

TOWN OF PARADISE VALLEY, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

Mr. Scott P. LeMarr
Mayor

Ms. Mary Hamway
Vice Mayor

Councilmembers

Mr. Michael Collins

Mr. Paul Dembow

Ms. Pam Kirby

Mr. Vernon B. Parker

Ms. Lisa Trueblood

Mr. James C. Bacon, Jr.
Town Manager

Prepared by:
Finance Department

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INTRODUCTORY SECTION

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November 13, 2012

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

The Comprehensive Annual Financial Report of the Town of Paradise Valley, Arizona (the "Town") for the fiscal year ended June 30, 2012 is hereby submitted in accordance with State law (Arizona Revised Statutes 9-481). Management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal controls designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the Town of Paradise Valley, Arizona's financial statements for the year ended June 30, 2012. The independent auditors' report is located at the front of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Paradise Valley's MD&A can be found immediately following the report of the independent auditors.

TOWN OF PARADISE VALLEY PROFILE

Paradise Valley was incorporated in May 1961. The Town is centrally located in Maricopa County and is surrounded by the cities of Phoenix and Scottsdale. It has land area of approximately 16.5 square miles.

Paradise Valley is an Arizona municipal corporation, acting as a general law town as prescribed in the Arizona Revised Statutes. The Town government operates under the Council-Manager form of government. Policy making and legislative authority are vested in the Town Council, which consists of seven Council members. In March 2012, the Mayor was elected by voters to a two-year term and the six Council members are elected to staggered four-year terms.

The Town Council is responsible for, but not limited to, the adoption of local ordinances, the Town budget, the development of citizen advisory committees, and the appointment of the Town Manager. The Town Manager is responsible for implementation of the policies of the Town Council and administering Town operations. The Town Manager appoints all positions except the Town Attorney and Municipal Judges.

The Town provides a limited range of services, including police protection, construction and maintenance of streets, and planning and building services. Fire protection services are provided through an intergovernmental agreement with the City of Phoenix. The City of Scottsdale provides wastewater treatment services through an intergovernmental agreement for approximately 58% of the geographic area of the Town. The City of Phoenix owns the sewer lines and provides sewer service to the remaining 42% of the geographic area of the Town. Water services are provided by the City of Phoenix and two private water companies. Solid waste services are provided by private companies. Ambulance service is provided by a private company.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Council formally adopts the budget and legally appropriates available monies to the Town's various funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented. Prior to the third Monday in July, the Town Manager presents the preliminary budget to the Town Council. The budget includes proposed expenditures and the means of financing them. The preliminary budget sets the limit for expenditures during the fiscal year. A public hearing is held prior to the budget's final adoption.

The expenditure appropriations in the adopted budget are by department in the General Fund and by fund for all other funds. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Departmental appropriations may be amended during the year. The Town Manager is responsible for developing and administering procedures to amend the budget. Management control of budgets is further maintained at a line item level within each department.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the basic financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

Local Economy

The economy in the Phoenix-metro area is gradually improving. The hospitality industry (eight resorts) is the largest source of revenue in the operating budget (General and Highway User Revenue Fund), making up about 37% of operating revenues. In FY 2012, local sales and bed taxes from the hospitality industry totaled about \$6.5M, an increase of \$1.6 million, or 33% over the prior year. Effective August 1, 2011, the Town implemented a temporary sales tax rate increase from 1.65% to 2.50%. The increase is scheduled to sunset on August 1, 2014 and was implemented to address the decreased revenues caused by the Great Recession. As a result, when sales tax revenues are compared to the prior year, part of the reason for the change will be the approximate 52% rate increase. The increase yielded a total of about \$2.7 million in FY 2012 across all sales tax categories.

Over the last several years, several resorts have undergone major renovation and revitalization programs to remain a desirable destination. In addition, discussions are currently taking place regarding redevelopment of the Mountain Shadows resort hotel site, which has been vacant for several years. The development of a new resort, the Ritz-Carlton, has been delayed indefinitely due to the current state of the economy.

The construction industry impacts two revenue sources – construction sales tax and permit revenues. Because the average construction value of a home in the Town exceeds \$1 million, the recession significantly impacted the luxury home market. However, activity is improving gradually. FY 2012 construction sales tax of \$1.8 million was 8% greater than the prior year. This represents the first time since FY 2008 the amount increased.

Overall, we expect a slow, yet steady, economic recovery, which will result in increased consumer spending, sales tax revenues, and construction activity until 2015, when the economy returns to pre-recessionary levels.

Long-term Financial Planning

The Town's Financial Policies are intended to help ensure the financial resiliency of the Town. Specifically, the operating budget contains three contingency provisions. The first is an operating contingency of about \$500,000. Per policy, this amount is to be between 1% and 3% of the annual operating expenses and is funded from current revenues. The second contingency of \$2.8 million is for emergencies, funded by unassigned fund balance. Per policy, this amount is to be at least equal to 15% of annual operating expenses. The third contingency of \$12.8 million is for significant revenue loss or catastrophic events. Per policy, this amount must be at least 90% but not more than 110% of annual operating expenses and is funded from unassigned fund balance. The \$2.8 million represents 110% of annual operating expenses. Per policy, any amounts in excess of 110% are transferred to either the MPC Debt Service Fund or the Capital Projects Fund. At June 30, 2012, the Municipal Property Corporation (MPC) Debt Service Fund has funds sufficient to cover the total outstanding debt service payments so all future amounts will be transferred to the Capital Projects Fund.

MAJOR INITIATIVES

The Town has continued to maintain a balanced budget and strong cash reserves consistent with its adopted financial policies and management practices.

As mentioned earlier, the Town Council temporarily increased the local sales rate to help offset the revenues loss from the Great Recession. Prior to August 2014, when the increase sunsets, it is the intention of the Town to explore and implement permanent solutions. At the current time, the Town is preparing to implement a fire/EMS fee which will recover the \$2.2 million costs of the program currently paid for out of the operating budget.

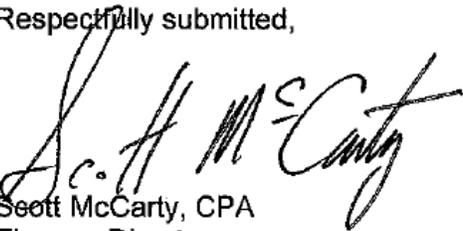
After several years of limited capital funding, the FY 2013 budget includes \$7 million to address street preservation, reconstruct several streets and sidewalks, install monuments at entry ways to the Town, and several technology upgrades. Additionally, staff is working on an improved capital planning process and permanent funding strategies which are expected to be adopted as a part of the FY 2014 budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Paradise Valley for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This was the third year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department, and through the competent service of our independent auditors. We also wish to express our sincere appreciation to the Town Council and the Town Manager for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott McCarty". The signature is written in a cursive, flowing style with a large initial "S" and "M".

Scott McCarty, CPA
Finance Director

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Paradise Valley
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morille

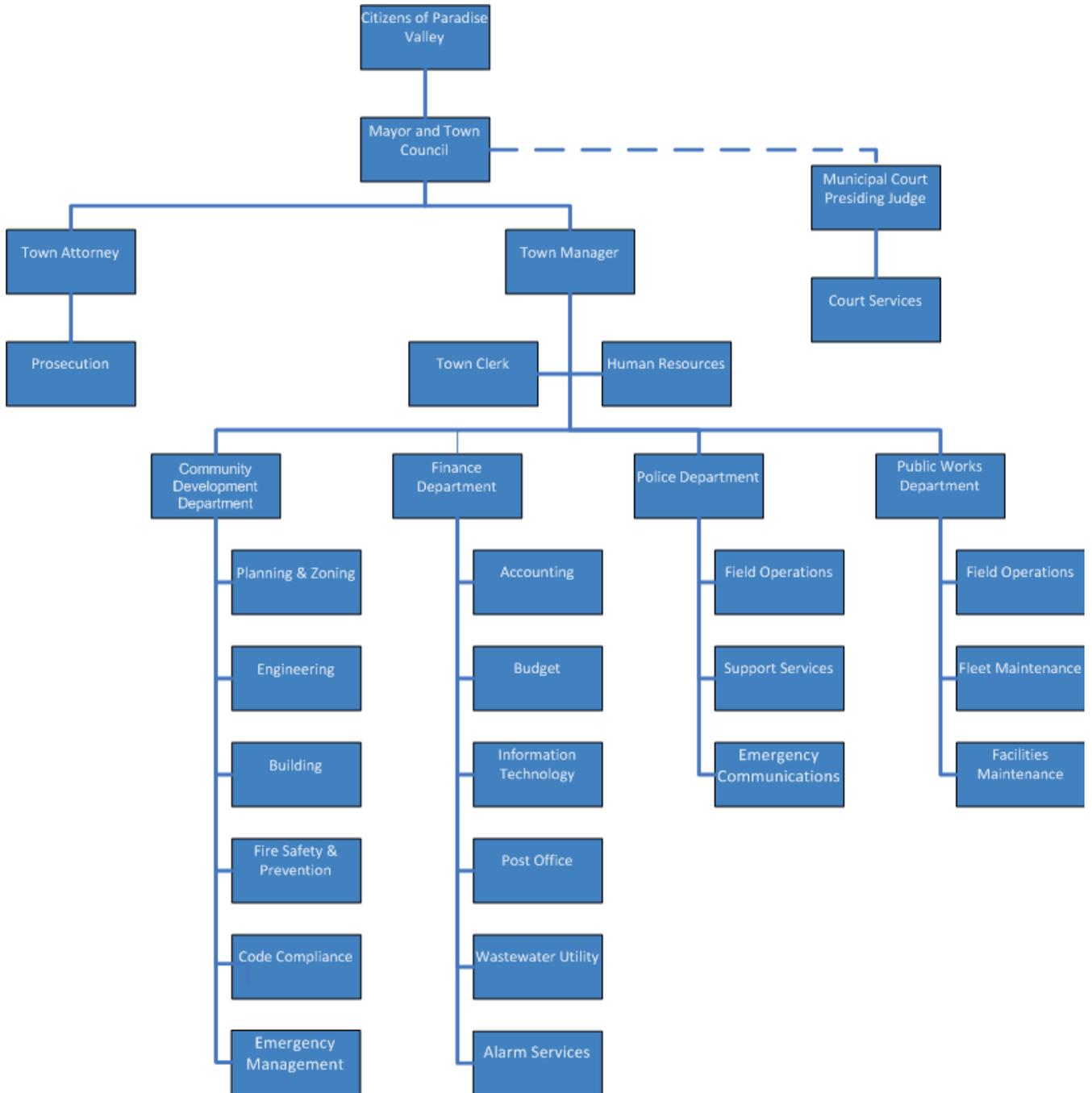
President

Jeffrey R. Emer

Executive Director



Town of Paradise Valley Town Organizational Chart FY 2011-12



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Paradise Valley, Arizona (Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

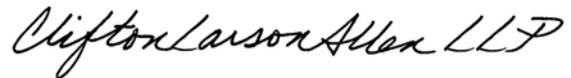
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Paradise Valley, Arizona, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Highway User Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the public safety personnel retirement system schedule of funding progress on pages 9 through 17 and page 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



CliftonLarsonAllen LLP

Phoenix, Arizona
November 13, 2012

REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

This section of the Town of Paradise Valley's (the Town) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the basic financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal years 2012 and 2011 are as follows:

- ◆ The assets of the Town exceeded its liabilities at the close of the fiscal year 2012 and 2011 by \$117.6 million and \$117.0 million (net assets), respectively. Of these amounts, \$28.4 million and \$26.7 million (unrestricted net assets), respectively, may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Total net assets increased by \$0.7 million and decreased by \$0.8 million during fiscal years 2012 and 2011, respectively.
- ◆ As of June 30, 2012 and 2011, the Town's governmental funds reported combined ending fund balances of \$25.0 million and \$24.7 million, respectively, which were comprised of mostly restricted, assigned, and unassigned fund balances.
- ◆ At the close of fiscal year 2012, unassigned fund balance for the General Fund was \$14.4 million, or 110% of actual operating expenses. At the close of the fiscal year 2011, the unassigned fund balance for the General Fund was \$14.0 million, or 104% of operating expenses.
- ◆ During fiscal year 2012, the Town's total bonded debt decreased by \$1,165,000 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements, and
3. Notes to basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported at the time the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected court fines and expenses pertaining to earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include basic services such as general government, public safety, and streets. The business-type activities of the Town include sewer and alarm operations.

The government-wide financial statements include not only the Town itself (known as the primary government), but also two legally separate nonprofit entities: the Mummy Mountain Preserve Trust and the Paradise Valley Municipal Property Corporation (MPC). Although legally separate from the Town, these component units are blended with the primary government because of their governance or financial relationship to the Town.

The government-wide financial statements can be found beginning on page 18 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into the following two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in determining what financial resources are available in the near future to fund the Town's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

The Town maintains several individual governmental funds organized according to their type (general fund, special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway User Revenue Fund, and the Debt Service Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in a separate section of this report. The basic governmental fund financial statements begin on page 20 of this report.

Proprietary Funds – Proprietary funds are generally used to account for services for which the Town charges customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains only one type of proprietary fund – enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the sewer and alarm operations of the Town.

The proprietary fund financial statements begin on page 26 of this report.

Notes to Basic Financial Statements

The notes to basic financial statements provide additional information that is essential to obtain a full understanding of the data provided in the government-wide and fund financial statements and should be read with the financial statements. The notes to basic financial statements begin on page 30 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. This information can be found on page 52 of this report.

Combining Statements

The combining statements referred to earlier, in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

Net Assets

While this document contains information about the funds used by the Town to provide services to our citizens, the Statement of Net Assets and the Statement of Activities serve to provide an answer to the question of how the Town, as a whole, did financially throughout the year. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

These two statements report the Town's assets and the changes in those assets. The change in assets is important because it tells the reader whether the financial position of the Town as a whole has improved or diminished. However, in evaluating the overall position of the Town, non-financial information such as changes in the Town's tax base and the condition of the Town's capital assets will also need to be evaluated.

