

The Town of Camp Verde, Arizona

**Annual Financial Report
For The Year Ended
June 30, 2012**



“Where the past meets the present.”

Issued by: Town of Camp Verde Finance Department

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Camp Verde, Arizona

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Camp Verde, Arizona as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Camp Verde, Arizona's management. Our responsibility is to express opinions on these financial statements based on our audit.

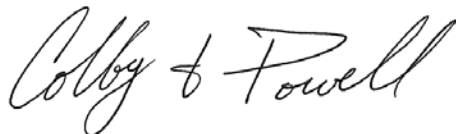
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Camp Verde, Arizona, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2013, on our consideration of the Town of Camp Verde, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of agent retirement plans' funding progress on pages iii through xiv, 31 through 36, and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Camp Verde, Arizona's financial statements as a whole. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Colby & Powell".

January 31, 2013

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

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TOWN OF CAMP VERDE, ARIZONA
Management's Discussion and Analysis
June 30, 2012

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, 2012. Please read it in conjunction with the Town's basic financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2012 as follows:

- The Town's total net assets of governmental activities increased \$623,514 to \$14 million, representing an increase of 5 percent from fiscal year 2010-11.
- General revenues from governmental activities accounted for \$4.3 million in revenue, or 63 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2.6 million or 37 percent of total governmental activities revenues.
- The Town had \$6.3 million in expenses related to governmental activities; of which \$2.6 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$4.3 million were more than adequate to cover all remaining costs in these programs.
- Among major governmental funds, the General Fund had \$5.6 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 \$5.5 million with a net total of \$1.2 million in transfers out to other funds. The General Fund's fund balance decreased by \$1.1 million to \$1.9 million. The HURF Fund had revenues of \$692,435, which consisted primarily of intergovernmental revenues, and expenditures of \$528,244 and net transfers out of \$375,268. The fund balance of the HURF Fund decreased by \$211,077 from the prior year. The fund balance of the Parks Fund decreased by \$12,386 as a result of no revenues collected during the year. The fund balance of the Housing Grant Fund increased by \$3,121. The fund balance of the Capital Improvements Fund increased by \$713,024 due to management's decision to completely fund remaining budgeted projects that were not yet started or finished in fiscal year 2011-12.

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.

TOWN OF CAMP VERDE, ARIZONA
Management's Discussion and Analysis
June 30, 2012

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

In the government-wide financial statements, the Town's activities are presented in the following 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
June 30, 2012

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 just under \$14 million as of June 30, 2012.

The largest portion of the Town's net assets (67 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 (8 percent), redevelopment and housing (2 percent), and special programs (9 percent). The remaining balance of unrestricted net assets (\$1.9 million, 14 percent) may be used to meet the Town's ongoing obligation to citizens.

TOWN OF CAMP VERDE, ARIZONA
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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, 2012 and 2011.

	2012	2011
	Governmental Activities	Governmental Activities
	<u> </u>	<u> </u>
Current assets	\$ 6,029,753	\$ 5,817,912
Capital assets, net	12,004,193	11,435,059
Other non-current assets	<u>291,745</u>	<u>311,881</u>
Total assets	<u>18,325,691</u>	<u>17,564,852</u>
Current and other liabilities	1,743,810	1,390,961
Long-term liabilities	<u>2,614,698</u>	<u>2,830,222</u>
Total liabilities	<u>4,358,508</u>	<u>4,221,183</u>
Net assets:		
Invested in capital assets, net of related debt	9,300,597	8,422,141
Restricted	2,719,944	2,545,163
Unrestricted	<u>1,946,642</u>	<u>2,376,365</u>
Total net assets	<u>\$ 13,967,183</u>	<u>\$ 13,343,669</u>

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

- An overall increase in construction in progress projects of \$493,007 due mainly to the Finnie Flat drainage and reconstruction project (\$529,687).
- Paid off three capital leases (\$212,622) including the early payoff of the capital lease for financial software.

TOWN OF CAMP VERDE, ARIZONA
Management's Discussion and Analysis
June 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets. The Town's total revenues for the fiscal year ended June 30, 2012, were \$6.9 million, up 6% from last year. The total cost of all programs and services was \$6.3 million, down 5% from last year. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

	2012	2011
	Governmental	Governmental
	Activities	Activities
	<u> </u>	<u> </u>
Revenues		
Program revenues:		
Charges for services	\$ 611,151	\$ 542,443
Operating grants and contributions	1,012,413	1,490,745
Capital grants and contributions	969,961	-
General revenues:		
Town sales taxes	1,738,752	1,763,488
Franchise taxes	245,501	243,353
State shared revenue	2,325,940	2,441,489
Investment earnings	13,787	12,985
Miscellaneous	11,840	53,507
	<u>6,929,345</u>	<u>6,548,010</u>
Expenses		
General government	2,125,678	2,407,140
Public safety	2,209,435	2,233,318
Public works and streets	816,853	669,205
Health and welfare	131,300	131,331
Culture and recreation	561,166	630,502
Economic and community development	348,532	460,601
Interest on long-term debt	112,867	100,851
	<u>6,305,831</u>	<u>6,632,948</u>
Increase/ (decrease) in net assets	623,514	(84,938)
Net assets, beginning	<u>13,343,669</u>	<u>13,428,607</u>
Net assets, ending	<u><u>\$ 13,967,183</u></u>	<u><u>\$ 13,343,669</u></u>

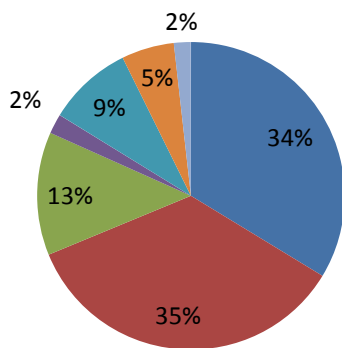
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June 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

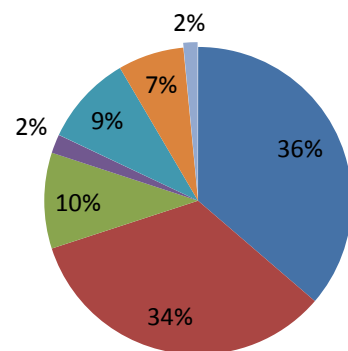
Governmental activities. The following table presents the cost of the seven major Town functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the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

	Year Ended June 30, 2012		Year Ended June 30, 2011	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental activities				
General government	\$ 2,125,678	\$ (2,079,063)	\$ 2,407,140	\$ (2,099,488)
Public safety	2,209,435	(1,749,610)	2,233,318	(1,906,872)
Public works and streets	816,853	419,095	669,205	212,203
Health and welfare	131,300	(131,300)	131,331	(131,331)
Culture and recreation	561,166	8,235	630,502	(303,516)
Economic and community development	348,532	(66,796)	460,601	(269,905)
Interest on long-term debt	112,867	(112,867)	100,851	(100,851)
Total	\$ 6,305,831	\$ (3,712,306)	\$ 6,632,948	\$ (4,599,760)

Fiscal Year 2012 Expenses



Fiscal Year 2011 Expenses



- The cost of all governmental activities this year was \$6.3 million.
- Grants and contributions from federal, state, and county governments, charges for services and other local revenues subsidized certain governmental programs with revenues of \$2.6 million.
- The net cost of governmental activities of just over \$3.7 million was financed by general revenues, which are made up primarily of taxes and state shared revenue.

TOWN OF CAMP VERDE, ARIZONA
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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 \$4.8 million, a decrease of \$213,212. Approximately 19 percent of this total amount (\$906,467) 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), HURF (\$1,146,087), capital improvements (\$694,215), and special programs (\$1,416,743).

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 \$1.9 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 35 percent of total General Fund expenditures.

The fund balance of the Town's General Fund decreased by \$1.1 million during the fiscal year due to \$1.2 million of funding (Operating Transfer) for the CIP Fund. The fund balance of the HURF Fund decreased as well \$211,077 reducing the HURF surplus of \$1.3 million. The fund balance of the Parks Fund decreased by \$12,386 as there are still no revenues occurring in this fund. The fund balance of the Housing Grant Fund increased by \$3,121 from revolving loan payments received. The fund balance of the Capital Improvements Fund increased by \$713,024 as budgeted monies were transferred in for unfinished projects that will be completed in FY13.

