

# TOWN OF PARADISE VALLEY ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2016



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**TOWN OF PARADISE VALLEY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2016**

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Mr. Michael Collins  
*Mayor*

Mr. David Sherf  
*Vice Mayor*

*Councilmembers*

Mr. Jerry Bien-Willner

Mr. Paul Dembow

Mrs. Mary Hamway

Mr. Mark Stanton

Mrs. Maria Syms

Mr. Kevin Burke  
*Town Manager*

Prepared by:  
Finance Department

Dawn Marie Buckland, Director of Administration and Government Affairs  
Christine Covell-Granberg, CFE, CPA, Senior Financial/Management Analyst  
Carl Muntz, Accounting Specialist  
Catherine McGovern, Accounting Specialist

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## **INTRODUCTORY SECTION**

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December 5, 2016

The Honorable Mayor, Members of the Town Council, and Citizens of the Town of Paradise Valley, Arizona:

The Comprehensive Annual Financial Report of the Town of Paradise Valley, Arizona (the "Town") for the fiscal year ended June 30, 2016 is hereby submitted in accordance with State law (Arizona Revised Statutes 9-481). Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal controls designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the Town of Paradise Valley, Arizona's financial statements for the year ended June 30, 2016. The independent auditors' report is located at the front of the financial section of this report.

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

## **PROFILE**

Paradise Valley was incorporated in May 1961. The Town is centrally located in Maricopa County and is surrounded by the cities of Phoenix and Scottsdale. It has land area of approximately 17 square miles.

Paradise Valley is an Arizona municipal corporation, acting as a general law town as prescribed in the Arizona Revised Statutes. The Town government operates under the Council-Manager form of government. Policy making and legislative authority are vested in the Town Council, which consists of seven Council members. The Mayor is elected by voters to a two-year term and the six Council members are elected to staggered four-year terms.

The Town Council is responsible for, but not limited to, the adoption of local ordinances, the Town budget, the development of citizen advisory committees, and the appointment of the Town Manager and Town Attorney. The Town Manager is responsible for implementation of the policies of the Town Council and administering Town operations. The Town Manager appoints all positions except the Town Attorney and Municipal Judges.

The Town provides a limited range of services, including police protection, construction and maintenance of streets, and planning and building services. Fire protection services are provided through an intergovernmental agreement with the City of Phoenix. The City of Scottsdale provides wastewater treatment services through an intergovernmental agreement for approximately 60% of the geographic area of the Town. The City of Phoenix owns the sewer lines and provides sewer service to the remaining 40% of the geographic area of the Town. Water services are provided by the City of Phoenix and two private water companies. Solid waste services are provided by private companies. Ambulance service is provided by a private company.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Council formally adopts the budget and legally appropriates available monies to the Town's various funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented. Prior to the third Monday in July, the Town Manager presents the preliminary budget to the Town Council. The budget includes proposed expenditures and the means of financing them. The preliminary budget sets the limit for expenditures during the fiscal year. A public hearing is held prior to the budget's final adoption.

The expenditure appropriations in the adopted budget are by department in the General Fund and by fund for all other funds. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Departmental appropriations may be amended during the year. The Town Manager is responsible for developing and administering procedures to amend the budget. Management control of budgets is further maintained at a line item level within each department.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

### Local Economy

The Town's resorts continue to re-invest in themselves to remain a desirable destination. Mountain Shadows and Cottonwoods resort hotel sites, are under redevelopment. The former Cottonwood site will reemerge in the late fall as the ANdAZ, Hyatt's highest-end product. Mountain Shadows is expected to open in the spring of 2017. Paradise Valley's newest resort, the Ritz-Carlton, broke ground and is expected to open in late 2018.

The construction industry impacts two revenue sources – construction sales tax and permit revenues. Fiscal year 2015-16 construction sales taxes of about \$3.2 million were slightly higher than the prior year.

Overall, we expect our most significant increases in revenues and expenditures alike to be driven by the new resorts, with an underlying slow, yet steady, economic recovery, which will result in increased consumer spending, sales tax revenues and construction activity.

## Operating Reserves

The Town's Financial Policies are intended to help ensure the financial resiliency of the Town. Specifically, the operating budget contains two contingency provisions. The first is an operating contingency of about \$200,000 that was established when the FY 2015-16 budget was adopted. Per policy, this amount is established between 1% and 3% of the annual operating expenses and is funded from current revenues.

## Major Initiatives

Fiscal Year 2015-16 was focused on the development of three major resorts, as well as coordinating supporting capital improvements. The Town also emphasized long term financial responsibility with efforts to minimize long term pension liabilities and a ten year needs assessment for the state-imposed expenditure limitation.

## **NEXT YEAR'S BUDGET**

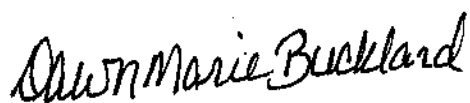
The fiscal year 2016-17 budget allocates resources toward several notable capital projects, including a public safety interoperable radio tower, and the design of Lincoln and Mockingbird Road improvements associated with the development of the Ritz Carlton project. The budget also allocates an additional \$1 million to pay down the Public Safety Personnel Retirement System (PSPRS) unfunded liability, reducing the basis for a mandatory 8% assessment and ultimately saving tax payer dollars.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Paradise Valley for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the seventh year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department, particularly Christine Covell-Granberg, and through the competent service of our independent auditors. We also wish to express our sincere appreciation to the Town Council and the Town Manager for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully Submitted,



Dawn Marie Buckland  
Director of Administration and Governmental Affairs



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

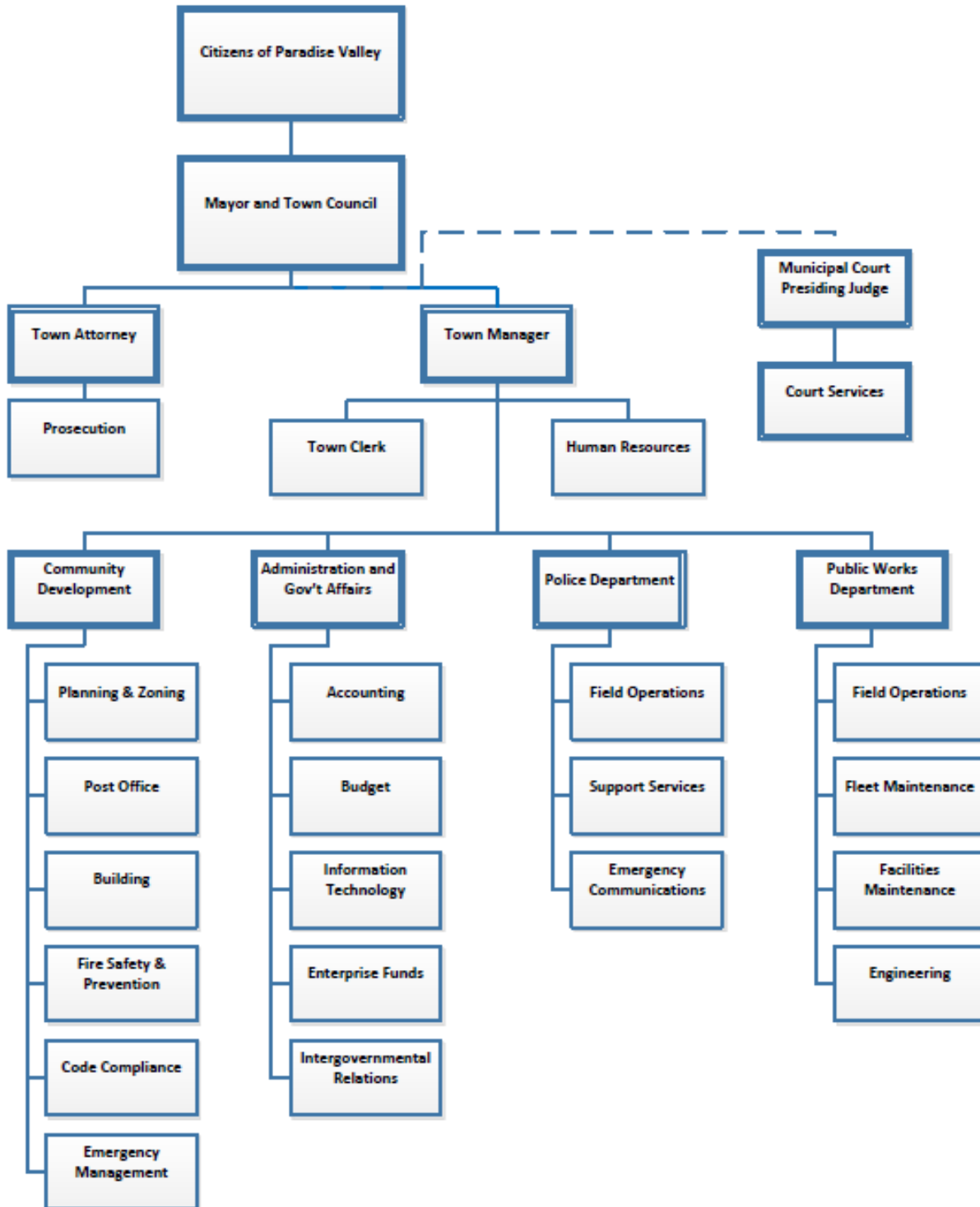
**Town of Paradise Valley**  
**Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

**TOWN OF PARADISE VALLEY, ARIZONA  
ORGANIZATIONAL CHART  
JUNE 30, 2016**



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Town Council  
Town of Paradise Valley, Arizona  
Paradise Valley, 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 Paradise Valley, Arizona (the Town), as of and for the year ended June 30, 2016, 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.

### ***Auditors' 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 auditors' 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 Town'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 Town'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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Paradise Valley, Arizona as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison schedules of the General Fund, HURF Fund and the Court Enhancement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, pension schedules, and OPEB schedules on pages 9 – 18, 68 – 71, and 72 – 73, respectively, 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's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules is 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 and individual nonmajor fund financial statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable Mayor and Town Council  
Town of Paradise Valley, Arizona

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 5, 2016

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

This section of the Town of Paradise Valley's (the Town) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the basic financial statements.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal years 2016 and 2015 are as follows:

- ◆ The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2016 and 2015 by \$117.0 million and \$110.7 million (net position), respectively. Of these amounts, \$11.5 million and \$4.3 million (unrestricted net position), respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Total net position increased by \$6.2 million during fiscal year 2016 and increased \$4.5 million during fiscal year 2015.
- ◆ As of June 30, 2016 and 2015, the Town's governmental funds reported combined ending fund balances of \$41.0 million and \$29.8 million, respectively, which were comprised of nonspendable, restricted, assigned, and unassigned fund balances.
- ◆ At the close of fiscal year 2016, unassigned fund balance for the General Fund was \$29.7 million, or 178% of actual operating expenditures. At the close of the fiscal year 2015, the unassigned fund balance for the General Fund was \$25.4 million, or 178% of operating expenditures.
- ◆ During fiscal year 2016, the Town's total bonded debt increased by \$6.6 million due to issuance of \$7,880,000 in new debt which was offset by scheduled debt payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements, and
3. Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

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

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

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported at the time the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected court fines and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include basic services such as general government, public safety, and streets. The business-type activities of the Town include sewer, fire service, and alarm operations.

The government-wide financial statements include not only the Town itself (known as the primary government), but also two legally separate nonprofit entities: the Mummy Mountain Preserve Trust and the Paradise Valley Municipal Property Corporation (MPC). Although legally separate from the Town, these component units are blended with the primary government because of their governance or financial relationship to the Town.

The government-wide financial statements can be found beginning on page 19 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into the following two categories: governmental funds and proprietary funds.

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

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

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The Town maintains several individual governmental funds organized according to their type (general fund, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway User Revenue Fund, Court Enhancement Fund, and Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in a separate section of this report. The basic governmental fund financial statements begin on page 21 of this report.

*Proprietary Funds* – Proprietary funds are generally used to account for services for which the Town charges customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains only one type of proprietary fund – enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the sewer, fire service, and alarm operations of the Town.

The proprietary fund financial statements begin on page 28 of this report.

**Notes to Basic Financial Statements**

The notes to basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements. The notes to basic financial statements begin on page 32 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. This information can be found beginning on page 68 of this report.

**Combining Statements**

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

**Government-Wide Financial Analysis**

**Net Position**

While this document contains information about the funds used by the Town to provide services to our citizens, the Statement of Net Position and the Statement of Activities serve to provide an answer to the question of how the Town, as a whole, did financially throughout the year. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year revenues and expenses regardless of when the cash is received or paid.

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

These two statements report the Town's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Town as a whole has improved or diminished. However, in evaluating the overall net position of the Town, non-financial information such as changes in the Town's tax base and the condition of the Town's capital assets will also need to be evaluated.

Net position may serve as a useful indicator of a government's financial position. Net position was \$117.0 million and \$110.7 million at the close of the fiscal year 2016 and 2015 respectively.

**Table A-1  
The Town's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current and Other Assets	\$ 44,676,696	\$ 32,989,154	\$ 2,465,074	\$ 2,206,456	\$ 47,141,770	\$ 35,195,610
Capital Assets						
Non-Depreciable	43,234,293	46,279,159	17,203,392	17,203,392	60,437,685	63,482,551
Depreciable (Net)	37,726,564	34,025,811	10,735,082	11,193,436	48,461,646	45,219,247
Total Assets	125,637,553	113,294,124	30,403,548	30,603,284	156,041,101	143,897,408
Deferred Outflows of Resources	5,895,523	5,267,918	-	-	5,895,523	5,267,918
<b>LIABILITIES</b>						
Other Liabilities	2,733,931	2,429,748	1,430,235	1,206,852	4,164,166	3,636,600
Non-Current Liabilities:						
Due Within One Year	1,594,484	1,799,666	437,429	916,325	2,031,913	2,715,991
Due in More Than One Year	37,405,217	29,726,381	596,632	1,034,061	38,001,849	30,760,442
Total Liabilities	41,733,632	33,955,795	2,464,296	3,157,238	44,197,928	37,113,033
Deferred Inflows of Resources	756,726	1,318,629	-	-	756,726	1,318,629
<b>Net Position</b>						
Net Investment in						
Capital Assets	78,383,694	79,895,872	26,904,413	26,446,442	105,288,107	106,342,314
Restricted	224,308	53,739	-	-	224,308	53,739
Unrestricted	10,434,716	3,338,007	1,034,839	999,604	11,469,555	4,337,611
Total Net Position	\$ 89,042,718	\$ 83,287,618	\$ 27,939,252	\$ 27,446,046	\$ 116,981,970	\$ 110,733,664

The largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less depreciation and any related debt used to acquire those assets, of \$105.3 million (90%) and \$106.3 million (96%) for the fiscal years 2016 and 2015, respectively. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for appropriation. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the Town's net position, \$0.2 million (less than 1%) for fiscal year 2016 and \$54,000 (less than 1%) for fiscal year 2015, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position for fiscal years 2016 and 2015, \$11.5 million (10%) and \$4.3 million (4%) respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

At the end of both the current and previous fiscal years, the Town was able to report positive balances in all three categories of net position for the government as a whole, as well as for the business-type activities.

**Changes in Net Position**

The Town's net position increased by \$6.2 million and \$4.5 million during the fiscal years 2016 and 2015, respectively. These changes are explained in the government and business-type activities discussion below.

**Table A-2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 6,927,949	\$ 4,327,903	\$ 5,551,992	\$ 5,816,354	\$ 12,479,941	\$ 10,144,257
Operating Grants and Contributions	1,121,420	874,773	-	-	1,121,420	874,773
Capital Grants and Contributions	-	234,000	76,875	80,000	76,875	314,000
General Revenues:						
Local Taxes	15,699,670	15,602,093	-	-	15,699,670	15,602,093
State Shared Revenues	3,291,235	3,213,750	-	-	3,291,235	3,213,750
Investment Income	274,390	91,159	22,032	6,349	296,422	97,508
Total Revenues	<u>27,314,664</u>	<u>24,343,678</u>	<u>5,650,899</u>	<u>5,902,703</u>	<u>32,965,563</u>	<u>30,246,381</u>
<b>EXPENSES</b>						
General Government	8,605,414	7,776,745	-	-	8,605,414	7,776,745
Public Safety	9,054,408	8,745,404	-	-	9,054,408	8,745,404
Highways and Streets	3,568,394	3,669,224	-	-	3,568,394	3,669,224
Interest and Fiscal Charges	281,348	147,314	-	-	281,348	147,314
Sewer System	-	-	2,185,714	2,324,369	2,185,714	2,324,369
Fire Service	-	-	2,921,260	3,045,071	2,921,260	3,045,071
Alarm Monitor System	-	-	100,719	59,277	100,719	59,277
Total Expenses	<u>21,509,564</u>	<u>20,338,687</u>	<u>5,207,693</u>	<u>5,428,717</u>	<u>26,717,257</u>	<u>25,767,404</u>
<b>CHANGES IN NET POSITION BEFORE TRANSFERS</b>						
	5,805,100	4,004,991	443,206	473,986	6,248,306	4,478,977
Transfers	(50,000)	(48,076)	50,000	48,076	-	-
<b>CHANGES IN NET POSITION</b>						
	5,755,100	3,956,915	493,206	522,062	6,248,306	4,478,977
Net Position - Beginning of Year	<u>83,287,618</u>	<u>79,330,703</u>	<u>27,446,046</u>	<u>26,923,984</u>	<u>110,733,664</u>	<u>106,254,687</u>
<b>END OF YEAR</b>	<u>\$ 89,042,718</u>	<u>\$ 83,287,618</u>	<u>\$ 27,939,252</u>	<u>\$ 27,446,046</u>	<u>\$ 116,981,970</u>	<u>\$ 110,733,664</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

*Governmental Activities* – In fiscal year 2016, governmental activities increased the net position of the Town by \$5.8 million. Total revenues increased \$3.0 million (12%) from fiscal year 2015. Local taxes increased by \$0.1 million (1%) primarily due to an improved economy which included increased consumer spending. Fines, fees, and charges for services increased \$2.6 million (60%) due to the implementation of traffic cameras that have increased the number of citations for the Town, further there was an increase of about \$0.2 million for operating grants and contributions as the Town received further grant funding related to the flood damages and other various items. A transfer from the governmental activities to the business-type activities was similar to prior year as there was no need to further transfer funds for debt purposes.

