Total liabilities	4,260,182
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	4,720,012
Restricted for:	
Debt service	97
Capital improvements	1,719,178
Parks development	1,660,258
Redevelopment and housing	402,024
Library	186,440
Unrestricted	3,244,968
Total net assets	\$ 11,932,977

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

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 2,239,261	\$ 582,776	\$ 4,275	\$ (1,652,210)
Public safety	2,310,866	41,931	59,449	(2,209,486)
Public works and streets	1,692,038	21,887	1,137,852	(532,299)
Health and welfare	10,000			(10,000)
Culture and recreation	1,265,748	193,536	181,569	(890,643)
Economic and community development	460,395	338,303	11,332	(110,760)
Interest on long-term debt	89,413			(89,413)
Total governmental activities	\$ 8,067,721	\$ 1,178,433	\$ 1,394,477	(5,494,811)

General revenues:

Taxes:

Town sales taxes for general purposes	1,610,895
Town sales taxes, restricted for capital improvements	585,348
Town sales taxes, restricted for parks development	390,231
Franchise taxes	219,502
State shared revenues	2,919,698
Investment earnings	313,860
Miscellaneous	8,242
Total general revenues	6,047,776

Changes in net assets 552,965

Net assets, beginning of year, as restated 11,380,012

Net assets, end of year \$ 11,932,977

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

**TOWN OF CAMP VERDE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Parks Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,845,439	\$ 1,171,547	\$ 1,632,323
Investments held by trustee - restricted			
Accounts receivable (net)	1,435,411		
Interest receivable	10,721	6,230	
Due from other funds	1,519,912		
Loans receivable			
Due from other governments	293,209	85,589	34,612
Total assets	<u>\$ 5,104,692</u>	<u>\$ 1,263,366</u>	<u>\$ 1,666,935</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 112,737	\$ 33,300	\$ 6,677
Accrued payroll and employee benefits	139,420	9,194	
Due to other funds		1,343,200	
Due to other governments	724,225		
Accrued interest			
Court bonds payable	23,862		
Deferred revenue	586,072		
Total liabilities	<u>1,586,316</u>	<u>1,385,694</u>	<u>6,677</u>
Fund balances (deficits):			
Reserved for library endowment			
Reserved for debt service			
Unreserved:			
Undesignated	3,518,376	(122,328)	1,660,258
Designated for water company acquisition			
Designated for parks and recreation youth programs			
Unreserved reported in:			
Special revenue funds			
Total fund balances	<u>3,518,376</u>	<u>(122,328)</u>	<u>1,660,258</u>
Total liabilities and fund balances	<u>\$ 5,104,692</u>	<u>\$ 1,263,366</u>	<u>\$ 1,666,935</u>

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

Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 1,668,949	\$ 645,940	\$ 6,964,198
	97	97
	58,693	1,494,104
	1,125	18,076
		1,519,912
	207,439	207,439
51,918	96,159	561,487
<u>\$ 1,720,867</u>	<u>\$ 1,009,453</u>	<u>\$ 10,765,313</u>
\$ 1,689	\$ 12,886	\$ 167,289
	2,596	151,210
	176,712	1,519,912
		724,225
	37,750	37,750
		23,862
	256,373	842,445
<u>1,689</u>	<u>486,317</u>	<u>3,466,693</u>
	186,440	186,440
	97	97
1,469,178		6,525,484
250,000		250,000
	18,889	18,889
	317,710	317,710
<u>1,719,178</u>	<u>523,136</u>	<u>7,298,620</u>
<u>\$ 1,720,867</u>	<u>\$ 1,009,453</u>	<u>\$ 10,765,313</u>

**TOWN OF CAMP VERDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Total governmental fund balances **\$ 7,298,620**

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	\$	8,638,187	
Less accumulated depreciation		<u>(1,752,138)</u>	6,886,049

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

207,439

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

26,304

Internal service funds are used by management to charge the cost of certain activities, such as insurance. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Assets

