

# **Town of Paradise Valley, Arizona**

Annual Expenditure Limitation Report

June 30, 2025

# Town of Paradise Valley, Arizona

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Table of Contents  
June 30, 2025

	<u>Page</u>
Independent Accountants' Report	1
Annual Expenditure Limitation Report - Part I	2
Annual Expenditure Limitation Report - Part II	3
Annual Expenditure Limitation Report - Reconciliation	4
Notes to Annual Expenditure Limitation Report	5

## Independent Accountants' Report

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Paradise Valley, Arizona for the year ended June 30, 2025. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination. We have presented the results of our examination in the accompanying schedules.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Town of Paradise Valley and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our examination engagement.

In our opinion, the Annual Expenditure Limitation Report of the Town of Paradise Valley, Arizona is fairly presented in accordance with the Uniform Expenditure Reporting System as described in Note 1, in all material respects.

*Baker Tilly US, LLP*

Tempe, Arizona  
December 4, 2025

# Town of Paradise Valley, Arizona

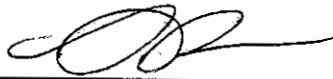
## Annual Expenditure Limitation Report - Part I

Year Ended June 30, 2025

1. Economic Estimates Commission expenditure limitation	\$	45,679,447	
2. Voter-approved alternative expenditure limitation			
3. Enter applicable amount from line 1 or line 2			\$ 45,679,447
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	41,990,769	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-		
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-		
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-		
8. Subtotal			\$ 41,990,769
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve			
10. Total adjusted amount subject to the expenditure limitation	+		\$ 41,990,769
11. Amount under (in excess of) the expenditure limitation			\$ 3,688,678

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief financial officer:



Name and title: Leslie DeReche, Chief Financial Officer

Telephone number: (480) 348-3680

Date:

12/4/25

See notes to annual expenditure limitation report

**Town of Paradise Valley, Arizona**

## Annual Expenditure Limitation Report - Part II

Year Ended June 30, 2025

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 35,626,047	\$ 8,693,741	\$ 44,319,788
B. Less exclusions claimed:			
1. Debt proceeds	-	-	-
2. Debt service requirements (Note 4)	1,409,035	-	1,409,035
3. Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-
4. Trustee or custodian	-	-	-
5. Grants and aid from the federal government (Note 8)	18,150	-	18,150
6. Grants, aid, contributions or gifts from a private agency, organization or individual, except amounts received in lieu of taxes (Note 5)	19,424	-	19,424
7. Amounts received from the State of Arizona (Note 6)	34,783	-	34,783
8. Quasi-external interfund transactions (Note 7)	10,264	5,912	16,176
9. Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
10. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 9)	831,451	-	831,451
11. Contracts with other political subdivisions	-	-	-
12. Refunds, reimbursements, and other recoveries	-	-	-
13. Voter-approved exclusions not identified above	-	-	-
14. Prior years carryforward	-	-	-
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
16. Total exclusions claimed	<u>2,323,107</u>	<u>5,912</u>	<u>2,329,019</u>
C. Amounts subject to the expenditure limitation	<u>\$ 33,302,940</u>	<u>\$ 8,687,829</u>	<u>\$ 41,990,769</u>

See notes to annual expenditure limitation report

## Town of Paradise Valley, Arizona

### Annual Expenditures Limitation Report - Reconciliation

Year Ended June 30, 2025

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 35,665,709	\$ 8,375,507	\$ 44,041,216
B. Subtractions:			
1. Items not requiring use of current financial resources:			
a. Depreciation (Note 2)	-	586,428	586,428
c. Bad debt expense (Note 2)	-	12,718	12,718
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 3)	8,173	-	8,173
3. Required fees paid to the Industrial Commission of Arizona	31,489	-	31,489
4. Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	-	-	-
5. Involuntary court judgments	-	-	-
6. Total subtractions	39,662	599,146	638,808
C. Additions:			
1. Principal payments on long-term debt	-	-	-
2. Capital asset acquisitions	-	917,380	917,380
3. Amounts paid in the current year but reported as expenses in previous years:	-	-	-
a. Claims previously recognized as IBNR	-	-	-
b. Landfill closure and postclosure care costs and pollution remediation	-	-	-
4. Pension and OPEB contributions paid in the current year	-	-	-
5. Transfers to separate legal entities	-	-	-
6. Total additions	-	917,380	917,380
D. Amounts reported on Part II, line A	\$ 35,626,047	\$ 8,693,741	\$ 44,319,788