State shared revenues increased approximately \$77,485 (2%) compared to fiscal year 2015. The increase was largely due to an increase in urban revenue sharing funding and state sales tax funding.

Capital grants and contributions decreased \$0.2 million due to \$234,000 received for the Court Enhancement Fund not occurring again for the current fiscal year.

Expenses increased \$1.2 million, or 6%. Public Safety spending increased by \$0.3 million primarily due to an increase in photo enforcement fee charges as the Town has had a significant increase in the number of citations, which increases the cost of the photo radar services. The General Government increase was largely due to undergrounding expenses, not considered capital, in the amount of \$0.8 million. Decrease in Highway and Streets (\$0.1 million) was due to less street maintenance projects being funded from the HURF resources.

*Business-Type Activities* – Business-type activities increased the Town's net position by \$0.5 million in fiscal year 2016. Income from operations decreased \$0.3 million and expenses decreased by a similar amount of \$0.2 million. Overall decrease was due to less customers within the sewer and fire services.

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

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

*Governmental Funds* – Funds are created and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Activity not required to be reported in a separate fund is included in the General Fund.

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The major governmental funds reported by the Town include the General Fund, Highway User Revenue Fund (HURF), Court Enhancement Fund, and Capital Projects Fund.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$41.0 million, an increase of \$11.2 million, or a 38% increase in comparison with the prior year. The combined ending fund balances for fiscal year 2015 were \$29.8 million.

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

The General Fund is the chief operating fund of the Town. At June 30, 2016, the unassigned fund balance of the General Fund was \$29.7 million, or 72% of the combined governmental fund balance. The unassigned fund balance of the General Fund at June 30, 2015 was \$25.4 million, or 85% of the combined governmental fund balance. As a measure of the General Fund's liquidity, it may be useful to compare General Fund unassigned fund balance to General Fund expenditures. The General Fund unassigned balance of \$29.7 million represents 178% of General Fund expenditures.

The General Fund fund balance increase of \$4.1 million from fiscal year 2015 is the result of increased revenues in sales taxes, state shared revenues, and fines and forfeitures. Sales tax revenue increased \$0.1 million due to an increase in economic conditions and consumer spending. Fines and Forfeitures increased \$1.5 million due to an increase in court cases filed. Licenses and Permits increased \$0.6 million due to the Town experiencing more construction that requires permits and fees. Additionally, expenditures increased from the prior year by \$2.4 million. That increase was mostly due to merit pay increases as well as a prepayment of the 2017 required contribution to the public safety personnel retirement system in fiscal year 2016, in addition to the increase in processing fees for new citations that have occurred from the additional traffic cameras. The excess of revenues over expenditures was offset by transfers totaling \$4.8 million in order to pay for related HURF expenditures and capital projects.

The Highway User Revenue Fund (HURF) is used to account for the state shared revenues restricted for street and highway purposes. The fund balance at June 30, 2016 was \$0.2 million and was all assigned due to unspent transfers from the General Fund. The HURF Fund received a transfer of \$2.1 million from the General Fund to supplement the cost of street improvement projects.

The Court Enhancement Fund increased \$0.4 million as due to the Town's implementation of additional traffic cameras resulting in an increase in citations. The ending fund balance of \$0.2 million, was reported as restricted as it is for court enhancement purposes. In the prior year the fund balance was negative however due to an increase in fine and forfeitures allocated the fund the deficit has been recovered.

The Capital Projects Fund increased \$7.5 million as there were numerous capital projects occurring at the Town that had been previously planned. Overall, capital outlay expenditures totaled \$2.7 million during the year, which was partially offset by a transfer of \$2.7 million from the General Fund. However all the proceeds from the newly issued debt were also recorded under this fund for \$7.9 million as well as issuance costs of \$0.1 million and principal payments of \$0.2 million to pay off the outstanding note.

The nonmajor governmental funds reported a decrease in fund balance of \$1.0 million. This change was a result of the Debt Service Fund being included as non-major for the current year and related debt payments decreasing the overall fund balance for this classification.

*Proprietary Funds* – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position was a negative \$1.4 million for the Sewer System, \$1.8 million for the Fire Services and \$0.7 million for the Alarm Monitor System.

The total change in net position for the enterprise funds was a positive \$0.5 million for fiscal year 2016. The increase was primarily due to an increase in development fee revenue and a decrease in operating expenses.

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's annual budget is the legally adopted expenditure control document of the Town. The Town closely monitors its revenues, particularly local sales taxes, licenses and permits, state shared revenues and investment earnings, for any potential shortfall. Actual revenues of \$25.6 million exceeded the \$22.8 million final budget amount by \$2.8 million, or 12%. The \$2.8 million variance was mainly comprised of sales tax revenue, fines and forfeitures and licenses and permits exceeding budget. Sales tax revenue had a \$0.6 million positive variance with the budget due to changes in the economy that lead to greater than expected sales tax revenue. Fines and forfeitures had a positive variance with the final budget of \$0.6 million largely due to an increase in court cases filed and traffic light violations. Licenses and permits had a positive variance with the final budget of \$0.6 million due to an increase in filings for licenses and various permits. In addition to this other income exceed final budget by \$0.5 million due to the Town receiving funding from additional sources that were not expected during the budgeting process.

The \$16.7 million of actual expenditures were 94% of the final budget. All departments were under the final budget by a total of about \$1.0 million. Reasons for being under budget included salary savings from vacant positions.

Actual revenues exceeded expenditures by \$9.0 million which was better than the \$5.1 million excess reflected in the final revised budget. Again, the improved performance is the result of sales tax revenues explained previously.

Budgeted revenues increased \$0.4 million between the original and final budget due to an increase in sales tax revenue based on an increase in economic conditions. Budgeted expenditures increased \$44,000, however there were various shift in lines items between general government and public safety which netted this effect. Overall general government decreased \$0.6 million while public safety increased by \$0.6 million due to shifts in spending in needs for the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for its governmental and business-type activities as of June 30, 2016 and 2015 amount to \$108.9 million and \$108.7 million, respectively (net of accumulated depreciation). The net increase in capital assets (net of accumulated depreciation) was \$0.2 million, due primarily to an increase in infrastructure from completed construction in progress which was offset by depreciation expense for the fiscal year. Capital assets include land and improvements, building and improvements, sewer systems, sewer capacity rights, vehicles, machinery and equipment, furniture and fixtures, and construction in progress.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 3.A.4 to the Financial Statements for further information regarding capital assets. Table A-3 provides a summary of 2016 and 2015 assets, net of depreciation.



**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**Table A-3  
Capital Assets (Net)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and Improvements	\$ 42,252,512	\$ 42,319,870	\$ 2,853,626	\$ 2,853,626	\$ 45,106,138	\$ 45,173,496
Infrastructure	29,561,971	25,519,781	-	-	29,561,971	25,519,781
Buildings and Improvements	4,049,803	4,333,794	3,818,709	3,997,114	7,868,512	8,330,908
Sewer Capacity Rights	-	-	14,349,766	14,349,766	14,349,766	14,349,766
Sewer System	-	-	6,800,469	6,974,296	6,800,469	6,974,296
Machinery, Furniture and Fixtures, Equipment and Vehicles	3,435,740	3,425,828	115,904	222,026	3,551,644	3,647,854
Construction In Progress	1,660,831	4,705,697	-	-	1,660,831	4,705,697
<b>Total Capital Assets</b>	<b>\$ 80,960,857</b>	<b>\$ 80,304,970</b>	<b>\$ 27,938,474</b>	<b>\$ 28,396,828</b>	<b>\$ 108,899,331</b>	<b>\$ 108,701,798</b>

The most significant capital asset acquisitions during the fiscal year were the completion of various assets in construction in progress such as 56<sup>th</sup> Street Improvements, Traffic Signal Upgrades, and Fixed License Plate Readers. Additionally, there are still many capital projects at various stages of construction at June 30, 2016. These projects include public safety tower, watershed studies, and further card reader projects.

**Debt Administration**

At the end of the fiscal years 2016 and 2015, the Town had total long-term obligations outstanding of \$12.4 million and \$6.6 million respectively. Of these amounts, \$11.2 million and \$4.7 million respectively are for the 2009 Municipal Property Corporation Excise Tax Refunding Bonds and 2016 Excise Tax Revenue Bond. The Town refunded its 1998 Municipal Property Corporation bonds and capital leases in fiscal year 2009 to take advantage of favorable interest rates. In fiscal year 2016, the Town issued new Excise Tax Revenue Bonds which totaled \$7,880,000 in order to fund the operations in the Capital Projects Fund. Additional information on the Town's long-term obligations can be found in Note 3.F. Long-term Obligations to the Financial Statements.

**Table A-4  
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ 10,052,196	\$ 3,086,443	\$ 987,804	\$ 1,403,557	\$ 11,040,000	\$ 4,490,000
Bond Premium	101,718	135,625	46,257	61,676	147,975	197,301
Note Payable	-	150,000	-	485,153	-	635,153
Capital Lease	167,789	259,098	-	-	167,789	259,098
Compensated Absences	1,070,033	974,586	-	-	1,070,033	974,586
<b>Total Outstanding Debt</b>	<b>\$ 11,391,736</b>	<b>\$ 4,605,752</b>	<b>\$ 1,034,061</b>	<b>\$ 1,950,386</b>	<b>\$ 12,425,797</b>	<b>\$ 6,556,138</b>

**TOWN OF PARADISE VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Town continues to maintain strong unassigned fund balances for unforeseen emergencies or opportunities. The Town's reserves, in combination with our consistent adherence to adopted financial policies and management practices, were a factor in the Town's Aaa issuer credit rating awarded by Moody's Investor Services. The Town has significant cash reserves in the fiscal year 2016-17 operating budget.

The FY 2016-17 budget forecast assumes the economy will continue its improvement. Budgeted operating revenues total \$25.8 million.

A FY 2016-17 budget operating expense total \$21.0 million (excluding contingencies). A transfer of \$3.0 million will be made to the Capital Improvements Fund to pay for an aggressive capital improvement program.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Finance Director at:

Town of Paradise Valley  
6401 E. Lincoln Drive  
Paradise Valley, AZ 85253  
480-348-3555

Or visit our website at: <http://www.paradisevalleyaz.gov/townhall>

## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 34,254,343	\$ 3,012,914	\$ 37,267,257
Receivables, Net:			
Accounts Receivable	2,784,483	114,247	2,898,730
Note Receivable	18,346	-	18,346
Interest Receivable	56,120	-	56,120
Prepaid Items	17,736	-	17,736
Internal Activity	1,088,652	(1,088,652)	-
Restricted Cash and Investments	6,457,016	426,565	6,883,581
Capital Assets:			
Non-Depreciable	43,234,293	17,203,392	60,437,685
Depreciable (Net)	<u>37,726,564</u>	<u>10,735,082</u>	<u>48,461,646</u>
Total Assets	125,637,553	30,403,548	156,041,101
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflow Related to Pension Liability	5,895,523	-	5,895,523
<b>LIABILITIES</b>			
Accounts Payable	1,425,747	312,320	1,738,067
Accrued Wages and Benefits	263,229	-	263,229
Interest Payable	97,074	21,603	118,677
Intergovernmental Payable	1,226	-	1,226
Customer Deposits Payable	889,582	60,459	950,041
Unearned Revenue	57,073	1,035,853	1,092,926
Noncurrent Liabilities:			
Net Pension Liability	27,607,965	-	27,607,965
Due Within One Year	1,594,484	437,429	2,031,913
Due in More Than One Year	<u>9,797,252</u>	<u>596,632</u>	<u>10,393,884</u>
Total Liabilities	41,733,632	2,464,296	44,197,928
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow Related to Pension Liability	<u>756,726</u>	-	<u>756,726</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	78,383,694	26,904,413	105,288,107
Restricted for:			
Court Enhancement	161,585	-	161,585
Special Projects	62,723	-	62,723
Unrestricted	<u>10,434,716</u>	<u>1,034,839</u>	<u>11,469,555</u>
Total Net Position	<u>\$ 89,042,718</u>	<u>\$ 27,939,252</u>	<u>\$ 116,981,970</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 8,605,414	\$ 6,845,255	\$ 105,379	\$ -	\$ (1,654,780)		\$ (1,654,780)
Public Safety	9,054,408	82,694	187,183	-	(8,784,531)		(8,784,531)
Highways and Streets	3,568,394	-	828,858	-	(2,739,536)		(2,739,536)
Interest and Fiscal Charges	281,348	-	-	-	(281,348)		(281,348)
Total Governmental Activities	21,509,564	6,927,949	1,121,420	-	(13,460,195)		(13,460,195)
Business-Type Activities:							
Sewer System	2,185,714	2,250,608	-	76,875		\$ 141,769	141,769
Alarm Monitor System	100,719	199,750	-	-		99,031	99,031
Fire Service	2,921,260	3,101,634	-	-		180,374	180,374
Total Business-Type Activities	5,207,693	5,551,992	-	76,875		421,174	421,174
Totals	\$ 26,717,257	\$ 12,479,941	\$ 1,121,420	\$ 76,875	(13,460,195)	421,174	(13,039,021)
General Revenues:							
Taxes:							
					14,553,528	-	14,553,528
					1,146,142	-	1,146,142
					1,543,526	-	1,543,526
					1,217,296	-	1,217,296
					530,413	-	530,413
					274,390	22,032	296,422
					(50,000)	50,000	-
					19,215,295	72,032	19,287,327
					5,755,100	493,206	6,248,306
					83,287,618	27,446,046	110,733,664
					\$ 89,042,718	\$ 27,939,252	\$ 116,981,970

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

	General Fund	Highway User Revenue Fund	Court Enhancement Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and Investments	\$ 27,650,858	\$ 572,447	\$ 844,608	\$ 2,829,026	\$ 2,357,404	\$ 34,254,343
Restricted Cash and Investments	889,316	-	-	5,470,626	97,074	6,457,016
Receivables, Net:						
Accounts Receivable	2,698,737	76,569	1,661	-	7,516	2,784,483
Note Receivable	18,346	-	-	-	-	18,346
Interest Receivable	56,120	-	-	-	-	56,120
Due from Other Funds	1,049,618	-	-	39,034	-	1,088,652
Advances to Other Funds	680,000	-	-	-	-	680,000
Prepaid Items	11,208	6,528	-	-	-	17,736
Total Assets	<u>\$ 33,054,203</u>	<u>\$ 655,544</u>	<u>\$ 846,269</u>	<u>\$ 8,338,686</u>	<u>\$ 2,461,994</u>	<u>\$ 45,356,696</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts Payable	\$ 721,205	\$ 451,609	\$ 4,684	\$ 248,249	\$ -	\$ 1,425,747
Accrued Wages and Benefits	236,745	26,484	-	-	-	263,229
Interest Payable	-	-	-	-	97,074	97,074
Intergovernmental Payable	-	-	-	1,226	-	1,226
Unearned Revenue	40,570	-	-	-	16,503	57,073
Advances from Other Funds	-	-	680,000	-	-	680,000
Customer Deposits Payable	775,088	-	-	114,494	-	889,582
Total Liabilities	1,773,608	478,093	684,684	363,969	113,577	3,413,931
Deferred Inflows of Resources:						
Unavailable Revenues	904,608	-	-	-	-	904,608
Fund Balances:						
Nonspendable:						
Prepaid Items	11,208	6,528	-	-	-	17,736
Advances to Other Funds	680,000	-	-	-	-	680,000
Note Receivable	18,346	-	-	-	-	18,346
Restricted	-	-	161,585	5,470,626	62,723	5,694,934
Assigned	-	170,923	-	2,504,091	2,285,694	4,960,708
Unassigned	29,666,433	-	-	-	-	29,666,433
Total Fund Balances	<u>30,375,987</u>	<u>177,451</u>	<u>161,585</u>	<u>7,974,717</u>	<u>2,348,417</u>	<u>41,038,157</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances						
	<u>\$ 33,054,203</u>	<u>\$ 655,544</u>	<u>\$ 846,269</u>	<u>\$ 8,338,686</u>	<u>\$ 2,461,994</u>	<u>\$ 45,356,696</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

