

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2024

TOWN OF CHINO VALLEY, ARIZONA



Town of Chino Valley, Arizona

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024





Prepared by the Finance Department

Katie Pehl, Finance Director

Town of Chino Valley, Arizona

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Introductory Section





November 20, 2024

Honorable Mayor, Town Council, and Citizens of the Town of Chino Valley:

The Annual Comprehensive Financial Report (ACFR) of the Town of Chino Valley, Arizona, for the fiscal year ended June 30, 2024, is hereby submitted. This report has been prepared by the Town's Finance Department in accordance with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB).

The report reflects management's representations regarding the financial position and operations of the Town. As such, management assumes full responsibility for the accuracy, completeness, and fairness of all information presented. To support these assertions, the Town has implemented a comprehensive internal control framework. This system is designed to safeguard the Town's assets against loss, theft, or misuse and to provide reliable data for the preparation of the financial statements in accordance with GAAP. However, due to the inherent limitations of internal controls, the system is designed to provide reasonable, not absolute, assurance that the financial statements are free from material misstatement.

The financial statements of the Town of Chino Valley have been audited by Baker Tilly US, LLP, a firm of licensed certified public accountants. The objective of the independent audit is to provide reasonable assurance that the Town's financial statements for the fiscal year ended June 30, 2024, are free from material misstatement. The audit process includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, evaluating the accounting principles used, assessing significant estimates made by management, and reviewing the overall financial statement presentation. Based on their audit, the independent auditors rendered an unmodified opinion, concluding that the Town's financial statements are fairly presented in all material respects in conformity with GAAP. The independent auditors' report is the first item in the financial section of this ACFR.

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements, known as the Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to supplement the MD&A and should be read in conjunction with it. The MD&A follows the independent auditors' report in this document.

REPORTING ENTITY

For the purposes of this financial report, the Town of Chino Valley is classified as a primary government. The Town's governing body, consisting of a Mayor and Town Council, is elected by the citizens in a general election. This report encompasses all organizations and activities over which the elected officials exercise financial oversight and control. The Town does not have any component units. While the Town interacts with and contracts services from various other governmental entities, it is not financially accountable for those entities

PROFILE OF THE TOWN OF CHINO VALLEY

Chino Valley is centrally located in Yavapai County along State Route 89, at an elevation of 4,700 feet, approximately 90 miles northwest of Phoenix and 15 miles north of Prescott. The Town offers a full range of municipal services, including police protection, street and infrastructure construction and maintenance, as well as recreational and cultural programs. Additionally, the Town operates two enterprise funds that provide water and wastewater services. Other key facilities include a Library, Senior Center, and Aquatic Center.

Incorporated in 1970, Chino Valley traces its name back to 1854, when U.S. Army Cavalry Lt. Amiel W. Whipple observed the abundant grama grass in the area, known in Spanish as "chino." From January to May 1864, the site of the first Territorial Capital of Arizona was located at Del Rio Springs in Chino Valley before being moved to Prescott later that year.

The arrival of the railroad spurred economic activity in Chino Valley, with the establishment of Jerome Junction in 1895. This area became a hub of activity from 1900 until 1925, when it was relocated farther north. Following this, from the 1920s to the late 1940s, many families in Chino Valley turned to farming and ranching. Dairy farming then emerged as a key economic driver during the 1950s and 1960s.

Chino Valley has experienced substantial growth since its early days. Its appeal lies in affordable housing, large tracts of land, and the availability of essential services, which continue to attract residents and businesses to the area.

The Town operates under the Council-Manager form of government. In this structure, the Mayor and Town Council are elected by the residents and are responsible for setting policy. A Town Manager, appointed by the Mayor and Council, serves as the chief operating officer, tasked with implementing the policies and ordinances established by the Town Council and managing the Town's day-to-day operations.

FINANCIAL INFORMATION

Internal Controls

The Town is responsible for establishing and maintaining a system of internal budgetary controls to ensure compliance with the legal requirements of the annual budget adopted by the Town Council.

These internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding two key objectives: (1) safeguarding assets against loss from unauthorized use or disposition, and (2) ensuring the reliability of financial records for the preparation of financial statements and the maintenance of accountability for assets. The concept of reasonable assurance acknowledges that: (1) the cost of a control should not exceed the expected benefits, and (2) the assessment of these costs and benefits involves estimates and judgments by management.

The system of internal controls is regularly evaluated by management and is also reviewed by independent auditors as part of the annual audit of the Town's financial statements. All internal control evaluations are conducted within this framework. The Town's internal accounting controls are deemed sufficient to safeguard assets and provide reasonable assurance regarding the accurate recording of financial transactions.

Budgetary Controls

Like many municipalities in Arizona, the Town of Chino Valley is subject to numerous budgetary and financial restrictions. Article IX, Section 20(1) of the Arizona Constitution imposes limits on the Town's legal budget capacity.

The Town operates under the Home Rule Option, which must be approved by local voters every four years. Home Rule grants the Mayor and Town Council the authority, as part of the annual budget process, to adopt an Alternative Expenditure Limitation. This limitation permits total budgeted expenditures and expenses, as outlined in the annual budget, to be approved following a public hearing where citizens of the Town can provide feedback. The current Local Alternative Expenditure Limitation was adopted in August 2020 and will remain in effect through June 2025.

For fiscal year 2023-2024, under the Local Alternative Expenditure Limitation, the Town was authorized to adjust the estimated state-imposed expenditure base from \$10,434,835 to \$45,150,500.

The Town legally adopts an operating budget by resolution each fiscal year, covering the general fund, debt service, enterprise funds, and several special revenue funds. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget to the Town Council for the fiscal year beginning July 1. After final adoption, the Town Council may approve transfers between budget appropriations for non-exempt funds.

The Town is also subject to the State of Arizona's Spending Limitations Law for Cities and Towns. This law mandates that the Town cannot spend more than the total of its budgeted revenues plus the carry-over of unrestricted cash balances from the prior fiscal year. This limitation applies to the Town's combined funds, and the Town complied with this law during the fiscal year.

Economic Conditions and Outlook

The economy of Chino Valley is supported by a diverse combination of agriculture, manufacturing, commercial, government, and service industries. Local economic indicators point to stability following several challenging years during the economic downturn. In recent fiscal years, the Town has experienced growth in key revenue sources, including local excise taxes, state-shared revenue, state income tax, and highway user revenue. It is important to note that the Town does not levy or collect a property tax.

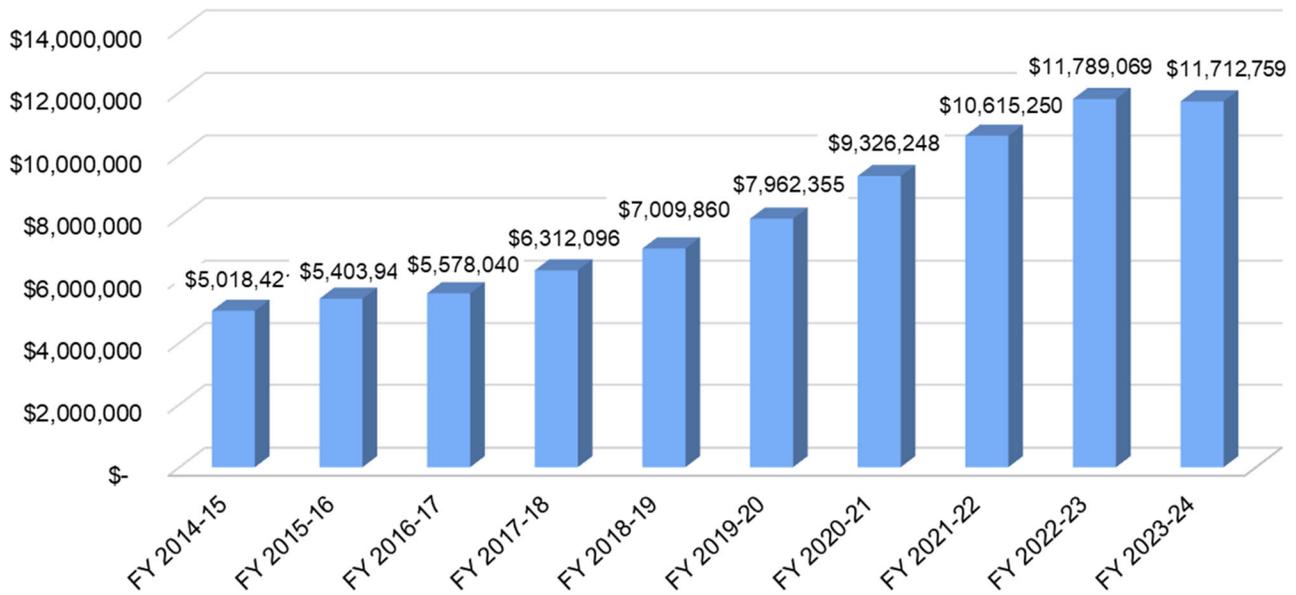
Chino Valley's population has seen significant growth over the past two decades. In 2000, the population was 7,901, and by 2020, the census recorded 13,020 residents. As of 2024, the estimated population stands at 13,815, driven by the development of three major housing subdivisions and several smaller projects. This growth reflects the Town's strong recovery from the economic and housing downturn, with a notable increase in new housing over the last seven fiscal years.

The Town's primary revenue source is the Local Transaction Privilege Tax (TPT), which accounts for 52% of governmental fund revenues. In fiscal year 2014, the Town increased the TPT rate from 3% to 4%, with 3% allocated to the General Fund and 1% directed to the Capital Improvement Fund to support large-scale improvement projects.

The TPT base includes various sectors, such as retail, construction, manufacturing, restaurants/bars, hotels/motels, and the rental of residential and commercial properties, among other taxable activities. Since 2015, the Town's overall TPT collections have shown steady growth.

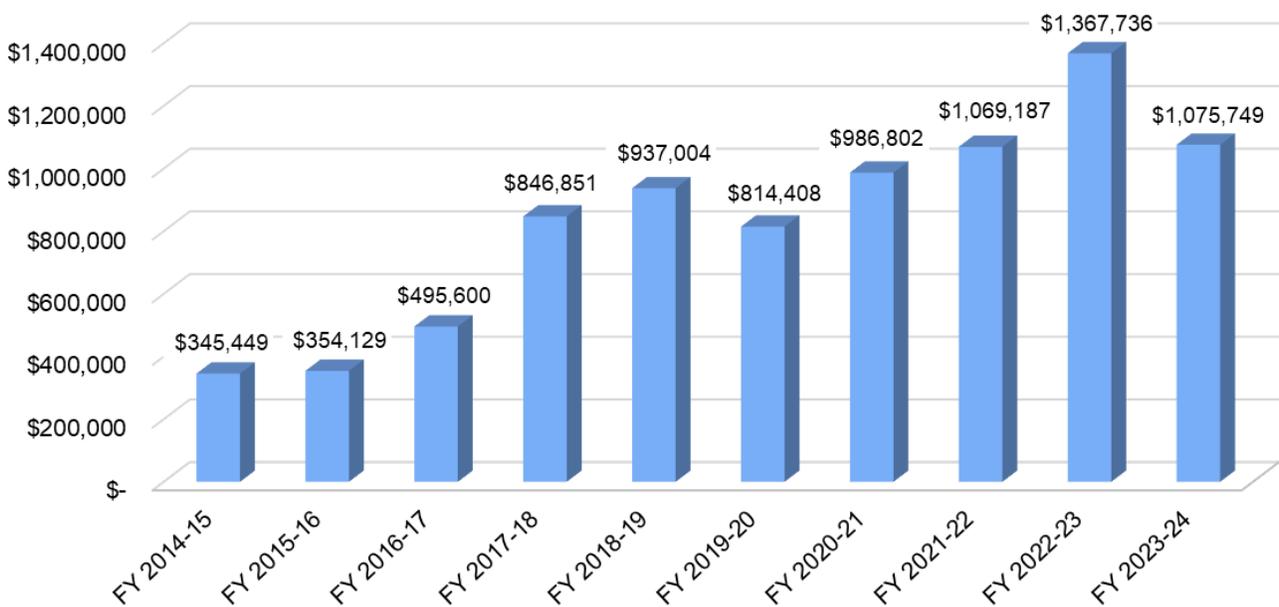
The slight decrease in fiscal year 2024 can be attributed to a decline in construction-related revenues, offset by continued growth in the retail sector, as illustrated in the following graph.

Total TPT Revenues



The Town adopts a conservative approach when budgeting for construction-related Transaction Privilege Tax (TPT) each year, recognizing the inherent volatility and the one-time nature of many construction revenues. The graph below illustrates the fluctuations in construction TPT collections from fiscal year 2014-2015 to fiscal year 2023-2024.

Construction TPT Revenues



LONG-TERM FINANCIAL PLANNING

The Town's proactive approach to emerging economic challenges, coupled with its commitment to careful long-range planning, has been instrumental in maintaining Chino Valley's strong fiscal health. By anticipating potential economic fluctuations and responding with strategic adjustments, the Town has effectively managed its resources to ensure financial stability. This forward-thinking approach not only allows the Town to navigate uncertainties but also positions it to seize opportunities for growth and development, further strengthening its financial foundation.

Effective Use of Resources

The Town of Chino Valley is committed to enhancing the quality of life for its residents by delivering municipal services in the most effective and efficient manner, all while maintaining a strong focus on fiscal responsibility.

During the past year, the Town successfully completed several key capital projects aimed at improving infrastructure and public facilities. These projects include:

- Installation of permanent exterior lighting on both the North and South Campus buildings.
- Creation of a flag display area at Town Hall.
- Replastering of the Aquatics Center pool.
- Construction of an additional water fill station.
- Extension of the sewer system on Chiricahua Drive.

In addition to these completed projects, several other capital initiatives were still in progress at the close of the fiscal year and are expected to be finalized shortly. These include:

- Perkinsville Phase I – comprehensive water, sewer, and road improvements.
- N Road 1 East (Juniper to Perkinsville) – water, sewer, and road upgrades.

The Town has made several necessary improvements to its facilities to enhance service delivery and operational efficiency. These improvements include installing new roofs and HVAC systems on a few Town buildings and making critical repairs and upgrades at the wastewater treatment plant. While some road repairs were completed this year, the Town recognizes that more extensive roadwork is needed across the community, but available funding remains limited.

These efforts reflect the Town's commitment to making the most of its limited resources, ensuring that key municipal facilities and infrastructure receive attention, even as we continue to seek solutions to address the growing demand for road repairs and other critical infrastructure improvements.

OTHER INFORMATION

Independent Audit

The accounting firm of Baker Tilly US, LLP was selected by the Town to perform the annual independent audit. Although the Town did not meet the threshold for a Single Audit under the Single Audit Act Amendments of 1996, the audit was conducted in accordance with generally accepted auditing standards (GAAS) to ensure the accuracy and reliability of the Town's financial statements. The independent auditor's report is included in the Financial Section of this report.

Certificate of Achievement

The Government Finance Officers Association (GFOA) awarded the Town of Chino Valley a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. To receive this prestigious award, a governmental entity must publish an ACFR that is easily readable, efficiently organized, and meets the program's rigorous standards. The report must comply with both generally accepted accounting principles (GAAP) and all applicable legal requirements. The Certificate of Achievement is valid for a one-year period. We believe that our current report meets the program's requirements, and we are submitting it to GFOA for consideration.

Acknowledgements

The preparation of this Annual Comprehensive Financial Report was made possible through the hard work and dedication of the Finance Department staff, with valuable assistance from all Town departments. I would like to extend my appreciation to the former Town Manager, Cindy Blackmore, for her contributions to enhancing the Town's financial performance during her tenure, and to welcome the new Town Manager, Terri Denemy, for continuing the commitment to fiscal responsibility. Additionally, I thank the Mayor and Town Council for their leadership and dedication in maintaining the Town's strong financial position.

Respectfully submitted,



Katie Pehl
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Chino Valley
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Town of Chino Valley, Arizona



List of Principal Officials

Town Council

Jack Miller, Mayor

Tom Armstrong, Vice Mayor

Annie Perkins, Council Member

Sherri Phillips, Council Member

John McCafferty, Council Member

Eric Granillo, Council Member

Bob Schacherer, Council Member

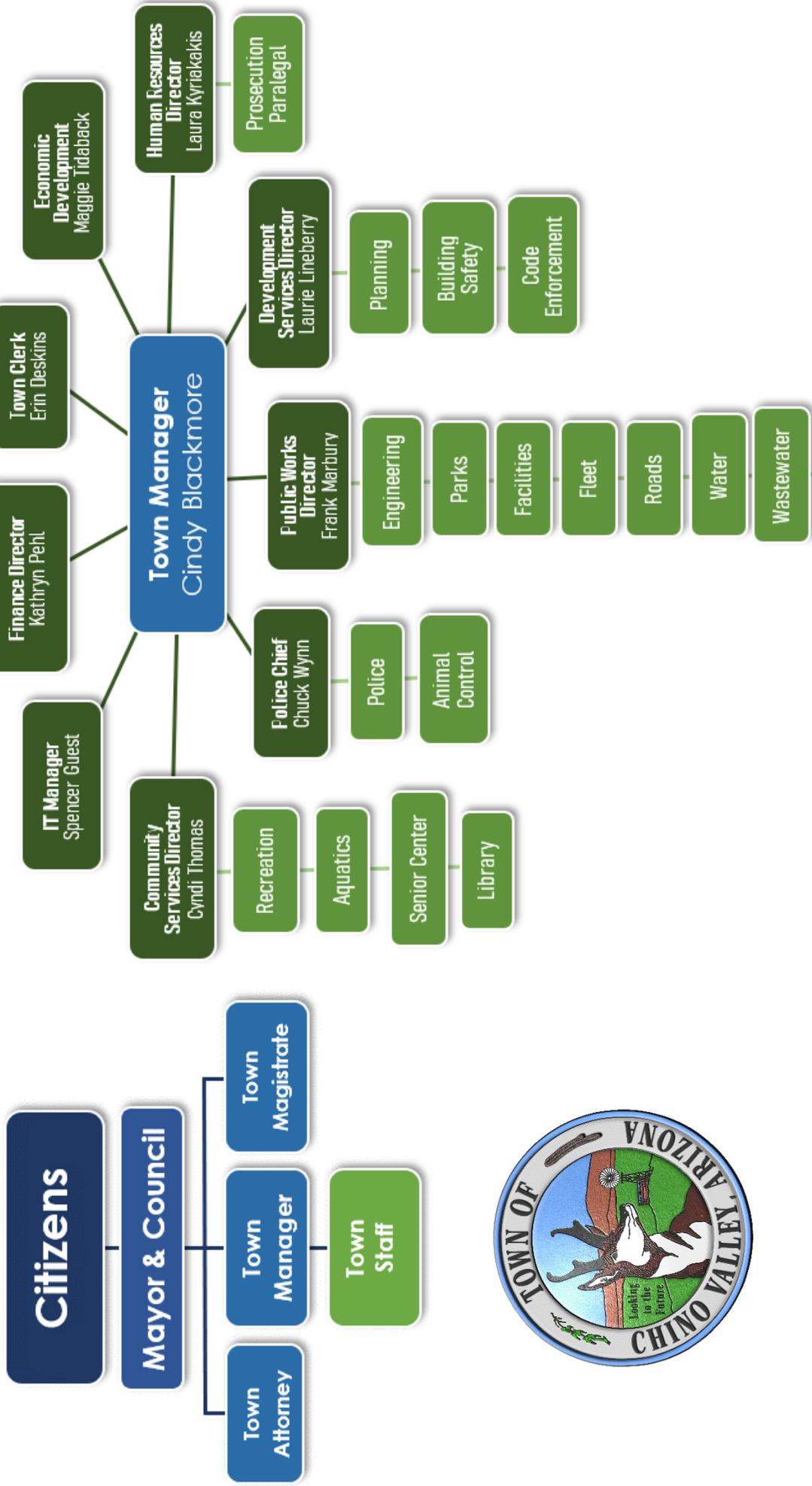
Town Manager

Cindy Blackmore

Finance Director

Katie Pehl

Town of Chino Valley Organizational Chart





Financial Section



Independent Auditors' Report

To the Honorable Mayor and Town Council of
Town of Chino Valley

Report on the Audit of the Financial Statements

Opinions

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 Chino Valley (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other Matters

Compliance Over Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the Town failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town noncompliance with the used of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance with the aforementioned indenture described in the Other Matter paragraph is intended solely for the information and use of the Arizona State Legislature, management and other responsible parties within the Town and is not intended to be and should not be used by anyone other than these specified parties.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual comprehensive financial report. The other information comprises the introductory section and statistical section as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2024 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Tempe, Arizona
November 20, 2024

Financial Section

Management's Discussion and Analysis



Town of Chino Valley, Arizona

Management's Discussion and Analysis
June 30, 2024

As management of the Town of Chino Valley, Arizona (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on page i of this report.

Financial Analysis

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources (net position) by \$49,129,298 at the close of the fiscal year.
- Governmental taxes and other governmental revenues exceeded expenses, including transfers by \$4,222,353.
- Business-type revenues exceeded total business-type expenses, including transfers by \$145,472.
- Total revenues from all sources were \$26.2 million.
- The total cost of all Town programs was \$21.8 million.
- The General Fund reported a deficiency of revenue over expenditures and transfers of \$3,890,314.
- At the end of the current fiscal year, the fund balance for the General Fund was \$10.0 million or 52% of total General Fund expenditures, excluding transfers.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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 position* presents financial information on all of the Town's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation 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 general government, public safety, streets, culture and recreation and health and welfare. The business-type activities of the Town include water and sewer.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been 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 funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to 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. Such information may be useful in assessing a government's near-term financing requirements.

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*.

The Town maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other ten governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary Funds - The Town maintains two different types of proprietary 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 its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund and sewer fund, both of which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 27-30 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town did not have any fiduciary funds to report at year end.

Town of Chino Valley, Arizona

Management's Discussion and Analysis
June 30, 2024

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-59 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 63-73 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor governmental fund budgetary schedules are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 77-85 of this report.

