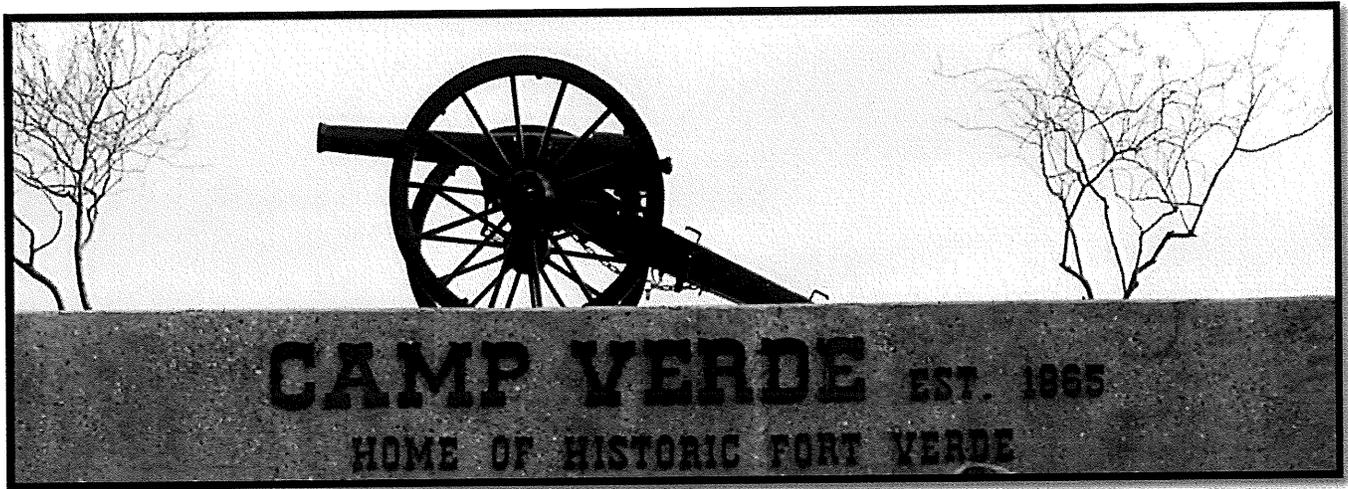


The Town of Camp Verde, Arizona

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**



“Where the past meets the present.”

Issued by: Town of Camp Verde Finance Department

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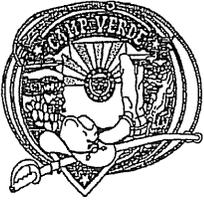
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INTRODUCTORY SECTION

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TOWN OF CAMP VERDE

◆ 473 S. Main Street ◆ Camp Verde, Arizona 86322 ◆ (928) 567-6631 FAX 567-9061

www.cvaz.org

towncouncil@cvaz.org

December 6, 2010

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Camp Verde (Town) for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been prepared by Lumbard & Associates, PLLC, a firm of licensed certified public accountants and audited by Colby & Powell, PLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town, for the fiscal year ended June 30, 2010, are free of material misstatement: The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2010, are fairly presented in all material aspects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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



PROFILE OF THE GOVERNMENT

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

The Town operates under the council-manager form of government. The Town Council, which has policy-making and legislative authority, consists of a mayor and a six-member council. The Council is responsible for, among other things, passing ordinances and resolutions, and adopting the annual budget. The members of the Town Council also appoint the membership of various Town committees and hire the Town Manager, Town Attorney, and Magistrate. The Town Manager is responsible for carrying out the policies, ordinances, and resolutions of the Town Council, and for overseeing the day-to-day operations of the Town. The Town Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the Town directly elect the Mayor for a two-year term.

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

The annual budget serves as the foundation for the Town's financial planning and control. All departments construct their programs and services based on the needs of the community and, no less importantly, on the priorities of the Town Council. The Town Manager reviews departmental budget requests and may from time to time recommend changes to a department's budget priorities and/or projects. The proposed budget is presented to the Town Council in May of each year. The proposed budget becomes the focal point of the community conversation with respect to the allocation of financial resources. At the conclusion of the process, the proposed budget, including any additions or deletions thereto becomes the tentative budget which is presented for adoption by the Town Council in June. A public hearing is scheduled on the tentative budget generally during the first business meeting in July. Subsequent to the close of that hearing, the Town's final budget is adopted.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Camp Verde operates.

Local Economy: In its early years, the Town's economy was based primarily upon agriculture and tourism. In later years, the Town experienced an increase in manufacturing activities as well as retail trade. Currently, much of the Town's revenue base is comprised of sales tax revenues generated locally as well as allocation funding from the State of Arizona.

The Town did experience significant growth over the last eight year period. During that time frame, the population increased from 9,451 to 11,580, or an increase of 22.53%. This lately has changed however; the growth experienced in the recent past has resulted in the increase demand for service while at the same time revenue is decreasing. The challenge that the Town faces from a financial perspective is funding the service delivery system, which has a high

demand for service, with revenue based comprised primarily of sales tax revenues and which is subject to the fluctuations in the economy. Successfully addressing this most difficult challenge will necessitate diversifying our local economy and its revenue sources so that the Town can smooth out the swings that it has experienced in the past with respect to the revenue base.

Long-Term Financial Planning: The Town is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility. The Town is moving toward implementing a process whereby it can complete long range financial forecasts. The Town has instituted a five year capital planning process which details the capital needs for the next five year period and makes provision for funding those needs. In addition, the Town is examining its options with respect to pay as you go financing. The Town completed its first ever cost allocation plan in the fiscal year ending June 30, 2009. The plans were adopted and are being utilized in our budgeting process.

The Town has been unable to complete several major capital projects due to a slow economy but maintains plans for projects which will be funded through a variety of funding mechanisms in the coming years as funding becomes available. Those projects include, but are not limited to the following: infrastructure improvements including streets, sidewalks, curbs, gutters, and drainage systems; computer/network upgrades; and remodel design for one of the Town owned buildings.

Cash Management Policies and Practices: The Town adopted its Investment Policy on July 15, 2009. The objective is to maintain a disciplined approach with respect to the investment of the Town's funds. The hallmarks of the investment practices are safety, liquidity, optimal yield, and collateralization. The Town presently maintains a pooled cash account for all Town funds. Cash temporarily idle during the fiscal year is invested in the Local Government Investment Pool (LGIP) established pursuant to Arizona Revised Statutes, Section 35-326, and operated by the Arizona State Treasurer. Idle cash balances are transferred, as needed, to and from the LGIP. All monies are deposited daily and all accounts are balanced monthly to the general ledger.

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

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

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

The Town's contribution to the Arizona State Retirement System for the year ended June 30, 2010 was equal to the required contribution for the year.

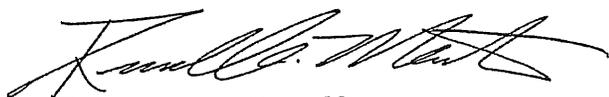
Eligible employees are entitled to participate in a deferred compensation retirement plan. Additional information on the Town of Camp Verde's pension benefits can be found in Note 17 in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Town of Camp Verde is actively pursuing a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This award, issued by the Government Finance Officers Association (GFOA) is a prestigious award that is covered by units of local government and is viewed widely as the gold standard. The Town's hope is that it can meet the standard for excellence in financial reporting that the Government Finance Officers Association (GFOA) promulgates.

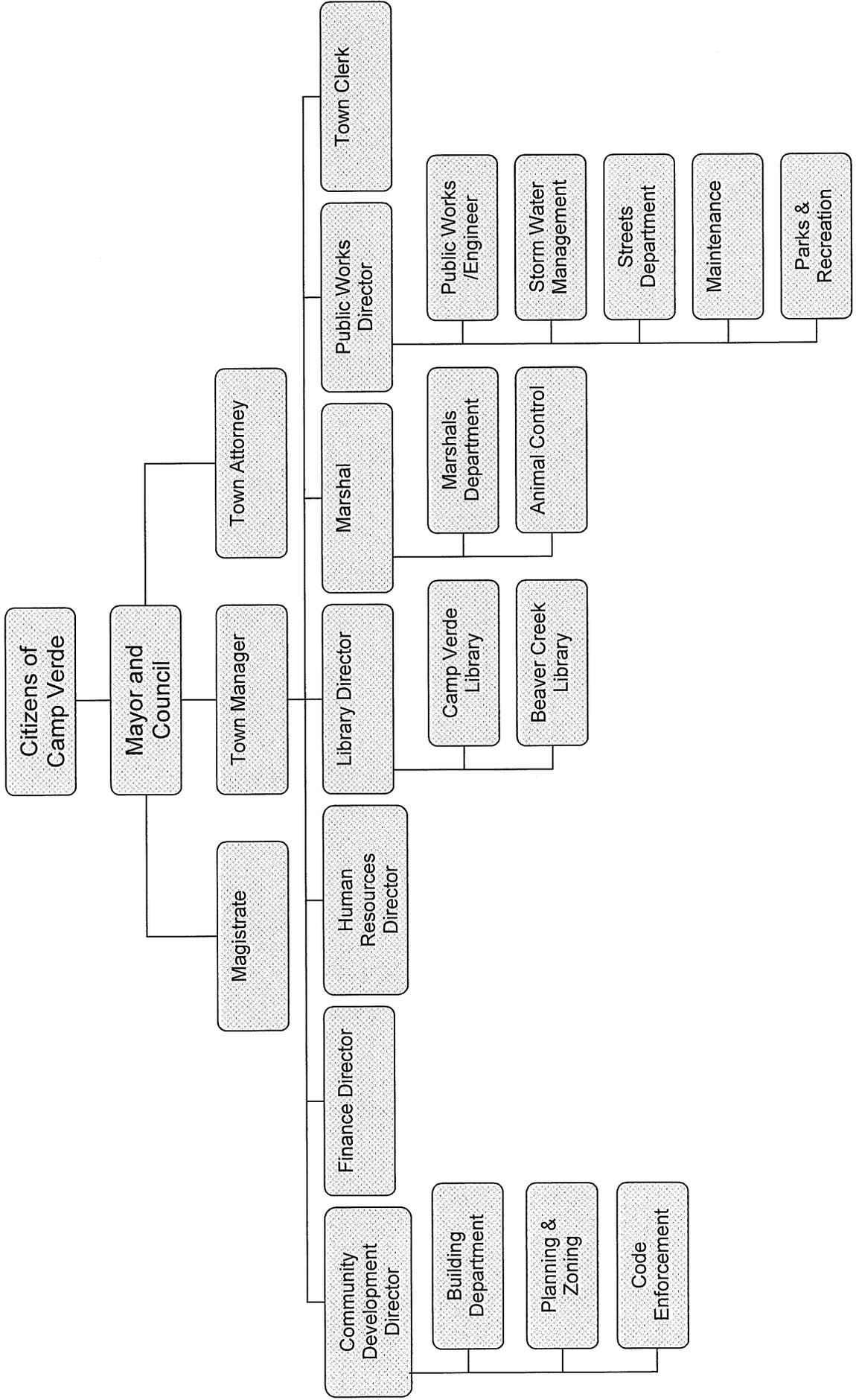
The preparation of this report would not have been possible without the efficient and dedicated services and the indefatigable energy of the entire staff of the finance and administration departments and the dedicated staff at Lumbard & Associates, PLLC. Credit also must be given to the Mayor and members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

Respectfully,

A handwritten signature in black ink, appearing to read "Russell Martin", written in a cursive style.