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 just over \$2 million less than budgeted but a full \$2 million of that amount was due to our budgeting for grants we were unsure of which did not materialize. The remaining general fund revenues were short of budget by only \$41,612, which was only 1/2% of budget.

TOWN OF CAMP VERDE, ARIZONA
Management's Discussion and Analysis
June 30, 2012

BUDGETARY HIGHLIGHTS (CONTINUED)

- General Fund expenditures were less than budgeted by \$2,730,153. This as with revenues was due mostly to expected grants that did not materialize (\$2 million) and a Yavapai County flood control grant that was not completed (\$198,694) so expenses were not incurred. \$184,975 was under budget from unused contingency funds. The remaining \$350,484 was spread out across all departments in reduced spending.
- Adjustments to the General Fund budget expenses shifted amounts between several departments, the most notable being the creation of the economic development department from a portion of the budgeted wages of several other departments. The operating transfers budget increased \$13,021 to allow for a correction of monies going to the Library Fund.
- Reductions in HURF capital spending and an overage of revenues account for the HURF funds \$194,961 net budget overage.
- Capital Improvements Fund expenditures were under budget \$713,024. This is mainly due to unfinished budgeted projects that will be completed in fiscal year 2012-13.

CAPITAL ASSETS

As of June 30, 2012, the Town had invested \$12 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$344,012.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2012 and 2011.

	As of <u>June 30,2012</u>	As of <u>June 30,2011</u>
Land	\$ 5,868,719	\$ 5,868,719
Construction in progress	915,057	422,050
Buildings and improvements	3,628,376	3,596,789
Infrastructure	1,772,554	1,720,671
Machinery and equipment	2,039,612	1,842,969
Improvements other than buildings	883,976	840,150
Accumulated depreciation	<u>(3,104,101)</u>	<u>(2,856,289)</u>
 Total	 <u><u>12,004,193</u></u>	 <u><u>11,435,059</u></u>

TOWN OF CAMP VERDE, ARIZONA
Management's Discussion and Analysis
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CAPITAL ASSETS (CONTINUED)

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

- Construction in progress increased 117% (\$493,007) due mostly to the Finnie Flat drainage and reconstruction project which has a carrying balance of \$529,687 in construction in progress.
- The increase in machinery and equipment of \$196,643 was significantly impacted by the addition of new accounting software (\$180,688) which had been classified in construction in progress the previous year.

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 million in governmental long-term debt outstanding with \$417,923 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, 2012 and 2011.

	<u>As of June 30,2012</u>	<u>As of June 30,2011</u>
Compensated absences payable	\$ 329,025	\$ 378,828
Capital leases payable	11,553	224,305
Note payable	5,276	9,665
2005 Revenue bonds payable	1,595,000	1,680,000
2005 Revenue bonds premium	86,767	93,948
2011 Revenue bonds payable	<u>1,005,000</u>	<u>1,005,000</u>
 Total	 <u><u>3,032,621</u></u>	 <u><u>3,391,746</u></u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Camp Verde's revenue base is funded primarily by Town Sales Tax and Shared Revenues from the State of Arizona. These revenue sources comprise approximately 87 percent of the Town's general purpose revenues. The economy has stabilized somewhat from the previous years and our primary revenue sources have as well. This has allowed the Town to move forward with several capital improvement projects that will be completed in 2012-13. As Town funding has stabilized, the amount of projects and equipment as well as the staffing needs that were put off previously, have been built back up. The Town Council decided to move forward with additional revenue by increasing the TPT 1% on August 1, 2013 to ensure that we do not reduce all reserves and we can begin to catch up for time lost during the economic

TOWN OF CAMP VERDE, ARIZONA
Management's Discussion and Analysis
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downturn. The budget for the 2012-2013 fiscal year projects a combined increase in Town sales tax and shared revenues from the State over actual amounts collected in the 2011-2012 fiscal year of approximately 24 percent.

Since 2007, when the economy began its decline, the Town of Camp Verde has taken a conservative spending approach. This is reflected in the overall savings across all departments this past year. Spending on overdue capital projects and only replacing employees, when a departure occurs, to maintain service levels continues to be the policy of management even with an increase projected from the passage of the additional 1% sales tax. The increase is not reflecting a full year of revenue as passage/adoption/implementation took a few months past the beginning of the 2012-13 fiscal year. In the coming years we are expecting to begin a plan to only spend what we take in and hope to rebuild our reserves through a conservative projection of revenues as well as continued conservative spending by departments. It is important to continue to note that during the time since 2007, 22 positions were vacated to maintain an adequate reserve while accomplishing some outstanding capital projects. With those accomplishments now behind us, we are expecting to expand our service levels and project accomplishments with new revenue.

Management continues to believe 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. As a better economy continues to be anticipated, but yet to become reality, this approach will be changing to reflect demand for capital projects that were put off during the downturn as well as service levels that were accepted during that same period but with new revenues will come new expectations in both areas.

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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TOWN OF CAMP VERDE, ARIZONA
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,733,258
Cash - restricted	212,048
Accounts receivable - net	316,719
Due from other governments	767,728
Loan receivable	157,114
Asset held for sale	79,345
Bond issue costs, net	41,364
Deferred charges, net	13,922
Capital assets, not being depreciated	6,783,776
Capital assets, being depreciated, net	<u>5,220,417</u>
Total assets	<u>18,325,691</u>
LIABILITIES	
Accounts payable	762,415
Accrued expenses	98,825
Interest payable	38,600
Deferred revenue	265,421
Court bonds payable	5,626
Claims payable	155,000
Noncurrent liabilities	
Due within 1 year	417,923
Due in more than 1 year	<u>2,614,698</u>
Total liabilities	<u>4,358,508</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,300,597
Restricted for:	
Highways and streets	1,146,087
Housing redevelopment	333,135
Special programs	1,240,722
Unrestricted (deficit)	<u>1,946,642</u>
Total net assets	<u><u>\$ 13,967,183</u></u>

The accompanying notes are an integral part of these financial statements

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TOWN OF CAMP VERDE, ARIZONA
Statement of Activities
Year Ended June 30, 2012

Functions / Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities					
General government	\$2,125,678	\$ 43,244	\$ 3,371	\$ -	\$ (2,079,063)
Public safety	2,209,435	373,510	86,315	-	(1,749,610)
Public works and streets	816,853	5,942	701,169	528,837	419,095
Health and welfare	131,300	-	-	-	(131,300)
Culture and recreation	561,166	36,957	175,941	356,503	8,235
Economic and community development	348,532	151,498	45,617	84,621	(66,796)
Interest of long-term debt	112,867	-	-	-	(112,867)
Total governmental activities	6,305,831	611,151	1,012,413	969,961	(3,712,306)
General revenue:					
Taxes:					
Sales Taxes					1,738,752
Franchise tax					245,501
State shared revenue					2,325,940
Investment income					13,787
Miscellaneous					11,840
Total general revenue					<u>4,335,820</u>
Change in net assets					623,514
Net assets, July 1, 2011					13,343,669
Net assets, June 30, 2012					<u>\$ 13,967,183</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	HURF Fund	Parks Fund	Housing Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,173,113	\$ 1,127,153	\$ 267,515	\$ 106,688	\$ 743,121	\$ 1,315,668	\$ 4,733,258
Cash - restricted	212,048	-	-	-	-	-	212,048
Accounts receivable, net	254,445	-	-	-	-	62,274	316,719
Due from other governments	572,067	70,572	-	70,189	-	54,900	767,728
Loans receivable	-	-	-	157,114	-	-	157,114
Asset held for sale	-	-	-	79,345	-	-	79,345
Due from other funds	669,367	-	-	-	-	-	669,367
Total assets	\$ 2,881,040	\$ 1,197,725	\$ 267,515	\$ 413,336	\$ 743,121	\$ 1,432,842	\$ 6,935,579
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 570,475	\$ 51,638	\$ -	\$ 80,201	\$ 48,906	\$ 11,195	\$ 762,415
Accrued expenses	98,825	-	-	-	-	-	98,825
Court bonds payable	5,626	-	-	-	-	-	5,626
Deferred revenue	134,180	-	-	157,114	-	157,540	448,834
Claims payable	155,000	-	-	-	-	-	155,000
Due to other funds	-	-	632,000	-	-	37,367	669,367
Total liabilities	964,106	51,638	632,000	237,315	48,906	206,102	2,140,067
Fund balances							
Nonspendable	-	-	-	79,345	-	-	79,345
Restricted	-	1,146,087	-	96,676	-	1,240,722	2,483,485
Committed	632,000	-	-	-	694,215	-	1,326,215
Unassigned	1,284,934	-	(364,485)	-	-	(13,982)	906,467
Total fund balances	1,916,934	1,146,087	(364,485)	176,021	694,215	1,226,740	4,795,512
Total liabilities and fund balances	\$ 2,881,040	\$ 1,197,725	\$ 267,515	\$ 413,336	\$ 743,121	\$ 1,432,842	\$ 6,935,579

