

**TOWN OF CAMP VERDE, ARIZONA
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JUNE 30, 2011**

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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, 2011**

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, 2011. Please read it in conjunction with the Town's basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2011 as follows:

- The Town's total net assets of governmental activities decreased by \$84,938 to \$13.3 million, representing a decrease of less than 1 percent from fiscal year 2009-10.
- General revenues from governmental activities accounted for \$4.5 million in revenue, or 69 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.0 million or 31 percent of total governmental activities revenues.
- The Town had \$6.6 million in expenses related to governmental activities; of which \$2.0 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$4.5 million were adequate to cover all but \$84,938 of the remaining costs of these programs.
- Among major governmental funds, the General Fund had \$5.1 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 \$5.2 million and had a net total of \$254,166 in transfers out to other funds. The General Fund's fund balance decreased by \$344,000 to \$3.0 million. The HURF Fund had revenues of \$796,358, which consisted primarily of intergovernmental revenues, and expenditures of \$372,299. The fund balance of the HURF Fund increased by \$432,842 from the prior year due primarily to reduced spending during the year. The fund balance of the Parks Fund decreased by \$12,938 as a result of no revenues collected during the year. The fund balance of the Housing Grant Fund increased by \$95,735 due primarily to settlement of a loan/return of property to the Town. The fund balance of the Capital Improvements Fund decreased by \$621,023 due primarily to the purchase of land for use by the Public Works Department.

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, 2011**

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

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, 2011**

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, Housing Grant and Capital Improvements Funds, all of which are considered to be major funds. Data from the other nine 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, HURF, Parks, Housing Grant, and the Capital Improvements Funds 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 \$13.3 million as of June 30, 2011.

The largest portion of the Town's net assets (63 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 highways and streets (10 percent), redevelopment and housing (3 percent), and special programs (6 percent). The remaining balance of unrestricted net assets (\$2.4 million, 18 percent) may be used to meet the Town's ongoing obligation to citizens.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

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, and the acquisition and disposal of capital assets.

The following tables present a summary of the Town's net assets for the fiscal years ended June 30, 2011 and 2010.

	2011 Governmental Activities	2010 Governmental Activities
Current assets	\$ 5,817,912	\$ 6,035,423
Capital assets, net	11,435,059	9,911,461
Other non-current assets	<u>311,881</u>	<u>414,113</u>
Total assets	<u>17,564,852</u>	<u>16,360,997</u>
Current and other liabilities	1,390,961	1,054,553
Long-term liabilities	<u>2,830,222</u>	<u>1,877,837</u>
Total liabilities	<u>4,221,183</u>	<u>2,932,390</u>
Net assets:		
Invested in capital assets, net of related debt	8,422,141	7,963,191
Restricted	2,545,163	1,838,636
Unrestricted	<u>2,376,365</u>	<u>3,626,780</u>
Total net assets	<u>\$ 13,343,669</u>	<u>\$ 13,428,607</u>

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

- An 18 acre parcel of land was purchased at a cost of \$1,459,178 for use in the Public Works department.
- New accounting software was purchased and installed with a line of credit at a cost of \$200,324. The purchase is to be paid off over 5 years.
- A liability of \$180,000 was created to reflect two separate but related costs: 1) Monies remaining due to Sophronia Zellner (\$50,000) payable over 2 years and 2) Monies to be accumulated and set aside (\$130,000) over a 3 year period, beginning in July of 2010, for the construction of a water line.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

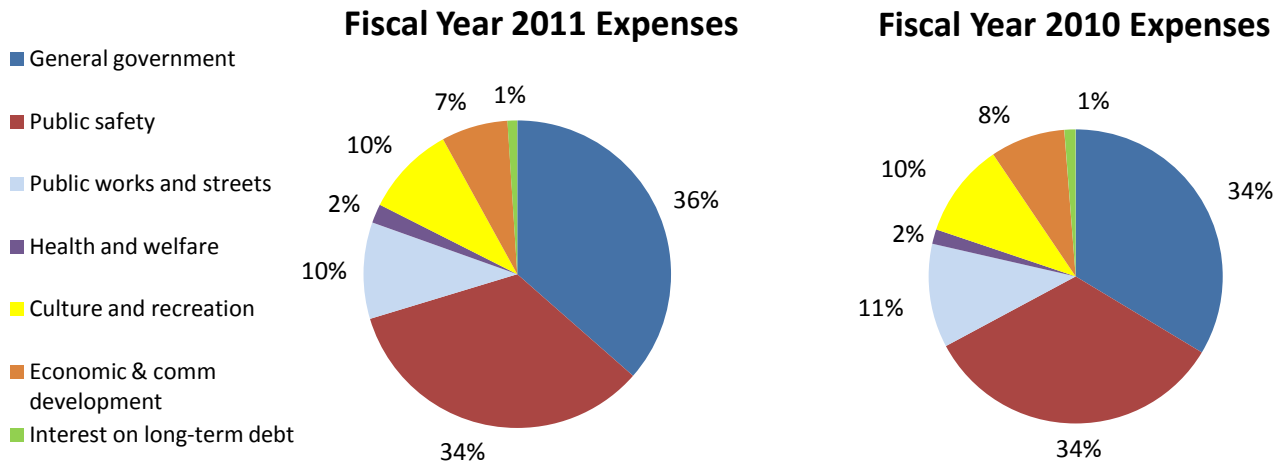
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets. The Town's total revenues for the fiscal year ended June 30, 2011, were \$6.5 million. The total cost of all programs and services was \$6.6 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

	2011 Governmental Activities	2010 Governmental Activities
	<u> </u>	<u> </u>
Revenues		
Program revenues:		
Charges for services	\$ 542,443	\$ 644,668
Operating grants and contributions	1,490,745	1,297,444
Capital grants and contributions	-	6,491
General revenues:		
Town sales taxes	1,763,488	1,961,610
Franchise taxes	243,353	239,946
State shared revenue	2,441,489	2,755,897
Investment earnings	12,985	19,964
Miscellaneous	53,507	23,954
	<u>6,548,010</u>	<u>6,949,974</u>
 Expenses		
General government	2,407,140	2,242,817
Public safety	2,233,318	2,250,649
Public works and streets	669,205	765,392
Health and welfare	131,331	107,603
Culture and recreation	630,502	695,151
Economic and community development	460,601	551,747
Interest on long-term debt	100,851	83,429
	<u>6,632,948</u>	<u>6,696,788</u>
 Increase/(decrease) in net assets	(84,938)	253,186
 Net assets, beginning	<u>13,428,607</u>	<u>13,175,421</u>
 Net assets, ending	<u>\$ 13,343,669</u>	<u>\$ 13,428,607</u>

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)



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.

	Year Ended June 30, 2011		Year Ended June 30, 2010	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental activities				
General government	\$ 2,407,140	\$(2,099,488)	\$ 2,242,817	\$(1,933,323)
Public safety	2,233,318	(1,906,872)	2,250,649	(1,952,587)
Public works and streets	669,205	212,203	765,392	132,368
Health and welfare	131,331	(131,331)	107,603	(107,603)
Culture and recreation	630,502	(303,516)	695,151	(363,692)
Economic and community development	460,601	(269,905)	551,747	(439,919)
Interest on long-term debt	100,851	(100,851)	83,429	(83,429)
Total	\$ 6,632,948	\$(4,599,760)	\$ 6,696,788	\$(4,748,185)

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- The cost of all governmental activities this year was \$6.6 million.
- Grants and contributions from federal, state, and county governments, charges for services and other local revenues subsidized certain governmental programs with revenues of \$2.0 million.
- The net cost of governmental activities of \$4.6 million was financed by general revenues, which are made up primarily of 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, *unassigned fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

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 \$5.0 million, a decrease of \$471,689. Approximately 28 percent of this total amount (\$1.4 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved, committed or assigned to indicate that it is not available for new spending because it has already been designated/restricted for long term receivables (\$632,000), compensated absences (\$378,828), sick leave (\$22,800), HURF (\$1,357,164), capital improvements (\$185,200), and special programs (\$843,789).