Net assets may serve as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities by \$117.6 million and \$117.0 million at the close of the fiscal year 2012 and 2011 respectively.

**Table A-1
The Town's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and Other Assets	\$ 28,491,582	\$ 27,925,761	\$ 6,626,455	\$ 6,776,437	\$ 35,118,037	\$ 34,702,198
Capital Assets						
Non-Depreciable	44,454,409	44,427,088	14,349,766	14,349,766	58,804,175	58,776,854
Depreciable (Net)	31,427,304	32,756,827	7,438,505	7,693,592	38,865,809	40,450,419
Total Assets	104,373,295	105,109,676	28,414,726	28,819,795	132,788,021	133,929,471
LIABILITIES						
Other Liabilities	2,793,961	2,781,070	519,748	499,482	3,313,709	3,280,552
Non-Current Liabilities:						
Due Within One Year	1,515,881	1,757,154	821,155	791,874	2,337,036	2,549,028
Due in More Than One Year	5,806,611	6,620,209	3,682,498	4,501,223	9,489,109	11,121,432
Total Liabilities	10,116,453	11,158,433	5,023,401	5,792,579	15,139,854	16,951,012
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	69,407,881	69,676,668	17,292,596	16,757,765	86,700,477	86,434,433
Restricted	1,221,024	1,786,639	1,362,476	2,075,256	2,583,500	3,861,895
Unrestricted	23,627,937	22,487,936	4,736,253	4,194,195	28,364,190	26,682,131
Total Net Assets	\$ 94,256,842	\$ 93,951,243	\$ 23,391,325	\$ 23,027,216	\$ 117,648,167	\$ 116,978,459

The largest portion of the Town's net assets reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less depreciation and any related debt used to acquire those assets, of \$86.7 million (74%) and \$86.4 million (74%) for the fiscal years 2012 and 2011, respectively. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for appropriation. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

An additional portion of the Town's net assets, \$2.6 million (2%) for fiscal year 2012 and \$3.9 million (3%) for fiscal year 2011, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets for fiscal years 2012 and 2011, \$28.4 million (24%) and \$26.7 million (23%) respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of both the current and previous fiscal years, the Town was able to report positive balances in all three categories of net assets for the government as a whole, as well as for the business-type activities.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

Changes in Net Assets

The Town's net assets increased by \$0.7 million and decreased by \$0.8 million during the fiscal years 2012 and 2011 respectively. These changes are explained in the government and business-type activities discussion below.

**Table A-2
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 2,844,471	\$ 2,970,338	\$ 2,545,645	\$ 2,520,462	\$ 5,390,116	\$ 5,490,800
Operating Grants and Contributions	746,903	844,615	-	-	746,903	844,615
Capital Grants and Contributions	27,321	-	-	92,500	27,321	92,500
General Revenues:						
Local Taxes	11,682,657	8,952,403	-	-	11,682,657	8,952,403
State Shared Revenues	2,495,379	2,855,973	-	-	2,495,379	2,855,973
Investment Income	161,897	231,090	38,238	53,973	200,135	285,063
Total Revenues	17,958,628	15,854,419	2,583,883	2,666,935	20,542,511	18,521,354
EXPENSES						
General Government	7,708,607	6,826,239	-	-	7,708,607	6,826,239
Public Safety	7,628,580	7,787,743	-	-	7,628,580	7,787,743
Highways and Streets	2,076,040	2,225,274	-	-	2,076,040	2,225,274
Interest and Fiscal Charges	239,802	267,022	-	-	239,802	267,022
Sewer System	-	-	2,111,254	2,144,491	2,111,254	2,144,491
Alarm Monitor System	-	-	108,520	117,568	108,520	117,568
Total Expenses	17,653,029	17,106,278	2,219,774	2,262,059	19,872,803	19,368,337
CHANGES IN NET ASSETS						
BEFORE TRANSFERS	305,599	(1,251,859)	364,109	404,876	669,708	(846,983)
Transfers	-	156,840	-	(156,840)	-	-
CHANGES IN NET ASSETS	305,599	(1,095,019)	364,109	248,036	669,708	(846,983)
Net Assets - Beginning of Year	93,951,243	95,046,262	23,027,216	22,779,180	116,978,459	117,825,442
NET ASSETS - END OF YEAR	\$ 94,256,842	\$ 93,951,243	\$ 23,391,325	\$ 23,027,216	\$ 117,648,167	\$ 116,978,459

Governmental Activities – In fiscal year 2012, governmental activities increased the net assets of the Town by \$0.3 million. Total revenues increased \$2.1 million (13%) from fiscal year 2011. Local taxes increased by \$2.7 million (30%) primarily due to a 52% temporary increase in the local sales tax rate from 1.65% to 2.50%. The temporary tax became effective August 1, 2011 and will sunset three years later on August 1, 2014.

State shared revenues decreased about \$0.4 million (13%) compared to fiscal year 2011. A decrease in state shared income taxes accounted for the majority of the decrease. The distribution of state shared income tax to municipalities has a two year lag. Thus, the fiscal year 2012 revenue was based on the State's income tax collections from fiscal year 2010 income, the third year of the recession.

Investment income decreased by about \$70,000 (30%) compared to fiscal year 2011 due to decrease interest earnings caused by market conditions.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

Expenses increased about \$0.5 million, or 3%. This is primarily the result of a personnel cost increase related to retirement and healthcare contributions paid by the Town.

Business-Type Activities – Business-type activities increased the Town's net assets by \$364,109 in fiscal year 2012. Income from operations of the Sewer and Alarm Fund did not significantly change from the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Funds are created and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Activity not required to be reported in a separate fund is included in the General Fund.

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The major governmental funds reported by the Town include the General Fund, Highway User Revenue Fund (HURF), the Capital Projects Fund and the MPC Debt Service Fund.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$25.0 million, an increase of \$0.3 million, or 1% higher in comparison with the prior year. The combined ending fund balances for fiscal year 2011 were \$24.7 million.

The General Fund is the chief operating fund of the Town. At June 30, 2012, the unassigned fund balance of the General Fund was \$14.4 million, or 58% of the combined governmental fund balance. The unassigned fund balance of the General Fund at June 30, 2011 was \$14.0 million, or 57% of the combined governmental fund balance. As a measure of the General Fund's liquidity, it may be useful to compare General Fund unassigned fund balance to General Fund expenditures. The General Fund unassigned balance of \$14.4 million represents 110% of General Fund actual expenditures.

The General Fund Balance increase of \$0.5 million from fiscal year 2011 is the net effect of several items: the temporary sales tax rate increase which increased revenues by about \$2.7 million; management's commitment to keep operating and departmental expenditures down; a transfer out to the MPC Debt Service Fund to fully fund the remaining debt service payments; and a transfers out to the Capital Improvement Fund for the unassigned fund balance in excess of the 110% annual expenditures per policy.

The Highway User Revenue Fund (HURF) is used to account for the state shared revenues restricted for street and highway purposes. The restricted fund balance at June 30, 2012 was \$1.2 million, a decrease of \$0.6 million from June 30, 2011. This decrease is consistent with the prior fiscal year and is largely due to decreased fuel tax revenues and utilizing carry forward to fund current capital and maintenance projects. The HURF restricted fund balance represents 97% and 120% of HURF expenditures for fiscal years 2012 and 2011 respectively.

A transfer of \$2.5 million was made to the Capital Projects Fund from the General Fund to fund current and future capital projects consistent with the Town's adopted Financial Policies.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

A transfer of \$1.0 million was made to the MPC Debt Service Fund from the General Fund which represented the final amount to fully fund the remaining service payments.

The nonmajor governmental funds reported a decrease in fund balance of \$2,669.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets were \$4.6 million for the Sewer System and \$135,795 for the Alarm Monitor System.

The total growth in net assets for the enterprise funds was \$364,109 for fiscal year 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's annual budget is the legally adopted expenditure control document of the Town. The Town closely monitors its revenues, particularly local sales taxes, licenses and permits, state shared revenues and investment earnings, for any potential shortfall. Actual revenues of about \$17.0 million exceeded the \$14.4 million budget amount by \$2.5 million, or 17%. The major reason for this variation is the fact that local sales taxes were above budget by \$2.6 million due to the combined effect of the temporary sales tax increase and improving economy. Other revenues are indicative of an improving economy, such as building permits, outperformed the budget as well. However, investment income was lower than budget by about \$133,000 because interest rates were lower on purchased investments.

Exclusive of the \$2.5 million contingency, the \$13.1 million of actual expenditures were 99% of the original budget. The \$2.5 million contingency was not used. All departmental budgets were within budget by varying degrees with one exception, the fire department. Fire and emergency medical services are provided by contract with the City of Phoenix and the original budget did not include ancillary contract expenses.

Actual revenues exceeded expenses by \$3.8 million which was better than the \$1.2 million excess reflected in the adopted budget. Again, the improved performance is the result of sales tax revenues explained above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2012 and 2011 amount to \$97.7 million and \$99.2 million, respectively (net of accumulated depreciation). The net decrease in capital assets (net of accumulated depreciation) was \$1.6 million, due primarily to depreciation. Capital assets include land and improvements, building and improvements, sewer systems, sewer capacity rights, vehicles, machinery and equipment, furniture and fixtures, and construction in progress.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 3.A.4 to the Financial Statements for further information regarding capital assets. The following page provides a summary of 2012 and 2011 assets, net of depreciation.

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

**Table A-3
Capital Assets (Net)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Improvements	\$ 45,416,351	\$ 45,497,301	\$ -	\$ -	\$ 45,416,351	\$ 45,497,301
Infrastructure	21,023,512	21,585,039	-	-	21,023,512	21,585,039
Buildings and Improvements	7,388,072	7,836,721	-	-	7,388,072	7,836,721
Sewer Capacity Rights	-	-	14,349,766	14,349,766	14,349,766	14,349,766
Sewer System	-	-	7,434,219	7,676,665	7,434,219	7,676,665
Machinery, Furniture and Fixtures, Equipment and Vehicles	2,026,457	2,264,854	4,286	16,927	2,030,743	2,281,781
Construction In Progress	27,321	-	-	-	27,321	-
Total Capital Assets	<u>\$ 75,881,713</u>	<u>\$ 77,183,915</u>	<u>\$ 21,788,271</u>	<u>\$ 22,043,358</u>	<u>\$ 97,669,984</u>	<u>\$ 99,227,273</u>

The Town did not have any significant capital asset acquisitions or deletions during the fiscal year.

Debt Administration

At the end of the fiscal years 2012 and 2011, the Town had total long-term obligations outstanding of \$11.8 million and \$13.7 million respectively. Of these amounts, \$8.2 million and \$9.4 million respectively are for the 2009 Municipal Property Corporation Excise Tax Refunding Bonds. The Town refunded its 1998 Municipal Property Corporation bonds and capital leases in fiscal year 2009 to take advantage of favorable interest rates. In March 2012, Moody's Investors Service placed the Aa1 rating under review for possible downgrade with the publication of a new technology for U.S. municipal bonds backed by a special tax. However, in June 2012, Moody's Investors Service confirmed its rating Aa1 and assigned a stable outlook for the 2009 Municipal Property Corporation Excise Tax Revenue Bonds. Additional information on the Town's long-term obligations can be found in Note 3.E. Long-term Obligations to the Financial Statements.

**Table A-4
Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$ 5,636,712	\$ 6,437,537	\$ 2,563,288	\$ 2,927,463	\$ 8,200,000	\$ 9,365,000
Bond Premium	237,346	271,253	107,933	123,352	345,279	394,605
Note Payable	-	-	1,824,454	2,234,778	1,824,454	2,234,778
Capital Lease	599,774	798,457	-	-	599,774	798,457
Compensated Absences	848,660	870,116	7,978	7,504	856,638	877,620
Total Outstanding Debt	<u>\$ 7,322,492</u>	<u>\$ 8,377,363</u>	<u>\$ 4,503,653</u>	<u>\$ 5,293,097</u>	<u>\$ 11,826,145</u>	<u>\$ 13,670,460</u>

**TOWN OF PARADISE VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town continues to maintain strong unassigned fund balances for unforeseen emergencies or opportunities. The Town's reserves, in combination with our consistent adherence to adopted financial policies and management practices, were a factor in the Town's AAA issuer credit rating awarded by Moody's Investor Services. The Town has significant cash reserves in the fiscal year 2013 operating budget. Recurring revenues exceed recurring expenditures by about \$1.9 million. This surplus will be used to meet contingency requirements identified in the financial policies and help fund a multi-million dollar capital improvement program.

The FY 2013 budget forecast assumes the economy will continue to slowly improve. The FY 2013 budgeted operating revenues total \$18.3 million, a \$0.7 increase over FY 2012 actual, or about 4%. Most of the increase is expected to come from increased sales tax, both activity within the Town and our share of the statewide allocation, caused by increased consumer spending. The Town's allocation of statewide shared income tax will increase as well.