Fund Balances - Total Governmental Funds \$ 41,038,157

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 41,573,462	
Construction in Progress	1,660,831	
Land Improvements	2,037,352	
Infrastructure	37,408,384	
Buildings and Improvements	9,526,653	
Machinery, Equipment, and Vehicles	8,551,647	
Total Capital Assets	100,758,329	
Less: Accumulated Depreciation	(19,797,472)	80,960,857

Accounts receivable, net of allowance for doubtful accounts, that were not available to finance current financial resources. 904,608

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions		5,895,523
Deferred inflows of resources related to pensions		(756,726)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Revenue Bonds	(10,052,196)	
Bond Premium	(101,718)	
Net Pension Liability	(27,607,965)	
Capital Leases	(167,789)	
Compensated Absences	(1,070,033)	
	(38,999,701)	(38,999,701)

Total Net Position of Governmental Activities \$ 89,042,718



**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	General Fund	Highway User Revenue Fund	Court Enhancement Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>Revenues:</b>						
<b>Taxes:</b>						
Sales Taxes	\$ 14,553,528	\$ -	\$ -	\$ -	\$ -	\$ 14,553,528
Franchise Taxes	1,146,142	-	-	-	-	1,146,142
Intergovernmental Revenue	3,511,001	828,858	-	-	53,948	4,393,807
Fines and Forfeitures	3,113,031	-	584,230	-	-	3,697,261
Licenses and Permits	2,071,846	-	-	-	-	2,071,846
Charges for Services	261,829	-	-	-	-	261,829
Rents and Royalties	159,360	-	-	-	-	159,360
Contributions and Donations	-	-	-	-	18,848	18,848
Investment Income	265,832	-	6,176	2,371	11	274,390
Other	560,621	-	-	-	-	560,621
<b>Total Revenues</b>	<b>25,643,190</b>	<b>828,858</b>	<b>590,406</b>	<b>2,371</b>	<b>72,807</b>	<b>27,137,632</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	7,622,446	-	127,184	-	44,665	7,794,295
Public Safety	8,953,435	-	-	-	19,158	8,972,593
Highways and Streets	-	2,786,005	-	-	-	2,786,005
<b>Debt Service:</b>						
Principal Retirement	91,309	-	-	150,000	914,247	1,155,556
Interest on Long-Term Debt	8,014	-	18,688	-	162,856	189,558
Issuance Costs	-	-	-	125,697	-	125,697
Capital Outlay	-	-	-	2,737,601	-	2,737,601
<b>Total Expenditures</b>	<b>16,675,204</b>	<b>2,786,005</b>	<b>145,872</b>	<b>3,013,298</b>	<b>1,140,926</b>	<b>23,761,305</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>8,967,986</b>	<b>(1,957,147)</b>	<b>444,534</b>	<b>(3,010,927)</b>	<b>(1,068,119)</b>	<b>3,376,327</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	2,100,000	-	2,681,485	49,570	4,831,055
Transfers Out	(4,831,485)	-	-	(49,570)	-	(4,881,055)
Issuance of Long-Term Debt	-	-	-	7,880,000	-	7,880,000
<b>Total Other Financing Sources (Uses)</b>	<b>(4,831,485)</b>	<b>2,100,000</b>	<b>-</b>	<b>10,511,915</b>	<b>49,570</b>	<b>7,830,000</b>
<b>Net Change in Fund Balance</b>	<b>4,136,501</b>	<b>142,853</b>	<b>444,534</b>	<b>7,500,988</b>	<b>(1,018,549)</b>	<b>11,206,327</b>
<b>Fund Balance:</b>						
Beginning of Year	26,239,486	34,598	(282,949)	473,729	3,366,966	29,831,830
End of Year	<u>\$ 30,375,987</u>	<u>\$ 177,451</u>	<u>\$ 161,585</u>	<u>\$ 7,974,717</u>	<u>\$ 2,348,417</u>	<u>\$ 41,038,157</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITY  
YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances-Total Governmental Funds \$ 11,206,327

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	\$ 2,604,936	
Depreciation Expense	<u>(1,949,049)</u>	655,887

Accounts receivables, net of allowance, recorded as revenue in the government-wide statement of net position, but not yet available.

Accounts Receivables - June 30, 2015	727,576	
Accounts Receivables - June 30, 2016	<u>904,608</u>	177,032

Governmental funds report pension contributions as expenditures when made. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows or resources related to pensions, and the investment experience.

Pension Contributions	3,507,627	
Pension Expense	<u>(3,005,789)</u>	501,838

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Note Payable	150,000	
Capital Lease	91,309	
Bond Premium	33,907	
Bonds Payable	914,247	
Proceeds from Bond Issuance	<u>(7,880,000)</u>	(6,690,537)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2016, compensated absence payable changed.

Change in Net Position of Governmental Activities		<u>(95,447)</u>
	<u>\$ 5,755,100</u>	

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Taxes	\$ 14,650,000	\$ 15,050,000	\$ 15,699,670	\$ 649,670
Intergovernmental Revenue	3,293,200	3,293,200	3,511,001	217,801
Fines and Forfeitures	2,498,400	2,498,400	3,113,031	614,631
Licenses and Permits	1,454,000	1,454,000	2,071,846	617,846
Charges for Services	265,600	265,600	261,829	(3,771)
Rents and Royalties	132,000	132,000	159,360	27,360
Investment Income	75,000	75,000	265,832	190,832
Other	80,000	80,000	560,621	480,621
Total Revenues	<u>22,448,200</u>	<u>22,848,200</u>	<u>25,643,190</u>	<u>2,794,990</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
Mayor and Council	145,510	157,010	153,757	3,253
Tourism and Promotion	1,230,626	1,205,426	1,205,426	-
Town Manager	812,638	777,194	772,240	4,954
Town Attorney	592,374	641,697	628,711	12,986
Municipal Court	620,191	628,272	623,589	4,683
Public Works	1,477,447	1,440,683	1,284,701	155,982
Community Development	1,254,755	1,207,034	1,202,981	4,053
Finance	2,094,432	2,027,993	1,751,041	276,952
Contingency	530,000	74,124	-	74,124
Total General Government	<u>8,757,973</u>	<u>8,159,433</u>	<u>7,622,446</u>	<u>536,987</u>
<b>Public Safety</b>				
Police	8,892,679	9,446,897	8,953,435	493,462
<b>Debt Service</b>				
Principal Retirement	85,060	85,060	91,309	(6,249)
Interest on Long-Term Debt	14,262	14,262	8,014	6,248
Total Expenditures	<u>17,749,974</u>	<u>17,705,652</u>	<u>16,675,204</u>	<u>1,030,448</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	4,698,226	5,142,548	8,967,986	3,825,438
<b>Other Financing Sources (Uses):</b>				
Transfers Out	-	(5,650,000)	(4,831,485)	818,515
<b>Net Change in Fund Balance</b>	4,698,226	(507,452)	4,136,501	4,643,953
<b>Fund Balance:</b>				
Beginning of Year	-	-	26,239,486	26,239,486
End of Year	<u>\$ 4,698,226</u>	<u>\$ (507,452)</u>	<u>\$ 30,375,987</u>	<u>\$ 30,883,439</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HIGHWAY USER REVENUE FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 800,000	\$ 800,000	\$ 828,858	\$ 28,858
Expenditures:				
Current:				
Highways and Streets	<u>2,870,275</u>	<u>2,889,399</u>	<u>2,786,005</u>	<u>103,394</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,070,275)	(2,089,399)	(1,957,147)	132,252
Other Financing Sources (Uses):				
Transfers In	<u>-</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>-</u>
Net Change in Fund Balance	(2,070,275)	10,601	142,853	132,252
Fund Balance:				
Beginning of Year	-	-	34,598	34,598
End of Year	<u>\$ (2,070,275)</u>	<u>\$ 10,601</u>	<u>\$ 177,451</u>	<u>\$ 166,850</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COURT ENHANCEMENT FUND**  
**YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
Revenues:			
Fines and Forfeitures	\$ 391,500	\$ 584,230	\$ 192,730
Investment Income	-	6,176	6,176
Total Revenues	<u>391,500</u>	<u>590,406</u>	<u>198,906</u>
Expenditures:			
Current:			
General Government	132,500	127,184	5,316
Debt Service:			
Principal Payment	90,000	-	90,000
Interest on Long-Term Debt	18,688	18,688	-
Total Expenditures	<u>241,188</u>	<u>145,872</u>	<u>95,316</u>
Excess (Deficiency) of Revenues Over Expenditures	150,312	444,534	294,222
Fund Balance			
Beginning of Year	-	(282,949)	(282,949)
End of Year	<u>\$ 150,312</u>	<u>\$ 161,585</u>	<u>\$ 11,273</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2016**

	Business-Type Activities			Totals
	Sewer	Fire Service	Nonmajor	
			Business-Type Alarm	
<b>Assets</b>				
Current Assets				
Cash and Investments	\$ -	\$ 2,319,604	\$ 693,310	\$ 3,012,914
Restricted Cash and Investments	426,565	-	-	426,565
Receivables, Net				
Accounts Receivable	64,351	49,027	869	114,247
Total Current Assets	<u>490,916</u>	<u>2,368,631</u>	<u>694,179</u>	<u>3,553,726</u>
Noncurrent Assets				
Capital Assets				
Non-Depreciable	14,349,766	2,853,626	-	17,203,392
Depreciable (Net)	6,800,451	3,934,631	-	10,735,082
Total Noncurrent Assets	<u>21,150,217</u>	<u>6,788,257</u>	<u>-</u>	<u>27,938,474</u>
Total Assets	21,641,133	9,156,888	694,179	31,492,200
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	297,830	14,490	-	312,320
Interest Payable	21,603	-	-	21,603
Due to Other Funds	1,088,652	-	-	1,088,652
Unearned Revenue	395,976	635,570	4,307	1,035,853
Customer Deposits Payable	60,459	-	-	60,459
Bonds Payable	437,429	-	-	437,429
Total Current Liabilities	<u>2,301,949</u>	<u>650,060</u>	<u>4,307</u>	<u>2,956,316</u>
Noncurrent Liabilities				
Bonds Payable	<u>596,632</u>	<u>-</u>	<u>-</u>	<u>596,632</u>
Total Liabilities	<u>2,898,581</u>	<u>650,060</u>	<u>4,307</u>	<u>3,552,948</u>
<b>Net Position</b>				
Net Investment in Capital Assets	20,116,156	6,788,257	-	26,904,413
Unrestricted	(1,373,604)	1,718,571	689,872	1,034,839
Total Net Position	<u>\$ 18,742,552</u>	<u>\$ 8,506,828</u>	<u>\$ 689,872</u>	<u>\$ 27,939,252</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	Business-Type Activities			Totals
	Sewer	Fire Service	Nonmajor Business-Type Alarm	
Operating Revenues				
Charges for Services	\$ 2,120,654	\$ 3,101,634	\$ 199,750	\$ 5,422,038
Operating Expenses				
Cost of Sales and Services	1,755,962	2,486,751	11,919	4,254,632
Administrative Charges	130,000	150,000	88,800	368,800
Depreciation	250,720	284,509	-	535,229
Total Operating Expenses	<u>2,136,682</u>	<u>2,921,260</u>	<u>100,719</u>	<u>5,158,661</u>
Operating Income (Loss)	(16,028)	180,374	99,031	263,377
Nonoperating Revenues (Expense)				
Development Fees	129,954	-	-	129,954
Investment Earnings	-	16,962	5,070	22,032
Interest Expense	(49,032)	-	-	(49,032)
Total Nonoperating Revenues (Expenses)	<u>80,922</u>	<u>16,962</u>	<u>5,070</u>	<u>102,954</u>
Income (Loss) Before Transfers	64,894	197,336	104,101	366,331
Capital Contributions	76,875	-	-	76,875
Transfers In	-	50,000	-	50,000
Changes in Net Position	141,769	247,336	104,101	493,206
Total Net Position, Beginning of Year	18,600,783	8,259,492	585,771	27,446,046
Total Net Position, End of Year	<u>\$ 18,742,552</u>	<u>\$ 8,506,828</u>	<u>\$ 689,872</u>	<u>\$ 27,939,252</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds			
	Sewer	Fire Service	Nonmajor Business-Type Alarm	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 2,167,095	\$ 3,136,607	\$ 200,012	\$ 5,503,714
Payments to Suppliers	(1,598,156)	(2,491,798)	(12,019)	(4,101,973)
Administrative Charges	(130,000)	(150,000)	(88,800)	(368,800)
Customer Deposits	3,699	-	-	3,699
Net Cash Flows from Operating Activities	<u>442,638</u>	<u>494,809</u>	<u>99,193</u>	<u>1,036,640</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Received from Interfund Borrowing	438,991	-	-	438,991
Transfers In	-	50,000	-	50,000
Development Fees	129,954	-	-	129,954
Net Cash Flows from Noncapital Financing Activities	<u>568,945</u>	<u>50,000</u>	<u>-</u>	<u>618,945</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Capital Debt	(900,906)	-	-	(900,906)
Interest Paid on Capital Debt	(72,765)	-	-	(72,765)
Net Cash Flows from Capital and Related Financing Activities	<u>(973,671)</u>	<u>-</u>	<u>-</u>	<u>(973,671)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	-	16,962	5,070	22,032
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	<u>37,912</u>	<u>561,771</u>	<u>104,263</u>	<u>703,946</u>
Cash and Investments - Beginning of Year	<u>388,653</u>	<u>1,757,833</u>	<u>589,047</u>	<u>2,735,533</u>
<b>CASH AND INVESTMENTS - END OF YEAR</b> (Including \$426,565 of Restricted Cash in the Sewer Fund)	<u>\$ 426,565</u>	<u>\$ 2,319,604</u>	<u>\$ 693,310</u>	<u>\$ 3,439,479</u>

See accompanying Notes to Basic Financial Statements.



**TOWN OF PARADISE VALLEY, ARIZONA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Fund			
	Sewer	Fire Service	Nonmajor Business-Type Alarm	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (16,028)	\$ 180,374	\$ 99,031	\$ 263,377
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	250,720	284,509	-	535,229
Change in Assets and Liabilities:				
Receivables, Net	2,680	3,036	621	6,337
Accounts Payable	157,806	(5,047)	(100)	152,659
Unearned Revenue	43,761	31,937	(359)	75,339
Customer Deposits Payable	3,699	-	-	3,699
Net Cash Provided by Operating Activities	<u>\$ 442,638</u>	<u>\$ 494,809</u>	<u>\$ 99,193</u>	<u>\$ 1,036,640</u>

**NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

The Town amortized \$15,419 of bond premiums in the Sewer Fund during the fiscal year.

The Town received \$76,875 in capital contributions related to the Sewer Fund

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of Paradise Valley, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

For the year ended June 30, 2016, the Town implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB Statement No. 72 establishes standards for measuring fair value and applying fair value to certain investments and disclosures related to all fair value measurements. GASB Statements No. 73 and 82 amended GASB Statement No. 68 requirements related to note disclosures for pension related required supplementary information and payables to defined benefit pension plans. GASB Statement No. 76 establishes the hierarchy of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles.

**A. Financial Reporting Entity**

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations.

Included within the reporting entity:

*MPC Debt Service Fund.* The MPC Debt Service Fund consists of the Paradise Valley Municipal Property Corporation (PVMPC) of which the board of directors consists of seven members who are appointed by the Town Council. The PVMPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the Town in obtaining financing for various projects of the Town. The Town has an obligation for the repayment of the Paradise Valley Municipal Property Corporation's bonds.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

*The Mummy Mountain Preserve Trust.* The Mummy Mountain Preserve Trust (MMPT) board of trustees consists of five members who are appointed by the Town Council. The MMPT was created for charitable purposes as defined in the Internal Revenue Code section 501(c)(3). The Town established and created beneficial interest in the MMPT to acquire, maintain, preserve and protect in perpetuity undeveloped real property and developed real property that can be returned to its natural state, and interests therein, including scenic and conservation easements, on and around the Mummy Mountain Preserve in the Town of Paradise Valley. The Town Council authorized the Town Manager and appropriate officers of the Town to have operational responsibility over MMPT by executing an agreement between the Town and MMPT to provide in-kind and direct expenditures for support services to the MMPT, including but not limited to the accounting, legal, clerical, property maintenance and management, insurance, real estate transaction expense, promotional, donor and trust estate costs. The Mummy Mountain Preserve Trust cannot be part of another financial reporting entity.

