

**TOWN OF CHINO VALLEY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**





**Prepared by the Finance Department**

**Joe R. Duffy, CPA, Administrative Services Director**

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Town of Chino Valley, Arizona

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# **Introductory Section**

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November 22, 2021

Honorable Mayor, Town Council and Town Manager:

The Comprehensive Annual Financial Report (CAFR) of the Town of Chino Valley, Arizona (the Town), for the fiscal year ended June 30, 2021 is submitted herewith. This report was prepared by the Town's Finance Department, in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncement of the Governmental Accounting Standards Board (GASB).

The report consists of management's representations concerning the finances of the Town of Chino Valley. Consequently, management assumes full responsibility for the accuracy of the data, and the completeness and fairness of all of the information presented in this report. To provide a reasonable basis for making these representations, the Town has established a comprehensive internal control framework that is designed both to protect the Town's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

The Town of Chino Valleys' financial statements have been audited by Henry & Horne, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to prove reasonable assurance that the financial statements of the Town of Chino Valley for the fiscal year ended June 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement preparation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Chino Valley's statements for the fiscal year ended June 30, 2020 are presented fairly in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditor.

## **REPORTING ENTITY**

For financial report purposes, the Town is a primary government. The citizens elect its governing Mayor and Council in a general election. The report includes all organizations and activities for which the elected officials exercise financial control. The Town has no component units. The Town interacts or contracts with various other governmental entities, but is not financially accountable for those entities.

## **PROFILE OF THE TOWN OF CHINO VALLEY**

Chino Valley is located in the heart of Yavapai County along State Route 89 and is situated at an elevation of 4,700 feet, approximately 90 miles northwest of Phoenix and 15 miles north of Prescott. The Town provides a full range of municipal services, including police protection, the construction and maintenance of streets and infrastructure; as well as recreational and cultural activities. The Town's two enterprise funds provide water and wastewater services. The Town also operates a Library and Senior Center.

Incorporated in 1970, Chino Valley received its name in 1854 from U.S. Army Cavalry Lt. Amiel W. Whipple. He was traveling through the area and took note of the plentiful grama grass growing in the region. The Mexican word for this grass was "chino"—thus the community's name. From January through May of 1864, the site of the first Territorial Capital of Arizona was established at Del Rio Springs in Chino Valley. Later that year, the Territorial Capital was moved to Prescott.

It was a railroad that brought much activity to Chino Valley. Jerome Junction was established in 1895, becoming a major center of goings-on from 1900 until 1925, when it was moved farther north. Afterward, from the 1920s to the late 1940s, most of the families of Chino Valley took up farming and ranching. In the 1950s and 1960s, dairy farming became a large source of revenue.

Chino Valley has experienced much growth since its early beginnings. Affordable housing, large plots of land and significant availability of services continue to draw residents and businesses to the area.

## **STATE ROUTE HIGHWAY 89**

Currently more than 24,000 vehicles per day travel State Route Highway 89 through Chino Valley. The Town, in conjunction with Yavapai County and Arizona Department of Transportation are in the process of planning improvements such as traffic control devices, frontage roads, widening and roundabouts on State Route Highway 89.

The Town is actively promoting the development of the Chino Valley Regional Business Park at Old Home Manor. The business park includes a new access road, water and sewer infrastructure for prospective businesses. The Regional Business Park is anticipated to encourage additional investment and economic activity within the area.

The Town of Chino Valley operates under a Council-Manager form of government. Under this organization structure, the Mayor and Council appoint a Town Manager to act as the chief operating officer. The Mayor and Town Council set policy direction and the Town Manager implements those policies in an efficient and effective manner. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council as well as overseeing the day-to-day operation.

## **FINANCIAL INFORMATION**

### **Internal Controls**

The Town is responsible for establishing and maintaining a system of internal budgetary controls, which are designed to ensure compliance with legal provisions of the annual budget adopted by the Town Council.

Internal account controls are designed to provide reasonable, but not absolute, assurance regarding: (1) safeguarding of assets against loss from unauthorized use or disposition, and (2) reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The system of internal controls is subject to periodic evaluation by management and is also considered by the independent auditors in connection with the annual audit of the Town's financial statements. All internal control evaluations occur within the above framework. The Town's internal accounting controls are considered to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Budgetary Controls**

The Town of Chino Valley, like many cities and towns in the State of Arizona, is subject to numerous budget and related requirements. Article IX, Section 20(1) of the Arizona Constitution sets limits on the Town's legal budget capacity.

The Town operates under the Home Rule Option that must be adopted by the local voters every four years. Home Rule allows the Mayor and Council, as part of the annual budget process to adopt an Alternative Expenditure Limitation equal to the total amount of budgeted expenditures/expenses as it appears on the annual budget to be adopted each year after a public hearing at which the citizens of the Town may comment. The Town adopted the Local Alternative Expenditure Limitation in August 2020 to be used through June 2025.

Under the Local Alternative Expenditure Limitation, the Town is allowed to adjust the state imposed expenditure base from \$9,345,848 to \$24,407,900 for fiscal year 2020-2021.

The Town maintains budgetary controls, which are designed to ensure compliance with legal provisions of the annual operating budget adopted by the Town Council. An operating budget is legally adopted by ordinance each fiscal year for the general fund, debt service, enterprise funds and several special revenue funds. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. After final adoption, transfers between budget appropriations for non-exempt areas may be made by the Town Council.

The Town is subject to the State of Arizona's Spending Limitations Law for Cities and Towns. This law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation applies to the total of the combined funds. The Town complied with this law during the fiscal year.

## Economic Conditions and Outlook

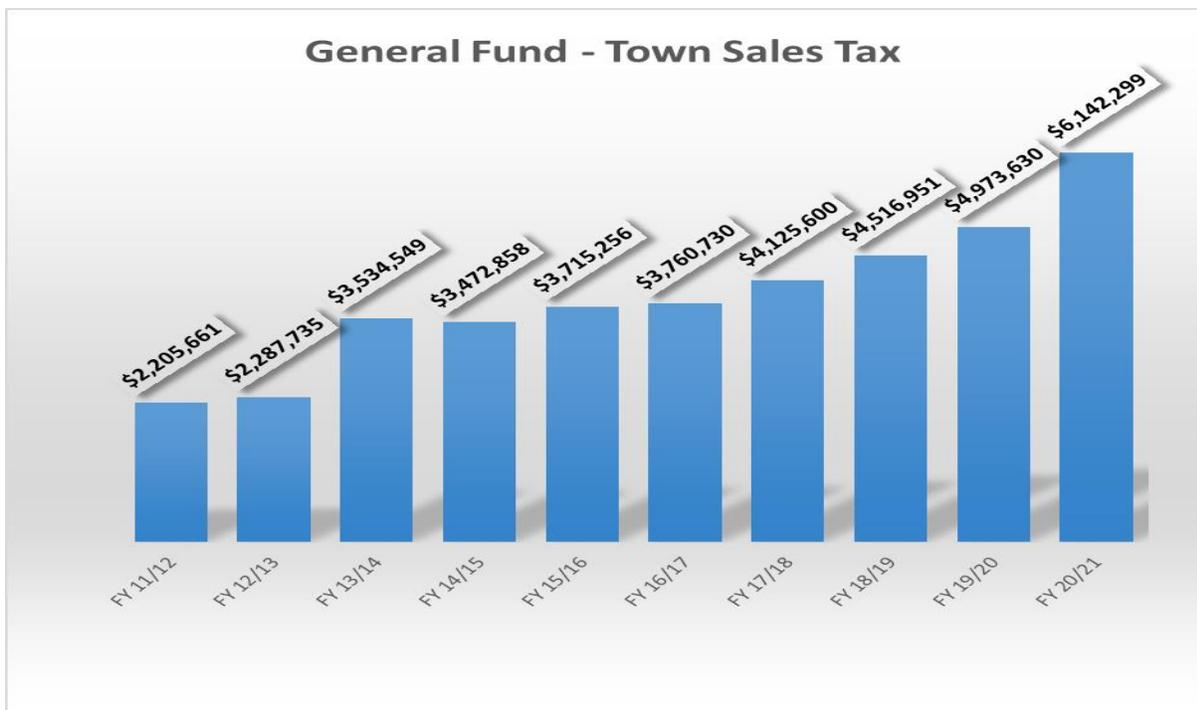
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Chino Valley operates.

The economy of Chino Valley is a diverse combination of agriculture, manufacturing, commercial, government and service activities. Local indicators are pointing to stability, after several turbulent years during the economic downturn. All local excise taxes, state-shared revenue, state income tax and highway user revenue have increased over the last couple of years.

In 2000, Chino Valley's population was 7,901; in 2010 the new census revealed a population of 10,825. Chino Valley is experiencing strong growth with the 2021 population estimated at 13,020. Growth was driven by three major housing subdivisions and several smaller developments. Chino Valley has recovered from the economic and housing downturn with a significant increase in new housing over the last three fiscal years.

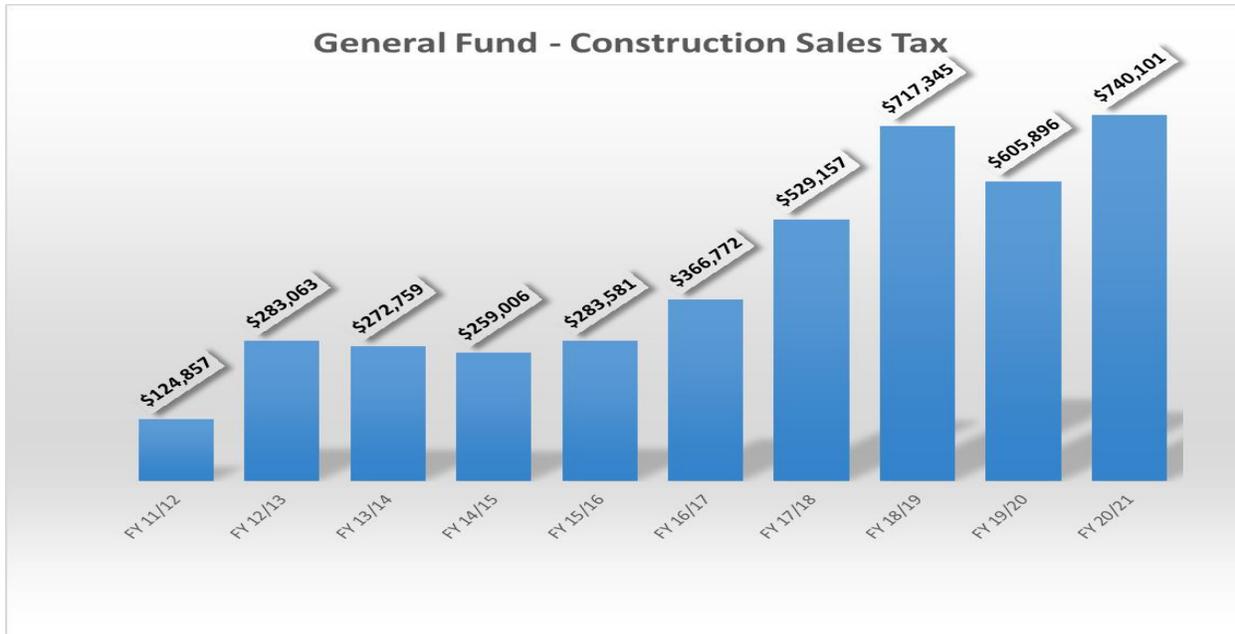
Local Sales Tax, also known as Town Sales Tax, indicators have been mixed since 2012. Local Sales Taxes are comprised of retail, construction, manufacturing, restaurant/bar, hotel/motel, and other taxing categories.

The Town's Sales Tax collections have shown steady growth since 2012. Total Sales Tax declined slightly in fiscal year 2015 compared to fiscal year 2014 due to a one-time payment to settle a long standing past due amount. The Town has seen steady growth each year since fiscal year 2015.



Through fiscal year 2013, the Town's sales tax rate was 3%. 1% of the 3% is transferred to the Capital Improvement fund while 2% remains in the general fund. In fiscal year 2014 the tax rate was increased to 4%. 3% is retained in the General Fund and 1% is transferred to the Capital Improvement Fund.

Construction sales tax by its nature can be volatile and unstable although it has been relatively stable starting in 2012/2013, and has shown steady growth through fiscal year 2018/2019. The graph below shows the fluctuations in construction sales tax from 2011/2012 to 2020/2021.



The Town conservatively budgets the amount of construction sales tax each year taking into account the volatility and one time nature of the tax.

The Town of Chino Valley does not collect a property tax.

### LONG-TERM FINANCIAL PLANNING

The Town’s responsiveness to emerging economic challenges and its careful long-range planning have been a key factor in maintaining Chino Valley’s fiscal health. During Fiscal Year 2021 the Town completed the Old Home Manor Master Plan and continues to promote the development of the Business Park and Old Home Manor.

The Town of Chino Valley is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility. The Town completed several major capital projects this past year including the following:

- The Town constructed new restrooms and Memory Park.
- Completed a new utility shop building at the Waste Water Treatment Plant.
- The Town purchased land and additional water rights.

The Town made several improvements to its facilities including painting the exterior of most of the Town’s buildings, a major drainage project, Rodeo Drive improvements and acquired several pieces of equipment including several new police cars.

## **OTHER INFORMATION**

### **Independent Audit**

The accounting firm of Henry & Horne, LLP was selected by the Town to perform the annual independent audit. The annual audit is designed to meet the requirement of the Single Audit Act of 1984 and OMB Circular A-133. The independent auditor's report and federal compliance reports are included in the Financial Sections of this report.

### **Acknowledgements**

The preparation of the comprehensive Annual Financial Report was made possible by the dedicated staff of the Finance Department and the assistance of all the Town's departments. I also want to thank the Town Manager for his dedicated commitment to enhancing the financial performance of the Town, and to the Mayor and Council in maintaining the excellent financial status of the Town in a responsible manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Joe Duffy". The signature is written in a cursive, flowing style.

Joe R. Duffy, CPA  
Administrative Services Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Chino Valley  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

# TOWN OF CHINO VALLEY, ARIZONA



## LIST OF PRINCIPAL OFFICIALS

### **Town Council**

Jack Miller, Mayor

Annie Perkins, Vice Mayor

Lon Turner, Council Member

Eric Granillo, Council Member

John McCafferty, Council Member

Tom Armstrong, Council Member

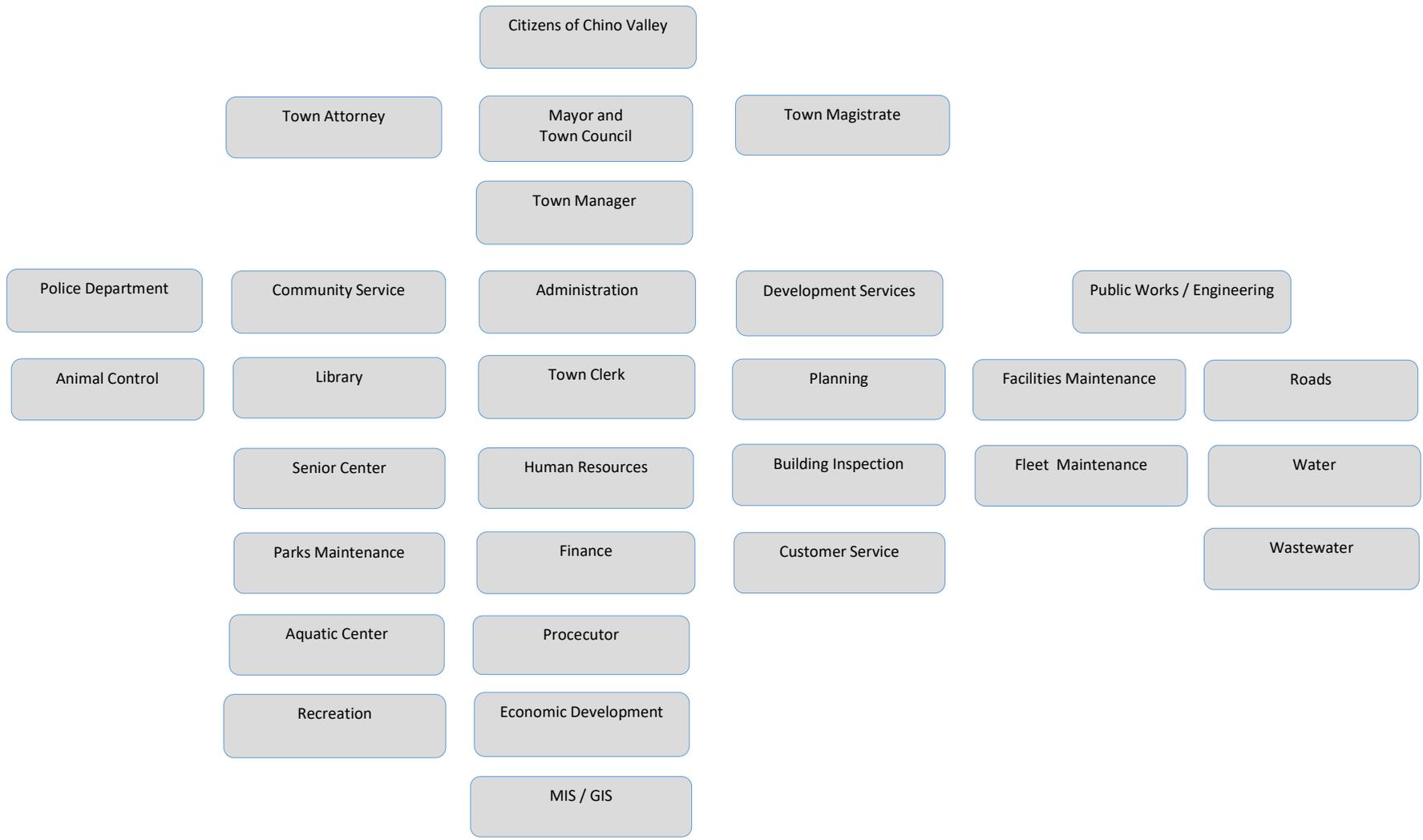
Cloyce Kelly, Council Member

### **Town Manager**

Cindy Blackmore

### **Administrative Services Director**

Joe R. Duffy, CPA



# Financial Section

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council  
Town of Chino Valley  
Chino Valley, Arizona

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Chino Valley, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Chino Valley, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chino Valley, Arizona's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial information listed as other supplementary information in the table of contents are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as other supplementary information in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Matters (Continued)**

### *Other Information (Continued)*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies*

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Chino Valley, Arizona failed to use highway user revenue fund monies received by the Town pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the Town of Chino Valley solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Town of Chino Valley's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the Town and is not intended to be and should not be used by anyone other than these specified parties.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chino Valley, Arizona's, internal control over financial reporting and compliance.

*Henry + Horne, LLP*

Tempe, Arizona  
November 22, 2021



# Financial Section

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Management's Discussion & Analysis

**TOWN OF CHINO VALLEY, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

As management of the Town of Chino Valley, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page i of this report.