35,405

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences payable		(331,365)	
Capital leases payable		(38,367)	
Revenue bonds payable		(2,005,000)	
Revenue bonds premium		(122,671)	
Note payable		<u>(23,437)</u>	<u>(2,520,840)</u>

Net assets of governmental activities

\$ 11,932,977

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

(This page intentionally left blank)

TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Parks Fund</u>
Revenues:			
Taxes	\$ 1,830,397	\$	\$ 390,231
Licenses and permits	242,345		
Fines and forfeits	498,763		
Intergovernmental	3,055,799	1,053,025	
Charges for services	258,286		
Investment earnings	232,676	62,901	
Rents and royalties	45,692		
Contributions and donations	55,483		90
Other	5,601	530	
Total revenues	<u>6,225,042</u>	<u>1,116,456</u>	<u>390,321</u>
Expenditures:			
Current -			
General government	2,183,752		
Public safety	2,078,574		
Public works and streets	230,680	1,238,094	
Health and welfare	10,000		
Culture and recreation	1,102,211		
Economic and community development	426,306		
Capital outlay	84,043	106,000	64,539
Debt service -			
Principal retirement	3,756		2,668
Interest and fiscal charges	1,390		2,490
Total expenditures	<u>6,120,712</u>	<u>1,344,094</u>	<u>69,697</u>
Excess (deficiency) of revenues over expenditures	<u>104,330</u>	<u>(227,638)</u>	<u>320,624</u>
Other financing sources (uses):			
Capital lease agreements	42,123		
Transfers in	27,338		
Transfers out	(44,577)		
Total other financing sources (uses)	<u>24,884</u>		
Changes in fund balances	<u>129,214</u>	<u>(227,638)</u>	<u>320,624</u>
Fund balances, beginning of year, as restated	3,389,162	105,310	1,339,634
Fund balances (deficits), end of year	<u>\$ 3,518,376</u>	<u>\$ (122,328)</u>	<u>\$ 1,660,258</u>

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

Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 585,348	\$	\$ 2,805,976
		242,345
	36,407	535,170
	198,138	4,306,962
	34,053	292,339
	18,283	313,860
		45,692
	14,527	70,100
	13,837	19,968
<u>585,348</u>	<u>315,245</u>	<u>8,632,412</u>
	6,588	2,190,340
	58,251	2,136,825
	115,205	1,583,979
		10,000
		1,102,211
8,634		434,940
325,086	46,284	625,952
	35,000	41,424
	91,174	95,054
<u>333,720</u>	<u>352,502</u>	<u>8,220,725</u>
<u>251,628</u>	<u>(37,257)</u>	<u>411,687</u>
		42,123
	44,577	71,915
	(27,338)	(71,915)
	<u>17,239</u>	<u>42,123</u>
<u>251,628</u>	<u>(20,018)</u>	<u>453,810</u>
1,467,550	543,154	6,844,810
<u>\$ 1,719,178</u>	<u>\$ 523,136</u>	<u>\$ 7,298,620</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
YEAR ENDED JUNE 30, 2007**

Net changes in fund balances - total governmental funds	\$	453,810
<p>Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:</p>		
<p>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.</p>		
Expenditures for capitalized assets	\$ 445,173	
Less current year depreciation	<u>(296,280)</u>	148,893
<p>Collections of revenues in the governmental funds exceeded revenues reported in the Statement of Activities</p>		
		(11,726)
<p>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.</p>		
		4,942
<p>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.</p>		
		(38,454)
<p>Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the Statement of Activities.</p>		
		<u>(4,500)</u>
Change in net assets in governmental activities	\$	<u>552,965</u>

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

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2007**

	Governmental Activities: Internal Service Fund
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 35,405
Total assets	<u>35,405</u>
<u>NET ASSETS</u>	
Unrestricted	35,405
Total net assets	<u>\$ 35,405</u>

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

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Governmental Activities: Internal Service Fund
Operating expenses:	
Costs of sales and services	4,500
Total operating expenses	4,500
Changes in net assets	(4,500)
Total net assets, beginning of year	39,905
Total net assets, end of year	\$ 35,405

