

TOWN OF PARKER, ARIZONA



**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

TOWN OF PARKER, ARIZONA

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Independent Auditors' Report

The Honorable Mayor and
Town Council
Town of Parker, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Parker, Arizona, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Parker, Arizona, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the Town adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and public safety retirement system information as listed in the table of contents 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Parker, Arizona's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.



HintonBurdick, PLLC
Flagstaff, Arizona
January 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Parker, 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, 2013. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total assets exceed total liabilities (net position) by \$12.0 million at the close of the fiscal year.
- Total net position increased by \$496,070.
- Taxes and other governmental revenues exceeded governmental expenses by \$503,074.
- Business-type expenses exceeded total business-type revenues by \$7,004.
- Total revenues from all sources were \$5.4 million.
- The total cost of all Town programs was \$4.9 million.
- The General Fund reported change in net position in excess budgeted amounts by \$1,475,066.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,426,537 or 31% of total General Fund expenditures, excluding transfers.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. Net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's property tax base or condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town’s basic services are considered to be governmental activities, including general government, public safety, public works, culture and recreation, contingencies, and interest on long-term debt. Sales tax, federal grants, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers that is intended to cover all or most of the cost of the services provided.

Reporting the Town’s Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town’s two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town’s basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by \$12.0 million as of June 30, 2013 as shown in the following condensed statement of net position. The Town has chosen to account for its water distribution operations in a separate enterprise fund which is shown as Business Activities in this condensed statement.

Town of Parker Statements of Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Current and other assets	\$ 4,939,507	\$ 4,821,359	\$ 1,250,264	\$ 1,126,625	\$ 6,189,771	\$ 5,947,984
Capital assets	5,808,867	4,278,042	2,852,809	3,014,387	8,661,676	7,292,429
Total assets	<u>10,748,374</u>	<u>9,099,401</u>	<u>4,103,073</u>	<u>4,141,012</u>	<u>14,851,447</u>	<u>13,240,413</u>
Long-term liabilities outstanding	2,187,975	683,472	307,848	364,326	2,495,823	1,047,798
Other liabilities	250,233	651,722	60,757	44,324	310,990	696,046
Total liabilities	<u>2,438,208</u>	<u>1,335,194</u>	<u>368,605</u>	<u>408,650</u>	<u>2,806,813</u>	<u>1,743,844</u>
Net position:						
Net investment in capital assets	3,699,015	3,674,575	2,547,809	2,650,061	6,246,824	6,324,636
Restricted	2,481,325	1,976,441	-	50,000	2,481,325	2,026,441
Unrestricted	2,129,826	2,113,191	1,186,659	1,032,301	3,316,485	3,145,492
Total net position	<u>\$ 8,310,166</u>	<u>\$ 7,764,207</u>	<u>\$ 3,734,468</u>	<u>\$ 3,732,362</u>	<u>\$ 12,044,634</u>	<u>\$ 11,496,569</u>

Governmental Activities

The cost of all Governmental activities this year was \$4,245,674, an increase of \$503,074 over last fiscal year. This is primarily due to an increase in public works. As shown on the Statement of Changes in Net Position on the following page, \$645,756 of this cost was paid for by those who directly benefited from the programs; \$1,913,522 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid, donations, and fees for services were \$2,559,278. General taxes, investment earnings, and other general revenues totaled \$2,189,470.

The Town's programs include: General Government, Public Safety, Public Works, and Culture and Recreation. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the Town's general taxes support each of the Town's programs.

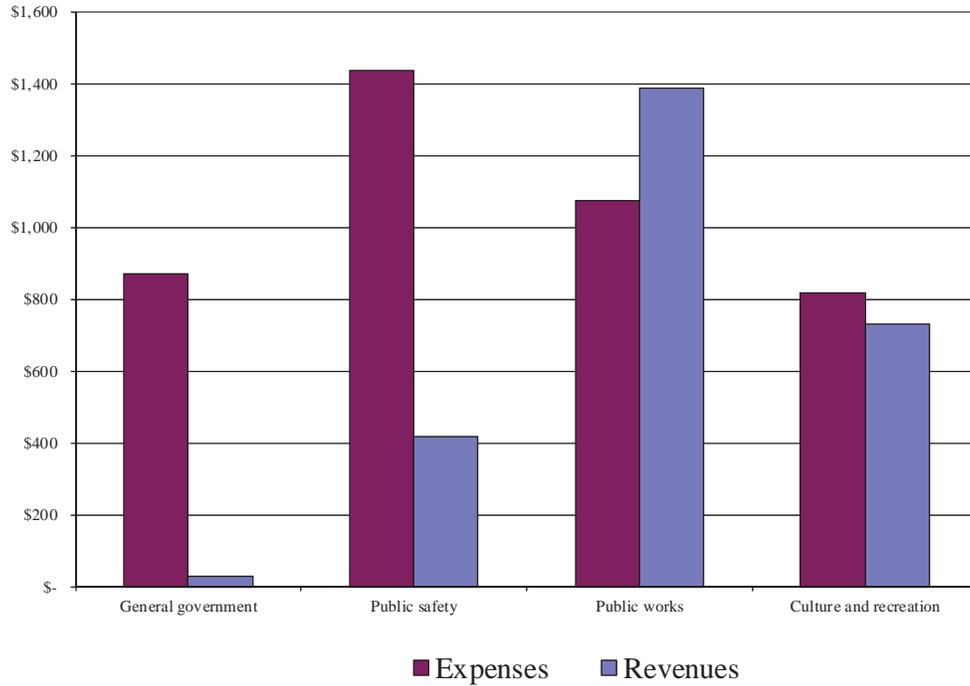
**Town of Parker
Changes in Net Position**

	Governmental activities		Business-type activities		Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Revenues:						
Program revenues:						
Charges for services	\$ 645,756	\$ 223,458	\$ 615,702	\$ 636,177	\$ 1,261,458	\$ 859,635
Operating grants and contributions	1,543,133	1,504,770	-	-	1,543,133	1,504,770
Capital grants and contributions	370,389	153,296	-	-	370,389	153,296
General revenues:						
Taxes	1,844,672	1,776,647	-	-	1,844,672	1,776,647
State revenue sharing	314,922	260,207	-	-	314,922	260,207
Other revenue	29,876	42,040	-	11,751	29,876	53,791
Total revenues	<u>4,748,748</u>	<u>3,960,418</u>	<u>615,702</u>	<u>647,928</u>	<u>5,364,450</u>	<u>4,608,346</u>
Expenses:						
General government	870,719	827,346	-	-	870,719	827,346
Public safety	1,435,425	1,390,020	-	-	1,435,425	1,390,020
Public works	1,072,385	639,375	-	-	1,072,385	639,375
Culture and recreation	817,727	819,805	-	-	817,727	819,805
Contingencies	6,197	29,977	-	-	6,197	29,977
Interest	43,221	31,724	-	-	43,221	31,724
Utility enterprise fund	-	-	622,706	610,663	622,706	610,663
Total expenses	<u>4,245,674</u>	<u>3,738,247</u>	<u>622,706</u>	<u>610,663</u>	<u>4,868,380</u>	<u>4,348,910</u>
(Decrease) / Increase in net position	503,074	222,171	(7,004)	37,265	496,070	259,436
Net position, beginning as restated	<u>7,807,092</u>	<u>7,542,036</u>	<u>3,741,472</u>	<u>3,695,097</u>	<u>11,548,564</u>	<u>11,237,133</u>
Net position, ending	<u>\$ 8,310,166</u>	<u>\$ 7,764,207</u>	<u>\$ 3,734,468</u>	<u>\$ 3,732,362</u>	<u>\$ 12,044,634</u>	<u>\$ 11,496,569</u>

