

Popular Annual Financial Report



For the Fiscal Year Ended June 30, 2024

Town of Chino Valley, Arizona



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Message to Our Residents

Dear Residents,

I am pleased to present the Fiscal Year 2023-24 Popular Annual Financial Report (PAFR) for the Town of Chino Valley. This report is designed to provide you with a clear, concise, and transparent overview of the Town's financial activities, achievements, and goals.

At Chino Valley we are committed to maintaining sound financial practices that ensure our community's long-term sustainability. This report highlights the Town's financial performance over the last fiscal year, including where your tax dollars come from and how they are spent. We have also included summaries of key initiatives and projects that demonstrate the Town's ongoing commitment to improving the quality of life in our community.

I encourage you to explore this report and learn more about how we are working to meet your needs and ensure a vibrant future for Chino Valley. Should you have any questions or if you wish to provide feedback, please do not hesitate to reach out. Your input is invaluable as we strive to serve you better.

Thank you for your continued trust and support. Together, we can build on our successes and embrace the many opportunities ahead.

Sincerely,

Terri Denemy

Town Manager



What is a PAFR?

The Popular Annual Financial Report (PAFR) is a simplified version of the government's detailed financial report (called the Annual Comprehensive Financial Report or ACFR). Its main purpose is to display the financial information in an easy to digest format that everyone, not just accountants or finance experts, can understand.

The PAFR is intended to help you stay informed and engaged by showing you how your local government is performing and how your tax dollars are being put to use to improve the community.



Chino Valley Town Council

The 7 member Council is responsible for setting public policies, approving board and commission appointments, making planning and development decisions, adopting new laws, and setting the annual budget. The Council appoints the Town Manager to implement these policies and oversee daily operations.

Council meetings are held at 6:00 p.m. on the 2nd and 4th Tuesday of each month. They are located at Chino Valley Town Hall, 202 N. State Route 89. All of the meetings are open to the public, with agendas and minutes available on the Town's website at www.chinoaz.net.



Council meeting in action

Location and Land Area

Located just northwest of Prescott and surrounded by sandy-hued Gama grasses and gentle rolling hills, Chino Valley, encompassing approximately 63 square miles, is a peaceful retreat where residents and visitors can escape the big-city lifestyle and embrace outdoor adventures. Known for its vibrant restaurant scene, local microbrewery, and vineyard, Chino Valley offers unique experiences that celebrate the local flavor.

On clear nights, brilliant constellations and bright stars light up the sky, a natural spectacle visible from anywhere in town. With vast open spaces, it's common to see locals riding horseback or off-roading along Perkinsville Road, exploring the beauty of the high desert. At an elevation of 5,300 feet, Chino Valley enjoys cooler summers and mild winters with occasional snowfall. The community takes pride in its rural character, valuing relaxation and a quiet lifestyle.



Antelope grazing



Chino Valley landscape

History

Chino Valley's history began when Arizona was declared a U.S. Territory on February 24, 1863. Shortly after, on December 23, 1863, Fort Whipple was established near Del Rio Springs in Chino Valley, serving as the site of Arizona's first Territorial government. In May 1864, Fort Whipple moved closer to Prescott, but settlers soon began homesteading the area, marking the start of Chino Valley's long tradition of farming and ranching.

Median Age



51.5

Population



13,815

Total Housing Units



5,754

Employment Rate



45.9%

Bachelor's Degree or Higher Education



20.8%

Key Accomplishments



Pool Replastering

This year the pool at the aquatics center was replastered. The total cost was \$446,225 and will help ensure the pool remains usable and a prime recreational outlet for our community.



Road Striping

This roadway pavement marking project cost \$65,814 and included centerline striping along the Town's arterial and collector streets as well as stop bars at their respective intersections. Road 5 North is pictured.

Territorial Days

The Town hosted a successful territorial days event in August 2023, with lots of fun, a great turnout and fireworks to top off the celebration!



Senior Center

The Council awarded the \$645,450 construction contract for the senior center kitchen remodel in June following the design completion. This project is scheduled to be completed in FY 2024 -25 and approximately 60% of the cost will be covered by a CDBG grant.

