

TOWN OF CHINO VALLEY, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022





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





November 28, 2022

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, 2022 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, 2022 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, Senior Center, and Aquatic 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 28,000 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 \$9,707,846 to \$41,300,000 for fiscal year 2021-2022.

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

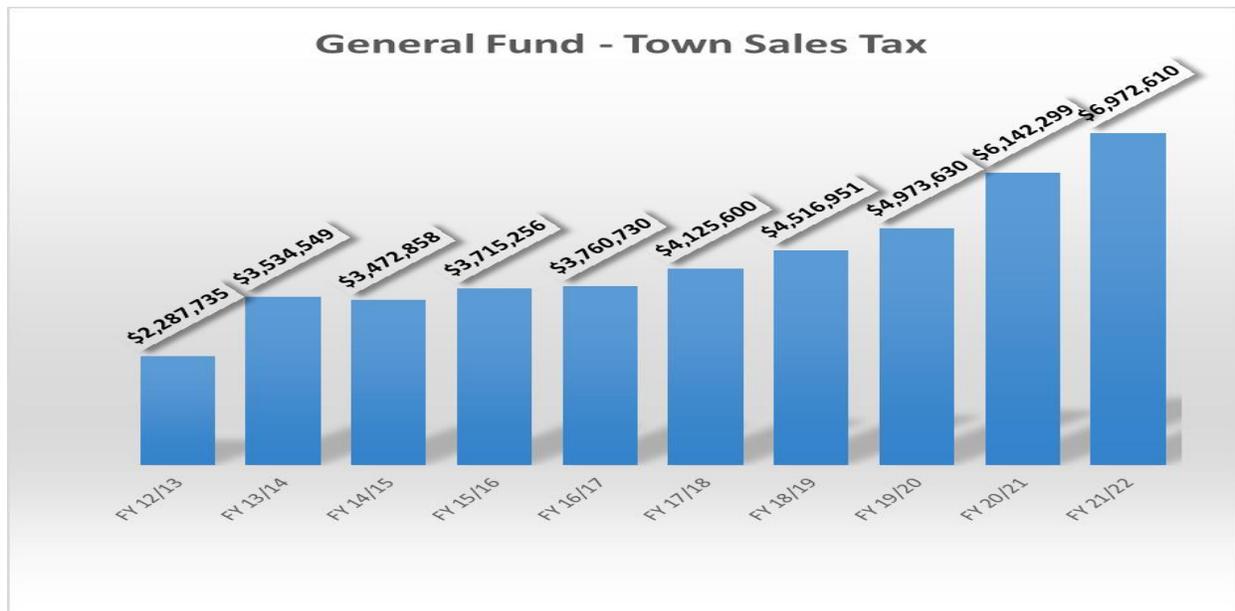
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Chino Valley operates.

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 few fiscal 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 2022 population estimated at 13,492. 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.

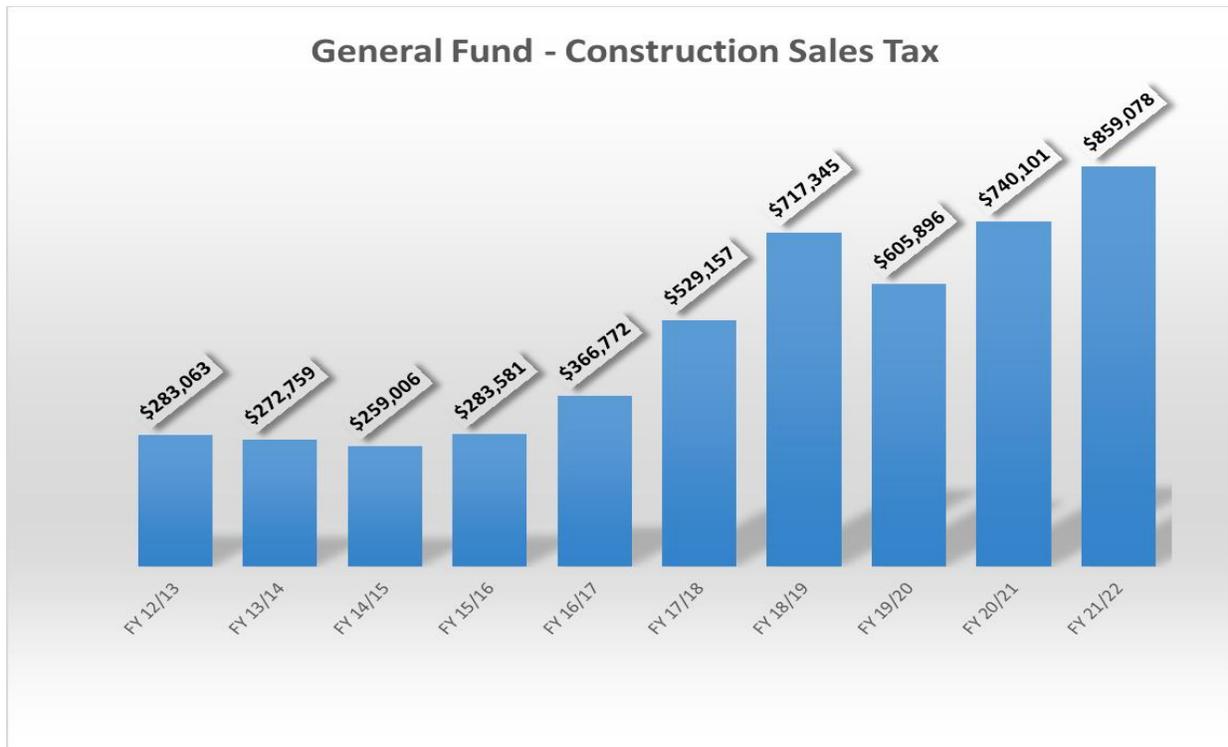
Local Sales Tax, also known as Town Sales Tax, indicators have been mixed since 2013. Local Sales Taxes are comprised of retail, construction, manufacturing, restaurant/bar, hotel/motel, and other taxing categories.

The Town's Sales Tax collections have shown steady growth since 2013. 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% in 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 fiscal year 2012/2013, and has shown steady growth through fiscal year 2018/2019. The graph below shows the fluctuations in construction sales tax from 2012/2013 to 2021/2022.



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 2022 the Town completed a major project at Old Home Manor extending water and sewer lines and road improvements. An RV Park is in the preliminary planning stage at Old Home Manor.

The Town began construction of a new Police Department scheduled to be completed in the spring of 2023.

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 assisted with a new traffic signal at Road 1 North.
- The Town began engineering several water and sewer line extensions to be constructed in Fiscal Year 2023.
- The Town purchased new playground equipment at the Community Center Park.

The Town made improvements to its facilities including new roofs and HVAC units on several of the Town's buildings, made major repairs at the waste water treatment plant, road improvements, and acquired several pieces of equipment including 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 Amendments of 1996 and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The independent auditor's report and federal compliance reports are included in the Financial Sections of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Chino Valley for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a one-year period only. We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

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 her 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,



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, 2021

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

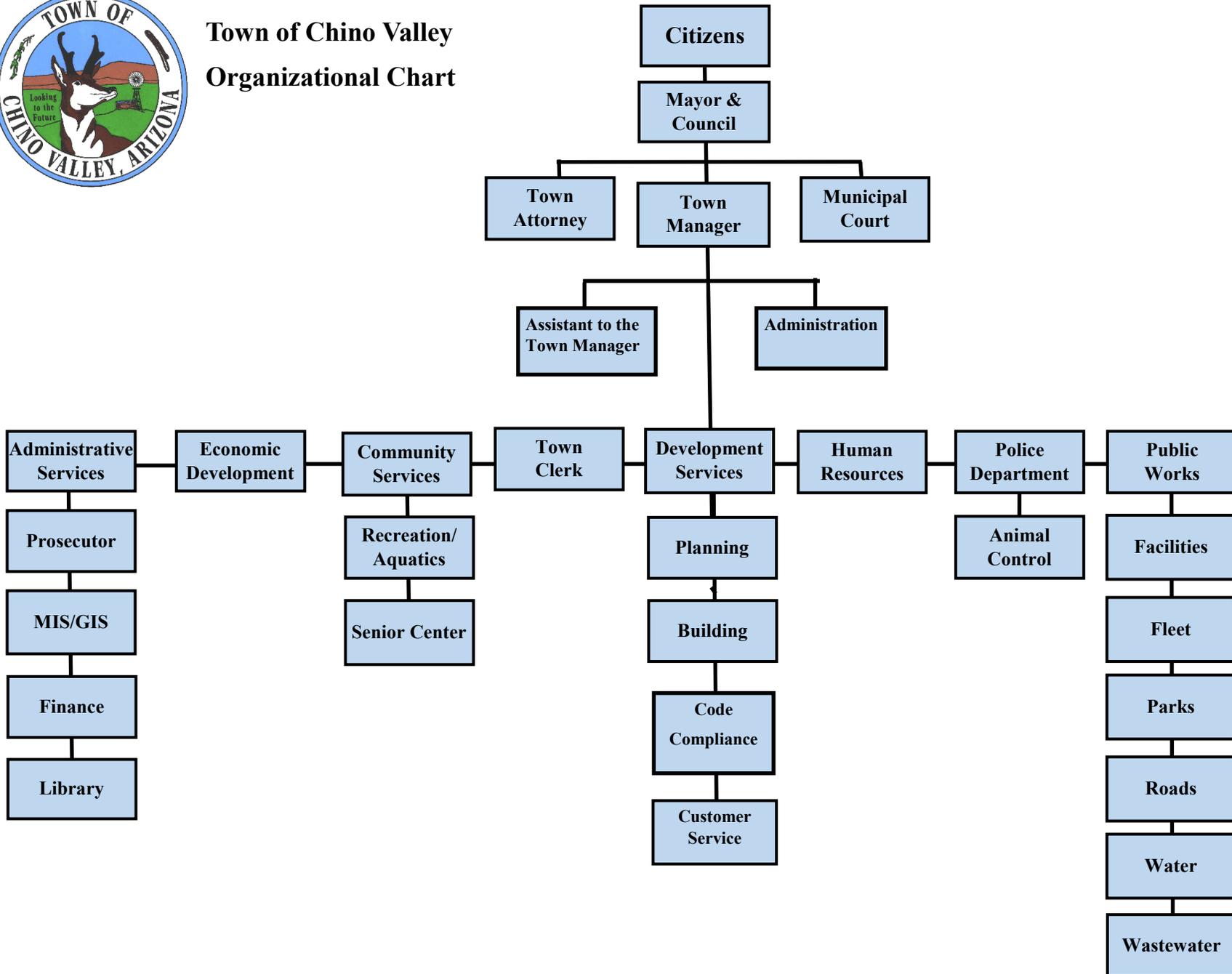
Cindy Blackmore

Administrative Services Director

Joe R. Duffy, CPA



Town of Chino Valley Organizational Chart





Financial Section



INDEPENDENT AUDITORS' REPORT

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

Opinions

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 the Town of Chino Valley, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Chino Valley's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Chino Valley, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Other Matters

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Chino Valley's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Chino Valley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Chino Valley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chino Valley's basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 financial section, is fairly stated, in all material respects, in relation to the basic financial statements as a whole

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on the other information.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 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 28, 2022

Financial Section

Management's Discussion & Analysis



**TOWN OF CHINO VALLEY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

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, 2022. 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 and deferred outflows of resources exceeded total liabilities and deferred inflows of resources (net position) by \$39 million at the close of the fiscal year.
- Total net position, excluding the impact of GASB Statement 68, increased by \$8.7 million.
- Governmental taxes and other governmental revenues exceeded expenses, including transfers by \$8,409,183.
- Business-type revenues exceeded total business-type expenses, including transfers by \$302,449.
- Total revenues from all sources were \$26.1 million.
- The total cost of all Town programs was \$17.4 million.
- The General Fund reported excess revenue over expenditures and transfers of \$5.1 million.
- At the end of the current fiscal year, fund balance for the General Fund was \$14.8 million or 129% 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 31-35 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 38-70 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 progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 71-81 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 and OPEB. Combining and individual fund statements and schedules can be found on pages 85-93 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

- Net position may serve over time as a useful indicator of the Town's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$39 million at the close of June 30, 2022 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.

	Governmental Activities		Business-type Activities		Total Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current and other assets	\$ 26,200,042	\$ 18,325,956	\$ 580,912	\$ 875,495	\$ 26,780,954	\$ 19,201,451
Capital assets	24,938,689	17,791,938	24,192,950	24,411,065	49,131,639	42,203,003
Total assets	<u>51,138,731</u>	<u>36,117,894</u>	<u>24,773,862</u>	<u>25,286,560</u>	<u>75,912,593</u>	<u>61,404,454</u>
Deferred outflows of resources	3,049,866	3,533,215	97,597	96,686	3,147,463	3,629,901
Long-term liabilities outstanding	22,060,480	18,583,617	9,283,100	10,140,546	31,343,580	28,724,163
Other liabilities	2,830,467	2,758,119	2,675,357	2,755,032	5,505,824	5,513,151
Total liabilities	<u>24,890,947</u>	<u>21,341,736</u>	<u>11,958,457</u>	<u>12,895,578</u>	<u>36,849,404</u>	<u>34,237,314</u>
Deferred inflows of resources	2,818,535	239,441	131,328	8,443	2,949,863	247,884
Net position:						
Net investment in capital assets	12,627,404	9,405,857	15,389,102	14,879,202	28,016,506	24,285,059
Restricted	5,961,508	3,018,753	919,404	1,094,561	6,880,912	4,113,314
Unrestricted	7,890,203	5,645,322	(3,526,832)	(3,494,538)	4,363,371	2,150,784
Total net position	<u>\$ 26,479,115</u>	<u>\$ 18,069,932</u>	<u>\$ 12,781,674</u>	<u>\$ 12,479,225</u>	<u>\$ 39,260,789</u>	<u>\$ 30,549,157</u>

Governmental Activities

The cost of all Governmental activities, excluding transfers, this year was \$14.2 million which is 1% higher than last fiscal year. As shown on the statement of Changes in Net Position below, \$974,527 was paid for by those who directly benefited from the programs; \$5,696,551 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 \$7.2 million. General taxes and investment earnings totaled \$15.5 million.