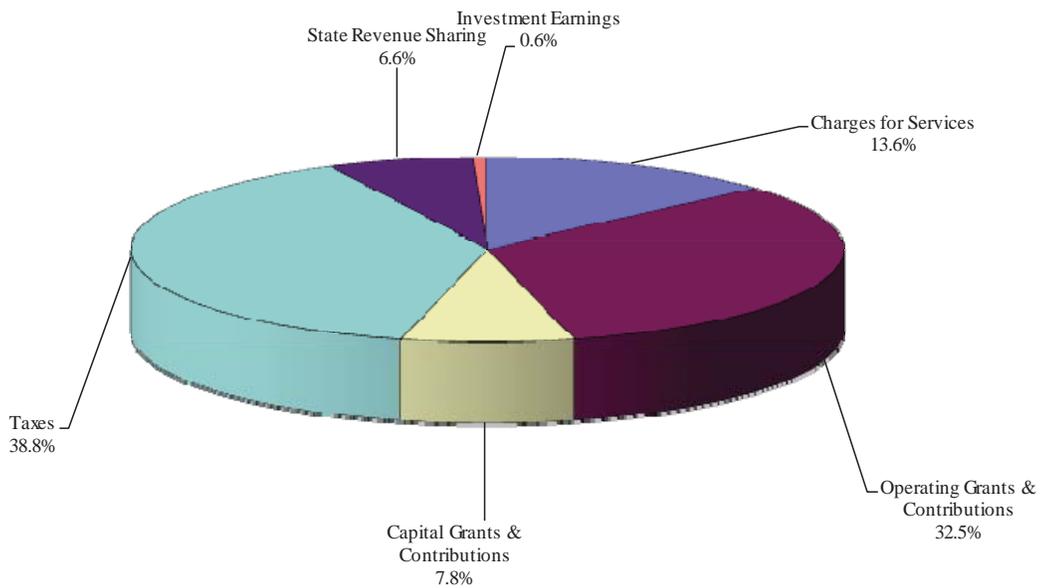
Total resources available during the year to finance governmental operations were \$12.6 million consisting of net position at July 1, 2012 of \$7.8 million, program revenues of \$2.6 million and general revenues of \$2.2 million. Total governmental activities during the year were \$4.2 million; thus governmental net position increased by \$503,074 to \$8.3 million.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expenses and Program Revenues - Governmental Activities
(in Thousands)



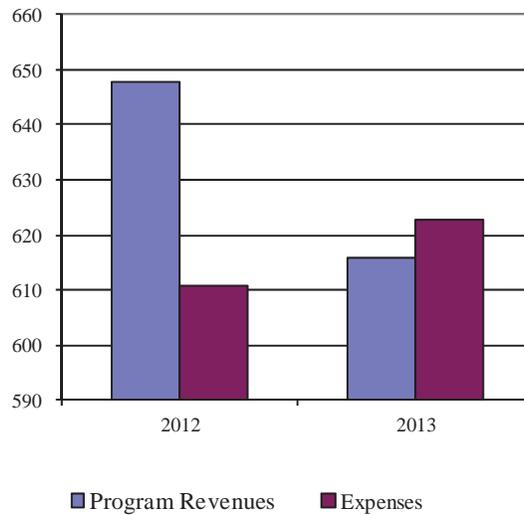
Revenue By Source - Governmental Activities



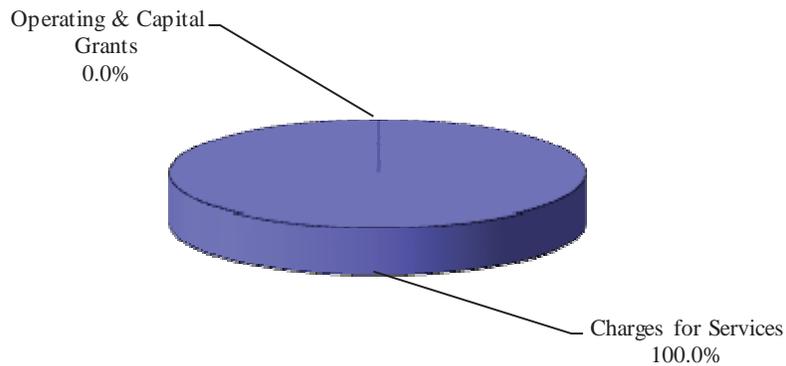
Business Type Activities

Net position of the business type activities at June 30, 2013, as reflected in the Statement of Net Position were \$3.7 million. The cost of providing all Proprietary (Business Type) activities this year was \$622,706. As shown in the Statement of Changes in Net Position, the amounts paid by users of the system were \$615,702 and there was \$0 subsidized by capital grants and contributions. The net position decreased by \$7,004.

Expenses and Program Revenues - Business-type Activities (in Thousands)



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Parker's governmental funds reported combined ending fund balances of \$4,705,455, an increase of \$392,934 in comparison with the prior year. Approximately, 25% of this total amount, \$1,186,812 constitutes unassigned, which is available for new spending at the government's discretion. The remainder of the fund balance is restricted or assigned to be used 1) to pay for capital improvements or 2) for a variety of other restricted purposes.

The general fund is the chief operating fund of the Town of Parker. At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,426,537, while total fund balance is \$2,127,796. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31% of total general fund expenditures, while total fund balance represents 67% of the same amount.

During the year, the Town of Parker's general fund balance decreased by \$61,017.

The highway user revenue fund has a total fund balance of \$2,037,099, all of which is restricted for road and street construction and improvements. The net increase in the fund balance during the current year was \$491,385. The increase in the fund balance resulted from revenues being accumulated for future projects.

General Fund Budgetary Highlights

The final actual expenditures for the General Fund, including transfers, at year-end were \$114,392 greater than appropriations. The budget to actual variance in appropriations was principally due to capital outlay expenditures that were not budgeted. There were no budget amendments or supplemental appropriations made during the year to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2013, net capital assets of the government activities totaled \$5.8 million and the net capital assets of the business-type activities totaled \$2.9 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

Debt

At year-end, the Town had \$2,187,975 in governmental type debt, and \$307,848 in proprietary debt. The debt is a liability of the government and amounts to \$825 per capita. During the current fiscal year, the Town's total debt increased by \$1,448,025. (See note 7 to the financial statements for detailed descriptions.)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2013/2014, the Town Council and management remained cautious as to the growth of revenues and expenditures primarily due to past economic trends. Overall General fund operating expenditures were budgeted conservatively.

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 show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Parker, 1314 11th Street, Parker, AZ 85344.

BASIC FINANCIAL STATEMENTS

TOWN OF PARKER, ARIZONA
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 4,510,618	\$ 1,026,206	\$ 5,536,824
Cash held by trustee	42,609	-	42,609
Receivables (net of allowance)	375,957	72,726	448,683
Inventory	-	53,670	53,670
Restricted cash and investments:			
Customer deposits	10,323	39,662	49,985
Capital replacement	-	58,000	58,000
Non-depreciable capital assets	2,362,093	42,314	2,404,407
Depreciable capital assets, net	3,446,774	2,810,495	6,257,269
Total assets	<u>10,748,374</u>	<u>4,103,073</u>	<u>14,851,447</u>
Liabilities			
Current liabilities			
Accounts payable	102,742	18,113	120,855
Accrued payroll and related taxes	78,378	2,982	81,360
Customer deposits	10,323	39,662	49,985
Interest payable	28,790	-	28,790
Matured bonds payable	30,000	-	30,000
Noncurrent liabilities			
Due within one year	137,446	2,848	140,294
Due in more than one year	2,050,529	305,000	2,355,529
Total liabilities	<u>2,438,208</u>	<u>368,605</u>	<u>2,806,813</u>
Net Position			
Net investment in capital assets	3,699,015	2,547,809	6,246,824
Restricted for:			
Highways and streets	2,037,099	-	2,037,099
Capital projects and other	444,226	-	444,226
Unrestricted	2,129,826	1,186,659	3,316,485
Total net position	<u>\$ 8,310,166</u>	<u>\$ 3,734,468</u>	<u>\$ 12,044,634</u>

