



2021

TOWN OF PARADISE VALLEY, ARIZONA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended June 30, 2021

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TOWN OF PARADISE VALLEY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021

ELECTED OFFICIALS

Jerry Bien-Willner, Mayor
Mark Stanton, Vice Mayor
Ellen Andeen, Councilmember
Paul Dembow, Councilmember
Scott Moore, Councilmember
Julie Pace, Councilmember
Anna Thomasson, Councilmember

Jill Keimach
Town Manager

Prepared By:
Finance Department

Michael Carbone, Interim Chief Financial Officer
Cathy Spinella, Sr. Finance and Budget Analyst
Peggy Ferrin, Procurement Officer
Catherine McGovern, Financial Services Analyst
Carl Muntz, Financial Services Analyst

TOWN OF PARADISE VALLEY, ARIZONA
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Introductory Section



Town of Paradise Valley

6401 E. Lincoln Drive, Paradise Valley, AZ 85253
480.943.7411 | fax 480.951.3715

December 28, 2021

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

State law requires that local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States by a certified public accounting firm licensed in the State of Arizona. Pursuant to that requirement, the Paradise Valley Finance Department is honored to present the Comprehensive Annual Financial Report of the Town of Paradise Valley, Arizona (the "Town") for the fiscal year ended June 30, 2021. This report is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial affairs have been included.

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

The Town's financial statements have been audited by Henry+Horne, LLP, a certified public accounting firm. The goal of the independent audit is to provide reasonable assurance that the basic financial statements of the Town for the fiscal year ended June 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

Generally accepted accounting principles in the United States of America 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 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 OF THE TOWN

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 range of services, including police protection; municipal courts; public works; construction and maintenance of streets; planning, zoning, building and code enforcement services; and general administrative 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 Town is subject to the State of Arizona's Expenditure Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over of unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. All appropriations lapse at year-end. To ensure compliance with the state-imposed expenditure limitation, a uniform expenditure report must be filed with the state each year. This report reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the state's uniform expenditure reporting system (ARS Section 41-1279.07).

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

Local Economy

Tourism is Paradise Valley's most vibrant industry and major contributor to the Town's economy. The Town's resorts continue to position themselves to remain a desirable destination and construction is well underway at the 5-star site that includes a Ritz Carlton resort.

The construction industry impacts two revenue sources – construction sales tax and permit revenues. Construction sales tax made up about 39% of the Town's sales tax and 20% of the Town's total general fund revenue in FY2020-21. Per the Town's financial policies, construction sales tax in excess of \$500,000 is dedicated to the Capital Improvement Program ("CIP").

With the Town experiencing a sharp revenue drop that was abrupt and extremely deep beginning in March 2020, and the duration for rebound still uncertain, caution was used in estimating revenues, which continues within the FY 2021-22 budget. To mitigate the Town from overextending spending obligations, or under budgeting operational needs, revenues and expenditures were estimated on three levels. This approach created a mechanism that is assisting Town operations to fluidly transition back to their 2019 service levels as the Town's revenues rebound.

Major Initiatives

The Town continues to focus on preserving the quality of life inherent in the Paradise Valley community and value of limited government, while enhancing the hospitality industry through the development and redevelopment of Paradise Valley luxury resorts.

NEXT YEAR'S BUDGET

The FY 2021-22 budget balances important resource requests while remaining cautious about revenue streams. It provides funding to maintain Town services, the CIP, and road improvements and poised to resume paying down of the Public Safety Personnel Retirement System (PSPRS) unfunded liability.

LONG-TERM FINANCIAL PLANNING

Long-term financial planning is a key element in the Town's budgeting process. The financial forecast and strategic revenue plan set the trajectory for financial, operational, and infrastructure sustainability by clearly defining current and projected needs and anticipated resources. These plans take into account the completion of major developments, aggressive payment of pension liabilities, maintenance of infrastructure, replacement of fire trucks, economic cycles, pending legislation, and other major influences on the Town's revenues and expenditures. The long-term financial plan is a critical tool used by staff, council, and the public alike in making informed decisions.

AWARDS

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 for the fiscal year ended June 30, 2020. This was the twelfth 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.

In addition, the Town received the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2020, from GFOA for our effective in budget presentation meeting national guidelines. This is the fourth year the Town has received this award.

The Town was also recognized with the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended June 30, 2020. This is the third year the Town has received this award from GFOA. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, the government must publish a PAFR whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

Each GFOA award is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report, Budget and PAFR continues to meet their respective award program requirements and we are submitting to GFOA to determine their eligibility for another certificate.

ACKNOWLEDGEMENTS

The presentation of this report would not have been possible without the efficient, effective and dedicated services of the entire finance staff. Their bestowed efforts to enhance procedures, ensure accuracy, improve systems, and conduct extensive research have allowed for the completion of this annual audit and report. I would also like to thank other departments in the Town who responded so positively to the requests for detailed information that accompanies each annual audit.

We also extend our appreciation to the Mayor, Town Council and the Town Manager for their leadership and support in planning and conducting the financial affairs of the Town in a responsible and prudent manner, and for maintaining and strengthening the utmost standards of professionalism in the management of the Town.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Michael Carbone', with a long horizontal line extending to the right.

Michael Carbone
Interim Chief Financial Officer



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, 2020

Christopher P. Morill

Executive Director/CEO

**TOWN OF PARADISE VALLEY, ARIZONA
LIST OF PRINCIPAL OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2021**

ELECTED OFFICIALS

Jerry Bien-Willner, Mayor
Mark Stanton, Vice Mayor
Ellen Andeen, Councilmember
Paul Dembow, Councilmember
Scott Moore, Councilmember
Julie Pace, Councilmember
Anna Thomasson, Councilmember

MAYOR AND COUNCIL APPOINTED

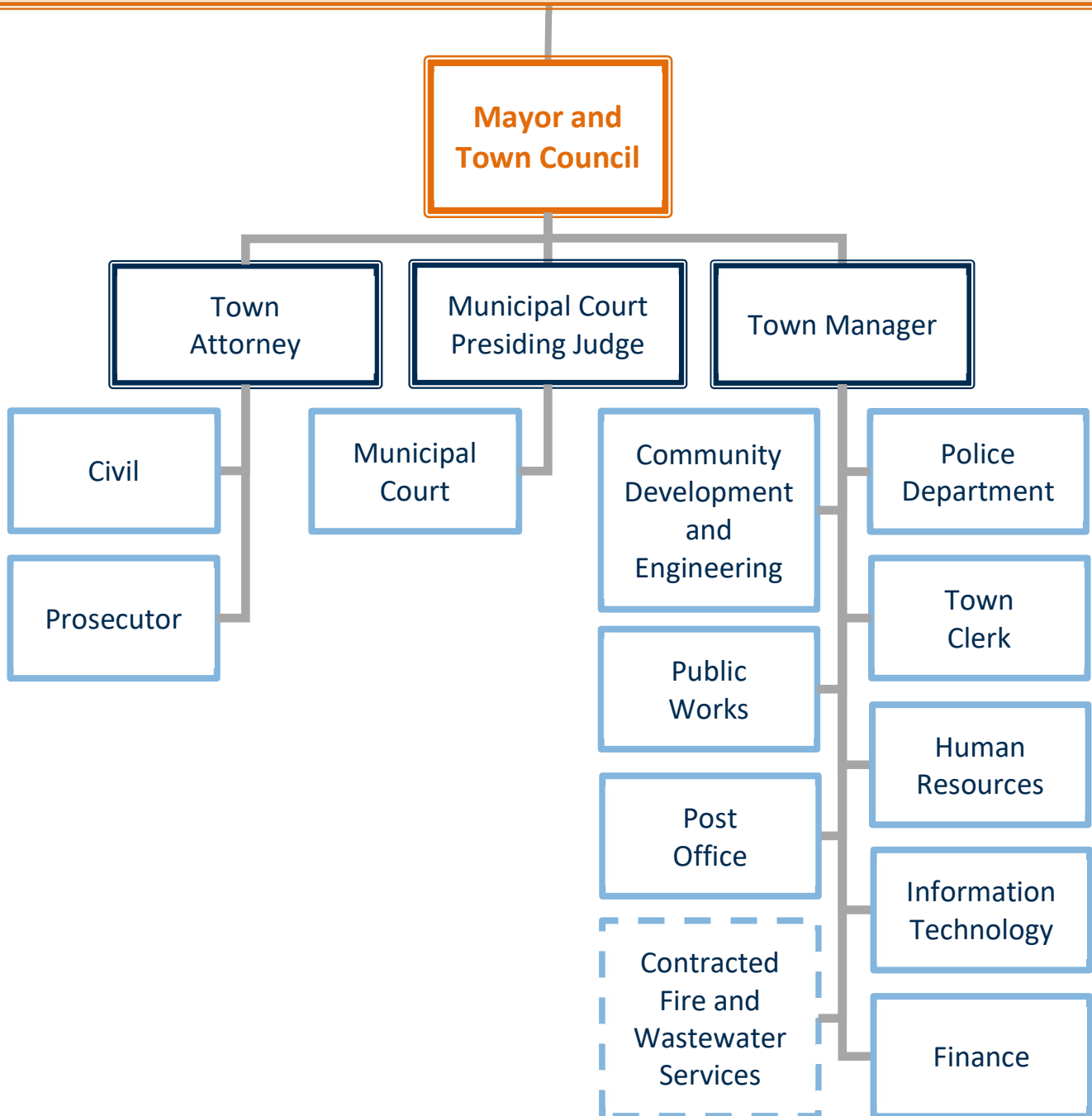
Jill Keimach, Town Manager
Andrew McGuire, Town Attorney
J. Tyrrell Taber, Presiding Judge

PRINCIPAL STAFF

Michael Carbone, Interim Chief Financial Officer
James Bailey, Interim Chief Information Officer
Lisa Collins, Community Development Director
Robert Lee, Fire Marshall
Duncan Miller, Town Clerk
Paul Mood, Town Engineer
Brent Skoglund, Public Works Director
Jeanette Wiesenhofer, Municipal Court Director
Peter Wingert, Chief of Police

ORGANIZATION CHART

CITIZENS OF PARADISE VALLEY, ARIZONA



Financial Section



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Town Council
Town of Paradise Valley
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 Town of Paradise Valley, Arizona, as of and for the year ended June 30, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Paradise Valley, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Paradise Valley, Arizona's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial information listed as other supplementary information in the financial section 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 financial information listed as other supplementary information in the financial section, are 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.

Other Information (Continued)

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Paradise Valley, Arizona failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town of Paradise Valley solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town of Paradise Valley's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the Town and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Paradise Valley, Arizona's, internal control over financial reporting and compliance.

Henry + Horne, LLP

Tempe, Arizona
December 28, 2021



Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS



TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

This section of the Town of Paradise Valley's (the Town) Comprehensive Annual Financial Report presents a narrative overview and comparative analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. This analysis focuses on current year activities and operations and should be read in combination with the transmittal letter and the financial statements that follow. The management's discussion and analysis are presented as required supplementary information to supplement the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year 2021 and 2020 by \$166.7 million and \$153.5 million (*net position*), respectively. Of these amounts, \$51.3 million and \$46.3 million, respectively, represents unrestricted net position which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased in fiscal year 2021 by \$13.1 million compared to an increase in net position of \$13.6 million during fiscal year 2020.
- As of June 30, 2021 and 2020, the Town's governmental funds reported combined ending fund balances of \$66.8 million and \$63.7 million, respectively, which were comprised of nonspendable, restricted, assigned, and unassigned fund balances.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$44.3 million, or 43.4% of actual General Fund operating expenditures. At the close of the fiscal year 2020, the unassigned fund balance for the General Fund was \$37.1 million, or 56.7% of operating expenditures.
- The Town's long-term liabilities increased by \$1.1 million to 32.4 million during the current fiscal year. This increase was due to a net of the Town making scheduled principal payments on its debt and higher net pension liabilities.

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 and, accordingly, to provide information about the Town as a whole. Major fund financial statements provide the next level of detail. For governmental funds, these statements reflect how services were financed and what dollar remains for future spending. The major fund financial statements also display the Town's most significant funds.

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

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 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 Paradise Valley 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 21 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.

The Town maintains nine 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, and two Capital Projects Funds, which are major funds. Data from the remaining five 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 26 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 36 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 43 of this report.

Other 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 77 of this report.

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

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 did, as a whole, financially throughout the year. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year revenues and expenses regardless of when the cash is received or paid.

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.

Analysis of Net Position. Net position may serve as a useful indicator of a government's financial position. In the case of the Town, combined assets exceed liabilities \$166.7 million and \$153.5 at the close of the fiscal years 2021 and 2020, respectively as shown in the following condensed statement of net position.

Town of Paradise Valley, Arizona Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
ASSETS						
Current and other assets	72,023,543	69,581,070	3,879,229	3,826,952	\$ 75,902,772	\$ 73,408,022
Capital assets						
Non-Depreciable	57,254,568	46,842,615	17,203,392	17,203,392	74,457,960	64,046,007
Depreciable (Net)	39,106,568	38,854,193	8,477,864	8,908,592	47,584,432	47,762,785
Total assets	<u>168,384,679</u>	<u>155,277,878</u>	<u>29,560,485</u>	<u>29,938,936</u>	<u>197,945,164</u>	<u>185,216,814</u>
Total Deferred outflows of resources	8,472,473	7,951,916	-	-	8,472,473	7,951,916
LIABILITIES						
Other liabilities	4,805,450	5,347,142	1,885,490	1,750,800	6,690,940	7,097,942
Long-term liabilities						
Due within one year	3,364,049	2,693,366	-	-	3,364,049	2,693,366
Due in more than one year	29,080,170	28,652,122	-	-	29,080,170	28,652,122
Total liabilities	<u>37,249,669</u>	<u>36,692,630</u>	<u>1,885,490</u>	<u>1,750,800</u>	<u>39,135,159</u>	<u>38,443,430</u>
Total deferred inflows of resources	594,372	1,166,596	-	-	594,372	1,166,596
Net position:						
Net investment in capital assets	87,154,848	79,859,462	25,681,256	26,111,984	112,836,104	105,971,446
Restricted	2,532,566	1,310,426	-	-	2,532,566	1,310,426
Unrestricted	<u>49,325,697</u>	<u>44,200,680</u>	<u>1,993,739</u>	<u>2,076,152</u>	<u>51,319,436</u>	<u>46,276,832</u>
Total net position	<u>\$ 139,013,111</u>	<u>\$ 125,370,568</u>	<u>\$ 27,674,995</u>	<u>\$ 28,188,136</u>	<u>\$ 166,688,106</u>	<u>\$ 153,558,704</u>

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 \$112.8 million (67%) and \$106 million (69%) for the fiscal years 2021 and 2020, 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, \$2.5 million (1.52%) for fiscal year 2021 and \$1.3 million (less than 1%) for fiscal year 2020, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position for fiscal years 2021 and 2020, \$51.3 million (30.8%) and \$46.3 million (30.1%) respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

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.

Analysis of Changes in Net Position. Total revenues exceeded total expenses in the current fiscal year, resulting in an increase in the Town's total net position of \$15.1 million in fiscal year 2021 compared to an increase in net position of \$13.6 million during the fiscal years 2020. These changes are explained in the government and business-type activities discussion below.

