

**TOWN OF PARADISE VALLEY, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2016**

**TOWN OF PARADISE VALLEY, ARIZONA  
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**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
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## **INDEPENDENT ACCOUNTANTS' REPORT**

The Auditor General of the State of Arizona and  
The Honorable Mayor and the Town Council  
Town of Paradise Valley, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Paradise Valley, Arizona, for the year ended June 30, 2016. This report is the responsibility of the Town of Paradise Valley, Arizona's management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the Town of Paradise Valley, Arizona, for the year ended June 30, 2016, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 5, 2016

**TOWN OF PARADISE VALLEY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2016**

1. Economic Estimates Commission expenditure limitation	\$ 24,703,917	
2. Voter approved alternative expenditure limitation (Approved _____)	-	
3. Enter applicable amount from Line 1 or Line 2	-	\$ 24,703,917
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	23,726,416	
5. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(2)(a), Arizona Constitution]	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(2)(b), Arizona Constitution]	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for the reporting fiscal year [Article IX, §20(2)(c), Arizona Constitution]	-	
8. Subtotal	23,726,416	
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters [Article IX, §20(2)(b), Arizona Constitution]	-	
10. Total adjusted amount subject to the expenditure limitation	-	23,726,416
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)		\$ 977,501

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: 

Name and Title: Dawn Marie Buckland  
Director of Administration and Government Affairs

Telephone Number: (480) 348-3555

Date: December 5, 2016

**TOWN OF PARADISE VALLEY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
YEAR ENDED JUNE 30, 2016**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 22,733,772	\$ 5,579,749	\$ 28,313,521
B. Less exclusions claimed:			
1 Bond proceeds	2,409,374	-	2,409,374
Debt service requirements on bonded indebtedness	49,570	467,274	516,844
Debt service requirements on other long-term obligations	268,011	498,083	766,094
2 Dividends, interest and gains on sale of investment securities	-	-	-
3 Trustee or custodian	-	-	-
4 Grants and aid from the federal government	168,983	-	168,983
5 Grants, aid, contributions or gifts from private agency, organization or individual	9,875	-	9,875
6 Amounts received from the state	53,948	-	53,948
7 Quasi-external interfund transactions (town sewer fees and indirect charges from governmental funds to enterprise funds.	4,679	-	4,679
8 Amounts accumulated for purchase of land, purchase or construction of buildings or improvements	-	-	-
9 Highway user revenues in excess FY 1979-80	657,308	-	657,308
10 Contracts with other political subdivisions	-	-	-
11 Refunds, reimbursements and other recoveries	-	-	-
12 Voter approved exclusions not identified above	-	-	-
13 Prior years carryforward	-	-	-
14 Total exclusions claimed	<u>3,621,748</u>	<u>965,357</u>	<u>4,587,105</u>
C. Amounts subject to the expenditure limitation	<u>\$ 19,112,024</u>	<u>\$ 4,614,392</u>	<u>\$ 23,726,416</u>

See accompanying Notes to Report.

**TOWN OF PARADISE VALLEY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
YEAR ENDED JUNE 30, 2016**

Description	Governmental Funds	Enterprise Funds	Total
A. <u>Total Expenditures within the fund-based financial statements</u>	<u>\$ 23,761,305</u>	<u>\$ 5,207,693</u>	<u>\$ 28,968,998</u>
B. Subtract:			
1 Items not requiring use of working capital			
Depreciation and Amortization	-	519,810	519,810
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	9,040	9,040
Claims incurred but not reported	-	-	-
Landfill Closure	-	-	-
2 Expenditures of separate legal entities established under ARS	1,027,533	-	1,027,533
3 Present value of net minimum capital leases	-	-	-
4 Charges for services paid to Internal Service Funds	-	-	-
5 Involuntary court judgments	-	-	-
6 Total subtractions	<u>1,027,533</u>	<u>528,850</u>	<u>1,556,383</u>
C. Additions:			
1 Principal payments on long-term debt	-	900,906	900,906
2 Acquisition of capital assets	-	-	-
3			
Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-
4 Landfill closure as expended in previous years	-	-	-
5 Total additions	<u>-</u>	<u>900,906</u>	<u>900,906</u>
D. Amounts reported on Part II Line A	<u>\$ 22,733,772</u>	<u>\$ 5,579,749</u>	<u>\$ 28,313,521</u>

See accompanying Notes to Report.

**TOWN OF PARADISE VALLEY, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses or deductions reported in the fund-based financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on Part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund-based financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Position for the Enterprise Funds and the Statement of Cash Flows for the Enterprise Funds.