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 \$3.0 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 58 percent of total General Fund expenditures.

The fund balance of the Town's General Fund decreased by \$344,000 during the fiscal year. The HURF Fund showed an increase in fund balance of \$432,842 as of June 30, 2011 due primarily to reduced spending during the year. The fund balance of the Parks Fund decreased by \$12,938 as a result of no revenues collected during the year. The fund balance of the Housing Grant Fund increased by \$95,735 due primarily to settlement of a loan/return of property to the Town. The fund balance of the Capital Improvements Fund decreased by \$621,023 due primarily to the purchase of land for use by the Public Works Department.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

BUDGETARY HIGHLIGHTS

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

- Revenues in the General Fund were \$521,296 less than budgeted due to the slowing economy and lower reimbursements from Yavapai County because expenditures on the flood control project were less than anticipated.
- General Fund expenditures were less than budgeted by \$772,728. This was the result of conservative spending efforts to minimize the impact of forecasted future revenue shortfalls as well as reduction of Yavapai County flood control project expenditures.
- General Fund original and final budgets only varied in budgeted expenditure categories. Total budgeted expenditures were increased by \$6,794 due significantly to an increase in overall wages within the Library departments.
- HURF Fund expenditures were less than budgeted by \$364,886. This was primarily the result of the cancellation of a significant portion of larger budgeted street maintenance and construction projects.
- Capital Improvements Fund expenditures exceeded budgeted expenditures by \$680,749. Also, other financing sources exceeded budgeted sources by \$596,395. Both of these were due to the issuance of long-term debt for the purchase of land and new financial software.

CAPITAL ASSETS

As of June 30, 2011, the Town had invested \$11.4 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$320,785.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2011 and 2010.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS (CONTINUED)

	<u>As of June 30, 2011</u>	<u>As of June 30, 2010</u>
Land	\$ 5,868,719	\$ 4,409,541
Construction in progress	422,050	218,634
Infrastructure	1,720,671	1,720,671
Buildings and improvements	3,596,789	3,505,380
Improvements other than buildings	840,150	840,150
Machinery and equipment	1,842,969	1,876,232
Accumulated depreciation	<u>(2,856,289)</u>	<u>(2,659,147)</u>
 Total	 <u>\$ 11,435,059</u>	 <u>\$ 9,911,461</u>

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

- The purchase of a 17 acre parcel for our Public Works department, new accounting software and major upgrades/improvements to A/C units in two buildings.

Additional information on the Town's capital assets can be found in Note 7 of this report.

DEBT ADMINISTRATION

At year end, the Town had \$3.4 million in governmental long-term debt outstanding with \$561,524 due within one year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal years ended June 30, 2011 and 2010.

	<u>As of June 30, 2011</u>	<u>As of June 30, 2010</u>
Compensated absences payable	\$ 378,828	\$ 350,524
Capital leases payable	224,305	68,502
2005 Revenue bonds payable	1,680,000	1,765,000
2005 Revenue bonds premium	93,948	101,129
2011 Revenue bonds payable	1,005,000	-
Note payable	<u>9,665</u>	<u>13,638</u>
 Total	 <u>\$ 3,391,746</u>	 <u>\$ 2,298,793</u>

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2011**

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 85 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 2011-2012 fiscal year projects a combined decline in Town sales tax and shared revenues from the State over actual amounts collected in the 2010-2011 fiscal year of approximately 5 percent.

Since 2007 when the economy began its decline, the Town of Camp Verde has continued conservative spending and now only replaces employees, if a departure occurs, to maintain service levels. This continues into the 2011-2012 Budget where conservative spending of our reserves and conservative projection of revenues allow us to maintain an adequate reserve until the economy picks up locally as well as state wide. During this time 22 positions were vacated to maintain an adequate reserve while accomplishing some capital projects. However, none were vacated within this last fiscal year.

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 necessitates the use of only a moderate amount of the financial resources of the Town. This can continue only if the demand for service remains consistent. However, as time passes and the hope of a better economy continues, this approach may need changing to reflect demand for capital projects that were put off during the downturn as well as lower service levels accepted during that same period.

The Town of Camp Verde has been notified that funding from the Urban Revenue Sharing program with the State of Arizona would experience an increase for the first time in several years in 2012-2013. This will begin to lower the use of reserve and possibly allow for increased service levels and projects. Additional revenue from other sources is possible as well and will surely be necessary in this recovery process. Without additional revenue from traditional sources, it is anticipated that capital projects will continue to be postponed and service levels will have to remain static.

As a result of the thoughtful leadership of the Town Council and the managerial judgment 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 and look forward to finding ways to expedite the return of healthier revenues that will allow for higher levels of community services and capital construction and investment.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Town of Camp Verde, Finance Department, 395 South Main Street, Camp Verde, Arizona 86322.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 4,962,124
Cash - restricted	43,333
Accounts receivable (net)	530,587
Due from other governments	255,919
Prepaid items	25,949
Total current assets	5,817,912
Non-current assets:	
Loans receivable	171,309
Capital assets, not being depreciated	6,290,769
Capital assets, being depreciated, net	5,144,290
Assets being held for sale	79,345
Deferred bond issuance costs	44,973
Long-term deferred charges	16,254
Total non-current assets	11,746,940
Total assets	17,564,852
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	275,234
Accrued payroll and employee benefits	77,336
Due to other governments	193
Accrued interest	43,999
Court bonds payable	8,555
Deferred revenue	244,120
Claims payable	180,000
Current portion of long-term obligations	561,524
Total current liabilities	1,390,961
Non-current liabilities:	
Non-current portion of long-term obligations	2,830,222
Total non-current liabilities	2,830,222
Total liabilities	4,221,183
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	8,422,141
Restricted for:	
Highways and streets	1,357,164
Redevelopment and housing	344,210
Special programs	843,789
Unrestricted	2,376,365
Total net assets	\$ 13,343,669

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, 2011**

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	\$ 2,407,140	\$ 304,918	\$ 2,734	\$ (2,099,488)
Public safety	2,233,318	88,421	238,025	(1,906,872)
Public works and streets	669,205	3,429	877,979	212,203
Health and welfare	131,331	-	-	(131,331)
Culture and recreation	630,502	43,746	283,240	(303,516)
Economic and community development	460,601	101,929	88,767	(269,905)
Interest on long-term debt	100,851	-	-	(100,851)
Total governmental activities	6,632,948	542,443	1,490,745	(4,599,760)
General revenues:				
Taxes:				
Town sales taxes for general purposes				1,763,488
Franchise taxes				243,353
State shared revenues				2,441,489
Investment earnings				12,985
Miscellaneous				53,507
Total general revenues				4,514,822
Changes in net assets				(84,938)
Net assets, beginning of year				13,428,607
Net assets, end of year				\$ 13,343,669

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, 2011

	General Fund	HURF Fund	Parks Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,284,085	\$ 1,315,946	\$ 284,371
Cash - restricted	43,333	-	-
Accounts receivable (net)	468,663	54	-
Due from other governments (net)	118,665	72,039	-
Prepaid items	22,096	-	-
Due from other funds	47,614	-	-
Advances to other funds	632,000	-	-
Loans receivable	-	-	-
Assets held for sale	-	-	-
	\$ 3,616,456	\$ 1,388,039	\$ 284,371
Total assets	\$ 3,616,456	\$ 1,388,039	\$ 284,371
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 164,314	\$ 26,091	\$ 4,470
Accrued payroll and employee benefits	69,889	4,784	-
Due to other governments	193	-	-
Accrued interest	-	-	-
Court bonds payable	8,555	-	-
Deferred revenue	187,727	-	-
Claims payable	180,000	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	632,000
	610,678	30,875	636,470
Total liabilities	610,678	30,875	636,470
Fund balances (deficits):			
Nonspendable	22,096	-	-
Restricted	-	1,357,164	-
Committed	1,033,628	-	-
Unassigned	1,950,054	-	(352,099)
	3,005,778	1,357,164	(352,099)
Total fund balances	3,005,778	1,357,164	(352,099)
Total liabilities and fund balances	\$ 3,616,456	\$ 1,388,039	\$ 284,371