A FY 2013 budget operating expense total \$16.4 million (excluding contingencies) and includes an increase of \$1.1 million in the Town's street preservation program. Personnel related costs such as retirement and healthcare increased as well. The budget provides for no market adjustment or merit increases for employees for a fourth consecutive year but does add three positions citywide to meet critical needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Finance Director at:

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

480-348-3555

Or visit our website at:

<http://www.paradisevalleyaz.gov/townhall>

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BASIC FINANCIAL STATEMENTS

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TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 26,016,594	\$ 6,419,541	\$ 32,436,135
Receivables, Net:			
Accounts Receivable	2,091,134	65,616	2,156,750
Interest Receivable	34,591	17,342	51,933
Prepaid Items	143,415	2,180	145,595
Deferred Charges	91,416	59,760	151,176
Restricted Cash and Investments	114,432	62,016	176,448
Capital Assets:			
Non-Depreciable	44,454,409	14,349,766	58,804,175
Depreciable (net)	31,427,304	7,438,505	38,865,809
Total Assets	<u>104,373,295</u>	<u>28,414,726</u>	<u>132,788,021</u>
LIABILITIES			
Accounts Payable	425,095	46,546	471,641
Accrued Wages and Benefits	76,044	-	76,044
Interest Payable	114,432	52,038	166,470
Intergovernmental Payable	-	45,608	45,608
Customer Deposits Payable	866,281	9,978	876,259
Unearned Revenue	1,312,109	365,578	1,677,687
Noncurrent Liabilities:			
Due Within One Year	1,515,881	821,155	2,337,036
Due in More Than One Year	5,806,611	3,682,498	9,489,109
Total Liabilities	<u>10,116,453</u>	<u>5,023,401</u>	<u>15,139,854</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	69,407,881	17,292,596	86,700,477
Restricted for:			
Highways and Streets	1,170,888	-	1,170,888
Capital Outlay	-	1,362,476	1,362,476
Special Projects	50,136	-	50,136
Unrestricted	23,627,937	4,736,253	28,364,190
Total Net Assets	<u>\$ 94,256,842</u>	<u>\$ 23,391,325</u>	<u>\$ 117,648,167</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 7,708,607	\$ 2,540,900	\$ 103,436	\$ 27,321	\$ (5,036,950)		\$ (5,036,950)
Public Safety	7,628,580	303,571	1,779	-	(7,323,230)		(7,323,230)
Highways and Streets	2,076,040	-	641,688	-	(1,434,352)		(1,434,352)
Interest and Fiscal Charges	239,802	-	-	-	(239,802)		(239,802)
Total Governmental Activities	17,653,029	2,844,471	746,903	27,321	(14,034,334)		(14,034,334)
Business-Type Activities:							
Sewer System	2,111,254	2,292,392	-	-	-	\$ 181,138	181,138
Alarm Monitor System	108,520	253,253	-	-	-	144,733	144,733
Total Business-Type Activities	2,219,774	2,545,645	-	-	-	325,871	325,871
Totals	\$ 19,872,803	\$ 5,390,116	\$ 746,903	\$ 27,321	(14,034,334)	325,871	(13,708,463)
General Revenues:							
Taxes:							
Sales Taxes					10,627,184	-	10,627,184
Franchise Taxes					1,055,473	-	1,055,473
State Revenue Sharing					1,082,017	-	1,082,017
State Sales Tax Revenue Sharing					1,001,758	-	1,001,758
Auto Lieu Tax Revenue Sharing					411,604	-	411,604
Investment Income					161,897	38,238	200,135
Total General Revenues and Transfers					14,339,933	38,238	14,378,171
Change in Net Assets					305,599	364,109	669,708
Net Assets - Beginning					93,951,243	23,027,216	116,978,459
Net Assets - Ending					\$ 94,256,842	\$ 23,391,325	\$ 117,648,167

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General Fund	Highway User Revenue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Assets						
Cash and Investments	\$ 15,498,018	\$ 1,166,573	\$ 2,900,435	\$ 6,396,432	\$ 55,136	\$ 26,016,594
Restricted Cash and Investments	-	-	-	114,432	-	114,432
Receivables, Net:						
Accounts Receivable	2,028,791	62,343	-	-	-	2,091,134
Interest Receivable	34,591	-	-	-	-	34,591
Prepaid Items	143,415	-	-	-	-	143,415
Total Assets	\$ 17,704,815	\$ 1,228,916	\$ 2,900,435	\$ 6,510,864	\$ 55,136	\$ 28,400,166
Liabilities and Fund Balance						
Liabilities:						
Accounts Payable	\$ 338,713	\$ 58,028	\$ 28,354	\$ -	\$ -	\$ 425,095
Accrued Wages and Benefits	76,044	-	-	-	-	76,044
Interest Payable	-	-	-	114,432	-	114,432
Deferred Revenue	1,887,180	-	-	-	5,000	1,892,180
Customer Deposits Payable	866,281	-	-	-	-	866,281
Total Liabilities	3,168,218	58,028	28,354	114,432	5,000	3,374,032
Fund Balance:						
Nonspendable:						
Prepaid Items	143,415	-	-	-	-	143,415
Restricted	-	1,170,888	-	-	50,136	1,221,024
Assigned	-	-	2,872,081	6,396,432	-	9,268,513
Unassigned	14,393,182	-	-	-	-	14,393,182
Total Fund Balance	14,536,597	1,170,888	2,872,081	6,396,432	50,136	25,026,134
Total Liabilities and Fund Balance	\$ 17,704,815	\$ 1,228,916	\$ 2,900,435	\$ 6,510,864	\$ 55,136	\$ 28,400,166

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Fund Balances - Total Governmental Funds \$ 25,026,134

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 44,427,088	
Construction in Progress	27,321	
Land Improvements	2,023,760	
Infrastructure	26,361,903	
Buildings and Improvements	12,416,572	
Machinery, Equipment, and Vehicles	6,521,384	
Total Capital Assets	91,778,028	
Less: Accumulated Depreciation	(15,896,315)	
		75,881,713

Accounts receivable, net of allowance for doubtful accounts, that were not available to finance current financial resources. 580,071

Long-term liabilities and deferred charges that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of Net Assets.

Deferred Charges	91,416	
Revenue Bonds	(5,636,712)	
Bond Premium	(237,346)	
Capital Leases	(599,774)	
Compensated Absences	(848,660)	
	(7,231,076)	(7,231,076)

Total Net Assets of Governmental Activities \$ 94,256,842

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2012

	General Fund	Highway User Revenue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Revenues:						
Taxes:						
Sales Taxes	\$ 10,627,184	\$ -	\$ -	\$ -	\$ -	\$ 10,627,184
Franchise Taxes	1,055,473	-	-	-	-	1,055,473
Intergovernmental Revenue	2,531,032	641,688	27,321	-	51,045	3,251,086
Fines and Forfeitures	801,897	-	-	-	-	801,897
Licenses and Permits	1,021,911	-	-	-	-	1,021,911
Charges for Services	427,269	-	-	-	-	427,269
Rents and Royalties	325,220	-	-	-	-	325,220
Contributions and Donations	-	-	-	-	18,517	18,517
Investment Income	161,819	-	-	-	78	161,897
Other	-	-	33,213	-	-	33,213
Total Revenues	16,951,805	641,688	60,534	-	69,640	17,723,667
Expenditures:						
Current:						
General Government	5,521,893	-	-	-	59,453	5,581,346
Public Safety	7,581,881	-	-	-	12,856	7,594,737
Highways and Streets	-	1,204,634	-	-	-	1,204,634
Debt Service:						
Principal Retirement	-	-	-	800,825	-	800,825
Interest on Long-Term Debt	-	-	-	228,857	-	228,857
Capital Outlay	-	-	2,149,953	-	-	2,149,953
Total Expenditures	13,103,774	1,204,634	2,149,953	1,029,682	72,309	17,560,352
Excess (Deficiency) of Revenues Over Expenditures	3,848,031	(562,946)	(2,089,419)	(1,029,682)	(2,669)	163,315
Other Financing Sources (Uses):						
Transfers In	-	-	2,451,971	1,029,688	-	3,481,659
Transfers Out	(3,481,659)	-	-	-	-	(3,481,659)
Proceeds from Capital Leases	167,714	-	-	-	-	167,714
Total Other Financing Sources (Uses)	(3,313,945)	-	2,451,971	1,029,688	-	167,714
Net Change in Fund Balance	534,086	(562,946)	362,552	6	(2,669)	331,029
Fund Balance:						
Beginning of Year	14,002,511	1,733,834	2,509,529	6,396,426	52,805	24,695,105
End of Year	<u>\$ 14,536,597</u>	<u>\$ 1,170,888</u>	<u>\$ 2,872,081</u>	<u>\$ 6,396,432</u>	<u>\$ 50,136</u>	<u>\$ 25,026,134</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balances-Total Governmental Funds \$ 331,029

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	\$ 388,429	
Depreciation Expense	<u>(1,690,631)</u>	(1,302,202)

Accounts receivables, net of allowance, recorded as revenue in the government-wide statement of net assets, but not yet available.

Intergovernmental Receivables - June 30, 2011	345,110	
Intergovernmental Receivables - June 30, 2012	<u>580,071</u>	234,961

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Bond Premium	33,907	
Deferred Charges	(13,060)	
Retirement of Long-Term Debt	1,167,222	
Proceeds from Capital Lease	<u>(167,714)</u>	1,020,355

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2012, compensated absence payable changed.

		<u>21,456</u>
Change in Net Assets of Governmental Activities	\$	<u><u>305,599</u></u>

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 9,101,000	\$ 9,101,000	\$ 11,682,657	\$ 2,581,657
Intergovernmental Revenue	2,564,304	2,564,304	2,531,032	(33,272)
Fines and Forfeits	900,000	900,000	801,897	(98,103)
Licenses and Permits	917,500	917,500	1,021,911	104,411
Charges for Services	334,400	334,400	427,269	92,869
Rents and Royalties	320,600	320,600	325,220	4,620
Investment Income	295,000	295,000	161,819	(133,181)
Total Revenues	<u>14,432,804</u>	<u>14,432,804</u>	<u>16,951,805</u>	<u>2,519,001</u>
Expenditures:				
Current:				
General Government:				
Mayor & Council	29,794	36,294	33,806	2,488
Town Manager	624,915	624,915	620,650	4,265
Town Attorney	474,948	504,948	504,146	802
Finance	1,065,103	988,603	886,423	102,180
Non-departmental	1,554,918	1,424,918	1,424,044	874
Community Development	1,142,800	1,142,800	1,110,796	32,004
Public Works	521,199	521,199	471,769	49,430
Municipal Court	485,089	485,089	470,259	14,830
Total General Government	<u>5,898,766</u>	<u>5,728,766</u>	<u>5,521,893</u>	<u>376,873</u>
Public Safety				
Police	5,206,114	5,376,114	5,221,904	154,210
Fire	2,076,504	2,076,504	2,359,977	(283,473)
Total Public Safety	<u>7,282,618</u>	<u>7,452,618</u>	<u>7,581,881</u>	<u>(129,263)</u>
Contingency	2,500,000	2,500,000	-	2,500,000
Total Expenditures	<u>15,681,384</u>	<u>15,681,384</u>	<u>13,103,774</u>	<u>2,747,610</u>
Excess (Deficiency) of Revenues over Expenditures	(1,248,580)	(1,248,580)	3,848,031	5,266,611
Other Financing Sources (Uses):				
Transfers Out	(1,329,688)	(1,329,688)	(3,481,659)	(2,151,971)
Proceeds from Capital Lease	-	-	167,714	167,714
Total Other Financing Sources (Uses)	<u>(1,329,688)</u>	<u>(1,329,688)</u>	<u>(3,313,945)</u>	<u>(1,984,257)</u>
Net Change in Fund Balance	(2,578,268)	(2,578,268)	534,086	3,114,640
Fund Balance:				
Beginning of Year	15,819,070	15,819,070	14,002,511	(1,816,559)
End of Year	<u>\$ 13,240,802</u>	<u>\$ 13,240,802</u>	<u>\$ 14,536,597</u>	<u>\$ 1,298,081</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HIGHWAY USER REVENUE FUND
JUNE 30, 2012

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 645,494	\$ 641,688	\$ (3,806)
Expenditures:			
Current:			
Highways and Streets	<u>1,297,760</u>	<u>1,204,634</u>	<u>93,126</u>
Excess (Deficiency) of Revenues Over Expenditures	(652,266)	(562,946)	89,320
Other Financing Sources (Uses):			
Transfers Out	<u>(1,094,478)</u>	<u>-</u>	<u>1,094,478</u>
Net Change in Fund Balance	(1,746,744)	(562,946)	1,183,798
Fund Balance:			
Beginning of Year	-	<u>1,733,834</u>	<u>1,733,834</u>
End of Year	<u>\$ (1,746,744)</u>	<u>\$ 1,170,888</u>	<u>\$ 2,917,632</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-Type Activities		
	Sewer	Alarm	Totals
Assets			
Current Assets			
Cash and Investments	\$ 6,282,085	\$ 137,456	\$ 6,419,541
Restricted Assets	52,038	9,978	62,016
Receivables, Net			
Accounts Receivable	64,322	1,294	65,616
Interest Receivable	17,342	-	17,342
Prepaid Items	2,180	-	2,180
Deferred Charges	59,760	-	59,760
Total Current Assets	<u>6,477,727</u>	<u>148,728</u>	<u>6,626,455</u>
Noncurrent Assets			
Capital Assets			
Non-Depreciable	14,349,766	-	14,349,766
Depreciable (Net)	7,434,200	4,305	7,438,505
Total Noncurrent Assets	<u>21,783,966</u>	<u>4,305</u>	<u>21,788,271</u>
Total Assets	<u>28,261,693</u>	<u>153,033</u>	<u>28,414,726</u>
Liabilities			
Current Liabilities			
Accounts Payable	46,269	277	46,546
Intergovernmental Payable	45,608	-	45,608
Interest Payable	52,038	-	52,038
Unearned Revenue	362,900	2,678	365,578
Customer Deposits Payable	-	9,978	9,978
Compensated Absences	2,565	-	2,565
Note Payable	428,056	-	428,056
Bonds Payable	390,534	-	390,534
Total Current Liabilities	<u>1,327,970</u>	<u>12,933</u>	<u>1,340,903</u>
Noncurrent Liabilities			
Compensated Absences	5,413	-	5,413
Note Payable	1,396,398	-	1,396,398
Bonds Payable	2,280,687	-	2,280,687
Total Noncurrent Liabilities	<u>3,682,498</u>	<u>-</u>	<u>3,682,498</u>
Total Liabilities	<u>5,010,468</u>	<u>12,933</u>	<u>5,023,401</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	17,288,291	4,305	17,292,596
Restricted for Capital Outlay	1,362,476	-	1,362,476
Unrestricted	4,600,458	135,795	4,736,253
Total Net Assets	<u>\$ 23,251,225</u>	<u>\$ 140,100</u>	<u>\$ 23,391,325</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Sewer	Alarm	Totals
Operating Revenues			
Charges for Services	\$ 2,051,476	\$ 253,253	\$ 2,304,729
Operating Expenses			
Cost of Sales and Services	1,674,156	105,479	1,779,635
Depreciation	252,046	3,041	255,087
Total Operating Expenses	1,926,202	108,520	2,034,722
Operating Income	125,274	144,733	270,007
Nonoperating Revenues (Expense)			
Development Fees	240,916	-	240,916
Investment Earnings	38,238	-	38,238
Interest Expense	(185,052)	-	(185,052)
Total Nonoperating Revenues (Expenses)	94,102	-	94,102
Changes in Net Assets	219,376	144,733	364,109
Total Net Assets, Beginning of year	23,031,849	(4,633)	23,027,216
Total Net Assets, End of Year	\$ 23,251,225	\$ 140,100	\$ 23,391,325