Key Accomplishments



2040 General Plan

In the beginning of FY 2023-24, the 2040 General Plan was finalized by the Town. This plan is a long-term blueprint for growth and development that was created with input from our residents, through several open houses and other types of community engagement. Their insight helped guide its vision, priorities, and strategies to ensure it reflects the needs and goals of residents.

2023 Street Improvements

This \$4,226,537 project included the road improvements on Cantfield Ave, Taylor Ave, Campbell Ave, E Road 1 South, and S Road 1 East.



East Road 4 South Sewer Extension

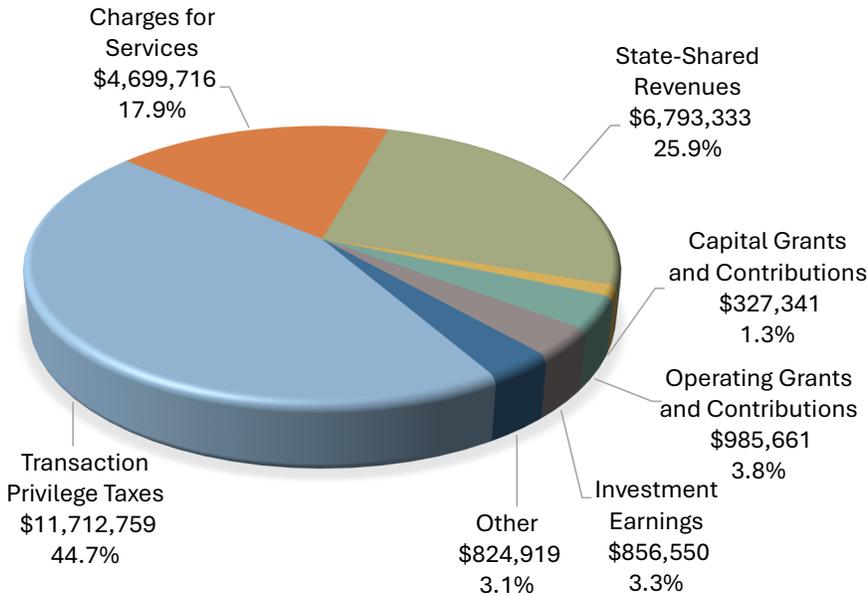
This project cost \$1,046,734 and consisted of constructing approximately 2,100 linear feet of 18" PVC sewer main between South Road 1 East and Picacho Boulevard. This will allow for future sewer service to serve the undeveloped commercial properties to the south.

Fill Station

An additional fill station location was constructed and put into use. The fill station allows people in our community to haul water for residential use or for construction projects. The total cost was \$140,645.



The chart below illustrates the main sources and percentages of the Town’s revenues totaling \$26.2 million for FY 2023-24. The Town’s primary revenue sources during FY 2023-24 include charges for services, transaction privilege taxes and state shared revenues. When combined, these three categories represent 88.5% of all revenue collections in FY 2023-24.



What it Means

Charges for Services are revenues (primarily water and sewer sales) collected for services rendered to the public.

Transaction Privilege Taxes (TPT) are levied on retail sales, utilities, restaurants, and construction activity at 4% and short-term lodging at 8%.

State-Shared Revenues consist of the Town’s portion of Arizona state income tax, TPT, and vehicle license tax revenue.