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

Housing Grant Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 90,557	\$ 40,244	\$ 946,921	\$ 4,962,124
-	-	-	43,333
-	90	61,780	530,587
2,999	-	62,216	255,919
-	3,853	-	25,949
-	-	-	47,614
-	-	-	632,000
171,309	-	-	171,309
79,345	-	-	79,345
<u>\$ 344,210</u>	<u>\$ 44,187</u>	<u>\$ 1,070,917</u>	<u>\$ 6,748,180</u>
\$ -	\$ 62,996	\$ 17,363	\$ 275,234
-	-	2,663	77,336
-	-	-	193
-	-	40,725	40,725
-	-	-	8,555
171,309	-	118,763	477,799
-	-	-	180,000
-	-	47,614	47,614
-	-	-	632,000
<u>171,309</u>	<u>62,996</u>	<u>227,128</u>	<u>1,739,456</u>
79,345	3,853	-	105,294
93,556	-	843,789	2,294,509
-	185,200	-	1,218,828
-	(207,862)	-	1,390,093
<u>172,901</u>	<u>(18,809)</u>	<u>843,789</u>	<u>5,008,724</u>
<u>\$ 344,210</u>	<u>\$ 44,187</u>	<u>\$ 1,070,917</u>	<u>\$ 6,748,180</u>

**TOWN OF CAMP VERDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total governmental fund balances \$ 5,008,724

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	\$ 14,291,348	
Less accumulated depreciation	<u>(2,856,289)</u>	11,435,059

Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		233,679
---	--	---------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		61,227
---	--	--------

A portion of interest payable is not due in the current period and, therefore, is not accrued in the governmental funds.		(3,274)
--	--	---------

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

Compensated absences payable	(378,828)	
Capital leases payable	(224,305)	
Revenue bonds payable	(2,685,000)	
Revenue bonds premium	(93,948)	
Note payable	<u>(9,665)</u>	<u>(3,391,746)</u>

Net assets of governmental activities \$ 13,343,669

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, 2011

	<u>General Fund</u>	<u>HURF Fund</u>	<u>Parks Fund</u>
Revenues:			
Taxes	\$ 2,006,841	\$ -	\$ -
Licenses and permits	102,725	-	-
Fines and forfeitures	239,002	-	-
Intergovernmental	2,600,932	796,016	-
Charges for services	60,157	-	-
Investment earnings	8,976	17	-
Rents and royalties	3,068	-	-
Contributions and donations	4,111	-	-
Other	43,437	325	-
Total revenues	<u>5,069,249</u>	<u>796,358</u>	<u>-</u>
Expenditures:			
Current -			
General government	2,207,562	-	-
Public safety	1,904,954	-	-
Public works and streets	143,041	370,251	-
Health and welfare	12,500	-	-
Culture and recreation	516,733	-	-
Economic and community development	335,874	-	-
Capital outlay	24,937	511	7,538
Debt service -			
Principal retirement	11,573	1,402	-
Interest and fiscal charges	1,909	135	-
Bond issuance costs	-	-	-
Total expenditures	<u>5,159,083</u>	<u>372,299</u>	<u>7,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(89,834)</u>	<u>424,059</u>	<u>(7,538)</u>
Other financing sources (uses):			
Capital lease agreement	-	-	-
Bond proceeds	-	-	-
Transfers in	71,546	8,783	-
Transfers out	(325,712)	-	(5,400)
Total other financing sources (uses)	<u>(254,166)</u>	<u>8,783</u>	<u>(5,400)</u>
Changes in fund balances	(344,000)	432,842	(12,938)
Fund balances (deficits), beginning of year	<u>3,349,778</u>	<u>924,322</u>	<u>(339,161)</u>
Fund balances (deficits), end of year	<u>\$ 3,005,778</u>	<u>\$ 1,357,164</u>	<u>\$ (352,099)</u>

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

Housing Grant Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,006,841
-	-	-	102,725
-	-	39,734	278,736
2,999	-	500,013	3,899,960
-	-	21,895	82,052
2,958	-	1,033	12,984
-	-	-	3,068
-	58,300	44,553	106,964
94,119	12,086	-	149,967
<u>100,076</u>	<u>70,386</u>	<u>607,228</u>	<u>6,643,297</u>
1,342	22,662	102,415	2,333,981
-	-	175,731	2,080,685
-	-	14,880	528,172
-	-	118,832	131,332
-	18,576	44,207	579,516
2,999	-	6,934	345,807
-	1,882,730	143,562	2,059,278
-	38,280	90,153	141,408
-	9,658	91,342	103,044
-	25,000	-	25,000
<u>4,341</u>	<u>1,996,906</u>	<u>788,056</u>	<u>8,328,223</u>
<u>95,735</u>	<u>(1,926,520)</u>	<u>(180,828)</u>	<u>(1,684,926)</u>
-	200,324	7,913	208,237
-	1,005,000	-	1,005,000
-	100,173	230,940	411,442
-	-	(80,330)	(411,442)
<u>-</u>	<u>1,305,497</u>	<u>158,523</u>	<u>1,213,237</u>
95,735	(621,023)	(22,305)	(471,689)
<u>77,166</u>	<u>602,214</u>	<u>866,094</u>	<u>5,480,413</u>
<u>\$ 172,901</u>	<u>\$ (18,809)</u>	<u>\$ 843,789</u>	<u>\$ 5,008,724</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, 2011**

Net changes in fund balances - total governmental funds \$ (471,689)

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	\$ 1,884,648	
Less current year depreciation	<u>(320,785)</u>	1,563,863

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net assets. (40,265)

Payment of long-term deferred charges are not expensed in the statement of activities. 16,254

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (80,162)

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. (1,044,635)

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. (28,304)

Change in net assets in governmental activities \$ (84,938)

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, 2011

	Employee Assistance Fund (Agency)
<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,588
Accounts receivable	<u>2,136</u>
Total assets	<u><u>\$ 7,724</u></u>
<u>LIABILITIES</u>	
Deposits held for others	<u>\$ 7,724</u>
Total liabilities	<u><u>\$ 7,724</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, 2011**

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 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, 2011**

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 all the 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.

The *Capital Improvements 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.

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. The Town has one Agency Fund – the *Employee Assistance Fund*, which accounts for monies contributed by employees to the assistance fund.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

The Town reported general revenues, consisting of Town sales taxes, franchise taxes, State shared revenues, investment earnings, and miscellaneous, all of which are unrestricted.

D. Cash, Cash Equivalents, and Investments

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

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

All investments in the Local Government Investment Pool 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. 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.

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 cost. 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

H. Compensated Absences

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

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

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

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

J. Governmental Fund Balance Components/Net Assets

The Town has implemented GASB No. 54 fund balance reporting and governmental fund type definitions. The components of governmental fund balance consist of the following:

Nonspendable are amounts that cannot be spent due to form or principal, such as prepaid items and assets held for sale.

Restricted are amounts constrained for a specific purpose by external parties or laws. Examples of restricted are amounts from third party grantors for a specified purpose, and excise tax revenues collected for voter approved transportation expenditures.

Committed are amounts constrained by Mayor and Council authorization and can only be changed by their action through an ordinance or resolution. Examples are amounts committed for construction projects and advances to other funds.

Assigned are amounts intended for other purposes by Town management. Assigned funds are not constrained by the other above components.

Unassigned are spendable amounts not contained in the other classifications.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts. On the government-wide financial statements, only restrictions imposed by external sources are shown as restricted net assets.

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.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

M. Budgets

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

N. 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, 2011.

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. During the previous fiscal year, the Town adopted a policy for custodial risk. At June 30, 2011, the carrying amount of the Town deposits was \$693,723, and the bank balance was \$814,386. At June 30, 2011, the Town's deposits were entirely covered by Federal depository insurance.