**FINANCIAL ANALYSIS**

- Total assets exceed total liabilities (net position) by \$30.5 million at the close of the fiscal year.
- Total net position, excluding the impact of GASB Statement 68, increased by \$3.5 million. This was primarily due to an increase in cash. The increase in cash is primarily due to receiving over \$2 million in American Rescue Plan Act (ARPA) funding.
- Governmental taxes and other governmental revenues exceeded expenses by \$3,300,469.
- Business-type revenues exceeded total business-type expenses, including transfers by \$266,457.
- Total revenues from all sources were \$20.7 million.
- The total cost of all Town programs was \$17.2 million.
- The General Fund reported excess revenue over expenditures and transfers of \$1.27 million.
- At the end of the current fiscal year, fund balance for the General Fund was \$9.6 million or 94% of total General Fund expenditures, excluding transfers.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the Town of Chino Valley's basic financial statements. The Town of Chino Valley's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Chino Valley's finances, in a manner similar to a private-sector business. The *statement of net position* presents financial information on all of the Town of Chino Valley's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Chino Valley is improving or deteriorating.

The *statement of activities* presents information showing how the Town of Chino Valley's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Chino Valley that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Chino Valley include general government, public safety, streets, culture and recreation, and health and welfare. The business-type activities of the Town of Chino Valley include water and sewer.

The government-wide financial statements can be found on pages 17-19 of this report.

**Fund Financial Statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Chino Valley, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Chino Valley can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Chino Valley maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other ten governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Town of Chino Valley adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21-28 of this report.

**Proprietary Funds** - The Town of Chino Valley maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Chino Valley uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund and sewer fund, both of which are considered to be major funds of the Town of Chino Valley.

The basic proprietary fund financial statements can be found on pages 29-35 of this report.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The Town did not have any fiduciary funds to report at year end.

**Notes to the Financial Statements** - The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-67 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town of Chino Valley's budgetary schedules and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 70-89 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major governmental fund budgetary comparisons are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 75-91 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by \$30.5 million as of June 30, 2021 as shown in the following condensed statement of net position. The Town has chosen to account for its water and sewer operations in an enterprise fund which is shown as Business Activities.

### Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Current and other assets	\$ 18,325,956	\$ 14,065,609	\$ 875,495	\$ 1,343,238	\$ 19,201,451	\$ 15,408,847
Capital assets	17,791,938	17,701,542	24,411,065	24,781,153	42,203,003	42,482,695
Total assets	<u>36,117,894</u>	<u>31,767,151</u>	<u>25,286,560</u>	<u>26,124,391</u>	<u>61,404,454</u>	<u>57,891,542</u>
Deferred outflows of resources	3,533,215	2,209,418	96,686	43,539	3,629,901	2,252,957
Long-term liabilities outstanding	18,583,617	17,227,266	10,140,546	10,782,504	28,724,163	28,009,770
Other liabilities	2,758,119	1,364,392	2,755,032	3,139,086	5,513,151	4,503,478
Total liabilities	<u>21,341,736</u>	<u>18,591,658</u>	<u>12,895,578</u>	<u>13,921,590</u>	<u>34,237,314</u>	<u>32,513,248</u>
Deferred inflows of resources	239,441	615,448	8,443	33,572	247,884	649,020
Net position:						
Net investment in capital assets	9,405,857	8,791,146	14,879,202	14,524,764	24,285,059	23,315,910
Restricted	3,018,753	1,500,148	1,094,561	1,004,070	4,113,314	2,504,218
Unrestricted	5,645,322	4,478,169	(3,494,538)	(3,316,066)	2,150,784	1,162,103
Total net position	<u>\$ 18,069,932</u>	<u>\$ 14,769,463</u>	<u>\$ 12,479,225</u>	<u>\$ 12,212,768</u>	<u>\$ 30,549,157</u>	<u>\$ 26,982,231</u>

## Governmental Activities

The cost of all Governmental activities, excluding transfers, this year was \$14.1 million which is 14% higher than last fiscal year. As shown on the statement of Changes in Net Position below, \$1,047,609 was paid for by those who directly benefited from the programs; \$2,605,116 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid, donations, and fees for services were \$3.6 million. General taxes and investment earnings totaled \$13.7 million.

The Town's programs include: General Government, Public Safety, Public Works/Streets, Culture & Recreation, Health & Welfare, Water, and Sewer Services. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the Town's general taxes support each of the Town's programs.

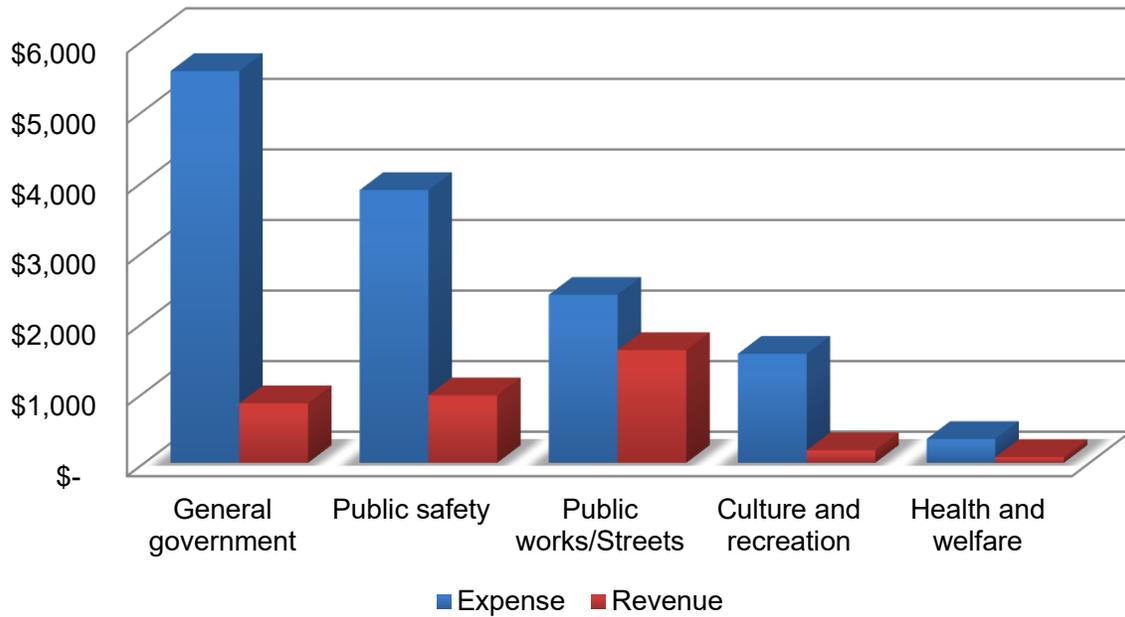
Total resources available during the year to finance governmental operations were \$32.0 million, consisting of net position at July 1, 2020 of \$14.7 million, program revenues of \$3.6 million and General Revenues of \$13.7 million. Total Governmental Activities during the year were \$14.1 million; thus Governmental Net Position was increased by \$3.3 million to \$18 million.

### Changes in Net Position

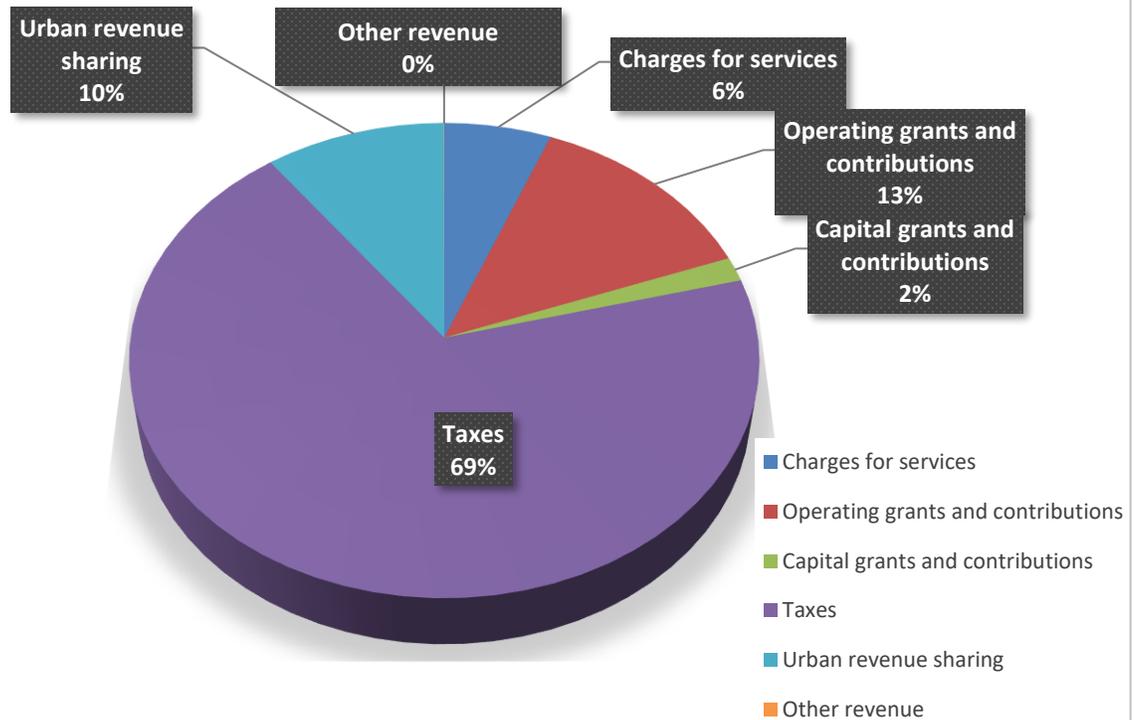
	Governmental Activities		Business-type Activities		Total Government	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,047,609	\$ 871,247	\$ 2,434,600	\$ 2,217,481	\$ 3,482,209	\$ 3,088,728
Operating grants and contributions	2,317,179	2,539,184	-	-	2,317,179	2,539,184
Capital grants and contributions	287,937	431,795	824,605	734,700	1,112,542	1,166,495
General revenues:						
Taxes	11,984,095	10,199,353	-	-	11,984,095	10,199,353
Urban revenue sharing	1,768,560	1,552,162	-	-	1,768,560	1,552,162
Other revenue/(expense)	4,409	109,255	54,227	59,895	58,636	169,150
Total revenues	<u>17,409,789</u>	<u>15,702,996</u>	<u>3,313,432</u>	<u>3,012,076</u>	<u>20,723,221</u>	<u>18,715,072</u>
Expenses:						
General government	5,550,638	5,321,346	-	-	5,550,638	5,321,346
Public safety	3,864,279	3,791,771	-	-	3,864,279	3,791,771
Public works/Streets	2,380,503	1,044,909	-	-	2,380,503	1,044,909
Culture and recreation	1,544,436	1,435,113	-	-	1,544,436	1,435,113
Health and welfare	337,132	377,054	-	-	337,132	377,054
Interest on long-term debt	432,332	450,435	-	-	432,332	450,435
Water	-	-	745,412	761,521	745,412	761,521
Sewer	-	-	2,301,563	2,459,719	2,301,563	2,459,719
Total expenses	<u>14,109,320</u>	<u>12,420,628</u>	<u>3,046,975</u>	<u>3,221,240</u>	<u>17,156,295</u>	<u>15,641,868</u>
Increase / (decrease) in net position						
before special items and transfers	3,300,469	3,282,368	266,457	(209,164)	3,566,926	3,073,204
Special items	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-
Change in net position	<u>3,300,469</u>	<u>3,282,368</u>	<u>266,457</u>	<u>(209,164)</u>	<u>3,566,926</u>	<u>3,073,204</u>
Net position, beginning	<u>14,769,463</u>	<u>11,487,095</u>	<u>12,212,768</u>	<u>12,421,932</u>	<u>26,982,231</u>	<u>23,909,027</u>
Ending net position	<u>\$18,069,932</u>	<u>\$14,769,463</u>	<u>\$12,479,225</u>	<u>\$12,212,768</u>	<u>\$30,549,157</u>	<u>\$26,982,231</u>

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all government activities.

**Expense and Program Revenues - Governmental Activities**  
(in Thousands)



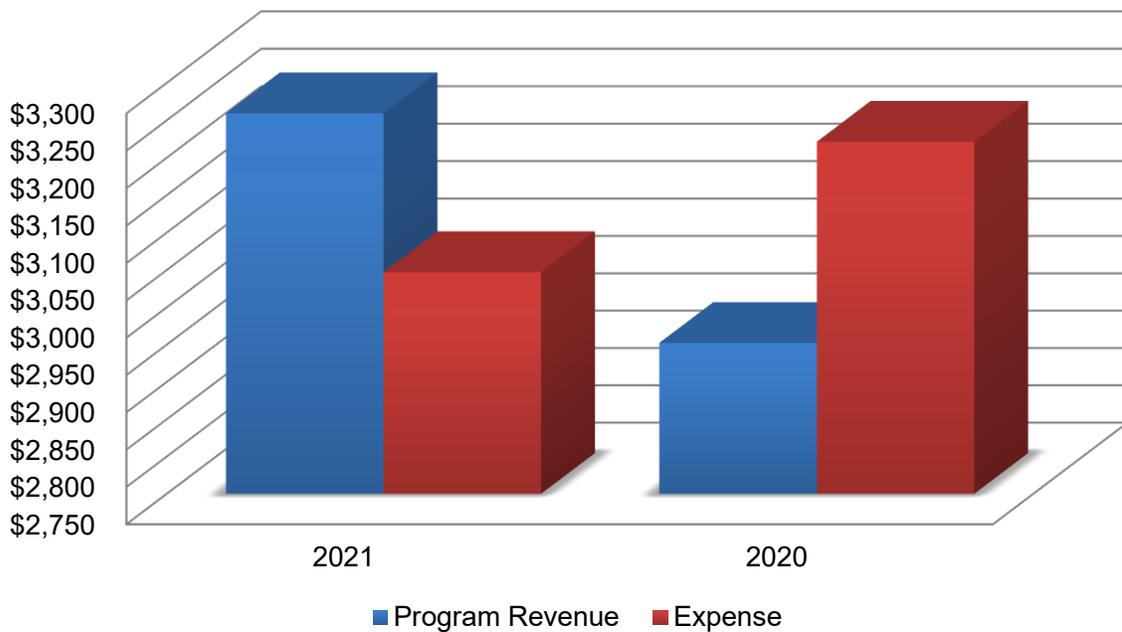
**Revenue by Source - Governmental Activities**



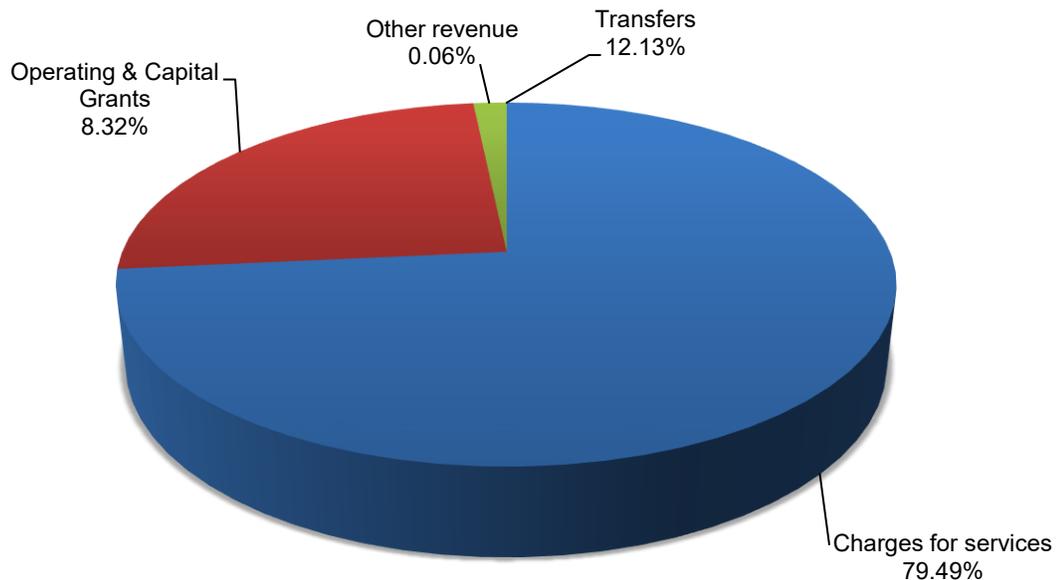
## Business Type Activities

Net position of the Business Type activities at June 30, 2021, as reflected in the Statement of Net Position was \$12.4 million. The cost of providing all Proprietary (Business Type) activities this year was \$3.0 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2.4 million and there was \$824,605 subsidized by capital grants and contributions. Interest earnings and other revenue were \$54,227. The Net Position increased by \$266,457.

**Expenses and Program Revenues - Business-type Activities**  
(in Thousands)



**Revenue by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the Town of Chino Valley uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the Town of Chino Valley's governmental funds is to provide information on near-term inflows, outflows, and balances of spend-able resources. Such information is useful in assessing the Town of Chino Valley's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Chino Valley's governmental funds reported combined ending fund balances of \$15,550,462 an increase of \$2,849,245 in comparison with the prior year. Approximately, 54% of this total amount, \$8,487,272 constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is restricted or assigned 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the Town of Chino Valley. At the end of the current fiscal year, unassigned fund balance in the general fund was \$8,487,272, while total fund balance is \$9,625,631. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 83% of total general fund expenditures, while total fund balance represents 94% of the same amount.

During the year, the Town of Chino Valley's General fund balance increased by \$1,269,671. The key factor in this increase was the Town's continued expenditure control efforts and realized increases in Intergovernmental Revenues and Charges for Service. The Grants fund balance increased by \$41,714. The Highway Use Revenue fund increased \$1,440,961 due to a one time transfer from the General Fund.

The non-major funds of the Town consist of the Highway User Revenue fund, CDBG, Grants fund, Street Lighting Improvement District fund, Debt service fund and development impact fee funds (Police, Parks/Recreations, and Roads) all of which are restricted or assigned for specific purposes.

**Proprietary Funds:** The proprietary fund financial statements are prepared on the same accounting basis and measurement focus as the government-wide financial statements, but provide additional detail since each major enterprise fund is shown directly on the fund statements.

Net position of the proprietary funds was \$12.47 million as of June 30, 2021. Operating revenues in fiscal year 2021 were \$727,943 for water and \$1,760,393 for sewer while operating expenses were \$729,937 for water and \$2,089,862 for sewer, resulting in operating losses of \$1,994 for water and \$329,469 for sewer. The water and sewer operating expenses increased from the prior year mainly due to increased maintenance and repair costs. The water net operating loss was offset by buy in and connection fees.