Separate financial statements are not issued for the component units.

**B. Government-Wide and Fund 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. The effect of interfund activity has been removed from these statements except for interfund services provided and used are not eliminated in the consolidation. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of general long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Intergovernmental grants and aid, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

*Highway User Revenue Fund* - The Highway User Revenue Special Revenue Fund accounts for the Town's share of restricted motor fuel tax revenues and lottery proceeds.

*Court Enhancement Fund* - The Court Enhancement Fund is a special revenue fund that accounts for court funds received to improve the Town court.

*Capital Projects Fund* - The Capital Projects Fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The Town reports the following major proprietary funds:

*Sewer System Fund* - The Sewer System Fund accounts for the costs to operate, construct and finance the Town's sewer system.

*Fire Service Fund* - The Fire Service Fund accounts for the costs to operate fire services for the Town.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, for governmental activities the Town uses restricted resources first, when appropriate, then unrestricted resources as they are needed.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

**1. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three years or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool.

**2. Receivables**

All trade receivables are shown net of an allowance for uncollectible.

**3. Interfund Receivables/Payables**

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

The Town also reports advances to and advances from other funds on the balance sheet of the fund financial statements for long-term interfund borrowings between funds (more than a year).



**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The Town recognizes the expense/expenditure in the government-wide and fund financial statements at the time the benefit is received and not at the time of the outlay.

**5. Restricted Cash and Investments**

The Town reports restricted cash in the Debt Service Fund and Sewer Fund for cash held with a paying agent. The Town also reports restricted cash and investments in the General Fund and Sewer Fund for customer deposits and unspent sewer development fees, respectively.

**6. Capital Assets**

Capital assets (including property, plant, and equipment) are reported in the governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	25 Years
Land Improvements	25 Years
Sewer Lines	50 Years
Infrastructure	30-50 Years
Machinery, Furniture, Equipment and Vehicles	5 to 20 Years

**7. Deferred Outflows of Resources**

The Town recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (Continued)**

**8. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consist of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**9. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary type statement of net position. Bond premiums are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium. Bond issuance costs are expensed.

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

**10. Pension Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from ASRS/PSPRS's fiduciary net position have been determined on the same basis as they are reported by ASRS/PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (Continued)**

**11. Deferred Inflows of Resources**

The deferred inflows of resources reported in the governmental fund financial statements represent resources that are not available to the Town as of June 30, 2016 or within 60 days of fiscal year end. The deferred inflows of resources represent a reconciling item between the governmental fund financial statements and the government-wide financial statements.

The Town also recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions

**12. Net Position**

In the government-wide financial statements, net position is reported in three categories: Net investment in capital assets; restricted net position; and unrestricted net position. The net investment in capital assets is separately reported because these assets are not available for future spending. Restricted net position account for the portion of net position restricted by parties outside the Town. Unrestricted net position is the remaining net position not included in the previous two categories.

**13. Fund Balance Classifications**

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance classifications.

The nonspendable fund balance classification include amounts that cannot be spent because they are either not in spendable form such as inventories, advances to other funds, other long-term notes receivable, and prepaid items, or are legally or contractually required to be maintained intact.

Restricted fund balances are those that have externally imposed restrictions on its usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

Committed fund balances are self-imposed limitations approved by the Town Council through ordinance, which is the highest level of decision-making authority within the Town. Only the Town Council can remove or change the constraints placed on committed fund balances through formal resolution. Fund balances must be committed before the end of the fiscal year.

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (Continued)**

**13. Fund Balance Classifications (Continued)**

Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town Council has authorized the Town Manager or his designee to make assignments of resources for specific purposes.

The unassigned fund balance is the residual classification for the General Fund and includes all amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned. It is the Town's policy to use restricted fund balance first, then committed, assigned, and lastly unassigned amounts. The Town has also established a fund balance policy whereas the unassigned fund balance in the operating budget be equal to at least 90%, and not more than 110% of expenditures.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The Town 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 Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. A public hearing is conducted to obtain taxpayer comment.
3. State law requires that, prior to April 1, the Economic Estimates commission provides the Town with a final expenditure limit for the coming fiscal year. 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 Town 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. By Arizona Constitution, expenditures may not legally exceed the expenditure limitation described below for all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds (except for the Mummy Mountain Preserve Trust Fund).

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

5. Legal budgets are adopted for all funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures with the exception of the Mummy Mountain Trust and Debt Service Nonmajor Governmental Funds in which an adopted budget is not prepared.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2016 consist of the following:

Deposits:	
Cash on Hand	\$ 9,097
Cash in Bank	11,923,087
Investments:	
U.S. Treasury Bonds	10,483,503
Federal Agency Bonds	12,140,405
Money Market Funds	5,609,698
State Treasurer's Investment	3,985,048
Total Cash and Investment	<u>44,150,838</u>
Less: Restricted Cash and Investments	<u>(6,883,581)</u>
Total Cash and Equivalents	<u><u>\$ 37,267,257</u></u>

**Deposits**

The Town's deposits at June 30, 2016 had a carrying balance of \$11,923,087 and a bank balance of \$10,900,778. Of the bank balance, \$289,398 was covered by federal depository insurance, and \$10,611,380 was covered by collateral held by the Town's custodial bank in the Town's name. Therefore, the Town's deposits were not exposed to any custodial credit risk.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

**Investments**

The State Investment Board provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. All other investments of the Town are uninsured and unregistered with the securities held by the counterparty's trust department or agent in the Town's name.

At year end, the Town's investments consisted of the following:

	6/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
<b>Investments by fair value level</b>				
Debt Securities				
U.S. Treasury Bonds	\$ 10,483,503	\$ 10,483,503	\$ -	\$ -
Federal Agency Bonds	12,140,405	-	12,140,405	-
Total Investments by fair value level	22,623,908	\$ 10,483,503	\$ 12,140,405	\$ -
<b>Investments measured at fair value</b>				
State Treasurer's Investment	3,985,048			
Total investments measured at fair value	26,608,956			
<b>Investments measured at amortized cost</b>				
Money Market Funds	5,609,698			
Total Investments:	\$ 32,218,654			

*Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Town's investment policy, the Town manages its exposure to declines in fair values by limiting its investments to U.S. government securities with maturities of less than three years. The table on the following page summarizes the Town's interest rate risk, based on maturity dates of various instruments:

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

Investment Type	Investment Maturity			Total
	Less than 0-6 Months	Less than 6-12 Months	12+ Months	
U.S. Treasury Bonds	\$ -	\$ 3,184,992	\$ 7,298,511	\$ 10,483,503
Federal Agency Bonds	-	-	12,140,405	12,140,405
Money Market Funds	5,609,698	-	-	5,609,698
State Treasurer's Investment	3,985,048	-	-	3,985,048
Total Investments	<u>\$ 9,594,746</u>	<u>\$ 3,184,992</u>	<u>\$ 19,438,916</u>	<u>\$ 32,218,654</u>

*Credit Risk* – The Town limits its investments to the State Treasurer’s Investment Pool and Federal Agency Securities. The investment in the money market is on hand at the end of the fiscal year in order to make the required principal and interest payments on outstanding bonds. The funds are on deposit with a trustee for less than one month and do not pose a credit risk to the Town. The Town’s investments consist of only the State Treasurer’s Investment Pool, US Treasury Bonds and Federal Agency Securities. The Town’s investment rating based on investment type is shown below:

Investment Type	Rating	Agency	Amount
U.S. Treasury Bonds	AA+/Aaa	S&P/Moody's	\$ 10,483,503
Federal Agency Bonds	AA+/Aaa	S&P/Moody's	12,140,405
Money Market Funds	AAAm/NR	S&P/Moody's	5,609,698
State Treasurer's Investment	AAA	Moody's	3,985,048
			<u>\$ 32,218,654</u>

*Concentration of Credit Risk* - The Stadium District places no limit on the amount the Town may invest in any one investment type. See table summarizing the Town’s investment percentages:

Investment Type	Amount	Percent of Town Investments
U.S. Treasury Bonds	\$ 10,483,503	32.54%
Federal Agency Bonds	12,140,405	37.68%
Money Market Funds	5,609,698	17.41%
State Treasurer's Investment	3,985,048	12.37%
	<u>\$ 32,218,654</u>	<u>100.00%</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Restricted Cash and Investments**

Restricted cash and investments at June 30, 2016 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Cash with Paying Agent	\$ 97,074	\$ 21,603	\$ 118,677
Sewer Impact Fees	-	344,503	344,503
Unspent Bond Proceeds	5,470,626	-	5,470,626
Customer Deposits	889,316	60,459	949,775
Total	<u>\$ 6,457,016</u>	<u>\$ 426,565</u>	<u>\$ 6,883,581</u>

**3. Receivables**

Court fines of the General Fund are recorded net of uncollectible amounts. The allowance for uncollectible accounts at June 30, 2016 included the court receivable (\$343,923) and sales tax (\$99,780), all other receivables are deemed to be collectible.

Receivables consist of the following:

	General	HURF	Court Enhancement Fund	Nonmajor Governmental	Total
Office of the State Treasurer:					
Highway User Revenue	\$ -	\$ 76,569	\$ -	\$ -	\$ 76,569
State Sales Tax	104,064	-	-	-	104,064
Town Sales Tax	1,478,100	-	-	-	1,478,100
County Treasurer:					
Auto Lieu Tax	26,427	-	-	-	26,427
Franchise Fees:					
Arizona Pubic Service	152,470	-	-	-	152,470
Cox Cable	61,519	-	-	-	61,519
Southwest Gas	26,431	-	-	-	26,431
Court Receivable	781,642	-	1,661	-	783,303
Grant Receivable	-	-	-	7,516	7,516
Sales Tax Audit	468,450	-	-	-	468,450
Miscellaneous	43,337	-	-	-	43,337
Less: Allowance for Uncollectibles	(443,703)	-	-	-	(443,703)
Total	<u>\$ 2,698,737</u>	<u>\$ 76,569</u>	<u>\$ 1,661</u>	<u>\$ 7,516</u>	<u>\$ 2,784,483</u>
Note Receivable	<u>\$ 18,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,346</u>
Interest	<u>\$ 56,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,120</u>



**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**3. Receivables (Continued)**

The Sewer System, Fire Service Fee, and Alarm Monitor System Enterprise Funds reported accounts receivable, net of the allowance for uncollectible (\$31,035 in the Sewer Fund, \$12,139 in the Fire Service Fund, and \$625 in Alarm Fund) of \$64,351, \$49,027 and \$869 due from residents, respectively.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
General Fund		
Court Fines Receivable	\$ 437,719	\$ -
Sales Tax Receivable	368,670	-
Grants Receivable	98,219	-
Miscellaneous Unearned	-	40,570
Nonmajor Governmental Funds		
Grants Receivable	-	16,503
	\$ 904,608	\$ 57,073

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**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 41,573,462	\$ -	\$ -	\$ 41,573,462
Construction in Progress	4,705,697	1,955,105	(4,999,971)	1,660,831
Total Capital Assets, Net Being Depreciated	<u>46,279,159</u>	<u>1,955,105</u>	<u>(4,999,971)</u>	<u>43,234,293</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,023,760	13,592	-	2,037,352
Infrastructure	32,602,244	4,806,140	-	37,408,384
Buildings and Improvements	9,503,545	23,108	-	9,526,653
Machinery, Equipment, and Vehicles	8,155,014	806,962	(410,329)	8,551,647
Total Capital Assets, Being Depreciated	<u>52,284,563</u>	<u>5,649,802</u>	<u>(410,329)</u>	<u>57,524,036</u>
Accumulated Depreciation for:				
Land Improvements	(1,277,352)	(80,950)	-	(1,358,302)
Infrastructure	(7,082,463)	(763,950)	-	(7,846,413)
Buildings and Improvements	(5,169,751)	(307,099)	-	(5,476,850)
Machinery, Equipment, and Vehicles	(4,729,186)	(797,050)	410,329	(5,115,907)
Total Accumulated Depreciation	<u>(18,258,752)</u>	<u>(1,949,049)</u>	<u>410,329</u>	<u>(19,797,472)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,025,811</u>	<u>3,700,753</u>	<u>-</u>	<u>37,726,564</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,304,970</u>	<u>\$ 5,655,858</u>	<u>\$ (4,999,971)</u>	<u>\$ 80,960,857</u>

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,853,626	\$ -	\$ -	\$ 2,853,626
Sewer Capacity Rights	14,349,766	-	-	14,349,766
Total Capital Assets, Not Being Depreciated	<u>17,203,392</u>	<u>-</u>	<u>-</u>	<u>17,203,392</u>
Capital Assets, Being Depreciated:				
Sewer System	12,492,796	76,875	-	12,569,671
Buildings and Improvements	4,460,117	-	-	4,460,117
Machinery and Equipment	1,185,443	-	-	1,185,443
Furniture and Fixtures	35,081	-	-	35,081
Total Capital Assets, Being Depreciated	<u>18,173,437</u>	<u>76,875</u>	<u>-</u>	<u>18,250,312</u>
Accumulated Depreciation for:				
Sewer System	(5,518,500)	(250,702)	-	(5,769,202)
Buildings and Improvements	(463,003)	(178,405)	-	(641,408)
Machinery and Equipment	(980,300)	(101,183)	-	(1,081,483)
Furniture and Fixtures	(18,198)	(4,939)	-	(23,137)
Total Accumulated Depreciation	<u>(6,980,001)</u>	<u>(535,229)</u>	<u>-</u>	<u>(7,515,230)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,193,436</u>	<u>(458,354)</u>	<u>-</u>	<u>10,735,082</u>
Business-Type Activities Capital Assets, Net	<u>\$ 28,396,828</u>	<u>\$ (458,354)</u>	<u>\$ -</u>	<u>\$ 27,938,474</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General Government	\$ 615,594
Public Safety	574,582
Highways and Streets	<u>758,873</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,949,049</u>

**Business-Type Activities:**

Sewer Fund	\$ 250,720
Fire Service Fund	<u>284,509</u>
Total Depreciation Expense, Business-Type Activities	<u>\$ 535,229</u>

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Construction Commitments**

At June 30, 2016, the Town has the following active construction commitments:

Project	Governmental	
	Spent-to-Date	Remaining Commitment
Public Safety Tower	\$ 1,177,665	\$ 1,506,675
Watershed Studies	211,187	208,951
Lincoln / Tatum Marquee	17,904	181,776
Card Readers	176,737	1,871
Bike Study	11,028	132,667
Sewer Assessment	39,034	1,130,966
52nd Street Improvements	26,904	8,083
Total	<u>\$ 1,660,459</u>	<u>\$ 3,170,989</u>

**C. Interfund Transfers**

Interfund transfers for the year ended June 30, 2016 consisted of the following:

Transfers In	Transfers Out		
	General Fund	Capital Projects Fund	Total
HURF Fund	\$ 2,100,000	\$ -	\$ 2,100,000
Capital Projects Fund	2,681,485	-	2,681,485
Fire Service Fund	50,000	-	50,000
Nonmajor Governmental Funds	-	49,570	49,570
Total	<u>\$ 4,831,485</u>	<u>\$ 49,570</u>	<u>\$ 4,881,055</u>

The transfer of \$2,100,000 from the General Fund to the HURF Fund was recorded to fund street projects. The transfer of \$2,681,485 from the General Fund to the Capital Projects Fund was recorded to fund various capital projects being constructed by the Town. The transfer of \$50,000 from the General Fund to the Fire Service Fund was recorded to supplement the Fire Service Fund operations. The Capital Projects Fund transferred \$49,750 to the Nonmajor Governmental Funds to make the interest payment on the newly issued bonds.

**D. Interfund Receivables/Payables**

Short-term borrowings between funds are reported as due to/due from other funds and long-term borrowings between funds are reported as advances to and advances from other funds.

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Receivables/Payables (Continued)**

At June 30, 2016, the Town reported the following due to/due from other funds:

Due To	Due From Sewer Fund
General Fund	\$ 1,049,618
Capital Projects Fund	39,034
Total	\$ 1,088,652

The \$1,049,618 due from the Sewer Fund to the General Fund was for short-term borrowings to cover deficit cash in the Sewer Fund. The \$39,024 due from the Sewer Fund to the Capital Projects Fund was to fund the Sewer Assessment project.

Interfund advances for the year ended June 30, 2016 consisted of the following:

Advance To	Advance From Court Enhancement Fund
General Fund	\$ 680,000

The advance from the General Fund to the Court Enhancement Fund was recorded to advance the Court Enhancement Fund monies for the construction of a new court building. The advance will be repaid over a ten year period beginning July 1, 2013. The first principal payment was recorded during fiscal year 2014 and the current year principal payment was \$90,000. The interest rate is 2.50%. The Court Enhancement Fund paid a total of \$18,688 in interest on the advance during the current fiscal year.