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

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2007**

	<u>Internal Service Fund</u>
<u>Decrease In Cash and Cash Equivalents</u>	
Cash flows from operating activities:	
Cash payments to suppliers for goods and services	\$ (4,500)
Net cash provided by (used for) operating activities	(4,500)
Net decrease in cash and cash equivalents	(4,500)
Cash and cash equivalents, beginning of year	39,905
Cash and cash equivalents, end of year	\$ 35,405
 <u>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities</u>	
Operating loss	\$ (4,500)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:	
None	-
Total adjustments	-
Net cash provided by (used for) operating activities	\$ (4,500)

TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2007

	<u>Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,168
Total assets	<u>\$ 5,168</u>
<u>LIABILITIES</u>	
Deposits held for others	5,168
Total liabilities	<u>\$ 5,168</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, 2007

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 funds, proprietary funds, 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.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 proprietary fund and 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.

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, charges for services, 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. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. 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 *Capital Improvements Fund* accounts for all financial resources of the Town related to purchasing assets that meet the appropriate threshold for capitalization that take more than one year to make ready for use by the Town.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Additionally, the Town reports the following fund types.

The *Internal Service Fund* accounts for the activity of the Town's Employee Benefit Fund. The Employee Benefit Fund accounts for the City's partially self-funded employee self-insurance program. The program reduces the Town's premium on insurance by funding a portion of the employee's deductible. The potential liability expires each calendar year and is funded annually based on the estimated liability for the current year less any unused funds from the prior year.

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.

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.

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

D. Cash and Investments

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. 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.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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."

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. 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.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

H. Compensated Absences

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

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

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

I. 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.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

J. 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.

K. 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 and after non-operating revenues/expenses in proprietary funds.

L. 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.

NOTE 2 - CASH 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, 2007, the carrying amount of the Town deposits was \$3,737,987, and the bank balance was \$3,837,351.

At June 30, 2007, \$3,537,351 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,879,040
Uninsured with collateral held by the pledging financial institution	<u>658,311</u>
Total	<u>\$ 3,537,351</u>

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - CASH AND INVESTMENTS (Cont'd)

The Town's investments at June 30, 2007, were as follows:

	Fair Value	Investment Maturities (in Years) Less than 1
Money market mutual fund	\$ 97	\$ 97
State Treasurer's investment pool	3,187,774	3,187,774
Total	\$ 3,187,871	\$ 3,187,871

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Town has no investment policy that would further limit its investment choices. As of June 30, 2007, the Town's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national rating agency.

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, 2007, the Town had \$97 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 places no limit on the amount the Town may invest in any one issuer. As of June 30, 2007, the Town's investments include less than one percent invested in money market funds, and the remainder 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	\$ 79,010
Amount of deposits	3,737,987
Amount of investments	3,187,871
Total	\$7,004,868

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 2 - CASH AND INVESTMENTS (Concl'd)

	Governmental Activities	Agency Fund	Total
Statement of Net Assets:			
Cash and cash equivalents	\$ 6,999,603	\$5,168	\$ 7,004,771
Restricted cash and cash equivalents	97		97
Total	\$ 6,999,700	\$5,168	\$ 7,004,868

NOTE 3 - 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 statement. At the end of the current year, \$207,439 of the deferred loan receivable recorded in the CDBG Loan Fund represents funds that were unavailable.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2007 follows.