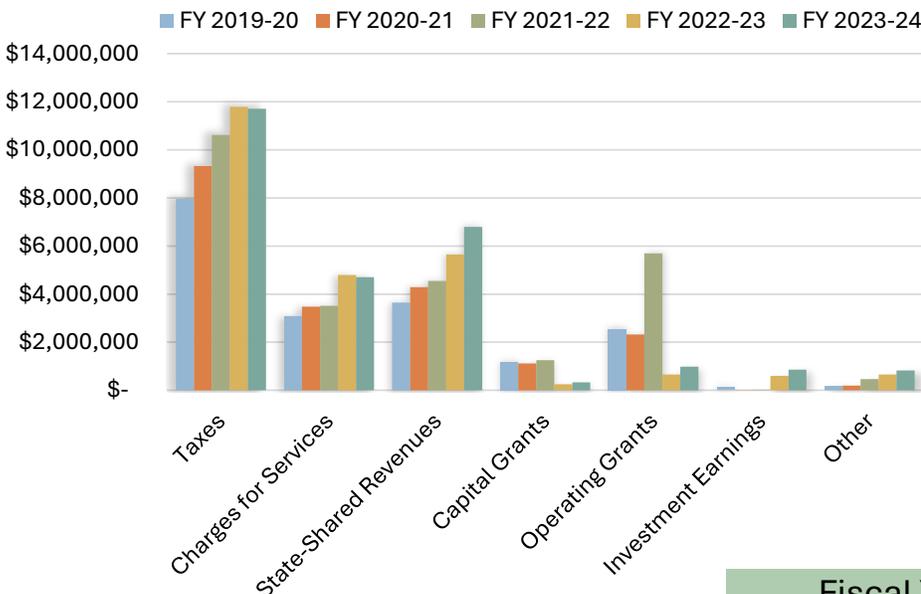
Capital Contributions and Grants are dedicated for specific capital expenditures and purposes.

Operating Contributions and Grants are dedicated for specific operating purposes, such as employee salaries and ongoing maintenance costs for roadways, culture and recreation, and public safety.

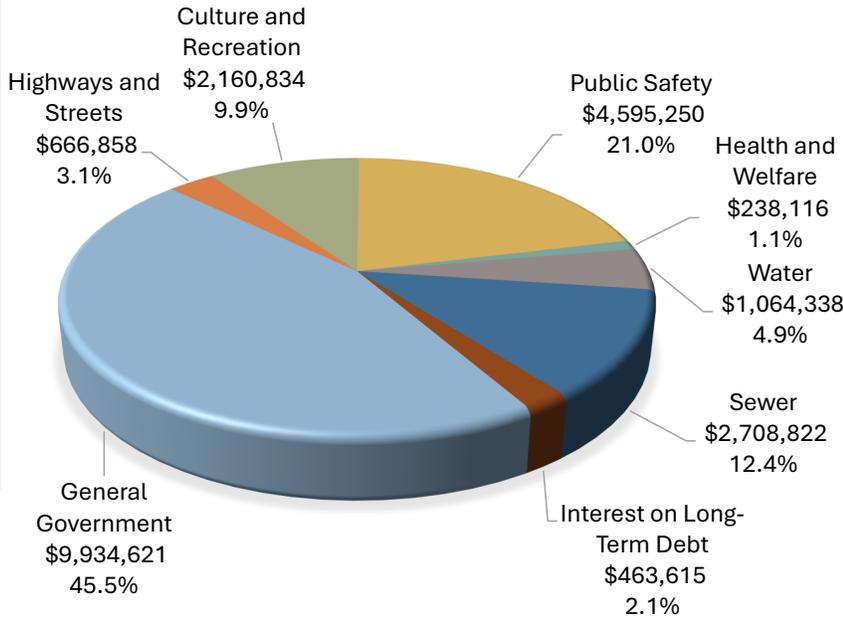
Investment Earnings consist of interest income earned on the Town’s invested funds.

Other consists of franchise tax, district specific property tax, gains on capital asset disposals and all other funds that aren’t already classified.

The chart below presents a five-year historical comparison of the Town’s revenue growth. The growth in state –shared revenues for FY 2023-24 was attributable to an increase in urban revenue sharing (income tax) from the State.



The chart below illustrates the main uses and percentages of the Town's expenses totaling \$21.8 million for FY 2023-24. The Town's primary uses during FY 2023-24 are general government, public safety, and sewer. These three areas represent 78.9% of all expenses in FY 2023-24.



What it Means

General Government expenses are primarily administrative consisting of Council, Town Manager, Finance, Town Clerk, Municipal Court, IT Services, Human Resources, Facilities, Fleet Maintenance, Engineering, Development Services, and all other non-departmental costs.

Highways and Streets costs are the design, construction, maintenance and operation of all roadway and street related infrastructure within the Town.

Culture and Recreation is comprised of expenses that help enrich the community's quality of life through parks, aquatics, library services, and recreational activities.

