

**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<br>Governmental<br>Activities | 2010<br>Governmental<br>Activities |
|---|------------------------------------|------------------------------------|
|   | <u>                    </u>        | <u>                    </u>        |
| 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>                     |
| <b>Total assets</b>                             | <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>                   |
| <b>Total liabilities</b>                        | <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>                   |
| <b>Total net assets</b>                         | <u><u>\$ 13,343,669</u></u>        | <u><u>\$ 13,428,607</u></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)**

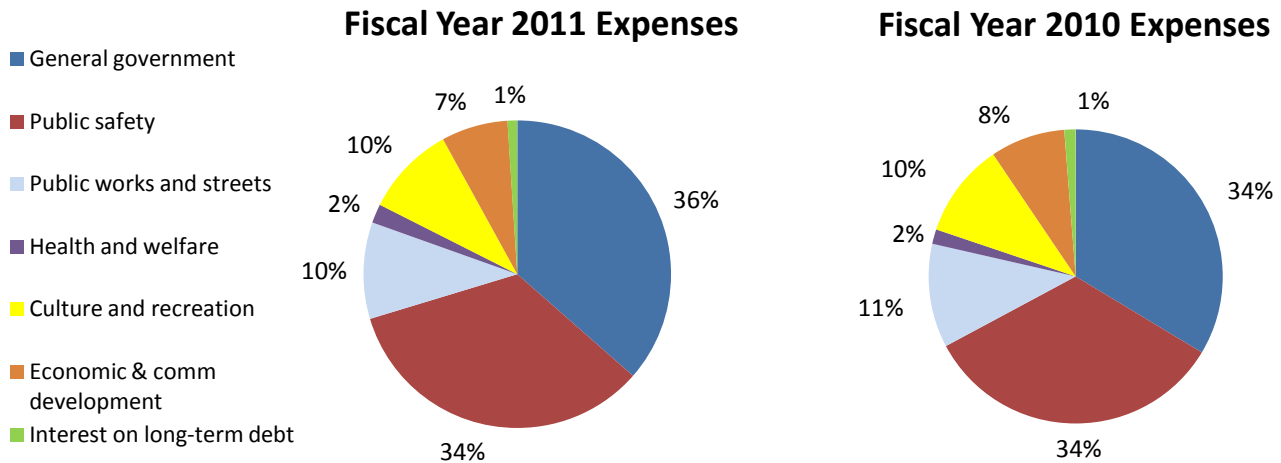
**Changes in net assets.** The Town's total revenues for the fiscal year ended June 30, 2011, were \$6.5 million. The total cost of all programs and services was \$6.6 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and 2010.

|  | 2011<br>Governmental<br>Activities | 2010<br>Governmental<br>Activities |
|--|------------------------------------|------------------------------------|
|  | <u>                    </u>        | <u>                    </u>        |
| <b>Revenues</b>                              |                                    |                                    |
| 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>                   |
| <br><b>Expenses</b>                          |                                    |                                    |
| 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>                   |
| <br><b>Increase/(decrease) in net assets</b> | (84,938)                           | 253,186                            |
| <br><b>Net assets, beginning</b>             | <u>13,428,607</u>                  | <u>13,175,421</u>                  |
| <br><b>Net assets, ending</b>                | <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 |
| <b>Governmental activities</b>     |                          |                        |                          |                        |
| 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)               |
| <b>Total</b>                       | <b>\$ 6,632,948</b>      | <b>\$(4,599,760)</b>   | <b>\$ 6,696,788</b>      | <b>\$(4,748,185)</b>   |

**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<br/>June 30, 2011</u> | <u>As of<br/>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>             |
| <br>Total                         | <br><u>\$ 11,435,059</u>       | <br><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<br/>June 30, 2011</u> | <u>As of<br/>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>                  |
| <br>Total                    | <br><u>\$ 3,391,746</u>        | <br><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<br>Activities |
|---|----------------------------|
| <b><u>ASSETS</u></b>                            |                            |
| 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                 |
| <b>Total assets</b>                             | <b>17,564,852</b>          |
| <b><u>LIABILITIES</u></b>                       |                            |
| 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                  |
| <b>Total liabilities</b>                        | <b>4,221,183</b>           |
| <b><u>NET ASSETS</u></b>                        |                            |
| 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                  |
| <b>Total net assets</b>                         | <b>\$ 13,343,669</b>       |