<u>Governmental Activities</u>	Beginning Balance, as restated	Net Increase/ (Decrease)	Ending Balance
Capital assets, not being depreciated:			
Land	\$ 2,004,616	\$	\$ 2,004,616
Construction in progress	1,494,249	(1,494,249)	
Total capital assets, not being depreciated	<u>3,498,865</u>	<u>(1,494,249)</u>	<u>2,004,616</u>
Capital assets, being depreciated:			
Infrastructure	1,017,590	90,328	1,107,918
Buildings and improvements	1,509,720	1,676,059	3,185,779
Improvements other than buildings	820,980		820,980
Machinery and equipment	1,485,430	33,464	1,518,894
Total capital assets being depreciated	<u>4,833,720</u>	<u>1,799,851</u>	<u>6,633,571</u>
Less accumulated depreciation for:			
Infrastructure	(104,761)	(50,880)	(155,641)
Buildings and improvements	(324,055)	(65,707)	(389,762)
Improvements other than buildings	(232,621)	(29,188)	(261,809)
Machinery and equipment	(933,992)	(10,934)	(944,926)
Total accumulated depreciation	<u>(1,595,429)</u>	<u>(156,709)</u>	<u>(1,752,138)</u>
Total capital assets, being depreciated, net	<u>3,238,291</u>	<u>1,643,142</u>	<u>4,881,433</u>
Governmental activities capital assets, net	<u>\$ 6,737,156</u>	<u>\$148,893</u>	<u>\$6,886,049</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 30,002
Public safety	100,814
Public works and streets	100,229
Culture and recreation	58,129
Community development	7,106
Total depreciation expense	<u>\$296,280</u>

NOTE 5 - 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.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 5 - OBLIGATIONS UNDER CAPITAL LEASES (Concl'd)

The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and Equipment	\$ 42,123
Less: Accumulated Depreciation	3,846
Carrying Value	\$ 38,277

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

		Governmental Activities
Year Ending June 30:	2008	\$ 10,073
	2009	10,073
	2010	10,073
	2011	10,073
	2012	4,857
Total minimum lease payments		45,149
Less: amount representing interest		(6,781)
Present value of minimum lease payments		\$ 38,367
Due within one year		\$ 7,506

NOTE 6 - REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2007 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, 2007
Governmental activities:			
GADA Infrastructure Series 2005 Revenue Bonds	2.375-5.000%	8/1/2007-24	\$2,005,000

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 6 - REVENUE BONDS PAYABLE (Concl'd)

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2008	\$ 80,000	\$ 89,650
2009	80,000	87,600
2010	80,000	85,250
2011	85,000	82,725
2012	85,000	79,325
2013-17	500,000	326,000
2018-22	635,000	186,900
2023-25	460,000	32,250
Total	<u>\$2,005,000</u>	<u>\$969,700</u>

NOTE 7 - 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.

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2008	\$ 2,947	\$2,211
2009	3,256	1,902
2010	3,596	1,562
2011	3,973	1,185
2012	4,389	769
2013-14	5,276	313
Total	<u>\$23,437</u>	<u>\$7,942</u>

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 8 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 292,911	\$313,607	\$275,153	\$ 331,365	\$301,053
Capital leases payable		42,123	3,756	38,367	7,506
Revenue bonds payable	2,040,000		35,000	2,005,000	80,000
Revenue bonds premium	129,852		7,181	122,671	7,181
Note payable	26,105		2,668	23,437	2,947
Governmental activities long-term liabilities	<u>\$2,488,868</u>	<u>\$355,730</u>	<u>\$323,758</u>	<u>\$2,520,840</u>	<u>\$398,687</u>

NOTE 9 - 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 \$18,117 for the fiscal year ended June 30, 2007.

The future minimum lease payments were as follows:

Year Ending June 30:	Amount
2008	\$ 18,850
2009	19,398
2010	4,884
Total	<u>\$ 43,132</u>

NOTE 10 - INTERFUND BALANCES AND ACTIVITY

At June 30, 2007, interfund balances and activity were as follows:

Due to/from other funds:

Fund	Due From Other Funds	Due To Other Funds
General	\$1,519,912	\$
Highway User		1,343,200
Non-Major Governmental		176,712
Total	<u>\$1,519,912</u>	<u>\$1,519,912</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 10 - INTERFUND BALANCES AND ACTIVITY (Concl'd)

At June 30, 2007, five funds had negative cash balances in the pooled cash account. Negative pooled cash was reduced by interfund borrowing with other funds.

