

TOWN OF CHINO VALLEY POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

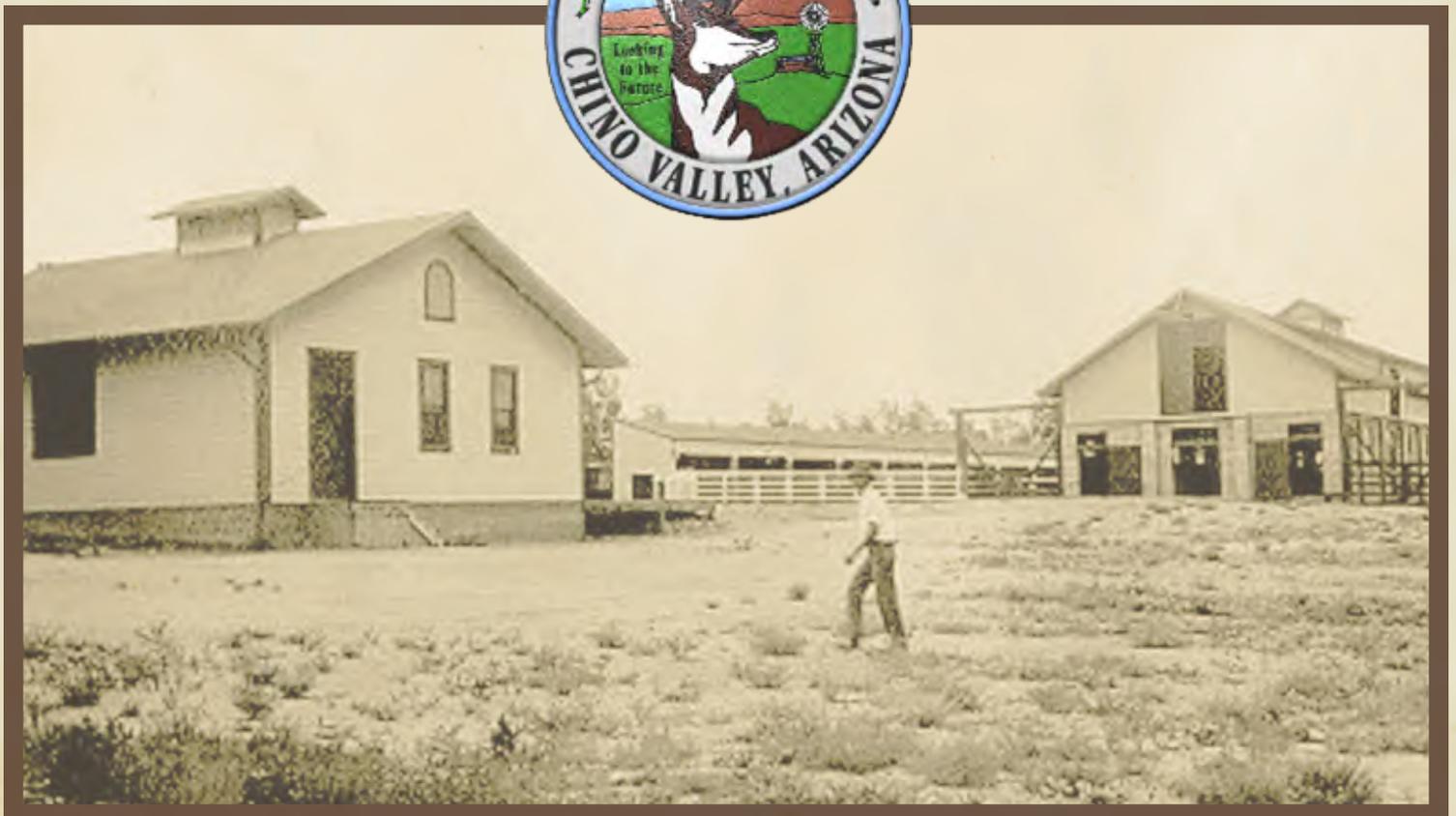






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Fred Harvey Buildings at Del Rio Springs

Message to Our Residents

Dear Residents,

I am pleased to present the Fiscal Year 2024-25 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.