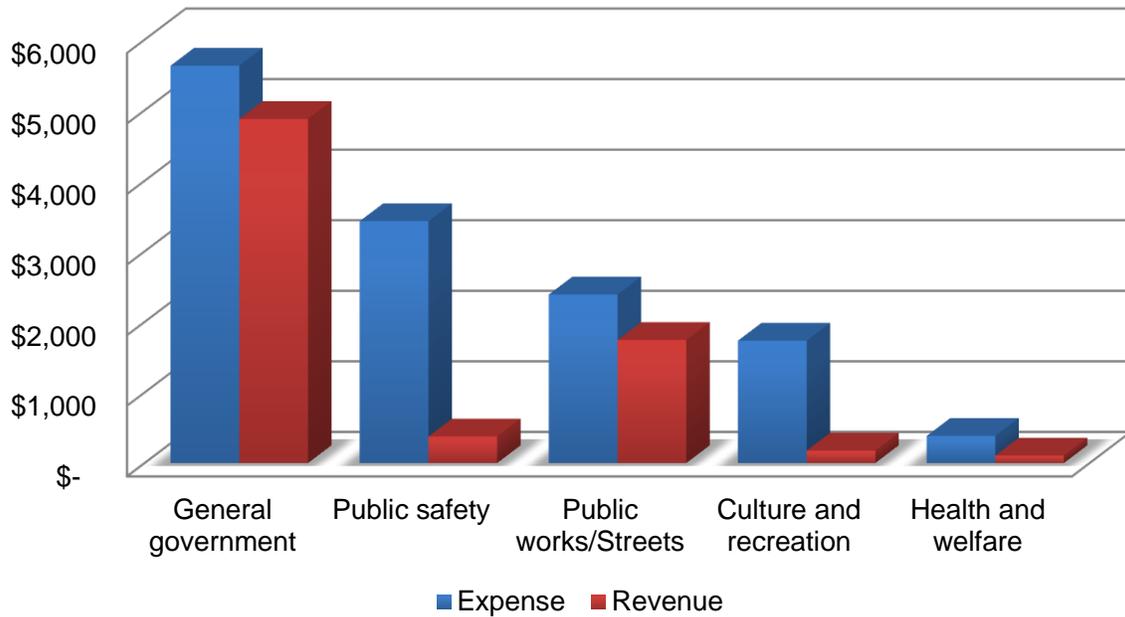
The Town's programs include: General Government, Public Safety, Public Works/Streets, Culture & Recreation, Health & Welfare, Water, and Sewer Services. Each programs' net cost (total cost less revenues generated by the activities) is presented below. The net cost shows the extent to which the Town's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

Total resources available during the year to finance governmental operations were \$40.7 million, consisting of net position at July 1, 2021 of \$18.0 million, program revenues of \$7.2 million and General Revenues of \$15.5 million. Total Governmental Activities during the year were \$14.2 million; thus Governmental Net Position was increased by \$8.4 million to \$26 million. Operating grants and contributions increased due to the receipt of Federal Covid-19 State and Local Fiscal Recovery Funds. Taxes revenue increased due to a 13% increase in Town Sales Tax collections.

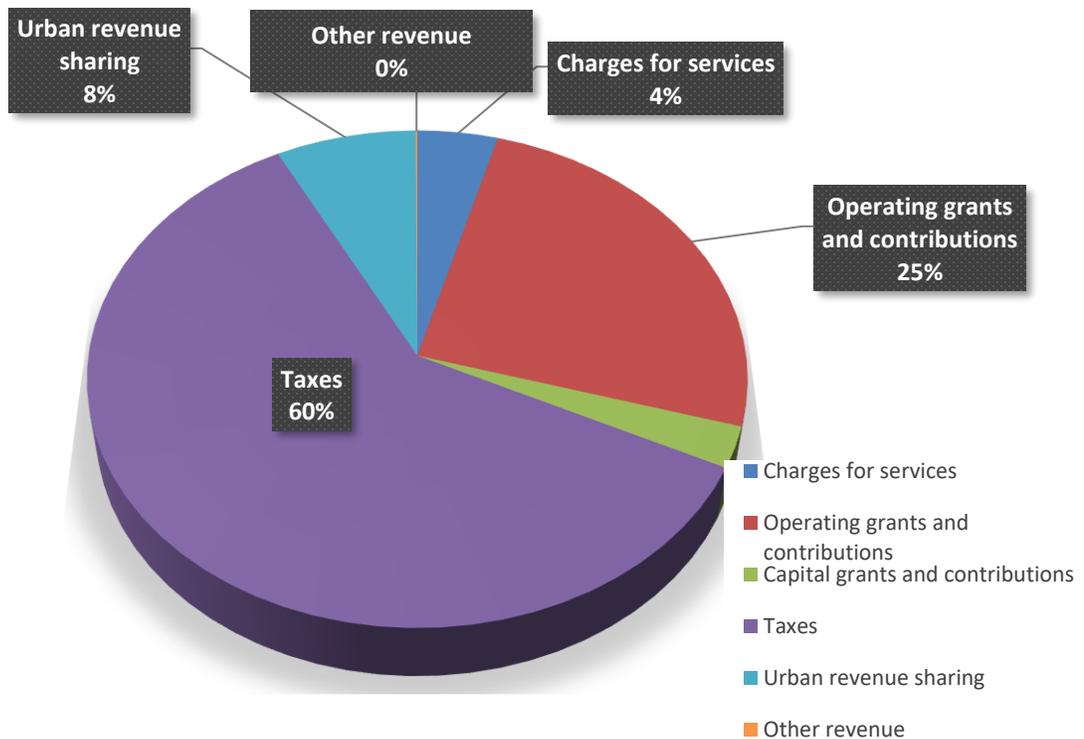
	Governmental Activities		Business-type Activities		Total Government	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program revenues:						
Charges for services	\$ 974,527	\$ 1,047,609	\$ 2,537,090	\$ 2,434,600	\$ 3,511,617	\$ 3,482,209
Operating grants and contributions	5,696,551	2,317,179	-	-	5,696,551	2,317,179
Capital grants and contributions	604,887	287,937	649,847	824,605	1,254,734	1,112,542
General revenues:						
Taxes	13,603,121	11,984,095	-	-	13,603,121	11,984,095
Urban revenue sharing	1,700,042	1,768,560	-	-	1,700,042	1,768,560
Other revenue/(expense)	286,479	4,409	66,007	54,227	352,486	58,636
Total revenues	<u>22,865,607</u>	<u>17,409,789</u>	<u>3,252,944</u>	<u>3,313,432</u>	<u>26,118,551</u>	<u>20,723,221</u>
Expenses:						
General government	5,629,961	5,550,638	-	-	5,629,961	5,550,638
Public safety	3,426,275	3,864,279	-	-	3,426,275	3,864,279
Public works/Streets	2,387,337	2,380,503	-	-	2,387,337	2,380,503
Culture and recreation	1,733,179	1,544,436	-	-	1,733,179	1,544,436
Health and welfare	383,233	337,132	-	-	383,233	337,132
Interest on long-term debt	641,439	432,332	-	-	641,439	432,332
Water	-	-	837,746	745,412	837,746	745,412
Sewer	-	-	2,367,749	2,301,563	2,367,749	2,301,563
Total expenses	<u>14,201,424</u>	<u>14,109,320</u>	<u>3,205,495</u>	<u>3,046,975</u>	<u>17,406,919</u>	<u>17,156,295</u>
Increase / (decrease) in net position before special items and transfers	8,664,183	3,300,469	47,449	266,457	8,711,632	3,566,926
Special items	-	-	-	-	-	-
Transfers in (out)	(255,000)	-	255,000	-	-	-
Change in net position	<u>8,409,183</u>	<u>3,300,469</u>	<u>302,449</u>	<u>266,457</u>	<u>8,711,632</u>	<u>3,566,926</u>
Net position, beginning	<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>
Ending net position	<u>\$ 26,479,115</u>	<u>\$ 18,069,932</u>	<u>\$ 12,781,674</u>	<u>\$ 12,479,225</u>	<u>\$ 39,260,789</u>	<u>\$ 30,549,157</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)**



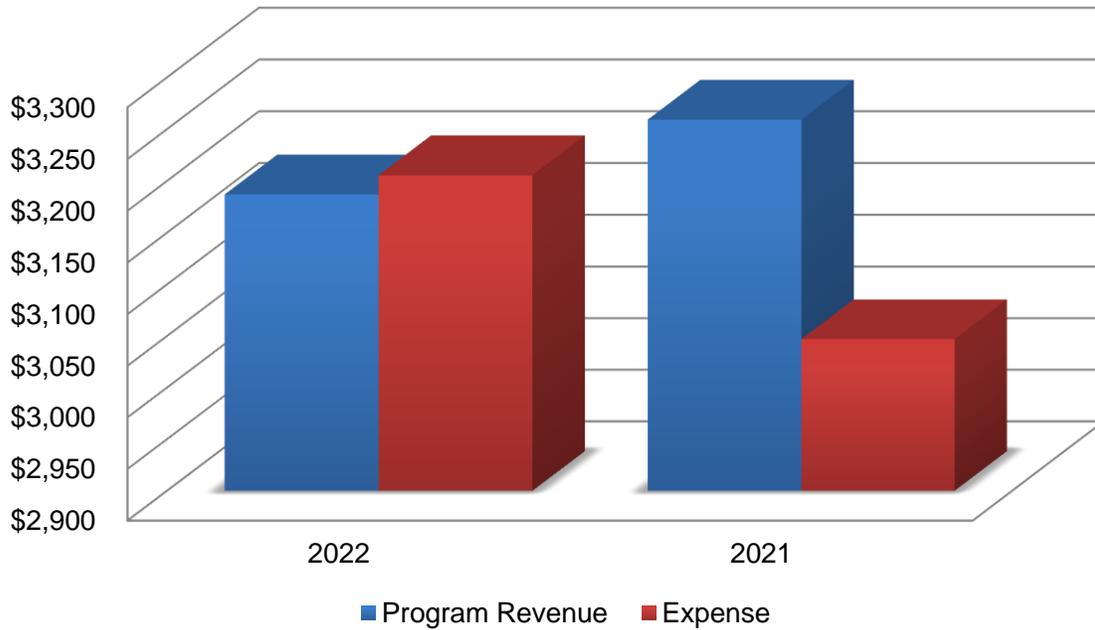
Revenue by Source - Governmental Activities



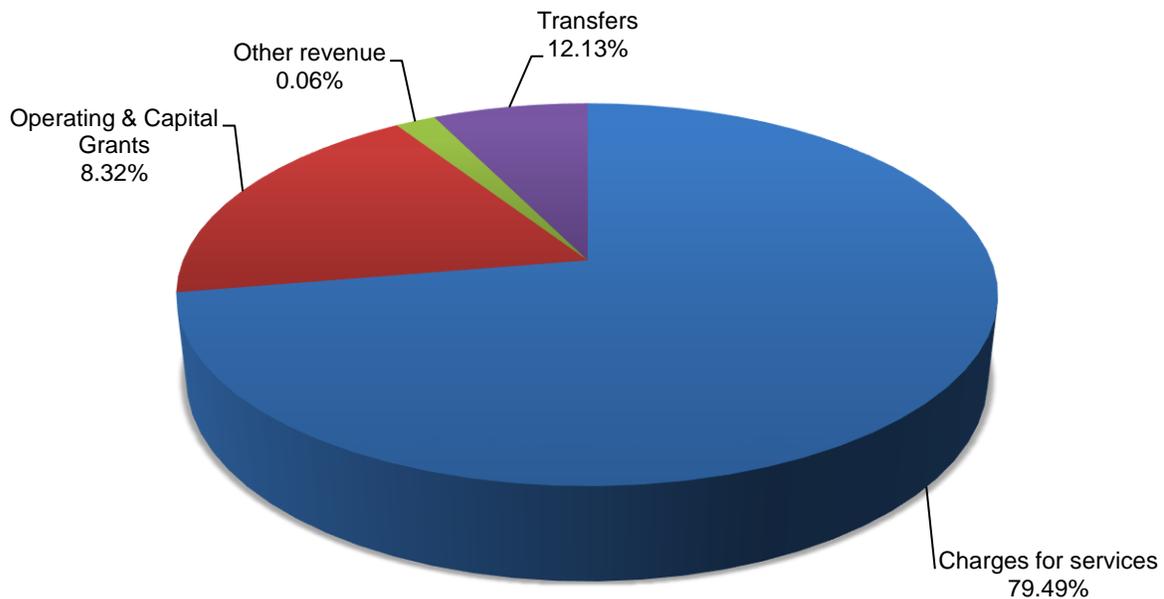
Business Type Activities

Net position of the Business Type activities at June 30, 2022, as reflected in the Statement of Net Position was \$12.7 million. The cost of providing all Proprietary (Business Type) activities this year was \$3.2 million. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2.5 million and there was \$649,847 subsidized by capital grants and contributions. Both Enterprise Funds showed a modest increase in user service fees due to adding additional accounts. Interest earnings and other revenue were \$66,007. The Net Position increased by \$302,449.

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 \$22,828,557 an increase of \$7,278,095 in comparison with the prior year. Approximately, 55% of this total amount, \$14,087,857 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 \$14,087,857 while total fund balance is \$14,792,064. 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 114% of total general fund expenditures, while total fund balance represents 95% of the same amount.

During the year, the Town of Chino Valley's General fund balance increased by \$5,166,433. The key factor in this increase was the Town's receipt of Covid-19 State and Local Fiscal Recovery funds and continued expenditure control efforts and realized increases in Intergovernmental Revenues and Charges for Service. The Grants fund balance increased by \$77,392. The Highway Use Revenue fund increased \$110,642.

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 \$12.78 million as of June 30, 2022. Operating revenues in fiscal year 2022 were \$829,529 for water and \$1,771,725 for sewer while operating expenses were \$825,503 for water and \$2,173,221 for sewer, resulting in operating loss of \$8,216 for water and an operating loss of \$594,182 for sewer. The water and sewer operating expenses increased from the prior year mainly due to increased maintenance and repair costs. The sewer net operating loss was partially offset by buy in and connection fees.

General Fund Budgetary Highlights

Actual expenditures, excluding transfers, for the General Fund at year-end were \$852,907 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 2022, net capital assets of the government activities totaled \$24.9 million and the net capital assets of the business-type activities totaled \$24.1 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 \$13.1 million in governmental type debt, and \$8.4 million in proprietary debt. The debt is a liability of the government and amounts to \$1,598 per capita. During the current fiscal year, the Town refunded two bond issues to take advantage of lower interest rates and issued new debt for the construction of the new police department. (See note 6 to the financial statements)

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In building the Town Budget for fiscal year 2022/2023, the Town Council and management considered the slight increase in state shared revenues, and the adopted utility rate increases and established expenditure budgets accordingly.

Chino Valley's continues to see strong housing and commercial development suggesting the local economy continues to grow. 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.