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	Business-type Activities - Enterprise Funds		
	Sewer	Alarm Monitor System	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 2,013,658	\$ 255,072	\$ 2,268,730
Payments to Suppliers	(1,558,100)	(36,550)	(1,594,650)
Payments to Employees	(69,630)	(70,532)	(140,162)
Customer Deposits	-	(1,153)	(1,153)
Net Cash Flows from Operating Activities	<u>385,928</u>	<u>146,837</u>	<u>532,765</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Paid to Funds for Interfund Borrowing	-	(10,534)	(10,534)
Development Fees	240,916	-	240,916
Net Cash Flows from Noncapital Financing Activities	<u>240,916</u>	<u>(10,534)</u>	<u>230,382</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Capital Debt	(774,499)	-	(774,499)
Interest Paid on Capital Debt	(197,303)	-	(197,303)
Net Cash Flows from Capital and Related Financing Activities	<u>(971,802)</u>	<u>-</u>	<u>(971,802)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	<u>39,946</u>	<u>-</u>	<u>39,946</u>
NET CHANGE IN CASH AND INVESTMENTS	<u>(305,012)</u>	<u>136,303</u>	<u>(168,709)</u>
Cash and Investments - Beginning of Year	<u>6,639,135</u>	<u>11,131</u>	<u>6,650,266</u>
CASH AND INVESTMENTS - END OF YEAR (Including \$52,038 of Restricted Cash in the Sewer Fund and \$9,978 of Restricted Cash for Customer Deposits in the Alarm Fund)	<u><u>\$ 6,334,123</u></u>	<u><u>\$ 147,434</u></u>	<u><u>\$ 6,481,557</u></u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF PARADISE VALLEY, ARIZONA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2012**

	Business-type Activities - Enterprise Fund		
	Sewer	Alarm Monitor System	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 125,274	\$ 144,733	\$ 270,007
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	252,046	3,041	255,087
Change in Assets and Liabilities:			
Receivables, Net	(19,122)	(859)	(19,981)
Prepaid Items	1,543	-	1,543
Accounts Payable	46,269	277	46,546
Accrued Wages and Benefits	(1,860)	(1,880)	(3,740)
Unearned Revenue	(18,696)	2,678	(16,018)
Compensated Absences Payable	474	-	474
Customer Deposits Payable	-	(1,153)	(1,153)
Net Cash Provided by Operating Activities	<u>\$ 385,928</u>	<u>\$ 146,837</u>	<u>\$ 532,765</u>

**NONCASH INVESTING, CAPITAL AND FINANCING
ACTIVITIES**

The Town amortized \$15,419 on bond premium and \$8,537 on issuance costs during the fiscal year.

NOTES TO BASIC FINANCIAL STATEMENTS

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TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Paradise Valley, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Financial Reporting Entity

The Town is a municipal government that is governed by a separately elected governing body. It is legally separate from and fiscally independent of other state and local governments. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Town's operations.

Included within the reporting entity:

MPC Debt Service Fund. The MPC Debt Service Fund consists of the Paradise Valley Municipal Property Corporation (PVMPC) of which the board of directors consists of seven members who are appointed by the Town Council. The PVMPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the Town in obtaining financing for various projects of the Town. The Town has an obligation for the repayment of the Paradise Valley Municipal Property Corporation's bonds.

The Mummy Mountain Preserve Trust. The Mummy Mountain Preserve Trust (MMPT) board of trustees consists of five members who are appointed by the Town Council. The MMPT was created for charitable purposes as defined in the Internal Revenue Code section 501(c)(3). The purpose of the MMPT is to acquire, maintain, preserve and protect in perpetuity undeveloped real property and developed real property that can be returned to its natural state, and interests therein, including scenic and conservation easements, on and around the Mummy Mountain Preserve in the Town of Paradise Valley.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements except for interfund services provided and used are not eliminated in the consolidation. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. However, since debt service resources are provided during the current year for payment of general long-term principal and interest due early in the following year, the expenditures and related liabilities have been recognized in the Debt Service Fund.

Intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Town reports the following major governmental funds:

The General Fund - The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

Highway User Revenue Fund - The Highway User Revenue Special Revenue Fund accounts for the Town's share of restricted motor fuel tax revenues and lottery proceeds.

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

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Town reports the following major proprietary funds:

Sewer System Fund - The Sewer System Fund accounts for the costs to operate, construct and finance the Town's sewer system.

Alarm Monitor System Fund - The Alarm Monitor System Fund accounts for the costs to operate the Town's alarm services.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, for governmental activities the Town uses restricted resources first, when appropriate, then unrestricted resources as they are needed.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity

1. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three years or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool.

2. Receivables

All trade receivables are shown net of an allowance for uncollectible.

3. Short-term Interfund Receivables/Payables

During the course of operations, individual funds within the Town's pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements. The Town recognizes the expense/expenditure in the government-wide and fund financial statements at the time the benefit is received and not at the time of the outlay.

5. Restricted Assets

The Town reports customer deposits recorded in the Alarm Fund as restricted because the use of these funds is restricted to refunds to customers. The Town also reports restricted cash in the Debt Service Fund and Sewer Fund for cash held with a paying agent.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	25 Years
Land Improvements	25 Years
Sewer Lines	50 Years
Infrastructure	30-50 Years
Machinery, Furniture, Equipment and Vehicles	5 to 20 Years

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consist of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

8. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary type statement of net assets. Bond premiums, as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

8. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Assets

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because these assets are not available for future spending. Restricted net assets account for the portion of net assets restricted by parties outside the Town. Unrestricted net assets are the remaining net assets not included in the previous two categories.

10. Fund Balance Classifications

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

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

Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations. Committed fund balances are self-imposed limitations approved by the Town Council, which is the highest level of decision-making authority within the Town. Only the Town Council can remove or change the constraints placed on committed fund balances. Fund balances must be committed before the end of the fiscal year. Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town Council has authorized the Town Manager or his designee to make assignments or resources for specific purposes.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Equity (Continued)

10. Fund Balance Classifications (Continued)

The unassigned fund balance is the residual classification for the General Fund and includes all amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

It is the Town's policy to use restricted fund balance first, then committed, assigned, and lastly unassigned amounts. The Town has also established a fund balance policy whereas the unassigned fund balance in the operating budget be equal to at least 90%, and not more than 110% of expenditures.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. A public hearing is conducted to obtain taxpayer comment.
3. State law requires that, prior to April 1, the Economic Estimates commission provides the Town with a final expenditure limit for the coming fiscal year. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. By Arizona Constitution, expenditures may not legally exceed the expenditure limitation described below for all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds (except for the Mummy Mountain Preserve Trust Fund).
5. Legal budgets are adopted for all funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures with the exception of the Mummy Mountain Trust Nonmajor Fund in which an adopted budget is not prepared.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

No supplementary budgetary appropriations were necessary during the year.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2012 consist of the following:

Deposits:	
Cash on Hand	\$ 2,025
Cash in Bank	8,976,028
Investments:	
U.S. Government Securities	20,110,590
State Treasurer's Investment Pool	3,357,470
Cash on Deposit with Trustee	166,470
Total Cash and Investment	<u>32,612,583</u>
Restricted Assets	(176,448)
Total Cash and Equivalents	<u><u>\$ 32,436,135</u></u>

Deposits

The Town's deposits at June 30, 2012, were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name. The deposits are not subject to any custodial credit risk.

Investments

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. The shares are not identified with specific investments and are not subject to custodial credit risk. All other investments of the Town are uninsured and unregistered with the securities held by the counterparty's trust department or agent in the Town's name.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments (Continued)

The Town invests funds pending clearance of outstanding checks in a Corporate Cash Management Account. Under the terms of the Corporate Cash Management Account agreement, excess funds in the Town's checking account are invested in repurchase agreements with Wells Fargo Bank collateralized by US Treasury obligations, Federal Agency Securities, or Federal Instrument Securities. At June 30, 2012, the total cash in the bank of \$9,218,792 was federally insured by depository insurance as the deposits were held in non-interest bearing accounts. The Town had a balance of \$157,731 held in an interest bearing account, but this amount was federally insured as it did not exceed the FDIC threshold.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Town's investment policy, the Town manages its exposure to declines in fair values by limiting its investments to U.S. government securities with maturities of less than three years. The following table summarizes the Town's interest rate risk, based on maturity dates of various instruments:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-2	2-3
Federal Agency Securities	\$ 20,110,590	\$ 2,474,937	\$ 8,108,331	\$ 9,527,322
State Treasurer's Investment Pool	3,357,470	3,357,470	-	-
Total Investments	\$ 23,468,060	\$ 5,832,407	\$ 8,108,331	\$ 9,527,322

Credit Risk – The Town limits its investments to the State Treasurer's Investment Pool, U.S. Treasury Obligations, Federal Agency Securities, Federal Instrument Securities, Repurchase Agreements, and Time Certificates of Deposit. The investment with the trustee is cash on hand at the end of the fiscal year in order to make the required principal and interest payments on outstanding bonds. The funds are on deposit with the trustee for less than one month and do not pose a credit risk to the Town. The Town's investment in Federal Agency Securities include \$9,527,130 invested in Federal National Mortgage Association Securities, \$3,033,767 invested in Federal Farm Credit Bank Bonds, \$4,538,428 invested in Federal Home Loan Bank Bonds, \$3,011,265 invested in Federal National Mortgage Association. The Federal National Mortgage Association Securities, Federal Farm Credit Bank Bonds, the Federal Home Loan Bank Bonds and the Federal National Mortgage Association all have a Standard and Poor's AAA rating. All investments are reported at fair value. During the current fiscal year, the Town reported an unrealized gain of \$63,453 on its investments. The Town's investment in the State Treasurer's Investment Pool did not receive a quality credit rating from a rating agency.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Restricted Assets

Restricted assets in the business-type activities at June 30, 2012 consist of the following:

	Debt Service Fund	Sewer Fund	Alarm Fund	Total
Cash with Paying Agent	\$ 114,432	\$ 52,038	\$ -	\$ 166,470
Customer Deposits	-	-	9,978	9,978
Total	<u>\$ 114,432</u>	<u>\$ 52,038</u>	<u>\$ 9,978</u>	<u>\$ 176,448</u>

3. Receivables

Court fines of the General Fund are recorded net of uncollectible amounts. The allowance for uncollectible accounts at June 30, 2012 included the court receivable; all other receivables are deemed to be collectible.

Receivables consist of the following:

	General	HURF	Total
Office of the State Treasurer:			
Highway User Revenue	\$ -	\$ 62,343	\$ 62,343
State Sales Tax	85,072	-	85,072
Town Sales Tax	1,029,753	-	1,029,753
County Treasurer:			
Auto Lieu Tax	15,405	-	15,405
Franchise fees:			
Arizona Pubic Service	173,038	-	173,038
Cox Cable	58,762	-	58,762
Southwest Gas	28,868	-	28,868
Court Receivable	549,061	-	549,061
Note Receivable	60,220	-	60,220
Sales Tax Audit	172,102	-	172,102
Interest	34,591	-	34,591
Miscellaneous	87,116	-	87,116
	<u>2,293,988</u>	<u>62,343</u>	<u>2,356,331</u>
Less: Allowance for Uncollectibles	(230,606)	-	(230,606)
Total	<u>\$ 2,063,382</u>	<u>\$ 62,343</u>	<u>\$ 2,125,725</u>

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Receivables (Continued)

The Sewer System and Alarm Monitor System Enterprise Funds reported accounts receivable, net of the allowance for uncollectible (\$25,808 in the Sewer Fund and \$-0- in Alarm Fund) of \$64,322 and \$1,294 due from residents, respectively.