**NOTE 2 ITEMS NOT REQUIRING THE USE OF WORKING CAPITAL**

The subtraction for items not requiring the use of working capital includes the current year depreciation expense (\$535,229), less the amortization of the current year bond premium (\$15,419) recorded in the Enterprise Funds and bad debt expense (\$9,040) recorded in the Enterprise Funds.

**NOTE 3 EXPENDITURES OF SEPARATE LEGAL ENTITIES ESTABLISHED UNDER ARS**

The subtraction for expenditures of separate legal entities established under ARS includes expenditures of the Mummy Mountain Preserve Trust Fund (\$0) and principal and interest expenditures of the MPC Debt Service Fund (\$1,027,533) in the governmental funds.

**NOTE 4 BOND PROCEEDS**

The exclusion claimed for bond proceeds was for the use the Excise Tax Revenue Bond, Series 2016 for various capital projects (\$2,409,374) recorded in the capital projects governmental fund during the fiscal year ended June 30, 2016. The Town has a remaining unspent balance of \$5,470,626.

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2016**

**NOTE 5 DEBT SERVICE REQUIREMENTS ON BONDED INDEBTEDNESS**

The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental and Enterprise Funds consist of principal retirement and interest expense on revenue bonds in the governmental funds and enterprise funds as follows:

		Governmental Funds		
		Principal	Interest	Total
Excise Tax Revenue Bonds, Series 2016		\$ -	\$ 49,570	\$ 49,570
		Enterprise Funds		
		Principal	Interest	Total
Excise Tax Revenue Bonds, Series 2009		\$ 415,753	\$ 51,521	\$ 467,274

**NOTE 6 DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS**

The exclusion claimed for debt service requirements on other long-term obligations in the Governmental and Enterprise Funds consists of principal retirement and interest expense on capital leases and interest paid on an advance from the General Fund in the governmental funds and notes payable in the enterprise funds as follows:

		Governmental Funds		
		Principal	Interest	Total
Note Payable to the City of Phoenix		\$ 150,000	\$ -	\$ 150,000
Capital Leases		91,309	8,014	99,323
Long-Term Advances to Other Funds		-	18,688	18,688
Total		\$ 241,309	\$ 26,702	\$ 268,011
		Enterprise Funds		
		Principal	Interest	Total
Note Payable to the City of Scottsdale		\$ 485,153	\$ 12,930	\$ 498,083

**NOTE 7 GRANTS, AID, CONTRIBUTIONS OR GIFTS FROM FEDERAL GOVERNMENT**

Amounts received from Federal Government consist of the following:

FEMA Grant	\$ 168,983
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**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2016**

**NOTE 8 GRANTS, AID, CONTRIBUTIONS OR GIFTS FROM A PRIVATE AGENCY, ORGANIZATION, OR INDIVIDUAL**

Amounts received from contributions consist of the following:

Police Donations	\$ 1,074
Donations Fund	8,801
Total	<u>\$ 9,875</u>

**NOTE 9 AMOUNTS RECEIVED FROM STATE**

Amounts received from the State consist of the following:

Miscellaneous Police Grants	\$ 18,084
LTAFF II	35,864
Total	<u>\$ 53,948</u>

**NOTE 10 QUASI-EXTERNAL INTERFUND TRANSACTIONS**

The Town pays sewer charges to its Sewer System Enterprise Fund. Therefore, these expenditures are deducted from the Governmental Funds to avoid double counting and the related expenditures are reported in the Enterprise Fund.

**NOTE 11 HIGHWAY USER REVENUE IN EXCESS OF 1979-80**

Highway user revenues (HURF) in excess of fiscal year 1979-80 and LTAFF revenues:

HURF Fund Revenue	\$ 828,858
Less: LTAFF Expenditures	-
Less: 1979-80 Revenue	(171,550)
Total	<u>\$ 657,308</u>
Current Year Expenditures	\$ 2,786,005
Nonexcludable Expenditures	
Transfer from the General Fund	(2,100,000)
Expenditures in Excess of 1979-80 Revenues	(28,697)
Total Excludable Expenditures	<u>\$ 657,308</u>

**TOWN OF PARADISE VALLEY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2016**

**NOTE 12 GOVERNMENTAL AND ENTERPRISE FUND CARRYFORWARD**

The Town has the following carryforward to offset future expenditures for purposes of the Annual Expenditure Limitation Report:

	Governmental Funds	Enterprise Funds	Total
Balance at June 30, 2015	\$ 6,712,141	\$ 539,440	\$ 7,251,581
Current Year Interest	274,390	22,032	296,422
Less: Interest Received from Advance to Court Enhancement Fund	(18,688)	-	(18,688)
LTAf and Excess HURF	(28,697)	-	(28,697)
Current Year Carryforward Used	-	-	-
Balance at June 30, 2016	<u>\$ 6,939,146</u>	<u>\$ 561,472</u>	<u>\$ 7,500,618</u>