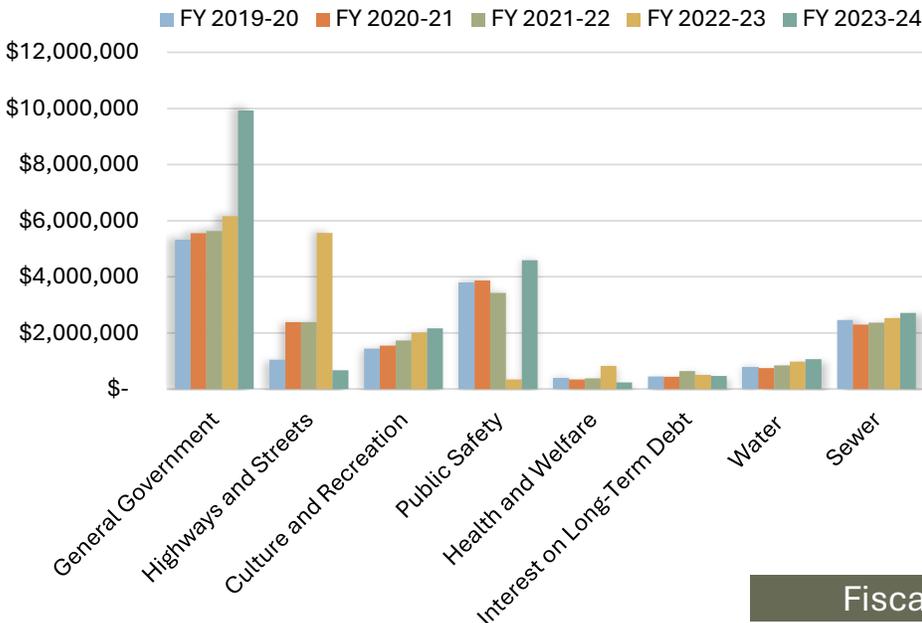
Public Safety expenses are costs incurred by the Town to provide police and animal control services to the public.

Health and Welfare expenses are incurred by the Town to run the Senior Center and Meals on Wheels.

Interest on Long-Term Debt reflects the interest costs for bonds and loans.

Water and Sewer expenses are incurred by the Town to process and provide water and sewer services to the public.

The chart below presents a five-year historical comparison of the Town's expenses. The increase in general government is attributed to one-time large scale capital improvement projects using COVID relief funds and a \$1,200,000 additional contribution to reduce the unfunded liability for public safety retirement.



Debt Obligations

As of June 30, 2024, the Town had \$30.7 million in long-term debt outstanding with \$1.8 million due within one year. The Town's long-term debt decreased by \$2.1 million. The chart below depicts the outstanding debt for the fiscal year ended June 30, 2024.

What it Means

Governmental Bonds are used to finance long-term capital improvements, including land acquisition and construction or improvement of Town facilities. Town excise tax is pledged as repayment of the debt.

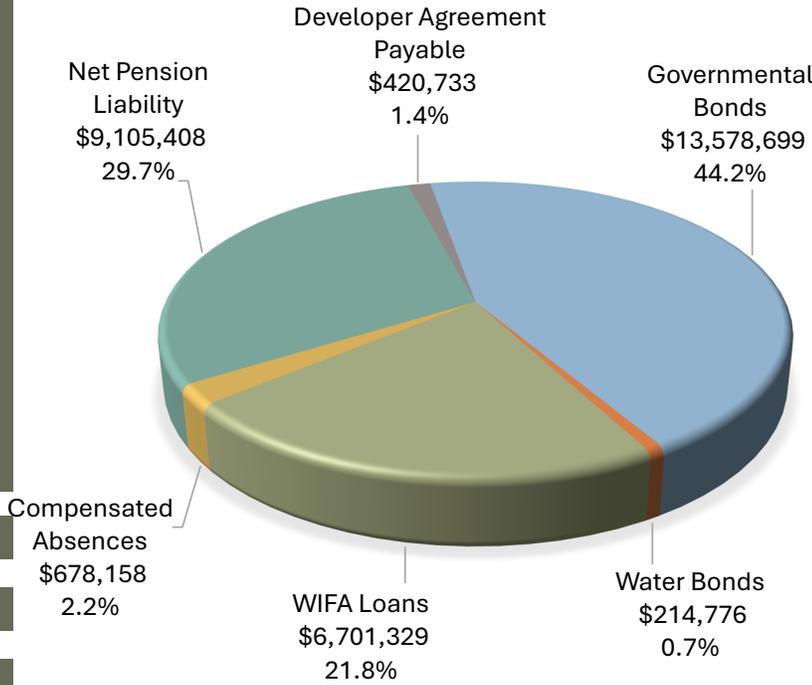
WIFA Loans are low-interest loans from the Water Infrastructure Finance Authority of Arizona (WIFA). They finance construction and improvement of drinking water, wastewater, reclamation of wastewater, and other projects that are related to water quality.