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2012

Fund balances--total governmental funds		\$ 4,795,512
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Capital assets	15,108,294	
Less accumulated depreciation	<u>(3,104,101)</u>	12,004,193
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
Revenue bond issuance cost	41,364	
Deferred charges	<u>13,922</u>	55,286
<p>Some receivables are not available to pay for current-period expenditures and therefore, are deferred in the funds.</p>		
Reimbursable grant expenditures	26,299	
Loan receivable	<u>157,114</u>	183,413
<p>Some liabilities, including notes payable, are not due and payable in the current period and therefore, are not reported in the funds</p>		
Compensated absences	(329,025)	
Revenue bonds payable	(2,600,000)	
Revenue bonds premium	(86,767)	
Capital leases	(11,553)	
Interest payable	(38,600)	
Notes payable	<u>(5,276)</u>	<u>(3,071,221)</u>
Net assets of governmental activities		<u><u>\$ 13,967,183</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2012

	General Fund	HURF Fund	Parks Fund	Housing Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Fund
Revenue							
Taxes	\$ 1,984,253	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,984,253
Intergovernmental	3,056,963	688,134	-	82,002	-	211,714	4,038,813
Fines and forfeitures	287,385	-	-	-	-	48,111	335,496
Licenses and permits	123,738	-	-	-	-	-	123,738
Charges for services	83,533	-	-	-	-	3,254	86,787
Contributions	-	-	-	-	-	361,292	361,292
Investment income	5,665	4,006	-	2,191	-	1,925	13,787
Other revenue	19,281	295	2,000	14,194	-	251	36,021
Total revenue	<u>5,560,818</u>	<u>692,435</u>	<u>2,000</u>	<u>98,387</u>	<u>-</u>	<u>626,547</u>	<u>6,980,187</u>
Expenditures							
Current							
General government	1,946,253	-	-	3,248	53,703	61,365	2,064,569
Public safety	2,052,223	-	-	-	-	96,308	2,148,531
Public works and streets	125,979	480,982	-	-	62,566	18,600	688,127
Health and welfare	12,500	-	-	-	-	118,800	131,300
Culture and recreation	497,875	-	8,986	-	-	1,720	508,581
Economic and community development	260,394	-	-	92,018	-	-	352,412
Capital outlay	537,124	45,901	-	-	284,672	45,449	913,146
Debt service							
Principal	29,746	980	-	-	181,932	89,353	302,011
Interest	4,942	381	-	-	13,719	65,680	84,722
Total expenditures	<u>5,467,036</u>	<u>528,244</u>	<u>8,986</u>	<u>95,266</u>	<u>596,592</u>	<u>497,275</u>	<u>7,193,399</u>
Excess (deficiency) of revenue over (under) expenditures	<u>93,782</u>	<u>164,191</u>	<u>(6,986)</u>	<u>3,121</u>	<u>(596,592)</u>	<u>129,272</u>	<u>(213,212)</u>
Other financing sources							
Transfers (out)	<u>(1,182,626)</u>	<u>(375,268)</u>	<u>(5,400)</u>	<u>-</u>	<u>1,309,616</u>	<u>253,678</u>	<u>-</u>
Total other financing sources	<u>(1,182,626)</u>	<u>(375,268)</u>	<u>(5,400)</u>	<u>-</u>	<u>1,309,616</u>	<u>253,678</u>	<u>-</u>
Net change in fund balances	<u>(1,088,844)</u>	<u>(211,077)</u>	<u>(12,386)</u>	<u>3,121</u>	<u>713,024</u>	<u>382,950</u>	<u>(213,212)</u>
Fund balances, July 1, 2011	<u>3,005,778</u>	<u>1,357,164</u>	<u>(352,099)</u>	<u>172,900</u>	<u>(18,809)</u>	<u>843,790</u>	<u>5,008,724</u>
Fund balances, June 30, 2012	<u>\$ 1,916,934</u>	<u>\$ 1,146,087</u>	<u>\$ (364,485)</u>	<u>\$ 176,021</u>	<u>\$ 694,215</u>	<u>\$ 1,226,740</u>	<u>\$ 4,795,512</u>

The accompanying notes are an integral part of these financial statements

TOWN OF CAMP VERDE, ARIZONA
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Statement of Activities
Governmental Funds
Year Ended June 30, 2012

Net change in fund balances--total governmental funds		\$ (213,212)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay	913,146	
Depreciation expense	<u>(344,012)</u>	569,134
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(50,137)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		
		302,011
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.</p>		
Revenue bond issuance expense	(3,609)	
Deferred charge	(2,331)	
Interest expense	(28,145)	
Change in compensated absences	<u>49,803</u>	<u>15,718</u>
Change in net assets of governmental activities		<u><u>\$ 623,514</u></u>

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUND FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
Statement of Fiduciary Assets and Liabilities
June 30, 2012

	<u>Employee Assistance Fund (Agency)</u>
ASSETS	
Cash and cash equivalents	\$ 5,892
Accounts receivable	<u>3,205</u>
Total assets	<u>9,097</u>
LIABILITIES	
Deposits held for others	<u>9,097</u>
Total liabilities	<u><u>\$ 9,097</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

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. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the Town as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements—provide information about the primary government (the Town). The statements include a statement of net assets and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and each segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Town does not allocate indirect expenses to programs or functions. Program revenues include charges to customers for goods or services, operating grants, capital grants and contributions. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

Fund financial statements—provide information about the Town’s funds. Separate statements are presented for the governmental and proprietary fund categories. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

The ***General Fund*** is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

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

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

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

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

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.

C. Basis of Accounting

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

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

D. Cash and Investments

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

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

E. Allowance for Uncollectible Accounts

Allowances for uncollectible accounts receivable are estimated by the Town. The amount recorded at June 30, 2012 in the general fund for uncollectible municipal court fines and forfeitures is \$420,000.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life (years)
Land	\$5,000	N/A	-
Construction in progress	5,000	N/A	-
Buildings	5,000	Straight-line	25 - 30
Improvements	5,000	Straight-line	18 - 75
Infrastructure	5,000	Straight-line	15
Furniture, machinery, and equipment	5,000	Straight-line	5 - 10
Vehicles	5,000	Straight-line	5 - 10

G. 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

H. 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.

I. Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54 requires fund balances to be properly reported within one of the fund balance categories listed below:

1. *Nonspendable* fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact such as fund balance associated with inventories, prepaids, long-term loans and notes receivable (unless the proceeds are restricted, committed, or assigned),
2. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution provisions or enabling legislation, or external resource providers,
3. *Committed* fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Town's Town Council,
4. *Assigned* fund balances are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed, and
5. *Unassigned* fund balance is the residual classification for the Town's governmental funds and includes all spendable amounts not contained in other classifications.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

When expenditures incur for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the Town's policy is to apply the expenditure first to restricted, and then to unrestricted in the following order of committed, assigned, and then unassigned.

J. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

K. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS

Arizona Revised Statutes (A.R.S.) authorize the Town to invest public monies in the State Treasurer's investment pool; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories. The statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Deposits—At June 30, 2012, the carrying amount of the Town's total cash in bank was \$4,945,306, and the bank balance was \$897,257. Of the bank balance, \$347,943 was covered by federal depository insurance and the remaining balance was covered by collateral held by the pledging financial institution in the Town's name.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS - Continued

Deposits and investments at June 30, 2012 consist of the following:

Deposits	
Cash on hand	\$ 1,460
Cash in bank	878,473
Investments	
State treasurer's investment pool	460,661
U.S. Securities	<u>3,604,712</u>
Total deposits and investments	4,945,306
Less Cash - Restricted	<u>(212,048)</u>
Total cash and cash equivalents	<u><u>\$ 4,733,258</u></u>

Cash – restricted consists of cash set aside to meet debt service requirements.

At June 30, 2012, the Town had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Concentration of Credit Risk %
		Less Than 1	1-5	
U.S. Treasuries	\$ 156,910	\$ 156,910	\$ -	4.35
U.S. Agencies				
Federal Home Loan Mtg Corp.	125,028	-	125,028	3.47
Federal Agric Mtg Corp.	504,760	-	504,760	14.00
Federal Home Loan Bank	501,190	-	501,190	13.90
Federal Farm Credit Bank	107,563	-	107,563	2.98
Federal Home Loan Bank	200,726	-	200,726	5.57
Federal Farm Credit Bank	500,830	-	500,830	13.89
Federal Natl Mtg Assn.	501,860	-	501,860	13.92
Federal Natl Mtg Assn.	501,775	-	501,775	13.92
Federal Natl Mtg Assn.	504,070	-	504,070	13.98
	<u>\$ 3,604,712</u>	<u>\$ 156,910</u>	<u>\$ 3,447,802</u>	<u>100.00</u>

Interest Rate Risk. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the maturities of its investment portfolio according to the needs of the Town. Investments are structured so that they mature concurrent with anticipated cash requirements for ongoing operations of the Town.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS - Continued

Credit Risk. The Town’s investment policy allows for investments in obligations guaranteed by the full faith and credit of the United States of America, government sponsored enterprises, government bonds with minimum credit ratings of Aa or AA, commercial paper with a minimum short term rating of P1 or A1, negotiable certificates of deposit, corporate bonds carrying a minimum credit rating of A, and the Local Government Investment Pool. The Towns investment in U.S. Agencies and Money Market Funds were rated no lower than AAA by Standard & Poor’s. The State Treasurer’s Investment Pool is overseen according to Arizona State Statute by the State Board of Deposit. The fair value of a participant’s position in the pool approximates the value of that participant’s pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk.

Concentration of Credit Risk. The Town’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the Town’s total investments. Securities issued by the United States of America or its agencies are exempt from this provision.

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2012, the Town’s receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$632,137 in municipal court fines and \$104,582 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$420,000.

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 \$192,010, loans receivable of \$157,114, and unexpended grant funds of \$99,710.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2012 consisted of the following:

Yavapai County	\$ 373,204
State collected sales tax	104,261
State of Arizona grant revenues	101,704
Town of Prescott Valley	23,385
State shared revenues:	
Highway user revenue fund	70,572
State sales tax	72,152
Vehicle licensing tax	22,450
	\$ 767,728

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 5 – LOANS RECEIVABLE

The Town has outstanding loans due from homeowners related to funding through a Community Development Block Grant. Income from the loans are 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, 2012, \$157,114 of the deferred loan receivable recorded in the Housing Grant Fund represents funds that were unavailable.

NOTE 6 – ASSETS HELD FOR SALE

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 at the time of transfer of ownership, which was \$79,345.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance <u>July 1, 2011</u>	Increase	Decreases	Balance <u>June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,868,719	\$ -	\$ -	\$ 5,868,719
Construction in progress	422,050	666,886	(173,879)	915,057
Total capital assets not being depreciated	<u>6,290,769</u>	<u>666,886</u>	<u>(173,879)</u>	<u>6,783,776</u>
Capital assets being depreciated:				
Buildings and improvements	3,596,789	31,587	-	3,628,376
Infrastructure	1,720,671	51,883	-	1,772,554
Machinery and equipment	1,842,969	292,843	(96,200)	2,039,612
Improvements other than buildings	840,150	43,826	-	883,976
Total	<u>8,000,579</u>	<u>420,139</u>	<u>(96,200)</u>	<u>8,324,518</u>
Less accumulated depreciation for:				
Buildings and improvements	(675,655)	(83,189)	-	(758,844)
Infrastructure	(462,091)	(86,033)	-	(548,124)
Machinery and equipment	(1,399,230)	(146,416)	96,200	(1,449,446)
Improvements other than buildings	(319,313)	(28,374)	-	(347,687)
Total	<u>(2,856,289)</u>	<u>(344,012)</u>	<u>96,200</u>	<u>(3,104,101)</u>
Total capital assets being depreciated, net	<u>5,144,290</u>	<u>76,127</u>	<u>-</u>	<u>5,220,417</u>
Governmental activities capital assets, net	<u>\$ 11,435,059</u>	<u>\$ 743,013</u>	<u>\$ (173,879)</u>	<u>\$ 12,004,193</u>

Depreciation expense was charged to each function as follows:

Governmental activities:	
Public works and streets	\$ 121,193
Public safety	110,378
Culture and recreation	55,551
General government	55,375
Economic and community development	<u>1,515</u>
Total governmental activities depreciation expense	<u>\$ 344,012</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 8 – LONG-TERM LIABILITIES

The following schedule details the Town’s long-term liability and obligation activity for the year ended June 30, 2012.

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due within 1 year
Governmental activities:					
Compensated absences	\$ 378,828	\$ 340,379	\$ 390,182	\$ 329,025	\$ 246,769
Capital leases payable	224,175	-	212,622	11,553	5,324
Notes payable	9,665	-	4,389	5,276	4,849
2005 Revenue bonds payable	1,680,000	-	85,000	1,595,000	90,000
2005 Revenue bonds premium	93,948	-	7,181	86,767	7,181
2011 Revenue bonds payable	1,005,000	-	-	1,005,000	63,800
Governmental activities long-term liabilities	<u>\$ 3,391,616</u>	<u>\$ 340,379</u>	<u>\$ 699,374</u>	<u>\$ 3,032,621</u>	<u>\$ 417,923</u>

Bonds Payable:

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.

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2012</u>
Revenue Bonds, Series 2005	\$ 2,040,000	2008-2024	2.75-5.00%	\$ 1,595,000
Revenue Bonds, Series 2011	1,005,000	2012-2023	3.91%	1,005,000
Totals	<u>\$ 3,045,000</u>			<u>\$ 2,600,000</u>

Notes Payable:

In July 1998, the Town entered into a mortgage note agreement for the purchase of Butler Park.

<u>Description</u>	<u>Original Amount</u>	<u>Maturity Ranges</u>	<u>Interest Rates</u>	<u>Outstanding Principal June 30, 2012</u>
Butler Park Note	\$ 40,000	1998-2014	10%	\$ 5,276

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 8 – LONG-TERM LIABILITIES – Continued

The following schedule details debt service requirements to maturity for the Town’s bond and notes payable at June 30, 2012.

Year Ending June 30	Governmental Activities					
	Notes Payable		2011 Bond Payable		2005 Bond Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 4,849	\$ 309	\$ 63,800	\$ 38,048	\$ 90,000	\$ 74,950
2014	427	4	70,115	35,430	95,000	70,325
2015	-	-	72,857	32,635	100,000	65,450
2016	-	-	75,705	29,731	105,000	60,325
2017	-	-	78,666	26,713	110,000	54,950
2018-22	-	-	441,942	83,999	635,000	186,900
2023-27	-	-	201,915	7,970	460,000	32,250
Total	<u>\$ 5,276</u>	<u>\$ 313</u>	<u>\$1,005,000</u>	<u>\$ 254,526</u>	<u>\$1,595,000</u>	<u>\$ 545,150</u>

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

	Governmental Activities
Equipment	\$ 26,371
Less: accumulated depreciation	(15,740)
Carrying value	<u>\$ 10,631</u>

The following schedule details debt service requirements to maturity for the Town’s capital leases payable at June 30, 2012.