Interfund transfers:

Fund	Transfers In	Transfers out
General	\$ 27,338	\$ 44,577
Non-Major Governmental	44,577	27,338
Total	<u>\$ 71,915</u>	<u>\$ 71,915</u>

Transfers between funds are used (1) to move revenues from the fund with collection authorization to the Debt Service Fund and (2) to cover shared expenses.

NOTE 11 - 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 grant 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 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balances/Net Assets – At June 30, 2007, the HURF Fund reported a deficit in fund balance of \$122,328. The deficit arose because of operations during the year. Additional revenues received in future fiscal years are expected to eliminate the deficit.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 13 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; 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. 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 and requires its employees to contribute a portion of that premium. 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.

The Town continues to carry commercial insurance for workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 - 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 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.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 14 - RETIREMENT PLANS (Cont'd)

The *Public Safety Personnel Retirement System* (PSPRS) is an agent multiple-employer defined benefit pension 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.

Cost-sharing plan – For the year ended June 30, 2007, active ASRS members and the Town were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Town's contributions to ASRS for the years ended June 30, 2007, 2006, and 2005 were \$219,784, \$163,436, and \$107,634, respectively, which were equal to the required contributions for the year.

Agent plan – For the year ended June 30, 2007, 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 8.31 percent.

Annual Pension Cost – The Town's annual pension cost for the agent plan for the year ended June 30, 2007, and related information follows.

Contribution rates:	
Town	8.31%
Plan Members	7.65%
Annual Pension Cost	\$72,328
Contributions Made	\$72,328

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

NOTE 14 - RETIREMENT PLANS (Concl'd)

The current-year annual required contributions for the PSPRS were determined as part of the June 30, 2005, actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 8.50 percent investment rate of return and (b) projected salary increases ranging from 5.50 percent to 8.50 percent per year. Both (a) and (b) included an inflation component of 5.00 percent. The assumptions did not include cost-of-living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 7-year period. The unfunded (excess) actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2005, was 30 years.

Trend Information – Annual pension cost information for the current and two preceding years for the agent plan follows.

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 52,876	100.0%	\$ 0
2006	65,511	100.0%	0
2007	72,328	100.0%	0

Funding Progress – An analysis of funding progress for the agent plan as of the most recent actuarial valuation, June 30, 2007 follows:

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funding (Liability) Excess (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>Unfunded AAL as a Percent of Covered Payroll ([a-b]/c)</u>
2007	\$ 1,747,570	\$ 2,478,480	\$ (730,910)	70.5%	\$ 879,009	(83.2%)
2006	1,637,141	1,839,003	(201,862)	89.0%	739,848	(27.3%)
2005	1,620,472	1,667,035	(46,563)	97.2%	702,255	(6.6%)

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

The July 1, 2006, government-wide net assets and the fund balance/net assets of the General Fund, HURF Fund, Parks Fund, Capital Improvements Fund, and non-major governmental funds do not agree to the prior year financial statements due to several corrections of errors.

	Governmental Funds					
	Statement of Activities	General Fund	HURF Fund	Parks Fund	Capital Improvements Fund	Non-Major Governmental Funds
Net Assets/Fund balance, June 30, 2006, as previously reported	\$10,909,331	\$3,229,020	\$100,704	\$1,346,233	\$1,384,235	\$271,815
Library Endowment Fund not reported	253,023					253,023
Non-major governmental funds incorrectly combined with General Fund		(50,947)				50,947
Corrections to cash and cash equivalents	51,129	51,199				(70)
Activity in several bank accounts not recorded	(12,191)	(12,197)				6
Corrections to cash held by trustee	30,784					30,784
Corrections to receivables	1,249,547	1,210,411		(6,599)	(9,902)	55,637
Corrections to deferred bond issuance costs	(228)					
Corrections to accounts payable	(36,224)	(29,299)	(6,589)			(336)
Corrections to accrued payroll	(5,233)	(6,516)	(163)			1,446
Corrections to accrued interest	(38,479)					(38,479)
Corrections to unearned/ deferred revenue	(1,004,966)	(1,026,463)				21,497
Corrections to compensated absences payable	(42,023)					
Corrections to note payable	(937)					
Corrections to revenue bond premium payable	1,066					
Corrections to interest revenues	15,869	3,786	12,083			
Corrections to expenditures	9,544	58,647	(725)		93,217	(141,595)
Corrections to transfers for debt service		(38,479)				38,479
Net Assets/Fund balance, July 1, 2006, as restated	<u>\$11,380,012</u>	<u>\$3,389,162</u>	<u>\$105,310</u>	<u>\$1,339,634</u>	<u>\$1,467,550</u>	<u>\$543,154</u>