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



49.9

Population



13,911

Total Housing Units



5,754

Employment Rate



46.1%

Bachelor's Degree or Higher Education



21.6%

PAFR Award

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Chino Valley for its Popular Annual Financial Report for the fiscal year ended June 30, 2024. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Town of Chino Valley received its first Popular Award for the fiscal year ended 2024.

We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Town of Chino Valley
Arizona**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Popular Annual Financial Report



For the Fiscal Year Ended June 30, 2024
Town of Chino Valley, Arizona

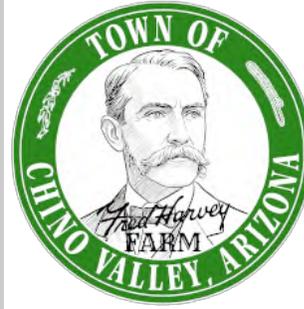
[Click Here to View FY 2023-24 PAFR](#)

Key Accomplishments

Fred Harvey Buildings at Del Rio Springs

In early 2025, the Town in partnership with the Trust for Public Land, acquired the historical Fred Harvey Farm located at Del Rio Springs, the original Territorial Capital of Arizona. The land is 23 acres in size and is within the boundaries of a future state park. The Town plans to stabilize the historical buildings on the site, preserve the land and create a unique tourism attraction for the region. Learn more about this historical effort by watching the video at the following link:

[Fred Harvey Farm Commercial.](#)



Senior Center

The \$721,306 kitchen remodel for the Senior Center was completed. Approximately 55% of the cost was covered by a CDBG grant.



Other Awards

The Town of Chino Valley also received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting award for fiscal year ended June 30, 2024 and the Distinguished Budget Presentation award for fiscal year beginning July 1, 2024.



Remodel of Town Facilities

The former Police and Detective buildings were remodeled to accommodate Public Works and Human Resources staff. The \$590,971 renovation updated office space, conference rooms, and support areas to better meet current operational needs.

Territorial Days

The Town hosted a successful territorial days event in August 2024, with lots of fun, a great turnout and fireworks to top off the celebration!

North Road 1 East Improvements

This \$1.5 million project included water, sewer, and roadway improvements from Juniper Drive to Perkinsville Road, extending infrastructure capacity to support future sewer service for undeveloped commercial properties.