## **General Fund Budgetary Highlights**

Actual expenditures, excluding transfers, for the General Fund at year-end were \$896,725 less than final appropriations. The budget to actual variance in appropriations was principally due to continued reductions in general government expenses including capital asset replacement and non-departmental expenses that were less than anticipated and the preservation of the remaining contingencies and reserves budgets. There were amendments made during the year between general fund departments to prevent budget overruns and to increase appropriations for unanticipated expenditures after adoption of the original budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2021, net capital assets of the government activities totaled \$17.70 million and the net capital assets of the business-type activities totaled \$24.78 million. Depreciation on capital assets is recognized in the Government-Wide financial statements. (See note 4 to the financial statements)

### **Debt**

At year-end, the Town had \$18.5 million in governmental type debt, and \$10.7 million in proprietary debt. The debt is a liability of the government and amounts to \$2,259 per capita. During the current fiscal year, the Town's total debt decreased by \$1,991,360 and had no change in their credit rating. (See note 5 to the financial statements)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In building the Town Budget for fiscal year 2021/2022, the Town Council and management considered the slight increase in state shared revenues, and the adopted utility rate increases and established expenditure budgets accordingly. The town instituted a merit system for town staff.

Chino Valley's continues to see strong housing demand suggesting the economic recovery has begun. The Town anticipates steady revenue increases in most areas and continues to proactively review expenses for potential savings.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Chino Valley, Finance Department, 202 N. State Route 89, Chino Valley, AZ 86323. You can also call 928-636-2646 or visit our website at [www.chinoaz.net](http://www.chinoaz.net).



# Financial Section

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## Basic Financial Statements

**Government-wide Financial Statements** - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

**Governmental Funds Financial Statements** - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements and the Budget and Actual statements for the General Fund and all major Special Revenue Funds.

**Proprietary Funds Financial Statements** - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

## Notes to the Financial Statements



TOWN OF CHINO VALLEY, ARIZONA  
STATEMENT OF NET POSITION  
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,871,955	\$ 87,677	\$ 15,959,632
Receivables (net of allowances)	1,592,457	187,527	1,779,984
Internal balances	494,270	(494,270)	-
Prepaid items	15,412	-	15,412
Restricted cash and cash equivalents	351,862	1,094,561	1,446,423
Capital assets:			
Nondepreciable capital assets	2,981,593	4,086,572	7,068,165
Depreciable capital assets (net of accumulated depreciation)	14,810,345	20,324,493	35,134,838
<b>Total assets</b>	<b>36,117,894</b>	<b>25,286,560</b>	<b>61,404,454</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on refunding	239,540	-	239,540
Deferred outflows of resources related to pensions	3,293,675	96,686	3,390,361
<b>Total deferred outflows of resources</b>	<b>3,533,215</b>	<b>96,686</b>	<b>3,629,901</b>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	450,807	190,510	641,317
Accrued wages and benefits	66,829	3,636	70,465
Interest payable	173,981	113,588	287,569
Unearned revenue	2,066,502	2,447,298	4,513,800
Noncurrent liabilities:			
Due within one year:			
Compensated absences	250,000	11,000	261,000
Loans/ developer agreements payable	-	678,239	678,239
Bonds payable	641,000	55,000	696,000
Due in more than one year:			
Compensated absences	261,034	27,226	288,260
Loans/ developer agreements payable	-	8,538,174	8,538,174
Bonds payable	7,984,621	260,450	8,245,071
Net pension liability	9,446,962	570,457	10,017,419
<b>Total liabilities</b>	<b>21,341,736</b>	<b>12,895,578</b>	<b>34,237,314</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	239,441	8,443	247,884
<b>Total deferred inflows of resources</b>	<b>239,441</b>	<b>8,443</b>	<b>247,884</b>
<b>NET POSITION</b>			
Net investment in capital assets	9,405,857	14,879,202	24,285,059
Restricted for:			
Highways and streets	2,342,558	-	2,342,558
Debt service	473,817	1,094,561	1,568,378
Public safety	166,468	-	166,468
Culture and recreation	35,910	-	35,910
Unrestricted (deficit)	5,645,322	(3,494,538)	2,150,784
<b>Total net position</b>	<b>\$ 18,069,932</b>	<b>\$ 12,479,225</b>	<b>\$ 30,549,157</b>

See accompanying notes.

TOWN OF CHINO VALLEY, ARIZONA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 5,550,638	\$ 796,309	\$ 43,954	\$ 1,539
Public safety	3,864,279	178,638	637,328	139,866
Public works/streets	2,380,503	24,236	1,451,561	121,532
Culture and recreation	1,544,436	47,277	105,442	25,000
Health and welfare	337,132	1,149	78,894	-
Interest on long-term debt	432,332	-	-	-
Total governmental activities	<u>14,109,320</u>	<u>1,047,609</u>	<u>2,317,179</u>	<u>287,937</u>
Business-type activities				
Water	745,412	727,943	-	370,891
Sewer	2,301,563	1,706,657	-	453,714
Total business-type activities	<u>3,046,975</u>	<u>2,434,600</u>	<u>-</u>	<u>824,605</u>
Total primary government	<u>\$ 17,156,295</u>	<u>\$ 3,482,209</u>	<u>\$ 2,317,179</u>	<u>\$ 1,112,542</u>

General revenues  
Taxes:  
  Town sales tax  
  Franchise tax  
  Property tax  
  Auto-in-lieu (unrestricted)  
  State sales taxes (unrestricted)  
  Urban revenue sharing (unrestricted)  
  Unrestricted investment earnings  
  Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (4,708,836)	\$ -	\$ (4,708,836)
(2,908,447)	-	(2,908,447)
(783,174)	-	(783,174)
(1,366,717)	-	(1,366,717)
(257,089)	-	(257,089)
(432,332)	-	(432,332)
<u>(10,456,595)</u>	<u>-</u>	<u>(10,456,595)</u>
-	353,422	353,422
-	(141,192)	(141,192)
<u>-</u>	<u>212,230</u>	<u>212,230</u>
<u>(10,456,595)</u>	<u>212,230</u>	<u>(10,244,365)</u>
9,326,248	-	9,326,248
136,335	-	136,335
4,247	-	4,247
1,049,654	-	1,049,654
1,467,611	-	1,467,611
1,768,560	-	1,768,560
4,409	491	4,900
<u>-</u>	<u>53,736</u>	<u>53,736</u>
<u>13,757,064</u>	<u>54,227</u>	<u>13,811,291</u>
3,300,469	266,457	3,566,926
<u>14,769,463</u>	<u>12,212,768</u>	<u>26,982,231</u>
<u>\$ 18,069,932</u>	<u>\$ 12,479,225</u>	<u>\$ 30,549,157</u>

See accompanying notes.



# Financial Section

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## Government Funds Financial Statements

### Major Funds

#### **General Fund**

This fund is the general operating fund of the Town. It accounts for all financial resources of the Town, except those required to be accounted for in other funds.

#### **Grants Fund**

This fund accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use other than CDBG Grants.

#### **Highway User Revenue Fund (HURF)**

This fund accounts for the Town's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

#### **Debt Service Fund**

This fund accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

#### **Capital Improvement Fund**

This fund accounts for sales tax revenues and bond proceeds used for the acquisition and construction of major capital facilities and other internally designated purposes.

#### **Non - Major Funds**

Other governmental funds are the non-major funds and are special revenue, debt service and capital project funds.

TOWN OF CHINO VALLEY, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

ASSETS	General	Grants	Highway User Revenue Fund	Debt Service
Cash and cash equivalents	\$ 10,520,230	\$ 105,755	\$ 2,181,713	\$ 295,936
Receivables, net:				
Accounts receivable	136,808	-	-	-
Intergovernmental	989,071	30,587	106,267	-
Due from other funds	494,270	-	-	-
Prepays	15,412	-	-	-
Restricted cash and investments	-	-	-	351,862
<b>Total assets</b>	<b>\$ 12,155,791</b>	<b>\$ 136,342</b>	<b>\$ 2,287,980</b>	<b>\$ 647,798</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 400,634	\$ 3,880	\$ 5,428	\$ -
Accrued wages and benefits	63,024	-	3,805	-
Matured interest payable	-	-	-	173,981
Unearned revenue	2,066,502	-	-	-
<b>Total liabilities</b>	<b>2,530,160</b>	<b>3,880</b>	<b>9,233</b>	<b>173,981</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - grants	-	17,375	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>17,375</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable				
Due from other funds	494,270	-	-	-
Prepaid items	15,412	-	-	-
Restricted				
Highways and streets	63,169	-	2,278,747	-
Culture and recreation	-	35,910	-	-
Debt service	-	-	-	351,862
Public safety	87,291	79,177	-	-
Committed				
Debt service	-	-	-	121,955
Assigned				
Capital improvements	478,217	-	-	-
Unassigned	8,487,272	-	-	-
<b>Total fund balances</b>	<b>9,625,631</b>	<b>115,087</b>	<b>2,278,747</b>	<b>473,817</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,155,791</b>	<b>\$ 136,342</b>	<b>\$ 2,287,980</b>	<b>\$ 647,798</b>

Capital Improvement	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,767,712	\$ 609	\$ 15,871,955
-	33	136,841
329,691	-	1,455,616
-	-	494,270
-	-	15,412
-	-	351,862
<u>\$ 3,097,403</u>	<u>\$ 642</u>	<u>\$ 18,325,956</u>
\$ 40,865	\$ -	\$ 450,807
-	-	66,829
-	-	173,981
-	-	2,066,502
<u>40,865</u>	<u>-</u>	<u>2,758,119</u>
-	-	17,375
-	-	17,375
-	-	494,270
-	-	15,412
-	642	2,342,558
-	-	35,910
-	-	351,862
-	-	166,468
-	-	121,955
3,056,538	-	3,534,755
-	-	8,487,272
<u>3,056,538</u>	<u>642</u>	<u>15,550,462</u>
<u>\$ 3,097,403</u>	<u>\$ 642</u>	<u>\$ 18,325,956</u>

TOWN OF CHINO VALLEY, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2021

Total governmental funds balances		\$ 15,550,462
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental capital assets	\$ 32,572,934	
Accumulated depreciation	<u>(14,780,996)</u>	17,791,938
Grant revenues earned but not received within 60 days of year-end are deferred for the governmental statements, but are recognized as revenue for the government-wide statements.		
		17,375
Some liabilities, including net pension liabilities, capital leases, loans payable, and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(9,446,962)	
Bonds payable	(8,535,242)	
Bond discounts	(90,379)	
Compensated absences	<u>(511,034)</u>	(18,583,617)
Deferred outflows and inflows of resources related to pensions and deferred charges on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred amount on refunding	239,540	
Deferred outflows of resources related to pensions	3,293,675	
Deferred inflows of resources related to pensions	<u>(239,441)</u>	<u>3,293,774</u>
Total net position of governmental activities		<u><u>\$ 18,069,932</u></u>



TOWN OF CHINO VALLEY, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

REVENUES	General	Grants	Highway User Revenue Fund	Debt Service
Taxes	\$ 7,131,021	\$ -	\$ -	\$ -
Licenses, permits and fees	653,229	-	2,902	-
Intergovernmental revenues	4,971,313	498,959	1,191,368	-
Charges for services	88,865	-	-	-
Fines and forfeitures	214,143	-	-	-
Interest income	3,906	-	479	-
Other revenues	98,995	145,601	21,334	-
Total revenues	<u>13,161,472</u>	<u>644,560</u>	<u>1,216,083</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	4,715,563	9,503	-	-
Public safety	3,542,514	142,059	-	-
Public works/streets	-	331,218	1,729,059	-
Culture and recreation	1,148,050	217	-	-
Health and welfare	317,464	19,616	-	-
Capital outlay	472,684	100,233	141,794	-
Debt service:				
Principal retirement	-	-	-	606,000
Interest and fiscal charges	-	-	-	350,647
Total expenditures	<u>10,196,275</u>	<u>602,846</u>	<u>1,870,853</u>	<u>956,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,965,197</u>	<u>41,714</u>	<u>(654,770)</u>	<u>(956,647)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	205	-	-	-
Transfers in	400,000	-	2,095,731	973,000
Transfers out	<u>(2,095,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>(1,695,526)</u>	<u>-</u>	<u>2,095,731</u>	<u>973,000</u>
Net change in fund balances	1,269,671	41,714	1,440,961	16,353
Fund balances - beginning of year	<u>8,355,960</u>	<u>73,373</u>	<u>837,786</u>	<u>457,464</u>
Fund balances - end of year	<u>\$ 9,625,631</u>	<u>\$ 115,087</u>	<u>\$ 2,278,747</u>	<u>\$ 473,817</u>

Capital Improvement	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,331,562	\$ 4,247	\$ 9,466,830
-	-	656,131
122,850	-	6,784,490
-	-	88,865
-	-	214,143
24	-	4,409
-	-	265,930
<u>2,454,436</u>	<u>4,247</u>	<u>17,480,798</u>
-	-	4,725,066
-	-	3,684,573
-	3,832	2,064,109
-	-	1,148,267
-	-	337,080
1,001,305	-	1,716,016
-	-	606,000
-	-	350,647
<u>1,001,305</u>	<u>3,832</u>	<u>14,631,758</u>
<u>1,453,131</u>	<u>415</u>	<u>2,849,040</u>
-	-	205
-	-	3,468,731
<u>(1,373,000)</u>	<u>-</u>	<u>(3,468,731)</u>
<u>(1,373,000)</u>	<u>-</u>	<u>205</u>
80,131	415	2,849,245
<u>2,976,407</u>	<u>227</u>	<u>12,701,217</u>
<u>\$ 3,056,538</u>	<u>\$ 642</u>	<u>\$ 15,550,462</u>

TOWN OF CHINO VALLEY, ARIZONA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 2,849,245
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Capital outlay	\$ 1,309,320	
Depreciation expense	<u>(1,193,847)</u>	115,473
<p>Governmental funds report the gross proceeds from the sale of capital assets as revenue. However, in the statement of activities, the gain on the sale of capital assets is reported net of its net book value</p>		
		(25,077)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		17,375
<p>Town pension contributions are reported as expenditures in the governmental governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net position liability is measured a year before the Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
Town pension contributions	1,142,168	
Pension expense	<u>(1,371,074)</u>	(228,906)
<p>Repayment of long-term debt (e.g., bonds, leases) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		606,000
<p>Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>		
Deferred amounts on refunding	(73,077)	
Bond discounts	<u>(8,608)</u>	(81,685)
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
		<u>48,044</u>
Change in net position of governmental activities		<u>\$ 3,300,469</u>

# Financial Statements

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## Proprietary Funds

### **Enterprise Fund**

### **Water Fund**

This fund is used to account for the activities of the Town's water utility operations.

### **Sewer Fund**

This fund is used to account for the activities of the Town's sewer utility operations.



TOWN OF CHINO VALLEY, ARIZONA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2021

	Business-type Activities-Enterprise Funds		
	Water	Sewer	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 87,677	\$ -	\$ 87,677
Receivables (net of allowance)	81,592	84,661	166,253
Total current assets	<u>169,269</u>	<u>84,661</u>	<u>253,930</u>
<b>Noncurrent assets</b>			
Restricted cash and investments	-	1,094,561	1,094,561
Hookups receivable	-	21,274	21,274
Nondepreciable capital assets	3,969,939	116,633	4,086,572
Depreciable capital assets (net of accumulated depreciation)	1,674,066	18,650,428	20,324,494
Total noncurrent assets	<u>5,644,005</u>	<u>19,882,896</u>	<u>25,526,901</u>
Total assets	<u>5,813,274</u>	<u>19,967,557</u>	<u>25,780,831</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	53,040	43,646	96,686
Total deferred outflows of resources	<u>53,040</u>	<u>43,646</u>	<u>96,686</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	17,014	21,889	38,903
Accrued wages and benefits	1,818	1,818	3,636
Accrued liabilities	8,583	-	8,583
Interest payable	7,738	105,850	113,588
Due to other funds	-	494,270	494,270
Customer deposits	35,453	107,572	143,025
Unearned revenue	-	2,447,298	2,447,298
Compensated absences	5,500	5,500	11,000
Loans payable - current portion	-	678,239	678,239
Bonds payable - current portion	55,000	-	55,000
Total current liabilities	<u>131,106</u>	<u>3,862,436</u>	<u>3,993,542</u>
<b>Noncurrent liabilities</b>			
Compensated absences	13,613	13,613	27,226
Developer agreement payable	420,733	-	420,733
Loans payable, net of current portion	-	8,117,441	8,117,441
Bonds payable, net of current portion	260,450	-	260,450
Net pension liability	294,049	276,408	570,457
Total noncurrent liabilities	<u>988,845</u>	<u>8,407,462</u>	<u>9,396,307</u>
Total liabilities	<u>1,119,951</u>	<u>12,269,898</u>	<u>13,389,849</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	3,366	5,077	8,443
<b>NET POSITION</b>			
Net investment in capital assets	4,907,822	9,971,381	14,879,203
Restricted for debt service	-	1,094,561	1,094,561
Unrestricted	(164,825)	(3,329,714)	(3,494,539)
Total net position	<u>\$ 4,742,997</u>	<u>\$ 7,736,228</u>	<u>\$ 12,479,225</u>

See accompanying notes.

TOWN OF CHINO VALLEY, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2021

	Business-type Activities-Enterprise Funds		
	Water	Sewer	Total
Operating revenues			
Charges for services	\$ 718,796	\$ 1,706,657	\$ 2,425,453
Other revenues	9,147	53,736	62,883
Total operating revenue	<u>727,943</u>	<u>1,760,393</u>	<u>2,488,336</u>
Operating expenses			
Salaries	149,498	149,498	298,996
Employee benefits	64,868	64,379	129,247
Service, supplies and other	135,878	337,439	473,317
Repairs and maintenance	70,439	157,194	227,633
Utilities	78,901	128,653	207,554
Legal and professional	6,543	9,043	15,586
Contract service	11,807	87,414	99,221
Training and travel	1,301	1,110	2,411
Office expenses	638	-	638
Dues and subscriptions	1,520	6,369	7,889
Depreciation	192,522	1,148,763	1,341,285
Miscellaneous	16,022	-	16,022
Total operating expenses	<u>729,937</u>	<u>2,089,862</u>	<u>2,819,799</u>
Operating income (loss)	<u>(1,994)</u>	<u>(329,469)</u>	<u>(331,463)</u>
Non-operating Revenues (Expenses)			
Interest income	-	491	491
Interest expense and fiscal charges	(15,475)	(211,701)	(227,176)
Total nonoperating revenue (expense)	<u>(15,475)</u>	<u>(211,210)</u>	<u>(226,685)</u>
Income (loss) before contributions	(17,469)	(540,679)	(558,148)
Buy-in and connection fees	<u>370,891</u>	<u>453,714</u>	<u>824,605</u>
Change in net position	353,422	(86,965)	266,457
Net position, beginning of year	<u>4,389,575</u>	<u>7,823,193</u>	<u>12,212,768</u>
Net position-end of year	<u>\$ 4,742,997</u>	<u>\$ 7,736,228</u>	<u>\$ 12,479,225</u>

See accompanying notes.