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**

| <b>Functions/Programs</b>             | Expenses     | Program Revenues        |  | Net (Expense)<br>Revenue<br>and Changes<br>in Net Assets |
|---------------------------------------|--------------|-------------------------|--|--|
|                                       |              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                               |
| <b>Governmental activities:</b>       |              |                         |  |  |
| 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)  |
| <b>General revenues:</b>              |              |                         |  |  |
| 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  |
| <b>Changes in net assets</b>          |              |                         |  | (84,938)   |
| <b>Net assets, beginning of year</b>  |              |                         |  | 13,428,607   |
| <b>Net assets, end of year</b>        |              |                         |  | \$ 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                                 |
|---|--|--|--|
| <b><u>ASSETS</u></b>                            |  |  |  |
| 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                            | -  | -  | -  |
|   | <b>Total assets</b>                        | <b>Total assets</b>                        | <b>Total assets</b>                        |
|   | <b>\$ 3,616,456</b>                        | <b>\$ 1,388,039</b>                        | <b>\$ 284,371</b>                          |
| <br><b><u>LIABILITIES AND FUND BALANCES</u></b> |  |  |  |
| 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                                    |
|   | <b>Total liabilities</b>                   | <b>Total liabilities</b>                   | <b>Total liabilities</b>                   |
|   | <b>610,678</b>                             | <b>30,875</b>                              | <b>636,470</b>                             |
| Fund balances (deficits):                       |  |  |  |
| Nonspendable                                    | 22,096                                     | -  | -  |
| Restricted                                      | -  | 1,357,164                                  | -  |
| Committed                                       | 1,033,628                                  | -  | -  |
| Unassigned                                      | 1,950,054                                  | -  | (352,099)                                  |
|   | <b>Total fund balances</b>                 | <b>Total fund balances</b>                 | <b>Total fund balances</b>                 |
|   | <b>3,005,778</b>                           | <b>1,357,164</b>                           | <b>(352,099)</b>                           |
|   | <b>Total liabilities and fund balances</b> | <b>Total liabilities and fund balances</b> | <b>Total liabilities and fund balances</b> |
|   | <b>\$ 3,616,456</b>                        | <b>\$ 1,388,039</b>                        | <b>\$ 284,371</b>                          |

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>      |
| <br>               |                           |                              |                          |
| \$ -               | \$ 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>         |
| <br>               |                           |                              |                          |
| 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>         |
| <br>               |                           |                              |                          |
| <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>   |
|--|---------------------|---------------------|---------------------|
| <b>Revenues:</b>   |                     |                     |                     |
| 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                 | -                   |
|  | <u>5,069,249</u>    | <u>796,358</u>      | <u>-</u>            |
| <b>Total revenues</b>  |                     |                     |                     |
|  | <u>5,069,249</u>    | <u>796,358</u>      | <u>-</u>            |
| <b>Expenditures:</b>   |                     |                     |                     |
| 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  | -                   | -                   | -                   |
|  | <u>5,159,083</u>    | <u>372,299</u>      | <u>7,538</u>        |
| <b>Total expenditures</b>  |                     |                     |                     |
|  | <u>5,159,083</u>    | <u>372,299</u>      | <u>7,538</u>        |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(89,834)</u>     | <u>424,059</u>      | <u>(7,538)</u>      |
| <b>Other financing sources (uses):</b>                               |                     |                     |                     |
| Capital lease agreement  | -                   | -                   | -                   |
| Bond proceeds  | -                   | -                   | -                   |
| Transfers in   | 71,546              | 8,783               | -                   |
| Transfers out  | (325,712)           | -                   | (5,400)             |
|  | <u>(254,166)</u>    | <u>8,783</u>        | <u>(5,400)</u>      |
| <b>Total other financing sources (uses)</b>                          |                     |                     |                     |
|  | <u>(254,166)</u>    | <u>8,783</u>        | <u>(5,400)</u>      |
| <b>Changes in fund balances</b>                                      | (344,000)           | 432,842             | (12,938)            |
| <b>Fund balances (deficits), beginning of year</b>                   | <u>3,349,778</u>    | <u>924,322</u>      | <u>(339,161)</u>    |
| <b>Fund balances (deficits), end of year</b>                         | <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. | <u>(28,304)</u> |
|---|-----------------|

