

TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2014

**TOWN OF PARADISE VALLEY, ARIZONA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2014**

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 the Town Council
Town of Paradise Valley, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Paradise Valley, Arizona, for the year ended June 30, 2014. This report is the responsibility of the Town of Paradise Valley, Arizona's management. Our responsibility is to express an opinion on this report based on our examination.

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

In our opinion, the Annual Expenditure Limitation Report of the Town of Paradise Valley, Arizona, for the year ended June 30, 2014, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

CliftonLarsonAllen LLP

Phoenix, Arizona
December 2, 2014

**TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2014**

1. Economic Estimates Commission expenditure limitation	\$ 23,832,747	
2. Voter approved alternative expenditure limitation (Approved _____)	-	
	<hr/>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 23,832,747</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	23,832,747	
5. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(2)(a), Arizona Constitution]	-	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor [Article IX, §20(2)(b), Arizona Constitution]	-	
7. Prior-year voter approved expenditures to exceed the expenditure limitation for the reporting fiscal year [Article IX, §20(2)(c), Arizona Constitution]	-	
	<hr/>	
8. Subtotal	23,832,747	
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters [Article IX, §20(2)(b), Arizona Constitution]	-	
	<hr/>	
10. Total adjusted amount subject to the expenditure limitation		<u>23,832,747</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)		<u><u>\$ -</u></u>

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

Signature of Chief Fiscal Officer:



Name and Title: Scott McCarty, CPA
Finance Director

Telephone Number: (602) 948-7411

Date: December 2, 2014

See accompanying notes to report.

**TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2014**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 23,289,112	\$ 5,711,168	\$ 29,000,280
B. Less exclusions claimed:			
1 Bond proceeds	-	-	-
Debt service requirements on bonded indebtedness	1,028,313	467,624	1,495,937
Debt service requirements on other long-term obligations	186,762	497,620	684,382
2 Dividends, interest and gains on sale of investment securities	-	-	-
3 Trustee or custodian	-	-	-
4 Grants and aid from the federal government	-	-	-
5 Grants, aid, contributions or gifts from private agency, organization or individual	28,618	-	28,618
6 Amounts received from the state	46,681	-	46,681
7 Quasi-external interfund transactions (town sewer fees and indirect charges from governmental funds to enterprise funds.	331,129	-	331,129
8 Amounts accumulated for purchase of land, purchase or construction of buildings or improvements	-	-	-
9 Highway user revenues in excess FY 1979-80	552,164	-	552,164
10 Contracts with other political subdivisions	-	-	-
11 Refunds, reimbursements and other recoveries	-	-	-
12 Voter approved exclusions not identified above	-	-	-
13 Prior years carryforward	2,028,622	-	2,028,622
14 Total exclusions claimed	<u>4,202,289</u>	<u>965,244</u>	<u>5,167,533</u>
C. Amounts subject to the expenditure limitation	<u>\$ 19,086,823</u>	<u>\$ 4,745,924</u>	<u>\$ 23,832,747</u>

See accompanying notes to report.

**TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2014**

Description	Governmental Funds	Enterprise Funds	Total
A. <u>Total Expenditures within the fund-based financial statements</u>	<u>\$ 23,289,112</u>	<u>\$ 5,416,834</u>	<u>\$ 28,705,946</u>
B. Subtract:			
1 Items not requiring use of working capital			
Depreciation and Amortization	-	532,557	532,557
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	5,474	5,474
Claims incurred but not reported	-	-	-
Landfill Closure	-	-	-
2 Expenditures of separate legal entities established under ARS	-	-	-
3 Present value of net minimum capital leases	-	-	-
4 Charges for services paid to Internal Service Funds	-	-	-
5 Involuntary court judgments	-	-	-
6 Total subtractions	<u>-</u>	<u>538,031</u>	<u>538,031</u>
C. Additions:			
1 Principal payments on long-term debt	-	832,365	832,365
2 Acquisition of capital assets	-	-	-
3 Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-
4 Landfill closure as expended in previous years	-	-	-
5 Total additions	<u>-</u>	<u>832,365</u>	<u>832,365</u>
D. Amounts reported on Part II Line A	<u>\$ 23,289,112</u>	<u>\$ 5,711,168</u>	<u>\$ 29,000,280</u>

See accompanying notes to report.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2 DEBT SERVICE REQUIREMENTS ON BONDED INDEBTEDNESS

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

NOTE 3 DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS

The exclusion claimed for debt service requirements on other long-term obligations in the Governmental and Enterprise Funds consists of principal retirement and interest expense on capital leases in the governmental funds and notes payable in the enterprise funds.

NOTE 4 GRANTS, AID, CONTRIBUTIONS OR GIFTS FROM A PRIVATE AGENCY, ORGANIZATION, OR INDIVIDUAL

Amounts received from contributions consist of the following:

Donations Fund	\$ 28,618
----------------	-----------

NOTE 5 AMOUNTS RECEIVED FROM STATE

Amounts received from the State consist of the following:

Miscellaneous Police Grants	\$ 7,247
LTAF II	39,434
Total	\$ 46,681

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014**

NOTE 6 HIGHWAY USER REVENUE IN EXCESS OF 1979-80

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

HURF Fund Revenue	\$ 723,714
Less: LTAF Expenditures	-
Less: 1979-80 Revenue	<u>(171,550)</u>
Total	<u>\$ 552,164</u>
Current Year Expenditures	2,694,052
Nonexcludable Expenditures	
Transfer from the General Fund	(2,000,000)
Expenditures in Excess of 1979-80 Revenues	<u>(141,888)</u>
Total Excludable Expenditures	<u><u>552,164</u></u>

NOTE 7 GOVERNMENTAL AND ENTERPRISE FUND CARRYFORWARD

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

	Governmental Funds	Enterprise Funds	Total
Balance at June 30, 2012	\$ 14,198,577	\$ 525,840	\$ 14,724,417
Current Year Interest	93,740	7,251	100,991
LTAF and Excess HURF	(141,888)	-	(141,888)
Current Year Carryforward Used	<u>(2,028,622)</u>	-	<u>(2,028,622)</u>
Balance at June 30, 2013	<u>\$ 12,121,807</u>	<u>\$ 533,091</u>	<u>\$ 12,654,898</u>

NOTE 8 QUASI-EXTERNAL INTERFUND TRANSACTIONS

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

NOTE 9 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 and bad debt expense in the enterprise funds...