Water Bonds are issued to finance the long-term water related capital improvements for the Town's water utility service. This debt is repaid with water utility revenues.

Compensated Absences reflects future payments due for employee leave banks.

Net Pension Liability reflects the future payments due for the two retirement systems; Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS).

Developer Agreement Payable reflects future payments due on water hookup fees in specified locations.



Citizens' Academy Tour of the Wastewater Treatment Plant

Bond Ratings

Bond Issue	Moody's Investors Services	S&P Global Ratings	Fitch Investors Service, Inc.
Pledged Rev Rfdg Oblig Series 2021	-	AA-/Stable	-
Pledged Rev Rfdg Oblig Series 2021 (Police Building)	-	AA-/Stable	-

Capital Assets

Annually the Town reviews the five-year Capital Improvement Program (CIP) to systematically identify, plan, finance, track and monitor capital projects and acquisitions necessary to support the service delivery to the community. The capital improvement projects are defined as infrastructure, equipment and vehicle purchases, and construction projects which result in a capitalized asset costing more than \$50,000 and having a useful life of five or more years.

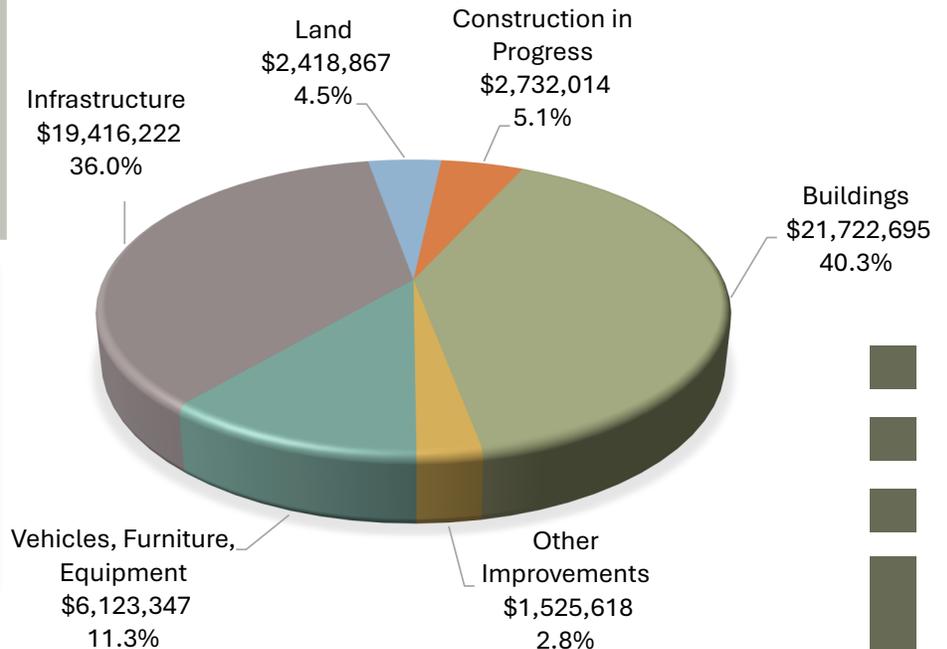
At June 30, 2024, the Town had invested \$60.0 million in capital assets (this is calculated net of the accumulated depreciation/amortization), including buildings, facilities, vehicles, machinery, right of use assets, equipment, and infrastructure assets.

