

# **Reporting and insights from 2025 audit:**

**Town of Paradise Valley**

**June 30, 2025**

# Executive summary

December 4, 2025

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

We have completed our audit of the financial statements of the Town of Paradise Valley for the year ended June 30, 2025, and have issued our report thereon dated December 4, 2025. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Town's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas of the Town of Paradise Valley should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Brian Hemmerle, CPA, CFE, Principal: [brian.hemmerle@bakertilly.com](mailto:brian.hemmerle@bakertilly.com) or +1 (480) 752-4307
- Cailee Lewis, Senior Manager: [cailee.lewis@bakertilly.com](mailto:cailee.lewis@bakertilly.com) or + 1 (480) 752-4331

Sincerely,

Baker Tilly US, LLP

A handwritten signature in black ink, appearing to read "Brian Hemmerle, CPA". The signature is fluid and cursive, with the letters "B", "H", and "C" being prominent.

Brian Hemmerle, CPA, CFE, Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms. Non-attest services are provided by Baker Tilly Advisory Group, LP.

# Responsibilities

## Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Town's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
  - Are free from material misstatement
  - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or those charged with governance of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Internal control matters
- Qualitative aspects of the Town's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report and key audit matters
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of the Town and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Town’s current year results.

## Key areas of focus and significant findings

### Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

## Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

## Internal control matters

We considered the Town's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses:

- **Missing key controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

### Controls over Donated Capital Contributions

- Donated Capital Contributions presented to the governing body for review and approval should be provided to management within the finance department for proper recognition within the financial reporting system.
- Year-end reconciliations (capital assets) should be reviewed and approved by someone other than the preparer to ensure completeness of records.

The Town's written responses to the material weakness identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**Required communications**

**Qualitative aspect of accounting practices**

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. One new accounting policies was adopted for compensated absences this year, however it was immaterial to the financial statements and the application of existing accounting policies was not changed during 2025. We noted no transactions entered into by the Town during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management’s process to determine	Baker Tilly’s conclusions regarding reasonableness
Net pension/OPEB assets/liabilities and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation/Amortization	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

- There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates noted above.
- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

**Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for the Town or that otherwise appear to be unusual due to their timing, size or nature.

**Significant difficulties encountered during the audit**

We encountered no significant difficulties in dealing with management and completing our audit.

## **Disagreements with management**

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Audit report**

There have been no departures from the auditors' standard report.

## **Uncorrected misstatements and corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule within the attachments summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

## **Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Management's consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

## **Written communications between management and Baker Tilly**

The attachments include copies of other material written communications, including a copy of the management representation letter.

## **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

## **Fraud**

We did not identify any known or suspected fraud during our audit.

## Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Town's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

## Independence

We are not aware of any relationships between Baker Tilly and the Town that, in our professional judgment, may reasonably be thought to bear on our independence.

## Related parties

We did not have any significant findings or issues arise during the audit in connection with the Town's related parties.

## Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

## Non-attest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation and related notes
- Adjusting journal entries
- Baker Tilly will assist in preparing the GASB 68 / 74 Pension / OPEB journal entries using actuary and plan provided support for (ASRS, PSPRS, EORP, CORP).
- Providing management with templates for compiling the management's discussion and analysis (MD&A)



- Preparation of Part II of the Data Collection Form (if applicable)
- Data entry of the auditee section of the data collection form (if applicable)

In addition, as part of the financial statement preparation we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

## Audit committee resources

Our business is to know every aspect of yours and to maintain a constant lookout for what's next. We invite you to learn about some of the trending challenges and opportunities for public sector organizations like yours and how Baker Tilly can help.

To explore more trending topics and regulatory updates, visit our resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.



### Funding evaluation and pursuit

Public sector organizations may be eligible for grants, tax credits and other financial incentives through funding opportunities such as the Inflation Reduction Act, the Clean Communities Investment Accelerator, and the Infrastructure Investment and Jobs Act.

Baker Tilly can help you navigate, understand and pursue various federal and state funding sources through grant research and tracking, advising and writing, and management and compliance services.



### Digital transformation

Digitizing public services can be a game changer for governments. Streamlining inefficient processes, providing digital access and delivery of services to meet public expectations, implementing technology to protect constituent data, leveraging information to make data-driven decisions and migrating outdated on-premises systems to the cloud are crucial to an entity's success.

Through these types of digital services, Baker Tilly can help you scale with future demand and be better positioned to rapidly respond to changing demands.



## Cybersecurity

Public sector organizations face significant challenges from cyber threats and IT regulations. It can feel like you are on the defense keeping up with the latest risks, regulations and emerging trends. To mitigate risk, you must understand your organization's unique vulnerabilities, cybersecurity processes and controls.

Baker Tilly can help enhance your cybersecurity posture and ensure compliance, with solutions in IT compliance and security and cybersecurity and data protection to safeguard your data and navigate complex risk environments.

**Appendix A:  
Management representation letter  
and Summary schedule of  
corrected and uncorrected  
misstatements**

December 4, 2025

Baker Tilly US, LLP  
2055 E Warner Rd. Ste 101

Tempe, Az 85284

Dear Baker Tilly US, LLP,

We are providing this letter in connection with your audit of the financial statements of the Town of Paradise Valley, Arizona as of June 30, 2025 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief as of December 4, 2025, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 27, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable in accordance with accounting principles generally accepted in the United States of America U.S. GAAP.