Russell Martin, Town Manager

Town of Camp Verde Organization Chart



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Town of Camp Verde

Town Council Members

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

Town Manager

Russell Martin

Town Attorney

Moyes Sellers and Sims

Magistrate

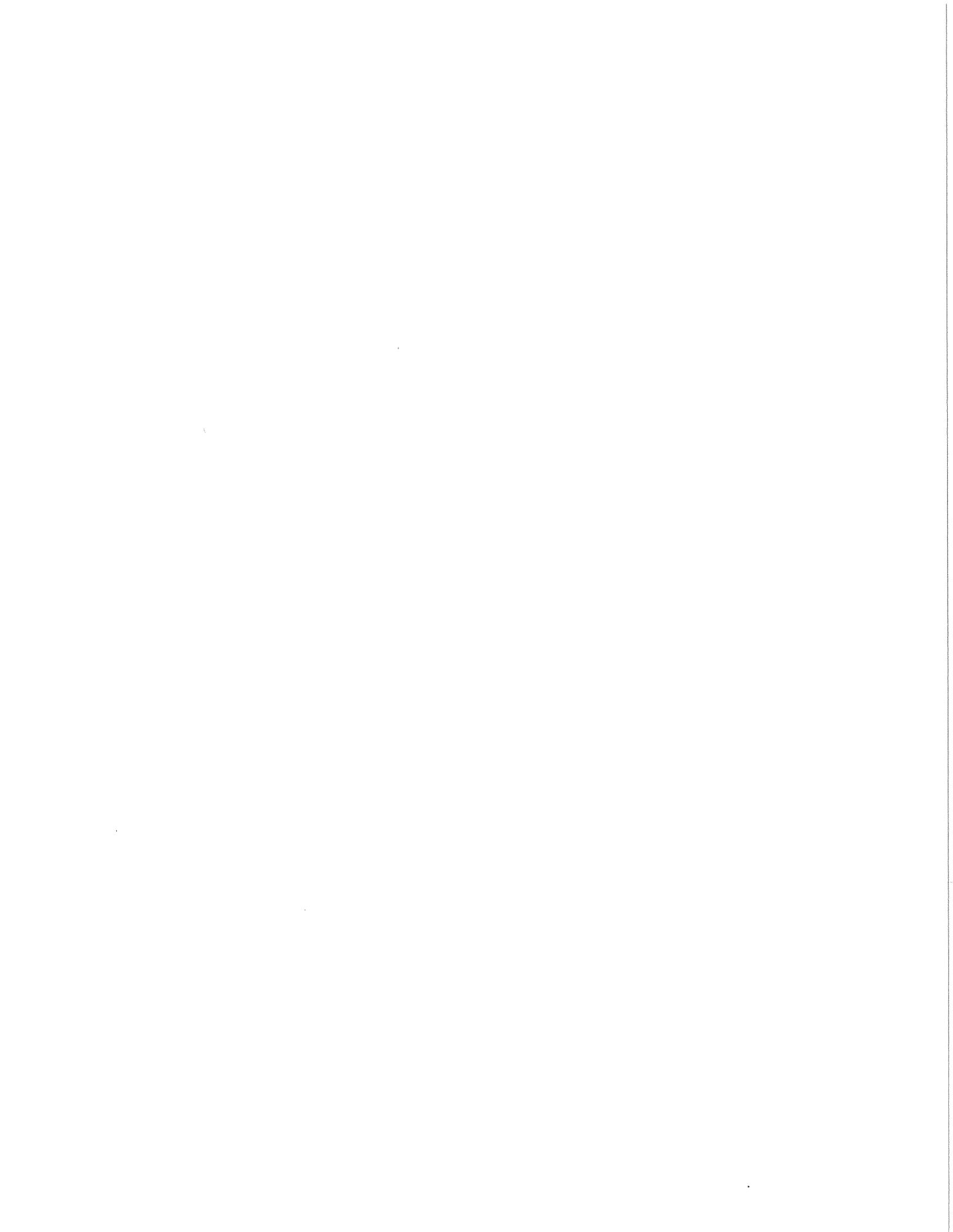
Harry Cipriano

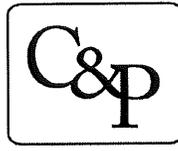
Department Heads

Community Development Director	Michael Jenkins, Acting
Finance Director	Vacant
Human Resources Director	David Smith
Library Director	Gerard Laurito
Marshal	David Smith
Public Works Director	Ronald Long
Town Clerk	Deborah Barber

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FINANCIAL SECTION





COLBY &
POWELL, PLC

CERTIFIED PUBLIC ACCOUNTANTS

1535 W. Harvard Avenue, Suite 101 · Gilbert, Arizona 85233

Tel: (480) 635-3200 · Fax: (480) 635-3201

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Camp Verde, Arizona as of and for the year ended June 30, 2010, 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, 2010, 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.

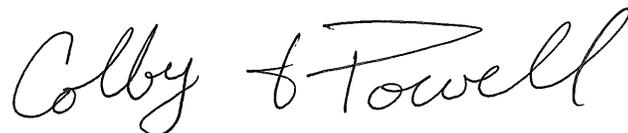
In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2 and any other dedicated state transportation revenues received by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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2010, 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 presented in pages 45 through 48 and pages 58 through 65 respectively, along with the schedule of agent retirement plans' funding progress on page 49, and schedule of employer contributions marshal's retirement and health insurance plan on page 50 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor 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 statements 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 as a whole.

The introductory and statistical information listed in the accompanying table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Colby & Towell". The signature is written in black ink and is positioned above the date.

December 6, 2010

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. Please read it in conjunction with the Town's basic financial statements, which begin on page 19.

FINANCIAL HIGHLIGHTS

The financial statements which follow the Management's Discussion and Analysis provide those significant key financial highlights for 2010 as follows:

- The Town's total net assets of governmental activities increased by \$253,186 to \$13.4 million, representing an increase of approximately 2 percent from fiscal year 2008-09.
- General revenues from governmental activities accounted for \$5.0 million in revenue, or 72 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1.9 million or 28 percent of total governmental activities revenues.
- The Town had \$6.7 million in expenses related to governmental activities; of which \$1.9 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$5.0 million were adequate to provide for the remaining costs of 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 forfeits, and intergovernmental revenues. The total expenditures of the General Fund were \$5.5 million and had a net total of \$444,972 in transfers out to other funds. The General Fund's fund balance decreased by \$272,518 to \$3.3 million. The HURF Fund had revenues of \$827,536, which consisted primarily of intergovernmental revenues, and expenditures of \$509,633. The fund balance of the HURF Fund increased by \$317,903 from the prior year due primarily to reduced spending during the year. The fund balance of the Parks Fund decreased by \$12,228 as a result of no revenues collected during the year. The fund balance of the Housing Grant Fund increased by \$19,366 due primarily to the reduction of expenditures.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$13.4 million as of June 30, 2010.

The largest portion of the Town's net assets (59 percent) reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, portions of the Town's net assets are restricted for the specified purposes of debt service repayment (1 percent), special programs (4 percent), redevelopment and housing (3 percent), highways and streets (7 percent). The remaining balance of unrestricted net assets (\$3.6 million, 27 percent) may be used to meet the Town's ongoing obligation to citizens.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

The following tables present a summary of the Town's net assets for the fiscal years ended June 30, 2010 and 2009.

	2010 Governmental Activities	2009 Governmental Activities, as restated
Current assets	\$ 6,035,423	\$ 5,880,132
Capital assets, net	9,911,461	9,964,116
Other non-current assets	<u>414,113</u>	<u>426,239</u>
Total assets	<u>16,360,997</u>	<u>16,270,487</u>
Current and other liabilities	1,054,553	1,137,240
Long-term liabilities	<u>1,877,837</u>	<u>1,957,826</u>
Total liabilities	<u>2,932,390</u>	<u>3,095,066</u>
Net assets:		
Invested in capital assets, net of related debt	7,963,191	7,953,980
Restricted	1,838,636	1,375,836
Unrestricted	<u>3,626,780</u>	<u>3,845,605</u>
Total net assets	<u>\$ 13,428,607</u>	<u>\$ 13,175,421</u>

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

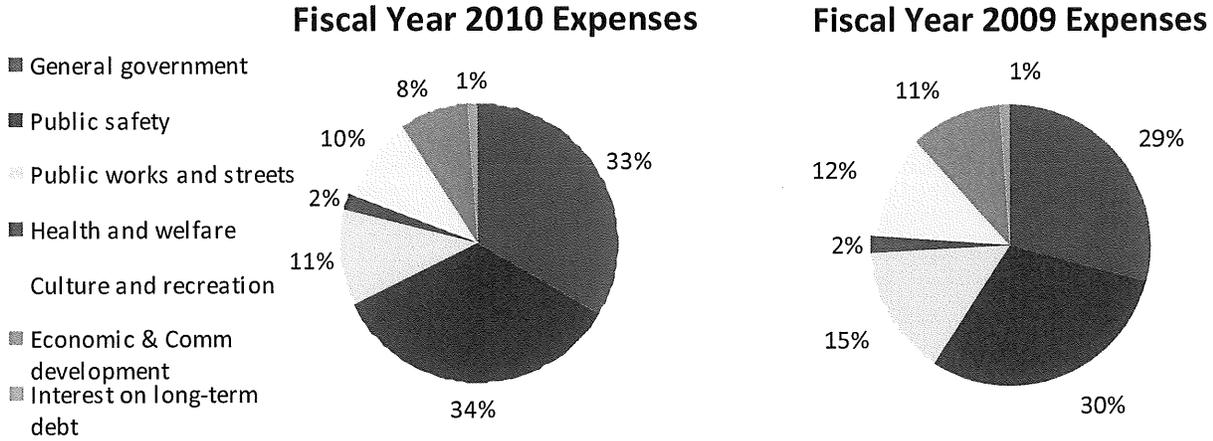
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Changes in net assets. The Town's total revenues for the fiscal year ended June 30, 2010, were \$6.9 million. The total cost of all programs and services was \$6.7 million. The following table presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and 2009.

	2010 Governmental Activities	2009 Governmental Activities, as restated
Revenues		
Program revenues:		
Charges for services	\$ 644,668	\$ 777,707
Operating grants and contributions	1,297,444	1,585,120
Capital grants and contributions	6,491	32,815
General revenues:		
Town sales taxes	1,961,610	2,163,948
Franchise taxes	239,946	238,072
State shared revenue	2,755,897	3,091,906
Investment earnings	19,964	3,614
Miscellaneous	23,954	239,099
Total revenues	6,949,974	8,132,281
Expenses		
General government	2,242,817	2,306,812
Public safety	2,250,649	2,439,899
Public works and streets	765,392	1,197,351
Health and welfare	107,603	145,237
Culture and recreation	695,151	995,711
Economic and community development	551,747	845,225
Interest on long-term debt	83,429	86,544
Total expenses	6,696,788	8,016,779
Increase in net assets	253,186	115,502
Net assets, beginning	13,175,421	13,059,919
Net assets, ending	13,428,607	13,175,421

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010		Year Ended June 30, 2009, as restated	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental activities				
General government	\$ 2,242,817	\$(1,933,323)	\$ 2,306,812	\$(1,972,061)
Public safety	2,250,649	(1,952,587)	2,439,899	(2,229,560)
Public works and streets	765,392	132,368	1,197,351	(249,926)
Health and welfare	107,603	(107,603)	145,237	(145,237)
Culture and recreation	695,151	(363,692)	995,711	(684,978)
Economic and community development	551,747	(439,919)	845,225	(252,831)
Interest on long-term debt	83,429	(83,429)	86,544	(86,544)
Total	\$ 6,696,788	\$(4,748,185)	\$ 8,016,779	\$(5,621,137)

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

- The cost of all governmental activities this year was \$6.7 million.
- Federal, state, and county governments and charges for services subsidized certain governmental programs with grants and contributions and other local revenues of \$1.9 million.
- The net cost of governmental activities of \$4.7 million was financed by general revenues, which are made up of primarily taxes and state shared revenue.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The financial performance of the Town as a whole is reflected in its governmental funds. As the Town completed the year, its governmental funds reported combined ending fund balances of \$5.5 million, an increase of \$203,488. Approximately 68 percent of this total amount (\$3.7 million) constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to special programs (\$479,720), debt service (\$92,000), long term receivables (\$632,000), compensated absences (\$350,524), sick leave (\$14,362), and capital improvements (\$185,200).

