

# Town of Chino Valley, Arizona

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023





**Prepared by the Finance Department**

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

# Town of Chino Valley, Arizona

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Table of Contents  
June 30, 2023

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
List of Principal Officers	viii
Organizational Chart	ix
<b>Financial Section</b>	
<b>Independent Auditors' Report</b>	1
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	6
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Government Funds Financial Statements:	
Balance Sheet	21
Reconciliation of the Balance Sheet to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds Financial Statements:	
Statement of Net Position	28
Statement of Revenues, Expenses and Changes in Fund Net Position	29
Statement of Cash Flows	31
Notes to the Financial Statements	36

# Town of Chino Valley, Arizona

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Table of Contents

June 30, 2023

	<u>Page</u>
<b>Required Supplementary Information</b>	
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	66
Grants Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	68
Highway User Revenue Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	69
Notes to the Budgetary Schedules	70
Schedule of Town's Proportionate Share of the Pension Liability	71
Schedule of Changes in the Town's Net Pension and Related Ratios	72
Schedule of Changes in the Town's Net Pension Ratios	73
Notes to the Pension Schedules	74
<b>Supplementary Information</b>	
Combining Nonmajor Governmental Funds:	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79
Budgetary Comparison Schedule - Major Funds:	
Debt Service Fund	82
Capital Improvements	83
Budgetary Comparison Schedules - Nonmajor Funds:	
CDBG	86
Street Light Improvement District	87

# Town of Chino Valley, Arizona

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Table of Contents

June 30, 2023

	<u>Page</u>
<b>Statistical Section</b>	
Net Position by Component	90
Changes in Net Position	91
Fund Balances of Governmental Funds	92
Changes in Fund Balances of Governmental Funds	93
Assessed, Limited and Full Cash Value of Taxable Property	94
Property Tax Rates - Direct and Overlapping Governments	96
Secondary Tax Rates - Direct and Overlapping Governments	97
Sales Tax Revenue by Industry	99
Direct and Overlapping Sales Tax Rates	102
Actual Excise Tax Collections	103
Ratios of Outstanding Debt by Type	105
Computation of Direct and Overlapping Debt	106
Legal Debt Margin Information	108
Pledged Revenue Coverage	109
Demographic and Economic Statistics	111
Principle Employers	113
Authorized Full-time Government Employees by Function/Program	114
Operating Indicators by Function/Program	116
Capital Asset Statistics by Function/Program	119
<b>Compliance Section</b>	
<b>Report on Internal Control Over Financial Reporting on Compliance and Other Matter Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	123



# Introductory Section

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December 11, 2023

Honorable Mayor, Town Council and Town Manager:

The Annual Comprehensive Financial Report (ACFR) of the Town of Chino Valley, Arizona (the Town), for the fiscal year ended June 30, 2023, 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 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 Baker Tilly US, 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, 2023 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, 2023, 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 \$41,300,000 to \$46,544,100 for fiscal year 2022-2023.

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

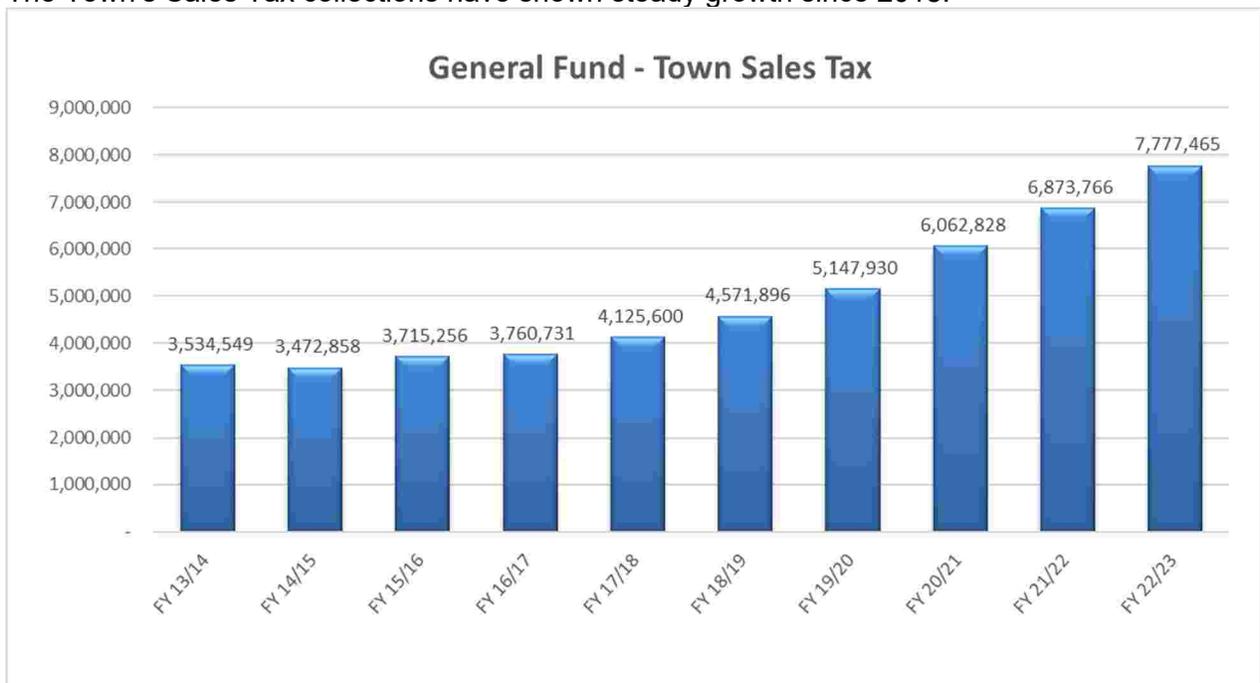
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Chino Valley operates.

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 2023 population estimated at 13,669. 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.

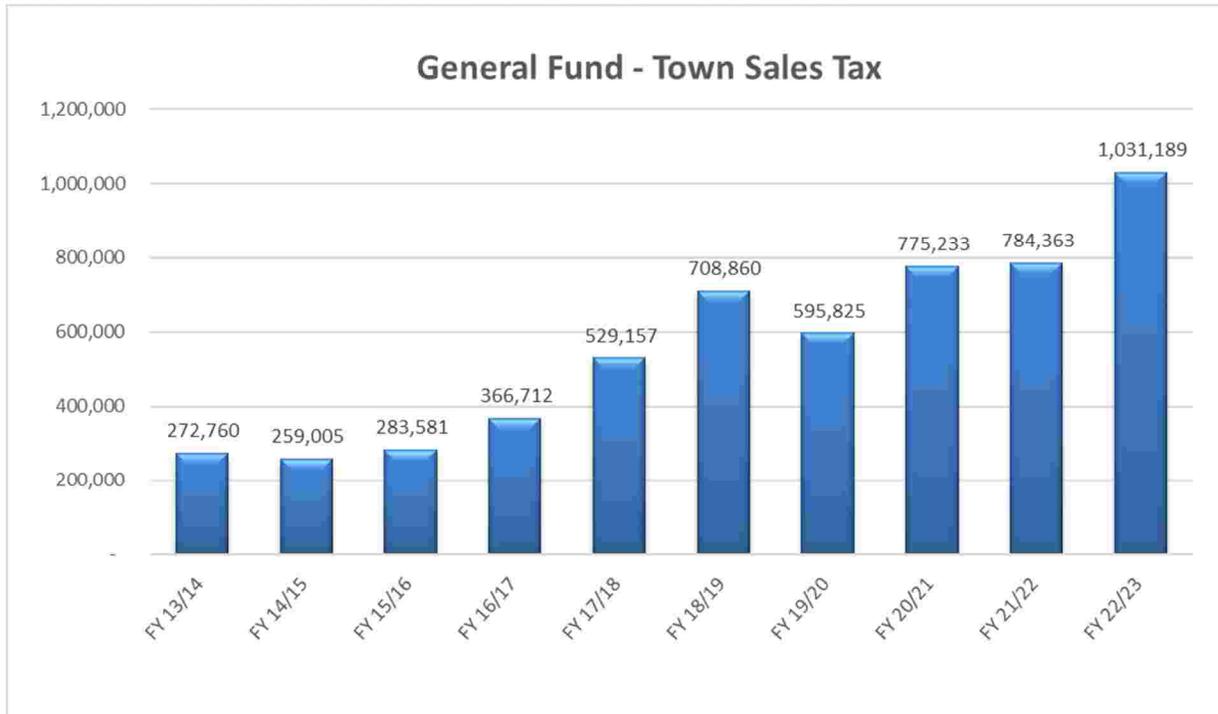
Local Sales Tax, also known as Town Sales Tax, indicators have been mixed since 2013. Local Sales Taxes are comprised of retail, construction, manufacturing, restaurant/bar, hotel/motel, and other taxing categories.

The Town's Sales Tax collections have shown steady growth since 2018.



In fiscal year 2014 the tax rate was increased from 3% to 4%. 3% is retained in the General Fund and 1% is transferred to the Capital Improvement Fund.

Construction sales tax by its nature can be volatile and unstable. Construction sales tax has shown steady steady growth since fiscal year 2013/2014. The graph below shows the fluctuitions in construction sales tax from 2013/2014 to 2022/2023.



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 2023 the Town completed the constuction of the new Police Department and the Peavine Water Line extension. An RV Park is in the preliminary planning stage at Old Home Manor.

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

- The Town completed several road projects during the fiscal year.
- The Town began engineering several water and sewer line extensions and road projects to be constructed in Fiscal Year 2024.
- The Town also replaced equipment at the waste water treatment plant.

The Town made improvements to is facilities including new roofs and HVAC units on several of the Town’s buildings, made repairs at the waste water treatment plant, road improvements, and aquired several pieces of equipment including new police cars.