Town of Paradise Valley, Arizona						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues:						
Program revenues:						
Fees, fines, and charges for service	\$ 5,944,267	\$ 5,561,569	\$ 5,942,101	\$ 6,257,952	\$ 11,886,368	\$ 11,819,521
Operating grants and contributions	5,304,155	1,289,846	-	-	5,304,155	1,289,846
Capital grants and contributions	2,809,088	1,864,973	320,423	-	3,129,511	1,864,973
General revenues:						
Local taxes	22,838,880	23,653,394	-	-	22,838,880	23,653,394
State shared revenues	4,523,088	3,991,712	-	-	4,523,088	3,991,712
Investment earnings	114,901	1,313,248	7,848	18,751	122,749	1,331,999
Total revenues	41,534,379	37,674,742	6,270,372	6,276,703	47,804,751	43,951,445
Expenses:						
Governmental activities:						
General government	13,992,812	11,125,607	-	-	13,992,812	11,125,607
Public safety	11,835,992	10,301,269	-	-	11,835,992	10,301,269
Highways and streets	1,891,810	2,250,772	-	-	1,891,810	2,250,772
Interest and fiscal charges	171,222	273,078	-	-	171,222	273,078
Business-type activities						
Sewer system	-	-	3,038,499	2,829,517	3,038,499	2,829,517
Fire services	-	-	3,599,090	3,439,910	3,599,090	3,439,910
Alarm monitor system	-	-	145,924	130,521	145,924	130,521
Total expenses	27,891,836	23,950,726	6,783,513	6,399,948	34,675,349	30,350,674
Change in net position	13,642,543	13,724,016	(513,141)	(123,245)	13,129,402	13,600,771
Net position - beginning	125,370,568	111,646,552	28,188,136	28,311,381	153,558,704	139,957,933
Net position - ending	\$ 139,013,111	\$ 125,370,568	\$ 27,674,995	\$ 28,188,136	\$ 166,688,106	\$ 153,558,704

Governmental Activities. Net position for governmental activities increased \$15.6 million during fiscal year 2021 compared to an increase of \$13.6 million in fiscal year 2020. Total revenues increased \$5.8 million from the prior fiscal year and expenses increased \$4 million. Overall, revenues exceeded expenses resulting in the increase in net position.

Program revenues total \$16 million in fiscal year 2021 compared to \$8 million in 2020. This was a result of fines, fees, and charges for services increasing \$.4 million due to a decrease in traffic citations issued and paid during the current year. Operating grants and contributions increased by \$4 million in fiscal year 2021 due to aid received from the Coronavirus Aid, Relief, and Economic Security (Cares Act) of \$1.68 million and American rescue Plan Act (ARPA) for \$2.44 million. Capital grants and contributions increased \$0.9 million in 2021 as the Town received more capital contributions for street improvements in the current year versus the prior year.

General revenues such as local taxes, state shared revenue and investment earnings are not shown by program but are used to support program activities town wide. Total general revenues for governmental activities were \$27.5 million in fiscal year 2021 compared to \$29 million in 2020. Local taxes and state shared revenues decreased by \$0.3 million, with investment earnings decreasing from fiscal year 2020 by \$1.2 million.

Expenses increased from \$24 million in fiscal year 2020 to \$28 million in fiscal year 2021. General Government increased \$2.8 million mainly due increase in capital project spending. Public Safety expenses increased \$1.5 million due to a payment towards the unfunded pension liability. Highways and Streets expenses decreased \$.4 million due to a decrease in spending for street repairs and resurfacing.

Business-Type Activities. Business-type activities decreased the Town's net position by \$0.5 million in fiscal year 2021. Income from operations decreased slightly and expenses increased \$0.4 million. Overall decrease was due to an increase in expenses for maintenance of the sewer system during the current year.

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.

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.

Governmental Funds. 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), and two Capital Projects Funds.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$66.8 million, an increase of \$3.1 million, or a 4.65% increase in comparison with the prior year. The combined ending fund balances for fiscal year 2020 were \$63.7 million.

The General Fund is the chief operating fund of the Town. At June 30, 2021, the unassigned fund balance of the General Fund was \$44.3 million, or 66% of the combined governmental fund balance. The unassigned fund balance of the General Fund on June 30, 2020 was \$37.1 million, or 58.3% 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 \$44.3 million represents 230% of General Fund expenditures.

The fund balance of the general fund balance had an increase of \$11.2 million from fiscal year 2020. As discussed earlier the Town received Coronavirus Aid, Relief, and Economic Security (Cares Act) of \$1.68 million and American rescue Plan Act (ARPA) for \$2.44 million. Expenses were lower in 2021 than 2020 by \$2.1 million and there was a transfer in from the capital project fund of \$5 million.

The Highway User Revenue Fund (HURF) is used to account for the state shared revenues restricted for street and highway purposes. The fund balance on June 30, 2021 was \$1.0 million and was all assigned due to unspent transfers from the General Fund. The HURF Fund received a transfer of \$3.0 million from the General Fund to supplement the cost of street improvement projects. HURF expenditures increased \$1.8 million in comparison with the prior year mainly due to significant street resurfacing improvements in 2021.

The Capital Projects Fund decreased \$3.3 million as increased expenditures in 2021. Overall, capital outlay expenditures totaled \$10.2 million during the year, which was partially offset by net transfers of \$7.0 million. Capital outlay expenditures increased \$6.7 million due major street improvements on Lincoln Drive and Mockingbird Lane in 2021. The Town continues to fund capital improvements and will continue to have significant capital outlay expenditures.

The nonmajor governmental funds reported an increase in fund balance of \$0.2 million. This increase was largely due to, court enhancement funds that will be used for future projects and a transfer from the general fund to the debt service fund for that will be used to pay down the debt.

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 \$2.5 million for the Fire Service Fund and \$0.5 million for the Nonmajor Alarm Fund and a negative \$0.9 million for the Sewer Fund.

The total change in net position for the enterprise funds was a positive \$0.1 million for fiscal year 2020. The change was primarily due to strong fiscal management over fees for services. The Town monitors costs in order to provide reasonable fees to customers for services.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual appropriated budget for its General Fund which is the legally adopted expenditure control document of the Town. A statement is provided showing the budget amounts compared to the Town's actual financial activity for the General Fund is provided in this report. Actual revenues exceeded expenditures by \$16.3 million which was \$8.5 million more than the final revised budget for fiscal year 2021.

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 \$35.5 million exceeded the \$34.9 million final budget amount by \$.7 million, or 2%. The \$19.2 million of actual expenditures were 71% of the final budget. All departments were under the final budget during the current year.

Budgeted revenues remained consistent between the original and final budget. Budgeted expenditures decreased by \$2.4 million due to a budget adjustment with a decrease to the General Fund and an increase to Capital Improvements Fund. Additionally, there were various shifts in line items between general government, public safety, and contingencies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's capital assets for its governmental and business-type activities as of June 30, 2021, and 2020 amount to \$122 million and \$111.8 million, respectively (net of accumulated depreciation). The net increase in capital assets (net of accumulated depreciation) was \$10.2 million. The increase was due to the net effect of \$2.5 million of depreciation expense in the governmental activities, additions in the governmental activities of \$13.1 million of capital projects, vehicles and technology equipment and \$0.4 million in depreciation expense in the business-type activities and no business-type activities additions during the current fiscal year.

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 4 to the Financial Statements for further information regarding capital assets. The table below provides a summary of 2021 and 2020 assets, net of depreciation:

Town of Paradise Valley, Arizona
Capital Assets
As of June 30, 2021
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Capital assets not being depreciated:						
Land and improvements	\$ 42,535,164	\$ 42,535,164	\$ 2,853,626	\$ 2,853,626	\$ 45,388,790	\$ 45,388,790
Construction in progress	14,719,404	5,007,451	-	-	14,719,404	5,007,451
Sewer capacity rights	-	-	14,349,766	14,349,766	14,349,766	14,349,766
Depreciable capital assets:						
Infrastructure	30,528,356	28,707,083	-	-	30,528,356	28,707,083
Land improvements	297,383	353,747	-	-	297,383	353,747
Buildings and improvements	5,348,011	5,662,349	2,926,686	3,105,091	8,274,697	8,767,440
Sewer system	-	-	5,545,564	5,794,895	5,545,564	5,794,895
Machinery, equipment, and vehicles	2,932,818	3,431,014	5,614	8,606	2,938,432	3,439,620
Total	\$ 96,361,136	\$85,696,808	\$ 25,681,256	\$ 26,111,984	\$122,042,392	\$ 111,808,792

The most significant capital asset acquisitions during the fiscal year were as follows:

- Lincoln, Mockingbird, & Indian Bend Improvements
- Sidewalk Improvements and Median Improvements
- Public Safety and Information Technology Vehicles and Equipment

Long-term Debt. At the end of the fiscal years 2021 and 2020, the Town had total long-term obligations outstanding of \$32.4 million and \$31.3 million respectively. Of these amounts, \$11.8 million are the Excise Tax Revenue Bonds a decrease of \$2 million over 2020, due to scheduled debt payments. Compensated absences increased slightly in fiscal year 2021 to \$1.3 million from \$1.27 million in 2020. Net pension and OPEB liabilities increased in fiscal year 2021 by \$3.1 million to \$19.3 million, over 2020 to \$16.2 million, due to an increase in pension liabilities. Additional information on the Town's long-term obligations can be found in Note 5. The table below provides a summary of 2021 and 2020 outstanding debt:

Town of Paradise Valley, Arizona
Outstanding Debt
As of June 30, 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenue bonds	\$ 11,800,000	\$ 13,840,000	\$ -	\$ -	\$ 11,800,000	\$ 13,840,000
Compensated absences	1,319,469	1,272,609	-	-	1,319,469	1,272,609
Net pension liabilities	19,198,818	16,129,413	-	-	19,198,818	16,129,413
Net OPEB liabilities	125,933	103,466	-	-	125,933	103,466
Total	\$ 32,444,220	\$ 31,345,488	\$ -	\$ -	\$ 32,444,220	\$ 31,345,488

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2021-2022 budget is based upon a relatively specific revenue portfolio. The Town has no local property tax. The Town's limited demographics of residential and resort mean that the Town is highly reliant on hotel and bed tax, construction sales tax, and state shared revenues. The Town's sales tax rate is 2.5% and with this revenue stream, especially the amounts derived from construction activities, 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.

Paradise Valley continues a stable fiscal path even with the COVID-19 pandemic. On June 24, 2021, the Town Council approved a \$57.1 million budget, which is a 11% decrease over the prior fiscal year budget of \$64.2 million. The adopted fiscal year 2021 budget includes \$49.3 million for operations, including grants, contingencies, and reserves, and \$7.8 million of capital improvements.

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 Department at:

Town of Paradise Valley
6401 E. Lincoln Drive
Paradise Valley, AZ 85253

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



Financial Section

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements and the Budget and Actual statements for the General Fund and all major Special Revenue Funds.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements



Financial Section

GOVERNMENT - WIDE FINANCIAL STATEMENTS



TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 60,335,202	\$ 3,301,725	\$ 63,636,927
Receivables (net of allowances):			
Accounts receivable	1,286,347	418,890	1,705,237
Intergovernmental receivables	5,071,909	-	5,071,909
Court fines receivable	344,391	-	344,391
Interest receivable	89,855	-	89,855
Inventories	41,940	-	41,940
Restricted cash and investments	3,986,484	989,815	4,976,299
Internal activity	831,201	(831,201)	-
Net OPEB asset	36,214	-	36,214
Capital assets:			
Non-depreciable	57,254,568	17,203,392	74,457,960
Depreciable (net)	39,106,568	8,477,864	47,584,432
Total assets	<u>168,384,679</u>	<u>29,560,485</u>	<u>197,945,164</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and other postemployment benefits	<u>8,472,473</u>	<u>-</u>	<u>8,472,473</u>
LIABILITIES			
Accounts payable	2,146,477	241,928	2,388,405
Accrued payroll and related liabilities	351,884	-	351,884
Interest payable	70,437	-	70,437
Customer deposits payable	1,353,206	3,000	1,356,206
Unearned revenue	883,446	1,640,562	2,524,008
Long-term liabilities:			
Due within one year:			
Compensated absences	634,049	-	634,049
Bonds payable	2,730,000	-	2,730,000
Due in more than one year:			
Compensated absences	685,419	-	685,419
Bonds payable	9,070,000	-	9,070,000
Net pension liabilities	19,198,818	-	19,198,818
Net OPEB liability	125,933	-	125,933
Total liabilities	<u>37,249,669</u>	<u>1,885,490</u>	<u>39,135,159</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and other postemployment benefits	<u>594,372</u>	<u>-</u>	<u>594,372</u>
NET POSITION			
Net investment in capital assets	87,154,848	25,681,256	112,836,104
Restricted for:			
Debt service	39,566	-	39,566
Highways and streets	1,047,240	-	1,047,240
Capital projects	-	-	-
Contributions and donations	34,960	-	34,960
Court enhancement	1,387,585	-	1,387,585
PV Mountain Preserve Trust	23,215	-	23,215
Unrestricted (deficit)	<u>49,325,697</u>	<u>1,993,739</u>	<u>51,319,436</u>
Total net position	<u>\$ 139,013,111</u>	<u>\$ 27,674,995</u>	<u>\$ 166,688,106</u>

See accompanying notes.

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 13,992,812	\$ 5,865,032	\$ 2,521,455	\$ 2,809,088
Public safety	11,835,992	79,235	1,767,099	-
Highways and streets	1,891,810	-	1,015,601	-
Interest and fiscal charges	171,222	-	-	-
Total governmental activities	27,891,836	5,944,267	5,304,155	2,809,088
Business-type activities				
Sewer System	3,038,499	2,586,842	-	320,423
Fire Service	3,599,090	3,227,180	-	-
Alarm Monitor Service	145,924	128,079	-	-
Total business-type activities	6,783,513	5,942,101	-	320,423
Total government	\$ 34,675,349	\$ 11,886,368	\$ 5,304,155	\$ 3,129,511

General revenues

Taxes:

Sales tax

Franchise tax

Intergovernmental:

State shared sales taxes (unrestricted)

Urban revenue sharing (unrestricted)

Stated shared vehicle license tax

Investment earnings

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,797,237)	\$ -	\$ (2,797,237)
(9,989,658)	-	(9,989,658)
(876,209)	-	(876,209)
(171,222)	-	(171,222)
<u>(13,834,326)</u>	<u>-</u>	<u>(13,834,326)</u>
-	(131,234)	(131,234)
-	(371,910)	(371,910)
-	(17,845)	(17,845)
<u>-</u>	<u>(520,989)</u>	<u>(520,989)</u>
<u>(13,834,326)</u>	<u>(520,989)</u>	<u>(14,355,315)</u>
21,574,254	-	21,574,254
1,264,626	-	1,264,626
1,736,433	-	1,736,433
2,091,832	-	2,091,832
694,823	-	694,823
114,901	7,848	122,749
<u>27,476,869</u>	<u>7,848</u>	<u>27,484,717</u>
13,642,543	(513,141)	13,129,402
<u>125,370,568</u>	<u>28,188,136</u>	<u>153,558,704</u>
<u>\$ 139,013,111</u>	<u>\$ 27,674,995</u>	<u>\$ 166,688,106</u>

See accompanying notes.



