

TOWN OF PARADISE VALLEY ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015



THIS PAGE BLANK

TOWN OF PARADISE VALLEY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015

Mr. Michael Collins
Mayor

Mr. Paul Dembow
Vice Mayor

Councilmembers

Mr. Jerry Bien-Willner

Mr. David Serf

Mrs. Mary Hamway

Mr. Mark Stanton

Mrs. Maria Syms

Mr. Kevin Burke
Town Manager

Prepared by:
Finance Department

THIS PAGE BLANK

**TOWN OF PARADISE VALLEY, ARIZONA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2015**

INTRODUCTORY SECTION

| | |
|--|---|
| LETTER OF TRANSMITTAL | 1 |
| CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING | 5 |
| ORGANIZATION CHART | 6 |

FINANCIAL SECTION

| | |
|--|----|
| INDEPENDENT AUDITORS' REPORT | 7 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 10 |
| BASIC FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 20 |
| STATEMENT OF ACTIVITIES | 21 |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 22 |
| RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION | 23 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 24 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 25 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND | 26 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – HIGHWAY USER REVENUE FUND | 27 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – COURT ENHANCEMENT FUND | 28 |
| STATEMENT OF NET POSITION – PROPRIETARY FUNDS | 29 |
| STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS | 30 |
| STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS | 31 |
| NOTES TO BASIC FINANCIAL STATEMENTS | 33 |

**TOWN OF PARADISE VALLEY, ARIZONA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|--|----|
| SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY – COST SHARING PENSION PLANS | 68 |
| SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS – AGENT PENSION PLANS | 69 |
| SCHEDULE OF TOWN PENSION CONTRIBUTIONS | 71 |
| NOTES TO PENSION SCHEDULES | 72 |
| SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS | 73 |
| NOTES TO SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS | 74 |

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

| | |
|---|----|
| COMBINING BALANCE SHEET | 75 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES | 76 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND | 77 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DEBT SERVICE FUND | 78 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DONATIONS FUND | 79 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GRANTS FUND | 80 |

STATISTICAL SECTION (UNAUDITED)

FINANCIAL TRENDS

| | |
|--|----|
| NET POSITION BY COMPONENT | 81 |
| CHANGES IN NET POSITION | 83 |
| PROGRAM REVENUES BY FUNCTION/PROGRAM | 87 |
| FUND BALANCES OF GOVERNMENTAL FUNDS | 89 |
| CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS | 90 |

REVENUE CAPACITY

| | |
|---|----|
| GENERAL GOVERNMENT TAX REVENUES BY SOURCE | 92 |
| LOCAL TAXES COLLECTED BY CATEGORY | 93 |
| DIRECT AND OVERLAPPING SALES TAX RATES | 95 |

**TOWN OF PARADISE VALLEY, ARIZONA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

DEBT CAPACITY

RATIO OF OUTSTANDING DEBT BY TYPE 96

PLEDGED-REVENUE COVERAGE 97

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT 98

DEMOGRAPHIC AND ECONOMIC INFORMATION

POPULATION STATISTICS 99

PRINCIPAL EMPLOYERS 100

OPERATING INFORMATION

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION 101

OPERATING INDICATORS BY FUNCTION 102

CAPITAL ASSETS STATISTICS BY FUNCTION 104

THIS PAGE BLANK

INTRODUCTORY SECTION

THIS PAGE BLANK



November 2, 2015

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, 2015 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, 2015. 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 economy in the Phoenix-metro area continues to improve. The hospitality industry (eight resorts) is the largest source of revenue in the operating budget (General and Highway User Revenue Fund), making up about 55% of all operating revenues. In FY 2014-15, direct local sales and bed taxes from the hospitality industry totaled about \$7.7 million.

The Town's resorts continue to re-invest in themselves to remain a desirable destination. The former Mountain Shadows resort hotel site, is under redevelopment and the new resort site, the Ritz-Carlton, is expected to be developed within the next ten years.

The construction industry impacts two revenue sources – construction sales tax and permit revenues. Because the average construction value of a home in the Town exceeds \$1 million, the Great Recession significantly impacted the luxury home market. This has stabilized over the past couple of years. FY 2014-15 construction sales taxes of about \$3 million was the same as the prior year.

Overall, we expect to continue our 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 2014-15 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

The Town focused on fully implementing police technology during FY 2014-15, including the installation of police vehicle technology, fixed license plate readers, and additional red light and speed cameras. Public Works completed and made significant progress on several capital projects, most notably the 56th Street corridor.

NEXT YEAR'S BUDGET

In August 2014, the Town Council set the sales tax rate at 2.5% permanently. This action preserved approximately \$3.2 million in lost sales tax revenues which would have occurred if the temporary rate would have expired. This revenue stream has allowed the Town Council to continue the aggressive capital improvement plan as well as generate funding for the replenishment of infrastructure such as roads, buildings, and technology.

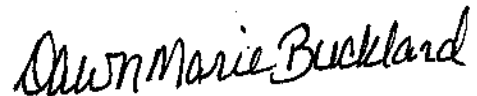
The FY 2015-16 budget provides for the completion of police and general technology efforts and ongoing capital projects, as well as an update of the wastewater operating and impact fee studies. Funding has also been allocated for the establishment of an updated town-wide procurement program.

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, 2014. This was the sixth 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, 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,

A handwritten signature in black ink that reads "Dawn Marie Buckland". The signature is written in a cursive, flowing style.

Dawn Marie Buckland
Director of Administration and Governmental Affairs



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

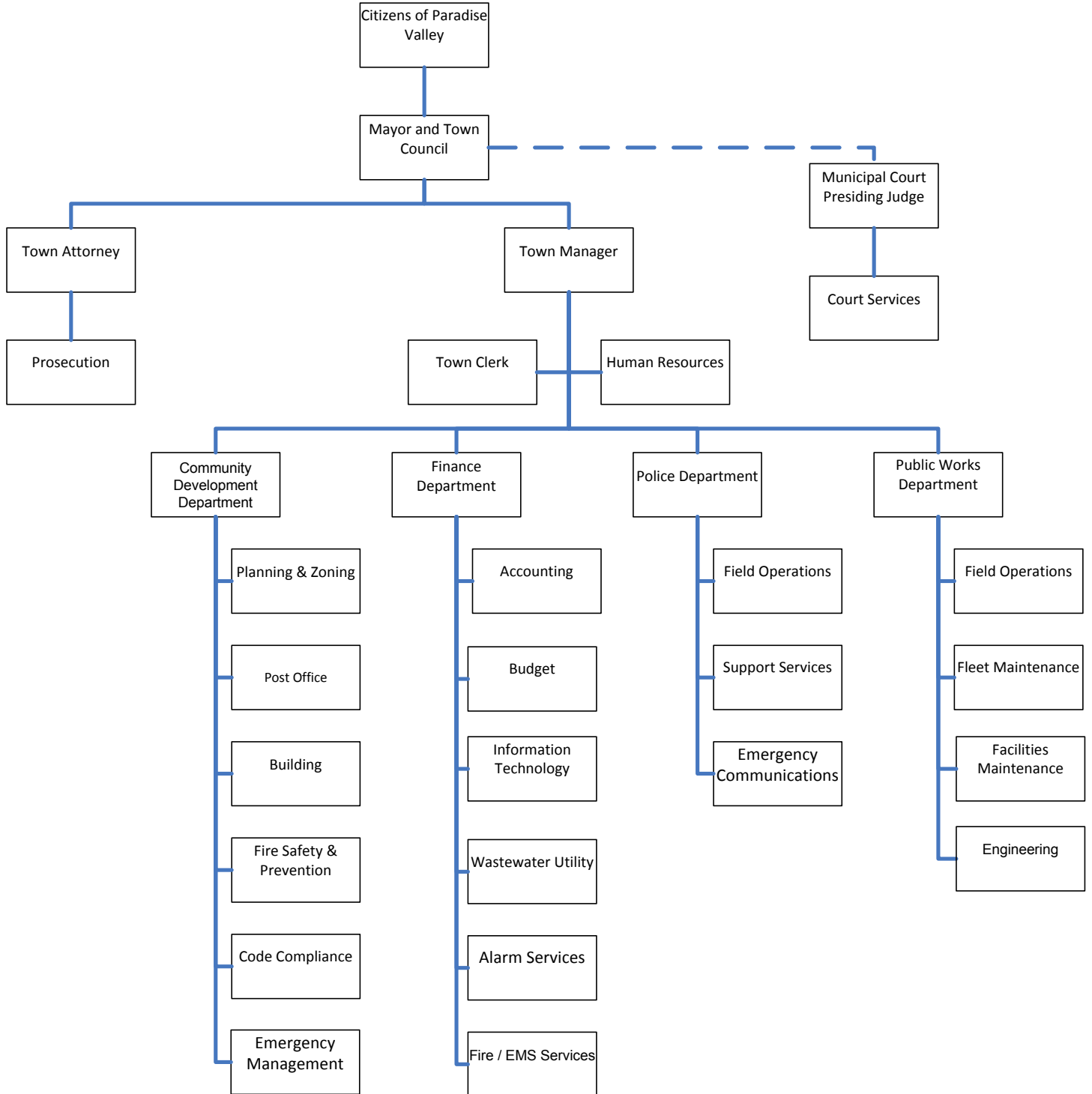
**Town of Paradise Valley
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**TOWN OF PARADISE VALLEY, ARIZONA
ORGANIZATIONAL CHART
JUNE 30, 2015**



FINANCIAL SECTION

THIS PAGE BLANK

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, 2015, 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, 2015, 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 Court Enhancement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the Town of Paradise Valley, Arizona adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASBS No. 68 and No. 71, the Town of Paradise Valley, Arizona reported a restatement for the change in accounting principle (see Note 4.B.) Our auditors' opinion was not modified with respect to the restatement.

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 10 – 19, 68 – 72, and 73 – 74, 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 Honorable Mayor and Town Council
Town of Paradise Valley, Arizona

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 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
November 2, 2015

THIS PAGE BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE BLANK

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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, 2015. 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 2015 and 2014 are as follows:

- ◆ The assets of the Town exceeded its liabilities at the close of the fiscal year 2015 and 2014 by \$110.7 million and \$106.3 million (net position), respectively. Of these amounts, \$4.3 million and \$6.8 million (unrestricted net position), respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Total net position increased by \$4.5 million during fiscal year 2015 and increased \$6.6 million during fiscal year 2014.
- ◆ As of June 30, 2015 and 2014, the Town's governmental funds reported combined ending fund balances of \$29.8 million and \$32.3 million, respectively, which were comprised of nonspendable, restricted, assigned, and unassigned fund balances.
- ◆ At the close of fiscal year 2015, unassigned fund balance for the General Fund was \$25.4 million, or 178% of actual operating expenditures. At the close of the fiscal year 2014, the unassigned fund balance for the General Fund was \$23.4 million, or 182% of operating expenditures.
- ◆ During fiscal year 2015, the Town's total bonded debt decreased by \$1.3 million.

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 and liabilities, with the difference between the two 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, 2015**

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 20 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, 2015**

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, Capital Projects Fund, and the Debt Service 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 22 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 29 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 33 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 and liabilities 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, 2015**

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. For the Town, net position was \$110.7 million and \$106.3 million at the close of the fiscal year 2015 and 2014 respectively.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|-------------------------|--------------------|--------------------------|---------------|----------------|--------------------|
| | 2015 | 2014 (Restated) | 2015 | 2014 | 2015 | 2014 (Restated) |
| ASSETS | | | | | | |
| Current and Other Assets | \$ 32,989,154 | \$ 35,160,280 | \$ 2,206,456 | \$ 2,380,520 | \$ 35,195,610 | \$ 37,540,800 |
| Capital Assets | | | | | | |
| Non-Depreciable | 46,279,159 | 43,618,736 | 17,203,392 | 17,203,392 | 63,482,551 | 60,822,128 |
| Depreciable (Net) | 34,025,811 | 30,347,439 | 11,193,436 | 11,647,946 | 45,219,247 | 41,995,385 |
| Total Assets | 113,294,124 | 109,126,455 | 30,603,284 | 31,231,858 | 143,897,408 | 140,358,313 |
| Deferred Outflows of Resources | 5,267,918 | 1,422,568 | - | - | 5,267,918 | 1,422,568 |
| LIABILITIES | | | | | | |
| Other Liabilities | 2,429,748 | 2,250,090 | 1,206,852 | 1,478,573 | 3,636,600 | 3,728,663 |
| Non-Current Liabilities: | | | | | | |
| Due Within One Year | 1,799,666 | 1,603,010 | 916,325 | 879,319 | 2,715,991 | 2,482,329 |
| Due in More Than One Year | 29,726,381 | 27,365,220 | 1,034,061 | 1,949,982 | 30,760,442 | 29,315,202 |
| Total Liabilities | 33,955,795 | 31,218,320 | 3,157,238 | 4,307,874 | 37,113,033 | 35,526,194 |
| Deferred Inflows of Resources | 1,318,629 | - | - | - | 1,318,629 | - |
| Net Position | | | | | | |
| Net Investment in | | | | | | |
| Capital Assets | 79,895,872 | 73,318,948 | 26,446,442 | 26,022,037 | 106,342,314 | 99,340,985 |
| Restricted | 53,739 | 102,778 | - | - | 53,739 | 102,778 |
| Unrestricted | 3,338,007 | 5,908,977 | 999,604 | 901,947 | 4,337,611 | 6,810,924 |
| Total Net Position | \$ 83,287,618 | \$ 79,330,703 | \$ 27,446,046 | \$ 26,923,984 | \$ 110,733,664 | \$ 106,254,687 |

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 \$106.3 million (96%) and \$99.3 million (93%) for the fiscal years 2015 and 2014, 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, \$54,000 (less than 1%) for fiscal year 2015 and \$0.1 million (less than 1%) for fiscal year 2014, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position for fiscal years 2015 and 2014, \$4.3 million (4%) and \$6.8 million (6%) 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, 2015**

