



TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2020

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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 Town of Paradise Valley, Arizona for the year ended June 30, 2020 and the related notes to the report. 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 in all material respects. 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.

In our opinion, the Annual Expenditure Limitation Report of Town of Paradise Valley, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.


Henry + Horne, LLP

Tempe, Arizona
November 13, 2020

TOWN OF PARADISE VALLEY, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I
 YEAR ENDED JUNE 30, 2020

1. Economic Estimates Commission expenditure limitation	<u>\$ 42,194,350</u>	
2. Voter-approved alternative expenditure limitation	<u>N/A</u>	
3. Enter applicable amount from line 1 or line 2		<u>\$ 42,194,350</u>
4. Amount subject to the expenditure limitation (total amount from part II, line C)	<u>31,744,775</u>	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	<u>N/A</u>	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	<u>N/A</u>	
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	<u>N/A</u>	
8. Subtotal		<u>31,744,775</u>
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	<u>N/A</u>	
10. Total adjusted amount subject to the expenditure limitation		<u>31,744,775</u>
11. Amount under (in excess of) the expenditure limitation		<u><u>\$ 10,449,575</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 Financial Officer: 

Name and title: Douglas W Allen, Chief Financial Officer

Telephone number: (480) 948- 7411

Date: November 13, 2020

TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2020

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Total</u>
A. Amounts reported on the reconciliation, line D	\$ 28,398,747	\$ 5,965,754	\$ 34,364,501
B. Less exclusions claimed:			
1. Debt proceeds	137,600	-	137,600
2. Debt service requirements (Note 5)	1,477,927	-	1,477,927
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	-	-	-
6. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 6)	12,831	-	12,831
7. Amounts received from the State of Arizona (Note 7)	9,884	-	9,884
8. Quasi-external interfund transactions (Note 8)	6,900	-	6,900
9. 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)	974,584	-	974,584
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>2,619,726</u>	<u>-</u>	<u>2,619,726</u>
C. Amounts subject to the expenditure limitation	<u>\$ 25,779,021</u>	<u>\$ 5,965,754</u>	<u>\$ 31,744,775</u>

TOWN OF PARADISE VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2020

Description	Governmental funds	Enterprise funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 28,470,124	\$ 6,399,948	\$ 34,870,072
<u>B.</u> Subtractions:			
<u>1.</u> Items not requiring use of current financial resources:			
<u>a.</u> Depreciation (Note 2)	-	432,790	432,790
<u>b.</u> Loss on disposal of capital assets	-	-	-
<u>c.</u> Bad debt expense (Note 2)	-	1,404	1,404
<u>d.</u> Pension and other postemployment benefits (OPEB) expense	-	-	-
<u>e.</u> Claims incurred but not reported (IBNR)	-	-	-
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>2.</u> Expenditures of separate legal entities established under Arizona Revised Statutes (Note 3)	33,450	-	33,450
<u>3.</u> Required fees paid to the Arizona Department of Revenue	37,927	-	37,927
<u>4.</u> Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at the agreements' inception	-	-	-
<u>5.</u> Involuntary court judgments	-	-	-
<u>6.</u> Total subtractions	<u>71,377</u>	<u>434,194</u>	<u>505,571</u>
<u>C.</u> Additions:			
<u>1.</u> Principal payments on long-term debt			-
<u>2.</u> Capital asset acquisitions	-	-	-
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:	-	-	-
<u>a.</u> Claims previously recognized as IBNR	-	-	-
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>4.</u> Pension and OPEB contributions paid in the current year	-	-	-
<u>5.</u> Total additions	<u>-</u>	<u>-</u>	<u>-</u>
<u>D.</u> Amounts reported on part II, line A	<u>\$ 28,398,747</u>	<u>\$ 5,965,754</u>	<u>\$ 34,364,501</u>

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2020

NOTE 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.

NOTE 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 (\$432,790), less the amortization of the current year bond premium (\$-0-) recorded in the Enterprise Funds and bad debt expense (\$1,404) recorded in the Enterprise Funds.

NOTE 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 (\$33,450) in the governmental funds.

NOTE 4 DEBT PROCEEDS

The exclusion claimed for debt proceeds in the Governmental Funds consist of bond issuance costs of \$137,600 for the 2020 Series Bonds issued and \$0 bond proceeds had been spent on other uses during fiscal year ending June 30, 2020.

TOWN OF PARADISE VALLEY, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 Year Ended June 30, 2020

NOTE 5 DEBT SERVICE REQUIREMENTS

The exclusion claimed for debt service requirements in the Governmental Funds consist of principal retirement and interest expense on revenue bonds, capital leases, and interest paid on an advance from the General Fund in the governmental funds and enterprise funds as follows:

	Governmental Funds		
	Principal	Interest	Total
Long-Term Advances to Other Funds	\$ -	\$ 5,063	\$ 5,063
Excise Tax Revenue Bonds, Series 2016	1,365,000	107,864	1,472,864
Total	<u>\$ 1,365,000</u>	<u>\$ 112,927</u>	<u>\$ 1,477,927</u>

NOTE 6 GRANTS, AID, CONTRIBUTIONS OR GIFTS FROM A PRIVATE AGENCY,
 ORGANIZATION, OR INDIVIDUAL

Amounts received from contributions consist of the following:

Miscellaneous Police Grants	\$ 1,419
Donations Fund	<u>11,412</u>
Total	<u>\$ 12,831</u>

NOTE 7 AMOUNTS RECEIVED FROM THE STATE

Amounts received from the State consist of the following:

LTAFF II	\$ 9,884
Total	<u>\$ 9,884</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.

TOWN OF PARADISE VALLEY, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 Year Ended June 30, 2020

NOTE 9 HIGHWAY USER REVENUE IN EXCES OF 1979-80

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

HURF Fund Revenue	\$ 1,146,134
Less: LTAF Expenditures	-
Less: 1979-80 Revenue	<u>(171,550)</u>
Total	<u><u>\$ 974,584</u></u>
Current Year Expenditures	\$ 1,869,376
Nonexcludable Expenditures	
Transfer from the General Fund	(713,304)
Expenditures in Excess of 1979-80 Revenues	<u>(181,488)</u>
Total Excludable Expenditures	<u><u>\$ 974,584</u></u>

NOTE 10 GOVERNMENTAL AND ENTERPRISE FUND CARRYFORWARD

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

	Governmental Funds	Enterprise Funds	Total
Balance at June 30, 2019	\$ 1,649,424	\$ 561,472	\$ 2,210,896
Current Year Interest	1,313,248	18,751	1,331,999
Less: Interest Received from			
Advance to Court			
Enhancement Fund	(5,063)	-	(5,063)
LTAF and Excess HURF	(181,488)	-	(181,488)
Current Year Carryforward Used	-	-	-
Balance at June 30, 2020	<u><u>\$ 2,776,121</u></u>	<u><u>\$ 580,223</u></u>	<u><u>\$ 3,356,344</u></u>