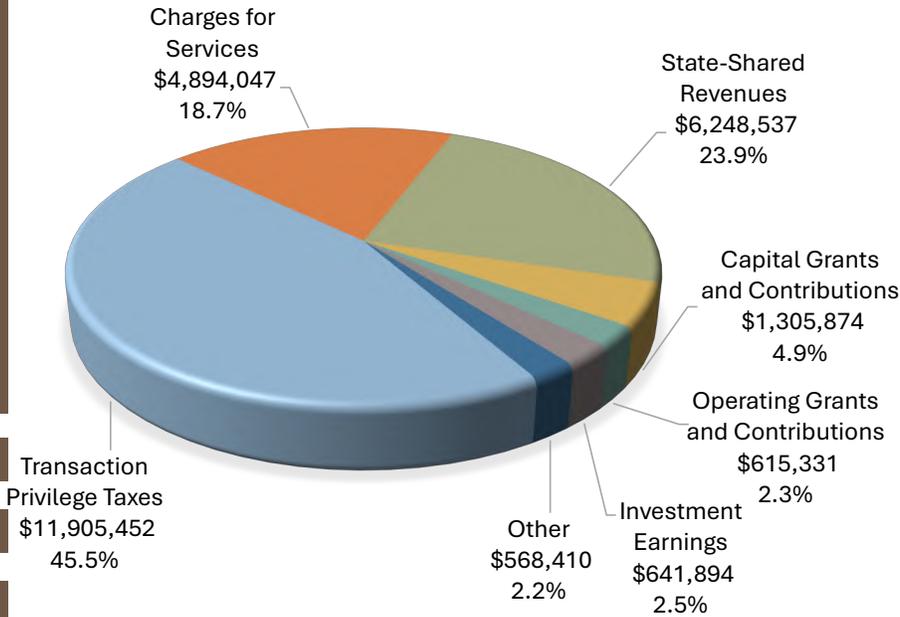


North Reed Road and Outer Loop Road Improvements

Together, these projects totaled \$1.2 million and included repairs to deteriorated roadway sections of North Reed Rd. and Outer Loop Rd., improving safety and extending pavement life.



The chart below illustrates the main sources and percentages of the Town’s revenues totaling \$26.2 million for FY 2024-25. The Town’s primary revenue sources during FY 2024-25 include charges for services, transaction privilege taxes and state shared revenues. When combined, these three categories represent 88.0% of all revenue collections in FY 2024-25.



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.

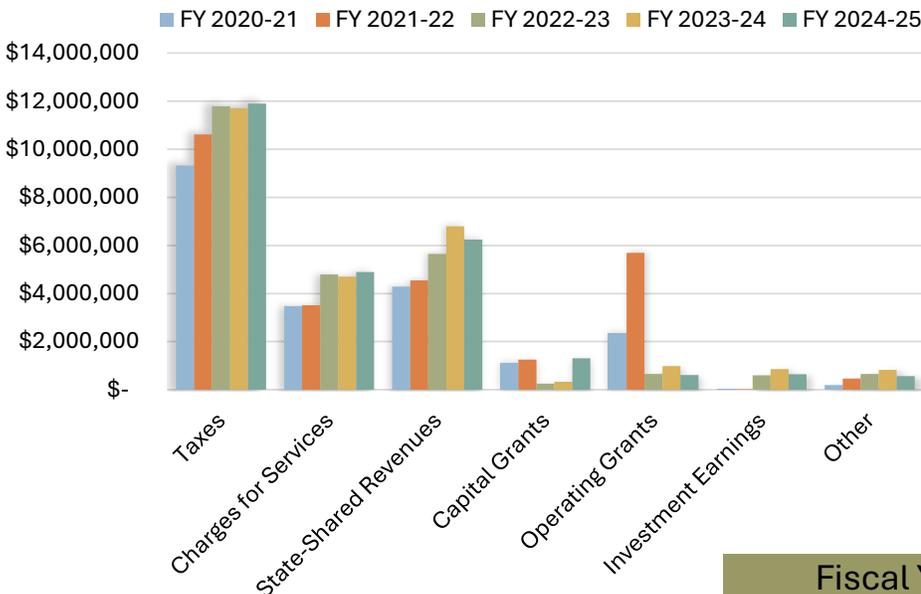
Capital Contributions and Grants are dedicated for specific capital expenditures and purposes.

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.

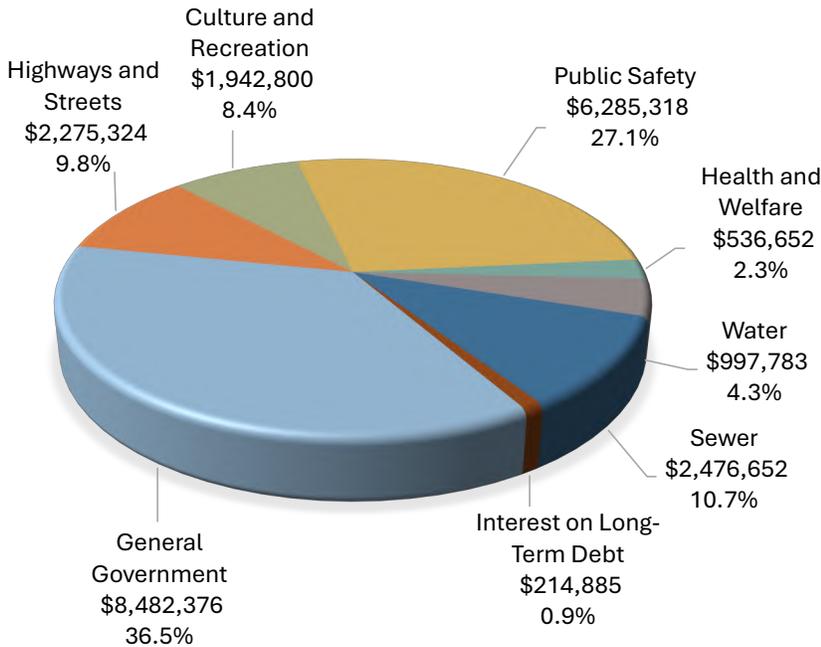
Investment Earnings consist of interest income earned on the Town’s invested funds.