The General Fund is the principal operating fund of the Town. At the end of the current fiscal year, the total fund balance of the General Fund was \$3.3 million. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to fund expenditures. Fund balance represents 61 percent of total General Fund expenditures.

The fund balance of the Town's General Fund decreased by \$272,518 during the fiscal year. The HURF Fund showed an increase in fund balance of \$317,903 as of June 30, 2010 due primarily to reduced spending during the year. The fund balance of the Parks Fund decreased by \$12,228 as a result of no revenues collected during the year. The fund balance of the Housing Grant Fund increased by \$19,366 due primarily to the reduction of expenditures.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

BUDGETARY HIGHLIGHTS

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

- Intergovernmental revenues in the General Fund were \$393,421 less than budgeted due to the slowing economy and lower reimbursements from Yavapai County because expenditures on the flood control project were less than anticipated.
- General Fund expenditures were less than budgeted by \$768,531. This was the result of conservative spending efforts to minimize the impact of forecasted future revenue shortfalls as well as reduction of Yavapai County flood control project expenditures.
- General Fund original and final budgets only varied in budgeted expenditures and transfers in/out. Total budgeted expenditures were reduced by \$10,000 for reduction in the Marshal's Department expected overtime. Transfers in/out were both reduced by \$200,000. Both were to/from the Parks Fund and therefore had a net effect of \$0.
- HURF Fund expenditures were less than budgeted by \$650,168. This was primarily the result of the cancellation of a large portion of budgeted street maintenance projects.

CAPITAL ASSETS

As of June 30, 2010, the Town had invested \$9.9 million in capital assets including land, buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$333,227.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2010 and 2009.

	As of June 30, 2010	As of June 30, 2009, as restated
Land	\$ 4,409,541	\$ 4,409,541
Construction in progress	218,634	199,490
Infrastructure	1,720,671	1,598,050
Buildings and improvements	3,505,380	3,505,380
Improvements other than buildings	840,150	840,150
Machinery and equipment	1,876,232	1,737,425
Accumulated depreciation	<u>(2,659,147)</u>	<u>(2,325,920)</u>
 Total	 <u>\$ 9,911,461</u>	 <u>\$ 9,964,116</u>

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

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

- Continued construction on the Finnie Flat sidewalk enhancement, Cliffs Parkway drainage project, and architectural designs for Rio Verde Plaza improvements.

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

DEBT ADMINISTRATION

At year end, the Town had \$2.3 million in governmental long-term debt outstanding with \$420,956 due within one year. The following table presents a summary of the Town's outstanding long-term debt for the fiscal year ended June 30, 2010 and 2009.

	<u>As of June 30, 2010</u>	<u>As of June 30, 2009</u>
Compensated absences payable	\$ 350,524	\$ 391,517
Capital leases payable	68,502	39,592
Revenue bonds payable	1,765,000	1,845,000
Revenue bonds premium	101,129	108,310
Note payable	<u>13,638</u>	<u>17,234</u>
 Total	 <u>\$ 2,298,793</u>	 <u>\$ 2,401,653</u>

Additional information on the Town's long-term debt can be found in Notes 7 - 10 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 94 percent of the Town's general purpose revenues. With the decline of the State's economy as well as the performance of the local economy, the Town of Camp Verde has seen a continued decline in the revenues received to fund its service delivery system. In anticipation of continued economic struggle, the budget for the 2010-2011 fiscal year projects a combined decline in Town sales tax and shared revenues from the State over actual amounts collected in the 2009-2010 fiscal year of approximately 9.0 percent.

Since 2007 when the economy began its decline, the Town of Camp Verde has held a hiring freeze. Through this hiring freeze, twenty-two (22) positions have been vacated to date. The reduction in personnel costs through attrition, combined with other expenditure reductions, has enabled the Town to maintain expenditures within the projected revenues without the need for furloughs or other staff-related reductions.

Management believes that the conservative approach taken in the past few years has led to the success of the Town of Camp Verde in maintaining its service delivery system in a way that necessitates the use of only a moderate amount of the financial resources of the Town.

**TOWN OF CAMP VERDE, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR ENDED JUNE 30, 2010**

On October 30, 2009, the Town of Camp Verde was notified that funding from the Urban Revenue Sharing program with the State of Arizona would experience a reduction totaling \$340,783 in the 2010-2011 fiscal year. This equates to a 24.6 percent reduction in funding from this particular revenue source from the 2009-2010 fiscal year. For the 2011-2012 fiscal year, the Town has been notified that an estimated 8.0 percent in additional reductions in the Urban Revenue Sharing program will be experienced. In addition, the Town's sales tax and State shared revenues continue to decline. The challenges face by the Town of Camp Verde in continuing to provide the service delivery system that its citizens desire while experiencing large declines in funding are substantial. The Town Council included a proposed one percent (1%) Town Sales Tax on the November 2010 ballot to try to mitigate the shortfalls that have been and are expected to be experienced. This initiative was defeated by voters with a three (3) to one (1) margin. At this point, it is anticipated that capital projects will be postponed, and additional program cuts will be made including possible department closures. Staffing cuts and wage and/or hour reductions are also options that must be examined in order to operate under a balanced budget without depleting the Town's financial resources.

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 5,151,387
Accounts receivable (net)	392,986
Due from other governments	439,792
Prepaid items	51,258
Total current assets	6,035,423
Non-current assets:	
Investments held by trustee - restricted	127,000
Loans receivable	265,428
Capital assets, not being depreciated	4,628,175
Capital assets, being depreciated, net	5,283,286
Deferred bond issuance costs	21,685
Total non-current assets	10,325,574
Total assets	16,360,997
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	183,689
Accrued payroll and employee benefits	39,008
Due to other governments	100
Accrued interest	35,000
Court bonds payable	5,648
Deferred revenue	287,607
Unearned revenue	82,545
Current portion of long-term obligations	420,956
Total current liabilities	1,054,553
Non-current liabilities:	
Non-current portion of long-term obligations	1,877,837
Total non-current liabilities	1,877,837
Total liabilities	2,932,390
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	7,963,191
Restricted for:	
Debt service	92,000
Special programs	479,720
Redevelopment and housing	342,594
Highways and streets	924,322
Unrestricted	3,626,780
Total net assets	\$ 13,428,607

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

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,242,817	\$ 303,797	\$ 5,697	\$ -	\$ (1,933,323)
Public safety	2,250,649	91,651	206,411	-	(1,952,587)
Public works and streets	765,392	55,132	842,628	-	132,368
Health and welfare	107,603	-	-	-	(107,603)
Culture and recreation	695,151	88,751	242,708	-	(363,692)
Economic and community development	551,747	105,337	-	6,491	(439,919)
Interest on long-term debt	83,429	-	-	-	(83,429)
Total governmental activities	6,696,788	644,668	1,297,444	6,491	(4,748,185)
General revenues:					
Taxes:					
					1,961,610
					239,946
					2,755,897
					19,964
					23,954
					<u>5,001,371</u>
					253,186
					<u>13,175,421</u>
					<u>\$ 13,428,607</u>

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

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FUND FINANCIAL STATEMENTS

**TOWN OF CAMP VERDE, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General Fund	HURF Fund
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,451,497	\$ 861,768
Investments held by trustee - restricted	-	-
Accounts receivable (net)	334,807	-
Due from other governments (net)	340,601	72,776
Prepaid items	51,258	-
Due from other funds	24,105	-
Advances to other funds	632,000	-
Loans receivable	-	-
	Total assets	Total assets
	\$ 3,834,268	\$ 934,544
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 155,370	\$ 7,733
Accrued payroll and employee benefits	35,765	2,489
Due to other governments	100	-
Accrued interest	-	-
Court bonds payable	5,648	-
Deferred revenue	287,607	-
Due to other funds	-	-
Advances from other funds	-	-
	Total liabilities	Total liabilities
	484,490	10,222
Fund balances (deficits):		
Reserved for special programs	-	-
Reserved for debt service	-	-
Unreserved:		
Undesignated	2,352,892	924,322
Undesignated reported in:		
Capital improvements funds	-	-
Special revenue funds	-	-
Designated for long-term receivables from other funds	632,000	-
Designated for compensated absences	350,524	-
Designated for sick leave bank	14,362	-
Designated for capital improvements, non-major capital projects fund	-	-
	Total fund balances	Total fund balances
	3,349,778	924,322
	Total liabilities and fund balances	Total liabilities and fund balances
	\$ 3,834,268	\$ 934,544

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

<u>Parks Fund</u>	<u>Housing Grant Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 292,839	\$ 77,166	\$ 1,468,117	\$ 5,151,387
-	-	127,000	127,000
-	-	58,179	392,986
-	-	26,415	439,792
-	-	-	51,258
-	-	-	24,105
-	-	-	632,000
-	265,428	-	265,428
<u>\$ 292,839</u>	<u>\$ 342,594</u>	<u>\$ 1,679,711</u>	<u>\$ 7,083,956</u>
\$ -	\$ -	\$ 20,586	\$ 183,689
-	-	754	39,008
-	-	-	100
-	-	35,000	35,000
-	-	-	5,648
-	265,428	130,958	683,993
-	-	24,105	24,105
632,000	-	-	632,000
<u>632,000</u>	<u>265,428</u>	<u>211,403</u>	<u>1,603,543</u>
-	-	479,720	479,720
-	-	92,000	92,000
(339,161)	77,166	-	3,015,219
-	-	417,014	417,014
-	-	294,374	294,374
-	-	-	632,000
-	-	-	350,524
-	-	-	14,362
-	-	185,200	185,200
<u>(339,161)</u>	<u>77,166</u>	<u>1,468,308</u>	<u>5,480,413</u>
<u>\$ 292,839</u>	<u>\$ 342,594</u>	<u>\$ 1,679,711</u>	<u>\$ 7,083,956</u>

**TOWN OF CAMP VERDE, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Total governmental fund balances \$ 5,480,413

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

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

Governmental capital assets	\$ 12,570,608	
Less accumulated depreciation	<u>(2,659,147)</u>	9,911,461

Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		313,841
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		21,685
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(350,524)	
Capital leases payable	(68,502)	
Revenue bonds payable	(1,765,000)	
Revenue bonds premium	(101,129)	
Note payable	<u>(13,638)</u>	<u>(2,298,793)</u>

Net assets of governmental activities \$ 13,428,607

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

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TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	HURF Fund
Revenues:		
Taxes	\$ 2,201,557	\$ -
Licenses and permits	106,006	-
Fines and forfeits	270,540	-
Intergovernmental	2,961,412	827,165
Charges for services	72,992	-
Investment earnings	13,327	36
Rents and royalties	5,048	-
Contributions and donations	7,742	-
Other	9,142	335
	5,647,766	827,536
Expenditures:		
Current -		
General government	2,051,177	-
Public safety	2,075,913	-
Public works and streets	164,160	440,776
Health and welfare	12,500	-
Culture and recreation	633,083	-
Economic and community development	466,527	-
Capital outlay	59,105	67,430
Debt service -		
Principal retirement	10,644	1,244
Interest and fiscal charges	2,203	183
	5,475,312	509,633
Excess (deficiency) of revenues over (under) expenditures	172,454	317,903
Other financing sources (uses):		
Capital lease agreement	-	-
Transfers in	24,437	-
Transfers out	(469,409)	-
	(444,972)	-
Changes in fund balances	(272,518)	317,903
Fund balances (deficits), beginning of year	3,622,296	606,419
Fund balances (deficits), end of year	\$ 3,349,778	\$ 924,322