Government-Wide Financial Analysis

- Net position may serve over time as a useful indicator of the Town's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$49.1 million at the close of June 30, 2024 as shown in the following condensed statement of net position. The Town has chosen to account for its water and sewer operations in an enterprise fund which is shown as Business Activities.

| | Governmental Activities | | Business-Type Activities | | Total Government | |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 21,140,717 | \$ 25,336,747 | \$ 316,049 | \$ 261,311 | \$ 21,456,766 | \$ 25,598,058 |
| Capital assets | 35,639,934 | 29,453,107 | 24,323,346 | 24,673,780 | 59,963,280 | 54,126,887 |
| Total assets | 56,780,651 | 54,789,854 | 24,639,395 | 24,935,091 | 81,420,046 | 79,724,945 |
| Deferred outflows of resources | 4,346,289 | 2,999,204 | 93,070 | 99,889 | 4,439,359 | 3,099,093 |
| Long-term liabilities outstanding | 22,733,603 | 22,728,459 | 7,965,500 | 8,679,225 | 30,699,103 | 31,407,684 |
| Other liabilities | 2,105,867 | 2,816,542 | 3,058,152 | 2,791,414 | 5,164,019 | 5,607,956 |
| Total liabilities | 24,839,470 | 25,545,001 | 11,023,652 | 11,470,639 | 35,863,122 | 37,015,640 |
| Deferred inflows of resources | 842,189 | 1,021,129 | 24,796 | 25,796 | 866,985 | 1,046,925 |
| Net position: | | | | | | |
| Net investment in capital assets | 21,370,222 | 14,916,791 | 16,970,838 | 16,594,860 | 38,341,060 | 31,511,651 |
| Restricted | 5,560,431 | 5,922,383 | 1,005,585 | 953,724 | 6,566,016 | 6,876,107 |
| Unrestricted | 8,514,628 | 10,383,754 | (4,292,406) | (4,010,039) | 4,222,222 | 6,373,715 |
| Total net position | \$ 35,445,281 | \$ 31,222,928 | \$ 13,684,017 | \$ 13,538,545 | \$ 49,129,298 | \$ 44,761,473 |

Town of Chino Valley, Arizona

Management's Discussion and Analysis
June 30, 2024

Governmental Activities

The cost of all Governmental activities, excluding transfers, this year was \$18,059,294, which is 17% higher than last fiscal year. As shown on the Statement of Changes in Net Position below, \$2,150,971 was paid for by those who directly benefited from the programs; \$1,010,660 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid, donations and fees for services were \$3,161,631. General taxes and investment earnings totaled \$20,105,016.

The Town's programs include General Government, Public Safety, Public Works/Streets, Culture & Recreation, Health & Welfare, Water and Sewer Services. Each program's net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the Town's general taxes support each of the Town's programs.

Total resources available during the year to finance governmental operations were \$54.5 million, consisting of net position at July 1, 2023 of \$31.2 million, program revenues of \$3.2 million and General Revenues of \$20.1 million. Total Governmental Activities during the year were \$19.1 million; thus, Governmental Net Position increased by \$4.2 million to \$35.4 million. Operating grants and contributions increased 48% during the year while tax revenues only increased slightly.

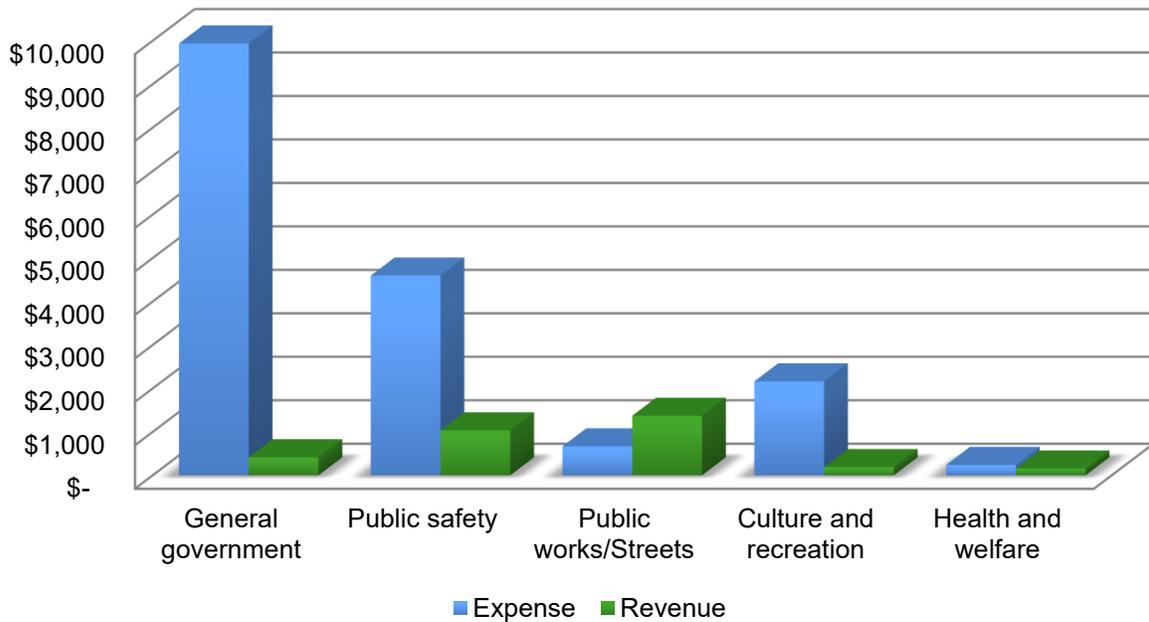
| | Governmental Activities | | Business-Type Activities | | Total Government | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,150,971 | \$ 2,310,255 | \$ 2,548,745 | \$ 2,483,727 | \$ 4,699,716 | \$ 4,793,982 |
| Operating grants and contributions | 970,445 | 657,777 | 15,216 | - | 985,661 | 657,777 |
| Capital grants and contributions | 40,215 | 53,065 | 287,126 | 201,124 | 327,341 | 254,189 |
| General revenues: | | | | | | |
| Taxes | 15,284,920 | 15,264,876 | - | - | 15,284,920 | 15,264,876 |
| Urban revenue sharing | 3,622,169 | 2,559,453 | - | - | 3,622,169 | 2,559,453 |
| Other revenue (expense) | 1,197,927 | 757,745 | 82,545 | 119,147 | 1,280,472 | 876,892 |
| Total revenues | <u>23,266,647</u> | <u>21,603,171</u> | <u>2,933,632</u> | <u>2,803,998</u> | <u>26,200,279</u> | <u>24,407,169</u> |
| Expenses: | | | | | | |
| General government | 9,934,621 | 6,158,562 | - | - | 9,934,621 | 6,158,562 |
| Public safety | 4,595,250 | 344,249 | - | - | 4,595,250 | 344,249 |
| Public works, streets | 666,858 | 5,562,578 | - | - | 666,858 | 5,562,578 |
| Culture and recreation | 2,160,834 | 2,005,217 | - | - | 2,160,834 | 2,005,217 |
| Health and welfare | 238,116 | 820,848 | - | - | 238,116 | 820,848 |
| Interest on long-term debt | 463,615 | 503,936 | - | - | 463,615 | 503,936 |
| Water | - | - | 1,064,338 | 982,523 | 1,064,338 | 982,523 |
| Sewer | - | - | 2,708,822 | 2,528,572 | 2,708,822 | 2,528,572 |
| Total expenses | <u>18,059,294</u> | <u>15,395,390</u> | <u>3,773,160</u> | <u>3,511,095</u> | <u>21,832,454</u> | <u>18,906,485</u> |
| Increase (decrease) in net position before special items and transfers | 5,207,353 | 6,207,781 | (839,528) | (707,097) | 4,367,825 | 5,500,684 |
| Transfers in (out) | (985,000) | (1,463,968) | 985,000 | 1,463,968 | - | - |
| Change in net position | 4,222,353 | 4,743,813 | 145,472 | 756,871 | 4,367,825 | 5,500,684 |
| Net position, beginning | <u>31,222,928</u> | <u>26,479,115</u> | <u>13,538,545</u> | <u>12,781,674</u> | <u>44,761,473</u> | <u>39,260,789</u> |
| Net position, ending | <u>\$ 35,445,281</u> | <u>\$ 31,222,928</u> | <u>\$ 13,684,017</u> | <u>\$ 13,538,545</u> | <u>\$ 49,129,298</u> | <u>\$ 44,761,473</u> |

Town of Chino Valley, Arizona

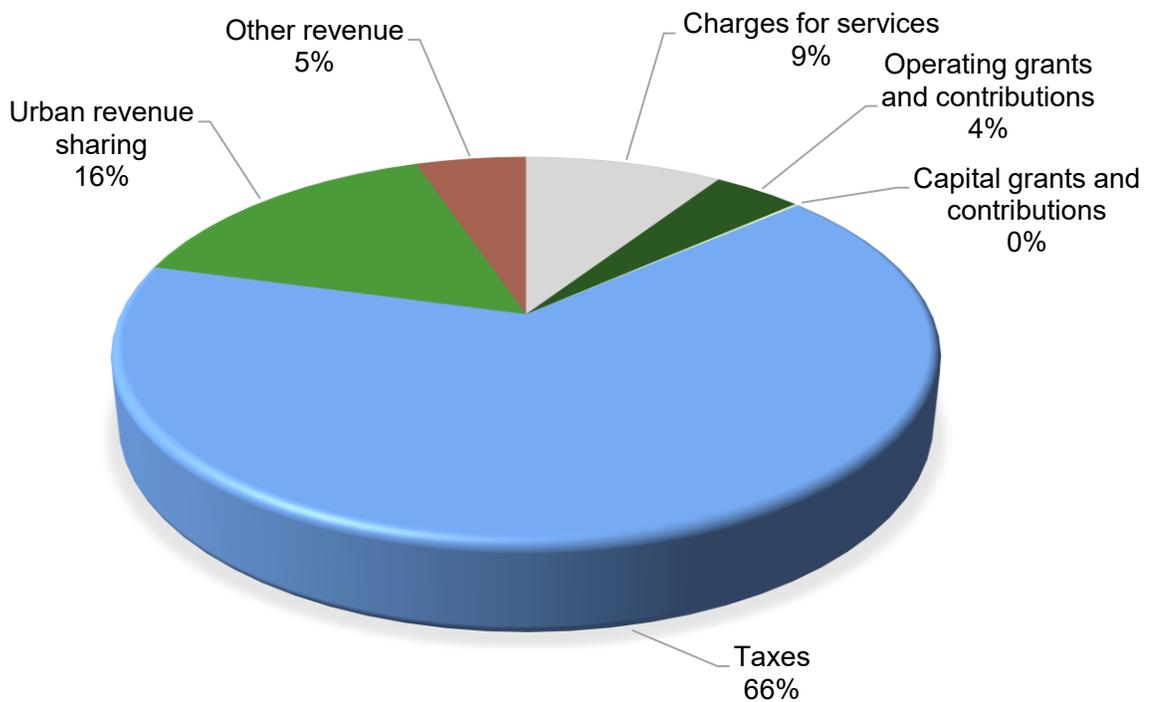
Management's Discussion and Analysis
June 30, 2024

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

Expense and Program Revenues - Governmental Activities (in Thousands)



Revenue by Source - Governmental Activities



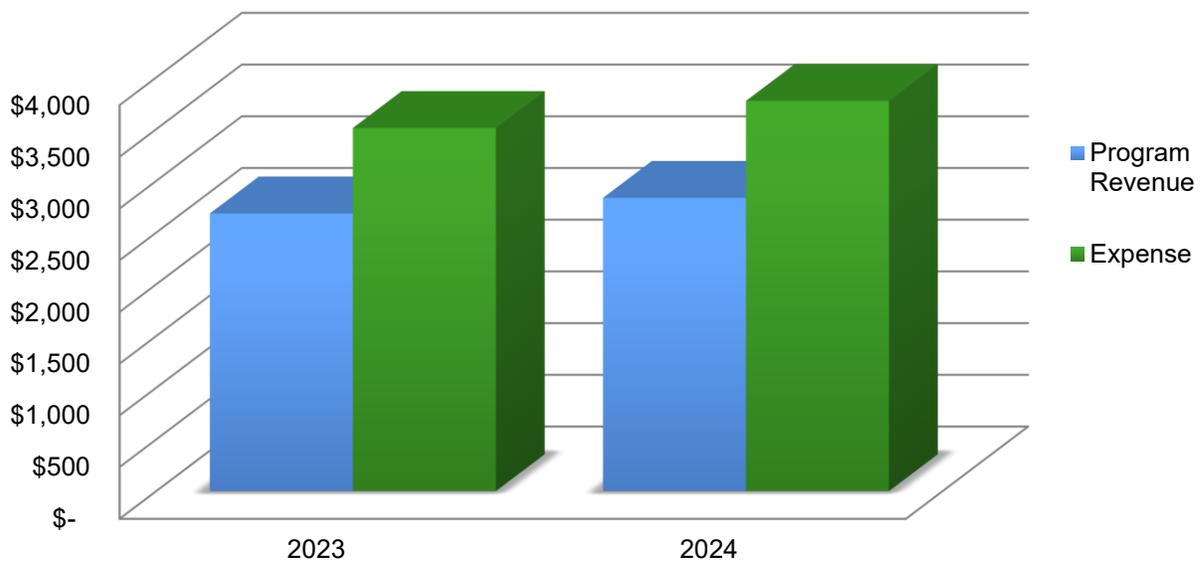
Town of Chino Valley, Arizona

Management's Discussion and Analysis
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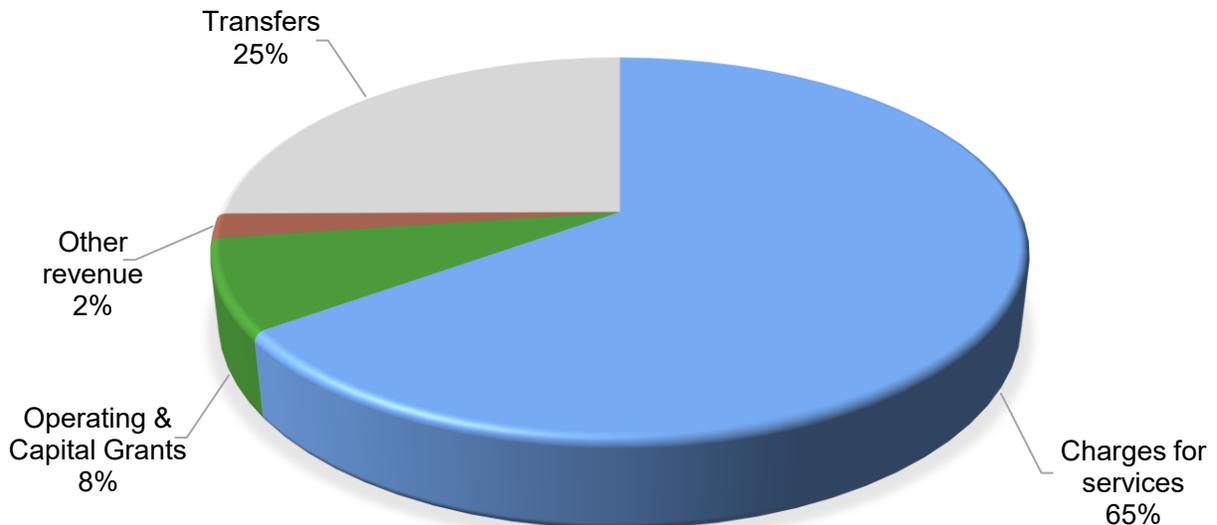
Business-Type Activities

Net position of the Business-Type activities at June 30, 2024, as reflected in the Statement of Net Position was \$13.7 million. The cost of providing all Proprietary (Business-Type) activities this year was \$3.8 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2.5 million and there was \$302,342 subsidized by grants received from other governmental organizations for both capital and operating activities. User service fees for both funds remained consistent with water fees and sewer fees increasing slightly due to the rate adjustments that were approved in December 2023. Interest earnings and other revenues were \$82,545. The Net Position increased by \$145,472.

Expenses and Program Revenues - Business-type Activities (in Thousands)



Revenue by Source - Business-type Activities



Town of Chino Valley, Arizona

Management's Discussion and Analysis
June 30, 2024

Financial Analysis of the Government's Funds

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spend-able resources. 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.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$18,604,960 a decrease of \$3,474,817 in comparison with the prior year. Approximately 49% of this total amount, \$9,185,274 constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is restricted or assigned (1) to pay debt service, (2) to pay for capital improvements or (3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the unassigned fund balance in the general fund was \$8,774,845 while total fund balance is \$9,985,492. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46% of total general fund expenditures, while total fund balance represents 52% of the same amount.

During the year, the Town's General Fund balance decreased by \$3,890,314. This decrease was primarily driven by increased transfers to the Highway User Revenue Fund and the use of excess COVID relief funds for one-time, large-scale capital improvements.

The Grant fund balance increased by \$141,503. The key factor in this increase was the increased receipt of unrestricted funds such as Smart and Safe funds and donations.

The Highway User Revenue fund decreased \$117,169, due to greater investment in one-time road improvement projects.

The Debt Service fund increased \$4,793, due to slight differences between transfers in, interest income, and debt service payments.

The Capital Improvements Fund increased by \$386,813, primarily due to the timing of larger capital projects.

The nonmajor funds of the Town consist of the Street Lighting Improvement District fund which is restricted for the specific purpose of providing lighting in three districts.

Proprietary Funds - The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements but provide additional detail since each major enterprise fund is shown directly on the fund statements.

Net position of the proprietary funds was \$13.7 million as of June 30, 2024. Operating revenues in fiscal year 2024 were \$767,577 for water and \$1,827,067 for sewer while operating expenses were \$1,059,527 for water and \$2,548,782 for sewer, resulting in operating loss of \$291,950 for water and an operating loss of \$721,715 for sewer. The water and sewer operating expenses increased from the prior year mainly due to increased maintenance and repair costs. The sewer net operating loss was partially offset by buy-in and connection fees.

Town of Chino Valley, Arizona

Management's Discussion and Analysis
June 30, 2024

General Fund Budgetary Highlights

Actual expenditures, excluding transfers, for the General Fund at year-end were \$2,364,052 less than final appropriations. The budget to actual variance in appropriations was principally due to continued reductions in general government expenses including capital asset replacement and nondepartmental expenses that were less than anticipated and the preservation of the remaining contingencies and reserves budgets. There were amendments made during the year between general fund departments to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

Capital Asset and Debt Administration

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2024, net capital assets of the government activities totaled \$21.4 million and the net capital assets of the business-type activities totaled \$17.0 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See Note 4 to the financial statements)

Debt

At year-end, the Town had \$22.7 million in governmental type debt and \$8.0 million in proprietary debt. The debt is a liability of the government and amounts to \$2,222 per capita.

Next Year's Budget and Economic Factors

In building the Town Budget for fiscal year 2024-2025, the Town Council and management considered the slight increase in state shared revenues and the adopted utility rate increases and established expenditure budgets accordingly.

Chino Valley's continues to see strong housing and commercial development suggesting the local economy continues to grow. The Town anticipates steady revenue increases in most areas and continues to proactively review expenses for potential savings.

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Chino Valley, Arizona, Finance Department, 202 N. State Route 89, Chino Valley, Arizona 86323. You can also call 928-636-2646 or visit our website at www.chinoaz.net.

Financial Section

Basic Financial Statements

Government-Wide Financial Statements - Include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - Include the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements and the Budget and Actual statements for the General Fund and all major Special Revenue Funds.

Proprietary Funds Financial Statements - Include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to Financial Statements



Town of Chino Valley, Arizona

Statement of Net Position

June 30, 2024

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 15,284,469 | \$ 712,363 | \$ 15,996,832 |
| Receivables (net of allowances) | 2,723,560 | 202,699 | 2,926,259 |
| Leases receivable | 457,924 | - | 457,924 |
| Internal balances | 1,606,117 | (1,606,117) | - |
| Prepaid items | 4,169 | 1,519 | 5,688 |
| Restricted cash and cash equivalents | 1,064,478 | 1,005,585 | 2,070,063 |
| Capital assets: | | | |
| Not being depreciated/amortized | 5,150,881 | 4,414,207 | 9,565,088 |
| Being depreciated/amortized (net) | 30,489,053 | 19,909,139 | 50,398,192 |
| Total assets | <u>56,780,651</u> | <u>24,639,395</u> | <u>81,420,046</u> |
| Deferred Outflows of Resources | | | |
| Deferred amount on refunding | 230,943 | - | 230,943 |
| Deferred outflows of resources related to pensions | 4,115,346 | 93,070 | 4,208,416 |
| Total deferred outflows of resources | <u>4,346,289</u> | <u>93,070</u> | <u>4,439,359</u> |
| Liabilities | | | |
| Accounts payable and other current liabilities | 635,276 | 416,663 | 1,051,939 |
| Accounts payable - construction | 921,956 | 15,670 | 937,626 |
| Accrued wages and benefits | 277,042 | 9,158 | 286,200 |
| Interest payable | 259,874 | 83,935 | 343,809 |
| Unearned revenue | 11,238 | 2,390,949 | 2,402,187 |
| Customer deposits | 481 | 141,777 | 142,258 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Compensated absences | 250,000 | 11,000 | 261,000 |
| Loans/ developer agreements payable | - | 739,093 | 739,093 |
| Bonds payable | 779,724 | 19,496 | 799,220 |
| Due in more than one year: | | | |
| Compensated absences | 378,604 | 38,554 | 417,158 |
| Loans/developer agreements payable | - | 6,382,969 | 6,382,969 |
| Bonds payable | 12,798,975 | 195,280 | 12,994,255 |
| Net pension liability | 8,526,300 | 579,108 | 9,105,408 |
| Total liabilities | <u>24,839,470</u> | <u>11,023,652</u> | <u>35,863,122</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows related to pensions | 412,299 | 24,796 | 437,095 |
| Deferred inflows related to leases | 429,890 | - | 429,890 |
| Total deferred inflows of resources | <u>842,189</u> | <u>24,796</u> | <u>866,985</u> |
| Net Position | | | |
| Net investment in capital assets | 21,370,222 | 16,970,838 | 38,341,060 |
| Restricted for: | | | |
| Highways and streets | 4,943,201 | - | 4,943,201 |
| Debt service | 485,501 | 1,005,585 | 1,491,086 |
| Public safety | 131,729 | - | 131,729 |
| Unrestricted (deficit) | 8,514,628 | (4,292,406) | 4,222,222 |
| Total net position | <u>\$ 35,445,281</u> | <u>\$ 13,684,017</u> | <u>\$ 49,129,298</u> |

See notes to financial statements

Financial Section

Government Funds Financial Statements Major Funds

General Fund - This fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in other funds.

Grants Fund - This fund accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use.