Financial Statements

GOVERNMENT FUNDS FINANCIAL STATEMENTS

MAJOR FUNDS

General Fund

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

Highway User Revenue Fund

This special revenue fund accounts the Town's share of restricted motor fuel tax revenues and lottery proceeds.

Capital Projects Fund

This fund accounts for the government's major capital facilities other than those financed by proprietary funds.

Other Capital Projects Fund

This fund accounts for the government's major capital facilities financed through the 2020 Series Bonds issued.

Non - Major Funds

Other governmental funds are the non-major funds and are special revenue and debt service funds.

TOWN OF PARADISE VALLEY, ARIZONA
BALANCE SHEET
June 30, 2021

	General	HURF	Capital Projects Fund
ASSETS			
Cash and cash equivalents	\$ 46,992,585	\$ 1,924,106	\$ 8,500,459
Receivables (net of allowances):			
Accounts receivable	486,347	-	800,000
Intergovernmental	4,970,174	92,101	-
Court fines receivable	344,391	-	-
Interest receivable	89,855	-	-
Advances to other funds	831,201	-	-
Inventories	41,940	-	-
Restricted cash and investments	1,329,876	-	23,330
Total assets	\$ 55,086,369	\$ 2,016,207	\$ 9,323,789
LIABILITIES			
Accounts payable	\$ 961,144	\$ 941,912	\$ 216,351
Accrued payroll and related liabilities	322,981	27,055	-
Interest payable	-	-	-
Unearned revenue	21,095	-	800,000
Customer deposits payable	1,329,876	-	23,330
Total liabilities	2,635,096	968,967	1,039,681
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	392,759	-	-
FUND BALANCES			
Nonspendable			
Inventories	41,940	-	-
Advances to other funds	831,201	-	-
Restricted			
Capital projects	-	-	-
Highways and streets	-	1,047,240	-
Debt service	-	-	-
Contributions and donations	-	-	-
Court enhancement	-	-	-
PV Mountain Preserve Trust	-	-	-
Assigned			
Debt service	2,117,336	-	-
Contributions and donations	-	-	-
Facilities	1,463,800	-	-
Pavement preservation	1,414,286	-	-
Capital projects	1,882,855	-	8,284,108
Unassigned	44,307,096	-	-
Total fund balances	52,058,514	1,047,240	8,284,108
Total liabilities, deferred inflows of resources, and fund balances	\$ 55,086,369	\$ 2,016,207	\$ 9,323,789

See accompanying notes.

Other Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,918,052	\$ 60,335,202
-	-	1,286,347
-	9,634	5,071,909
-	-	344,391
-	-	89,855
-	-	831,201
-	-	41,940
2,593,712	39,566	3,986,484
<u>\$ 2,593,712</u>	<u>\$ 2,967,252</u>	<u>\$ 71,987,329</u>
\$ -	\$ 27,070	\$ 2,146,477
-	1,848	351,884
-	36,420	36,420
-	62,351	883,446
-	-	1,353,206
-	127,689	4,771,433
-	-	392,759
-	-	41,940
-	-	831,201
2,593,712	-	2,593,712
-	-	1,047,240
-	39,566	39,566
-	34,960	34,960
-	1,387,585	1,387,585
-	23,215	23,215
-	-	2,117,336
-	5,736	5,736
-	-	1,463,800
-	-	1,414,286
-	-	10,166,963
-	1,348,501	45,655,597
<u>2,593,712</u>	<u>2,839,563</u>	<u>66,823,137</u>
<u>\$ 2,593,712</u>	<u>\$ 2,967,252</u>	<u>\$ 71,987,329</u>

See accompanying notes.

TOWN OF PARADISE VALLEY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Fund balances - total governmental funds		\$ 66,823,137
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Amounts reported for governmental activities in the Statement
of Net Position are different because:

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

Nondepreciable assets	\$ 57,254,568	
Depreciable assets	69,718,359	
Total capital assets	<u>126,972,927</u>	
Less accumulated depreciation	<u>(30,611,791)</u>	96,361,136

Accounts receivable, net of allowance for doubtful accounts, that were not available to finance current financial resources.		392,759
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OPEB assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the governmental funds.		36,214
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Deferred outflows and inflows of resources related to pensions/OPEB
are applicable to future reporting periods and, therefore, are not
reported in the governmental funds.

Deferred outflows of resources related to pensions/OPEB	8,472,473	
Deferred inflows of resources related to Pensions/OPEB	<u>(594,372)</u>	7,878,101

Long-term liabilities are not due and payable in the current period
and, therefore, they are not reported in the funds:

Revenue bonds	(11,800,000)	
Net pension liability	(19,198,818)	
Net OPEB liability	(125,933)	
Compensated absences	(1,319,468)	
Accrued interest	<u>(34,017)</u>	<u>(32,478,236)</u>

Total net position of governmental activities		<u><u>\$ 139,013,111</u></u>
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TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year Ended June 30, 2021

	General Fund	Highway User Revenue Fund	Capital Projects Fund
REVENUES			
Taxes:			
Sales tax	\$ 21,576,054	\$ -	\$ -
Franchise tax	1,264,626	-	-
Intergovernmental	7,054,117	1,015,601	-
Fines and forfeitures	1,829,169	-	-
Licenses and permits	3,084,019	-	-
Charges for services	278,224	-	-
Rents and royalties	80,601	-	-
Contributions and donations	-	-	-
Investment earnings	111,153	-	-
Other revenues	249,710	-	-
Total revenues	<u>35,527,673</u>	<u>1,015,601</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	9,401,726	-	-
Public safety	9,773,948	-	-
Highways and streets	-	3,592,139	-
Capital outlay	65,244	40,490	10,235,282
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>19,240,918</u>	<u>3,632,629</u>	<u>10,235,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,286,755</u>	<u>(2,617,028)</u>	<u>(10,235,282)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,680,424	3,044,981	6,900,265
Transfers out	(6,746,986)	-	-
Total other financing sources (uses)	<u>(5,066,562)</u>	<u>3,044,981</u>	<u>6,900,265</u>
Net change in fund balances	11,220,193	427,953	(3,335,017)
Fund balances - beginning of year	<u>40,838,321</u>	<u>619,287</u>	<u>11,619,125</u>
Fund balances - end of year	<u>\$ 52,058,514</u>	<u>\$ 1,047,240</u>	<u>\$ 8,284,108</u>

Other Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 21,576,054
-	-	1,264,626
-	1,757,139	9,826,857
-	314,712	2,143,881
-	-	3,084,019
-	4,956	283,180
-	-	80,601
-	20,386	20,386
489	3,259	114,901
-	-	249,710
<u>489</u>	<u>2,100,452</u>	<u>38,644,215</u>
-	155,624	9,557,350
-	44,218	9,818,166
-	-	3,592,139
-	36,678	10,377,694
-	2,040,000	2,040,000
-	159,756	159,756
<u>-</u>	<u>2,436,276</u>	<u>35,545,105</u>
<u>489</u>	<u>(335,824)</u>	<u>3,099,110</u>
-	2,211,171	13,836,841
<u>(5,409,431)</u>	<u>(1,680,424)</u>	<u>(13,836,841)</u>
<u>(5,409,431)</u>	<u>530,747</u>	<u>-</u>
(5,408,942)	194,923	3,099,110
<u>8,002,654</u>	<u>2,644,640</u>	<u>63,724,027</u>
<u>\$ 2,593,712</u>	<u>\$ 2,839,563</u>	<u>\$ 66,823,137</u>

TOWN OF PARADISE VALLEY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 3,099,110

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 the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 10,314,957	
Contributed capital	2,809,088	
Depreciation expense	<u>(2,459,717)</u>	10,664,328

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. (126,577)

Pension and OPEB contributions are reported as expenditures in the governmental
funds when made. However, they are reported as deferred outflows of resources in
the Statement of Net Position because the reported net pension/OPEB liability (asset)
is measured a year before the Town's report date. Pension/OPEB expense, which is
the change in the net pension/OPEB liability (assets) adjusted for changes in deferred
outflows and inflows of resources related to pensions/OPEB, is reported in the
Statement of Activities.

Pension/OPEB contributions	3,781,698	
Pension/OPEB expense	<u>(5,752,691)</u>	(1,970,993)

Repayment of long-term debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Position.
Also, governmental funds report the effect of premiums, discounts, and similar
items when debt is issued, whereas these amounts are amortized in the
Statement of Activities.

Bond principal repaid		2,035,000
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Some expenses reported in the Statement of Activities do not require the use of
current financial resources, and therefore, are not reported as expenses in
governmental funds.

Compensated absences	(46,859)	
Accrued interest	<u>(11,466)</u>	<u>(58,325)</u>

Change in net position of governmental activities		<u>\$ 13,642,543</u>
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Financial Statements

PROPRIETARY FUND

Enterprise Fund

Sewer System Fund

This fund is used to account for the activities of the Town's sewer utility operations.

Fire Service Fund

This fund is used to account for the activities of the Town's fire services.

Non-Major Alarm Fund

This fund is used to account for the activities of the Town's alarm services.

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-type Activities-Enterprise Funds			
			Nonmajor	
	Sewer	Fire Service	Business-type	Total
	Fund	Fund	Alarm Fund	
ASSETS				
Current assets				
Cash and investments	\$ 13,460	\$ 2,780,163	\$ 508,102	\$ 3,301,725
Accounts receivable, net	237,309	168,119	13,462	418,890
Restricted cash and investments	986,815	3,000	-	989,815
Total current assets	1,237,584	2,951,282	521,564	4,710,430
Noncurrent assets				
Capital assets:				
Nondepreciable	14,349,766	2,853,626	-	17,203,392
Depreciable, net	5,545,564	2,932,300	-	8,477,864
Total noncurrent assets	19,895,330	5,785,926	-	25,681,256
Total assets	21,132,914	8,737,208	521,564	30,391,686
LIABILITIES				
Current liabilities				
Accounts payable	236,139	4,476	1,313	241,928
Unearned revenue	988,256	652,032	274	1,640,562
Customer deposits payable	-	3,000	-	3,000
Total current liabilities	1,224,395	659,508	1,587	1,885,490
Noncurrent liabilities				
Advances from other funds	831,201	-	-	831,201
Total liabilities	2,055,596	659,508	1,587	2,716,691
NET POSITION				
Net investment in capital assets	19,895,330	5,785,926	-	25,681,256
Unrestricted (deficit)	(818,012)	2,291,774	519,977	1,993,739
Total net position	\$ 19,077,318	\$ 8,077,700	\$ 519,977	\$ 27,674,995

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities-Enterprise Funds		
	Sewer Fund	Fire Service Fund	Nonmajor Business-type Alarm Fund
			Total
Operating revenues			
Charges for services	\$ 2,586,842	\$ 3,191,180	\$ 128,079
Operating expenses			
Cost of sales and services	2,669,431	3,188,976	27,120
Administrative charges	119,737	228,717	118,804
Depreciation	249,331	181,397	-
Total operating expenses	3,038,499	3,599,090	145,924
Operating income (loss)	(451,657)	(407,910)	(17,845)
Non-operating Revenues (Expenses)			
Rental revenue	-	36,000	-
Investment earnings	-	6,565	1,283
Total nonoperating revenue (expense)	-	42,565	1,283
Income (loss) before contributions	(451,657)	(365,345)	(16,562)
Development fees	320,423	-	-
Change in net position	(131,234)	(365,345)	(16,562)
Net position, beginning of year	19,208,552	8,443,045	536,539
Total net position-end of year	\$ 19,077,318	\$ 8,077,700	\$ 519,977

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities-Enterprise Funds			
	Sewer Fund	Fire Service Fund	Nonmajor Business-type Alarm Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,585,428	\$ 3,181,661	\$ 130,229	\$ 5,897,318
Payments to suppliers	(2,602,232)	(3,253,986)	(25,807)	(5,882,025)
Administrative charges	(119,737)	(228,717)	(118,804)	(467,258)
Net cash flows provided (used) by operating activities	(136,541)	(301,042)	(14,382)	(451,965)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash paid on interfund borrowings	(170,422)	-	-	(170,422)
Rental revenue	-	36,000	-	36,000
Net cash flows provided (used) by noncapital and related financing activities	(170,422)	36,000	-	(134,422)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Development fees	495,932	-	-	495,932
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	6,565	1,283	7,848
NET CHANGE IN CASH AND CASH EQUIVALENTS	188,969	(258,477)	(13,099)	(82,607)
Cash and cash equivalents at beginning of year	811,306	3,041,640	521,201	4,374,147
Cash and cash equivalents at end of year	<u>\$ 1,000,275</u>	<u>\$ 2,783,163</u>	<u>\$ 508,102</u>	<u>\$ 4,291,540</u>

See accompanying notes.

	Business-type Activities-Enterprise Funds			
	Sewer Fund	Fire Service Fund	Nonmajor Business-type Alarm Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ (451,657)	\$ (407,910)	\$ (17,845)	\$ (877,412)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	249,331	181,397	-	430,728
Provision for bad debt	4,127	1,618	-	5,745
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase)/decrease in:				
Accounts receivable	24,048	3,726	2,019	29,793
Increase/(decrease) in:				
Accounts payable	67,199	(65,010)	1,313	3,502
Unearned revenue	(29,589)	(14,863)	131	(44,321)
Net cash provided (used) by operating activities:	\$ (136,541)	\$ (301,042)	\$ (14,382)	\$ (451,965)
Reconciliation of cash, cash equivalents, and investments from the statement of net position				
Cash and investments	\$ 13,460	\$ 2,780,163	\$ 508,102	\$ 3,301,725
Restricted cash and investments	986,815	3,000	-	989,815
Total cash, cash equivalents, and investments	\$ 1,000,275	\$ 2,783,163	\$ 508,102	\$ 4,291,540



Financial Statements

NOTES TO THE FINANCIAL STATEMENTS



TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

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.

A. Reporting Entity

The Town of Paradise Valley, Arizona is a municipal government that is governed by an elected mayor, vice-mayor, and five-member governing council (council). 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 are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

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

Individual Component Units – Blended

The Paradise Valley Mountain Preserve Trust. The Paradise Valley Mountain Preserve Trust (PVMPT) board of trustees consists of five members who are appointed by the Town Council. The PVMPT was created for charitable purposes as defined in the Internal Revenue Code section 501(c)(3). The Town established and created beneficial interest in the PVMPT 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 Paradise Valley Mountain Preserve in the Town of Paradise Valley. The Town Council authorized the Town Manager and appropriate officers of the Town to have operational responsibility over PVMPT by executing an agreement between the Town and PVMPT to provide in-kind and direct expenditures for support services to the PVMPT, including but not limited to the accounting, legal, clerical, property maintenance and management, insurance, real estate transaction expense, promotional, donor and trust estate costs. The Paradise Valley Mountain Preserve Trust cannot be part of another financial reporting entity.

Separate financial statements are not issued for the component unit.

B. Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the County as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements

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

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

Interfund services provided and used are not eliminated in the process of consolidation for the government-wide financial statements.

Fund Financial Statements

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

The Town reports the following major governmental funds:

The 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.

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

Other Capital Projects Fund – The Capital Projects Fund accounts for the acquisition and construction of major capital facilities financed through the 2020 Series bonds issued.

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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become 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.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. 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. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of the 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. Investments are stated at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable are shown net of an allowance for doubtful accounts.

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).

F. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as an expenditure in the governmental funds and as an expense in the governmental activities, business-type activities and proprietary funds when the resources are used.