TOWN OF CHINO VALLEY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2021

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers, service fees	\$ 698,324	\$ 1,585,180	\$ 2,283,504
Cash received from customers, others	9,147	53,736	62,883
Cash paid to suppliers	(317,452)	(982,606)	(1,300,058)
Cash paid to employees	(210,157)	(210,158)	(420,315)
	<u>179,862</u>	<u>446,152</u>	<u>626,014</u>
Cash flows provided (used) by operating activities			
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund borrowing	<u>-</u>	<u>494,270</u>	<u>494,270</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(419,286)	(551,911)	(971,197)
Principal paid on long term debt	(55,000)	(669,425)	(724,425)
Interest paid on long-term debt	(16,744)	(220,098)	(236,842)
Receipts from buy-in and connection fees	370,891	469,749	840,640
	<u>(120,139)</u>	<u>(971,685)</u>	<u>(1,091,824)</u>
Cash flows provided (used) by capital and related financing activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipts from investment earnings	<u>-</u>	<u>491</u>	<u>491</u>
Cash flows provided (used) by investing activities			
	<u>-</u>	<u>491</u>	<u>491</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	59,723	(30,772)	28,951
Cash and cash equivalents at beginning of year	<u>27,954</u>	<u>1,125,333</u>	<u>1,153,287</u>
Cash and cash equivalents at end of year	<u>\$ 87,677</u>	<u>\$ 1,094,561</u>	<u>\$ 1,182,238</u>

See accompanying notes.

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Net operating loss	\$ (1,994)	\$ (329,469)	\$ (331,463)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation/amortization expense	192,522	1,148,763	1,341,285
Provision for bad debt	267	11,742	12,009
Changes in operating assets and liabilities (Increase)/decrease in:			
Accounts receivable	(26,141)	521	(25,620)
Deferred outflows of resources related to pensions	(26,606)	(26,541)	(53,147)
Increase/(decrease) in:			
Accounts payable	2,949	(255,384)	(252,435)
Accrued wages and benefits	1,818	1,818	3,636
Accrued liabilities	2,648	-	2,648
Customer deposits	5,402	11,162	16,564
Unearned revenue	-	(144,902)	(144,902)
Compensated absences	(1,645)	(1,645)	(3,290)
Net pension liability	43,321	42,537	85,858
Deferred inflows of resources related to pensions	(12,679)	(12,450)	(25,129)
Net cash provided (used) by operating activities:	<u>\$ 179,862</u>	<u>\$ 446,152</u>	<u>\$ 626,014</u>
 Noncash investing, capital, and financing activities:			
Amortization of bond premium	101	-	101
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents	\$ 87,677	\$ -	\$ 87,677
Restricted cash and cash equivalents	-	1,094,561	1,094,561
Total cash and cash equivalents	<u>\$ 87,677</u>	<u>\$ 1,094,561</u>	<u>\$ 1,182,238</u>



# Financial Statements

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Notes to the Financial Statements



TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Chino Valley, Arizona (Town) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the Town's more significant accounting policies follows.

A. Reporting Entity

The Town of Chino Valley, Arizona is a municipal government that is governed by an elected mayor, vice mayor, and five-member governing council (council). The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

The following is a brief review of the component units included in defining the Town's reporting entity. There are no discretely presented component units and one blended component unit.

Individual Component Units – Blended

The Town of Chino Valley, Arizona Municipal Property Corporation's (MPC) board of directors consists of three members which are appointed by the Town of Chino Valley, Arizona's Town Council. The MPC, which is a nonprofit corporation incorporated under the laws of the State of Arizona, was formed for the sole purpose of assisting the Town in obtaining financing for various projects of the Town. The Town has a "moral obligation" for the repayment of the MPC's bonds. For financial reporting purposes, transactions of the MPC are combined together and included as if they were part of the Town's operations.

B. Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

Interfund services provided and used are not eliminated in the process of consolidation for the government-wide financial statements.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Grants Special Revenue Fund accounts for miscellaneous federal and state grants and other contributions that are restricted for specific use other than CDBG grants.

Highway User Revenue Fund (HURF) This fund accounts for the Town's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.

The Capital Improvement Capital Projects Fund accounts for sales tax revenues and bond proceeds used for capital projects and other internally designated purposes.

The Town reports the following major proprietary funds:

The Water Fund accounts for the activities of pumping, treating and distribution of water. The Sewer Fund accounts for the activities of wastewater collection and treatment. During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, intergovernmental grants and aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary funds are reported using the *economic resources measurement focus* and the accrual basis of accounting.

E. Deposits and Investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deposits and Investments (Continued)

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of the deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns, or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. All investments are stated at fair value.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Internal balances" in the Statement of Net Position and as "Due to" or "Due from" other funds in the fund financial statements. All trade accounts receivable in the proprietary funds are shown net of an allowance for doubtful accounts.

G. Inventories and Prepaid Items

Purchases of inventory items are recorded at the time of purchase (purchases method) as expenditures in the funds from which the purchases were made; and because the amounts on hand at June 30, 2021, were immaterial, they are not included in the balance sheet.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed (consumption method) rather than when purchased.

H. Restricted Assets

Certain proceeds of the Town's bonds and loans are classified as restricted assets on the statement of net position because their use is limited by applicable bond or loan covenants.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capitalized assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Land, construction in progress, and water rights are not depreciated. The other property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 to 25 years
Buildings and improvements	10 to 25 years
Water and Wastewater systems	25 to 50 years
Furniture, equipment and vehicles	5 to 15 years
Infrastructure	10 to 25 years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position Flow Assumption (Continued)

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

M. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance.

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

N. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination. For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements unless they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

P. Proprietary Funds Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Q. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The Town follows a voter-approved alternative expenditure limitation that was extended on May 26, 2021.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Manager, subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
6. The Town has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service and Capital Projects Funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

Budget Overage – At June 30, 2021, The General Fund, reported actual expenditures in excess of what the Town adopted as its budget for capital outlay in the amount of \$164,684.

The HURF Fund reported actual expenditures in excess of what the Town adopted as its budget in the amount of \$164,853.

Supplementary budgetary appropriations were necessary during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the Town's cash and investments at June 30, 2021:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 15,871,957	\$ 87,677	\$ 15,959,634
Restricted cash and cash equivalents	351,860	1,094,561	1,446,421
Total	<u>\$ 16,223,817</u>	<u>\$ 1,094,561</u>	<u>\$ 17,406,055</u>

Deposits

Cash in bank - At June 30, 2021, the Town had \$3,324 of cash on hand. The carrying amount of the Town's cash in bank totaled \$5,674,024 and the bank balance was \$5,678,128. Of the bank balance, \$273,108 was covered by federal depository insurance, and \$5,405,020 was covered by collateral held in the pledging bank's trust department not in the Town's name.

Restricted cash and cash equivalents - At June 30, 2021, the Town had restricted cash and cash equivalents of \$1,446,421. The entire balance was restricted in reserve funds with LGIP for the loans payable to the Water Infrastructure Finance Authority of Arizona (WIFA) in the amounts of \$1,094,526 and for bonds payable and accrued interest payable on the 2016 Revenue Bond Series in the amount of \$351,862.

Investments

The Town invests in the Local Government Investment Pool 5 and Pool 7 (LGIP), investment pools managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. The LGIP is not registered with the Securities Exchange Commission under the 1940 Investment Advisors Act. The State Board of Investment and the Investment Risk Management Committee have oversight responsibilities of the investment pool in accordance with ARS 35-311. The pool's policy is to invest in fixed-rate securities with a final maturity less than 36 months from the settlement date of the purchase and variable-rate securities with final maturity less than 5 years.

The dollar weighted average portfolio maturity is 68 days for Pool 5 and 70 days for Pool 7. The net asset value per share of the pool at June 30, 2021 was \$1.00. The Arizona State Treasurer issues a publicly available financial report that includes financial statements and required supplementary information. Copies may be obtained by contacting the Arizona State Treasurer, 1700 West Washington, Phoenix, Arizona 85007.

Funds held in the State Treasurer's Local Government Investment Pool represent a proportionate interest in the pool's portfolio; however, the Town's portion is not identified with specific investments and is not subject to custodial credit risk. At June 30, 2021, the Town's funds invested with the State Treasurer totaled \$11,376,847.

Investments in the State Treasurer's investment pools are valued at the pool's share price multiplied by the number of shares the Town held. The fair value of a participant's position in the pools approximates the value of that participant's pool shares. The State Board of Investment provides oversight for the State Treasurer's investment pools.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 2 CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of Town's investments by maturity:

<u>Investment Type</u>	<u>Remaining Maturity 12 Months or Less</u>
Primary Government LGIP	\$ 11,376,847
Total	<u>\$ 11,376,847</u>

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town does not have a formal investment policy regarding credit risk. However, the Town is prohibited by State law from investing in investments other than obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Investment Pool. Presented below is the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Ratings</u>		
		<u>AAAF/S1+</u>	<u>AAA</u>	<u>Unrated</u>
Primary Government LGIP	\$ 11,376,847	\$ 593,254	\$ -	\$ 10,783,593
Total	<u>\$ 11,376,847</u>	<u>\$ 593,254</u>	<u>\$ -</u>	<u>\$ 10,783,593</u>

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 3 RECEIVABLES

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues and also from Yavapai County for reimbursement for a flood management project.

Receivables in the proprietary funds are service billings receivable and are shown net of an allowance for doubtful accounts.

	Water Fund	Sewer Fund	Total Enterprise
Receivables:			
Service billings and hookups receivable	\$ 88,592	\$ 155,935	\$ 244,527
Less: Allowance for doubtful accounts	<u>(7,000)</u>	<u>(50,000)</u>	<u>(57,000)</u>
Net Receivables	<u>\$ 81,592</u>	<u>\$ 105,935</u>	<u>\$ 187,527</u>

Hookups receivable of \$21,274 reported in the proprietary funds are for amounts receivable from customers for hookup fees that are paid over a ten year period.

Revenues of the enterprise funds are reported net of uncollectible amounts. The Sewer Fund and the Water Fund had recorded \$11,742 and \$247, respectively in bad debt expense for the current fiscal year.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 4 CAPITAL ASSETS

The following table summarizes the changes to capital assets for governmental activities during the year:

<b>Governmental Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,418,867	\$ -	\$ -	\$ 2,418,867
Construction in progress	314,706	818,299	(570,279)	562,726
Total capital assets not being depreciated	2,733,573	818,299	(570,279)	2,981,593
Capital assets, being depreciated:				
Buildings	11,225,986	367,756	-	11,593,742
Improvements other than buildings	1,494,091	39,446	(7,919)	1,525,618
Vehicles, furniture and equipment	4,840,023	458,544	(86,845)	5,211,722
Infrastructure	11,064,705	195,554	-	11,260,259
Total capital assets being depreciated	28,624,805	1,061,300	(94,764)	29,591,341
Less accumulated depreciation for:				
Buildings	(6,273,150)	(398,881)	-	(6,672,031)
Improvements other than buildings	(990,074)	(28,565)	7,919	(1,010,720)
Vehicles, furniture and equipment	(3,464,721)	(305,556)	61,768	(3,708,509)
Infrastructure	(2,928,891)	(460,845)	-	(3,389,736)
Total accumulated depreciation	(13,656,836)	(1,193,847)	69,687	(14,780,996)
Total capital assets, being depreciated, net	14,967,969	(132,547)	(25,077)	14,810,345
Governmental activities capital assets, net	\$ 17,701,542	\$ 685,752	\$ (595,356)	\$ 17,791,938

Depreciation expense was charged to the functions/programs of the Town as follows:

Governmental activities:	
General government	\$ 223,540
Public safety	103,365
Highway and streets	510,152
Culture and recreation	351,965
Health and Welfare	4,825
Total depreciation expense	\$ 1,193,847

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 4 CAPITAL ASSETS (Continued)

The following table summarizes the changes to capital assets for business-type activities during the year.

<b>Business-Type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,211,136	\$ 187,367	\$ -	\$ 3,398,503
Construction in progress	89,353	619,953	(689,790)	19,516
Water rights	668,553	-	-	668,553
Total capital assets not being depreciated	<u>3,969,042</u>	<u>807,320</u>	<u>(689,790)</u>	<u>4,086,572</u>
Capital assets, being depreciated:				
Treatment facilities	9,798,388	689,788	-	10,488,176
Water distribution system	3,449,988	-	-	3,449,988
Sewer collection system	22,256,928	-	-	22,256,928
Machinery, equipment & vehicles	898,797	163,878	-	1,062,675
Total capital assets being depreciated	<u>36,404,101</u>	<u>853,666</u>	<u>-</u>	<u>37,257,767</u>
Less accumulated depreciation for:				
Treatment facilities	(2,969,339)	(207,751)	-	(3,177,090)
Water distribution system	(2,083,053)	(170,367)	-	(2,253,420)
Sewer collection system	(10,052,236)	(888,685)	-	(10,940,921)
Machinery, equipment & vehicles	(487,361)	(74,482)	-	(561,843)
Total accumulated depreciation	<u>(15,591,989)</u>	<u>(1,341,285)</u>	<u>-</u>	<u>(16,933,274)</u>
Total capital assets, being depreciated, net	<u>20,812,112</u>	<u>(487,619)</u>	<u>-</u>	<u>20,324,493</u>
Business-Type activities capital assets, net	<u>\$ 24,781,154</u>	<u>\$ 319,701</u>	<u>\$ (689,790)</u>	<u>\$ 24,411,065</u>

Depreciation expense was charged to the functions/programs of the Town as follows:

Business-type activities	
Water	\$ 192,522
Sewer	<u>1,148,763</u>
Total depreciation expense	<u>\$ 1,341,285</u>

NOTE 5 UNEARNED REVENUE

As of June 30, 2021, the City received \$2,066,502 in Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) from the federal government passed through the State of Arizona for the American Rescue Plan Act (ARPA). These funds are unspent for eligible activities, or revenue recovery, as of June 30, 2021 and included in the Statement of Net Position and the Balance Sheet-Governmental Funds as unearned revenue.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Balance 6/30/20	Additions	Retirements	Balance 6/30/21	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable					
Revenue bond series 2016	\$ 2,397,000	\$ -	\$ (326,000)	\$ 2,071,000	\$ 331,000
Revenue bond series 2010	6,925,000	-	(280,000)	6,645,000	310,000
Discount on bonds	(98,987)	-	8,608	(90,379)	-
Total bonds payable	<u>9,223,013</u>	<u>-</u>	<u>(597,392)</u>	<u>8,625,621</u>	<u>641,000</u>
Compensated absences	559,078	579,304	(627,348)	511,034	250,000
Net pension liability	7,445,175	2,001,787	-	9,446,962	-
Total other long term debt	<u>8,004,253</u>	<u>2,581,091</u>	<u>(627,348)</u>	<u>9,957,996</u>	<u>250,000</u>
<b>Total Governmental Activities</b>	<b><u>\$ 17,227,266</u></b>	<b><u>\$ 2,581,091</u></b>	<b><u>\$ (1,224,740)</u></b>	<b><u>\$ 18,583,617</u></b>	<b><u>\$ 891,000</u></b>
<b>Business-type Activities:</b>					
Bonds payable					
Revenue bond series 2010	\$ 370,000	\$ -	\$ (55,000)	\$ 315,000	\$ 55,000
Premium on bonds	551	-	(101)	450	-
Total bonds payable	<u>370,551</u>	<u>-</u>	<u>(55,101)</u>	<u>315,450</u>	<u>55,000</u>
Loans payable					
WIFA					
Series 2007	678,776	-	(89,236)	589,540	91,697
Series 2008	2,457,393	-	(278,176)	2,179,217	286,007
Series 2014	2,329,413	-	(134,603)	2,194,810	137,308
Series 2015	10,283	-	(10,283)	-	-
Series 2016	3,731,483	-	(145,503)	3,585,980	151,323
Series 2017	257,757	-	(11,624)	246,133	11,904
Total loans payable	<u>9,465,105</u>	<u>-</u>	<u>(669,425)</u>	<u>8,795,680</u>	<u>678,239</u>
Compensated absences	41,516	20,309	(23,599)	38,226	11,000
Developer agreement payable	420,733	-	-	420,733	-
Net pension liability	433,695	136,762	-	570,457	-
Total other long term debt	<u>895,944</u>	<u>157,071</u>	<u>(23,599)</u>	<u>1,029,416</u>	<u>11,000</u>
<b>Total Business-type Activities</b>	<b><u>10,731,600</u></b>	<b><u>157,071</u></b>	<b><u>(748,125)</u></b>	<b><u>10,140,546</u></b>	<b><u>744,239</u></b>
<b>Total long-term liabilities</b>	<b><u>\$ 27,958,866</u></b>	<b><u>\$ 2,738,162</u></b>	<b><u>\$ (1,972,865)</u></b>	<b><u>\$ 28,724,163</u></b>	<b><u>\$ 1,635,239</u></b>

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT (Continued)

Generally, for governmental activities, compensated absences, pension liabilities are liquidated by the General Fund.

Debt service requirements to maturity for bonds and loans payable are as follows:

Fiscal year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 641,000	\$ 330,299	\$ 733,239	\$ 207,529
2023	666,000	310,327	757,917	186,856
2024	686,000	289,015	783,195	165,417
2025	708,000	269,372	804,094	143,447
2026	733,000	242,279	830,632	120,681
2027 - 2031	4,292,000	664,288	2,628,506	384,374
2032 - 2036	990,000	-	1,983,186	153,455
2037 - 2041	-	-	589,911	7,051
Total	<u>\$ 8,716,000</u>	<u>\$ 2,105,580</u>	<u>\$ 9,110,680</u>	<u>\$ 1,368,810</u>

The following is a listing of bonds payable outstanding as of June 30, 2021:

	Balance 6/30/21	Due Within One Year
Bonds payable:		
Governmental Activities:		
Excise Tax Revenue Bonds, Series 2016, due in annual principal and semi-annual interest installments ranging from \$309,000 to \$362,000 bearing interest at 2.758%, maturing July 2026.	\$ 2,071,000	\$ 331,000
MPC Revenue Bonds, Series 2010, due in annual principal and semi-annual interest installments ranging from \$150,000 to \$990,000 bearing interest at 4.00% to 4.75%, maturing August 2031.	6,645,000	310,000
Business-type Activities:		
MPC Revenue Bonds, Series 2010, due in annual principal and semi-annual interest installments ranging from \$45,000 to \$70,000 bearing interest at 2.50% to 5.00%, maturing August 2031.	315,000	55,000
Total bonds payable	<u>\$ 9,031,000</u>	<u>\$ 696,000</u>

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 6 LONG-TERM DEBT (Continued)

The following is a listing of loans payable outstanding as of June 30, 2021:

Loans payable:	Balance 6/30/21	Due Within One Year
Business-type Activities:		
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 2.758%, maturing July 1, 2026.	\$ 589,540	\$ 91,697
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 2.814%, maturing July 1, 2027.	2,179,217	286,007
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 2.010%, maturing July 1, 2034.	2,194,810	137,308
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 2.344%, maturing July 1, 2037.	3,585,980	151,323
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semi-annual variable principal and interest installments, bearing interest at 3.200%, maturing July 1, 2037.	246,133	11,904
Total loans payable - business-type activities	\$ 8,795,680	\$ 678,239

Developer agreements payable outstanding as of June 30, 2021:

Developer agreement payable:		
Business-type Activities:		
Developer agreement payable with no minimum required payments and no interest. Payments are contingent on the number of water hook-ups received during the year.	\$ 420,733	\$ -

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 7 PLEDGED REVENUES

The Town has pledged a portion of the future excise taxes and state shared revenues to repay \$3.3 million in MPC Revenue Bonds issued in 2016 and to repay \$7.28 million in MPC Revenue Bonds issued in 2010. The 2016 MPC bonds were used to refinance the remaining portion of a 2007 GADA loan. The 2010 MPC bonds were used to refund the remaining portion of the MPC 2004 Revenue Bonds. The bonds are payable from excise taxes and state shared revenues of the Town. Annual principal and interest payments on the bonds are estimated to require 10% of excise tax and state shared revenues. Total principal and interest remaining on the 2016 bonds are \$2,186,942 payable through July 2026. The principal and interest remaining on the 2010 bonds are \$8,979,888 payable through August 2031. For the current year, interest of \$41,724 was paid on the 2016 bonds and the interest paid on the 2010 bonds was \$321,714. Total excise taxes and state shared revenues were \$13,748,408.