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

TOWN OF PARKER, ARIZONA
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 870,719	\$ 26,896	\$ -	\$ -	\$ (843,823)	\$ -	\$ (843,823)
Public safety	1,435,425	143,642	272,508	-	(1,019,275)	-	(1,019,275)
Public works	1,072,385	403,906	983,850	-	315,371	-	315,371
Culture and recreation	817,727	71,312	286,775	370,389	(89,251)	-	(89,251)
Contingencies	6,197	-	-	-	(6,197)	-	(6,197)
Interest	43,221	-	-	-	(43,221)	-	(43,221)
Total governmental activities	4,245,674	645,756	1,543,133	370,389	(1,686,396)	-	(1,686,396)
Business-type activities:							
Utility enterprise fund	622,706	615,702	-	-	-	(7,004)	(7,004)
Total business-type activities	622,706	615,702	-	-	-	(7,004)	(7,004)
Total primary government	\$ 4,868,380	\$ 1,261,458	\$ 1,543,133	\$ 370,389	\$ -	\$ (7,004)	\$ (7,004)
General Revenues:							
Taxes:							
City sales tax					1,248,755	-	1,248,755
Franchise tax					110,387	-	110,387
Auto lieu tax (unrestricted)					233,181	-	233,181
State sales tax (unrestricted)					252,349	-	252,349
Urban revenue sharing (unrestricted)					314,922	-	314,922
Investment earnings					29,876	-	29,876
Total general revenues & transfers					2,189,470	-	2,189,470
Change in net position					503,074	(7,004)	496,070
Net position - beginning, as restated					7,807,092	3,741,472	11,548,564
Net position - ending					\$ 8,310,166	\$ 3,734,468	\$ 12,044,634

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

TOWN OF PARKER, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2013

Assets	General	Highway User Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash	\$ 1,778,528	\$ 1,962,878	\$ 769,212	\$ 4,510,618
Cash held by trustee	-	-	42,609	42,609
Receivables				
Taxes	103,430	-	-	103,430
Due from other governments	30,849	89,554	111,815	232,218
Other	40,309	-	-	40,309
Due from other funds	324,760	-	-	324,760
Restricted assets - customer deposits	10,323	-	-	10,323
Total assets	\$ 2,288,199	\$ 2,052,432	\$ 923,636	\$ 5,264,267
Liabilities				
Accounts payable	\$ 82,983	\$ 11,858	\$ 7,901	\$ 102,742
Accrued payroll and related taxes	67,097	3,475	7,806	78,378
Accrued interest	-	-	12,609	12,609
Due to other funds	-	-	324,760	324,760
Customer deposits	10,323	-	-	10,323
Bonds payable	-	-	30,000	30,000
Total liabilities	160,403	15,333	383,076	558,812
Fund Balances				
Nonspendable				
Bequest fund	11,000	-	-	11,000
Restricted				
Highways	-	2,037,099	-	2,037,099
Public safety	25,989	-	1,263	27,252
Tourism	-	-	87,781	87,781
Capital projects	-	-	318,193	318,193
Assigned				
Aging services	-	-	320,667	320,667
Public safety	-	-	32,316	32,316
Library services	-	-	20,065	20,065
Budget policy reservation	664,270	-	-	664,270
Unassigned	1,426,537	-	(239,725)	1,186,812
Total fund balances	2,127,796	2,037,099	540,560	4,705,455
Total Liabilities and fund balances	\$ 2,288,199	\$ 2,052,432	\$ 923,636	\$ 5,264,267

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

TOWN OF PARKER, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
For the Year Ended June 30, 2013

Total governmental fund balances	\$	4,705,455
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets	\$	9,274,135
Accumulated depreciation		<u>(3,465,268)</u>
		5,808,867
<p>Some liabilities, including notes payable, bonds payable, and capital leases, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Bonds payable		(1,565,000)
Loans payable		(505,000)
Issuance premium		(10,529)
Capital leases		(29,323)
Interest payable		(16,181)
Compensated absences		<u>(78,123)</u>
		(2,204,156)
Total net position of governmental activities	\$	<u><u>8,310,166</u></u>

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

TOWN OF PARKER, ARIZONA
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2013

REVENUES	General Fund	Highway User Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	\$ 1,284,508	\$ -	\$ 74,634	\$ 1,359,142
Licenses and permits	57,733	-	-	57,733
Intergovernmental revenue	820,841	966,409	558,610	2,345,860
Charges for services	21,037	-	-	21,037
Fines and forfeits	84,981	-	-	84,981
Investment earnings	29,876	-	-	29,876
Sanitation revenue	390,620	-	-	390,620
Miscellaneous earnings	38,383	400	70,713	109,496
Total revenues	<u>2,727,979</u>	<u>966,809</u>	<u>703,957</u>	<u>4,398,745</u>
EXPENDITURES				
Current:				
General government	790,765	-	66,947	857,712
Public safety	1,073,345	-	304,947	1,378,292
Public works	430,705	468,192	18,270	917,167
Culture and recreation	446,803	-	337,269	784,072
Debt service				
Principal	27,795	-	30,000	57,795
Interest and fiscal charges	3,141	-	24,719	27,860
Contingencies	6,197	-	-	6,197
Capital outlay	1,517,134	7,232	17,350	1,541,716
Total expenditures	<u>4,295,885</u>	<u>475,424</u>	<u>799,502</u>	<u>5,570,811</u>
Excess of revenues				
Over (Under) expenditures	<u>(1,567,906)</u>	<u>491,385</u>	<u>(95,545)</u>	<u>(1,172,066)</u>
Other Financing Sources (Uses):				
Lease proceeds	1,565,000	-	-	1,565,000
Transfers out	(82,569)	-	(24,458)	(107,027)
Transfers in	24,458	-	82,569	107,027
Total other financing Sources (Uses)	<u>1,506,889</u>	<u>-</u>	<u>58,111</u>	<u>1,565,000</u>
Net change in fund balances	(61,017)	491,385	(37,434)	392,934
Fund balance, beginning of year, as restated	<u>2,188,813</u>	<u>1,545,714</u>	<u>577,994</u>	<u>4,312,521</u>
Fund balance, end of year	<u>\$ 2,127,796</u>	<u>\$ 2,037,099</u>	<u>\$ 540,560</u>	<u>\$ 4,705,455</u>

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

TOWN OF PARKER, ARIZONA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	392,934
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the period.</p>		
Capital outlay	\$	1,611,585
Depreciation expense		<u>(330,761)</u>
		1,280,824
<p>Governmental funds do not report contributions of capital assets as revenue, unless the assets will be held for sale. However, in the statement of activities, the donation of capital assets is reported as revenue.</p>		
		350,000
<p>Issuance of long-term debt provides current financial resources in the governmental funds but increases long-term liabilities in the statement of net position.</p>		
		(1,565,000)
<p>Repayment of long-term debt principal is an expenditure in the governmental funds but decreases long-term liabilities in the statement of net position.</p>		
		57,795
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.</p>		
Amortization of bond premiums and discounts - net		820
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		1,882
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.</p>		
		(16,181)
Change in net position of governmental activities	\$	<u>503,074</u>

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

TOWN OF PARKER, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Utility Enterprise Fund</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 1,026,206
Accounts receivable, net of allowance	72,726
Inventory	53,670
Total current assets	<u>1,152,602</u>
Noncurrent Assets:	
Restricted cash:	
Customer deposits	39,662
Capital replacement	58,000
Capital assets, non-depreciable	42,314
Capital assets, depreciable, net	2,810,495
Total noncurrent assets	<u>2,950,471</u>
Total assets	<u>4,103,073</u>
Liabilities	
Current liabilities:	
Accounts payable	18,113
Accrued payroll and related taxes	2,982
Customer deposits	39,662
Compensated absences	2,848
Total current liabilities	<u>63,605</u>
Noncurrent liabilities:	
Notes payable	<u>305,000</u>
Total noncurrent liabilities	<u>305,000</u>
Total liabilities	<u>368,605</u>
Net Position	
Net investment in capital assets	2,547,809
Unrestricted	<u>1,186,659</u>
Total net position	<u><u>\$ 3,734,468</u></u>

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

TOWN OF PARKER, ARIZONA
Statement Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Utility Enterprise Fund
Operating Revenues	
Water services	\$ 583,009
Tap and turn-on fees	15,520
Penalties	11,385
Miscellaneous	5,788
Total operating revenues	615,702
 Operating Expenses	
Cost of sales and services	447,072
Depreciation	161,578
Total operating expenses	608,650
Operating income (loss)	7,052
 Non-operating Revenues (Expenses)	
Interest expense	(14,056)
Total non-operating revenue (expense)	(14,056)
Change in net position	(7,004)
Total net position, beginning of year, as restated	3,741,472
Total net position, end of year	\$ 3,734,468

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

TOWN OF PARKER, ARIZONA
Statement of Cash Flows
Proprietary Fund Types
For the Year Ended June 30, 2013