**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**

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

**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              |                 | <u>4,285,253</u>    |
|                           | Amount of investments           |                 |                     |
|                           | Total                           |                 | <u>\$ 5,011,045</u> |
|                           |                                 |                 |                     |
|                           | Governmental<br>Activities      | Agency<br>Funds | Total               |
| Statement of Net Assets:  |                                 |                 |                     |
| 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](http://www.aztreasury.gov) or by writing to Arizona State Treasurer's Office, 1700 W. Washington Street, 1<sup>st</sup> 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<br>Fund   | HURF<br>Fund     | Housing<br>Fund | Non-<br>Major<br>Govern-<br>mental<br>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<br/>Balance</u> | <u>Additions</u>   | <u>Deletions</u> | <u>Ending<br/>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<br>Activities |
|-------------------------------------|----------------------------|
| Construction in progress - software | \$ 173,880                 |
| Machinery and equipment             | 103,116                    |
| Less: accumulated depreciation      | (39,000)                   |
| <br>Carrying Value                  | <br>\$ 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<br>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                 |
| <br>Due within one year                 |      | <br>\$ 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<br>Principal<br>June 30, 2011 |
|---|---------------|-------------|---|
| Governmental activities:  |               |             |   |
| Greater Arizona Development<br>Authority (GADA) Infrastructure<br>Series 2005 Revenue Bonds | 2.75-5.00%    | 8/1/2008-24 | \$ 1,680,000                              |
| Pledged Revenue Obligation<br>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:

|  | Beginning<br>Balance | Additions          | Reductions        | Ending<br>Balance  | Due Within<br>One Year |
|--|----------------------|--------------------|-------------------|--------------------|------------------------|
| Governmental activities:                           |                      |                    |                   |                    |                        |
| Compensated absences                               | \$ 322,258           | \$ 331,007         | \$ 309,195        | \$ 344,070         | \$ 303,313             |
| Estimated taxes related to<br>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<br>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: | Amount          |
|----------------------|-----------------|
| 2012                 | \$ 4,590        |
| 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<br>Receivable | Advances<br>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<br>other funds | Due to<br>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<br>In | Transfers<br>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:

|                                | Governmental<br>Activities |
|--------------------------------|----------------------------|
| 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    | \$ 2,545,163               |