**E. Obligations Under Leases**

Capital Leases

The Town has acquired various equipment and vehicles under the provision of long-term lease agreements classified as capital leases. The principal amount of the assets totaling \$853,230 is capitalized in the Governmental Activities, if it meets the Town's capitalization policy of \$5,000. The leases provide for bargain purchase options. The amortization of these assets is included in depreciation expense reported in the Government-wide financial statements in the Governmental Activities.

The assets acquired through capital leases are as follows:

	Governmental Activities
Capital Assets Being Depreciated:	
Machinery, Equipment and Vehicles	\$ 853,230
Less: Accumulated Depreciation	(682,584)
Total Capital Assets, Net	\$ 170,646

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Obligations Under Leases (Continued)**

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ended June 30.</u>	<u>Governmental Activities</u>
2017	\$ 99,323
2018	74,492
Total Minimum Lease Payments	<u>173,815</u>
Less: Amount Representing Interest	(6,026)
Present Value of Minimum Lease Amounts	<u>\$ 167,789</u>

**F. Long-Term Obligations**

The Town has long-term bonds payable issued to refund previous bonds used to provide funds for the acquisition of sewer capacity and to retire a capital lease used for the acquisition and construction of fire stations. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Bonds payable at June 30, 2016 consisted of the Municipal Property Corporation (MPC) Excise Tax Revenue Refunding bonds, Series 2009 and Excise Tax Revenue Bonds, Series 2016. On February 27, 2016, the Town issued \$7,880,000 of Excise Tax Revenue Bonds at 1.69%. The Bonds have a maturity of January 1, 2024. The bonds are not subject to call. Interest is payable semiannually.

The Town has pledged future excise tax revenues, which include sales tax, franchise tax, General Fund intergovernmental revenues and business licenses, to repay \$11,055,000 in excise tax revenue refunding bonds and \$7,880,000 in excise tax revenue bonds issued during the fiscal year. The remaining principal balance is \$11,040,000. Proceeds from the MPC Excise Tax Revenue Refunding Bonds, Series 2009 were used 32% to refund prior bonds in the Sewer Fund and 68% for refunding prior bonds and retiring debt on a capital lease in the governmental activities. The MPC bonds are payable from excise tax revenues transferred to the MPC Debt Service Fund in the governmental funds and developer fee revenues in the Sewer Fund through 2019. The newly issued bond proceeds were used to fund projects in the Capital Project Funds and the total proceeds were deposited to the associated fund. All payments however will be made through the Debt Service Fund. Total principal and interest payments on the bonds are expected to require less than 10% of pledged revenues. Total remaining principal and interest required on the bonds is \$11,777,294, payable through 2024. In the current year, total principal and interest paid were \$1,557,307.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Long-Term Obligations (Continued)**

The Town had a long-term non-interest bearing note payable due to the City of Phoenix recorded in the governmental activities for the construction of a round-a-bout on McDonald Drive. The Town was to repay \$450,000 in three equal payments of \$150,000 through July 2015. The first payment was made in July 2013. The Town did not impute an interest rate as the effect would not materially affect the financial statements. As of June 30, 2016, the balances on the notes payable were paid off in full.

The Town had a long-term note payable recorded in the Sewer Enterprise Fund to fund the Sewer Capacity Rights purchased from the City of Scottsdale in fiscal year 2007. The Town secured the note by pledging the Town Hall as collateral, to repay \$4,049,066 in principal at 4.14% per annum. As of June 30, 2016, the note payable was paid in full.

Changes in long-term obligations for the year ended June 30, 2016 are as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due within One Year
<b>Governmental Activities:</b>					
Revenue Bonds	\$ 3,086,443	\$ 7,880,000	\$ (914,247)	\$ 10,052,196	\$ 927,995
Bond Premium	135,625	-	(33,907)	101,718	33,907
Note Payable	150,000	-	(150,000)	-	-
Capital Leases	259,098	-	(91,309)	167,789	94,603
Compensated Absences	974,586	723,541	(628,094)	1,070,033	537,979
Total Governmental Activities	<u>\$ 4,605,752</u>	<u>\$ 8,603,541</u>	<u>\$ (1,817,557)</u>	<u>\$ 11,391,736</u>	<u>\$ 1,594,484</u>
<b>Business-Type Activities:</b>					
Revenue Bonds	\$ 1,403,557	\$ -	\$ (415,753)	\$ 987,804	\$ 422,010
Bond Premium	61,676	-	(15,419)	46,257	15,419
Note Payable	485,153	-	(485,153)	-	-
Total Business-Type Activities	<u>\$ 1,950,386</u>	<u>\$ -</u>	<u>\$ (916,325)</u>	<u>\$ 1,034,061</u>	<u>\$ 437,429</u>

Debt service requirements on long-term debt at June 30, 2016 are as follows:

Years	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 927,995	\$ 204,980	\$ 422,005	\$ 32,655
2018	935,203	163,556	354,797	15,009
2019	1,123,998	74,368	211,002	3,956
2020	1,365,000	96,330	-	-
2021	1,390,000	72,840	-	-
2022-24	4,310,000	73,600	-	-
Totals	<u>\$ 10,052,196</u>	<u>\$ 685,674</u>	<u>\$ 987,804</u>	<u>\$ 51,620</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION**

**A. Fund Balance**

The following represents the classifications of the Town's fund balance for fiscal year ended June 30, 2016:

	General Fund	Highway User Revenue Fund	Court Enhancement Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Nonspendable:						
Prepays	\$ 11,208	\$ 6,528	\$ -	\$ -	\$ -	\$ 17,736
Advances to Other Funds	680,000	-	-	-	-	680,000
Notes Receivable	18,346	-	-	-	-	18,346
Restricted:						
Unspent Bond Proceeds	-	-	-	5,470,626	-	5,470,626
Contributions and Donations	-	-	-	-	22,491	22,491
Court Enhancement	-	-	161,585	-	-	161,585
Mummy Mountain Trust	-	-	-	-	40,232	40,232
Assigned						
Highways and Streets	-	170,923	-	-	-	170,923
Debt Service	-	-	-	-	2,285,694	2,285,694
Capital Projects	-	-	-	2,504,091	-	2,504,091
Unassigned	29,666,433	-	-	-	-	29,666,433
Total Fund Balance	<u>\$ 30,375,987</u>	<u>\$ 177,451</u>	<u>\$ 161,585</u>	<u>\$ 7,974,717</u>	<u>\$ 2,348,417</u>	<u>\$ 41,038,157</u>

**B. Risk Management**

The Town of Paradise Valley, Arizona, 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 Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. The aggregate excess coverage is for an additional \$18,000,000, excluding land use liability claims, on a follow form, claims made basis. The excess land use liability aggregate is \$5,000,000. No settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations. The Town is also insured by Arizona Municipal Risk Retention Pool for potential worker related accidents.

**C. Commitments and Contingencies**

**Contingencies** – The Town is a defendant in various lawsuits. In the opinion of the Town's legal counsel, the status of the lawsuits are either not presently determinable or in the event of an unfavorable decision, would not significantly impact the Town.



**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**C. Commitments and Contingencies (Continued)**

**Commitments** – The Town has entered into an Intergovernmental Agreement (IGA) with the City of Phoenix Fire Department that enables the City of Phoenix to provide Fire Service personnel, communication and dispatch services to the Town. In return, the Town pays service fees equal to 50% of the operating cost to the City of Phoenix based on the IGA. Payments are due on a quarterly basis to City of Phoenix. The agreement continues until terminated by either party. Termination requires 365 days written notice unless there is a failure to meet responsibilities by either party. If there is a failure to meet responsibilities the agreement can be terminated in 90 days. The payments to the City of Phoenix related to this IGA were \$2.3 million for the year ended June 30, 2016.

**D. Retirement Plans**

**Defined Contribution Pension Plan**

Prior to July 1, 2013, all Town employees who worked more than 30 hours per week were eligible to participate in a defined contribution pension plan administered by the ICMA Retirement Corporation as a 401(a) plan. The payroll for the Town employees covered by this plan for the year ended June 30, 2016 was \$3,668,457. The Town's total payroll was \$6,868,955. Effective July 1, 2013, the Town discontinued employer contribution to the plan, but employee contributions continued. New employees hired after July 1, 2013 were not eligible to participate in the plan. The Town is discontinuing the 401(a) plan effective June 30, 2018.

A 401(a) plan is a defined contribution plan pursuant to Section 401(a) of the Internal Revenue Code. This means that the employee's retirement benefit is based upon the total contributions made by the participating employee and employer plus investment earnings on those contributions. The employer decides on the method of the participant's contribution. The most common method is mandatory participant contributions made on a pre-tax basis, which is how the Town's 401(a) has been designed. Because the contributions are mandatory and made on a pre-tax basis, the employee cannot change the amount being contributed nor may the employee discontinue making contributions as long as he/she is eligible under the plan. Further, eligible employees had a one-time decision to enroll in the plan. These are rules under the Internal Revenue Code.

Employees that leave employment of the Town are entitled to their contributions and the vested portion of the prior Town's contributions, plus investment earnings. During fiscal year 2015-2016, the Town did not contribute to the 401 (a) plan. The employees' contributions totaled \$76,438.

The ICMA Retirement Corporation held no securities of the Town or other related parties during the fiscal year 2015-2016 or as of the close of the fiscal year.

**TOWN OF PARADISE VALLEY, ARIZONA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Cost-Sharing and Agent Multiple Employer Pension Plans**

The Town contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS) for police officers. The plans are component units of the State of Arizona.

At June 30, 2016, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net Pension Liability	\$ 27,607,965
Deferred Outflows of Resources	5,915,614
Deferred Inflows of Resources	756,726
Pension Expense	3,005,789

The Town reported accrued payroll and employee benefits of \$-0- for outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2016. Also, the Town reported \$3,507,627 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

**Arizona State Retirement System**

**Plan Description** – Town employees not covered by the other pension plans described on the following pages participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit (OPEB); and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its Web site at [www.azasrs.gov](http://www.azasrs.gov).

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Benefits Provided** – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Retirement	
	Initial Membership Date	
	Before July 1, 2011	On or After July 1, 2011
Years of Service and Age Required to Receive Benefit	Sum of years and age equals 80 10 years age 62 5 year age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final Average Salary is Based on:	Highest 36 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage per Year of Service	2.1% to 2.3 %	2.1% to 2.3 %

\* With Actuarially Reduced Benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earnings. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions** – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2016, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.47% (11.35% for retirement and 0.12% for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.47% (10.85% for retirement, 0.50% for the health insurance premium benefit, and 0.12% for long-term disability) of the active members' annual covered payroll.

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.36% (9.30% for retirement and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that would typically be filled by an employee who contributes to the ASRS. The Town's contributions to the pension plan for the year ended June 30, 2016, was \$465,354. The Town's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

<u>Year Ended June 30,</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2016	\$ 20,286	\$ 4,869
2015	21,959	4,466
2014	21,193	8,477

During the fiscal year ended June 30, 2016, the Town paid for ASRS pension and OPEB contributions as follows: 86% from the General Fund and 14% from the HURF Fund.

**Pension Liability** – At June 30, 2016, the Town reported a liability of \$6,294,396 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2015.

The Town's reported liability at June 30, 2016, increased by \$504,435 from the Town's prior year liability of \$5,789,961 because of changes in the ASRS' net pension liability and the Town's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The Town's proportion of the net pension liability was based on the Town's FY 2015 contributions. The Town's proportion measured as of June 30, 2015, was 0.040410%, which was an increase of 0.00128 from its proportion measured as of June 30, 2014.

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** – For the year ended June 30, 2016, the Town recognized pension expense for ASRS of \$411,519. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 171,760	\$ 329,833
Net difference between projected and actual earnings on pension plan investments	-	201,721
Changes in proportion and differences between Town contributions and proportionate share of contributions	179,742	-
Town contributions subsequent to the measurement date	465,354	-
Total	<u>\$ 816,856</u>	<u>\$ 531,554</u>

The \$465,354 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2017	\$ (41,203)
2018	(151,958)
2019	(132,509)
2020	145,618

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Valuation Date	June 30, 2014
Actuarial Roll Forward Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8%
Projected Salary Increases	3 - 6.75%
Inflation	3%
Permanent Benefit Increase	Included
Mortality Rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2013.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity	58%	6.79%	3.94%
Fixed Income	25%	3.70%	0.93%
Commodities	2%	3.93%	0.08%
Real Estate	10%	4.25%	0.42%
Multi-Asset Class	5%	3.41%	0.17%
Total	100%		5.54%
Inflation			3.25%
Expected arithmetic nominal return			8.79%

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Discount Rate** – The discount rate used to measure the ASRS total pension liability was 8%, which is less than the long-term expected rate of return of 8.79%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** – The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 8%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7%) or 1 percentage point higher (9%) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Town's Proportionate Share of the Net Pension Liability	\$ 8,247,810	\$ 6,294,396	\$ 4,955,668

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued ASRS financial report.

**Public Safety Personnel Retirement System (PSPRS)**

**Plan Description** – Town police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issue publicly available financial reports that include their financial statements and required supplementary information. The reports are available on the PSPRS Web site at [www.psprs.com](http://www.psprs.com).

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Benefits Provided** – The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<b>PSPRS</b>	Initial Membership Date	
	Before January 1, 2012	On or After January 1, 2012
<u>Retirement and Disability</u>		
Years of Service and Age Required to Receive Benefit	20 years any age 15 years age 62	25 years and age 52.5
Final Average Salary is Based on	Highest 36 Consecutive Months of last 20 years	Highest 60 Consecutive Months of last 20 years
Benefit Percentage Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<u>Survivor Benefit</u>		
Retired Members	80-100% of retired member's pension benefit	
Active Members	80-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	



**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

**Employees Covered by Benefit Terms** – At June 30, 2016, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police
Inactive Employees or Beneficiaries Currently Receiving Benefits	37
Inactive Employees Entitled to but Not Yet Receiving Benefits	4
Active Employees	28
Total	69

**Contributions and Annual OPEB Cost** – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police
Active Members - Pension	11.66%
City	
Pension	64.23%
Health Insurance Premium Benefit	0.66%

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

For the agent plans, the Town's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2016, were:

		PSPRS Police
Pension		
Contributions Made	\$	3,042,273
Health Insurance Premium Benefit		
Annual OPEB Cost		15,706
Contributions Made		31,261

During the fiscal year 2016, the Town paid for PSPRS and OPEB contributions 100% from the General Fund.

**Pension Liability** – At June 30, 2016, the Town reported the following net pension liability:

		Net Pension Liability
PSPRS Police	\$	21,313,569

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability as of June 30, 2015, reflects the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, CORP plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5% to 4.0%.

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Pension Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Valuation Date	June 30, 2015
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	7.85%
Projected Salary Increases	4.5% - 8.5%
Inflation	3.0% - 4.0%
Permanent Benefit Increase	No explicit assumed permanent benefit increases assumed
Mortality Rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	16%	6.23%
Non-U.S. Equity	14%	8.25%
Credit Opportunities	13%	7.08%
Private Equity	11%	9.50%
Real Estate	10%	4.48%
GTAA	10%	4.38%
Real Assets	8%	4.77%
Fixed Income	7%	2.92%
Absolute Return	5%	4.11%
Risk Parity	4%	5.13%
Short-Term Investments	2%	0.75%
Total	100%	

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Pension Discount Rates** – The following discount rates were used to measure the total pension liabilities:

	PSPRS Police
Discount Rates	7.85%

The projection of cash flows used to determine the PSPRS discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Agent Plans Net Pension Liability** – The following tables present changes in the Town's net pension liability for the PSPRS – Police pension plans as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2015	\$ 28,203,076	\$ 7,072,742	\$ 21,130,334
Changes for the Year:			
Service Cost	413,268	-	413,268
Interest on the Total Pension Liability	2,160,197	-	2,160,197
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	24,766	-	24,766
Contributions - Employer	-	1,708,529	(1,708,529)
Contributions - Employee	-	411,948	(411,948)
Net Investment Income	-	307,573	(307,573)
Benefit Payments, Including Refunds of Employee Contributions	(1,782,549)	(1,782,549)	-
Administrative Expenses	-	(7,885)	7,885
Other Changes	-	(5,169)	5,169
Net Changes	815,682	632,447	183,235
Balances as of June 30, 2016	\$ 29,018,758	\$ 7,705,189	\$ 21,313,569

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Sensitivity of the Town's Net Pension Liability (Asset) to Changes in the Discount Rate** – The following table presents the Town's net pension liability calculated using the discount rates noted above, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
PSPRS Police			
Rate	6.85%	7.85%	8.85%
Net Pension Liability	\$ 24,423,972	\$ 21,313,569	\$ 18,688,959

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

**Pension Expense** – For the year ended June 30, 2016, the Town recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS Police	\$ 2,594,270

**Pension Deferred Outflows/Inflows of Resources** – At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSPRS - Police</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 262,134	\$ -
Changes of assumptions or other inputs	1,565,949	-
Net difference between projected and actual earnings on pension plan investments	208,311	225,172
City contributions subsequent to the measurement date	3,042,273	-
Total	<u>\$ 5,078,667</u>	<u>\$ 225,172</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	PSPRS Police
2017	\$ 987,661
2018	788,923
2019	(17,439)
2020	52,077

**Agent Plan OPEB Actuarial Assumptions** – The health insurance premium benefit contribution requirements for the year ended June 30, 2016, were established by the June 30, 2014 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value 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 schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides 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.