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

Parks Fund	Housing Grant Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 2,201,557
-	-	-	106,006
-	-	26,518	297,058
-	-	370,042	4,158,619
-	-	37,900	110,892
-	5,149	1,452	19,964
-	-	-	5,048
-	-	18,267	26,009
-	14,307	-	23,784
-	19,456	454,179	6,948,937
-	90	30,482	2,081,749
-	-	207,735	2,283,648
-	-	20,646	625,582
-	-	95,103	107,603
-	-	4,047	637,130
-	-	2,976	469,503
6,830	-	263,113	396,478
-	-	105,582	117,470
-	-	86,684	89,070
6,830	90	816,368	6,808,233
(6,830)	19,366	(362,189)	140,704
-	-	62,784	62,784
-	-	474,807	499,244
(5,398)	-	(24,437)	(499,244)
(5,398)	-	513,154	62,784
(12,228)	19,366	150,965	203,488
(326,933)	57,800	1,317,343	5,276,925
\$ (339,161)	\$ 77,166	\$ 1,468,308	\$ 5,480,413

**TOWN OF CAMP VERDE, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2010**

Net changes in fund balances - total governmental funds \$ 203,488

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

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

Expenditures for capitalized assets	\$ 280,572	
Less current year depreciation	<u>(333,227)</u>	(52,655)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues	1,032
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The issuance of long-term debt (e.g., bonds, leases, loans, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

60,328

Compensated absences expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>40,993</u>
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Change in net assets in governmental activities \$ 253,186

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

FIDUCIARY FUND FINANCIAL STATEMENTS

**TOWN OF CAMP VERDE, ARIZONA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2010**

	<u>Agency</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 5,752</u>
Total assets	<u><u>\$ 5,752</u></u>
<u>LIABILITIES</u>	
Deposits held for others	<u>\$ 5,752</u>
Total liabilities	<u><u>\$ 5,752</u></u>

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

Additionally, the Town reports the following fund type:

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

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

D. Cash, Cash Equivalents, and Investments

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

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

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

E. Receivables and Payables

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

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

TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Restricted Assets

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

G. Prepaid Items

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

H. Capital Assets

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

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

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

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

I. Compensated Absences

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

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

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, 2010**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences (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.

J. Long-Term Obligations

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

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

K. Fund Equity

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

L. Interfund Activity

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

M. Estimates

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

N. Budgets

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Impairment of Long-Lived Assets

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

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe that there were any long-lived asset impairments for the year ended June 30, 2010.

NOTE 2- CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that, in the event of bank failure, the Town’s deposits may not be returned to the Town. During the year, the Town adopted a policy for custodial credit risk. At June 30, 2010, the carrying amount of the Town deposits was \$191,199, and the bank balance was \$259,389. At June 30, 2010, the Town’s deposits were entirely covered by Federal depository insurance.

The Town’s investments at June 30, 2010, were as follows:

	Fair Value
Money market mutual fund	\$ 127,000
State Treasurer's investment pool	4,917,222
Total	\$ 5,044,222

All investments mature in less than one year.

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

Credit Risk. The Town’s investment policy limits investment choices based on allowable investments in state statutes. As of June 30, 2010, the Town’s investment in the State Treasurer’s investment pool and a money market investment held by a trust for debt service had Standard and Poor’s Rating Services assign the highest rating for credit quality of AAA.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the counterparty’s failure, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the Town’s portion is not identified with specific investments and is not subject to custodial credit risk.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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

Concentration of Credit Risk. The Town limits the investment in debt issued by a single entity to 5%. As of June 30, 2010 the Town's investments include 3 percent invested in money market funds and 97 percent invested in the State Treasurer's investment pool.

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

Cash, deposits and investments:	
Cash on hand	\$ 48,718
Amount of deposits	191,199
Amount of investments	<u>5,044,222</u>
Total	<u>\$ 5,284,139</u>

	Governmental Activities	Agency Funds	Total
Statement of Net Assets:			
Cash and cash equivalents	\$ 5,151,387	\$ 5,752	\$ 5,157,139
Investments held by trustee - restricted	<u>127,000</u>	<u>-</u>	<u>127,000</u>
	<u>\$ 5,278,387</u>	<u>\$ 5,752</u>	<u>\$ 5,284,139</u>

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

The Town's position in the LGIP at June 30, 2010, is stated at cost which approximates fair value.

NOTE 3 - ACCOUNTS RECEIVABLE

As of June 30, 2010, the Town's receivables for individual major governmental funds and non-major governmental funds in the aggregate, consisted of \$574,184 in municipal court fines and \$93,802 in other miscellaneous receivables. In anticipation of uncollectible amounts, the Town has an allowance for doubtful accounts of \$275,000.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 3 - ACCOUNTS RECEIVABLE (CONTINUED)

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 \$268,177, loans receivable of \$265,428, other receivables of \$67,843 and unexpended grant funds of \$82,545.

NOTE 4 - DUE FROM GOVERNMENTAL ENTITIES

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

	General Fund	HURF Fund	Non-Major Governmental Funds	Total
Due from governmental entities:				
Due from Federal government	\$ 1,580	\$ -	\$ 88	\$ 1,668
Due from State government	269,021	72,776	7,959	349,756
Due from other Towns/Cities	256,000	-	18,368	274,368
Allowance for doubtful accounts	<u>(186,000)</u>	<u>-</u>	<u>-</u>	<u>(186,000)</u>
Due from governmental entities	<u>\$ 340,601</u>	<u>\$ 72,776</u>	<u>\$ 26,415</u>	<u>\$ 439,792</u>

NOTE 5- LOANS RECEIVABLE

The Town has outstanding loans due from homeowners. The loans were originally issued to homeowners within the Town to assist in redevelopment and housing. The loans were funded by a Community Development Block Grant, and any income from the loan is considered program income of the grant. The governmental funds report deferred revenue in connection with the receivables for revenues that are not considered to be available to liquidate liabilities of the current period. However, the government-wide financial statements recognized the revenue when the receivable was recognized. Therefore, the deferred revenue represents a reconciling item between the government-wide and fund financial statements. At June 30, 2010, \$265,428 of the deferred loan receivable recorded in the Housing Grant Fund represents funds that were unavailable.

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6- CAPITAL ASSETS

A summary of capital asset activity for the fiscal year ended June 30, 2010 follows:

<u>Governmental Activities</u>	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$4,409,541	\$ -	\$ -	\$ 4,409,541
Construction in progress	<u>199,490</u>	<u>108,282</u>	<u>89,138</u>	<u>218,634</u>
Total capital assets, not being depreciated	<u>4,609,031</u>	<u>108,282</u>	<u>89,138</u>	<u>4,628,175</u>
Capital assets, being depreciated:				
Infrastructure	1,598,050	122,621	-	1,720,671
Buildings and improvements	3,505,380	-	-	3,505,380
Improvements other than buildings	840,150	-	-	840,150
Machinery and equipment	<u>1,737,425</u>	<u>138,807</u>	<u>-</u>	<u>1,876,232</u>
Total capital assets, being depreciated	<u>7,681,005</u>	<u>261,428</u>	<u>-</u>	<u>7,942,433</u>
Less accumulated depreciation for:				
Infrastructure	(291,698)	(84,359)	-	(376,057)
Buildings and improvements	(541,366)	(74,205)	-	(615,571)
Improvements other than buildings	(263,660)	(27,826)	-	(291,486)
Machinery and equipment	<u>(1,229,196)</u>	<u>(146,837)</u>	<u>-</u>	<u>(1,376,033)</u>
Total accumulated depreciation	<u>(2,325,920)</u>	<u>(333,227)</u>	<u>-</u>	<u>(2,659,147)</u>
Total capital assets, being depreciated, net	<u>5,355,085</u>	<u>(71,799)</u>	<u>-</u>	<u>5,283,286</u>
Governmental activities capital assets, net	<u>\$9,964,116</u>	<u>\$ 36,483</u>	<u>\$ 89,138</u>	<u>\$ 9,911,461</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 42,383
Public safety	111,905
Public works and streets	119,621
Culture and recreation	55,920
Economic and community development	<u>3,398</u>
Total depreciation expense	<u>\$ 333,227</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7- OBLIGATIONS UNDER CAPITAL LEASES

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Machinery and equipment	\$ 95,203
Less: accumulated depreciation	37,550
Carrying Value	\$ 57,653

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

		Governmental Activities
Year Ending June 30:		
	2011	\$ 36,487
	2012	31,269
	2013	4,422
	2014	2,098
Total minimum lease payments		74,276
Less: amount representing interest		5,774
Present value of minimum lease payments		\$ 68,502
Due within one year		\$ 32,863

NOTE 8- NOTE PAYABLE

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

	Principal	Interest
Year ending June 30:		
	2011	\$ 1,185
	2012	769
	2013	309
	2014	4
Total	\$ 13,638	\$ 2,267

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 9- REVENUE BONDS PAYABLE

Revenue bonds payable at June 30, 2010 consisted of the outstanding revenue bonds presented below. The bonds are generally callable with interest payable semiannually.

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

Description	Interest Rate	Maturity	Outstanding Principal June 30, 2010
Governmental activities:			
Greater Arizona Development Authority (GADA) Infrastructure Series 2005 Revenue Bonds			
	2.75-5.00%	8/1/2008-24	\$ 1,765,000

Revenue bond debt service requirements to maturity are as follows:

Year ending June 30:	Principal	Interest
2011	\$ 85,000	\$ 82,725
2012	85,000	79,325
2013	90,000	74,950
2014	95,000	70,325
2015	100,000	65,450
2016-20	575,000	245,375
2021-25	735,000	89,050
Total	<u>\$ 1,765,000</u>	<u>\$ 707,200</u>

NOTE 10- CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 358,809	\$ 269,902	\$ 306,453	\$ 322,258	\$ 268,397
Estimated taxes related to compensated absences	32,708	20,612	25,054	28,266	23,542
Capital leases payable	39,592	62,784	33,874	68,502	32,863
Revenue bonds payable	1,845,000	-	80,000	1,765,000	85,000
Revenue bonds premium	108,310	-	7,181	101,129	7,181
Note payable	17,234	-	3,596	13,638	3,973
Governmental activities long-term liabilities	<u>\$ 2,401,653</u>	<u>\$ 353,298</u>	<u>\$ 456,158</u>	<u>\$ 2,298,793</u>	<u>\$ 420,956</u>

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 11- OPERATING LEASE

The Town leases an animal control facility under the provisions of a long-term lease agreement classified as an operating lease for accounting purposes. Rental expenditures under the terms of the operating lease totaled \$18,726 for the fiscal year ended June 30, 2010.

The future minimum lease payments are as follows:

	Amount
Year ending June 30:	
2011	\$ 18,270
2012	4,590
Total	\$ 22,860

NOTE 12- 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 \$3.1 million with annual requirements averaging at \$133,736. Sales taxes and state shared revenues, from which the appropriations will be made, have averaged \$4.8 million per year over the last seven years. For the current year, principal and interest paid by the Sanitary District and the total sales tax revenue and state shared revenues recognized by the Town were \$95,103 and \$4.7 million, respectively.