Highway User Revenue Fund (HURF) - This fund accounts for the Town's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

Debt Service Fund - This fund accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

Capital Improvement Fund - This fund accounts for transaction privilege tax revenues and bond proceeds used for the acquisition and construction of major capital facilities and other internally designated purposes.

Nonmajor Funds - Other governmental funds are the nonmajor funds and are special revenue, debt service and capital project funds.



Town of Chino Valley, Arizona

Balance Sheet - Governmental Funds
June 30, 2024

Assets

| | General | Grants | Highway User Revenue Fund | Debt Service | Capital Improvement | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------|----------------------|-------------------|---------------------------|---------------------|---------------------|-----------------------------|--------------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 6,628,710 | \$ 410,301 | \$ 5,839,046 | \$ - | \$ 2,405,893 | \$ 519 | \$ 15,284,469 |
| Receivables, net: | | | | | | | |
| Accounts receivable | 223,417 | 37,587 | - | - | - | 7 | 261,011 |
| Intergovernmental | 1,810,660 | - | 140,238 | - | 511,651 | - | 2,462,549 |
| Leases receivable | 457,924 | - | - | - | - | - | 457,924 |
| Due from other funds | 1,945,718 | 1,062 | - | - | - | - | 1,946,780 |
| Prepays | 4,169 | - | - | - | - | - | 4,169 |
| Restricted cash and investments | - | - | - | 1,064,478 | - | - | 1,064,478 |
| Total assets | \$ 11,070,598 | \$ 448,950 | \$ 5,979,284 | \$ 1,064,478 | \$ 2,917,544 | \$ 526 | \$ 21,481,380 |

Liabilities, Deferred Inflows of Resources and Fund Balances

| | | | | | | | |
|----------------------------|----------------|---------------|------------------|----------------|---------------|----------|------------------|
| Liabilities | | | | | | | |
| Accounts payable | \$ 283,950 | \$ 6,785 | \$ 1,113,804 | \$ - | \$ 51,843 | \$ - | \$ 1,456,382 |
| Court bonds | 2,460 | - | - | - | - | - | 2,460 |
| Accrued liabilities | 98,390 | - | - | - | - | - | 98,390 |
| Accrued wages and benefits | 268,873 | - | 8,169 | - | - | - | 277,042 |
| Interest payable | - | - | - | 259,874 | - | - | 259,874 |
| Customer deposits | 481 | - | - | - | - | - | 481 |
| Unearned revenue | - | 11,238 | - | - | - | - | 11,238 |
| Due to other funds | 1,062 | 20,498 | - | 319,103 | - | - | 340,663 |
| Total liabilities | 655,216 | 38,521 | 1,121,973 | 578,977 | 51,843 | - | 2,446,530 |

Deferred Inflows of Resources

Deferred inflows related to leases

Fund Balances

| | | | | | | | |
|--|----------------------|-------------------|---------------------|---------------------|---------------------|---------------|----------------------|
| Nonspendable: | | | | | | | |
| Prepaid items | 4,169 | - | - | - | - | - | 4,169 |
| Restricted: | | | | | | | |
| Highways and streets | 85,364 | - | 4,857,311 | - | - | 526 | 4,943,201 |
| Debt service | - | - | - | 485,501 | - | - | 485,501 |
| Public safety | 131,729 | - | - | - | - | - | 131,729 |
| Assigned: | | | | | | | |
| Capital improvements | 989,385 | - | - | - | 2,865,701 | - | 3,855,086 |
| Unassigned | 8,774,845 | 410,429 | - | - | - | - | 9,185,274 |
| Total fund balances | 9,985,492 | 410,429 | 4,857,311 | 485,501 | 2,865,701 | 526 | 18,604,960 |
| Total liabilities, deferred inflows and fund balances | \$ 11,070,598 | \$ 448,950 | \$ 5,979,284 | \$ 1,064,478 | \$ 2,917,544 | \$ 526 | \$ 21,481,380 |

See notes to financial statements

Town of Chino Valley, Arizona

Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds
June 30, 2024

| | | |
|--|---------------------|-----------------------------|
| Total Governmental Funds Balances | | \$ 18,604,960 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Governmental capital assets | \$ 53,938,763 | |
| Accumulated depreciation | <u>(18,298,829)</u> | 35,639,934 |
| Some liabilities, including net pension liabilities, leases, loans payable, and bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| Net pension liability | (8,526,300) | |
| Bonds payable | (11,595,961) | |
| Bond premiums | (1,982,738) | |
| Compensated absences | <u>(628,604)</u> | (22,733,603) |
| Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds. | | |
| Deferred amount on refunding | 230,943 | |
| Deferred outflows of resources related to pensions | 4,115,346 | |
| Deferred inflows of resources related to pensions | <u>(412,299)</u> | <u>3,933,990</u> |
| Total Net Position of Governmental Activities | | <u>\$ 35,445,281</u> |

See notes to financial statements

Town of Chino Valley, Arizona

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended June 30, 2024

| | General | Grants | Highway User Revenue Fund | Debt Service | Capital Improvement | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------|------------|---------------------------|--------------|---------------------|-----------------------------|--------------------------|
| Revenues | | | | | | | |
| Taxes | \$ 9,181,666 | \$ - | \$ - | \$ - | \$ 2,928,190 | \$ 3,900 | \$ 12,113,756 |
| Licenses, permits and fees | 391,011 | - | 3,251 | - | - | - | 394,262 |
| Intergovernmental revenues | 7,620,734 | 240,047 | 1,366,497 | - | - | - | 9,227,278 |
| Charges for services | 115,440 | - | - | - | - | - | 115,440 |
| Fines and forfeitures | 207,519 | - | - | - | - | - | 207,519 |
| Interest income | 778,548 | - | 23,095 | 3,045 | - | - | 804,688 |
| Other revenues | 95,970 | 54,849 | 207,636 | - | - | - | 358,455 |
| Total revenues | 18,390,888 | 294,896 | 1,600,479 | 3,045 | 2,928,190 | 3,900 | 23,221,398 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | 7,773,616 | 1,062 | - | - | - | - | 7,774,678 |
| Public safety | 5,105,435 | 182,046 | - | - | - | - | 5,287,481 |
| Public works/streets | - | - | 992,742 | - | - | 4,343 | 997,085 |
| Culture and recreation | 1,731,979 | 1,986 | - | - | - | - | 1,733,965 |
| Health and welfare | 470,752 | 23,798 | - | - | - | - | 494,550 |
| Capital outlay | 4,063,466 | 32,352 | 3,235,006 | - | 863,377 | - | 8,194,201 |
| Debt service: | | | | | | | |
| Principal retirement | - | - | - | 755,504 | - | - | 755,504 |
| Interest and fiscal charges | - | - | - | 520,748 | - | - | 520,748 |
| Total expenditures | 19,145,248 | 241,244 | 4,227,748 | 1,276,252 | 863,377 | 4,343 | 25,758,212 |
| Excess (deficiency) of revenues over (under) expenditures | (754,360) | 53,652 | (2,627,269) | (1,273,207) | 2,064,813 | (443) | (2,536,814) |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of capital assets | 36,897 | - | 10,100 | - | - | - | 46,997 |
| Transfers in | 650,000 | 87,851 | 2,849,369 | 1,278,000 | 500,000 | - | 5,365,220 |
| Transfers out | (3,822,851) | - | (349,369) | - | (2,178,000) | - | (6,350,220) |
| Total other financing sources and (uses) | (3,135,954) | 87,851 | 2,510,100 | 1,278,000 | (1,678,000) | - | (938,003) |
| Net change in fund balances | (3,890,314) | 141,503 | (117,169) | 4,793 | 386,813 | (443) | (3,474,817) |
| Fund Balances, Beginning | 13,875,806 | 268,926 | 4,974,480 | 480,708 | 2,478,888 | 969 | 22,079,777 |
| Fund Balances, Ending | \$ 9,985,492 | \$ 410,429 | \$ 4,857,311 | \$ 485,501 | \$ 2,865,701 | \$ 526 | \$ 18,604,960 |

See notes to financial statements

Town of Chino 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, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (3,474,817)

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 the cost of those assets is allocated over
their estimated useful lives and reported as depreciation/amortization expense.
This is the difference between depreciation expense and capital outlay
in the current period.

| | | |
|-----------------------------------|--------------------|-----------|
| Capital outlay | \$ 7,933,118 | |
| Loss on sale of assets | (1,748) | |
| Depreciation/amortization expense | <u>(1,744,543)</u> | 6,186,827 |

Town pension contributions are reported as expenditures in the governmental
governmental funds when made. However, they are reported as deferred
outflows of resources in the statement of net position because the reported
net position liability is measured a year before the Town's report date.
Pension expense, which is the change in the net pension liability
adjusted for changes in deferred outflows and inflows of resources
related to pensions, is reported in the statement of activities.

| | | |
|----------------------------|--------------------|---------|
| Town pension contributions | 2,409,965 | |
| Pension expense | <u>(1,698,645)</u> | 711,320 |

Debt proceeds provide current financial resources to the governmental funds,
but issuing debt increases long-term liabilities in the statement of activities.
Repayment of long-term debt (e.g., bonds, leases) principal is an
expenditure in the governmental funds, but the repayment reduces
long-term liabilities in the statement of net position. Also,
governmental funds report the effect of premiums, discounts and similar
items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities.

| | | |
|--|-----------------|---------|
| Principal repaid | 755,504 | |
| Amortization of bond discount/premium | 90,125 | |
| Amortization of deferred charge/credit on bond refunding | <u>(32,992)</u> | 812,637 |

Compensated absences expenses reported in the statement of activities
do not require the use of current financial resources and therefore are
not reported as expenditures in governmental funds.

(13,614)

Change in Net Position of Governmental Activities \$ 4,222,353

Financial Statements

Proprietary Funds

Enterprise Fund

Water Fund - This fund is used to account for the activities of the Town's water utility operations.

Sewer Fund - This fund is used to account for the activities of the Town's sewer utility operations.



Town of Chino Valley, Arizona

Statement of Net Position - Proprietary Funds

June 30, 2024

| | Business-Type Activities-Enterprise Funds | | |
|--|--|---------------------|----------------------|
| | Water | Sewer | Total |
| Assets | | | |
| Current assets: | | | |
| Cash | \$ 712,277 | \$ 86 | \$ 712,363 |
| Receivables (net of allowance) | 92,008 | 110,691 | 202,699 |
| Prepays | - | 1,519 | 1,519 |
| Total current assets | <u>804,285</u> | <u>112,296</u> | <u>916,581</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | 1,005,585 | 1,005,585 |
| Capital assets, not being depreciated/amortized | 4,146,968 | 267,239 | 4,414,207 |
| Capital assets, being depreciated/amortized (net) | <u>2,818,063</u> | <u>17,091,076</u> | <u>19,909,139</u> |
| Total noncurrent assets | <u>6,965,031</u> | <u>18,363,900</u> | <u>25,328,931</u> |
| Total assets | <u>7,769,316</u> | <u>18,476,196</u> | <u>26,245,512</u> |
| Deferred Outflows Of Resources | | | |
| Deferred outflows of resources related to pensions | <u>50,813</u> | <u>42,257</u> | <u>93,070</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 18,657 | 388,523 | 407,180 |
| Accounts payable - construction | 7,562 | 8,108 | 15,670 |
| Accrued liabilities | 9,483 | - | 9,483 |
| Customer deposits | 38,440 | 103,337 | 141,777 |
| Accrued wages and benefits | 5,036 | 4,122 | 9,158 |
| Interest payable | 4,601 | 79,334 | 83,935 |
| Due to other funds | - | 1,606,117 | 1,606,117 |
| Unearned revenue | - | 2,390,949 | 2,390,949 |
| Compensated absences, current portion | 5,500 | 5,500 | 11,000 |
| Loans payable, current portion | - | 739,093 | 739,093 |
| Bonds payable, current portion | <u>19,496</u> | <u>-</u> | <u>19,496</u> |
| Total current liabilities | <u>108,775</u> | <u>5,325,083</u> | <u>5,433,858</u> |
| Noncurrent liabilities: | | | |
| Compensated absences, net of current portion | 27,174 | 11,380 | 38,554 |
| Developer agreement payable | 420,733 | - | 420,733 |
| Loans payable, net of current portion | - | 5,962,236 | 5,962,236 |
| Bonds payable, net of current portion | 195,280 | - | 195,280 |
| Net pension liability | <u>298,290</u> | <u>280,818</u> | <u>579,108</u> |
| Total noncurrent liabilities | <u>941,477</u> | <u>6,254,434</u> | <u>7,195,911</u> |
| Total liabilities | <u>1,050,252</u> | <u>11,579,517</u> | <u>12,629,769</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows of resources related to pensions | <u>11,545</u> | <u>13,251</u> | <u>24,796</u> |
| Net Position | | | |
| Net investment in capital assets | 6,321,960 | 10,648,878 | 16,970,838 |
| Restricted for debt service | - | 1,005,585 | 1,005,585 |
| Unrestricted | <u>436,372</u> | <u>(4,728,778)</u> | <u>(4,292,406)</u> |
| Total net position | <u>\$ 6,758,332</u> | <u>\$ 6,925,685</u> | <u>\$ 13,684,017</u> |

See notes to financial statements

Town of Chino Valley, Arizona

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2024

| | Business-Type Activities-Enterprise Funds | | |
|---|--|---------------------|----------------------|
| | Water | Sewer | Total |
| Operating Revenues | | | |
| Charges for services | \$ 747,176 | \$ 1,801,569 | \$ 2,548,745 |
| Other revenues | 20,401 | 25,498 | 45,899 |
| Total operating revenue | <u>767,577</u> | <u>1,827,067</u> | <u>2,594,644</u> |
| Operating Expenses | | | |
| Salaries | 234,108 | 241,253 | 475,361 |
| Employee benefits | 113,421 | 117,338 | 230,759 |
| Service, supplies and other | 172,205 | 551,703 | 723,908 |
| Repairs and maintenance | 79,650 | 201,610 | 281,260 |
| Utilities | 80,533 | 158,120 | 238,653 |
| Legal and professional | 9,410 | 7,870 | 17,280 |
| Contract service | 20,223 | - | 20,223 |
| Training and travel | 10,984 | 7,563 | 18,547 |
| Office expenses | 1,752 | - | 1,752 |
| Dues and subscriptions | 1,361 | 8,572 | 9,933 |
| Depreciation and amortization | 287,392 | 1,234,461 | 1,521,853 |
| Miscellaneous | 48,488 | 20,292 | 68,780 |
| Total operating expenses | <u>1,059,527</u> | <u>2,548,782</u> | <u>3,608,309</u> |
| Operating loss | <u>(291,950)</u> | <u>(721,715)</u> | <u>(1,013,665)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | - | 51,862 | 51,862 |
| Interest expense and fiscal charges | (4,811) | (160,040) | (164,851) |
| Total nonoperating revenue (expense) | <u>(4,811)</u> | <u>(108,178)</u> | <u>(112,989)</u> |
| Loss before contributions and transfers | (296,761) | (829,893) | (1,126,654) |
| Buy-in and connection fees | 87,572 | 199,554 | 287,126 |
| Transfers in | 663,908 | 500,000 | 1,163,908 |
| Transfers out | (178,908) | - | (178,908) |
| Change in net position | 275,811 | (130,339) | 145,472 |
| Net Position, Beginning | <u>6,482,521</u> | <u>7,056,024</u> | <u>13,538,545</u> |
| Net Position, Ending | <u>\$ 6,758,332</u> | <u>\$ 6,925,685</u> | <u>\$ 13,684,017</u> |

See notes to financial statements

Town of Chino Valley, Arizona

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2024

| | Business-Type Activities - Enterprise Funds | | |
|---|--|---------------------|---------------------|
| | Water | Sewer | Total |
| Cash Flows From Operating Activities | | | |
| Cash received from customers, service fees | \$ 737,985 | \$ 1,785,080 | \$ 2,523,065 |
| Cash received from customers, others | 20,401 | 25,498 | 45,899 |
| Cash paid to suppliers | (514,319) | (599,100) | (1,113,419) |
| Cash paid to employees | (325,039) | (346,689) | (671,728) |
| Cash flows provided by (used in) operating activities | <u>(80,972)</u> | <u>864,789</u> | <u>783,817</u> |
| Cash Flows From Noncapital Financing Activities | | | |
| Interfund borrowing | - | 361,313 | 361,313 |
| Interfund transfers | 485,000 | 500,000 | 985,000 |
| Cash flows provided noncapital and related financing activities | <u>485,000</u> | <u>861,313</u> | <u>1,346,313</u> |
| Cash Flows From Capital And Related Financing Activities | | | |
| Purchase of capital assets | (128,909) | (1,042,510) | (1,171,419) |
| Principal paid on long term debt | (19,496) | (718,195) | (737,691) |
| Interest paid on long-term debt | (9,691) | (167,762) | (177,453) |
| Receipts from buy-in and connection fees | 87,572 | 202,450 | 290,022 |
| Cash flows used in capital and related financing activities | <u>(70,524)</u> | <u>(1,726,017)</u> | <u>(1,796,541)</u> |
| Cash Flows From Investing Activities | | | |
| Receipts from investment earnings | - | 51,862 | 51,862 |
| Cash flows provided by investing activities | <u>-</u> | <u>51,862</u> | <u>51,862</u> |
| Net change in cash and cash equivalents | 333,504 | 51,947 | 385,451 |
| Cash and Cash Equivalents, Beginning | <u>378,773</u> | <u>953,724</u> | <u>1,332,497</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 712,277</u> | <u>\$ 1,005,671</u> | <u>\$ 1,717,948</u> |

See notes to financial statements

Town of Chino Valley, Arizona

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2024

| | Business-Type Activities - Enterprise Funds | | |
|--|--|---------------------|---------------------|
| | Water | Sewer | Total |
| Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities | | | |
| Net operating income (loss) | \$ (291,950) | \$ (721,715) | \$ (1,013,665) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation/amortization expense | 287,392 | 1,234,461 | 1,521,853 |
| Provision for bad debt | 102 | 1,648 | 1,750 |
| Changes in operating assets and liabilities (Increase) decrease in: | | | |
| Accounts receivable | (12,380) | (21,347) | (33,727) |
| Prepays | - | (1,519) | (1,519) |
| Deferred outflows of resources related to pensions | 3,634 | 3,185 | 6,819 |
| Increase (decrease) in: | | | |
| Accounts payable | (90,565) | 358,149 | 267,584 |
| Accrued wages and benefits | 685 | (469) | 216 |
| Accrued liabilities | 852 | - | 852 |
| Customer deposits | 3,087 | 3,210 | 6,297 |
| Compensated absences | 7,632 | (1,517) | 6,115 |
| Net pension liability | 11,035 | 11,207 | 22,242 |
| Deferred inflows of resources related to pensions | (496) | (504) | (1,000) |
| Net cash provided by (used in) operating activities | <u>\$ (80,972)</u> | <u>\$ 864,789</u> | <u>\$ 783,817</u> |
| Noncash Investing, Capital and Financing Activities | | | |
| Amortization of bond premium | <u>\$ 4,391</u> | <u>\$ -</u> | <u>\$ 4,391</u> |
| Reconciliation of Cash and Cash Equivalents to the Statement of Net Position | | | |
| Cash and cash equivalents | \$ 712,277 | \$ 86 | \$ 712,363 |
| Restricted cash and cash equivalents | <u>-</u> | <u>1,005,585</u> | <u>1,005,585</u> |
| Total cash and cash equivalents | <u>\$ 712,277</u> | <u>\$ 1,005,671</u> | <u>\$ 1,717,948</u> |

See notes to financial statements

Financial Section

Notes to the Financial Statements



Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Chino 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.

Reporting Entity

The Town of Chino Valley, Arizona is a municipal government that is governed by an elected mayor, vice mayor, and five-member governing council (council). 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 are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

The following is a brief review of the component units included in defining the Town's reporting entity. There are no discretely presented component units and one blended component unit.

Basis of Presentation - Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

Interfund services provided and used are not eliminated in the process of consolidation for the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

The Grants Special Revenue Fund accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use other than CDBG grants.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Highway User Revenue Fund (HURF) This fund accounts for the Town's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

The Capital Improvement Capital Projects Fund accounts for transaction privilege tax revenues and bond proceeds used for capital projects and other internally designated purposes.

The Town reports the following major proprietary funds:

The Water Fund accounts for the activities of pumping, treating and distribution of water. The Sewer Fund accounts for the activities of wastewater collection and treatment. During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under lease contracts are reported as other financing sources.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Transaction privilege taxes, franchise taxes, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary funds are reported using the *economic resources measurement focus* and the accrual basis of accounting.

Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months 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. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of the 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. All investments are stated at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the proprietary funds are shown net of an allowance for doubtful accounts.

Inventories and Prepaid Items

Purchases of inventory items are recorded at the time of purchase (purchase method) as expenditures in the funds from which the purchases were made; and because the amounts on hand at June 30, 2024, were immaterial, they are not included in the balance sheet.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed (consumption method) rather than when purchased.

Restricted Assets

Certain proceeds of the Town's bonds and loans are classified as restricted assets on the statement of net position because their use is limited by applicable bond or loan covenants.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), including those that are subscription assets or leased assets by the Town, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land, construction in progress, and water rights are not depreciated/amortized. The other property, plant, and equipment are depreciated/amortized using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|-------------|
| Land improvements | 10-25 years |
| Buildings and improvements | 10-25 years |
| Water and Wastewater systems | 25-50 years |
| Furniture, equipment and vehicles | 5-15 years |
| Infrastructure | 10-25 years |

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Post-Employment Benefits

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Leases and Subscription-Based Information Technology Arrangements

Leases

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$100,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the average interest rate of other financing instruments with similar terms and risks as those currently entered into by the Town.

As lessor, the Town recognizes lease receivables with an individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate is calculated as described above.

Subscription-Based Information Technology Arrangements

The Town recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The Town's estimated incremental borrowing rate is calculated as described above for leases.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists 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. For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. 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. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. 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. The Town follows a voter-approved alternative expenditure limitation that was extended on May 26, 2021.
5. Expenditures may not legally exceed the expenditure limitation of 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. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
6. The Town has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

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 carry-over 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.

Supplementary budgetary appropriations were necessary during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Expenditures Over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary information and supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2024. The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual report an excess of expenditures over appropriations in culture and recreation for the year ended June 30, 2024.