**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<br/>Gov'l Funds</u> | <u>Total Gov'l<br/>Funds</u> |
|--|-------------------------|-----------------------|-------------------------|----------------------|----------------------------------|------------------------------|
| <b>Pre GASB 54:</b>                            |                         |                       |                         |                      |                                  |                              |
| <b>Fund balances, June 30, 2010</b>            |                         |                       |                         |                      |                                  |                              |
| 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>             |
| <br>Total Fund Balances                        | <br><u>\$ 3,349,778</u> | <br><u>\$ 924,322</u> | <br><u>\$ (339,161)</u> | <br><u>\$ 77,166</u> | <br><u>\$ 1,468,308</u>          | <br><u>\$ 5,480,413</u>      |
| <br><b>GASB 54 new fund balance reporting:</b> |                         |                       |                         |                      |                                  |                              |
| <b>Fund balances, June 30, 2010</b>            |                         |                       |                         |                      |                                  |                              |
| 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>             |
| <br>Total Fund Balances                        | <br><u>\$ 3,349,778</u> | <br><u>\$ 924,322</u> | <br><u>\$ (339,161)</u> | <br><u>\$ 77,166</u> | <br><u>\$ 1,468,308</u>          | <br><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<br>Improvements | Non-Major<br>Gov't Funds | Total Gov't<br>Funds |
|--|---------------------|---------------------|---------------------|-------------------|-------------------------|--------------------------|----------------------|
| <b>Ending Fund balances, June 30, 2011</b> |                     |                     |                     |                   |                         |                          |                      |
| <b>Nonspendable:</b>                       |                     |                     |                     |                   |                         |                          |                      |
| 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>       |
| <b>Restricted:</b>                         |                     |                     |                     |                   |                         |                          |                      |
| 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>     |
| <b>Committed:</b>                          |                     |                     |                     |                   |                         |                          |                      |
| 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>     |
| <b>Unassigned:</b>                         |                     |                     |                     |                   |                         |                          |                      |
| 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<br/>Fund</u> | <u>Health Benefit<br/>Supplement<br/>Fund</u> | <u>Long-Term<br/>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<br>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<br/>June 30,</u> | <u>Annual Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC Contributed</u> | <u>Net Pension<br/>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<br>June 30, | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) Entry<br>Age (b) | Unfunded AAL<br>(UAAL) (b-a) | Funded<br>Ratio (a/b) | Annual<br>Covered<br>Payroll (c) | UAAL as a<br>Percent of<br>Covered Payroll<br>([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<br>June 30, | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) (b) | Unfunded AAL<br>(UAAL) (b-a) | Funded<br>Ratio (a/b) | Annual<br>Covered<br>Payroll (c) | UAAL as a<br>Percent of<br>Covered Payroll<br>([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<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               | Actual              |   |
| <b>Revenues:</b>   |                     |                     |                     |   |
| 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  |
| <b>Total revenues</b>  | <b>5,590,545</b>    | <b>5,590,545</b>    | <b>5,069,249</b>    | <b>(521,296)</b>  |
| <b>Expenditures:</b>   |                     |                     |                     |   |
| 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   |
| <b>Total expenditures</b>  | <b>5,931,811</b>    | <b>5,931,811</b>    | <b>5,159,083</b>    | <b>772,728</b>  |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <b>(341,266)</b>    | <b>(341,266)</b>    | <b>(89,834)</b>     | <b>251,432</b>  |
| <b>Other financing sources (uses):</b>                               |                     |                     |                     |   |
| Transfers in   | 50,167              | 24,437              | 71,546              | 47,109  |
| Transfers out  | (877,897)           | (385,724)           | (325,712)           | 60,012  |
| <b>Total other financing sources (uses)</b>                          | <b>(827,730)</b>    | <b>(361,287)</b>    | <b>(254,166)</b>    | <b>107,121</b>  |
| <b>Change in fund balances</b>                                       | <b>(1,168,996)</b>  | <b>(702,553)</b>    | <b>(344,000)</b>    | <b>358,553</b>  |
| <b>Fund balances, July 1, 2010</b>                                   | <b>3,349,778</b>    | <b>3,349,778</b>    | <b>3,349,778</b>    | <b>-</b>  |
| <b>Fund balances, June 30, 2011</b>                                  | <b>\$ 2,180,782</b> | <b>\$ 2,647,225</b> | <b>\$ 3,005,778</b> | <b>\$ 358,553</b>                                       |