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- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.
- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 9) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 10) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the appropriate accounts.
- 11) We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 12) Guarantees, whether written or oral, under which the Town is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 13) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Town Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 14) We have disclosed to you results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.

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- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 17) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you the names of our related parties and all the related party relationships and transactions, including side agreements, of which we are aware.

**Other**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that you have reported to us.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 24) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 25) The Town of Paradise Valley, Arizona has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 26) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 27) There are no:
  - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
  - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
  - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.

- d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
  - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
- 28) As part of your audit, you assisted with the preparation of the financial statements. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements.
- 29) We have made all management decisions and performed all management functions in relation to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, as identified in the engagement letter or an addendum to the engagement letter. We have designated the Town Finance Director, an employee with suitable skill, knowledge, and/or experience to oversee the services received. Furthermore, we have established and maintained internal controls, including monitoring activities related to the nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, and we have evaluated and accept responsibility for the adequacy and results of the nonattest services received.
- 30) The nonattest services provided by Baker Tilly US, LLP or Baker Tilly Advisory Group, LP, are listed below.
- a) Financial statement preparation and related notes
  - b) Adjusting journal entries
  - c) Preparing the Data Collection Form on the Federal Audit Clearinghouse website (if applicable)
  - d) Data entry of the auditee section of the data collection form (if applicable)
  - e) Providing management with templates for compiling the management's discussion and analysis (MD&A)
  - f) Baker Tilly will assist in preparing the GASB 68 / 74 Pension / OPEB journal entries using actuary and plan provided support for (ASRS, PSPRS, EORP, CORP).

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

- 31) The Town of Paradise Valley, Arizona has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The Town of Paradise Valley, Arizona has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 33) The financial statements include all fiduciary activities required by GASB No. 84.
- 34) The financial statements properly classify all funds and activities.
- 35) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 37) The Town of Paradise Valley, Arizona has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
- 38) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 43) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 45) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 46) We have excluded certain short-term obligations from current liabilities because we intend to refinance/have refinanced the obligations on a long-term basis. This subsequent event is properly disclosed in the financial statements.
- 47) We have reviewed our employment agreements and personnel policy related to compensated absences and believe our calculation of compensated absences is in alignment with the requirements of GASB Statement No. 101.
- 48) Tax-exempt bonds issued have retained their tax-exempt status.
- 49) We have appropriately disclosed the Town of Paradise Valley, Arizona's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 50) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.



- 51) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 52) With respect to the supplementary information, (SI):
- a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 53) With respect to the Combining Fund Financial Statements and Budgetary Annual Financial Report, Other Supplementary Information of the Annual Comprehensive Financial Report, and the statement that fulfills the HURF requirement pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2:
- a) We acknowledge our responsibility for presenting the Combining Fund Financial Statements and Budgetary Annual Financial Report and Other Supplementary Information of the Annual Comprehensive Financial Report in accordance with accounting principles generally accepted in the United States of America, and we believe the other information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. We acknowledge our responsibility for presenting the other information (the statement that fulfills the HURF requirement pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2) in accordance with constitutional requirements, and we believe the other information (the statement that fulfills the HURF requirement pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2), including its form and content, is fairly presented in accordance with its constitutional requirements.
  - a) The methods of measurement and presentation of the other information listed above have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the other information.
- 54) We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 55) We believe that the actuarial assumptions and methods used to measure OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 56) We assume responsibility for, and agree with, the information provided by the Arizona Retirement Systems as audited by the Arizona State Pensions auditors relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

- 57) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.
- 58) We have implemented GASB Statement No. 87, *Leases*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 59) We have reviewed our long-term debt agreements and believe that all terms related to significant events of default with finance-related consequences, termination events with finance-related consequences and subjective acceleration clauses have been properly identified and disclosed.
- 60) Unused lines of credit, collateral pledged to secure debt and direct borrowings and private placements have been properly identified and disclosed.
- 61) We have implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 62) We have implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 63) We have identified any leases, subscription-based information technology agreements or other contracts that are required to be reported as leases or subscription obligations and are in agreement with the key assumptions used in the measurement of any lease/subscription related assets, liabilities or deferred inflows of resources.
- 64) We have reviewed existing contracts and determined there are no items requiring accounting or reporting as leases/subscriptions.
- 65) We have implemented GASB Statement No. 99, *Omnibus 2022*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 66) We have implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 67) We have implemented GASB Statement No. 101, *Compensated Absences*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 68) We have implemented GASB Statement No. 102, *Certain Risk Disclosures*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with this Standard.
- 69) We have evaluated our ongoing operations and determined there are no concentrations or constraints meeting the requirements for disclosure under GASB Statement No. 102.

Baker Tilly US, LLP  
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- 70) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.
- 71) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. Our annual report is comprised of the items described in the audit report as other information. We have provided you with the final version of the annual report. There are no material inconsistencies between the financial statements and any other information contained within the annual report.