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 decrease in state–shared revenues for FY 2024-25 was attributable to the State of Arizona transition to a flat tax system, reducing urban revenue sharing (income tax).



The chart below illustrates the main uses and percentages of the Town's expenses totaling \$23.2 million for FY 2024-25. The Town's primary uses during FY 2024-25 are general government, public safety, and sewer. These three areas represent 74.3% of all expenses in FY 2024-25.



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.

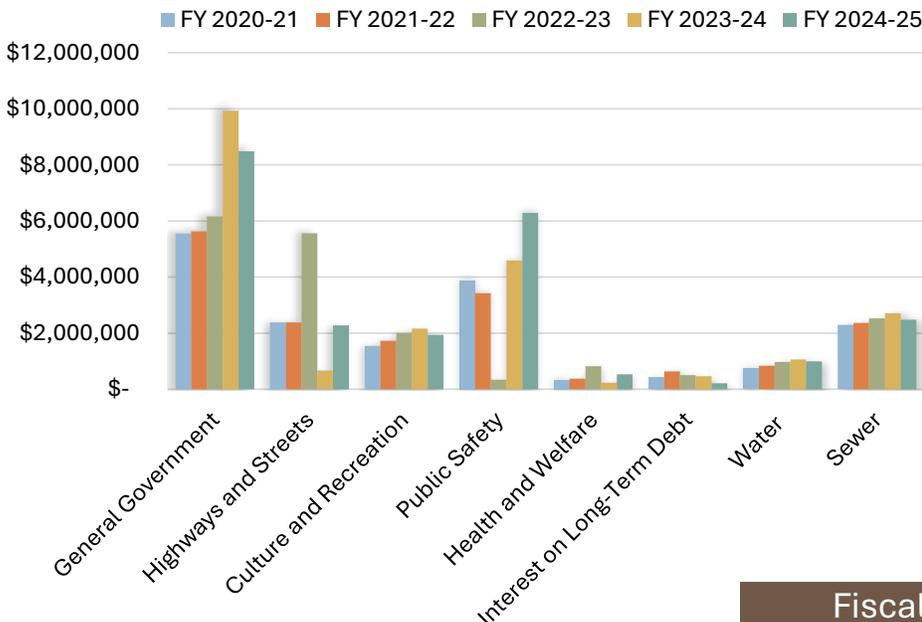
Public Safety expenses are costs incurred by the Town to provide police and animal control services to the public.

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.