Financial Section

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,861,579	\$ 460,265	\$ 17,321,844
Receivables (net of allowances)	3,892,945	211,866	4,104,811
Leases receivable	461,853	-	461,853
Internal balances	1,010,623	(1,010,623)	-
Prepaid items	6,057	-	6,057
Restricted cash and cash equivalents	3,966,985	919,404	4,886,389
Capital assets:			
Not being depreciated/amortized	7,900,633	4,557,676	12,458,309
Being depreciated/amortized (net)	17,038,056	19,635,274	36,673,330
Total assets	<u>51,138,731</u>	<u>24,773,862</u>	<u>75,912,593</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	296,927	-	296,927
Deferred outflows of resources related to pensions	2,752,939	97,597	2,850,536
Total deferred outflows of resources	<u>3,049,866</u>	<u>97,597</u>	<u>3,147,463</u>
LIABILITIES			
Accounts payable and other current liabilities	2,354,898	166,493	2,521,391
Accrued wages and benefits	104,771	5,584	110,355
Interest payable	370,798	104,283	475,081
Unearned revenue	-	2,398,997	2,398,997
Noncurrent liabilities:			
Due within one year:			
Compensated absences	250,000	11,000	261,000
Loans/ developer agreements payable	-	697,917	697,917
Bonds payable	827,385	22,616	850,001
Due in more than one year:			
Compensated absences	297,195	30,038	327,233
Loans/ developer agreements payable	-	7,840,257	7,840,257
Bonds payable	14,514,448	243,058	14,757,506
Net pension liability	6,171,452	438,214	6,609,666
Total liabilities	<u>24,890,947</u>	<u>11,958,457</u>	<u>36,849,404</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,365,368	131,328	2,496,696
Deferred inflows related to leases	453,167	-	453,167
Total deferred inflows of resources	<u>2,818,535</u>	<u>131,328</u>	<u>2,949,863</u>
NET POSITION			
Net investment in capital assets	12,627,404	15,389,102	28,016,506
Restricted for:			
Highways and streets	2,462,626	-	2,462,626
Capital projects	2,733,621	-	2,733,621
Debt service	483,750	919,404	1,403,154
Public safety	248,481	-	248,481
Culture and recreation	33,030	-	33,030
Unrestricted (deficit)	<u>7,890,203</u>	<u>(3,526,832)</u>	<u>4,363,371</u>
Total net position	<u>\$ 26,479,115</u>	<u>\$ 12,781,674</u>	<u>\$ 39,260,789</u>

See accompanying notes.

TOWN OF CHINO VALLEY, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 5,629,961	\$ 740,030	\$ 4,135,885	\$ -
Public safety	3,426,275	178,217	64,253	133,277
Public works/streets	2,387,337	2,575	1,270,324	470,476
Culture and recreation	1,733,179	52,892	121,340	1,134
Health and welfare	383,233	813	104,749	-
Interest on long-term debt	641,439	-	-	-
Total governmental activities	<u>14,201,424</u>	<u>974,527</u>	<u>5,696,551</u>	<u>604,887</u>
Business-type activities				
Water	837,746	818,951	-	203,176
Sewer	2,367,749	1,718,139	-	446,671
Total business-type activities	<u>3,205,495</u>	<u>2,537,090</u>	<u>-</u>	<u>649,847</u>
Total primary government	<u>\$ 17,406,919</u>	<u>\$ 3,511,617</u>	<u>\$ 5,696,551</u>	<u>\$ 1,254,734</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

Transfers in (out)

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>
\$ (754,046)	\$ -	\$ (754,046)
(3,050,528)	-	(3,050,528)
(643,962)	-	(643,962)
(1,557,813)	-	(1,557,813)
(277,671)	-	(277,671)
(641,439)	-	(641,439)
<u>(6,925,459)</u>	<u>-</u>	<u>(6,925,459)</u>
-	184,381	184,381
-	(202,939)	(202,939)
<u>-</u>	<u>(18,558)</u>	<u>(18,558)</u>
<u>(6,925,459)</u>	<u>(18,558)</u>	<u>(6,944,017)</u>
10,615,250	-	10,615,250
132,509	-	132,509
4,098	-	4,098
1,016,479	-	1,016,479
1,834,785	-	1,834,785
1,700,042	-	1,700,042
20,360	1,843	22,203
266,119	64,164	330,283
<u>(255,000)</u>	<u>255,000</u>	<u>-</u>
<u>15,334,642</u>	<u>321,007</u>	<u>15,655,649</u>
8,409,183	302,449	8,711,632
<u>18,069,932</u>	<u>12,479,225</u>	<u>30,549,157</u>
<u>\$ 26,479,115</u>	<u>\$ 12,781,674</u>	<u>\$ 39,260,789</u>

See accompanying notes.



Financial Section

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, 2022

	General	Grants	Highway User Revenue Fund
ASSETS			
Cash and cash equivalents	\$ 11,988,975	\$ 175,265	\$ 2,336,997
Receivables, net:			
Accounts receivable	118,428	-	-
Intergovernmental	3,119,320	105,170	197,911
Leases receivable	461,853	-	-
Due from other funds	1,390,573	-	-
Prepays	6,057	-	-
Restricted cash and investments	-	-	-
	<u>17,085,206</u>	<u>280,435</u>	<u>2,534,908</u>
Total assets	\$ 17,085,206	\$ 280,435	\$ 2,534,908
LIABILITIES			
Accounts payable	\$ 1,667,718	\$ -	\$ 139,208
Court bonds	3,891	-	-
Accrued wages and benefits	98,471	-	6,300
Accrued liabilities	68,236	105	11
Matured interest payable	-	-	-
Customer deposits	1,659	-	-
Due to other funds	-	-	-
	<u>1,839,975</u>	<u>105</u>	<u>145,519</u>
Total liabilities	1,839,975	105	145,519
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants	-	87,851	-
Deferred inflows related to leases	453,167	-	-
	<u>453,167</u>	<u>87,851</u>	<u>-</u>
Total deferred inflows of resources	453,167	87,851	-
FUND BALANCES			
Nonspendable			
Prepaid items	6,057	-	-
Restricted			
Highways and streets	72,404	-	2,389,389
Capital improvements	-	-	-
Culture and recreation	-	33,030	-
Debt service	-	-	-
Public safety	89,032	159,449	-
Committed			
Assigned			
Capital improvements	536,714	-	-
Unassigned	14,087,857	-	-
	<u>14,792,064</u>	<u>192,479</u>	<u>2,389,389</u>
Total fund balances	14,792,064	192,479	2,389,389
Total liabilities and fund balances	\$ 17,085,206	\$ 280,435	\$ 2,534,908

Debt Service	Capital Improvement	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,359,551	\$ 791	\$ 16,861,579
-	-	1,176	119,604
-	350,940	-	3,773,341
-	-	-	461,853
-	-	-	1,390,573
-	-	-	6,057
<u>1,233,364</u>	<u>2,733,621</u>	<u>-</u>	<u>3,966,985</u>
<u>\$ 1,233,364</u>	<u>\$ 5,444,112</u>	<u>\$ 1,967</u>	<u>\$ 26,579,992</u>
\$ -	\$ 474,070	\$ -	\$ 2,280,996
-	-	-	3,891
-	-	-	104,771
-	-	-	68,352
370,798	-	-	370,798
-	-	-	1,659
<u>378,816</u>	<u>-</u>	<u>1,134</u>	<u>379,950</u>
<u>749,614</u>	<u>474,070</u>	<u>1,134</u>	<u>3,210,417</u>
-	-	-	87,851
-	-	-	453,167
-	-	-	541,018
-	-	-	6,057
-	-	833	2,462,626
-	2,733,621	-	2,733,621
-	-	-	33,030
483,750	-	-	483,750
-	-	-	248,481
-	2,236,421	-	2,773,135
-	-	-	14,087,857
<u>483,750</u>	<u>4,970,042</u>	<u>833</u>	<u>22,828,557</u>
<u>\$ 1,233,364</u>	<u>\$ 5,444,112</u>	<u>\$ 1,967</u>	<u>\$ 26,579,992</u>

TOWN OF CHINO VALLEY, ARIZONA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2022

Total governmental funds balances		\$ 22,828,557
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	\$ 40,513,635	
Accumulated depreciation	<u>(15,574,946)</u>	24,938,689
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.		
		87,851
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	(6,171,452)	
Bonds payable	(13,178,845)	
Bond premiums	(2,162,988)	
Compensated absences	<u>(547,195)</u>	(22,060,480)
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	296,927	
Deferred outflows of resources related to pensions	2,752,939	
Deferred inflows of resources related to pensions	<u>(2,365,368)</u>	684,498
Total net position of governmental activities		<u><u>\$ 26,479,115</u></u>



TOWN OF CHINO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

REVENUES	General	Grants	Highway User Revenue Fund
Taxes	\$ 8,093,947	\$ -	\$ -
Licenses, permits and fees	571,510	-	2,575
Intergovernmental revenues	8,896,630	197,825	1,669,251
Charges for services	155,411	-	-
Fines and forfeitures	201,699	-	-
Interest income	18,861	-	1,057
Other revenues	131,691	116,952	16,428
Total revenues	<u>18,069,749</u>	<u>314,777</u>	<u>1,689,311</u>
EXPENDITURES			
Current:			
General government	5,436,115	7,474	-
Public safety	3,911,207	25,431	-
Public works/streets	-	103,335	2,995,747
Culture and recreation	1,320,960	19,283	-
Health and welfare	384,803	38,502	-
Capital outlay	407,608	43,360	1,605,471
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Debt issuance cost	-	-	-
Total expenditures	<u>11,460,693</u>	<u>237,385</u>	<u>4,601,218</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,609,056</u>	<u>77,392</u>	<u>(2,911,907)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	-
Pledged revenue bonds issued	-	-	-
Premium on refunding bonds issued	-	-	-
Premium on pledged revenue bonds issued	-	-	-
Payment to refunding bond escrow agent	-	-	-
Sale of capital assets	4,877	-	67,549
Transfers in	400,000	-	2,955,000
Transfers out	(1,847,500)	-	-
Total other financing sources and (uses)	<u>(1,442,623)</u>	<u>-</u>	<u>3,022,549</u>
Net change in fund balances	5,166,433	77,392	110,642
Fund balances - beginning of year	<u>9,625,631</u>	<u>115,087</u>	<u>2,278,747</u>
Fund balances - end of year	<u>\$ 14,792,064</u>	<u>\$ 192,479</u>	<u>\$ 2,389,389</u>

Debt Service	Capital Improvement	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 2,653,812	\$ 4,098	\$ 10,751,857
-	-	-	574,085
-	-	1,134	10,764,840
-	-	-	155,411
-	-	-	201,699
-	442	-	20,360
1,048	-	-	266,119
<u>1,048</u>	<u>2,654,254</u>	<u>5,232</u>	<u>22,734,371</u>
-	-	-	5,443,589
-	-	-	3,936,638
-	-	3,907	3,102,989
-	-	-	1,340,243
-	-	1,134	424,439
-	4,986,751	-	7,043,190
493,082	-	-	493,082
341,052	-	-	341,052
176,968	180,739	-	357,707
<u>1,011,102</u>	<u>5,167,490</u>	<u>5,041</u>	<u>22,482,929</u>
<u>(1,010,054)</u>	<u>(2,513,236)</u>	<u>191</u>	<u>251,442</u>
7,024,031	-	-	7,024,031
-	6,155,000	-	6,155,000
1,227,374	-	-	1,227,374
-	1,025,740	-	1,025,740
(8,222,918)	-	-	(8,222,918)
-	-	-	72,426
991,500	-	-	4,346,500
-	(2,754,000)	-	(4,601,500)
<u>1,019,987</u>	<u>4,426,740</u>	<u>-</u>	<u>7,026,653</u>
9,933	1,913,504	191	7,278,095
<u>473,817</u>	<u>3,056,538</u>	<u>642</u>	<u>15,550,462</u>
<u>\$ 483,750</u>	<u>\$ 4,970,042</u>	<u>\$ 833</u>	<u>\$ 22,828,557</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, 2022

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

Net change in fund balances - total governmental funds		\$ 7,278,095
<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/amortization expense. This is the difference between depreciation expense and capital outlay in the current period.</p>		
Capital outlay	\$ 8,403,225	
Depreciation/amortization expense	<u>(1,252,212)</u>	7,151,013
<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>		
		(4,262)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		70,476
<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	1,357,835	
Pension expense	<u>(748,988)</u>	608,847
<p>Debt proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Activities.</p>		
<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>		
<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>		
Debt issued or incurred	(13,178,845)	
Premiums issued	(2,253,113)	
Principal repaid	8,716,000	
Amortization of bond discount/premium	(254)	
Amortization of deferred charge/credit on bond refunding	<u>57,387</u>	(6,658,825)
<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>(36,161)</u>
Change in net position of governmental activities		<u>\$ 8,409,183</u>

Financial Statements

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, 2022

	Business-type Activities-Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current assets			
Cash	\$ 460,265	\$ -	\$ 460,265
Receivables (net of allowance)	104,221	96,392	200,613
Total current assets	<u>564,486</u>	<u>96,392</u>	<u>660,878</u>
Noncurrent assets			
Restricted cash and investments	-	919,404	919,404
Hookups receivable	-	11,253	11,253
Capital assets, not being depreciated/amortized	4,054,443	503,233	4,557,676
Capital assets, being depreciated/amortized (net)	1,583,618	18,051,656	19,635,274
Total noncurrent assets	<u>5,638,061</u>	<u>19,485,546</u>	<u>25,123,607</u>
Total assets	<u>6,202,547</u>	<u>19,581,938</u>	<u>25,784,485</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	53,496	44,101	97,597
Total deferred outflows of resources	<u>53,496</u>	<u>44,101</u>	<u>97,597</u>
LIABILITIES			
Current liabilities			
Accrued wages and benefits	2,792	2,792	5,584
Accrued liabilities	14,785	-	14,785
Interest payable	7,019	97,264	104,283
Due to other funds	-	1,010,623	1,010,623
Customer deposits	38,828	112,880	151,708
Unearned revenue	-	2,398,997	2,398,997
Compensated absences	5,500	5,500	11,000
Loans payable - current portion	-	697,917	697,917
Bonds payable - current portion	22,616	-	22,616
Total current liabilities	<u>91,540</u>	<u>4,325,973</u>	<u>4,417,513</u>
Noncurrent liabilities			
Compensated absences	15,019	15,019	30,038
Developer agreement payable	420,733	-	420,733
Loans payable, net of current portion	-	7,419,524	7,419,524
Bonds payable, net of current portion	243,058	-	243,058
Net pension liability	227,929	210,285	438,214
Total noncurrent liabilities	<u>906,739</u>	<u>7,644,828</u>	<u>8,551,567</u>
Total liabilities	<u>998,279</u>	<u>11,970,801</u>	<u>12,969,080</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	64,807	66,521	131,328
NET POSITION			
Net investment in capital assets	4,951,654	10,437,448	15,389,102
Restricted for debt service	-	919,404	919,404
Unrestricted	241,303	(3,768,135)	(3,526,832)
Total net position	<u>\$ 5,192,957</u>	<u>\$ 7,588,717</u>	<u>\$ 12,781,674</u>