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

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Cash and Investments

The Town reports restricted cash in the Debt Service Fund for cash held with a paying agent. The Town also reports restricted cash and investments in the General Fund, Capital Projects Fund-2016, Capital Projects-2020, Nonmajor Governmental Funds, and Enterprise Funds for the resort payment reserve, customer deposits, and unspent sewer development fees, respectively.

H. 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. Donated capital assets, donated works of art and similar assets are recorded at acquisition value. 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:

Building and improvements	25 years
Land Improvements	25 years
Sewer Lines	50 years
Infrastructure	30 to 50 years
Machinery, Furniture, Equipment and Vehicles	5 to 20 years

I. Deferred Outflows/Inflows of Resources

The statement of net position and balance sheet include separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense or expenditure in future periods. Deferred inflows of resources represent an acquisition of net position or fund balance that applies to future periods and will be recognized as a revenue in future periods.

J. 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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Postemployment benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

ASRS and PSPRS net OPEB assets/liabilities have not been disclosed in the notes to the financial statements at June 30, 2021 in accordance with GASB Statement 75, due to the relative insignificance to the Town's financial statements.

L. Net Position Flow Assumption

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

M. Fund Balance Flow Assumptions

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

N. Fund Balance Policies

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

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

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

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Policies (Continued)

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.

O. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

P. Proprietary Funds Operating and Non-operating Revenues and Expenses

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

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. 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. Public hearings are 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. Expenditures may not legally exceed the expenditure limitation of 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 Paradise Valley 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 Paradise Valley 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 carry-over 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.

Supplementary budgetary appropriations were necessary during the year.

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

S. Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary information and the other supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2021, if any.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the Town's cash and investments at June 30, 2021:

Deposits:		
Cash on Hand	\$	8,503
Cash held by trustee		39,566
Cash in Bank		10,495,065
Investments:		
US Treasury Bonds		13,756,090
Corporate Bonds & Notes		5,520,824
US Agency Securities		5,380,597
Money Market Funds		23,303,988
State Treasurer's Investment		10,108,594
	Total Cash and Investments	68,613,227
Less: Restricted Cash & Investments		(4,976,299)
Total Cash and Equivalents	\$	63,636,928

Deposits

The Town's deposits at June 30, 2021 had a carrying balance of \$10,495,065 and a bank balance of \$10,347,433. Of the bank balance, \$272,329 was covered by federal depository insurance, and \$10,075,103 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 Town invests in the Local Government Investment Pool 5 (LGIP), an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The State Board of Investment provides oversight for the State Treasurer's investment pools. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. Participants in the pool are not required to categorize the value of shares in accordance with the fair value hierarchy. The LGIP is registered with the Securities Exchange Commission under the 1940 Investment Advisors Act and is rated by Standard & Poors with AA+/S1+. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2021, the Town's funds invested with the State Treasurer totaled \$10,108,593.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH 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. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Town's investments by maturity:

Investments Type	Investment Maturity			Total
	Less than 0-6 months	Less than 6-12 months	12+ months	
US Treasury Bonds	\$ -	\$ 2,128,618	\$ 11,627,472	\$ 13,756,090
Corporate Bonds & Notes	-	427,559	5,093,265	5,520,824
US Agency Securities	-	-	5,380,597	5,380,597
Money Market Funds	23,303,988	-	-	23,303,988
State Treasurer's Investment	10,108,594	-	-	10,108,594
Total Investments	<u>\$ 33,412,582</u>	<u>\$ 2,556,177</u>	<u>\$ 22,101,334</u>	<u>\$ 58,070,093</u>

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town limits its investments to the State Treasurer's Investment Pool and Federal Agency Securities. The investment in the money market is on hand at the end of the fiscal year in order to make the required principal and interest payments on outstanding bonds. The funds are on deposit with a trustee for less and do not pose a credit risk to the Town. The Town's investments consist of U.S. Treasury Bonds, Corporate Bonds and Notes, U.S. Agency Securities, Money Market Funds, and the State Treasurer's Investment Pool. The Town's investment rating based on investment type is shown below:

Investment Type	Rating	Agency	Total
US Treasury Bonds	AA+/Aaa	S&P/Moody's	\$ 13,756,090
US Agency Securities	AA+/Aaa	S&P/Moody's	5,380,597
Corporate Bonds & Notes	A/A1	S&P/Moody's	338,461
Corporate Bonds & Notes	A/A2	S&P/Moody's	568,601
Corporate Bonds & Notes	A-/A2	S&P/Moody's	712,836
Corporate Bonds & Notes	A-/A3	S&P/Moody's	172,756
Corporate Bonds & Notes	A+/A1	S&P/Moody's	499,663
Corporate Bonds & Notes	A+/A2	S&P/Moody's	166,344
Corporate Bonds & Notes	A+/A3	S&P/Moody's	89,870
Corporate Bonds & Notes	A+/Aa2	S&P/Moody's	229,588
Corporate Bonds & Notes	A+/Aa3	S&P/Moody's	276,013
Corporate Bonds & Notes	A-1/P-1	S&P/Moody's	427,559
Corporate Bonds & Notes	AA/A1	S&P/Moody's	349,648
Corporate Bonds & Notes	AA-/A3	S&P/Moody's	64,601
Corporate Bonds & Notes	AA-/Aa2	S&P/Moody's	557,603
Corporate Bonds & Notes	AA-/Aa3	S&P/Moody's	229,540
Corporate Bonds & Notes	AA+/Aa1	S&P/Moody's	151,930
Corporate Bonds & Notes	BBB+/A1	S&P/Moody's	174,272
Corporate Bonds & Notes	BBB+/A2	S&P/Moody's	349,283
Corporate Bonds & Notes	BBB+/A3	S&P/Moody's	162,256
Money Market	AAAm/Aaa-mf	S&P/Moody's	23,303,988
State Treasurer's Investment	Unrated		10,108,594
			<u>\$ 58,070,093</u>

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one investment type. At June 30, 2021, the Town's investments are included as follows:

Investments Type: Concentration of Credit Risk	Amount	Percent of Town Investments
US Treasury Bonds	\$ 13,756,090	23.7%
Corporate Bonds & Notes	5,520,824	9.5%
US Agency Securities	5,380,597	9.3%
Money Market Funds	23,303,988	40.1%
State Treasurer's Investment	10,108,594	17.4%
Total Investments	<u>\$ 58,070,093</u>	<u>100.0%</u>

Fair value measurement

Investments are measured at fair value. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2021:

		Fair Value Measurements Using		
Investments by Fair Value Level	Amount	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Observable Inputs (Level III)
Debt Securities:				
US Treasury Bonds	\$ 13,756,090	\$ 13,756,090	\$ -	\$ -
Corporate Bonds & Notes	5,520,824	-	5,520,824	-
US Agency Securities	5,380,597	-	5,380,597	-
Total Investments by Fair Value-Level	<u>24,657,511</u>	<u>13,756,090</u>	<u>10,901,421</u>	<u>-</u>
Investments Measured by Fair Value Level				
State Treasurer's Investment	10,108,594			
Money Market Funds	23,303,988			
Total Investments by Fair Value-Level	<u>33,412,582</u>			
Total Investments	<u>\$ 58,070,093</u>			

Debt securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level II of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Town did not report any investments classified as Level III investments. Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

Restricted cash and investments at June 30, 2021 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Cash with Paying Agent	\$ 39,566	\$ -	\$ 39,566
Sewer Impact Fees	-	986,815	986,815
Unspent Bond Proceeds	2,593,712	-	2,593,712
Customer Deposits	1,353,206	3,000	1,356,206
Total	<u>\$ 3,986,484</u>	<u>\$ 989,815</u>	<u>\$ 4,976,299</u>

NOTE 3 RECEIVABLES

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues.

Court fines receivables of the General Fund are recorded net of uncollectible amounts. The allowance for uncollectible accounts at June 30, 2021 for the court receivable was \$815,612 for a net receivable of \$344,391. All other receivables are deemed to be collectible for governmental activities.

Receivables in the proprietary funds are service billings receivable and are shown net of an allowance for doubtful accounts.

	Sewer Fund	Fire Service Fund	Non-Major Alarm Fund	Total
Receivables:				
Accounts	\$ 260,388	\$ 185,093	\$ 13,462	\$ 458,943
Less: Allowance for uncollectibles	<u>(23,079)</u>	<u>(16,974)</u>	<u>-</u>	<u>(40,053)</u>
Net total receivables	<u>\$ 237,309</u>	<u>\$ 168,119</u>	<u>\$ 13,462</u>	<u>\$ 418,890</u>

There were uncollectible amounts related to revenues of the current period in the amount of \$4,127 for the sewer fund and \$1,618 for the fire service fund.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 3 RECEIVABLES (Continued)

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 Revenue	Unearned Revenue
General Fund:		
Court fines receivable	\$ 344,391	\$ -
Sales tax audit receivable	48,368	-
Miscellaneous receivables	-	21,095
Capital Projects Fund:		
Developer receivable	-	800,000
Non-Major Funds:		
Unspent grant funds	-	62,351
Total	<u>\$ 392,759</u>	<u>\$ 883,446</u>

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 4 CAPITAL ASSETS

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

GOVERNMENTAL ACTIVITIES:

Capital Assets, Not Being Depreciated:	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 42,535,164	\$ -	\$ -	\$ 42,535,164
Construction In Progress	5,007,451	10,183,677	(471,724)	14,719,404
	<u>47,542,615</u>	<u>10,183,677</u>	<u>(471,724)</u>	<u>57,254,568</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,037,352	-	-	2,037,352
Infrastructure	40,139,560	2,800,975	-	42,940,535
Buildings & Improvements	12,619,147	28,879	-	12,648,026
Machinery, Equipment, Computers & Vehicles	11,544,722	582,238	(34,514)	12,092,446
	<u>66,340,781</u>	<u>3,412,092</u>	<u>(34,514)</u>	<u>69,718,359</u>
Accumulated Depreciation:				
Land Improvements	(1,683,605)	(56,364)	-	(1,739,969)
Infrastructure	(11,432,477)	(979,702)	-	(12,412,179)
Buildings & Improvements	(6,956,798)	(343,217)	-	(7,300,015)
Machinery, Equipment, Computers & Vehicles	(8,113,708)	(1,080,434)	34,514	(9,159,628)
	<u>(28,186,588)</u>	<u>(2,459,717)</u>	<u>34,514</u>	<u>(30,611,791)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,154,193</u>	<u>952,375</u>	<u>-</u>	<u>39,106,568</u>
Governmental Activities Capital Assets, Net	<u>\$ 85,696,808</u>	<u>\$ 11,136,052</u>	<u>\$ (471,724)</u>	<u>\$ 96,361,136</u>

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

Governmental Activities:	
General Government	\$ 652,722
Public Safety	971,386
Highway & Streets	835,609
Total depreciation expense	<u>\$ 2,459,717</u>

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 4 CAPITAL ASSETS (Continued)

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

Business-Type Activities:				
	Beginning			
	Balance	Additons	Deletions	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 2,853,626	\$ -	\$ -	\$ 2,853,626
Sewer Capacity Rights	14,349,766	-	-	14,349,766
	<u>17,203,392</u>	<u>-</u>	<u>-</u>	<u>17,203,392</u>
Capital Assets, Being Depreciated:				
Sewer System	12,569,671	-	-	12,569,671
Buildings & Improvements	4,460,118	-	-	4,460,118
Machinery, Equipment & Vehicles	1,204,601	-	-	1,204,601
	<u>18,234,390</u>	<u>-</u>	<u>-</u>	<u>18,234,390</u>
Accumulated Depreciation:				
Sewer System	(6,774,776)	(249,331)	-	(7,024,107)
Buildings & Improvements	(1,355,027)	(178,405)	-	(1,533,432)
Machinery, Equipment & Vehicles	(1,195,995)	(2,992)	-	(1,198,987)
	<u>(9,325,798)</u>	<u>(430,728)</u>	<u>-</u>	<u>(9,756,526)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,908,592</u>	<u>(430,728)</u>	<u>-</u>	<u>8,477,864</u>
Business-Type Activities Capital Assets, Net	<u>\$ 26,111,984</u>	<u>\$ (430,728)</u>	<u>\$ -</u>	<u>\$ 25,681,256</u>

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

Business-Type Activities:	
Sewer Fund	\$ 249,331
Fire Service Fund	181,397
Total depreciation expense	<u>\$ 430,728</u>

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 5 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Beginning of Year	Additions	Retirements	End of Year	Due within One Year
Governmental Activities:					
Private placement revenue bonds	\$ 13,840,000	\$ -	\$ (2,040,000)	\$ 11,800,000	\$ 2,730,000
Compensated absences	1,272,610	863,163	(816,305)	1,319,468	634,049
Net pension liabilities	16,129,413	3,069,405	-	19,198,818	-
Net OPEB liabilities	103,466	22,467	-	125,933	-
Total long term liabilities	<u>\$ 31,345,489</u>	<u>\$ 3,955,035</u>	<u>\$ (2,856,305)</u>	<u>\$ 32,444,219</u>	<u>\$ 3,364,049</u>

Compensated absences and net pension and OPEB liabilities/(assets) are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Bonds payable at June 30, 2021, were as follows:

Description	Maturity	Interest Rate (%)	Outstanding at 6/30/21
Revenue Bonds			
Excise Tax Revenue Obligation, Series 2016 Issued \$7,880,000	1/1/2024	1.690%	\$ 4,310,000
Excise Tax Revenue Obligation, Series 2020 Issued \$8,140,000	8/1/2026	1.090%	<u>7,490,000</u>
Total Outstanding Revenue Bonds			<u>\$ 11,800,000</u>

The Town has pledged future excise tax revenues, which include, sales tax, franchise tax, General Fund intergovernmental revenues and business licenses, to repay \$16,020,000 in excise tax revenue bonds.

The remaining principal balance is \$11,800,000 is for the outstanding debt on the Excise Tax Revenue Obligations. The Excise Tax Revenue Obligations, Series 2016, bond proceeds were used to fund projects in the Capital Projects Fund. The Excise Tax Revenue Obligations, Series 2020, bond proceeds were used to fund projects in the Other Capital Projects Fund and the balance of funds are held in the associated fund. All payments however will be made through the Debt Service Fund. The principal and interest payments on the bonds are expected to require less than 10% of pledged revenues. The total remaining principal and interest required on the bonds is \$12,157,585, payable through 2027. In the current year, total principal and interest paid were \$2,199,755 on the Excise Tax Revenue Obligations.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 5 LONG-TERM DEBT (Continued)

The Governmental Activities debt service requirements for the Town's bonds payable are as follows:

Fiscal year ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 2,730,000	\$ 139,008
2023	2,785,000	100,456
2024	2,820,000	61,251
2025	1,375,000	34,035
2026	1,390,000	19,021
2027	700,000	3,815
Totals	<u>\$ 11,800,000</u>	<u>\$ 357,586</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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.