Effect of New Accounting Standards on Current Period Financial Statements

The Governmental Accounting Standards Board (GASB) has issued several statements that have been adopted but are not yet effective for the fiscal year ending June 30, 2024. The Town will implement these standards in future reporting periods as required. Those standards include GASB Statement No. 101, *Compensated Absences*, GASB Statement No. 102, *Certain Risk Disclosures*, GASB Statement No. 103, *Financial Reporting Model Improvements*, GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

The Town continues to monitor and evaluate the impact of these new standards, and any future accounting standards issued by GASB, to ensure compliance and accurate financial reporting on its future financial statements. The adoption of these standards is expected to enhance the transparency and comparability of the Town's financial reporting. The Town will provide additional disclosures in the financial statements for the periods in which these standards become effective.

2. Cash and Investments

The following table summarizes the Town's cash and investments at June 30, 2024:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|--------------------------------------|------------------------------------|-------------------------------------|----------------------|
| Cash and cash equivalents | \$ 15,284,469 | \$ 712,363 | \$ 15,996,832 |
| Restricted cash and cash equivalents | 1,064,478 | 1,005,585 | 2,070,063 |
| Total | <u>\$ 16,348,947</u> | <u>\$ 1,717,948</u> | <u>\$ 18,066,895</u> |

Deposits

Cash in bank - At June 30, 2024, the Town had \$3,600 of cash on hand. The carrying amount of the Town's cash in bank totaled \$2,928,169 and the bank balance was \$2,958,810. Of the bank balance, \$279,923 was covered by federal depository insurance, and \$2,678,887 was covered by collateral held in the pledging bank's trust department not in the Town's name.

Restricted cash and cash equivalents - At June 30, 2024, the Town had restricted cash and cash equivalents of \$2,070,063, which was restricted for debt payments.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Investments

The Town invests in the Local Government Investment Pool 5 and Pool 7 (LGIP), investment pools managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment and the Investment Risk Management Committee have oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 36 months from the settlement date of the purchase and variable-rate securities with final maturity less than five years.

The dollar weighted average portfolio maturity is 43 days for Pool 5 and 48 days for Pool 7. The net asset value per share of the pool at June 30, 2024 was \$1.0. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2024, the Town's funds invested with the State Treasurer totaled \$14,070,582. Of that amount, the Town has \$1,005,585 invested with the State Treasurer as Debt Service Reserve Funds, which is included in restricted cash and cash equivalents. Additionally, the Town has \$1,064,478 on deposit with the Trustee as Debt Service Reserve Funds also, which is included in restricted cash and cash equivalents.

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

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. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Town's investments by maturity:

| | Remaining Maturity 12 Months or Less |
|-------------------------|---|
| Investment type: | |
| Primary government LGIP | \$ 14,070,582 |
| Total | <u>\$ 14,070,582</u> |

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have a formal investment policy regarding credit risk. However, the Town is prohibited by State law from investing in investments other than 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 Investment Pool.

Presented below is the actual rating as of year-end for each investment type.

| | Total | Ratings | | |
|-------------------------|---------------|------------|------|---------------|
| | | AAA/S1+ | AAA | Unrated |
| Investment type: | | | | |
| Primary government LGIP | \$ 14,070,582 | \$ 652,104 | \$ - | \$ 13,418,478 |
| Total | \$ 14,070,582 | \$ 652,104 | \$ - | \$ 13,418,478 |

3. Receivables

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues and lease receivables.

Receivables in the proprietary funds are service billings receivable and are shown net of an allowance for doubtful accounts.

| | Water Fund | Sewer Fund | Total Enterprise |
|---|------------|------------|------------------|
| Receivables: | | | |
| Service billings and hookups receivable | \$ 99,008 | \$ 160,691 | \$ 259,699 |
| Less allowance for doubtful accounts | (7,000) | (50,000) | (57,000) |
| Net receivables | \$ 92,008 | \$ 110,691 | \$ 202,699 |

Hookups receivable of \$1,307 reported in the proprietary funds are for amounts receivable from customers for hookup fees that are paid over a ten year period.

Revenues of the enterprise funds are reported net of uncollectible amounts. The Sewer and Water had recorded \$1,648 and \$102, respectively, in bad debt expense for the current fiscal year.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

4. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|-----------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 2,418,867 | \$ - | \$ - | \$ 2,418,867 |
| Construction in progress | 1,217,898 | 6,027,172 | (4,513,056) | 2,732,014 |
| Total capital assets not being depreciated/ amortized | <u>3,636,765</u> | <u>6,027,172</u> | <u>(4,513,056)</u> | <u>5,150,881</u> |
| Capital assets being depreciated/amortized: | | | | |
| Buildings | 21,047,450 | 675,245 | - | 21,722,695 |
| Improvements other than buildings | 1,525,618 | - | - | 1,525,618 |
| Vehicles, furniture and equipment | 5,149,892 | 1,109,980 | (136,525) | 6,123,347 |
| Infrastructure | 14,782,445 | 4,633,777 | - | 19,416,222 |
| Total capital assets being depreciated/ amortized | <u>42,505,405</u> | <u>6,419,002</u> | <u>(136,525)</u> | <u>48,787,882</u> |
| Less accumulated depreciation/amortization: | | | | |
| Buildings | (7,481,523) | (779,518) | - | (8,261,041) |
| Improvements other than buildings | (1,071,006) | (30,143) | - | (1,101,149) |
| Vehicles, furniture and equipment | (3,699,366) | (334,523) | 134,777 | (3,899,112) |
| Infrastructure | (4,437,168) | (600,359) | - | (5,037,527) |
| Total accumulated depreciation/ amortization | <u>(16,689,063)</u> | <u>(1,744,543)</u> | <u>134,777</u> | <u>(18,298,829)</u> |
| Total capital assets being depreciated/ amortized, net | <u>25,816,342</u> | <u>4,674,459</u> | <u>(1,748)</u> | <u>30,489,053</u> |
| Governmental activities capital assets, net | <u>\$ 29,453,107</u> | <u>\$ 10,701,631</u> | <u>\$ (4,514,804)</u> | <u>\$ 35,639,934</u> |

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Depreciation expense was charged to the functions/programs of the Town as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 290,873 |
| Public safety | 411,101 |
| Highway and streets | 644,573 |
| Culture and recreation | 392,682 |
| Health and welfare | 5,314 |
| | <u>1,744,543</u> |
| Total depreciation/amortization expense | <u>\$ 1,744,543</u> |

The following table summarizes the changes to capital assets for business-type activities during the year.

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|---------------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 3,308,253 | \$ - | \$ - | \$ 3,308,253 |
| Construction in progress | 363,612 | 169,653 | (310,218) | 223,047 |
| Water rights | 882,907 | - | - | 882,907 |
| | <u>4,554,772</u> | <u>169,653</u> | <u>(310,218)</u> | <u>4,414,207</u> |
| Total capital assets not being depreciated/ amortized | | | | |
| | <u>4,554,772</u> | <u>169,653</u> | <u>(310,218)</u> | <u>4,414,207</u> |
| Capital assets being depreciated/amortized: | | | | |
| Treatment facilities | 11,030,494 | - | - | 11,030,494 |
| Water distribution system | 4,932,500 | 1,186,746 | - | 6,119,246 |
| Sewer collection system | 22,256,928 | - | - | 22,256,928 |
| Machinery, equipment and vehicles | 1,612,606 | 125,237 | - | 1,737,843 |
| | <u>39,832,528</u> | <u>1,311,983</u> | <u>-</u> | <u>41,144,511</u> |
| Total capital assets being depreciated/ amortized | | | | |
| | <u>39,832,528</u> | <u>1,311,983</u> | <u>-</u> | <u>41,144,511</u> |
| Less accumulated depreciation/amortization: | | | | |
| Treatment facilities | (3,696,493) | (257,036) | - | (3,953,529) |
| Water distribution system | (2,595,421) | (229,131) | - | (2,824,552) |
| Sewer collection system | (12,711,361) | (884,871) | - | (13,596,232) |
| Machinery, equipment and vehicles | (710,245) | (150,814) | - | (861,059) |
| | <u>(19,713,520)</u> | <u>(1,521,852)</u> | <u>-</u> | <u>(21,235,372)</u> |
| Total accumulated depreciation/ amortization | | | | |
| | <u>(19,713,520)</u> | <u>(1,521,852)</u> | <u>-</u> | <u>(21,235,372)</u> |
| Total capital assets being depreciated/ amortized, net | | | | |
| | <u>20,119,008</u> | <u>(209,869)</u> | <u>-</u> | <u>19,909,139</u> |
| Business-type activities capital assets, net | | | | |
| | <u>\$ 24,673,780</u> | <u>\$ (40,216)</u> | <u>\$ (310,218)</u> | <u>\$ 24,323,346</u> |

Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2024

Depreciation expense was charged to the functions/programs of the Town as follows:

| | |
|---|---------------------|
| Business-type activities: | |
| Water | \$ 287,392 |
| Sewer | <u>1,234,460</u> |
| Total depreciation/amortization expense | <u>\$ 1,521,852</u> |

5. Leases

As of June 30, 2024, the Town is reporting Leases Receivables of \$457,924 and Deferred Inflows Related to Leases of \$429,890. For the fiscal year 2024, the Town reported lease revenue of \$10,538 and interest revenue of \$18,397, related to lease payments received. From time to time the Town's lease contracts include variable lease payments, including residual value guarantees, that are not included in the lease receivable because they are not fixed in substance. The Town recognized an insignificant amount of revenue related to these variable lease payments and they have not been further disclosed or included in the measurement of the Town's lease receivables. These leases are summarized as follows:

| Lease | Lease Receivable | Deferred Inflows Related to Leases | Lease Revenue | Lease Interest Revenue |
|------------------|---------------------|--|------------------|---------------------------|
| SunState Tower 1 | \$ 188,557 | \$ 177,920 | \$ 4,339 | \$ 7,575 |
| SunState Tower 2 | <u>269,367</u> | <u>251,970</u> | <u>6,199</u> | <u>10,822</u> |
| | <u>\$ 457,924</u> | <u>\$ 429,890</u> | <u>\$ 10,538</u> | <u>\$ 18,397</u> |

The descriptions for each lease are listed below:

Sunstate Tower 1 - In May, 2015, Town of Chino Valley entered into a 25 year lease as Lessor for the use of land for communications towers. The lessee has five extension option(s), each for five years. The Town is reasonably certain the lessee will renew the lease. The lessee is required to make monthly fixed payments of \$700 for the first 25 years, and then at a 10% increase for each of the five extension periods. The lease has an interest rate of 4%. Based on this agreement, the Town is receiving payments through 2065. An initial lease receivable was recorded in the amount of \$190,937. As of June 30, 2024, the value of the lease receivable is \$188,556. The value of the deferred inflow of resources as of June 30, 2024 was \$177,920, and Town of Chino Valley, Arizona recognized lease revenue of \$4,339 during the fiscal year.

Sunstate Tower 2 - In May, 2015, Town of Chino Valley entered into a 25 year lease as Lessor for the use of land for communications towers. The lessee has five extension option(s), each for five years. The Town is reasonably certain the lessee will renew the lease. The lessee is required to make monthly fixed payments of \$1,000 for the first 25 years, and then at a 10% increase for each of the five extension periods. The lease has an interest rate of 4%. Based on this agreement, the Town is receiving payments through 2065. An initial lease receivable was recorded in the amount of \$272,768. As of June 30, 2024, the value of the lease receivable is \$269,367. The value of the deferred inflow of resources as of June 30, 2024 was \$251,970, and Town of Chino Valley, Arizona recognized lease revenue of \$6,199 during the fiscal year.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

6. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2024:

| | Balance, June 30, 2023 | Additions | Retirements | Balance, June 30, 2024 | Due Within One Year |
|------------------------------|---------------------------|---------------------|-----------------------|---------------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| Refunding bond series | | | | | |
| 2021 | \$ 6,321,465 | \$ - | \$ (605,504) | \$ 5,715,961 | \$ 629,724 |
| Premiums on refunding | | | | | |
| bond | 1,129,184 | - | (49,095) | 1,080,089 | - |
| Revenue bond series 2021 | 6,030,000 | - | (150,000) | 5,880,000 | 150,000 |
| Premium on revenue bond | 943,679 | - | (41,030) | 902,649 | - |
| Total bonds payable | <u>14,424,328</u> | <u>-</u> | <u>(845,629)</u> | <u>13,578,699</u> | <u>779,724</u> |
| Other long-term liabilities: | | | | | |
| Compensated absences | 614,990 | 470,712 | (457,098) | 628,604 | 250,000 |
| Net pension liability | 7,689,141 | 837,159 | - | 8,526,300 | - |
| Total other long-term | | | | | |
| liabilities | <u>8,304,131</u> | <u>1,307,871</u> | <u>(457,098)</u> | <u>9,154,904</u> | <u>250,000</u> |
| Total governmental | | | | | |
| activities | <u>22,728,459</u> | <u>1,307,871</u> | <u>(1,302,727)</u> | <u>22,733,603</u> | <u>1,029,724</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Refunding obligation 2021 | 203,535 | - | (19,496) | 184,039 | 19,496 |
| Premium on Series 2021 | 35,128 | - | (4,391) | 30,737 | - |
| Total bonds payable | <u>238,663</u> | <u>-</u> | <u>(23,887)</u> | <u>214,776</u> | <u>19,496</u> |
| Loans payable: | | | | | |
| WIFA: | | | | | |
| Series 2007 | 403,617 | - | (96,825) | 306,792 | 99,495 |
| Series 2008 | 1,599,155 | - | (302,330) | 1,296,825 | 310,837 |
| Series 2014 | 1,917,434 | - | (142,882) | 1,774,552 | 145,755 |
| Series 2016 | 3,277,281 | - | (163,671) | 3,113,610 | 170,218 |
| Series 2017 | 222,037 | - | (12,487) | 209,550 | 12,788 |
| Total loans payable | <u>7,419,524</u> | <u>-</u> | <u>(718,195)</u> | <u>6,701,329</u> | <u>739,093</u> |
| Other long-term debt: | | | | | |
| Compensated absences | 43,439 | 38,731 | (32,616) | 49,554 | 11,000 |
| Developer agreement | | | | | |
| payable | 420,733 | - | - | 420,733 | - |
| Net pension liability | 556,866 | 22,242 | - | 579,108 | - |
| Total other long-term | | | | | |
| debt | <u>1,021,038</u> | <u>60,973</u> | <u>(32,616)</u> | <u>1,049,395</u> | <u>11,000</u> |
| Total business-type | | | | | |
| activities | <u>8,679,225</u> | <u>60,973</u> | <u>(774,698)</u> | <u>7,965,500</u> | <u>769,589</u> |
| Total long-term | | | | | |
| liabilities | <u>\$ 31,407,684</u> | <u>\$ 1,368,844</u> | <u>\$ (2,077,425)</u> | <u>\$ 30,699,103</u> | <u>\$ 1,799,313</u> |

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Generally, for governmental activities, compensated absences, pension liabilities are liquidated by the General Fund.

Debt service requirements to maturity for bonds and loans payable are as follows:

| | Governmental Activities | | Business-Type Activities | |
|----------------------|--------------------------------|---------------------|---------------------------------|-------------------|
| | Principal | Interest | Principal | Interest |
| Fiscal years ending: | | | | |
| 2025 | \$ 779,724 | \$ 483,762 | \$ 758,589 | \$ 148,135 |
| 2026 | 828,944 | 445,814 | 782,463 | 127,816 |
| 2027 | 804,724 | 409,078 | 803,107 | 106,970 |
| 2028 | 853,164 | 368,170 | 719,591 | 88,441 |
| 2029 | 901,605 | 323,090 | 394,427 | 79,094 |
| 2030-2034 | 3,447,800 | 1,011,933 | 2,112,558 | 248,105 |
| 2035-2039 | 1,300,000 | 644,000 | 1,314,633 | 41,299 |
| 2040-2044 | 1,570,000 | 352,600 | - | - |
| 2045-2049 | 1,110,000 | 45,600 | - | - |
| Total | \$ 11,595,961 | \$ 4,084,047 | \$ 6,885,368 | \$ 839,860 |

The following is a listing of bonds payable outstanding as of June 30, 2024:

| | Balance June 30, 2024 | Due Within One Year |
|--|----------------------------------|--------------------------------|
| Bonds payable: | | |
| Governmental activities: | | |
| Pledged Revenue Bonds, Series 2021, due in annual principal and semiannual interest installments ranging from \$280,412 to \$404,450 bearing interest at 3.00% to 5.00%, maturing August 2046. | \$ 5,880,000 | \$ 150,000 |
| Pledged Revenue Bonds, Series 2021, due in annual principal and semiannual interest installments ranging from \$879,000 to \$953,000 bearing interest at 4.00% to 5.00%, maturing August 2031. | 5,715,961 | 629,724 |
| Business-type activities: | | |
| Pledged Revenue Bonds, Series 2021, due in annual principal and semiannual interest installments ranging from \$36,000 to \$43,000 bearing interest at 4.00% to 5.00%, maturing August 2031. | 184,039 | 19,496 |
| Total bonds payable | \$ 11,780,000 | \$ 799,220 |

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

The following is a listing of loans payable outstanding as of June 30, 2024:

| | <u>Balance June 30, 2024</u> | <u>Due Within One Year</u> |
|--|----------------------------------|--------------------------------|
| Loans payable: | | |
| Business-type activities: | | |
| Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.758%, maturing July 1, 2026. | \$ 306,792 | \$ 99,495 |
| Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.814%, maturing July 1, 2027. | 1,296,825 | 310,837 |
| Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.010%, maturing July 1, 2034. | 1,774,552 | 145,755 |
| Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.344%, maturing July 1, 2037. | 3,113,610 | 170,218 |
| Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 3.200%, maturing July 1, 2037. | <u>209,550</u> | <u>12,788</u> |
| Total loans payable, business-type activities | <u>\$ 6,701,329</u> | <u>\$ 739,093</u> |

Developer agreements payable outstanding as of June 30, 2024:

| | |
|--|-------------------|
| Developer agreement payable: | |
| Business-type activities: | |
| Developer agreement payable with no minimum required payments and no interest. Payments are contingent on the number of water hook-ups received during the year. | <u>\$ 420,733</u> |

Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2024

7. Pledged Revenues

The Town has pledged a portion of the future excise taxes and state shared revenues to repay \$3.3 million in MPC Revenue Bonds issued in 2016 and to repay \$7.28 million in MPC Revenue Bonds issued in 2010. The 2016 MPC bonds were used to refinance the remaining portion of a 2007 GADA loan. The 2010 MPC bonds were used to refund the remaining portion of the MPC 2004 Revenue Bonds. The bonds were payable from excise taxes and state shared revenues of the Town. Annual principal and interest payments on the bonds were estimated to require 10% of excise tax and state shared revenues. These amounts were refunded during the year ended June 30, 2022 with the 2021 Pledged Revenue Refunding Obligation Bonds.

Town of Chino Valley issued Pledged Revenue Obligation Bonds Series 2021 and Pledged Revenue Refunding Obligation Bonds Series 2021 to finance the costs of construction of public safety facilities in and for the Town, to refinance the costs of certain capital projects for the Town, and to pay costs relating to the execution and delivery of the Bonds. These Bonds have been issued for governmental activities. These Bonds are direct and pledge the full faith and credit of the Town of Chino Valley. The Bonds are secured by a first lien on and pledge of Excise Tax Revenues and State Shared Revenues on a parity with the Parity Loan Agreements with the Water Infrastructure Authority. These Bonds mature in 10-25 years and accrue interest at an annual rate of 2.5% and accrue interest at annual rate of 3% - 5%.

The Pledged Refunding Obligation Bonds have an average interest rate of 4.99% replacing issues with an average interest rate of 4.56% over the entire life of those bonds and a remaining weighted average maturity of 5.47. The Town realized net proceeds of \$8,563,409 on the Pledged Revenue Refunding Obligations after payment of \$94,250 in underwriting fees, insurance, and other issuance costs. The refunded 2010 and 2016 Series Revenue Bonds are considered fully defeased, and related liabilities are not included in the Town's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$329,919. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The current refunding reduce the Town's total debt service payments causing an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,299,043.

The Town has pledged a portion of future sewer system customer revenues, net of specified operating expenses, and future excise taxes and state shared revenues to repay \$9.7 million in WIFA loans issued in 2007, 2008, 2014, 2016 and 2017. Proceeds from the loans provided financing for development of the Town's sewer system. The loans are payable from sewer system customer net revenues and excise taxes and state shared revenues. The WIFA loans are payable through July 2026, 2027, 2034 and 2037. Annual principal and interest payments on the loans are estimated to require 7% of total net sewer system, excise taxes and state shared revenues. The total principal and interest remaining to be paid on the WIFA loans is \$7,506,838. For the current year, principal and interest paid was \$885,957, sewer system customer net revenues were \$1,801,569, and excise taxes and state shared revenues were \$18,903,189.

Restrictive Covenants

The 2021 Series Revenue Bonds that are contained in the Long-term Debt Summary Table have continuing disclosure requirements that are to be uploaded to the Electronic Municipal Market Access (EMMA) by February 1st of each year.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

8. Interfund Receivables, Payables and Transfers

Short-term borrowings between funds are reported as due to/due from other funds and long-term borrowings between funds are reported as advances to and advances from other funds.

As of June 30, 2024, the Town reported the following due to/from other funds:

| Fund: | Receivable Amount | Payable Amount |
|--------------|----------------------|-------------------|
| General fund | \$ 1,945,718 | \$ 1,062 |
| Grants fund | 1,062 | 20,498 |
| Debt service | - | 319,103 |
| Sewer fund | - | 1,606,117 |
| Total | \$ 1,946,780 | \$ 1,946,780 |

The \$1,606,117 due from the Sewer Fund to the General Fund, \$319,103 due from the Debt Service Fund to the General Fund and \$20,498 due from the Nonmajor Governmental Funds to the General Fund were for short-term borrowings to cover deficit cash to be paid in less than one year.

Interfund transfers for the fiscal year ended June 30, 2024 are as follows:

| Fund: | Transfers Out | Transfers In |
|----------------------|---------------|--------------|
| General fund | \$ 3,822,851 | \$ 650,000 |
| Grants Fund | - | 87,851 |
| HURF | 349,369 | 2,849,369 |
| Debt service | - | 1,278,000 |
| Capital improvements | 2,178,000 | 500,000 |
| Water fund | 178,908 | 663,908 |
| Sewer fund | - | 500,000 |
| Total | \$ 6,529,128 | \$ 6,529,128 |

Transfers were made to fund various capital improvements, provide funds for debt service payments due on bonds and loans, local matching requirements on various grants, and to support operations.