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
General Fund		
Court Fines Receivable	\$ 318,455	\$ -
Sales Tax Receivable	172,102	-
Court Grants	-	1,307,109
Miscellaneous Unearned	89,514	-
Nonmajor Governmental Funds		
Grants Receivable	-	5,000
	\$ 580,071	\$ 1,312,109

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**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 44,427,088	\$ -	\$ -	\$ 44,427,088
Construction in Progress	-	27,321	-	27,321
Total Capital Assets, Not Being Depreciated	<u>44,427,088</u>	<u>27,321</u>	<u>-</u>	<u>44,454,409</u>
Capital Assets, Being Depreciated:				
Land Improvements	2,023,760	-	-	2,023,760
Infrastructure	26,361,903	-	-	26,361,903
Buildings and Improvements	12,401,518	15,054	-	12,416,572
Machinery, Equipment, and Vehicles	6,175,330	346,054	-	6,521,384
Total Capital Assets, Being Depreciated	46,962,511	361,108	-	47,323,619
Accumulated Depreciation for:				
Land Improvements	(953,547)	(80,950)	-	(1,034,497)
Infrastructure	(4,776,864)	(561,527)	-	(5,338,391)
Buildings and Improvements	(4,564,797)	(463,703)	-	(5,028,500)
Machinery, Equipment, and Vehicles	(3,910,476)	(584,451)	-	(4,494,927)
Total Accumulated Depreciation	<u>(14,205,684)</u>	<u>(1,690,631)</u>	<u>-</u>	<u>(15,896,315)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,756,827</u>	<u>(1,329,523)</u>	<u>-</u>	<u>31,427,304</u>
Governmental Activities Capital Assets, Net	<u>\$ 77,183,915</u>	<u>\$ (1,302,202)</u>	<u>\$ -</u>	<u>\$ 75,881,713</u>

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

4. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Sewer Capacity Rights	\$ 14,349,766	\$ -	\$ -	\$ 14,349,766
Capital Assets, Being Depreciated:				
Sewer System	12,214,796	-	-	12,214,796
Machinery and Equipment	648,498	-	-	648,498
Furniture and Fixtures	35,081	-	-	35,081
Total Capital Assets, Being Depreciated	12,898,375	-	-	12,898,375
Accumulated Depreciation for:				
Sewer System	(4,538,131)	(242,446)	-	(4,780,577)
Machinery and Equipment	(638,897)	(9,601)	-	(648,498)
Furniture and Fixtures	(27,755)	(3,040)	-	(30,795)
Total Accumulated Depreciation	(5,204,783)	(255,087)	-	(5,459,870)
Total Capital Assets, Being Depreciated, Net	7,693,592	(255,087)	-	7,438,505
Business-Type Activities Capital Assets, Net	<u>\$ 22,043,358</u>	<u>\$ (255,087)</u>	<u>\$ -</u>	<u>\$ 21,788,271</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 270,750
Public Safety	642,599
Highways and Streets	777,282
Total Depreciation Expense, Governmental Activities	<u>\$ 1,690,631</u>

Business-Type Activities:

Sewer Fund	\$ 252,046
Alarm Monitor System Fund	3,041
Total Depreciation Expense, Business-Type Activities	<u>\$ 255,087</u>

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Construction Commitments

At June 30, 2012, the Town has the following active construction commitments:

<u>Project</u>	<u>Governmental</u>	
	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Court Remodel	\$ 27,321	\$ 367,679
Digital Video Network	-	140,000
Town Entryway Monuments	-	141,600
Design and Construction of Mockingbird Lane	-	337,801
	<u>\$ 27,321</u>	<u>\$ 987,080</u>

C. Interfund Transfers

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>
	<u>General Fund</u>
Debt Service Fund	\$ 1,029,688
Capital Projects Fund	2,451,971
Total	<u>\$ 3,481,659</u>

The transfers from the General Fund to the Debt Service Fund were recorded to transfer funds for the Municipal Property Corporation debt service payments. The Transfer from the General Fund to the Capital Projects Fund was to finance capital construction projects.

D. Obligations Under Leases

Capital Leases

The Town has acquired various equipment and vehicles under the provision of long-term lease agreements classified as capital leases. The principal amount of the assets totaling \$853,230 is capitalized in Governmental Activities, if it meets the Town's capitalization policy of \$5,000. The leases provide for bargain purchase options. The amortization of these assets is included in depreciation expense reported in the Government-wide financial statements in the Governmental Activities.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Obligations Under Leases (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Capital Assets Being Depreciated:	
Machinery, Equipment and Vehicles	\$ 853,230
Less: Accumulated Depreciation	(402,837)
Total Capital Assets, Net	\$ 450,393

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2012, were as follows:

	Governmental Activities
<u>Year Ended June 30,</u>	
2013	\$ 187,888
2014	99,323
2015	99,323
2016	99,323
2017	99,323
2018	74,492
Total Minimum Lease Payments	659,671
Less: Amount Representing Interest	(59,897)
Present Value of Minimum Lease Amounts	\$ 599,774

E. Long-Term Obligations

The Town has long-term bonds payable issued to refund previous bonds used to provide funds for the acquisition of sewer capacity and to retire a capital lease used for the acquisition and construction of fire stations. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

Bonds payable at June 30, 2012 consisted of the MPC, Excise Tax Revenue Refunding bonds, Series 2009. The bonds are not subject to call. Interest is payable semiannually.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

The Town has pledged future excise tax revenues, which include sales tax, franchise tax, General Fund intergovernmental revenues and business licenses, to repay \$11,055,000 in excise tax revenue refunding bonds. The remaining principal balance is \$8,200,000. Proceeds from the bonds were used 32% to refund prior bonds in the Sewer Fund and 69% for refunding prior bonds and retiring debt on a capital lease in the governmental activities. The bonds are payable from excise tax revenues transferred to the MPC Debt Service Fund in the governmental funds and developer fee revenues in the Sewer Fund through 2019. Total principal and interest payments on the bonds are expected to require less than 10% of pledged revenues. Total remaining principal and interest required on the bonds is \$9,305,257, payable through 2019. In the current year, total principal and interest paid and total excise tax revenues were \$1,497,938 and \$14.8 million, respectively.

The Town has a long-term note payable recorded in the Sewer Enterprise Fund to fund the Sewer Capacity Rights purchased from the City of Scottsdale in fiscal year 2007. The Town secured the note by pledging the Town Hall as collateral, to repay \$4,049,066 in principal at 4.14% per annum. The remaining principal balance is \$1,824,454. Total remaining principal and interest required on the note is \$1,991,932, payable through 2016. In the current year, total principal and interest paid was \$497,983.

Changes in long-term obligations for the year ended June 30, 2012 are as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due within One Year
Governmental Activities:					
Revenue Bonds	\$ 6,437,537	\$ -	\$ (800,825)	\$ 5,636,712	\$ 824,885
Bond Premium	271,253	-	(33,907)	237,346	33,907
Capital Leases	798,457	167,714	(366,397)	599,774	167,486
Compensated Absences	870,116	468,147	(489,603)	848,660	489,603
Total Governmental Activities	<u>\$ 8,377,363</u>	<u>\$ 635,861</u>	<u>\$ (1,690,732)</u>	<u>\$ 7,322,492</u>	<u>\$ 1,515,881</u>
Business-Type Activities:					
Revenue Bonds	\$ 2,927,463	\$ -	\$ (364,175)	\$ 2,563,288	\$ 375,115
Bond Premium	123,352	-	(15,419)	107,933	15,419
Note Payable	2,234,778	-	(410,324)	1,824,454	428,056
Compensated Absences	7,504	3,039	(2,565)	7,978	2,565
Total Business-Type Activities	<u>\$ 5,293,097</u>	<u>\$ 3,039</u>	<u>\$ (792,483)</u>	<u>\$ 4,503,653</u>	<u>\$ 821,155</u>

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Debt service requirements on long-term debt at June 30, 2012 are as follows:

Years	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 824,885	\$ 204,477	\$ 803,170	\$ 162,912
2014	848,944	179,369	832,364	133,241
2015	876,440	149,106	863,899	100,449
2016	914,247	113,293	900,505	64,349
2017	927,995	71,808	422,005	32,655
2018-19	1,244,201	41,704	565,799	18,965
Totals	<u>\$ 5,636,712</u>	<u>\$ 759,757</u>	<u>\$ 4,387,742</u>	<u>\$ 512,571</u>

NOTE 4 OTHER INFORMATION

A. Fund Balance

The following represents the classifications of the Town's fund balance for fiscal year ended June 30, 2012.

	General Fund	Highway User Revenue Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Nonspendable:						
Prepays	\$ 143,415	\$ -	\$ -	\$ -	\$ -	\$ 143,415
Restricted:						
Highways and Streets	-	1,170,888	-	-	-	1,170,888
Contributions and Donations	-	-	-	-	10,175	10,175
Mummy Mountain Trust	-	-	-	-	39,961	39,961
Assigned						
Debt Service	-	-	-	6,396,432	-	6,396,432
Capital Projects	-	-	2,872,081	-	-	2,872,081
Unassigned	14,393,182	-	-	-	-	14,393,182
Total Fund Balance	<u>\$ 14,536,597</u>	<u>\$ 1,170,888</u>	<u>\$ 2,872,081</u>	<u>\$ 6,396,432</u>	<u>\$ 50,136</u>	<u>\$ 25,026,134</u>

The Mayor and Town Council have established contingency and minimum fund balance policies for the operating budget (General and Highway User Fund). An emergency contingency of at least 15% of the adopted budget shall exist. For FY 2012, this amount was \$2.5 million. A minimum fund balance of at least 90%, but not more than 110%, of operating expenses will be maintained for unforeseen emergencies, such as significant loss of revenues of catastrophic impacts. For FY 2012, this amount was \$15.6 million (inclusive of the \$2.5 million emergency reserve).

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Risk Management

The Town of Paradise Valley, Arizona, is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. The aggregate excess coverage is for an additional \$18,000,000, excluding land use liability claims, on a follow form, claims made basis. The excess land use liability aggregate is \$5,000,000. No settlements exceeded insurance coverage during any of the past three fiscal years.

The Arizona Municipal Risk Retention Pool is structured such that member premiums are based on an actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligations. The Pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

The Town is also insured by Arizona Municipal Risk Retention Pool for potential worker related accidents.

C. Contingent Liabilities

Accumulated Sick Leave – Sick leave benefits provide for ordinary sick pay, are cumulative and vest at 50 percent of an employee's rate of pay after 10 years of service and 100 percent of an employee's rate of pay after 15 years of service. In addition, sick leave accumulated in excess of 480 hours is paid annually at 50 percent of an employee's rate of pay.

D. Commitments

The Town has entered into an Intergovernmental Agreement (IGA) with the City of Phoenix Fire Department that enables the City of Phoenix to provide Fire Service personnel, communication and dispatch services to the Town. In return, the Town pays service fees equal to 50% of the operating cost to the City of Phoenix based on the IGA. Payments are due on a quarterly basis to City of Phoenix. The agreement continues until terminated by either party. Termination requires 365 days written notice unless there is a failure to meet responsibilities by either party. If there is a failure to meet responsibilities the agreement can be terminated in 90 days. The payments to the City of Phoenix related to this IGA were \$2,189,009 for the year ended June 30, 2012. Contractual payments due in fiscal year 2012-2013 are budgeted at \$2,160,000.

TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans

Defined Contribution Pension Plan

All Town employees who work greater than 30 hours per week are eligible to participate in a defined contribution pension plan administered by the ICMA Retirement Corporation as a 401(a) plan. The payroll for the Town employees covered by this plan for the year ended June 30, 2012 was \$5,079,809. The Town's total payroll was \$5,467,733.

A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefit the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investment of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All Town employees who work 30 or more hours per week are eligible to participate in the pension plan after one year of service and must apply within 60 days of the one year anniversary date. Contributions made by employer and employee vest immediately.

An employee that leaves the employment of the Town is entitled to his or her contributions and the vested portion of the Town's contributions, plus investment earnings. Each employee's contribution and amount of employer's contribution is based upon the employee's status in accordance with the Fair Labor Standards Act (FLSA). For all non-exempt employees under FLSA the employee to employer contribution rate was 1:1; for exempt employees the ratio was 2:1; and directors and the Town Manager have a 3:1 ratio. During fiscal year 2011-12, the Town's required and actual contributions amounted to \$35,380. The employees' contributions totaled \$107,411.

No pension provision changes occurred during the year that affected the required contributions to be made by the Town or its employees.

The ICMA Retirement Corporation held no securities of the Town or other related parties during the fiscal year 2011-2012 or as of the close of the fiscal year.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

Arizona State Retirement System

Plan Description – The Town contributes to a cost-sharing multiple employer defined benefit pension plan administered by the Arizona State Retirement System. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

Plan Description – The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2001 or (800) 621-3778.

Funding Policy – The Arizona State Legislature establishes and may amend active plan members' and The Town's contribution rate. For the year ended June 30, 2012, active plan members and The Town were each required by statute to contribute at the actuarially determined rate of 10.74 percent (9.87 percent retirement, 0.63 percent for health insurance premium, and 0.24 percent long-term disability) of the members' annual covered payroll.

The Town's contributions to the System for the years ended June 30, 2012 and prior two fiscal years equaled the required contributions and are as follows:

<u>Year Ended June 30,</u>	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
2012	\$ 277,096	\$ 17,687	\$ 6,738
2011	329,011	21,545	9,129
2010	336,655	26,642	16,019

Public Safety Personnel Retirement System (PSPRS)

Plan Description – The Town contributes to the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. All benefit provisions and other requirements are established by State statute. The Public Safety Personnel Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. That report may be obtained by writing to Public Safety Personnel, 3010 E. Camelback Ave., Suite 200 Phoenix, AZ 85016 or by calling (602) 255-5575.

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

Public Safety Personnel Retirement System (PSPRS) (Continued)

Funding Policy – The fund manager is responsible for establishing contributions rates in accordance with an actuarial study and state statute. For the current fiscal year (year ended June 30, 2012), covered employees are required to contribute 7.65 percent of their annual salary to the PSPRS, and the Town is required to contribute 51.02 percent of annual covered payroll. The contribution rates include both the pension benefit (48.99%) and the OPEB (2.03%). Additionally, the Town is statutorily required to contribute an alternate contribution for any retired (not active) members who return to work in a capacity which would ordinarily be filled by an employee eligible for PSPRS. The alternate contribution rate is 51.02% of applicable payroll.