These graphs show the total investment in capital assets for both the governmental and business-type activities. The numbers shown do not include a reduction for depreciation.

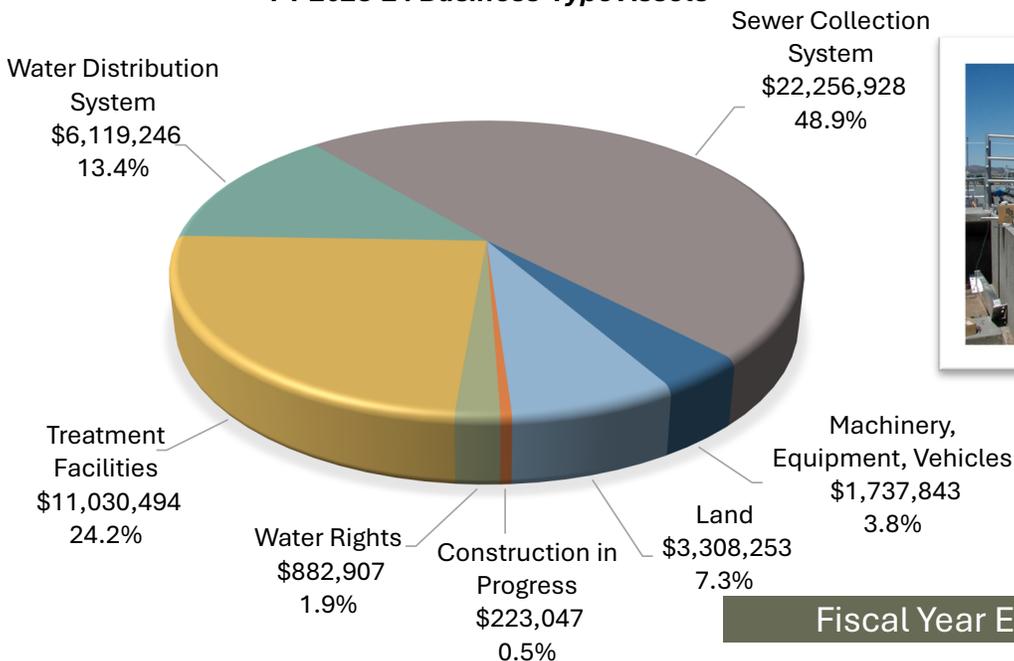


Animal Control Vehicle

FY 2023-24 Governmental Assets



FY 2023-24 Business-Type Assets



Wastewater Plant

Statement of Net Position

The Statement of Net Position is presented in much more detail in the Town’s Annual Comprehensive Financial Report. Below is a very high-level summary that captures total assets and liabilities and compares them to prior years.

The Statement of Net Position may serve as a useful overall indicator of the Town’s financial position and trends over the last two years. The Town’s activities are presented in two categories. Governmental activities include most of the Town’s core services, such as public safety, parks and recreation, and street maintenance. Transaction privilege taxes, state-shared revenues, and grants finance most of these activities. Business-type activities are the Water and Wastewater utilities, which are primarily financed through user fees and charges.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Current and other assets	\$ 21,140,717	\$ 25,336,747	\$ 316,049	\$ 261,311
Capital assets	35,639,934	29,453,107	24,323,346	24,673,780
Total assets	56,780,651	54,789,854	24,639,395	24,935,091
Deferred outflows of resources	4,346,289	2,999,204	93,070	99,889
Long-term liabilities outstanding	22,733,603	22,728,459	7,965,500	8,679,225
Other liabilities	2,105,867	2,816,542	3,058,152	2,791,414
Total liabilities	24,839,470	25,545,001	11,023,652	11,470,639
Deferred inflows of resources	842,189	1,021,129	24,796	25,796
Net position	\$ 35,445,281	\$ 31,222,928	\$ 13,684,017	\$ 13,538,545

The largest portion of the Town’s net position reflects its investment in capital assets such as land, buildings and improvements, vehicles, machinery and equipment, and construction. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

What it Means

Current Assets and Other Assets are assets that one can reasonably expect to convert to cash, sell, or consume within one year.