9. Pensions

The Town contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2024, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

| Statement of Net Position and Statement of Activities | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|--------------|
| Net pension liabilities | \$ 8,526,300 | \$ 579,108 | \$ 9,105,408 |
| Deferred outflows of resources | 4,115,346 | 93,070 | 4,208,416 |
| Deferred inflows of resources | (412,299) | (24,796) | (437,095) |
| Pension expense | (2,366,542) | (56,884) | (2,423,426) |

The Town reported \$2,409,965 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2024

Net OPEB asset/liabilities have not been recorded, or further disclosed, at June 30, 2024 in accordance with GASB Statement 75, due to the relative insignificance to the Town's financial statements.

Arizona State Retirement System

Plan Description

Town employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

| | Retirement Initial Membership Date | |
|--|--|--|
| | Before July 1, 2011 | On or After July 1, 2011 |
| Years of service and age required to receive benefit | Sum of years and age equals 80 10 years, age 62 5 years, age 50* Any years age 65 | 30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65 |
| Final average salary is based on | Highest 36 consecutive months of last 120 months | Highest 60 consecutive months of last 120 months |
| Benefit percent per year of service | 2.1% to 2.3% | 2.1% to 2.3% |

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2024, statute required active ASRS members to contribute at the actuarially determined rate of 12.29% (12.14% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.29% (12.03% for retirement, 0.11% for health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.99% (9.94% for retirement, 0.04% for health insurance premium benefit) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2024 were \$622,822, \$5,695, and \$7,766, respectively.

During fiscal year 2024, the Town paid for ASRS pension contributions as follows: 91% from the General Fund, 4% from the water fund, and 5% from the sewer fund.

Pension Liability

At June 30, 2024, the Town reported a liability of \$5,828,556 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2023. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2022, to the measurement date of June 30, 2023. The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2023. The Town's proportions measured as of June 30, 2023, was 0.03602%, which was an increase of 0.00183% from its proportion measured as of June 30, 2022.

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2024, the Town recognized pension expense for ASRS of \$933,665. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Pension | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 131,702 | \$ - |
| Changes of assumptions or other inputs | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 206,219 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 302,087 | - |
| Town contributions subsequent to the measurement date | 622,822 | - |
| Total | \$ 1,056,611 | \$ 206,219 |

The \$622,822 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized as expense as follows:

| | Pension |
|-----------------------|----------------|
| Years ending June 30: | |
| 2025 | \$ 189,823 |
| 2026 | (158,871) |
| 2027 | 222,244 |
| 2028 | (25,626) |
| 2029 | - |
| Thereafter | - |

Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2024

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS:

| | |
|-----------------------------|---|
| Actuarial valuation date | June 30, 2022 |
| Actuarial roll forward date | June 20, 2023 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.0% |
| Projected salary increases | 2.9 - 8.4% for pensions/not applicable for OPEB |
| Inflation | 2.3% |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Mortality rates | 2017 SRA Scale U-MP for pensions and health insurance premium benefit |
| Recovery rate | 2012 GLDT for long-term disability |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-------------------------|----------------------|--|
| Asset class: | | |
| Private Equity | 44 % | 3.50 % |
| Credit | 23 | 5.90 |
| Real Estate | 17 | 5.90 |
| Private Equity | 10 | 6.70 |
| Interest Rate Sensitive | 6 | 1.50 |
| Total | 100 % | |

Discount Rate

At June 30, 2023, the discount rate used to measure the ASRS total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Sensitivity of Town's Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate

The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

| | <u>1% Decrease (6.0%)</u> | <u>Current Discount Rate (7.0%)</u> | <u>1% Increase (8.0%)</u> |
|---|-------------------------------|---|-------------------------------|
| Town's proportionate share of the net pension liability | \$ 8,730,322 | \$ 5,828,556 | \$ 3,408,998 |

Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System

Plan Description

Town police department employees who are regularly assigned hazardous duty, participate in the Public Safety Personnel Retirement System (PSPRS). Employees who were PSPRS members before July 1, 2017, participate in the agent multiple-employer defined benefit pension and health insurance premium benefit (OPEB) plans (PSPRS Tier 1 and 2 Risk Pool), and those who became PSPRS members on or after July 1, 2017, may elect to participate in the cost-sharing multiple employer Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP Tier 3 Risk Pool). The agent multiple-employer health insurance premium benefit OPEB plan and the cost-sharing multiple employer Public Safety Personnel Defined Contribution Retirement Plan are not further disclosed because of their relative insignificance to the Town's financial statements.

The PSPRS administers the agent multiple-employer defined benefit pension plan. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Benefits Provided

The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation and service credit as follows:

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

| PSPRS Retirement and Disability | Initial Membership Date | |
|--|--|--|
| | Before January 1, 2012 | On or After January 1, 2012 and Before July 1, 2017 |
| Years of service and age required to receive benefit | 20 years of service, any age 15 years of service, age 62 | 25 years or service of 15 years of credited service and age 52.5 |
| Final average salary is based on | Highest 36 months of last 20 years | Highest 60 months of last 20 years |
| Benefit percent: Normal retirement | 50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80% | 1.5% to 2.5% per year of credited service, not to exceed 80% |
| Accidental disability retirement | 50% or normal retirement, whichever is greater | |
| Catastrophic disability retirement | 90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater | |
| Ordinary disability retirement | Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20 | |

Survivor Benefits

| | |
|-----------------|---|
| Retired members | 80% to 100% of retired member's pension benefit |
| Active members | 80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job |

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the agent plans' benefit terms:

| | <u>PSPRS Police</u> |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 13 |
| Inactive employees entitled to by not yet receiving benefits | 8 |
| Active employees | <u>13</u> |
| Total | <u><u>34</u></u> |

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2024, are indicated below. Rates are a percentage of active members' annual covered payroll.

| | <u>PSPRS Police</u> |
|----------------------------------|---------------------|
| Active members, pension | 7.65-11.65 % |
| Pension | 26.01 |
| Health insurance premium benefit | 0.00 |

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.35% for Police of annual covered payroll of retired members who worked for the Town in positions that would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the Town's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

The Town's contributions to the plans for the year ended June 30, 2024, were:

| | <u>PSPRS Police</u> |
|--------------------|---------------------|
| Pension: | |
| Contributions made | \$ 1,787,143 |

During fiscal year 2024, the Town paid 100% of the PSPRS pension contributions from the General Fund.

Pension Liability

At June 30, 2024, the Town reported a PSPRS net pension liabilities of \$3,276,852.

The net assets and net liabilities were measured as of June 30, 2023, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date.

Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2024

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS:

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2023 |
| Actuarial cost method | Entry age normal |
| Investment rate of return | 7.2% |
| Wage inflation | 3.0 - 6.25% for pensions/not applicable for OPEB |
| Price inflation | 2.5% for pensions not applicable for OPEB |
| Permanent benefit increase | Included for pensions/not applicable for OPEB |
| Cost-of-living adjustment | 1.85% for pensions/not applicable for OPEB |
| Mortality rates | PubS-2010 tables |
| Healthcare cost trend rate | Not applicable |

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| PSPRS Asset Class | Target Allocation | Long-Term Expected Geometric Real Rate of Return |
|-------------------------------------|----------------------|--|
| U.S. public entity | 24 % | 3.98 % |
| International public entity | 16 | 4.49 |
| Global private equity | 20 | 7.28 |
| Other assets (capital depreciation) | 7 | 4.49 |
| Core bonds | 6 | 1.90 |
| Private credit | 20 | 6.19 |
| Diversifying strategies | 5 | 3.68 |
| Cash, Mellon | 2 | 0.69 |
| Total | 100 % | |

Discount Rates

At June 30, 2024, the discount rate used to measure the PSPRS total pension liability was 7.2%. The projection of cash flows used to determine the PSPRS discount rates assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Changes in the Net Pension Liability

| PSPRS - Police | Pension Increase (Decrease) | | |
|--|--|------------------------------------|--|
| | Total Pension Liability (Asset) (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2023 | \$ 11,214,803 | \$ 8,549,363 | \$ 2,665,440 |
| Adjustments to beginning of year | - | - | - |
| Changes for the year: | | | |
| Service cost | 200,263 | - | 200,263 |
| Interest on the total liability | 802,381 | - | 802,381 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience in the measurement of the liability | 1,257,028 | - | 1,257,028 |
| Changes of assumptions or other inputs | - | - | - |
| Contributions, employer | - | 891,066 | (891,066) |
| Contributions, employee | - | 105,186 | (105,186) |
| Net investment income | - | 658,488 | (658,488) |
| Benefit payments, including refunds of employee contributions | (541,761) | (541,761) | - |
| Hall/Parker settlement | - | - | - |
| Administrative expense | - | (6,480) | 6,480 |
| Other changes | - | - | - |
| Net changes | 1,717,911 | 1,106,499 | 611,412 |
| Balances at June 2024 | \$ 12,932,714 | \$ 9,655,862 | \$ 3,276,852 |

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate

The following table presents the Town's net pension liabilities calculated using the discount rate of 7.2%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2%) or one percentage point higher (8.2%) than the current rate:

| PSPRS - Police | 1% Decrease (6.2%) | Current Discount Rate (7.2%) | 1% Increase (8.2%) |
|-----------------------|-----------------------|------------------------------------|-----------------------|
| Net pension liability | \$ 4,969,839 | \$ 3,276,852 | \$ 1,891,488 |

Pension Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense

For the year ended June 30, 2024, the Town recognized \$733,797 of PSPRS pension expense.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

Pension Deferred Outflows/Inflows of Resources

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| PSRS - Police | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 1,150,601 | \$ 230,876 |
| Changes of assumptions or other inputs | 99,597 | - |
| Net difference between projected and actual earnings on pension plan investments | 114,464 | - |
| Town contributions subsequent to the measurement date | 1,787,143 | - |
| Total | <u>\$ 3,151,805</u> | <u>\$ 230,876</u> |

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

| | PSPRS Police |
|-----------------------|-------------------------|
| Years ending June 30: | |
| 2025 | \$ 429,005 |
| 2026 | 208,103 |
| 2027 | 502,039 |
| 2028 | (5,361) |
| 2029 | - |
| Thereafter | - |
| Total | <u>\$ 1,133,786</u> |

10. Risk Management

The Town 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. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years. The Arizona Municipal Risk Retention Pool is structured such that member's 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 member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The Town is also insured by commercial insurance for potential worker related accidents.

Town of Chino Valley, Arizona

Notes to the Financial Statements
June 30, 2024

11. Contingent Liabilities and Commitments

The Town is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of Town management, based on the advice of the Town Attorney with respect to such litigation, such matters will not have a material adverse effect on the Town's financial position at June 30, 2024.

Sick leave benefits provide for ordinary sick pay and are cumulative and hours over 192 per employee are vested at a rate of 25%.

At year end, the Town had the following major construction projects/commitments open:

| | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|-------------------------------|--------------------------|---------------------------------|
| Project: | | |
| Equipment Pole Barn | \$ 10,000 | \$ 100,000 |
| New Well and Pump | 47,925 | 5,000,000 |
| Equalization basin | 77,220 | 100,000 |
| Drying bed | 19,516 | 100,000 |
| Plant expansion engineering | 68,386 | 500,000 |
| Streets Modular Building | 200,085 | 150,000 |
| Perksinsville water and sewer | 1,433,392 | 500,000 |
| Road Improvements | 992,072 | 2,000,000 |
| Senior center kitchen | 51,694 | 400,000 |
| Vehicles | 54,771 | 50,000 |
| | <u>\$ 2,955,061</u> | <u>\$ 8,900,000</u> |

Financial Section

Required Supplementary Information

Budgetary Schedule

General Fund

Grants Fund

HURF Fund

Pension Schedules



Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes: | | | | |
| Town transaction privilege tax | \$ 9,157,100 | \$ 9,157,100 | \$ 8,784,569 | \$ (372,531) |
| Franchise taxes | 407,000 | 407,000 | 397,097 | (9,903) |
| Total taxes | 9,564,100 | 9,564,100 | 9,181,666 | (382,434) |
| Licenses and permits | 562,500 | 562,500 | 391,011 | (171,489) |
| Intergovernmental: | | | | |
| State shared transaction privilege tax | 2,031,000 | 2,031,000 | 2,066,470 | 35,470 |
| State shared income tax | 3,600,000 | 3,600,000 | 3,622,169 | 22,169 |
| Vehicle license tax | 1,158,000 | 1,158,000 | 1,104,694 | (53,306) |
| Grants | 125,000 | 125,000 | 728,126 | 603,126 |
| Other intergovernmental | 83,800 | 83,800 | 99,275 | 15,475 |
| Total intergovernmental | 6,997,800 | 6,997,800 | 7,620,734 | 622,934 |
| Charges for services | 109,100 | 109,100 | 115,440 | 6,340 |
| Fines and forfeitures | 207,900 | 207,900 | 207,519 | (381) |
| Interest | 505,100 | 505,100 | 778,548 | 273,448 |
| Other Revenues: | | | | |
| Miscellaneous | 6,000 | 6,000 | 95,970 | 89,970 |
| Total other revenues | 6,000 | 6,000 | 95,970 | 89,970 |
| Total revenues | 17,952,500 | 17,952,500 | 18,390,888 | 438,388 |
| Expenditures | | | | |
| General government: | | | | |
| Legal services | 156,200 | 156,200 | 140,905 | 15,295 |
| Town clerk | 407,000 | 407,000 | 375,995 | 31,005 |
| Town Manager | 818,600 | 818,600 | 724,591 | 94,009 |
| Human resources | 446,800 | 446,800 | 365,191 | 81,609 |
| Municipal court | 396,500 | 396,500 | 374,259 | 22,241 |
| Finance | 560,000 | 560,000 | 546,758 | 13,242 |
| Information systems | 652,000 | 652,000 | 465,500 | 186,500 |
| Mayor and council | 83,600 | 83,600 | 75,264 | 8,336 |
| Planning | 612,500 | 612,500 | 558,257 | 54,243 |
| Building inspection | 481,100 | 481,100 | 331,313 | 149,787 |
| Code enforcement | 204,800 | 204,800 | 165,467 | 39,333 |
| Facilities maintenance | 776,700 | 776,700 | 790,908 | (14,208) |
| Fleet maintenance | 489,600 | 489,600 | 441,010 | 48,590 |
| Engineering | 768,300 | 768,300 | 497,252 | 271,048 |
| Contingencies | 625,000 | 625,000 | 329,794 | 295,206 |
| Court collection and improvements | 17,000 | 17,000 | 17,466 | (466) |
| Cemetery | - | - | 2,700 | (2,700) |
| Nondepartmental | 1,586,200 | 1,586,200 | 1,570,986 | 15,214 |
| Total general government | 9,081,900 | 9,081,900 | 7,773,616 | 1,308,284 |

Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Public safety: | | | | |
| Police | \$ 4,961,000 | \$ 4,961,000 | \$ 4,846,983 | \$ 114,017 |
| Animal control | 260,200 | 260,200 | 258,452 | 1,748 |
| Total public safety | <u>5,221,200</u> | <u>5,221,200</u> | <u>5,105,435</u> | <u>115,765</u> |
| Culture and recreation: | | | | |
| Recreation | 229,700 | 229,700 | 197,207 | 32,493 |
| Library | 482,900 | 482,900 | 496,434 | (13,534) |
| Parks maintenance | 741,200 | 741,200 | 740,731 | 469 |
| Aquatics center | 258,900 | 258,900 | 297,607 | (38,707) |
| Total culture and recreation | <u>1,712,700</u> | <u>1,712,700</u> | <u>1,731,979</u> | <u>(19,279)</u> |
| Health and welfare: | | | | |
| Senior center | 480,500 | 480,500 | 470,752 | 9,748 |
| Capital outlay | 5,013,000 | 5,013,000 | 4,063,466 | 949,534 |
| Total expenditures | <u>21,509,300</u> | <u>21,509,300</u> | <u>19,145,248</u> | <u>2,364,052</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,556,800)</u> | <u>(3,556,800)</u> | <u>(754,360)</u> | <u>2,802,440</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 1,000 | 1,000 | 36,897 | 35,897 |
| Transfers in | 650,000 | 650,000 | 650,000 | - |
| Transfers out | (3,250,000) | (3,250,000) | (3,822,851) | (572,851) |
| Total other financing sources (uses) | <u>(2,599,000)</u> | <u>(2,599,000)</u> | <u>(3,135,954)</u> | <u>(536,954)</u> |
| Net change in fund balance | (6,155,800) | (6,155,800) | (3,890,314) | 2,265,486 |
| Fund Balance, Beginning | <u>13,875,806</u> | <u>13,875,806</u> | <u>13,875,806</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 7,720,006</u> | <u>\$ 7,720,006</u> | <u>\$ 9,985,492</u> | <u>\$ 2,265,486</u> |

Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grants Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|------------------|--------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental revenues | \$ 3,500,000 | \$ 3,500,000 | \$ 240,047 | \$ (3,259,953) |
| Other revenues | - | - | 54,849 | 54,849 |
| Total revenues | 3,500,000 | 3,500,000 | 294,896 | (3,205,104) |
| Expenditures | | | | |
| Current: | | | | |
| General government | 50,000 | 50,000 | 1,062 | 48,938 |
| Public safety | 100,000 | 100,000 | 182,046 | (82,046) |
| Culture and recreation | 100,000 | 100,000 | 1,986 | 98,014 |
| Health and welfare | 25,000 | 25,000 | 23,798 | 1,202 |
| Capital outlay | 3,225,000 | 3,225,000 | 32,352 | 3,192,648 |
| Total expenditures | 3,500,000 | 3,500,000 | 241,244 | 3,258,756 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 53,652 | 53,652 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 87,851 | 87,851 |
| Total other financing sources and (uses) | - | - | 87,851 | 87,851 |
| Net change in fund balance | - | - | 141,503 | 141,503 |
| Fund Balance, Beginning | 268,926 | 268,926 | 268,926 | - |
| Fund Balance, Ending | \$ 268,926 | \$ 268,926 | \$ 410,429 | \$ 141,503 |

Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Highway User Revenue Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Licenses and permits | \$ 2,500 | \$ 2,500 | \$ 3,251 | \$ 751 |
| Intergovernmental revenues | 1,400,000 | 1,400,000 | 1,366,497 | (33,503) |
| Interest | 10,000 | 10,000 | 23,095 | 13,095 |
| Other revenues | - | - | 207,636 | 207,636 |
| Total revenues | <u>1,412,500</u> | <u>1,412,500</u> | <u>1,600,479</u> | <u>187,979</u> |
| Expenditures | | | | |
| Public works/streets | 2,210,400 | 2,210,400 | 992,742 | 1,217,658 |
| Capital outlay | <u>4,553,000</u> | <u>4,553,000</u> | <u>3,235,006</u> | <u>1,317,994</u> |
| Total expenditures | <u>6,763,400</u> | <u>6,763,400</u> | <u>4,227,748</u> | <u>2,535,652</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,350,900)</u> | <u>(5,350,900)</u> | <u>(2,627,269)</u> | <u>2,723,631</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | - | - | 10,100 | 10,100 |
| Transfers in | 2,700,000 | 2,700,000 | 2,849,369 | 149,369 |
| Transfers out | <u>(200,000)</u> | <u>(200,000)</u> | <u>(349,369)</u> | <u>(149,369)</u> |
| Total other financing sources and (uses) | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,510,100</u> | <u>10,100</u> |
| Net change in fund balance | (2,850,900) | (2,850,900) | (117,169) | 2,733,731 |
| Fund Balance, Beginning | <u>4,974,480</u> | <u>4,974,480</u> | <u>4,974,480</u> | <u>-</u> |
| Fund Balance, Ending | <u>\$ 2,123,580</u> | <u>\$ 2,123,580</u> | <u>\$ 4,857,311</u> | <u>\$ 2,733,731</u> |

Town of Chino Valley, Arizona

Required Supplementary Information
Notes to the Budgetary Schedules
Year Ended June 30, 2024

1. Budgeting and Budgetary Control

A.R.S. requires the Town to prepared and adopt a balanced budget annually for each governmental fund. The Town Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted. Expenditures may not legally exceed appropriations at the department level for the General Fund and the fund level for all other funds. In certain instances, transfers of appropriations between departments or the contingency amount to a department may be made on the Town Councils' approval.

2. Budgetary Basis of Accounting

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.