	Utility Enterprise Fund
Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 630,963
Cash paid to suppliers	(301,025)
Cash paid to employees	(130,469)
Cash flows from operating activities:	199,469
Cash Flows From Capital and Related Financing Activities:	
Proceeds from issuance of long-term debt	305,000
Principal paid on capital debt	(364,326)
Interest paid on capital debt	(14,056)
Cash flows from capital and related financing activities	(73,382)
Net change in cash and cash equivalents	126,087
Cash and cash equivalents, including restricted cash, beginning of year	997,781
Cash and Cash Equivalents, including restricted cash, end of year	\$ 1,123,868
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:	
Net operating income/(loss)	\$ 7,052
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:	
Depreciation	161,578
Changes in operating assets and liabilities:	
(Increase)/Decrease in receivables	2,079
(Increase)/Decrease in inventory	369
(Increase)/Decrease in prepaids	9,111
Increase/(Decrease) in accounts payable	3,256
Increase/(Decrease) in accrued payroll and related taxes	(6)
Increase/(Decrease) in customer deposits	13,182
Increase/(Decrease) in compensated absences	2,848
Net cash flows from operating activities	\$ 199,469

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

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting entity

The Town of Parker, Arizona (government) is a municipal corporation incorporated on June 7, 1948 under Arizona Revised Statute Chapter 9, Section 101 and is governed by an elected mayor and five-member council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The following is a brief review of the component units included in defining the government's reporting entity. There are no discretely presented component units, one blended component unit, and one joint venture.

Blended component unit. The Town of Parker Municipal Property Corporation (MPC), non-profit corporation, was created by the Town in 1998 primarily for the purpose of financing the costs of electric distribution to serve current and future development in Parker South. The MPC is governed by a Board of Directors appointed by the Town Council. For financial reporting purposes, transactions are included as if it were part of the government's operations.

Joint Venture. The Colorado River Sewage System Joint Venture is a sewage disposal system that carries out the collection, purification, and disposal of sewage and industrial waste for the Town and Colorado River Indian Tribes. The Joint Venture is controlled by a Board of Directors, composed of five members: two selected by the Town, two by the Tribes, and the fifth member is selected by the other four members with approval of the Secretary of the Interior or delegate. In accordance with terms of the Joint Venture agreement, on or prior to May 1 each year, the manager of the Joint Venture will prepare and submit a budget to the Board of Directors for approval and authorization. Funding is provided by user fees. Due to unavailability of information relating to the Town's joint venture share of profit or losses, a footnote disclosure only has been provided.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The **General fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The **Highway user revenue fund** is used to account for the government's share of motor fuel tax revenues and lottery proceeds which are restricted for the maintaining, repairing, and upgrading of streets.

The government reports the following major enterprise funds:

The **Utility enterprise fund** accounts for provision of water distribution to the residents and commercial users of the government.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, state shared revenues, intergovernmental grants and aid, licenses, and interest 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.

A pooled cash account and a pooled investment account are maintained for all Town funds. The pooling of funds provides the Town the ability to maximize earnings by investing larger amounts of idle cash for longer periods of time. The investments are invested primarily with the Arizona State Treasurer's Local Government Investment Pool.

Investments are stated at fair value. The fair value of each share in the Local Government Investment Pool is equal to \$1. Interest earnings, and correspondingly, interest expense for those funds with negative balances, are not allocated to the various funds.

Receivables

Accounts receivable consists primarily of utility service charges for water and garbage services and miscellaneous receivables from various sources.

During the course of operations, individual funds within the Town's pooled cash accounts may borrow money from other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet of fund financial statements and are eliminated in the preparation of the government-wide financial statements.

Inventories and prepaid items

Inventories are valued at the lower of cost (first-in, first-out method) or market, and consist of water works supplies in the Utility Enterprise Fund. Inventory items in other funds are not significant and are recorded as expenditures at the time of purchase. Therefore, the inventory items in the funds other than the Utility Enterprise Fund are not included in the balances sheets for those funds.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical costs, or where historical costs is not available, estimated historical costs based on replacements costs. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	20 to 40 years
Building improvements	20 years
Infrastructure	30-75 years
Equipment	5 to 10 years
Vehicles	5 to 10 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Intent can be expressed by the governing council (council) or by an official or body to which the council delegates the authority. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and expenditures/expenses

Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 1. Summary of Significant Accounting Policies, Continued

Compensated absences

Employees can earn vacation time at the rate of ten days per year for the first five years, 15 days per year after five years of service through nine years, and 20 days per year after ten years of service. The maximum permissible accumulation is 20 days of vacation for ten years of service or less, and 25 days for employees with more than ten years of service. At termination, employees are paid for any accumulated vacation up to the maximum accumulation. For governmental activities, compensated absences are liquidated by the general fund.

Employees earn health leave at the rate of 12 days per year. The maximum accumulation is 24 days. Health leave is not a form of additional vacation time and upon termination, the accumulated health leave is not paid out to the employee. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New pronouncements

In April 2012, the GASB issued statement No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning with fiscal year 2013, the Town implemented the provisions of this statement, which establishes accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 15.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 17.

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the government. The use of budgets and monitoring of equity status facilitate the government's compliance with legal requirements.

Budgets and budgetary accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental. All annual appropriations lapse at year end. The council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the government is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total government expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provides the government with a final expenditure limit for the coming fiscal year.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 3. Stewardship, Compliance, and Accountability, Continued

5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. Budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, and Utility Enterprise Fund. The Town Manager, subject to council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without council approval.
6. The government has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The government is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the government to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The government complied with this law during the year.

No Supplementary budgetary appropriations were necessary during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the government.

Expenditures over appropriations

Expenditures may not legally exceed budgeted appropriations at the fund level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary information present the general fund and highway users revenue fund departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2013, if any. None of the non-major governmental funds incurred excess expenditures over appropriations.

Deficit fund balances

At the end of fiscal year June 30, 2013, the Local Transportation Assistance Fund and the Impact Fee Fund reported a deficit fund balance.

Highway user revenue funds

Highway user revenue fund monies received by the government pursuant to title 28, chapter 18, article 2 and other dedicated state transportation revenues received during the current fiscal year have been used solely for authorized transportation purposes.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 4. Deposits and Investments

Deposits and investments of the government at June 30, 2013 consist of the following:

Deposits:	
Cash on hand	\$ 1,223
Cash in bank	2,590,208
Cash held by trustee	42,609
Investments:	
State Treasurer's Investment Pool	<u>3,053,378</u>
Total Deposits and Investments	<u><u>\$ 5,687,418</u></u>

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	\$ 5,536,824
Cash held by trustee	42,609
Restricted cash	<u>107,985</u>
	<u><u>\$ 5,687,418</u></u>

Deposits

Custodial credit risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The government does not have a formal policy for custodial credit risk. As of June 30, 2013, \$2,133,651 of the government's bank balance of \$2,633,651 was exposed to custodial credit risk because it was not fully insured by FDIC insurance or collateralized.