**TOWN OF PARADISE VALLEY, ARIZONA**

*Leslie DeReche*

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Leslie DeReche

Date: December 4, 2025

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
GASB - 1	6/30/2025	E	Deferred outflows of resources related to pen	000-000-13100 EE	M402		217,842.00				
GASB - 1	6/30/2025	E	Deferred outflows of employer pension contrib	000-000-13110 EE	M402		825,159.00				
GASB - 1	6/30/2025	E	Deferred inflow of resources related to pensi	000-000-21820 EE	M402			351,185.00			
GASB - 1	6/30/2025	E	Net Pension Liability	000-000-21890 EE	M402			7,716,931.00			
GASB - 1	6/30/2025	E	Net Position	000-000-31000 EE	M402		7,025,115.00				
			GASB Entry - To post beginning GASB 68 Balances - ASRS						Recurring		
GASB - 2	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE	M402		89,886.00				
GASB - 2	6/30/2025	E	General Government Expense	000-45-61100 EE	M402		545,638.00				
GASB - 2	6/30/2025	E	Public Safety Expense	000-62-61100 EE	M402		139,509.00				
GASB - 2	6/30/2025	E	Deferred outflows of resources related to pen	000-000-13100 EE	M402		498,805.00				
GASB - 2	6/30/2025	E	Deferred outflows of employer pension contrib	000-000-13110 EE	M402			825,159.00			
GASB - 2	6/30/2025	E	Deferred inflow of resources related to pensi	000-000-21820 EE	M402			160,057.00			
GASB - 2	6/30/2025	E	Net Pension Liability	000-000-21890 EE	M402			288,622.00			
			GASB Entry - To record changes for GASB 68						Recurring		
GASB - 3	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE				100,234.00			
GASB - 3	6/30/2025	E	General Government Expense	000-45-61100 EE				613,636.00			
GASB - 3	6/30/2025	E	Public Safety Expense	000-62-61100 EE				169,742.00			
GASB - 3	6/30/2025	E	Deferred outflows of employer pension contrib	000-000-13110 EE			883,612.00				
			GASB Entry - To reclassify employer pension contributions for CY - GASB68 - ASRS								
GASB - 4	6/30/2025	E	Net OPEB Asset -HBS	000-000-12100 EE	M403		259,975.00				
GASB - 4	6/30/2025	E	Deferred outflows of resources related to OPE	000-000-13120 EE	M403		22,284.00				
GASB - 4	6/30/2025	E	Deferred outflows of employer OPEB contribut	000-000-13130 EE	M403		17,834.00				
GASB - 4	6/30/2025	E	Deferred inflow of resources related to OPEB	000-000-21830 EE	M403			131,731.00			
GASB - 4	6/30/2025	E	Net OPEB Liability - LTD	000-000-21895 EE	M403			6,271.00			
GASB - 4	6/30/2025	E	Net Position	000-000-31000 EE	M403			162,091.00			
			GASB Entry - To post beginning effe cts of GASB72 - ASRS						Recurring		
GASB - 5	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE	M403			4,482.00			
GASB - 5	6/30/2025	E	General Government Expense	000-45-61100 EE	M403			27,199.00			
GASB - 5	6/30/2025	E	Public Safety Expense	000-62-61100 EE	M403			6,954.00			
GASB - 5	6/30/2025	E	Net OPEB Asset -HBS	000-000-12100 EE	M403		44,314.00				
GASB - 5	6/30/2025	E	Deferred outflows of resources related to OPE	000-000-13120 EE	M403			4,458.00			
GASB - 5	6/30/2025	E	Deferred outflows of resources related to OPE	000-000-13120 EE	M403						
GASB - 5	6/30/2025	E	Deferred outflows of employer OPEB contribut	000-000-13130 EE	M403			17,834.00			
GASB - 5	6/30/2025	E	Deferred inflow of resources related to OPEB	000-000-21830 EE	M403		11,650.00				
GASB - 5	6/30/2025	E	Net OPEB Liability - LTD	000-000-21895 EE	M403		4,963.00				
			GASB Entry - To post the changes re lated to GASB72						Recurring		