The Town's investments at June 30, 2011, were as follows:

	<u>Fair Value</u>
State Treasurer's investment pool	<u>\$ 4,285,253</u>
Total	<u><u>\$ 4,285,253</u></u>

All investments mature in less than one year.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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.

Credit Risk. The Town's investment policy limits investment choices based on allowable investments in state statutes. As of June 30, 2011, the Town's investment in the State Treasurer's investment pool had Standard and Poor's Rating Services assign the highest rating of AAAF/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. 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 percent. As of June 30, 2011 the Town's investments were 100 percent invested in the State Treasurer's investment pool.

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

	Cash, deposits and investments:		
		\$	1,460
	Cash on hand		30,609
	Cash held by a trustee		693,723
	Amount of deposits		4,285,253
	Amount of investments		<u>4,285,253</u>
	Total		<u>\$ 5,011,045</u>
		Governmental Activities	Agency Funds
		<u> </u>	<u> </u>
Statement of Net Assets:			Total
Cash and cash equivalents	\$ 4,962,124	\$ 5,588	\$ 4,967,712
Cash – restricted	<u>43,333</u>	<u>-</u>	<u>43,333</u>
	<u>\$ 5,005,457</u>	<u>\$ 5,588</u>	<u>\$ 5,011,045</u>

Cash – restricted consists of cash set aside to meet contractual repayments of claims payable.

The Town participates in an external investment pool, the State of Arizona Treasury Local Government Investment Pool (LGIP). The State Treasurer's Office operates the 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,

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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, 2011, is stated at cost which approximates fair value.

NOTE 3 - ACCOUNTS RECEIVABLE

As of June 30, 2011, the Town's receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$615,747 in municipal court fines and \$274,840 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$360,000.

In connection with receivables, governmental funds reported deferred revenue for amounts not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the deferred revenue consisted of fines receivable of \$190,912, loans receivable of \$171,309, other receivables of \$49,185 and unexpended grant funds of \$66,393.

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	Housing Fund	Non- Major Govern- mental Funds	Total
Due from governmental entities:					
State government	\$ 47,730	\$ 72,039	\$ 2,999	\$ 49,467	\$ 172,235
Towns/Cities/Tribal government	256,935	-	-	12,749	269,684
Allowance for doubtful accounts	(186,000)	-	-	-	(186,000)
Due from governmental entities	<u>\$ 118,665</u>	<u>\$ 72,039</u>	<u>\$ 2,999</u>	<u>\$ 62,216</u>	<u>\$ 255,919</u>

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, 2011, \$171,309 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, 2011**

NOTE 6- ASSETS HELD FOR SALE

During the year ended June 30, 2011, a recipient of a Community Development Block Grant loan through the Town returned the home to the Town upon their death. Therefore, the loan was settled, and the home is being carried on the books as an asset held for sale. For reporting purposes, the home was valued at fair market value, which was \$79,345.

NOTE 7- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2011 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	\$1,459,178	\$ -	\$ 5,868,719
Construction in progress	218,634	203,416	-	422,050
Total capital assets, not being depreciated	<u>4,628,175</u>	<u>1,662,594</u>	<u>-</u>	<u>6,290,769</u>
Capital assets, being depreciated:				
Infrastructure	1,720,671	-	-	1,720,671
Buildings and improvements	3,505,380	131,409	40,000	3,596,789
Improvements other than buildings	840,150	-	-	840,150
Machinery and equipment	1,876,232	90,645	123,908	1,842,969
Total capital assets, being depreciated	<u>7,942,433</u>	<u>222,054</u>	<u>163,908</u>	<u>8,000,579</u>
Less accumulated depreciation for:				
Infrastructure	(376,057)	(86,034)	-	(462,091)
Buildings and improvements	(615,571)	(76,617)	(16,533)	(675,655)
Improvements other than buildings	(291,486)	(27,827)	-	(319,313)
Machinery and equipment	(1,376,033)	(130,307)	(107,110)	(1,399,230)
Total accumulated depreciation	<u>(2,659,147)</u>	<u>(320,785)</u>	<u>(123,643)</u>	<u>(2,856,289)</u>
Total capital assets, being depreciated, net	<u>5,283,286</u>	<u>(98,731)</u>	<u>40,265</u>	<u>5,144,290</u>
Governmental activities capital assets, net	<u>\$ 9,911,461</u>	<u>\$1,563,863</u>	<u>\$ 40,265</u>	<u>\$11,435,059</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 43,259
Public safety	112,822
Public works and streets	110,957
Culture and recreation	50,662
Economic and community development	<u>3,085</u>
Total depreciation expense	<u>\$ 320,785</u>

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8- OBLIGATIONS UNDER CAPITAL LEASES

The Town has entered into lease agreements as lessee for financing the acquisition of copier equipment, computer servers and financial software. 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
Construction in progress - software	\$ 173,880
Machinery and equipment	103,116
Less: accumulated depreciation	(39,000)
 Carrying Value	 \$ 237,996

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

		Governmental Activities
Year Ending June 30:		
	2012	\$ 79,505
	2013	52,658
	2014	50,334
	2015	48,236
	2016	23,283
Total minimum lease payments		254,016
Less: amount representing interest		(29,711)
Present value of minimum lease payments		\$ 224,305
 Due within one year		 \$ 67,200

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:		
2012	\$ 4,389	\$ 769
2013	4,849	309
2014	427	4
Total	\$ 9,665	\$ 1,082

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 10- REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2011 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.

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

Revenue bonds outstanding at year end are as follows:

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2011
Governmental activities:			
Greater Arizona Development Authority (GADA) Infrastructure Series 2005 Revenue Bonds	2.75-5.00%	8/1/2008-24	\$ 1,680,000
Pledged Revenue Obligation Bonds, Series 2011	3.91%	7/1/2012-23	<u>1,005,000</u>
Total outstanding principal			<u><u>\$ 2,685,000</u></u>

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest
Year ending June 30:		
2012	\$ 148,800	\$ 122,441
2013	160,115	111,751
2014	167,857	104,384
2015	175,706	96,661
2016	183,666	88,576
2017-21	1,046,942	309,188
2022-25	<u>801,914</u>	<u>69,468</u>
Total	<u><u>\$ 2,685,000</u></u>	<u><u>\$ 902,469</u></u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11- CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 322,258	\$ 331,007	\$ 309,195	\$ 344,070	\$ 303,313
Estimated taxes related to compensated absences	28,266	36,711	30,219	34,758	30,641
Capital leases payable	68,502	208,237	52,434	224,305	67,200
2005 Revenue bonds payable	1,765,000	-	85,000	1,680,000	85,000
2005 Revenue bonds premium	101,129	-	7,181	93,948	7,181
2011 Revenue bonds payable	-	1,005,000	-	1,005,000	63,800
Note payable	13,638	-	3,973	9,665	4,389
Governmental activities long-term liabilities	<u>\$2,298,793</u>	<u>\$1,580,955</u>	<u>\$ 488,002</u>	<u>\$3,391,746</u>	<u>\$ 561,524</u>

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 \$18,930 for the fiscal year ended June 30, 2011.

The future minimum lease payments are as follows:

Year ending June 30:	<u>Amount</u>
2012	<u>\$ 4,590</u>
Total	<u>\$ 4,590</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 FY2007, was amended during FY2010. Per the amendment, the agreement is in the amount of \$2.04 million to provide financing for construction of a new wastewater treatment plant, outfall, and collector sewer lines, and is payable through 2032. The Town has committed to appropriate \$135,000 each year from sales tax revenues and state shared revenues, to cover the principal and interest requirements on the Sanitary District's debt.