Annual Pension Cost and OPEB Cost – the Town is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The Town is also required to contribute an alternate contribution of the employer for applicable payroll, at a rate determined by State statute. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities. The alternate contribution is a rate which is intended to mitigate the potential actuarial impact of a retired member who returns to work. The current ARC has been calculated based on an actuarial valuation which involves estimates of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial valuation reflects a long-term perspective.

The current ARC rate is based on the following actuarial methods and assumptions identified in the actuarial report.

ARC, and Actuarial Methods, and Assumptions:

ARC as a percent of total covered payroll	47.18%
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent-of-pay closed
Remaining Amortization Period	25 years for underfunded 20 years for overfunded
Asset valuation method	7 - year smoothed market
Actuarial assumptions:	
Investment rate of return	8.25%
Project salary increases	5.0% - 8.0%
Payroll growth	5.0%
Cost-of-living-adjustments	None

The current alternate contribution rate is based on Arizona revised Statutes Title 38-843.05 which requires the employer to contribute at rate equal to the that portion of the

**TOWN OF PARADISE VALLEY, ARIZONA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (CONTINUED)

E. Retirement Plans (Continued)

Public Safety Personnel Retirement System (PSPRS) (Continued)

total required contribution that is applied to the amortization of the unfunded actuarial accrued liability for the prior fiscal year.

**Three-Year Trend Information
Paradise Valley Police**

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percent Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 619,666	100 %	\$ -
2011	771,432	100	-
2012	865,452	100	-

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percent Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 38,472	100 %	\$ -
2011	39,710	100	-
2012	43,089	100	-

Funded Status and Funding Progress—The most recent actuarial valuation available is dated June 30, 2011 and this report was used to report the following data. The actuarial valuation reflects a long-term perspective. The Town made the contributions to the plan as noted in the table above, however as noted in the June 30, 2011 PSPRS Comprehensive Annual Financial Report (Note 7), contributions in excess of the health benefit subsidy payment are reported in the pension plan. Therefore, no assets are accounted separately to offset any actuarially accrued liability. All assets of the plan are available to pay both pension benefits and health insurance subsidy. The accumulated funding for the pension plan was as follows (since all assets are available to pay accrued liabilities, a row indicating totals has been added):

	<u>Actuarial Accrued Liability (AAL)</u>	<u>Actuarial Valuation of Assets</u>	<u>Percent Funded</u>	<u>(Over)/ Unfunded AAL</u>	<u>Annual Covered Payroll (ACP)</u>	<u>(Over)/ Unfunded AAL as % of ACP</u>
Pension Plan	\$ 21,155,807	\$ 8,970,186	42.40%	\$ (12,185,621)	\$ 1,834,169	-664.37%
OPEB Plan	556,622	-	-	(556,622)	1,834,169	-30.35%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF PARADISE VALLEY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS**

Retirement

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2009	\$ 9,327,908	\$ 18,184,910	51.3%	\$ (8,857,002)	\$ 2,175,438	-407.1%
2010	9,138,514	19,623,423	46.6%	(10,484,909)	2,059,235	-509.2%
2011	8,970,186	21,155,807	42.4%	(12,185,621)	1,834,169	-664.4%

Other Post Employment Benefit (Health Insurance Subsidy)

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Over (Under) Funded AAL as a Percentage of Covered Payroll
2009	\$ -	\$ 492,602	0.0%	\$ (492,602)	\$ 2,175,438	-22.6%
2010	-	543,057	0.0%	(543,057)	2,059,235	-26.4%
2011	-	556,622	0.0%	(556,622)	1,834,169	-30.3%

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Donations Fund - accounts for contributions and donations received by the Town.

Grants Fund - accounts for all grants received by the Town.

Mummy Mountain Preserve Trust Fund - accounts for the activity of the Mummy Mountain Preserve Trust including acquiring, maintaining, preserving and protecting undeveloped property on and around the Mummy Mountain Preserve.

**TOWN OF PARADISE VALLEY, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	Special Revenue			Total Nonmajor Governmental Funds
	Donations Fund	Grants Fund	Mummy Mountain Preserve Trust Fund	
ASSETS				
Cash and Investments	\$ 10,175	\$ 5,000	\$ 39,961	\$ 55,136
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deferred Revenue	\$ -	\$ 5,000	\$ -	\$ 5,000
Fund Balances:				
Restricted	10,175	-	39,961	50,136
Total Liabilities and Fund Balance	\$ 10,175	\$ 5,000	\$ 39,961	\$ 55,136

**TOWN OF PARADISE VALLEY, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2012**

	Special Revenue			Total Nonmajor Governmental Funds
	Donations Fund	Grants Fund	Mummy Mountain Preserve Trust Fund	
REVENUES				
Intergovernmental Revenue	\$ -	\$ 51,045	\$ -	\$ 51,045
Contribution and Donations	18,517	-	-	18,517
Investment Income	68	-	10	78
Total Revenues	<u>18,585</u>	<u>51,045</u>	<u>10</u>	<u>69,640</u>
EXPENDITURES				
Current:				
General Government	9,325	50,128	-	59,453
Public Safety	11,939	917	-	12,856
Total Expenditures	<u>21,264</u>	<u>51,045</u>	<u>-</u>	<u>72,309</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,679)	-	10	(2,669)
FUND BALANCE				
Beginning of Year	12,854	-	39,951	52,805
End of Year	<u>\$ 10,175</u>	<u>\$ -</u>	<u>\$ 39,961</u>	<u>\$ 50,136</u>

**TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2012**

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental Capital	\$ -	\$ 27,321	\$ 27,321
Contributions and Donations	250,000	-	(250,000)
Other	-	33,213	33,213
Total Revenues	<u>250,000</u>	<u>60,534</u>	<u>(189,466)</u>
EXPENDITURES			
Capital Outlay	<u>2,758,500</u>	<u>2,149,953</u>	<u>608,547</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,508,500)	(2,089,419)	358,547
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>1,241,820</u>	<u>2,451,971</u>	<u>1,210,151</u>
Net Change in Fund Balance	(1,266,680)	362,552	1,568,698
FUND BALANCE			
Beginning of Year	<u>2,526,178</u>	<u>2,509,529</u>	<u>(16,649)</u>
End of Year	<u>\$ 1,259,498</u>	<u>\$ 2,872,081</u>	<u>\$ 1,612,583</u>

**TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2012**

	Original and Final Budget	Actual	Variance with Final Budget
EXPENDITURES			
Current			
Principal Retirement	\$ 800,825	\$ 800,825	\$ -
Interest on Long-term Debt	228,863	228,857	6
Total Expenditures	<u>1,029,688</u>	<u>1,029,682</u>	<u>6</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,029,688)	(1,029,682)	6
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>1,029,688</u>	<u>1,029,688</u>	<u>-</u>
Net Change in Fund Balance	-	6	6
FUND BALANCE			
Beginning of Year	6,396,428	6,396,426	(2)
End of Year	<u>\$ 6,396,428</u>	<u>\$ 6,396,432</u>	<u>\$ 4</u>

TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DONATIONS FUND
YEAR ENDED JUNE 30, 2012

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Contributions and Donations	\$ 8,100	\$ 18,517	\$ 10,417
Investment Income	-	68	68
Total Revenues	8,100	18,585	10,417
 EXPENDITURES			
Current:			
General Government	9,000	9,325	(325)
Public Safety	3,500	11,939	(8,439)
Total Expenditures	12,500	21,264	(8,764)
 Excess (Deficiency) of Revenues Over Expenditures	(4,400)	(2,679)	1,653
 FUND BALANCE			
Beginning of Year	12,935	12,854	(81)
End of Year	\$ 8,535	\$ 10,175	\$ 1,640

**TOWN OF PARADISE VALLEY, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2012**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 117,000	\$ 51,045	\$ (65,955)
EXPENDITURES			
Current:			
General Government	111,792	50,128	61,664
Public Safety	17,000	917	16,083
Total Expenditures	<u>128,792</u>	<u>51,045</u>	<u>77,747</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,792)	-	11,792
FUND BALANCE			
Beginning of Year	<u>11,792</u>	<u>-</u>	<u>(11,792)</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATISTICAL SECTION (UNAUDITED)

This section of the Town of Paradise Valley, Arizona's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections.

TOWN OF PARADISE VALLEY, ARIZONA
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 24,086,252	\$ 36,521,049	\$ 36,681,403	\$ 62,658,461
Restricted	7,409,340	2,646,210	3,547,005	2,458,089
Unrestricted	20,131,888	19,232,729	21,212,662	23,122,328
Total Governmental Activities Net Assets	<u>\$ 51,627,480</u>	<u>\$ 58,399,988</u>	<u>\$ 61,441,070</u>	<u>\$ 88,238,878</u>
Business-Type Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 12,317,460	\$ 12,387,573	\$ 12,537,954	\$ 12,944,276
Restricted	1,460,850	2,050,411	2,314,437	3,253,695
Unrestricted	2,280,522	2,246,455	2,849,958	3,135,872
Total Business-Type Activities Net Assets	<u>\$ 16,058,832</u>	<u>\$ 16,684,439</u>	<u>\$ 17,702,349</u>	<u>\$ 19,333,843</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$ 36,403,712	\$ 48,908,622	\$ 49,219,357	\$ 75,602,737
Restricted	8,870,190	4,696,621	5,861,442	5,711,784
Unrestricted	22,412,410	21,479,184	24,062,620	26,258,200
Total Primary Government Net Assets	<u>\$ 67,686,312</u>	<u>\$ 75,084,427</u>	<u>\$ 79,143,419</u>	<u>\$107,572,721</u>

Source: Town's Finance Department.

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 69,273,164	\$ 65,329,267	\$ 70,546,752	\$ 70,077,412	\$ 69,676,668	\$ 69,407,881
3,506,945	4,179,307	3,498,527	2,595,469	1,786,639	1,221,024
23,653,783	29,279,737	20,776,493	22,373,381	22,487,936	23,627,937
<u>\$ 96,433,892</u>	<u>\$ 98,788,311</u>	<u>\$ 94,821,772</u>	<u>\$ 95,046,262</u>	<u>\$ 93,951,243</u>	<u>\$ 94,256,842</u>
\$ 14,058,457	\$ 14,937,435	\$ 15,875,113	\$ 16,176,951	\$ 16,757,765	\$ 17,292,596
3,374,755	3,639,972	3,393,316	2,746,466	2,075,256	1,362,476
3,548,306	3,876,571	3,556,209	3,855,763	4,194,195	4,736,253
<u>\$ 20,981,518</u>	<u>\$ 22,453,978</u>	<u>\$ 22,824,638</u>	<u>\$ 22,779,180</u>	<u>\$ 23,027,216</u>	<u>\$ 23,391,325</u>
\$ 83,331,621	\$ 80,266,702	\$ 86,421,865	\$ 86,254,363	\$ 86,434,433	\$ 86,700,477
6,881,700	7,819,279	6,891,843	5,341,935	3,861,895	2,583,500
27,202,089	33,156,308	24,332,702	26,229,144	26,682,131	28,364,190
<u>\$117,415,410</u>	<u>\$121,242,289</u>	<u>\$ 117,646,410</u>	<u>\$ 117,825,442</u>	<u>\$ 116,978,459</u>	<u>\$ 117,648,167</u>

**TOWN OF PARADISE VALLEY, ARIZONA
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year				
	2003	2004	2005	2006	2007
EXPENSES					
Governmental Activities:					
General Government	\$ 6,852,345	\$ 7,205,961	\$ 5,830,167	\$ 5,572,020	\$ 7,582,685
Public Safety	4,699,476	4,895,582	5,230,079	5,427,430	6,770,604
Highways and Streets	2,190,740	2,102,681	2,826,197	2,232,994	3,535,814
Interest on Long-Term Debt	214,840	152,543	132,501	135,632	139,448
Total Governmental Activities Expenses	<u>13,957,401</u>	<u>14,356,767</u>	<u>14,018,944</u>	<u>13,368,076</u>	<u>18,028,551</u>
Business-Type Activities:					
Sewer	1,668,659	1,673,671	1,842,192	1,874,049	2,052,990
Alarm Monitor System	111,710	116,989	128,194	134,462	135,019
Total Business-Type Activities	<u>1,780,369</u>	<u>1,790,660</u>	<u>1,970,386</u>	<u>2,008,511</u>	<u>2,188,009</u>
Total Primary Government Expenses	<u>\$ 15,737,770</u>	<u>\$ 16,147,427</u>	<u>\$ 15,989,330</u>	<u>\$ 15,376,587</u>	<u>\$ 20,216,560</u>
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
General Government	\$ 1,998,914	\$ 2,305,546	\$ 2,987,376	\$ 3,519,743	\$ 5,008,586
Public Safety	-	-	-	8,538	5,279
Highways and Streets	-	-	183,077	-	-
Operating Grants and Contributions	973,337	1,064,659	1,097,104	1,238,887	1,313,322
Capital Grants and Contributions	818,054	5,530,770	57,356	1,520,470	3,807,860
Total Governmental Activities Program Revenues	<u>3,790,305</u>	<u>8,900,975</u>	<u>4,324,913</u>	<u>6,287,638</u>	<u>10,135,047</u>
Business-Type Activities:					
Charges for Services:					
Sewer System	2,038,584	2,136,775	2,526,738	2,793,516	2,517,864
Alarm Monitor System	216,830	210,724	206,705	209,230	210,932
Capital Grants and Contributions	124,272	36,210	160,620	422,750	781,250
Total Business-Type Activities Program Revenues	<u>2,379,686</u>	<u>2,383,709</u>	<u>2,894,063</u>	<u>3,425,496</u>	<u>3,510,046</u>
Total Primary Government Program Revenues	<u>\$ 6,169,991</u>	<u>\$ 11,284,684</u>	<u>\$ 7,218,976</u>	<u>\$ 9,713,134</u>	<u>\$ 13,645,093</u>

Source: The Town's Finance Department.