Projections of benefits are based on (1) the plans as understood by the Town and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the Town and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2016 contribution requirements, are as follows:

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**PSPRS - OPEB Contribution Requirements**

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percent closed for underfunded actuarial accrued liability, open for excess
Remaining Amortization Period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.85%
Projected Salary Increases	4.5% - 8.0%
Wage Growth	4.5%

**Agent Plan OPEB Trend Information** – The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
2016	\$ 15,706	199%	\$ -
2015	39,959	139%	-
2014	39,055	100%	-

**Agent Plan OPEB Funded Status** – The funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2015 is as follows:

**Agent OPEB Plan Funded Status**

	PSPRS Police
Actuarial Value of Assets (a)	\$ 454,063
Actuarial Accrued Liability (b)	552,438
Unfunded Actuarial Accrued Liability (Funding Excess) (b) - (a)	98,375
Funded Ratio (a) / (b)	82.20%
Annual Covered Payroll (c)	2,290,190
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll (b) - (a) / (c)	4.30%

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

The funded status of the all the PSPRS health insurance premium benefit plans in the June 30, 2015 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

**PSPRS - OPEB Funded Status**

Actuarial Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed for underfunded actuarial accrued liability, open for excess
Remaining Amortization Period	21 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.85%
Projected Salary Increases	4.0% - 8.0%
Wage Growth	4.0%



## **REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF PARADISE VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
COST SHARING PENSION PLANS  
JUNE 30, 2016 AND ONE YEAR PRIOR**

	Reporting Fiscal Year (Measurement Date)	
	2016 (2015)	2015 (2014)
Town's Proportion of the Net Pension Liability	0.040410%	0.039130%
Town's Proportionate Share of the Net Pension Liability	\$ 6,294,396	\$ 5,789,961
Town's Covered-Employee Payroll	\$ 3,699,764	\$ 3,983,759
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	170.13%	145.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.35%	69.49%

See accompanying notes to the required supplementary information.

**TOWN OF PARADISE VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
SCHEDULE OF CHANGES IN THE TOWN'S  
NET PENSION LIABILITY AND RELATED RATIOS  
AGENT PENSION PLANS  
JUNE 30, 2016**

**Agent Pension Plans**

**PSPRS Police**

	Reporting Fiscal Year (Measurement Date)	
	2016	2015
	(2015)	(2014)
Total Pension Liability		
Service Cost	\$ 413,268	\$ 359,518
Interest on the Total Pension Liability	2,160,197	1,795,059
Changes of Benefit Terms	-	710,651
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	24,766	514,325
Changes of Assumptions or Other Inputs	-	3,303,865
Benefit Payments, Including Refunds of Employee Contributions	(1,782,549)	(2,335,144)
Net Change in Total Pension Liability	815,682	4,348,274
Total Pension Liability - Beginning	28,203,076	23,854,802
Total Pension Liability - Ending (a)	29,018,758	28,203,076
Plan Fiduciary Net Position		
Contributions - Employer	1,708,529	1,045,144
Contributions - Employee	411,948	303,349
Net Investment Income	307,573	917,883
Benefit Payments, Including Refunds of Employee Contributions	(1,782,549)	(2,335,144)
Administrative Expenses	(7,885)	(7,393)
Other Changes	(5,169)	34,308
Net Change in Plan Fiduciary Net Position	632,447	(41,853)
Plan Fiduciary Net Position - Beginning	7,072,742	7,114,595
Plan Fiduciary Net Position - Ending (b)	7,705,189	7,072,742
Town's Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 21,313,569</u>	<u>\$ 21,130,334</u>

**PSPRS Police**

	Reporting Fiscal Year (Measurement Date)	
	2016	2015
	(2015)	(2014)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.55%	33.47%
Covered-employee Payroll	\$ 2,290,190	\$ 2,200,151
Town's Net Pension Liability (Asset) as a Percentage of Covered- Employee Payroll	930.65%	749.18%

See accompanying notes to the required supplementary information.

**TOWN OF PARADISE VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
SCHEDULE OF TOWN PENSION CONTRIBUTIONS  
JUNE 30, 2016**

**Schedule of Pension Contributions**

**Arizona State Retirement System**

	Reporting Fiscal Year		
	2016	2015	2014
Statutorily Required Contribution	\$ 465,354	\$ 405,309	\$ 377,424
Town's Contribution in Relation to the Statutorily Required Contribution	<u>465,354</u>	<u>405,309</u>	<u>377,424</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 3,811,031	\$ 3,699,764	\$ 3,983,759
Town's Contributions as a Percentage of Covered- Employee Payroll	12.21%	10.95%	9.47%

**PSPRS Police**

	Reporting Fiscal Year		
	2016	2015	2014
Actuarially Determined Contribution	\$ 1,780,529	\$ 1,220,161	\$ 1,126,297
Town's Contribution in Relation to the Actuarially Determined Contribution	<u>3,042,273</u>	<u>1,708,529</u>	<u>1,126,297</u>
Town's Contribution Deficiency (Excess)	<u>\$ (1,261,744)</u>	<u>\$ (488,368)</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	\$ 2,530,657	\$ 2,290,190	\$ 2,200,151
Town's Contributions as a Percentage of Covered- Employee Payroll	120.22%	74.60%	51.19%

See accompanying notes to the required supplementary information.

**TOWN OF PARADISE VALLEY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
 NOTES TO PENSION SCHEDULES  
 JUNE 30, 2016**

**NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES**

Actuarial determined contribution rates for PSPRS and CORP are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial Cost Method	Entry age normal
Amortization Level	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining Amortization Period as of the 2013 Actuarial Valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions	
Investment Rate of Return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected Salary Increases	In the 2013 actuarial valuation, projected salary increases were from 5.0%-9.0% to 4.5%-8.5%
Wage Growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011
Mortality	RP-2000 mortality table (adjusted by 105% for both males and females)

**NOTE 2 INFORMATION PRIOR TO MEASUREMENT DATE**

Information prior to the measurement date (June 30, 2014) was not available.

**NOTE 3 PENSION CONTRIBUTIONS**

The Town prepaid June 30, 2016 required contributions, resulting in pension contributions exceeding the required contributions.

**TOWN OF PARADISE VALLEY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
 SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
 JUNE 30, 2016**

**Other Post Employment Benefit (Health Insurance Subsidy)**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2012	\$ -	\$ 552,772	0.0%	\$ (552,772)	\$ 2,035,841	-27.2%
2013	-	531,952	0.0%	(531,952)	1,848,061	-28.8%
2014	415,682	566,330	73.4%	(150,648)	2,200,151	-6.8%
2015	454,063	552,438	82.2%	(98,375)	2,290,190	-4.3%

See accompanying notes to the schedule of agent OPEB Plans' Funding Progress.

**TOWN OF PARADISE VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
NOTES TO SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
JUNE 30, 2016**

**NOTE 1    FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS**

Beginning in Fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's pension fund to the new health insurance fund.



**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

*Donations Fund* - accounts for contributions and donations received by the Town.

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

*Mummy Mountain Preserve Trust Fund* - accounts for the activity of the Mummy Mountain Preserve Trust including acquiring, maintaining, preserving and protecting undeveloped property on and around the Mummy Mountain Preserve.

### **DEBT SERVICE FUNDS**

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

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

**TOWN OF PARADISE VALLEY, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016**

	Special Revenue Funds			Total Special Revenue Funds
	Donations Fund	Grants Fund	Mummy Mountain Preserve Trust Fund	
<b>ASSETS</b>				
Cash and Investments	\$ 22,491	\$ 8,987	\$ 40,232	\$ 71,710
Restricted Cash and Investments	-	-	-	-
Receivables:				
Accounts Receivable	-	7,516	-	7,516
Total Assets	<u>\$ 22,491</u>	<u>\$ 16,503</u>	<u>\$ 40,232</u>	<u>\$ 79,226</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interest Payable	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	16,503	-	16,503
Total Liabilities	<u>-</u>	<u>16,503</u>	<u>-</u>	<u>16,503</u>
Fund Balances:				
Restricted	22,491	-	40,232	62,723
Assigned	-	-	-	-
Total Fund Balances	<u>22,491</u>	<u>-</u>	<u>40,232</u>	<u>62,723</u>
Total Liabilities and Fund Balances	<u>\$ 22,491</u>	<u>\$ 16,503</u>	<u>\$ 40,232</u>	<u>\$ 79,226</u>

Debt Service Funds

Debt Service Fund	MPC Debt Service Fund	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ 2,285,694	\$ 2,285,694	\$ 2,357,404
49,570	47,504	97,074	97,074
-	-	-	7,516
<u>\$ 49,570</u>	<u>\$ 2,333,198</u>	<u>\$ 2,382,768</u>	<u>\$ 2,461,994</u>
\$ 49,570	\$ 47,504	\$ 97,074	\$ 97,074
-	-	-	16,503
<u>49,570</u>	<u>47,504</u>	<u>97,074</u>	<u>113,577</u>
-	-	-	62,723
-	2,285,694	2,285,694	2,285,694
-	2,285,694	2,285,694	2,348,417
<u>\$ 49,570</u>	<u>\$ 2,333,198</u>	<u>\$ 2,382,768</u>	<u>\$ 2,461,994</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING INCOME STATEMENT  
YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds			Total Special Revenue Funds
	Donations Fund	Grants Fund	Mummy Mountain Preserve Trust Fund	
<b>REVENUES</b>				
Intergovernmental Revenue	\$ -	\$ 53,948	\$ -	\$ 53,948
Contribution and Donations	18,848	-	-	18,848
Investment Income	-	-	11	11
Total Revenues	<u>18,848</u>	<u>53,948</u>	<u>11</u>	<u>72,807</u>
<b>EXPENDITURES</b>				
Current:				
General Government	8,801	35,864	-	44,665
Public Safety	1,074	18,084	-	19,158
Debt Service:				
Principal Retirement	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Total Expenditures	<u>9,875</u>	<u>53,948</u>	<u>-</u>	<u>63,823</u>
Excess (Deficiency) of Revenues Over Expenditures	8,973	-	11	8,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,973	-	11	8,984
<b>FUND BALANCES</b>				
Beginning of Year	13,518	-	40,221	53,739
End of Year	<u>\$ 22,491</u>	<u>\$ -</u>	<u>\$ 40,232</u>	<u>\$ 62,723</u>

Debt Service Funds

<u>Debt Service Fund</u>	<u>MPC Debt Service Fund</u>	<u>Total Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 53,948
-	-	-	18,848
-	-	-	11
<u>-</u>	<u>-</u>	<u>-</u>	<u>72,807</u>
-	-	-	44,665
-	-	-	19,158
-	914,247	914,247	914,247
49,570	113,286	162,856	162,856
<u>49,570</u>	<u>1,027,533</u>	<u>1,077,103</u>	<u>1,140,926</u>
(49,570)	(1,027,533)	(1,077,103)	(1,068,119)
<u>49,570</u>	<u>-</u>	<u>49,570</u>	<u>49,570</u>
-	(1,027,533)	(1,027,533)	(1,018,549)
-	3,313,227	3,313,227	3,366,966
<u>\$ -</u>	<u>\$ 2,285,694</u>	<u>\$ 2,285,694</u>	<u>\$ 2,348,417</u>

**TOWN OF PARADISE VALLEY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Investment Income	\$ -	\$ 2,371	\$ 2,371
<b>EXPENDITURES</b>			
Capital Outlay	9,680,200	2,737,601	5,056,673
Debt Service:			
Principal Retirement	150,000	150,000	-
Issuance Costs	-	125,697	(125,697)
Total Expenditures	<u>9,830,200</u>	<u>3,013,298</u>	<u>4,930,976</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,830,200)	(3,010,927)	4,933,347
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	3,500,000	2,681,485	(818,515)
Transfers Out	-	(49,570)	(49,570)
Issuance of Long-Term Debt	-	7,880,000	7,880,000
Total Other Financing Sources (Uses)	<u>3,500,000</u>	<u>10,511,915</u>	<u>7,011,915</u>
Net Change in Fund Balance	(6,330,200)	7,500,988	11,945,262
<b>FUND BALANCE</b>			
Beginning of Year	-	473,729	473,729
End of Year	<u>\$ (6,330,200)</u>	<u>\$ 7,974,717</u>	<u>\$ 12,418,991</u>



**TOWN OF PARADISE VALLEY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DONATIONS FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Contributions and Donations	\$ 15,000	\$ 18,848	\$ 3,848
<b>EXPENDITURES</b>			
Current:			
General Government	11,000	8,801	2,199
Public Safety	<u>4,000</u>	<u>1,074</u>	<u>2,926</u>
Total Expenditures	<u>15,000</u>	<u>9,875</u>	<u>5,125</u>
Excess (Deficiency) of Revenues Over Expenditures	-	8,973	8,973
<b>FUND BALANCE</b>			
Beginning of Year	-	13,518	13,518
End of Year	<u>\$ -</u>	<u>\$ 22,491</u>	<u>\$ 22,491</u>

**TOWN OF PARADISE VALLEY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GRANTS FUND**  
**YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 237,000	\$ 237,000	\$ 53,948	\$ (183,052)
<b>EXPENDITURES</b>				
Current:				
General Government	237,000	262,200	35,864	226,336
Public Safety	-	-	18,084	(18,084)
Total Expenditures	<u>237,000</u>	<u>262,200</u>	<u>53,948</u>	<u>208,252</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(25,200)	-	25,200
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	<u>5,393</u>	-	<u>5,393</u>
Net Change in Fund Balance	-	(19,807)	-	30,593
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ (19,807)</u>	<u>\$ -</u>	<u>\$ 25,200</u>

**TOWN OF PARADISE VALLEY, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MPC DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2016**

	Original and Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES</b>			
Debt Service:			
Miscellaneous	\$ 400,000	\$ -	\$ 400,000
Principal Retirement	914,242	914,247	(5)
Interest on Long-term Debt	113,292	113,286	6
Total Expenditures	<u>1,427,534</u>	<u>1,027,533</u>	<u>400,001</u>
Net Change in Fund Balance	(1,427,534)	(1,027,533)	400,001
<b>FUND BALANCE</b>			
Beginning of Year	-	3,313,227	3,313,227
End of Year	<u>\$ (1,427,534)</u>	<u>\$ 2,285,694</u>	<u>\$ 3,713,228</u>

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## **STATISTICAL SECTION (UNAUDITED)**

This section of the Town of Paradise Valley, Arizona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

### **Revenue Capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.*

### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

*See the table of contents for page numbers of the schedules that encompass the above sections.*

**TOWN OF PARADISE VALLEY, ARIZONA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 69,273,164	\$ 65,329,267	\$ 70,546,752	\$ 70,077,412
Restricted	3,506,945	4,179,307	3,498,527	2,595,469
Unrestricted	23,653,783	29,279,737	20,776,493	22,373,381
Total Governmental Activities Net Position	<u>\$ 96,433,892</u>	<u>\$ 98,788,311</u>	<u>\$ 94,821,772</u>	<u>\$ 95,046,262</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	\$ 14,058,457	\$ 14,937,435	\$ 15,875,113	\$ 16,176,951
Restricted	3,374,755	3,639,972	3,393,316	2,746,466
Unrestricted	3,548,306	3,876,571	3,556,209	3,855,763
Total Business-Type Activities Net Position	<u>\$ 20,981,518</u>	<u>\$ 22,453,978</u>	<u>\$ 22,824,638</u>	<u>\$ 22,779,180</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ 83,331,621	\$ 80,266,702	\$ 86,421,865	\$ 86,254,363
Restricted	6,881,700	7,819,279	6,891,843	5,341,935
Unrestricted	27,202,089	33,156,308	24,332,702	26,229,144
Total Primary Government Net Position	<u>\$ 117,415,410</u>	<u>\$ 121,242,289</u>	<u>\$ 117,646,410</u>	<u>\$ 117,825,442</u>