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-1

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
GASB - 6	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE	M403			1,830.00			
GASB - 6	6/30/2025	E	General Government Expense	000-45-61100 EE	M403			11,203.00			
GASB - 6	6/30/2025	E	Public Safety Expense	000-62-61100 EE	M403			3,099.00			
GASB - 6	6/30/2025	E	Deferred outflows of employer OPEB contribut	000-000-13130 EE	M403		16,132.00				
			GASB Entry - To reclassify OPEB exp enditures for the CY for GASB72							Recurring	
GASB - 7	6/30/2025	E	Deferred outflows of resources related to pen	000-000-13100 EE	M410		1,499,715.00				
GASB - 7	6/30/2025	E	Deferred outflows of employer pension contrib	000-000-13110 EE	M410		5,916,630.00				
GASB - 7	6/30/2025	E	Deferred inflow of resources related to pensi	000-000-21820 EE	M410			418,696.00			
GASB - 7	6/30/2025	E	Net Position	000-000-31000 EE	M410			344,939.00			
GASB - 7	6/30/2025	E	Net Pension Liability (Asset)	000-000-21890PSPRS EE	M410			6,652,710.00			
			GASB Entry - To post beginning GASB 68 - PSPRS							Recurring	
GASB - 8	6/30/2025	E	Public Safety Expense	000-62-61100 EE			1,668,997.00				
GASB - 8	6/30/2025	E	Deferred outflows of resources related to pen	000-000-13100 EE			84,799.00				
GASB - 8	6/30/2025	E	Deferred outflows of employer pension contrib	000-000-13110 EE				5,916,630.00			
GASB - 8	6/30/2025	E	Deferred inflow of resources related to pensi	000-000-21820 EE				364,327.00			
GASB - 8	6/30/2025	E	Net Pension Liability	000-000-21890 EE			4,527,161.00				
			GASB Entry - To properly state change in NPL in the CY for PSPRS								
GASB - 9	6/30/2025	E	Public Safety Expense	000-62-61100 EE	M410			1,178,932.00			
GASB - 9	6/30/2025	E	Deferred outflows of employer pension contrib	000-000-13110 EE	M410		1,178,932.00				
			GASB Entry - To reclassify contributions for GASB68 - PSPRS							Recurring	
GASB - 10	6/30/2025	E	Deferred outflows of resources related to OPE	000-000-13120 EE	M411		42,742.00				
GASB - 10	6/30/2025	E	Deferred outflows of employer OPEB contribut	000-000-13130 EE	M411		12,554.00				
GASB - 10	6/30/2025	E	Deferred inflow of resources related to OPEB	000-000-21830 EE	M411			30,364.00			
GASB - 10	6/30/2025	E	Net Position	000-000-31000 EE	M411		16,802.00				
GASB - 10	6/30/2025	E	Net OPEB Asset (Liability)	000-000-21895PSPRS EE	M411			41,734.00			
			GASB Entry - To record beginning ba lances for GASB75 - PSPRS							Recurring	
GASB - 11	6/30/2025	E	Public Safety Expense	000-62-61100 EE	M411			16,533.00			
GASB - 11	6/30/2025	E	Deferred outflows of resources related to OPE	000-000-13120 EE	M411			18,755.00			
GASB - 11	6/30/2025	E	Deferred outflows of employer OPEB contribut	000-000-13130 EE	M411			12,554.00			
GASB - 11	6/30/2025	E	Deferred inflow of resources related to OPEB	000-000-21830 EE	M411			39,337.00			
GASB - 11	6/30/2025	E	Net OPEB Asset (Liability)	000-000-21895PSPRS EE	M411		87,179.00				
			GASB Entry - To record change for G ASB75 - PSPRS							Recurring	
GASB - 12	6/30/2025	E	Public Safety Expense	000-62-61100 EE	M411			8,354.00			

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-2

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
GASB - 12	6/30/2025	E	Deferred outflows of employer OPEB contribut	000-000-13130 EE	M411		8,354.00				
			GASB Entry -To reclassify OPEB cont						Recurring		
			ributions in CY- PSPRS								
GASB - 13	6/30/2025	E	Compensated Absences - Long Term	000-000-22100 EE				1,642,549.00			
GASB - 13	6/30/2025	E	Net Position	000-000-31000 EE			1,642,549.00				
			GASB Entry - To Record Beginning Ba						Recurring		
			lance of Compensated Absences								
GASB - 14	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE			14,735.00				
GASB - 14	6/30/2025	E	General Government Expense	000-45-61100 EE			285,623.00				
GASB - 14	6/30/2025	E	Public Safety Expense	000-62-61100 EE				15,102.00			
GASB - 14	6/30/2025	E	Compensated Absences - Long Term	000-000-22100 EE				285,256.00			
			GASB Entry - To record Change in Co						Recurring		
			mpensated Absences								
GASB - 15	6/30/2025	E	Compensated Absences - Long Term	000-000-22100 EE			1,289,711.00				
GASB - 15	6/30/2025	E	Compensated Absences - Short Term	000-000-22150 EE				1,289,711.00			
			GASB Entry - To reclassify short te						Recurring		
			rm portion of Compensated Absences								
GASB - 16	6/30/2025	E	Revenue Bonds - Long Term	000-000-23000 EE				3,465,000.00			
GASB - 16	6/30/2025	E	Net Position	000-000-31000 EE			3,465,000.00				
			GASB Entry - To record beginning de						Recurring		
			bt								
GASB - 17	6/30/2025	E	PROCEEDS FROM ISSUANCE LTD	33-39-993 33							
GASB - 17	6/30/2025	E	DEBT 2016 PRINCIPAL EXP	40-40-960 40							
GASB - 17	6/30/2025	E	DEBT 2020 PRINCIPAL EXP	42-40-960 42				1,375,000.00			
GASB - 17	6/30/2025	E	Revenue Bonds - Long Term	000-000-23000 EE							
GASB - 17	6/30/2025	E	Revenue Bonds - Long Term	000-000-23000 EE			1,375,000.00				
			GASB Entry - To record change in de						Recurring		
			bt								
GASB - 18	6/30/2025	E	Revenue Bonds - Long Term	000-000-23000 EE			1,390,000.00				
GASB - 18	6/30/2025	E	Revenue Bonds - Short Term	000-000-23500 EE				1,390,000.00			
			GASB Entry - To reclass short term						Recurring		
			debt								
GASB - 19	6/30/2025	E	DEFERRED REVENUE COURT FINES	10-22603 10	FF		411,845.00				
GASB - 19	6/30/2025	E	DEF REV-SALES TAX NOTES REC	10-22607 10	FF		43,418.00				
GASB - 19	6/30/2025	E	DEFERRED REVENUE COURT FINES	21-22603 21	FF		66,427.00				
GASB - 19	6/30/2025	E	Net Position	000-000-31000 EE	FF			521,690.00			