NOTE 13- INTERFUND BALANCES AND ACTIVITY

At June 30, 2010, interfund balances and activity were as follows:

Advances to/from other funds:

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

During March 2008, the Town Council approved an agreement to loan \$832,000 to the Parks Fund from General Fund monies. According to the agreement, quarterly payments of \$50,000 are to be made until the full amount borrowed has been repaid. However, no payments were made during FY2010.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 13- INTERFUND BALANCES AND ACTIVITY (CONTINUED)

Due to/from other funds:

Fund	Due from other funds	Due to other funds
General	\$ 24,105	\$ -
Non-Major Governmental	-	24,105
Total	<u>\$ 24,105</u>	<u>\$ 24,105</u>

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

Interfund transfers:

Fund	Transfers In	Transfers Out
General	\$ 24,437	\$ 469,409
Parks	-	5,398
Non-Major Governmental	474,807	24,437
Total	<u>\$ 499,244</u>	<u>\$ 499,244</u>

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

NOTE 14- 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 15- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Individual Deficit Fund Balances/Net Assets – At June 30, 2010, the Parks Fund reported a deficit in fund balance of \$339,161. The deficit arose because of operations in prior years. Additional revenues received in future fiscal years are expected to eliminate the deficit.

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16- RISK MANAGEMENT

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

The limit for basic coverage is for \$1,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$5,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years.

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

NOTE 17- RETIREMENT PLANS

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

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

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 17- 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.

ASRS

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

PSPRS

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

Individual actuarial reports for the Town of Camp Verde for the fiscal year ended June 30, 2010 for both of these plans were unavailable as of the date of this report. Therefore, reporting is provided for fiscal year 2009.

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

Cost-sharing plan – For the year ended June 30, 2010, active ASRS members were required by statute to contribute at the actuarially determined rate of 9.40 percent (9.0 percent for retirement and 0.4 percent long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 9.4 percent (9.0 percent for retirement and health insurance premium, and 0.40 percent for long-term disability) of the members' annual covered payroll. There were 55 participants in the ASRS as of June 30, 2009.

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

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

Agent plan – For the year ended June 30, 2010, active PSPRS members were required by statute to contribute 7.65 percent of the members' annual covered payroll to the Plan, and the Town was required to contribute at the actuarially determined rate of 13.96 percent. There were 16 participants in the PSPRS as of June 30, 2010.

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 17- RETIREMENT PLANS (CONTINUED)

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

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

Camp Verde Marshals Plan (Retirement):

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

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

Camp Verde Marshals Plan (Retirement):

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

Camp Verde Marshals Plan (Health):

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 18- CONSTRUCTION COMMITMENTS

As of June 30, 2010, the Town was involved in three construction projects. The outstanding commitments for these construction projects were \$998,006.

NOTE 19- PRIOR PERIOD ADJUSTMENTS

An adjustment was made to the government-wide net assets to correct errors found in the prior year relating to assets not properly capitalized and depreciated totaling \$22,732.

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REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 2,420,500	\$ 2,420,500	\$ 2,201,557	\$ (218,943)
Licenses and permits	121,975	121,975	106,006	(15,969)
Fines and forfeits	282,335	282,335	270,540	(11,795)
Intergovernmental	3,354,833	3,354,833	2,961,412	(393,421)
Charges for services	108,708	108,708	72,992	(35,716)
Investment earnings	40,000	40,000	13,327	(26,673)
Rents and royalties	3,000	3,000	5,048	2,048
Contributions and donations	17,050	17,050	7,742	(9,308)
Other	16,000	16,000	9,142	(6,858)
Total revenues	<u>6,364,401</u>	<u>6,364,401</u>	<u>5,647,766</u>	<u>(716,635)</u>
Expenditures:				
Mayor and council	25,864	28,708	31,500	(2,792)
Magistrate	391,823	374,504	360,726	13,778
Town manager	181,061	181,061	174,450	6,611
Town attorney	72,089	139,716	146,350	(6,634)
Community Development	454,788	494,075	468,723	25,352
Finance	254,390	278,561	254,704	23,857
Human Resources	56,664	54,264	53,043	1,221
Library	335,165	333,605	338,130	(4,525)
Marshal	2,193,262	2,182,735	2,074,550	108,185
Public works	1,371,892	1,324,426	822,606	501,820
Town clerk	230,398	227,773	218,934	8,839
Non-departmental	686,474	624,415	531,596	92,819
Total expenditures	<u>6,253,870</u>	<u>6,243,843</u>	<u>5,475,312</u>	<u>768,531</u>
Excess (deficiency) of revenues over expenditures	<u>110,531</u>	<u>120,558</u>	<u>172,454</u>	<u>51,896</u>
Other financing sources (uses):				
Transfers in	224,437	24,437	24,437	-
Transfers out	(585,724)	(385,724)	(469,409)	(83,685)
Total other financing sources (uses)	<u>(361,287)</u>	<u>(361,287)</u>	<u>(444,972)</u>	<u>(83,685)</u>
Change in fund balances	<u>(250,756)</u>	<u>(240,729)</u>	<u>(272,518)</u>	<u>(31,789)</u>
Fund balances, July 1, 2009	<u>3,622,296</u>	<u>3,622,296</u>	<u>3,622,296</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 3,371,540</u>	<u>\$ 3,381,567</u>	<u>\$ 3,349,778</u>	<u>\$ (31,789)</u>

TOWN OF CAMP VERDE, ARIZONA
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HURF FUND
 FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 821,613	\$ 898,624	\$ 827,165	\$ (71,459)
Investment earnings	500	500	36	(464)
Other	3,000	3,000	335	(2,665)
Total revenues	<u>825,113</u>	<u>902,124</u>	<u>827,536</u>	<u>(74,588)</u>
Expenditures:				
Public Works	<u>1,159,801</u>	<u>1,159,801</u>	<u>509,633</u>	<u>650,168</u>
Total expenditures	<u>1,159,801</u>	<u>1,159,801</u>	<u>509,633</u>	<u>650,168</u>
Change in fund balances	(334,688)	(257,677)	317,903	575,580
Fund balances, July 1, 2009	<u>606,419</u>	<u>606,419</u>	<u>606,419</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 271,731</u>	<u>\$ 348,742</u>	<u>\$ 924,322</u>	<u>\$ 575,580</u>

TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PARKS FUND
FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Public Works	\$ 135,000	\$ 135,000	\$ 6,830	\$ 128,170
Total expenditures	<u>135,000</u>	<u>135,000</u>	<u>6,830</u>	<u>128,170</u>
Excess (deficiency) of revenues over expenditures	<u>(135,000)</u>	<u>(135,000)</u>	<u>(6,830)</u>	<u>128,170</u>
Other financing sources (uses):				
Transfers in	200,000	-	-	-
Transfers out	<u>(205,398)</u>	<u>(5,398)</u>	<u>(5,398)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,398)</u>	<u>(5,398)</u>	<u>(5,398)</u>	<u>-</u>
Change in fund balances	(140,398)	(140,398)	(12,228)	128,170
Fund balances (deficits), July 1, 2009	<u>(326,933)</u>	<u>(326,933)</u>	<u>(326,933)</u>	<u>-</u>
Fund balances (deficits), June 30, 2010	<u>\$ (467,331)</u>	<u>\$ (467,331)</u>	<u>\$ (339,161)</u>	<u>\$ 128,170</u>

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - HOUSING GRANT FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment earnings	\$ 900	\$ 900	\$ 5,149	\$ 4,249
Other	18,201	18,201	14,307	(3,894)
Total revenues	<u>19,101</u>	<u>19,101</u>	<u>19,456</u>	<u>355</u>
Expenditures:				
Community development	62,785	5	90	(85)
Total expenditures	<u>62,785</u>	<u>5</u>	<u>90</u>	<u>(85)</u>
Change in fund balances	(43,684)	19,096	19,366	270
Fund balances, July 1, 2009	<u>57,800</u>	<u>57,800</u>	<u>57,800</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 14,116</u>	<u>\$ 76,896</u>	<u>\$ 77,166</u>	<u>\$ 270</u>

**TOWN OF CAMP VERDE, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENT RETIREMENT AND HEALTH INSURANCE
PLAN'S FUNDING PROGRESS
JUNE 30, 2010**

Camp Verde Marshal's Plan (Retirement):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ([a-b]/c)
2003	\$ 1,422,828	\$ 1,294,744	\$ 128,084	109.9%	\$ 607,257	0.0%
2004	1,501,555	1,451,834	49,721	103.4%	618,541	0.0%
2005	1,620,472	1,667,035	(46,563)	97.2%	702,255	(6.6%)
2006	1,637,141	1,839,003	(201,862)	89.0%	739,848	(27.3%)
2007	1,747,570	2,478,480	(730,910)	70.5%	879,009	(83.2%)
2008	1,968,768	2,568,446	(599,678)	76.7%	932,555	(64.3%)
2009	2,221,063	2,668,918	(447,855)	83.2%	878,429	(51.0%)
2010	2,454,338	3,068,027	(613,689)	80.0%	838,437	(74.0%)

Camp Verde Marshal's Plan (Health Insurance):

Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funding (Liability) Excess (a-b)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent of Covered Payroll ([a-b]/c)
2006	-	\$ 52,291	\$ (52,291)	0.0%	739,848	(7.1%)
2007	-	94,638	(94,638)	0.0%	879,009	(10.8%)
2008	-	100,364	(100,364)	0.0%	932,555	(10.7%)
2009	-	96,466	(96,466)	0.0%	878,429	(11.0%)
2010	-	n/a	n/a	n/a	n/a	n/a

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

**TOWN OF CAMP VERDE, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 MARSHAL'S RETIREMENT AND HEALTH INSURANCE PLAN
 JUNE 30, 2010**

Camp Verde Marshal's Plan (Retirement):

<u>Calendar Year</u>	<u>Employer Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 39,661	\$ 39,661	100.0 %
2004	55,798	55,798	100.0 %
2005	52,876	52,876	100.0%
2006	65,511	65,511	100.0%
2007	72,328	72,328	100.0%
2008	86,484	86,484	100.0%
2009	141,785	141,785	100.0%
2010	n/a	n/a	n/a

Camp Verde Marshal's Plan (Health Insurance):

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

**TOWN OF CAMP VERDE, ARIZONA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

NOTE 1- BUDGETARY BASIS OF ACCOUNTING

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

For the fiscal year ended June 30, 2010, new financial policies were adopted by the Town, which included budget policies. The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, and has been presented accordingly.

NOTE 2 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

At June 30, 2010, the Town had expenditures in departments that exceeded the budget, which constituted a violation of the Town Code, but did not constitute a violation of any State of Arizona legal provisions.

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

TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET- ALL NON-MAJOR GOVERNMENTAL FUNDS
BY FUND TYPE
JUNE 30, 2010

	Special Revenue	Debt Service Fund	Capital Improvements Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 851,045	\$ -	\$ 617,072	\$ 1,468,117
Investments held by trustee - restricted	-	127,000	-	127,000
Accounts receivable (net)	58,179	-	-	58,179
Due from other governments	26,415	-	-	26,415
Total assets	\$ 935,639	\$ 127,000	\$ 617,072	\$ 1,679,711
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 5,728	\$ -	\$ 14,858	\$ 20,586
Accrued payroll and employee benefits	754	-	-	754
Accrued interest	-	35,000	-	35,000
Deferred revenue	130,958	-	-	130,958
Due to other funds	24,105	-	-	24,105
Total liabilities	161,545	35,000	14,858	211,403
Fund balances:				
Reserved for special programs	479,720	-	-	479,720
Reserved for debt service	-	92,000	-	92,000
Unreserved:				
Undesignated	294,374	-	417,014	711,388
Designated for capital improvements	-	-	185,200	185,200
Total fund balances	774,094	92,000	602,214	1,468,308
Total liabilities and fund balances	\$ 935,639	\$ 127,000	\$ 617,072	\$ 1,679,711

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ALL NON-MAJOR GOVERNMENTAL FUNDS- BY FUND TYPE
FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue	Debt Service Fund	Capital Improvements Fund	Total Non-Major Governmental Funds
Revenues:				
Fines and forfeitures	\$ 26,518	\$ -	\$ -	\$ 26,518
Intergovernmental	370,042	-	-	370,042
Charges for services	37,900	-	-	37,900
Investment earnings	1,435	17	-	1,452
Contributions and donations	18,267	-	-	18,267
Total revenues	454,162	17	-	454,179
Expenditures:				
Current -				
General government	30,482	-	-	30,482
Public safety	207,735	-	-	207,735
Public works and streets	20,646	-	-	20,646
Health and welfare	-	95,103	-	95,103
Culture and recreation	4,047	-	-	4,047
Economic and community development	2,976	-	-	2,976
Capital outlay	-	-	263,113	263,113
Debt service -				
Principal retirement	-	83,597	21,985	105,582
Interest and fiscal charges	-	86,684	-	86,684
Total expenditures	265,886	265,384	285,098	816,368
Excess (deficiency) of revenues over expenditures	188,276	(265,367)	(285,098)	(362,189)
Other financing sources (uses):				
Capital lease agreements	-	-	62,784	62,784
Transfers in	5,303	234,117	235,387	474,807
Transfers out	(24,437)	-	-	(24,437)
Total other financing sources (uses)	(19,134)	234,117	298,171	513,154
Change in fund balances	169,142	(31,250)	13,073	150,965
Fund balances, beginning of year	604,952	123,250	589,141	1,317,343
Fund balances, end of year	\$ 774,094	\$ 92,000	\$ 602,214	\$ 1,468,308

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NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

Library Endowment Fund- accounts for endowments to the library.

