

TOWN OF CHINO VALLEY
REPORT ON AUDIT OF ANNUAL
EXPENDITURE LIMITATION REPORT
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF CHINO VALLEY
ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE YEAR ENDED JUNE 30, 2018

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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 Town of Chino Valley, Arizona for the year ended June 30, 2018. 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.

In our opinion, the Annual Expenditure Limitation Report of Town of Chino Valley, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

Henry + Horne LLP

Casa Grande, Arizona
November 15, 2018

TOWN OF CHINO VALLEY
 ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
 Year Ended June 30, 2018

1	Economic Estimates Commission expenditure limitation	N/A	
2	Voter-approved alternative expenditure limitation (Approved August 16, 2016)	<u>\$ 23,100,000</u>	
3	Enter applicable amount from line 1 or line 2		\$ 23,100,000
4	Amount subject to the expenditure limitation (total amount from Part II, Line C)	14,645,778	
5	Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A	
6	Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
7	Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	<u>N/A</u>	
8	Subtotal	14,645,778	
9	Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
10	Total adjusted amount subject to the expenditure limitation		<u>14,645,778</u>
11	Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u>\$ 8,454,222</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: Joe Duffy, Finance Director

Telephone Number: (928) 636-2646

Date: November 15, 2018

TOWN OF CHINO VALLEY
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
Year Ended June 30, 2018

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	<u>\$12,289,314</u>	<u>\$ 2,356,464</u>	<u>\$14,645,778</u>
B. Less exclusions claimed:			
1 Bond proceeds	-	-	-
Debt service requirements on bonded indebtedness	-	-	-
Proceeds from other long-term obligations	-	-	-
Debt service requirements on other long-term obligations	-	-	-
2 Dividends, interest and gains on the sale or redemption of investment securities	-	-	-
3 Trustee or custodian	-	-	-
4 Grants and aid from the Federal government	-	-	-
5 Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-
6 Amounts received from the State of Arizona	-	-	-
7 Quasi-external interfund transactions	-	-	-
8 Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
9 Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
10 Contracts with other political subdivisions	-	-	-
11 Refunds, reimbursements, and other recoveries	-	-	-
12 Voter-approved exclusions not identified above (attach resolution)	-	-	-
13 Prior years carryforward	<u>-</u>	<u>-</u>	<u>-</u>
14 Total exclusions claimed	<u>-</u>	<u>-</u>	<u>-</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>12,289,314</u>	<u>2,356,464</u>	<u>14,645,778</u>
	<u>\$12,289,314</u>	<u>\$ 2,356,464</u>	<u>\$14,645,778</u>

TOWN OF CHINO VALLEY
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
Year Ended June 30, 2018

Description	Governmenta Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund based financial statements	<u>\$12,289,314</u>	<u>\$ 2,892,628</u>	<u>\$15,181,942</u>
B. Subtractions			
1 Items not requiring use of working capital:			
Depreciation	-	1,343,729	1,343,729
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	49,289	49,289
Claims incurred but not reported	-	-	-
Landfill closure and postclosure care costs	-	-	-
Pension Expense	-	26,825	26,825
2 Expenditures of separate legal entities established under Arizona Revised Statute	-	-	-
3 Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-
4 Involuntary court judgments	-	-	-
5 Total subtractions	<u>-</u>	<u>1,419,843</u>	<u>1,419,843</u>
C. Additions:			
1 Principal payments on long-term debt	-	739,580	739,580
2 Acquisition of capital assets	-	113,537	113,537
3 Claims paid in current year but reported as expenses incurred but not reported in prior years	-	-	-
4 Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-
5 Pension contributions	-	30,562	30,562
6 Total additions	<u>-</u>	<u>883,679</u>	<u>883,679</u>
D. Amounts reported on Part II, Line A	<u>\$12,289,314</u>	<u>\$ 2,356,464</u>	<u>\$14,645,778</u>

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2018

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 16, 2016, 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 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.

NOTE 2 RECONCILIATION DEDUCTIONS AND ADDITIONS

The deductions for depreciation, bad debt expense, and pension expense and the additions for principal payments, the acquisition of capital assets, and pension contributions are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds; the Statement of Cash Flows for the proprietary funds and the financial statement footnotes 4, 5, and 9.

The addition of \$739,580 for principal payments on long-term debt in the Enterprise Funds consists of \$50,000 paid on bonds payable and \$651,314 paid on loans payable, and \$38,266 paid on capital lease payable during the current fiscal year. The addition for the acquisition of capital assets consists of \$113,537 paid for various capital assets in the Water and Sewer funds.

The subtraction of \$26,825 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$30,562 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.