See notes to annual expenditure limitation report

# Town of Paradise Valley, Arizona

Notes to Annual Expenditure Limitation Report  
June 30, 2025

## 1. Summary of Significant Accounting Policies

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

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

## 2. Items Not Requiring the Use of Working Capital

The subtraction for items not requiring the use of working capital includes the current year depreciation expense \$(586,428) recorded in the Enterprise Funds and bad debt expense \$(12,718) recorded in the Enterprise Funds.

## 3. Expenditures of Separate Legal Entities Established Under ARS

The subtraction for expenditures of separate legal entities established under ARS includes expenditures of the Paradise Valley Mountain Preserve Trust Fund \$(8,173) in the Governmental Funds.

## 4. Debt Service Requirements

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

	Governmental Funds		
	Principal	Interest	Total
Excise Tax Revenue Bonds: Series 2020	\$ 1,375,000	\$ 34,035	\$ 1,409,035
Total	<u>\$ 1,375,000</u>	<u>\$ 34,035</u>	<u>\$ 1,409,035</u>

## 5. Grants, Aid, Contributions or Gifts From a Private Agency, Organization or Individual

Amounts received from contributions consist of the following:

AMRRP	<u>\$ 19,424</u>
Total	<u>\$ 19,424</u>

## Town of Paradise Valley, Arizona

Notes to Annual Expenditure Limitation Report  
June 30, 2025

### 6. Amounts Received From the State

Amounts received from the state consist of the following:

LTAIF II	\$ 34,783
Total	<u>\$ 34,783</u>

### 7. Quasi-External Interfund Transactions

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

### 8. Federal Grants

The following schedule presents revenues from which exclusions have been claimed for federal grants in the Governmental Funds:

Federal grants:		
Department of Justice	2022 BVP Award	\$ 1,218
National Highway Traffic Safety	2023-II-004	3,754
National Highway Traffic Safety	2024-II-003	6,410
National Highway Traffic Safety	2023-PTS-041	2,479
National Highway Traffic Safety	2024-PTS-040	<u>4,289</u>
Total		<u>\$ 18,150</u>

### 9. Highway User Revenue in Excess of 1979-80

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

HURF Fund Revenue	\$ 1,003,001
Less 1979-80 Revenue	<u>(171,550)</u>
Total	<u>\$ 831,451</u>
Current year expenditures	\$ 3,872,153
Nonexcludable expenditures:	
Transfer from the General Fund	(3,000,000)
Expenditures in excess of 1979-80 revenues	(171,550)
Net change in fund balance	<u>130,848</u>
Total excludable expenditures	<u>\$ 831,451</u>



## Town of Paradise Valley, Arizona

Notes to Annual Expenditure Limitation Report  
June 30, 2025

### 10. Governmental and Enterprise Fund Carryforward

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

	<b>Governmental Funds</b>	<b>Enterprise Funds</b>	<b>Total</b>
Balance, June 30, 2024	\$ 5,234,996	\$ 155,068	\$ 5,390,064
Current year interest	6,052,084	160,324	6,212,408
Less interest received from:			
Nonexcludable funds	(80,656)	-	(80,656)
Funds with no expenditures	(38,215)	-	(38,215)
Current year carryforward used	-	-	-
Balance, June 30, 2025	<u>\$ 5,933,213</u>	<u>\$ 160,324</u>	<u>\$ 6,093,537</u>