The 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 \$2.9 million with annual requirements averaging at \$133,736. Sales taxes and state shared revenues, from which the appropriations will be made, have averaged \$4.7 million per year over the last eight 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 \$118,831 and \$4.2 million, respectively.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 14- INTERFUND BALANCES AND ACTIVITY

At June 30, 2011, interfund balances and activity were as follows:

Advances to/from other funds:

Fund	Advances Receivable	Advances Payable
General	\$ 632,000	\$ -
Parks	-	632,000
Total	\$ 632,000	\$ 632,000

During March 2008, the Town Council approved an agreement to loan \$832,000 to the Parks Fund from General Fund monies. According to the agreement, quarterly payments of \$50,000 are to be made if funds are available until the full amount borrowed has been repaid. However, no payments were made during FY2011.

Due to/from other funds:

Fund	Due from other funds	Due to other funds
General	\$ 47,614	\$ -
Non-Major Governmental	-	47,614
Total	\$ 47,614	\$ 47,614

The outstanding balance between funds is the result of the lag between the time reimbursable expenditures occur and payment is received.

Interfund transfers:

Fund	Transfers In	Transfers Out
General	\$ 71,546	\$ 325,712
HURF	8,783	-
Parks	-	5,400
Capital Improvements	100,173	-
Non-Major Governmental	230,940	80,330
Total	\$ 411,442	\$ 411,442

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 15- RESTRICTED NET ASSETS

The Town reported restrictions of net assets at year end in the government-wide statement of net assets as follows:

	<u>Governmental Activities</u>
Restricted Net Assets:	
Highway User Revenues	\$ 1,357,164
Redevelopment and housing	
Loans Receivable	171,309
Assets Held for Sale	79,345
Other	93,556
Court Special Revenue:	
Court Enhancement	45,972
Fill the Gap	19,571
Local JCEF	31,199
Yavapai-Apache Gaming Compact:	
Heritage Pool	60,000
MUHS Tutor	111,820
Parks and Rec Youth Programs	12,000
9-1-1	3,410
Library Endowment	250,885
Impact Fees:	
General government	67,472
Library	45,565
Parks and Recreation	101,554
Police Services	73,097
Donations:	
Animal Shelter	10,862
Camp Verde Marshal's Office	2,380
K-9	1,270
Library	3,530
Parks and Recreation	2,952
Volunteers in Police Services	250
Total Restricted Net Assets	<u>\$ 2,545,163</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16- GOVERNMENTAL FUND BALANCE COMPONENTS

GASB Statement No. 54 requires a restatement of beginning fund balances in the year of implementation as well as a detailed listing of the ending fund balances as listed in the governmental fund balance sheet statements. Both of these are provided below.

Restatement of beginning fund balances:

	<u>General</u>	<u>HURF</u>	<u>Parks</u>	<u>Housing</u>	<u>Non-Major Gov'l Funds</u>	<u>Total Gov'l Funds</u>
Pre GASB 54:						
Fund balances, June 30, 2010						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 571,720	\$ 571,720
Unreserved, designated	996,886	-	-	-	185,200	1,182,086
Unreserved, undesignated	<u>2,352,892</u>	<u>924,322</u>	<u>(339,161)</u>	<u>77,166</u>	<u>711,388</u>	<u>3,726,607</u>
 Total Fund Balances	 <u>\$ 3,349,778</u>	 <u>\$ 924,322</u>	 <u>\$ (339,161)</u>	 <u>\$ 77,166</u>	 <u>\$ 1,468,308</u>	 <u>\$ 5,480,413</u>
 GASB 54 new fund balance reporting:						
Fund balances, June 30, 2010						
Nonspendable	\$ 51,258	\$ -	\$ -	\$ -	\$ -	\$ 51,258
Restricted	-	924,322	-	77,166	840,372	1,841,860
Committed	996,886	-	-	-	185,200	1,182,086
Assigned	-	-	-	-	442,736	442,736
Unassigned	<u>2,301,634</u>	<u>-</u>	<u>(339,161)</u>	<u>-</u>	<u>-</u>	<u>1,962,473</u>
 Total Fund Balances	 <u>\$ 3,349,778</u>	 <u>\$ 924,322</u>	 <u>\$ (339,161)</u>	 <u>\$ 77,166</u>	 <u>\$ 1,468,308</u>	 <u>\$ 5,480,413</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16- GOVERNMENTAL FUND BALANCE COMPONENTS (CONTINUED)

Detailed listing of ending fund balances at June 30, 2011:

	General	HURF	Parks	Housing	Capital Improvements	Non-Major Gov'l Funds	Total Gov'l Funds
Ending Fund balances, June 30, 2011							
Nonspendable:							
Prepaid expenses	\$ 22,096	\$ -	\$ -	\$ -	\$ 3,853	\$ -	\$ 25,949
Assets held for sale	-	-	-	79,345	-	-	79,345
Total nonspendable	<u>22,096</u>	<u>-</u>	<u>-</u>	<u>79,345</u>	<u>3,853</u>	<u>-</u>	<u>105,294</u>
Restricted:							
Highway user revenues	-	1,357,164	-	-	-	-	1,357,164
Redevelopment and housing	-	-	-	93,556	-	-	93,556
Court special revenue							
Court enhancement	-	-	-	-	-	45,972	45,972
Fill the gap	-	-	-	-	-	19,571	19,571
Local JCEF	-	-	-	-	-	31,199	31,199
Yavapai-Apache Gaming Compact							
Heritage Pool	-	-	-	-	-	60,000	60,000
MUHS tutor	-	-	-	-	-	111,820	111,820
Parks and rec youth pgm	-	-	-	-	-	12,000	12,000
9-1-1	-	-	-	-	-	3,410	3,410
Library endowment	-	-	-	-	-	250,885	250,885
Impact fees							
General government	-	-	-	-	-	67,472	67,472
Library	-	-	-	-	-	45,565	45,565
Parks and recreation	-	-	-	-	-	101,554	101,554
Police services	-	-	-	-	-	73,097	73,097
Donations							
Animal shelter	-	-	-	-	-	10,862	10,862
Camp Verde Marshal's office	-	-	-	-	-	2,380	2,380
K-9	-	-	-	-	-	1,270	1,270
Library	-	-	-	-	-	3,530	3,530
Parks and recreation	-	-	-	-	-	2,952	2,952
Volunteers in police service	-	-	-	-	-	250	250
Total restricted	<u>-</u>	<u>1,357,164</u>	<u>-</u>	<u>93,556</u>	<u>-</u>	<u>843,789</u>	<u>2,294,509</u>
Committed:							
Long-term receivable	632,000	-	-	-	-	-	632,000
Compensated absences	378,828	-	-	-	-	-	378,828
Sick leave bank	22,800	-	-	-	-	-	22,800
Capital improvements	-	-	-	-	185,200	-	185,200
Total committed	<u>1,033,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,200</u>	<u>-</u>	<u>1,218,828</u>
Unassigned:							
General fund	1,950,054	-	-	-	-	-	1,950,054
Deficit fund balances	-	-	(352,099)	-	(207,862)	-	(559,961)
Total unassigned	<u>1,950,054</u>	<u>-</u>	<u>(352,099)</u>	<u>-</u>	<u>(207,862)</u>	<u>-</u>	<u>1,390,093</u>
Ending Fund Balances	<u>\$ 3,005,778</u>	<u>\$ 1,357,164</u>	<u>\$ (352,099)</u>	<u>\$ 172,901</u>	<u>\$ (18,809)</u>	<u>\$ 843,789</u>	<u>\$ 5,008,724</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 17- 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 18- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balances/Net Assets – At June 30, 2011, the Parks Fund reported a deficit in fund balance of \$352,099. The deficit arose because of operations in prior years. Additional revenues received in future fiscal years are expected to eliminate the deficit. The Capital Improvements Fund also reported a deficit in fund balance at June 30, 2011 of \$18,809. The Town issued Revenue Obligation Bonds for the purchase of land for the Public Works Department, but also used additional Town funds to complete the purchase which resulted in a deficit fund balance. The Town expects the deficit to be eliminated during the next fiscal year.