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 \$4.5 million and \$6.6 million during the fiscal years 2015 and 2014, 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 | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 (Restated) | 2015 | 2014 | 2015 | 2014 (Restated) |
| REVENUES | | | | | | |
| Program Revenues: | | | | | | |
| Fees, Fines and Charges for Services | \$ 4,327,903 | \$ 5,313,470 | \$ 5,816,354 | \$ 5,572,148 | \$ 10,144,257 | \$ 10,885,618 |
| Operating Grants and Contributions | 874,773 | 807,404 | - | - | 874,773 | 807,404 |
| Capital Grants and Contributions | 234,000 | 10,000 | 80,000 | - | 314,000 | 10,000 |
| General Revenues: | | | | | | |
| Local Taxes | 15,602,093 | 14,197,985 | - | - | 15,602,093 | 14,197,985 |
| State Shared Revenues | 3,213,750 | 3,002,718 | - | - | 3,213,750 | 3,002,718 |
| Investment Income | 91,159 | 94,521 | 6,349 | 7,251 | 97,508 | 101,772 |
| Total Revenues | <u>24,343,678</u> | <u>23,426,098</u> | <u>5,902,703</u> | <u>5,579,399</u> | <u>30,246,381</u> | <u>29,005,497</u> |
| EXPENSES | | | | | | |
| General Government | 7,776,745 | 7,276,076 | - | - | 7,776,745 | 7,276,076 |
| Public Safety | 8,745,404 | 6,286,763 | - | - | 8,745,404 | 6,286,763 |
| Highways and Streets | 3,669,224 | 3,201,369 | - | - | 3,669,224 | 3,201,369 |
| Interest and Fiscal Charges | 147,314 | 182,224 | - | - | 147,314 | 182,224 |
| Sewer System | - | - | 2,324,369 | 2,351,590 | 2,324,369 | 2,351,590 |
| Fire Service | - | - | 3,045,071 | 2,961,269 | 3,045,071 | 2,961,269 |
| Alarm Monitor System | - | - | 59,277 | 103,975 | 59,277 | 103,975 |
| Total Expenses | <u>20,338,687</u> | <u>16,946,432</u> | <u>5,428,717</u> | <u>5,416,834</u> | <u>25,767,404</u> | <u>22,363,266</u> |
| CHANGES IN NET POSITION BEFORE TRANSFERS AND SPECIAL ITEMS | | | | | | |
| | 4,004,991 | 6,479,666 | 473,986 | 162,565 | 4,478,977 | 6,642,231 |
| Special Item - Capital Asset Moved to Business-Type Activities | - | - | - | - | - | - |
| Transfers | (48,076) | 4,915,177 | 48,076 | (4,915,177) | - | - |
| CHANGES IN NET POSITION | <u>3,956,915</u> | <u>11,394,843</u> | <u>522,062</u> | <u>(4,752,612)</u> | <u>4,478,977</u> | <u>6,642,231</u> |
| Net Position - Beginning of Year, As Restated | <u>79,330,703</u> | <u>67,935,860</u> | <u>26,923,984</u> | <u>31,676,596</u> | <u>106,254,687</u> | <u>99,612,456</u> |
| NET POSITION- END 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> |

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Governmental Activities – In fiscal year 2015, governmental activities increased the net position of the Town by \$4.0 million. Total revenues increased \$0.9 million (4%) from fiscal year 2014. Local taxes increased by \$1.4 million (10%) primarily due to an improved economy which included increased consumer spending. Fines, fees, and charges for services decreased \$1.0 million (-19%) due to a settlement received in the amount of \$1.6 million in the prior year for improvements along 56th street, offset by an increase in \$0.6 million in Court Enhancement Fund revenues due to an increase in traffic control cameras. A transfer from the business-type activities to the governmental activities was significantly less than prior year as there was no need to further transfer funds for debt purposes. The prior year transfer was authorized by Town Council to fund prior and future debt service of outstanding governmental activities revenue bonds from sewer operations rather than the General Fund.

State shared revenues increased approximately \$0.2 million (7%) compared to fiscal year 2014. The increase was largely due to an increase in urban revenue sharing funding and state sales tax funding.

Capital grants and contributions increased \$0.2 million due to \$234,000 received from Northern Trust for the Court Enhancement Fund.

Expenses increased \$3.4 million, or 20%. Public Safety spending increased by \$2.5 million primarily due to an increase of \$1.8 million for the recognition of the PSPRS and ASRS pension expense versus recognition of the contribution in the prior year, an increase in salaries of approximately \$0.1 million, an increase in payments to contractors of \$0.2 million for a temporary police chief, an increase in depreciation expense of \$0.1 million, and various increases in benefits and repairs and maintenance. The General Government increase was largely due to undergrounding expenses, not considered capital, in the amount of \$0.4 million. Increase in Highway and Streets (\$0.5 million) was due to additional 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 2015. Income from operations increased \$0.2 million and expenses remained relatively unchanged. The increase in revenue is largely due to a full year of operations in the Fire Service Fund, as well as a capital contribution of \$80,000 to the Sewer Fund.

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, Capital Projects Fund, and the MPC Debt Service Fund.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$29.8 million, a decrease of \$2.5 million, or an 8% reduction in comparison with the prior year. The combined ending fund balances for fiscal year 2014 were \$32.3 million.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

The General Fund is the chief operating fund of the Town. At June 30, 2015, the unassigned fund balance of the General Fund was \$25.4 million, or 85% of the combined governmental fund balance. The unassigned fund balance of the General Fund at June 30, 2014 was \$23.4 million, or 72% 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 \$25.4 million represents 178% of General Fund expenditures.

The General Fund fund balance increase of \$1.7 million from fiscal year 2014 is the result of increased revenues in sales taxes, state shared revenues, and fines and forfeitures. Sales tax revenue increased \$1.4 million due to an increase in economic conditions and consumer spending. Fines and Forfeitures increased \$0.6 million due to an increase in court cases filed. Additionally, expenditures increased from the prior year by \$1.4 million. That increase was mostly due to merit pay increase in the police department as well as payment of the 2016 required contribution to the public safety personnel retirement system in fiscal year 2015. The excess of revenues over expenditures was offset by transfers totaling \$6.6 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, 2015 was \$34,598 and was all assigned due to unspent transfers from the General Fund. The HURF Fund received a transfer of \$2.2 million from the General Fund to supplement the cost of street improvement projects.

The Court Enhancement Fund increased \$0.3 million as completion of the new court facility occurred in the prior year, resulting in less expenditures in the current year. The ending fund balance, a deficit of \$0.3 million, was reported as unassigned as the Town cannot restrict negative fund balance. The negative fund balance is due to the construction of the court facility in the prior year. The negative fund balance will be eliminated in future years through court enhancement revenues.

The Capital Projects Fund decreased \$3.5 million as there were numerous capital projects occurring at the Town that had been previously planned. Overall, capital outlay expenditures totaled \$8.1 million during the year, which was partially offset by a transfer of \$4.4 million from the General Fund.

The Debt Service Fund decreased \$1.0 million as a result of principal and interest payments made on existing debt utilizing balances accumulated from prior years.

The nonmajor governmental funds reported a decrease in fund balance of \$3,352. This change was not significant for the current fiscal year.

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 \$0.8 million for the Sewer System, positive \$1.2 million for the Fire Services and positive \$0.6 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 2015. Overall, there was one significant change to the operations conducted within the enterprise fund, as the Fire Service Fund was operational for the full year instead of half the year as it was in the prior year. Decrease in Alarm Service Fund expenses was a result of the admin fee being allocated \$44,000 less in the current year to the fund.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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 \$22.6 million exceeded the \$20.4 million final budget amount by \$2.2 million, or 11%. The \$2.2 million variance was mainly comprised of sales tax revenue, fines and forfeitures and licenses and permits exceeding budget. Sales tax revenue had a \$1.6 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 \$0.2 million due to an increase in filings for licenses and various permits. However this was offset by a \$0.3 million negative variance in regards to indirect charges which was recorded as a reduction of expenditures rather than a revenue in the current year.

The \$14.3 million of actual expenditures were 99% of the final budget. All departments were under the final budget by a total of about \$166,856. Reasons for being under budget included salary savings from vacant positions and vehicle purchases that were budgeted, but not purchased.

Actual revenues exceeded expenses by \$8.3 million which was better than the \$6.0 million excess reflected in the final revised budget. Again, the improved performance is the result of sales tax revenues explained previously.

Budgeted revenues increased \$3.2 million between the original and final budget due to an increase in sales tax revenue based on an increase in economic conditions. Budgeted expenditures decreased \$0.1 million largely due to contingency budget that was removed and allocated amongst other funds and functions at the Town in order to prevent an overexpenditure. The only area of significant change was Police which increased \$0.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2015 and 2014 amount to \$108.7 million and \$102.8 million, respectively (net of accumulated depreciation). The net increase in capital assets (net of accumulated depreciation) was \$5.9 million, due primarily to an increase in construction projects, street improvements, and the completion of the new court building. 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 2015 and 2014 assets, net of depreciation.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land and Improvements | \$ 42,319,870 | \$ 42,400,821 | \$ 2,853,626 | \$ 2,853,626 | \$ 45,173,496 | \$ 45,254,447 |
| Infrastructure | 25,519,781 | 23,065,575 | - | - | 25,519,781 | 23,065,575 |
| Buildings and Improvements | 4,333,794 | 4,638,948 | 3,997,114 | 4,175,519 | 8,330,908 | 8,814,467 |
| Sewer Capacity Rights | - | - | 14,349,766 | 14,349,766 | 14,349,766 | 14,349,766 |
| Sewer System | - | - | 6,974,296 | 7,143,350 | 6,974,296 | 7,143,350 |
| Machinery, Furniture and Fixtures, Equipment and Vehicles | 3,425,828 | 1,815,557 | 222,026 | 329,077 | 3,647,854 | 2,144,634 |
| Construction In Progress | 4,705,697 | 2,045,274 | - | - | 4,705,697 | 2,045,274 |
| Total Capital Assets | \$ 80,304,970 | \$ 73,966,175 | \$ 28,396,828 | \$ 28,851,338 | \$ 108,701,798 | \$ 102,817,513 |

The most significant capital asset acquisitions during the fiscal year were the new court facility, street improvement projects on Mockingbird Lane and 52nd street, Echo Canyon Parking, Tatum sidewalks, technology upgrades and various vehicle purchases. Additionally, there are many capital projects at various stages of construction at June 30, 2015. These projects include traffic signal upgrades, street improvements, and police technology upgrades.

Debt Administration

At the end of the fiscal years 2015 and 2014, the Town had total long-term obligations outstanding of \$6.6 million and \$8.6 million respectively. Of these amounts, \$4.6 million and \$7.3 million respectively are for the 2009 Municipal Property Corporation Excise Tax Refunding Bonds. The Town refunded its 1998 Municipal Property Corporation bonds and capital leases in fiscal year 2009 to take advantage of favorable interest rates. 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 | |
|-------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenue Bonds | \$ 3,086,443 | \$ 3,962,883 | \$ 1,403,557 | \$ 1,802,117 | \$ 4,490,000 | \$ 5,765,000 |
| Bond Premium | 135,625 | 169,532 | 61,676 | 77,095 | 197,301 | 246,627 |
| Note Payable | 150,000 | 300,000 | 485,153 | 950,089 | 635,153 | 1,250,089 |
| Capital Lease | 259,098 | 347,227 | - | - | 259,098 | 347,227 |
| Compensated Absences | 974,586 | 1,030,268 | - | - | 974,586 | 1,030,268 |
| Total Outstanding Debt | \$ 4,605,752 | \$ 5,809,910 | \$ 1,950,386 | \$ 2,829,301 | \$ 6,556,138 | \$ 8,639,211 |

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 2015-16 operating budget.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Budgeted revenues exceed expenditures by about \$2.8 million. This surplus will be used to help fund a multi-million dollar capital improvement program and an asset infrastructure replacement program.

The FY 2015-16 budget forecast assumes the economy will continue its improvement. Budgeted operating revenues total \$23.2 million.

A FY 2015-16 budget operating expense total \$20.4 million (excluding contingencies). A transfer of \$3.5 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

THIS PAGE BLANK

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2015

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and Investments | \$ 28,594,615 | \$ 2,346,880 | \$ 30,941,495 |
| Receivables, Net: | | | |
| Accounts Receivable | 2,592,621 | 120,584 | 2,713,205 |
| Note Receivable | 28,911 | - | 28,911 |
| Prepaid Items | 19,397 | - | 19,397 |
| Internal Activity | 649,661 | (649,661) | - |
| Restricted Cash and Investments | 1,103,949 | 388,653 | 1,492,602 |
| Capital Assets: | | | |
| Non-Depreciable | 46,279,159 | 17,203,392 | 63,482,551 |
| Depreciable (Net) | 34,025,811 | 11,193,436 | 45,219,247 |
| Total Assets | <u>113,294,124</u> | <u>30,603,284</u> | <u>143,897,408</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Outflow Related to Pension Liability | 5,267,918 | - | 5,267,918 |
| LIABILITIES | | | |
| Accounts Payable | 993,658 | 159,661 | 1,153,319 |
| Accrued Wages and Benefits | 145,179 | - | 145,179 |
| Interest Payable | 65,789 | 29,917 | 95,706 |
| Intergovernmental Payable | 132,388 | - | 132,388 |
| Customer Deposits Payable | 1,038,427 | 56,760 | 1,095,187 |
| Unearned Revenue | 54,307 | 960,514 | 1,014,821 |
| Noncurrent Liabilities: | | | |
| Due Within One Year | 1,799,666 | 916,325 | 2,715,991 |
| Due in More Than One Year | 29,726,381 | 1,034,061 | 30,760,442 |
| Total Liabilities | <u>33,955,795</u> | <u>3,157,238</u> | <u>37,113,033</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflow Related to Pension Liability | <u>1,318,629</u> | <u>-</u> | <u>1,318,629</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 79,895,872 | 26,446,442 | 106,342,314 |
| Restricted for: | | | |
| Special Projects | 53,739 | - | 53,739 |
| Unrestricted | 3,338,007 | 999,604 | 4,337,611 |
| Total Net Position | <u>\$ 83,287,618</u> | <u>\$ 27,446,046</u> | <u>\$ 110,733,664</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

| 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 |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 7,776,745 | \$ 4,290,508 | \$ 75,817 | \$ 234,000 | \$ (3,176,420) | | \$ (3,176,420) |
| Public Safety | 8,745,404 | 37,395 | 5,184 | - | (8,702,825) | | (8,702,825) |
| Highways and Streets | 3,669,224 | - | 793,772 | - | (2,875,452) | | (2,875,452) |
| Interest and Fiscal Charges | 147,314 | - | - | - | (147,314) | | (147,314) |
| Total Governmental Activities | 20,338,687 | 4,327,903 | 874,773 | 234,000 | (14,902,011) | | (14,902,011) |
| Business-Type Activities: | | | | | | | |
| Sewer System | 2,324,369 | 2,498,749 | - | 80,000 | | \$ 254,380 | 254,380 |
| Alarm Monitor System | 59,277 | 217,953 | - | - | | 158,676 | 158,676 |
| Fire Service | 3,045,071 | 3,099,652 | - | - | | 54,581 | 54,581 |
| Total Business-Type Activities | 5,428,717 | 5,816,354 | - | 80,000 | | 467,637 | 467,637 |
| Totals | \$ 25,767,404 | \$ 10,144,257 | \$ 874,773 | \$ 314,000 | (14,902,011) | 467,637 | (14,434,374) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| | | | | | 14,564,835 | - | 14,564,835 |
| | | | | | 1,037,258 | - | 1,037,258 |
| | | | | | 1,551,940 | - | 1,551,940 |
| | | | | | 1,171,604 | - | 1,171,604 |
| | | | | | 490,206 | - | 490,206 |
| | | | | | 91,159 | 6,349 | 97,508 |
| | | | | | (48,076) | 48,076 | - |
| | | | | | 18,858,926 | 54,425 | 18,913,351 |
| | | | | | 3,956,915 | 522,062 | 4,478,977 |
| | | | | | 79,330,703 | 26,923,984 | 106,254,687 |
| | | | | | \$ 83,287,618 | \$ 27,446,046 | \$ 110,733,664 |

