

Town of Chino Valley, Arizona

Annual Expenditure Limitation Report

June 30, 2024

Town of Chino Valley, Arizona

Table of Contents
June 30, 2024

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

Independent Accountants' Report

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

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Chino Valley, Arizona for the year ended June 30, 2024. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination. We have presented the results of our examination in the accompanying schedules.

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

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

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

Baker Tilly US, LLP

Tempe, Arizona
November 20, 2024

Town of Chino Valley, Arizona

Annual Expenditure Limitation Report, Part I
Year Ended June 30, 2024

1. Economic Estimates Commission expenditure limitation	\$	<u>5,164,117</u>	
2. Voter-approved alternative expenditure limitation (Approved June 27, 2023 - Town Resolution No. 2023-1225)		<u>45,150,500</u>	
3. Enter applicable amount from line 1 or line 2			\$ <u>45,150,500</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>29,854,060</u>	
8. Subtotal			\$ <u>29,854,060</u>
10. Total adjusted amount subject to the expenditure limitation			\$ <u>29,854,060</u>
11. Amount under (in excess of) the expenditure limitation			\$ <u><u>15,296,440</u></u>

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

Signature of chief financial officer: 

Name and title: Katie Pehl, Finance Director

Telephone number: (928) 636-3121 Date: 11/20/2024

Town of Chino Valley, Arizona

Annual Expenditure Limitation Report, Part II

Year Ended June 30, 2024

Vo	Description	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
A.	Amounts reported on the Reconciliation, line D	\$ 25,723,453	\$ 4,130,607	\$ 29,854,060
B.	Less exclusions claimed:			
16.	Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>
C.	Amounts subject to the expenditure limitation	<u>\$ 25,723,453</u>	<u>\$ 4,130,607</u>	<u>\$ 29,854,060</u>

See notes to annual expenditure limitation report

Town of Chino Valley, Arizona

Annual Expenditure Limitation Report, Reconciliation

Year Ended June 30, 2024

Voter-approved alternative expenditure limitation (Approved June 27, 2023 - Town Resolution No. 2023-1225)	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 25,758,212	\$ 3,773,160	\$ 29,531,372
B. Subtractions:			
1. Items not requiring use of current financial resources:			
<u>a.</u> Depreciation	-	1,521,852	1,521,852
<u>b.</u> Loss on disposal of capital assets	-	-	-
<u>c.</u> Bad debt expense	-	1,750	1,750
<u>d.</u> Pension and other postemployment benefits (OPEB) expense (Note 3)	-	83,741	83,741
3. Required fees paid to the Industrial Commission of Arizona	34,759	-	34,759
6. Total subtractions	<u>34,759</u>	<u>1,607,343</u>	<u>1,642,102</u>
C. Additions:			
1. Principal payments on long-term debt (Note 2)	-	737,691	737,691
2. Capital asset acquisitions (Note 2)	-	1,171,419	1,171,419
4. Pension and OPEB contributions paid in the current year (Note 3)	-	55,680	55,680
6. Total additions	<u>-</u>	<u>1,964,790</u>	<u>1,964,790</u>
D. Amounts reported on Part II, line A	<u>\$ 25,723,453</u>	<u>\$ 4,130,607</u>	<u>\$ 29,854,060</u>

See notes to annual expenditure limitation report

Town of Chino Valley, Arizona

Notes to Annual Expenditure Limitation Report
June 30, 2024

1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted May 26, 2020, as authorized by the Arizona Constitution, Article IX, §20 (9).

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

2. Reconciliation Deductions and Additions

The deductions for depreciation and bad debt expense, and the additions for principal payments, and the acquisition of capital assets, are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds and the Statement of Cash Flows for the proprietary funds and the financial statement footnotes 4, 6, and 9.

The addition of \$737,691 for principal payments on long-term debt in the Enterprise Funds consists of \$19,496 paid on bonds payable and \$718,195 paid on loans payable during the current fiscal year. The addition for the acquisition of capital assets consists of \$1,171,419 paid for various capital assets in the Water and Sewer funds.

3. Reconciliation of Pension Expense and Contributions

The \$83,741 subtraction for pension expense consists of changes in the net pension assets and liabilities, and changes in deferred inflows and outflows related to pensions recognized in the current year in the enterprise funds. The \$55,680 addition for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the enterprise funds. The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	Enterprise funds
<u>Statement of Cash Flows</u>	
Change in deferred inflows related to pensions	\$ (1,000)
Change in deferred outflows related to pensions	6,819
Change in net pension liability	22,242
Total	\$ <u>28,061</u>
<u>AELR-Reconciliation</u>	
Pension contributions – addition	\$ 55,680
Pension expense – subtraction	83,741
Total	\$ <u>28,061</u>