**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<br>Final Budgeted<br>Amounts | Actual                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---|----------------------------|---|
| <b>Revenues:</b>   |   |                            |   |
| Intergovernmental  | \$ 772,368                                | \$ 796,016                 | \$ 23,648   |
| Investment earnings  | 12  | 17                         | 5   |
| Other  | 250                                       | 325                        | 75  |
| <b>Total revenues</b>  | <u>772,630</u>                            | <u>796,358</u>             | <u>23,728</u>   |
| <b>Expenditures:</b>   |   |                            |   |
| Public Works   | <u>737,185</u>                            | <u>372,299</u>             | <u>364,886</u>  |
| <b>Total expenditures</b>  | <u>737,185</u>                            | <u>372,299</u>             | <u>364,886</u>  |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | 35,445                                    | 424,059                    | 388,614   |
| <b>Other financing sources (uses):</b>                               |   |                            |   |
| Transfers in   | <u>-</u>                                  | <u>8,783</u>               | <u>8,783</u>  |
| <b>Total other financing sources (uses)</b>                          | <u>-</u>                                  | <u>8,783</u>               | <u>8,783</u>  |
| <b>Change in fund balances</b>                                       | 35,445                                    | 432,842                    | 397,397   |
| <b>Fund balances, July 1, 2010</b>                                   | <u>924,322</u>                            | <u>924,322</u>             | <u>-</u>  |
| <b>Fund balances, June 30, 2011</b>                                  | <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<br>Final Budgeted<br>Amounts | Actual                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---|----------------------------|---|
| <b>Expenditures:</b>   |   |                            |   |
| Public Works   | \$ 26,500                                 | \$ 7,538                   | \$ 18,962   |
| <b>Total expenditures</b>  | <u>26,500</u>                             | <u>7,538</u>               | <u>18,962</u>   |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <u>(26,500)</u>                           | <u>(7,538)</u>             | <u>18,962</u>   |
| <b>Other financing sources (uses):</b>                               |   |                            |   |
| Transfers out  | <u>(5,400)</u>                            | <u>(5,400)</u>             | <u>-</u>  |
| <b>Total other financing sources (uses)</b>                          | <u>(5,400)</u>                            | <u>(5,400)</u>             | <u>-</u>  |
| <b>Change in fund balances</b>                                       | (31,900)                                  | (12,938)                   | 18,962  |
| <b>Fund balances (deficits), July 1, 2010</b>                        | <u>(339,161)</u>                          | <u>(339,161)</u>           | <u>-</u>  |
| <b>Fund balances (deficits), June 30, 2011</b>                       | <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<br>Final Budgeted<br>Amounts | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------------|---|-------------------|---|
| <b>Revenues:</b>                    |   |                   |   |
| Intergovernmental                   | \$ -                                      | \$ 2,999          | \$ 2,999  |
| Investment earnings                 | 900                                       | 2,958             | 2,058   |
| Other                               | 18,201                                    | 94,119            | 75,918  |
| <b>Total revenues</b>               | <u>19,101</u>                             | <u>100,076</u>    | <u>80,975</u>   |
| <b>Expenditures:</b>                |   |                   |   |
| Community development               | 70,000                                    | 4,341             | 65,659  |
| <b>Total expenditures</b>           | <u>70,000</u>                             | <u>4,341</u>      | <u>65,659</u>   |
| <b>Change in fund balances</b>      | (50,899)                                  | 95,735            | 146,634   |
| <b>Fund balances, July 1, 2010</b>  | <u>77,166</u>                             | <u>77,166</u>     | <u>-</u>  |
| <b>Fund balances, June 30, 2011</b> | <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<br>Final Budgeted<br>Amounts | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---|--------------------|---|
| <b>Revenues:</b>   |   |                    |   |
| Contributions and donations  | \$ -                                      | \$ 58,300          | \$ 58,300   |
| Other  | -   | 12,086             | 12,086  |
| <b>Total revenues</b>  | <u>-</u>                                  | <u>70,386</u>      | <u>70,386</u>   |
| <b>Expenditures:</b>   |   |                    |   |
| Non-departmental   | 1,316,157                                 | 1,996,906          | (680,749)   |
| <b>Total expenditures</b>  | <u>1,316,157</u>                          | <u>1,996,906</u>   | <u>(680,749)</u>  |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | (1,316,157)                               | (1,926,520)        | (610,363)   |
| <b>Other financing sources (uses):</b>                               |   |                    |   |
| Capital lease agreement  | -   | 200,324            | 200,324   |
| Bond proceeds  | -   | 1,005,000          | 1,005,000   |
| Transfers in   | 709,102                                   | 100,173            | (608,929)   |
| <b>Total other financing sources (uses)</b>                          | <u>709,102</u>                            | <u>1,305,497</u>   | <u>596,395</u>  |
| <b>Change in fund balances</b>                                       | (607,055)                                 | (621,023)          | (13,968)  |
| <b>Fund balances, July 1, 2010</b>                                   | <u>602,214</u>                            | <u>602,214</u>     | <u>-</u>  |
| <b>Fund balances (deficits), June 30, 2011</b>                       | <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<br>June 30, | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) (b) | Unfunded AAL<br>(UAAL) (b-a) | Funded<br>Ratio (a/b) | Annual<br>Covered<br>Payroll (c) | UAAL as a<br>Percent of<br>Covered Payroll<br>([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<br>June 30, | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) (b) | Unfunded AAL<br>(UAAL) (b-a) | Funded<br>Ratio (a/b) | Annual<br>Covered<br>Payroll (c) | Unfunded AAL<br>as a Percent of<br>Covered Payroll<br>([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<br/>Contribution</u> | <u>Annual Required<br/>Contribution<br/>(ARC)</u> | <u>Percentage<br/>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<br/>June 30,</u> | <u>Fiscal Year<br/>Ended June<br/>30,</u> | <u>Normal Cost<br/>(a)</u> | <u>Actuarial<br/>Accrued<br/>Liability (b)</u> | <u>Total (a+b)</u> | <u>Dollar<br/>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<br>Revenue<br>Funds                | Debt Service<br>Fund | Total Non-Major<br>Governmental<br>Funds |
|---|--|----------------------|--|
| <b><u>ASSETS</u></b>                        |  |                      |  |
| 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                                   |
|   | <b>Total assets</b>                        | <b>\$ 40,725</b>     | <b>\$ 1,070,917</b>                      |
| <b><u>LIABILITIES AND FUND BALANCES</u></b> |  |                      |  |
| 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                                   |
|   | <b>Total liabilities</b>                   | <b>40,725</b>        | <b>227,128</b>                           |
| Fund balances:                              |  |                      |  |
| Restricted                                  | 843,789                                    | -                    | 843,789                                  |
|   | <b>Total fund balances</b>                 | <b>-</b>             | <b>843,789</b>                           |
|   | <b>Total liabilities and fund balances</b> | <b>\$ 40,725</b>     | <b>\$ 1,070,917</b>                      |