## **OTHER INFORMATION**

### **Independent Audit**

The accounting firm of Baker Tilly US, 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, 2022. 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 Annual Comprehensive 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*

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, 2022

*Christopher P. Morill*

Executive Director/CEO

# Town of Chino Valley, Arizona



## List of Principal Officials

### Town Council

Jack Miller, Mayor

Eric Granillo, Vice Mayor

Annie Perkins, Council Member

Sherri Phillips, Council Member

John McCafferty, Council Member

Tom Armstrong, Council Member

Bob Schacherer, Council Member

### Town Manager

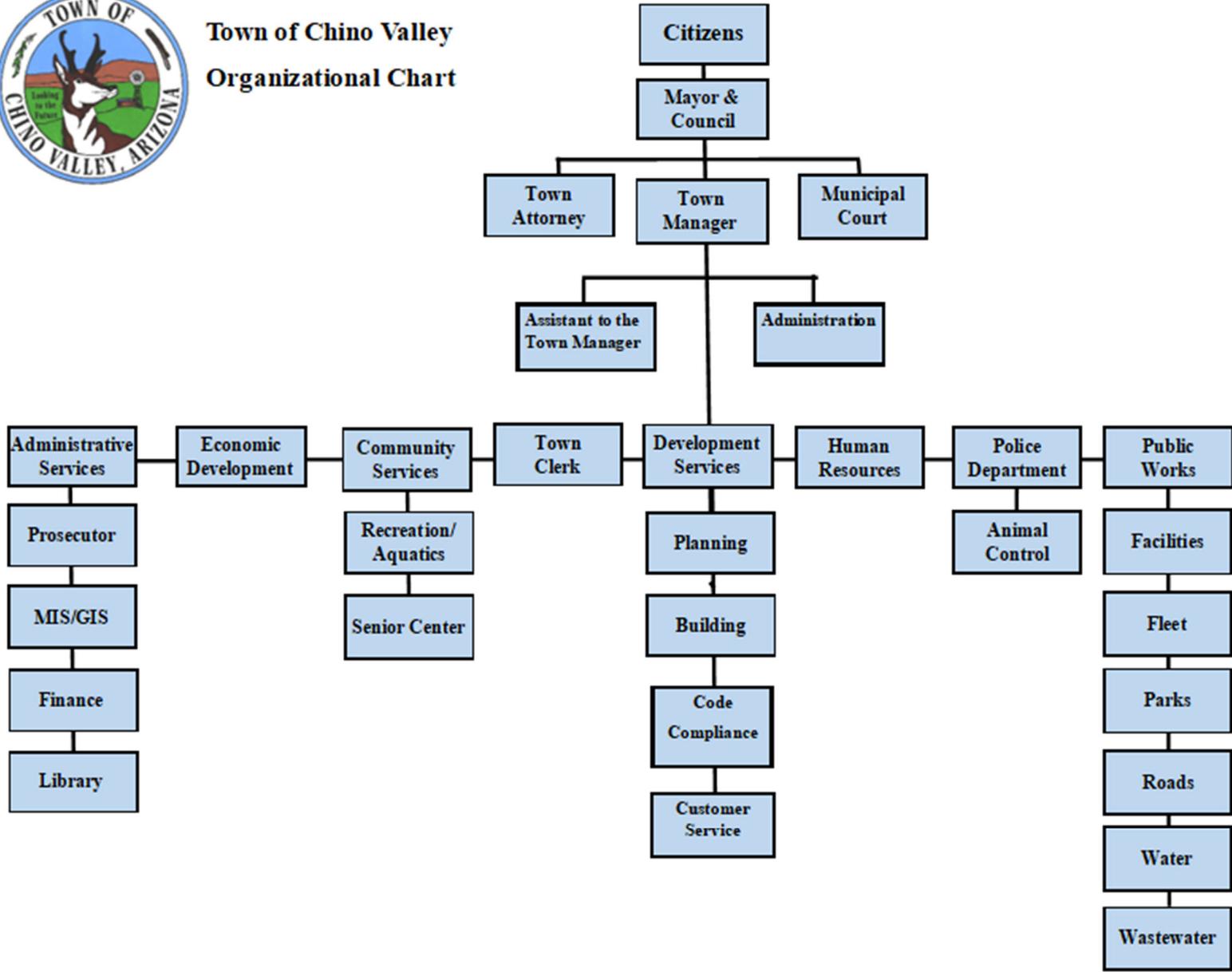
Cindy Blackmore

### Administrative Services Director

Joe R. Duffy, CPA



# Town of Chino Valley Organizational Chart



# Financial Section

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## Independent Auditors' Report

To the Town Council of  
Town of Chino Valley

### Report on the Audit of the Financial Statements

#### **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, Arizona (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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.

#### **Other Matters**

##### ***Compliance Over 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 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 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 noncompliance with the used of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance with the aforementioned indenture described in the Other Matter paragraph is intended solely for the information and use of the Arizona State Legislature, management and other responsible parties within the Town and is not intended to be and should not be used by anyone other than these specified parties.

### ***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'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.

### ***Auditors' 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 auditors' 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 GAAS and *Government 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 GAAS and *Government 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'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'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 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information 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 annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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 thereon.

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 December 11, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town's 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's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Tempe, Arizona  
December 11, 2023



# Financial Section

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Management's Discussion & Analysis

# Town of Chino Valley, Arizona

## Management's Discussion and Analysis

June 30, 2023

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, 2023. 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 \$44,761,473 million at the close of the fiscal year.
- Total net position, excluding the impact of GASB Statement 68, increased by \$4.9 million.
- Governmental taxes and other governmental revenues exceeded expenses, including transfers by \$4,743,813.
- Business-type revenues exceeded total business-type expenses, including transfers by \$756,871.
- Total revenues from all sources were \$24.4 million.
- The total cost of all Town programs was \$18.9 million.
- The General Fund reported a deficiency of revenue over expenditures and transfers of \$916,258.
- At the end of the current fiscal year, fund balance for the General Fund was \$13.9 million or 102% 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 17-18 of this report.

# Town of Chino Valley, Arizona

Management's Discussion and Analysis  
June 30, 2023

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## 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 21-25 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 28-32 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 36-63 of this report.

# Town of Chino Valley, Arizona

Management's Discussion and Analysis  
June 30, 2023

## 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 66-73 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 78-87 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 \$44 million at the close of June 30, 2023 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 25,336,747	\$ 26,200,042	\$ 261,311	\$ 580,912	\$ -	\$ 26,780,954
Capital assets	29,453,107	24,938,689	24,673,780	24,192,950	79,724,945	49,131,639
Total assets	54,789,854	51,138,731	24,935,091	24,773,862	79,724,945	75,912,593
Deferred outflows of resources	2,999,204	3,049,866	99,889	97,597	3,099,093	3,147,463
Long-term liabilities outstanding	22,728,459	22,060,480	8,679,225	9,283,100	31,407,684	31,343,580
Other liabilities	2,816,542	2,830,467	2,791,414	2,675,357	5,607,956	5,505,824
Total liabilities	25,545,001	24,890,947	11,470,639	11,958,457	37,015,640	36,849,404
Deferred inflows of resources	1,021,129	2,818,535	25,796	131,328	1,046,925	2,949,863
Net position:						
Net investment in capital assets	14,916,791	12,627,404	16,594,860	15,389,102	31,511,651	28,016,506
Restricted	5,922,383	5,961,508	953,724	919,404	6,876,107	6,880,912
Unrestricted	10,383,754	7,890,203	(4,010,039)	(3,526,832)	6,373,715	4,363,371
Total net position	\$ 31,222,928	\$ 26,479,115	\$ 13,538,545	\$ 12,781,674	\$ 44,761,473	\$ 39,260,789

## Governmental Activities

The cost of all Governmental activities, excluding transfers, this year was \$15.4 million which is 8% higher than last fiscal year. As shown on the statement of Changes in Net Position below, \$2,310,255 was paid for by those who directly benefited from the programs; \$710,842 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid, donations and fees for services were \$3,021,097. General taxes and investment earnings totaled \$18.6 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.

# Town of Chino Valley, Arizona

## Management's Discussion and Analysis

June 30, 2023

Total resources available during the year to finance governmental operations were \$48 million, consisting of net position at July 1, 2022 of \$26.5 million, program revenues of \$3,021,097 and General Revenues of \$18.6 million. Total Governmental Activities during the year were \$15.4 million; thus, Governmental Net Position was increased by \$4.7 million to \$31.2 million. Operating grants and contributions decreased during the year while tax revenues increased by a similar amount. Taxes revenue increased due to a 11% increase in Town Sales Tax collections.