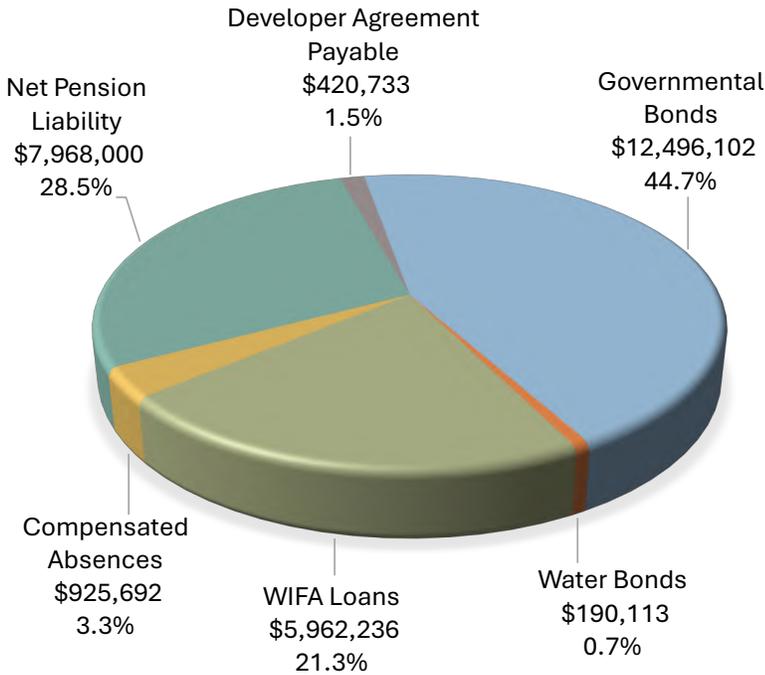
Water and Sewer expenses are incurred by the Town to process and provide water and sewer services to the public.

The chart below presents a five-year historical comparison of the Town's expenses. Variations between years reflect the impact of one-time COVID-19 relief funding, periods of increased investment in infrastructure and capital assets, and changes in the allocation or classification of certain expense categories.



Debt Obligations

As of June 30, 2025, the Town had \$28.0 million in long-term debt outstanding with \$2.2 million due within one year. The Town's long-term debt decreased by \$2.9 million. The chart below depicts the outstanding debt for the fiscal year ended June 30, 2025.



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, sewer, 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.



Police Department Building

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	-

Credit ratings reflect the Town's financial strength and management practices. Strong ratings help lower borrowing costs for major projects, saving taxpayer and ratepayer dollars.

Capital Assets

Each year, the Town updates its five-year Capital Improvement Program (CIP) to plan and manage major investments in infrastructure, equipment, vehicles, and facilities that support community services. The CIP focuses on larger projects costing more than \$50,000 with a useful life of at least five years, while the Town capitalizes all assets with a cost of \$5,000 or more in accordance with its financial policies.

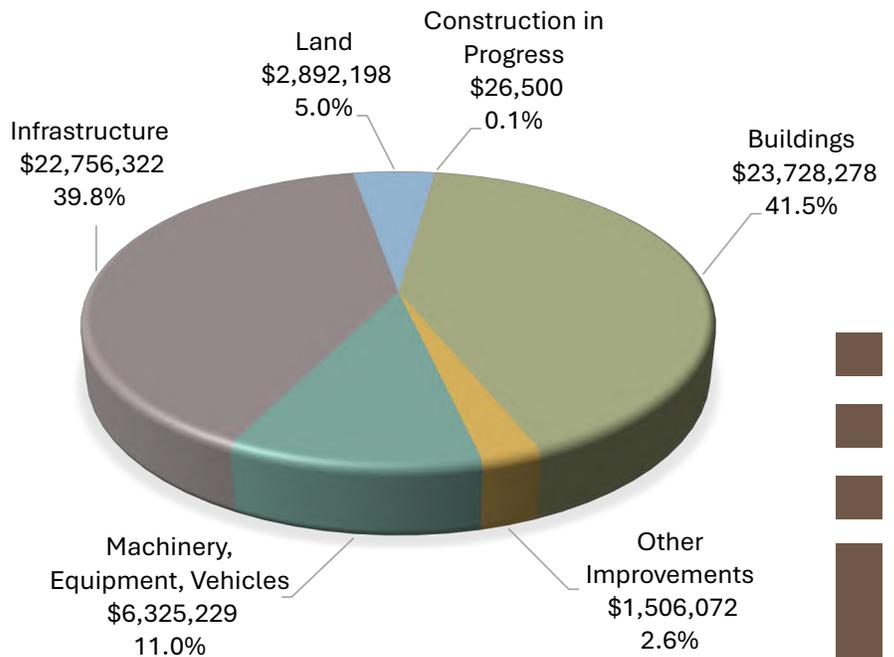
At June 30, 2025, the Town had invested \$61.9 million in capital assets (this is calculated net of the accumulated depreciation/amortization), including buildings, facilities, vehicles, machinery, right of use assets, equipment, and infrastructure assets.