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

| | General Fund | Highway User Revenue Fund | Court Enhancement Fund | Capital Projects Fund | Debt Service Fund | Nonmajor Governmental Funds | Totals |
|--|----------------------|---------------------------------|------------------------------|-----------------------------|----------------------|-----------------------------------|----------------------|
| ASSETS | | | | | | | |
| Cash and Investments | \$ 23,642,689 | \$ 31,982 | \$ 487,051 | \$ 1,055,072 | \$ 3,313,228 | \$ 64,593 | \$ 28,594,615 |
| Restricted Cash and Investments | 1,038,161 | - | - | - | 65,788 | - | 1,103,949 |
| Receivables, Net: | | | | | | | |
| Accounts Receivable | 2,515,583 | 74,155 | - | - | - | 2,883 | 2,592,621 |
| Note Receivable | 28,911 | - | - | - | - | - | 28,911 |
| Due from Other Funds | 649,661 | - | - | - | - | - | 649,661 |
| Advances to Other Funds | 770,000 | - | - | - | - | - | 770,000 |
| Prepaid Items | 19,397 | - | - | - | - | - | 19,397 |
| Total Assets | <u>\$ 28,664,402</u> | <u>\$ 106,137</u> | <u>\$ 487,051</u> | <u>\$ 1,055,072</u> | <u>\$ 3,379,016</u> | <u>\$ 67,476</u> | <u>\$ 33,759,154</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable | \$ 486,800 | \$ 57,903 | \$ - | \$ 448,955 | \$ - | \$ - | \$ 993,658 |
| Accrued Wages and Benefits | 131,543 | 13,636 | - | - | - | - | 145,179 |
| Interest Payable | - | - | - | - | 65,789 | - | 65,789 |
| Intergovernmental Payable | - | - | - | 132,388 | - | - | 132,388 |
| Unearned Revenue | 40,570 | - | - | - | - | 13,737 | 54,307 |
| Advances from Other Funds | - | - | 770,000 | - | - | - | 770,000 |
| Customer Deposits Payable | 1,038,427 | - | - | - | - | - | 1,038,427 |
| Total Liabilities | <u>1,697,340</u> | <u>71,539</u> | <u>770,000</u> | <u>581,343</u> | <u>65,789</u> | <u>13,737</u> | <u>3,199,748</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable Revenues | <u>727,576</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>727,576</u> |
| Fund Balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Items | 19,397 | - | - | - | - | - | 19,397 |
| Advances to Other Funds | 770,000 | - | - | - | - | - | 770,000 |
| Note Receivable | 28,911 | - | - | - | - | - | 28,911 |
| Restricted | - | - | - | - | - | 53,739 | 53,739 |
| Assigned | - | 34,598 | - | 473,729 | 3,313,227 | - | 3,821,554 |
| Unassigned | <u>25,421,178</u> | <u>-</u> | <u>(282,949)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,138,229</u> |
| Total Fund Balances | <u>26,239,486</u> | <u>34,598</u> | <u>(282,949)</u> | <u>473,729</u> | <u>3,313,227</u> | <u>53,739</u> | <u>29,831,830</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | |
| | <u>\$ 28,664,402</u> | <u>\$ 106,137</u> | <u>\$ 487,051</u> | <u>\$ 1,055,072</u> | <u>\$ 3,379,016</u> | <u>\$ 67,476</u> | <u>\$ 33,759,154</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, 2015**

Fund Balances - Total Governmental Funds \$ 29,831,830

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 | 4,705,697 | |
| Land Improvements | 2,023,760 | |
| Infrastructure | 32,602,244 | |
| Buildings and Improvements | 9,503,545 | |
| Machinery, Equipment, and Vehicles | 8,155,014 | |
| Total Capital Assets | 98,563,722 | |
| Less: Accumulated Depreciation | (18,258,752) | 80,304,970 |

Accounts receivable, net of allowance for doubtful accounts, that were not available to finance current financial resources. 727,576

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 | | 5,267,918 |
| Deferred inflows of resources related to pensions | | (1,318,629) |

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 | (3,086,443) | |
| Bond Premium | (135,625) | |
| Notes Payable | (150,000) | |
| Pension Liability | (26,920,295) | |
| Capital Leases | (259,098) | |
| Compensated Absences | (974,586) | (31,526,047) |

Total Net Position of Governmental Activities \$ 83,287,618

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | General Fund | Highway User Revenue Fund | Court Enhancement Fund | Capital Projects Fund | Debt Service Fund | Nonmajor Governmental Funds | Totals |
|--|----------------------|---------------------------------|------------------------------|-----------------------------|----------------------|-----------------------------------|----------------------|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales Taxes | \$ 14,564,835 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 14,564,835 |
| Franchise Taxes | 1,037,258 | - | - | - | - | - | 1,037,258 |
| Intergovernmental Revenue | 3,240,322 | 793,772 | - | - | - | 40,759 | 4,074,853 |
| Fines and Forfeitures | 1,699,679 | - | 385,971 | - | - | - | 2,085,650 |
| Licenses and Permits | 1,426,883 | - | - | - | - | - | 1,426,883 |
| Charges for Services | 259,689 | - | - | - | - | - | 259,689 |
| Rents and Royalties | 158,410 | - | - | - | - | - | 158,410 |
| Contributions and Donations | - | - | - | 234,000 | - | 13,670 | 247,670 |
| Investment Income | 90,030 | - | 1,121 | - | - | 8 | 91,159 |
| Other | 112,501 | - | - | 160,807 | - | - | 273,308 |
| Total Revenues | 22,589,607 | 793,772 | 387,092 | 394,807 | - | 54,437 | 24,219,715 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General Government | 6,877,727 | - | 29,794 | - | - | 55,689 | 6,963,210 |
| Public Safety | 7,280,426 | - | - | - | - | 11,223 | 7,291,649 |
| Highways and Streets | - | 3,014,861 | - | - | - | - | 3,014,861 |
| Debt Service: | | | | | | | |
| Principal Retirement | 88,129 | - | - | 150,000 | 876,440 | - | 1,114,569 |
| Interest on Long-Term Debt | 11,193 | - | 20,938 | - | 149,090 | - | 181,221 |
| Capital Outlay | - | - | - | 8,080,876 | - | - | 8,080,876 |
| Total Expenditures | 14,257,475 | 3,014,861 | 50,732 | 8,230,876 | 1,025,530 | 66,912 | 26,646,386 |
| Excess (Deficiency) of Revenues Over Expenditures | 8,332,132 | (2,221,089) | 336,360 | (7,836,069) | (1,025,530) | (12,475) | (2,426,671) |
| Other Financing Sources (Uses): | | | | | | | |
| Transfers In | - | 2,210,000 | - | 4,374,299 | - | 9,123 | 6,593,422 |
| Transfers Out | (6,641,498) | - | - | - | - | - | (6,641,498) |
| Total Other Financing Sources (Uses) | (6,641,498) | 2,210,000 | - | 4,374,299 | - | 9,123 | (48,076) |
| Net Change in Fund Balance | 1,690,634 | (11,089) | 336,360 | (3,461,770) | (1,025,530) | (3,352) | (2,474,747) |
| Fund Balance: | | | | | | | |
| Beginning of Year | 24,548,852 | 45,687 | (619,309) | 3,935,499 | 4,338,757 | 57,091 | 32,306,577 |
| End of Year | <u>\$ 26,239,486</u> | <u>\$ 34,598</u> | <u>\$ (282,949)</u> | <u>\$ 473,729</u> | <u>\$ 3,313,227</u> | <u>\$ 53,739</u> | <u>\$ 29,831,830</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, 2015**

Net Change in Fund Balances-Total Governmental Funds \$ (2,474,747)

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 | \$ 7,930,662 | |
| Depreciation Expense | <u>(1,470,582)</u> | 6,460,080 |
| Loss on Disposal of Capital Assets | | (121,285) |

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

| | | |
|--------------------------------------|----------------|---------|
| Accounts Receivables - June 30, 2014 | 603,613 | |
| Accounts Receivables - June 30, 2015 | <u>727,576</u> | 123,963 |

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 | 2,099,674 | |
| Pension Expense | <u>(3,334,928)</u> | (1,235,254) |

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 | 88,129 | |
| Bond Premium | 33,907 | |
| Bonds Payable | <u>876,440</u> | 1,148,476 |

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 2015, compensated absence payable changed.

| | | |
|---|---------------------|--|
| | <u>55,682</u> | |
| Change in Net Position of Governmental Activities | <u>\$ 3,956,915</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|----------------------|---------------------------------------|
| Revenues: | | | | |
| Taxes | \$ 10,790,705 | \$ 13,996,491 | \$ 15,602,093 | \$ 1,605,602 |
| Intergovernmental Revenue | 3,163,547 | 3,163,547 | 3,240,322 | 76,775 |
| Fines and Forfeitures | 1,055,000 | 1,055,000 | 1,699,679 | 644,679 |
| Licenses and Permits | 1,212,750 | 1,212,750 | 1,426,883 | 214,133 |
| Charges for Services | 248,000 | 248,000 | 259,689 | 11,689 |
| Indirect Charges | 303,998 | 303,998 | - | (303,998) |
| Rents and Royalties | 152,000 | 152,000 | 158,410 | 6,410 |
| Investment Income | 125,000 | 125,000 | 90,030 | (34,970) |
| Other | 125,000 | 125,000 | 112,501 | (12,499) |
| Total Revenues | <u>17,176,000</u> | <u>20,381,786</u> | <u>22,589,607</u> | <u>2,207,821</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Mayor and Council | 107,510 | 137,510 | 136,673 | 837 |
| Tourism and Promotion | 1,193,208 | 1,165,708 | 1,165,708 | - |
| Town Manager | 688,122 | 810,290 | 810,290 | - |
| Town Attorney | 508,324 | 469,830 | 420,474 | 49,356 |
| Municipal Court | 503,655 | 551,448 | 551,445 | 3 |
| Public Works | 1,262,697 | 1,225,336 | 1,199,776 | 25,560 |
| Community Development | 1,154,213 | 1,200,515 | 1,200,514 | 1 |
| Finance | 1,746,726 | 1,483,550 | 1,392,847 | 90,703 |
| Contingency | 525,000 | - | - | - |
| Total General Government | <u>7,689,455</u> | <u>7,044,187</u> | <u>6,877,727</u> | <u>166,460</u> |
| Public Safety | | | | |
| Police | 6,744,139 | 7,280,822 | 7,280,426 | 396 |
| Debt Service | | | | |
| Principal Retirement | 85,060 | 85,060 | 88,129 | (3,069) |
| Interest on Long-Term Debt | 14,262 | 14,262 | 11,193 | 3,069 |
| Total Expenditures | <u>14,532,916</u> | <u>14,424,331</u> | <u>14,257,475</u> | <u>166,856</u> |
| Excess (Deficiency) of Revenues over Expenditures | 2,643,084 | 5,957,455 | 8,332,132 | 2,374,677 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | - | (6,641,498) | (6,641,498) | - |
| Net Change in Fund Balance | 2,643,084 | (684,043) | 1,690,634 | 2,374,677 |
| Fund Balance: | | | | |
| Beginning of Year | - | - | 24,548,852 | 24,548,852 |
| End of Year | <u>\$ 2,643,084</u> | <u>\$ (684,043)</u> | <u>\$ 26,239,486</u> | <u>\$ 26,923,529</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, 2015

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|-----------------------|------------------|------------------|-------------------------------|
| Revenues: | | | | |
| Intergovernmental | \$ 829,642 | \$ 829,642 | \$ 793,772 | \$ (35,870) |
| Expenditures: | | | | |
| Current: | | | | |
| Highways and Streets | 2,679,191 | 3,015,856 | 3,014,861 | 995 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,849,549) | (2,186,214) | (2,221,089) | (34,875) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | - | 2,210,000 | 2,210,000 | - |
| Net Change in Fund Balance | (1,849,549) | 23,786 | (11,089) | (34,875) |
| Fund Balance: | | | | |
| Beginning of Year | - | - | 45,687 | 45,687 |
| End of Year | <u>\$ (1,849,549)</u> | <u>\$ 23,786</u> | <u>\$ 34,598</u> | <u>\$ 10,812</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| Revenues: | | | | |
| Fines and Forfeitures | \$ 194,500 | \$ 194,500 | \$ 385,971 | \$ 191,471 |
| Investment Income | - | - | 1,121 | 1,121 |
| Total Revenues | <u>194,500</u> | <u>194,500</u> | <u>387,092</u> | <u>192,592</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 122,500 | 136,583 | 29,794 | 106,789 |
| Debt Service: | | | | |
| Interest on Long-Term Debt | 20,938 | 20,938 | 20,938 | - |
| Total Expenditures | <u>143,438</u> | <u>157,521</u> | <u>50,732</u> | <u>106,789</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 51,062 | 36,979 | 336,360 | 299,381 |
| Fund Balance | | | | |
| Beginning of Year | - | - | (619,309) | (619,309) |
| End of Year | <u>\$ 51,062</u> | <u>\$ 36,979</u> | <u>\$ (282,949)</u> | <u>\$ (319,928)</u> |

See accompanying Notes to Basic Financial Statements.

