

# Town of Chino Valley, Arizona

## Annual Expenditure Limitation Report

June 30, 2025



Town of Chino Valley  
Annual Expenditure Limitation Report  
Year ended June 30, 2025

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## Independent Accountant's Report

The Auditor General of the State of Arizona

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, 2025, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Flagstaff, Arizona  
November 24, 2025

# Town of Chino Valley Annual Expenditure Limitation Report, Part I Year ended June 30, 2025

<u>1.</u> Economic Estimates Commission expenditure limitation	\$ <u>5,391,769</u>	
<u>2.</u> Voter-approved alternative expenditure limitation (approved August 4, 2020)	<u>52,457,308</u>	
<u>3.</u> Enter applicable amount from line 1 or line 2		\$ <u>52,457,308</u>
<u>4.</u> Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ <u>26,655,748</u>	
<u>8.</u> Subtotal		\$ <u>26,655,748</u>
<u>10.</u> Total adjusted amount subject to the expenditure limitation		\$ <u>26,655,748</u>
<u>11.</u> Amount under (in excess of) the expenditure limitation		\$ <u><u>25,801,560</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 fiscal officer: 

Name and title: Katie Pehl, Finance Director

Telephone number: 928-636-3121

Date: 11/24/2025

See accompanying notes to report.

Town of Chino Valley  
 Annual Expenditure Limitation Report, Part II  
 Year ended June 30, 2025

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the Reconciliation, line D	\$23,660,337	\$ 2,995,411	\$26,655,748
B. Less exclusions claimed:			
16. Total exclusions claimed	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$23,660,337</u>	<u>\$ 2,995,411</u>	<u>\$26,655,748</u>

See accompanying notes to report.

Town of Chino Valley  
Annual Expenditure Limitation Report, Reconciliation  
Year ended June 30, 2025

Description	Governmental funds	Enterprise funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 23,695,133	\$ 3,474,435	\$ 27,169,568
<u>B.</u> Subtractions:			
<u>1.</u> Items not requiring use of current financial resources:			
<u>a.</u> Depreciation and amortization	-	1,558,055	1,558,055
<u>d.</u> Pension and other postemployment benefits (OPEB) expense	-	70,469	70,469
<u>3.</u> Required fees paid to the Industrial Commission of Arizona	34,796	-	34,796
<u>6.</u> Total subtractions	<u>34,796</u>	<u>1,628,524</u>	<u>1,663,320</u>
<u>C.</u> Additions:			
<u>1.</u> Principal payments on long-term debt	-	759,365	759,365
<u>2.</u> Capital asset acquisitions	-	330,627	330,627
<u>4.</u> Pension and OPEB contributions paid in the current year	-	59,508	59,508
<u>6.</u> Total additions	<u>-</u>	<u>1,149,500</u>	<u>1,149,500</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 23,660,337</u>	<u>\$ 2,995,411</u>	<u>\$ 26,655,748</u>

See accompanying notes to report.

Town of Chino Valley  
 Annual Expenditure Limitation Report, Notes  
 Year ended June 30, 2025

Note 1 - Summary of significant accounting policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted August 4, 2020, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and statement of cash flows for the proprietary funds.

Note 2 - Reconciliation Deductions and Additions

The deductions for depreciation, 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 \$759,365 for principal payments on long-term debt in the Enterprise Funds consists of \$20,272 paid on bonds payable and \$739,093 paid on loans payable during the current fiscal year. The addition for the acquisition of capital assets consists of \$330,627 paid for the water reclamation facility plant expansion engineering in the sewer fund.

Note 3 - Reconciliation of Pension expense and Contributions

The \$70,469 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 fund(s). The \$59,508 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 fund(s). 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.

	<b>Enterprise funds</b>
<b><u>Statement of Cash Flows</u></b>	
Change in deferred inflows related to pensions	\$ 15,119
Change in deferred outflows related to pensions	(8,521)
Change in net pension liability	<u>4,363</u>
Total	<u>\$ 10,961</u>
<b><u>AELR-Reconciliation</u></b>	
Pension contributions - addition	\$ 59,508
Pension expense(income) - subtraction	<u>70,469</u>
Total	<u>\$ 10,961</u>

Note 4 - Reconciliation of Required Fees Paid to the Industrial Commission of Arizona

The subtraction for required fees State law required the Town to pay that are excluded from the town expenditure limitation consists of payments to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund, which were recorded as a general fund expenditure in the amount of \$34,796.