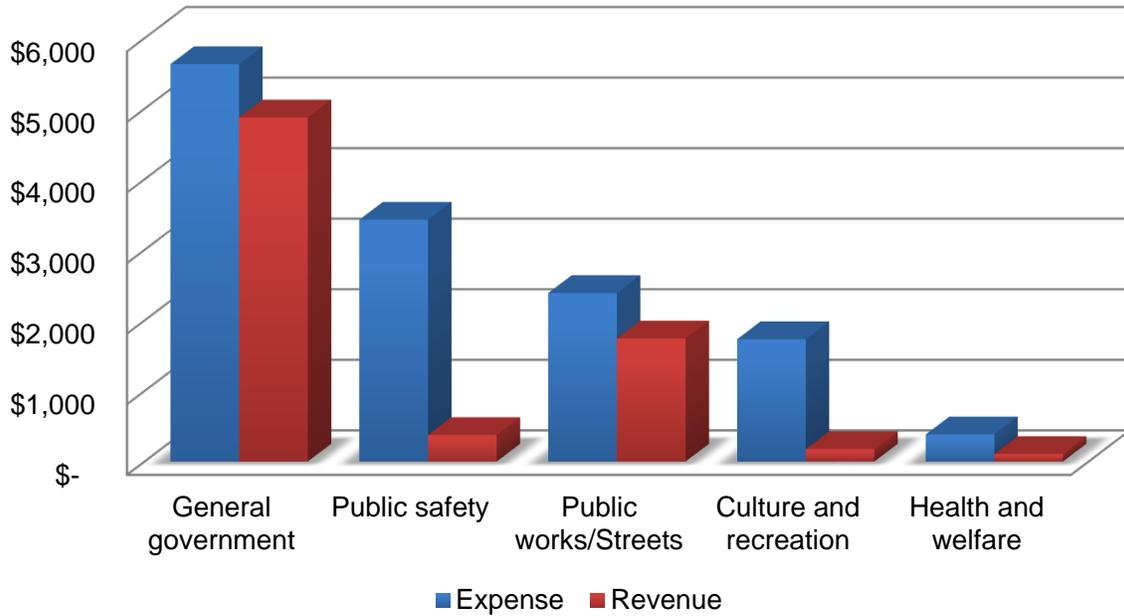
	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,310,255	\$ 974,527	\$ 2,483,727	\$ 2,537,090	\$ 4,793,982	\$ 3,511,617
Operating grants and contributions	657,777	5,696,551	-	-	657,777	5,696,551
Capital grants and contributions	53,065	604,887	201,124	649,847	254,189	1,254,734
General revenues:						
Taxes	15,264,876	13,603,121	-	-	15,264,876	13,603,121
Urban revenue sharing	2,559,453	1,700,042	-	-	2,559,453	1,700,042
Other revenue (expense)	757,745	286,479	119,147	66,007	876,892	352,486
Total revenues	<u>21,603,171</u>	<u>22,865,607</u>	<u>2,803,998</u>	<u>3,252,944</u>	<u>24,407,169</u>	<u>26,118,551</u>
Expenses:						
General government	6,158,562	5,629,961	-	-	6,158,562	5,629,961
Public safety	344,249	3,426,275	-	-	344,249	3,426,275
Public works, streets	5,562,578	2,387,337	-	-	5,562,578	2,387,337
Culture and recreation	2,005,217	1,733,179	-	-	2,005,217	1,733,179
Health and welfare	820,848	383,233	-	-	820,848	383,233
Interest on long-term debt	503,936	641,439	-	-	503,936	641,439
Water	-	-	982,523	837,746	982,523	837,746
Sewer	-	-	2,528,572	2,367,749	2,528,572	2,367,749
Total expenses	<u>15,395,390</u>	<u>14,201,424</u>	<u>3,511,095</u>	<u>3,205,495</u>	<u>18,906,485</u>	<u>17,406,919</u>
Increase (decrease) in net position before special items and transfers	6,207,781	8,664,183	(707,097)	47,449	5,500,684	8,711,632
Special items	-	-	-	-	-	-
Transfers in (out)	(1,463,968)	(255,000)	1,463,968	255,000	-	-
Change in net position	4,743,813	8,409,183	756,871	302,449	5,500,684	8,711,632
Net position, beginning	<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>
Net position, ending	<u>\$ 31,222,928</u>	<u>\$ 26,479,115</u>	<u>\$ 13,538,545</u>	<u>\$ 12,781,674</u>	<u>\$ 44,761,473</u>	<u>\$ 39,260,789</u>

# Town of Chino Valley, Arizona

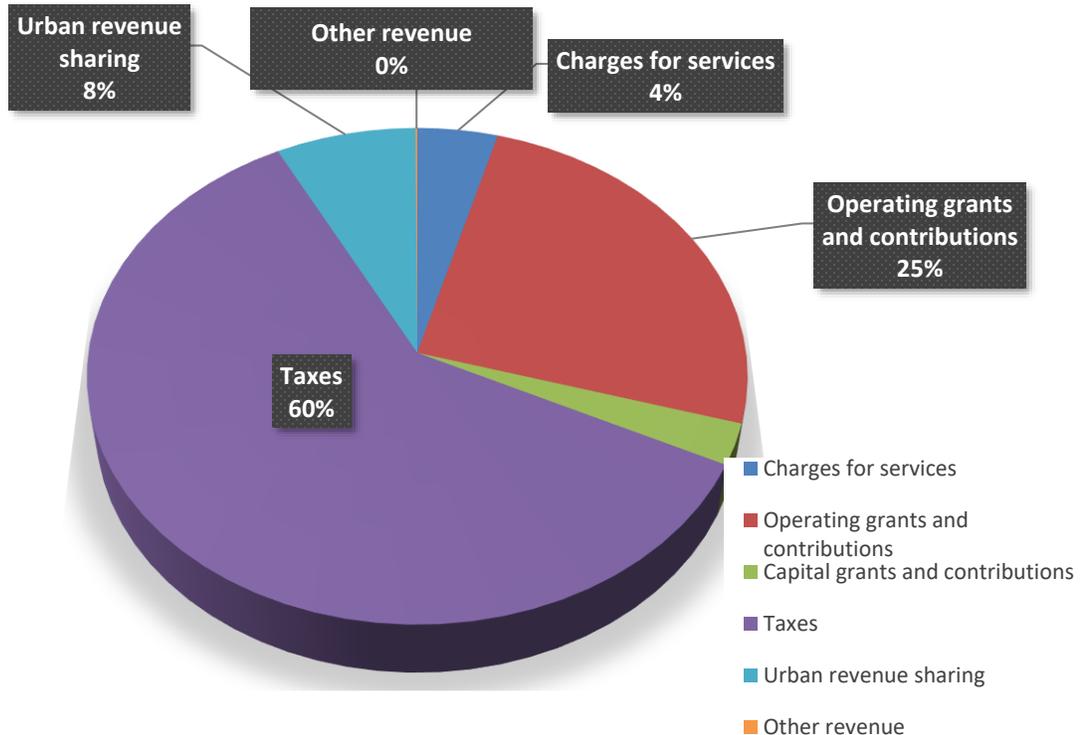
Management's Discussion and Analysis  
June 30, 2023

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)



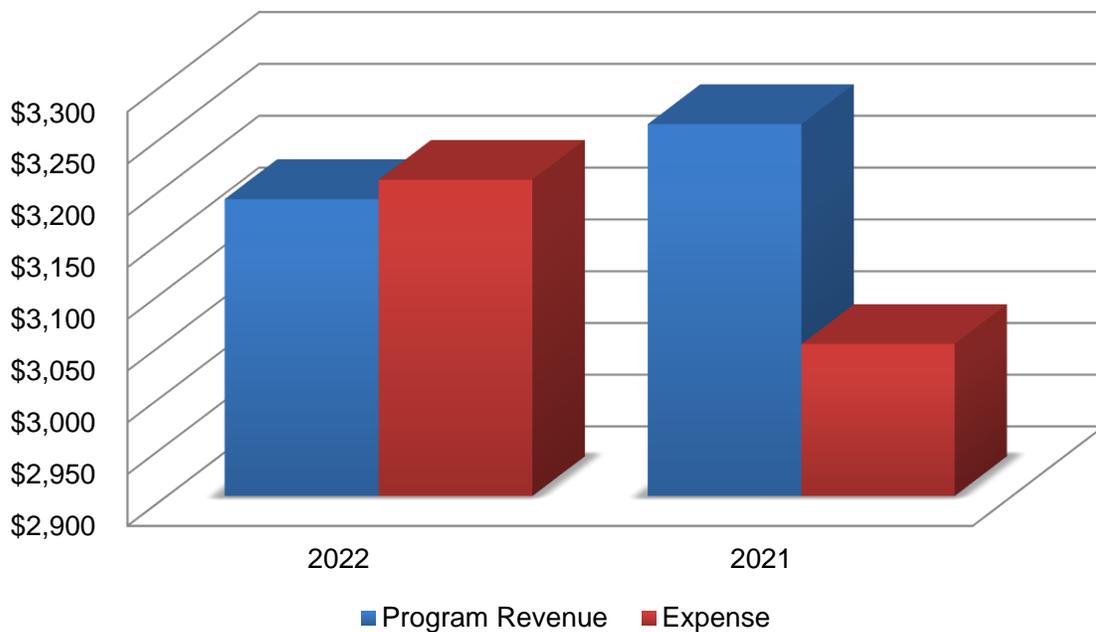
**Revenue by Source - Governmental Activities**



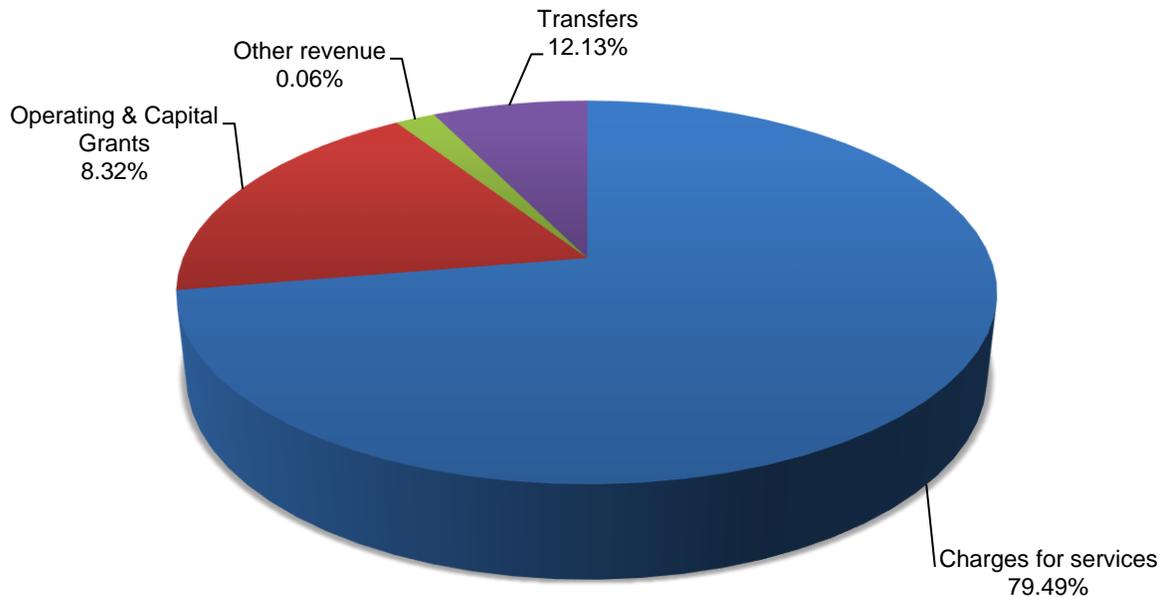
**Business Type Activities**

Net position of the Business Type activities at June 30, 2023, as reflected in the Statement of Net Position was \$13.5 million. The cost of providing all Proprietary (Business Type) activities this year was \$3.5 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 \$201,124 subsidized by capital grants and contributions. User service fees for both funds remained consistent with water fees decreasing slightly due to lower consumption and sewer fees increasing slightly due to adding additional accounts. Interest earnings and other revenue were \$119,147. The Net Position increased by \$756,871.