Impact Fee Fund- accounts for development impact fees.

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

TOWN OF CAMP VERDE, ARIZONA
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai- Apache Gaming Compact
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 64,904	\$ 87,045	\$ 179,309
Accounts receivable (net)	52,453	-	-
Due from other governments	887	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 118,244</u>	<u>\$ 87,045</u>	<u>\$ 179,309</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	276	4,500	-
Accrued payroll and employee benefits	-	-	-
Deferred revenue	48,413	82,545	-
Due to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>48,689</u>	<u>87,045</u>	<u>-</u>
Fund balances:			
Reserved for special programs	69,555	-	153,587
Unreserved:			
Undesignated	-	-	25,722
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>69,555</u>	<u>-</u>	<u>179,309</u>
Total liabilities and fund balances	<u>\$ 118,244</u>	<u>\$ 87,045</u>	<u>\$ 179,309</u>

Federal Grants Fund	9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Donations Fund	Totals
\$ -	\$ 2,829	\$ 237,543	\$ 262,615	\$ 16,800	\$ 851,045
-	-	3,099	2,627	-	58,179
24,947	581	-	-	-	26,415
<u>\$ 24,947</u>	<u>\$ 3,410</u>	<u>\$ 240,642</u>	<u>\$ 265,242</u>	<u>\$ 16,800</u>	<u>\$ 935,639</u>
88	-	-	-	864	5,728
754	-	-	-	-	754
-	-	-	-	-	130,958
24,105	-	-	-	-	24,105
<u>24,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>864</u>	<u>161,545</u>
-	-	240,642	-	15,936	479,720
-	3,410	-	265,242	-	294,374
-	3,410	240,642	265,242	15,936	774,094
<u>\$ 24,947</u>	<u>\$ 3,410</u>	<u>\$ 240,642</u>	<u>\$ 265,242</u>	<u>\$ 16,800</u>	<u>\$ 935,639</u>

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
ALL NON-MAJOR SPECIAL REVENUE FUNDS
FISCAL YEAR ENDED JUNE 30, 2010

	Court Special Revenue Fund	Nonfederal Grants Fund	Yavapai-Apache Gaming Compact Fund
Revenues:			
Fines and forfeitures	\$ 26,518	\$ -	\$ -
Intergovernmental	2,721	132,922	136,688
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Total revenues	<u>29,239</u>	<u>132,922</u>	<u>136,688</u>
Expenditures:			
Current -			
General government	23,991	-	-
Public safety	-	117,460	-
Public works and streets	-	20,646	-
Culture and recreation	-	-	-
Economic and community development	-	-	-
Total expenditures	<u>23,991</u>	<u>138,106</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>5,248</u>	<u>(5,184)</u>	<u>136,688</u>
Other financing sources (uses):			
Transfers in	-	5,184	-
Transfers out	-	-	(24,437)
Total other financing sources (uses)	<u>-</u>	<u>5,184</u>	<u>(24,437)</u>
Change in fund balances	5,248	-	112,251
Fund balances, beginning of year	<u>64,307</u>	<u>-</u>	<u>67,058</u>
Fund balances, end of year	<u>\$ 69,555</u>	<u>\$ -</u>	<u>\$ 179,309</u>

Federal Grants Fund	9-1-1 Fund	Library Endowment Fund	Impact Fee Fund	Donations Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,518
96,985	726	-	-	-	370,042
-	-	-	37,900	-	37,900
-	-	701	734	-	1,435
-	-	12,241	-	6,026	18,267
<u>96,985</u>	<u>726</u>	<u>12,942</u>	<u>38,634</u>	<u>6,026</u>	<u>454,162</u>
6,491	-	-	-	-	30,482
87,449	-	-	-	2,826	207,735
-	-	-	-	-	20,646
88	-	-	-	3,959	4,047
2,976	-	-	-	-	2,976
<u>97,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,785</u>	<u>265,886</u>
<u>(19)</u>	<u>726</u>	<u>12,942</u>	<u>38,634</u>	<u>(759)</u>	<u>188,276</u>
19	-	100	-	-	5,303
-	-	-	-	-	(24,437)
<u>19</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>(19,134)</u>
-	726	13,042	38,634	(759)	169,142
-	2,684	227,600	226,608	16,695	604,952
<u>\$ -</u>	<u>\$ 3,410</u>	<u>\$ 240,642</u>	<u>\$ 265,242</u>	<u>\$ 15,936</u>	<u>\$ 774,094</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, 2010

Court Special Revenue Fund

	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 17,250	\$ 26,518	\$ 9,268
Intergovernmental	4,100	2,721	(1,379)
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
Total revenues	<u>21,350</u>	<u>29,239</u>	<u>7,889</u>
Expenditures:			
Current -			
General government	24,023	23,991	32
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Economic and community development	-	-	-
Total expenditures	<u>24,023</u>	<u>23,991</u>	<u>32</u>
Excess (deficiency) of revenues over expenditures	<u>(2,673)</u>	<u>5,248</u>	<u>7,921</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	(2,673)	5,248	7,921
Fund balances, July 1, 2009	<u>64,307</u>	<u>64,307</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 61,634</u>	<u>\$ 69,555</u>	<u>\$ 7,921</u>

Nonfederal Grant Fund			Yavapai-Apache Gaming Compact Fund		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92,855	132,922	40,067	14,000	136,688	122,688
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
92,855	132,922	40,067	14,000	136,688	122,688
-	-	-	-	-	-
132,120	117,460	14,660	-	-	-
20,672	20,646	26	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
152,792	138,106	14,686	-	-	-
(59,937)	(5,184)	54,753	14,000	136,688	122,688
-	5,184	5,184	-	-	-
-	-	-	(24,437)	(24,437)	-
-	5,184	5,184	(24,437)	(24,437)	-
(59,937)	-	59,937	(10,437)	112,251	122,688
-	-	-	67,058	67,058	-
\$ (59,937)	\$ -	\$ 59,937	\$ 56,621	\$ 179,309	\$ 122,688

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, 2010
(Continued)

	Federal Grants Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeits	\$ -	\$ -	\$ -
Intergovernmental	149,839	96,985	(52,854)
Charges for services	-	-	-
Investment earnings	-	-	-
Contributions and donations	-	-	-
	Total revenues	149,839	96,985
			(52,854)
Expenditures:			
Current -			
General government	10,828	6,491	4,337
Public safety	87,354	87,449	(95)
Public works and streets	-	-	-
Culture and recreation	-	88	(88)
Economic and community development	94,127	2,976	91,151
	Total expenditures	192,309	97,004
			95,305
Excess (deficiency) of revenues over expenditures	(42,470)	(19)	42,451
Other financing sources (uses):			
Transfers in	-	19	19
Transfers out	-	-	-
	Total other financing sources (uses)	19	19
Change in fund balances	(42,470)	-	42,470
Fund balances, July 1, 2009	-	-	-
Fund balances, June 30, 2010	\$ (42,470)	\$ -	\$ 42,470

9-1-1 Fund		
Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -
500	726	226
-	-	-
-	-	-
-	-	-
500	726	226
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
500	726	226
-	-	-
-	-	-
-	-	-
500	726	226
2,684	2,684	-
\$ 3,184	\$ 3,410	\$ 226

Library Endowment Fund		
Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
1,200	701	(499)
12,000	12,241	241
13,200	12,942	(258)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
13,200	12,942	(258)
100	100	-
-	-	-
100	100	-
13,300	13,042	(258)
227,600	227,600	-
\$ 240,900	\$ 240,642	\$ (258)

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, 2010
(Continued)

	Impact Fee Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Fines and forfeits	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	25,025	37,900	12,875
Investment earnings	880	734	(146)
Contributions and donations	-	-	-
Total revenues	<u>25,905</u>	<u>38,634</u>	<u>12,729</u>
Expenditures:			
Current -			
General government	-	-	-
Public safety	-	-	-
Public works and streets	-	-	-
Culture and recreation	-	-	-
Economic and community development	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25,905</u>	<u>38,634</u>	<u>12,729</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balances	25,905	38,634	12,729
Fund balances, July 1, 2009	<u>226,608</u>	<u>226,608</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 252,513</u>	<u>\$ 265,242</u>	<u>\$ 12,729</u>

Donations Fund			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ -	\$ -	\$ -	\$ 17,250	\$ 26,518	\$ 9,268
-	-	-	261,294	370,042	108,748
-	-	-	25,025	37,900	12,875
-	-	-	2,080	1,435	(645)
5,500	6,026	526	17,500	18,267	767
5,500	6,026	526	323,149	454,162	131,013
-	-	-	34,851	30,482	4,369
14,341	2,826	11,515	233,815	207,735	26,080
-	-	-	20,672	20,646	26
8,677	3,959	4,718	8,677	4,047	4,630
-	-	-	94,127	2,976	91,151
23,018	6,785	16,233	392,142	265,886	126,256
(17,518)	(759)	16,759	(68,993)	188,276	257,269
-	-	-	100	5,303	5,203
-	-	-	(24,437)	(24,437)	-
-	-	-	(24,337)	(19,134)	5,203
(17,518)	(759)	16,759	(93,330)	169,142	262,472
16,695	16,695	-	604,952	604,952	-
\$ (823)	\$ 15,936	\$ 16,759	\$ 511,622	\$ 774,094	\$ 262,472

NON-MAJOR DEBT SERVICE FUNDS

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

**TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- NON-MAJOR DEBT SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2010**

	Debt Service Fund		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Investment earnings	\$ 400	\$ 17	\$ (383)
Total revenues	<u>400</u>	<u>17</u>	<u>(383)</u>
Expenditures:			
Current -			
Health and welfare	94,914	95,103	(189)
Debt Service -			
Principal retirement	90,398	83,597	6,801
Interest and fiscal charges	86,025	86,684	(659)
Total expenditures	<u>271,337</u>	<u>265,384</u>	<u>5,953</u>
Excess (deficiency) of revenues over expenditures	<u>(270,937)</u>	<u>(265,367)</u>	<u>5,570</u>
Other financing sources (uses):			
Transfers in	311,023	234,117	(76,906)
Total other financing sources (uses)	<u>311,023</u>	<u>234,117</u>	<u>(76,906)</u>
Change in fund balances	40,086	(31,250)	(71,336)
Fund balances, July 1, 2009	<u>123,250</u>	<u>123,250</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 163,336</u>	<u>\$ 92,000</u>	<u>\$ (71,336)</u>

NON-MAJOR CAPITAL PROJECTS FUNDS

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

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

TOWN OF CAMP VERDE, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- NON-MAJOR CAPITAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2010

	Capital Improvements Fund		
	Budget	Actual	Variance - Positive (Negative)
Expenditures:			
Capital outlay	\$ 567,548	\$ 263,113	\$ 304,435
Debt service - Principal retirement	-	21,985	(21,985)
Total expenditures	567,548	285,098	282,450
Excess (deficiency) of revenues over expenditures	(567,548)	(285,098)	282,450
Other financing sources (uses):			
Capital lease agreement	-	62,784	62,784
Transfers in	80,000	235,387	155,387
Total other financing sources (uses)	80,000	298,171	218,171
Change in fund balances	(487,548)	13,073	500,621
Fund balances, July 1, 2009	589,141	589,141	-
Fund balances, June 30, 2010	\$ 101,593	\$ 602,214	\$ 500,621

AGENCY FUNDS

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

Employee Christmas Party Fund- accounts for monies raised by employees to finance an annual Christmas Party. This fund was closed during FY2010.