The Town has pledged a portion of future sewer system customer revenues, net of specified operating expenses, and future excise taxes and state shared revenues to repay \$9.7 million in WIFA loans issued in 2007, 2008, 2014, 2016 and 2017. Proceeds from the loans provided financing for development of the Town's sewer system. The loans are payable from sewer system customer net revenues and excise taxes and state shared revenues. The WIFA loans are payable through July 2026, 2027, 2034 and 2037. Annual principal and interest payments on the loans are estimated to require 7% of total net sewer system, excise taxes and state shared revenues. The total principal and interest remaining to be paid on the WIFA loans is \$10,131,252. For the current year, principal and interest paid was \$889,469, sewer system customer net revenues were \$1,706,657, and excise taxes and state shared revenues were \$13,748,408.

Restrictive Covenants

The 2010 and 2016 Series Revenue Bonds that are contained in the Long-term Debt Summary Table have continuing disclosure requirements that are to be uploaded to the Electronic Municipal Market Access (EMMA) by February 1st of each year.

NOTE 8 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Short-term borrowings between funds are reported as due to/due from other funds and long-term borrowings between funds are reported as advances to and advances from other funds.

As of June 30, 2021, the Town reported the following due to/from other funds:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 494,270	\$ -
Sewer Fund	-	494,270
Total	\$ 494,270	\$ 494,270

The \$494,270 due from the Sewer Fund to the General Fund was for short-term borrowings to cover deficit cash in the Sewer Fund to be paid in less than one year.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 8 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the fiscal year ended June 30, 2021 are as follows:

Fund	Transfers Out	Transfers In
General Fund	\$ 2,095,731	\$ 400,000
HURF	-	2,095,731
Debt Service	-	973,000
Capital Improvements	1,373,000	-
Total	\$ 3,468,731	\$ 3,468,731

Transfers were made to fund various capital improvements, provide funds for debt service payments due on bonds and loans, local matching requirements on various grants, and to support operations.

NOTE 9 PENSIONS

The Town contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2021, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-type Activites	Total
Net pension liabilities	\$ 9,446,962	\$ 570,457	\$ 10,017,419
Deferred outflows of resources	3,293,675	96,686	3,390,361
Deferred inflows of resources	239,441	8,443	247,884
Pension expense	1,365,767	47,227	1,412,994

The Town reported \$1,412,994 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

Net OPEB asset/liabilities have not been recorded, or further disclosed, at June 30, 2021 in accordance with GASB Statement 75, due to the relative insignificance to the Town's financial statements.

**A. Arizona State Retirement System**

**Plan Description** – Town employees not covered by the other pension plan described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Benefits Provided** - The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement	
	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* and years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

**Contributions** - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.17 percent for long-term disability) of the active members' annual covered payroll. In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2021 were \$431,409, \$14,442, and \$6,665, respectively.

During fiscal year 2021, the Town paid for ASRS pension contributions as follows: 90 percent from the General Fund, 5 percent from the water fund, and 5 percent from the sewer fund.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Pension Liability** - At June 30, 2021, the Town reported a liability of \$5,754,137 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020. The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The Town's proportion measured as of June 30, 2020, was 0.03321 percent, which was an increase of 0.00095 percent from its proportion measured as of June 30, 2019.

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2021, the Town recognized pension expense for ASRS of \$619,832. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ASRS	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,056	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	554,993	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	94,233	-
Town contributions subsequent to the measurement date	431,409	-
Total	<u>\$ 1,132,691</u>	<u>\$ -</u>

The \$431,409 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized as expense as follows:

Year ending June 30,	Pension
2022	\$ 114,408
2023	214,470
2024	200,747
2025	171,657
2026	-
Thereafter	-

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Actuarial Assumptions** - The significant actuarial assumptions used to measure the total pension liability are as follows:

ASRS	
Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7 - 7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected geometric real rate of return
Equity	50%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitiv	10%	0.22%
Real estate	20%	5.85%
Total	100%	

NOTE 9 PENSIONS (Continued)

**Discount Rate** – The discount rate used to measure the ASRS total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of Town’s Proportionate Share of the ASRS Net Pension Liability to Changes in the Discount Rate** - The following table presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

ASRS	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% increase (8.5%)
Town's proportionate share of the Net pension liability	\$ 7,868,705	\$ 5,754,137	\$ 3,986,468

**Plan Fiduciary Net Position** - Detailed information about the plan’s fiduciary net position is available in the separately issued ASRS financial report.

**B. Public Safety Personnel Retirement System**

**Plan Description** – Town police department employees who are regularly assigned hazardous duty, participate in the Public Safety Personnel Retirement System (PSPRS). Employees who were PSPRS members before July 1, 2017, participate in the agent multiple-employer defined benefit pension and health insurance premium benefit (OPEB) plans (PSPRS Tier 1 and 2 Risk Pool), and those who became PSPRS members on or after July 1, 2017, may elect to participate in the cost-sharing multiple employer Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP Tier 3 Risk Pool). The agent multiple-employer health insurance premium benefit OPEB plan and the cost-sharing multiple employer Public Safety Personnel Defined Contribution Retirement Plan are not further disclosed because of their relative insignificance to the Town’s financial statements.

The PSPRS administers the agent multiple-employer defined benefit pension plan. A 9-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Benefits Provided** - The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

<b>PSPRS Retirement and Disability</b>	<b>Initial membership date:</b>	
	<b>Before January 1, 2012</b>	<b>On or after January 1, 2012 and before July 1, 2017</b>
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years or service of 15 years of credited service and age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
<b>Survivor Benefits</b>		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job.	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Employees Covered by Benefit Terms** - At June 30, 2021, the following employees were covered by the agent plans' benefit terms:

	<u>PSPRS Police</u>
Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to by not yet receiving benefits	4
Active employees	<u>18</u>
Total	<u><u>34</u></u>

**Contributions** - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

	<u>PSPRS Police</u>
Active members - Pension	7.65% - 11.65%
Pension	30.27%
Health insurance premium benefit	0.00%

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.35 percent for Police of annual covered payroll of retired members who worked for the Town in positions that would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the Town's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

The Town's contributions to the plans for the year ended June 30, 2021, were:

	<u>PSPRS Police</u>
Pension Contributions made	<u>\$ 746,814</u>

During fiscal year 2021, the Town paid 100 percent of the PSPRS pension contributions from the General Fund.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Pension Liability** - At June 30, 2021, the Town reported a PSPRS net pension liabilities of \$4,263,285.

The net liability was measured as of June 30, 2020, and the total liability used to calculate the net liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions** - The significant actuarial assumptions used to measure the total pension liability are as follows:

PSPRS	
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.30%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	23%	4.93%
International public equity	15%	6.09%
Global private equity	18%	8.42%
Other assets (capital depreciation)	7%	5.61%
Core bonds	2%	0.22%
Private credit	22%	5.31%
Diversifying strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100.00%	

**Discount Rates** – At June 30, 2020, the discount rate used to measure the PSPRS total pension liability was 7.3 percent. The projection of cash flows used to determine the PSPRS discount rates assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

Changes in the Net Pension Liability

PSPRS - Police	Pension Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 9,014,855	\$ 5,779,283	\$ 3,235,572
Adjustments to the beginning of the year	-	-	-
Changes for the year:			
Service Cost	239,935	-	239,935
Interest on the total liability	657,645	-	657,645
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	1,039,150	-	1,039,150
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	726,124	(726,124)
Contributions - employee	-	114,939	(114,939)
Net investment income	-	73,989	(73,989)
Benefit payments, including refunds of employee contributions	(491,897)	(491,897)	-
Hall/Parker settlement	-	-	-
Administrative expense	-	(6,035)	6,035
Other changes	-	-	-
Net changes	1,444,833	417,120	1,027,713
Balances at June 30, 2021	\$ 10,459,688	\$ 6,196,403	\$ 4,263,285

**Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate** - The following table presents the Town's net pension liabilities calculated using the discount rate of 7.3 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3 percent) or 1 percentage point higher (8.3 percent) than the current rate:

PSPRS - Police	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% increase (8.30%)
Net pension liability	\$ 5,705,056	\$ 4,263,285	\$ 3,088,715

**Pension Plan Fiduciary Net Position** - Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

**Pension Expense** - For the year ended June 30, 2021, the Town recognized \$802,565 of PSPRS pension expense.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 9 PENSIONS (Continued)

**Pension Deferred Outflows/Inflows of Resources** - At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 955,300	\$ 247,884
Changes of assumptions or other inputs	226,486	-
Net difference between projected and actual earnings on pension plan investments	329,072	-
Town contributions subsequent to the measurement date	746,814	-
<b>Total</b>	<b>\$ 2,257,672</b>	<b>\$ 247,884</b>

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

Year ending June 30,	PSPRS Police
2022	\$ 354,286
2023	365,567
2024	287,829
2025	255,292
2026	-
Thereafter	-

NOTE 10 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town's insurance protection is provided by the Arizona Municipal Risk Retention Pool, of which the Town is a participating member. The limit for basic coverage is for \$2,000,000 per occurrence on a claims made basis. Excess coverage is for an additional \$8,000,000 per occurrence on a follow form, claims made basis. No significant reduction in insurance coverage occurred during the year and no settlements exceeded insurance coverage during any of the past three fiscal years. The Arizona Municipal Risk Retention Pool is structured such that member's premiums are based on an actuarial review that will provide adequate reserves to allow the pool to meet its expected financial obligations. The pool has the authority to assess its member's additional premiums should reserves and annual premiums be insufficient to meet the pool's obligations.

The Town is also insured by commercial insurance for potential worker related accidents.

TOWN OF CHINO VALLEY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2021

NOTE 11 CONTINGENT LIABILITIES AND COMMITMENTS

The Town is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of Town management, based on the advice of the Town Attorney with respect to such litigation, such matters will not have a material adverse effect on the Town's financial position at June 30, 2021.

Sick leave benefits provide for ordinary sick pay and are cumulative and hours over 192 per employee are vested at a rate of 25 percent.

At year end, the Town had the following major construction projects/commitments open:

Project	Spent to Date	Remaining Commitment
Road 1 North Signal	\$ 137,000	\$ 150,000
Rodeo Drive	74,242	1,000,000
Police Department Building	425,726	7,000,000
Drying Bed	19,516	250,000
Total	\$ 656,484	\$ 8,400,000

NOTE 12 SUBSEQUENT EVENTS

On 11/10/2021, the Town of Chino Valley issued Pledged Revenue Obligation Bonds and Pledged Revenue Refunding Obligation Bonds to finance the costs of construction of public safety facilities in and for the Town, to refinance the costs of certain capital projects for the Town, and to pay costs relating to the execution and delivery of the Bonds. These Bonds have been issued for governmental activities. These Bonds are direct and pledge the full faith and credit of the Town of Chino Valley. The Bonds are secured by a first lien on and pledge of Excise Tax Revenues and State Shared Revenues on a parity with the Parity Loan Agreements with the Water Infrastructure Authority. These Bonds mature in 10-25 years and accrue interest at an annual rate of 25 years and accrue interest at annual rate of 1.67% - 2.43%.



# Financial Statements

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Required Supplementary Information

**BUDGETARY COMPARISON SCHEDULE**

GENERAL FUND

GRANTS FUND

HURF FUND

**PENSION SCHEDULES**

TOWN OF CHINO VALLEY, ARIZONA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
Year Ended June 30, 2021

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes				
Town sales tax	\$ 5,652,000	\$ 5,652,000	\$ 6,994,686	\$ 1,342,686
Franchise taxes	129,000	129,000	136,335	7,335
Total taxes	<u>5,781,000</u>	<u>5,781,000</u>	<u>7,131,021</u>	<u>1,350,021</u>
Licenses and permits	464,000	464,000	653,229	189,229
Intergovernmental:				
State shared sales tax	1,275,000	1,275,000	1,467,611	192,611
State shared income tax	1,600,000	1,600,000	1,768,560	168,560
Vehicle license tax	890,000	890,000	1,049,654	159,654
Grants	87,000	87,000	582,354	495,354
Other intergovernmental	105,500	105,500	103,134	(2,366)
Total intergovernmental	<u>3,957,500</u>	<u>3,957,500</u>	<u>4,971,313</u>	<u>1,013,813</u>
Charges for services	136,500	136,500	88,865	(47,635)
Fines and forfeitures	219,400	219,400	214,143	(5,257)
Interest	126,700	126,700	3,906	(122,794)
Miscellaneous	6,500	6,500	98,995	92,495
<b>TOTAL REVENUES</b>	<u>10,691,600</u>	<u>10,691,600</u>	<u>13,161,472</u>	<u>2,469,872</u>
<b>EXPENDITURES</b>				
General government				
Legal services	127,800	127,800	125,876	1,924
Town clerk	287,200	287,200	257,693	29,507
Town Manager	443,700	443,700	494,856	(51,156)
Human resources	267,200	267,200	270,041	(2,841)
Municipal court	318,100	318,100	304,475	13,625
Finance	472,400	472,400	469,631	2,769
Customer service	94,200	94,200	95,992	(1,792)
Information systems	314,300	314,300	289,952	24,348
Mayor & council	51,200	51,200	45,574	5,626
Planning	260,800	260,800	187,262	73,538
Building inspection	323,500	323,500	338,698	(15,198)
Facilities maintenance	453,100	453,100	338,710	114,390
Fleet maintenance	277,400	277,400	206,301	71,099
Engineering	479,000	479,000	438,638	40,362
Contingencies	500,000	500,000	314,000	186,000
Court collection and improvements	43,500	43,500	12,130	31,370
Capital assets replacements	10,000	10,000	-	10,000
Nondepartmental	684,600	684,600	525,734	158,866
Total general government	<u>5,408,000</u>	<u>5,408,000</u>	<u>4,715,563</u>	<u>692,437</u>

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
Public safety				
Police	3,483,700	3,483,700	3,382,160	101,540
Animal control	166,600	166,600	160,354	6,246
Total public safety	<u>3,650,300</u>	<u>3,650,300</u>	<u>3,542,514</u>	<u>107,786</u>
Culture and recreation				
Recreation	158,800	158,800	122,610	36,190
Library	385,300	385,300	363,728	21,572
Parks maintenance	565,700	565,700	533,344	32,356
Aquatics center	283,700	283,700	128,368	155,332
Total culture and recreation	<u>1,393,500</u>	<u>1,393,500</u>	<u>1,148,050</u>	<u>245,450</u>
Health and welfare				
Senior center	333,200	333,200	317,464	15,736
Capital outlay	308,000	308,000	472,684	(164,684)
TOTAL EXPENDITURES	<u>11,093,000</u>	<u>11,093,000</u>	<u>10,196,275</u>	<u>896,725</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(401,400)</u>	<u>(401,400)</u>	<u>2,965,197</u>	<u>3,366,597</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,000	1,000	205	(795)
Transfers in	400,000	400,000	400,000	-
Transfers out	(675,000)	(675,000)	(2,095,731)	(1,420,731)
Total other financing sources (uses)	<u>(274,000)</u>	<u>(274,000)</u>	<u>(1,695,526)</u>	<u>(1,421,526)</u>
Net change in fund balance	(675,400)	(675,400)	1,269,671	1,945,071
Fund balance - beginning of year	8,355,960	8,355,960	8,355,960	-
Fund balance - end of year	<u>\$ 7,680,560</u>	<u>\$ 7,680,560</u>	<u>\$ 9,625,631</u>	<u>\$ 1,945,071</u>

TOWN OF CHINO VALLEY, ARIZONA  
GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 3,500,000	\$ 3,500,000	\$ 498,959	\$ (3,001,041)
Other revenues	-	-	145,601	145,601
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>644,560</u>	<u>(2,855,440)</u>
<b>EXPENDITURES</b>				
Current:				
General government	50,000	50,000	9,503	40,497
Public safety	100,000	100,000	142,059	(42,059)
Punlic works/streets	-	-	331,218	(331,218)
Culture and recreation	100,000	100,000	217	99,783
Health and welfare	25,000	25,000	19,616	5,384
Capital outlay	<u>3,225,000</u>	<u>3,225,000</u>	<u>100,233</u>	<u>3,124,767</u>
Total expenditures	<u>3,500,000</u>	<u>3,500,000</u>	<u>602,846</u>	<u>2,897,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>41,714</u>	<u>41,714</u>
Net change in fund balance	-	-	41,714	41,714
Fund balance - beginning of year	<u>73,373</u>	<u>73,373</u>	<u>73,373</u>	<u>-</u>
Fund balance - end of year	<u>\$ 73,373</u>	<u>\$ 73,373</u>	<u>\$ 115,087</u>	<u>\$ 41,714</u>

TOWN OF CHINO VALLEY, ARIZONA  
HIGHWAY USER REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and permits	\$ 2,000	\$ 2,000	\$ 2,902	\$ 902
Intergovernmental revenues	1,020,000	1,020,000	1,191,368	171,368
Interest	5,000	5,000	479	(4,521)
Other revenues	-	-	21,334	21,334
Total revenues	<u>1,027,000</u>	<u>1,027,000</u>	<u>1,216,083</u>	<u>189,083</u>
<b>EXPENDITURES</b>				
Public works/streets	1,661,000	1,661,000	1,729,059	(68,059)
Capital outlay	45,000	45,000	141,794	(96,794)
Total expenditures	<u>1,706,000</u>	<u>1,706,000</u>	<u>1,870,853</u>	<u>(164,853)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(679,000)</u>	<u>(679,000)</u>	<u>(654,770)</u>	<u>24,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	4,000	4,000	-	(4,000)
Transfers in	675,000	675,000	2,095,731	1,420,731
Total other financing sources and (uses)	<u>679,000</u>	<u>679,000</u>	<u>2,095,731</u>	<u>1,416,731</u>
Net change in fund balance	-	-	1,440,961	1,440,961
Fund balance - beginning of year	<u>837,786</u>	<u>837,786</u>	<u>837,786</u>	<u>-</u>
Fund balance - end of year	<u>\$ 837,786</u>	<u>\$ 837,786</u>	<u>\$ 2,278,747</u>	<u>\$ 1,440,961</u>

TOWN OF CHINO VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY SCHEDULES  
Year Ended June 30, 2021

NOTE 1            BUDGETING AND BUDGETARY CONTROL

A.R.S requires the Town to prepared and adopt a balanced budget annually for each governmental fund. The Board of Supervisors must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. A.R.S. prohibits expenditures or liabilities in excess of the amounts budgeted. Expenditures may not legally exceed appropriations at the department level for the General Fund and the fund level for all other funds. In certain instances, transfers of appropriations between departments or the contingency amount to a department may be made up on the Board of Supervisors' approval.