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.

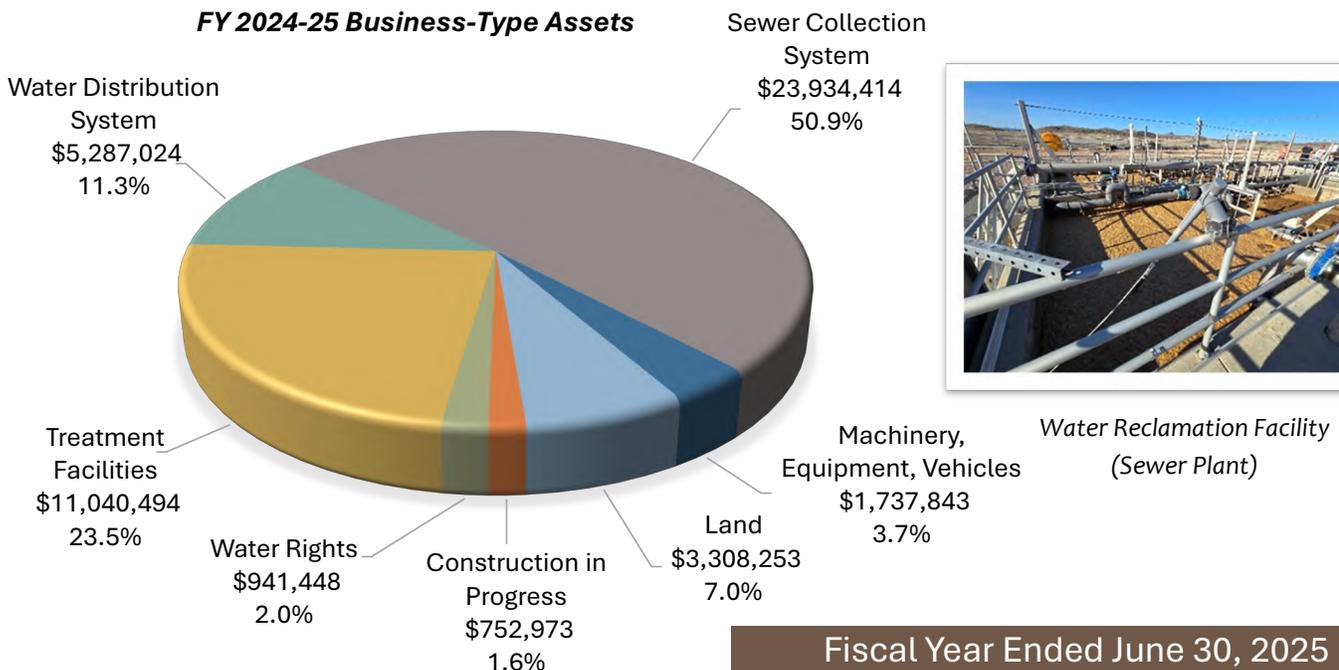


New Police Vehicle

FY 2024-25 Governmental Assets



FY 2024-25 Business-Type Assets



Water Reclamation Facility (Sewer 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 Sewer utilities, which are primarily financed through user fees and charges.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 18,475,543	\$ 21,140,717	\$ 1,005,295	\$ 316,049	\$ 19,480,838	\$ 21,456,766
Capital assets	37,656,103	35,639,934	24,209,022	24,323,346	61,865,125	59,963,280
Total assets	56,131,646	56,780,651	25,214,317	24,639,395	81,345,963	81,420,046
Deferred outflows of resources	3,481,507	4,346,289	101,591	93,070	3,583,098	4,439,359
Long-term liabilities outstanding	19,373,112	22,733,603	6,399,132	7,965,500	25,772,244	30,699,103
Other liabilities	2,737,846	2,105,867	3,469,463	3,058,152	6,207,309	5,164,019
Total liabilities	22,110,958	24,839,470	9,868,595	11,023,652	31,979,553	35,863,122
Deferred inflows of resources	982,257	842,189	39,915	24,796	1,022,172	866,985
Total net position	\$ 36,519,938	\$ 35,445,281	\$ 15,407,398	\$ 13,684,017	\$ 51,927,336	\$ 49,129,298

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.



Statement of Activities

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, 2025.

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.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 2,061,703	\$ 2,150,971	\$ 2,832,344	\$ 2,548,745	\$ 4,894,047	\$ 4,699,716
Operating grants and contributions	615,331	970,445	-	15,216	615,331	985,661