NOTE 19- 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. 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 Arizona Public Employers Health Pool (Pool). 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 20- CLAIMS PAYABLE

During the year, the Town entered into an agreement with a local business entity to settle a dispute over the use of the business entity’s property. The agreement requires the Town to pay three annual installments of \$25,000. The agreement also calls for the installation of a waterline and hydrant estimated at \$130,000 to be installed or paid for by April 1, 2013. The balance of the settlement payable at June 30, 2011 totaled \$180,000.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 21- 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.

Cost-sharing plan – For the year ended June 30, 2011, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.85 percent (9.6 percent for retirement and 0.25 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 9.85 percent (9.6 percent for retirement and health insurance premium, and 0.25 percent for long-term disability) of the members' annual covered payroll. There were 46 participants in the ASRS as of June 30, 2011.

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 21- RETIREMENT PLANS (CONTINUED)

Year ending June 30:	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2011	\$ 184,691	\$ 12,094	\$ 5,125
2010	190,289	15,059	9,203
2009	174,581	20,976	10,925

Agent plan – For the year ended June 30, 2011, 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 14.68 percent. There were 15 participants in the PSPRS as of June 30, 2011.

Actuarial Methods and Assumptions – The contribution requirements for the year ended June 30, 2011 were established by the June 30, 2011 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, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percent-of-pay closed
Remaining amortization period	25 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5-8%
Payroll growth	5%
Cost-of-living adjustments	None

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

Camp Verde Marshals Plan (Retirement):

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 128,911	100.0%	\$ -
2010	125,425	100.0%	-
2011	130,238	100.0%	-

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 21- RETIREMENT PLANS (CONTINUED)

Camp Verde Marshals Plan (Retirement):

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percent of Covered Payroll ([b-a]/c)
2009	\$2,221,063	\$2,668,918	\$ 447,855	83.2%	\$ 878,429	51.0%
2010	2,454,338	2,981,066	526,728	82.3%	838,437	62.8%
2011	2,663,510	3,219,604	556,094	82.7%	761,124	73.1%

Camp Verde Marshals Plan (Health):

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percent of Covered Payroll ([b-a]/c)
2009	\$ -	\$ 96,466	\$ 96,466	0.0%	\$ 878,429	10.98%
2010	-	86,961	86,961	0.0%	838,437	10.37%
2011	-	113,233	113,233	0.0%	761,124	14.88%

NOTE 22- CONSTRUCTION COMMITMENTS

As of June 30, 2011, the Town had an outstanding commitment for construction of \$29,091. The Town had various other construction projects in progress. However, there were no commitments in place for their completion at year end.

REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 2,198,900	\$ 2,198,900	\$ 2,006,841	\$ (192,059)
Licenses and permits	93,750	93,750	102,725	8,975
Fines and forfeits	243,904	243,904	239,002	(4,902)
Intergovernmental	2,932,517	2,932,517	2,600,932	(331,585)
Charges for services	80,516	80,516	60,157	(20,359)
Investment earnings	6,000	6,000	8,976	2,976
Rents and royalties	2,800	2,800	3,068	268
Contributions and donations	16,158	16,158	4,111	(12,047)
Other	16,000	16,000	43,437	27,437
Total revenues	5,590,545	5,590,545	5,069,249	(521,296)
Expenditures:				
Mayor and council	24,172	24,172	17,151	7,021
Town manager	207,766	207,266	197,460	9,806
Town clerk	247,179	247,179	221,724	25,455
Town attorney	122,090	122,090	291,264	(169,174)
Finance	334,938	334,938	229,116	105,822
Human resources	61,925	61,925	49,094	12,831
Information technology	77,974	77,974	82,238	(4,264)
Magistrate	320,658	320,658	299,502	21,156
Public works and streets	469,026	469,026	143,864	325,162
Maintenance	374,487	373,427	374,400	(973)
Community development	392,409	392,409	337,979	54,430
Marshal	1,995,372	1,995,372	1,903,722	91,650
Library	333,837	333,837	293,098	40,739
Parks and recreation	301,387	302,447	225,168	77,279
Non-departmental	668,591	669,091	493,303	175,788
Total expenditures	5,931,811	5,931,811	5,159,083	772,728
Excess (deficiency) of revenues over (under) expenditures	(341,266)	(341,266)	(89,834)	251,432
Other financing sources (uses):				
Transfers in	50,167	24,437	71,546	47,109
Transfers out	(877,897)	(385,724)	(325,712)	60,012
Total other financing sources (uses)	(827,730)	(361,287)	(254,166)	107,121
Change in fund balances	(1,168,996)	(702,553)	(344,000)	358,553
Fund balances, July 1, 2010	3,349,778	3,349,778	3,349,778	-
Fund balances, June 30, 2011	\$ 2,180,782	\$ 2,647,225	\$ 3,005,778	\$ 358,553

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HURF FUND
FISCAL YEAR ENDED JUNE 30, 2011**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 772,368	\$ 796,016	\$ 23,648
Investment earnings	12	17	5
Other	250	325	75
Total revenues	<u>772,630</u>	<u>796,358</u>	<u>23,728</u>
Expenditures:			
Public Works	<u>737,185</u>	<u>372,299</u>	<u>364,886</u>
Total expenditures	<u>737,185</u>	<u>372,299</u>	<u>364,886</u>
Excess (deficiency) of revenues over (under) expenditures	35,445	424,059	388,614
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>8,783</u>	<u>8,783</u>
Total other financing sources (uses)	<u>-</u>	<u>8,783</u>	<u>8,783</u>
Change in fund balances	35,445	432,842	397,397
Fund balances, July 1, 2010	<u>924,322</u>	<u>924,322</u>	<u>-</u>
Fund balances, June 30, 2011	<u><u>\$ 959,767</u></u>	<u><u>\$ 1,357,164</u></u>	<u><u>\$ 397,397</u></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, 2011**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Public Works	\$ 26,500	\$ 7,538	\$ 18,962
Total expenditures	<u>26,500</u>	<u>7,538</u>	<u>18,962</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,500)</u>	<u>(7,538)</u>	<u>18,962</u>
Other financing sources (uses):			
Transfers out	<u>(5,400)</u>	<u>(5,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,400)</u>	<u>(5,400)</u>	<u>-</u>
Change in fund balances	(31,900)	(12,938)	18,962
Fund balances (deficits), July 1, 2010	<u>(339,161)</u>	<u>(339,161)</u>	<u>-</u>
Fund balances (deficits), June 30, 2011	<u><u>\$ (371,061)</u></u>	<u><u>\$ (352,099)</u></u>	<u><u>\$ 18,962</u></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, 2011**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	\$ 2,999	\$ 2,999
Investment earnings	900	2,958	2,058
Other	18,201	94,119	75,918
Total revenues	<u>19,101</u>	<u>100,076</u>	<u>80,975</u>
Expenditures:			
Community development	70,000	4,341	65,659
Total expenditures	<u>70,000</u>	<u>4,341</u>	<u>65,659</u>
Change in fund balances	(50,899)	95,735	146,634
Fund balances, July 1, 2010	<u>77,166</u>	<u>77,166</u>	<u>-</u>
Fund balances, June 30, 2011	<u>\$ 26,267</u>	<u>\$ 172,901</u>	<u>\$ 146,634</u>

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND
FISCAL YEAR ENDED JUNE 30, 2011**

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Contributions and donations	\$ -	\$ 58,300	\$ 58,300
Other	-	12,086	12,086
Total revenues	<u>-</u>	<u>70,386</u>	<u>70,386</u>
Expenditures:			
Non-departmental	1,316,157	1,996,906	(680,749)
Total expenditures	<u>1,316,157</u>	<u>1,996,906</u>	<u>(680,749)</u>
Excess (deficiency) of revenues over (under) expenditures	(1,316,157)	(1,926,520)	(610,363)
Other financing sources (uses):			
Capital lease agreement	-	200,324	200,324
Bond proceeds	-	1,005,000	1,005,000
Transfers in	709,102	100,173	(608,929)
Total other financing sources (uses)	<u>709,102</u>	<u>1,305,497</u>	<u>596,395</u>
Change in fund balances	(607,055)	(621,023)	(13,968)
Fund balances, July 1, 2010	<u>602,214</u>	<u>602,214</u>	<u>-</u>
Fund balances (deficits), June 30, 2011	<u>\$ (4,841)</u>	<u>\$ (18,809)</u>	<u>\$ (13,968)</u>