NOTE 2            BUDGETARY BASIS OF ACCOUNTING

The Town's budget is prepared on a basis consistent with generally accepted accounting principles.

TOWN OF CHINO VALLEY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 Year Ended June 30, 2021

ASRS - Pension

	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Town's proportion of the net pension liability	0.033207%	0.032261%	0.032241%	0.031290%	0.032955%	0.032084%	0.030244%	Information not available
Town's proportion share of the net pension liability	\$ 5,754,137	\$ 4,694,205	\$ 4,496,345	\$ 4,874,372	\$ 5,318,461	\$ 4,997,476	\$ 4,475,083	
Town's covered payroll	\$ 3,703,082	\$ 3,618,952	\$ 3,387,925	\$ 3,105,696	\$ 2,965,972	\$ 2,678,714	\$ 2,280,897	
Town's proportion share of the net pension liability as a percentage of covered payroll	155.39%	129.71%	132.72%	156.95%	179.32%	186.56%	196.20%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	

TOWN OF CHINO VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION AND RELATED RATIOS  
Year Ended June 30, 2021

PSPRS Police - Pension Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability								Information not available
Service cost	\$ 239,935	\$ 284,666	\$ 264,059	\$ 272,925	\$ 220,166	\$ 208,414	\$ 218,803	
Interest on the total pension liability	657,645	652,210	599,204	556,565	533,567	508,300	443,158	
Changes on benefit terms	-	-	-	116,070	361,211	-	63,139	
Differences between expected and actual experience in the measurement of the pension liability	1,039,150	(307,346)	216,311	107,301	(230,538)	(13,006)	15,592	
Changes of assumptions or other inputs	-	159,605	-	240,439	269,553	-	509,521	
Benefit payments, including refunds of employee contributions	(491,897)	(606,521)	(425,306)	(799,457)	(313,564)	(461,853)	(368,517)	
Net change in total pension liability	1,444,833	182,614	654,268	493,843	840,395	241,855	881,696	
Total pension liability - beginning	9,014,855	8,832,241	8,177,973	7,684,130	6,843,735	6,601,880	5,720,184	
Total pension liability - ending (a)	\$ 10,459,688	\$ 9,014,855	\$ 8,832,241	\$ 8,177,973	\$ 7,684,130	\$ 6,843,735	\$ 6,601,880	
Plan fiduciary net position								
Contributions - employer	\$ 726,124	\$ 801,902	\$ 788,908	\$ 279,960	\$ 269,502	\$ 243,794	\$ 208,691	
Contributions - employee	114,939	122,179	131,038	136,758	145,561	143,622	126,689	
Net investment income	73,989	283,743	313,163	497,699	24,661	149,207	498,013	
Benefit payments, including refunds of employee contributions	(491,897)	(606,521)	(425,306)	(799,457)	(313,564)	(461,853)	(368,517)	
Hall/Parker Settlement	-	-	(161,922)	-	-	-	-	
Administrative expense	(6,035)	(5,930)	(5,466)	(4,804)	(3,949)	(4,019)	-	
Other changes	-	-	149,623	(10,122)	(49,347)	3,414	(124,093)	
Net change in plan fiduciary net position	417,120	595,373	790,038	100,034	72,864	74,165	340,783	
Plan fiduciary net position - beginning	5,779,283	5,185,682	4,395,644	4,295,610	4,222,746	4,148,581	3,807,798	
Adjustment to the beginning of year	-	(1,772)	-	-	-	-	-	
Plan fiduciary net position - ending (b)	\$ 6,196,403	\$ 5,779,283	\$ 5,185,682	\$ 4,395,644	\$ 4,295,610	\$ 4,222,746	\$ 4,148,581	
Town's net pension liability - ending (a) - (b)	\$ 4,263,285	\$ 3,235,572	\$ 3,646,559	\$ 3,782,329	\$ 3,388,520	\$ 2,620,989	\$ 2,453,299	

TOWN OF CHINO VALLEY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF TOWN'S PENSION CONTRIBUTIONS  
 Year Ended June 30, 2021

Town of Chino Valley Police - Pension Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)							2014 through 2011
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Plan fiduciary net position as a percentage of the total pension liability	59.24%	64.11%	58.71%	53.75%	55.90%	61.70%	62.84%	Information not available
Covered payroll	\$ 1,154,142	\$ 1,201,492	\$ 1,332,956	\$ 1,204,435	\$ 1,145,504	\$ 1,177,679	\$ 1,077,714	
Town's net pension liability as a percentage of covered payroll	369.39%	269.30%	273.57%	314.03%	295.81%	222.56%	227.64%	

TOWN OF CHINO VALLEY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION RATIOS  
 Year Ended June 30, 2021

ASRS - Pension

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 431,409	\$ 414,370	\$ 378,770	\$ 329,008	\$ 334,794	\$ 321,808	\$ 291,712	\$ 244,056	Information not available
Town's contributions in relation to the actuarially determined contribution	431,409	414,370	378,770	329,008	334,794	321,808	291,712	244,056	
Town's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	\$ 3,703,082	\$ 3,618,952	\$ 3,387,925	\$ 3,018,422	\$ 3,105,696	\$ 2,965,972	\$ 2,678,714	\$ 2,280,897	
Town's contributions as a percentage of covered payroll	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%	

Town of Chino Valley Police - Pension  
 Public Safety Personnel Retirement System

	Reporting Fiscal Year								2013 through 2012
	2021	2020	2019	2018	2017	2016	2015	2014	
Actuarially determined contribution	\$ 446,814	\$ 426,124	\$ 501,902	\$ 488,908	\$ 269,502	\$ 243,794	\$ 208,691	\$ 173,196	Information not available
Town's contributions in relation to the actuarially determined contribution	746,814	726,124	801,902	788,908	269,502	243,794	208,691	173,196	
Town's contribution deficiency (excess)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	\$ 1,192,871	\$ 1,154,142	\$ 1,201,492	\$ 1,332,956	\$ 1,044,986	\$ 922,414	\$ 1,091,480	\$ 971,919	
Town's contributions as a percentage of covered payroll	62.61%	62.91%	66.74%	59.18%	25.79%	26.43%	19.12%	17.82%	

TOWN OF CHINO VALLEY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO THE PENSION SCHEDULES  
 Year Ended June 30, 2021

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2019 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method Actuarial assumptions:	7-year smoothed market value; 80%/120% market corridor
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increase were decreased from 4.0%-8.0% to 3.5%-7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

TOWN OF CHINO VALLEY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE PENSION SCHEDULES  
Year Ended June 30, 2021

NOTE 2 FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates.

These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the Town refunded excess employee contributions to PSPRS members. PSPRS allowed the Town to reduce its actual employer contributions for the refund amounts. As a result, the Town's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

# Financial Statements

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## Other Supplementary Information

### Non-Major Governmental Funds Financial Statements

#### Special Revenue Funds

- **Street Lighting Improvement District Fund** - This fund accounts for property taxes charged in an amount sufficient to cover expenditures associated with three street lighting districts within the Town.



TOWN OF CHINO VALLEY, ARIZONA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2021

	<u>Special Revenue</u>
	Street Lighting Improvement District
ASSETS	
Cash and cash equivalents	\$ 609
Receivables, net:	
Accounts receivable	33
Total assets	<u>642</u>
FUND BALANCES	
Restricted	
Highways and streets	642
Total fund balances	<u>\$ 642</u>



# Financial Statements

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Other Supplementary Information

Budgetary Comparison Schedules

Major Governmental Fund Financial Statements



TOWN OF CHINO VALLEY, ARIZONA  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Principal retirement	606,000	606,000	606,000	-
Interest and fiscal charges	367,000	367,000	350,647	16,353
Total expenditures	973,000	973,000	956,647	16,353
Excess (deficiency) of revenues over (under) expenditures	(973,000)	(973,000)	(956,647)	16,353
OTHER FINANCING SOURCES (USES)				
Transfers in	973,000	973,000	973,000	-
Net change in fund balance	-	-	16,353	16,353
Fund balance - beginning of year	457,464	457,464	457,464	-
Fund balance - end of year	\$ 457,464	\$ 457,464	\$ 473,817	\$ 16,353

TOWN OF CHINO VALLEY, ARIZONA  
 CAPITAL IMPROVEMENTS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Town sales tax	\$ 1,887,000	\$ 1,887,000	\$ 2,331,562	\$ 444,562
Intergovernmental revenues	2,130,000	2,130,000	122,850	(2,007,150)
Interest	-	-	24	24
Total revenues	<u>4,017,000</u>	<u>4,017,000</u>	<u>2,454,436</u>	<u>(1,562,564)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>3,550,000</u>	<u>3,550,000</u>	<u>1,001,305</u>	<u>2,548,695</u>
Total expenditures	<u>3,550,000</u>	<u>3,550,000</u>	<u>1,001,305</u>	<u>2,548,695</u>
Excess of revenues over (under) expenditures	<u>467,000</u>	<u>467,000</u>	<u>1,453,131</u>	<u>986,131</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(1,373,000)</u>	<u>(1,373,000)</u>	<u>(1,373,000)</u>	<u>-</u>
Total other financing sources (uses):	<u>(1,373,000)</u>	<u>(1,373,000)</u>	<u>(1,373,000)</u>	<u>-</u>
Net change in fund balance	(906,000)	(906,000)	80,131	986,131
Fund balance - beginning of year	<u>2,976,407</u>	<u>2,976,407</u>	<u>2,976,407</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,070,407</u>	<u>\$ 2,070,407</u>	<u>\$ 3,056,538</u>	<u>\$ 986,131</u>

# Financial Statements

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Other Supplementary Information

Budgetary Comparison Schedules  
Non-Major Government Fund Financial Statements

## Special Revenue Funds

- **Street Lighting Improvement District Fund** - This fund accounts for property taxes charged in an amount sufficient to cover expenditures associated with three street lighting districts within the Town.



TOWN OF CHINO VALLEY, ARIZONA  
STREET LIGHT IMPROVEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL  
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	<u>\$ 4,200</u>	<u>\$ 4,200</u>	<u>\$ 4,247</u>	<u>\$ 47</u>
EXPENDITURES				
Current:				
Public works/streets	<u>4,000</u>	<u>4,000</u>	<u>3,832</u>	<u>168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200</u>	<u>200</u>	<u>415</u>	<u>215</u>
Fund balance - beginning of year	<u>227</u>	<u>227</u>	<u>227</u>	<u>-</u>
Fund balance - end of year	<u>\$ 427</u>	<u>\$ 427</u>	<u>\$ 642</u>	<u>\$ 215</u>



# Statistical Section

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<u>Contents</u>	<u>Pages</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	94-101
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the Town's most significant local revenue sources, property tax and sales and uses taxes.	102-114
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	114-123
<u>Demographic and Economic Statistics</u> These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.	124-129
<u>Operating Information</u> These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	132-135

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF CHINO VALLEY, ARIZONA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets:	\$ 1,484,070	\$ 2,509,616	\$ 3,960,511	\$ 4,343,890
Restricted	4,280,241	3,556,297	3,331,847	1,821,510
Unrestricted	<u>2,430,076</u>	<u>3,485,697</u>	<u>3,189,272</u>	<u>(900,628)</u>
Total Governmental Activities Net Position	<u>\$ 8,194,387</u>	<u>\$ 9,551,610</u>	<u>\$ 10,481,630</u>	<u>\$ 5,264,772</u>
<b>Business-type activities</b>				
Net Investment in Capital Assets:	\$ 17,042,946	\$ 16,360,590	\$ 15,658,866	\$ 16,458,815
Restricted	458,987	524,391	637,600	750,922
Unrestricted	<u>(3,399,728)</u>	<u>(3,906,099)</u>	<u>(4,386,202)</u>	<u>(4,991,149)</u>
Total Business-Type Activities Net Position	<u>\$ 14,102,205</u>	<u>\$ 12,978,882</u>	<u>\$ 11,910,264</u>	<u>\$ 12,218,588</u>
<b>Primary government</b>				
Net Investment in Capital Assets:	\$ 18,527,016	\$ 18,870,206	\$ 19,619,377	\$ 20,802,705
Restricted	4,739,228	4,080,688	3,969,447	2,572,432
Unrestricted	<u>(969,652)</u>	<u>(420,402)</u>	<u>(1,196,930)</u>	<u>(5,891,777)</u>
	<u>\$ 22,296,592</u>	<u>\$ 22,530,492</u>	<u>\$ 22,391,894</u>	<u>\$ 17,483,360</u>

2016	2017	2018	2019	2020	2021
\$ 5,424,332	\$ 6,027,754	\$ 6,693,892	\$ 7,499,509	8,791,146	9,405,857
1,327,962	1,769,920	2,355,810	1,445,551	1,500,148	3,018,753
(394,472)	(154,836)	666,822	2,542,035	4,478,169	5,645,322
<u>\$ 6,357,822</u>	<u>\$ 7,642,838</u>	<u>\$ 9,716,524</u>	<u>\$ 11,487,095</u>	<u>\$ 14,769,463</u>	<u>\$ 18,069,932</u>
\$ 16,077,901	\$ 16,106,276	\$ 15,502,227	\$ 14,958,858	14,524,764	14,879,202
482,116	588,280	730,932	870,202	1,004,070	1,094,561
(4,665,739)	(4,782,941)	(3,812,291)	(3,407,128)	(3,316,066)	(3,494,538)
<u>\$ 11,894,278</u>	<u>\$ 11,911,615</u>	<u>\$ 12,420,868</u>	<u>\$ 12,421,932</u>	<u>\$ 12,212,768</u>	<u>\$ 12,479,225</u>
\$ 21,502,233	\$ 22,134,030	\$ 22,196,119	\$ 22,458,367	\$ 23,315,910	\$ 24,285,059
1,810,078	2,358,200	3,086,742	2,315,753	2,504,218	4,113,314
(5,060,211)	(4,937,777)	(3,145,469)	(865,093)	1,162,103	2,150,784
<u>\$ 18,252,100</u>	<u>\$ 19,554,453</u>	<u>\$ 22,137,392</u>	<u>\$ 23,909,027</u>	<u>\$ 26,982,231</u>	<u>\$ 30,549,157</u>

TOWN OF CHINO VALLEY, ARIZONA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015
<b>Net (expense)/revenue</b>				
Governmental Activities	\$ (5,992,016)	\$ (5,321,410)	\$ (6,887,028)	\$ (7,437,020)
Business-Type Activities	(1,103,109)	(1,330,984)	(1,303,191)	(1,200,252)
<b>Total Primary Government Net Expense</b>	<u>\$ (7,095,125)</u>	<u>\$ (6,652,394)</u>	<u>\$ (8,190,219)</u>	<u>\$ (8,637,272)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
City Sales Tax	\$ 3,507,894	\$ 3,882,227	\$ 5,147,065	\$ 5,078,635
State Sales taxes	845,244	885,391	941,542	1,309,465
Auto Lieu Tax	555,907	564,341	596,994	629,553
State Income Tax-Revenue Sharing	912,963	1,104,933	1,205,692	988,552
Property tax	4,042	3,809	3,682	4,028
Franchise tax	138,431	133,055	135,183	125,124
Impact Fees	-	-	-	-
Other	-	-	-	377
Unrestricted Investment Earnings	11,824	14,498	2,775	6,590
Gain on Sale of Assets	9,795	-	4,115	(19,073)
Transfers	(244,016)	(362,988)	(220,000)	(280,700)
<b>Total Governmental Activities</b>	<u>5,742,084</u>	<u>6,225,266</u>	<u>7,817,048</u>	<u>7,842,551</u>
Business-Type Activities:				
Unrestricted Investment Earnings	33,194	27,827	14,573	676
Grants and Contributions not restricted				
Gain on Sale of Assets	-	-	-	620
Special items	-	-	-	1,660,154
Transfers	244,016	362,988	220,000	280,700
<b>Total Business-Type Activities</b>	<u>277,210</u>	<u>390,815</u>	<u>234,573</u>	<u>1,942,150</u>
<b>Total Primary Government</b>	<u>\$ 6,019,294</u>	<u>\$ 6,616,081</u>	<u>\$ 8,051,621</u>	<u>\$ 9,784,701</u>
<b>Change in Net Position</b>				
Governmental Activities	\$ (249,932)	\$ 903,856	\$ 930,020	\$ 405,531
Business-Type Activities	(825,899)	(940,169)	(1,068,618)	741,898
<b>Total Primary Government</b>	<u>\$ (1,075,831)</u>	<u>\$ (36,313)</u>	<u>\$ (138,598)</u>	<u>\$ 1,147,429</u>

2016	2017	2018	2019	2020	2021
\$ (7,606,435)	\$ (7,482,665)	\$ (7,648,079)	\$ (8,945,107)	\$ (8,578,402)	\$ (10,456,595)
(858,481)	(338,046)	389,282	(82,249)	(269,059)	212,230
<u>\$ (8,464,916)</u>	<u>\$ (7,820,711)</u>	<u>\$ (7,258,797)</u>	<u>\$ (9,027,356)</u>	<u>\$ (8,847,461)</u>	<u>\$ (10,244,365)</u>
\$ 5,455,413	\$ 5,603,710	\$ 6,312,095	\$ 7,009,864	\$ 7,962,355	\$ 9,326,248
1,022,547	1,020,252	1,084,425	1,179,854	1,243,034	1,467,611
680,388	712,352	766,485	826,894	852,404	1,049,654
1,302,365	1,362,532	1,393,419	1,417,474	1,552,162	1,768,560
3,994	3,996	3,999	2,575	5,297	4,247
136,036	117,715	124,327	127,155	136,263	136,335
-	-	-	-	-	-
-	-	-	-	-	-
8,486	22,124	62,015	151,862	109,255	4,409
-	-	-	-	-	-
(150,000)	(75,000)	(25,000)	-	-	-
<u>8,459,229</u>	<u>8,767,681</u>	<u>9,721,765</u>	<u>10,715,678</u>	<u>11,860,770</u>	<u>13,757,064</u>
1,671	2,724	8,504	19,270	14,076	491
-	-	-	64,043	45,819	-
382,500	277,659	86,467	-	-	53,736
150,000	75,000	25,000	-	-	-
<u>534,171</u>	<u>355,383</u>	<u>119,971</u>	<u>83,313</u>	<u>59,895</u>	<u>54,227</u>
<u>\$ 8,993,400</u>	<u>\$ 9,123,064</u>	<u>\$ 9,841,736</u>	<u>\$ 10,798,991</u>	<u>\$ 11,920,665</u>	<u>\$ 13,811,291</u>
\$ 852,794	\$ 1,285,016	\$ 2,073,686	\$ 1,770,571	\$ 3,282,368	\$ 3,300,469
(324,310)	17,337	509,253	1,064	(209,164)	266,457
<u>\$ 528,484</u>	<u>\$ 1,302,353</u>	<u>\$ 2,582,939</u>	<u>\$ 1,771,635</u>	<u>\$ 3,073,204</u>	<u>\$ 3,566,926</u>

TOWN OF CHINO VALLEY, ARIZONA  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Fund</b>				
Nonspendable	\$ 2,208	\$ 7,039	\$ 5,078	\$ 4,060
Restricted	109,383	212,680	217,775	301,854
Assigned	-	-	-	-
Unassigned	<u>2,716,403</u>	<u>3,092,751</u>	<u>3,830,737</u>	<u>4,349,040</u>
<b>Total General Fund</b>	<u><u>\$ 2,827,994</u></u>	<u><u>\$ 3,312,470</u></u>	<u><u>\$ 4,053,590</u></u>	<u><u>\$ 4,654,954</u></u>
<b>All other Governmental Funds</b>				
Restricted:				
Highways and Streets	\$ 747,681	\$ 923,837	\$ 680,219	\$ 463,774
Development Impact Fees	2,895,908	2,138,187	1,475,498	606,592
Debt Service	499,053	285,557	292,213	614,924
Public Safety	70,327	136,504	51,085	24,507
Grants	-	-	-	-
Other Purposes	-	-	2,464	7,673
Committed:				
Debt service	-	-	-	-
Assigned for:				
Capital Improvements	304,452	129,103	488,624	589,530
Unassigned:	<u>-</u>	<u>-</u>	<u>-</u>	<u>293</u>
<b>Total all other Governmental Funds</b>	<u><u>\$ 4,517,421</u></u>	<u><u>\$ 3,613,188</u></u>	<u><u>\$ 2,990,103</u></u>	<u><u>\$ 2,307,293</u></u>

Note: The Town began to report fund balance classifications per GASB Statement 54 in fiscal year 2011. Balances previously reported as reserved are reported as restricted and balances previously reported as unreserved are reported as unassigned, restricted, committed, or assigned as applicable.