Source: Town's Finance Department.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 69,676,668	\$ 69,407,881	\$ 68,209,762	\$ 73,318,948	\$ 79,895,872	\$ 78,383,694
1,786,639	1,221,024	608,907	102,778	53,739	224,308
<u>22,487,936</u>	<u>23,627,937</u>	<u>20,852,943</u>	<u>5,908,977</u>	<u>3,338,007</u>	<u>10,434,716</u>
<u>\$ 93,951,243</u>	<u>\$ 94,256,842</u>	<u>\$ 89,671,612</u>	<u>\$ 79,330,703</u>	<u>\$ 83,287,618</u>	<u>\$ 89,042,718</u>
\$ 16,757,765	\$ 17,292,596	\$ 25,706,810	\$ 26,022,037	\$ 26,446,442	\$ 26,904,413
2,075,256	1,362,476	567,431	-	-	-
<u>4,194,195</u>	<u>4,736,253</u>	<u>5,402,355</u>	<u>901,947</u>	<u>999,604</u>	<u>1,034,839</u>
<u>\$ 23,027,216</u>	<u>\$ 23,391,325</u>	<u>\$ 31,676,596</u>	<u>\$ 26,923,984</u>	<u>\$ 27,446,046</u>	<u>\$ 27,939,252</u>
\$ 86,434,433	\$ 86,700,477	\$ 93,916,572	\$ 99,340,985	\$ 106,342,314	\$ 105,288,107
3,861,895	2,583,500	1,176,338	102,778	53,739	224,308
<u>26,682,131</u>	<u>28,364,190</u>	<u>26,255,298</u>	<u>6,810,924</u>	<u>4,337,611</u>	<u>11,469,555</u>
<u>\$ 116,978,459</u>	<u>\$ 117,648,167</u>	<u>\$ 121,348,208</u>	<u>\$ 106,254,687</u>	<u>\$ 110,733,664</u>	<u>\$ 116,981,970</u>

**TOWN OF PARADISE VALLEY, ARIZONA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year			
	2007	2008	2009	2010
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 7,582,685	\$ 7,504,799	\$ 9,318,797	\$ 5,857,493
Public Safety	6,770,604	8,578,890	9,127,589	8,040,162
Highways and Streets	3,535,814	3,698,363	6,150,305	2,151,001
Interest on Long-Term Debt	139,448	190,310	424,849	301,622
Total Governmental Activities Expenses	<u>18,028,551</u>	<u>19,972,362</u>	<u>25,021,540</u>	<u>16,350,278</u>
Business-Type Activities:				
Sewer	2,052,990	2,141,828	2,327,149	2,207,903
Fire Service	-	-	-	-
Alarm Monitor System	135,019	135,774	129,335	125,529
Total Business-Type Activities Expenses	<u>2,188,009</u>	<u>2,277,602</u>	<u>2,456,484</u>	<u>2,333,432</u>
Total Primary Government Expenses	<u>\$ 20,216,560</u>	<u>\$ 22,249,964</u>	<u>\$ 27,478,024</u>	<u>\$ 18,683,710</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$ 5,008,586	\$ 3,956,275	\$ 3,185,130	\$ 2,564,613
Public Safety	5,279	105,585	102,323	143,867
Highways and Streets	-	16,036	-	53,349
Operating Grants and Contributions	1,313,322	1,156,860	929,564	856,445
Capital Grants and Contributions	3,807,860	400,000	502,684	152,699
Total Governmental Activities Program Revenues	<u>10,135,047</u>	<u>5,634,756</u>	<u>4,719,701</u>	<u>3,770,973</u>
Business-Type Activities:				
Charges for Services:				
Sewer System	2,517,864	2,827,143	2,469,706	2,066,141
Fire Service	-	-	-	-
Alarm Monitor System	210,932	218,940	216,459	245,390
Capital Grants and Contributions	781,250	409,800	681,569	31,500
Total Business-Type Activities Program Revenues	<u>3,510,046</u>	<u>3,455,883</u>	<u>3,367,734</u>	<u>2,343,031</u>
Total Primary Government Program Revenues	<u>\$ 13,645,093</u>	<u>\$ 9,090,639</u>	<u>\$ 8,087,435</u>	<u>\$ 6,114,004</u>

Source: The Town's Finance Department.



Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,826,239	\$ 7,708,607	\$ 7,289,224	\$ 7,276,076	\$ 7,776,745	\$ 8,605,414
7,787,743	7,628,580	7,055,389	6,286,763	8,745,404	9,054,408
2,225,274	2,076,040	3,346,762	3,201,369	3,669,224	3,568,394
267,022	239,802	282,387	182,224	147,314	281,348
17,106,278	17,653,029	17,973,762	16,946,432	20,338,687	21,509,564
2,144,491	2,111,254	2,264,536	2,351,590	2,324,369	2,185,714
-	-	1,414,177	2,961,269	3,045,071	2,921,260
117,568	108,520	85,698	103,975	59,277	100,719
2,262,059	2,219,774	3,764,411	5,416,834	5,428,717	5,207,693
\$ 19,368,337	\$ 19,872,803	\$ 21,738,173	\$ 22,363,266	\$ 25,767,404	\$ 26,717,257
\$ 2,748,788	\$ 2,540,900	\$ 4,111,615	\$ 5,189,006	\$ 4,290,508	\$ 6,845,255
221,550	303,571	210,837	124,464	37,395	82,694
-	-	-	-	-	-
844,615	746,903	763,844	807,404	874,773	1,121,420
-	27,321	118,064	10,000	234,000	-
3,814,953	3,618,695	5,204,360	6,130,874	5,436,676	8,049,369
2,254,806	2,292,392	2,258,513	2,227,314	2,498,749	2,250,608
-	-	1,538,314	3,112,850	3,099,652	3,101,634
265,656	253,253	242,072	231,984	217,953	199,750
92,500	-	198,000	-	80,000	76,875
2,612,962	2,545,645	4,236,899	5,572,148	5,896,354	5,628,867
\$ 6,427,915	\$ 6,164,340	\$ 9,441,259	\$ 11,703,022	\$ 11,333,030	\$ 13,678,236

(Continued)

**TOWN OF PARADISE VALLEY, ARIZONA  
CHANGES IN NET POSITION (CONCLUDED)  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

(Concluded)	Fiscal Year			
	2007	2008	2009	2010
<b>NET (EXPENSE) REVENUE</b>				
Governmental Activities	\$ (7,893,504)	\$ (14,337,606)	\$ (20,301,839)	\$ (12,579,305)
Business-Type Activities	1,322,037	1,178,281	911,250	9,599
Total Primary Government Net Expense	<u>\$ (6,571,467)</u>	<u>\$ (13,159,325)</u>	<u>\$ (19,390,589)</u>	<u>\$ (12,569,706)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 10,374,728	\$ 10,499,929	\$ 9,386,335	\$ 8,051,632
Franchise Taxes	915,326	1,003,231	1,001,103	999,785
State Shared Revenue	2,891,589	3,225,005	3,180,361	2,807,201
Auto Lieu Tax Revenue Sharing	574,175	557,250	504,145	465,343
Investment Income	1,332,700	1,406,610	1,569,907	358,326
Special Item - Capital Asset moved to Fire Fund	-	-	-	-
Transfers	-	-	693,449	121,508
Total Governmental Activities	<u>16,088,518</u>	<u>16,692,025</u>	<u>16,335,300</u>	<u>12,803,795</u>
Business-Type Activities:				
Investment Income	325,638	294,179	152,859	66,451
Capital Contributions	-	-	-	-
Special Item - Capital Asset moved to Fire Fund	-	-	-	-
Transfers	-	-	(693,449)	(121,508)
Total Business-Type Activities	<u>325,638</u>	<u>294,179</u>	<u>(540,590)</u>	<u>(55,057)</u>
Total Primary Government	<u>\$ 16,414,156</u>	<u>\$ 16,986,204</u>	<u>\$ 15,794,710</u>	<u>\$ 12,748,738</u>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ 8,195,014	\$ 2,354,419	\$ (3,966,539)	\$ 224,490
Business-Type Activities	1,647,675	1,472,460	370,660	(45,458)
Total Primary Government	<u>\$ 9,842,689</u>	<u>\$ 3,826,879</u>	<u>\$ (3,595,879)</u>	<u>\$ 179,032</u>

Source: The Town's Finance Department.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ (13,291,325)	\$ (14,034,334)	\$ (12,769,402)	\$ (10,815,558)	\$ (14,902,011)	\$ (13,460,195)
350,903	325,871	472,488	155,314	467,637	421,174
<u>\$ (12,940,422)</u>	<u>\$ (13,708,463)</u>	<u>\$ (12,296,914)</u>	<u>\$ (10,660,244)</u>	<u>\$ (14,434,374)</u>	<u>\$ (13,039,021)</u>
\$ 7,944,769	\$ 10,627,184	\$ 11,963,535	\$ 13,136,325	\$ 14,564,835	\$ 14,553,528
1,007,634	1,055,473	1,061,725	1,061,660	1,037,258	1,146,142
2,402,963	2,083,775	2,358,876	2,544,840	2,723,544	2,760,822
453,010	411,604	429,075	457,878	490,206	530,413
231,090	161,897	174,833	94,521	91,159	274,390
-	-	(7,803,872)	-	-	-
156,840	-	-	4,915,177	(48,076)	(50,000)
<u>12,196,306</u>	<u>14,339,933</u>	<u>8,184,172</u>	<u>22,210,401</u>	<u>18,858,926</u>	<u>19,215,295</u>
53,973	38,238	8,911	7,251	6,349	22,032
-	-	198,000	-	-	-
-	-	7,803,872	-	-	-
(156,840)	-	-	(4,915,177)	48,076	50,000
<u>(102,867)</u>	<u>38,238</u>	<u>8,010,783</u>	<u>(4,907,926)</u>	<u>54,425</u>	<u>72,032</u>
<u>\$ 12,093,439</u>	<u>\$ 14,378,171</u>	<u>\$ 16,194,955</u>	<u>\$ 17,302,475</u>	<u>\$ 18,913,351</u>	<u>\$ 19,287,327</u>
\$ (1,095,019)	\$ 305,599	\$ (4,585,230)	\$ 11,394,843	\$ 3,956,915	\$ 5,755,100
248,036	364,109	8,908,064	(4,752,612)	522,062	493,206
<u>\$ (846,983)</u>	<u>\$ 669,708</u>	<u>\$ 4,322,834</u>	<u>\$ 6,642,231</u>	<u>\$ 4,478,977</u>	<u>\$ 6,248,306</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
PROGRAM REVENUES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Function/Program	Fiscal Year				
	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>					
General Government	\$ 9,053,679	\$ 4,467,270	\$ 3,217,704	\$ 2,592,630	\$ 2,767,852
Public Safety	20,976	134,211	150,885	149,236	255,768
Highways and Streets	1,060,392	1,033,275	1,351,112	1,029,107	791,333
Subtotal Governmental Activities	<u>10,135,047</u>	<u>5,634,756</u>	<u>4,719,701</u>	<u>3,770,973</u>	<u>3,814,953</u>
<b>Business-Type Activities:</b>					
Sewer System	3,299,114	3,236,943	3,151,275	2,097,641	2,347,306
Fire Service	-	-	-	-	-
Alarm Monitor System	210,932	218,940	216,459	245,390	265,656
Subtotal Business-Type Activities	<u>3,510,046</u>	<u>3,455,883</u>	<u>3,367,734</u>	<u>2,343,031</u>	<u>2,612,962</u>
Total Primary Government	<u>\$ 13,645,093</u>	<u>\$ 9,090,639</u>	<u>\$ 8,087,435</u>	<u>\$ 6,114,004</u>	<u>\$ 6,427,915</u>

Source: The Town's Finance Department.

Fiscal Year				
2012	2013	2014	2015	2016
\$ 2,671,657	\$ 4,288,121	\$ 5,275,399	\$ 4,600,325	\$ 6,950,634
305,350	214,512	131,761	42,579	269,877
641,688	701,727	723,714	793,772	828,858
<u>3,618,695</u>	<u>5,204,360</u>	<u>6,130,874</u>	<u>5,436,676</u>	<u>8,049,369</u>
2,292,392	2,258,513	2,227,314	2,578,749	2,327,483
-	1,538,314	3,112,850	3,099,652	3,101,634
253,253	242,072	231,984	217,953	199,750
<u>2,545,645</u>	<u>4,038,899</u>	<u>5,572,148</u>	<u>5,896,354</u>	<u>5,628,867</u>
<u>\$ 6,164,340</u>	<u>\$ 9,243,259</u>	<u>\$ 11,703,022</u>	<u>\$ 11,333,030</u>	<u>\$ 13,678,236</u>

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**TOWN OF PARADISE VALLEY, ARIZONA  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	Fiscal Year			
	2007	2008	2009	2010
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	24,368,110	26,023,277	19,055,184	14,865,748
Total General Fund	<u>\$ 24,368,110</u>	<u>\$ 26,023,277</u>	<u>\$ 19,055,184</u>	<u>\$ 14,865,748</u>
All Other Governmental Funds:				
Unreserved, Reported in:				
Special Revenue Funds	\$ 3,524,830	\$ 4,199,455	\$ 3,147,999	\$ 2,444,644
Debt Service Funds	512	232	1,712,329	6,314,592
Capital Projects Funds	-	4,069,161	1,130,425	1,864,879
Total All Other Governmental Funds	<u>\$ 3,525,342</u>	<u>\$ 8,268,848</u>	<u>\$ 5,990,753</u>	<u>\$ 10,624,115</u>

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Fund:						
Nonspendable	\$ 6,972	\$ 143,415	\$ 1,039,473	\$ 1,157,133	\$ 818,308	\$ 709,554
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	13,995,539	14,393,182	14,206,372	23,391,719	25,421,178	29,666,433
Total General Fund	<u>\$ 14,002,511</u>	<u>\$ 14,536,597</u>	<u>\$ 15,245,845</u>	<u>\$ 24,548,852</u>	<u>\$ 26,239,486</u>	<u>\$ 30,375,987</u>
All Other Governmental Funds:						
Nonspendable						
Prepaid Items	\$ -	\$ -	\$ 16,025	\$ -	\$ -	\$ 6,528
Restricted	1,786,639	1,221,024	592,882	102,778	53,739	5,694,934
Committed	-	-	-	-	-	-
Assigned	8,905,955	9,268,513	11,165,163	8,274,256	3,821,554	4,960,708
Unassigned	-	-	-	(619,309)	(282,949)	-
Total All Other Governmental Funds	<u>\$ 10,692,594</u>	<u>\$ 10,489,537</u>	<u>\$ 11,774,070</u>	<u>\$ 7,757,725</u>	<u>\$ 3,592,344</u>	<u>\$ 10,662,170</u>

Source: The Town's Finance Department.

Note: During the fiscal year 2011, the Town implemented GASB Statement No 54. Therefore, starting in the fiscal year ended June 30, 2011, governmental fund balances will be presented based on the GASB Statement No. 54 hierarchy.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	Fiscal Year			
	2007	2008	2009	2010
<b>REVENUES</b>				
Taxes	\$ 11,290,054	\$ 11,503,160	\$ 10,387,438	\$ 9,051,417
Intergovernmental	4,656,254	4,921,207	4,835,686	4,272,612
Fines and Forfeitures	1,505,931	1,630,753	1,351,919	1,133,627
Licenses and Permits	3,238,562	2,197,361	1,159,347	982,740
Charges for Services	-	-	-	490,095
Indirect Charges	-	-	-	-
Rents and Royalties	-	-	-	-
Investment Income	1,332,700	1,406,610	1,569,914	358,326
Other	366,621	302,014	769,388	9,076
<b>Total Revenues</b>	<u>22,390,122</u>	<u>21,961,105</u>	<u>20,073,692</u>	<u>16,297,893</u>
<b>EXPENDITURES</b>				
General Government	7,066,224	7,661,674	7,346,335	5,686,505
Public Safety	6,673,289	8,836,058	8,968,496	7,864,339
Highways and Streets	1,680,913	1,901,078	2,077,779	1,616,151
Capital Outlay	7,531,375	3,946,895	11,155,915	128,752
Debt Service				
Issuance Costs	-	-	130,596	-
Principal Retirement	146,354	151,842	715,506	388,383
Interest on Long-Term Debt	107,897	101,896	346,510	291,345
<b>Total Expenditures</b>	<u>23,206,052</u>	<u>22,599,443</u>	<u>30,741,137</u>	<u>15,975,475</u>
Excess of Revenues Over (Under) Expenditures	(815,930)	(638,338)	(10,667,445)	322,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	8,028,562	4,455,825	10,985,963	6,289,267
Transfers Out	(8,028,562)	(4,455,825)	(10,292,514)	(6,167,759)
Issuance of Long-Term Debt	-	-	7,599,249	-
Premium on Issuance of Long-Term Debt	-	-	339,067	-
Payment of Escrow Agent	-	-	(2,032,486)	-
Payment on Capital Leases	-	-	(5,770,711)	-
Proceeds from Capital Leases	2,394,663	7,037,011	592,689	-
<b>Total Other Financing Sources (Uses)</b>	<u>2,394,663</u>	<u>7,037,011</u>	<u>1,421,257</u>	<u>121,508</u>
Net Changes in Fund Balance	<u>\$ 1,578,733</u>	<u>\$ 6,398,673</u>	<u>\$ (9,246,188)</u>	<u>\$ 443,926</u>
Debt Service as a Percentage of Non-Capital Expenditures	1.60%	1.3%	4.3%	4.5%

Source: The Town's Finance Department.