TOWN OF CHINO VALLEY, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities-Enterprise Funds		
	Water	Sewer	Total
Operating revenues			
Charges for services	\$ 818,951	\$ 1,718,139	\$ 2,537,090
Other revenues	10,578	53,586	64,164
Total operating revenue	<u>829,529</u>	<u>1,771,725</u>	<u>2,601,254</u>
Operating expenses			
Salaries	176,082	176,066	352,148
Employee benefits	66,840	66,856	133,696
Service, supplies and other	179,798	491,716	671,514
Repairs and maintenance	64,945	73,545	138,490
Utilities	72,052	140,430	212,482
Legal and professional	8,137	8,002	16,139
Contract service	28,592	36,000	64,592
Training and travel	2,551	1,255	3,806
Office expenses	1,569	-	1,569
Dues and subscriptions	1,614	6,000	7,614
Depreciation and amortization	210,404	1,173,351	1,383,755
Miscellaneous	12,919	-	12,919
Total operating expenses	<u>825,503</u>	<u>2,173,221</u>	<u>2,998,724</u>
Operating income (loss)	<u>4,026</u>	<u>(401,496)</u>	<u>(397,470)</u>
Non-operating Revenues (Expenses)			
Interest income	-	1,843	1,843
Interest expense and fiscal charges	(12,242)	(194,529)	(206,771)
Total nonoperating revenue (expense)	<u>(12,242)</u>	<u>(192,686)</u>	<u>(204,928)</u>
Income (loss) before contributions and transfers	(8,216)	(594,182)	(602,398)
Buy-in and connection fees	203,176	446,671	649,847
Transfers in	255,000	-	255,000
Change in net position	449,960	(147,511)	302,449
Net position, beginning of year	<u>4,742,997</u>	<u>7,736,228</u>	<u>12,479,225</u>
Net position-end of year	<u>\$ 5,192,957</u>	<u>\$ 7,588,717</u>	<u>\$ 12,781,674</u>



TOWN OF CHINO VALLEY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers, service fees	\$ 799,697	\$ 1,663,415	\$ 2,463,112
Cash received from customers, others	10,578	53,586	64,164
Cash paid to suppliers	(382,989)	(778,836)	(1,161,825)
Cash paid to employees	(245,677)	(245,676)	(491,353)
Cash flows provided (used) by operating activities	<u>181,609</u>	<u>692,489</u>	<u>874,098</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowing	-	516,353	516,353
Interfund transfers	255,000	-	255,000
Cash flows provided (used) by noncapital and related financing activities	<u>255,000</u>	<u>516,353</u>	<u>771,353</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(204,460)	(961,180)	(1,165,640)
Capital debt proceeds	270,064	-	270,064
Principal paid on long term debt	(314,999)	(678,239)	(993,238)
Interest paid on long-term debt	(17,802)	(203,115)	(220,917)
Receipts from buy-in and connection fees	203,176	456,692	659,868
Cash flows provided (used) by capital and related financing activities	<u>(64,021)</u>	<u>(1,385,842)</u>	<u>(1,449,863)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from investment earnings	-	1,843	1,843
Cash flows provided (used) by investing activities	<u>-</u>	<u>1,843</u>	<u>1,843</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	372,588	(175,157)	197,431
Cash and cash equivalents at beginning of year	<u>87,677</u>	<u>1,094,561</u>	<u>1,182,238</u>
Cash and cash equivalents at end of year	<u><u>\$ 460,265</u></u>	<u><u>\$ 919,404</u></u>	<u><u>\$ 1,379,669</u></u>

	<u>Business-type Activities-Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Net operating income (loss)	\$ 4,026	\$ (401,496)	\$ (397,470)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization expense	210,404	1,173,351	1,383,755
Provision for bad debt	-	13,294	13,294
Changes in operating assets and liabilities (Increase)/decrease in:			
Accounts receivable	(22,629)	(25,025)	(47,654)
Deferred outflows of resources related to pensions	(456)	(455)	(911)
Increase/(decrease) in:			
Accounts payable	(17,014)	(21,888)	(38,902)
Accrued wages and benefits	974	974	1,948
Accrued liabilities	6,202	-	6,202
Customer deposits	3,375	5,308	8,683
Unearned revenue	-	(48,301)	(48,301)
Compensated absences	1,406	1,406	2,812
Net pension liability	(66,120)	(66,123)	(132,243)
Deferred inflows of resources related to pensions	61,441	61,444	122,885
Net cash provided (used) by operating activities:	<u>\$ 181,609</u>	<u>\$ 692,489</u>	<u>\$ 874,098</u>
Noncash investing, capital, and financing activities:			
Amortization of bond premium	\$ 4,841	\$ -	\$ 4,841
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents	\$ 460,265	\$ -	\$ 460,265
Restricted cash and cash equivalents	-	919,404	919,404
Total cash and cash equivalents	<u>\$ 460,265</u>	<u>\$ 919,404</u>	<u>\$ 1,379,669</u>



Financial Statements

Notes to the Financial Statements



TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022

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, 2022

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 lease contracts 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, 2022

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, 2022, 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, 2022

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), including those that are leased by the Town, 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. Land, construction in progress, and water rights are not depreciated/amortized. The other property, plant, and equipment are depreciated/amortized 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

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

K. Post-Employment Benefits

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.

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Leases

As lessee, the Town recognizes lease liabilities with an initial, individual value of \$100,000 or more. The Town uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The Town's estimated incremental borrowing rate is based on the average interest rate of other financing instruments with similar terms and risks as those currently entered into by the Town.

As lessor, the Town recognizes lease receivables with an individual value of \$100,000 or more. If there is no stated rate in the lease contract (or if the stated rate is not the rate the Town charges the lessee) and the implicit cannot be determined, the Town uses its own estimated incremental borrowing rate as the discount rate to measure lease receivables. The Town's estimated incremental borrowing rate is calculated as described above.

At the commencement of the lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

M. 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.

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.

N. 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.

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Policies (Continued)

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.

O. 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

P. 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.

Q. 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.

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. 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.

S. 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.

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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports found in the required supplementary information and supplementary information present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2022. The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual report an excess of expenditures over appropriations in public safety and health and welfare for the year ended June 30, 2022.

U. Change in Accounting Principle

For the year ended June 30, 2022, the Town implemented the provisions of GASB Statement No. 87, *Leases*, as amended, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, the Town's financial statements have been modified to reflect the recognition of certain lease assets for leases that were previously classified as rental income and recognized as inflows of resources based on the contract payment provisions. The Town's current lessee obligations are insignificant to the financial statements and have not been further disclosed.

NOTE 2 CASH AND INVESTMENTS

The following table summarizes the Town's cash and investments at June 30, 2022:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 16,861,579	\$ 460,265	\$ 17,321,844
Restricted cash and cash equivalents	<u>3,966,985</u>	<u>919,404</u>	<u>4,886,389</u>
Total	<u>\$ 20,828,564</u>	<u>\$ 1,379,669</u>	<u>\$ 22,208,233</u>

Deposits

Cash in bank - At June 30, 2022, the Town had \$2,203 of cash on hand. The carrying amount of the Town's cash in bank totaled \$4,752,470 and the bank balance was \$4,795,738. Of the bank balance, \$274,338 was covered by federal depository insurance, and \$4,521,400 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, 2022, the Town had restricted cash and cash equivalents of \$4,886,389, which was restricted for debt payments.

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 2 CASH AND INVESTMENTS (Continued)

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, 2022 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, 2022, the Town’s funds invested with the State Treasurer totaled \$12,567,171. Additionally, the Town has \$919,404 invested with the State Treasurer as Debt Service Reserve Funds, which is included in restricted cash and cash equivalents.

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.

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	\$ 13,486,575
Total	<u>\$ 13,486,575</u>

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 2 CASH AND INVESTMENTS (Continued)

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.

Investment Type	Total	Ratings		
		AAAF/S1+	AAA	Unrated
Primary Government				
LGIP	\$ 13,486,575	\$ 594,788	\$ -	\$ 12,891,787
Total	\$ 13,486,575	\$ 594,788	\$ -	\$ 12,891,787

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 \$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) for the second tranche of funding.

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

Receivables:	Water Fund	Sewer Fund	Total Enterprise
Service billings and hookups receivable	\$ 111,221	\$ 157,645	\$ 268,866
Less: Allowance for doubtful accounts	(7,000)	(50,000)	(57,000)
Net Receivables	\$ 104,221	\$ 107,645	\$ 211,866

Hookups receivable of \$11,253 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 had recorded \$13,294 in bad debt expense for the current fiscal year.

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 4 CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 2,418,867	\$ -	\$ -	\$ 2,418,867
Construction in progress	562,726	5,056,040	(137,000)	5,481,766
Total capital assets not being depreciated	2,981,593	5,056,040	(137,000)	7,900,633
Capital assets, being depreciated/amortized:				
Buildings	11,593,742	237,908	(7,099)	11,824,551
Improvements other than buildings	1,525,618	-	-	1,525,618
Vehicles, furniture and equipment	5,211,722	304,014	(455,424)	5,060,312
Infrastructure	11,260,259	2,942,263	-	14,202,522
Total capital assets being depreciated/amortized	29,591,341	3,484,185	(462,523)	32,613,003
Less accumulated depreciation/amortization for:				
Buildings	(6,672,031)	(407,950)	7,099	(7,072,882)
Improvements other than buildings	(1,010,720)	(30,143)	-	(1,040,863)
Vehicles, furniture and equipment	(3,708,509)	(345,453)	451,162	(3,602,800)
Infrastructure	(3,389,736)	(468,666)	-	(3,858,402)
Total accumulated depreciation /amortization	(14,780,996)	(1,252,212)	458,261	(15,574,947)
Total capital assets, being depreciated/amortized, net	14,810,345	2,231,973	(4,262)	17,038,056
Governmental activities capital assets, net	\$ 17,791,938	\$ 7,288,013	\$ (141,262)	\$ 24,938,689

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

Governmental activities:	
General government	\$ 230,261
Public safety	121,943
Highway and streets	516,882
Culture and recreation	378,302
Health and Welfare	4,824
Total depreciation/amortization expense	\$ 1,252,212

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 4 CAPITAL ASSETS (Continued)

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

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 3,398,503	\$ -	\$ -	\$ 3,398,503
Construction in progress	19,516	386,600	-	406,116
Water rights	668,553	84,504	-	753,057
Total capital assets not being depreciated/amortized	4,086,572	386,600	-	4,557,676
Capital assets, being depreciated:				
Treatment facilities	10,488,176	542,318	-	11,030,494
Water distribution system	3,449,988	58,144	-	3,508,132
Sewer collection system	22,256,928	-	-	22,256,928
Machinery, equipment & vehicles	1,062,675	94,074	-	1,156,749
Total capital assets being depreciated/amortized	37,257,767	694,536	-	37,952,303
Less accumulated depreciation for:				
Treatment facilities	(3,177,090)	(236,948)	-	(3,414,038)
Water distribution system	(2,253,420)	(169,837)	-	(2,423,257)
Sewer collection system	(10,940,921)	(885,571)	-	(11,826,492)
Machinery, equipment & vehicles	(561,843)	(91,399)	-	(653,242)
Total accumulated depreciation /amortization	(16,933,274)	(1,383,755)	-	(18,317,029)
Total capital assets, being depreciated/amortized, net	20,324,493	(689,219)	-	19,635,274
Business-Type activities capital assets, net	\$ 24,411,065	\$ (302,619)	\$ -	\$ 24,192,950

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

Business-type activities	
Water	\$ 210,404
Sewer	1,173,351
Total depreciation/amortization expense	\$ 1,383,755

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 5 LEASES

As of June 30, 2022, the Town is reporting Leases Receivables of \$461,853 and Deferred Inflows Related to Leases of \$453,166. For the fiscal year 2022, the Town reported lease revenue of \$11,158 and interest revenue of \$19,639, related to lease payments received. From time to time the Town's lease contracts include variable lease payments, including residual value guarantees, that are not included in the lease receivable because they are not fixed in substance. The Town recognized an insignificant amount of revenue related to these variable lease payments and they have not been further disclosed or included in the measurement of the Town's lease receivables. These leases are summarized as follows:

Lease	Lease Receivable	Deferred Inflows Related to Leases	Lease Revenue	Lease Interest Revenue
SunState Tower 1	\$ 190,175	\$ 186,598	\$ 4,339	\$ 7,637
SunState Tower 2	271,678	266,568	6,199	10,911
	<u>\$ 461,853</u>	<u>\$ 453,166</u>	<u>\$ 10,538</u>	<u>\$ 18,548</u>

In accordance with the provisions of GASB No. 87, each lease was retroactively measured as of July 1, 2021 at an interest rate of 4%, the Town's incremental borrowing rate used for lease measurements. Below are the details of each lease.

Sunstate Tower 1 - In May, 2015, Town of Chino Valley entered into a 25 year lease as Lessor for the use of land for communications towers. The lessee has 5 extension option(s), each for 5 years. The Town is reasonably certain the lessee will renew the lease. The lessee is required to make monthly fixed payments of \$700 for the first 25 years, and then at a 10% increase for each of the five extension periods. The lease has an interest rate of 4%. Based on this agreement, the Town is receiving payments through 2065. An initial lease receivable was recorded in the amount of \$190,937. As of 06/30/2022, the value of the lease receivable is \$190,175. The value of the deferred inflow of resources as of 06/30/2022 was \$186,598, and Town of Chino Valley, AZ recognized lease revenue of \$7,637 during the fiscal year.

Sunstate Tower 2 - In May, 2015, Town of Chino Valley entered into a 25 year lease as Lessor for the use of land for communications towers. The lessee has 5 extension option(s), each for 5 years. The Town is reasonably certain the lessee will renew the lease. The lessee is required to make monthly fixed payments of \$1,000 for the first 25 years, and then at a 10% increase for each of the five extension periods. The lease has an interest rate of 4%. Based on this agreement, the Town is receiving payments through 2065. An initial lease receivable was recorded in the amount of \$272,768. As of 06/30/2022, the value of the lease receivable is \$271,678. The value of the deferred inflow of resources as of 06/30/2022 was \$266,568, and Town of Chino Valley, AZ recognized lease revenue of \$6,199 during the fiscal year.