2016	2017	2018	2019	2020	2021
\$ 43,818	\$ 1,302,226	\$ 327,562	\$ 129,873	\$ 19,525	\$ 509,682
322,353	114,330	140,339	149,717	131,298	150,460
-	192,946	250,027	329,870	389,082	478,217
5,064,810	4,575,991	6,591,840	7,731,346	7,816,055	8,487,272
<u>\$ 5,430,981</u>	<u>\$ 6,185,493</u>	<u>\$ 7,309,768</u>	<u>\$ 8,340,806</u>	<u>\$ 8,355,960</u>	<u>\$ 9,625,631</u>
\$ 456,204	\$ 760,071	\$ 953,266	\$ 771,662	838,013	2,279,389
566,191	523,122	510,575	25	-	-
128,707	457,027	455,795	457,683	457,464	351,862
46,099	59,428	45,698	55,606	57,744	79,177
-	-	-	-	-	-
40,385	32,354	11,601	10,858	15,629	35,910
-	-	-	-	-	121,955
683,648	919,592	1,121,632	1,048,679	2,976,407	3,056,538
109	(631,902)	-	(761)	-	-
<u>\$ 1,921,343</u>	<u>\$ 2,119,692</u>	<u>\$ 3,098,567</u>	<u>\$ 2,343,752</u>	<u>\$ 4,345,257</u>	<u>\$ 5,924,831</u>

TOWN OF CHINO VALLEY, ARIZONA  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015
<b>Revenues</b>				
Taxes	\$ 3,650,366	\$ 4,019,091	\$ 5,285,931	\$ 5,207,787
Licenses and Permits	281,820	178,614	250,285	276,828
Intergovernmental	3,541,795	4,443,541	4,252,919	4,676,970
Charges for Services	150,323	438,798	93,961	94,270
Fines and Forfeitures	183,666	192,564	176,986	208,163
Impact Fees	11,132	29,764	194,873	2,712
Interest	11,824	14,498	2,775	6,590
Other Revenues	169,286	106,335	44,879	38,413
<b>Total Revenues</b>	<b>\$ 8,000,212</b>	<b>\$ 9,423,205</b>	<b>\$ 10,302,609</b>	<b>\$ 10,511,733</b>
<b>Expenditures</b>				
Current:				
General Government	\$ 2,774,513	\$ 2,831,438	\$ 3,309,301	\$ 3,339,953
Public Safety	2,459,829	2,402,089	2,565,994	2,814,077
Public Works	559,413	587,631	1,037,923	1,182,221
Cululture and Recreation	959,040	827,282	824,111	871,535
Health and Welfare	211,961	227,476	249,419	378,921
Capital Outlay	306,271	1,981,052	1,408,246	1,931,282
Debt service				
Principal	153,979	37,028	65,000	75,000
Interest	464,651	586,858	509,000	341,721
Debt issuance cost	-	-	-	-
<b>Total Expenditures</b>	<b>7,889,657</b>	<b>9,480,854</b>	<b>9,968,994</b>	<b>10,934,710</b>
Revenues over (under) Expenditures	110,555	(57,649)	333,615	(422,977)
<b>Other Finance Sources (Uses)</b>				
Capital lease agreement	-	-	-	607,448
Sale of Assets	30,713	879	4,420	14,783
Bond Proceeds	-	-	-	-
Payment to refunded debt escrow agent				
Transfers in	1,321,598	1,023,203	1,394,732	1,684,779
Transfers out	(1,565,614)	(1,386,191)	(1,614,732)	(1,965,479)
<b>Total other Finance Sources (uses)</b>	<b>(213,303)</b>	<b>(362,109)</b>	<b>(215,580)</b>	<b>341,531</b>
<b>Net Change in Fund Balances</b>	<b>\$ (102,748)</b>	<b>\$ (419,758)</b>	<b>\$ 118,035</b>	<b>\$ (81,446)</b>
Debt Service as a Percentage of Noncapital Expenditures	8.47%	8.38%	6.84%	4.46%

2016	2017	2018	2019	2020	2021
\$ 5,595,443	\$ 5,725,421	\$ 6,440,421	\$ 7,139,594	\$ 8,103,915	\$ 9,466,830
352,447	561,146	709,765	451,287	483,739	656,131
4,906,700	5,185,879	5,868,265	4,941,428	6,548,620	6,784,490
122,960	115,633	124,458	135,913	87,794	88,865
247,977	296,591	275,315	234,992	205,212	214,143
-	-	-	20	-	-
8,486	22,124	62,015	151,862	109,255	4,409
54,354	37,343	88,291	176,377	174,125	265,930
<u>\$ 11,288,367</u>	<u>\$ 11,944,137</u>	<u>\$ 13,568,530</u>	<u>\$ 13,231,473</u>	<u>\$ 15,712,660</u>	<u>\$ 17,480,798</u>
\$ 3,913,936	\$ 3,900,208	\$ 3,937,694	\$ 4,466,270	4,795,109	4,725,066
2,727,591	2,935,355	3,322,163	3,441,879	3,529,005	3,684,573
731,692	524,963	756,057	958,368	1,148,879	2,064,109
964,652	988,361	1,055,044	1,115,363	1,067,558	1,148,267
402,424	316,045	361,111	309,899	343,411	337,080
1,069,811	1,727,192	1,916,593	1,550,908	1,383,628	1,716,016
3,960,916	127,603	534,791	734,593	1,064,517	606,000
504,370	398,680	403,861	389,222	368,749	350,647
65,714	-	2,000	-	-	-
<u>14,341,106</u>	<u>10,918,407</u>	<u>12,289,314</u>	<u>12,966,502</u>	<u>13,700,856</u>	<u>14,631,758</u>
<u>(3,052,739)</u>	<u>1,025,730</u>	<u>1,279,216</u>	<u>264,971</u>	<u>2,011,804</u>	<u>2,849,040</u>
-	-	711,464	-	-	-
6,560	2,131	137,470	11,252	4,855	205
3,346,000	-	-	-	-	-
1,095,167	1,252,000	1,173,000	2,085,706	3,751,861	3,468,731
(1,245,167)	(1,327,000)	(1,198,000)	(2,085,706)	(3,751,861)	(3,468,731)
<u>3,202,560</u>	<u>(72,869)</u>	<u>823,934</u>	<u>11,252</u>	<u>4,855</u>	<u>205</u>
<u>\$ 149,821</u>	<u>\$ 952,861</u>	<u>\$ 2,103,150</u>	<u>\$ 276,223</u>	<u>\$ 2,016,659</u>	<u>\$ 2,849,245</u>
34.99%	5.67%	8.92%	9.81%	11.77%	7.18%

TOWN OF CHINO VALLEY, ARIZONA  
 ASSESSED, LIMITED AND FULL CASH VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Fiscal Year	Limited Property Value -Primary		Full Cash Value-Secondary		Ratio of Net Assessed to Total Values
	Net Assessed Value	Total Value	Net Assessed Value	Total Value	
2011-2012	74,109,132	616,331,804	74,322,200	622,456,044	12%
2012-2013	66,970,381	570,467,244	67,121,326	573,338,223	12%
2013-2014	66,507,361	558,648,344	66,893,394	563,576,848	12%
2014-2015	68,650,602	606,318,136	78,892,362	702,125,803	11%
2015-2016	68,900,296	627,209,860	80,357,855	738,888,013	11%
2016-2017	71,703,530	652,618,898	83,930,432	773,511,955	11%
2017-2018	76,175,662	698,377,587	91,475,024	848,659,263	11%
2018-2019	81,468,659	753,795,532	104,330,919	980,124,645	11%
2019-2020	87,437,075	816,434,870	122,115,077	1,154,109,710	11%
2020-2021	94,119,722	882,471,069	137,938,692	1,308,809,901	11%

Source: Yavapai County Assessor



TOWN OF CHINO VALLEY, ARIZONA  
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS  
(PRIMARY TAX RATES)  
PER \$100 OF ACCESSED VALUE  
LAST TEN FISCAL YEARS

Tax Authority	2011-2012	2012-2013	2013-2014	2014-2015
Town of Chino Valley	-	-	-	-
Yavapai County	1.4305	1.6426	1.9308	1.9442
School Equalization	0.4259	0.4717	0.5123	0.5089
Yavapai College	1.4274	1.6725	1.8241	1.8606
Chino Valley School District	3.7791	4.2320	4.9640	5.0146
<b>Total Primary</b>	<b>7.0629</b>	<b>8.0188</b>	<b>9.2312</b>	<b>9.3283</b>

Source: Yavapai County Treasurer

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
-	-	-	-	-	
1.9317	1.9027	1.8395	1.7788	2.0152	1.9255
0.5054	0.5010	0.4875	0.4741	0.4566	0.4426
1.8721	1.8439	1.7827	1.7584	1.6883	1.6131
4.4236	4.6005	4.3974	4.2808	4.1000	3.9659
<u>8.7328</u>	<u>8.8481</u>	<u>8.5071</u>	<u>8.2921</u>	<u>8.2601</u>	<u>7.9471</u>

TOWN OF CHINO VALLEY, ARIZONA  
 SECONDARY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS  
 (SECONDARY TAX RATES)  
 PER \$100 OF ACCESSED VALUE  
 LAST TEN FISCAL YEARS

Tax Authority	2012-2013	2013-2014	2014-2015
Town of Chino Valley	-	-	-
Fire District Assistance	0.1000	0.1000	0.1000
Flood Control District	0.2963	0.2162	0.2116
Library District	0.1660	0.1491	0.1500
Yavapai College	0.2150	0.2227	0.2231
Chino Valley School District	0.7845	0.0500	0.0500
Chino Valley Fire District	3.4531	3.5799	3.5799
<b>Total Secondary</b>	<b>5.0149</b>	<b>4.3179</b>	<b>4.3146</b>

Source: Yavapai County Treasurer

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
-	-	-	-	-	-
0.1000	0.1000	0.1000	0.1000	0.1000	0.0937
0.1976	0.2346	0.2346	0.2188	0.2103	0.2006
0.1907	0.1815	0.1815	0.1720	0.1651	0.1577
0.2122	0.1815	0.2001	0.1892	0.1525	0.0760
0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
3.6175	3.6175	3.6173	3.5986	3.5732	3.5466
<u>4.3680</u>	<u>4.3651</u>	<u>4.3835</u>	<u>4.3286</u>	<u>4.2511</u>	<u>4.1246</u>





TOWN OF CHINO VALLEY, ARIZONA  
SALES TAX REVENUES BY INDUSTRY  
LAST TEN FISCAL YEARS

	Fiscal Year 2011-2012		Fiscal Year 2012-2013		Fiscal Year 2013-2014		Fiscal Year 2014-15	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 187,286	5.34%	\$ 428,058	11.03%	\$ 363,845	7.38%	\$ 345,449	6.80%
Manufacturing	53,107	1.51%	67,869	1.75%	67,904	1.38%	74,890	1.47%
Transportation/ Communication/Utilities	634,512	18.09%	639,694	16.48%	817,254	16.59%	764,228	15.05%
Wholesale Trade	140,008	3.99%	135,349	3.49%	169,475	3.44%	167,135	3.29%
Retail Trade	1,758,983	50.14%	1,787,495	46.04%	2,457,281	49.87%	2,606,219	51.32%
Restaurants/Bars	291,732	8.32%	298,752	7.70%	415,200	8.43%	477,722	9.41%
Insurance/Real Estate	262,331	7.48%	273,188	7.04%	332,480	6.75%	335,282	6.60%
Services	88,126	2.51%	101,702	2.62%	128,676	2.61%	125,529	2.47%
All Other	91,809	2.62%	150,121	3.87%	174,950	3.55%	182,181	3.59%
<b>Total</b>	<b>\$ 3,507,893</b>	<b>100.00%</b>	<b>\$ 3,882,227</b>	<b>100.00%</b>	<b>\$ 4,927,064</b>	<b>100.00%</b>	<b>\$ 5,078,635</b>	<b>100.00%</b>

Source: Arizona Department of Revenue

Note:

The categories presented are intended to provide alternative information regarding the source of the Town's revenue.

Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21	
Tax Paid	Percentage of Total										
\$ 354,129	6.61%	\$ 495,600	8.88%	\$ 846,851	13.42%	\$ 937,004	13.37%	\$ 814,408	10.23%	\$ 986,802	10.58%
78,910	1.47%	30,895	0.55%	112,066	1.78%	207,019	2.95%	188,099	2.36%	232,773	2.50%
798,024	14.89%	694,022	12.44%	730,917	11.58%	727,641	10.38%	746,936	9.38%	752,494	8.07%
129,501	2.42%	-	0.00%	118,731	1.88%	180,042	2.57%	192,340	2.42%	256,227	2.75%
2,735,267	51.04%	3,171,921	56.86%	3,350,891	53.09%	3,700,174	52.79%	4,745,837	59.60%	5,618,035	60.24%
501,100	9.35%	573,858	10.29%	600,046	9.51%	655,336	9.35%	696,727	8.75%	867,868	9.31%
348,577	6.50%	378,261	6.78%	399,797	6.33%	430,263	6.14%	534,953	6.72%	574,916	6.16%
130,589	2.44%	144,015	2.58%	139,351	2.21%	153,274	2.19%	-	0.00%	-	0.00%
282,941	5.28%	89,468	1.60%	13,446	0.21%	19,106	0.27%	43,056	0.54%	37,133	0.40%
<b>\$ 5,359,038</b>	<b>100.00%</b>	<b>\$ 5,578,040</b>	<b>100.00%</b>	<b>\$ 6,312,096</b>	<b>100.00%</b>	<b>\$ 7,009,859</b>	<b>100.00%</b>	<b>\$ 7,962,356</b>	<b>100.00%</b>	<b>\$ 9,326,248</b>	<b>100.00%</b>



TOWN OF CHINO VALLEY, ARIZONA  
 DIRECT AND OVERLAPPING SALES TAX RATES  
 As of June 30, 2021

	Rates		
	City	State and Yavapai County	Combined
Privilege Tax, except retail, utilities, and telecommunication	4.000%	6.350%	10.350%
Retail	4.000%	6.350%	10.350%
Hotel/Motel (additional Tax for Chino Valley)	4.000%	6.325%	10.325%
Restaurant/Bar	4.000%	6.350%	10.350%
Use Tax	3.000%	5.600%	8.600%
Construction	4.000%	6.350%	10.350%

Sources: Town of Chino Valley Finance Department and Arizona Department of Revenue

TOWN OF CHINO VALLEY, ARIZONA  
ACTUAL EXCISE TAX COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	City Sales Tax	Franchise Tax	State Shared Sales Tax	Urban Revenue Share	Vehicle License Tax	Total
2011-2012	3,507,894	138,429	845,245	912,963	555,907	5,404,531
2012-2013	3,882,228	133,055	885,392	1,104,933	564,341	6,569,949
2013-2014	5,147,066	135,183	941,543	1,205,692	596,994	8,026,477
2014-2015	5,018,421	125,124	988,552	1,309,465	629,553	8,071,115
2015-2016	5,403,949	136,036	1,022,547	1,302,365	680,388	8,545,285
2016-2017	5,578,040	117,715	1,020,252	1,362,532	712,352	8,790,890
2017-2018	6,312,096	124,329	1,084,425	1,393,419	766,485	9,680,754
2018-2019	7,009,860	127,155	1,179,854	1,417,474	826,894	10,561,236
2019-2020	7,962,355	136,263	1,291,713	1,552,162	852,404	11,794,897
2020-2021	9,326,248	136,335	1,467,611	1,768,560	1,049,654	13,748,408

Source: Town of Chino Valley Finance Department and Arizona Department of Revenue



TOWN OF CHINO VALLEY, ARIZONA  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities		
	Capital Leases	Revenue Bonds	Loans Payable	Capital Leases	Notes Payable	Loans Payable
2011-2012	37,028	7,112,149	3,901,784	4,619,085	-	9,935,517
2012-2013	-	7,120,757	3,891,776	4,619,085	-	9,544,790
2013-2014	-	7,129,365	3,816,768	4,566,425	-	9,141,772
2014-2015	519,466	7,137,973	3,731,760	92,329	-	11,689,732
2015-2016	401,035	10,492,581	-	71,280	-	11,034,561
2016-2017	280,302	10,501,189	-	49,820	-	11,400,220
2017-2018	765,976	10,317,000	-	125,090	-	10,748,904
2018-2019	501,399	9,739,405	-	80,590	-	10,115,892
2019-2020	-	9,223,013	-	-	-	9,465,105
2020-2021	-	8,625,621	-	-	-	8,795,680

(a) See page 86 for population data.

\* Means no data available during that fiscal year.