**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<br>Revenue<br>Funds | Debt Service<br>Fund | Total<br>Non-Major<br>Governmental<br>Funds |
|--|-----------------------------|----------------------|---|
| <b>Revenues:</b>   |                             |                      |   |
| 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                                      |
| <b>Total revenues</b>  | <b>607,228</b>              | <b>-</b>             | <b>607,228</b>                              |
| <b>Expenditures:</b>   |                             |                      |   |
| 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                                      |
| <b>Total expenditures</b>  | <b>489,653</b>              | <b>298,403</b>       | <b>788,056</b>                              |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <b>117,575</b>              | <b>(298,403)</b>     | <b>(180,828)</b>                            |
| <b>Other financing sources (uses):</b>                               |                             |                      |   |
| Capital lease agreements   | 7,913                       | -                    | 7,913                                       |
| Transfers in   | 24,537                      | 206,403              | 230,940                                     |
| Transfers out  | (80,330)                    | -                    | (80,330)                                    |
| <b>Total other financing sources (uses)</b>                          | <b>(47,880)</b>             | <b>206,403</b>       | <b>158,523</b>                              |
| <b>Change in fund balances</b>                                       | <b>69,695</b>               | <b>(92,000)</b>      | <b>(22,305)</b>                             |
| <b>Fund balances, beginning of year</b>                              | <b>774,094</b>              | <b>92,000</b>        | <b>866,094</b>                              |
| <b>Fund balances, end of year</b>                                    | <b>\$ 843,789</b>           | <b>\$ -</b>          | <b>\$ 843,789</b>                           |

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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**