**TOWN OF CAMP VERDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT RETIREMENT AND HEALTH INSURANCE
PLAN'S FUNDING PROGRESS
JUNE 30, 2011**

Camp Verde Marshal's Plan (Retirement):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percent of Covered Payroll ([b-a]/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%
2010	2,454,338	2,981,066	526,728	82.3%	838,437	62.8%
2011	2,663,510	3,219,604	556,094	82.7%	761,124	73.1%

Camp Verde Marshal's Plan (Health Insurance):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ([b-a]/c)
2006	\$ -	\$ 52,291	\$ 52,291	0.0%	\$ 739,848	7.07%
2007	-	94,638	94,638	0.0%	879,009	10.77%
2008	-	100,364	100,364	0.0%	932,555	10.76%
2009	-	96,466	96,466	0.0%	878,429	10.98%
2010	-	89,961	86,961	0.0%	838,437	10.37%
2011	-	113,233	113,233	0.0%	761,124	14.88%

**TOWN OF CAMP VERDE, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 MARSHAL'S RETIREMENT AND HEALTH INSURANCE PLAN
 JUNE 30, 2011**

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	128,911	128,911	100.0%
2010	125,425	125,425	100.0%
2011	130,238	130,238 (est.)	100.0%
2012	N/A	134,661 (est.)	N/A
2013	N/A	130,067 (est.)	N/A

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
2010	2012	0.82%	0.52%	1.34%	12,505
2011	2013	0.57%	0.81%	1.38%	11,580

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

NOTE 1- BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with Generally Accepted Accounting Principles.

The Town's adopted budget policies include the following: The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, and has been presented accordingly.

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

At June 30, 2011, the Town had expenditures in departments that exceeded the budget, which constituted a violation of the Town Code, but did not constitute a violation of any State of Arizona 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
JUNE 30, 2011**

	Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 906,196	\$ 40,725	\$ 946,921
Accounts receivable (net)	61,780	-	61,780
Due from other governments	62,216	-	62,216
	Total assets	\$ 40,725	\$ 1,070,917
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 17,363	\$ -	\$ 17,363
Accrued payroll and employee benefits	2,663	-	2,663
Accrued interest	-	40,725	40,725
Deferred revenue	118,763	-	118,763
Due to other funds	47,614	-	47,614
	Total liabilities	40,725	227,128
Fund balances:			
Restricted	843,789	-	843,789
	Total fund balances	-	843,789
	Total liabilities and fund balances	\$ 40,725	\$ 1,070,917

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, 2011

	Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:			
Fines and forfeitures	\$ 39,734	\$ -	\$ 39,734
Intergovernmental	500,013	-	500,013
Charges for services	21,895	-	21,895
Investment earnings	1,033	-	1,033
Contributions and donations	44,553	-	44,553
Total revenues	607,228	-	607,228
Expenditures:			
Current -			
General government	102,415	-	102,415
Public safety	175,731	-	175,731
Public works and streets	14,880	-	14,880
Health and welfare	-	118,832	118,832
Culture and recreation	44,207	-	44,207
Economic and community development	6,934	-	6,934
Capital outlay	143,562	-	143,562
Debt service -			
Principal retirement	1,180	88,973	90,153
Interest and fiscal charges	744	90,598	91,342
Total expenditures	489,653	298,403	788,056
Excess (deficiency) of revenues over (under) expenditures	117,575	(298,403)	(180,828)
Other financing sources (uses):			
Capital lease agreements	7,913	-	7,913
Transfers in	24,537	206,403	230,940
Transfers out	(80,330)	-	(80,330)
Total other financing sources (uses)	(47,880)	206,403	158,523
Change in fund balances	69,695	(92,000)	(22,305)
Fund balances, beginning of year	774,094	92,000	866,094
Fund balances, end of year	\$ 843,789	\$ -	\$ 843,789

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NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes (other than major capital projects). The funds are usually required by statute, ordinance, or federal grant regulation to finance specified activities of the Town. The Town maintains the following non-major Special Revenue funds.

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

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

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

Federal Grants Fund- accounts for the activity related to the Town's Community Development Block Grant and other Federal grants.

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.

TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2011

	<u>Court Special Revenue Fund</u>	<u>Nonfederal Grants Fund</u>	<u>Yavapai-Apache Gaming Compact Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 86,304	\$ 72,593	\$ 183,820
Accounts receivable (net)	61,780	-	-
Due from other governments	1,028	-	-
Total assets	\$ 149,112	\$ 72,593	\$ 183,820
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	-	4,650	-
Accrued payroll and employee benefits	-	1,550	-
Deferred revenue	52,370	66,393	-
Due to other funds	-	-	-
Total liabilities	52,370	72,593	-
Fund balances:			
Restricted	96,742	-	183,820
Total fund balances	96,742	-	183,820
Total liabilities and fund balances	\$ 149,112	\$ 72,593	\$ 183,820

Federal Grants Fund	9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ -	\$ 3,410	\$ 250,885	\$ 287,688	\$ 21,496	\$ 906,196
-	-	-	-	-	61,780
61,188	-	-	-	-	62,216
<u>\$ 61,188</u>	<u>\$ 3,410</u>	<u>\$ 250,885</u>	<u>\$ 287,688</u>	<u>\$ 21,496</u>	<u>\$ 1,030,192</u>
12,461	-	-	-	252	17,363
1,113	-	-	-	-	2,663
-	-	-	-	-	118,763
47,614	-	-	-	-	47,614
<u>61,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252</u>	<u>186,403</u>
<u>-</u>	<u>3,410</u>	<u>250,885</u>	<u>287,688</u>	<u>21,244</u>	<u>843,789</u>
<u>-</u>	<u>3,410</u>	<u>250,885</u>	<u>287,688</u>	<u>21,244</u>	<u>843,789</u>
<u>\$ 61,188</u>	<u>\$ 3,410</u>	<u>\$ 250,885</u>	<u>\$ 287,688</u>	<u>\$ 21,496</u>	<u>\$ 1,030,192</u>

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL NON-MAJOR SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 2011

	<u>Court Special Revenue Fund</u>	<u>Nonfederal Grants Fund</u>	<u>Yavapai-Apache Gaming Compact Fund</u>
Revenues:			
Fines and forfeitures	\$ 39,734	\$ -	\$ -
Intergovernmental	2,734	126,576	140,679
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	42,468	126,576	140,679
Expenditures:			
Current -			
General government	13,357	-	89,058
Public safety	-	95,688	-
Public works and streets	-	14,880	-
Culture and recreation	-	-	-
Economic and community development	-	-	-
Capital outlay	7,913	16,008	-
Debt service -			
Principal retirement	1,180	-	-
Interest and fiscal charges	744	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	23,194	126,576	89,058
Excess (deficiency) of revenues over (under) expenditures	19,274	-	51,621
Other financing sources (uses):			
Capital lease agreements	7,913	-	-
Transfers in	-	-	24,437
Transfers out	-	-	(71,547)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	7,913	-	(47,110)
Change in fund balances	27,187	-	4,511
Fund balances, beginning of year	69,555	-	179,309
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 96,742	\$ -	\$ 183,820
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Federal Grants Fund	9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,734
230,024	-	-	-	-	500,013
-	-	-	21,895	-	21,895
-	-	482	551	-	1,033
-	-	9,661	-	34,892	44,553
<u>230,024</u>	<u>-</u>	<u>10,143</u>	<u>22,446</u>	<u>34,892</u>	<u>607,228</u>
-	-	-	-	-	102,415
79,179	-	-	-	864	175,731
-	-	-	-	-	14,880
15,487	-	-	-	28,720	44,207
6,934	-	-	-	-	6,934
119,641	-	-	-	-	143,562
-	-	-	-	-	1,180
-	-	-	-	-	744
<u>221,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,584</u>	<u>489,653</u>
<u>8,783</u>	<u>-</u>	<u>10,143</u>	<u>22,446</u>	<u>5,308</u>	<u>117,575</u>
-	-	-	-	-	7,913
-	-	100	-	-	24,537
<u>(8,783)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,330)</u>
<u>(8,783)</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(47,880)</u>
-	-	10,243	22,446	5,308	69,695
-	3,410	240,642	265,242	15,936	774,094
<u>\$ -</u>	<u>\$ 3,410</u>	<u>\$ 250,885</u>	<u>\$ 287,688</u>	<u>\$ 21,244</u>	<u>\$ 843,789</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, 2011**