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



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



# Town of Chino Valley, Arizona

Management's Discussion and Analysis

June 30, 2023

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## 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 \$22,079,777 a decrease of \$748,780 in comparison with the prior year. Approximately, 58% of this total amount, \$12,857,038 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 \$12,857,038 while total fund balance is \$13,875,038. 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 95% of total general fund expenditures, while total fund balance represents 102% of the same amount.

During the year, the Town of Chino Valley's General fund balance decreased by \$916,258. The key factor in this decrease was the increase in transfers to the Highway User Revenue Fund.

The Grant fund balance increased by \$76,447. The key factor in this increase was the increased receipt of unrestricted funds such as Smart and Safe funds and donations.

The Highway User Revenue fund increased \$2,585,091. The Key factor in this increase was increased transfers from the General Fund.

The Debt Service fund decreased \$3,042, due to slight differences between transfers in and debt service payments.

The Capital Improvements fund decreased \$2,491,154. The Key factor in this decrease was due to capital outlay expenditures exceeding revenues.

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 \$13.54 million as of June 30, 2023. Operating revenues in fiscal year 2023 were \$757,537 for water and \$1,796,820 for sewer while operating expenses were \$972,389 for water and \$2,352,335 for sewer, resulting in operating loss of \$214,852 for water and an operating loss of \$555,515 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.

## Town of Chino Valley, Arizona

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Management's Discussion and Analysis

June 30, 2023

### General Fund Budgetary Highlights

Actual expenditures, excluding transfers, for the General Fund at year-end were \$6,499,061 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 nondepartmental 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 2023, net capital assets of the government activities totaled \$28.9 million and the net capital assets of the business-type activities totaled \$24.7 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 \$12.4 million in governmental type debt and \$7.7 million in proprietary debt. The debt is a liability of the government and amounts to \$1,492 per capita.

### 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](http://www.chinoaz.net).



# Financial Section

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## Basic Financial Statements

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

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

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

### Notes to Financial Statements



# Town of Chino Valley, Arizona

## Statement of Net Position

June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 20,589,906	\$ 378,774	\$ 20,968,680
Receivables (net of allowances)	1,973,104	173,618	2,146,722
Leases receivable	459,927	-	459,927
Internal balances	1,244,804	(1,244,804)	-
Prepaid items	11,654	-	11,654
Restricted cash and cash equivalents	1,057,352	953,723	2,011,075
Capital assets:			
Not being depreciated/amortized	3,636,765	4,554,772	8,191,537
Being depreciated/amortized (net)	25,816,342	20,119,008	45,935,350
Total assets	<u>54,789,854</u>	<u>24,935,091</u>	<u>79,724,945</u>
<b>Deferred Outflows of Resources</b>			
Deferred amount on refunding	263,935	-	263,935
Deferred outflows of resources related to pensions	2,735,269	99,889	2,835,158
Total deferred outflows of resources	<u>2,999,204</u>	<u>99,889</u>	<u>3,099,093</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	2,131,871	299,377	2,431,248
Accrued wages and benefits	255,623	8,942	264,565
Interest payable	277,261	92,146	369,407
Unearned revenue	-	2,390,949	2,390,949
Customer deposits	151,787	-	151,787
Noncurrent liabilities:			
Due within one year:			
Compensated absences	250,000	11,000	261,000
Loans/ developer agreements payable	-	718,195	718,195
Bonds payable	755,500	19,500	775,000
Due in more than one year:			
Compensated absences	364,990	32,439	397,429
Loans/developer agreements payable	-	7,122,062	7,122,062
Bonds payable	13,668,828	219,163	13,887,991
Net pension liability	7,689,141	556,866	8,246,007
Total liabilities	<u>25,545,001</u>	<u>11,470,639</u>	<u>37,015,640</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pensions	580,701	25,796	606,497
Deferred inflows related to leases	440,428	-	440,428
Total deferred inflows of resources	<u>1,021,129</u>	<u>25,796</u>	<u>1,046,925</u>
<b>Net Position</b>			
Net investment in capital assets	14,916,791	16,594,860	31,511,651
Restricted for:			
Highways and streets	5,054,813	-	5,054,813
Debt service	480,708	953,724	1,434,432
Public safety	362,424	-	362,424
Culture and recreation	24,438	-	24,438
Unrestricted (deficit)	10,383,754	(4,010,039)	6,373,715
Total net position	<u>\$ 31,222,928</u>	<u>\$ 13,538,545</u>	<u>\$ 44,761,473</u>

See notes to financial statements

**Town of Chino Valley, Arizona**

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 6,158,562	\$ 587,094	\$ -	\$ -	\$ (5,571,468)	\$ -	\$ (5,571,468)
Public safety	344,249	198,088	52,177	40,565	(53,419)	-	(53,419)
Public works/streets	5,562,578	1,347,209	485,000	-	(3,730,369)	-	(3,730,369)
Culture and recreation	2,005,217	175,897	-	12,500	(1,816,820)	-	(1,816,820)
Health and welfare	820,848	1,967	120,600	-	(698,281)	-	(698,281)
Interest on long-term debt	503,936	-	-	-	(503,936)	-	(503,936)
Total governmental activities	15,395,390	2,310,255	657,777	53,065	(12,374,293)	-	(12,374,293)
Business-type activities:							
Water	978,177	718,775	-	46,236	-	(213,166)	(213,166)
Sewer	2,527,820	1,764,245	-	154,888	-	(608,687)	(608,687)
Total business-type activities	3,505,997	2,483,020	-	201,124	-	(821,853)	(821,853)
Total primary government	\$ 18,901,387	\$ 4,793,275	\$ 657,777	\$ 254,189	(12,374,293)	(821,853)	(13,196,146)
<b>General Revenues</b>							
Taxes:							
Town sales tax					11,789,069	-	11,789,069
Franchise tax					378,733	-	378,733
Property tax					3,891	-	3,891
Auto-in-lieu (unrestricted)					1,098,783	-	1,098,783
State sales taxes (unrestricted)					1,994,400	-	1,994,400
Urban revenue sharing (unrestricted)					2,559,453	-	2,559,453
Unrestricted investment earnings					568,181	34,319	602,500
Gain on sale of fixed asset					17,950	9,100	27,050
Miscellaneous					171,614	71,337	242,951
Transfers In (Out)					(1,463,968)	1,463,968	-
Total general revenues					17,118,106	1,578,724	18,696,830
Change in net position					4,743,813	756,871	5,500,684
<b>Net Position, Beginning</b>					26,479,115	12,781,674	39,260,789
<b>Net position, Ending</b>					\$ 31,222,928	\$ 13,538,545	\$ 44,761,473

See notes to financial statements



# Financial Section

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## Government Funds Financial Statements

### Major Funds

#### **General Fund**

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

#### **Grants Fund**

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

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

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

#### **Debt Service Fund**

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

#### **Capital Improvement Fund**

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

#### **Nonmajor Funds**

Other governmental funds are the nonmajor funds and are special revenue, debt service and capital project funds.

**Town of Chino Valley, Arizona**

Balance Sheet - Governmental Funds

June 30, 2023

	General	Grants	Highway User Revenue Fund	Debt Service	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
<b>Assets</b>							
Cash and cash equivalents	\$ 11,844,051	\$ 260,577	\$ 5,731,702	\$ -	\$ 2,752,636	\$ 940	\$ 20,589,906
Receivables, net:							
Accounts receivable	160,210	12,328	129	-	-	29	172,696
Intergovernmental	1,415,596	-	-	-	384,812	-	1,800,408
Leases receivable	459,927	-	-	-	-	-	459,927
Due from other funds	1,544,187	-	-	-	-	-	1,544,187
Prepays	11,654	-	-	-	-	-	11,654
Restricted cash and investments	-	-	-	1,057,352	-	-	1,057,352
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 15,435,625</u>	<u>\$ 272,905</u>	<u>\$ 5,731,831</u>	<u>\$ 1,057,352</u>	<u>\$ 3,137,448</u>	<u>\$ 969</u>	<u>\$ 25,636,130</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 777,918	\$ 3,979	\$ 600,550	\$ -	\$ 658,560	\$ -	\$ 2,041,007
Court bonds	3,200	-	-	-	-	-	3,200
Accrued liabilities	87,664	-	-	-	-	-	87,664
Accrued wages and benefits	248,191	-	7,432	-	-	-	255,623
Interest payable	-	-	-	277,261	-	-	277,261
Customer deposits	2,418	-	149,369	-	-	-	151,787
Due to other funds	-	-	-	299,383	-	-	299,383
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>1,119,391</u>	<u>3,979</u>	<u>757,351</u>	<u>576,644</u>	<u>658,560</u>	<u>-</u>	<u>3,115,925</u>
<b>Deferred Inflows of Resources</b>							
Deferred inflows related to leases	440,428	-	-	-	-	-	440,428
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Fund Balances</b>							
Nonspendable:							
Prepaid items	11,654	-	-	-	-	-	11,654
Restricted:							
Highways and streets	79,364	-	4,974,480	-	-	969	5,054,813
Culture and recreation	-	24,438	-	-	-	-	24,438
Debt service	-	-	-	480,708	-	-	480,708
Public safety	117,936	244,488	-	-	-	-	362,424
Assigned:							
Capital improvements	809,814	-	-	-	2,478,888	-	3,288,702
Unassigned	12,857,038	-	-	-	-	-	12,857,038
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>13,875,806</u>	<u>268,926</u>	<u>4,974,480</u>	<u>480,708</u>	<u>2,478,888</u>	<u>969</u>	<u>22,079,777</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows and fund balances	<u>\$ 15,435,625</u>	<u>\$ 272,905</u>	<u>\$ 5,731,831</u>	<u>\$ 1,057,352</u>	<u>\$ 3,137,448</u>	<u>\$ 969</u>	<u>\$ 25,636,130</u>