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 16 – SUBSEQUENT EVENTS

NOTE 17 – FUTURE REPORTING REQUIREMENTS

The Governmental Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires the Town to recognize the cost of these benefits in periods when the related services are received by the Town. In addition, the statement also requires additional disclosures about the actuarial accrued liabilities for promised benefits associated with past services in notes to the financial statements. The Town is required to implement GASB Statement No. 45 for fiscal year ending 2009. Management is in the process of evaluating the effect of this statement on the Town's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Non-GAAP Actual	
Revenues:			
Taxes	\$ 1,799,000	\$ 1,830,397	\$ 31,397
Licenses and permits	458,100	242,345	(215,755)
Fines and forfeits	498,925	498,763	(162)
Intergovernmental	3,143,830	3,055,799	(88,031)
Charges for services	291,850	258,286	(33,564)
Investment earnings	70,000	232,676	162,676
Rents and royalties	42,000	45,692	3,692
Contributions and donations	45,500	55,483	9,983
Other	15,000	5,601	(9,399)
Total revenues	<u>6,364,205</u>	<u>6,225,042</u>	<u>(139,163)</u>
Expenditures:			
Current -			
General government	2,079,644	2,183,752	(104,108)
Public safety	2,148,029	2,078,574	69,455
Public works and streets	195,629	230,680	(35,051)
Health and welfare	10,000	10,000	
Culture and recreation	1,103,648	1,102,211	1,437
Economic and community development	681,429	426,306	255,123
Capital outlay	60,930	41,920	19,010
Debt service -			
Principal retirement	9,489	3,756	5,733
Interest and fiscal charges	3,511	1,390	2,121
Total expenditures	<u>6,292,309</u>	<u>6,078,589</u>	<u>213,720</u>
Excess (deficiency) of revenues over expenditures	<u>71,896</u>	<u>146,453</u>	<u>74,557</u>
Other financing sources (uses):			
Transfers in		27,338	27,338
Transfers out		(44,577)	(44,577)
Total other financing sources (uses)		<u>(17,239)</u>	<u>(17,239)</u>
Change in fund balances	<u>71,896</u>	<u>129,214</u>	<u>57,318</u>
Fund balances, July 1, 2006, as restated	2,586,850	3,389,162	802,312
Fund balances, June 30, 2007	<u>\$ 2,658,746</u>	<u>\$ 3,518,376</u>	<u>\$ 859,630</u>

See accompanying notes to this schedule.

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HURF FUND
YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Intergovernmental	\$ 998,619	\$ 1,053,025	\$ 54,406
Investment earnings	30,000	62,901	32,901
Other	25,000	530	(24,470)
Total revenues	<u>1,053,619</u>	<u>1,116,456</u>	<u>62,837</u>
Expenditures:			
Current -			
Public works and streets	958,477	1,238,094	(279,617)
Capital outlay	94,001	106,000	(11,999)
Total expenditures	<u>1,052,478</u>	<u>1,344,094</u>	<u>(291,616)</u>
Change in fund balances	<u>1,141</u>	<u>(227,638)</u>	<u>(228,779)</u>
Fund balances, July 1, 2006, as restated	41,809	105,310	63,501
Fund balances (deficits), June 30, 2007	<u>\$ 42,950</u>	<u>\$ (122,328)</u>	<u>\$ (165,278)</u>

See accompanying notes to this schedule.