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-3

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
GASB Entry - To record beginning deferred revenue									Recurring		
GASB - 20	6/30/2025	E	Unearned Revenue	10-21800 10	FF		958,000.00				
GASB - 20	6/30/2025	E	DEFERRED REVENUE	10-22600 10	FF						
GASB - 20	6/30/2025	E	DEFERRED REVENUE COURT FINES	10-22603 10	FF		151,415.00				
GASB - 20	6/30/2025	E	DEF REV-SALES TAX NOTES REC	10-22607 10	FF			1,500.00			
GASB - 20	6/30/2025	E	DEFERRED REVENUE-FIVE STAR	10-22608 10	FF						
GASB - 20	6/30/2025	E	DEFERRED REVENUE COURT FINES	21-22603 21	FF			1,087.00			
GASB - 20	6/30/2025	E	DEFERRED REVENUE-FIVE STAR	30-22608 30	FF						
GASB - 20	6/30/2025	E	TOWN SALES TAX AUDIT	10-31-111 10	FF		1,500.00				
GASB - 20	6/30/2025	E	TOWN MANAGEMENT FEE	10-32-310 10	FF						
GASB - 20	6/30/2025	E	MONTELCUCIA DEV AGREEMENT	10-32-767 10	FF			108,000.00			
GASB - 20	6/30/2025	E	COURT FINES - COUNTER	10-35-400 10	FF			151,415.00			
GASB - 20	6/30/2025	E	MISCELLANEOUS INCOME	10-38-730 10	FF						
GASB - 20	6/30/2025	E	FIVE STAR (PARCEL B)	10-38-770 10	FF			850,000.00			
GASB - 20	6/30/2025	E	COURT ENHANCEMENT	21-35-418 21	FF		1,087.00				
GASB - 20	6/30/2025	E	H&H Capital Contributions Offset to Capital O	30-38-300HH 30	FF						
GASB Entry - To record change in deferred revenue									Recurring		
GASB - 21	6/30/2025	E	Non-Depreciable Assets	000-000-11000 EE			43,761,459.00				
GASB - 21	6/30/2025	E	Depreciable Assets	000-000-11100 EE			88,083,280.00				
GASB - 21	6/30/2025	E	Accumulated Depreciation	000-000-11200 EE				37,519,513.00			
GASB - 21	6/30/2025	E	Net Position	000-000-31000 EE				94,325,226.00			
GASB Entry- To record beginning capital assets									Recurring		
GASB - 22	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE				1,993,917.00			
GASB - 22	6/30/2025	E	General Government Expense	000-45-61100 EE				662,758.00			
GASB - 22	6/30/2025	E	Public Safety Expense	000-62-61100 EE				1,051,088.00			
GASB - 22	6/30/2025	E	Non-Depreciable Assets	000-000-11000 EE							
GASB - 22	6/30/2025	E	Non-Depreciable Assets	000-000-11000 EE			1,481,628.00				
GASB - 22	6/30/2025	E	Non-Depreciable Assets	000-000-11000 EE				798,122.00			
GASB - 22	6/30/2025	E	Depreciable Assets	000-000-11100 EE			2,226,135.00				
GASB - 22	6/30/2025	E	Depreciable Assets	000-000-11100 EE			798,122.00				
GASB Entry - To record capital asset additions									Recurring		
GASB - 23	6/30/2025	E	General Government Expense	000-45-61100 EE			1,373.00				
GASB - 23	6/30/2025	E	Non-Depreciable Assets	000-000-11000 EE							
GASB - 23	6/30/2025	E	Depreciable Assets	000-000-11100 EE							
GASB - 23	6/30/2025	E	Depreciable Assets	000-000-11100 EE				363,446.00			
GASB - 23	6/30/2025	E	Accumulated Depreciation	000-000-11200 EE			362,073.00				
GASB Entry - To record asset deletions									Recurring		

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-4

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
GASB - 24	6/30/2025	E	Highways and Streets Expense	000-40-61100 EE			953,593.00				
GASB - 24	6/30/2025	E	General Government Expense	000-45-61100 EE			986,357.00				
GASB - 24	6/30/2025	E	Public Safety Expense	000-62-61100 EE			660,038.00				
GASB - 24	6/30/2025	E	Accumulated Depreciation	000-000-11200 EE				2,599,988.00			
			GASB Entry - To record depreciation by function						Recurring		
GASB - 25	6/30/2025	E	Accrued Interest	000-000-23600 EE				15,737.00			
GASB - 25	6/30/2025	E	Net Position	000-000-31000 EE			15,737.00				
			GASB Entry - To record beginning accrued interest						Recurring		
GASB - 26	6/30/2025	E	DEBT 2020 INTEREST EXPENDITURE	42-40-961 42				6,245.00			
GASB - 26	6/30/2025	E	Accrued Interest	000-000-23600 EE			6,245.00				
			GASB Entry - To record accrued interest for the 2020 Bond						Recurring		
GASB - 27	6/30/2025	E	OTHER FINANCING SOURCE	10-39-990 10	W200.2						
GASB - 27	6/30/2025	E	General Government Expense	000-45-61100 EE	W200.2						
GASB - 27	6/30/2025	E	Public Safety Expense	000-62-61100 EE	W200.2						
GASB - 27	6/30/2025	E	Accumulated Amortization - SBITA's	000-000-11300 EE	W200.2			293,705.00			
GASB - 27	6/30/2025	E	Right-to-Use Assets - SBITAs	000-000-11500 EE	W200.2						
GASB - 27	6/30/2025	E	Right-to-Use Assets - SBITAs	000-000-11500 EE	W200.2		679,834.00				
GASB - 27	6/30/2025	E	SBITA Liability - LT	000-000-24000 EE	W200.2			337,822.00			
GASB - 27	6/30/2025	E	Net Position	000-000-31000 EE	W200.2			48,307.00			
			GASB - To record beginning balance of SBITA's						Recurring		
GASB - 28	6/30/2025	E	DEBT PRINCIPLE EXPENDITURE	10-40-960 10	W200.2						
GASB - 28	6/30/2025	E	DEBT PRINCIPLE EXPENDITURE	10-40-960 10	W200.2			74,492.00			
GASB - 28	6/30/2025	E	General Government Expense	000-45-61100 EE	W200.2		148,687.00				
GASB - 28	6/30/2025	E	Public Safety Expense	000-62-61100 EE	W200.2						
GASB - 28	6/30/2025	E	Accumulated Amortization - SBITA's	000-000-11300 EE	W200.2						
GASB - 28	6/30/2025	E	Accumulated Amortization - SBITA's	000-000-11300 EE	W200.2			148,687.00			
GASB - 28	6/30/2025	E	Right-to-Use Assets - SBITAs	000-000-11500 EE	W200.2						
GASB - 28	6/30/2025	E	SBITA Liability - LT	000-000-24000 EE	W200.2						
GASB - 28	6/30/2025	E	SBITA Liability - LT	000-000-24000 EE	W200.2		74,492.00				
			GASB - To record change in SBITA's Liability and record SBITA amortization on right to use assets						Recurring		
GASB - 29	6/30/2025	E	SBITA Liability - LT	000-000-24000 EE	W200.2		80,867.00				
GASB - 29	6/30/2025	E	SBITA's Liability - ST	000-000-24500 EE	W200.2			80,867.00			
			GASB - To reclass ST and LT for SBITA's						Recurring		Judgmental