See notes to financial statements

## Town of Chino Valley, Arizona

### Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds Governmental Funds

**Total Governmental Funds Balances** \$ 22,079,777

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	\$ 46,142,169	
Accumulated depreciation	(16,689,062)	29,453,107

Some liabilities, including net pension liabilities, 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	(7,689,141)	
Bonds payable	(12,351,465)	
Bond premiums	(2,072,863)	
Compensated absences	(614,990)	(22,728,459)

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	263,935	
Deferred outflows of resources related to pensions	2,735,269	
Deferred inflows of resources related to pensions	(580,701)	2,418,503

**Total Net Position of Governmental Activities** \$ 31,222,928



**Town of Chino Valley, Arizona**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2023

	General	Grants	Highway User Revenue Fund	Debt Service	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 9,264,789	\$ -	\$ -	\$ -	\$ 2,903,013	\$ 3,891	\$ 12,171,693
Licenses, permits and fees	522,727	-	4,212	-	-	-	526,939
Intergovernmental revenues	6,355,637	142,385	1,342,997	-	-	12,500	7,853,519
Charges for services	126,424	-	-	-	-	-	126,424
Fines and forfeitures	232,205	-	-	-	-	-	232,205
Interest income	553,570	-	15,794	907	16,384	-	586,655
Other revenues	120,396	53,293	2,171	-	-	-	175,860
<b>Total revenues</b>	<b>17,175,748</b>	<b>195,678</b>	<b>1,365,174</b>	<b>907</b>	<b>2,919,397</b>	<b>16,391</b>	<b>21,673,295</b>
<b>Expenditures</b>							
Current:							
General government	6,440,443	1,272	-	-	-	-	6,441,715
Public safety	4,487,123	71,930	-	-	-	-	4,559,053
Public works/streets	-	-	1,237,055	-	-	3,755	1,240,810
Culture and recreation	1,471,350	3,206	-	-	-	-	1,474,556
Health and welfare	419,883	21,824	-	-	-	12,500	454,207
Capital outlay	754,640	20,999	643,028	-	4,086,451	-	5,505,118
Debt service:							
Principal retirement	-	-	-	827,380	-	-	827,380
Interest and fiscal charges	-	-	-	561,069	-	-	561,069
<b>Total expenditures</b>	<b>13,573,439</b>	<b>119,231</b>	<b>1,880,083</b>	<b>1,388,449</b>	<b>4,086,451</b>	<b>16,255</b>	<b>21,063,908</b>
Excess (deficiency) of revenues over (under) expenditures	3,602,309	76,447	(514,909)	(1,387,542)	(1,167,054)	136	609,387
<b>Other Financing Sources (Uses)</b>							
Sale of capital assets	17,950	-	-	-	-	-	17,950
Transfers in	5,671,392	-	3,300,000	1,384,500	500,000	-	10,855,892
Transfers out	(10,207,909)	-	(200,000)	-	(1,824,100)	-	(12,232,009)
<b>Total other financing sources and (uses)</b>	<b>(4,518,567)</b>	<b>-</b>	<b>3,100,000</b>	<b>1,384,500</b>	<b>(1,324,100)</b>	<b>-</b>	<b>(1,358,167)</b>
<b>Net change in fund balances</b>	<b>(916,258)</b>	<b>76,447</b>	<b>2,585,091</b>	<b>(3,042)</b>	<b>(2,491,154)</b>	<b>136</b>	<b>(748,780)</b>
<b>Fund Balances, Beginning</b>	<b>14,792,064</b>	<b>192,479</b>	<b>2,389,389</b>	<b>483,750</b>	<b>4,970,042</b>	<b>833</b>	<b>22,828,557</b>
<b>Fund Balances, Ending</b>	<b>\$ 13,875,806</b>	<b>\$ 268,926</b>	<b>\$ 4,974,480</b>	<b>\$ 480,708</b>	<b>\$ 2,478,888</b>	<b>\$ 969</b>	<b>\$ 22,079,777</b>

See notes to financial statements

## 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, 2023

**Net Change in Fund Balances - Total Governmental Funds** \$ (748,780)

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

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.

Capital outlay	\$ 5,988,050	
Asset transfer	(87,851)	
Depreciation/amortization expense	<u>(1,385,781)</u>	4,514,418

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds. (87,851)

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.

Town pension contributions	1,460,524	
Pension expense	<u>(1,211,216)</u>	249,308

Debt proceeds provide current financial resources to the governmental funds,  
but issuing debt increases long-term liabilities in the statement of activities.  
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. Also,  
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.

Principal repaid	827,380	
Amortization of bond discount/premium	<u>57,133</u>	884,513

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. (67,795)

**Change in Net Position of Governmental Activities** \$ 4,743,813

# Financial Statements

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## Proprietary Funds

### **Enterprise Fund**

#### **Water Fund**

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

#### **Sewer Fund**

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



## Town of Chino Valley, Arizona

Statement of Net Position - Proprietary Funds

June 30, 2023

	<b>Business-Type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash	\$ 378,773	\$ -	\$ 378,773
Receivables (net of allowance)	79,730	93,888	173,618
Total current assets	<u>458,503</u>	<u>93,888</u>	<u>552,391</u>
Noncurrent assets:			
Restricted cash and investments	-	953,724	953,724
Capital assets, not being depreciated/amortized	4,216,674	338,098	4,554,772
Capital assets, being depreciated/amortized (net)	2,906,840	17,212,168	20,119,008
Total noncurrent assets	<u>7,123,514</u>	<u>18,503,990</u>	<u>25,627,504</u>
Total assets	<u>7,582,017</u>	<u>18,597,878</u>	<u>26,179,895</u>
<b>Deferred Outflows Of Resources</b>			
Deferred outflows of resources related to pensions	54,447	45,442	99,889
Total deferred outflows of resources	<u>54,447</u>	<u>45,442</u>	<u>99,889</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	116,784	38,482	155,266
Accrued liabilities	8,631	-	8,631
Customer deposits	35,353	100,127	135,480
Accrued wages and benefits	4,351	4,591	8,942
Interest payable	5,090	87,056	92,146
Due to other funds	-	1,244,804	1,244,804
Unearned revenue	-	2,390,949	2,390,949
Compensated absences	5,500	5,500	11,000
Loans payable, current portion	-	718,195	718,195
Bonds payable, current portion	19,500	-	19,500
Total current liabilities	<u>195,209</u>	<u>4,589,704</u>	<u>4,784,913</u>
Noncurrent liabilities:			
Compensated absences	19,542	12,897	32,439
Developer agreement payable	420,733	-	420,733
Loans payable, net of current portion	-	6,701,329	6,701,329
Bonds payable, net of current portion	219,163	-	219,163
Net pension liability	287,255	269,611	556,866
Total noncurrent liabilities	<u>946,693</u>	<u>6,983,837</u>	<u>7,930,530</u>
Total liabilities	<u>1,141,902</u>	<u>11,573,541</u>	<u>12,715,443</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	12,041	13,755	25,796
<b>Net Position</b>			
Net investment in capital assets	6,464,118	10,130,742	16,594,860
Restricted for debt service	-	953,724	953,724
Unrestricted	18,403	(4,028,442)	(4,010,039)
Total net position	<u>\$ 6,482,521</u>	<u>\$ 7,056,024</u>	<u>\$ 13,538,545</u>

See notes to financial statements

## Town of Chino Valley, Arizona

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
Year Ended June 30, 2023

	<b>Business-Type Activities-Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 718,775	\$ 1,764,245	\$ 2,483,020
Other revenues	38,762	32,575	71,337
Total operating revenue	<u>757,537</u>	<u>1,796,820</u>	<u>2,554,357</u>
<b>Operating Expenses</b>			
Salaries	206,328	208,491	414,819
Employee benefits	97,894	96,434	194,328
Service, supplies and other	200,657	388,198	588,855
Repairs and maintenance	86,911	68,980	155,891
Utilities	77,525	149,084	226,609
Legal and professional	6,056	6,056	12,112
Contract service	54,083	210,736	264,819
Training and travel	4,042	6,069	10,111
Office expenses	1,749	-	1,749
Dues and subscriptions	904	6,000	6,904
Depreciation and amortization	213,621	1,199,505	1,413,126
Miscellaneous	22,619	12,782	35,401
Total operating expenses	<u>972,389</u>	<u>2,352,335</u>	<u>3,324,724</u>
Operating income (loss)	<u>(214,852)</u>	<u>(555,515)</u>	<u>(770,367)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	-	34,319	34,319
Interest expense and fiscal charges	(5,788)	(175,485)	(181,273)
Gain (loss) on sale of capital assets	-	9,100	9,100
Total nonoperating revenue (expense)	<u>(5,788)</u>	<u>(132,066)</u>	<u>(137,854)</u>
Income (loss) before contributions and transfers	<u>(220,640)</u>	<u>(687,581)</u>	<u>(908,221)</u>
Buy-in and connection fees	46,236	154,888	201,124
Transfers in	1,736,871	-	1,736,871
Transfers out	<u>(272,903)</u>	<u>-</u>	<u>(272,903)</u>
Change in net position	1,289,564	(532,693)	756,871
<b>Net Position, Beginning</b>	<u>5,192,957</u>	<u>7,588,717</u>	<u>12,781,674</u>
<b>Net Position, Ending</b>	<u>\$ 6,482,521</u>	<u>\$ 7,056,024</u>	<u>\$ 13,538,545</u>