Cash held by trustee

As of June 30, 2013, the Town has provided funds of \$42,609 to a bond paying agent. The total amount of \$42,609 represents amounts due for bonds with August 1 maturity.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 4. Deposits and Investments, Continued

Investments

The Arizona State Treasurer’s Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated “P1” by Moody’s investors or “A1” by Standard and Poor’s rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2013 the government had the following investments, ratings, and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturity (2)</u>
Arizona State Treasurer's Local Government Investment Pool 5	\$ 3,053,378	AAAF/S1+	25 days
Total Fair Value	<u>\$ 3,053,378</u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The government’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the government’s investment portfolio maturities do not exceed five years from the time of purchase.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 4. Deposits and Investments, Continued

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The government's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

Note 5. Receivables

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues and also from La Paz County for drug seizure funds. Other Accounts Receivable in the General Fund consists principally of sanitation receivables. Receivables in the proprietary fund are service billings receivable and are shown net of an allowance for doubtful accounts of \$10,607.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 6. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

Governmental Activities:	Balance 6/30/2012	Additions	Deletions	Reclassifications/ Adjustments *	Balance 6/30/2013
Capital assets, not being depreciated:					
Land	\$ 881,525	\$ 1,480,568	\$ -	\$ -	\$ 2,362,093
Construction in progress	309,632	-	-	(309,632)	-
Total capital assets, not being depreciated	<u>1,191,157</u>	<u>1,480,568</u>	<u>-</u>	<u>(309,632)</u>	<u>2,362,093</u>
Capital assets, being depreciated:					
Buildings and improvements	1,770,172	86,920	-	229,751	2,086,843
Equipment and vehicles	1,822,226	29,236	-	(19,481)	1,831,981
Infrastructure	2,628,357	364,861	-	-	2,993,218
Total capital assets, being depreciated	<u>6,220,755</u>	<u>481,017</u>	<u>-</u>	<u>210,270</u>	<u>6,912,042</u>
Less accumulated depreciation for:					
Buildings and improvements	(722,785)	(66,458)	-	(26,923)	(816,166)
Equipment and vehicles	(1,377,676)	(116,561)	-	26,286	(1,467,951)
Infrastructure	(1,033,409)	(147,742)	-	-	(1,181,151)
Total accumulated depreciation	<u>(3,133,870)</u>	<u>(330,761)</u>	<u>-</u>	<u>(637)</u>	<u>(3,465,268)</u>
Total capital assets, being depreciated, net	<u>3,086,885</u>	<u>150,256</u>	<u>-</u>	<u>209,633</u>	<u>3,446,774</u>
Governmental activities capital assets, net	<u>\$ 4,278,042</u>	<u>\$ 1,630,824</u>	<u>\$ -</u>	<u>\$ (99,999)</u>	<u>\$ 5,808,867</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

Governmental Activities:	
General government	\$ 42,132
Public safety	57,792
Public works/streets	147,031
Culture & recreation	83,806
Total depreciation expense - governmental activities	<u>\$ 330,761</u>

* Previous period's balance adjusted to agree with audited schedules. See note 15.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 6. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year.

Business-Type Activities:	Balance 6/30/2012	Additions	Deletions	Reclassifications	Balance 6/30/2013
Capital assets not being depreciated:					
Land	\$ 42,314	\$ -	\$ -	\$ -	\$ 42,314
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	<u>42,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,314</u>
Capital assets being depreciated:					
Buildings and improvements	642,227	-	-	(261,731)	380,496
Equipment and vehicles	74,534	-	-	11,212	85,746
Infrastructure	4,662,535	-	-	250,519	4,913,054
Total capital assets, being depreciated	<u>5,379,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,379,296</u>
Less accumulated depreciation for:					
Buildings and improvements	(230,165)	(13,149)	-	39,524	(203,790)
Equipment and vehicles	(66,538)	(999)	-	(11,178)	(78,715)
Infrastructure	(2,110,520)	(147,430)	-	(28,346)	(2,286,296)
Total accumulated depreciation	<u>(2,407,223)</u>	<u>(161,578)</u>	<u>-</u>	<u>-</u>	<u>(2,568,801)</u>
Total capital assets, being depreciated, net	<u>2,972,073</u>	<u>(161,578)</u>	<u>-</u>	<u>-</u>	<u>2,810,495</u>
Business-type activities capital assets, net	<u>\$ 3,014,387</u>	<u>\$ (161,578)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,852,809</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

Business-Type Activities:	
Utility enterprise fund	<u>\$ 161,578</u>
Total depreciation expense - business-type activities	<u>\$ 161,578</u>

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

	Balance 6/30/2012	Additions	Retirements	Balance 6/30/2013	Current Portion
Governmental Activities:					
Revenue bonds					
Series 2013A	\$ -	\$ 1,565,000	\$ -	\$ 1,565,000	\$ -
Loans payable					
GADA loan	535,000	-	(30,000)	505,000	30,000
Premium on GADA loan	11,349	-	(820)	10,529	-
Total loans payable	546,349	-	(30,820)	515,529	30,000
Capital leases	57,118	-	(27,795)	29,323	29,323
Accrued compensated absences	80,005	85,103	(86,985)	78,123	78,123
Total other long term debt	137,123	85,103	(114,780)	107,446	107,446
Total Governmental Activities	\$ 683,472	\$ 1,650,103	\$ (145,600)	\$ 2,187,975	\$ 137,446
Business-Type Activities:					
Revenue bonds					
Series 2013B	\$ -	\$ 305,000	\$ -	\$ 305,000	\$ -
Loans payable					
USDA loan	364,326	-	(364,326)	-	-
Accrued compensated absences	-	6,585	(3,737)	2,848	2,848
Total Business-Type Activities	\$ 364,326	\$ 311,585	\$ (368,063)	\$ 307,848	\$ 2,848
Total Long-Term Liabilities	\$ 1,047,798	\$ 1,961,688	\$ (513,663)	\$ 2,495,823	\$ 140,294

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 7. Long-Term Debt, Continued

The following is a listing of long-term debt outstanding as of June 30, 2013:

Loans Payable:

Governmental Activities:

Greater Arizona Development Authority (GADA) loan, due in annual principal and semi-annual interest installments ranging from \$30,000 to \$50,000, bearing interest at 4.0% to 5.0%, maturing August 1, 2026.	<u>\$ 505,000</u>
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Total Loans Payable	<u>505,000</u>
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Bonds Payable:

Governmental Activities:

Excise Tax Revenue Bond, Series 2013A, due in annual principal and semi-annual interest installments ranging from \$155,000 to \$200,000, bearing interest at 2.06% to 5.0%, maturing July 1, 2023.	1,565,000
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Business-Type Activities:

Excise Tax Revenue Bonds, Series 2013B, due in annual principal and semi-annual interest installments ranging from \$35,000 to \$40,000, bearing interest at 1.3% to 3.07%, maturing July 1, 2022.	<u>305,000</u>
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Total Bonds Payable	<u>1,870,000</u>
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Leases Payable:

Leases payable in annual installments through April 27, 2014, bearing interest at 5.5%.	<u>29,323</u>
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Accrued Compensated Absences

<u>80,971</u>

Bond Premiums and Discounts, net

<u>10,529</u>

Total Long-Term Debt	2,495,823
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Less Current Portion:

Business-type Activities	(2,848)
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Governmental-type Activities	<u>(137,446)</u>
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Net Long-Term Debt	<u><u>\$ 2,355,529</u></u>
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TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 7. Long-Term Debt, Continued

Long term debt service requirements to maturity are as follows:

Fiscal Year Ended June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 30,000	\$ 68,963	\$ -	\$ 5,299
2015	30,000	80,550	-	6,814
2016	185,000	77,679	35,000	6,586
2017	195,000	72,887	35,000	6,093
2018	195,000	67,327	35,000	5,513
2019-2023	1,090,000	216,759	200,000	14,004
2024-2028	345,000	19,750	-	-
Totals	<u>\$ 2,070,000</u>	<u>\$ 603,915</u>	<u>\$ 305,000</u>	<u>\$ 44,309</u>

Note 8. Capital Leases Payable

The government has entered into a lease agreement, which is considered a capital lease in accordance with Financial Accounting Standard Board ASC 840-30-25. The lease is shown in the governmental activities of the government-wide statements. The total amount of equipment capitalized under the lease is \$87,629 and accumulated depreciation is \$20,695. Amortization on the asset is included in depreciation expense.

The following is an annual schedule of future minimum lease payments with an interest rate of 5.5 % under the capital lease, together with the present value of the net minimum lease payments:

Year Ending June 30	
2014	\$ 30,936
Total remaining minimum lease payments	30,936
Less amount representing interest	(1,613)
Present value of net remaining minimum lease payments	<u>\$ 29,323</u>

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 9. Interfund Receivables, Payables and Transfers

As of June 30, 2013, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ -	\$ 324,760
Nonmajor funds:		
Local Transportation Assistance	4,100	-
Drug Seizure	82,370	-
Impact Fees	238,290	-
Total Nonmajor funds	324,760	-
Total	\$ 324,760	\$ 324,760

The outstanding balance in the impact fee fund is for expenses paid for by the general fund to begin the development of Parker South. It is anticipated that when the Parker South development is completed, impact fees collected from the development can be used to recoup the costs. The other interfund receivables and payables were recorded to eliminate short-term deficits in pooled cash balances in the various funds.