Year Ending June 30	Governmental Activities
2013	\$ 6,223
2014	4,419
2015	2,004
2016	167
Total minimum lease payments	12,813
Less amount representing interest	(1,260)
Present value of net minimum lease payments	<u>\$ 11,553</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 9 – 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 totaled \$118,800. Total sales tax and state shared revenues recognized by the Town totaled \$4.1 million.

NOTE 10 – INTERFUND BALANCES AND ACTIVITY

Interfund borrowings - 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 FY2012 and remaining amount owed from the Parks fund to the General fund is \$632,000. During the year, the Federal Grants Fund had borrowed a total of \$37,367 from the General Fund to pay for unreimbursed expenses that will be paid back from reimbursements from granting agencies.

Interfund transfers – During the year ended June 30, 2012, the Town transferred funds to cover shared expenses and interfund borrowings. Transfers made between funds during the year are as follows:

Transfers from	Transfer to		
	Capital Improvement Fund	Non-Major Governmental Funds	Total
General Fund	\$ 959,616	\$ 223,009	\$ 1,182,625
HURF Fund	350,000	25,268	375,268
Parks Fund	-	5,400	5,400
Total	<u>\$ 1,309,616</u>	<u>\$ 253,677</u>	<u>\$ 1,563,293</u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 11 – GOVERNMENTAL FUND BALANCE/NET ASSET COMPONENTS

The Town’s restrictions on net assets in the government-wide statement of net assets are as follows:

	<u>Governmental Activities</u>
Restricted Net Assets:	
Highway User Revenues	\$ 1,146,087
Housing redevelopment:	
Loans Receivable	157,114
Assets Held for Sale	79,345
Other	96,676
Court Special Revenue:	
Court Enhancement	79,596
Fill the Gap	9,803
Local JCEF	33,705
Yavapai-Apache Gaming Compact:	
Heritage Pool	26,000
Schools and school programs	131,502
Parks and Rec Youth Programs	5,500
Library	500
Senior center	7,000
9-1-1	3,279
Library Endowment	636,025
Impact Fees:	
General government	68,594
Library	46,244
Parks and Recreation	103,068
Police Services	73,854
Donations:	
Animal Shelter	1,787
Camp Verde Marshal's Office	1,000
K-9	1,762
Library	7,201
Parks and Recreation	3,952
Volunteers in Police Services	350
Total Restricted Net Assets	<u><u>\$ 2,719,944</u></u>

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 11 – GOVERNMENTAL FUND BALANCE/NET ASSET COMPONENTS – Continued

The components of governmental fund balances are as follows:

	General	HURF	Parks	Housing	Capital Improvements	Non-Major Gov't Funds	Total Gov't Funds
Ending Fund balances, June 30, 2012							
Nonspendable for:							
Assets held for sale	\$ -	\$ -	\$ -	\$ 79,345	\$ -	\$ -	\$ 79,345
Total nonspendable	-	-	-	79,345	-	-	79,345
Restricted for:							
Highways and streets	-	1,146,087	-	-	-	-	1,146,087
Housing redevelopment	-	-	-	96,676	-	-	96,676
Court special revenue							
Court enhancement	-	-	-	-	-	79,596	79,596
Fill the gap	-	-	-	-	-	9,803	9,803
Local JCEF	-	-	-	-	-	33,705	33,705
Yavapai-Apache Gaming Compact							
Heritage Pool	-	-	-	-	-	26,000	26,000
Schools and school programs	-	-	-	-	-	131,502	131,502
Parks and rec youth pgm	-	-	-	-	-	5,500	5,500
Library	-	-	-	-	-	500	500
Senior center	-	-	-	-	-	7,000	7,000
9-1-1	-	-	-	-	-	3,279	3,279
Library building	-	-	-	-	-	636,025	636,025
Impact fees							
General government	-	-	-	-	-	68,594	68,594
Library	-	-	-	-	-	46,244	46,244
Parks and recreation	-	-	-	-	-	103,068	103,068
Police services	-	-	-	-	-	73,854	73,854
Donations							
Animal shelter	-	-	-	-	-	1,787	1,787
Camp Verde Marshal's office	-	-	-	-	-	1,000	1,000
K-9	-	-	-	-	-	1,762	1,762
Library	-	-	-	-	-	6,147	6,147
Parks and recreation	-	-	-	-	-	3,952	3,952
Safety fund	-	-	-	-	-	1,054	1,054
Volunteers in police service	-	-	-	-	-	350	350
Total restricted	-	1,146,087	-	96,676	-	1,240,722	2,483,485
Committed for:							
Long-term receivable	632,000	-	-	-	-	-	632,000
Capital improvements	-	-	-	-	694,215	-	694,215
Total committed	632,000	-	-	-	694,215	-	1,326,215
Unassigned:	1,284,934	-	(364,485)	-	-	(13,982)	906,467
Ending Fund Balances	\$ 1,916,934	\$ 1,146,087	\$ (364,485)	\$ 176,021	\$ 694,215	\$ 1,226,740	\$ 4,795,512

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 12 – CONTINGENT LIABILITIES

Federal and State grants and loans – The Town has received a number of grants from both the Federal and State governments. Amounts received or receivable from grantor agencies are subject to audit and adjustment; however, the Town expects no material disallowance of expenditures.

Lawsuits – 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 13 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all such risks of loss, including workers’ compensation and employees’ health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 – CLAIMS PAYABLE

In the prior 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, 2012 totaled \$155,000.

NOTE 15 – 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, and a cost-sharing multiple-employer defined benefit health insurance plan, and a cost sharing multiple-employer defined benefit long-term disability plan that covers general employees of the Town. 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)* is 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 one of its 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.

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 15 – RETIREMENT PLANS – Continued

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.

<p>ASRS 3300 N. Central Ave. Phoenix, AZ 85012-0250 (602) 240-2000</p>	<p>PSPRS 3010 E. Camelback Rd., Ste. 200 Phoenix, AZ 85016 (602) 255-5575</p>
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Funding Policy—The Arizona State Legislature establishes and may amend active plan members’ and the Town’s contribution rates.

Cost-sharing plans – For the year ended June 30, 2012, active ASRS members and the Town were each required by statute to contribute at the actuarially determined rate of 10.74 percent (10.50 percent retirement and 0.24 percent long-term disability) of the members’ annual covered payroll. The Town’s contributions to ASRS for the years ended June 30, 2012, 2011 and 2010, were \$219,179, \$201,910, and \$214,551, respectively, which were equal to the required contributions for the year.

Agent plans – For the year ended June 30, 2012, active PSPRS members were required by statute to contribute 8.65 percent of the members’ annual covered payroll, and the Town was required to contribute at the actuarially determined rate of 16.80 percent.

Annual Pension Cost—The Town’s pension cost for the agent plan for the year ended June 30, 2012, and related information follows:

	PSPRS
Contribution rates:	
City	16.80%
Plan members	8.65%
Annual pension cost	\$ 134,661
Contributions made	\$ 134,661

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

NOTE 15 – RETIREMENT PLANS – Continued

	<u>PSPRS</u>
Actuarial valuation date	06/30/12
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	5.00% -9.00%
Includes inflation at	5.00%
Cost-of-living adjustments	None
Amortization method	Level percent-of-pay closed
Remaining amortization period	24 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value

Trend Information – Annual pension cost information for the current and 2 preceding years follows for each of the agent plans.