Town of Chino Valley, Arizona

Required Supplementary Information
 Schedule of Town's Proportionate Share of the Net Pension Liability - ASRS - Pension
 Year Ended June 30, 2024

| | Reporting Fiscal Year (Measurement Date) | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Town's proportion of the net pension liability | 0.036021% | 0.034187% | 0.031754% | 0.033207% | 0.032261% | 0.032241% | 0.031290% | 0.032955% | 0.032084% | 0.030244% |
| Town's proportion share of the net pension liability | \$ 5,828,556 | \$ 5,580,567 | \$ 4,171,809 | \$ 5,754,137 | \$ 4,694,205 | \$ 4,496,345 | \$ 4,874,372 | \$ 5,318,461 | \$ 4,997,476 | \$ 4,475,083 |
| Town's covered payroll | 4,701,963 | 4,070,858 | 3,703,082 | 3,618,952 | 3,387,925 | 3,018,422 | 3,105,696 | 2,965,972 | 2,678,714 | 2,280,897 |
| Town's proportion share of the net pension liability as a percentage of covered payroll | 123.96% | 137.09% | 112.66% | 159.00% | 138.56% | 148.96% | 156.95% | 179.32% | 186.56% | 196.20% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.47% | 74.26% | 78.58% | 69.33% | 73.24% | 73.40% | 69.92% | 67.06% | 68.35% | 69.49% |

Town of Chino Valley, Arizona

Required Supplementary Information
 Schedule of Changes in the Town's Net Pension and Related Ratios - PSPRS Police - Pension - Public Safety Personnel Retirement System
 Year Ended June 30, 2024

| | Reporting Fiscal Year (Measurement Date) | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2024 (2023) | 2023 (2022) | 2022 (2021) | 2021 (2020) | 2020 (2019) | 2019 (2018) | 2018 (2017) | 2017 (2016) | 2016 (2015) | 2015 (2014) |
| Total Pension Liability | | | | | | | | | | |
| Service cost | \$ 200,263 | \$ 207,742 | \$ 224,490 | \$ 239,935 | \$ 284,666 | \$ 264,059 | \$ 272,925 | \$ 220,166 | \$ 208,414 | \$ 218,803 |
| Interest on the total pension liability | 802,381 | 790,005 | 763,758 | 657,645 | 652,210 | 599,204 | 556,565 | 533,567 | 508,300 | 443,158 |
| Changes on benefit terms | - | - | - | - | - | - | 116,070 | 361,211 | - | 63,139 |
| Differences between expected and actual experience in the measurement of the pension liability | 1,257,028 | (290,524) | (137,561) | 1,039,150 | (307,346) | 216,311 | 107,301 | (230,538) | (13,006) | 15,592 |
| Changes of assumptions or other inputs | - | 145,991 | - | - | 159,605 | - | 240,439 | 269,553 | - | 509,521 |
| Benefit payments, including refunds of employee contributions | (541,761) | (505,319) | (443,467) | (491,897) | (606,521) | (425,306) | (799,457) | (313,564) | (461,853) | (368,517) |
| Net change in total pension liability | 1,717,911 | 347,895 | 407,220 | 1,444,833 | 182,614 | 654,268 | 493,843 | 840,395 | 241,855 | 881,696 |
| Total pension liability, beginning | 11,214,803 | 10,866,908 | 10,459,688 | 9,014,855 | 8,832,241 | 8,177,973 | 7,684,130 | 6,843,735 | 6,601,880 | 5,720,184 |
| Total pension liability, ending (a) | \$ 12,932,714 | \$ 11,214,803 | \$ 10,866,908 | \$ 10,459,688 | \$ 9,014,855 | \$ 8,832,241 | \$ 8,177,973 | \$ 7,684,130 | \$ 6,843,735 | \$ 6,601,880 |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions, employer | \$ 891,066 | \$ 866,336 | \$ 698,401 | \$ 726,124 | \$ 801,902 | \$ 788,908 | \$ 279,960 | \$ 269,502 | \$ 243,794 | \$ 208,691 |
| Contributions, employee | 105,186 | 99,139 | 227,328 | 114,939 | 122,179 | 131,038 | 136,758 | 145,561 | 143,622 | 126,689 |
| Net investment income | 658,488 | (333,819) | 1,758,652 | 73,989 | 283,743 | 313,163 | 497,699 | 24,661 | 149,207 | 498,013 |
| Benefit payments, including refunds of employee contributions | (541,761) | (505,319) | (443,467) | (491,897) | (606,521) | (425,306) | (799,457) | (313,564) | (461,853) | (368,517) |
| Hall/Parker Settlement | - | (6,022) | - | - | - | (161,922) | - | - | (4,019) | - |
| Administrative expense | (6,480) | - | (8,269) | (6,035) | (5,930) | (5,466) | (4,804) | (3,949) | (4,019) | - |
| Other changes | - | - | - | - | - | 149,623 | (10,122) | (49,347) | 3,414 | (124,093) |
| Net change in plan fiduciary net position | 1,106,499 | 120,315 | 2,232,645 | 417,120 | 595,373 | 790,038 | 100,034 | 72,864 | 74,165 | 340,783 |
| Plan Fiduciary Net Position, Beginning | 8,549,363 | 8,429,048 | 6,196,403 | 5,779,283 | 5,185,682 | 4,395,644 | 4,295,610 | 4,222,746 | 4,148,581 | 3,807,798 |
| Adjustment to the beginning of year | - | - | - | - | (1,772) | - | - | - | - | - |
| Plan Fiduciary Net Position, Ending (b) | \$ 9,655,862 | \$ 8,549,363 | \$ 8,429,048 | \$ 6,196,403 | \$ 5,779,283 | \$ 5,185,682 | \$ 4,395,644 | \$ 4,295,610 | \$ 4,222,746 | \$ 4,148,581 |
| Town's Net Pension Liability, Ending (a) - (b) | \$ 3,276,852 | \$ 2,665,440 | \$ 2,437,860 | \$ 4,263,285 | \$ 3,235,572 | \$ 3,646,559 | \$ 3,782,329 | \$ 3,388,520 | \$ 2,620,989 | \$ 2,453,299 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 74.66% | 76.23% | 77.57% | 59.24% | 64.11% | 58.71% | 53.75% | 55.90% | 61.70% | 62.84% |
| Covered Payroll | \$ 1,052,753 | \$ 986,072 | \$ 1,041,206 | \$ 1,154,142 | \$ 1,201,492 | \$ 1,332,956 | \$ 1,204,435 | \$ 1,145,504 | \$ 1,177,679 | \$ 1,077,714 |
| Town's Net Pension Liability as a Percentage of Covered Payroll | 311.27% | 270.31% | 234.14% | 369.39% | 269.30% | 273.57% | 314.03% | 295.81% | 222.56% | 227.64% |

Town of Chino Valley, Arizona

Required Supplementary Information
 Schedule of Changes in the Town's Net Pension Ratios
 Year Ended June 30, 2024

| | ASRS - Pension | | | | | | | | | |
|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 622,822 | \$ 560,474 | \$ 488,910 | \$ 431,409 | \$ 414,370 | \$ 378,770 | \$ 329,008 | \$ 334,794 | \$ 321,808 | \$ 291,712 |
| Town's contributions in relation to the actuarially determined contribution | 622,822 | 560,474 | 488,910 | 431,409 | 414,370 | 378,770 | 329,008 | 334,794 | 321,808 | 291,712 |
| Town's contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered payroll | \$ 5,177,240 | \$ 4,701,963 | \$ 4,070,858 | \$ 3,703,082 | \$ 3,618,952 | \$ 3,387,925 | \$ 3,018,422 | \$ 3,105,696 | \$ 2,965,972 | \$ 2,678,714 |
| Town's contributions as a percentage of covered payroll | 12.03% | 11.92% | 12.01% | 11.65% | 11.45% | 11.18% | 10.90% | 10.78% | 10.85% | 10.88% |

**Town of Chino Valley Police - Pension
 Public Safety Personnel Retirement System**

| | Reporting Fiscal Year | | | | | | | | | |
|---|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 587,143 | \$ 340,566 | \$ 510,104 | \$ 398,401 | \$ 426,124 | \$ 501,902 | \$ 488,908 | \$ 269,502 | \$ 243,794 | \$ 208,691 |
| Town's contributions in relation to the actuarially determined contribution | 1,787,143 | 891,066 | 866,336 | 698,401 | 726,124 | 801,902 | 788,908 | 269,502 | 243,794 | 208,691 |
| Town's contribution deficiency (excess) | \$ (1,200,000) | \$ (550,500) | \$ (356,232) | \$ (300,000) | \$ (300,000) | \$ (300,000) | \$ (300,000) | \$ - | \$ - | \$ - |
| Town's covered payroll | \$ 2,206,475 | \$ 1,052,753 | \$ 986,072 | \$ 1,041,206 | \$ 1,154,142 | \$ 1,201,492 | \$ 1,332,956 | \$ 1,204,435 | \$ 1,145,504 | \$ 1,177,679 |
| Town's contributions as a percentage of covered payroll | 81.00% | 84.64% | 87.86% | 67.08% | 62.91% | 66.74% | 59.18% | 22.38% | 21.28% | 17.72% |

Town of Chino Valley, Arizona

Required Supplementary Information
Notes to the Pension Schedules
Year Ended June 30, 2024

1. Actuarially Determined Contribution Rates

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

| | |
|--|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent of pay, closed |
| Remaining amortization period as of the 2022 actuarial valuation | 19 years for under funded 20 years for over funded |
| Asset valuation method | Seven-year smoothed fair value; 80%/120% market corridor |
| Actuarial assumptions: Investment rate of return | PSPRS members with initial membership date before July 1, 2017: In the 2022 actuarial valuation, the investment rate of return was decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. |
| Projected salary increases | In the 2017 actuarial valuation, projected salary increase were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0% - 8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS. |
| Wage growth | In the 2022 actuarial valuation, wage growth was changed from 3.5% to a range of 3.0 - 6.25% for PSPRS. In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS and CORP |
| Retirement age | Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011. In the 2019 actuarial valuation, changed to PubS-2010 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females) |
| Mortality | |

Town of Chino Valley, Arizona

Required Supplementary Information
Notes to the Pension Schedules
Year Ended June 30, 2024

2. Factors That Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates.

These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS members. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.



Financial Section

Supplementary Information

Nonmajor Governmental Funds Financial Statements

Special Revenue Funds

Street Lighting Improvement District Fund - This fund accounts for property taxes charged in an amount sufficient to cover expenditures associated with three street lighting districts within the Town.



Town of Chino Valley, Arizona

Combining Balance Sheet - Nonmajor Governmental Funds

Nonmajor Governmental Funds

June 30, 2024

| | <u>Special Revenue</u> <u>Street Lighting Improvement District</u> |
|-------------------------------------|---|
| Assets | |
| Cash and cash equivalents | \$ 519 |
| Receivables, net: | |
| Accounts receivable | <u>7</u> |
| Total assets | <u>\$ 526</u> |
| Liabilities | |
| Accounts payable | \$ - |
| Accrued wages and benefits | <u>-</u> |
| Total liabilities | <u>-</u> |
| Fund Balances | |
| Restricted | |
| Highways and streets | <u>526</u> |
| Total fund balances | <u>526</u> |
| Total liabilities and fund balances | <u>\$ 526</u> |

Town of Chino Valley, Arizona

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2024

| | <u>Special Revenue Street Lighting Improvement District</u> |
|---------------------------------|---|
| Revenues | |
| Taxes | \$ 3,900 |
| Total revenues | <u>3,900</u> |
| Expenditures | |
| Current: | |
| Public works/streets | <u>4,343</u> |
| Total expenditures | <u>4,343</u> |
| Net change in fund balances | (443) |
| Fund Balances, Beginning | <u>969</u> |
| Fund Balances, Ending | <u><u>\$ 526</u></u> |

Financial Section

Supplementary Information

Budgetary Schedules

Major Governmental Fund Financial Statements



Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|------------------|-------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Interest | \$ - | \$ - | \$ 3,045 | \$ 3,045 |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal retirement | 755,504 | 755,504 | 755,504 | - |
| Interest and fiscal charges | 522,496 | 522,496 | 520,748 | 1,748 |
| Total expenditures | 1,278,000 | 1,278,000 | 1,276,252 | 1,748 |
| Excess (deficiency) of revenues over (under) expenditures | (1,278,000) | (1,278,000) | (1,273,207) | 4,793 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 1,278,000 | 1,278,000 | 1,278,000 | - |
| Net change in fund balance | - | - | 4,793 | 4,793 |
| Fund Balance, Beginning | 480,708 | 480,708 | 480,708 | - |
| Fund Balance, Ending | \$ 480,708 | \$ 480,708 | \$ 485,501 | \$ 4,793 |

Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Improvements
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|---|------------------|--------------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Town transaction privilege tax | \$ 3,057,000 | \$ 3,057,000 | \$ 2,928,190 | \$ (128,810) |
| Intergovernmental revenues | 130,000 | 130,000 | - | (130,000) |
| Other revenues | 2,100,000 | 2,100,000 | - | (2,100,000) |
| Total revenues | 5,287,000 | 5,287,000 | 2,928,190 | (2,358,810) |
| Expenditures | | | | |
| Capital outlay | 5,797,000 | 5,797,000 | 863,377 | 4,933,623 |
| Excess of revenues over (under) expenditures | (510,000) | (510,000) | 2,064,813 | 2,574,813 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 500,000 | 500,000 | 500,000 | - |
| Transfers out | (2,178,000) | (2,178,000) | (2,178,000) | - |
| Total other financing sources (uses) | (1,678,000) | (1,678,000) | (1,678,000) | - |
| Net change in fund balance | (2,188,000) | (2,188,000) | 386,813 | 2,574,813 |
| Fund Balance, Beginning | 2,478,888 | 2,478,888 | 2,478,888 | - |
| Fund Balance, Ending | \$ 290,888 | \$ 290,888 | \$ 2,865,701 | \$ 2,574,813 |

Financial Section

Supplementary Information

Budgetary Schedule

Nonmajor Government Fund Financial Statements



Town of Chino Valley, Arizona

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -
 Street Light Improvement District
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget - Positive (Negative) |
|--|------------------|----------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 4,100 | \$ 4,100 | \$ 3,900 | \$ (200) |
| Total revenues | 4,100 | 4,100 | 3,900 | (200) |
| Expenditures | | | | |
| Current: | | | | |
| Public works/streets | 4,000 | 4,000 | 4,343 | (343) |
| Total expenditures | 4,000 | 4,000 | 4,343 | (343) |
| Excess (deficiency) of revenue over (under) expenditures | 100 | 100 | (443) | (543) |
| Fund Balance, Beginning | 969 | 969 | 969 | - |
| Fund Balance, Ending | \$ 1,069 | \$ 1,069 | \$ 526 | \$ (543) |

Statistical Section

| Contents | Page |
|---|-----------|
| Financial Trends These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time | 87 - 90 |
| Revenue Capacity These schedules contain information to help the reader assess the Town's most significant local revenue sources, property tax and transaction privilege and uses taxes. | 91 - 97 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future | 98 - 102 |
| Demographic and Economic Statistics These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place | 103 - 105 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs | 106 - 108 |
| Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. | |

Town of Chino Valley, Arizona

Net Position by Component
Last Ten Fiscal Years

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental Activities | | | | | | | | | |
| Net investment in capital assets: | | | | | | | | | |
| Restricted | \$ 5,424,332 | \$ 6,027,754 | \$ 6,693,892 | \$ 7,499,509 | \$ 8,791,146 | \$ 9,405,857 | \$ 12,627,404 | \$ 14,916,791 | \$ 21,370,222 |
| Unrestricted | 1,327,962 | 1,769,920 | 2,355,810 | 1,445,551 | 1,500,148 | 3,018,753 | 5,961,508 | 5,922,383 | 5,560,431 |
| | (394,472) | (154,836) | 666,822 | 2,542,035 | 4,478,169 | 5,645,322 | 7,890,203 | 10,383,754 | 8,514,628 |
| Total governmental activities net position | 6,357,822 | 7,642,838 | 9,716,524 | 11,487,095 | 14,769,463 | 18,069,932 | 26,479,115 | 31,222,928 | 35,445,281 |
| Business-Type Activities | | | | | | | | | |
| Net investment in capital assets: | | | | | | | | | |
| Restricted | 16,077,901 | 16,106,276 | 15,502,227 | 14,958,858 | 14,524,764 | 14,879,202 | 15,389,102 | 16,594,860 | 16,970,838 |
| Unrestricted | 482,116 | 588,280 | 730,932 | 870,202 | 1,004,070 | 1,094,561 | 919,404 | 953,724 | 1,005,585 |
| | (4,665,739) | (4,782,941) | (3,812,291) | (3,407,128) | (3,316,066) | (3,494,538) | (3,526,832) | (4,010,039) | (4,292,406) |
| Total business-type activities net position | 11,894,278 | 11,911,615 | 12,420,868 | 12,421,932 | 12,212,768 | 12,479,225 | 12,781,674 | 13,538,545 | 13,684,017 |
| Primary Government | | | | | | | | | |
| Net investment in capital assets: | | | | | | | | | |
| Restricted | 21,502,233 | 22,134,030 | 22,196,119 | 22,458,367 | 23,315,910 | 24,285,059 | 28,016,506 | 31,511,651 | 38,341,060 |
| Unrestricted | 1,810,078 | 2,358,200 | 3,086,742 | 2,315,753 | 2,504,218 | 4,113,314 | 6,880,912 | 6,876,107 | 6,566,016 |
| | (5,060,211) | (4,937,777) | (3,145,469) | (865,093) | 1,162,103 | 2,150,784 | 4,363,371 | 6,373,715 | 4,222,222 |
| Total primary government net position | \$ 18,252,100 | \$ 19,554,453 | \$ 22,137,392 | \$ 23,909,027 | \$ 26,982,231 | \$ 30,549,157 | \$ 39,260,789 | \$ 44,761,473 | \$ 49,129,298 |

Town of Chino Valley, Arizona

Changes in Net Position
Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (7,437,020) | \$ (7,606,435) | \$ (7,482,665) | \$ (7,648,079) | \$ (8,945,107) | \$ (8,578,402) | \$ (10,456,595) | \$ (6,925,459) | \$ (12,374,293) | \$ (14,897,663) |
| Business-type activities | (1,200,252) | (858,481) | (338,046) | 389,282 | (82,249) | (269,059) | 212,230 | (18,558) | (821,853) | (922,073) |
| Total primary government net expense | (8,637,272) | (8,464,916) | (7,820,711) | (7,258,797) | (9,027,356) | (8,847,461) | (10,244,365) | (6,944,017) | (13,196,146) | (15,819,736) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Town transaction privilege tax | 5,078,635 | 5,455,413 | 5,603,710 | 6,312,095 | 7,009,864 | 7,962,355 | 9,326,248 | 10,615,250 | 11,789,069 | 11,712,759 |
| State transaction privilege taxes | 1,309,465 | 1,022,547 | 1,020,252 | 1,084,425 | 1,179,854 | 1,243,034 | 1,467,611 | 1,834,785 | 1,994,400 | 2,066,470 |
| Auto lieu tax | 629,553 | 680,388 | 712,352 | 766,485 | 826,894 | 852,404 | 1,049,654 | 1,016,479 | 1,098,783 | 1,104,694 |
| State income tax-revenue sharing | 988,552 | 1,302,365 | 1,362,532 | 1,393,419 | 1,417,474 | 1,552,162 | 1,768,560 | 1,700,042 | 2,559,453 | 3,622,169 |
| Property tax | 4,028 | 3,994 | 3,996 | 3,999 | 2,575 | 5,297 | 4,247 | 4,098 | 3,891 | 3,900 |
| Franchise tax | 125,124 | 136,036 | 117,715 | 124,327 | 127,155 | 136,263 | 136,335 | 132,509 | 378,733 | 397,097 |
| Other | 377 | - | - | - | - | - | - | - | - | - |
| Unrestricted investment earnings | 6,590 | 8,486 | 22,124 | 62,015 | 151,862 | 109,255 | 4,409 | 20,360 | 568,181 | 804,688 |
| Miscellaneous | - | - | - | - | - | - | - | 266,119 | 171,614 | 346,242 |
| Gain on sale of assets | (19,073) | - | - | - | - | - | - | - | 17,950 | 46,997 |
| Transfers | (280,700) | (150,000) | (75,000) | (25,000) | - | - | - | (255,000) | (1,463,968) | (985,000) |
| Total governmental activities | 7,842,551 | 8,459,229 | 8,767,681 | 9,721,765 | 10,715,678 | 11,860,770 | 13,757,064 | 15,334,642 | 17,118,106 | 19,120,016 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | 676 | 1,671 | 2,724 | 8,504 | 19,270 | 14,076 | 491 | 1,843 | 34,319 | 51,862 |
| Miscellaneous | - | - | - | - | - | - | - | 64,164 | 71,337 | 30,683 |
| Grants and Contributions not restricted: | | | | | | | | | | |
| Gain on Sale of Assets | 620 | - | - | - | 64,043 | 45,819 | - | - | 9,100 | - |
| Special items | 1,660,154 | 382,500 | 277,659 | 86,467 | - | - | 53,736 | - | - | - |
| Transfers | 280,700 | 150,000 | 75,000 | 25,000 | - | - | - | 255,000 | 1,463,968 | 985,000 |
| Total business-type activities | 1,942,150 | 534,171 | 355,383 | 119,971 | 83,313 | 59,895 | 54,227 | 321,007 | 1,578,724 | 1,067,545 |
| Total primary government | 9,784,701 | 8,993,400 | 9,123,064 | 9,841,736 | 10,798,991 | 11,920,665 | 13,811,291 | 15,655,649 | 18,696,830 | 20,187,561 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | 405,531 | 852,794 | 1,285,016 | 2,073,686 | 1,770,571 | 3,282,368 | 3,300,469 | 8,409,183 | 4,743,813 | 4,222,353 |
| Business-type activities | 741,898 | (324,310) | 17,337 | 509,253 | 1,064 | (209,164) | 266,457 | 302,449 | 756,871 | 145,472 |
| Total primary government | \$ 1,147,429 | \$ 528,484 | \$ 1,302,353 | \$ 2,582,939 | \$ 1,771,635 | \$ 3,073,204 | \$ 3,566,926 | \$ 8,711,632 | \$ 5,500,684 | \$ 4,367,825 |

Town of Chino Valley, Arizona

Fund Balances of Governmental Funds
Last Ten Fiscal Years

| # | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 4,060 | \$ 43,818 | \$ 1,302,226 | \$ 327,562 | \$ 129,873 | \$ 19,525 | \$ 509,682 | \$ 6,057 | \$ 11,654 | \$ 4,169 |
| Restricted | 301,854 | 322,353 | 114,330 | 140,339 | 149,717 | 131,298 | 150,460 | 161,436 | 197,300 | 217,093 |
| Assigned | - | - | 192,946 | 250,027 | 329,870 | 389,082 | 478,217 | 536,714 | 809,814 | 989,385 |
| Unassigned | 4,349,040 | 5,064,810 | 4,575,991 | 6,591,840 | 7,731,346 | 7,816,055 | 8,487,272 | 14,087,857 | 12,857,038 | 8,774,845 |
| Total general fund | 4,654,954 | 5,430,981 | 6,185,493 | 7,309,768 | 8,340,806 | 8,355,960 | 9,625,631 | 14,792,064 | 13,875,806 | 9,985,492 |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted: | | | | | | | | | | |
| Highways and streets | 463,774 | 456,204 | 760,071 | 953,266 | 771,662 | 838,013 | 2,279,389 | 2,390,222 | 4,975,449 | 4,857,311 |
| Capital improvements | - | - | - | - | - | - | - | 2,733,621 | - | - |
| Development impact fees | 606,592 | 566,191 | 523,122 | 510,575 | 25 | - | - | - | - | - |
| Debt service | 614,924 | 128,707 | 457,027 | 455,795 | 457,683 | 457,464 | 351,862 | 483,750 | - | 485,501 |
| Public safety | 24,507 | 46,099 | 59,428 | 45,698 | 55,606 | 57,744 | 79,177 | 159,449 | 244,488 | - |
| Grants | - | - | - | - | - | - | - | - | - | - |
| Other purposes | 7,673 | 40,385 | 32,354 | 11,601 | 10,858 | 15,629 | 35,910 | 33,030 | 24,438 | 526 |
| Committed: | | | | | | | | | | |
| Debt service | - | - | - | - | - | - | 121,955 | - | 480,708 | - |
| Assigned for: | | | | | | | | | | |
| Capital improvements | 589,530 | 683,648 | 919,592 | 1,121,632 | 1,048,679 | 2,976,407 | 3,056,538 | 2,236,421 | 2,478,888 | 2,865,701 |
| Unassigned | 293 | 109 | (631,902) | - | (761) | - | - | - | - | 410,429 |
| Total all other governmental funds | \$ 2,307,293 | \$ 1,921,343 | \$ 2,119,692 | \$ 3,098,567 | \$ 2,343,752 | \$ 4,345,257 | \$ 5,924,831 | \$ 8,036,493 | \$ 8,203,971 | \$ 8,619,468 |