Fiscal Year				
2008	2009	2010	2011	2012
\$ 7,504,799	\$ 9,318,797	\$ 5,857,493	\$ 6,826,239	\$ 7,708,607
8,578,890	9,127,589	8,040,162	7,787,743	7,628,580
3,698,363	6,150,305	2,151,001	2,225,274	2,076,040
190,310	424,849	301,622	267,022	239,802
19,972,362	25,021,540	16,350,278	17,106,278	17,653,029
2,141,828	2,327,149	2,207,903	2,144,491	2,111,254
135,774	129,335	125,529	117,568	108,520
2,277,602	2,456,484	2,333,432	2,262,059	2,219,774
<u>\$ 22,249,964</u>	<u>\$ 27,478,024</u>	<u>\$ 18,683,710</u>	<u>\$ 19,368,337</u>	<u>\$ 19,872,803</u>
\$ 3,956,275	\$ 3,185,130	\$ 2,564,613	\$ 2,748,788	\$ 2,540,900
105,585	102,323	143,867	221,550	303,571
16,036	-	53,349	-	-
1,156,860	929,564	856,445	844,615	746,903
400,000	502,684	152,699	-	27,321
5,634,756	4,719,701	3,770,973	3,814,953	3,618,695
2,827,143	2,469,706	2,066,141	2,254,806	2,292,392
218,940	216,459	245,390	265,656	253,253
409,800	681,569	31,500	92,500	-
3,455,883	3,367,734	2,343,031	2,612,962	2,545,645
<u>\$ 9,090,639</u>	<u>\$ 8,087,435</u>	<u>\$ 6,114,004</u>	<u>\$ 6,427,915</u>	<u>\$ 6,164,340</u>

(Continued)

**TOWN OF PARADISE VALLEY, ARIZONA
CHANGES IN NET ASSETS (CONCLUDED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

(Concluded)	Fiscal Year				
	2003	2004	2005	2006	2007
NET (EXPENSE) REVENUE					
Governmental Activities	\$ (10,167,096)	\$ (5,455,792)	\$ (9,694,031)	\$ (7,080,438)	\$ (7,893,504)
Business-Type Activities	599,317	593,049	923,677	1,416,985	1,322,037
Total Primary Government Net Expense	\$ (9,567,779)	\$ (4,862,743)	\$ (8,770,354)	\$ (5,663,453)	\$ (6,571,467)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS					
Governmental Activities:					
Taxes:					
Sales Taxes	\$ 7,532,660	\$ 7,890,578	\$ 8,260,274	\$ 9,126,426	\$ 10,374,728
Franchise Taxes	715,402	745,992	759,607	824,782	915,326
State Shared Revenue	2,522,806	2,381,528	2,522,036	2,875,380	2,891,589
Auto Lieu Tax Revenue Sharing	538,002	553,579	584,982	646,708	574,175
Investment Income	739,423	651,012	608,214	991,870	1,332,700
Miscellaneous	(1,436)	-	-	-	-
Transfers	-	5,611	-	-	-
Total Governmental Activities	12,046,857	12,228,300	12,735,113	14,465,166	16,088,518
Business-Type Activities:					
Investment Income	(11,193)	38,169	94,233	214,509	325,638
Transfers	-	(5,611)	-	-	-
Total Business-Type Activities	(11,193)	32,558	94,233	214,509	325,638
Total Primary Government	\$ 12,035,664	\$ 12,260,858	\$ 12,829,346	\$ 14,679,675	\$ 16,414,156
CHANGE IN NET ASSETS					
Governmental Activities	\$ 1,879,761	\$ 6,772,508	\$ 3,041,082	\$ 7,384,728	\$ 8,195,014
Business-Type Activities	588,124	625,607	1,017,910	1,631,494	1,647,675
Total Primary Government	\$ 2,467,885	\$ 7,398,115	\$ 4,058,992	\$ 9,016,222	\$ 9,842,689

Source: The Town's Finance Department.

Fiscal Year				
2008	2009	2010	2011	2012
\$ (14,337,606)	\$ (20,301,839)	\$ (12,579,305)	\$ (13,291,325)	\$ (14,034,334)
1,178,281	911,250	9,599	350,903	325,871
<u>\$ (13,159,325)</u>	<u>\$ (19,390,589)</u>	<u>\$ (12,569,706)</u>	<u>\$ (12,940,422)</u>	<u>\$ (13,708,463)</u>
\$ 10,499,929	\$ 9,386,335	\$ 8,051,632	\$ 7,944,769	\$ 10,627,184
1,003,231	1,001,103	999,785	1,007,634	1,055,473
3,225,005	3,180,361	2,807,201	2,402,963	2,083,775
557,250	504,145	465,343	453,010	411,604
1,406,610	1,569,907	358,326	231,090	161,897
-	-	-	-	-
-	693,449	121,508	156,840	-
<u>16,692,025</u>	<u>16,335,300</u>	<u>12,803,795</u>	<u>12,196,306</u>	<u>14,339,933</u>
294,179	152,859	66,451	53,973	38,238
-	(693,449)	(121,508)	(156,840)	-
<u>294,179</u>	<u>(540,590)</u>	<u>(55,057)</u>	<u>(102,867)</u>	<u>38,238</u>
<u>\$ 16,986,204</u>	<u>\$ 15,794,710</u>	<u>\$ 12,748,738</u>	<u>\$ 12,093,439</u>	<u>\$ 14,378,171</u>
\$ 2,354,419	\$ (3,966,539)	\$ 224,490	\$ (1,095,019)	\$ 305,599
1,472,460	370,660	(45,458)	248,036	364,109
<u>\$ 3,826,879</u>	<u>\$ (3,595,879)</u>	<u>\$ 179,032</u>	<u>\$ (846,983)</u>	<u>\$ 669,708</u>

**TOWN OF PARADISE VALLEY, ARIZONA
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Function/Program	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities:					
General Government	\$ 2,720,304	\$ 7,577,522	\$ 3,016,814	\$ 4,960,424	\$ 9,053,679
Public Safety	5,377	39,238	6,241	14,715	20,976
Highways and Streets	1,064,624	1,284,215	1,301,858	1,312,499	1,060,392
Subtotal Governmental Activities	<u>3,790,305</u>	<u>8,900,975</u>	<u>4,324,913</u>	<u>6,287,638</u>	<u>10,135,047</u>
Business-Type Activities:					
Sewer System	2,146,384	2,172,985	2,687,358	3,216,266	3,299,114
Alarm Monitor System	233,302	210,724	206,705	209,230	210,932
Subtotal Business-Type Activities	<u>2,379,686</u>	<u>2,383,709</u>	<u>2,894,063</u>	<u>3,425,496</u>	<u>3,510,046</u>
Total Primary Government	<u>\$ 6,169,991</u>	<u>\$ 11,284,684</u>	<u>\$ 7,218,976</u>	<u>\$ 9,713,134</u>	<u>\$ 13,645,093</u>

Source: The Town's Finance Department.

Fiscal Year				
2008	2009	2010	2011	2012
\$ 4,467,270	\$ 3,217,704	\$ 2,592,630	\$ 2,767,852	\$ 2,671,657
134,211	150,885	149,236	255,768	305,350
1,033,275	1,351,112	1,029,107	791,333	641,688
<u>5,634,756</u>	<u>4,719,701</u>	<u>3,770,973</u>	<u>3,814,953</u>	<u>3,618,695</u>
3,236,943	3,151,275	2,097,641	2,347,306	2,292,392
218,940	216,459	245,390	265,656	253,253
<u>3,455,883</u>	<u>3,367,734</u>	<u>2,343,031</u>	<u>2,612,962</u>	<u>2,545,645</u>
<u>\$ 9,090,639</u>	<u>\$ 8,087,435</u>	<u>\$ 6,114,004</u>	<u>\$ 6,427,915</u>	<u>\$ 6,164,340</u>

**TOWN OF PARADISE VALLEY, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$ -	\$ 102,818	\$ -	\$ -
Unreserved	20,237,163	19,900,194	21,897,439	23,838,710
Total General Fund	<u>\$ 20,237,163</u>	<u>\$ 20,003,012</u>	<u>\$ 21,897,439</u>	<u>\$ 23,838,710</u>
All Other Governmental Funds:				
Unreserved, Reported in:				
Special Revenue Funds	\$ 810,472	\$ 816,602	\$ 1,734,576	\$ 2,475,642
Debt Service Funds	170	85	210	367
Capital Projects Funds	6,598,698	1,829,523	1,829,523	-
Total All Other Governmental Funds	<u>\$ 7,409,340</u>	<u>\$ 2,646,210</u>	<u>\$ 3,564,309</u>	<u>\$ 2,476,009</u>

	Fiscal Year	
	2011	2012
General Fund:		
Nonspendable		
Prepaid Items	\$ 6,972	\$ 143,415
Unassigned	13,995,539	14,393,182
Total General Fund	<u>\$ 14,002,511</u>	<u>\$ 14,536,597</u>
All Other Governmental Funds:		
Restricted	\$ 1,786,639	\$ 1,221,024
Assigned	8,905,955	9,268,513
Total All Other Governmental Funds	<u>\$ 10,692,594</u>	<u>\$ 10,489,537</u>

Source: The Town's Finance Department.

Note: During the fiscal year 2011, the Town implemented GASB Statement No 54. Therefore, starting in the fiscal year ended June 30, 2011, governmental fund balances will be presented based on the GASB Statement No. 54 hierarchy.

Fiscal Year

2007	2008	2009	2010
\$ -	\$ -	\$ -	\$ -
24,368,110	26,023,277	19,055,184	14,865,748
<u>\$ 24,368,110</u>	<u>\$ 26,023,277</u>	<u>\$ 19,055,184</u>	<u>\$ 14,865,748</u>
\$ 3,524,830	\$ 4,199,455	\$ 3,147,999	\$ 2,444,644
512	232	1,712,329	6,314,592
<u>-</u>	<u>4,069,161</u>	<u>1,130,425</u>	<u>1,864,879</u>
<u>\$ 3,525,342</u>	<u>\$ 8,268,848</u>	<u>\$ 5,990,753</u>	<u>\$ 10,624,115</u>

TOWN OF PARADISE VALLEY, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2003	2004	2005	2006
REVENUES				
Taxes	\$ 8,248,062	\$ 8,636,570	\$ 9,019,881	\$ 9,951,208
Intergovernmental	4,134,715	4,235,005	4,249,702	4,849,824
Fines and Forfeitures	1,020,489	905,824	1,083,724	1,228,545
Licenses and Permits	864,180	1,204,140	1,686,194	1,847,924
Charges for Services	-	-	187,077	-
Rents and Royalties	-	-	-	-
Investment Income	739,423	651,012	608,214	991,870
Other	131,729	364,812	143,797	650,580
Total Revenues	<u>15,138,598</u>	<u>15,997,363</u>	<u>16,978,589</u>	<u>19,519,951</u>
EXPENDITURES				
General Government	4,801,152	5,215,411	5,059,155	5,450,586
Public Safety	4,608,673	4,763,692	5,154,489	5,371,429
Highways and Streets	1,408,277	1,532,470	1,430,165	1,622,491
Capital Outlay	7,232,833	9,666,243	2,967,196	6,799,178
Debt Service				
Issuance Costs	-	-	-	-
Principal Retirement	731,230	131,718	135,377	140,865
Interest on Long-Term Debt	156,313	124,508	119,167	113,642
Total Expenditures	<u>18,938,478</u>	<u>21,434,042</u>	<u>14,865,549</u>	<u>19,498,191</u>
Excess of Revenues				
Over (Under) Expenditures	(3,799,880)	(5,436,679)	2,113,040	21,760
OTHER FINANCING SOURCES (USES)				
Transfers In	5,328,615	5,309,176	4,086,764	5,951,668
Transfers Out	(5,328,615)	(5,303,565)	(4,086,764)	(5,951,668)
Issuance of Long-Term Debt	-	-	-	-
Premium on Issuance of Long-Term Debt	-	-	-	-
Payment of Escrow Agent	-	-	-	-
Payment on Capital Leases	-	-	-	-
Proceeds from Capital Leases	712,283	433,787	699,486	831,211
Total Other Financing Sources (Uses)	<u>712,283</u>	<u>439,398</u>	<u>699,486</u>	<u>831,211</u>
Net Changes in Fund Balance	<u>\$ (3,087,597)</u>	<u>\$ (4,997,281)</u>	<u>\$ 2,812,526</u>	<u>\$ 852,971</u>
Debt Service as a Percentage of Non-Capital Expenditures	7.60%	2.20%	2.10%	2.00%

Source: The Town's Finance Department.