Interfund transfers for the fiscal year ended June 30, 2013 are as follows:

	Transfers out:		
	General	Non-major	Total Transfers in
Transfer in:			
General Fund	\$ -	\$ 24,458	\$ 24,458
Nonmajor Governmental Funds	82,569	-	82,569
Total transfers out	\$ 82,569	\$ 24,458	\$ 107,027

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Waste Billing Agreement

The government has entered into an agreement with a privately owned waste disposal company whereby the government bills and collects disposal customers for services provided. The government receives ten percent of the collections and remits the balance to the disposal company. These amounts are recorded in the general fund.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 11. Joint Venture

The government's investment in the Colorado River Sewage System Joint Venture is based upon the ratio of gallonage of sewage contributed to the System to the total gallonage of sewage processed through the plant by each joint venture member. As of June 30, 2013, the percentage of net profits or losses allocable to each joint venture member is not available to adequately record the government's proportionate share of the joint venture operations. Also as of June 30, 2013, a current balance sheet and income statement for the joint venture was not available. Below are balances as of June 30, 2012:

Assets	
Current assets	\$ 442,986
Noncurrent investments	663,993
Capital assets, non-depreciable	94,927
Capital assets, depreciable, net	758,106
Total assets	<u><u>\$ 1,960,012</u></u>
Liabilities and Net Position	
Current liabilities	\$ 60,674
Net position	
Net investment in capital assets	853,033
Unrestricted	1,046,245
Total net position	<u>1,899,278</u>
Total liabilities and net assets	<u><u>\$ 1,959,952</u></u>
Operating Revenues and Expenses	
Operating revenue	<u>\$ 1,306,121</u>
Operating expense, less depreciation	1,325,854
Depreciation expense	195,489
Total expense	<u>1,521,343</u>
Operating loss	(215,222)
Non-operating income - net	20,465
Change in net assets	<u><u>\$ (194,757)</u></u>

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 12. Retirement and Pension Plans

Arizona State Retirement System (ASRS)

Plan description - The government contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). The plan covers employees of the State of Arizona and participating political subdivisions and school districts. The ASRS (through its Retirement Fund) provides retirement (i.e., pension), death, and survivor benefits; the Health Benefit Supplement Fund provides health insurance premium benefits (i.e., a monthly subsidy); and the Long-Term Disability Fund provides long-term disability benefits. Benefits are established by state statute. 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 System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix AZ 85067-3910 or by calling (602) 240-2002 or (800) 621-3778. Also see www.azasrs.gov.

Funding policy - The Arizona State Legislature establishes and may amend active plan members' and the government's contribution rates. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement, and 0.24 percent for long-term disability) of the members' annual covered payroll and the government was required to contribute 11.14 percent (10.25 percent for retirement, 0.65 percent for health benefit supplement, and 0.24 percent for long-term disability) of the members' annual covered payroll.

The government's contributions for the current and two previous fiscal years were equal to the required contributions and were as follows:

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2011	\$ 102,523	\$ 6,713	\$ 2,845
2012	105,771	6,751	2,572
2013	121,153	7,683	2,837

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 12. Retirement and Pension Plans, Continued

Public Safety Personnel Retirement System (PSPRS)

Plan description - The government contributes to the Public Safety Personnel Retirement System (PSPRS), 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 in the employ of the State of Arizona or a political subdivision thereof. The PSPRS, acting as a common investment 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. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Rd., Suite 200, Phoenix, AZ 85016 or by calling (602) 255-5575.

Funding policy – for the current fiscal year, active PSPRS member employees were required to contribute 9.55 percent of their annual salary to the PSPRS. The government was required to contribute 18.39 percent, the remaining amounts necessary to fund the PSPRS, as determine by the actuarial basis specified by specified by statute. The health insurance premium portion of the contribution rate was actuarially set at 1.2 percent of covered payroll.

Actuarial methods and assumptions – The significant actuarial methods and assumptions used for the PSPRS plan and related benefits (health insurance subsidies and long-term disability), and the actuarial assumptions used to establish the contribution requirements are as follows:

The PSPRS contribution requirements for the year ended June 30, 2013 were established by the June 30, 2011 actuarial valuations using the entry age normal method. The actuarial assumptions included (a) 8.25 percent investment rate of return and (b) projected salary increases ranging from 5.0 to 8.0 percent per year. The assumptions did not include cost-of-living adjustments and healthcare cost trend rates are not applicable. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013, was 23 years for underfunded actuarial accrued liability and 20 years for excess.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 12. Retirement and Pension Plans, Continued

Annual pension/OPEB cost – During the year ended June 30, 2013, the government’s annual pension cost of \$90,737 and the annual OPEB cost of \$6,809 was equal to the government’s required and actual contributions. Three year funding information is as follows:

Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
Pension	2011	\$ 64,733	100%	-
	2012	68,179	100%	-
	2013	90,737	100%	-
Health Insurance	2011	6,799	100%	-
	2012	6,945	100%	-
	2013	6,809	100%	-

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2013 is as follows:

	Retirement	Insurance Subsidy
Actuarial accrued liability (AAL)	\$ 2,849,054	\$ 69,571
Actuarial value of plan assets	2,190,946	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 658,108</u>	<u>\$ 69,571</u>
Funded ratio (actuarial value of plan assets/AAL)	77%	0.00%
Covered payroll (active plan members)	\$ 576,548	\$ 576,548
UAAL as a percentage of covered payroll	114%	12.07%

The preceding methods comply with the financial reporting standards established by the Governmental Accounting Standards Board. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedules of funding progress are presented as required supplementary information following the notes to the financial statement. These schedules provide multiyear 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 PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 12. Retirement and Pension Plans, Continued

457 Plan

The Town also participates in a 457 Plan. The Town has adopted Governmental Accounting Standards Board Statement 32 (GASB No 32), *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This resulted in reporting the 457 Plans as a "Trust Fund" rather than previously as an "Agency Fund". All of the assets and income of the 457 Plan are held in trust for the exclusive benefit of the participants or their beneficiaries rather than the assets of the employer. The assets are no longer assets of the employer and are not to be included in the employer financial statements. During fiscal year June 30, 2013, employee paid contributions to the plan were \$32,062.

Note 13. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The government's insurance protection is provided by the Arizona Municipal Risk Retention Pool, which provides a comprehensive municipal coverage program including property, general liability, public official's liability, automobile liability, and physical damage, bonds, and crime, of which the government is a participating member. The basic coverage program is standard for all participants and deemed to be appropriate by the governing board of the AMRRP. Individual limits are determined by the Council and staff.

The limit for basic coverage is for \$13,000,000 per occurrence on a claims made basis. The Arizona Municipal Risk Retention Pool is structured such that member's 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.

Note 14. Contingent Liabilities and Commitments

The government is a party to a number of legal actions arising in the ordinary course of its operations. In the opinion of government management, the government has adequate legal defenses regarding each of these actions and does not believe that they will have a material adverse effect on the government's financial position at June 30, 2013.

Note 15. Current Debt Refunding

In the current fiscal year, the Town issued refunding excise tax revenue bonds (series 2013B) totaling \$305,000 to provide funds for the refinancing of the 2002 USDA loan. As a result, the 2002 USDA loan was paid off in full and is considered to be defeased. This current refunding was undertaken to reduce future debt payments by \$63,747 and resulted in an economic gain of \$65,363.

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 16. Prior Period Adjustments

Several prior period adjustments were recorded to restate beginning fund balance or beginning net position in the financial statements. The schedule below provides the details for these adjustments.