Capital grants and contributions	710,736	40,215	595,138	287,126	1,305,874	327,341
General revenues:						
Taxes	15,653,652	15,284,920	-	-	15,653,652	15,284,920
Urban revenue sharing	2,938,837	3,622,169	-	-	2,938,837	3,622,169
Other revenue/(expense)	724,203	1,197,927	47,601	82,545	771,804	1,280,472
Total revenues	<u>22,704,462</u>	<u>23,266,647</u>	<u>3,475,083</u>	<u>2,933,632</u>	<u>26,179,545</u>	<u>26,200,279</u>
Total expenses	<u>19,737,355</u>	<u>18,059,294</u>	<u>3,474,435</u>	<u>3,773,160</u>	<u>23,211,790</u>	<u>21,832,454</u>
Transfers in (out)	<u>(1,733,134)</u>	<u>(985,000)</u>	<u>1,733,134</u>	<u>985,000</u>	<u>-</u>	<u>-</u>
Change in net position	1,233,973	4,222,353	1,733,782	145,472	2,967,755	4,367,825
Net position, beginning	<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>
Restatement	<u>(159,316)</u>	<u>-</u>	<u>(10,401)</u>	<u>-</u>	<u>(169,717)</u>	<u>-</u>
Net position, beginning - restated	<u>35,285,965</u>	<u>31,222,928</u>	<u>13,673,616</u>	<u>13,538,545</u>	<u>48,959,581</u>	<u>44,761,473</u>
Ending net position	<u>\$ 36,519,938</u>	<u>\$ 35,445,281</u>	<u>\$ 15,407,398</u>	<u>\$ 13,684,017</u>	<u>\$ 51,927,336</u>	<u>\$ 49,129,298</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 \$1.4 million. Personnel costs increased as a result of higher benefit costs and additional positions. Other costs increased as a result of continued inflationary impacts on services, supplies, and materials.

Total revenues decreased \$20,734, which is primarily due to decreased state shared revenues offset slightly by increases in tax revenues.