Town of Paradise Valley, Arizona  
Year End: June 30, 2025  
Normal adjusting journal entries  
Date: 7/1/2024 To 6/30/2025

310-5

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
GASB - 30	6/30/2025	E	Non-Depreciable Assets	000-000-11000 EE			3,300,000.00				
GASB - 30	6/30/2025	E	Contributed Capital	000-000-42000 EE				3,300,000.00			
To record donated land addition											Judgmental
CLIENT- 01	6/30/2025	N	RESTRICTED: POLICE DONATIONS	25-29813 25			4,021.00				
CLIENT- 01	6/30/2025	N	DONATIONS - MISCELLANEOUS	25-30-832 25				4,021.00			
Client entry- To reclass shred IT event revenues to a revenue account.											
CLIENT- 02	6/30/2025	N	MARKET TO MARKET VALUE	01-11612 01	A.910		266,220.00				
CLIENT- 02	6/30/2025	N	CASH ALLOCATION - OTHER FUNDS	01-11900 01	A.910			266,220.00			
CLIENT- 02	6/30/2025	N	CASH - COMBINED FUND	10-11900 10	A.910		266,220.00				
CLIENT- 02	6/30/2025	N	YR END MKT GAIN/LOSS	10-37-900 10	A.910			266,220.00			
Client Entry- To adjust the year-end mark to market balance.											
CLIENT- 03	6/30/2025	R	ACCOUNTS RECEIVABLE	10-13110 10							
CLIENT- 03	6/30/2025	R	PFM-ACCRUED INTEREST RECEIVABL	10-13310 10							
Client Entry- To reclass amount out of AR to PFM investment account.											
CLIENT- 04	6/30/2025	N	PREPAID EXPENSES	10-15610 10			29,920.00				
CLIENT- 04	6/30/2025	N	PREPAID EXPENSES	10-15610 10			46,791.00				
CLIENT- 04	6/30/2025	N	SOFTWARE ANNUAL LICENSES	10-52-280 10				29,920.00			
CLIENT- 04	6/30/2025	N	SOFTWARE MAINTENANCE CONTRACT	10-52-290 10				46,791.00			
Client Entry - to correct a system error related to prepaid expenses.											
CLIENT- 05	6/30/2025	N	CASH ALLOCATION - OTHER FUNDS	01-11900 01				4,999.00			
CLIENT- 05	6/30/2025	N	ACCOUNTS PAYABLE	01-21310 01			4,999.00				
CLIENT- 05	6/30/2025	N	CASH - COMBINED FUND	10-11900 10			4,999.00				
CLIENT- 05	6/30/2025	N	ACCOUNTS PAYABLE	10-21310 10				4,999.00			
Client Entry - to clear cashing clearing account at year-end.											
CLIENT- 06	6/30/2025	N	MISCELLANEOUS INCOME	10-38-730 10				314,579.00			
CLIENT- 06	6/30/2025	N	MISCELLANEOUS	10-51-840 10			314,579.00				
Client Entry - To reclass insurance claim monies into miscellaneous income											
CLIENT- 07	6/30/2025	N	COMPUTERS	80-16125 80				211,187.00			
CLIENT- 07	6/30/2025	N	CONSTRUCTION IN PROGRESS	80-16170 80			211,187.00				