See notes to financial statements



# Town of Chino Valley, Arizona

## Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>			
Cash received from customers, service fees	\$ 739,791	\$ 1,750,151	\$ 2,489,942
Cash received from customers, others	38,762	32,575	71,337
Cash paid to suppliers	(343,916)	(809,423)	(1,153,339)
Cash paid to employees	(292,531)	(300,029)	(592,560)
Cash flows provided by (used in) operating activities	<u>142,106</u>	<u>673,274</u>	<u>815,380</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Interfund borrowing	-	234,181	234,181
Interfund transfers	<u>1,463,968</u>	<u>-</u>	<u>1,463,968</u>
Cash flows provided by (used in) noncapital and related financing activities	<u>1,463,968</u>	<u>234,181</u>	<u>1,698,149</u>
<b>Cash Flows From Capital And Related Financing Activities</b>			
Purchase of capital assets	(1,699,074)	(194,882)	(1,893,956)
Proceeds from sale of capital assets	-	9,100	9,100
Principal paid on long term debt	(22,620)	(697,917)	(720,537)
Interest paid on long-term debt	(12,108)	(185,693)	(197,801)
Receipts from buy-in and connection fees	<u>46,236</u>	<u>161,938</u>	<u>208,174</u>
Cash flows provided by (used in) capital and related financing activities	<u>(1,687,566)</u>	<u>(907,454)</u>	<u>(2,595,020)</u>
<b>Cash Flows From Investing Activities</b>			
Receipts from investment earnings	<u>-</u>	<u>34,319</u>	<u>34,319</u>
Cash flows provided by (used in) investing activities	<u>-</u>	<u>34,319</u>	<u>34,319</u>
Net change in cash and cash equivalents	(81,492)	34,320	(47,172)
<b>Cash and Cash Equivalents, Beginning</b>	<u>460,265</u>	<u>919,404</u>	<u>1,379,669</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 378,773</u>	<u>\$ 953,724</u>	<u>\$ 1,332,497</u>

See notes to financial statements

## Town of Chino Valley, Arizona

Statement of Cash Flows - Proprietary Funds

Year Ended June 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used in) Operating Activities</b>			
Net operating income (loss)	\$ (214,852)	\$ (555,515)	\$ (770,367)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation/amortization expense	213,621	1,199,505	1,413,126
Provision for bad debt	-	752	752
Changes in operating assets and liabilities (Increase) decrease in:			
Accounts receivable	24,491	5,955	30,446
Deferred outflows of resources related to pensions	(951)	(1,341)	(2,292)
Increase (decrease) in:			
Accounts payable	116,784	38,482	155,266
Accrued wages and benefits	1,559	1,799	3,358
Accrued liabilities	(6,154)	-	(6,154)
Customer deposits	(3,475)	(12,753)	(16,228)
Unearned revenue	-	(8,048)	(8,048)
Compensated absences	4,523	(2,122)	2,401
Net pension liability	59,326	59,326	118,652
Deferred inflows of resources related to pensions	(52,766)	(52,766)	(105,532)
Net cash provided by (used in) operating activities	<u>\$ 142,106</u>	<u>\$ 673,274</u>	<u>\$ 815,380</u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Amortization of bond premium	<u>\$ 4,391</u>	<u>\$ -</u>	<u>\$ 4,391</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>			
Cash and cash equivalents	\$ 378,773	\$ -	\$ 378,773
Restricted cash and cash equivalents	<u>-</u>	<u>953,724</u>	<u>953,724</u>
Total cash and cash equivalents	<u>\$ 378,773</u>	<u>\$ 953,724</u>	<u>\$ 1,332,497</u>

See notes to financial statements



# Financial Statements

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Notes to the Financial Statements



# Town of Chino Valley, Arizona

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Notes to the Financial Statements

June 30, 2023

## 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.

### 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.

### 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

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Notes to the Financial Statements  
June 30, 2023

## 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.

## 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.

# Town of Chino Valley, Arizona

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Notes to the Financial Statements  
June 30, 2023

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*.

## **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.

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.

## **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.

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

## 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, 2023, 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.

## 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.

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

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

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

## 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.

# Town of Chino Valley, Arizona

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Notes to the Financial Statements  
June 30, 2023

## 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.

## Leases and Subscription-Based Information Technology Arrangements

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.

## Subscription-Based Information Technology Arrangements

The Town recognizes subscription liabilities with an initial, individual value of \$100,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement. The Town's estimated incremental borrowing rate is calculated as described above for leases.

## 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.

## 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).

## Town of Chino Valley, Arizona

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Notes to the Financial Statements  
June 30, 2023

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

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

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

### **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

### **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.

### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 nonoperating revenues and expenses.

# Town of Chino Valley, Arizona

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Notes to the Financial Statements  
June 30, 2023

## 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.

## 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  
June 30, 2023

## 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, 2023. The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual report an excess of expenditures over appropriations in health and welfare for the year ended June 30, 2023.

## 2. Cash and Investments

The following table summarizes the Town's cash and investments at June 30, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 20,589,906	\$ 378,774	\$ 20,968,680
Restricted cash and cash equivalents	1,057,352	953,723	2,011,075
Total	<u>\$ 21,647,258</u>	<u>\$ 1,332,497</u>	<u>\$ 22,979,755</u>

### Deposits

Cash in bank - At June 30, 2023, the Town had \$3,303 of cash on hand. The carrying amount of the Town's cash in bank totaled \$7,150,744 and the bank balance was \$7,301,332. Of the bank balance, \$277,013 was covered by federal depository insurance, and \$7,301,332 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, 2023, the Town had restricted cash and cash equivalents of \$2,011,075, which was restricted for debt payments.

### 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.

# Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2023

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, 2023 was \$1.0. 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, 2023, the Town's funds invested with the State Treasurer totaled \$14,768,334. Of that amount, the Town has \$953,723 invested with the State Treasurer as Debt Service Reserve Funds, which is included in restricted cash and cash equivalents. Additionally, the Town has \$1,057,352 on deposit with the Trustee as Debt Service Reserve Funds also, 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:

	<b>Remaining Maturity 12 Months or Less</b>
Investment type:	
Primary government LGIP	\$ 14,768,334
Total	<u>\$ 14,768,334</u>

## Credit Risk

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

	<b>Total</b>	<b>Ratings</b>		
		<b>AAA/S1+</b>	<b>AAA</b>	<b>Unrated</b>
Investment type:				
Primary government LGIP	\$ 14,768,334	\$ 618,064	\$ -	\$ 14,150,270
Total	<u>\$ 14,768,334</u>	<u>\$ 618,064</u>	<u>\$ -</u>	<u>\$ 14,150,270</u>

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

### 3. Receivables

Intergovernmental receivables consist principally of amounts due from the State of Arizona for various taxes, shared revenues, and highway user revenues and lease receivables.

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise</u>
Receivables:			
Service billings and hookups receivable	\$ 86,730	\$ 143,888	\$ 230,618
Less allowance for doubtful accounts	<u>(7,000)</u>	<u>(50,000)</u>	<u>(57,000)</u>
Net receivables	<u>\$ 79,730</u>	<u>\$ 93,888</u>	<u>\$ 173,618</u>

Hookups receivable of \$4,203 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 \$752 in bad debt expense for the current fiscal year.

### 4. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 2,418,867	\$ -	\$ -	\$ 2,418,867
Construction in progress	<u>5,481,766</u>	<u>6,149,627</u>	<u>(10,413,495)</u>	<u>1,217,898</u>
Total capital assets not being depreciated/amortized	<u>7,900,633</u>	<u>6,149,627</u>	<u>(10,413,495)</u>	<u>3,636,765</u>
Capital assets being depreciated/amortized:				
Buildings	11,824,551	9,222,899	-	21,047,450
Improvements other than buildings	1,525,618	-	-	1,525,618
Vehicles, furniture and equipment	5,060,312	361,245	(271,665)	5,149,892
Infrastructure	<u>14,202,522</u>	<u>579,923</u>	<u>-</u>	<u>14,782,445</u>
Total capital assets being depreciated/amortized	<u>32,613,003</u>	<u>10,164,067</u>	<u>(271,665)</u>	<u>42,505,405</u>

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation/amortization:				
Buildings	\$ (7,072,882)	\$ (408,641)	\$ -	\$ (7,481,523)
Improvements other than buildings	(1,040,863)	(30,143)	-	(1,071,006)
Vehicles, furniture and equipment	(3,602,800)	(368,231)	271,665	(3,699,366)
Infrastructure	(3,858,402)	(578,766)	-	(4,437,168)
Total accumulated depreciation/amortization	<u>(15,574,947)</u>	<u>(1,385,781)</u>	<u>271,665</u>	<u>(16,689,063)</u>
Total capital assets being depreciated/amortized, net	<u>17,038,056</u>	<u>8,778,286</u>	<u>-</u>	<u>25,816,342</u>
Governmental activities capital assets, net	<u>\$ 24,938,689</u>	<u>\$ 14,927,913</u>	<u>\$ (10,413,495)</u>	<u>\$ 29,453,107</u>

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

Governmental activities:	
General government	\$ 331,738
Public safety	51,512
Highway and streets	4,825
Culture and recreation	620,926
Health and welfare	376,780
Total depreciation/amortization expense	<u>\$ 1,385,781</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 3,308,253	\$ -	\$ -	\$ 3,308,253
Construction in progress	406,116	288,299	(330,803)	363,612
Water rights	843,307	39,600	-	882,907
Total capital assets not being depreciated/amortized	<u>4,557,676</u>	<u>327,899</u>	<u>(330,803)</u>	<u>4,554,772</u>
Capital assets being depreciated/amortized:				
Treatment facilities	11,030,494	-	-	11,030,494
Waster distribution system	3,508,132	1,424,368	-	4,932,500
Sewer collection system	22,256,928	-	-	22,256,928
Machinery, equipment and vehicles	1,156,749	472,492	(16,635)	1,612,606
Total capital assets being depreciated/amortized	<u>37,952,303</u>	<u>1,896,860</u>	<u>(16,635)</u>	<u>39,832,528</u>

## Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation/amortization:				
Treatment facilities	\$ (3,439,457)	\$ (257,036)	\$ -	\$ (3,696,493)
Water distribution system	(2,423,257)	(172,164)	-	(2,595,421)
Sewer collection system	(11,826,489)	(884,872)	-	(12,711,361)
Machinery, equipment and vehicles	(627,826)	(99,054)	16,635	(710,245)
Total accumulated depreciation/amortization	(18,317,029)	(1,413,126)	16,635	(19,713,520)
Total capital assets being depreciated/amortized, net	19,635,274	483,734	-	20,119,008
Business-type activities capital assets, net	\$ 24,192,950	\$ 811,633	\$ (330,803)	\$ 24,673,780

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

Business-type activities:	
Water	\$ 213,621
Sewer	1,199,505
Total depreciation/amortization expense	\$ 1,413,126

### 5. Leases

As of June 30, 2023, the Town is reporting Leases Receivables of \$459,927 and Deferred Inflows Related to Leases of \$440,428. For the fiscal year 2023, the Town reported lease revenue of \$10,538 and interest revenue of \$18,474, 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	\$ 189,381	\$ 182,259	\$ 4,339	\$ 7,607
SunState Tower 2	270,546	258,169	6,199	10,867
	\$ 459,927	\$ 440,428	\$ 10,538	\$ 18,474

## Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

The descriptions for each lease are listed below:

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 June 30, 2023, the value of the lease receivable is \$189,381. The value of the deferred inflow of resources as of June 30, 2023 was \$182,259, and Town of Chino Valley, AZ recognized lease revenue of \$4,339 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 June 30, 2023, the value of the lease receivable is \$270,546. The value of the deferred inflow of resources as of June 30, 2023 was \$258,169, and Town of Chino Valley, AZ recognized lease revenue of \$6,199 during the fiscal year.

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

	<b>Governmental Activities</b>		
	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
Fiscal years:			
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	2,343	18,057	20,400
2029-2033	12,990	89,010	102,000
2034-2038	15,804	86,196	102,000
2039-2043	24,688	82,592	107,280
2044-2048	41,631	76,377	118,008
2049-2053	63,406	66,403	129,809
2054-2058	91,173	51,617	142,790
2059-2063	126,359	30,709	157,068
2064-2066	73,028	5,244	78,272
	<u>\$ 459,927</u>	<u>\$ 579,300</u>	<u>\$ 1,039,227</u>
Total			

# Town of Chino Valley, Arizona

## Notes to the Financial Statements

June 30, 2023

### 6. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due Within One Year
Governmental activities:					
Bonds payable:					
Refunding bond series 2021	\$ 7,023,845	\$ -	\$ (702,380)	\$ 6,321,465	\$ 605,500
Premiums on refunding bond	1,178,279	-	(49,095)	1,129,184	-
Revenue bond series 2021	6,155,000	-	(125,000)	6,030,000	150,000
Premium on revenue bond	984,709	-	(41,030)	943,679	-
Total bonds payable	<u>15,341,833</u>	<u>-</u>	<u>(917,505)</u>	<u>14,424,328</u>	<u>755,500</u>
Other long-term debt:					
Compensated absences	547,195	549,643	(481,848)	614,990	250,000
Net pension liability	<u>6,171,452</u>	<u>1,517,689</u>	<u>-</u>	<u>7,689,141</u>	<u>-</u>
Total other long-term debt	<u>6,718,647</u>	<u>2,067,332</u>	<u>(481,848)</u>	<u>8,304,131</u>	<u>250,000</u>
Total governmental activities	<u>22,060,480</u>	<u>2,067,332</u>	<u>(1,399,353)</u>	<u>22,728,459</u>	<u>1,005,500</u>
Business-type activities:					
Bonds payable:					
Refunding obligation 2021	226,155	-	(22,620)	203,535	19,500
Premium on Series 2021	<u>39,519</u>	<u>-</u>	<u>(4,391)</u>	<u>35,128</u>	<u>-</u>
Total bonds payable	<u>265,674</u>	<u>-</u>	<u>(27,011)</u>	<u>238,663</u>	<u>19,500</u>
Loans payable:					
WIFA:					
Series 2007	497,843	-	(94,226)	403,617	96,825
Series 2008	1,893,210	-	(294,055)	1,599,155	302,330
Series 2014	2,057,502	-	(140,068)	1,917,434	142,883
Series 2016	3,434,657	-	(157,376)	3,277,281	163,671
Series 2017	<u>234,229</u>	<u>-</u>	<u>(12,192)</u>	<u>222,037</u>	<u>12,487</u>
Total loans payable	<u>8,117,441</u>	<u>-</u>	<u>(697,917)</u>	<u>7,419,524</u>	<u>718,196</u>
Other long-term debt:					
Compensated absences	41,038	43,439	(41,038)	43,439	11,000
Developer agreement payable	420,733	-	-	420,733	-
Net pension liability	<u>438,214</u>	<u>118,652</u>	<u>-</u>	<u>556,866</u>	<u>-</u>
Total other long-term debt	<u>899,985</u>	<u>162,091</u>	<u>(41,038)</u>	<u>1,021,038</u>	<u>11,000</u>
Total business-type activities	<u>9,283,100</u>	<u>162,091</u>	<u>(765,966)</u>	<u>8,679,225</u>	<u>748,696</u>
Total long-term liabilities	<u>\$ 31,343,580</u>	<u>\$ 2,229,423</u>	<u>\$ (2,165,319)</u>	<u>\$ 31,407,684</u>	<u>\$ 1,754,196</u>

## Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

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:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Fiscal years ending:				
2024	\$ 755,500	\$ 519,748	\$ 737,696	\$ 167,869
2025	799,733	483,762	759,370	148,135
2026	828,944	445,814	781,688	127,816
2027	804,724	409,078	803,107	106,970
2028	853,164	368,170	719,591	88,441
2029-2033	4,119,400	1,175,823	2,074,515	296,931
2034-2038	1,250,000	696,000	1,747,092	71,566
2039-2043	1,510,000	415,400	-	-
2044-2048	1,430,000	90,000	-	-
Thereafter	-	-	-	-
Total	<u>\$ 12,351,465</u>	<u>\$ 4,603,795</u>	<u>\$ 7,623,059</u>	<u>\$ 1,007,728</u>

The following is a listing of bonds payable outstanding as of June 30, 2023:

	Balance June 30, 2023	Due Within One Year
Bonds payable:		
Governmental activities:		
Pledged Revenue Bonds, Series 2021, due in annual principal and semiannual interest installments ranging from \$280,412 to \$404,450 bearing interest at 3.00% to 5.00%, maturing August 2046.	\$ 6,030,000	\$ 150,000
Pledged Revenue Bonds, Series 2021, due in annual principal and semiannual interest installments ranging from \$879,000 to \$953,000 bearing interest at 4.00% to 5.00%, maturing August 2031.	6,321,465	605,500
Business-type activities:		
Pledged Revenue Bonds, Series 2021, due in annual principal and semiannual interest installments ranging from \$36,000 to \$43,000 bearing interest at 4.00% to 5.00%, maturing August 2031.	203,535	19,500
Total bonds payable	<u>\$ 12,555,000</u>	<u>\$ 170,106</u>

## Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2023

The following is a listing of loans payable outstanding as of June 30, 2023:

	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Loans payable:		
Business-type activities:		
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.758%, maturing July 1, 2026.	\$ 403,617	\$ 96,825
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.814%, maturing July 1, 2027.	1,599,155	302,330
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.010%, maturing July 1, 2034.	1,917,434	142,883
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 2.344%, maturing July 1, 2037.	3,277,281	163,671
Water Infrastructure Finance Authority of Arizona (WIFA) loan, due in semiannual variable principal and interest installments, bearing interest at 3.200%, maturing July 1, 2037.	222,037	12,487
Total loans payable, business-type activities	<u>\$ 7,419,524</u>	<u>\$ 718,196</u>

Developer agreements payable outstanding as of June 30, 2023:

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

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Notes to the Financial Statements

June 30, 2023

### 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 Pledged refunding Obligation Bonds have an average interest rate of 4.99% replacing issues with an average interest rate of 4.56% over the entire life of those bonds and a remaining weighted average maturity of 5.47. The Town realized net proceeds of \$8,563,409 on the Pledged Revenue Refunding Obligations after payment of \$94,250 in underwriting fees, insurance, and other issuance costs. The refunded 2010 and 2016 Series Revenue Bonds are considered fully defeased, and related liabilities are not included in the Town's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$329,919. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The current refunding reduce the Town's total debt service payments causing an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,299,043.

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 \$8,380,654. For the current year, principal and interest paid was \$877,819, sewer system customer net revenues were \$1,764,245, and excise taxes and state shared revenues were \$20,702,972.

### 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  
June 30, 2023

## 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, 2023, the Town reported the following due to/from other funds:

	<u>Receivable Amount</u>	<u>Payable Amount</u>
Fund:		
General fund	\$ 1,544,187	\$ -
Debt service	-	299,383
Sewer fund	-	1,244,804
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,544,187</u>	<u>\$ 1,544,187</u>

The \$1,244,804 due from the Sewer Fund to the General Fund and the \$299,383 due from the Debt Service Fund to the General Fund were 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, 2023 are as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Fund:		
Governmental activities	\$ 87,851	\$ -
General fund	10,207,909	5,671,392
HURF	200,000	3,300,000
Debt service	-	1,384,500
Capital improvements	1,824,100	500,000
Water fund	272,903	1,736,871
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 12,592,763</u>	<u>\$ 12,592,763</u>

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.