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

| | Business-Type Activities | | | |
|----------------------------------|--------------------------|---------------------|---------------------------|----------------------|
| | Sewer | Fire Service | Nonmajor Business-Type | Totals |
| | | | Alarm | |
| Assets | | | | |
| Current Assets | | | | |
| Cash and Investments | \$ - | \$ 1,757,833 | \$ 589,047 | \$ 2,346,880 |
| Restricted Cash and Investments | 388,653 | - | - | 388,653 |
| Receivables, Net | | | | |
| Accounts Receivable | 67,031 | 52,063 | 1,490 | 120,584 |
| Total Current Assets | <u>455,684</u> | <u>1,809,896</u> | <u>590,537</u> | <u>2,856,117</u> |
| Noncurrent Assets | | | | |
| Capital Assets | | | | |
| Non-Depreciable | 14,349,766 | 2,853,626 | - | 17,203,392 |
| Depreciable (Net) | 6,974,296 | 4,219,140 | - | 11,193,436 |
| Total Noncurrent Assets | <u>21,324,062</u> | <u>7,072,766</u> | <u>-</u> | <u>28,396,828</u> |
| Total Assets | 21,779,746 | 8,882,662 | 590,537 | 31,252,945 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 140,024 | 19,537 | 100 | 159,661 |
| Interest Payable | 29,917 | - | - | 29,917 |
| Due to Other Funds | 649,661 | - | - | 649,661 |
| Unearned Revenue | 352,215 | 603,633 | 4,666 | 960,514 |
| Customer Deposits Payable | 56,760 | - | - | 56,760 |
| Note Payable | 485,153 | - | - | 485,153 |
| Bonds Payable | 431,172 | - | - | 431,172 |
| Total Current Liabilities | <u>2,144,902</u> | <u>623,170</u> | <u>4,766</u> | <u>2,772,838</u> |
| Noncurrent Liabilities | | | | |
| Bonds Payable | <u>1,034,061</u> | <u>-</u> | <u>-</u> | <u>1,034,061</u> |
| Total Liabilities | <u>3,178,963</u> | <u>623,170</u> | <u>4,766</u> | <u>3,806,899</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 19,373,676 | 7,072,766 | - | 26,446,442 |
| Restricted for Capital Outlay | - | - | - | - |
| Unrestricted | (772,893) | 1,186,726 | 585,771 | 999,604 |
| Total Net Position | <u>\$ 18,600,783</u> | <u>\$ 8,259,492</u> | <u>\$ 585,771</u> | <u>\$ 27,446,046</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, 2015

| | Business-Type Activities | | | Totals |
|--|--------------------------|---------------------|------------------------------------|----------------------|
| | Sewer | Fire Service | Nonmajor Business-Type Alarm | |
| Operating Revenues | | | | |
| Charges for Services | \$ 2,140,099 | \$ 3,099,652 | \$ 217,953 | \$ 5,457,704 |
| Operating Expenses | | | | |
| Cost of Sales and Services | 1,868,635 | 2,628,035 | 8,526 | 4,505,196 |
| Administrative Charges | 121,669 | 132,274 | 50,055 | 303,998 |
| Depreciation | 249,052 | 284,762 | 696 | 534,510 |
| Total Operating Expenses | <u>2,239,356</u> | <u>3,045,071</u> | <u>59,277</u> | <u>5,343,704</u> |
| Operating Income (Loss) | (99,257) | 54,581 | 158,676 | 114,000 |
| Nonoperating Revenues (Expense) | | | | |
| Development Fees | 358,650 | - | - | 358,650 |
| Investment Earnings | 944 | 4,048 | 1,357 | 6,349 |
| Interest Expense | (85,013) | - | - | (85,013) |
| Total Nonoperating Revenues (Expenses) | <u>274,581</u> | <u>4,048</u> | <u>1,357</u> | <u>279,986</u> |
| Income (Loss) Before Transfers | 175,324 | 58,629 | 160,033 | 393,986 |
| Capital Contributions | 80,000 | - | - | 80,000 |
| Transfers In | - | 48,076 | - | 48,076 |
| Changes in Net Position | 255,324 | 106,705 | 160,033 | 522,062 |
| Total Net Position, Beginning of Year | 18,345,459 | 8,152,787 | 425,738 | 26,923,984 |
| Total Net Position, End of Year | <u>\$ 18,600,783</u> | <u>\$ 8,259,492</u> | <u>\$ 585,771</u> | <u>\$ 27,446,046</u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|----------------------------|------------------------------------|----------------------------|
| | Sewer | Fire Service | Nonmajor Business-Type Alarm | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from Customers | \$ 1,873,226 | \$ 3,139,575 | \$ 219,682 | \$ 5,232,483 |
| Payments to Suppliers | (1,939,371) | (2,681,687) | (9,235) | (4,630,293) |
| Administrative Charges | (121,669) | (132,274) | (50,055) | (303,998) |
| Customer Deposits | 56,760 | - | - | 56,760 |
| Net Cash Flows from Operating Activities | <u>(131,054)</u> | <u>325,614</u> | <u>160,392</u> | <u>354,952</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Cash Received from Interfund Borrowing | 542,483 | - | - | 542,483 |
| Transfers In | - | 48,076 | - | 48,076 |
| Development Fees | 358,650 | - | - | 358,650 |
| Net Cash Flows from Noncapital Financing Activities | <u>901,133</u> | <u>48,076</u> | <u>-</u> | <u>949,209</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Principal Paid on Capital Debt | (863,496) | - | - | (863,496) |
| Interest Paid on Capital Debt | (108,404) | - | - | (108,404) |
| Net Cash Flows from Capital and Related Financing Activities | <u>(971,900)</u> | <u>-</u> | <u>-</u> | <u>(971,900)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment Income | 944 | 4,048 | 1,357 | 6,349 |
| NET CHANGE IN CASH AND INVESTMENTS | <u>(200,877)</u> | <u>377,738</u> | <u>161,749</u> | <u>338,610</u> |
| Cash and Investments - Beginning of Year | <u>589,530</u> | <u>1,380,095</u> | <u>427,298</u> | <u>2,396,923</u> |
| CASH AND INVESTMENTS - END OF YEAR (Including \$388,653 of Restricted Cash in the Sewer Fund) | <u><u>\$ 388,653</u></u> | <u><u>\$ 1,757,833</u></u> | <u><u>\$ 589,047</u></u> | <u><u>\$ 2,735,533</u></u> |

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

| | Business-Type Activities - Enterprise Fund | | | |
|--|--|-------------------|------------------------------------|-------------------|
| | Sewer | Fire Service | Nonmajor Business-Type Alarm | Totals |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating Income (Loss) | \$ (99,257) | \$ 54,581 | \$ 158,676 | \$ 114,000 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation | 249,052 | 284,762 | 696 | 534,510 |
| Loss on Disposal of Capital Assets | - | - | - | - |
| Change in Assets and Liabilities: | | | | |
| Receivables, Net | (30,517) | 835 | (127) | (29,809) |
| Prepaid Items | - | - | - | - |
| Intergovernmental Payable | - | - | - | - |
| Accounts Payable | (70,736) | (53,652) | (709) | (125,097) |
| Accrued Wages and Benefits | - | - | - | - |
| Unearned Revenue | (236,356) | 39,088 | 1,856 | (195,412) |
| Compensated Absences Payable | - | - | - | - |
| Customer Deposits Payable | 56,760 | - | - | 56,760 |
| Net Cash Provided by Operating Activities | <u>\$ (131,054)</u> | <u>\$ 325,614</u> | <u>\$ 160,392</u> | <u>\$ 354,952</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 \$80,000 in capital contributions related to the Sewer Fund

THIS PAGE BLANK

NOTES TO BASIC FINANCIAL STATEMENTS

THIS PAGE BLANK

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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.

During the year ended June 30, 2015, the Town adopted GASB Statement No. 68 and GASB Statement No. 71. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, both of which provides financial reporting guidance for reporting pension liabilities and expenses.

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.

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 purpose of the MMPT is 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 Mummy Mountain Preserve Trust cannot be part of another financial reporting entity and the operations of the MMPT rests with the management of the Town.

Separate financial statements are not issued for the component units.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

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.

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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 under GASB 68.

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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, 2015 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 under GASB 68.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 their 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. 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.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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).
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 Nonmajor Governmental Fund 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.

B. Deficit Fund Balance

For the year ended June 30, 2015, the Town reported a deficit fund balance in the Court Enhancement Fund of \$282,949. This deficit was caused by the construction and completion of the new court facility during the current and prior year. The deficit will be paid off in future years from court enhancement revenue.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Excess Expenditures Over Appropriations

For the year ended June 30, 2015, the Town reported an overexpenditure of \$286,602 in the Capital Projects Fund and \$7,030 in the Donation Fund. Cash was available to meet all of the overexpenditures.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2015 consist of the following:

| | |
|---------------------------------------|----------------------|
| Deposits: | |
| Cash on Hand | \$ 1,750 |
| Cash in Bank | 11,882,315 |
| Investments: | |
| State Treasurer's Investment Pool | 20,454,326 |
| Cash on Deposit with Trustee | 95,706 |
| Total Cash and Investment | <u>32,434,097</u> |
| Less: Restricted Cash and Investments | (1,492,602) |
| Total Cash and Equivalents | <u>\$ 30,941,495</u> |

Deposits

The Town's deposits at June 30, 2015 had a carrying balance of \$11,882,315 and a bank balance of \$12,851,014. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$12,601,014 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.

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.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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 following table summarizes the Town’s interest rate risk, based on maturity dates of various instruments:

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|-----------------------------------|---------------|----------------------------------|------|------|
| | | Less than 1 | 1-2 | 2-3 |
| State Treasurer’s Investment Pool | \$ 20,454,326 | \$ 20,454,326 | \$ - | \$ - |

Credit Risk – The Town limits its investments to the State Treasurer’s Investment Pool and Federal Agency Securities. The investment with the trustee is cash 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 the 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. The investments are reported at fair value. The Town’s investment in the State Treasurer’s Investment Pool had a Standard and Poor’s AAAF/S1+ rating.

2. Restricted Cash and Investments

Restricted cash and investments at June 30, 2015 consist of the following:

| | Governmental Activities | Business-Type Activities | Total |
|------------------------|----------------------------|-----------------------------|---------------------|
| Cash with Paying Agent | \$ 65,788 | \$ 29,918 | \$ 95,706 |
| Sewer Impact Fees | - | 301,975 | 301,975 |
| Customer Deposits | 1,038,161 | 56,760 | 1,094,921 |
| Total | <u>\$ 1,103,949</u> | <u>\$ 388,653</u> | <u>\$ 1,492,602</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Receivables

Court fines of the General Fund are recorded net of uncollectible amounts. The allowance for uncollectible accounts at June 30, 2015 included the court receivable (\$279,549) and sales tax (\$298,041), all other receivables are deemed to be collectible.

Receivables consist of the following:

| | General | HURF | Nonmajor Governmental | Total |
|---------------------------------------|---------------------|------------------|--------------------------|---------------------|
| Office of the State Treasurer: | | | | |
| Highway User Revenue | \$ - | \$ 74,155 | \$ - | \$ 74,155 |
| State Sales Tax | 102,051 | - | - | 102,051 |
| Town Sales Tax | 1,415,571 | - | - | 1,415,571 |
| County Treasurer: | | | | |
| Auto Lieu Tax | 20,497 | - | - | 20,497 |
| Franchise Fees: | | | | |
| Arizona Pubic Service | 166,022 | - | - | 166,022 |
| Cox Cable | 62,387 | - | - | 62,387 |
| Southwest Gas | 28,791 | - | - | 28,791 |
| Court Receivable | 635,337 | - | - | 635,337 |
| Grant Receivable | - | - | 650 | 650 |
| Note Receivable | 28,911 | - | - | 28,911 |
| Sales Tax Audit | 654,952 | - | - | 654,952 |
| Interest | - | - | - | - |
| Miscellaneous | 7,565 | - | 2,233 | 9,798 |
| | <u>3,122,084</u> | <u>74,155</u> | <u>2,883</u> | <u>3,199,122</u> |
| Less: Allowance for Uncollectibles | (577,590) | - | - | (577,590) |
| Total | <u>\$ 2,544,494</u> | <u>\$ 74,155</u> | <u>\$ 2,883</u> | <u>\$ 2,621,532</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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 (\$27,735 in the Sewer Fund, \$6,639 in the Fire Service Fund, and \$625 in Alarm Fund) of \$67,031, \$52,063 and \$1,490 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 | \$ 355,788 | \$ - |
| Sales Tax Receivable | 342,877 | - |
| Miscellaneous Unearned | 28,911 | 40,570 |
| Nonmajor Governmental Funds | | |
| Grants Receivable | - | 13,737 |
| | \$ 727,576 | \$ 54,307 |

(The remainder of this page intentionally left blank)

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|----------------------|-----------------------|----------------------|
| Governmental Activities: | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | \$ 41,573,462 | \$ - | \$ - | \$ 41,573,462 |
| Construction in Progress | 2,045,274 | 7,486,241 | (4,825,818) | 4,705,697 |
| Total Capital Assets, Not Being Depreciated | <u>43,618,736</u> | <u>7,486,241</u> | <u>(4,825,818)</u> | <u>46,279,159</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 2,023,760 | - | - | 2,023,760 |
| Infrastructure | 29,530,842 | 3,071,402 | - | 32,602,244 |
| Buildings and Improvements | 9,503,545 | - | - | 9,503,545 |
| Machinery, Equipment, and Vehicles | 6,198,317 | 2,198,837 | (242,140) | 8,155,014 |
| Total Capital Assets, Being Depreciated | <u>47,256,464</u> | <u>5,270,239</u> | <u>(242,140)</u> | <u>52,284,563</u> |
| Accumulated Depreciation for: | | | | |
| Land Improvements | (1,196,401) | (80,951) | - | (1,277,352) |
| Infrastructure | (6,465,267) | (617,196) | - | (7,082,463) |
| Buildings and Improvements | (4,864,597) | (305,154) | - | (5,169,751) |
| Machinery, Equipment, and Vehicles | (4,382,760) | (467,281) | 120,855 | (4,729,186) |
| Total Accumulated Depreciation | <u>(16,909,025)</u> | <u>(1,470,582)</u> | <u>120,855</u> | <u>(18,258,752)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>30,347,439</u> | <u>3,799,657</u> | <u>(121,285)</u> | <u>34,025,811</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 73,966,175</u> | <u>\$ 11,285,898</u> | <u>\$ (4,947,103)</u> | <u>\$ 80,304,970</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|-------------|----------------------|
| Business-Type Activities: | | | | |
| 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 | 12,412,796 | 80,000 | - | 12,492,796 |
| 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>18,093,437</u> | <u>80,000</u> | <u>-</u> | <u>18,173,437</u> |
| Accumulated Depreciation for: | | | | |
| Sewer System | (5,269,446) | (249,054) | - | (5,518,500) |
| Buildings and Improvements | (284,598) | (178,405) | - | (463,003) |
| Machinery and Equipment | (878,421) | (101,879) | - | (980,300) |
| Furniture and Fixtures | (13,026) | (5,172) | - | (18,198) |
| Total Accumulated Depreciation | <u>(6,445,491)</u> | <u>(534,510)</u> | <u>-</u> | <u>(6,980,001)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>11,647,946</u> | <u>(454,510)</u> | <u>-</u> | <u>11,193,436</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 28,851,338</u> | <u>\$ (454,510)</u> | <u>\$ -</u> | <u>\$ 28,396,828</u> |

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

| | |
|--|---------------------|
| General Government | \$ 474,275 |
| Public Safety | 358,168 |
| Highways and Streets | <u>638,139</u> |
| Total Depreciation Expense, Governmental Activities | <u>\$ 1,470,582</u> |

Business-Type Activities:

| | |
|---|-------------------|
| Sewer Fund | \$ 249,052 |
| Fire Service Fund | 284,762 |
| Alarm Monitor System Fund | <u>696</u> |
| Total Depreciation Expense, Business-Type Activities | <u>\$ 534,510</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Construction Commitments

At June 30, 2015, the Town has the following active construction commitments:

| <u>Project</u> | <u>Governmental</u> | |
|-----------------------------|----------------------|---------------------------------|
| | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
| 56th Street Improvements | \$ 2,790,909 | \$ 174,212 |
| Traffic Signal Upgrades | 1,351,426 | 11,971 |
| Lincoln / Tatum Marquee | 8,930 | 1,570 |
| Fixed License Plate Readers | 424,590 | 125,160 |
| | <u>\$ 4,575,855</u> | <u>\$ 312,913</u> |

C. Interfund Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following:

| <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|-------------------------|
| | <u>General Fund</u> |
| HURF Fund | \$ 2,210,000 |
| Capital Projects Fund | 4,374,299 |
| Fire Service Fund | 48,076 |
| Nonmajor Governmental Funds | 9,123 |
| Total | <u>\$ 6,641,498</u> |

The transfer of \$2.2 million from the General Fund to the HURF Fund was recorded to fund street projects. The transfer of \$4.4 million from the General Fund to the Capital Projects Fund was recorded to fund various capital projects being constructed by the Town. The transfer of \$48,076 from the General Fund to the Fire Service Fund was recorded to supplement the Fire Service Fund operations. The General Fund transferred \$3,730 to the Donation Fund (Nonmajor Fund) to cover expenditures for the annual Vintage Car show and the General Fund transferred \$5,393 to the Grants Fund (Nonmajor Fund) for the Town's matching portion of the LTAF II grant.