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 5 LEASES (Continued)

Future payments due to the Town are as follows for the years ending June 30:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 1,926	\$ 18,474	\$ 20,400
2024	2,003	18,397	20,400
2025	2,083	18,317	20,400
2026	2,166	18,234	20,400
2027	2,253	18,147	20,400
2028 - 2032	12,691	89,309	102,000
2033 - 2037	15,441	86,559	102,000
2038 - 2042	22,948	83,132	106,080
2043 - 2047	39,385	77,303	116,688
2048 - 2052	60,529	67,827	128,356
2053 - 2057	87,517	53,676	141,193
2058 - 2062	121,738	33,574	155,312
2063 - 2065	91,174	7,389	98,563
Total	\$ 461,854	\$ 590,338	\$ 1,052,192

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 6 LONG-TERM DEBT

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	Balance 6/30/21	Additions	Retirements	Balance 6/30/22	Due Within One Year
Governmental Activities:					
Bonds payable					
Revenue bond series 2016	\$ 2,071,000	\$ -	\$ (2,071,000)	\$ -	\$ -
Revenue bond series 2010	6,645,000	-	(6,645,000)	-	-
Discount on bonds	(90,379)	-	90,379	-	-
Refunding bond series 2021	-	7,023,845	-	7,023,845	702,385
Premiums on refunding bond	-	1,025,739	(41,030)	984,709	-
Revenue bond series 2021	-	6,155,000	-	6,155,000	125,000
Premium on revenue bond	-	1,227,374	(49,095)	1,178,279	-
Total bonds payable	<u>8,625,621</u>	<u>15,431,958</u>	<u>(8,625,621)</u>	<u>15,341,833</u>	<u>827,385</u>
Compensated absences	511,034	547,195	(511,034)	547,195	250,000
Net pension liability	9,446,962	-	(3,275,510)	6,171,452	-
Total other long term debt	<u>9,957,996</u>	<u>547,195</u>	<u>(3,786,544)</u>	<u>6,718,647</u>	<u>250,000</u>
Total Governmental Activities	<u>\$ 18,583,617</u>	<u>\$ 15,979,153</u>	<u>\$ (12,412,165)</u>	<u>\$ 22,060,480</u>	<u>\$ 1,077,385</u>
Business-type Activities:					
Bonds payable					
Revenue bond series 2010	\$ 315,000	\$ -	\$ (315,000)	\$ -	\$ -
Premium on bonds	450	-	(450)	-	-
Refunding Obligation 2021	-	226,155	-	226,155	22,616
Premium on Series 2021	-	43,910	(4,391)	39,519	-
Total bonds payable	<u>315,450</u>	<u>270,065</u>	<u>(319,841)</u>	<u>265,674</u>	<u>22,616</u>
Loans payable					
WIFA					
Series 2007	589,540	-	(91,697)	497,843	94,226
Series 2008	2,179,217	-	(286,007)	1,893,210	294,055
Series 2014	2,194,810	-	(137,308)	2,057,502	140,068
Series 2016	3,585,980	-	(151,323)	3,434,657	157,376
Series 2017	246,133	-	(11,904)	234,229	12,192
Total loans payable	<u>8,795,680</u>	<u>-</u>	<u>(678,239)</u>	<u>8,117,441</u>	<u>697,917</u>
Compensated absences	38,226	41,037	(38,225)	41,038	11,000
Developer agreement payable	420,733	-	-	420,733	-
Net pension liability	433,695	4,519	-	438,214	-
Total other long term debt	<u>892,654</u>	<u>45,556</u>	<u>(38,225)</u>	<u>899,985</u>	<u>11,000</u>
Total Business-type Activities	<u>10,003,784</u>	<u>315,621</u>	<u>(1,036,305)</u>	<u>9,283,100</u>	<u>731,533</u>
Total long-term liabilities	<u>\$ 28,587,401</u>	<u>\$ 16,294,774</u>	<u>\$ (13,448,470)</u>	<u>\$ 31,343,580</u>	<u>\$ 1,808,918</u>

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

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
2023	\$ 827,385	\$ 665,714	\$ 720,533	\$ 186,856
2024	752,385	546,825	740,811	165,417
2025	777,385	510,450	761,710	143,447
2026	827,385	472,450	783,248	120,681
2027	802,385	434,075	2,651,122	384,374
2028 - 2032	4,761,923	1,507,500	2,096,264	153,455
2033 - 2037	1,200,000	770,000	589,911	7,051
2038 - 2042	1,455,000	504,900	-	-
2043 - 2047	1,775,000	183,500	-	-
Thereafter				
Total	<u>\$ 13,178,845</u>	<u>\$ 5,595,414</u>	<u>\$ 8,343,596</u>	<u>\$ 1,161,281</u>

The following is a listing of bonds payable outstanding as of June 30, 2022:

	Balance 6/30/22	Due Within One Year
Bonds payable:		
Governmental Activities:		
Pledged Revenue Bonds, Series 2021, due in annual principal and semi-annual interest installments ranging from \$280,412 to \$404,450 bearing interest at 3.00% to 5.00%, maturing August 2046.	\$ 6,155,000	\$ 125,000
Pledged Revenue Bonds, Series 2021, due in annual principal and semi-annual interest installments ranging from \$879,000 to \$953,000 bearing interest at 4.00% to 5.00%, maturing August 2031.	7,023,845	702,385
Business-type Activities:		
Pledged Revenue Bonds, Series 2021, due in annual principal and semi-annual interest installments ranging from \$36,000 to \$43,000 bearing interest at 4.00% to 5.00%, maturing August 2031.	226,155	22,616
Total bonds payable	<u>\$ 13,405,000</u>	<u>\$ 850,001</u>

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 6 LONG-TERM DEBT (Continued)

The following is a listing of loans payable outstanding as of June 30, 2022:

Loans payable:	Balance 6/30/22	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.	\$ 497,843	\$ 94,226
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.	1,893,210	294,055
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.	2,057,502	140,068
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.	3,434,657	157,376
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.	234,229	12,192
Total business-type activities:	8,117,441	697,917
Total loans payable - business-type activities	\$ 8,117,441	\$ 697,917

Developer agreements payable outstanding as of June 30, 2022:

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, 2022

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 were payable from excise taxes and state shared revenues of the Town. Annual principal and interest payments on the bonds were estimated to require 10% of excise tax and state shared revenues. These amounts were refunded during the year ended June 30, 2022 with the 2021 Pledged Revenue Refunding Obligation Bonds.

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 3% - 5%.

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 \$9,258,473. For the current year, principal and interest paid was \$872,768, sewer system customer net revenues were \$1,718,139, and excise taxes and state shared revenues were \$15,299,065.

Restrictive Covenants

The 2021 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.

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

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, 2022, the Town reported the following due to/from other funds:

Fund	Receivable Amount	Payable Amount
General Fund	\$ 1,390,573	\$ -
Debt Service	-	378,816
Non-Major Governmental Funds	-	1,134
Sewer Fund	-	1,010,623
Total	\$ 1,390,573	\$ 1,390,573

The \$1,747,174 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.

Interfund transfers for the fiscal year ended June 30, 2022 are as follows:

Fund	Transfers Out	Transfers In
General Fund	\$ 1,847,500	\$ 400,000
HURF	-	2,955,000
Debt Service	-	991,500
Capital Improvements	2,754,000	-
Water Fund	-	255,000
Total	\$ 4,601,500	\$ 4,601,500

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, 2022, 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	\$ 6,171,452	\$ 438,214	\$ 6,609,666
Deferred outflows of resources	2,752,939	97,597	2,850,536
Deferred inflows of resources	2,365,368	131,328	2,496,696
Pension expense	748,988	30,909	779,897

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

The Town reported \$1,357,835 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, 2022 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.

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.

TOWN OF CHINO VALLEY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

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, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41 percent (12.22 percent for retirement and 0.19 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 12.41 percent (12.01 percent for retirement, 0.21 percent for health insurance premium benefit, and 0.19 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 10.22 percent (10.13 percent for retirement, 0.07 percent for health insurance premium benefit, and 0.09 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, 2022 were \$488,910, \$8,549, and \$7,735, respectively.

During fiscal year 2022, the Town paid for ASRS pension contributions as follows: 92 percent from the General Fund, 4 percent from the water fund, and 4 percent from the sewer fund.

Pension Liability - At June 30, 2022, the Town reported a liability of \$4,171,809 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2021. The total liabilities as June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent. 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, 2021. The Town's proportions measured as of June 30, 2021, was 0.03175 percent, which was an increase of 0.00145 percent from its proportion measured as of June 30, 2020.

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources - For the year ended June 30, 2022, the Town recognized pension expense for ASRS of \$354,297. At June 30, 2022, 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	\$ 63,595	\$ -
Changes of assumptions or other inputs	542,994	-
Net difference between projected and actual earnings on pension plan investments	-	1,321,776
Changes in proportion and differences between Town contributions and proportionate share of contributions	44,287	148,577
Town contributions subsequent to the measurement date	488,910	-
Total	<u>\$ 1,139,786</u>	<u>\$ 1,470,353</u>

The \$488,910 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 ending June 30, 2023. 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
2023	\$ (17,202)
2024	(55,397)
2025	(291,384)
2026	(455,494)
2026	-
Thereafter	-

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

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, 2020
Actuarial roll forward date	June 30, 2021
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9 - 8.4% 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, 2020, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0 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%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	0.70%
Real estate	20%	5.70%
Total	100%	

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

Discount Rate – At June 30, 2021, the discount rate used to measure the ASRS total pension liability was 7.0 percent, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% increase (8.0%)
Town's proportionate share of the Net pension liability	\$ 6,561,906	\$ 4,171,809	\$ 2,179,129

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.

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

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:

PSPRS Retirement and Disability	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
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	
Survivor Benefits		
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, 2022

NOTE 9 PENSIONS (Continued)

Employees Covered by Benefit Terms - At June 30, 2022, 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	6
Active employees	<u>16</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, 2022, 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, 2022, were:

	<u>PSPRS Police</u>
Pension	
Contributions made	<u>\$ 910,104</u>

During fiscal year 2022, 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, 2022

NOTE 9 PENSIONS (Continued)

Pension Liability - At June 30, 2022, the Town reported a PSPRS net pension liabilities of \$2,437,860.

The net liability was measured as of June 30, 2021, 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, 2021
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, 2021, 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, 2022

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	24%	4.08%
International public equity	16%	5.20%
Global private equity	20%	7.67%
Other assets (capital depreciation)	7%	5.43%
Core bonds	2%	0.42%
Private credit	20%	5.74%
Diversifying strategies	10%	3.99%
Cash - Mellon	1%	-0.31%
Total	100.00%	

Discount Rates – At June 30, 2021, 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, 2022

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, 2021	\$ 10,459,688	\$ 6,196,403	\$ 4,263,285
Adjustments to the beginning of the year	-	-	-
Changes for the year:			
Service Cost	224,490	-	224,490
Interest on the total liability	763,758	-	763,758
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(137,561)	-	(137,561)
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	698,401	(698,401)
Contributions - employee	-	227,328	(227,328)
Net investment income	-	1,758,652	(1,758,652)
Benefit payments, including refunds of employee contributions	(443,467)	(443,467)	-
Hall/Parker settlement	-	-	-
Administrative expense	-	(8,269)	8,269
Other changes	-	-	-
Net changes	407,220	2,232,645	(1,825,425)
Balances at June 30, 2022	\$ 10,866,908	\$ 8,429,048	\$ 2,437,860

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	\$ 3,886,544	\$ 2,437,860	\$ 1,253,157

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, 2022, the Town recognized \$361,644 of PSPRS pension expense.

TOWN OF CHINO VALLEY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended June 30, 2022

NOTE 9 PENSIONS (Continued)

Pension Deferred Outflows/Inflows of Resources - At June 30, 2022, 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	\$ 687,258	\$ 261,948
Changes of assumptions or other inputs	113,390	-
Net difference between projected and actual earnings on pension plan investments	-	764,394
Town contributions subsequent to the measurement date	910,104	-
Total	\$ 1,710,752	\$ 1,026,342

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, 2023. 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
2023	\$ 73,374
2024	(4,364)
2025	(36,901)
2026	(257,803)
2027	-
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, 2022

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, 2022.

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
Equalization Basin	28,074	2,000,000
Screw Press	246,922	500,000
Perkinsville Water & Sewer	111,604	1,500,000
Police Department Building	5,282,310	9,000,000
EPA water line	87,851	1,500,000
Drying Bed	19,516	250,000
Total	\$ 5,913,277	\$ 14,900,000

Financial Statements

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, 2022

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes				
Town sales tax	\$ 7,179,000	\$ 7,179,000	\$ 7,961,438	\$ 782,438
Franchise taxes	132,000	132,000	132,509	509
Total taxes	<u>7,311,000</u>	<u>7,311,000</u>	<u>8,093,947</u>	<u>782,947</u>
Licenses and permits	544,500	544,500	571,510	27,010
Intergovernmental:				
State shared sales tax	1,453,000	1,453,000	1,834,785	381,785
State shared income tax	1,615,000	1,615,000	1,700,042	85,042
Vehicle license tax	947,000	947,000	1,016,479	69,479
Grants	88,000	88,000	104,749	16,749
Other intergovernmental	1,579,000	1,579,000	4,240,575	2,661,575
Total intergovernmental	<u>5,682,000</u>	<u>5,682,000</u>	<u>8,896,630</u>	<u>3,214,630</u>
Charges for services	127,000	127,000	155,411	28,411
Fines and forfeitures	202,900	202,900	201,699	(1,201)
Interest	10,800	10,800	18,861	8,061
Miscellaneous	6,500	6,500	131,691	125,191
TOTAL REVENUES	<u>13,884,700</u>	<u>13,884,700</u>	<u>18,069,749</u>	<u>4,185,049</u>
EXPENDITURES				
General government				
Legal services	133,700	133,700	129,896	3,804
Town clerk	300,800	300,800	254,926	45,874
Town Manager	501,000	501,000	546,525	(45,525)
Human resources	283,300	283,300	287,687	(4,387)
Municipal court	336,700	336,700	307,616	29,084
Finance	491,700	491,700	492,332	(632)
Customer service	38,300	38,300	27,193	11,107
Information systems	368,300	368,300	308,022	60,278
Mayor & council	51,200	51,200	48,801	2,399
Planning	337,700	337,700	295,385	42,315
Building inspection	400,500	400,500	385,322	15,178
Facilities maintenance	588,800	588,800	532,368	56,432
Fleet maintenance	290,150	290,150	313,492	(23,342)
Engineering	533,700	533,700	417,966	115,734
Contingencies	600,000	600,000	549,050	50,950
Court collection and improvements	43,500	43,500	11,464	32,036
Capital assets replacements	10,000	10,000	-	10,000
Nondepartmental	566,600	566,600	528,070	38,530
Total general government	<u>5,875,950</u>	<u>5,875,950</u>	<u>5,436,115</u>	<u>439,835</u>