As of June 30, 2021, the Town reported the following advance to/ from other funds:

Due to	Due from
	Sewer Fund
General Fund	<u>\$ 831,201</u>

The advance of \$831,201 due from the Sewer Fund to the General Fund was for long-term borrowings to cover deficit cash in the Sewer Fund to be paid in more than one year.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the fiscal year ended June 30, 2021 are as follows:

Transfers In	Transfers Out			Total
	General Fund	Other Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ 1,680,424	\$ 1,680,424
HURF Fund - fund operations	3,044,981	-	-	3,044,981
Capital Projects Fund	1,493,977	5,406,288	-	6,900,265
Nonmajor Governmental Funds	2,208,028	3,143	-	2,211,171
Total	<u>\$ 6,746,986</u>	<u>\$ 5,409,431</u>	<u>\$ 1,680,424</u>	<u>\$ 13,836,841</u>

The General Fund transferred \$3,044,981 to the HURF Fund to fund street projects. The General Fund transferred \$1,493,977 to the Capital Projects Fund to fund various capital projects being constructed by the Town. The General Fund transferred \$2,211,171 to Debt Service to make the principal and interest payment on the Excise Tax Revenue Obligations, Series 2016 and Series 2020. The Other Capital Projects Fund transferred \$5,406,288 to the Capital Projects Fund for capital projects. The Other Capital Projects Fund transferred \$3,143 to the Debt Service 2020 Fund for unspent cost of issuance and interest earnings from the Acquisition Fund. The Grant Fund transferred \$1,680,424 of Az Cares Funds received to the General Fund for Police Department payroll costs.

NOTE 7 PENSIONS

The Town contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2021, 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 OPEB asset	\$ 36,214
Net OPEB liability	125,933
Net pension liabilities	19,198,818
Deferred outflows of resources - pensions/OPEB	8,472,473
Deferred inflows of resources - pensions/OPEB	594,372
Pension/OPEB expense	5,752,691

The Town reported \$3,781,698 of pension/OPEB contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Net OPEB asset/liabilities have been recorded in the financial statements in accordance with GASB Statement 75, however, due to their relative insignificance, have not been further disclosed in the notes to the financial statements at June 30, 2021.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

A. Arizona State Retirement System

Plan Description – Town employees not covered by the other pension plan described below 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) plan, 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 benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	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 years 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 percent 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 earning. 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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (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, 2021, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent 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 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent 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 10.21 percent (10.14 percent for retirement and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021 were \$639,483, \$21,408, and \$9,880, respectively.

During fiscal year 2021, the Town paid for ASRS pension contributions as follows: 87 percent from the General Fund and 13 percent from the HURF Fund.

Pension Liability - At June 30, 2021, the Town reported a liability of \$9,086,027 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2019, to the measurement date of June 30, 2020. The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Town's proportion measured as of June 30, 2020, was 0.052441 percent, which was an decrease of 0.006126 percent from its proportion measured as of June 30, 2019.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2021, the Town recognized pension expense for ASRS of \$1,414,797. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS - Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,199	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	876,358	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	605,826	25,159
Town contributions subsequent to the measurement date	639,483	-
Total	<u>\$ 2,203,866</u>	<u>\$ 25,159</u>

The \$639,483 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, 2022. 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:

Years ending June 30,	
2022	\$ 395,487
2023	555,696
2024	316,988
2025	271,053
2026	-
Thereafter	-

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

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

ASRS	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 20, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not Applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real estate	20%	5.85%
Total	100%	

Discount Rate –The discount rate used to measure the ASRS total pension liability was 7.5 percent. 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 statute. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

Sensitivity of 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 7.5 percent, 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 (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% increase (8.5%)
Town's proportionate share of the net pension liability	\$ 12,425,019	\$ 9,086,027	\$ 6,294,802

Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

B. Public Safety Personnel Retirement System

Plan Description – Town police department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pension plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-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. Employees who are PSPRS members participate in the agent plans.

The PSPRS issues a publicly available financial report 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 THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (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 Retirement and Disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
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%	1.5% to 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 Benefits		
Retired Members	80% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

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

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2021, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police
Inactive employees or beneficiaries	
currently receiving benefits	42
Inactive employees entitled to	
but not yet receiving benefits	6
Active employees	30
Total	78

Contributions - 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. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police
Active members - Pension	7.65% - 11.65%
Town	
Pension	38.30%
Health insurance permium benefit	0.60%

In addition, the Town was required by statute to contribute at the actuarially determined rate of 38.30 percent for Police of annual covered payroll of retired members who worked for the Town in positions that would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the Town's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

For the agent plans, the Town's contributions to the plans for the year ended June 30, 2021, were:

	PSPRS Police
Pension	
Contributions made	\$ 3,087,289
Health Insurance Premium Benefit	
Annual OPEB cost contributions made	18,638

During fiscal year 2021, the Town paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

Pension Liability - At June 30, 2021, the Town reported a PSPRS net pension liabilities of \$10,112,791.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

PSPRS	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions
Price inflation	2.5% for pensions
Cost-of-living adjustment	1.75% for pensions
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

PSPRS Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital appreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	(0.60)%
Total	100.00%	

Discount Rates – At June 30, , the discount rate used to measure the PSPRS total pension liabilities was 7.3 percent. The projection of cash flows used to determine the 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

Changes in the Net Pension Liability

PSPRS - Police	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 38,164,331	\$ 28,775,016	\$ 9,389,315
Adjustments to beginning of year	-	(1,820,478)	1,820,478
Changes for the year:			
Service cost	661,624	-	661,624
Interest on the total liability	2,757,574	-	2,757,574
Differences between expected and actual experience in the measurement of the liability	777,242	-	777,242
Contributions - employer	-	4,645,860	(4,645,860)
Contributions - employee	-	235,281	(235,281)
Net investment income	-	419,264	(419,264)
Benefit payments, including refunds of employee contributions	(2,101,945)	(2,101,945)	-
Administrative expense	-	(34,193)	34,193
Other changes	-	27,230	(27,230)
Net changes	2,094,495	3,191,497	(1,097,002)
Balances at June 30, 2021	<u>\$ 40,258,826</u>	<u>\$ 30,146,035</u>	<u>\$ 10,112,791</u>

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate - The following table presents the Town's net pension liabilities calculated using the discount rate of 7.3 percent, 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 (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

PSPRS - Police	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
Net pension liability	\$ 15,271,570	\$ 10,112,791	\$ 5,864,761

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued PSPRS financial reports.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 7 PENSIONS (Continued)

Pension Expense - For the year ended June 30, 2021, the Town recognized \$2,519,554 of PSPRS pension expense.

Pension Deferred Outflows/Inflows of Resources - At June 30, 2021, 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	\$ 719,872	\$ 406,494
Changes of assumptions or other inputs	797,169	-
Net difference between projected and actual earnings on pension plan investments	1,508,607	-
Town contributions subsequent to the measurement date	3,087,289	-
Total	<u>\$ 6,112,937</u>	<u>\$ 406,494</u>

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 in the year ended June 30, 2022. 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
2022	\$ 782,190
2023	780,769
2024	726,473
2025	329,722
2026	-
Thereafter	-

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8 COMMITMENTS AND CONTINGENCIES

Commitments - At June 30, 2021, the Town has the following active construction commitments:

Project	Governmental Activities	
	Spent -to-Date	Remaining Commitment
Lincoln, Mockingbird & Indian Bend Improvements	\$ 13,315,862	\$ 64,272
Lincoln Dr & Tatum Crosswalks	7,384	2,616
Mockingbird Lane	83,455	21,335
Drainage Improvements	58,127	5,994
56Th St & Doubletree Ranch Intersection	152,455	42,666
Total	<u>\$ 13,617,283</u>	<u>\$ 136,883</u>

These projects will be financed from operating funds. These contracts will be paid in future periods.

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.

NOTE 9 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.



Financial Section

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

GENERAL FUND

HURF FUND

PENSION SCHEDULES



TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES- BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget- Positive (Negative)
REVENUES:				
Taxes	\$ 11,909,000	\$ 12,301,798	\$ 22,840,680	\$ 10,538,882
Intergovernmental revenue	3,992,440	3,992,440	7,054,117	3,061,677
Fines and forfeitures	2,133,000	2,133,000	1,829,169	(303,831)
Licenses and permits	2,712,200	2,712,200	3,084,019	371,819
Charges for services	300,000	300,000	278,224	(21,776)
Rents and royalties	78,000	78,000	80,601	2,601
Investment earnings	372,300	372,300	111,153	(261,147)
Other revenue	13,946,990	12,973,768	249,710	(12,724,058)
Total revenues	35,443,930	34,863,506	35,527,673	664,167
EXPENDITURES:				
Current:				
General government:				
Mayor and council	152,120	152,120	44,916	107,204
Tourism and promotion	900,000	1,359,005	1,359,005	-
Town manager	1,430,506	1,520,053	1,382,688	137,365
Town attorney	705,222	877,023	871,810	5,213
Municipal court	759,281	818,919	808,391	10,528
Public works	863,914	882,159	836,034	46,125
Engineering	811,439	830,599	764,371	66,228
Community development	1,519,522	1,664,086	1,539,029	125,057
Finance	667,981	733,318	710,558	22,760
Information technology	888,953	1,085,450	1,084,924	526
Contingency	11,936,749	2,662,960	-	2,662,960
Total General Government	20,635,687	12,585,692	9,401,726	3,183,966
Public safety:				
Police	8,710,781	14,385,157	9,773,948	4,611,209
Capital Outlay	69,000	69,000	65,244	3,756
Total Expenditures	29,415,468	27,039,849	19,240,918	7,798,931
Excess (Deficiency) of Revenues				
Over Expenditures	6,028,462	7,823,657	16,286,755	8,463,098
OTHER FINANCING SOURCES (USES)				
Transfers in	5,070,000	6,750,424	1,680,424	(5,070,000)
Transfers out	(6,531,503)	(11,831,028)	(6,746,986)	5,084,042
Total other financing sources (uses)	(1,461,503)	(5,080,604)	(5,066,562)	14,042
Net Change in Fund Balance	4,566,959	2,743,053	11,220,193	8,477,140
Fund Balance:				
Beginning of Year	40,838,321	40,838,321	40,838,321	-
End of Year	\$ 45,405,280	\$ 43,581,374	\$ 52,058,514	\$ 8,477,140

See accompanying notes to the budgetary comparison schedules.

TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
HIGHWAY USER REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	<u>\$ 626,430</u>	<u>\$ 626,430</u>	<u>\$ 1,015,601</u>	<u>\$ 389,171</u>
EXPENDITURES				
Current:				
Highways and streets	1,449,905	3,784,233	3,592,139	192,094
Capital Outlay	-	40,245	40,490	(245)
Total expenditures	<u>1,449,905</u>	<u>3,824,478</u>	<u>3,632,629</u>	<u>191,849</u>
Excess (Deficiency) of Revenues Over Expenditures	(823,475)	(3,198,048)	(2,617,028)	197,322
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>823,475</u>	<u>3,129,023</u>	<u>3,044,981</u>	<u>(84,042)</u>
Net change in fund balances	-	(69,025)	427,953	113,280
Fund Balance:				
Beginning of Year	<u>619,287</u>	<u>619,287</u>	<u>619,287</u>	<u>-</u>
End of Year	<u>\$ 619,287</u>	<u>\$ 550,262</u>	<u>\$ 1,047,240</u>	<u>\$ 113,280</u>



TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY SCHEDULES
Year Ended June 30, 2021

NOTE 1 BUDGETING AND BUDGETARY CONTROL

A.R.S. requires the Town to prepare and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted. Expenditures may not legally exceed appropriations at the department level. In certain instances, transfers of appropriations between departments or from the contingency account to a department may be made upon the Board of Supervisors' approval. With the exception of the General Fund, each fund includes only one department.

NOTE 2 BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.



TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY COST-SHARING PENSION PLAN
Year Ended June 30, 2021

Arizona Retirement System	Reporting Fiscal Year (Measurement date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Town's proportion of the net pension liability	0.052441%	0.046320%	0.046970%	0.041500%	0.041970%	0.040410%	0.039130%	Information
Town's proportionate share of the net pension liability	\$ 9,086,027	\$ 6,740,099	\$ 6,535,321	\$ 6,464,891	\$ 6,774,380	\$ 6,294,396	\$ 5,789,961	not
Town's covered payroll	5,364,035	4,884,597	4,489,642	3,865,826	4,288,977	3,725,267	3,527,327	available*
Town's proportionate share of the net pension liability as a percentage of its covered payroll	169.39%	137.99%	145.56%	167.23%	157.95%	168.96%	164.15%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

* Additional years' information will be displayed as it becomes available



TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS AGENT
PENSION PLAN
Year Ended June 30, 2021

Town of Paradise Valley Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
Total pension liability			
Service cost	\$ 661,624	\$ 671,680	\$ 653,388
Interest on the total pension liability	2,757,574	2,659,136	2,526,602
Changes on benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	777,242	(677,490)	477,835
Changes of assumptions or other inputs	-	1,328,614	-
Benefit payments, including refunds of employee contributions	(2,101,945)	(2,160,406)	(2,263,213)
Net change in total pension liability	2,094,495	1,821,534	1,394,612
Total pension liability - beginning	38,164,331	36,342,797	34,948,185
Total pension liability - ending (a)	<u>\$ 40,258,826</u>	<u>\$ 38,164,331</u>	<u>\$ 36,342,797</u>
Plan fiduciary net position			
Contributions - employer	\$ 4,645,860	\$ 10,736,527	\$ 2,971,262
Contributions - employee	235,281	237,748	237,556
Net investment income	419,264	1,341,038	1,121,032
Benefit payments, including refunds of employee contributions	(2,101,945)	(2,160,406)	(2,263,213)
Hall/Parker Settlement	-	-	-
Administrative expense	(34,193)	(24,283)	(17,762)
Other changes	27,230	50,956	(442,067)
Net change in plan fiduciary net position	3,191,497	10,181,580	1,606,808
Plan fiduciary net position - beginning	28,775,016	18,606,745	16,999,937
Adjustments to beginning of year	(1,820,478)	(13,309)	-
Plan fiduciary net position - ending (b)	<u>30,146,035</u>	<u>28,775,016</u>	<u>18,606,745</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 10,112,791</u>	<u>\$ 9,389,315</u>	<u>\$ 17,736,052</u>
Plan fiduciary net position as a percentage of the total pension liability	74.88%	75.40%	51.20%
Covered payroll	\$ 2,866,163	\$ 2,929,989	\$ 2,862,125
Town's net pension liability as a percentage of payroll	352.83%	320.46%	619.68%

* Additional years' information will be displayed as it becomes available

2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014-2012
\$ 625,699	\$ 503,757	\$ 413,268	\$ 359,518	Information not available*
2,325,975	2,201,463	2,160,197	1,795,059	
388,150	745,131	-	710,651	
572,004	692,654	24,766	514,325	
1,461,598	1,116,822	-	3,303,865	
(2,250,789)	(2,453,037)	(1,782,549)	(2,335,144)	
3,122,637	2,806,790	815,682	4,348,274	
31,825,548	29,018,758	28,203,076	23,854,802	
<u>\$ 34,948,185</u>	<u>\$ 31,825,548</u>	<u>\$ 29,018,758</u>	<u>\$ 28,203,076</u>	
\$ 8,029,673	\$ 3,056,411	\$ 1,708,529	\$ 1,045,144	
320,063	312,821	411,948	303,349	
1,380,854	57,574	307,573	917,883	
(2,250,789)	(2,453,037)	(1,782,549)	(2,335,144)	
-	-	-	-	
(12,618)	(8,686)	(7,885)	(7,393)	
182,874	679,608	(5,169)	34,308	
7,650,057	1,644,691	632,447	(41,853)	
9,349,880	7,705,189	7,072,742	7,114,595	
-	-	-	-	
16,999,937	9,349,880	7,705,189	7,072,742	
<u>\$ 17,948,248</u>	<u>\$ 22,475,668</u>	<u>\$ 21,313,569</u>	<u>\$ 21,130,334</u>	
48.64%	29.38%	26.55%	53.55%	
\$ 2,757,599	\$ 2,706,916	\$ 2,290,190	\$ 2,200,151	
650.87%	830.31%	930.65%	215.93%	

TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN PENSION CONTRIBUTIONS
Year Ended June 30, 2021

Arizona Retirement System	Reporting Fiscal Year		
	2021	2020	2019
Statutorily required contribution	\$ 639,483	\$ 614,182	\$ 546,098
Town's contributions in relation to the statutorily required contribution	<u>639,483</u>	<u>614,182</u>	<u>546,098</u>
Town's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 5,489,124	\$ 5,364,035	\$ 4,884,597
Town's contributions as a percentage of covered payroll	11.65%	11.45%	11.18%

Town of Paradise Valley Police Public Safety Personnel Retirement System	Reporting Fiscal Year		
	2021	2020	2019
Actuarially determined contribution	\$ 1,177,976	\$ 1,642,025	\$ 1,748,183
Town's contributions in relation to the actuarially determined contribution	<u>3,074,629</u>	<u>4,642,025</u>	<u>10,734,594</u>
Town's contribution deficiency (excess)	<u>\$ (1,896,653)</u>	<u>\$ (3,000,000)</u>	<u>\$ (8,986,411)</u>
Town's covered payroll	\$ 3,075,655	\$ 2,866,163	\$ 2,929,989
Town's contributions as a percentage of covered payroll	99.97%	161.96%	366.37%

* Additional years' information will be displayed as it becomes available

2018	2017	2016	2015	2014	2013-2012
\$ 489,371	\$ 416,736	\$ 465,354	\$ 405,309	\$ 377,424	Information not available*
489,371	416,736	465,354	405,309	377,424	
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 4,489,642	\$ 3,865,826	\$ 4,288,977	\$ 3,725,267	\$ 3,527,327	
10.90%	10.78%	10.85%	10.88%	10.70%	

2018	2017	2016	2015	2014	2013-2012
\$ 1,968,946	\$ 1,737,912	\$ 1,708,137	\$ 1,220,161	\$ 1,126,297	Information not available*
2,944,164	8,009,063	3,042,273	1,708,529	1,126,297	
\$ (975,218)	\$ (6,271,151)	\$ (1,334,136)	\$ (488,368)	\$ -	
\$ 2,862,125	\$ 2,757,599	\$ 2,706,916	\$ 2,290,190	\$ 2,200,151	
102.87%	290.44%	112.39%	74.60%	51.19%	



TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2021

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS 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 method	Level percent-of-pay, closed
Remaining amortization period as of the 2019 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS members with initial membership on or after July 1, 2017: 7%
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0% - 8.0% to 3.5% - 7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
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	In the 2017 actuarial valuation, changed to RP-2014 tables , with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION PLAN SCHEDULES
Year Ended June 30, 2021

NOTE 2 FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plan's pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS- required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS members. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined for 2018 and 2019.

Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

MAJOR GOVERNMENTAL FUND



TOWN OF PARADISE VALLEY, ARIZONA
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Contributions and Donations	<u>\$ 8,380,000</u>	<u>\$ 8,380,000</u>	<u>\$ -</u>	<u>\$(8,380,000)</u>
EXPENDITURES				
Capital outlay	<u>14,984,000</u>	<u>14,984,000</u>	<u>10,235,282</u>	<u>4,748,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,604,000)</u>	<u>(6,604,000)</u>	<u>(10,235,282)</u>	<u>(13,128,718)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,500,000	11,900,265	6,900,265	(5,000,000)
Transfers out	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>-</u>	<u>5,000,000</u>
Total other financing sources (uses)	<u>(1,500,000)</u>	<u>6,900,265</u>	<u>6,900,265</u>	<u>-</u>
Net change in fund balances	(8,104,000)	296,265	(3,335,017)	(3,631,282)
Fund balances - beginning of year	<u>11,619,125</u>	<u>11,619,125</u>	<u>11,619,125</u>	<u>-</u>
Fund balances - end of year	<u>\$ 3,515,125</u>	<u>\$ 11,915,390</u>	<u>\$ 8,284,108</u>	<u>\$(3,631,282)</u>



TOWN OF PARADISE VALLEY, ARIZONA
OTHER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 489	\$ 489
EXPENDITURES				
Debt service:				
Interest and fiscal charges	-	-	-	-
Bond issuance costs	3,600	3,600	-	3,600
Total expenditures	3,600	3,600	-	3,600
Excess (deficiency) of revenues over (under) expenditures	(3,600)	(3,600)	489	(3,111)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(5,409,431)	(5,409,431)	-
Total other financing sources (uses)	-	(5,409,431)	(5,409,431)	-
Net change in fund balances	(3,600)	(5,413,031)	(5,408,942)	4,089
Fund balances - beginning of year	-	-	8,002,654	8,002,654
Fund balances - end of year	\$ (3,600)	\$ (5,413,031)	\$ 2,593,712	\$ 8,006,743



Financial Section

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

NON - MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- **Donations Fund** - This fund accounts for the Town's contributions and donations received.
- **Grants Fund** - This fund accounts for federal and state grants and other contributions that are restricted for specific use.
- **Court Enhancement Fund** - This fund accounts for the Town's restricted court funds received to improve the Town court.
- **Paradise Valley Mountain Preserve Fund** - This fund accounts for the Town's activity of the Mountain Preserve Trust including acquiring, maintaining, preserving, and protecting undeveloped property on and around the Preserve. The Town does not budget for this fund.

Debt Service Funds

- **Debt Service Fund - 2016** - This fund accounts for the Town's accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs for newly issued debt.
- **Debt Service Fund - 2020** - This fund accounts for the Town's accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs for newly issued debt.

TOWN OF PARADISE VALLEY, ARIZONA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2021

	Special Revenue Funds				
	Donations	Grants	Court	Paradise Valley	Total Special
	Fund	Fund	Enhancement	Mountain	Revenue
			Fund	Preserve Trust	Funds
ASSETS					
Cash and investments	\$ 40,887	\$ 61,862	\$ 1,407,167	\$ 23,215	\$ 1,533,131
Restricted cash and investments	-	-	-	-	-
Receivables, net of allowances					
Intergovernmental		6,858	2,776		9,634
Total assets	<u>\$ 40,887</u>	<u>\$ 68,720</u>	<u>\$ 1,409,943</u>	<u>\$ 23,215</u>	<u>\$ 1,542,765</u>
LIABILITIES					
Accounts payable	\$ 191	\$ 6,369	\$ 20,510	\$ -	\$ 27,070
Accrued payroll and related liabilities	-	-	1,848	-	1,848
Interest payable	-	-	-	-	-
Unearned revenue	-	62,351	-	-	62,351
Total liabilities	<u>191</u>	<u>68,720</u>	<u>22,358</u>	<u>-</u>	<u>91,269</u>
FUND BALANCES					
Restricted					
Debt service	-	-	-	-	-
Contributions and donations	34,960	-	-	-	34,960
Court enhancement	-	-	1,387,585	-	1,387,585
PV Mountain Preserve Trust	-	-	-	23,215	23,215
Assigned					
Contributions and donations	5,736	-	-	-	5,736
Unassigned	-	-	-	-	-
Total fund balances	<u>40,696</u>	<u>-</u>	<u>1,387,585</u>	<u>23,215</u>	<u>1,451,496</u>
Total liabilities and fund balances	<u>\$ 40,887</u>	<u>\$ 68,720</u>	<u>\$ 1,409,943</u>	<u>\$ 23,215</u>	<u>\$ 1,542,765</u>

Debt Service Funds			
2016 Debt Service Fund	2020 Debt Service Fund	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ 1,381,649	\$ 3,272	\$ 1,384,921	\$ 2,918,052
36,420	3,146	39,566	39,566
-	-	-	9,634
<u>\$ 1,418,069</u>	<u>\$ 6,418</u>	<u>\$ 1,424,487</u>	<u>\$ 2,967,252</u>
\$ -	\$ -	\$ -	\$ 27,070
-	-	-	1,848
36,420	-	36,420	36,420
-	-	-	62,351
<u>36,420</u>	<u>-</u>	<u>36,420</u>	<u>127,689</u>
36,420	3,146	39,566	39,566
-	-	-	34,960
-	-	-	1,387,585
-	-	-	23,215
-	-	-	5,736
<u>1,345,229</u>	<u>3,272</u>	<u>1,348,501</u>	<u>1,348,501</u>
<u>1,381,649</u>	<u>6,418</u>	<u>1,388,067</u>	<u>2,839,563</u>
<u>\$ 1,418,069</u>	<u>\$ 6,418</u>	<u>\$ 1,424,487</u>	<u>\$ 2,967,252</u>

TOWN OF PARADISE VALLEY, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue Funds				
	Donations	Grants	Court	Paradise Valley	Total Special
	Fund	Fund	Enhancement	Mountain	Revenue
			Fund	Preserve Trust	Funds
REVENUES					
Intergovernmental	\$ -	\$ 1,757,139	\$ -	\$ -	\$ 1,757,139
Fines and forfeitures	-	-	314,712	-	314,712
Charges for services	-	-	-	4,956	4,956
Contributions and Donations	19,886	-	-	500	20,386
Investment earnings	-	-	3,214	36	3,250
Total revenues	<u>19,886</u>	<u>1,757,139</u>	<u>317,926</u>	<u>5,492</u>	<u>2,100,443</u>
EXPENDITURES					
Current:					
General government	2,197	44,857	103,590	4,980	155,624
Public safety	12,360	31,858	-	-	44,218
Capital outlay	-	-	36,678	-	36,678
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>14,557</u>	<u>76,715</u>	<u>140,268</u>	<u>4,980</u>	<u>236,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,329</u>	<u>1,680,424</u>	<u>177,658</u>	<u>512</u>	<u>1,863,923</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(1,680,424)	-	-	(1,680,424)
Total other financing sources (uses)	<u>-</u>	<u>(1,680,424)</u>	<u>-</u>	<u>-</u>	<u>(1,680,424)</u>
Net change in fund balances	5,329	-	177,658	512	183,499
Fund Balances					
Beginning of Year	<u>35,367</u>	<u>-</u>	<u>1,209,927</u>	<u>22,703</u>	<u>1,267,997</u>
End of Year	<u>\$ 40,696</u>	<u>\$ -</u>	<u>\$ 1,387,585</u>	<u>\$ 23,215</u>	<u>\$ 1,451,496</u>

Debt Service Funds			
Debt Service Fund - 2016	Debt Service Fund - 2020	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,757,139
-	-	-	314,712
-	-	-	4,956
-	-	-	20,386
6	3	9	3,259
6	3	9	2,100,452
-	-	-	155,624
-	-	-	44,218
-	-	-	36,678
1,390,000	650,000	2,040,000	2,040,000
84,585	75,171	159,756	159,756
1,474,585	725,171	2,199,756	2,436,276
(1,474,579)	(725,168)	(2,199,747)	(335,824)
1,479,585	731,586	2,211,171	2,211,171
-	-	-	(1,680,424)
1,479,585	731,586	2,211,171	530,747
5,006	6,418	11,424	194,923
1,376,643	-	1,376,643	2,644,640
\$ 1,381,649	\$ 6,418	\$ 1,388,067	\$ 2,839,563



Financial Section

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

NON - MAJOR GOVERNMENTAL FUND



TOWN OF PARADISE VALLEY, ARIZONA
DONATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Contributions and Donations	\$ 10,500	\$ 10,500	\$ 19,886	\$ 9,386
EXPENDITURES				
Current:				
General government	16,557	16,557	2,197	14,360
Public safety	29,403	29,403	12,360	17,043
Total expenditures	45,960	45,960	14,557	31,403
Excess (deficiency) of revenues over (under) expenditures	(35,460)	(35,460)	5,329	(22,017)
Fund balances - beginning of year	35,367	35,367	35,367	-
Fund balances - end of year	\$ (93)	\$ (93)	\$ 40,696	\$ (22,017)

TOWN OF PARADISE VALLEY, ARIZONA
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,188,000	\$ 1,768,424	\$ 1,757,139	\$ (11,285)
EXPENDITURES				
Current:				
General government	1,176,000	1,184,504	44,857	1,139,647
Public safety	50,000	41,496	31,858	9,638
Total expenditures	1,226,000	1,226,000	76,715	1,149,285
Excess (deficiency) of revenues over (under) expenditures	(38,000)	542,424	1,680,424	1,138,000
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,680,424)	(1,680,424)	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ (38,000)	\$ (1,138,000)	\$ -	\$ 1,138,000

TOWN OF PARADISE VALLEY, ARIZONA
COURT ENHANCEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 241,500	\$ 241,500	\$ 314,712	\$ 73,212
Investment earnings	200	200	3,214	3,014
Total revenues	<u>241,700</u>	<u>241,700</u>	<u>317,926</u>	<u>76,226</u>
EXPENDITURES				
Current:				
General government	136,000	136,868	103,590	33,278
Debt service:				
Capital outlay	<u>36,500</u>	<u>36,678</u>	<u>36,678</u>	<u>-</u>
Total expenditures	<u>172,500</u>	<u>173,546</u>	<u>140,268</u>	<u>33,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,200</u>	<u>68,154</u>	<u>177,658</u>	<u>109,504</u>
Fund balances - beginning of year	<u>1,209,927</u>	<u>1,209,927</u>	<u>1,209,927</u>	<u>-</u>
Fund balances - end of year	<u>\$ 1,279,127</u>	<u>\$ 1,278,081</u>	<u>\$ 1,387,585</u>	<u>\$ 109,504</u>

TOWN OF PARADISE VALLEY, ARIZONA
DEBT SERVICE FUND - 2016
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 6	\$ 6
EXPENDITURES				
Debt Service:				
Principal	1,390,000	1,390,000	1,390,000	-
Interest and fiscal charges	89,585	89,585	84,585	5,000
Total expenditures	1,479,585	1,479,585	1,474,585	5,000
Excess (deficiency) of revenues over (under) expenditures	(1,479,585)	(1,479,585)	(1,474,579)	(4,994)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,479,585	1,479,585	1,479,585	-
Net Change in Fund Balance	-	-	5,006	(5,006)
Fund balances - beginning of year	1,376,643	1,376,643	1,376,643	-
Fund balances - end of year	\$ (102,942)	\$ (102,942)	\$ 1,381,649	\$ (5,006)

TOWN OF PARADISE VALLEY, ARIZONA
DEBT SERVICE FUND - 2020
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 3	\$ 3
EXPENDITURES				
Debt Service:				
Principal	650,000	650,000	650,000	-
Interest and fiscal charges	78,443	78,443	75,171	3,272
Total expenditures	728,443	728,443	725,171	3,272
Excess (deficiency) of revenues over (under) expenditures	(728,443)	(728,443)	(725,168)	(3,269)
OTHER FINANCING SOURCES (USES)				
Transfers in	728,443	731,587	731,586	1
Net Change in Fund Balance	-	(1,460,030)	6,418	(3,268)
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ (728,443)	\$ (728,443)	\$ 6,418	\$ (3,268)



Statistical Section

<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u>	110-119
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	121-124
These schedules contain information to help the reader assess the Town's most significant local revenue sources, property tax and sales and uses taxes.	
<u>Debt Capacity</u>	125-128
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
<u>Demographic and Economic Statistics</u>	130-132
These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	
<u>Operating Information</u>	134-139
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.	