Capital Assets, are the Town’s land, buildings, equipment, improvements, infrastructure, and any construction in progress, net of the accumulated depreciation/amortization.

Deferred Outflows/Inflows are outflows/inflows of resources that have already occurred but are only applicable to future periods.

Liabilities are the payments due to employees and vendors, lease and subscription payments due, and other long-term debt of the Town.

Net Position is the difference between assets plus deferred outflows and liabilities plus the deferred inflows, which may or may not be available for future spending.



The Statement of Activities, often referred to as the Town’s income statement, reflects all financial activity for the Town during the fiscal year ended June 30, 2024.

This statement presents information to show how the Town’s net position changed during the year as a result of the financial activity (e.g. revenues and expenses). Over time, the increases or decreases in net position may serve as a useful indicator as to whether the Town’s financial position is improving or deteriorating. Below is a summarized version of the detailed statement of activities found in the Town’s Annual Comprehensive Financial Report.

Condensed Statement of Activities

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Program revenues:				
Charges for services	\$ 2,150,971	\$ 2,310,255	\$ 2,548,745	\$ 2,483,727
Operating grants and contributions	970,445	657,777	15,216	-
Capital grants and contributions	40,215	53,065	287,126	201,124
General revenues:				
Taxes	15,284,920	15,264,876	-	-
Urban revenue sharing	3,622,169	2,559,453	-	-
Other revenues	1,197,927	757,745	82,545	119,147
Total revenues	<u>23,266,647</u>	<u>21,603,171</u>	<u>2,933,632</u>	<u>2,803,998</u>
Total expenses	<u>18,059,294</u>	<u>15,395,390</u>	<u>3,773,160</u>	<u>3,511,095</u>
Transfers in (out)	<u>(985,000)</u>	<u>(1,463,968)</u>	<u>985,000</u>	<u>1,463,968</u>
Change in net position	4,222,353	4,743,813	145,472	756,871
Net position, beginning	<u>31,222,928</u>	<u>26,479,115</u>	<u>13,538,545</u>	<u>12,781,674</u>
Ending net position	<u>\$ 35,445,281</u>	<u>\$ 31,222,928</u>	<u>\$ 13,684,017</u>	<u>\$ 13,538,545</u>

The Statement of Activities shows that the Town’s total net position has improved over the beginning net position for both Governmental Activities and Business-Type Activities.

Total expenses increased \$2.9 million. Personnel costs increased as a result of an implemented classification and compensation plan. The other operating costs increased as a result of insurance costs, as well as inflationary impacts on services, supplies and materials.

Total revenues increased \$1.8 million, which is primarily due to investment earnings, state shared revenues, grants and contributions.