<u>Plan</u>	<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PSPRS	2012	\$ 134,661	100 %	\$ -
	2011	130,238	100 %	-
	2010	125,425	100 %	-

TOWN OF CAMP VERDE, ARIZONA
Notes to Financial Statements
June 30, 2012

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

Camp Verde Marshals Plan (Retirement)

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2012	\$2,976,077	\$3,643,057	\$ 666,980	81.7 %	\$779,063	85.6 %
2011	2,663,510	3,219,604	556,094	82.7	761,124	73.1
2010	2,454,338	2,981,066	526,728	82.3	838,437	62.8

Camp Verde Marshals Plan (Health)

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2012	\$ -	\$ 113,920	\$ 113,920	- %	\$779,063	14.62 %
2011	-	113,233	113,233	-	761,124	14.88
2010	-	86,961	86,961	-	838,437	10.37

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – General Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 1,902,000	\$ 1,902,000	\$ 1,984,253	\$ 82,253
Intergovernmental	5,269,307	5,269,307	3,056,963	(2,212,344)
Fines and forfeitures	244,135	244,135	287,385	43,250
Licenses and permits	66,902	66,902	123,738	56,836
Charges for services	55,486	55,486	83,533	28,047
Investment income	40,000	40,000	5,665	(34,335)
Other revenue	24,600	24,600	19,281	(5,319)
Total revenue	<u>7,602,430</u>	<u>7,602,430</u>	<u>5,560,818</u>	<u>(2,041,612)</u>
Expenditures				
Mayor and council	30,359	30,359	22,881	7,478
Town manager	200,689	200,689	195,617	5,072
Town clerk	199,753	177,106	149,876	27,230
Legal	122,092	122,092	75,394	46,698
Finance	240,943	198,569	198,913	(344)
Human resources	49,480	49,480	47,113	2,367
Economic development	-	80,264	80,386	(122)
Information technology	143,478	131,968	139,082	(7,114)
Magistrate	308,011	308,011	309,558	(1,547)
Public works and streets	120,984	119,158	76,195	42,963
Storm water management	777,368	772,667	550,990	221,677
Maintenance	378,010	378,010	399,316	(21,306)
Community development	270,061	270,061	262,470	7,591
Marshal	2,090,718	2,145,968	2,050,059	95,909
Library	326,285	336,060	285,654	50,406
Parks and recreation	218,629	221,424	216,567	4,857
Non-departmental	2,720,328	2,655,303	406,965	2,248,338
Total expenditures	<u>8,197,188</u>	<u>8,197,189</u>	<u>5,467,036</u>	<u>2,730,153</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(594,758)</u>	<u>(594,759)</u>	<u>93,782</u>	<u>688,541</u>
Other financing sources				
Transfers in (out)	<u>(1,171,341)</u>	<u>(1,184,362)</u>	<u>(1,182,626)</u>	<u>1,736</u>
Total other financing sources	<u>(1,171,341)</u>	<u>(1,184,362)</u>	<u>(1,182,626)</u>	<u>1,736</u>
Net change in fund balances	<u>(1,766,099)</u>	<u>(1,779,121)</u>	<u>(1,088,844)</u>	<u>690,277</u>
Fund balances, July 1, 2011	<u>3,005,778</u>	<u>3,005,778</u>	<u>3,005,778</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 1,239,679</u>	<u>\$ 1,226,657</u>	<u>\$ 1,916,934</u>	<u>\$ 690,277</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – HURF Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 648,254	\$ 648,254	\$ 688,134	\$ 39,880
Investment income	12	12	4,006	3,994
Other revenue	250	250	295	45
Total revenue	<u>648,516</u>	<u>648,516</u>	<u>692,435</u>	<u>43,919</u>
Expenditures				
Current				
Highways and streets	493,886	493,886	480,982	12,904
Capital outlay	187,200	187,200	45,901	141,299
Debt service				
Principal	-	-	980	(980)
Interest	-	-	381	(381)
Total expenditures	<u>681,086</u>	<u>681,086</u>	<u>528,244</u>	<u>152,842</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(32,570)</u>	<u>(32,570)</u>	<u>164,191</u>	<u>196,761</u>
Other financing sources				
Transfers in (out)	<u>(373,468)</u>	<u>(373,468)</u>	<u>(375,268)</u>	<u>(1,800)</u>
Total other financing sources	<u>(373,468)</u>	<u>(373,468)</u>	<u>(375,268)</u>	<u>(1,800)</u>
Net change in fund balances	<u>(406,038)</u>	<u>(406,038)</u>	<u>(211,077)</u>	<u>194,961</u>
Fund balances, July 1, 2011	<u>1,357,164</u>	<u>1,357,164</u>	<u>1,357,164</u>	<u>-</u>
Fund balances, June 30, 2012	<u>\$ 951,126</u>	<u>\$ 951,126</u>	<u>\$ 1,146,087</u>	<u>\$ 194,961</u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Parks Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Other revenue	\$ -	\$ -	\$ 2,000	\$ 2,000
Total revenue	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Expenditures				
Current				
Culture and recreation	11,890	11,890	8,986	2,904
Total expenditures	<u>11,890</u>	<u>11,890</u>	<u>8,986</u>	<u>2,904</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(11,890)</u>	<u>(11,890)</u>	<u>(6,986)</u>	<u>4,904</u>
Other financing sources				
Transfers in (out)	<u>(5,400)</u>	<u>(5,400)</u>	<u>(5,400)</u>	<u>-</u>
Total other financing sources	<u>(5,400)</u>	<u>(5,400)</u>	<u>(5,400)</u>	<u>-</u>
Net change in fund balances	<u>(17,290)</u>	<u>(17,290)</u>	<u>(12,386)</u>	<u>4,904</u>
Fund balances, July 1, 2011	<u>(352,099)</u>	<u>(352,099)</u>	<u>(352,099)</u>	<u>-</u>
Fund balances, June 30, 2012	<u><u>\$ (369,389)</u></u>	<u><u>\$ (369,389)</u></u>	<u><u>\$ (364,485)</u></u>	<u><u>\$ 4,904</u></u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Housing Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenue				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 82,002	\$ (27,998)
Investment income	900	900	2,191	1,291
Other revenue	18,201	18,201	14,194	(4,007)
Total revenue	<u>129,101</u>	<u>129,101</u>	<u>98,387</u>	<u>(30,714)</u>
Expenditures				
Current				
General government	-	-	3,248	(3,248)
Economic and community development	205,000	205,000	92,018	112,982
Total expenditures	<u>205,000</u>	<u>205,000</u>	<u>95,266</u>	<u>109,734</u>
Net change in fund balances	(75,899)	(75,899)	3,121	79,020
Fund balances, July 1, 2011	<u>172,900</u>	<u>172,900</u>	<u>172,900</u>	<u>-</u>
Fund balances, June 30, 2012	<u><u>\$ 97,001</u></u>	<u><u>\$ 97,001</u></u>	<u><u>\$ 176,021</u></u>	<u><u>\$ 79,020</u></u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Capital Improvements Fund
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
General government	\$ 103,611	\$ 103,611	\$ 53,703	\$ 49,908
Public works and streets	22,500	22,500	62,566	(40,066)
Capital outlay	1,005,573	1,005,573	284,672	720,901
Debt service				
Principal	177,932	177,932	181,932	(4,000)
Interest	-	-	13,719	(13,719)
Total expenditures	<u>1,309,616</u>	<u>1,309,616</u>	<u>596,592</u>	<u>713,024</u>
Other financing sources				
Transfers in (out)	<u>1,309,616</u>	<u>1,309,616</u>	<u>1,309,616</u>	<u>-</u>
Total other financing sources	<u>1,309,616</u>	<u>1,309,616</u>	<u>1,309,616</u>	<u>-</u>
Net change in fund balances	-	-	713,024	713,024
Fund balances, July 1, 2011	<u>(18,809)</u>	<u>(18,809)</u>	<u>(18,809)</u>	<u>-</u>
Fund balances, June 30, 2012	<u><u>\$ (18,809)</u></u>	<u><u>\$ (18,809)</u></u>	<u><u>\$ 694,215</u></u>	<u><u>\$ 713,024</u></u>

See accompanying notes to budgetary comparison schedule.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Notes to Budgetary Comparison Schedules
June 30, 2012

NOTE 1 – BUDGETING AND BUDGETARY CONTROL

Arizona Revised Statutes (A.R.S.) require the Town to prepare and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibit expenditures or liabilities in excess of the amounts budgeted.

Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Town Councils' approval.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

TOWN OF CAMP VERDE, ARIZONA
Required Supplementary Information
Schedule of Agent Retirement Plans' Funding Progress
June 30, 2012

Public Safety Personnel Retirement System

Camp Verde Marshals Plan (Retirement)

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2012	\$2,976,077	\$3,643,057	\$ 666,980	81.7 %	\$779,063	85.6 %
2011	2,663,510	3,219,604	556,094	82.7	761,124	73.1
2010	2,454,338	2,981,066	526,728	82.3	838,437	62.8

Camp Verde Marshals Plan (Health)

Year Ended June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
2012	\$ -	\$ 113,920	\$ 113,920	- %	\$779,063	14.62 %
2011	-	113,233	113,233	-	761,124	14.88
2010	-	86,961	86,961	-	838,437	10.37

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, 2012

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Non-major Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,315,668	\$ -	\$ 1,315,668
Accounts receivable, net	62,274	-	62,274
Due from other governments	54,900	-	54,900
Total assets	<u>\$ 1,432,842</u>	<u>\$ -</u>	<u>\$ 1,432,842</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 11,195	\$ -	\$ 11,195
Deferred revenue	157,540	-	157,540
Due to other funds	37,367	-	37,367
Total liabilities	<u>206,102</u>	<u>-</u>	<u>206,102</u>
Fund balances			
Restricted	1,240,722	-	1,240,722
Unassigned	(13,982)	-	(13,982)
Total fund balances	<u>1,226,740</u>	<u>-</u>	<u>1,226,740</u>
Total liabilities and fund balances	<u>\$ 1,432,842</u>	<u>\$ -</u>	<u>\$ 1,432,842</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
All Non-Major Governmental Funds
By Fund Type
June 30, 2012

	Special Revenue Funds	Debt Service Fund	Total Non-Major Governmental Funds
Revenue			
Intergovernmental	211,714	-	211,714
Fines and forfeitures	48,111	-	48,111
Charges for services	3,254	-	3,254
Contributions	361,292	-	361,292
Investment income	1,925	-	1,925
Other revenue	251	-	251
Total revenue	<u>626,547</u>	<u>-</u>	<u>626,547</u>
Expenditures			
Current			
General government	61,365	-	61,365
Public safety	96,308	-	96,308
Public works and streets	18,600	-	18,600
Health and welfare	-	118,800	118,800
Culture and recreation	1,720	-	1,720
Capital outlay	45,449	-	45,449
Debt service			
Principal	-	89,353	89,353
Interest	-	65,680	65,680
Total expenditures	<u>223,442</u>	<u>273,833</u>	<u>497,275</u>
Excess (deficiency) of revenue over (under) expenditures	<u>403,105</u>	<u>(273,833)</u>	<u>129,272</u>
Other financing sources			
Transfers in(out)	<u>(20,155)</u>	<u>273,833</u>	<u>253,678</u>
Total other financing sources	<u>(20,155)</u>	<u>273,833</u>	<u>253,678</u>
Net change in fund balances	382,950	-	382,950
Fund balances, July 1, 2011	<u>843,790</u>	<u>-</u>	<u>843,790</u>
Fund balances, June 30, 2012	<u>\$ 1,226,740</u>	<u>\$ -</u>	<u>\$ 1,226,740</u>

NON-MAJOR SPECIAL REVENUE FUNDS

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

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 Federal grants with the exception of the Community Development Block Grant which is accounted for in a separate fund.

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

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

Library Building Fund- accounts for contributions toward the Town's 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, 2012

	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund	Federal Grants Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 119,104	\$ 78,061	\$ 170,502	\$ -
Accounts receivable, net	62,274	-	-	-
Due from other governments	-	-	-	49,684
Total assets	<u>\$ 181,378</u>	<u>\$ 78,061</u>	<u>\$ 170,502</u>	<u>\$ 49,684</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 444	\$ 4,650	\$ -	\$ -
Deferred revenue	57,830	73,411	-	26,299
Due to other funds	-	-	-	37,367
Total liabilities	<u>58,274</u>	<u>78,061</u>	<u>-</u>	<u>63,666</u>
Fund balances				
Restricted	123,104	-	170,502	-
Unassigned	-	-	-	(13,982)
Total fund balances	<u>123,104</u>	<u>-</u>	<u>170,502</u>	<u>(13,982)</u>
Total liabilities and fund balances	<u>\$ 181,378</u>	<u>\$ 78,061</u>	<u>\$ 170,502</u>	<u>\$ 49,684</u>

<u>CDBG Grants Fund</u>	<u>9-1-1 Fund</u>	<u>Library Building Fund</u>	<u>Impact Fee Fund</u>	<u>Donations Fund</u>	<u>Non-Major Special Revenue Funds</u>
\$ -	\$ 3,279	\$ 636,025	\$ 291,760	\$ 16,937	\$ 1,315,668
-	-	-	-	-	62,274
<u>5,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,900</u>
<u>\$ 5,216</u>	<u>\$ 3,279</u>	<u>\$ 636,025</u>	<u>\$ 291,760</u>	<u>\$ 16,937</u>	<u>\$ 1,432,842</u>
\$ 5,216	\$ -	\$ -	\$ -	\$ 885	\$ 11,195
-	-	-	-	-	157,540
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,367</u>
<u>5,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>885</u>	<u>206,102</u>
-	3,279	636,025	291,760	16,052	1,240,722
-	-	-	-	-	(13,982)
<u>-</u>	<u>3,279</u>	<u>636,025</u>	<u>291,760</u>	<u>16,052</u>	<u>1,226,740</u>
<u>\$ 5,216</u>	<u>\$ 3,279</u>	<u>\$ 636,025</u>	<u>\$ 291,760</u>	<u>\$ 16,937</u>	<u>\$ 1,432,842</u>

TOWN OF CAMP VERDE, ARIZONA
Combining Statement of Revenues, Expenditures and Changes In Fund Balances
Non-Major Special Revenue Funds
June 30, 2012

	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund	Federal Grants Fund
Revenue				
Intergovernmental	\$ -	\$ 34,482.00	\$ 79,297.00	\$ 88,315.00
Fines and forfeitures	48,111	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Investment income	-	-	-	-
Other revenue	-	-	-	-
Total revenue	<u>48,111</u>	<u>34,482</u>	<u>79,297</u>	<u>88,315</u>
Expenditures				
Current				
General government	21,750	-	39,615	-
Public safety	-	21,448	-	66,468
Public works and streets	-	18,600	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	35,829
Total expenditures	<u>21,750</u>	<u>40,048</u>	<u>39,615</u>	<u>102,297</u>
Excess (deficiency) of revenue over (under) expenditures	<u>26,361</u>	<u>(5,566)</u>	<u>39,682</u>	<u>(13,982)</u>
Other financing sources				
Transfers in (out)	-	5,566	(53,000)	-
Total other financing sources	<u>-</u>	<u>5,566</u>	<u>(53,000)</u>	<u>-</u>
Net change in fund balances	26,361	-	(13,318)	(13,982)
Fund balances, July 1, 2011	96,743	-	183,820	-
Fund balances, June 30, 2012	<u>\$ 123,104</u>	<u>\$ -</u>	<u>\$ 170,502</u>	<u>\$ (13,982)</u>

CDBG Grants Fund	9-1-1 Fund	Library Building Fund	Impact Fee Fund	Donations Fund	Total Non-Major Special Revenue Funds
\$ 9,620.00	\$ -	\$ -	\$ -	\$ -	\$ 211,714.00
-	-	-	-	-	48,111
-	-	-	3,254	-	3,254
-	-	356,503	-	4,789	361,292
-	-	1,107	818	-	1,925
-	-	251	-	-	251
<u>9,620</u>	<u>-</u>	<u>357,861</u>	<u>4,072</u>	<u>4,789</u>	<u>626,547</u>
-	-	-	-	-	61,365
-	131	-	-	8,261	96,308
-	-	-	-	-	18,600
-	-	-	-	1,720	1,720
<u>9,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,449</u>
<u>9,620</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>9,981</u>	<u>223,442</u>
-	(131)	357,861	4,072	(5,192)	403,105
-	-	27,279	-	-	(20,155)
-	-	27,279	-	-	(20,155)
-	(131)	385,140	4,072	(5,192)	382,950
-	3,410	250,885	287,688	21,244	843,790
<u>\$ -</u>	<u>\$ 3,279</u>	<u>\$ 636,025</u>	<u>\$ 291,760</u>	<u>\$ 16,052</u>	<u>\$ 1,226,740</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, 2012