Memory Park

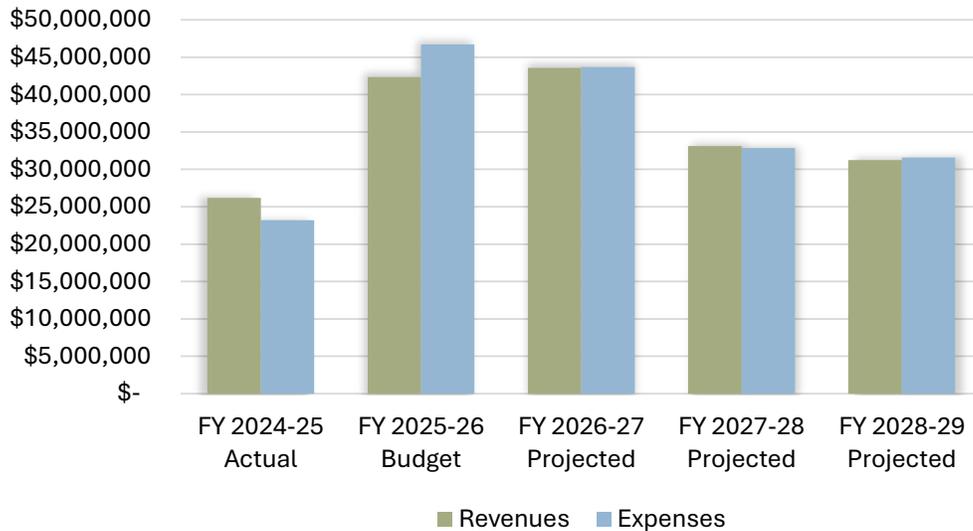
Future Outlook

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 13,911 in 2025. This growth reflects the Town's strong recovery from the economic and housing downturn, with a notable increase in new housing over the last decade. This growth has slowed, but additional developments are expected in the next few years.

The graph below indicates the FY 2024-25 actual and total projected revenues and expenses for the FY 2025-26 budget year and the next three fiscal years.

Townwide Revenues and Expenses

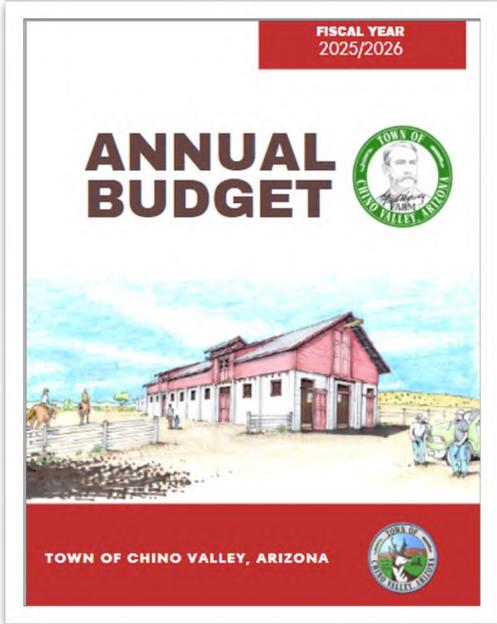


FY 2025-26 Budget

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 2025-26, 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

Police Department
220 N. State Route 89

IT Services, Library
1020 W. Palomino Rd.

Human Resources
1942 Voss Dr.

Development Services
1982 Voss Dr.

Public Works
1950 Voss Dr.

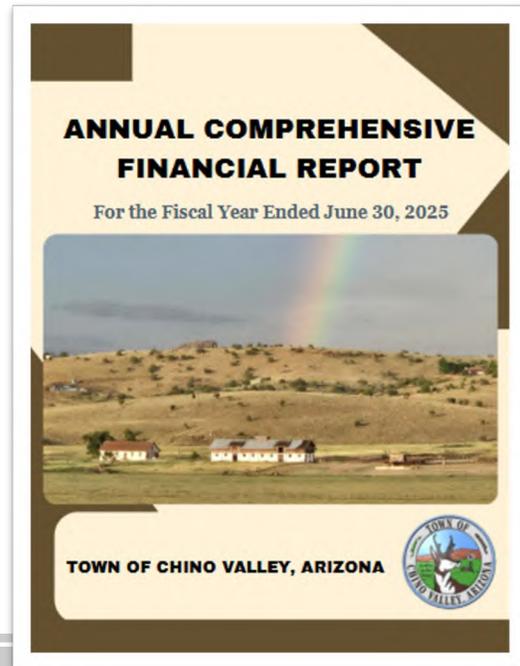
Senior Center
1021 W. Butterfield Rd.

Municipal Court
1988 N. Road 1 West

Community Center, Aquatics, Ballfields
1527 N. Road 1 East

All addresses are in Chino Valley, AZ 86323

Connect with Us!



Additional Disclosure

The Town of Chino Valley is proud to present its second 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 Heinfeld, Meech, and Co., P.C., 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](#)