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



| 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<br/>Revenue Fund</u> | <u>Nonfederal<br/>Grants Fund</u> | <u>Yavapai-Apache<br/>Gaming<br/>Compact Fund</u> |
|--|---------------------------------------|-----------------------------------|---|
| <b>Revenues:</b>   |                                       |                                   |   |
| Fines and forfeitures  | \$ 39,734                             | \$ -                              | \$ -  |
| Intergovernmental  | 2,734                                 | 126,576                           | 140,679   |
| Charges for services   | -                                     | -                                 | -   |
| Investment earnings  | -                                     | -                                 | -   |
| Contributions and donations  | -                                     | -                                 | -   |
|  | <hr/>                                 | <hr/>                             | <hr/>   |
| <b>Total revenues</b>  | <b>42,468</b>                         | <b>126,576</b>                    | <b>140,679</b>                                    |
| <b>Expenditures:</b>   |                                       |                                   |   |
| 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/>   |
| <b>Total expenditures</b>  | <b>23,194</b>                         | <b>126,576</b>                    | <b>89,058</b>                                     |
| <b>Excess (deficiency) of revenues over<br/>(under) expenditures</b> | <b>19,274</b>                         | <b>-</b>                          | <b>51,621</b>                                     |
| <b>Other financing sources (uses):</b>                               |                                       |                                   |   |
| Capital lease agreements   | 7,913                                 | -                                 | -   |
| Transfers in   | -                                     | -                                 | 24,437  |
| Transfers out  | -                                     | -                                 | (71,547)  |
|  | <hr/>                                 | <hr/>                             | <hr/>   |
| <b>Total other financing sources (uses)</b>                          | <b>7,913</b>                          | <b>-</b>                          | <b>(47,110)</b>                                   |
| <b>Change in fund balances</b>                                       | <b>27,187</b>                         | <b>-</b>                          | <b>4,511</b>                                      |
| <b>Fund balances, beginning of year</b>                              | <b>69,555</b>                         | <b>-</b>                          | <b>179,309</b>                                    |
|  | <hr/>                                 | <hr/>                             | <hr/>   |
| <b>Fund balances, end of year</b>                                    | <b>\$ 96,742</b>                      | <b>\$ -</b>                       | <b>\$ 183,820</b>                                 |
|  | <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 -<br>Positive<br>(Negative) |
| <b>Revenues:</b>                       |  |               |                                      |
| Fines and forfeitures                  | \$ 26,896  | \$ 39,734     | \$ 12,838                            |
| Intergovernmental                      | 3,516  | 2,734         | (782)                                |
| Charges for services                   | -  | -             | -                                    |
| Investment earnings                    | -  | -             | -                                    |
| Contributions and donations            | -  | -             | -                                    |
|  | <b>Total revenues</b>  | <b>42,468</b> | <b>12,056</b>                        |
|  | 30,412   | 42,468        | 12,056                               |
| <b>Expenditures:</b>                   |  |               |                                      |
| 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)                                |
|  | <b>Total expenditures</b>  | <b>23,194</b> | <b>(2,458)</b>                       |
|  | 20,736   | 23,194        | (2,458)                              |
|  | <b>Excess (deficiency) of revenues over (under)<br/>expenditures</b> | <b>19,274</b> | <b>9,598</b>                         |
|  | 9,676  | 19,274        | 9,598                                |
| <b>Other financing sources (uses):</b> |  |               |                                      |
| Capital lease agreements               | -  | 7,913         | 7,913                                |
| Transfers in                           | -  | -             | -                                    |
| Transfers out                          | -  | -             | -                                    |
|  | <b>Total other financing sources (uses)</b>                          | <b>7,913</b>  | <b>7,913</b>                         |
|  | -  | 7,913         | 7,913                                |
| <b>Change in fund balances</b>         | 9,676  | 27,187        | 17,511                               |
| <b>Fund balances, July 1, 2010</b>     | 69,555   | 69,555        | -                                    |
| <b>Fund balances, June 30, 2011</b>    | \$ 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 -<br>Positive<br>(Negative) |
| <b>Revenues:</b>                       |  |                |                                      |
| Fines and forfeitures                  | \$ -   | \$ -           | \$ -                                 |
| Intergovernmental                      | 707,336  | 230,024        | (477,312)                            |
| Charges for services                   | -  | -              | -                                    |
| Investment earnings                    | -  | -              | -                                    |
| Contributions and donations            | -  | -              | -                                    |
|  | <b>Total revenues</b>  | <b>230,024</b> | <b>(477,312)</b>                     |
|  | 707,336  | 230,024        | (477,312)                            |
| <b>Expenditures:</b>                   |  |                |                                      |
| 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            | -  | -              | -                                    |
|  | <b>Total expenditures</b>  | <b>221,241</b> | <b>475,282</b>                       |
|  | 696,523  | 221,241        | 475,282                              |
|  | <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>8,783</b>   | <b>(2,030)</b>                       |
|  | 10,813   | 8,783          | (2,030)                              |
| <b>Other financing sources (uses):</b> |  |                |                                      |
| Capital lease agreements               | -  | -              | -                                    |
| Transfers in                           | -  | -              | -                                    |
| Transfers out                          | -  | (8,783)        | (8,783)                              |
|  | <b>Total other financing sources (uses)</b>                      | <b>(8,783)</b> | <b>(8,783)</b>                       |
|  | -  | (8,783)        | (8,783)                              |
| <b>Change in fund balances</b>         | 10,813   | -              | (10,813)                             |
| <b>Fund balances, July 1, 2010</b>     | -  | -              | -                                    |
| <b>Fund balances, June 30, 2011</b>    | \$ 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 -<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |                   |                   |                                      |
| Fines and forfeitures  | \$ -              | \$ -              | \$ -                                 |
| Intergovernmental  | -                 | -                 | -                                    |
| Charges for services   | 19,771            | 21,895            | 2,124                                |
| Investment earnings  | 705               | 551               | (154)                                |
| Contributions and donations                                      | -                 | -                 | -                                    |
| <b>Total revenues</b>  | <b>20,476</b>     | <b>22,446</b>     | <b>1,970</b>                         |
| <b>Expenditures:</b>   |                   |                   |                                      |
| 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                                      | -                 | -                 | -                                    |
| <b>Total expenditures</b>  | <b>-</b>          | <b>-</b>          | <b>-</b>                             |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>20,476</b>     | <b>22,446</b>     | <b>1,970</b>                         |
| <b>Other financing sources (uses):</b>                           |                   |                   |                                      |
| Capital lease agreements   | -                 | -                 | -                                    |
| Transfers in   | -                 | -                 | -                                    |
| Transfers out  | -                 | -                 | -                                    |
| <b>Total other financing sources (uses)</b>                      | <b>-</b>          | <b>-</b>          | <b>-</b>                             |
| <b>Change in fund balances</b>                                   | <b>20,476</b>     | <b>22,446</b>     | <b>1,970</b>                         |
| <b>Fund balances, July 1, 2010</b>                               | <b>265,242</b>    | <b>265,242</b>    | <b>-</b>                             |
| <b>Fund balances, June 30, 2011</b>                              | <b>\$ 285,718</b> | <b>\$ 287,688</b> | <b>\$ 1,970</b>                      |