	Court Special Revenue Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 26,896	\$ 39,734	\$ 12,838
Intergovernmental	3,516	2,734	(782)
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Total revenues	30,412	42,468	12,056
Expenditures:			
Current -			
General government	20,736	13,357	7,379
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Economic and community development	-	-	-
Capital outlay	-	7,913	(7,913)
Debt service -			
Principal retirement	-	1,180	(1,180)
Interest and fiscal charges	-	744	(744)
Total expenditures	20,736	23,194	(2,458)
Excess (deficiency) of revenues over (under) expenditures	9,676	19,274	9,598
Other financing sources (uses):			
Capital lease agreements	-	7,913	7,913
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	7,913	7,913
Change in fund balances	9,676	27,187	17,511
Fund balances, July 1, 2010	69,555	69,555	-
Fund balances, June 30, 2011	\$ 79,231	\$ 96,742	\$ 17,511

Nonfederal Grants Fund			Yavapai-Apache Gaming Compact Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81,845	126,576	44,731	80,000	140,679	60,679
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>81,845</u>	<u>126,576</u>	<u>44,731</u>	<u>80,000</u>	<u>140,679</u>	<u>60,679</u>
-	-	-	89,162	89,058	104
132,768	95,688	37,080	-	-	-
18,600	14,880	3,720	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	16,008	(16,008)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>151,368</u>	<u>126,576</u>	<u>24,792</u>	<u>89,162</u>	<u>89,058</u>	<u>104</u>
<u>(69,523)</u>	<u>-</u>	<u>69,523</u>	<u>(9,162)</u>	<u>51,621</u>	<u>60,783</u>
-	-	-	-	-	-
-	-	-	-	24,437	24,437
-	-	-	<u>(64,425)</u>	<u>(71,547)</u>	<u>(7,122)</u>
-	-	-	<u>(64,425)</u>	<u>(47,110)</u>	<u>17,315</u>
<u>(69,523)</u>	<u>-</u>	<u>69,523</u>	<u>(73,587)</u>	<u>4,511</u>	<u>78,098</u>
-	-	-	<u>179,309</u>	<u>179,309</u>	<u>-</u>
<u>\$ (69,523)</u>	<u>\$ -</u>	<u>\$ 69,523</u>	<u>\$ 105,722</u>	<u>\$ 183,820</u>	<u>\$ 78,098</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, 2011
(Continued)

	Federal Grants Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	707,336	230,024	(477,312)
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
	707,336	230,024	(477,312)
Total revenues	707,336	230,024	(477,312)
Expenditures:			
Current -			
General government	-	-	-
Public safety	229,137	79,179	149,958
Public works and streets	-	-	-
Culture and recreation	15,575	15,487	88
Economic and community development	451,811	6,934	444,877
Capital outlay	-	119,641	(119,641)
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	696,523	221,241	475,282
Total expenditures	696,523	221,241	475,282
Excess (deficiency) of revenues over (under) expenditures	10,813	8,783	(2,030)
Other financing sources (uses):			
Capital lease agreements	-	-	-
Transfers in	-	-	-
Transfers out	-	(8,783)	(8,783)
	-	(8,783)	(8,783)
Total other financing sources (uses)	-	(8,783)	(8,783)
Change in fund balances	10,813	-	(10,813)
Fund balances, July 1, 2010	-	-	-
Fund balances, June 30, 2011	\$ 10,813	\$ -	\$ (10,813)

9-1-1 Fund			Library Endowment Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
500	-	(500)	-	-	-
-	-	-	-	-	-
-	-	-	700	482	(218)
-	-	-	12,000	9,661	(2,339)
500	-	(500)	12,700	10,143	(2,557)
-	-	-	-	-	-
2,684	-	2,684	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,684	-	2,684	-	-	-
(2,184)	-	2,184	12,700	10,143	(2,557)
-	-	-	-	-	-
-	-	-	14,358	100	(14,258)
-	-	-	-	-	-
-	-	-	14,358	100	(14,258)
(2,184)	-	2,184	27,058	10,243	(16,815)
3,410	3,410	-	240,642	240,642	-
\$ 1,226	\$ 3,410	\$ 2,184	\$ 267,700	\$ 250,885	\$ (16,815)

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, 2011
(Continued)

	Impact Fee Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	19,771	21,895	2,124
Investment earnings	705	551	(154)
Contributions and donations	-	-	-
Total revenues	20,476	22,446	1,970
Expenditures:			
Current -			
General government	-	-	-
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Economic and community development	-	-	-
Capital outlay	-	-	-
Debt service -			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	20,476	22,446	1,970
Other financing sources (uses):			
Capital lease agreements	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Change in fund balances	20,476	22,446	1,970
Fund balances, July 1, 2010	265,242	265,242	-
Fund balances, June 30, 2011	\$ 285,718	\$ 287,688	\$ 1,970

Donations Fund			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ 26,896	\$ 39,734	\$ 12,838
-	-	-	873,197	500,013	(373,184)
-	-	-	19,771	21,895	2,124
-	-	-	1,405	1,033	(372)
6,100	34,892	28,792	18,100	44,553	26,453
6,100	34,892	28,792	939,369	607,228	(332,141)
-	-	-	109,898	102,415	7,483
7,700	864	6,836	372,289	175,731	196,558
-	-	-	18,600	14,880	3,720
10,113	28,720	(18,607)	25,688	44,207	(18,519)
-	-	-	451,811	6,934	444,877
-	-	-	-	143,562	(143,562)
-	-	-	-	1,180	(1,180)
-	-	-	-	744	(744)
17,813	29,584	(11,771)	978,286	489,653	488,633
(11,713)	5,308	17,021	(38,917)	117,575	156,492
-	-	-	-	7,913	7,913
-	-	-	14,358	24,537	10,179
-	-	-	(64,425)	(80,330)	(15,905)
-	-	-	(50,067)	(47,880)	2,187
(11,713)	5,308	17,021	(88,984)	69,695	158,679
15,936	15,936	-	774,094	774,094	-
\$ 4,223	\$ 21,244	\$ 17,021	\$ 685,110	\$ 843,789	\$ 158,679

NON-MAJOR DEBT SERVICE FUND

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

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- NON-MAJOR DEBT SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2011**

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment earnings	\$ 400	\$ -	\$ (400)
Total revenues	<u>400</u>	<u>-</u>	<u>(400)</u>
Expenditures:			
Current -			
Health and welfare	119,771	118,832	939
Debt Service -			
Principal retirement	90,400	88,973	1,427
Interest and fiscal charges	<u>82,450</u>	<u>90,598</u>	<u>(8,148)</u>
Total expenditures	<u>292,621</u>	<u>298,403</u>	<u>(5,782)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(292,221)</u>	<u>(298,403)</u>	<u>(6,182)</u>
Other financing sources (uses):			
Transfers in	<u>174,095</u>	<u>206,403</u>	<u>32,308</u>
Total other financing sources (uses)	<u>174,095</u>	<u>206,403</u>	<u>32,308</u>
Change in fund balances	(118,126)	(92,000)	26,126
Fund balances, July 1, 2010	<u>92,000</u>	<u>92,000</u>	<u>-</u>
Fund balances, June 30, 2011	<u><u>\$ (26,126)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 26,126</u></u>