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, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables/Payables (Continued)

At June 30, 2015, the Town reported the following due to/due from other funds:

| Due To | Due From Sewer Fund |
|--------------|---------------------------|
| General Fund | \$ 649,661 |

The short-term borrowing was recorded to cover a deficit cash balance in the Sewer Fund as a result of a prior year transfer from the Sewer Fund to the General Fund. The Town expects to recover the deficit through normal operations of the Sewer Fund.

Interfund advances for the year ended June 30, 2015 consisted of the following:

| Advance To | Advance From Court Enhancement Fund |
|--------------|--|
| General Fund | \$ 770,000 |

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 \$20,938 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:

| | |
|-----------------------------------|----------------------------|
| Capital Assets Being Depreciated: | Governmental Activities |
| Machinery, Equipment and Vehicles | \$ 853,230 |
| Less: Accumulated Depreciation | (597,261) |
| Total Capital Assets, Net | \$ 255,969 |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

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, 2015, were as follows:

| <u>Year Ended June 30.</u> | <u>Governmental Activities</u> |
|--|------------------------------------|
| 2016 | \$ 99,323 |
| 2017 | 99,323 |
| 2018 | <u>74,492</u> |
| Total Minimum Lease Payments | 273,138 |
| Less: Amount Representing Interest | <u>(14,040)</u> |
| Present Value of Minimum Lease Amounts | <u><u>\$ 259,098</u></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, 2015 consisted of the MPC, Excise Tax Revenue Refunding bonds, Series 2009. 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. The remaining principal balance is \$4,490,000. Proceeds from the bonds 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 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. 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 \$4,819,944, payable through 2019. In the current year, total principal and interest paid were \$1,491,879

The Town has 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 is 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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

The Town has 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. The remaining principal balance is \$485,153. Total remaining principal and interest required on the note is \$485,153, payable through 2016. In the current year, total principal and interest paid was \$497,983.

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

| | Beginning of Year | Additions | Retirements | End of Year | Due within One Year |
|-----------------------------------|----------------------|-------------------|-----------------------|---------------------|------------------------|
| Governmental Activities: | | | | | |
| Revenue Bonds | \$ 3,962,883 | \$ - | \$ (876,440) | \$ 3,086,443 | \$ 914,247 |
| Bond Premium | 169,532 | - | (33,907) | 135,625 | 33,907 |
| Note Payable | 300,000 | - | (150,000) | 150,000 | 150,000 |
| Capital Leases | 347,227 | - | (88,129) | 259,098 | 91,309 |
| Compensated Absences | 1,030,268 | 642,598 | (698,280) | 974,586 | 610,203 |
| Total Governmental Activities | <u>\$ 5,809,910</u> | <u>\$ 642,598</u> | <u>\$ (1,846,756)</u> | <u>\$ 4,605,752</u> | <u>\$ 1,799,666</u> |
| Business-Type Activities: | | | | | |
| Revenue Bonds | \$ 1,802,117 | \$ - | \$ (398,560) | \$ 1,403,557 | \$ 415,753 |
| Bond Premium | 77,095 | - | (15,419) | 61,676 | 15,419 |
| Note Payable | 950,089 | - | (464,936) | 485,153 | 485,153 |
| Total Business-Type Activities | <u>\$ 2,829,301</u> | <u>\$ -</u> | <u>\$ (878,915)</u> | <u>\$ 1,950,386</u> | <u>\$ 916,325</u> |

Debt service requirements on long-term debt at June 30, 2015 are as follows:

| Years | Governmental Activities | | Business-Type Activities | |
|--------|-------------------------|-------------------|--------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| 2016 | \$ 914,247 | \$ 113,293 | \$ 900,907 | \$ 64,349 |
| 2017 | 927,995 | 71,808 | 422,005 | 32,655 |
| 2018 | 780,203 | 33,004 | 354,797 | 15,009 |
| 2019 | 463,998 | 8,700 | 211,001 | 3,956 |
| Totals | <u>\$ 3,086,443</u> | <u>\$ 226,805</u> | <u>\$ 1,888,710</u> | <u>\$ 115,969</u> |

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION

A. Fund Balance

The following represents the classifications of the Town's fund balance for fiscal year ended June 30, 2015:

| | General Fund | Highway User Revenue Fund | Court Enhancement Fund | Capital Projects Fund | Debt Service Fund | Nonmajor Governmental Funds | Totals |
|-----------------------------|----------------------|---------------------------|------------------------|-----------------------|---------------------|-----------------------------|----------------------|
| Nonspendable: | | | | | | | |
| Prepays | \$ 19,397 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 19,397 |
| Advances to Other Funds | 770,000 | - | - | - | - | - | 770,000 |
| Notes Receivable | 28,911 | - | - | - | - | - | 28,911 |
| Restricted: | | | | | | | |
| Contributions and Donations | - | - | - | - | - | 13,518 | 13,518 |
| Mummy Mountain Trust | - | - | - | - | - | 40,221 | 40,221 |
| Assigned | | | | | | | |
| Debt Service | - | - | - | - | 3,313,227 | - | 3,313,227 |
| Highways and Streets | - | 34,598 | - | - | - | - | 34,598 |
| Capital Projects | - | - | - | 473,729 | - | - | 473,729 |
| Unassigned | 25,421,178 | - | (282,949) | - | - | - | 25,138,229 |
| Total Fund Balance | <u>\$ 26,239,486</u> | <u>\$ 34,598</u> | <u>\$ (282,949)</u> | <u>\$ 473,729</u> | <u>\$ 3,313,227</u> | <u>\$ 53,739</u> | <u>\$ 29,831,830</u> |

B. Change in Accounting Principle

During the year ended June 30, 2015, the Town of Paradise Valley, Arizona adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71. *Pension Transition for Contributions Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the June 30, 2014, net position of the governmental activities, business-type activities and enterprise funds as shown as follows:

| | Net Position as Previously Stated | Cummulative Affect of Application of GASB 68 Net Pension Liability | Cummulative Affect of Application of GASB 71 Deferred Outflow of Resources for Contributions Made During 2013-14 | Net Position As Restated |
|-------------------------|-----------------------------------|--|--|--------------------------|
| Governmental Activities | <u>\$ 101,066,455</u> | <u>\$ (23,158,320)</u> | <u>\$ 1,422,568</u> | <u>\$ 79,330,703</u> |

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

C. 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.

D. Commitments and Contingencies

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 \$2.4 million for the year ended June 30, 2015.

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.

E. 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, 2015 was \$4,691,589. The Town's total payroll was \$6,520,230. 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.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

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 2014-2015, the Town did not contribute to the 401 (a) plan. The employees' contributions totaled \$85,208.

The ICMA Retirement Corporation held no securities of the Town or other related parties during the fiscal year 2014-2015 or as of the close of the fiscal year.

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, 2015, 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 | \$ 26,920,295 |
| Deferred Outflows of Resources | 5,267,918 |
| Deferred Inflows of Resources | 1,318,629 |
| Pension Expense | 3,334,928 |

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, 2015. Also, the Town reported \$3,334,928 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

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.

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.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

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, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60% (11.48% 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 11.60% (10.89% for retirement, 0.59% for the health insurance premium benefit, and 0.12% for long-term disability) of the active members' annual covered payroll.

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.57% (9.51% 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, 2015, was \$405,309. 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> |
|----------------------------|---|--------------------------------------|
| 2015 | \$ 21,959 | \$ 4,466 |
| 2014 | 21,193 | 8,477 |
| 2013 | 22,269 | 8,223 |

During the fiscal year ended June 30, 2015, the Town paid for ASRS pension and OPEB contributions as follows: 85% from the General Fund and 15% from the HURF Fund.

Pension Liability – At June 30, 2015, the Town reported a liability of \$5,789,961 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014.

The Town's reported liability at June 30, 2015, decreased by \$628,516 from the Town's prior year liability of \$6,418,477 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.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

Arizona State Retirement System (Continued)

The Town's proportion of the net pension liability was based on the Town's FY 2014 contributions. The Town's proportion measured as of June 30, 2014, was 0.039130%, which was an increase of 0.000521 from its proportion measured as of June 30, 2013.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2015, the Town recognized pension expense for ASRS of \$407,107. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 294,263 | \$ - |
| Changes of assumptions or other inputs | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 1,012,485 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 60,023 | - |
| Town contributions subsequent to the measurement date | 405,309 | - |
| Total | \$ 759,595 | \$ 1,012,485 |

The \$405,309 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, 2016. 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> | |
|----------------------------|-------------|
| 2016 | \$ (99,084) |
| 2017 | (99,084) |
| 2018 | (206,910) |
| 2019 | (253,121) |

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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, 2013 |
| Actuarial Roll Forward Date | June 30, 2014 |
| 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, 2013 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2012.

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 | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|--|
| Equity | 63% | 4.43% |
| Fixed Income | 25% | 0.80% |
| Real Estate | 8% | 0.38% |
| Commodities | 4% | 0.18% |
| Total | 100% | 5.79% |
| Inflation | | 3.00% |
| Expected arithmetic nominal return | | 8.79% |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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 | \$ 7,318,213 | \$ 5,789,961 | \$ 4,960,807 |

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.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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:

| PSPRS | Initial Membership Date | |
|--|--|---|
| | Before January 1, 2012 | On or After January 1, 2012 |
| Retirement and Disability | | |
| 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 | |
| Survivor Benefit | | |
| 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, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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, 2015, the following employees were covered by the agent pension plans' benefit terms:

| | PSPRS Police |
|--|-----------------|
| Inactive employees or beneficiaries currently receiving benefits | 35 |
| Inactive employees entitled to but not yet receiving benefits | 4 |
| Active employees | 27 |
| Total | 66 |

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, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | PSPRS Police |
|----------------------------------|-----------------|
| Active Members - Pension | 11.05% |
| City | |
| Pension | 60.46% |
| Health Insurance Premium Benefit | 1.98% |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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, 2015, were:

| | <u>PSPRS Police</u> |
|----------------------------------|-------------------------|
| Pension | |
| Contributions Made | \$ 1,694,365 |
| Health Insurance Premium Benefit | |
| Annual OPEB Cost | 39,959 |
| Contributions Made | 55,489 |

During the fiscal year 2015, the Town paid for PSPRS and OPEB contributions 100% from the General Fund.

Pension Liability – At June 30, 2015, the Town reported the following net pension liability:

| | |
|--------------|----------------------------------|
| | <u>Net Pension Liability</u> |
| PSPRS Police | \$ 21,130,334 |

The net pension liability was measured as of June 30, 2014, 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, 2014, 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, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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, 2014 |
| Actuarial Cost Method | Entry Age Normal |
| Discount Rate | 7.85% |
| Projected Salary Increases | 4.0%-8.0% |
| Inflation | 4.0% |
| Permanent Benefit Increase | Included |
| Mortality Rates | RP-2000 mortality table (adjusted by 105% for both males and females) |

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

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% | 7.60% |
| Non-U.S. Equity | 14% | 8.63% |
| Credit Opportunities | 13% | 8.00% |
| Private Equity | 11% | 9.50% |
| Real Estate | 11% | 6.50% |
| GTAA | 10% | 5.73% |
| Real Assets | 8% | 5.96% |
| Fixed Income | 7% | 4.75% |
| Absolute Return | 4% | 6.75% |
| Risk Parity | 4% | 6.04% |
| Short-Term Investments | 2% | 3.25% |
| Total | 100% | |

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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:

| | |
|----------------|-----------------|
| Discount Rates | PSPRS Police |
| | 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, 2014 | \$ 23,854,802 | \$ 7,114,595 | \$ 16,740,207 |
| Changes for the Year: | | | |
| Service Cost | 359,518 | - | 359,518 |
| Interest on the Total Pension Liability | 1,795,059 | - | 1,795,059 |
| Changes of Benefit Terms | 710,651 | - | 710,651 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 514,325 | - | 514,325 |
| Changes of Assumptions or Other Inputs | 3,303,865 | - | 3,303,865 |
| Contributions - Employer | - | 1,045,144 | (1,045,144) |
| Contributions - Employee | - | 303,349 | (303,349) |
| Net Investment Income | - | 917,883 | (917,883) |
| Benefit Payments, Including Refunds of Employee Contributions | (2,335,144) | (2,335,144) | - |
| Administrative Expenses | - | (7,393) | 7,393 |
| Other Changes | - | 34,308 | (34,308) |
| Net Changes | 4,348,274 | (41,853) | 4,390,127 |
| Balances as of June 30, 2015 | \$ 28,203,076 | \$ 7,072,742 | \$ 21,130,334 |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------|---------------|--------------------------|---------------|
| PSPRS Police Rate | 6.85% | 7.85% | 8.85% |
| Net Pension Liability | \$ 24,228,229 | \$ 21,130,334 | \$ 18,522,216 |

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

Pension Expense – For the year ended June 30, 2015, the Town recognized the following pension expense:

| | Pension Expense |
|--------------|--------------------|
| PSPRS Police | \$ 2,927,821 |

Pension Deferred Outflows/Inflows of Resources – At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| PSPRS - Police | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 379,051 | \$ - |
| Changes of assumptions or other inputs | 2,434,907 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 306,144 |
| City contributions subsequent to the measurement date | 1,694,365 | - |
| Total | <u>\$ 4,508,323</u> | <u>\$ 306,144</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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, 2016. 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 |
|----------------------|-----------------|
| 2016 | \$ 927,695 |
| 2017 | 927,695 |
| 2018 | 728,957 |
| 2019 | (76,533) |

Agent Plan OPEB Actuarial Assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013 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 2015 contribution requirements, are as follows:

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

Public Safety Personnel Retirement System (PSPRS) (Continued)

PSPRS - OPEB Contribution Requirements

| | |
|-------------------------------|---|
| Actuarial Valuation Date | June 30, 2013 |
| Actuarial Cost Method | 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% - 8.5% |
| Wage Growth | 4.5% |