Fiscal Year

2007	2008	2009	2010	2011	2012
\$ 11,290,054	\$ 11,503,160	\$ 10,387,438	\$ 9,051,417	\$ 8,952,403	\$ 11,682,657
4,656,254	4,921,207	4,835,686	4,272,612	3,692,516	3,251,086
1,505,931	1,630,753	1,351,919	1,133,627	1,201,432	801,897
3,238,562	2,197,361	1,159,347	982,740	1,080,207	1,021,911
-	-	-	490,095	356,650	427,269
-	-	-	-	320,907	325,220
1,332,700	1,406,610	1,569,914	358,326	231,090	161,897
366,621	302,014	769,388	9,076	8,072	51,730
<u>22,390,122</u>	<u>21,961,105</u>	<u>20,073,692</u>	<u>16,297,893</u>	<u>15,843,277</u>	<u>17,723,667</u>
7,066,224	7,661,674	7,346,335	5,686,505	5,987,892	5,581,346
6,673,289	8,836,058	8,968,496	7,864,339	7,504,468	7,594,737
1,680,913	1,901,078	2,077,779	1,616,151	1,444,530	1,204,634
7,531,375	3,946,895	11,155,915	128,752	832,181	2,149,953
-	-	130,596	-	-	-
146,354	151,842	715,506	388,383	773,329	800,825
107,897	101,896	346,510	291,345	252,475	228,857
<u>23,206,052</u>	<u>22,599,443</u>	<u>30,741,137</u>	<u>15,975,475</u>	<u>16,794,875</u>	<u>17,560,352</u>
(815,930)	(638,338)	(10,667,445)	322,418	(951,598)	163,315
8,028,562	4,455,825	10,985,963	6,289,267	2,584,469	3,481,659
(8,028,562)	(4,455,825)	(10,292,514)	(6,167,759)	(2,427,629)	(3,481,659)
-	-	7,599,249	-	-	-
-	-	339,067	-	-	-
-	-	(2,032,486)	-	-	-
-	-	(5,770,711)	-	-	-
2,394,663	7,037,011	592,689	-	-	167,714
<u>2,394,663</u>	<u>7,037,011</u>	<u>1,421,257</u>	<u>121,508</u>	<u>156,840</u>	<u>167,714</u>
<u>\$ 1,578,733</u>	<u>\$ 6,398,673</u>	<u>\$ (9,246,188)</u>	<u>\$ 443,926</u>	<u>\$ (794,758)</u>	<u>\$ 331,029</u>
1.60%	1.3%	4.3%	4.5%	6.6%	6.4%

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**TOWN OF PARADISE VALLEY, ARIZONA
GENERAL GOVERNMENT TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)**

Fiscal Year	Sales & Use	Occupancy	Franchise	Total
2003	\$ 5,353,856	\$ 2,178,804	\$ 715,402	\$ 8,248,062
2004	5,605,752	2,284,826	745,992	8,636,570
2005	6,059,493	2,200,781	759,607	9,019,881
2006	6,838,389	2,288,037	824,782	9,951,208
2007	8,129,931	2,244,797	915,326	11,290,054
2008	8,401,809	2,098,120	1,003,231	11,503,160
2009	7,518,403	1,867,932	1,001,103	10,387,438
2010	5,972,752	2,078,880	999,785	9,051,417
2011	5,543,814	2,400,955	1,007,634	8,952,403
2012	8,103,896	2,523,288	1,055,473	11,682,657

Source: The Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA
LOCAL TAXES COLLECTED BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year				
	2003	2004	2005	2006	2007
Sales and Use Tax Collected by Category (1):					
Communications and Utilities	\$ 314,342	\$ 229,257	\$ 362,906	\$ 385,466	\$ 399,465
Construction	2,080,016	2,208,058	2,204,092	2,751,534	3,951,997
Manufacturing	171,308	171,078	223,540	243,507	174,371
Retail trade	205,196	322,360	164,793	210,152	234,595
Finance, Insurance and Real Estate	195,185	250,747	241,291	267,236	400,899
Hospitality	2,173,731	2,089,442	2,474,965	2,603,157	2,507,944
Services	117,482	152,926	160,672	173,674	231,145
Other	96,596	181,884	227,234	203,663	229,310
Total	<u>\$ 5,353,856</u>	<u>\$ 5,605,752</u>	<u>\$ 6,059,493</u>	<u>\$ 6,838,389</u>	<u>\$ 8,129,726</u>
Bed Tax Collected	<u>\$ 2,178,804</u>	<u>\$ 2,284,826</u>	<u>\$ 2,200,781</u>	<u>\$ 2,288,037</u>	<u>\$ 2,244,797</u>

Source: Arizona Department of Revenue

(1) Sales tax increased from 1.2% to 1.4% effective January 1, 1999, and from 1.4% to 1.65% effective September 1, 2004, and from 1.65% to 2.50% effective August 1, 2011 (Temporarily until August 1, 2014). Use tax of 1.4% added effective April 1, 1999.

(2) Bed tax increased from 3.0% to 3.4% effective August 1, 2010.

Fiscal Year

2008	2009	2010	2011	2012
\$ 467,913	\$ 442,206	\$ 499,069	\$ 459,650	\$ 829,653
4,420,843	3,622,160	2,250,756	1,645,850	1,780,801
101,628	85,475	85,959	81,724	119,098
311,592	218,354	223,429	281,128	355,717
377,621	226,801	165,509	201,843	251,196
2,253,947	2,510,902	2,464,680	2,527,486	4,007,195
206,628	200,520	147,522	154,748	224,531
261,637	211,986	135,828	191,385	535,705
<u>\$ 8,401,809</u>	<u>\$ 7,518,404</u>	<u>\$ 5,972,752</u>	<u>\$ 5,543,814</u>	<u>\$ 8,103,896</u>
<u>\$ 2,098,120</u>	<u>\$ 1,867,932</u>	<u>\$ 2,078,880</u>	<u>\$ 2,400,955</u>	<u>\$ 2,523,288</u>

**TOWN OF PARADISE VALLEY, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST NINE FISCAL YEARS
(UNAUDITED)**

Privilege (Sales) Tax Rates

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>County Rate</u>	<u>State Rate</u>
2003	1.40%	0.00%	5.60%
2004	1.40%	0.00%	5.60%
2005	1.65%	0.00%	5.60%
2006	1.65%	0.00%	5.60%
2007	1.65%	0.00%	5.60%
2008	1.65%	0.00%	5.60%
2009	1.65%	0.00%	5.60%
2010	1.65%	0.00%	6.60%
2011	1.65%	0.00%	6.60%
2012	2.50%	0.00%	6.60%

Use Tax Rates

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>County Rate</u>	<u>State Rate</u>
2003	1.40%	0.00%	5.60%
2004	1.40%	0.00%	5.60%
2005	1.65%	0.00%	5.60%
2006	1.65%	0.00%	5.60%
2007	1.65%	0.00%	5.60%
2008	1.65%	0.00%	5.60%
2009	1.65%	0.00%	5.60%
2010	1.65%	0.00%	6.60%
2011	1.65%	0.00%	6.60%
2012	2.50%	0.00%	6.60%

Bed Tax Rates

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>County Rate</u>	<u>State Rate</u>
2003	3.00%	1.77%	5.50%
2004	3.00%	1.77%	5.50%
2005	3.00%	1.77%	5.50%
2006	3.00%	1.77%	5.50%
2007	3.00%	1.77%	5.50%
2008	3.00%	1.77%	5.50%
2009	3.00%	1.77%	5.50%
2010	3.00%	1.77%	6.50%
2011	3.40%	1.77%	6.50%
2012	3.40%	1.77%	6.50%

Source: Maricopa County Treasurer.

**TOWN OF PARADISE VALLEY, ARIZONA
 RATIO OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS
 (DOLLARS IN THOUSANDS EXCEPT PER CAPITA)
 (UNAUDITED)**

Fiscal Year	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total Primary Government	Per Capita	Population
	Excise Tax Revenue Bonds	Capital Leases	Excise Tax Revenue Bonds	Note Payable			
2003	\$ 2,898	\$ 1,301	\$ 5,022	\$ 64	\$ 9,285	\$ 659	14,090
2004	2,766	527	4,794	-	8,087	569	14,215
2005	2,631	611	4,559	-	7,801	541	14,410
2006	2,490	787	4,315	4,049	11,641	840	13,863
2007	2,343	2,222	4,062	3,716	12,343	882	14,000
2008	2,192	8,045	3,798	3,369	17,404	1,224	14,215
2009	7,599	1,595	3,456	3,006	15,656	1,084	14,444
2010	7,211	1,073	3,279	2,628	14,191	966	14,686
2011	6,438	798	2,927	2,235	12,398	967	12,820
2012	5,637	600	2,563	1,824	10,624	812	12,972

Source: The Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (DOLLARS IN THOUSANDS)
 (UNAUDITED)**

Fiscal Year	Excise Tax Revenue Bonds				Coverage
	Excise Tax	Principal	Interest		
2003	\$ 12,173	\$ 950	\$ 418		8.90
2004	12,776	360	340		18.25
2005	13,813	370	326		19.85
2006	15,456	385	311		22.21
2007	17,994	400	295		25.89
2008	17,483	415	278		25.23
2009	14,727	435	261		21.16
2010	12,841	565	414		13.12
2011	12,436	1,125	367		8.36
2012	14,787	1,165	333		9.90

Source: The Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA
POPULATION STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population	Median Household Income	Per Capita Income
2003	14,090	(a)	(a)
2004	14,215	(a)	(a)
2005	14,410	(a)	(a)
2006	13,863	(a)	(a)
2007	14,000	(a)	(a)
2008	14,215	\$ 187,128	\$ 100,251
2009	14,444	(a)	(a)
2010	14,686	(a)	(a)
2011	12,820	(a)	(a)
2012	12,972	(a)	(a)

Source: U.S. Census Bureau and Arizona Economic Estimates Commission.

Source: Median household income and per capita incomes are estimates provided by City-Data.com. The State of Arizona does not track personal income or unemployment data for populations of less than 25,000.

(a) Information was not available.

**TOWN OF PARADISE VALLEY, ARIZONA
PRINCIPAL EMPLOYERS
2011 AND 2003
(UNAUDITED)**

	<u>2011</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Camelback Inn	675	28.6%	580	23.6%
Montelucia Resort	350	14.8%	-	0.0%
Scottsdale Plaza Resort	329	13.9%	388	15.8%
Sanctuary on Camelback Mountain	270	11.4%	250	10.2%
Doubletree Paradise Valley Resort	160	6.7%	220	9.0%
Phoenix County Day School	150	6.4%	138	5.6%
Paradise Valley Country Club	122	5.2%	100	4.0%
El Chorro Lodge Inc	80	3.4%	70	2.9%
Hermosa Inn	80	3.4%	100	4.1%
Town of Paradise Valley	73	3.1%	95	3.9%
Scottsdale Cottonwoods LLC	72	3.1%	-	0.0%
Marriott's Mountain Shadows	-	0.0%	307	12.5%
Doubletree LaPosada Resort	-	0.0%	207	8.4%
Total	<u><u>2,361</u></u>	<u><u>100.0%</u></u>	<u><u>2,455</u></u>	<u><u>100.0%</u></u>

Source: Maricopa Association of Governments 2011 Employer Database.

Note: 2011 and 2003 is the most recent information available.

TOWN OF PARADISE VALLEY, ARIZONA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Full-Time Equivalent Employees										
Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Town Manager	3.0	3.0	3.0	3.0	3.0	3.0	4.0	3.0	4.0	4.0
Town Attorney	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Finance	8.0	8.0	7.7	7.7	7.2	7.2	8.2	7.0	7.0	4.0
Community Development	9.0	9.0	9.0	11.0	13.0	13.0	13.0	12.0	10.0	10.0
Court	5.3	5.3	5.3	5.4	5.4	5.7	5.9	6.0	5.0	5.0
Engineering	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	1.0	-
Public Works	3.0	3.0	3.0	3.0	3.0	3.0	4.0	3.0	3.0	2.0
Police:										
Officers	34.0	35.0	36.0	36.0	36.0	36.0	36.0	30.0	23.0	25.0
Civilians	10.3	10.3	10.3	10.3	10.3	10.5	10.5	11.0	13.0	9.0
Fire Service:										
Civilians	-	-	-	-	-	1.0	1.0	-	-	-
Highways and Streets	13.0	13.0	13.7	14.0	14.0	14.0	14.0	13.0	12.0	12.0
Sewer System	1.0	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Alarm Monitoring System	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>94.6</u>	<u>95.3</u>	<u>97.0</u>	<u>99.4</u>	<u>100.9</u>	<u>102.4</u>	<u>105.6</u>	<u>93.0</u>	<u>83.0</u>	<u>76.0</u>

Source: Town's Finance Department.

**TOWN OF PARADISE VALLEY, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function	Fiscal Year				
	2003	2004	2005	2006	2007
General Government:					
Building Permits Issued	850	823	941	1,019	1,059
Value of Building Permits Issued	\$ 98,276,680	\$ 105,004,033	\$ 127,825,265	\$ 172,799,125	\$ 312,280,046
Police:					
Physical Arrests	267	240	293	341	334
Parking Violations	273	280	490	514	669
Traffic Violations	2,846	2,672	3,806	4,162	2,946
Other Public Works:					
Street Resurfacing (Miles)	6	9	8	10	10
Sidewalks (Linear Feet)	-	1,371	3,374	-	2,025
Potholes Repaired	211	204	193	205	150
Sewer System:					
Number of Customers	1,872	1,901	1,916	1,938	1,985

Source: The Town of Paradise Valley.

(a) Information was not available.

Fiscal Year

2008	2009	2010	2011	2012
950	665	499	536	517
\$ 177,127,174	\$ 86,505,523	\$ 54,467,751	\$ 59,607,205	\$ 68,448,551
270	242	240	199	258
582	285	1,789	1,142	1,199
2,529	1,509	2,203	2,049	1,995
9	31	-	-	7
24,725	-	-	-	216
115	70	17	23	10
2,016	2,065	2,086	2,094	2,095

**TOWN OF PARADISE VALLEY, ARIZONA
 CAPITAL ASSETS STATISTICS BY FUNCTION
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Police:					
Stations	1	1	1	1	1
Patrol and Detective Vehicles	20	20	20	20	20
Fire Service:					
Stations					2
Fire Pumpers, Support Vehicles	-	-	-		3
Other Public Works:					
Streets (Miles)	140	140	140	140	140
Traffic Signals	12	12	12	12	12
Wastewater:					
Sanitary Sewers (Feet)	304,467	305,319	307,444	311,409	317,059
Treatment Capacity (Thousands of Gallons)	880	880	880	1,026	1,026

Source: The Town of Paradise Valley.

Fiscal Year				
2008	2009	2010	2011	2012
1	1	1	1	1
25	28	25	25	25
2	2	2	2	2
4	4	3	3	3
140	140	140	140	140
12	12	12	12	12
320,890	325,029	325,029	325,029	325,029
1,026	1,026	1,026	1,026	1,026

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