Town of Chino Valley, Arizona
 Changes in Fund Balance of Governmental Funds
 Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|--------------------|--------------------|-------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 5,207,787 | \$ 5,595,443 | \$ 5,725,421 | \$ 6,440,421 | \$ 7,139,594 | \$ 8,103,915 | \$ 9,466,830 | \$ 10,751,857 | \$ 12,171,693 | \$ 12,113,756 |
| Licenses and permits | 276,828 | 352,447 | 561,146 | 709,765 | 451,287 | 483,739 | 656,131 | 574,085 | 526,939 | 394,262 |
| Intergovernmental | 4,676,970 | 4,906,700 | 5,185,879 | 5,868,265 | 4,941,428 | 6,548,620 | 6,784,490 | 10,764,840 | 7,853,519 | 9,227,278 |
| Charges for services | 94,270 | 122,960 | 115,633 | 124,458 | 135,913 | 87,794 | 88,865 | 155,411 | 126,424 | 115,440 |
| Fines and forfeitures | 208,163 | 247,977 | 296,591 | 275,315 | 234,992 | 205,212 | 214,143 | 201,699 | 232,205 | 207,519 |
| Impact fees | 2,712 | - | 20 | - | - | - | - | - | - | - |
| Interest | 6,590 | 8,486 | 22,124 | 62,015 | 151,862 | 109,255 | 4,409 | 20,360 | 586,655 | 804,688 |
| Other revenues | 38,413 | 54,354 | 37,343 | 88,291 | 176,377 | 174,125 | 285,930 | 266,199 | 175,860 | 358,455 |
| Total revenues | 10,511,733 | 11,288,367 | 11,944,137 | 13,568,530 | 13,231,473 | 15,712,660 | 17,480,798 | 22,734,451 | 21,673,295 | 23,221,398 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 3,339,953 | 3,913,936 | 3,900,208 | 3,937,694 | 4,466,270 | 4,795,109 | 4,725,066 | 5,443,589 | 6,441,715 | 7,774,678 |
| Public safety | 2,814,077 | 2,727,591 | 2,935,355 | 3,322,163 | 3,441,879 | 3,529,005 | 3,684,573 | 3,936,638 | 4,559,053 | 5,287,481 |
| Public works | 1,182,221 | 731,692 | 524,963 | 756,057 | 958,368 | 1,148,879 | 2,064,109 | 3,102,989 | 1,240,810 | 997,085 |
| Culture and recreation | 871,535 | 964,652 | 988,361 | 1,055,044 | 1,115,363 | 1,067,558 | 1,148,267 | 1,340,243 | 1,474,556 | 1,733,965 |
| Health and welfare | 378,921 | 402,424 | 316,045 | 361,111 | 309,899 | 343,411 | 337,080 | 424,439 | 454,207 | 494,550 |
| Capital outlay | 1,931,282 | 1,069,811 | 1,727,192 | 1,916,593 | 1,550,908 | 1,383,628 | 1,716,016 | 7,043,190 | 5,505,118 | 8,194,201 |
| Debt service: | | | | | | | | | | |
| Principal | 75,000 | 3,960,916 | 127,603 | 534,791 | 734,593 | 1,064,517 | 606,000 | 493,082 | 827,380 | 755,504 |
| Interest | 341,721 | 504,370 | 398,680 | 403,861 | 389,222 | 368,749 | 350,647 | 341,052 | 561,069 | 520,748 |
| Debt issuance cost | - | 65,714 | - | 2,000 | - | - | - | 357,707 | - | - |
| Total expenditures | 10,934,710 | 14,341,106 | 10,918,407 | 12,289,314 | 12,966,502 | 13,700,856 | 14,631,758 | 22,482,929 | 21,063,908 | 25,758,212 |
| Revenues over (under) expenditures | (422,977) | (3,052,739) | 1,025,730 | 1,279,216 | 264,971 | 2,011,804 | 2,849,040 | 251,522 | 609,387 | (2,536,814) |
| Other Finance Sources (Uses) | | | | | | | | | | |
| Refunding bonds issued | - | - | - | - | - | - | - | 7,024,031 | - | - |
| Lease agreements | 607,448 | - | - | 711,464 | - | - | - | - | - | - |
| Sale of Assets | 14,783 | 6,560 | 2,131 | 137,470 | 11,252 | 4,855 | 205 | 72,426 | 17,950 | 46,997 |
| Pledged revenue bonds issued | - | 3,346,000 | - | - | - | - | - | 6,155,000 | - | - |
| Premium on bonds | - | - | - | - | - | - | - | 2,253,114 | - | - |
| Payment to refunded debt escrow agent | - | - | - | - | - | - | - | (8,222,918) | - | - |
| Transfers in | 1,684,779 | 1,095,167 | 1,252,000 | 1,173,000 | 2,085,706 | 3,751,861 | 3,468,731 | 4,346,500 | 10,855,892 | 5,365,220 |
| Transfers out | (1,965,479) | (1,245,167) | (1,327,000) | (1,198,000) | (2,085,706) | (3,751,861) | (3,468,731) | (4,601,500) | (12,232,009) | (6,350,220) |
| Total other finance sources (uses) | 341,531 | 3,202,560 | (72,869) | 823,934 | 11,252 | 4,855 | 205 | 7,026,653 | (1,358,167) | (938,003) |
| Net change in fund balances | \$ (81,446) | \$ 149,821 | \$ 952,861 | \$ 2,103,150 | \$ 276,223 | \$ 2,016,659 | \$ 2,849,245 | \$ 7,278,175 | \$ (748,780) | \$ (3,474,817) |
| Debt Service as a Percentage of Noncapital Expenditures | 4.46% | 34.99% | 5.67% | 8.92% | 9.81% | 11.77% | 7.18% | 5.92% | 9.21% | 7.16% |

Town of Chino Valley, Arizona

Assessed, Limited and Full Cash Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Limited Property Value -Primary | | Full Cash Value-Secondary | | Ratio of Net Assessed to Total Values |
|-------------|---------------------------------|---------------|---------------------------|---------------|---------------------------------------|
| | Net Assessed Value | Total Value | Net Assessed Value | Total Value | |
| 2014-2015 | 68,650,602 | 606,318,136 | 78,892,362 | 702,125,803 | 11 % |
| 2015-2016 | 68,900,296 | 627,209,860 | 80,357,855 | 738,888,013 | 11 |
| 2016-2017 | 71,703,530 | 652,618,898 | 83,930,432 | 773,511,955 | 11 |
| 2017-2018 | 76,175,662 | 698,377,587 | 91,475,024 | 848,659,263 | 11 |
| 2018-2019 | 81,468,659 | 753,795,532 | 104,330,919 | 980,124,645 | 11 |
| 2019-2020 | 87,437,075 | 816,434,870 | 122,115,077 | 1,154,109,710 | 11 |
| 2020-2021 | 94,119,722 | 882,471,069 | 137,938,692 | 1,308,809,901 | 11 |
| 2021-2022 | 99,980,268 | 945,830,276 | 139,710,711 | 1,341,041,314 | 10 |
| 2022-2023 | 106,533,510 | 1,014,524,467 | 171,539,005 | 1,654,043,423 | 10 |
| 2023-2024 | 115,383,903 | 1,107,666,016 | 215,158,832 | 2,094,754,848 | 10 |

Source: Yavapai County Assessor

Town of Chino Valley, Arizona

Property Tax Rates - Direct and Overlapping Governments
 (Primary Tax Rates)
 Per \$100 of Assessed Value
 Last Ten Fiscal Years

| Tax Authority | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Town of Chino Valley | - | - | - | - | - | - | - | - | - | - |
| Yavapai County | 1.9442 | 1.9317 | 1.9027 | 1.8395 | 1.7788 | 2.0152 | 1.9255 | 1.8570 | 1.7925 | 1.7148 |
| School Equalization | 0.5089 | 0.5054 | 0.5010 | 0.4875 | 0.4741 | 0.4566 | 0.4426 | 0.4263 | - | - |
| Yavapai College | 1.8606 | 1.8721 | 1.8439 | 1.7827 | 1.7584 | 1.6883 | 1.6131 | 1.5557 | 1.5017 | 1.5084 |
| Chino Valley School District | 5.0146 | 4.4236 | 4.6005 | 4.3974 | 4.2808 | 4.1000 | 3.9659 | 3.9497 | 3.7295 | 3.6426 |
| Total primary | <u>9.3283</u> | <u>8.7328</u> | <u>8.8481</u> | <u>8.5071</u> | <u>8.2921</u> | <u>8.2601</u> | <u>7.9471</u> | <u>7.7887</u> | <u>7.0237</u> | <u>6.8658</u> |

Source: Yavapai County Treasurer

Town of Chino Valley, Arizona

Secondary Tax Rates - Direct and Overlapping Governments
 (Secondary Tax Rates)
 Per \$100 of Assessed Value
 Last Ten Fiscal Years

| Tax Authority | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Town of Chino Valley | - | - | - | - | - | - | - | - | - | - |
| Fire District Assistance | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.1000 | 0.0937 | 0.0890 | 0.0859 | 0.0826 |
| Flood Control District | 0.2116 | 0.1976 | 0.2346 | 0.2346 | 0.2188 | 0.2103 | 0.2006 | 0.1916 | 0.1834 | 0.1750 |
| Library District | 0.1500 | 0.1907 | 0.1815 | 0.1815 | 0.1720 | 0.1651 | 0.1577 | 0.1521 | 0.1404 | 0.1404 |
| Yavapai College | 0.2231 | 0.2122 | 0.1815 | 0.2001 | 0.1892 | 0.1525 | 0.0760 | 0.0131 | - | - |
| Chino Valley School District | 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 | 0.0500 |
| Chino Valley Fire District | 3.5799 | 3.6175 | 3.6175 | 3.6173 | 3.5986 | 3.5732 | 3.5466 | 3.5346 | 3.5678 | 3.5801 |
| Total secondary | 4.3146 | 4.3680 | 4.3651 | 4.3835 | 4.3286 | 4.2511 | 4.1246 | 4.0304 | 4.0275 | 4.0281 |

Source: Yavapai County Treasurer

Town of Chino Valley, Arizona

Sales Tax Revenues by Industry
Last Ten Fiscal Years

| | Fiscal Year 2014-2015 | | Fiscal Year 2015-16 | | Fiscal Year 2016-17 | | Fiscal Year 2017-18 | | Fiscal Year 2018-19 | |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total |
| Construction | \$ 345,449 | 6.80 % | \$ 354,129 | 6.61 % | \$ 495,600 | 8.88 % | \$ 846,851 | 13.42 % | \$ 937,004 | 13.37 % |
| Manufacturing | 74,890 | 1.47 | 78,910 | 1.47 | 30,895 | 0.55 | 112,066 | 1.78 | 207,019 | 2.95 |
| Transportation, communication, utilities | 764,228 | 15.05 | 798,024 | 14.89 | 694,022 | 12.44 | 730,917 | 11.58 | 727,641 | 10.38 |
| Use Tax | 167,135 | 3.29 | 129,501 | 2.42 | - | - | 118,731 | 1.88 | 180,042 | 2.57 |
| Retail trade | 2,606,219 | 51.32 | 2,735,267 | 51.04 | 3,171,921 | 56.86 | 3,350,891 | 53.09 | 3,700,174 | 52.79 |
| Restaurants/bars | 477,722 | 9.41 | 501,100 | 9.35 | 573,858 | 10.29 | 600,046 | 9.51 | 655,336 | 9.35 |
| Rental, leasing, and licensing for use | 335,282 | 6.60 | 348,577 | 6.50 | 378,261 | 6.78 | 399,797 | 6.33 | 430,263 | 6.14 |
| Services | 125,529 | 2.47 | 130,589 | 2.44 | 144,015 | 2.58 | 139,351 | 2.21 | 153,274 | 2.19 |
| All other | 182,181 | 3.59 | 282,941 | 5.28 | 89,468 | 1.60 | 13,446 | 0.21 | 19,106 | 0.27 |
| Total | \$ 5,078,635 | 100.00 % | \$ 5,359,038 | 100.00 % | \$ 5,578,040 | 100.00 % | \$ 6,312,096 | 100.00 % | \$ 7,009,859 | 100.00 % |

Source: Arizona Department of Revenue

Note:

The categories presented are intended to provide alternative information regarding the source of the Town's revenue.

Town of Chino Valley, Arizona

Sales Tax Revenues by Industry
Last Ten Fiscal Years

| | Fiscal Year 2019-20 | | Fiscal Year 2020-21 | | Fiscal Year 2021-22 | | Fiscal Year 2022-23 | | Fiscal Year 2023-24 | |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total | Tax Paid | Percentage of Total |
| Construction | \$ 814,408 | 10.23 % | \$ 986,802 | 10.58 % | \$ 1,069,187 | 10.07 % | \$ 1,367,736 | 11.60 % | \$ 1,075,749 | 9.18 % |
| Manufacturing | 188,099 | 2.36 | 232,773 | 2.50 | 278,613 | 2.62 | 257,792 | 2.19 | 195,463 | 1.67 |
| Transportation, communication, utilities | 746,936 | 9.38 | 752,494 | 8.07 | 831,476 | 7.83 | 886,059 | 7.52 | 930,947 | 7.95 |
| Use Tax | 192,340 | 2.42 | 256,227 | 2.75 | 306,359 | 2.89 | 270,533 | 2.29 | 243,290 | 2.08 |
| Retail trade | 4,745,837 | 59.60 | 5,618,035 | 60.24 | 6,422,047 | 60.50 | 7,181,271 | 60.91 | 7,477,469 | 63.84 |
| Restaurants/bars | 696,727 | 8.75 | 867,868 | 9.31 | 978,554 | 9.22 | 1,043,435 | 8.85 | 1,032,215 | 8.81 |
| Rental, leasing, and licensing for use | 534,953 | 6.72 | 574,916 | 6.16 | 669,954 | 6.31 | 737,016 | 6.25 | 723,953 | 6.18 |
| Services | - | - | - | - | - | - | 33,155 | 0.28 | 32,307 | 0.28 |
| All other | 43,056 | 0.54 | 37,133 | 0.40 | 59,060 | 0.56 | 12,072 | 0.10 | 1,366 | 0.01 |
| Total | \$ 7,962,356 | 100.00 % | \$ 9,326,248 | 100.00 % | \$ 10,615,250 | 100.00 % | \$ 11,789,069 | 100.00 % | \$ 11,712,759 | 100.00 % |

Source: Arizona Department of Revenue

Note:

The categories presented are intended to provide alternative information regarding the source of the Town's revenue.

Town of Chino Valley, Arizona

Direct and Overlapping Sales Tax Rates

June 30, 2024

| | Rates | | |
|--|---------|--------------------------------|----------|
| | Town | State and Yavapai County | Combined |
| Privilege tax, except retail, utilities, and telecommunication | 4.000 % | 6.350 % | 10.350 % |
| Retail | 4.000 | 6.350 | 10.350 |
| Hotel/motel (additional tax for chino valley) | 4.000 | 6.325 | 10.325 |
| Restaurant/bar | 4.000 | 6.350 | 10.350 |
| Use tax | 3.000 | 5.600 | 8.600 |
| Construction | 4.000 | 6.350 | 10.350 |

Sources: Town of Chino Valley Finance Department and Arizona Department of Revenue

Town of Chino Valley, Arizona

Actual Excise Tax Collections

Last Ten Fiscal Years

| Fiscal Year | Town Sales Tax | Franchise Tax | State Shared Sales Tax | Urban Revenue Share | Vehicle License Tax | Total |
|--------------------|-----------------------|----------------------|-------------------------------|----------------------------|----------------------------|--------------|
| 2014-2015 | \$ 5,018,421 | \$ 125,124 | \$ 988,552 | \$ 1,309,465 | \$ 629,553 | \$ 8,071,115 |
| 2015-2016 | 5,403,949 | 136,036 | 1,022,547 | 1,302,365 | 680,388 | 8,545,285 |
| 2016-2017 | 5,578,040 | 117,715 | 1,020,252 | 1,362,532 | 712,352 | 8,790,890 |
| 2017-2018 | 6,312,096 | 124,329 | 1,084,425 | 1,393,419 | 766,485 | 9,680,754 |
| 2018-2019 | 7,009,860 | 127,155 | 1,179,854 | 1,417,474 | 826,894 | 10,561,236 |
| 2019-2020 | 7,962,355 | 136,263 | 1,291,713 | 1,552,162 | 852,404 | 11,794,897 |
| 2020-2021 | 9,326,248 | 136,335 | 1,467,611 | 1,768,560 | 1,049,654 | 13,748,408 |
| 2021-2022 | 10,615,250 | 132,509 | 1,834,785 | 1,700,042 | 1,016,479 | 15,299,065 |
| 2022-2023 | 11,789,069 | 378,733 | 1,994,400 | 2,559,453 | 1,098,783 | 17,820,438 |
| 2023-2024 | 11,712,759 | 397,097 | 2,066,470 | 3,622,169 | 1,104,694 | 18,903,189 |

Source: Town of Chino Valley Finance Department and Arizona Department of Revenue

Town of Chino Valley, Arizona

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-Type Activities | | | | | Total Primary Government | Percentage of Personal Income | Per Capita (a) | |
|-------------|-------------------------|---------------|---------------|--------------------------|---------------|---------------|------------------------------|---------------|--------------------------|-------------------------------|----------------|---------------------|
| | Capital Leases | Revenue Bonds | Loans Payable | Capital Leases | Notes Payable | Loans Payable | Related-Party Capital Leases | Revenue Bonds | | | | Developer Agreement |
| 2014-2015 | \$ 519,466 | \$ 7,137,973 | \$ 3,731,760 | \$ 92,329 | \$ - | \$ 11,689,732 | \$ - | \$ 611,051 | \$ 420,733 | \$ 24,203,044 | * | \$ 2,245 |
| 2015-2016 | 401,035 | 10,492,581 | - | 71,280 | - | 11,034,561 | - | 565,951 | 420,733 | 22,986,141 | * | 2,064 |
| 2016-2017 | 280,302 | 10,501,189 | - | 49,820 | - | 11,400,220 | - | 520,851 | 420,733 | 23,173,115 | * | 2,081 |
| 2017-2018 | 765,976 | 10,317,000 | - | 125,090 | - | 10,748,904 | - | 470,751 | 420,733 | 22,848,454 | * | 2,052 |
| 2018-2019 | 501,399 | 9,739,405 | - | 80,590 | - | 10,115,892 | - | 420,651 | 420,733 | 21,278,670 | * | 1,773 |
| 2019-2020 | - | 9,223,013 | - | - | - | 9,465,105 | - | 370,551 | 420,733 | 19,479,402 | * | 1,574 |
| 2020-2021 | - | 8,625,621 | - | - | - | 8,795,680 | - | 315,450 | 420,733 | 18,157,484 | * | 1,395 |
| 2021-2022 | - | 13,178,845 | - | - | - | 8,117,441 | - | 226,155 | 420,733 | 21,943,174 | * | 1,626 |
| 2022-2023 | - | 14,424,328 | - | - | - | 7,419,524 | - | 238,663 | 420,733 | 22,503,248 | * | 1,492 |
| 2023-2024 | - | 13,578,699 | - | - | - | 6,701,329 | - | 214,776 | 420,733 | 20,915,537 | * | 1,514 |

(a) See page 86 for population data.

Town of Chino Valley, Arizona

Computation of Direct and Overlapping Debt
June 30, 2024

| Jurisdiction | 2023-2024 Secondary Assessed Valuation | Net Debt Outstanding | Percentage Applicable to the Town of Chino Valley | Amount Applicable to the Town of Chino Valley |
|-----------------------------------|---|-------------------------|--|--|
| State of Arizona | \$158,962,333,751 | \$ - | 0.14 % | \$ - |
| Yavapai County | 6,647,367,017 | 7,301,000 | 3.24 | 236,315 |
| Chino Valley School District | 479,411,362 | 1,057,194 | 100.00 | 1,057,194 |
| Chino Valley Fire District | 345,498,219 | 2,445,000 | 62.27 | 1,522,622 |
| Yavapai County Library District | 6,647,367,017 | - | 3.24 | - |
| Yavapai County Jail District | 6,647,367,017 | 49,580,000 | 3.24 | 1,604,782 |
| Yavapai County Community College | <u>6,647,367,017</u> | <u>2,360,000</u> | <u>3.24</u> | <u>76,387</u> |
| Total overlapping debt | | <u>62,743,194</u> | | <u>4,497,301</u> |
| Town of Chino Valley | <u>\$ 215,158,832</u> | <u>13,578,699</u> | <u>100.00 %</u> | <u>13,578,699</u> |
| Total direct debt | | <u>13,578,699</u> | | <u>13,578,699</u> |
| Total overlapping and direct debt | | <u>\$ 76,321,893</u> | | <u>\$ 18,076,000</u> |

Source: Assessed value data used to estimate applicable percentages provided by Yavapai County Assessor's Office.

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Chino Valley. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is resident, and therefore responsibility for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining their portion of Yavapai County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

The Town of Chino Valley Debt includes the long-term bonded debt for governmental activities.