	<u>Governmental Activities</u>	<u>Government-wide Business-type Activities</u>	<u>General Fund</u>	<u>Highway User Revenue Fund</u>	<u>Utility Enterprise Fund</u>	<u>Nonmajor CDBG Fund</u>
Net position / fund balance, as originally stated - July 1, 2012	\$ 7,764,207	\$ 3,732,362	\$ 2,080,804	\$ 1,536,306	\$ 3,732,362	\$ -
Prior period adjustment for general liability expenditures recorded in the prior year and attributable to this year.	20,317	9,110	10,909	9,408	9,110	-
Prior period adjustment for CDBG related expenditures recorded in the prior year and attributable to this year.	78,686	-	78,686	-	-	-
Prior period adjustment to transfer activity out of the Utility Billing Agency Fund that was incorrectly classified as an agency fund.	32,144	-	32,144	-	-	-
Prior period adjustment to record franchise taxes attributable to the prior year.	20,166	-	20,166	-	-	-
Prior period adjustment to correct accounts receivable for amounts that should have been written off in prior years.	(20,656)	-	(20,656)	-	-	-
Prior period adjustment to record fund balance of a segregated fund that didn't get grouped with the general fund as it should have.	(49,740)	-	(49,740)	-	-	-
Prior period adjustment to correct an entry that was double posted in the prior year.	36,500	-	36,500	-	-	-
Prior period adjustment for CDBG related reimbursements attributable to the prior year.	25,467	-	-	-	-	25,467
Prior period adjustment to correct capital asset balances to agree with audited schedules.	(99,999)	-	-	-	-	-
Net position / fund balance, as restated - July 1, 2012	<u>\$ 7,807,092</u>	<u>\$ 3,741,472</u>	<u>\$ 2,188,813</u>	<u>\$ 1,545,714</u>	<u>\$ 3,741,472</u>	<u>\$ 25,467</u>

TOWN OF PARKER, ARIZONA
Notes to the Financial Statements
June 30, 2013

Note 17. Fund Reclassifications

Previously, the Town reported sanitation collections and related contract payments in a Utility Billing Agency Fund. In 2013, this activity was moved to the general fund to more appropriately classify these transactions.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PARKER, ARIZONA
Schedule of Funding Progress
June 30, 2013

Public Safety Personnel Retirement System (PSPRS) – Police

An analysis of the progress of the Public Plan (PSPRS) from June 30, 2008 through June 30, 2013, based on actuarial valuations is as follows:

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	Unfunded AAL As a Percentage of Covered Payroll
2008	\$ 1,527,840	\$ 1,612,505	\$ 84,665	94.75%	\$ 535,743	15.8%
2009*	1,699,651	1,891,962	192,311	89.84%	504,828	38.1%
2010*	1,780,402	2,037,968	257,566	87.36%	495,200	52.0%
2011*	1,904,646	2,341,822	437,176	81.33%	514,700	84.9%
2012*	2,050,926	2,774,298	723,372	73.93%	634,948	113.9%
2013*	2,190,946	2,849,054	658,108	76.90%	576,548	114.1%

Post-retirement health insurance subsidy measurements under GASB Statement No. 45

Valuation Date June 30,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	Unfunded AAL As a Percentage of Covered Payroll
2008	\$ -	\$ 18,534	\$ 18,534	0.0%	\$ 535,743	3.5%
2009*	-	39,036	39,036	0.0%	504,828	7.73%
2010*	-	42,673	42,673	0.0%	495,200	8.62%
2011*	-	57,550	57,550	0.0%	514,700	11.18%
2012*	-	64,534	64,534	0.0%	634,948	10.16%
2013*	-	69,571	69,571	0.0%	576,548	12.07%

* For fiscal years prior to 2009 (which were prior to the implementation of GASB Statement Nos. 43 and 45), the pension and health insurance benefit amounts were aggregated. In fiscal year 2009, GABS Statements Nos. 43 and 45 measurements are made and reported; thus, these benefits are disaggregated and reported separately.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

General Fund

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for a particular purpose.

- **The Highway User Revenue Fund** is used to account for revenue sources that are legally restricted for road construction and maintenance.

TOWN OF PARKER, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$1,209,000	\$ 1,209,000	\$1,284,508	\$ 75,508
Licenses and permits	58,200	58,200	57,733	(467)
Intergovernmental revenues	927,178	927,178	820,841	(106,337)
Charges for services	28,600	28,600	21,037	(7,563)
Fines and forfeits	100,800	100,800	84,981	(15,819)
Investment earnings	10,030	10,030	29,876	19,846
Sanitation revenue	40,000	40,000	390,620	350,620
Miscellaneous earnings	25,200	25,200	38,383	13,183
	<u>2,399,008</u>	<u>2,399,008</u>	<u>2,727,979</u>	<u>328,971</u>
EXPENDITURES				
Current				
General Government				
Mayor and town council	34,260	34,260	36,950	(2,690)
Magistrate	106,845	106,845	101,856	4,989
Town office	322,115	322,115	295,598	26,517
Attorney	105,000	105,000	140,217	(35,217)
Building maintenance	104,255	104,255	56,749	47,506
Finance	191,770	191,770	145,351	46,419
Elections	10,050	10,050	12,044	(1,994)
Outside agencies	2,000	2,000	2,000	-
	<u>\$876,295</u>	<u>876,295</u>	<u>790,765</u>	<u>85,530</u>
Public Safety				
Police	994,339	994,339	994,612	(273)
Building regulation and inspection	97,575	97,575	50,345	47,230
Animal control	108,490	108,490	28,388	80,102
	<u>1,200,404</u>	<u>1,200,404</u>	<u>1,073,345</u>	<u>127,059</u>
Public Works				
Waste collection and disposal	5,200	5,200	352,148	(346,948)
Cemetery	187,106	187,106	78,557	108,549
	<u>192,306</u>	<u>192,306</u>	<u>430,705</u>	<u>(238,399)</u>

TOWN OF PARKER, ARIZONA
GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Continued)
For the Year Ended June 30, 2013

<hr/>				
Culture and Recreation				
Parks	379,149	379,149	179,591	199,558
Swimming pool	15,900	15,900	3,341	12,559
Library	326,070	326,070	170,053	156,017
Other recreation	18,400	18,400	4,297	14,103
Senior citizens	109,430	109,430	89,521	19,909
	<hr/>	<hr/>	<hr/>	<hr/>
Total culture and recreation	848,949	848,949	446,803	402,146
Debt service				
Principal	29,859	29,859	27,795	2,064
Interest	3,141	3,141	3,141	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total debt service	33,000	33,000	30,936	2,064
Contingencies	449,537	449,537	6,197	443,340
Capital outlay	224,600	224,600	1,517,134	(1,292,534)
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	3,825,091	3,825,091	4,295,885	(470,794)
Excess of revenues over expenditures	(1,426,083)	(1,426,083)	(1,567,906)	(141,823)
Other Financing Sources (Uses):				
Loan proceeds	-	-	1,565,000	1,565,000
Transfers out	(110,000)	(110,000)	(82,569)	27,431
Transfers in	-	-	24,458	24,458
Total other financing sources (uses)	(110,000)	(110,000)	1,506,889	1,616,889
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(1,536,083)	(1,536,083)	(61,017)	1,475,066
Fund balance, beginning of year, as restated	2,188,813	2,188,813	2,188,813	-
Fund balance, end of year	<u>\$ 652,730</u>	<u>\$ 652,730</u>	<u>\$2,127,796</u>	<u>\$ 1,475,066</u>

TOWN OF PARKER, ARIZONA
HIGHWAY USER REVENUE FUND
Special Revenue
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	2,608,961	2,608,961	966,409	(1,642,552)
Miscellaneous earnings	-	-	400	400
	<u>2,608,961</u>	<u>2,608,961</u>	<u>966,809</u>	<u>(1,642,152)</u>
Total revenue				
EXPENDITURES				
Current				
Public Works	539,045	539,045	468,192	70,853
Contingencies	1,135,840	1,135,840	-	1,135,840
Capital outlay	2,199,076	2,199,076	7,232	2,191,844
	<u>3,873,961</u>	<u>3,873,961</u>	<u>475,424</u>	<u>3,398,537</u>
Total expenditures				
Excess of revenue and other sources over (under) expenditures and other uses	<u>(1,265,000)</u>	<u>(1,265,000)</u>	<u>491,385</u>	<u>1,756,385</u>
Fund balance, beginning of year, as restated	<u>1,545,714</u>	<u>1,545,714</u>	<u>1,545,714</u>	<u>-</u>
Fund balance, end of year	<u>\$ 280,714</u>	<u>\$ 280,714</u>	<u>\$ 2,037,099</u>	<u>\$ 1,756,385</u>

**SUPPLEMENTARY INFORMATION
COMBINING STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

- **Bed Tax Fund** – This fund is used to account for the receipts and expenses of bed taxes.
- **Local Transportation Assistance** – This fund is used to account for the government’s portion of the State lottery distributions that are restricted for use for highways and streets.
- **School Resource Officer Fund** – This fund is used to account for grant money spent on expenses relating to the officer covering schools.
- **Drug Seizure Fund** – This fund is used to account for revenues and expenditures related to drug seizures.
- **Police Grant Fund** – This fund is used to account for police grants and related expenses.
- **County Library Grant Fund** – This fund is to account for grants and donations received to be spent on library related expenses.
- **Library Grant C-070 Fund** – This fund is to account for grants and donations received to be spent on library related expenses.
- **Congregate Meals Fund** – This fund is to account for revenues and expenditures related to congregate meals for senior center.
- **Home Delivered Meals Fund** – This fund is to account for grants received to assist in home delivered meals to senior citizens.