Agent Plan OPEB Trend Information – The table on the following page 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 |
|--------------------|------------------|---------------------------------------|---------------------|
| PSPRS Police | | | |
| 2015 | \$ 39,959 | 139% | \$ - |
| 2014 | 39,055 | 100% | - |
| 2013 | 41,050 | 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, 2014 is as follows:

| Agent OPEB Plan Funded Status | PSPRS Police |
|--|-----------------|
| Actuarial Value of Assets (a) | \$ 415,682 |
| Actuarial Accrued Liability (b) | 566,330 |
| Unfunded Actuarial Accrued Liability (Funding Excess) (b) - (a) | 150,648 |
| Funded Ratio (a) / (b) | 73.40% |
| Annual Covered Payroll (c) | 2,200,151 |
| Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll (b) - (a) / (c) | 6.85% |

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. 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, 2014 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, 2014 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percent closed for underfunded actuarial accrued liability, open for excess |
| Remaining Amortization Period | 22 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% |

THIS PAGE BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE BLANK

**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, 2015**

Arizona State Retirement System

| | Reporting Fiscal Year (Measurement Date) |
|---|---|
| | 2015 (2014) |
| Town's Proportion of the Net Pension Liability | 0.039130% |
| Town's Proportionate Share of the Net Pension Liability | 5,789,961 |
| Town's Covered-Employee Payroll | 6,520,230 |
| Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll | 88.80% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.49% |

**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, 2015**

Agent Pension Plans

| PSPRS Police | Reporting Fiscal Year (Measurement Date) |
|---|---|
| | 2015 (2014) |
| Total Pension Liability | |
| Service Cost | \$ 359,518 |
| Interest on the Total Pension Liability | 1,795,059 |
| Changes of Benefit Terms | 710,651 |
| Differences Between Expected and Actual Experience in the Measurement of the Pension Liability | 514,325 |
| Changes of Assumptions or Other Inputs | 3,303,865 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,335,144) |
| Net Change in Total Pension Liability | 4,348,274 |
| Total Pension Liability - Beginning | 23,854,802 |
| Total Pension Liability - Ending (a) | 28,203,076 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | 1,045,144 |
| Contributions - Employee | 303,349 |
| Net Investment Income | 917,883 |
| Benefit Payments, Including Refunds of Employee Contributions | (2,335,144) |
| Administrative Expenses | (7,393) |
| Other Changes | 34,308 |
| Net Change in Plan Fiduciary Net Position | (41,853) |
| Plan Fiduciary Net Position - Beginning | 7,114,595 |
| Plan Fiduciary Net Position - Ending (b) | 7,072,742 |
| Town's Net Pension Liability (Asset) - Ending (a) - (b) | \$ 21,130,334 |

**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, 2015**

| PSPRS Police | Reporting Fiscal Year (Measurement Date) |
|--|---|
| | <u>2015</u> |
| | <u>(2014)</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 33.47% |
| Covered-employee Payroll | 2,820,465 |
| Town's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll | 749.18% |

**TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SCHEDULE OF TOWN PENSION CONTRIBUTIONS
JUNE 30, 2015**

Schedule of Pension Contributions

Arizona State Retirement System

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

PSPRS Police

| | Reporting Fiscal Year | |
|---|-----------------------|------------------|
| | 2015 | 2014 |
| Actuarially Determined Contribution | \$ 1,220,161 | \$ 1,126,297 |
| Town's Contribution in Relation to the Actuarially Determined Contribution | 1,694,365 | 1,126,297 |
| Town's Contribution Deficiency (Excess) | <u>\$ (474,204)</u> | <u>\$ -</u> |
| Town's Covered-Employee Payroll | <u>2,820,465</u> | <u>2,200,151</u> |
| Town's Contributions as a Percentage of Covered- Employee Payroll | 60.07% | 51.19% |

**TOWN OF PARADISE VALLEY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 NOTES TO PENSION SCHEDULES
 JUNE 30, 2015**

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, 2015**

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% |

**TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
NOTES TO SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
JUNE 30, 2015**

NOTE 1 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Beginning in Fiscal year 2014, PSPRS and CORP 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

THIS PAGE BLANK

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

THIS PAGE BLANK

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.

THIS PAGE BLANK

**TOWN OF PARADISE VALLEY, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

| | Special Revenue | | | Total Nonmajor Governmental Funds |
|--|-------------------|----------------|---|---|
| | Donations Fund | Grants Fund | Mummy Mountain Preserve Trust Fund | |
| ASSETS | | | | |
| Cash and Investments | \$ 13,518 | \$ 10,854 | \$ 40,221 | \$ 64,593 |
| Receivables: | | | | |
| Accounts Receivable | - | 2,883 | - | 2,883 |
| Total Assets | \$ 13,518 | \$ 13,737 | \$ 40,221 | \$ 67,476 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Unearned Revenue | \$ - | \$ 13,737 | \$ - | \$ 13,737 |
| Fund Balances: | | | | |
| Restricted | 13,518 | - | 40,221 | 53,739 |
| Total Fund Balances | 13,518 | - | 40,221 | 53,739 |
| Total Liabilities and Fund Balances | \$ 13,518 | \$ 13,737 | \$ 40,221 | \$ 67,476 |

**TOWN OF PARADISE VALLEY, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2015**

| | Special Revenue | | | Total Nonmajor Governmental Funds |
|--|-------------------|----------------|---|---|
| | Donations Fund | Grants Fund | Mummy Mountain Preserve Trust Fund | |
| REVENUES | | | | |
| Intergovernmental Revenue | \$ - | \$ 40,759 | \$ - | \$ 40,759 |
| Contribution and Donations | 13,670 | - | - | 13,670 |
| Investment Income | - | - | 8 | 8 |
| Total Revenues | <u>13,670</u> | <u>40,759</u> | <u>8</u> | <u>54,437</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | 14,705 | 40,984 | - | 55,689 |
| Public Safety | 6,055 | 5,168 | - | 11,223 |
| Total Expenditures | <u>20,760</u> | <u>46,152</u> | <u>-</u> | <u>66,912</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (7,090) | (5,393) | 8 | (12,475) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 3,730 | 5,393 | - | 9,123 |
| Net Change in Fund Balances | (3,360) | - | 8 | (3,352) |
| FUND BALANCES | | | | |
| Beginning of Year | 16,878 | - | 40,213 | 57,091 |
| End of Year | <u>\$ 13,518</u> | <u>\$ -</u> | <u>\$ 40,221</u> | <u>\$ 53,739</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, 2015**

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|-----------------------|-----------------------|-------------------|-------------------------------|
| REVENUES | | | | |
| Contributions and Donations | \$ - | \$ - | \$ 234,000 | \$ 234,000 |
| Other | - | - | 160,807 | 160,807 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>394,807</u> | <u>394,807</u> |
| EXPENDITURES | | | | |
| Capital Outlay | 4,421,727 | 7,794,274 | 8,080,876 | (286,602) |
| Debt Service: | | | | |
| Principal Retirement | 150,000 | 150,000 | 150,000 | - |
| Total Expenditures | <u>4,571,727</u> | <u>7,944,274</u> | <u>8,230,876</u> | <u>(286,602)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (4,571,727) | (7,944,274) | (7,836,069) | (125,795) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>731,230</u> | <u>4,374,299</u> | <u>4,374,299</u> | <u>-</u> |
| Net Change in Fund Balance | (3,840,497) | (3,569,975) | (3,461,770) | (125,795) |
| FUND BALANCE | | | | |
| Beginning of Year | - | - | 3,935,499 | 3,935,499 |
| End of Year | <u>\$ (3,840,497)</u> | <u>\$ (3,569,975)</u> | <u>\$ 473,729</u> | <u>\$ 4,043,704</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2015**

| | Original and Final Budget | Actual | Variance with Final Budget |
|----------------------------|------------------------------|---------------------|-------------------------------|
| EXPENDITURES | | | |
| Debt Service: | | | |
| Principal Retirement | \$ 876,435 | \$ 876,440 | \$ (5) |
| Interest on Long-term Debt | 149,105 | 149,090 | 15 |
| Total Expenditures | <u>1,025,540</u> | <u>1,025,530</u> | <u>10</u> |
| Net Change in Fund Balance | (1,025,540) | (1,025,530) | 10 |
| FUND BALANCE | | | |
| Beginning of Year | - | 4,338,757 | 4,338,757 |
| End of Year | <u>\$ (1,025,540)</u> | <u>\$ 3,313,227</u> | <u>\$ 4,338,767</u> |

TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DONATIONS FUND
YEAR ENDED JUNE 30, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|------------------|---------------------------------------|
| REVENUES | | | | |
| Contributions and Donations | \$ 10,000 | \$ 10,000 | \$ 13,670 | \$ 3,670 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | 3,730 | 14,705 | (10,975) |
| Public Safety | 10,000 | 10,000 | 6,055 | 3,945 |
| Total Expenditures | <u>10,000</u> | <u>13,730</u> | <u>20,760</u> | <u>(7,030)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | (3,730) | (7,090) | (3,360) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>-</u> | <u>3,730</u> | <u>3,730</u> | <u>-</u> |
| Net Change in Fund Balance | - | - | (3,360) | (3,360) |
| FUND BALANCE | | | | |
| Beginning of Year | - | - | 16,878 | 16,878 |
| End of Year | <u>\$ -</u> | <u>\$ (3,730)</u> | <u>\$ 13,518</u> | <u>\$ 17,248</u> |

**TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|---------------|---------------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 50,000 | \$ 50,000 | \$ 40,759 | \$ (9,241) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General Government | - | 43,219 | 40,984 | 2,235 |
| Public Safety | 50,000 | 50,000 | 5,168 | 44,832 |
| Total Expenditures | <u>50,000</u> | <u>93,219</u> | <u>46,152</u> | <u>47,067</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | (43,219) | (5,393) | 37,826 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | <u>-</u> | <u>5,393</u> | <u>5,393</u> | <u>-</u> |
| Net Change in Fund Balance | - | (37,826) | - | 37,826 |
| FUND BALANCE | | | | |
| Beginning of Year | - | - | - | - |
| End of Year | <u>\$ -</u> | <u>\$ (37,826)</u> | <u>\$ -</u> | <u>\$ 37,826</u> |

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 | | | |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| Governmental Activities: | | | | |
| Net Investment in Capital Assets | \$ 62,658,461 | \$ 69,273,164 | \$ 65,329,267 | \$ 70,546,752 |
| Restricted | 2,458,089 | 3,506,945 | 4,179,307 | 3,498,527 |
| Unrestricted | 23,122,328 | 23,653,783 | 29,279,737 | 20,776,493 |
| Total Governmental Activities | | | | |
| Net Position | <u>\$ 88,238,878</u> | <u>\$ 96,433,892</u> | <u>\$ 98,788,311</u> | <u>\$ 94,821,772</u> |
| Business-Type Activities: | | | | |
| Net Investment in Capital Assets | \$ 12,944,276 | \$ 14,058,457 | \$ 14,937,435 | \$ 15,875,113 |
| Restricted | 3,253,695 | 3,374,755 | 3,639,972 | 3,393,316 |
| Unrestricted | 3,135,872 | 3,548,306 | 3,876,571 | 3,556,209 |
| Total Business-Type Activities | | | | |
| Net Position | <u>\$ 19,333,843</u> | <u>\$ 20,981,518</u> | <u>\$ 22,453,978</u> | <u>\$ 22,824,638</u> |
| Primary Government: | | | | |
| Net Investment in Capital Assets | \$ 75,602,737 | \$ 83,331,621 | \$ 80,266,702 | \$ 86,421,865 |
| Restricted | 5,711,784 | 6,881,700 | 7,819,279 | 6,891,843 |
| Unrestricted | 26,258,200 | 27,202,089 | 33,156,308 | 24,332,702 |
| Total Primary Government | | | | |
| Net Position | <u>\$ 107,572,721</u> | <u>\$ 117,415,410</u> | <u>\$ 121,242,289</u> | <u>\$ 117,646,410</u> |

Source: Town's Finance Department.

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 70,077,412 | \$ 69,676,668 | \$ 69,407,881 | \$ 68,209,762 | \$ 73,318,948 | \$ 79,895,872 |
| 2,595,469 | 1,786,639 | 1,221,024 | 608,907 | 102,778 | 53,739 |
| 22,373,381 | 22,487,936 | 23,627,937 | 20,852,943 | 5,908,977 | 3,338,007 |
| <u>\$ 95,046,262</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> |
| \$ 16,176,951 | \$ 16,757,765 | \$ 17,292,596 | \$ 25,706,810 | \$ 26,022,037 | \$ 26,446,442 |
| 2,746,466 | 2,075,256 | 1,362,476 | 567,431 | - | - |
| 3,855,763 | 4,194,195 | 4,736,253 | 5,402,355 | 901,947 | 999,604 |
| <u>\$ 22,779,180</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> |
| \$ 86,254,363 | \$ 86,434,433 | \$ 86,700,477 | \$ 93,916,572 | \$ 99,340,985 | \$ 106,342,314 |
| 5,341,935 | 3,861,895 | 2,583,500 | 1,176,338 | 102,778 | 53,739 |
| 26,229,144 | 26,682,131 | 28,364,190 | 26,255,298 | 6,810,924 | 4,337,611 |
| <u>\$ 117,825,442</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> |

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| EXPENSES | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 5,572,020 | \$ 7,582,685 | \$ 7,504,799 | \$ 9,318,797 |
| Public Safety | 5,427,430 | 6,770,604 | 8,578,890 | 9,127,589 |
| Highways and Streets | 2,232,994 | 3,535,814 | 3,698,363 | 6,150,305 |
| Interest on Long-Term Debt | 135,632 | 139,448 | 190,310 | 424,849 |
| Total Governmental Activities Expenses | <u>13,368,076</u> | <u>18,028,551</u> | <u>19,972,362</u> | <u>25,021,540</u> |
| Business-Type Activities: | | | | |
| Sewer | 1,874,049 | 2,052,990 | 2,141,828 | 2,327,149 |
| Fire Service | - | - | - | - |
| Alarm Monitor System | 134,462 | 135,019 | 135,774 | 129,335 |
| Total Business-Type Activities | <u>2,008,511</u> | <u>2,188,009</u> | <u>2,277,602</u> | <u>2,456,484</u> |
| Total Primary Government Expenses | <u>\$ 15,376,587</u> | <u>\$ 20,216,560</u> | <u>\$ 22,249,964</u> | <u>\$ 27,478,024</u> |
| PROGRAM REVENUES | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| General Government | \$ 3,519,743 | \$ 5,008,586 | \$ 3,956,275 | \$ 3,185,130 |
| Public Safety | 8,538 | 5,279 | 105,585 | 102,323 |
| Highways and Streets | - | - | 16,036 | - |
| Operating Grants and Contributions | 1,238,887 | 1,313,322 | 1,156,860 | 929,564 |
| Capital Grants and Contributions | 1,520,470 | 3,807,860 | 400,000 | 502,684 |
| Total Governmental Activities Program Revenues | <u>6,287,638</u> | <u>10,135,047</u> | <u>5,634,756</u> | <u>4,719,701</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Sewer System | 2,793,516 | 2,517,864 | 2,827,143 | 2,469,706 |
| Fire Service | - | - | - | - |
| Alarm Monitor System | 209,230 | 210,932 | 218,940 | 216,459 |
| Capital Grants and Contributions | 422,750 | 781,250 | 409,800 | 681,569 |
| Total Business-Type Activities Program Revenues | <u>3,425,496</u> | <u>3,510,046</u> | <u>3,455,883</u> | <u>3,367,734</u> |
| Total Primary Government Program Revenues | <u>\$ 9,713,134</u> | <u>\$ 13,645,093</u> | <u>\$ 9,090,639</u> | <u>\$ 8,087,435</u> |