Fiscal Year

	2011	2012	2013	2014	2015	2016
\$	8,952,403	\$ 11,682,657	\$ 13,025,260	\$ 14,197,985	\$ 15,602,093	\$ 15,699,670
	3,692,516	3,251,086	3,537,464	3,791,372	4,074,853	4,393,807
	1,201,432	801,897	2,346,166	1,161,685	2,085,650	3,697,261
	1,080,207	1,021,911	1,203,370	1,322,052	1,426,883	2,071,846
	356,650	427,269	328,019	354,680	259,689	261,829
	-	-	-	322,000	-	-
	320,907	325,220	307,987	154,220	158,410	159,360
	231,090	161,897	174,833	94,521	91,159	274,390
	8,072	51,730	461,264	1,812,082	520,978	579,469
	<u>15,843,277</u>	<u>17,723,667</u>	<u>21,384,363</u>	<u>23,210,597</u>	<u>24,219,715</u>	<u>27,137,632</u>
	5,987,892	5,581,346	6,168,281	6,700,704	6,963,210	7,794,295
	7,504,468	7,594,737	6,816,444	6,215,932	7,291,649	8,972,593
	1,444,530	1,204,634	2,677,491	2,635,007	3,014,861	2,786,005
	832,181	2,149,953	2,699,004	6,522,394	8,080,876	2,737,601
	-	-	-	-	-	125,697
	773,329	800,825	824,885	998,944	1,114,569	1,155,556
	252,475	228,857	204,477	216,131	181,221	189,558
	<u>16,794,875</u>	<u>17,560,352</u>	<u>19,390,582</u>	<u>23,289,112</u>	<u>26,646,386</u>	<u>23,761,305</u>
	(951,598)	163,315	1,993,781	(78,515)	(2,426,671)	3,376,327
	2,584,469	3,481,659	6,293,189	9,685,071	6,593,422	4,831,055
	(2,427,629)	(3,481,659)	(6,293,189)	(4,769,894)	(6,641,498)	(4,881,055)
	-	-	-	450,000	-	7,880,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	167,714	-	-	-	-
	<u>156,840</u>	<u>167,714</u>	<u>-</u>	<u>5,365,177</u>	<u>(48,076)</u>	<u>7,830,000</u>
\$	<u>(794,758)</u>	<u>\$ 331,029</u>	<u>\$ 1,993,781</u>	<u>\$ 5,286,662</u>	<u>\$ (2,474,747)</u>	<u>\$ 11,206,327</u>
	6.6%	6.4%	6.0%	7.3%	6.9%	6.4%

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**TOWN OF PARADISE VALLEY, ARIZONA  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

Fiscal Year	Sales & Use	Occupancy	Franchise	Total
2007	\$ 8,129,931	\$ 2,244,797	\$ 915,326	\$ 11,290,054
2008	8,401,809	2,098,120	1,003,231	11,503,160
2009	7,518,403	1,867,932	1,001,103	10,387,438
2010	5,972,752	2,078,880	999,785	9,051,417
2011	5,543,814	2,400,955	1,007,634	8,952,403
2012	8,103,896	2,523,288	1,055,473	11,682,657
2013	9,235,643	2,727,892	1,061,725	13,025,260
2014	10,300,810	2,835,515	1,061,660	14,197,985
2015	11,447,385	3,117,450	1,037,258	15,602,093
2016	11,345,902	3,207,626	1,146,142	15,699,670

Source: The Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA  
LOCAL TAXES COLLECTED BY CATEGORY  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year				
	2007	2008	2009	2010	2011
Sales and Use Tax Collected by Category (1):					
Communications and Utilities	\$ 399,465	\$ 467,913	\$ 442,206	\$ 499,069	\$ 459,650
Construction	3,951,997	4,420,843	3,622,160	2,250,756	1,645,850
Manufacturing	174,371	101,628	85,475	85,959	81,724
Retail trade	234,595	311,592	218,354	223,429	281,128
Finance, Insurance and Real Estate	400,899	377,621	226,801	165,509	201,843
Hospitality	2,507,944	2,253,947	2,510,902	2,464,680	2,527,486
Services	231,145	206,628	200,520	147,522	154,748
Other	229,310	261,637	211,986	135,828	191,385
Total	<u>\$ 8,129,726</u>	<u>\$ 8,401,809</u>	<u>\$ 7,518,404</u>	<u>\$ 5,972,752</u>	<u>\$ 5,543,814</u>
Bed Tax Collected	<u>\$ 2,244,797</u>	<u>\$ 2,098,120</u>	<u>\$ 1,867,932</u>	<u>\$ 2,078,880</u>	<u>\$ 2,400,955</u>

Source: Arizona Department of Revenue

- (1) Sales tax increased from 1.2% to 1.4% effective January 1, 1999, and from 1.4% to 1.65% effective September 1, 2004, and from 1.65% to 2.50% effective August 1, 2011 (Temporarily until August 1, 2014). Use tax of 1.4% added effective April 1, 1999.
- (2) Bed tax increased from 3.0% to 3.4% effective August 1, 2010.

Fiscal Year

2012	2013	2014	2015	2016
\$ 829,653	\$ 881,141	\$ 890,417	\$ 922,244	\$ 965,755
1,780,801	2,340,481	3,048,856	3,049,241	3,181,485
119,098	133,431	128,060	135,788	158,886
355,717	451,136	559,294	724,235	856,216
251,196	262,889	288,739	375,473	341,602
4,007,195	4,338,311	4,536,958	4,981,595	4,931,846
224,531	268,514	320,097	333,592	313,346
535,705	559,740	528,389	925,217	596,766
<u>\$ 8,103,896</u>	<u>\$ 9,235,643</u>	<u>\$ 10,300,810</u>	<u>\$ 11,447,385</u>	<u>\$ 11,345,902</u>
<u>\$ 2,523,288</u>	<u>\$ 2,727,892</u>	<u>\$ 2,835,515</u>	<u>\$ 3,117,450</u>	<u>\$ 3,207,626</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
DIRECT AND OVERLAPPING SALES TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**Privilege (Sales) Tax Rates**

<u>Fiscal Year</u>	<u>Town Direct</u>		
	<u>Rate</u>	<u>County Rate</u>	<u>State Rate</u>
2007	1.65%	0.00%	5.60%
2008	1.65%	0.00%	5.60%
2009	1.65%	0.00%	5.60%
2010	1.65%	0.00%	6.60%
2011	1.65%	0.00%	6.60%
2012	2.50%	0.00%	6.60%
2013	2.50%	0.00%	5.60%
2014	2.50%	0.00%	5.60%
2015	2.50%	0.00%	5.60%
2016	2.50%	0.00%	5.60%

**Use Tax Rates**

<u>Fiscal Year</u>	<u>Town Direct</u>		
	<u>Rate</u>	<u>County Rate</u>	<u>State Rate</u>
2007	1.65%	0.00%	5.60%
2008	1.65%	0.00%	5.60%
2009	1.65%	0.00%	5.60%
2010	1.65%	0.00%	6.60%
2011	1.65%	0.00%	6.60%
2012	2.50%	0.00%	6.60%
2013	2.50%	0.00%	5.60%
2014	2.50%	0.00%	5.60%
2015	2.50%	0.00%	5.60%
2016	2.50%	0.00%	5.60%

**Bed Tax Rates**

<u>Fiscal Year</u>	<u>Town Direct</u>		
	<u>Rate</u>	<u>County Rate</u>	<u>State Rate</u>
2007	3.00%	1.77%	5.50%
2008	3.00%	1.77%	5.50%
2009	3.00%	1.77%	5.50%
2010	3.00%	1.77%	6.50%
2011	3.40%	1.77%	6.50%
2012	3.40%	1.77%	6.50%
2013	3.40%	1.77%	5.50%
2014	3.40%	1.77%	5.50%
2015	3.40%	1.77%	5.50%
2016	3.40%	1.77%	5.50%

Source: Maricopa County Treasurer.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(DOLLARS IN THOUSANDS EXCEPT PER CAPITA)**  
**(UNAUDITED)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita	Population
	Excise Tax Revenue Bonds	Note Payable	Capital Leases	Excise Tax Revenue Bonds	Note Payable				
2007	\$ 2,343	\$ -	\$ 2,222	\$ 4,062	\$ 3,716	\$ 12,343	\$ 882	14,000	
2008	2,192	-	8,045	3,798	3,369	17,404	1,224	14,215	
2009	7,938	-	1,595	3,610	3,006	15,656	1,084	14,444	
2010	7,516	-	1,073	3,418	2,628	14,191	966	14,686	
2011	6,709	-	798	3,050	2,235	12,792	967	12,820	
2012	5,874	-	600	2,671	1,824	10,969	812	12,972	
2013	5,015	-	432	2,281	1,396	8,828	674	13,106	
2014	4,133	300	347	1,879	951	7,610	554	13,282	
2015	3,222	-	259	1,466	485	5,234	389	13,457	
2016	10,154	-	168	1,034	-	11,356	244	13,653	

Source: The Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA  
 PLEDGED-REVENUE COVERAGE  
 LAST TEN FISCAL YEARS  
 (DOLLARS IN THOUSANDS)  
 (UNAUDITED)**

Fiscal Year	Excise Tax Revenue Bonds				Coverage
	Excise Tax	Principal	Interest		
2007	\$ 17,994	\$ 400	\$ 295		25.89
2008	17,483	415	278		25.23
2009	14,727	435	261		21.16
2010	12,841	565	414		13.12
2011	12,436	1,125	367		8.36
2012	14,787	1,165	333		9.90
2013	17,199	1,200	297		11.50
2014	18,065	1,235	261		12.20
2015	19,899	1,275	217		13.34
2016	20,679	1,330	227		13.40

Source: The Town's Finance Department.



**TOWN OF PARADISE VALLEY, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2016**  
**(UNAUDITED)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Maricopa County	None	2.18%	None
Maricopa County Special Health Care District	\$ 73,000,000	2.18%	\$ 1,591,400
Maricopa County Community College District	534,225,000	2.18%	11,646,105
East Valley Institute of Technology District No. 401 <sup>b</sup>	None	4.96%	None
Creighton Unified School District No. 14	21,575,000	12.98%	2,800,435
Phoenix Union High School District No. 210	252,395,000	1.13%	2,852,064
Scottsdale Unified School District No. 48	202,430,000	15.46%	31,295,678
<b>Other debt</b>			
Maricopa County <sup>c</sup>	\$ 9,365,000	2.18%	\$ 2,078,957
Maricopa County Hospital District No. 1	None	2.18%	None
Maricopa County Community College District - revenue bonds	None	2.18%	None
East Valley Institute of Technology District No. 401 <sup>b</sup>	None	4.96%	None
Creighton Unified School District No. 14	None	14.50%	None
Phoenix Union High School District No. 210	None	1.22%	None
Scottsdale Unified School District No. 48	None	15.58%	None
Subtotal, overlapping debt			52,264,639
Town of Paradise Valley direct debt (including bonds and capital leases)			<u>11,355,764</u>
Total direct and overlapping debt			<u><u>\$ 52,264,639</u></u>

Source: The various jurisdictions

<sup>a</sup> Proportion applicable to the Town of Paradise Valley, Arizona is computed on the ratio of secondary assessed valuation for fiscal year 2015/16.

<sup>b</sup> Based on the East Valley Institute of Technology's secondary assessed valuation and does not include amount of secondary assessed valuation in Pinal County.

<sup>c</sup> Includes Public Finance Corporation lease revenue bonds outstanding in the aggregate principal amount of \$80,705,000 and Stadium District revenue bonds outstanding in the aggregate principal amount of \$14,660,000.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**TOWN OF PARADISE VALLEY, ARIZONA  
POPULATION STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Population	Median Household Income	Per Capita Income
2007	14,000	(a)	(a)
2008	14,215	\$ 187,128	\$ 100,251
2009	14,444	(a)	(a)
2010	14,686	(a)	(a)
2011	12,820	(a)	(a)
2012	12,972	(a)	(a)
2013	13,106	(a)	(a)
2014	13,282	(a)	(a)
2015	13,457	(a)	(a)
2016	13,673	(a)	(a)

Source: U.S. Census Bureau and Arizona Economic Estimates Commission.

Source: Median household income and per capita incomes are estimates provided by City-Data.com. The State of Arizona does not track personal income or unemployment data for populations of less than 25,000.

(a) Information was not available.

**TOWN OF PARADISE VALLEY, ARIZONA  
PRINCIPAL EMPLOYERS  
2015 AND 2003  
(UNAUDITED)**

	2015		2003	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Camelback Inn	631	16.6%	580	24.3%
Doubletree of Phoenix (formerly InterContinental Montelucia Resort and Joya Spa)	358	9.4%	-	0.0%
Scottsdale Plaza Resort	332	8.7%	388	16.3%
Sanctuary on Camelback Mountain	300	7.9%	250	10.5%
DoubleTree Paradise Valley Resort	230	6.1%	220	9.2%
Phoenix County Day School	141	3.7%	138	5.8%
Paradise Valley Country Club	110	2.9%	100	4.2%
Hermosa Inn	109	2.9%	100	4.2%
Early Learning Childhood Center	90	2.4%	-	0.0%
Town of Paradise Valley	87	2.3%	95	4.0%
Total	2,388	62.9%	2,385	100.0%
Total Town Employment	3,517			

Source: Maricopa Association of Governments 2015 Employer Database.

Note: 2015 and 2003 is the most recent information available.

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**TOWN OF PARADISE VALLEY, ARIZONA**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Function	Full-Time Equivalent Employees									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Town Manager	3.0	3.0	4.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0
Town Attorney	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	7.2	7.2	8.2	7.0	7.0	4.0	5.0	7.0	7.0	7.0
Community Development	13.0	13.0	13.0	12.0	10.0	10.0	10.0	10.0	10.0	10.0
Court	5.4	5.7	5.9	6.0	5.0	5.0	5.0	5.00	5.00	5.0
Engineering	3.0	3.0	3.0	2.0	1.0	-	1.0	3.0	3.0	4.0
Public Works	3.0	3.0	4.0	3.0	3.0	2.0	3.0	3.0	3.0	3.0
Police:										
Officers	36.0	36.0	36.0	30.0	23.0	25.0	27.0	27.0	33.0	33.0
Civilians	10.3	10.5	10.5	11.0	13.0	9.0	7.0	12.0	8.0	8.0
Fire Service:										
Civilians	-	1.0	1.0	-	-	-	-	-	-	-
Highways and Streets	14.0	14.0	14.0	13.0	12.0	12.0	12.0	10.0	10.0	10.0
Sewer System	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
Alarm Monitoring System	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-	-
<b>Total</b>	<b>100.9</b>	<b>102.4</b>	<b>105.6</b>	<b>93.0</b>	<b>83.0</b>	<b>76.0</b>	<b>79.0</b>	<b>79.0</b>	<b>86.0</b>	<b>87.00</b>

Source: Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function	Fiscal Year				
	2007	2008	2009	2010	2011
General Government:					
Building Permits Issued	1,059	950	665	499	536
Value of Building Permits Issued	\$ 312,280,046	\$ 177,127,174	\$ 86,505,523	\$ 54,467,751	\$ 59,607,205
Police:					
Physical Arrests	334	270	242	240	199
Parking Violations	669	582	285	1,789	1,142
Traffic Violations	2,946	2,529	1,509	2,203	2,049
Other Public Works:					
Street Resurfacing (Miles)	10	9	31	-	-
Sidewalks (Linear Feet)	2,025	24,725	-	-	-
Potholes Repaired	150	115	70	17	23
Sewer System:					
Number of Customers	1,985	2,016	2,065	2,086	2,094

Source: The Town of Paradise Valley.

Fiscal Year				
2012	2013	2014	2015	2016
517	559	638	615	706
\$ 68,448,551	\$ 74,147,285	\$ 85,481,811	\$ 88,396,985	\$ 142,370,728
258	218	378	456	206
1,199	445	529	567	408
1,995	1,914	2,399	1,940	1,829
7	19.78	12.80	27.90	27.9
216	24	2,333	2,333	2,333
10	11	14	18	10
2,095	2,115	2,136	2,165	2,162

**TOWN OF PARADISE VALLEY, ARIZONA  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Function	Fiscal Year				
	2007	2008	2009	2010	2011
Police:					
Stations	1	1	1	1	1
Patrol and Detective Vehicles	20	25	28	25	25
Fire Service:					
Stations	2	2	2	2	2
Fire Pumpers, Support Vehicles	3	4	4	3	3
Other Public Works:					
Streets (Miles)	140	140	140	140	140
Traffic Signals	12	12	12	12	12
Wastewater:					
Sanitary Sewers (Feet)	317,059	320,890	325,029	325,029	325,029
Treatment Capacity (Thousands of Gallons)	1,026	1,026	1,026	1,026	1,026

Source: The Town of Paradise Valley.



Fiscal Year

2012	2013	2014	2015	2016
1	1	1	1	1
25	24	24	20	20
2	2	2	2	2
3	3	3	3	3
140	140	147	147	147
12	12	12	12	12
325,029	326,349	326,349	326,649	327,624
1,026	1,026	1,026	1,026	1,026

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