	Court Special Revenue Fund			Nonfederal Grants Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ 29,316	\$ 34,482	\$ 5,166
Fines and forfeitures	26,000	48,111	22,111	-	-	-
Charges for services	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	26,000	48,111	22,111	29,316	34,482	5,166
Expenditures						
Current						
General government	22,821	21,750	1,071	-	-	-
Public safety	-	-	-	58,000	21,448	36,552
Public works and streets	-	-	-	18,600	18,600	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	22,821	21,750	1,071	76,600	40,048	36,552
Excess (deficiency) of revenue over (under) expenditures	3,179	26,361	23,182	(47,284)	(5,566)	41,718
Other financing sources						
Transfers in(out)	-	-	-	-	5,566	(5,566)
Total other financing sources	-	-	-	-	5,566	(5,566)
Net change in fund balances	3,179	26,361	23,182	(47,284)	-	36,152
Fund balances, July 1, 2011	96,743	96,743	-	-	-	-
Fund balances, June 30, 2012	\$ 99,922	\$ 123,104	\$ 23,182	\$ (47,284)	\$ -	\$ 36,152

<u>Yavapai-Apache Gaming Compact Fund</u>			<u>Federal Grants Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
\$ 140,679	\$ 79,297	\$ (61,382)	\$ 972,783	\$ 88,315	\$ (884,468)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>140,679</u>	<u>79,297</u>	<u>(61,382)</u>	<u>972,783</u>	<u>88,315</u>	<u>(884,468)</u>
55,658	39,615	16,043	91,151	-	91,151
-	-	-	71,059	66,468	4,591
-	-	-	843,504	-	843,504
-	-	-	15,575	-	15,575
-	-	-	-	35,829	(35,829)
<u>55,658</u>	<u>39,615</u>	<u>16,043</u>	<u>1,021,289</u>	<u>102,297</u>	<u>918,992</u>
<u>85,021</u>	<u>39,682</u>	<u>(45,339)</u>	<u>(48,506)</u>	<u>(13,982)</u>	<u>34,524</u>
<u>(72,000)</u>	<u>(53,000)</u>	<u>(19,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(72,000)</u>	<u>(53,000)</u>	<u>(19,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
13,021	(13,318)	(64,339)	(48,506)	(13,982)	34,524
<u>183,820</u>	<u>183,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 196,841</u>	<u>\$ 170,502</u>	<u>\$ (64,339)</u>	<u>\$ (48,506)</u>	<u>\$ (13,982)</u>	<u>\$ 34,524</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, 2012
(Continued)

	CDBG Grants Fund			9-1-1 Fund		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ 371,473	\$ 9,620	\$ (361,853)	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenue	371,473	9,620	(361,853)	-	-	-
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	1,784	131	1,653
Public works and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	360,293	9,620	350,673	-	-	-
Total expenditures	360,293	9,620	350,673	1,784	131	1,653
Excess (deficiency) of revenue over (under) expenditures	11,180	-	(11,180)	(1,784)	(131)	1,653
Other financing sources						
Transfers (out)	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Net change in fund balances	11,180	-	(11,180)	(1,784)	(131)	1,653
Fund balances, July 1, 2011	-	-	-	3,410	3,410	-
Fund balances, June 30, 2012	\$ 11,180	\$ -	\$ (11,180)	\$ 1,626	\$ 3,279	\$ 1,653

Library Building Fund			Impact Fee Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	22,398	3,254	(19,144)
12,000	356,503	344,503	-	-	-
700	1,107	407	705	818	113
-	251	251	-	-	-
<u>12,700</u>	<u>357,861</u>	<u>345,161</u>	<u>23,103</u>	<u>4,072</u>	<u>(19,031)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>12,700</u>	<u>357,861</u>	<u>345,161</u>	<u>23,103</u>	<u>4,072</u>	<u>(19,031)</u>
<u>13,021</u>	<u>27,279</u>	<u>(14,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>13,021</u>	<u>27,279</u>	<u>(14,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>
25,721	385,140	330,903	23,103	4,072	(19,031)
250,885	250,885	-	287,688	287,688	-
<u>\$ 276,606</u>	<u>\$ 636,025</u>	<u>\$ 330,903</u>	<u>\$ 310,791</u>	<u>\$ 291,760</u>	<u>\$ (19,031)</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, 2012
(Continued)

	Donations Fund			Totals		
	Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
Revenue						
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,514,251	\$ 211,714	\$ (1,302,537)
Fines and forfeitures	-	-	-	26,000	48,111	22,111
Charges for services	-	-	-	22,398	3,254	(19,144)
Contributions	4,200	4,789	589	16,200	361,292	345,092
Investment income	-	-	-	1,405	1,925	520
Other revenue	-	-	-	-	251	251
Total revenue	4,200	4,789	589	1,580,254	626,547	(953,707)
Expenditures						
Current						
General government	6,000	-	6,000	175,630	61,365	114,265
Public safety	1,700	8,261	(6,561)	132,543	96,308	36,235
Public works and streets	-	-	-	862,104	18,600	843,504
Culture and recreation	1,500	1,720	(220)	17,075	1,720	15,355
Capital outlay	-	-	-	360,293	45,449	314,844
Total expenditures	9,200	9,981	(781)	1,547,645	223,442	1,324,203
Excess (deficiency) of revenue over (under) expenditures	(5,000)	(5,192)	(192)	32,609	403,105	370,496
Other financing sources						
Transfers (out)	-	-	-	(58,979)	(20,155)	(38,824)
Total other financing sources	-	-	-	(58,979)	(20,155)	(38,824)
Net change in fund balances	(5,000)	(5,192)	(192)	(26,370)	382,950	331,672
Fund balances, July 1, 2011	21,244	21,244	-	843,790	843,790	-
Fund balances, June 30, 2012	\$ 16,244	\$ 16,052	\$ (192)	\$ 817,420	\$ 1,226,740	\$ 331,672

NON-MAJOR DEBT SERVICE FUND

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

TOWN OF CAMP VERDE, ARIZONA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Non-Major Debt Service Fund
Year Ended June 30, 2012

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenue			
Investment income	\$ 400	\$ -	(400)
Total revenue	400	-	(400)
Expenditures			
Current			
Health and welfare	118,800	118,800	-
Debt service			
Principal	153,431	89,353	64,078
Interest	124,294	65,680	58,614
Total expenditures	396,525	273,833	122,692
Excess (deficiency) of revenue over (under) expenditures	(396,125)	(273,833)	122,292
Other financing sources			
Transfers in	312,593	273,833	(38,760)
Total other financing sources	312,593	273,833	(38,760)
Net change in fund balances	(83,532)	-	83,532
Fund balances, July 1, 2011	-	-	-
Fund balances, June 30, 2012	\$ (83,532)	\$ -	\$ 83,532



COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Town Council
Town of Camp Verde, Arizona

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Camp Verde, Arizona, as of and for the year ended June 30, 2012, which collectively comprise the Town of Camp Verde, Arizona's basic financial statements and have issued our report thereon dated January 31, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town of Camp Verde, Arizona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Camp Verde, Arizona's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Camp Verde, Arizona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Camp Verde, Arizona's internal control over financial reporting.

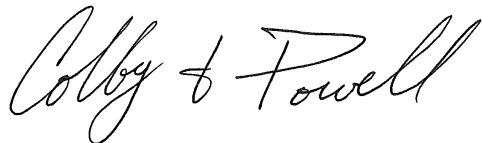
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Camp Verde, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Colby & Powell".

January 31, 2013



COLBY &
POWELL, PLC

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO THE USES OF
HIGHWAY USER REVENUE FUND MONIES IN
ACCORDANCE WITH ARS TITLE 28, CHAPTER 18,
ARTICLE 2**

To the Town Council
Town of Camp Verde, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Camp Verde as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 31, 2013.

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by the Town solely for the authorized transportation purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of management and the members of the Arizona State Legislature and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

January 31, 2013