TOWN OF PARADISE VALLEY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Governmental Activities</u>				
Net investment in Capital Assets	\$ 69,407,881	\$ 68,209,762	\$ 73,318,948	\$ 79,895,872
Restricted	1,221,024	608,907	102,778	53,739
Unrestricted	<u>23,627,937</u>	<u>20,852,943</u>	<u>5,908,977</u>	<u>3,338,007</u>
Total Governmental Activities Net Position	94,256,842	89,671,612	79,330,703	83,287,618
<u>Business-type Activities</u>				
Net investment in Capital Assets	17,292,596	25,706,810	26,022,037	26,446,442
Restricted	1,362,476	567,431	-	-
Unrestricted	<u>4,736,253</u>	<u>5,402,355</u>	<u>901,947</u>	<u>999,604</u>
Total Business-type Activities Net Position	23,391,325	31,676,596	26,923,984	27,446,046
<u>Primary Government</u>				
Net investment in Capital Assets	86,700,477	93,916,572	99,340,985	106,342,314
Restricted	2,583,500	1,176,338	102,778	53,739
Unrestricted	<u>28,364,190</u>	<u>26,255,296</u>	<u>6,810,924</u>	<u>4,337,611</u>
Total Primary Government Net Position	<u>\$ 117,648,167</u>	<u>\$ 121,348,208</u>	<u>\$ 106,254,687</u>	<u>\$ 110,733,664</u>

2016	2017	2018	2019	2020	2021
\$ 78,383,694	\$ 79,851,973	\$ 76,859,341	\$ 75,320,342	\$ 79,859,462	\$ 87,149,848
224,308	455,140	784,098	1,133,666	1,310,426	1,485,326
10,434,716	13,495,213	24,148,689	35,192,544	44,200,680	52,315,124
89,042,718	93,802,326	101,792,128	111,646,552	125,370,568	140,950,298
26,904,413	26,808,710	26,751,905	26,544,773	26,111,984	25,681,256
-	-	-	-	-	-
1,034,839	1,233,402	1,432,368	1,766,608	2,076,152	1,993,739
27,939,252	28,042,112	28,184,273	28,311,381	28,188,136	27,674,995
105,288,107	106,660,683	103,611,246	101,865,115	105,971,446	112,831,104
224,308	455,140	784,098	1,133,666	1,310,426	1,485,326
11,469,555	14,728,615	25,581,057	36,959,152	46,276,832	54,308,863
<u>\$ 116,981,970</u>	<u>\$ 121,844,438</u>	<u>\$ 129,976,401</u>	<u>\$ 139,957,933</u>	<u>\$ 153,558,704</u>	<u>\$ 168,625,293</u>

TOWN OF PARADISE VALLEY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
General Government	\$ 7,708,607	\$ 7,289,224	\$ 7,276,076	\$ 7,776,745
Public Safety	7,628,580	7,055,389	6,286,763	8,745,404
Highways and Streets	2,076,040	3,346,762	3,201,369	3,669,224
Interest on Long-term Debt	239,802	282,387	182,224	147,314
Total Governmental Activities Expenses	17,653,029	17,973,762	16,946,432	20,338,687
Business-type Activities:				
Sewer	2,111,254	2,264,536	2,351,590	2,324,369
Fire Service	-	1,414,177	2,961,269	3,045,071
Alarm Monitor System	108,520	85,698	103,975	59,277
Total Business-type Activities Expenses	2,219,774	3,764,411	5,416,834	5,428,717
Total Primary Government Expenses	19,872,803	21,738,173	22,363,266	25,767,404
Program Revenue				
Governmental Activities:				
Charges for Services:				
General Government	\$ 2,540,900	\$ 4,111,615	\$ 5,189,006	\$ 4,290,508
Public Safety	303,571	210,837	124,464	37,395
Highways and streets	-	-	-	-
Operating Grants and Contributions	746,903	763,844	807,404	874,773
Capital Grants and Contributions	27,321	118,064	10,000	234,000
Total Governmental Activities Program	3,618,695	5,204,360	6,130,874	5,436,676
Business-type Activities:				
Charges for Services:				
Sewer System	2,292,392	2,258,513	2,227,314	2,498,749
Fire Service	-	1,538,314	3,112,850	3,099,652
Alarm Monitor System	253,253	242,072	231,984	217,953
Capital Grants and Contributions	-	198,000	-	80,000
Revenues	2,545,645	4,236,899	5,572,148	5,896,354
Total Primary Government Revenues	\$ 6,164,340	\$ 9,441,259	\$ 11,703,022	\$ 11,333,030
Net (Expense)/Revenue				
Governmental Activities	\$ (14,034,334)	\$ (12,769,402)	\$ (10,815,558)	\$ (14,902,011)
Business-type Activities	325,871	472,488	155,314	467,637
Total Primary Government Net Expense	\$ (13,708,463)	\$ (12,296,914)	\$ (10,660,244)	\$ (14,434,374)

2016	2017	2018	2019	2020	2021
\$ 8,605,414	\$ 9,458,609	\$ 9,995,805	\$ 10,566,002	\$ 11,125,607	\$ 13,992,812
9,054,408	10,249,410	9,755,591	10,755,292	10,301,269	11,828,735
3,568,394	3,669,088	5,154,182	5,835,417	2,250,772	1,891,810
281,348	192,227	146,463	111,690	273,078	176,222
21,509,564	23,569,334	25,052,041	27,268,401	23,950,726	27,889,579
2,185,714	2,124,328	2,114,532	2,698,883	2,829,517	3,038,499
2,921,260	3,037,830	3,247,709	3,119,018	3,439,910	3,599,090
100,719	128,521	279,499	268,048	130,521	145,924
5,207,693	5,290,679	5,641,740	6,085,949	6,399,948	6,783,513
26,717,257	28,860,013	30,693,781	33,354,350	30,350,674	34,673,092
\$ 6,845,255	\$ 4,648,109	\$ 6,119,735	\$ 6,995,777	\$ 5,430,961	\$ 5,865,032
82,694	71,787	58,799	109,162	120,670	79,235
-	-	-	-	9,938	-
1,121,420	1,144,233	1,065,863	1,140,106	1,289,846	7,239,085
-	208,085	1,178,960	674,197	1,864,973	2,809,088
8,049,369	6,072,214	8,423,357	8,919,242	8,716,388	15,992,440
2,250,608	2,415,051	2,661,503	2,891,642	2,883,464	2,586,842
3,101,634	3,121,961	3,138,471	3,122,406	3,238,846	3,227,180
199,750	190,727	168,127	143,073	135,642	128,079
76,875	-	-	-	-	320,423
5,628,867	5,727,739	5,968,101	6,157,121	6,257,952	6,262,524
\$ 13,678,236	\$ 11,799,953	\$ 14,391,458	\$ 15,076,363	\$ 14,974,340	\$ 22,254,964
\$ (13,460,195)	\$ (17,497,120)	\$ (16,628,684)	\$ (18,349,159)	\$ (15,234,338)	\$ (11,897,139)
421,174	437,060	326,361	71,172	(141,996)	(520,989)
\$ (13,039,021)	\$ (17,060,060)	\$ (16,302,323)	\$ (18,277,987)	\$ (15,376,334)	\$ (12,418,128)

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Revenues and Changes in Net Position				
Governmental Activities:				
Taxes				
Sales Tax	10,627,184	11,963,535	13,136,325	14,564,835
Franchise Tax	1,055,473	1,061,725	1,061,660	1,037,258
State Shared Revenue	2,083,775	2,358,876	2,544,840	2,723,544
Auto Lieu Tax Revenue	411,604	429,075	457,878	490,206
Investment Income	161,897	174,833	94,521	91,159
Special Item - Capital Asset Moved	-	(7,803,872)	-	-
Transfers	-	-	4,915,177	(48,076)
Total Governmental Activities	<u>14,339,933</u>	<u>8,184,172</u>	<u>22,210,401</u>	<u>18,858,926</u>
Business-type Activities:				
Investment Income	38,238	8,911	7,251	6,349
Capital Contributions	-	198,000	-	-
Special Item - Capital Asset Moved	-	7,803,872	-	-
Transfers	-	-	(4,915,177)	48,076
Total Business-type Activities	<u>38,238</u>	<u>8,010,783</u>	<u>(4,907,926)</u>	<u>54,425</u>
Total Primary Government	<u>\$ 14,378,171</u>	<u>\$ 16,194,955</u>	<u>\$ 17,302,475</u>	<u>\$ 18,913,351</u>
Change in Net Position				
Governmental Activities	\$ 305,599	\$ (4,585,230)	\$ 11,394,843	\$ 3,956,915
Business-type Activities	<u>364,109</u>	<u>8,483,271</u>	<u>(4,752,612)</u>	<u>522,062</u>
Total Primary Government	<u>\$ 669,708</u>	<u>\$ 3,898,041</u>	<u>\$ 6,642,231</u>	<u>\$ 4,478,977</u>

2016	2017	2018	2019	2020	2021
14,553,528	17,151,386	19,276,803	21,812,160	22,400,711	21,574,254
1,146,142	1,056,547	1,288,360	1,273,973	1,252,683	1,264,626
2,760,822	2,980,931	3,156,391	3,170,318	3,374,400	3,828,265
530,413	548,523	595,778	616,863	617,312	694,823
274,390	185,141	250,226	1,330,269	1,313,248	114,901
-	-	-	-	-	-
(50,000)	334,200	184,200	-	-	-
19,215,295	22,256,728	24,751,758	28,203,583	28,958,354	27,476,869
22,032	-	-	55,936	18,751	7,848
-	-	-	-	-	-
-	-	-	-	-	-
50,000	(334,200)	(184,200)	-	-	-
72,032	(334,200)	(184,200)	55,936	18,751	7,848
<u>\$ 19,287,327</u>	<u>\$ 21,922,528</u>	<u>\$ 24,567,558</u>	<u>\$ 28,259,519</u>	<u>\$ 28,977,105</u>	<u>\$ 27,484,717</u>
\$ 5,755,100	\$ 4,759,608	\$ 8,123,074	\$ 9,854,424	\$ 13,724,016	\$ 15,579,730
493,206	102,860	142,161	127,108	(123,245)	(513,141)
<u>\$ 6,248,306</u>	<u>\$ 4,862,468</u>	<u>\$ 8,265,235</u>	<u>\$ 9,981,532</u>	<u>\$ 13,600,771</u>	<u>\$ 15,066,589</u>

TOWN OF PARADISE VALLEY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 143,415	\$ 1,039,473	\$ 1,157,133	\$ 818,308
Assigned	-	-	-	-
Unassigned	<u>14,393,182</u>	<u>14,206,372</u>	<u>23,391,719</u>	<u>25,421,178</u>
Total General Fund	<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	1,221,024	592,882	102,778	53,739
Assigned	9,268,513	11,165,163	8,274,256	3,821,554
Unassigned	<u>-</u>	<u>-</u>	<u>(619,309)</u>	<u>(282,949)</u>
Total All Other Governmental Funds	<u>\$ 10,489,537</u>	<u>\$ 11,774,070</u>	<u>\$ 7,757,725</u>	<u>\$ 3,592,344</u>

2016	2017	2018	2019	2020	2021
\$ 709,554	\$ 2,748,409	\$ 628,372	\$ 459,594	\$ 1,321,377	\$ 873,141
-	494,500	1,168,500	2,363,500	2,363,500	3,111,055
29,666,433	26,547,108	32,762,200	31,178,328	37,153,444	48,074,318
<u>\$ 30,375,987</u>	<u>\$ 29,790,017</u>	<u>\$ 34,559,072</u>	<u>\$ 34,001,422</u>	<u>\$ 40,838,321</u>	<u>\$ 52,058,514</u>
\$ 6,528	\$ -	\$ -	\$ -	\$ -	\$ -
5,694,934	5,921,497	2,143,013	1,133,666	9,313,080	4,079,038
4,960,708	4,337,958	9,549,782	13,025,370	13,572,626	10,682,313
-	(16,600)	(3,165)	-	-	3,272
<u>\$ 10,662,170</u>	<u>\$ 10,242,855</u>	<u>\$ 11,689,630</u>	<u>\$ 14,159,036</u>	<u>\$ 22,885,706</u>	<u>\$ 14,764,623</u>

TOWN OF PARADISE VALLEY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015
Revenues				
Taxes	\$ 11,682,657	\$ 13,025,260	\$ 14,197,985	\$ 15,602,093
Intergovernmental	3,251,086	3,537,464	3,791,372	4,074,853
Fines and forfeitures	801,897	2,346,166	1,161,685	2,085,650
Licenses and permits	1,021,911	1,203,370	1,322,052	1,426,883
Charges for Services	427,269	328,019	354,680	259,689
Indirect Charges	-	-	322,000	-
Rents and Royalties	325,220	307,987	154,220	158,410
Investment Income	161,897	174,833	94,521	91,159
Other	51,730	461,264	1,812,082	520,978
Total Revenues	17,723,667	21,384,363	23,210,597	24,219,715
Expenditures				
General Government	5,581,346	6,168,281	6,700,704	6,963,210
Public Safety	7,594,737	6,816,444	6,215,932	7,291,649
Highways and streets	1,204,634	2,677,491	2,635,007	3,014,861
Capital Outlay	2,149,953	2,699,004	6,522,394	8,080,876
Debt service:				
Issuance Cost	-	-	-	-
Principal Retirement	800,825	824,885	998,944	1,114,569
Interest on Long-Term Debt	228,857	204,477	216,131	181,221
Total Expenditures	17,560,352	19,390,582	23,289,112	26,646,386
Excess of Revenues				
Over (Under) Expenditures	163,315	1,993,781	(78,515)	(2,426,671)
Other Financing Sources (Uses)				
Transfers in	3,481,659	6,293,189	9,685,071	6,593,422
Transfers out	(3,481,659)	(6,293,189)	(4,769,894)	(6,641,498)
Issuance of Long-term Debt	-	-	450,000	-
Premium on Issuance of Long-Term Debt	-	-	-	-
Payments on Escrow Agent	-	-	-	-
Payments on Capital Leases	-	-	-	-
Proceeds from Capital Leases	167,714	-	-	-
Total Other Financing Sources and (Uses)	167,714	-	5,365,177	(48,076)
Net Change in Fund Balances	\$ 331,029	\$ 1,993,781	\$ 5,286,662	\$ (2,474,747)
Debt Service as a Percentage of Noncapital Expenditures	6.4%	6.0%	7.3%	6.9%