Source: The Town's Finance Department.

| Fiscal Year | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ 5,857,493 | \$ 6,826,239 | \$ 7,708,607 | \$ 7,289,224 | \$ 7,276,076 | \$ 7,776,745 |
| 8,040,162 | 7,787,743 | 7,628,580 | 7,055,389 | 6,286,763 | 8,745,404 |
| 2,151,001 | 2,225,274 | 2,076,040 | 3,346,762 | 3,201,369 | 3,669,224 |
| 301,622 | 267,022 | 239,802 | 282,387 | 182,224 | 147,314 |
| 16,350,278 | 17,106,278 | 17,653,029 | 17,973,762 | 16,946,432 | 20,338,687 |
| 2,207,903 | 2,144,491 | 2,111,254 | 2,264,536 | 2,351,590 | 2,324,369 |
| - | - | - | 1,414,177 | 2,961,269 | 3,045,071 |
| 125,529 | 117,568 | 108,520 | 85,698 | 103,975 | 59,277 |
| 2,333,432 | 2,262,059 | 2,219,774 | 3,764,411 | 5,416,834 | 5,428,717 |
| \$ 18,683,710 | \$ 19,368,337 | \$ 19,872,803 | \$ 21,738,173 | \$ 22,363,266 | \$ 25,767,404 |
| \$ 2,564,613 | \$ 2,748,788 | \$ 2,540,900 | \$ 4,111,615 | \$ 5,189,006 | \$ 4,290,508 |
| 143,867 | 221,550 | 303,571 | 210,837 | 124,464 | 37,395 |
| 53,349 | - | - | - | - | - |
| 856,445 | 844,615 | 746,903 | 763,844 | 807,404 | 874,773 |
| 152,699 | - | 27,321 | 118,064 | 10,000 | 234,000 |
| 3,770,973 | 3,814,953 | 3,618,695 | 5,204,360 | 6,130,874 | 5,436,676 |
| 2,066,141 | 2,254,806 | 2,292,392 | 2,258,513 | 2,227,314 | 2,498,749 |
| - | - | - | 1,538,314 | 3,112,850 | 3,099,652 |
| 245,390 | 265,656 | 253,253 | 242,072 | 231,984 | 217,953 |
| 31,500 | 92,500 | - | 198,000 | - | 80,000 |
| 2,343,031 | 2,612,962 | 2,545,645 | 4,236,899 | 5,572,148 | 5,896,354 |
| \$ 6,114,004 | \$ 6,427,915 | \$ 6,164,340 | \$ 9,441,259 | \$ 11,703,022 | \$ 11,333,030 |

(Continued)

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

| (Concluded) | Fiscal Year | | | |
|---|-----------------------|-----------------------|------------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 |
| NET (EXPENSE) REVENUE | | | | |
| Governmental Activities | \$ (7,080,438) | \$ (7,893,504) | \$ (14,337,606) | \$ (20,301,839) |
| Business-Type Activities | 1,416,985 | 1,322,037 | 1,178,281 | 911,250 |
| Total Primary Government Net Expense | <u>\$ (5,663,453)</u> | <u>\$ (6,571,467)</u> | <u>\$ (13,159,325)</u> | <u>\$ (19,390,589)</u> |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Sales Taxes | \$ 9,126,426 | \$ 10,374,728 | \$ 10,499,929 | \$ 9,386,335 |
| Franchise Taxes | 824,782 | 915,326 | 1,003,231 | 1,001,103 |
| State Shared Revenue | 2,875,380 | 2,891,589 | 3,225,005 | 3,180,361 |
| Auto Lieu Tax Revenue Sharing | 646,708 | 574,175 | 557,250 | 504,145 |
| Investment Income | 991,870 | 1,332,700 | 1,406,610 | 1,569,907 |
| Special Item - Capital Asset moved to Fire Fund | - | - | - | - |
| Transfers | - | - | - | 693,449 |
| Total Governmental Activities | <u>14,465,166</u> | <u>16,088,518</u> | <u>16,692,025</u> | <u>16,335,300</u> |
| Business-Type Activities: | | | | |
| Investment Income | 214,509 | 325,638 | 294,179 | 152,859 |
| Capital Contributions | - | - | - | - |
| Special Item - Capital Asset moved to Fire Fund | - | - | - | - |
| Transfers | - | - | - | (693,449) |
| Total Business-Type Activities | <u>214,509</u> | <u>325,638</u> | <u>294,179</u> | <u>(540,590)</u> |
| Total Primary Government | <u>\$ 14,679,675</u> | <u>\$ 16,414,156</u> | <u>\$ 16,986,204</u> | <u>\$ 15,794,710</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental Activities | \$ 7,384,728 | \$ 8,195,014 | \$ 2,354,419 | \$ (3,966,539) |
| Business-Type Activities | 1,631,494 | 1,647,675 | 1,472,460 | 370,660 |
| Total Primary Government | <u>\$ 9,016,222</u> | <u>\$ 9,842,689</u> | <u>\$ 3,826,879</u> | <u>\$ (3,595,879)</u> |

Source: The Town's Finance Department.

| Fiscal Year | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| \$ (12,579,305) | \$ (13,291,325) | \$ (14,034,334) | \$ (12,769,402) | \$ (10,815,558) | \$ (14,902,011) |
| 9,599 | 350,903 | 325,871 | 472,488 | 155,314 | 467,637 |
| <u>\$ (12,569,706)</u> | <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> |
| | | | | | |
| \$ 8,051,632 | \$ 7,944,769 | \$ 10,627,184 | \$ 11,963,535 | \$ 13,136,325 | \$ 14,564,835 |
| 999,785 | 1,007,634 | 1,055,473 | 1,061,725 | 1,061,660 | 1,037,258 |
| 2,807,201 | 2,402,963 | 2,083,775 | 2,358,876 | 2,544,840 | 2,723,544 |
| 465,343 | 453,010 | 411,604 | 429,075 | 457,878 | 490,206 |
| 358,326 | 231,090 | 161,897 | 174,833 | 94,521 | 91,159 |
| - | - | - | (7,803,872) | - | - |
| 121,508 | 156,840 | - | - | 4,915,177 | (48,076) |
| <u>12,803,795</u> | <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> |
| | | | | | |
| 66,451 | 53,973 | 38,238 | 8,911 | 7,251 | 6,349 |
| - | - | - | 198,000 | - | - |
| - | - | - | 7,803,872 | - | - |
| (121,508) | (156,840) | - | - | (4,915,177) | 48,076 |
| <u>(55,057)</u> | <u>(102,867)</u> | <u>38,238</u> | <u>8,010,783</u> | <u>(4,907,926)</u> | <u>54,425</u> |
| <u>\$ 12,748,738</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> |
| | | | | | |
| \$ 224,490 | \$ (1,095,019) | \$ 305,599 | \$ (4,585,230) | \$ 11,394,843 | \$ 3,956,915 |
| (45,458) | 248,036 | 364,109 | 8,908,064 | (4,752,612) | 522,062 |
| <u>\$ 179,032</u> | <u>\$ (846,983)</u> | <u>\$ 669,708</u> | <u>\$ 4,322,834</u> | <u>\$ 6,642,231</u> | <u>\$ 4,478,977</u> |

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

| Function/Program | Fiscal Year | | | | |
|--------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental Activities: | | | | | |
| General Government | \$ 4,960,424 | \$ 9,053,679 | \$ 4,467,270 | \$ 3,217,704 | \$ 2,592,630 |
| Public Safety | 14,715 | 20,976 | 134,211 | 150,885 | 149,236 |
| Highways and Streets | 1,312,499 | 1,060,392 | 1,033,275 | 1,351,112 | 1,029,107 |
| Subtotal Governmental Activities | <u>6,287,638</u> | <u>10,135,047</u> | <u>5,634,756</u> | <u>4,719,701</u> | <u>3,770,973</u> |
| Business-Type Activities: | | | | | |
| Sewer System | 3,216,266 | 3,299,114 | 3,236,943 | 3,151,275 | 2,097,641 |
| Fire Service | - | - | - | - | - |
| Alarm Monitor System | 209,230 | 210,932 | 218,940 | 216,459 | 245,390 |
| Subtotal Business-Type Activities | <u>3,425,496</u> | <u>3,510,046</u> | <u>3,455,883</u> | <u>3,367,734</u> | <u>2,343,031</u> |
| Total Primary Government | <u>\$ 9,713,134</u> | <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 |
| \$ 2,767,852 | \$ 2,671,657 | \$ 4,288,121 | \$ 5,275,399 | \$ 4,600,325 |
| 255,768 | 305,350 | 214,512 | 131,761 | 42,579 |
| 791,333 | 641,688 | 701,727 | 723,714 | 793,772 |
| <u>3,814,953</u> | <u>3,618,695</u> | <u>5,204,360</u> | <u>6,130,874</u> | <u>5,436,676</u> |
| 2,347,306 | 2,292,392 | 2,258,513 | 2,227,314 | 2,578,749 |
| - | - | 1,538,314 | 3,112,850 | 3,099,652 |
| 265,656 | 253,253 | 242,072 | 231,984 | 217,953 |
| <u>2,612,962</u> | <u>2,545,645</u> | <u>4,038,899</u> | <u>5,572,148</u> | <u>5,896,354</u> |
| <u>\$ 6,427,915</u> | <u>\$ 6,164,340</u> | <u>\$ 9,243,259</u> | <u>\$ 11,703,022</u> | <u>\$ 11,333,030</u> |

THIS PAGE BLANK

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

| | Fiscal Year | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Fund: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 23,838,710 | 24,368,110 | 26,023,277 | 19,055,184 | 14,865,748 |
| Total General Fund | <u>\$ 23,838,710</u> | <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 | \$ 2,475,642 | \$ 3,524,830 | \$ 4,199,455 | \$ 3,147,999 | \$ 2,444,644 |
| Debt Service Funds | 367 | 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>\$ 2,476,009</u> | <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 |
| General Fund: | | | | | |
| Nonspendable | \$ 6,972 | \$ 143,415 | \$ 1,039,473 | \$ 1,157,133 | \$ 818,308 |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | 13,995,539 | 14,393,182 | 14,206,372 | 23,391,719 | 25,421,178 |
| 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> |
| All Other Governmental Funds: | | | | | |
| Nonspendable | | | | | |
| Prepaid Items | \$ - | \$ - | \$ 16,025 | \$ - | \$ - |
| Restricted | 1,786,639 | 1,221,024 | 592,882 | 102,778 | 53,739 |
| Committed | - | - | - | - | - |
| Assigned | 8,905,955 | 9,268,513 | 11,165,163 | 8,274,256 | 3,821,554 |
| 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> |

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 | | | |
|---|-------------------|---------------------|---------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 |
| REVENUES | | | | |
| Taxes | \$ 9,951,208 | \$ 11,290,054 | \$ 11,503,160 | \$ 10,387,438 |
| Intergovernmental | 4,849,824 | 4,656,254 | 4,921,207 | 4,835,686 |
| Fines and Forfeitures | 1,228,545 | 1,505,931 | 1,630,753 | 1,351,919 |
| Licenses and Permits | 1,847,924 | 3,238,562 | 2,197,361 | 1,159,347 |
| Charges for Services | - | - | - | - |
| Indirect Charges | - | - | - | - |
| Rents and Royalties | - | - | - | - |
| Investment Income | 991,870 | 1,332,700 | 1,406,610 | 1,569,914 |
| Other | 650,580 | 366,621 | 302,014 | 769,388 |
| Total Revenues | <u>19,519,951</u> | <u>22,390,122</u> | <u>21,961,105</u> | <u>20,073,692</u> |
| EXPENDITURES | | | | |
| General Government | 5,450,586 | 7,066,224 | 7,661,674 | 7,346,335 |
| Public Safety | 5,371,429 | 6,673,289 | 8,836,058 | 8,968,496 |
| Highways and Streets | 1,622,491 | 1,680,913 | 1,901,078 | 2,077,779 |
| Capital Outlay | 6,799,178 | 7,531,375 | 3,946,895 | 11,155,915 |
| Debt Service | | | | |
| Issuance Costs | - | - | - | 130,596 |
| Principal Retirement | 140,865 | 146,354 | 151,842 | 715,506 |
| Interest on Long-Term Debt | 113,642 | 107,897 | 101,896 | 346,510 |
| Total Expenditures | <u>19,498,191</u> | <u>23,206,052</u> | <u>22,599,443</u> | <u>30,741,137</u> |
| Excess of Revenues | | | | |
| Over (Under) Expenditures | 21,760 | (815,930) | (638,338) | (10,667,445) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 5,951,668 | 8,028,562 | 4,455,825 | 10,985,963 |
| Transfers Out | (5,951,668) | (8,028,562) | (4,455,825) | (10,292,514) |
| 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 | 831,211 | 2,394,663 | 7,037,011 | 592,689 |
| Total Other Financing Sources (Uses) | <u>831,211</u> | <u>2,394,663</u> | <u>7,037,011</u> | <u>1,421,257</u> |
| Net Changes in Fund Balance | <u>\$ 852,971</u> | <u>\$ 1,578,733</u> | <u>\$ 6,398,673</u> | <u>\$ (9,246,188)</u> |
| Debt Service as a Percentage of Non-Capital Expenditures | 2.00% | 1.60% | 1.3% | 4.3% |

Source: The Town's Finance Department.