Town of Chino Valley, Arizona

Legal Debt Margin Information

Last Ten Fiscal Years

| | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|---|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Secondary Assessed Value | \$ 78,892,362 | \$ 80,357,855 | \$ 83,930,432 | \$ 753,795,532 | \$ 816,434,870 | \$ 122,115,077 | \$ 137,938,692 | \$ 139,710,711 | \$ 171,539,005 | \$ 215,158,832 |
| 20% Limitation (a) | 15,778,472 | 16,071,571 | 16,786,086 | 150,759,106 | 163,286,974 | 24,423,015 | 27,587,738 | 27,942,142 | 34,307,801 | 43,031,766 |
| Debt limit equal to 20% of assessed valuation | - | - | - | - | - | - | - | - | - | - |
| Total debt applicable to 20% limit | \$ 15,778,472 | \$ 16,071,571 | \$ 16,786,086 | \$ 150,759,106 | \$ 163,286,974 | \$ 24,423,015 | \$ 27,587,738 | \$ 27,942,142 | \$ 34,307,801 | \$ 43,031,766 |
| Legal 20% debt margin (available borrowing capacity) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit | \$ 4,733,542 | \$ 4,821,471 | \$ 5,035,826 | \$ 45,227,732 | \$ 48,986,092 | \$ 7,326,905 | \$ 8,276,322 | \$ 8,382,643 | \$ 10,292,340 | \$ 12,909,530 |
| 6% Limitation (b) | - | - | - | - | - | - | - | - | - | - |
| Debt limit equal to 6% of assessed valuation | - | - | - | - | - | - | - | - | - | - |
| Total debt applicable to 6% limit | \$ 4,733,542 | \$ 4,821,471 | \$ 5,035,826 | \$ 45,227,732 | \$ 48,986,092 | \$ 7,326,905 | \$ 8,276,322 | \$ 8,382,643 | \$ 10,292,340 | \$ 12,909,530 |
| Legal 6% debt margin (available borrowing capacity) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Source: Yavapai County Assessor's Office

(a) 20% Debt Limitation can be used for Water, Sewer, Light, Parks, and Open Space Purposes.

(b) 6% Debt Limitation can be used for all other General Obligation Bonds.

Town of Chino Valley, Arizona

Pledged Revenue Coverage
Last Ten Fiscal Years

| Refunding Obligations 2021 Series | | | | |
|--|------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30: | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2022 | \$ 15,299,066 | \$ 702,385 | \$ 220,840 | 16.57 |
| 2023 | 17,820,438 | 702,380 | 238,450 | 18.94 |
| 2024 | 18,903,189 | 602,504 | 285,798 | 21.28 |

| Police Department 2021 | | | | |
|-----------------------------------|------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30: | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2022 | \$ 15,299,066 | \$ 125,000 | \$ 155,412 | 54.56 |
| 2023 | 17,820,438 | 125,000 | 238,450 | 49.03 |
| 2024 | 18,903,189 | 150,000 | 233,950 | 49.23 |

| Refunding Obligations 2021 Series | | | | |
|--|------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30: | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2022 | \$ 15,299,066 | \$ 22,615 | \$ 7,019 | 516.28 |
| 2023 | 17,820,438 | 22,620 | 10,177 | 543.36 |
| 2024 | 18,903,189 | 19,496 | 9,202 | 658.69 |

| WIFA 2007 | | | | |
|----------------------------------|------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30 | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2014 | \$ 8,026,477 | \$ 73,762 | \$ 32,160 | 75.78 |
| 2015 | 8,071,115 | 75,796 | 30,070 | 76.24 |
| 2016 | 8,545,285 | 77,886 | 27,922 | 80.76 |
| 2017 | 8,790,890 | 80,034 | 25,714 | 83.13 |
| 2018 | 9,680,754 | 82,242 | 23,447 | 91.60 |
| 2019 | 10,561,236 | 84,510 | 21,116 | 99.99 |
| 2020 | 11,997,299 | 86,841 | 18,720 | 113.65 |
| 2021 | 13,748,408 | 89,236 | 16,260 | 130.32 |
| 2022 | 15,299,066 | 91,697 | 13,731 | 145.11 |
| 2023 | 17,820,438 | 94,226 | 11,130 | 169.14 |
| 2024 | 18,903,189 | 302,330 | 36,492 | 55.79 |

| WIFA 2008 | | | | |
|----------------------------------|------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30 | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2014 | \$ 8,026,477 | \$ 229,065 | \$ 111,816 | 23.55 |
| 2015 | 8,071,115 | 235,510 | 105,192 | 23.69 |
| 2016 | 8,545,285 | 242,138 | 98,378 | 25.10 |
| 2017 | 8,790,890 | 248,952 | 91,372 | 25.83 |
| 2018 | 9,680,754 | 255,957 | 84,170 | 28.46 |
| 2019 | 10,561,236 | 263,160 | 76,765 | 31.07 |
| 2020 | 11,997,299 | 270,565 | 69,152 | 35.32 |
| 2021 | 13,748,408 | 278,178 | 61,324 | 40.50 |
| 2022 | 15,299,066 | 286,007 | 53,275 | 45.09 |
| 2023 | 17,820,438 | 294,055 | 45,000 | 52.56 |
| 2024 | 18,903,189 | 142,883 | 35,669 | 105.87 |

Town of Chino Valley, Arizona

Pledged Revenue Coverage
Last Ten Fiscal Years

| WIFA 2014 | | | | |
|--------------------------------------|--------------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30 | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2015 | \$ 8,071,115 | \$ - | \$ 29,950 | 269.49 |
| 2016 | 8,545,285 | 121,854 | 57,121 | 47.75 |
| 2017 | 8,790,890 | 124,303 | 54,622 | 49.13 |
| 2018 | 9,680,754 | 126,801 | 52,073 | 54.12 |
| 2019 | 10,561,236 | 129,350 | 49,473 | 59.06 |
| 2020 | 11,997,299 | 131,950 | 46,822 | 67.11 |
| 2021 | 13,748,408 | 134,602 | 44,116 | 76.93 |
| 2022 | 15,299,066 | 137,308 | 41,356 | 85.63 |
| 2023 | 17,820,438 | 140,068 | 38,540 | 99.77 |
| 2024 | 18,903,189 | 142,883 | 35,669 | 105.87 |

| WIFA 2016 | | | | |
|--------------------------------------|--------------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30 | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2016 | \$ 8,545,285 | \$ - | \$ 60,462 | 141.33 |
| 2017 | 8,790,890 | 150,161 | 96,326 | 35.66 |
| 2018 | 9,680,754 | 153,700 | 92,723 | 39.29 |
| 2019 | 10,561,236 | 134,526 | 90,745 | 46.88 |
| 2020 | 11,997,299 | 139,907 | 85,262 | 53.28 |
| 2021 | 13,748,408 | 145,503 | 84,056 | 59.89 |
| 2022 | 15,299,066 | 151,323 | 80,508 | 65.99 |
| 2023 | 17,820,438 | 157,376 | 76,820 | 76.09 |
| 2024 | 18,903,189 | 163,671 | 74,692 | 79.30 |

| WIFA 2017 | | | | |
|--------------------------------------|--------------------------------------|---------------------|-----------------|-----------------|
| Fiscal Year Ended June 30 | Excise Tax Collection | Debt Service | | Coverage |
| | | Principal | Interest | |
| 2017 | \$ 8,790,890 | \$ - | \$ - | - |
| 2018 | 9,680,754 | 12,156 | 6,453 | 520.22 |
| 2019 | 10,561,236 | 11,398 | 6,501 | 590.05 |
| 2020 | 11,997,299 | 11,349 | 7,164 | 648.05 |
| 2021 | 13,748,408 | 11,624 | 5,946 | 782.49 |
| 2022 | 15,299,066 | 11,904 | 5,659 | 871.10 |
| 2023 | 17,820,438 | 12,192 | 6,364 | 960.36 |
| 2024 | 18,903,189 | 12,487 | 4,724 | 1,098.32 |

Town of Chino Valley, Arizona

Demographic and Economic Statistics

Last Ten Fiscal Years

| Fiscal Year | Town Population | County Population | County Personal Income (in Thousands) + | County Per Capita Personal Income | School Enrollment | Yavapai County Unemployment Rate |
|--------------------|----------------------------|------------------------------|--|--|------------------------------|---|
| 2014-2015 | 10,817 | 218,844 | 5,593,458 | 26 | 3,089 | 8.6 % |
| 2015-2016 | 11,137 | 222,255 | 7,112,160 | 32 | 2,991 | 8.6 |
| 2016-2017 | 11,250 | 225,562 | 7,900,004 | 35 | 2,988 | 4.2 |
| 2017-2018 | 11,705 | 228,168 | 8,199,948 | 36 | 2,876 | 4.3 |
| 2018-2019 | 12,003 | 231,993 | 9,352,066 | 41 | 2,860 | 4.9 |
| 2019-2020 | 12,375 | 235,099 | 9,731,391 | 40 | 2,580 | 5.7 |
| 2020-2021 | 13,020 | 241,753 | 9,731,391 | 41 | 2,731 | 4.3 |
| 2021-2022 | 13,492 | 242,253 | 9,932,373 | 41 | 2,815 | 4.3 |
| 2022-2023 | 13,669 | 246,191 | 11,884,929 | 48 | 2,399 | 4.1 |
| 2023-2024 | 13,815 | 249,081 | 9,381,885 | 38 | 2,278 | 4.1 |

Sources: Population, County Per Capita Income and City Unemployment Rate - Arizona Department of Commerce, Arizona Department of Economic Security, and U.S. Census Bureau.
School Enrollment - Chino Valley Unified School District.

Town of Chino Valley, Arizona

Principal Employers

Current Year and Five Years Ago

| Employer | 2024 | | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|------------------------------------|-----------|-------------------------------------|-----------|-------------------------------------|-----------|-------------------------------------|-----------|-------------------------------------|-----------|-------------------------------------|-----------|-------------------------------------|
| | Employees | Percentage of Total town Employment |
| Chino Valley Unified School | 353 | 13.74 % | 322 | 9.58 % | 307 | 11.81 % | 288 | 8.56 % | 290 | 7.75 % | 325 | 8.69 % |
| Safeway | 85 | 3.31 | 181 | 5.38 | 190 | 7.31 | 140 | 4.16 | 175 | 4.68 | 135 | 3.61 |
| Town of Chino Valley | 124 | 4.81 | 114 | 3.39 | 107 | 4.12 | 110 | 3.27 | 98 | 2.62 | 97.5 | 2.61 |
| CAFMA In CV | 35 | 1.36 | 27 | 0.80 | 36 | 1.39 | 36 | 1.07 | 35 | 0.94 | 36 | 0.96 |
| Bonnie Plant | 19 | 0.74 | 25 | 0.74 | 30 | 1.15 | 25 | 0.74 | 24 | 0.64 | - | - |
| Frontier Techni-Kote Industries | - | - | 28 | 0.83 | 28 | 1.08 | - | - | - | - | - | - |
| Arizona Highway Safety Specialists | 37 | 1.44 | 30 | 0.89 | 25 | 0.96 | 25 | 0.74 | 30 | 0.80 | 32 | 0.86 |
| Chino Heating & Cooling | 31 | 1.21 | 33 | 0.98 | 25 | 0.96 | 25 | 0.74 | 25 | 0.67 | 27 | 0.72 |
| AZZ Home Center | 24 | 0.93 | 26 | 0.77 | 18 | 0.69 | - | - | - | - | - | - |
| Circle L Animal Hospital | 22 | 0.86 | 13 | 0.39 | 13 | 0.50 | 20 | 0.59 | 20 | 0.53 | 24 | 0.64 |
| | 730 | 28.39 % | 799 | 23.77 % | 779 | 29.97 % | 669 | 19.89 % | 697 | 18.63 % | 676.5 | 18.08 % |

Sources: Central Arizona Regional Economic Development Foundation; various employers

Town of Chino Valley, Arizona

Authorized Full-time Government Employees by Function/Program
Last Ten Fiscal Years

| Fiscal Year | Function/Program | | | | | | | | | | Total |
|-------------|--------------------|---------------|------------------------|--------------------|-----------------------|---------------------|---------------------|------|------|--------|-------|
| | General Government | Public Safety | Culture and Recreation | Health and Welfare | Public Works/ Streets | Public Works/ Water | Public Works/ Sewer | | | | |
| 2014-2015 | 36.00 | 30.50 | 0.50 | 3.50 | 11.00 | 3.50 | 3.50 | 3.50 | 3.50 | 88.50 | |
| 2015-2016 | 40.00 | 30.50 | 1.00 | 3.50 | 10.00 | 2.50 | 2.50 | 3.50 | 3.50 | 91.00 | |
| 2016-2017 | 39.00 | 31.00 | 1.50 | 3.50 | 11.00 | 2.50 | 2.50 | 3.50 | 3.50 | 92.00 | |
| 2017-2018 | 45.50 | 30.00 | 2.00 | 4.50 | 7.00 | 3.00 | 3.00 | 3.00 | 3.00 | 95.00 | |
| 2018-2019 | 48.50 | 30.00 | 2.00 | 4.50 | 7.00 | 2.50 | 2.50 | 2.50 | 2.50 | 97.00 | |
| 2019-2020 | 49.25 | 30.50 | 2.00 | 4.25 | 7.00 | 2.50 | 2.50 | 2.50 | 2.50 | 98.00 | |
| 2020-2021 | 49.25 | 30.50 | 2.00 | 4.25 | 7.00 | 2.50 | 2.50 | 2.50 | 2.50 | 98.00 | |
| 2021-2022 | 54.50 | 31.00 | 2.00 | 4.50 | 9.00 | 3.00 | 3.00 | 3.00 | 3.00 | 107.00 | |
| 2022-2023 | 57.75 | 34.00 | 2.00 | 4.25 | 9.00 | 3.50 | 3.50 | 3.50 | 3.50 | 114.00 | |
| 2023-2024 | 63.25 | 38.00 | 2.00 | 4.25 | 9.00 | 3.50 | 3.50 | 3.50 | 3.50 | 123.50 | |

Source: Town of Chino Valley Budget

Note: Information is based on authorized positions approved by Council in the Budget.

Town of Chino Valley, Arizona

Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General government: | | | | | | | | | | |
| Registered voters - Primary Election | 5,914 | * | 6,220 | 6,673 | * | 8,305 | 7,505 | 8,218 | * | 8,580 |
| Ballots cast last election - Primary Election | 3,587 | * | 2,630 | 2,840 | * | 7,184 | 3,644 | 4,103 | * | 3,843 |
| Police: | | | | | | | | | | |
| Number of police personnel and officers | 30 | 30 | 31 | 31 | 30 | 31 | 31 | 35 | 41 | 46 |
| Arrests | 443 | 445 | 444 | 394 | 314 | 276 | 160 | 386 | 439 | 428 |
| Citations | 808 | 1,234 | 1,204 | 1,532 | 1,370 | 1,041 | 1,025 | 1,682 | 1,568 | 1,853 |
| Traffic stops | 2,801 | 3,166 | 3,121 | 3,103 | 3,440 | 3,107 | 2,761 | 3,465 | 3,414 | 4,043 |
| Security checks | 2,602 | 1,979 | 1,469 | 914 | 927 | 1,119 | 1,075 | 1,163 | 1,180 | 1,152 |
| Officer reports | 6,485 | 6,257 | 5,601 | 5,135 | 6,810 | 5,685 | 5,424 | 6,090 | 7,952 | 8,608 |
| Calls for service | 10,988 | 11,212 | 10,680 | 10,239 | 10,589 | 10,184 | 9,768 | 12,019 | 12,545 | 13,198 |
| Patrol units (marked) | 19 | 19 | 19 | 20 | 20 | 21 | 21 | 15 | 18 | 23 |
| Animal control: | | | | | | | | | | |
| Animal related calls | 878 | 1,005 | 941 | 954 | 889 | 835 | 743 | 773 | 884 | 904 |
| Impounded dogs | 301 | 340 | 350 | 341 | 351 | 319 | 293 | 271 | 294 | 322 |
| Impounded cats | | | | | | | | 31 | 48 | 48 |
| Adopted dogs | 136 | 137 | 139 | 122 | 110 | 140 | 152 | 121 | 114 | 125 |
| Adopted cats | | | | | | | | 30 | 36 | 40 |
| Dog licenses sold | 1,971 | 1,912 | 1,986 | 1,994 | 1,584 | 1,540 | 1,425 | 1,136 | 964 | 1,387 |
| Highways and streets: | | | | | | | | | | |
| Miles of paved roads maintained | 153 | 153 | 153 | 153 | 155 | 155 | 155 | 155 | 157 | 158 |
| Street resurfacing (miles) | 3 | - | 2 | 3 | 3 | 2 | 22 | 22 | 2 | 1 |
| Street sweeping (miles) | 13 | 13 | 13 | 13 | 13 | 13 | 15 | 15 | 7 | 16 |
| Potholes repaired (cold mix tons) | 148 | 157 | 157 | 270 | 231 | 218 | 281 | 300 | 320 | 345 |
| Water: | | | | | | | | | | |
| Number of wells | 19 | 19 | 19 | 19 | 15 | 15 | 15 | 15 | 15 | 15 |
| Total well production (acre feet) | 250 | 250 | 250 | 267 | 247 | 292 | 294 | 339 | 376 | 437 |
| Number of metered accounts | 633 | 658 | 720 | 819 | 902 | 869 | 1,097 | 1,133 | 1,141 | 1,138 |
| New residential connections | 7 | 25 | 25 | 99 | 87 | 153 | 120 | 37 | 21 | 16 |
| Number of water tanks | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Storage capacity (mg) | 1,165 | 1,165 | 1,165 | 1,165 | 1,165 | 1,165 | 1,165 | 1,165 | 1,165 | 1,165 |
| Miles of water mains | 21.0 | 21.0 | 21.0 | 22.0 | 22.0 | 22.5 | 22.5 | 22.5 | 22.5 | 22.8 |
| Line breaks | - | - | - | - | - | - | - | - | - | - |
| Average daily consumption (thousand of gallons) | 296 | 312 | 312 | 312 | 221 | 260 | 263 | 282 | 336 | 325 |
| Fire Hydrants | 103 | 103 | 103 | 104 | 105 | 105 | 105 | 116 | 116 | 132 |
| Wastewater: | | | | | | | | | | |
| Number of active accounts | 1,735 | 1,744 | 1,767 | 1,842 | 2,007 | 2,364 | 2,512 | 2,568 | 2,566 | 2,552 |
| Average daily sewage treatment gallons | 325,000 | 325,000 | 325,000 | 265,000 | 285,000 | 288,000 | 298,000 | 315,000 | 335,347 | 326,948 |
| Plant Capacity per day gallons | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 50,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Gallons Recharged in Aquifer (acre feet) | 246 | 251 | 251 | 284 | 277 | 309 | 330 | 336 | 376 | 416 |
| Miles of Collection System | 34 | 34 | 34 | 35 | 36 | 36 | 36 | 37 | 38 | 38 |

Town of Chino Valley, Arizona

Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Facilities maintenance: | | | | | | | | | | |
| Number of buildings maintained | 20 | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 22 | 22 |
| Square footage of buildings maintained | 55,704 | 55,704 | 55,704 | 55,704 | 55,704 | 55,704 | 62,085 | 62,085 | 78,107 | 84,290 |
| Number of HVAC units maintained | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 62 | 68 |
| Parks and recreation: | | | | | | | | | | |
| Park areas | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Total miles of trails | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Parkland acreage | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| Total open space acres | 82 | 82 | 82 | 82 | 82 | 82 | 83 | 83 | 83 | 83 |
| Total acres of turf | 20 | 20 | 20 | 20 | 20 | 20 | 12 | 12 | 12 | 12 |
| Gallons of water user per acre of turf | 793,000 | 806,000 | 806,000 | 810,000 | 450,000 | 650,000 | 450,564 | 525,000 | 550,000 | 600,000 |
| Ball fields | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 |
| Playgrounds | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Aquatic center admissions | 12,074 | 10,771 | 12,180 | 16,638 | 16,246 | N/A Covid | N/A Covid | N/A Covid | * | 15,200 |
| Economic development: | | | | | | | | | | |
| Building permits, commercial | 65 | 53 | 56 | 61 | 46 | 35 | 57 | 69 | 52 | 62 |
| Building permits, residential | 225 | 265 | 319 | 439 | 368 | 400 | 545 | 542 | 630 | 609 |
| Housing rehabilitations | 3 | N/A |
| Code enforcement cases | 223 | 186 | 197 | 200 | 369 | 277 | 191 | 465 | 809 | 445 |
| Planning cases | 16 | 16 | 15 | 19 | 21 | 30 | 47 | 136 | 135 | 89 |
| Culture, library: | | | | | | | | | | |
| Items in collections | 53,523 | 49,072 | 57,009 | 72,454 | 72,730 | 74,443 | 57,598 | 46,569 | 54,384 | 56,421 |
| Total items circulated | 112,843 | 113,231 | 110,202 | 107,584 | 103,374 | 84,903 | 84,903 | 117,324 | 94,353 | 113,292 |
| Reference transactions | 5,891 | 5,008 | 4,752 | 3,041 | 2,899 | N/A COVID | - | - | - | - |
| Computer uses | 16,702 | 15,102 | 15,888 | 15,515 | 15,087 | N/A COVID | 14,269 | - | - | - |
| Inter library loan | 23,238 | 29,504 | 23,490 | 30,427 | 13,294 | 25,874 | 13,485 | 12,044 | 24,765 | 198 |
| Total library attendance | 62,346 | 60,533 | 66,131 | 64,960 | 63,214 | 6,374 | 43,132 | 40,208 | 40,208 | * |
| Culture, senior center: | | | | | | | | | | |
| Total meals served in house | 11,606 | 13,264 | 13,744 | 14,612 | 12,872 | 11,947 | 11,870 | 11,249 | 16,385 | 17,233 |
| Total meals on wheels | 10,582 | 12,065 | 10,428 | 10,174 | 11,574 | 11,182 | 14,256 | 17,298 | 17,138 | 16,773 |

Sources: Various Town Departments
* Not available

Town of Chino Valley, Arizona

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 | 2023-2024 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Public safety: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 19 | 19 | 19 | 20 | 20 | 21 | 21 | 21 | 18 | 23 |
| Highways and streets: | | | | | | | | | | |
| Streets (miles) | 153 | 153 | 153 | 153 | 153 | 153 | 155 | 155 | 157 | 158 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 20 | 20 | 20 | 22 | 22 | 22 | 23 | 23 | 23 | 23 |
| Fire hydrants | 103 | 103 | 103 | 103 | 103 | 103 | 105 | 105 | 116 | 132 |
| Sewer: | | | | | | | | | | |
| Sanitary sewer (miles) | 32 | 32 | 33 | 35 | 35 | 35 | 36 | 36 | 38 | 38 |
| Maximum daily treatment capacity (thousands of gallons) | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Recreation and aquatics: | | | | | | | | | | |
| Parks acreage | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| Number of parks | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ball fields | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |

* Not available

Sources: Various Town Departments

Compliance Section



**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

To the Honorable Mayor and Town Council of
Town of Chino Valley

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Chino Valley (the Town), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Tempe, Arizona
November 20, 2024