Sanitary District Fund- accounts for monies held on behalf of the Sanitary District for payroll processing. This fund was closed during FY2010.

Special Olympics Fund- accounts for monies held on behalf of the Crocodile Swim Team. This fund was closed during FY2010.

TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
JUNE 30, 2010

	Employee Assistance Fund	Employee Christmas Party Fund	Sanitary District Fund	Special Olympics Fund	Totals
<u>ASSETS</u>					
Cash and cash equivalents	\$ 5,752	\$ -	\$ -	\$ -	\$ 5,752
Total assets	<u>\$ 5,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,752</u>
<u>LIABILITIES</u>					
Deposits held for others	\$ 5,752	\$ -	\$ -	\$ -	\$ 5,752
Total liabilities	<u>\$ 5,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,752</u>

**TOWN OF CAMP VERDE, ARIZONA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>EMPLOYEE ASSISTANCE FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 6,301	\$ 13,651	\$ 14,200	\$ 5,752
Total assets	<u>\$ 6,301</u>	<u>\$ 13,651</u>	<u>\$ 14,200</u>	<u>\$ 5,752</u>
<u>Liabilities</u>				
Deposits held for others	\$ 6,301	\$ 13,651	\$ 14,200	\$ 5,752
Total liabilities	<u>\$ 6,301</u>	<u>\$ 13,651</u>	<u>\$ 14,200</u>	<u>\$ 5,752</u>
<u>EMPLOYEE CHRISTMAS PARTY FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 88	\$ -	\$ 88	\$ -
Total assets	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deposits held for others	\$ 88	\$ -	\$ 88	\$ -
Total liabilities	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 88</u>	<u>\$ -</u>
<u>SANITARY DISTRICT FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 238	\$ -	\$ 238	\$ -
Total assets	<u>\$ 238</u>	<u>\$ -</u>	<u>\$ 238</u>	<u>\$ -</u>
<u>Liabilities</u>				
Deposits held for others	\$ 238	\$ -	\$ 238	\$ -
Total liabilities	<u>\$ 238</u>	<u>\$ -</u>	<u>\$ 238</u>	<u>\$ -</u>
<u>SPECIAL OLYMPICS FUND</u>				
<u>Assets</u>				
Cash and investments	\$ 3,669	\$ -	\$ 3,669	\$ -
Due from others	6	-	6	-
Total assets	<u>\$ 3,675</u>	<u>\$ -</u>	<u>\$ 3,675</u>	<u>\$ -</u>
<u>Liabilities</u>				
Accounts payable	\$ 3,675	\$ -	\$ 3,675	\$ -
Deposits held for others	-	-	-	-
Total liabilities	<u>\$ 3,675</u>	<u>\$ -</u>	<u>\$ 3,675</u>	<u>\$ -</u>
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$ 10,296	\$ 13,651	\$ 18,195	\$ 5,752
Due from others	6	-	6	-
Total assets	<u>\$ 10,302</u>	<u>\$ 13,651</u>	<u>\$ 18,201</u>	<u>\$ 5,752</u>
<u>Liabilities</u>				
Accounts payable	\$ 3,675	\$ -	\$ 3,675	\$ -
Deposits held for others	6,627	13,651	14,526	5,752
Total liabilities	<u>\$ 10,302</u>	<u>\$ 13,651</u>	<u>\$ 18,201</u>	<u>\$ 5,752</u>

STATISTICAL SECTION

STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the Town's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the Town's current levels of outstanding debt as well as assess the Town's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the Town's financial activities take place and to help make comparisons with other municipalities.

Operating Information

These schedules contain information about the Town's operations and various resources to help the reader draw conclusions as to how the Town's financial information relates to the services provided by the Town.

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

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

	Fiscal Year Ended June 30						
	2010	2009	2008	2007	2006	2005	2004
Governmental activities:							
Invested in capital assets, net of related debt	\$ 7,963,191	\$ 7,953,980	\$ 7,929,411	\$ 4,720,012	\$ 4,541,070	\$ 2,887,878	\$ 3,746,929
Restricted	1,838,636	1,375,836	1,219,728	3,967,997	3,276,858	4,136,468	2,311,098
Unrestricted	3,626,780	3,845,605	3,915,724	3,244,968	3,091,403	2,313,587	2,200,483
Total governmental activities net assets	\$ 13,428,607	\$ 13,175,421	\$ 13,064,863	\$ 11,932,977	\$ 10,909,331	\$ 9,337,933	\$ 8,258,510

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

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

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

	Fiscal Year Ended June 30						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses							
General government	\$ 2,242,817	\$ 2,306,812	\$ 2,110,980	\$ 2,239,261	\$ 2,612,232	\$ 2,965,425	\$ 2,121,209
Public safety	2,250,649	2,439,899	2,463,833	2,310,866	1,916,994	1,073,301	1,752,643
Public works and streets	765,392	1,197,351	1,185,801	1,692,038	1,466,531	1,000,494	770,194
Health and welfare	107,603	145,237	77,523	10,000	-	-	-
Culture and recreation	695,151	995,711	1,334,525	1,265,748	1,080,657	708,377	961,374
Economic and community development	551,747	845,225	552,987	460,395	35,178	5,166	28,658
Interest on long-term debt	83,429	86,544	88,421	89,413	111,259	36,754	3,372
Total expenses	6,696,788	8,016,779	7,814,070	8,067,721	7,222,851	5,789,517	5,637,450
Program Revenues							
Charges for services:							
General government	303,797	304,269	399,952	582,776	1,312,310	912,135	683,488
Public safety	91,651	94,397	139,246	41,931	86,566	87,837	100,743
Public works and streets	55,132	56,109	-	21,887	2,050	-	50
Culture and recreation	88,751	101,703	160,177	193,536	60,222	59,954	113,614
Economic and community development	105,337	221,229	189,428	338,303	-	-	-
Operating grants and contributions	1,297,444	1,585,120	1,361,690	1,394,477	1,619,413	1,278,279	1,307,672
Capital grants and contributions	6,491	32,815	703,532	-	-	83,156	749,025
Total program revenues	1,948,603	2,395,642	2,954,025	2,572,910	3,080,561	2,421,361	2,954,592
Net Expense	\$ (4,748,185)	\$ (5,621,137)	\$ (4,860,045)	\$ (5,494,811)	\$ (4,142,290)	\$ (3,368,156)	\$ (2,682,858)

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

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

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

	Fiscal Year Ended June 30						
	2010	2009	2008	2007	2006	2005	2004
Net Expense	\$(4,748,185)	\$ (5,621,137)	\$ (4,860,045)	\$ (5,494,811)	\$ (4,142,290)	\$ (3,368,156)	\$(2,682,858)
General Revenues:							
Governmental activities:							
Taxes:							
Town sales taxes for general purposes	1,961,610	2,163,948	2,314,337	1,610,895	2,832,105	1,828,357	1,631,609
Town sales taxes, restricted for capital improvements	-	-	-	585,348	-	-	-
Town sales taxes, restricted for parks development	-	-	-	390,231	-	-	-
Franchise taxes	239,946	238,072	237,227	219,502	187,130	174,072	168,592
State shared revenues	2,755,897	3,091,906	3,154,857	2,919,698	2,714,144	2,378,270	2,244,308
Investment earnings	19,964	3,614	220,900	313,860	209,644	66,880	41,969
Miscellaneous	23,954	239,099	64,610	8,242	-	-	-
Total governmental activities	5,001,371	5,736,639	5,991,931	6,047,776	5,943,023	4,447,579	4,086,478
Changes in Net Assets	\$ 253,186	\$ 115,502	\$ 1,131,886	\$ 552,965	\$ 1,800,733	\$ 1,079,423	\$ 1,403,620

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

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

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

	Fiscal Year Ended June 30						
	2010	2009	2008	2007	2006	2005	2004
General Fund:							
Reserved	\$ -	\$ 632,000	\$ 832,000	\$ -	\$ -	\$ -	\$ -
Unreserved	3,349,778	2,990,296	2,732,574	3,518,376	3,229,020	2,475,296	2,385,425
Total General Fund	<u>\$ 3,349,778</u>	<u>\$ 3,622,296</u>	<u>\$ 3,564,574</u>	<u>\$ 3,518,376</u>	<u>\$ 3,229,020</u>	<u>\$ 2,475,296</u>	<u>\$ 2,385,425</u>
All Other Governmental Funds:							
Reserved	\$ 571,720	\$ 431,852	\$ 348,869	\$ 186,537	\$ -	\$ -	\$ -
Unreserved, reported in:							
HURF fund	924,322	606,419	463,892	(122,328)	100,704	100,538	14,924
Parks fund	(339,161)	(326,933)	(744,077)	1,660,258	1,346,233	972,176	678,201
Housing grant fund	77,166	57,800	-	-	45,916	-	-
Non-major Special revenue funds	294,374	296,350	445,566	336,599	48,364	287,683	162,383
Non-major Debt service funds	-	-	-	-	177,535	145,635	60,857
Non-major Capital projects funds	602,214	589,141	1,212,018	1,719,178	1,384,235	2,413,063	1,080,878
Total all other governmental funds	<u>\$ 2,130,635</u>	<u>\$ 1,654,629</u>	<u>\$ 1,726,268</u>	<u>\$ 3,780,244</u>	<u>\$ 3,102,987</u>	<u>\$ 3,919,095</u>	<u>\$ 1,997,243</u>

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

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

	Fiscal Year Ended June 30						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Taxes	\$ 2,201,557	\$ 2,402,020	\$ 2,551,564	\$ 2,805,976	\$ 3,019,235	\$ 2,002,429	\$ 1,800,201
Licenses and permits	106,006	184,016	150,852	242,345	438,119	319,639	215,631
Fines and forfeits	297,058	257,625	342,149	535,170	549,294	410,064	327,701
Intergovernmental	4,158,619	4,729,287	5,270,363	4,306,962	4,278,710	3,634,853	3,540,971
Charges for services	110,892	248,940	227,056	292,339	259,712	182,462	230,619
Investment earnings	19,964	3,614	220,900	313,860	209,644	66,880	41,969
Rents and royalties	5,048	20,788	43,424	45,692	43,660	18,784	7,507
Contributions and donations	26,009	45,397	75,038	70,100	75,171	179,218	26,244
Other	23,784	126,628	73,206	19,968	170,363	128,977	116,437
Total revenues	<u>\$ 6,948,937</u>	<u>\$ 8,018,315</u>	<u>\$ 8,954,552</u>	<u>\$ 8,632,412</u>	<u>\$ 9,043,908</u>	<u>\$ 6,943,306</u>	<u>\$ 6,307,280</u>