Capital Project Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- **Impact Fee Fund** – This fund is used to account for revenues and expenditures that are restricted to the development of Parker South.
- **GADA Fund** – This fund is used to account for improvements for Parker South.
- **CDBG Fund** – This fund accounts for revenues and expenditures related to federal grants for the Department of Housing and Urban Development which are passed through the State of Arizona.

Debt Service Fund

- **Debt Service Fund** – This fund accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

TOWN OF PARKER, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue						
	Bed Tax Fund	Local Transportation Assistance Fund	School Resource Officer Fund	Drug Seizure Fund	Police Grant Fund	County Library Grant Fund	Library Grant C-070 Fund
ASSETS							
Cash and investments	\$ 87,781	\$ -	\$ 33,053	\$ -	\$ 271	\$ -	\$ 10,907
Cash held by trustee	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	86,484	992	-	11,440
Total assets	\$ 87,781	\$ -	\$ 33,053	\$ 86,484	\$ 1,263	\$ -	\$ 22,347
Liabilities							
Accounts payable	\$ -	\$ 738	\$ -	\$ -	\$ -	\$ -	\$ 1,768
Accrued payroll and related taxes	-	-	737	4,114	-	-	514
Accrued interest	-	-	-	-	-	-	-
Due to other funds	-	4,100	-	82,370	-	-	-
Bonds payable	-	-	-	-	-	-	-
Total liabilities	-	4,838	737	86,484	-	-	2,282
Fund Balance							
Restricted for:							
Highways	-	-	-	-	-	-	-
Public safety	-	-	-	-	1,263	-	-
Tourism	87,781	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Aging services	-	-	-	-	-	-	-
Public safety	-	-	32,316	-	-	-	-
Library services	-	-	-	-	-	-	20,065
Unassigned	-	(4,838)	-	-	-	-	-
Total fund balances	87,781	(4,838)	32,316	-	1,263	-	20,065
Total liabilities and fund balance	\$ 87,781	\$ -	\$ 33,053	\$ 86,484	\$ 1,263	\$ -	\$ 22,347

(Continued)

TOWN OF PARKER, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013 (Continued)

	Special Revenue			Capital Projects				Total
	Congregate Meals Fund	Home Delivered Meals Fund	Impact Fees	GADA Fund	CDBG Fund	Debt Service Fund		
ASSETS								
Cash and investments	\$ 217,647	\$ 106,399	\$ 3,403	\$ 292,002	\$ 17,749	\$ -	\$ 769,212	
Cash held by trustee	-	-	-	-	-	42,609	42,609	
Accounts receivable	-	-	-	-	-	-	-	
Due from other governments	1,381	3,076	-	-	8,442	-	111,815	
Total assets	\$ 219,028	\$ 109,475	\$ 3,403	\$ 292,002	\$ 26,191	\$ 42,609	\$ 923,636	
Liabilities								
Accounts payable	\$ 2,424	\$ 2,971	\$ -	\$ -	\$ -	\$ -	\$ 7,901	
Accrued payroll and related taxes	1,181	1,260	-	-	-	-	7,806	
Accrued interest	-	-	-	-	-	12,609	12,609	
Due to other funds	-	-	238,290	-	-	-	324,760	
Bonds payable	-	-	-	-	-	30,000	30,000	
Total liabilities	3,605	4,231	238,290	-	-	42,609	383,076	
Fund Balance								
Restricted for:								
Highways	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	1,263	
Tourism	-	-	-	-	-	-	87,781	
Capital projects	-	-	-	292,002	26,191	-	318,193	
Debt service	-	-	-	-	-	-	-	
Assigned								
Aging services	215,423	105,244	-	-	-	-	320,667	
Public safety	-	-	-	-	-	-	32,316	
Library services	-	-	-	-	-	-	20,065	
Unassigned	-	-	(234,887)	-	-	-	(239,725)	
Total fund balances	215,423	105,244	(234,887)	292,002	26,191	-	540,560	
Total liabilities and fund balance	\$ 219,028	\$ 109,475	\$ 3,403	\$ 292,002	\$ 26,191	\$ 42,609	\$ 923,636	

TOWN OF PARKER, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Funds
For the Year Ended June 30, 2013

	Special Revenue						
	Bed Tax Fund	Local Transportation Assistance Fund	School Resource Officer Fund	Drug Seizure Fund	Police Grant Fund	County Library Grant Fund	Library Grant C-070 Fund
REVENUES							
Taxes	\$ 74,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	42,443	227,071	2,972	-	31,067
Investment earnings	-	-	-	-	-	-	-
Miscellaneous earnings	-	-	-	-	-	-	3,382
Total revenues	74,634	-	42,443	227,071	2,972	-	34,449
EXPENDITURES							
Current							
General government	66,947	-	-	-	-	-	-
Public safety	-	-	38,693	264,110	2,144	-	-
Public works	-	18,270	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	43,000
Debt service							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay							
-	-	-	-	-	-	-	1,096
Total expenditures	66,947	18,270	38,693	264,110	2,144	-	44,096
Excess of revenues Over (under) expenditures	7,687	(18,270)	3,750	(37,039)	828	-	(9,647)
Other Financing Sources (Uses):							
Transfers in	-	-	-	27,850	-	-	-
Transfers out	-	-	-	-	-	(24,458)	-
Total other financing sources (uses):	-	-	-	27,850	-	(24,458)	-
Net change in fund balances	7,687	(18,270)	3,750	(9,189)	828	(24,458)	(9,647)
Fund balance (deficit), beginning of year, as restated	80,094	13,432	28,566	9,189	435	24,458	29,712
Fund balance (deficit), end of year	\$ 87,781	\$ (4,838)	\$ 32,316	\$ -	\$ 1,263	\$ -	\$ 20,065

(Continued)

TOWN OF PARKER, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Funds
For the Year Ended June 30, 2013 (Continued)

	Special Revenue			Capital Projects				Total
	Congregate Meals Fund	Home Delivered Meals Fund	Impact Fees	GADA Fund	CDBG Fund	Debt Service Fund		
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,634	
Intergovernmental	108,448	129,631	-	-	16,978	-	558,610	
Investment earnings	-	-	-	-	-	-	-	
Miscellaneous earnings	35,706	31,625	-	-	-	-	70,713	
Total revenues	144,154	161,256	-	-	16,978	-	703,957	
EXPENDITURES								
Current								
General government	-	-	-	-	-	-	66,947	
Public safety	-	-	-	-	-	-	304,947	
Public works	-	-	-	-	-	-	18,270	
Culture and recreation	140,478	153,791	-	-	-	-	337,269	
Debt service								
Principal	-	-	-	-	-	30,000	30,000	
Interest and fiscal charges	-	-	-	-	-	24,719	24,719	
Capital outlay								
	-	-	-	-	16,254	-	17,350	
Total expenditures	140,478	153,791	-	-	16,254	54,719	799,502	
Excess of revenues Over (under) expenditures	3,676	7,465	-	-	724	(54,719)	(95,545)	
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	54,719	82,569	
Transfers out	-	-	-	-	-	-	(24,458)	
Total other financing sources (uses):	-	-	-	-	-	54,719	58,111	
Net change in fund balances	3,676	7,465	-	-	724	-	(37,434)	
Fund balance (deficit), beginning of year, as restated	211,747	97,779	(234,887)	292,002	25,467	-	577,994	
Fund balance (deficit), end of year	\$ 215,423	\$ 105,244	\$ (234,887)	\$ 292,002	\$ 26,191	\$ -	\$ 540,560	