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
Public safety				
Police	3,612,700	3,612,700	3,708,533	(95,833)
Animal control	209,400	209,400	202,674	6,726
Total public safety	<u>3,822,100</u>	<u>3,822,100</u>	<u>3,911,207</u>	<u>(89,107)</u>
Culture and recreation				
Recreation	157,650	157,650	157,324	326
Library	400,500	400,500	372,827	27,673
Parks maintenance	720,200	720,200	601,424	118,776
Aquatics center	333,800	333,800	189,385	144,415
Total culture and recreation	<u>1,612,150</u>	<u>1,612,150</u>	<u>1,320,960</u>	<u>291,190</u>
Health and welfare				
Senior center	346,400	346,400	384,803	(38,403)
Capital outlay	657,000	657,000	407,608	249,392
TOTAL EXPENDITURES	<u>12,313,600</u>	<u>12,313,600</u>	<u>11,460,693</u>	<u>852,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,571,100</u>	<u>1,571,100</u>	<u>6,609,056</u>	<u>5,037,956</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,000	1,000	4,877	3,877
Transfers in	500,000	500,000	500,000	-
Transfers out	(1,947,500)	(1,947,500)	(1,947,500)	-
Total other financing sources (uses)	<u>(1,446,500)</u>	<u>(1,446,500)</u>	<u>(1,442,623)</u>	<u>3,877</u>
Net change in fund balance	124,600	124,600	5,166,433	5,041,833
Fund balance - beginning of year	9,625,631	9,625,631	9,625,631	-
Fund balance - end of year	<u>\$ 9,750,231</u>	<u>\$ 9,750,231</u>	<u>\$ 14,792,064</u>	<u>\$ 5,041,833</u>

TOWN OF CHINO VALLEY, ARIZONA
GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND
ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 3,500,000	\$ 3,500,000	\$ 197,825	\$ (3,302,175)
Other revenues	-	-	116,952	116,952
Total revenues	<u>3,500,000</u>	<u>3,500,000</u>	<u>314,777</u>	<u>(3,185,223)</u>
EXPENDITURES				
Current:				
General government	50,000	50,000	7,474	42,526
Public safety	100,000	100,000	25,431	74,569
Public works/streets	-	-	103,335	(103,335)
Culture and recreation	100,000	100,000	19,283	80,717
Health and welfare	25,000	25,000	38,502	(13,502)
Capital outlay	3,225,000	3,225,000	43,360	3,181,640
Total expenditures	<u>3,500,000</u>	<u>3,500,000</u>	<u>237,385</u>	<u>3,262,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>77,392</u>	<u>77,392</u>
Net change in fund balance	-	-	77,392	77,392
Fund balance - beginning of year	<u>115,087</u>	<u>115,087</u>	<u>115,087</u>	<u>-</u>
Fund balance - end of year	<u>\$ 115,087</u>	<u>\$ 115,087</u>	<u>\$ 192,479</u>	<u>\$ 77,392</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Licenses and permits	\$ 2,000	\$ 2,000	\$ 2,575	\$ 575
Intergovernmental revenues	1,570,000	1,570,000	1,669,251	99,251
Interest	1,000	1,000	1,057	57
Other revenues	-	-	16,428	16,428
Total revenues	<u>1,573,000</u>	<u>1,573,000</u>	<u>1,689,311</u>	<u>116,311</u>
EXPENDITURES				
Public works/streets	3,778,000	3,778,000	2,995,747	782,253
Capital outlay	1,672,500	1,672,500	1,605,471	67,029
Total expenditures	<u>5,450,500</u>	<u>5,450,500</u>	<u>4,601,218</u>	<u>849,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,877,500)</u>	<u>(3,877,500)</u>	<u>(2,911,907)</u>	<u>965,593</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	67,549	67,549
Transfers in	3,855,000	3,855,000	2,955,000	(900,000)
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>	<u>900,000</u>
Total other financing sources and (uses)	<u>2,955,000</u>	<u>2,955,000</u>	<u>3,022,549</u>	<u>67,549</u>
Net change in fund balance	(922,500)	(922,500)	110,642	1,033,142
Fund balance - beginning of year	<u>2,278,747</u>	<u>2,278,747</u>	<u>2,278,747</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,356,247</u>	<u>\$ 1,356,247</u>	<u>\$ 2,389,389</u>	<u>\$ 1,033,142</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, 2022

ASRS - Pension

Reporting Fiscal Year
 (Measurement Date)

	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
Town's proportion of the net pension liability	0.031754%	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	\$ 4,171,809	\$ 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	\$ 3,018,422	\$ 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	112.66%	159.00%	138.56%	148.96%	156.95%	179.32%	186.56%	196.20%	
Plan fiduciary net position as a percentage of the total pension liability	78.58%	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, 2022

PSPRS Police - Pension
 Public Safety Personnel Retirement System

Reporting Fiscal Year
 (Measurement Date)

	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2013
Total pension liability									
Service cost	\$ 224,490	\$ 239,935	\$ 284,666	\$ 264,059	\$ 272,925	\$ 220,166	\$ 208,414	\$ 218,803	Information not available
Interest on the total pension liability	763,758	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	(137,561)	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	(443,467)	(491,897)	(606,521)	(425,306)	(799,457)	(313,564)	(461,853)	(368,517)	
Net change in total pension liability	407,220	1,444,833	182,614	654,268	493,843	840,395	241,855	881,696	
Total pension liability - beginning	10,459,688	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)	\$ 10,866,908	\$ 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	\$ 698,401	\$ 726,124	\$ 801,902	\$ 788,908	\$ 279,960	\$ 269,502	\$ 243,794	\$ 208,691	
Contributions - employee	227,328	114,939	122,179	131,038	136,758	145,561	143,622	126,689	
Net investment income	1,758,652	73,989	283,743	313,163	497,699	24,661	149,207	498,013	
Benefit payments, including refunds of employee contributions	(443,467)	(491,897)	(606,521)	(425,306)	(799,457)	(313,564)	(461,853)	(368,517)	
Hall/Parker Settlement	-	-	-	(161,922)	-	-	-	-	
Administrative expense	(8,269)	(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	2,232,645	417,120	595,373	790,038	100,034	72,864	74,165	340,783	
Plan fiduciary net position - beginning	6,196,403	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)	\$ 8,429,048	\$ 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)	\$ 2,437,860	\$ 4,263,285	\$ 3,235,572	\$ 3,646,559	\$ 3,782,329	\$ 3,388,520	\$ 2,620,989	\$ 2,453,299	
Plan fiduciary net position as a percentage of the total pension liability	77.57%	59.24%	64.11%	58.71%	53.75%	55.90%	61.70%	62.84%	
Covered payroll	\$ 1,041,206	\$ 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	234.14%	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, 2022

ASRS - Pension

	Reporting Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 488,910	\$ 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	488,910	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	\$ 4,070,858	\$ 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	12.01%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 510,104	\$ 398,401	\$ 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	910,104	698,401	726,124	801,902	788,908	269,502	243,794	208,691	173,196	
Town's contribution deficiency (excess)	\$ (400,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	
Town's covered payroll	\$ 1,512,764	\$ 1,041,206	\$ 1,154,142	\$ 1,201,492	\$ 1,332,956	\$ 1,204,435	\$ 1,145,504	\$ 1,177,679	\$ 1,077,714	
Town's contributions as a percentage of covered payroll	60.16%	67.08%	62.91%	66.74%	59.18%	22.38%	21.28%	17.72%	16.07%	

TOWN OF CHINO VALLEY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO THE PENSION SCHEDULES
 Year Ended June 30, 2022

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 2020 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. 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%.
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 2019 actuarial valuation, changed to PubS-2010 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, 2022

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

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, 2022

	<u>Special Revenue</u>		
	<u>CDBG</u>	<u>Street Lighting Improvement District</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 791	\$ 791
Receivables, net:			
Accounts receivable	1,134	42	1,176
Total assets	<u>\$ 1,134</u>	<u>833</u>	<u>\$ 1,967</u>
LIABILITIES			
Due to other funds	\$ 1,134	\$ -	\$ 1,134
Total liabilities	<u>1,134</u>	<u>-</u>	<u>1,134</u>
FUND BALANCES			
Restricted			
Highways and streets	-	833	833
Total fund balances	<u>\$ -</u>	<u>\$ 833</u>	<u>\$ 833</u>

TOWN OF CHINO VALLEY, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2022

	Special Revenue		Total
	CDBG	Street Lighting Improvement District	
REVENUES			
Taxes	\$ -	\$ 4,098	\$ 4,098
Intergovernmental	1,134	-	1,134
Total revenues	<u>1,134</u>	<u>4,098</u>	<u>5,232</u>
EXPENDITURES			
Current:			
Public works/streets	-	3,907	3,907
Health & welfare	1,134	-	1,134
Total expenditures	<u>1,134</u>	<u>3,907</u>	<u>5,041</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>191</u>	<u>191</u>
Net change in fund balances	-	191	191
Fund balances - beginning of year	<u>-</u>	<u>642</u>	<u>642</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ 833</u>	<u>\$ 833</u>

Financial Statements

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Other revenues	-	-	1,048	1,048
Total revenues	-	-	1,048	1,048
EXPENDITURES				
Debt service:				
Principal retirement	641,000	641,000	493,082	147,918
Interest and fiscal charges	332,800	332,800	341,052	(8,252)
Debt issuance cost	-	-	176,968	(176,968)
Total expenditures	973,800	973,800	1,011,102	(37,302)
Excess (deficiency) of revenues over (under) expenditures	(973,800)	(973,800)	(1,010,054)	(36,254)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	7,024,031	7,024,031
Pledged revenue bonds issued				
Premium on refunding bonds issued	-	-	1,227,374	1,227,374
Payment to refunding bond escrow agent	-	-	(8,222,918)	(8,222,918)
Transfers in	991,500	991,500	991,500	-
Total other financing sources and uses	991,500	991,500	1,019,987	28,487
Net change in fund balance	17,700	17,700	9,933	(7,767)
Fund balance - beginning of year	473,817	473,817	473,817	-
Fund balance - end of year	\$ 491,517	\$ 491,517	\$ 483,750	\$ (7,767)

TOWN OF CHINO VALLEY, ARIZONA
 CAPITAL IMPROVEMENTS
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Town sales tax	\$ 2,506,000	\$ 2,506,000	\$ 2,653,812	\$ 147,812
Intergovernmental revenues	2,140,000	2,140,000	-	(2,140,000)
Interest	-	-	442	442
Total revenues	4,646,000	4,646,000	2,654,254	(1,991,746)
EXPENDITURES				
Capital outlay	10,092,500	10,092,500	4,986,751	5,105,749
Debt service:				
Debt issuance cost	-	-	180,739	(180,739)
Total expenditures	10,092,500	10,092,500	5,167,490	5,105,749
Excess of revenues over (under) expenditures	(5,446,500)	(5,446,500)	(2,513,236)	3,114,003
OTHER FINANCING SOURCES (USES)				
Pledged revenue bonds issued	7,000,000	7,000,000	6,155,000	(845,000)
Premium on bonds	-	-	1,025,740	1,025,740
Transfers out	(2,754,000)	(2,754,000)	(2,754,000)	-
Total other financing sources (uses):	4,246,000	4,246,000	4,426,740	180,740
Net change in fund balance	(1,200,500)	(1,200,500)	1,913,504	3,294,743
Fund balance - beginning of year	3,056,538	3,056,538	3,056,538	-
Fund balance - end of year	\$ 1,856,038	\$ 1,856,038	\$ 4,970,042	\$ 3,294,743

Financial Statements

Other Supplementary Information

Budgetary Comparison Schedules
Non-Major Government Fund Financial Statements

Special Revenue Funds

- **CDBG Fund** – This fund accounts for activities related to the Town’s Community Development Block Grant.
- **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
 CDBG
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 1,134	\$ 1,134
EXPENDITURES				
Health and welfare				
Salaries	-	-	1,134	(1,134)
Services, supplies and other	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	1,134	(1,134)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 4,100	\$ 4,100	\$ 4,098	\$ (2)
EXPENDITURES				
Current:				
Public works/streets	4,000	4,000	3,907	93
Excess (deficiency) of revenues over (under) expenditures	100	100	191	91
Fund balance - beginning of year	642	642	642	-
Fund balance - end of year	\$ 742	\$ 742	\$ 833	\$ 91



Statistical Section

<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.	96-101
<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.	115-123
<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

	2013	2014	2015	2016
Governmental Activities				
Net Investment in Capital Assets:	\$ 2,509,616	\$ 3,960,511	\$ 4,343,890	\$ 5,424,332
Restricted	3,556,297	3,331,847	1,821,510	1,327,962
Unrestricted	3,485,697	3,189,272	(900,628)	(394,472)
Total Governmental Activities Net Position	<u>\$ 9,551,610</u>	<u>\$ 10,481,630</u>	<u>\$ 5,264,772</u>	<u>\$ 6,357,822</u>
Business-type activities				
Net Investment in Capital Assets:	\$ 16,360,590	\$ 15,658,866	\$ 16,458,815	\$ 16,077,901
Restricted	524,391	637,600	750,922	482,116
Unrestricted	(3,906,099)	(4,386,202)	(4,991,149)	(4,665,739)
Total Business-Type Activities Net Position	<u>\$ 12,978,882</u>	<u>\$ 11,910,264</u>	<u>\$ 12,218,588</u>	<u>\$ 11,894,278</u>
Primary government				
Net Investment in Capital Assets:	\$ 18,870,206	\$ 19,619,377	\$ 20,802,705	\$ 21,502,233
Restricted	4,080,688	3,969,447	2,572,432	1,810,078
Unrestricted	(420,402)	(1,196,930)	(5,891,777)	(5,060,211)
	<u>\$ 22,530,492</u>	<u>\$ 22,391,894</u>	<u>\$ 17,483,360</u>	<u>\$ 18,252,100</u>