Fiscal Year

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|-------------------|---------------------|-------------------|---------------------|---------------------|-----------------------|
| \$ | 9,051,417 | \$ 8,952,403 | \$ 11,682,657 | \$ 13,025,260 | \$ 14,197,985 | \$ 15,602,093 |
| | 4,272,612 | 3,692,516 | 3,251,086 | 3,537,464 | 3,791,372 | 4,074,853 |
| | 1,133,627 | 1,201,432 | 801,897 | 2,346,166 | 1,161,685 | 2,085,650 |
| | 982,740 | 1,080,207 | 1,021,911 | 1,203,370 | 1,322,052 | 1,426,883 |
| | 490,095 | 356,650 | 427,269 | 328,019 | 354,680 | 259,689 |
| | - | - | - | - | 322,000 | - |
| | - | 320,907 | 325,220 | 307,987 | 154,220 | 158,410 |
| | 358,326 | 231,090 | 161,897 | 174,833 | 94,521 | 91,159 |
| | 9,076 | 8,072 | 51,730 | 461,264 | 1,812,082 | 520,978 |
| | <u>16,297,893</u> | <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> |
| | 5,686,505 | 5,987,892 | 5,581,346 | 6,168,281 | 6,700,704 | 6,963,210 |
| | 7,864,339 | 7,504,468 | 7,594,737 | 6,816,444 | 6,215,932 | 7,291,649 |
| | 1,616,151 | 1,444,530 | 1,204,634 | 2,677,491 | 2,635,007 | 3,014,861 |
| | 128,752 | 832,181 | 2,149,953 | 2,699,004 | 6,522,394 | 8,080,876 |
| | - | - | - | - | - | - |
| | 388,383 | 773,329 | 800,825 | 824,885 | 998,944 | 1,114,569 |
| | 291,345 | 252,475 | 228,857 | 204,477 | 216,131 | 181,221 |
| | <u>15,975,475</u> | <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> |
| | 322,418 | (951,598) | 163,315 | 1,993,781 | (78,515) | (2,426,671) |
| | 6,289,267 | 2,584,469 | 3,481,659 | 6,293,189 | 9,685,071 | 6,593,422 |
| | (6,167,759) | (2,427,629) | (3,481,659) | (6,293,189) | (4,769,894) | (6,641,498) |
| | - | - | - | - | 450,000 | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | 167,714 | - | - | - |
| | <u>121,508</u> | <u>156,840</u> | <u>167,714</u> | <u>-</u> | <u>5,365,177</u> | <u>(48,076)</u> |
| \$ | <u>443,926</u> | <u>\$ (794,758)</u> | <u>\$ 331,029</u> | <u>\$ 1,993,781</u> | <u>\$ 5,286,662</u> | <u>\$ (2,474,747)</u> |
| | 4.5% | 6.6% | 6.4% | 6.0% | 7.3% | 6.9% |

THIS PAGE BLANK

**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 |
|----------------|--------------|--------------|------------|--------------|
| 2006 | \$ 6,838,389 | \$ 2,288,037 | \$ 824,782 | \$ 9,951,208 |
| 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 |

Source: The Town's Finance Department.

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

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Sales and Use Tax Collected by Category (1): | | | | | |
| Communications and Utilities | \$ 385,466 | \$ 399,465 | \$ 467,913 | \$ 442,206 | \$ 499,069 |
| Construction | 2,751,534 | 3,951,997 | 4,420,843 | 3,622,160 | 2,250,756 |
| Manufacturing | 243,507 | 174,371 | 101,628 | 85,475 | 85,959 |
| Retail trade | 210,152 | 234,595 | 311,592 | 218,354 | 223,429 |
| Finance, Insurance and Real Estate | 267,236 | 400,899 | 377,621 | 226,801 | 165,509 |
| Hospitality | 2,603,157 | 2,507,944 | 2,253,947 | 2,510,902 | 2,464,680 |
| Services | 173,674 | 231,145 | 206,628 | 200,520 | 147,522 |
| Other | 203,663 | 229,310 | 261,637 | 211,986 | 135,828 |
| Total | <u>\$ 6,838,389</u> | <u>\$ 8,129,726</u> | <u>\$ 8,401,809</u> | <u>\$ 7,518,404</u> | <u>\$ 5,972,752</u> |
| Bed Tax Collected | <u>\$ 2,288,037</u> | <u>\$ 2,244,797</u> | <u>\$ 2,098,120</u> | <u>\$ 1,867,932</u> | <u>\$ 2,078,880</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

| 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------|---------------------|---------------------|----------------------|----------------------|
| \$ 459,650 | \$ 829,653 | \$ 881,141 | \$ 890,417 | \$ 922,244 |
| 1,645,850 | 1,780,801 | 2,340,481 | 3,048,856 | 3,049,241 |
| 81,724 | 119,098 | 133,431 | 128,060 | 135,788 |
| 281,128 | 355,717 | 451,136 | 559,294 | 724,235 |
| | | | | 375,473 |
| 201,843 | 251,196 | 262,889 | 288,739 | |
| 2,527,486 | 4,007,195 | 4,338,311 | 4,536,958 | 4,981,595 |
| 154,748 | 224,531 | 268,514 | 320,097 | 333,592 |
| 191,385 | 535,705 | 559,740 | 528,389 | 925,217 |
| <u>\$ 5,543,814</u> | <u>\$ 8,103,896</u> | <u>\$ 9,235,643</u> | <u>\$ 10,300,810</u> | <u>\$ 11,447,385</u> |
| <u>\$ 2,400,955</u> | <u>\$ 2,523,288</u> | <u>\$ 2,727,892</u> | <u>\$ 2,835,515</u> | <u>\$ 3,117,450</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> | Town Direct | | |
|--------------------|-------------|--------------------|-------------------|
| | <u>Rate</u> | <u>County Rate</u> | <u>State Rate</u> |
| 2006 | 1.65% | 0.00% | 5.60% |
| 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% |

Use Tax Rates

| <u>Fiscal Year</u> | Town Direct | | |
|--------------------|-------------|--------------------|-------------------|
| | <u>Rate</u> | <u>County Rate</u> | <u>State Rate</u> |
| 2006 | 1.65% | 0.00% | 5.60% |
| 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% |

Bed Tax Rates

| <u>Fiscal Year</u> | Town Direct | | |
|--------------------|-------------|--------------------|-------------------|
| | <u>Rate</u> | <u>County Rate</u> | <u>State Rate</u> |
| 2006 | 3.00% | 1.77% | 5.50% |
| 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% |

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 | | | | |
| 2006 | \$ 2,490 | \$ - | \$ 787 | \$ 4,315 | \$ 4,049 | \$ 11,641 | \$ 840 | 13,863 | |
| 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 | 7,599 | - | 1,595 | 3,456 | 3,006 | 15,656 | 1,084 | 14,444 | |
| 2010 | 7,211 | - | 1,073 | 3,279 | 2,628 | 14,191 | 966 | 14,686 | |
| 2011 | 6,438 | - | 798 | 2,927 | 2,235 | 12,398 | 967 | 12,820 | |
| 2012 | 5,637 | - | 600 | 2,563 | 1,824 | 10,624 | 812 | 12,972 | |
| 2013 | 4,812 | - | 432 | 2,188 | 1,396 | 8,828 | 674 | 13,106 | |
| 2014 | 3,963 | 300 | 347 | 1,802 | 951 | 7,363 | 554 | 13,282 | |
| 2015 | 3,086 | - | 259 | 1,404 | 485 | 5,234 | 389 | 13,457 | |

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 | | |
| 2006 | \$ 15,456 | \$ 385 | \$ 311 | | 22.21 |
| 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 |

Source: The Town's Finance Department.

TOWN OF PARADISE VALLEY, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
(UNAUDITED)

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable^a</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|---|-------------------------|--|---|
| Debt repaid with property taxes | | | |
| Maricopa County | None | 2.18% | None |
| Maricopa County Hospital District No. 1 | None | 2.18% | None |
| Maricopa County Community College District | \$654,190,000 | 2.18% | \$ 14,261,342 |
| East Valley Institute of Technology District No. 401 ^b | None | 4.96% | None |
| Creighton Unified School District No. 14 | 30,400,000 | 14.50% | 4,408,000 |
| Phoenix Union High School District No. 210 | 305,670,000 | 1.22% | 3,729,174 |
| Scottsdale Unified School District No. 48 | 239,962,500 | 15.58% | 37,386,158 |
| Other debt | | | |
| Maricopa County ^c | \$113,145,000 | 2.18% | \$ 2,466,561 |
| 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 ^b | 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 | | | 62,251,235 |
| Town of Paradise Valley direct debt | | | - |
| Total direct and overlapping debt | | | <u>\$ 62,251,235</u> |

Source: The various jurisdictions

^a Proportion applicable to the Town of Paradise Valley, Arizona is computed on the ratio of secondary assessed valuation for fiscal year 2014/15.

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

^c Includes Public Finance Corporation lease revenue bonds outstanding in the aggregate principal amount of \$97,135,000 and Stadium District revenue bonds outstanding in the aggregate principal amount of \$16,010,000.

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 |
|----------------|------------|-------------------------------|----------------------|
| 2006 | 13,863 | (a) | (a) |
| 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) |

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
2014 AND 2003
(UNAUDITED)**

| | 2014 | | 2003 | |
|--|--------------|--------------------------------------|--------------|--------------------------------------|
| | Employees | Percentage of Total Employment | Employees | Percentage of Total Employment |
| Camelback Inn | 604 | 16.1% | 580 | 24.3% |
| Doubletree of Phoenix (formerly InterContinental Montelucia Resort and Joya Spa) | 358 | 9.5% | - | 0.0% |
| Scottsdale Plaza Resort | 338 | 9.0% | 388 | 16.3% |
| Marriott's Mountain Shadows | - | 0.0% | 307 | 12.9% |
| Sanctuary on Camelback Mountain | 302 | 8.0% | 250 | 10.5% |
| DoubleTree Paradise Valley Resort | 230 | 6.1% | 220 | 9.2% |
| Doubletree La Posada Resort | - | 0.0% | 207 | 8.7% |
| Phoenix County Day School | 138 | 3.7% | 138 | 5.8% |
| Paradise Valley Country Club | 106 | 2.8% | 100 | 4.2% |
| Hermosa Inn | 104 | 2.8% | 100 | 4.2% |
| Early Learning Childhood Center | 90 | 2.4% | - | 0.0% |
| Town of Paradise Valley | 83 | 2.2% | 95 | 4.0% |
| Total | 2,353 | 62.7% | 2,385 | 100.0% |
| Total Town Employment | 3,517 | | | |

Source: Maricopa Association of Governments 2013 Employer Database.

Note: 2014 and 2003 is the most recent information available.

THIS PAGE BLANK

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

| Function | Full-Time Equivalent Employees | | | | | | | | | |
|-------------------------|--------------------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government: | | | | | | | | | | |
| Town Manager | 3.0 | 3.0 | 3.0 | 4.0 | 3.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Town Attorney | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Finance | 7.7 | 7.2 | 7.2 | 8.2 | 7.0 | 7.0 | 4.0 | 5.0 | 7.0 | 7.0 |
| Community Development | 11.0 | 13.0 | 13.0 | 13.0 | 12.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Court | 5.4 | 5.4 | 5.7 | 5.9 | 6.0 | 5.0 | 5.0 | 5.0 | 5.00 | 5.0 |
| Engineering | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 1.0 | - | 1.0 | 3.0 | 3.0 |
| Public Works | 3.0 | 3.0 | 3.0 | 4.0 | 3.0 | 3.0 | 2.0 | 3.0 | 3.0 | 3.0 |
| Police: | | | | | | | | | | |
| Officers | 36.0 | 36.0 | 36.0 | 36.0 | 30.0 | 23.0 | 25.0 | 27.0 | 27.0 | 33.0 |
| Civilians | 10.3 | 10.3 | 10.5 | 10.5 | 11.0 | 13.0 | 9.0 | 7.0 | 12.0 | 8.0 |
| Fire Service: | | | | | | | | | | |
| Civilians | - | - | 1.0 | 1.0 | - | - | - | - | - | - |
| Highways and Streets | 14.0 | 14.0 | 14.0 | 14.0 | 13.0 | 12.0 | 12.0 | 12.0 | 10.0 | 10.0 |
| Sewer System | 1.0 | 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 | 1.0 | - | - |
| Total | 99.4 | 100.9 | 102.4 | 105.6 | 93.0 | 83.0 | 76.0 | 79.0 | 79.0 | 86.00 |

Source: Town's Finance Department.

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

| Function | Fiscal Year | | | | |
|----------------------------------|----------------|----------------|----------------|---------------|---------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Government: | | | | | |
| Building Permits Issued | 1,019 | 1,059 | 950 | 665 | 499 |
| Value of Building Permits Issued | \$ 172,799,125 | \$ 312,280,046 | \$ 177,127,174 | \$ 86,505,523 | \$ 54,467,751 |
| Police: | | | | | |
| Physical Arrests | 341 | 334 | 270 | 242 | 240 |
| Parking Violations | 514 | 669 | 582 | 285 | 1,789 |
| Traffic Violations | 4,162 | 2,946 | 2,529 | 1,509 | 2,203 |
| Other Public Works: | | | | | |
| Street Resurfacing (Miles) | 10 | 10 | 9 | 31 | - |
| Sidewalks (Linear Feet) | - | 2,025 | 24,725 | - | - |
| Potholes Repaired | 205 | 150 | 115 | 70 | 17 |
| Sewer System: | | | | | |
| Number of Customers | 1,938 | 1,985 | 2,016 | 2,065 | 2,086 |

Source: The Town of Paradise Valley.

| Fiscal Year | | | | |
|---------------|---------------|---------------|---------------|---------------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 536 | 517 | 559 | 638 | 615 |
| \$ 59,607,205 | \$ 68,448,551 | \$ 74,147,285 | \$ 85,481,811 | \$ 88,396,985 |
| 199 | 258 | 218 | 378 | 456 |
| 1,142 | 1,199 | 445 | 529 | 567 |
| 2,049 | 1,995 | 1,914 | 2,399 | 1,940 |
| - | 7 | 19.78 | 12.80 | 27.9 |
| - | 216 | 24 | 2,333 | 2,333 |
| 23 | 10 | 11 | 14 | 18 |
| 2,094 | 2,095 | 2,115 | 2,136 | 2,165 |

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

| Function | Fiscal Year | | | | |
|---|-------------|---------|---------|---------|---------|
| | 2006 | 2007 | 2008 | 2009 | 2010 |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol and Detective Vehicles | 20 | 20 | 25 | 28 | 25 |
| Fire Service: | | | | | |
| Stations | - | 2 | 2 | 2 | 2 |
| Fire Pumpers, Support Vehicles | - | 3 | 4 | 4 | 3 |
| Other Public Works: | | | | | |
| Streets (Miles) | 140 | 140 | 140 | 140 | 140 |
| Traffic Signals | 12 | 12 | 12 | 12 | 12 |
| Wastewater: | | | | | |
| Sanitary Sewers (Feet) | 311,409 | 317,059 | 320,890 | 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 | | | | |
|-------------|---------|---------|---------|---------|
| 2011 | 2012 | 2013 | 2014 | 2015 |
| 1 | 1 | 1 | 1 | 1 |
| 25 | 25 | 24 | 24 | 20 |
| 2 | 2 | 2 | 2 | 2 |
| 3 | 3 | 3 | 3 | 3 |
| 140 | 140 | 140 | 147 | 147 |
| 12 | 12 | 12 | 12 | 12 |
| 325,029 | 325,029 | 326,349 | 326,349 | 326,649 |
| 1,026 | 1,026 | 1,026 | 1,026 | 1,026 |

THIS PAGE BLANK