| Donations Fund |           |                                      | Totals     |            |                                      |
|----------------|-----------|--------------------------------------|------------|------------|--------------------------------------|
| Budget         | Actual    | Variance -<br>Positive<br>(Negative) | Budget     | Actual     | Variance -<br>Positive<br>(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 -<br>Positive<br>(Negative) |
| <b>Revenues:</b>   |                           |                    |                                      |
| Investment earnings  | \$ 400                    | \$ -               | \$ (400)                             |
| <b>Total revenues</b>  | <u>400</u>                | <u>-</u>           | <u>(400)</u>                         |
| <b>Expenditures:</b>   |                           |                    |                                      |
| 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>                       |
| <b>Total expenditures</b>  | <u>292,621</u>            | <u>298,403</u>     | <u>(5,782)</u>                       |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <u>(292,221)</u>          | <u>(298,403)</u>   | <u>(6,182)</u>                       |
| <b>Other financing sources (uses):</b>                           |                           |                    |                                      |
| Transfers in   | <u>174,095</u>            | <u>206,403</u>     | <u>32,308</u>                        |
| <b>Total other financing sources (uses)</b>                      | <u>174,095</u>            | <u>206,403</u>     | <u>32,308</u>                        |
| <b>Change in fund balances</b>                                   | (118,126)                 | (92,000)           | 26,126                               |
| <b>Fund balances, July 1, 2010</b>                               | <u>92,000</u>             | <u>92,000</u>      | <u>-</u>                             |
| <b>Fund balances, June 30, 2011</b>                              | <u><u>\$ (26,126)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 26,126</u></u>              |