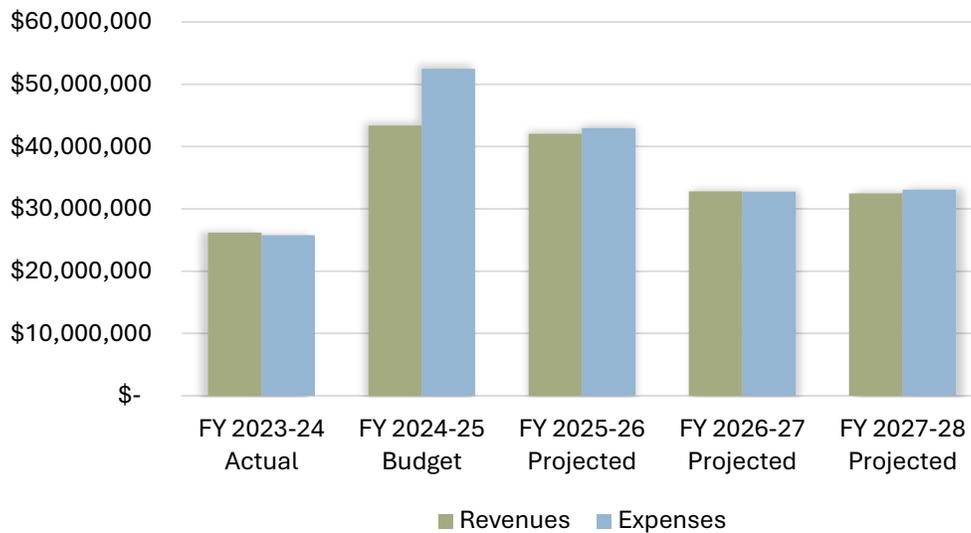


The economy of Chino Valley is supported by a diverse combination of agriculture, manufacturing, commercial, government, and service industries. In recent fiscal years, the Town has experienced growth in key revenue sources, including local excise taxes, state-shared revenue, state income tax, and highway 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, increasing from 7,901 in 2000, to 13,815 in 2024. 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 graph below indicates the total projected revenues and expenses for the FY 2024-25 budget year and the next three fiscal years.

Townwide Revenues and Expenses



FY 2024-25 Budget

The Town continues to dedicate one-time revenues to funding one-time expenditures in the budget, specifically for capital improvement projects, while ensuring there is sufficient recurring revenues to fund the expenditures that recur. With the current realized growth and projected activity expectations in future years, it will be important to continue to analyze the budget in this way to avoid future reliance on one-time revenues to fund recurring costs.

For FY 2024-25, the Town will continue to focus its efforts on supporting elements of the Town Council adopted Strategic Plan while navigating any potential economic fluctuations that may occur.

[Click Here to View Budget](#)



Citizen Engagement and Resources

Contact the Town:

Main Phone: 928-636-2646

Main Physical Locations:

Town Manager, Finance, Town Clerk, Council
202 N. State Route 89
Chino Valley, AZ 86323

Police Department
220 N. State Route 89
Chino Valley, AZ 86323

Human Resources, IT Services, Library
1020 W. Palomino Rd.
Chino Valley, AZ 86323

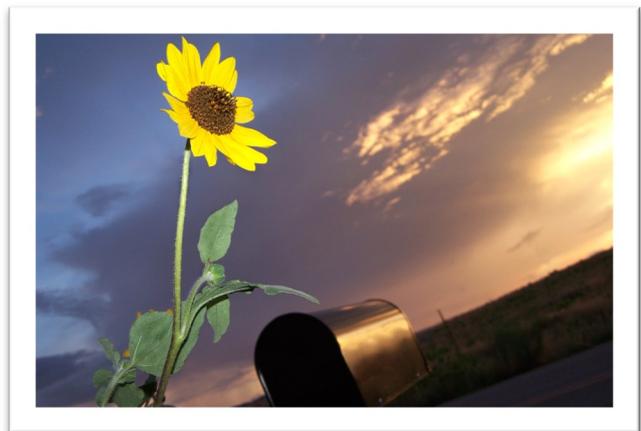
Development Services, Public Works
1982 Voss Dr.
Chino Valley, AZ 86323

Senior Center
1021 W. Butterfield Rd.
Chino Valley, AZ 86323

Municipal Court
1988 N. Road 1 West
Chino Valley, AZ 86323

Community Center, Aquatics, Ballfields
1527 N. Road 1 East
Chino Valley, AZ 86323

Connect with Us!



Additional Disclosure

The Town of Chino Valley is proud to present its first ever annual Popular Annual Financial Report (PAFR) prepared by the Finance Department. The financial information in the PAFR is taken from the Town's Annual Comprehensive Financial Report (ACFR). The ACFR outlines the Town's financial position and operating activities each fiscal year presented in conformity with generally accepted accounting principles (GAAP) and includes financial statements audited by Baker Tilly, LLP, a certified public accounting firm. The Town received an unqualified (or clean) audit opinion, which is the best audit opinion that the financial statements could receive.

While the numbers in the PAFR come from an audited source, they are presented in a summarized, unaudited non-GAAP format that is more accessible to the public. Also, some of the information in the PAFR is from the Town's Annual Budget. Citizens who wish to review the audited, GAAP-based, full disclosure financial statements can refer to the Town's ACFR available on the Town's website at www.chinoaz.net or contact the Finance Department by phone at 928-636-3120 or in person at 202 N. State Route 89, Chino Valley, AZ 86323.

[Click Here to View ACFR](#)