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

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

	Fiscal Year Ended June 30						
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenditures:							
Current -							
General government	\$ 2,081,749	\$ 2,225,758	\$ 2,075,036	\$ 2,190,340	\$ 2,602,842	\$ 3,395,796	\$ 2,140,861
Public safety	2,283,648	2,286,640	2,322,781	2,136,825	3,411,061	1,657,781	1,731,569
Public works and streets	625,582	682,696	1,072,780	1,583,979	1,374,738	923,922	1,059,509
Health and welfare	107,603	14,527	77,523	10,000	-	-	-
Culture and recreation	637,130	857,850	1,141,267	1,102,211	1,332,275	1,057,554	1,001,797
Economic and community development	469,503	816,146	531,984	434,940	35,375	5,166	28,658
Capital outlay	396,478	846,250	3,588,221	625,952	-	-	-
Debt service -							
Principal retirement	117,470	92,985	90,452	41,424	2,577	2,333	12,322
Interest and fiscal charges	89,070	92,185	94,061	95,054	118,089	39,031	3,372
Bond issuance costs	-	-	-	-	-	30,025	-
Total expenditures	\$ 6,808,233	\$ 7,915,037	\$ 10,994,105	\$ 8,220,725	\$ 8,876,957	\$ 7,111,608	\$ 5,978,088
Expenditures for capitalized assets	\$ 280,572	\$ 302,307	\$ 3,415,762	\$ 305,602	\$ 1,908,945	\$ 1,579,586	\$ 1,275,866
Debt service as a percentage of noncapital expenditures	3%	2%	2%	2%	2%	1%	0%

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

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

	Fiscal Year Ended June 30						
	2010	2009	2008	2007	2006	2005	2004
Excess (deficiency) of revenues over expenditures	\$ 140,704	\$ 103,278	\$ (2,039,553)	\$ 411,687	\$ 166,951	\$ (168,302)	\$ 329,192
Other financing sources (uses):							
Capital lease agreements	62,784	18,459	-	42,123	-	-	-
Transfers in	499,244	1,219,431	1,974,620	71,915	-	13,233	34,730
Transfers out	(499,244)	(1,219,431)	(1,942,845)	(71,915)	-	(13,233)	(34,730)
Proceeds of long-term debt issuance	-	-	-	-	-	2,040,000	-
Proceeds from premium on long-term debt issuance	-	-	-	-	-	140,025	-
Total other financing sources (uses)	<u>62,784</u>	<u>18,459</u>	<u>31,775</u>	<u>42,123</u>	<u>-</u>	<u>2,180,025</u>	<u>-</u>
Changes in fund balances	<u>\$ 203,488</u>	<u>\$ 121,737</u>	<u>\$ (2,007,778)</u>	<u>\$ 453,810</u>	<u>\$ 166,951</u>	<u>\$ 2,011,723</u>	<u>\$ 329,192</u>

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

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

	Fiscal Year Ended June 30					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Mining	\$ 6,866	\$ 7,828	\$ 12,736	\$ 20,472	\$ 19,715	\$ 13,311
Communications & Utilities	150,683	118,950	135,303	136,274	126,126	107,199
Transportation & Warehousing	1,297	1,750	3,396	1,706	1,196	916
Construction	353,081	307,651	430,671	512,790	681,725	441,979
Manufacturing	55,908	53,684	68,785	64,840	58,736	51,810
Wholesale Trade	64,400	112,402	159,886	144,925	133,614	100,099
Retail Trade	702,004	832,860	898,920	1,068,343	1,108,776	546,790
Finance & Insurance	3,247	6,029	5,918	7,657	13,285	7,751
Real Estate, Rental & Leasing	142,040	122,225	111,852	121,702	115,071	94,460
Restaurants & Bars	307,921	319,393	324,358	321,300	305,811	252,532
Accommodation	110,798	142,302	148,694	139,946	116,911	98,706
Public Administration	4,764	4,277	4,180	3,973	4,045	1,976
Services	59,894	133,860	43,705	44,090	48,833	66,629
Arts & Entertainment	53,087	62,039	56,874	52,342	42,792	3,362
All Others Not Specified	19,691	34,713	55,092	69,025	99,558	48,942
Total	<u>\$ 2,035,681</u>	<u>\$ 2,259,963</u>	<u>\$ 2,460,371</u>	<u>\$ 2,709,385</u>	<u>\$ 2,876,192</u>	<u>\$ 1,836,462</u>

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

Note: Information was not available prior to fiscal year 2005.

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

Overlapping Rates

Fiscal Year Ended June 30	Town of Camp Verde	Town of Camp Verde Hospitality	Town of Camp Verde Construction	Yavapai County	Arizona State
2010	2.00	4.00	3.00	0.75	6.60
2009	2.00	4.00	3.00	0.75	5.60
2008	2.00	4.00	3.00	0.75	5.60
2007	2.00	4.00	3.00	0.75	5.60
2006	2.00	4.00	3.00	0.75	5.60
2005	2.00	4.00	3.00	0.70	5.60
2004	2.00	4.00	3.00	0.70	5.60

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

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

Fiscal Year Ended June 30	Governmental Activities						Total Outstanding Debt		
	Revenue Bonds	Less: Amounts Restricted for Principal	Total	Capital Leases	Loans Payable	Total Debt	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
	2010	\$ 1,765,000	\$ 85,000	\$ 1,680,000	\$ 68,502	\$ 13,638	\$ 1,762,140	0.19 %	0.27 %
2009	1,845,000	80,000	1,765,000	39,592	17,234	1,821,826	0.20	N/A	8
2008	1,925,000	80,000	1,845,000	30,862	20,490	1,896,352	0.27	0.32	8
2007	2,005,000	80,000	1,925,000	38,367	23,437	1,986,804	0.35	0.36	9
2006	2,040,000	35,000	2,005,000	-	25,168	2,030,168	0.41	0.40	10
2005	-	-	-	-	27,745	27,745	-	0.01	0
2004	-	-	-	-	30,078	30,078	-	0.01	0

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

**TOWN OF CAMP VERDE, ARIZONA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 JUNE 30, 2010**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable to Town</u>	<u>Estimated Amount Applicable to Town</u>
Yavapai County Community College District	\$ 47,310,000	0.03 %	\$ 14,193
Camp Verde Unified School District	\$ -	0.92	-
Subtotal, Overlapping Debt			<u>14,193</u>
Direct:			
Town of Camp Verde			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 14,193</u>

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2009	228,494	\$ 6,450,243	\$ 30,011	8.5 %
2008	227,348	N/A	N/A	5.6
2007	223,934	5,860,461	27,620	3.7
2006	213,285	5,537,703	26,786	3.9
2005	205,105	5,032,945	25,460	4.4
2004	194,975	4,524,850	23,858	4.6
2003	187,970	4,049,851	22,071	5.1
2002	180,295	3,853,070	21,590	5.3
2001	175,310	3,701,821	21,359	4.2
2000	169,900	3,574,050	21,163	3.9

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

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

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

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

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

Note: Employee figures were not available for the current fiscal period.

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

	Full-time Equivalent Employees as of June 30				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government					
Town Manager's Office	2.00	1.80	1.80	1.00	3.00
Town Clerk's Office	3.00	3.00	3.00	3.00	3.00
Finance	2.50	1.95	2.10	2.90	2.90
Human Resources	0.40	0.40	0.40	-	-
Municipal Court	5.50	6.00	6.00	6.00	6.00
Housing	-	-	2.00	1.00	1.00
Total General Government	<u>13.40</u>	<u>13.15</u>	<u>15.30</u>	<u>13.90</u>	<u>15.90</u>
Public Safety					
Marshal's Department	28.00	29.60	32.60	31.00	30.00
Animal Control	2.00	2.00	2.00	2.00	2.00
Total Public Safety	<u>30.00</u>	<u>31.60</u>	<u>34.60</u>	<u>33.00</u>	<u>32.00</u>
Public Works					
Engineering	2.50	1.50	1.00	1.00	-
HURF/Streets	3.50	6.50	7.00	6.00	6.00
Maintenance	6.00	6.00	7.00	8.00	7.00
Total Public Works	<u>12.00</u>	<u>14.00</u>	<u>15.00</u>	<u>15.00</u>	<u>13.00</u>
Library	5.00	5.40	5.40	4.63	4.88
Parks & Recreation	1.00	2.70	3.70	3.00	4.00
Community Development	4.00	5.00	7.00	6.00	8.00
Total Support and Administration	<u>10.00</u>	<u>13.10</u>	<u>16.10</u>	<u>13.63</u>	<u>16.88</u>
Total	<u>65.40</u>	<u>71.85</u>	<u>81.00</u>	<u>75.53</u>	<u>77.78</u>

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

	Full-time Equivalent Employees as of June 30				
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Government					
Town Manager's Office	3.00	2.00	1.00	3.00	3.00
Town Clerk's Office	3.00	2.00	2.00	2.00	3.00
Finance	2.90	3.00	3.00	3.00	2.00
Human Resources	-	-	-	-	-
Municipal Court	6.00	6.00	6.00	6.00	6.00
Housing	-	2.00	2.00	2.00	-
Total General Government	<u>14.90</u>	<u>15</u>	<u>14</u>	<u>16</u>	<u>14</u>
Public Safety					
Marshal's Department	28.00	27.00	27.00	29.00	29.00
Animal Control	1.50	1.00	1.00	1.00	1.00
Total Public Safety	<u>29.50</u>	<u>28</u>	<u>28</u>	<u>30</u>	<u>30</u>
Public Works					
Engineering	-	-	1.00	1.00	-
HURF/Streets	8.50	7.90	7.90	7.90	9.90
Maintenance	6.00	5.50	5.00	5.00	5.00
Total Public Works	<u>14.50</u>	<u>13.40</u>	<u>13.90</u>	<u>13.90</u>	<u>14.90</u>
Library	4.88	4.38	4.38	4.38	4.38
Parks and Recreation	4.00	4.00	3.00	3.00	4.00
Community Development	7.00	7.00	8.00	7.00	5.00
Total Support and Administration	<u>15.88</u>	<u>15.38</u>	<u>15.38</u>	<u>14.38</u>	<u>13.38</u>
Total	<u>74.78</u>	<u>71.78</u>	<u>71.28</u>	<u>74.28</u>	<u>72.28</u>

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

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

<u>Function</u>	<u>Fiscal Year Ended June 30</u>									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	30	30	31	29	26	26	25	27	27	20
Streets										
Streets (miles)	110	106	106	106	105	104	102	100	100	100
Streetlights	92	102	102	102	98	58	0	0	0	0
Traffic signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Parks developed	4	3	2	2	2	2	2	2	2	2
Parks acreage	138	130	130	12	12	12	8	8	8	8
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	1	1	1	1	1	1	1	1	1	1

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

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

Function	Fiscal Year Ended June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Business Licenses	597	576	556	544	542	511	463	434	446	N/A
Public Safety										
Total Incidents	8,916	8,348	10,281	9,741	9,821	8,959	8,175	8,062	7,152	6,752
Public Works										
Street Resurfacing (miles)	0.25	-	-	8.30	8.70	11.30	9.20	12.50	N/A	N/A
New Roads (miles)	-	-	-	-	-	-	3.00	-	N/A	N/A
Library										
Circulation	76,813	80,139	69,349	62,855	58,722	53,565	54,581	47,729	40,938	36,886
Community Development										
Commerical Building Permits	47	84	59	43	67	42	49	20	32	31
Valuation (in thousands)	\$ 516	\$ 10,860	\$ 3,010	\$ 11,928	\$ 8,471	\$ 6,031	\$ 2,939	\$ 1,959	\$ 1,840	\$ 3,812
Residential Building Permits	317	44	48	108	281	178	112	121	79	88
Valuation (in thousands)	\$ 3,879	\$ 3,395	\$ 5,649	\$ 12,286	\$ 31,531	\$ 19,060	\$ 9,685	\$ 8,132	\$ 5,286	\$ 6,135

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