2017	2018	2019	2020	2021	2022
\$ 6,027,754	\$ 6,693,892	\$ 7,499,509	8,791,146	9,405,857	12,627,404
1,769,920	2,355,810	1,445,551	1,500,148	3,018,753	5,961,508
(154,836)	666,822	2,542,035	4,478,169	5,645,322	7,890,203
<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>	<u>\$ 26,479,115</u>
\$ 16,106,276	\$ 15,502,227	\$ 14,958,858	14,524,764	14,879,202	15,389,102
588,280	730,932	870,202	1,004,070	1,094,561	919,404
(4,782,941)	(3,812,291)	(3,407,128)	(3,316,066)	(3,494,538)	(3,526,832)
<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>	<u>\$ 12,781,674</u>
\$ 22,134,030	\$ 22,196,119	\$ 22,458,367	\$ 23,315,910	\$ 24,285,059	\$ 28,016,506
2,358,200	3,086,742	2,315,753	2,504,218	4,113,314	6,880,912
(4,937,777)	(3,145,469)	(865,093)	1,162,103	2,150,784	4,363,371
<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>	<u>\$ 39,260,789</u>

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

	2013	2014	2015	2016
Net (expense)/revenue				
Governmental Activities	\$ (5,321,410)	\$ (6,887,028)	\$ (7,437,020)	\$ (7,606,435)
Business-Type Activities	(1,330,984)	(1,303,191)	(1,200,252)	(858,481)
Total Primary Government Net Expense	<u>\$ (6,652,394)</u>	<u>\$ (8,190,219)</u>	<u>\$ (8,637,272)</u>	<u>\$ (8,464,916)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
City Sales Tax	\$ 3,882,227	\$ 5,147,065	\$ 5,078,635	\$ 5,455,413
State Sales taxes	885,391	941,542	1,309,465	1,022,547
Auto Lieu Tax	564,341	596,994	629,553	680,388
State Income Tax-Revenue Sharing	1,104,933	1,205,692	988,552	1,302,365
Property tax	3,809	3,682	4,028	3,994
Franchise tax	133,055	135,183	125,124	136,036
Impact Fees	-	-	-	-
Other	-	-	377	-
Unrestricted Investment Earnings	14,498	2,775	6,590	8,486
Miscellaneous	-	-	-	-
Gain on Sale of Assets	-	4,115	(19,073)	-
Transfers	(362,988)	(220,000)	(280,700)	(150,000)
Total Governmental Activities	<u>6,225,266</u>	<u>7,817,048</u>	<u>7,842,551</u>	<u>8,459,229</u>
Business-Type Activities:				
Unrestricted Investment Earnings	27,827	14,573	676	1,671
Miscellaneous	-	-	-	-
Grants and Contributions not restricted				
Gain on Sale of Assets	-	-	620	-
Special items	-	-	1,660,154	382,500
Transfers	362,988	220,000	280,700	150,000
Total Business-Type Activities	<u>390,815</u>	<u>234,573</u>	<u>1,942,150</u>	<u>534,171</u>
Total Primary Government	<u>\$ 6,616,081</u>	<u>\$ 8,051,621</u>	<u>\$ 9,784,701</u>	<u>\$ 8,993,400</u>
Change in Net Position				
Governmental Activities	\$ 903,856	\$ 930,020	\$ 405,531	\$ 852,794
Business-Type Activities	(940,169)	(1,068,618)	741,898	(324,310)
Total Primary Government	<u>\$ (36,313)</u>	<u>\$ (138,598)</u>	<u>\$ 1,147,429</u>	<u>\$ 528,484</u>

2017	2018	2019	2020	2021	2022
\$ (7,482,665)	\$ (7,648,079)	\$ (8,945,107)	\$ (8,578,402)	\$ (10,456,595)	\$ (6,925,459)
(338,046)	389,282	(82,249)	(269,059)	212,230	(18,558)
<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>	<u>\$ (6,944,017)</u>
\$ 5,603,710	\$ 6,312,095	\$ 7,009,864	\$ 7,962,355	\$ 9,326,248	\$ 10,615,250
1,020,252	1,084,425	1,179,854	1,243,034	1,467,611	1,834,785
712,352	766,485	826,894	852,404	1,049,654	1,016,479
1,362,532	1,393,419	1,417,474	1,552,162	1,768,560	1,700,042
3,996	3,999	2,575	5,297	4,247	4,098
117,715	124,327	127,155	136,263	136,335	132,509
-	-	-	-	-	-
-	-	-	-	-	-
22,124	62,015	151,862	109,255	4,409	20,360
-	-	-	-	-	266,119
-	-	-	-	-	-
(75,000)	(25,000)	-	-	-	(255,000)
<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>	<u>15,334,642</u>
2,724	8,504	19,270	14,076	491	1,843
-	-	-	-	-	64,164
-	-	64,043	45,819	-	-
277,659	86,467	-	-	53,736	-
75,000	25,000	-	-	-	255,000
<u>355,383</u>	<u>119,971</u>	<u>83,313</u>	<u>59,895</u>	<u>54,227</u>	<u>321,007</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>	<u>\$ 15,655,649</u>
\$ 1,285,016	\$ 2,073,686	\$ 1,770,571	\$ 3,282,368	\$ 3,300,469	\$ 8,409,183
17,337	509,253	1,064	(209,164)	266,457	302,449
<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>	<u>\$ 8,711,632</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$ 7,039	\$ 5,078	\$ 4,060	\$ 43,818
Restricted	212,680	217,775	301,854	322,353
Assigned	-	-	-	-
Unassigned	<u>3,092,751</u>	<u>3,830,737</u>	<u>4,349,040</u>	<u>5,064,810</u>
Total General Fund	<u>\$ 3,312,470</u>	<u>\$ 4,053,590</u>	<u>\$ 4,654,954</u>	<u>\$ 5,430,981</u>
All other Governmental Funds				
Restricted:				
Highways and Streets	\$ 923,837	\$ 680,219	\$ 463,774	\$ 456,204
Capital Improvements	-	-	-	-
Development Impact Fees	2,138,187	1,475,498	606,592	566,191
Debt Service	285,557	292,213	614,924	128,707
Public Safety	136,504	51,085	24,507	46,099
Grants	-	-	-	-
Other Purposes	-	2,464	7,673	40,385
Committed:				
Debt service	-	-	-	-
Assigned for:				
Capital Improvements	129,103	488,624	589,530	683,648
Unassigned:	<u>-</u>	<u>-</u>	<u>293</u>	<u>109</u>
Total all other Governmental Funds	<u>\$ 3,613,188</u>	<u>\$ 2,990,103</u>	<u>\$ 2,307,293</u>	<u>\$ 1,921,343</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.

2017	2018	2019	2020	2021	2022
\$ 1,302,226	\$ 327,562	\$ 129,873	\$ 19,525	\$ 509,682	\$ 6,057
114,330	140,339	149,717	131,298	150,460	161,436
192,946	250,027	329,870	389,082	478,217	536,714
4,575,991	6,591,840	7,731,346	7,816,055	8,487,272	14,087,857
<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>	<u>\$ 14,792,064</u>
\$ 760,071	\$ 953,266	\$ 771,662	838,013	2,279,389	2,390,222
-	-	-	-	-	2,733,621
523,122	510,575	25	-	-	-
457,027	455,795	457,683	457,464	351,862	483,750
59,428	45,698	55,606	57,744	79,177	159,449
-	-	-	-	-	-
32,354	11,601	10,858	15,629	35,910	33,030
-	-	-	-	121,955	-
919,592	1,121,632	1,048,679	2,976,407	3,056,538	2,236,421
(631,902)	-	(761)	-	-	-
<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>	<u>\$ 8,036,493</u>

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

	2013	2014	2015	2016
Revenues				
Taxes	\$ 4,019,091	\$ 5,285,931	\$ 5,207,787	\$ 5,595,443
Licenses and Permits	178,614	250,285	276,828	352,447
Intergovernmental	4,443,541	4,252,919	4,676,970	4,906,700
Charges for Services	438,798	93,961	94,270	122,960
Fines and Forfeitures	192,564	176,986	208,163	247,977
Impact Fees	29,764	194,873	2,712	-
Interest	14,498	2,775	6,590	8,486
Other Revenues	106,335	44,879	38,413	54,354
Total Revenues	\$ 9,423,205	\$ 10,302,609	\$ 10,511,733	\$ 11,288,367
Expenditures				
Current:				
General Government	\$ 2,831,438	\$ 3,309,301	\$ 3,339,953	\$ 3,913,936
Public Safety	2,402,089	2,565,994	2,814,077	2,727,591
Public Works	587,631	1,037,923	1,182,221	731,692
Cululture and Recreation	827,282	824,111	871,535	964,652
Health and Welfare	227,476	249,419	378,921	402,424
Capital Outlay	1,981,052	1,408,246	1,931,282	1,069,811
Debt service				
Principal	37,028	65,000	75,000	3,960,916
Interest	586,858	509,000	341,721	504,370
Debt issuance cost	-	-	-	65,714
Total Expenditures	9,480,854	9,968,994	10,934,710	14,341,106
Revenues over (under) Expenditures	(57,649)	333,615	(422,977)	(3,052,739)
Other Finance Sources (Uses)				
Refunding bonds issued	-	-	-	-
Capital lease agreement	-	-	607,448	-
Sale of Assets	879	4,420	14,783	6,560
Pledged revenue bonds issued	-	-	-	3,346,000
Premium on bonds	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-
Transfers in	1,023,203	1,394,732	1,684,779	1,095,167
Transfers out	(1,386,191)	(1,614,732)	(1,965,479)	(1,245,167)
Total other Finance Sources (uses)	(362,109)	(215,580)	341,531	3,202,560
Net Change in Fund Balances	\$ (419,758)	\$ 118,035	\$ (81,446)	\$ 149,821
Debt Service as a Percentage of Noncapital Expenditures	8.38%	6.84%	4.46%	34.99%

2017	2018	2019	2020	2021	2022
\$ 5,725,421	\$ 6,440,421	\$ 7,139,594	\$ 8,103,915	\$ 9,466,830	\$ 10,751,857
561,146	709,765	451,287	483,739	656,131	574,085
5,185,879	5,868,265	4,941,428	6,548,620	6,784,490	10,764,840
115,633	124,458	135,913	87,794	88,865	155,411
296,591	275,315	234,992	205,212	214,143	201,699
-	-	20	-	-	-
22,124	62,015	151,862	109,255	4,409	20,360
37,343	88,291	176,377	174,125	265,930	266,199
<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>	<u>\$ 22,734,451</u>
\$ 3,900,208	\$ 3,937,694	\$ 4,466,270	4,795,109	4,725,066	5,443,589
2,935,355	3,322,163	3,441,879	3,529,005	3,684,573	3,936,638
524,963	756,057	958,368	1,148,879	2,064,109	3,102,989
988,361	1,055,044	1,115,363	1,067,558	1,148,267	1,340,243
316,045	361,111	309,899	343,411	337,080	424,439
1,727,192	1,916,593	1,550,908	1,383,628	1,716,016	7,043,190
127,603	534,791	734,593	1,064,517	606,000	493,082
398,680	403,861	389,222	368,749	350,647	341,052
-	2,000	-	-	-	357,707
<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>22,482,929</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>	<u>251,522</u>
-	-	-	-	-	7,024,031
-	711,464	-	-	-	-
2,131	137,470	11,252	4,855	205	72,426
-	-	-	-	-	6,155,000
-	-	-	-	-	2,253,114
-	-	-	-	-	(8,222,918)
1,252,000	1,173,000	2,085,706	3,751,861	3,468,731	4,346,500
<u>(1,327,000)</u>	<u>(1,198,000)</u>	<u>(2,085,706)</u>	<u>(3,751,861)</u>	<u>(3,468,731)</u>	<u>(4,601,500)</u>
<u>(72,869)</u>	<u>823,934</u>	<u>11,252</u>	<u>4,855</u>	<u>205</u>	<u>7,026,653</u>
<u>\$ 952,861</u>	<u>\$ 2,103,150</u>	<u>\$ 276,223</u>	<u>\$ 2,016,659</u>	<u>\$ 2,849,245</u>	<u>\$ 7,278,175</u>
5.67%	8.92%	9.81%	11.77%	7.18%	5.92%

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	
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%
2021-2022	99,980,268	945,830,276	139,710,711	1,341,041,314	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	2012-2013	2013-2014	2014-2015	2015-2016
Town of Chino Valley	-	-	-	-
Yavapai County	1.6426	1.9308	1.9442	1.9317
School Equalization	0.4717	0.5123	0.5089	0.5054
Yavapai College	1.6725	1.8241	1.8606	1.8721
Chino Valley School District	4.2320	4.9640	5.0146	4.4236
Total Primary	<u>8.0188</u>	<u>9.2312</u>	<u>9.3283</u>	<u>8.7328</u>

Source: Yavapai County Treasurer

<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
-	-	-	-	-	-
1.9027	1.8395	1.7788	2.0152	1.9255	1.8570
0.5010	0.4875	0.4741	0.4566	0.4426	0.4263
1.8439	1.7827	1.7584	1.6883	1.6131	1.5557
4.6005	4.3974	4.2808	4.1000	3.9659	3.9497
<u>8.8481</u>	<u>8.5071</u>	<u>8.2921</u>	<u>8.2601</u>	<u>7.9471</u>	<u>7.7887</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	2013-2014	2014-2015	2015-2016
Town of Chino Valley	-	-	-
Fire District Assistance	0.1000	0.1000	0.1000
Flood Control District	0.2162	0.2116	0.1976
Library District	0.1491	0.1500	0.1907
Yavapai College	0.2227	0.2231	0.2122
Chino Valley School District	0.0500	0.0500	0.0500
Chino Valley Fire District	3.5799	3.5799	3.6175
Total Secondary	<u>4.3179</u>	<u>4.3146</u>	<u>4.3680</u>

Source: Yavapai County Treasurer

<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
-	-	-	-	-	-
0.1000	0.1000	0.1000	0.1000	0.0937	0.0890
0.2346	0.2346	0.2188	0.2103	0.2006	0.1916
0.1815	0.1815	0.1720	0.1651	0.1577	0.1521
0.1815	0.2001	0.1892	0.1525	0.0760	0.0131
0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
3.6175	3.6173	3.5986	3.5732	3.5466	0.2847
<u>4.3651</u>	<u>4.3835</u>	<u>4.3286</u>	<u>4.2511</u>	<u>4.1246</u>	<u>0.7805</u>