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARKS FUND
YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Actual	
Revenues:			
Taxes	\$ 453,300	\$ 390,231	\$ (63,069)
Contributions and donations		90	90
Total revenues	<u>453,300</u>	<u>390,321</u>	<u>(62,979)</u>
Expenditures:			
Capital outlay	143,500	64,539	78,961
Debt service -			
Principal retirement	2,741	2,668	73
Interest and fiscal charges	2,559	2,490	69
Total expenditures	<u>148,800</u>	<u>69,697</u>	<u>79,103</u>
Change in fund balances	<u>304,500</u>	<u>320,624</u>	<u>16,124</u>
Fund balances, July 1, 2006, as restated	531,845	1,339,634	807,789
Fund balances, June 30, 2007	<u>\$ 836,345</u>	<u>\$ 1,660,258</u>	<u>\$ 823,913</u>

See accompanying notes to this schedule.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2007

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 unbudgeted item: 1) present value of net minimum capital lease payments. The following schedule reconciles the excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances to the budgetary comparison schedules:

	<u>General Fund</u>
Excess (deficiency) of revenues over expenditures from the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 104,330
Present value of net minimum capital lease payments	<u>42,123</u>
Excess (deficiency) of revenues over expenditures from the budgetary comparison schedules	<u>\$146,453</u>

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

At June 30, 2007, the Town had expenditures in funds that exceeded the budget; however, this does not constitute a violation of any legal provisions.

(This page intentionally left blank)

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2007

	Special Revenue	GADA Loan Debt Service Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 608,190	\$ 37,750	\$ 645,940
Investments held by trustee - restricted		97	97
Accounts receivable (net)	58,693		58,693
Interest receivable	1,125		1,125
Loans receivable	207,439		207,439
Due from other governments	96,159		96,159
Total assets	\$ 971,606	\$ 37,847	\$ 1,009,453
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 12,886	\$	\$ 12,886
Accrued payroll and employee benefits	2,596		2,596
Due to other funds	176,712		176,712
Accrued interest		37,750	37,750
Deferred revenue	256,373		256,373
Total liabilities	448,567	37,750	486,317
Fund balances:			
Reserved for library endowment	186,440		186,440
Reserved for debt service		97	97
Unreserved:			
Undesignated	317,710		317,710
Designated for parks and recreation youth programs	18,889		18,889
Total fund balances	523,039	97	523,136
Total liabilities and fund balances	\$ 971,606	\$ 37,847	\$ 1,009,453

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2007

	<u>Special Revenue</u>	<u>GADA Loan Debt Service Fund</u>	<u>Total Non-Major Governmental Funds</u>
Revenues:			
Fines and forfeits	\$ 36,407	\$	\$ 36,407
Intergovernmental	198,138		198,138
Charges for services	34,053		34,053
Investment earnings	17,765	518	18,283
Contributions and donations	14,527		14,527
Other	13,837		13,837
Total revenues	<u>314,727</u>	<u>518</u>	<u>315,245</u>
Expenditures:			
Current -			
General government	6,588		6,588
Public safety	58,251		58,251
Public works and streets	115,205		115,205
Capital outlay	46,284		46,284
Debt service -			
Principal retirement		35,000	35,000
Interest and fiscal charges		91,174	91,174
Total expenditures	<u>226,328</u>	<u>126,174</u>	<u>352,502</u>
Excess (deficiency) of revenues over expenditures	<u>88,399</u>	<u>(125,656)</u>	<u>(37,257)</u>
Other financing sources (uses):			
Transfers in		44,577	44,577
Transfers out	(27,338)		(27,338)
Total other financing sources (uses)	<u>(27,338)</u>	<u>44,577</u>	<u>17,239</u>
Change in fund balances	<u>61,061</u>	<u>(81,079)</u>	<u>(20,018)</u>
Fund balances, beginning of year, as restated	461,978	81,176	543,154
Fund balances, end of year	<u>\$ 523,039</u>	<u>\$ 97</u>	<u>\$ 523,136</u>

TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	<u>Court Special Revenue Fund</u>	<u>Nonfederal Grant Fund</u>	<u>Yavapai-Apache Gaming Compact Fund</u>	<u>CDBG Loan Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 56,648	\$	\$ 57,450	\$ 187,558
Accounts receivable (net)	54,434			
Interest receivable				
Loans receivable				207,439
Due from other governments		89,086		7,073
Total assets	<u>\$ 111,082</u>	<u>\$ 89,086</u>	<u>\$ 57,450</u>	<u>\$ 402,070</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$	\$	\$ 12,840	\$ 46
Accrued payroll and employee benefits		2,596		
Due to other funds		86,490		
Deferred revenue	48,934			207,439
Total liabilities	<u>48,934</u>	<u>89,086</u>	<u>12,840</u>	<u>207,485</u>
Fund balances:				
Reserved for library endowment				
Unreserved:				
Undesignated	62,148		25,721	194,585
Designated for parks and recreation youth programs			18,889	
Total fund balances	<u>62,148</u>		<u>44,610</u>	<u>194,585</u>
Total liabilities and fund balances	<u>\$ 111,082</u>	<u>\$ 89,086</u>	<u>\$ 57,450</u>	<u>\$ 402,070</u>

9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Housing Grant Fund	Totals
\$ 1,184	\$ 271,029	\$ 34,321	\$ 4,259	\$ 608,190
	1,125			58,693
				1,125
				207,439
				96,159
<u>\$ 1,184</u>	<u>\$ 272,154</u>	<u>\$ 34,321</u>	<u>\$ 4,259</u>	<u>\$ 971,606</u>
\$	\$	\$	\$	\$ 12,886
	85,714	249	4,259	2,596
				176,712
				256,373
	<u>85,714</u>	<u>249</u>	<u>4,259</u>	<u>448,567</u>
	186,440			186,440
1,184		34,072		317,710
				18,889
<u>1,184</u>	<u>186,440</u>	<u>34,072</u>		<u>523,039</u>
<u>\$ 1,184</u>	<u>\$ 272,154</u>	<u>\$ 34,321</u>	<u>\$ 4,259</u>	<u>\$ 971,606</u>

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007

	Court Special Revenue Fund	Nonfederal Grant Fund	Yavapai-Apache Gaming Compact Fund
Revenues:			
Fines and forfeits	\$ 36,407	\$	\$
Intergovernmental	4,275	97,704	84,827
Charges for services			
Investment earnings			
Contributions and donations			
Other			
Total revenues	40,682	97,704	84,827
Expenditures:			
Current -			
General government	6,350		
Public safety		58,251	
Public works and streets			110,946
Capital outlay		39,453	
Total expenditures	6,350	97,704	110,946
Excess (deficiency) of revenues over expenditures	34,332		(26,119)
Other financing sources (uses):			
Transfers out	(27,338)		
Total other financing sources (uses)	(27,338)		
Change in fund balances	6,994		(26,119)
Fund balances, beginning of year, as restated	55,154		70,729
Fund balances, end of year	\$ 62,148	\$	\$ 44,610

CDBG Loan Fund	9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Housing Grant Fund	Totals
\$ 7,073				\$ 4,259	\$ 36,407
					198,138
			34,053		34,053
5,639		12,107	19		17,765
		14,527			14,527
13,837					13,837
26,549		26,634	34,072	4,259	314,727
238					6,588
					58,251
				4,259	115,205
6,831					46,284
7,069				4,259	226,328
19,480		26,634	34,072		88,399
					(27,338)
					(27,338)
19,480		26,634	34,072		61,061
175,105	1,184	159,806			461,978
\$ 194,585	\$ 1,184	\$ 186,440	\$ 34,072	\$	\$ 523,039

(This page intentionally left blank)