Business-Type Activities					
Related Party Capital Leases	Revenue Bonds	Developer Agreement	Total Primary Government	Percentage of Personal Income	Per Capita (a)
-	746,351	420,733	26,772,647	*	2,477
-	656,251	420,733	26,253,392	*	2,435
-	611,151	420,733	25,686,214	*	2,382
-	611,051	420,733	24,203,044	*	2,245
-	565,951	420,733	22,986,141	*	2,064
-	520,851	420,733	23,173,115	*	2,081
-	470,751	420,733	22,848,454	*	2,052
-	420,651	420,733	21,278,670	*	1,773
	370,551	420,733	19,479,402	*	1,574
	315,450	420,733	18,157,484	*	1,395
-					

TOWN OF CHINO VALLEY, ARIZONA  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
June 30, 2021

Jurisdiction	2020-2021 Secondary Assessed Valuation	Net Debt Outstanding	Percentage Applicable to the Town of Chino Valley	Amount Applicable to the Town of Chino Valley	2020-2021 Combined Tax Rate Per \$100 Assessed
State of Arizona	\$ 96,672,273,409	\$ -	0.14%	\$ -	None
Yavapai County	\$ 4,096,285,296	\$ 14,021,000	3.37%	\$ 472,144	0.0000%
Chino Valley School District	\$ 299,399,275	\$ 615,124	100.00%	\$ 615,124	0.0500%
Chino Valley Fire District	\$ 215,466,662	\$ 4,205,000	64.02%	\$ 2,691,981	3.5700%
Yavapai County Library District	\$ 4,096,285,296	\$ -	3.37%	\$ -	0.1491%
Yavapai County Community College	\$ 4,096,285,296	<u>\$ 10,540,000</u>	3.37%	<u>\$ 354,925</u>	<u>0.2227%</u>
Total Overlapping Debt		<u>\$ 29,381,124</u>		<u>\$ 4,134,175</u>	<u>3.9918%</u>
<b>Town of Chino Valley</b>	<b>\$ 137,938,692</b>	<u>\$ 8,625,621</u>	<b>100.00%</b>	<u>\$ 8,625,621</u>	<b>0.0000%</b>
Total Direct Debt		<u>\$ 8,625,621</u>		<u>\$ 8,625,621</u>	
Total Overlapping and Direct Debt		<u><u>\$ 38,006,745</u></u>		<u><u>\$ 12,759,796</u></u>	<u><u>3.9918%</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Yavapai County Assessor's Office. Debt

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Chino Valley. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsibility for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining their portion of Yavapai County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

The Town of Chino Valley Debt includes the long-term debt for governmental activities.



TOWN OF CHINO VALLEY, ARIZONA  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Secondary Assessed Value	\$ 74,322,200	\$ 67,121,326	\$ 66,893,394	\$ 78,892,362
<b><u>20% Limitation (a)</u></b>				
Debt Limit Equal to 20% of Assessed Valuation	\$ 14,864,440	\$ 13,424,265	\$ 13,378,679	\$ 15,778,472
Total Debt Applicable to 20% Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 14,864,440</u>	<u>\$ 13,424,265</u>	<u>\$ 13,378,679</u>	<u>\$ 15,778,472</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	0.00%	0.00%	0.00%	0.00%
<b><u>6% Limitation (b)</u></b>				
Debt Limit Equal to 6% of Assessed Valuation	\$ 4,459,332	\$ 4,027,280	\$ 4,013,604	\$ 4,733,542
Total Debt Applicable to 6% Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 4,459,332</u>	<u>\$ 4,027,280</u>	<u>\$ 4,013,604</u>	<u>\$ 4,733,542</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit	0.00%	0.00%	0.00%	0.00%

Source: Yavapai County Assessor's Office

(a) 20% Debt Limitation can be used for Water, Sewer, Light, Parks, and Open Space Purposes.

(b) 6% Debt Limitation can be used for all other General Obligation Bonds.

<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
\$ 80,357,855	\$ 83,930,432	\$ 91,475,024	\$ 104,330,919	\$ 122,115,077	\$ 137,938,692
\$ 16,071,571	\$ 16,786,086	\$ 18,295,005	\$ 20,866,184	\$ 24,423,015	\$ 27,587,738
\$ -	\$ -	\$ -	\$ -	\$ -	
<u>\$ 16,071,571</u>	<u>\$ 16,786,086</u>	<u>\$ 18,295,005</u>	<u>\$ 20,866,184</u>	<u>\$ 24,423,015</u>	<u>\$ 27,587,738</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 4,821,471	\$ 5,035,826	\$ 5,488,501	\$ 6,259,855	\$ 7,326,905	\$ 8,276,322
\$ -	\$ -	\$ -			
<u>\$ 4,821,471</u>	<u>\$ 5,035,826</u>	<u>\$ 5,488,501</u>	<u>\$ 6,259,855</u>	<u>\$ 7,326,905</u>	<u>\$ 8,276,322</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TOWN OF CHINO VALLEY, ARIZONA  
 PLEDGED REVENUE COVERAGE  
 LAST TEN FISCAL YEARS

<b>MPC Revenue Bonds 2011 Series</b>				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2012	5,404,531	-	331,638	16.30
2013	6,569,949	-	331,638	19.81
2014	8,026,477	-	331,638	24.20
2015	8,071,115	-	331,638	24.34
2016	8,545,285	-	331,638	25.77
2017	8,790,890	-	331,638	26.51
2018	9,680,754	-	331,638	29.19
2019	10,561,236	150,000	325,638	22.20
2020	11,997,299	205,000	317,438	22.96
2021	13,748,408	280,000	306,238	23.45

<b>Revenue Bonds 2016</b>				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2016	8,545,285	-	-	-
2017	8,790,890	-	64,695	135.88
2018	9,680,754	309,000	54,290	26.65
2019	10,561,236	320,000	50,296	28.52
2020	11,997,299	320,000	46,354	32.75
2021	13,748,408	326,000	41,724	37.39

<b>Water Revenue Bonds Series 2010</b>				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2012	5,404,531	45,000	29,145	72.89
2013	6,569,949	45,000	28,020	89.97
2014	8,071,115	45,000	26,895	112.26
2015	8,545,285	45,000	25,883	120.56
2016	8,790,890	45,000	24,713	126.10
2017	8,790,890	45,000	23,362	128.59
2018	9,680,754	50,000	21,663	135.09
2019	10,561,236	50,000	19,813	151.28
2020	11,997,299	50,000	17,813	176.92
2021	13,748,408	55,000	15,475	195.08

<b>WIFA 2007</b>				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2012	5,404,531	69,855	36,174	50.97
2013	6,569,949	71,782	34,194	61.99
2014	8,026,477	73,762	32,160	75.78
2015	8,071,115	75,796	30,070	76.24
2016	8,545,285	77,886	27,922	80.76
2017	8,790,890	80,034	25,714	83.13
2018	9,680,754	82,242	23,447	91.60
2019	10,561,236	84,510	21,116	99.99
2020	11,997,299	86,841	18,720	113.65
2021	13,748,408	89,236	16,260	130.32

<b>WIFA 2008</b>				
<b>Fiscal Year Ended June 30,</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2012	5,404,531	216,697	124,534	15.84
2013	6,569,949	222,795	118,265	19.26
2014	8,071,115	229,065	111,816	23.68
2015	8,545,285	235,510	105,192	25.08
2016	8,790,890	242,138	98,378	25.82
2017	8,790,890	248,952	91,372	25.83
2018	9,680,754	255,957	84,170	28.46
2019	10,561,236	263,160	76,765	31.07
2020	11,997,299	270,565	69,152	35.32
2021	13,748,408	278,178	61,324	40.50

<b>WIFA 2014</b>				
<b>Fiscal Year Ended June 30,</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2015	8,545,285	-	29,950	285.32
2016	8,790,890	121,854	57,121	49.12
2017	8,790,890	124,303	54,622	49.13
2018	9,680,754	126,801	52,073	54.12
2019	10,561,236	129,350	49,473	59.06
2020	11,997,299	131,950	46,822	67.11
2021	13,748,408	134,602	44,116	76.93

<b>WIFA 2016</b>				
<b>Fiscal Year Ended June 30,</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2016	8,545,285	-	60,462	141.33
2017	8,790,890	150,161	96,326	35.66
2018	9,680,754	153,700	92,723	39.29
2019	10,561,236	134,526	90,745	46.88
2020	11,997,299	139,907	85,262	53.28
2021	13,748,408	145,503	84,056	59.89

<b>WIFA 2017</b>				
<b>Fiscal Year Ended June 30,</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2017	8,790,890	-	-	-
2018	9,680,754	12,156	6,453	520.22
2019	10,561,236	11,398	6,501	590.05
2020	11,997,299	11,349	7,164	648.05
2021	13,748,408	11,624	5,946	782.49

TOWN OF CHINO VALLEY, ARIZONA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Town Population</u>	<u>County Population</u>	<u>County Personal Income (in thousands)+</u>	<u>County Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Yavapai County Unemployment Rate</u>
2011-2012	10,808	211,583	6,448,529	30	3392	9.7%
2012-2013	10,783	211,033	6,753,056	32	3443	8.6%
2013-2014	10,943	215,133	4,853,759	23	3019	8.6%
2014-2015	10,817	218,844	5,593,458	26	3089	8.6%
2015-2016	11,137	222,255	7,112,160	32	2991	8.6%
2016-2017	11,250	225,562	7,900,004	35	2988	4.2%
2017-2018	11,705	228,168	8,199,948	36	2876	4.3%
2018-2019	12,003	231,993	9,352,066	41	2860	4.9%
2019-2020	12,375	235,099	9,731,391	40	2580	5.7%
2020-2021	13,020	241,753	9,731,391	41	2731	4.3%

Sources: Population, County Per Capita Income and City Unemployment Rate - Arizona Department of Commerce and Arizona Department of Economic Security. School Enrollment - Chino Valley Unified School District.

\* Detailed information not available.



TOWN OF CHINO VALLEY, ARIZONA  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR AND FIVE YEARS AGO

Employer	2021		2020	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Chino Valley Unified School	288	2.67%	290	2.69%
Safeway	140	1.30%	175	1.62%
Town of Chino Valley	110	1.02%	98	0.91%
Sodexo		0.00%	24	0.22%
Bonn Fire Grill	30	0.28%	30	0.28%
CAFMA In CV	36	0.33%	35	0.32%
Arizona Highway Safety Specialists	25	0.23%	30	0.28%
Chino Heating & Cooling	25	0.23%	25	0.23%
Bar S Machine		0.00%	0	0.00%
Circle L Animal Hospital	20	0.19%	20	0.19%
Bonnie Plant	25	0.23%	24	0.22%
Color Spot		0.00%		0.00%
	699	6.48%	751	6.96%

Sources: Central Arizona Regional Economic Development Foundation; various employers

2019		2018		2017		2016	
Employees	Percentage of Total City Employment						
325	3.01%	250	2.32%	247	2.29%	249	2.31%
135	1.25%	134	1.24%	134	1.24%	135	1.25%
97.5	0.90%	96.5	0.89%	92	0.85%	96	0.89%
46	0.43%	46	0.43%	-	-	-	-
35	0.32%	35	0.32%	45	0.42%	45	0.42%
36	0.33%	0	0.00%	0	0.00%	0	0.00%
32	0.30%	32	0.30%	29	0.27%	29	0.27%
27	0.25%	27	0.25%	30	0.28%	43	0.40%
26	0.24%	26	0.24%	45	0.42%	45	0.42%
24	0.22%	24	0.22%	24	0.22%	22	0.20%
-	0.00%	-	0.00%	0	0.00%	38	0.35%
-	0.00%	-	0.00%	32	0.30%	31	0.29%
783.5	7.27%	670.5	6.22%	646	5.99%	702	6.51%

TOWN OF CHINO VALLEY, ARIZONA  
 AUTHORIZED FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

Fiscal Year	Function/Program			
	General Government	Public Safety	Culture & Recreation	Health and Welfare
2011-2012	26	30	9	3
2012-2013	30	30	9	3
2013-2014	29	30.5	8	3.5
2014-2015	36	30.5	0.5	3.5
2015-2016	40	30.5	1	3.5
2016-2017	39	31	1.5	3.5
2017-2018	45.5	30	2	4.5
2018-2019	48.5	30	2	4.5
2019-2020	49.25	30.5	2	4.25
2020-2021	49.25	30.5	2	4.25

Source: Town of Chino Valley Budget

Note: Information is based on authorized positions approved by Council in the Budget.

Function/Program			
<u>Public Works/Streets</u>	<u>Public Works/Water</u>	<u>Public Works/Sewer</u>	<u>Total</u>
9	4	4	85
11	4	4	91
11	3.5	3.5	89
11	3.5	3.5	89
10	2.5	3.5	91
11	2.5	3.5	92
7	3	3	95
7	2.5	2.5	97
7	2.5	2.5	98
7	2.5	2.5	98





**TOWN OF CHINO VALLEY, ARIZONA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
<b>General Government</b>										
Registered Voters	*	6,027	*	5,914	*	6,220	6,673	*	8305	7505
Votes cast last election	*	2,092	*	3,587	*	2,630	2,840	*	7184	3644
<b>Police</b>										
Number of police personnel and officers	30	30	30	30	30	31	31	30	30.5	30.5
Arrests	358	262	440	443	445	444	394	314	276	160
Citations	1,539	756	934	808	1,234	1,204	1,532	1,370	1041	1025
Traffic Stops	5,715	3,503	3,067	2,801	3,166	3,121	3,103	3,440	2576	2454
Security Checks	1,906	4,717	2,425	2,602	1,979	1,469	914	927	1121	1156
Officer Reports	10,662	6,643	7,700	6,485	6,257	5,601	5,135	6,810	6487	3610
Calls for Service	15,350	10,367	11,870	10,988	11,212	10,680	10,239	10,589	10184	9300
Patrol Units	19	19	19	19	19	19	20	20	21	21
<b>Animal Control</b>										
Animal Related Calls	785	945	829	878	1,005	941	954	889	835	743
Impounded Dogs	309	297	315	301	340	350	341	351	319	293
Adopted Dogs	109	102	121	136	137	139	122	110	140	152
Dog Licenses Sold	1,666	1,700	1,807	1,971	1,912	1,986	1,994	1,584	1540	1425
<b>Highways &amp; Streets</b>										
Miles of Paved Roads Maintained	157	157	163	153	153	153	153	155	155	155
Street resurfacing (miles)	0	4	0	3	0	2	3	3		21.6
Street sweeping (miles)	13	13	13	13	13	13	13	13	13	15
Potholes repaired (cold mix tons)	149	214	168	148	157	157	270	231	218	280.5
<b>Water</b>										
Number of wells	19	19	19	19	19	19	19	15	15	15
Total well production (acre feet)	240	255	250	250	250	250	267	247	292	294
Number of metered accounts	607	607	626	633	658	720	819	902	869	1097
New Residential Connections	0	0	19	7	25	25	99	87	153	120
Number of Water Tanks	2	2	2	2	2	2	2	2	2	2
Storage Capacity (mg)	1.165	1.165	1.165	1.165	1.165	1.165	1.165	1.165	1165	1.165
Miles of Water Mains	20.5	20.5	21.0	21.0	21.0	21.0	22.0	22.0	22.5	22.5
Line Breaks	1	0	0	0	0	0	0	0	0	0
Average Daily Consumption (thousand of gallons)	213	228	223	296	312	312	312	221	260	263
Number of Fire Hydrant	103	103	103	103	103	103	104	105	105	105
<b>Wastewater</b>										
Number of active accounts	1,672	1,685	1,689	1,735	1,744	1,767	1,842	2,007	2364	2512
Average daily sewage treatment gallons	321,000	324,000	325,000	325,000	325,000	325,000	265,000	285,000	288000	298,000
Plant Capacity per day gallons	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	50000	500,000
Gallons Recharged in Aquifer (acre feet)	230	242	244	246	251	251	284	277	309	329.6
Miles of Collection System		33	33	34	34	34	35	36	36	36

(Continued)

Facilities Maintenance										
Number of Buildings Maintained	20	20	20	20	20	20	20	20	20	21
Square Footage of Buildings Maintained	55,704	55,704	55,704	55,704	55,704	55,704	55,704	55,704	55,704	62,085
Number of HVAC Unites Maintained	44	44	44	44	44	44	44	44	44	44
Parks and Recreation										
Park Areas	5	5	5	5	5	5	5	5	5	5
Total Miles of Trails	3	3	3	3	3	3	3	3	3	3
Parkland Acreage	47	47	47	47	47	47	47	47	47	47
Total Open Space Acres	89	82	82	82	82	82	82	82	82	83
Total Acres of Turf	20	20	20	20	20	20	20	20	20	12
Gallons of Water User per Acre of Turf	1,041,000	931,000	700,000	793,000	806,000	806,000	810,000	450,000	650,000	450,564
Ball Fields	6	6	6	6	6	6	6	6	6	6
Playgrounds	2	2	2	2	2	2	2	2	2	2
Aquatic Center Admissions	12,324	11,189	13,442	12,074	10,771	12,180	16,638	16,246	N/A Covid	N/A Covid
Economic Development										
Building Permits-Commercial	19	27	13	65	53	56	61	46	35	57
Building Permits-Residential	165	147	220	225	265	319	439	368	400	545
Housing Rehabilitations	*	8	0	3	0	0	0	0	0	0
Code Enforcement Cases	183	208	176	223	186	197	200	369	277	191
Planning Cases	11	17	14	16	16	15	19	21	30	47
Culture - Library										
Items in Collections	50,581	43,055	44,249	53,523	49,072	57,009	72,454	72,730	74443	57,598
Total Items Circulated	110,926	108,515	114,171	112,843	113,231	110,202	107,584	103,374	84903	84,903
Reference Transactions	5,753	4,999	4,551	5,891	5,008	4,752	3,041	2,899	N/A Covid	0
Computer Uses	15,600	15,603	15,307	16,702	15,102	15,888	15,515	15,087	N/A Covid	14,269
Inter Library Loan	8,904	18,061	25,696	23,238	29,504	23,490	30,427	13,294	25874	13,485
Total Library Attendance	68,934	60,273	60,380	62,346	60,533	66,131	64,960	63,214	6374	43,132
Culture - Senior Center										
Total Meals Served in House	8,565	8,493	10,211	11,606	13,264	13,744	14,612	12,872	11947	11,870
Total Meals on Wheels	8,091	9,101	8,264	10,582	12,065	10,428	10,174	11,574	11182	14,256

(Concluded)

Sources: Various City Departments

Note: Voter registration is taken every two years.

\* Not available



TOWN OF CHINO VALLEY, ARIZONA  
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS

<b>Function/Program</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>
Public Safety							
Stations	1	1	1	1	1	1	1
Patrol units	19	19	19	20	20	21	21
Highways and Streets							
Streets (miles)	153	153	153	153	153	153	155
Water							
Water mains (miles)	19.5	19.5	19.5	22	22	22	22.5
Fire hydrants	103	103	103	103	103	103	105
Sewer							
Sanitary Sewer (miles)	32	32	33	35	35	35	36
Maximum daily treatment capacity (thousands of gallons)	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Recreation and Aquatics							
Parks Acreage	47	47	47	47	47	47	47
Number of Parks	5	5	5	5	5	5	5
Swimming Pools	1	1	1	1	1	1	1
Ball Fields	6	6	6	6	6	6	6

\* Not available

Sources: Various City Departments



# **Compliance Section**

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

To the Honorable Mayor and Town Council  
Town of Chino Valley, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Chino Valley, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Chino Valley, Arizona's basic financial statements, and have issued our report thereon dated November 22, 2021.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Chino Valley, Arizona's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chino Valley, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Chino Valley, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Chino Valley, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Henry + Horne, LLP*

Tempe, Arizona  
November 22, 2021