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

	Fiscal Year 2012-2013		Fiscal Year 2013-2014		Fiscal Year 2014-15		Fiscal Year 2015-16	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 428,058	8.69%	\$ 363,845	7.16%	\$ 345,449	6.45%	\$ 354,129	6.35%
Manufacturing	67,869	1.38%	67,904	1.34%	74,890	1.40%	78,910	1.41%
Transportation/ Communication/Utilities	639,694	12.98%	817,254	16.09%	764,228	14.26%	798,024	14.31%
Wholesale Trade	135,349	2.75%	169,475	3.34%	167,135	3.12%	129,501	2.32%
Retail Trade	1,787,495	36.28%	2,457,281	48.38%	2,606,219	48.63%	2,735,267	49.04%
Restaurants/Bars	298,752	6.06%	415,200	8.18%	477,722	8.91%	501,100	8.98%
Insurance/Real Estate	273,188	5.54%	332,480	6.55%	335,282	6.26%	348,577	6.25%
Services	101,702	2.06%	128,676	2.53%	125,529	2.34%	130,589	2.34%
All Other	150,121	3.05%	174,950	3.44%	182,181	3.40%	282,941	5.07%
Total	\$ 3,882,227	78.79%	\$ 4,927,064	97.02%	\$ 5,078,635	94.77%	\$ 5,359,038	96.07%

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 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22	
Tax Paid	Percentage of Total	Tax Paid	Percentage of Total								
\$ 495,600	7.85%	\$ 846,851	12.08%	\$ 937,004	11.77%	\$ 814,408	8.73%	\$ 986,802	9.30%	\$ 1,069,187	10.07%
30,895	0.49%	112,066	1.60%	207,019	2.60%	188,099	2.02%	232,773	2.19%	278,613	2.62%
694,022	11.00%	730,917	10.43%	727,641	9.14%	746,936	8.01%	752,494	7.09%	831,476	7.83%
-	0.00%	118,731	1.69%	180,042	2.26%	192,340	2.06%	256,227	2.41%	306,359	2.89%
3,171,921	50.25%	3,350,891	47.80%	3,700,174	46.47%	4,745,837	50.89%	5,618,035	52.92%	6,422,047	60.50%
573,858	9.09%	600,046	8.56%	655,336	8.23%	696,727	7.47%	867,868	8.18%	978,554	9.22%
378,261	5.99%	399,797	5.70%	430,263	5.40%	534,953	5.74%	574,916	5.42%	669,954	6.31%
144,015	2.28%	139,351	1.99%	153,274	1.92%	-	0.00%	-	0.00%	-	0.00%
89,468	1.42%	13,446	0.19%	19,106	0.24%	43,056	0.46%	37,133	0.35%	59,060	0.56%
\$ 5,578,040	88.37%	\$ 6,312,096	90.05%	\$ 7,009,859	88.04%	\$ 7,962,356	85.38%	\$ 9,326,248	87.86%	\$ 10,615,250	100.00%

TOWN OF CHINO VALLEY, ARIZONA
 DIRECT AND OVERLAPPING SALES TAX RATES
 As of June 30, 2022

	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
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
2021-2022	10,615,250	132,509	1,834,785	1,700,042	1,016,479	15,299,066

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
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
2021-2022	-	13,178,845	-	-	-	8,117,441

(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)
-	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
	226,155	420,733	21,943,174	*	1,626
-					

TOWN OF CHINO VALLEY, ARIZONA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 June 30, 2022

Jurisdiction	2021-2022 Secondary Assessed Valuation	Net Debt Outstanding	Percentage Applicable to the Town of Chino Valley	Amount Applicable to the Town of Chino Valley	2021-2022 Combined Tax Rate Per \$100 Assessed
State of Arizona	\$ 96,672,273,409	\$ -	0.14%	\$ -	None
Yavapai County	\$ 4,311,237,244	\$ 12,393,000	3.24%	\$ 401,610	0.0000%
Chino Valley School District	\$ 312,123,093	\$ 359,892	100.00%	\$ 359,892	0.0500%
Chino Valley Fire District	\$ 223,684,297	\$ 3,870,000	62.46%	\$ 2,417,159	3.5700%
Yavapai County Library District	\$ 4,311,237,244	\$ -	3.24%	\$ -	0.1491%
Yavapai County Community College	\$ 4,311,237,244	<u>\$ 6,865,000</u>	3.24%	<u>\$ 222,468</u>	<u>0.2227%</u>
Total Overlapping Debt		<u>\$ 23,487,892</u>		<u>\$ 3,401,129</u>	<u>3.9918%</u>
Town of Chino Valley	\$ 139,710,711	\$ 13,178,845	100.00%	\$ 13,178,845	0.0000%
Total Direct Debt		<u>\$ 13,178,845</u>		<u>\$ 13,178,845</u>	
Total Overlapping and Direct Debt		<u>\$ 36,666,737</u>		<u>\$ 16,579,974</u>	<u>3.9918%</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>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Secondary Assessed Value	\$ 67,121,326	\$ 66,893,394	\$ 78,892,362	\$ 80,357,855
<u>20% Limitation (a)</u>				
Debt Limit Equal to 20% of Assessed Valuation	\$ 13,424,265	\$ 13,378,679	\$ 15,778,472	\$ 16,071,571
Total Debt Applicable to 20% Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 13,424,265</u>	<u>\$ 13,378,679</u>	<u>\$ 15,778,472</u>	<u>\$ 16,071,571</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	0.00%	0.00%	0.00%	0.00%
<u>6% Limitation (b)</u>				
Debt Limit Equal to 6% of Assessed Valuation	\$ 4,027,280	\$ 4,013,604	\$ 4,733,542	\$ 4,821,471
Total Debt Applicable to 6% Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 4,027,280</u>	<u>\$ 4,013,604</u>	<u>\$ 4,733,542</u>	<u>\$ 4,821,471</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>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
\$ 83,930,432	\$ 753,795,532	\$ 816,434,870	\$ 122,115,077	\$ 137,938,692	\$ 139,710,711
\$ 16,786,086	\$ 150,759,106	\$ 163,286,974	\$ 24,423,015	\$ 27,587,738	\$ 27,942,142
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 16,786,086</u>	<u>\$ 150,759,106</u>	<u>\$ 163,286,974</u>	<u>\$ 24,423,015</u>	<u>\$ 27,587,738</u>	<u>\$ 27,942,142</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 5,035,826	\$ 45,227,732	\$ 48,986,092	\$ 7,326,905	\$ 8,276,322	\$ 8,382,643
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 5,035,826</u>	<u>\$ 45,227,732</u>	<u>\$ 48,986,092</u>	<u>\$ 7,326,905</u>	<u>\$ 8,276,322</u>	<u>\$ 8,382,643</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

Refunding Obligations 2021 Series				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2022	15,299,066	702,385	220,840	16.57
Police Department 2021				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2022	15,299,066	125,000	155,412	54.56
Refunding Obligations 2021 Series				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2022	15,299,066	22,615	7,019	516.28
WIFA 2007				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
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
2022	15,299,066	91,697	13,731	145.11

WIFA 2008				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2013	6,569,949	222,795	118,265	19.26
2014	8,026,477	229,065	111,816	23.55
2015	8,071,115	235,510	105,192	23.69
2016	8,545,285	242,138	98,378	25.10
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
2022	15,299,066	286,007	53,275	45.09

WIFA 2014				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
2015	8,071,115	-	29,950	269.49
2016	8,545,285	121,854	57,121	47.75
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
2022	15,299,066	137,308	41,356	85.63

WIFA 2016				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
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
2022	15,299,066	151,323	80,508	65.99

WIFA 2017				
Fiscal Year Ended June 30,	Excise Tax Collection	Debt Service		Coverage
		Principal	Interest	
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

Fiscal Year	Town Population	County Population	County Personal Income (in thousands)+	County Per Capita Personal Income	School Enrollment	Yavapai County Unemployment Rate
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%
2021-2022	13,492	242,253	9,932,373	41	2815	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	2022		2021	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Chino Valley Unified School	307	2.85%	288	2.67%
Safeway	190	1.76%	140	1.30%
Town of Chino Valley	107	0.99%	110	1.02%
CAFMA In CV	36	0.33%	36	0.33%
Bonnie Plant	30	0.28%	25	0.23%
Frontier Techni-Kote Industries	28	0.26%		0.00%
Arizona Highway Safety Specialists	25	0.23%	25	0.23%
Chino Heating & Cooling	25	0.23%	25	0.23%
A2Z Home Center	18	0.17%		0.00%
Circle L Animal Hospital	13	0.12%	20	0.19%
	<u>779</u>	<u>6.48%</u>	<u>699</u>	<u>6.48%</u>

Sources: Central Arizona Regional Economic Development Foundation; various employers

2020		2019		2018	
Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
290	2.69%	325	3.01%	250	2.32%
175	1.62%	135	1.25%	134	1.24%
98	0.91%	97.5	0.90%	96.5	0.89%
35	0.32%	36	0.33%	0	0.00%
24	0.22%	-	0.00%	-	0.00%
	0.00%		0.00%		0.00%
30	0.28%	32	0.30%	32	0.30%
25	0.23%	27	0.25%	27	0.25%
0	0.00%	0	0.00%	0	0.00%
20	0.19%	24	0.22%	24	0.22%
697	6.46%	676.5	6.27%	563.5	5.23%

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
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
2021-2022	54.5	31	2	4.5

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>
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
9	3	3	107

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

Function/Program	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
General Government										
Registered Voters	6,027	*	5,914	*	6,220	6,673	*	8305	7505	8218
Votes cast last election	2,092	*	3,587	*	2,630	2,840	*	7184	3644	4103
Police										
Number of police personnel and officers	30	30	30	30	31	31	30	30.5	30.5	35
Arrests	262	440	443	445	444	394	314	276	160	386
Citations	756	934	808	1,234	1,204	1,532	1,370	1041	1025	1682
Traffic Stops	3,503	3,067	2,801	3,166	3,121	3,103	3,440	3107	2761	3465
Security Checks	4,717	2,425	2,602	1,979	1,469	914	927	1119	1075	1163
Officer Reports	6,643	7,700	6,485	6,257	5,601	5,135	6,810	5685	5424	6090
Calls for Service	10,367	11,870	10,988	11,212	10,680	10,239	10,589	10184	9768	12019
Patrol Units	19	19	19	19	19	20	20	21	21	15
Animal Control										
Animal Related Calls	945	829	878	1,005	941	954	889	835	743	773
Impounded Dogs	297	315	301	340	350	341	351	319	293	271
Impounded Cats										31
Adopted Dogs	102	121	136	137	139	122	110	140	152	121
Adapted Cats										30
Dog Licenses Sold	1,700	1,807	1,971	1,912	1,986	1,994	1,584	1540	1425	1136
Highways & Streets										
Miles of Paved Roads Maintained	157	163	153	153	153	153	155	155	155	155
Street resurfacing (miles)	4	0	3	0	2	3	3		21.6	21.6
Street sweeping (miles)	13	13	13	13	13	13	13	13	15	15
Potholes repaired (cold mix tons)	214	168	148	157	157	270	231	218	280.5	300
Water										
Number of wells	19	19	19	19	19	19	15	15	15	15
Total well production (acre feet)	255	250	250	250	250	267	247	292	294	338.5
Number of metered accounts	607	626	633	658	720	819	902	869	1097	1133
New Residential Connections	0	19	7	25	25	99	87	153	120	37
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	1165	1.165	1.165
Miles of Water Mains	20.5	21.0	21.0	21.0	21.0	22.0	22.0	22.5	22.5	22.5
Line Breaks	0	0	0	0	0	0	0	0	0	0
Average Daily Consumption (thousand of gallons)	228	223	296	312	312	312	221	260	263	282
Number of Fire Hydrant	103	103	103	103	103	104	105	105	105	116
Wastewater										
Number of active accounts	1,685	1,689	1,735	1,744	1,767	1,842	2,007	2364	2512	2568
Average daily sewage treatment gallons	324,000	325,000	325,000	325,000	325,000	265,000	285,000	288000	298,000	315,000
Plant Capacity per day gallons	500,000	500,000	500,000	500,000	500,000	500,000	500,000	50000	500,000	500,000
Gallons Recharged in Aquifer (acre feet)	242	244	246	251	251	284	277	309	329.6	336

Facilities Maintenance										
Number of Buildings Maintained	20	20	20	20	20	20	20	20	21	21
Square Footage of Buildings Maintained	55,704	55,704	55,704	55,704	55,704	55,704	55,704	55,704	62,085	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	82	82	82	82	82	82	82	82	83	83
Total Acres of Turf	20	20	20	20	20	20	20	20	12	12
Gallons of Water User per Acre of Turf	931,000	700,000	793,000	806,000	806,000	810,000	450,000	650,000	450,564	525,000
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	11,189	13,442	12,074	10,771	12,180	16,638	16,246	N/A Covid	N/A Covid	N/A Covid
Economic Development										
Building Permits-Commercial	27	13	65	53	56	61	46	35	57	69
Building Permits-Residential	147	220	225	265	319	439	368	400	545	542
Housing Rehabilitations	8	0	3	0	0	0	0	0	0	0
Code Enforcement Cases	208	176	223	186	197	200	369	277	191	465
Planning Cases	17	14	16	16	15	19	21	30	47	136
Culture - Library										
Items in Collections	43,055	44,249	53,523	49,072	57,009	72,454	72,730	74,443	57,598	46,569
Total Items Circulated	108,515	114,171	112,843	113,231	110,202	107,584	103,374	84,903	84,903	117,324
Reference Transactions	4,999	4,551	5,891	5,008	4,752	3,041	2,899	N/A Covid	0	0
Computer Uses	15,603	15,307	16,702	15,102	15,888	15,515	15,087	N/A Covid	14,269	0
Inter Library Loan	18,061	25,696	23,238	29,504	23,490	30,427	13,294	25,874	13,485	12,044
Total Library Attendance	60,273	60,380	62,346	60,533	66,131	64,960	63,214	63,74	43,132	40,208
Culture - Senior Center										
Total Meals Served in House	8,493	10,211	11,606	13,264	13,744	14,612	12,872	11,947	11,870	11,249
Total Meals on Wheels	9,101	8,264	10,582	12,065	10,428	10,174	11,574	11,182	14,256	17,298

(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

Function/Program	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022
Public Safety								
Stations	1	1	1	1	1	1	1	1
Patrol units	19	19	19	20	20	21	21	21
Highways and Streets								
Streets (miles)	153	153	153	153	153	153	155	155
Water								
Water mains (miles)	19.5	19.5	19.5	22	22	22	22.5	22.5
Fire hydrants	103	103	103	103	103	103	105	105
Sewer								
Sanitary Sewer (miles)	32	32	33	35	35	35	36	36
Maximum daily treatment capacity (thousands of gallons)	500,000	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	47
Number of Parks	5	5	5	5	5	5	5	5
Swimming Pools	1	1	1	1	1	1	1	1
Ball Fields	6	6	6	6	6	6	6	6

* Not available

Sources: Various City Departments