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-6

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
Client Entry- To adjust fixed assets for assets moved from CIP to general fixed assets.											
CLIENT- 08	6/30/2025	N	PREPAID EXPENSES	53-15610 53				917,380.00			
CLIENT- 08	6/30/2025	N	VEHICLES	53-16130 53			917,380.00				
CLIENT- 08	6/30/2025	N	A.D. VEHICLES	53-16196 53				183,473.00			
CLIENT- 08	6/30/2025	N	DEPRECIATION	53-40-899 53			183,473.00				
Client Entry - reclassify fire truck from prepaid expenses to fixed asset											
CLIENT- 09	6/30/2025	N	LEASE RECEIVABLE	10-13105 10	V100.1			70,480.00			
CLIENT- 09	6/30/2025	N	DEFERRED REVENUE-LEASES	10-22606 10	V100.1		77,011.00				
CLIENT- 09	6/30/2025	N	RENTAL INC - WIRELESS FACILITY	10-34-737 10	V100.1		86,376.00				
CLIENT- 09	6/30/2025	N	Lease Revenue	10-34-700HH 10	V100.1			77,011.00			
CLIENT- 09	6/30/2025	N	Lease Interest Revenue	10-34-710HH 10	V100.1			15,896.00			
Client Entry - To adjust lease balances for CY activity.											
CLIENT- 10	6/30/2025	N	DEBT PRINCIPLE EXPENDITURE	10-40-960 10	W200.2		74,492.00				
CLIENT- 10	6/30/2025	N	DEBT INTEREST EXPENDITURE	10-40-961 10	W200.2		9,797.00				
CLIENT- 10	6/30/2025	N	SOFTWARE ANNUAL LICENSES	10-47-280 10	W200.2			84,289.00			
Client Entry- to record CY SBITA Pmt's to principal.											
CLIENT - 11	6/30/2025	N	ACCOUNTS RECEIVABLE	10-13110 10			322,935.00				
CLIENT - 11	6/30/2025	N	INTEREST - MISCELLANEOUS	10-37-616 10				322,935.00			
Client Entry - To accrue WF Sweep Dividend for June received in July.											
CLIENT - 12	6/30/2025	N	POST OFFICE INVENTORY	10-17510 10			24,657.00				
CLIENT - 12	6/30/2025	N	INVENTORY-POST OFFICE METER	10-17515 10			4,000.00				
CLIENT - 12	6/30/2025	N	INVENTORY-TOWN HALL POSTAGE	10-17520 10			2,001.00				
CLIENT - 12	6/30/2025	N	UNASSIGNED FUND BALANCE	10-29800 10			38,688.00				
CLIENT - 12	6/30/2025	N	NONSPENDABLE: INVENTORY	10-29842 10				38,688.00			
CLIENT - 12	6/30/2025	N	POSTAGE	10-44-753 10				2,001.00			
CLIENT - 12	6/30/2025	N	POST OFFICE STAMP PURCHASES	10-58-687 10				24,657.00			
CLIENT - 12	6/30/2025	N	POST OFFICE METER REPLENISH	10-58-750 10				4,000.00			
Client Entry - To account for balance in the town hall postage machine and post office stock at 6/30/2025.											
CLIENT - 13	6/30/2025	N	ACCOUNTS RECEIVABLE COURT	10-13515 10			147,721.00				
CLIENT - 13	6/30/2025	N	ACCOUNTS RECEIVABLE COURT	10-13515 10			210,539.00				
CLIENT - 13	6/30/2025	N	ACCRUED LIABILITIES	10-21312 10				210,539.00			
CLIENT - 13	6/30/2025	N	DEFERRED REVENUE COURT FINES	10-22603 10				147,721.00			
CLIENT - 13	6/30/2025	N	ACCOUNTS RECEIVABLE COURT	21-13515 21			65,340.00				
CLIENT - 13	6/30/2025	N	DEFERRED REVENUE COURT FINES	21-22603 21				65,340.00			