2016	2017	2018	2019	2020	2021
\$ 15,699,670	\$ 18,576,603	\$ 20,565,163	\$ 23,086,133	\$ 23,603,226	\$ 22,840,680
4,393,807	4,712,850	4,825,303	4,914,274	5,278,968	9,826,857
3,697,261	2,364,100	2,881,561	3,404,559	1,763,211	2,143,881
2,071,846	2,285,398	2,712,910	2,823,054	3,232,232	3,084,019
261,829	-	309,900	406,865	308,938	283,180
-	-	-	-	-	-
159,360	307,779	123,101	101,924	77,496	80,601
274,390	185,141	250,226	1,330,269	1,313,248	114,901
579,469	118,706	1,190,577	475,574	316,374	270,096
27,137,632	28,550,577	32,858,741	36,542,652	35,893,693	38,644,215
7,794,295	7,925,090	9,159,411	10,116,904	10,016,895	9,557,350
8,972,593	13,930,804	8,883,377	17,366,356	11,148,102	9,818,166
2,786,005	2,860,702	4,372,002	3,258,493	1,869,376	3,592,139
2,737,601	3,924,736	3,223,563	2,619,549	3,820,224	10,377,694
125,697	-	-	-	137,600	-
1,155,556	1,022,598	1,008,389	1,123,998	1,365,000	2,040,000
189,558	226,133	180,369	145,596	112,927	159,756
23,761,305	29,890,063	26,827,111	34,630,896	28,470,124	35,545,105
3,376,327	(1,339,486)	6,031,630	1,911,756	7,423,569	3,099,110
4,831,055	6,446,038	9,018,440	9,403,807	9,238,625	23,836,841
(4,881,055)	(6,111,838)	(8,834,240)	(9,403,807)	(9,238,625)	(23,836,841)
7,880,000	-	-	-	8,140,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,830,000	334,200	184,200	-	8,140,000	-
\$ 11,206,327	\$ (1,005,286)	\$ 6,215,830	\$ 1,911,756	16,280,000	-
6.4%	4.7%	5.0%	3.5%	6.1%	8.1%



TOWN OF PARADISE VALLEY
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Sales & Use Tax	Occupancy	Franchise	Total
2012	8,103,896	2,523,288	1,055,473	11,682,657
2013	9,235,643	2,727,892	1,061,725	13,025,260
2014	10,300,810	2,835,515	1,061,660	14,197,985
2015	11,447,385	3,117,450	1,037,258	15,602,093
2016	11,345,902	3,207,626	1,146,142	15,699,670
2017	13,818,317	3,701,739	1,056,547	18,576,603
2018	14,833,522	4,443,281	1,288,360	20,565,163
2019	16,964,383	4,847,777	1,273,973	23,086,134
2020	18,346,804	4,003,739	1,252,683	23,603,226
2021	17,816,818	3,759,236	1,264,625	22,840,679

Source: Finance Department

TOWN OF PARADISE VALLEY
LOCAL TAXES COLLECTED BY CATEGORY
LAST TEN FISCAL YEARS

	2012	2013	2014	2015
Sales & Use Tax by Category (1):				
Communications & Utilities	\$ 829,653	\$ 881,141	\$ 890,417	\$ 922,244
Construction	1,780,801	2,340,481	3,048,856	3,049,241
Manufacturing	119,098	133,431	128,060	135,788
Retail Trade	355,717	451,136	559,294	724,235
Finance, Insurance & Real Estate	251,196	262,889	288,739	375,473
Hospitality	4,007,195	4,338,311	4,536,958	4,981,595
Services	224,531	268,514	320,097	333,592
Other	535,705	559,740	528,389	925,217
Total	<u>\$ 8,103,896</u>	<u>\$ 9,235,643</u>	<u>\$ 10,300,810</u>	<u>\$ 11,447,385</u>
Bed Tax Collected	<u>\$ 2,523,288</u>	<u>\$ 2,727,892</u>	<u>\$ 2,835,515</u>	<u>\$ 3,117,450</u>

Source: Arizona Department of Revenue

2016	2017	2018	2019	2020	2021
\$ 965,755	\$ 957,578	\$ 1,019,237	\$ 954,873	\$ 966,974	\$ 1,072,183
3,181,485	4,327,639	4,762,342	5,718,854	7,566,098	6,995,777
158,886	44,432	42,372	33,311	23,384	4,992
856,216	2,082,847	3,682,628	4,277,634	5,048,564	5,425,364
341,602	397,083	523,693	747,190	593,466	1,026,009
4,931,846	5,287,561	4,405,605	4,935,524	3,879,600	3,023,336
313,346	13	2	(96)	0	(20)
596,766	721,164	397,643	297,095	268,718	269,177
<u>\$ 11,345,902</u>	<u>\$ 13,818,317</u>	<u>\$ 14,833,522</u>	<u>\$ 16,964,383</u>	<u>\$ 18,346,805</u>	<u>\$ 17,816,818</u>
<u>\$ 3,207,626</u>	<u>\$ 3,701,739</u>	<u>\$ 4,443,281</u>	<u>\$ 4,847,777</u>	<u>\$ 4,003,739</u>	<u>\$ 3,759,236</u>

TOWN OF PARADISE VALLEY
DIRECT & OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS

Privilege (Sales) Tax Rates

FISCAL YEAR	Town Rate	Maricopa County Rate	State Rate	Total
2012	2.50%	0.70%	6.60%	9.80%
2013	2.50%	0.70%	5.60%	8.80%
2014	2.50%	0.70%	5.60%	8.80%
2015	2.50%	0.70%	5.60%	8.80%
2016	2.50%	0.70%	5.60%	8.80%
2017	2.50%	0.70%	5.60%	8.80%
2018	2.50%	0.70%	5.60%	8.80%
2019	2.50%	0.70%	5.60%	8.80%
2020	2.50%	0.70%	5.60%	8.80%
2021	2.50%	0.70%	5.60%	8.80%

Use Tax Rates

FISCAL YEAR	Town Direct Rate	County Rate	State Rate	Total
2012	2.50%	0.00%	6.60%	9.10%
2013	2.50%	0.00%	5.60%	8.10%
2014	2.50%	0.00%	5.60%	8.10%
2015	2.50%	0.00%	5.60%	8.10%
2016	2.50%	0.00%	5.60%	8.10%
2017	2.50%	0.00%	5.60%	8.10%
2018	2.50%	0.00%	5.60%	8.10%
2019	2.50%	0.00%	5.60%	8.10%
2020	2.50%	0.00%	5.60%	8.10%
2021	2.50%	0.00%	5.60%	8.10%

Bed Tax Rates

FISCAL YEAR	Town Direct Rate	County Rate	State Rate	Total
2012	3.40%	1.77%	6.50%	11.67%
2013	3.40%	1.77%	5.50%	10.67%
2014	3.40%	1.77%	5.50%	10.67%
2015	3.40%	1.77%	5.50%	10.67%
2016	3.40%	1.77%	5.50%	10.67%
2017	3.40%	1.77%	5.50%	10.67%
2018	3.40%	1.77%	5.50%	10.67%
2019	3.40%	1.77%	5.50%	10.67%
2020	3.40%	1.77%	5.50%	10.67%
2021	3.40%	1.77%	5.50%	10.67%

Source: Maricopa County Treasurer

TOWN OF PARADISE VALLEY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities				Business-Type Activities				
Fiscal Year	Excise Tax Revenue Bonds	Note Payable	Capital Leases	Excise Tax Revenue Bonds	Note Payable	Total Primary Government	Per Capita	Population
2012	5,874,058	-	599,774	2,671,221	1,824,454	10,969,507	846	12,972
2013	5,015,266	-	432,287	2,280,687	1,396,398	9,124,638	696	13,106
2014	4,132,415	300,000	347,227	1,879,212	950,089	7,608,943	573	13,282
2015	3,222,068	150,000	259,098	1,465,233	485,153	5,581,552	415	13,457
2016	10,153,914	-	167,789	1,034,061	-	11,355,764	832	13,653
2017	9,192,013	-	73,186	596,637	-	9,861,836	708	13,930
2018	8,188,994	-	-	211,006	-	8,400,000	585	14,355
2019	7,065,000	-	-	-	-	7,065,000	491	14,400
2020	13,840,000	-	-	-	-	13,840,000	946	14,637
2021	11,800,000	-	-	-	-	11,800,000	932	12,658

Source: Finance Department



TOWN OF PARADISE VALLEY
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (DOLLARS IN THOUSANDS)

Excise Tax Revenue Bonds				
Fiscal Year	Excise Tax *	Principal	Interest	Coverage
2012	13,769,632	1,165,000	332,938	9.19
2013	15,527,974	1,200,000	297,463	10.37
2014	16,889,747	1,235,000	260,938	11.29
2015	18,475,808	1,275,000	216,913	12.38
2016	18,610,585	1,330,000	214,382	12.05
2017	21,709,229	1,350,000	237,635	13.67
2018	23,728,328	1,290,000	179,875	16.14
2019	26,261,153	1,335,000	137,632	17.83
2020	26,980,975	1,365,000	107,864	18.32
2021	26,672,419	2,040,000	159,755	12.13

*Excise Tax revenue is comprised of local taxes, franchise fees, business license fees, state shared sales tax and state shared income tax.

Source: Finance Department

TOWN OF PARADISE VALLEY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2021

<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 Special Health Care District	\$ 640,695,000	2.10%	\$ 13,466,692
Maricopa County Community College District	184,715,000	2.10%	3,882,503
East Valley Institute of Technology District No. 401	none	4.25%	-
Creighton Unified School District No. 14	42,595,000	12.95%	5,516,488
Scottsdale Unified School District No. 48	302,883,750	15.37%	46,562,575
Phoenix Union High School District No. 210	386,570,000	1.12%	4,346,879
Subtotal, overlapping debt			<u>73,775,137</u>
Town direct debt	11,800,000	100.00%	<u>11,800,000</u>
Total direct and overlapping debt			<u><u>\$ 85,575,137</u></u>

Source: Stifel, Nicolaus & Company, Inc.

^a The percentage of overlapping debt applicable to the Town is calculated based on the Town's net limited assessed property valuation as a percentage of the net limited assessed valuation of the overlapping jurisdiction.

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 general obligation debt of those overlapping governments that is borne by the residents and business 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
POPULATION STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Median Household Income	Per Capita Income
2012	12,972	(a)	(a)
2013	13,106	(a)	(a)
2014	13,282	(a)	(a)
2015	13,457	(a)	(a)
2016	13,653	(a)	(a)
2017	13,930	(a)	(a)
2018	14,355	(a)	(a)
2019	14,400	(a)	(a)
2020	14,637	(a)	(a)
2021	12,658	(a)	(a)

Source: US Census and Maricopa Association of Governments.
Population is based on the 2020 Census.

(a) Information is not available. The State of Arizona does not track personal income or unemployment data for populations less than 25,000.



TOWN OF PARADISE VALLEY
PRINCIPAL EMPLOYERS
2020 and 2010

	2020			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Omni Scottsdale Resort & Spa	331	1	8.9%	300	4	6.7%
Sanctuary on Camelback Mountain	324	2	8.7%	357	3	8.0%
Scottsdale Plaza Resort	283	3	7.6%	392	2	8.7%
Hermosa Inn	202	4	5.4%	92	9	2.0%
Mountain Shadows	190	5	5.1%			
Double Tree Paradise Valley Resort	160	6	4.3%	180	5	4.0%
Phoenix Country Day School	145	7	3.9%	155	6	3.5%
Town of Paradise Valley	109	8	2.9%			
Camelback Inn	97	9	2.6%	683	1	15.2%
Early Learning Childhood Center	82	10	2.2%	90	10	2.0%
Paradise Valley Country Club			0.0%	141	7	3.1%
Scottsdale Cottonwoods Hotel				99	8	2.2%
Total	<u>1,923</u>		<u>51.4%</u>	<u>2,489</u>		<u>55.4%</u>
Total Town Employment	3,740			4,489		

Source: Maricopa Association of Governments 2020 Employer Database

Note: 2020 is the most recent information available.



TOWN OF PARADISE VALLEY
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2012	2013	2014	2015	2016
General Government:					
Town Manager	4.0	4.0	4.0	4.0	4.0
Town Attorney	3.0	3.0	3.0	3.0	3.0
Finance	4.0	5.0	4.0	4.0	4.0
Information Technology	-	-	3.0	3.0	3.0
Community Development	10.0	10.0	10.0	10.0	10.0
Municipal Court	5.0	5.0	5.0	5.0	5.0
Engineering		1.0	3.0	3.0	4.0
Public Works	2.0	3.0	3.0	3.0	3.0
Police:					
Sworn	25.0	27.0	27.0	33.0	33.0
Civilians	9.0	7.0	12.0	8.0	8.0
Highways and Streets	12.0	12.0	10.0	10.0	10.0
Sewer System	1.0	1.0	-	-	-
Alarm Monitoring System	1.0	1.0	-	-	-
Total	<u>76.0</u>	<u>79.0</u>	<u>84.0</u>	<u>86.0</u>	<u>87.0</u>

Source: Finance Department Budget Document

2017	2018	2019	2020	2021
4.0	5.0	7.0	7.0	6.0
3.0	3.0	4.0	4.0	4.0
4.0	4.0	4.0	4.5	4.6
3.0	4.0	5.0	5.0	5.0
10.0	11.0	9.0	10.0	10.0
5.0	6.0	7.0	7.0	8.5
4.0	4.0	5.0	6.0	6.0
3.0	3.0	3.0	3.0	3.0
33.0	34.0	34.0	34.0	35.0
8.0	10.0	15.0	15.0	15.0
10.0	10.0	10.0	10.0	10.0
-	-	-	-	-
-	-	-	-	-
87.0	94.0	103.0	105.5	107.1

TOWN OF PARADISE VALLEY
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016
General Government:						
Building Permits Issued	536.0	517.0	559.0	638.0	615.0	706.0
Value of Building Permits Issued	\$ 59,607,205	\$ 68,448,551	\$ 74,147,285	\$ 85,481,811	\$ 88,396,985	\$ 142,370,728
Police:						
Physical Arrests	199	258	218	378	456	206
Parking Violations	1,142	1,199	445	529	567	408
Traffic Violations	2,049	1,995	1,914	2,399	1,940	1,829
Other Public Works:						
Street Resurfacing (Miles)		7	19.8	12.8	27.9	27.9
Potholes Repaired	23	10	11	14	18	10
Sewer System						
Number of Customers	2,094	2,095	2,115	2,136	2,165	2,162

Source: Town of Paradise Valley

2017	2018	2019	2020	2021
649.0	667.0	659.0	708.0	825.0
\$ 122,718,034	\$ 181,737,513	\$ 221,618,999	\$ 231,442,549	\$ 177,636,337
351	336	565	268	201
362	162	134	159	224
3,036	5,532	6,395	3,162	1,818
26.4	19.4	18.7	14.2	5
7	13	19	62	26
2,173	2,191	2,210	2,252	2,287

TOWN OF PARADISE VALLEY
CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016
Police:						
Stations	1	1	1	1	1	1
Patrol & Detective Vehicles	25	25	24	24	20	20
Fire Service:						
Stations	2	2	2	2	2	2
Fire Pumpers, Support Vehicles	3	3	3	3	3	3
Other Public Works:						
Streets (Miles)	140	140	140	147	147	147
Traffic Signals	12	12	12	12	12	12
Wastewater:						
Sanitary Sewers (Feet)	325,029	325,029	326,349	326,349	326,649	327,624
Treatment Capacity (Thousands of Gallons)	1,026	1,026	1,026	1,026	1,026	1,026

Source: Finance Department

2017	2018	2019	2020	2021
1	1	1	1	1
20	20	20	20	20
2	2	2	2	2
3	3	3	3	3
147	147	147	148	148
12	12	12	12	13
327,624	327,624	327,624	327,624	327,624
1,026	1,026	1,026	1,026	1,026