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-7

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
Client Entry - To account for the difference between prior and current year outstanding for the Town's portion of AR in the Court											
CLIENT - 14	6/30/2025	N	ACCOUNTS RECEIVABLE COURT	10-13515 10				34,579.00			
CLIENT - 14	6/30/2025	N	ACCOUNTS RECEIVABLE COURT	10-13515 10				203,179.00			
CLIENT - 14	6/30/2025	N	ACCRUED LIABILITIES	10-21312 10			203,179.00				
CLIENT - 14	6/30/2025	N	DEFERRED REVENUE COURT FINES	10-22603 10			34,579.00				
CLIENT - 14	6/30/2025	N	ACCOUNTS RECEIVABLE COURT	21-13515 21				72,600.00			
CLIENT - 14	6/30/2025	N	DEFERRED REVENUE COURT FINES	21-22603 21			72,600.00				
Client Entry - to account for the difference between CY and PY outstanding portion of of AR in the Court.											
CLIENT - 15	6/30/2025	N	CASH CLEARING - UTILITIES	01-11750 01			11.00				
CLIENT - 15	6/30/2025	N	CASH CLEARING - UTILITIES	01-11750 01			585.00				
CLIENT - 15	6/30/2025	N	CASH CLEARING - UTILITIES	01-11750 01			40.00				
CLIENT - 15	6/30/2025	N	CASH ALLOCATION - OTHER FUNDS	01-11900 01				636.00			
CLIENT - 15	6/30/2025	N	CASH - COMBINED FUND	10-11900 10			585.00				
CLIENT - 15	6/30/2025	N	CASH - COMBINED FUND	53-11900 53			51.00				
CLIENT - 15	6/30/2025	N	ACCOUNTS RECEIVABLE	53-13110 53				40.00			
CLIENT - 15	6/30/2025	N	ACCOUNTS PAYABLE	53-21310 53				11.00			
CLIENT - 15	6/30/2025	N	ONSITE TRAINING	10-62-770 10				585.00			
Client Entry - To adjust the cash clearing accounts down to zero at year-end.											
CLIENT - 16	6/30/2025	N	ACCOUNTS RECEIVABLE	10-13110 10			152,393.00				
CLIENT - 16	6/30/2025	N	ACCOUNTS RECEIVABLE	10-13110 10			3,085.00				
CLIENT - 16	6/30/2025	N	ACCOUNTS RECEIVABLE	10-13110 10			22,385.00				
CLIENT - 16	6/30/2025	N	ACCOUNTS RECEIVABLE THIRD	53-13111 53			16,463.00				
CLIENT - 16	6/30/2025	N	ACCOUNTS RECEIVABLE THIRD	53-13111 53			6,170.00				
CLIENT - 16	6/30/2025	N	THIRD PARTY REVIEW BLDG INSP	10-32-291 10				44,393.00			
CLIENT - 16	6/30/2025	N	THIRD PARTY REVIEW BLDG INSP	10-32-291 10				22,385.00			
CLIENT - 16	6/30/2025	N	MONTELUZIA DEV AGREEMENT	10-32-767 10				108,000.00			
CLIENT - 16	6/30/2025	N	GAS & OIL	10-66-435 10				3,085.00			
CLIENT - 16	6/30/2025	N	THIRD PARTY FIRE SERV REIMBURS	53-38-766 53				16,463.00			
CLIENT - 16	6/30/2025	N	THIRD PARTY FIRE SERV REIMBURS	53-38-766 53				6,170.00			
Client Entry - To adjust AR balances at year-end.											
CLIENT - 17	6/30/2025	N	CASH CLEARING - AR	01-11760 01			24,264.00				
CLIENT - 17	6/30/2025	N	CASH ALLOCATION - OTHER FUNDS	01-11900 01				24,264.00			
CLIENT - 17	6/30/2025	N	CASH - COMBINED FUND	10-11900 10			24,264.00				
CLIENT - 17	6/30/2025	N	CASH - COMBINED FUND	10-11900 10				15,452.00			
CLIENT - 17	6/30/2025	N	ACCOUNTS RECEIVABLE	10-13110 10				24,264.00			
CLIENT - 17	6/30/2025	N	ACCOUNTS RECEIVABLE	10-13110 10			15,452.00				
CLIENT - 17	6/30/2025	N	CASH - COMBINED FUND	53-11900 53			15,452.00				
CLIENT - 17	6/30/2025	N	ACCOUNTS RECEIVABLE THIRD	53-13111 53				15,452.00			

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-8

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
Client Entry - To adjust AR balances at year-end (Part 2).											
CLIENT - 18	6/30/2025	N	A.D. SEWER LINES	55-16193 55				224,550.00			
CLIENT - 18	6/30/2025	N	DEPRECIATION	55-40-899 55			224,550.00				
Client Entry - To book depreciation expense for sewer related capital assets.											
CLIENT - 19	6/30/2025	N	ACCOUNTS PAYABLE	53-21310 53				183,220.00			
CLIENT - 19	6/30/2025	N	THIRD PARTY FIRE SERV REIMBURS	53-38-766 53			19,345.00				
CLIENT - 19	6/30/2025	N	THIRD PARTY REIMBURSEMENTS	53-40-342 53			163,875.00				
Client Entry - To record accruals for third party reimbursements to the City of Phoenix.											
CLIENT - 20	6/30/2025	N	2020 DEBT INTEREST PAYABLE	42-21420 42				6,245.00			
CLIENT - 20	6/30/2025	N	DEBT 2020 INTEREST EXPENDITURE	42-40-961 42			6,245.00				
Reclass entry to add additional interest expense											
CLIENT - 21	6/30/2025	N	ACCOUNTS RECEIVABLE	50-13110 50			292.00				
CLIENT - 21	6/30/2025	N	UNEARNED REVENUE	50-21800 50				292.00			
Client Entry - To adjust ending unearned revenue balance.											
CLIENT - 22	6/30/2025	N	SEWER BUYBACK DUE RESIDENTS	55-22620 55				68,502.00			
CLIENT - 22	6/30/2025	N	SEWER BUYBACK - TOWN	55-30-630 55			17,255.00				
CLIENT - 22	6/30/2025	N	SETTLEMENTS	55-40-841 55			51,247.00				
Client Entry - to reclass revenue recorded in sewer liability accounts.											
CLIENT - 23	6/30/2025	N	Unearned Revenue	10-21800 10				958,000.00			
CLIENT - 23	6/30/2025	N	MONTELUCIA DEV AGREEMENT	10-32-767 10			108,000.00				
CLIENT - 23	6/30/2025	N	FIVE STAR (PARCEL B)	10-38-770 10			850,000.00				
Client Entry - To move 5 start revenue collected after 8/31/2025.											
CLIENT - 24	6/30/2025	N	LAND	95-16150 95			3,300,000.00				
CLIENT - 24	6/30/2025	N	NET INVESTMENT IN CAP ASSETS	95-29820 95				3,300,000.00			
To adjust the preserve mountain trust for contributed land.											
							189,008,526.00	189,008,526.00			

Town of Paradise Valley, Arizona

Year End: June 30, 2025

Normal adjusting journal entries

Date: 7/1/2024 To 6/30/2025

310-9

Completed by	Reviewed by	Reviewed by
MA28834 10/15/2025		
Partner Review	IR	
BH28807 11/25/2025		

Number	Date	Type	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Difference	Misstatement
			Net Income (Loss)	26,894,510.00							