## 9. Pensions

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

At June 30, 2023, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net pension liabilities	\$ 7,689,141	\$ 556,866	\$ 8,246,007
Deferred outflows of resources	2,735,269	99,889	2,835,158
Deferred inflows of resources	580,701	25,796	606,497
Pension expense	(1,211,216)	61,098	(1,150,118)

The Town reported \$1,460,524 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

Net OPEB asset/liabilities have not been recorded, or further disclosed, at June 30, 2023 in accordance with GASB Statement 75, due to the relative insignificance to the Town's financial statements.

## Arizona State Retirement System

### Plan Description

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

### 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:

	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* Any 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  
June 30, 2023

## 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, 2023, statute required active ASRS members to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% 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 12.17% (11.92% for retirement, 0.11% for health insurance premium benefit, and 0.14% 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 9.68% (9.62% for retirement, 0.06% for health insurance premium benefit) 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, 2023 were \$560,479, \$5,172, and \$6,583, respectively.

During fiscal year 2023, the Town paid for ASRS pension contributions as follows: 92% from the General Fund, 4% from the water fund, and 4% from the sewer fund.

## Pension Liability

At June 30, 2023, the Town reported a liability of \$5,580,567 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2022. The total liabilities as June 30, 2022, 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% to 7.0% and changing the projected salary increases from 2.7-7.2% to 2.9-8.4%. 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, 2022. The Town's proportions measured as of June 30, 2022, was 0.0342%, which was an increase of 0.0024% from its proportion measured as of June 30, 2020.

## Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2023, the Town recognized pension expense for ASRS of \$725,287. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,550	\$ -
Changes of assumptions or other inputs	276,974	-
Net difference between projected and actual earnings on pension plan investments	-	146,998
Changes in proportion and differences between Town contributions and proportionate share of contributions	245,614	70,378
Town contributions subsequent to the measurement date	560,474	-
Total	<u>\$ 1,130,612</u>	<u>\$ 217,376</u>

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

The \$560,474 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized as expense as follows:

	<u>Pension</u>
Years ending June 30:	
2024	\$ 323,230
2025	49,478
2026	(255,222)
2027	235,276
Thereafter	-

## Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

### ASRS:

Actuarial valuation date	June 30, 2021
Actuarial roll forward date	June 20, 2022
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 rate	2012 GLDT for long-term disability
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, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% 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:

	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Asset class:		
Equity	50 %	3.90 %
Fixed income, credit	20	5.30
Fixed income, interest rate sensitive	10	(0.20)
Real estate	20	6.00
Total	<u>100 %</u>	

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

## Discount Rate

At June 30, 2022, the discount rate used to measure the ASRS total pension liability was 7.0%. 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%, 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 one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Town's proportionate share of the net pension liability	\$ 8,233,961	\$ 5,580,567	\$ 3,368,051

## Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued ASRS financial report.

## Public Safety Personnel Retirement System

### Plan Description

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

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

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

# Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

## 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:

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

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

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  
June 30, 2023

## Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the agent plans' benefit terms:

	<u>PSPRS Police</u>
Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to by not yet receiving benefits	7
Active employees	<u>14</u>
Total	<u><u>32</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, 2023, 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	32.35
Health insurance premium benefit	0.00

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.35% 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, 2023, were:

	<u>PSPRS Police</u>
Pension:	
Contributions made	\$ 950,320

During fiscal year 2023, the Town paid 100% of the PSPRS pension contributions from the General Fund.

## Pension Liability

At June 30, 2023, the Town reported a PSPRS net pension liabilities of \$2,665,440.

The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0% to 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0% to 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

# Town of Chino Valley, Arizona

Notes to the Financial Statements

June 30, 2023

## Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

### PSPRS:

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.2%
Wage inflation	3.0 - 6.25% 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	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2021.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.2% 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 entity	24 %	3.49 %
International public entity	16	4.47
Global private equity	20	7.18
Other assets (capital depreciation)	7	4.83
Core bonds	2	0.45
Private credit	20	5.10
Diversifying strategies	10	2.68
Cash, Mellon	1	(0.35)
Total	100 %	

## Discount Rates

At June 30, 2022, the discount rate used to measure the PSPRS total pension liability was 7.2%, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. 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  
June 30, 2023

### Changes in the Net Pension Liability

PSPRS - Police	Pension Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 10,866,908	\$ 8,429,048	\$ 2,437,860
Adjustments to beginning of year	-	-	-
Changes for the year:			
Service cost	207,742	-	207,742
Interest on the total liability	790,005	-	790,005
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the liability	(290,524)	-	(290,524)
Changes of assumptions or other inputs	145,991	-	145,991
Contributions, employer	-	866,336	(866,336)
Contributions, employee	-	99,139	(99,139)
Net investment income	-	(333,819)	333,819
Benefit payments, including refunds of employee contributions	(505,319)	(505,319)	-
Hall/Parker settlement	-	-	-
Administrative expense	-	(6,022)	6,022
Other changes	-	-	-
Net changes	347,895	120,315	227,580
Balances at June 2023	\$ 11,214,803	\$ 8,549,363	\$ 2,665,440

### 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 7.2%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.2%) or one percentage point higher (8.2%) than the current rate:

PSPRS - Police	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Net pension liability	\$ 4,150,531	\$ 2,665,440	\$ 1,450,287

### 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, 2023, the Town recognized \$503,117 of PSPRS pension expense.

## Town of Chino Valley, Arizona

Notes to the Financial Statements  
June 30, 2023

### Pension Deferred Outflows/Inflows of Resources

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSRS - Police</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 425,891	\$ 389,121
Changes of assumptions or other inputs	162,696	-
Net difference between projected and actual earnings on pension plan investments	165,639	-
Town contributions subsequent to the measurement date	950,320	-
Total	<u>\$ 1,704,546</u>	<u>\$ 389,121</u>

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expenses as follows:

	<b>PSPRS Police</b>
Years ending June 30:	
2024	\$ 152,646
2025	120,109
2026	(100,793)
2027	193,143
2028	-
Thereafter	-
Total	<u>\$ 365,105</u>

### 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  
June 30, 2023

## 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, 2023.

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

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

	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Project:		
Back-up generator	\$ 53,734	\$ 55,000
Fill station	69,897	165,000
Equalization basin	73,161	100,000
Drying bed	19,516	100,000
Plant expansion engineering	36,700	500,000
Street improvements	368,420	400,000
Perkinsville water & sewer	200,265	1,500,000
Street improvement	431,506	4,500,000
Senior center kitchen	27,896	550,000
Vehicles	189,511	270,000
	<hr/>	<hr/>
Total	\$ 1,470,606	\$ 8,140,000



# Financial Statements

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## Required Supplementary Information

### **Budgetary Comparison Schedule**

General Fund

Grants Fund

HURF Fund

### **Pension Schedules**

## Town of Chino Valley, Arizona

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Town sales tax	\$ 8,886,056	\$ 8,886,056	\$ 8,886,056	\$ -
Franchise taxes	378,733	141,500	378,733	237,233
Total taxes	9,264,789	9,027,556	9,264,789	237,233
Licenses and permits	-	-	522,727	522,727
Intergovernmental:				
State shared sales tax	1,864,000	1,864,000	1,994,400	130,400
State shared income tax	2,513,000	2,513,000	2,559,453	46,453
Vehicle license tax	1,079,000	1,079,000	1,098,783	19,783
Grants	600,000	600,000	605,600	5,600
Other intergovernmental	103,500	103,500	97,401	(6,099)
Total intergovernmental	6,159,500	6,159,500	6,355,637	196,137
Charges for services	124,500	124,500	126,424	1,924
Fines and forfeitures	198,900	198,900	232,205	33,305
Interest	6,100	6,100	553,570	547,470
Other Revenues:				
Miscellaneous	6,500	6,500	120,396	113,896
Total other revenues	6,500	6,500	120,396	113,896
Total revenues	15,760,289	15,523,056	17,175,748	1,652,692
<b>Expenditures</b>				
General government:				
Legal services	139,900	139,900	136,293	3,607
Town clerk	296,400	296,400	265,621	30,779
Town Manager	682,600	682,600	674,161	8,439
Human resources	355,100	355,100	327,819	27,281
Municipal court	363,500	363,500	354,465	9,035
Finance	539,500	539,500	522,524	16,976
Information systems	434,200	434,200	394,469	39,731
Mayor and council	63,300	63,300	58,674	4,626
Planning	632,500	632,500	579,276	53,224
Building inspection	493,400	493,400	419,395	74,005
Facilities maintenance	911,800	911,800	856,204	55,596
Fleet maintenance	392,400	392,400	381,111	11,289
Engineering	652,300	652,300	601,125	51,175
Contingencies	600,000	600,000	513,591	86,409
Court collection and improvements	(17,000)	(17,000)	(18,322)	1,322
Nondepartmental	644,700	644,700	374,037	270,663
Total general government	7,184,600	7,184,600	6,440,443	744,157

## Town of Chino Valley, Arizona

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Public safety:				
Police	4,397,800	4,397,800	4,260,850	136,950
Animal control	218,600	218,600	226,273	(7,673)
Total public safety	4,616,400	4,616,400	4,487,123	129,277
Culture and recreation:				
Recreation	177,300	177,300	170,534	6,766
Library	426,300	426,300	422,838	3,462
Parks maintenance	759,500	759,500	653,854	105,646
Aquatics center	246,800	246,800	224,124	22,676
Total culture and recreation	1,609,900	1,609,900	1,471,350	138,550
Health and welfare:				
Senior center	413,600	413,600	419,883	(6,283)
Capital outlay	6,248,000	6,248,000	754,640	5,493,360
Total expenditures	20,072,500	20,072,500	13,573,439	6,499,061
Excess (deficiency) of revenues over (under) expenditures	(4,312,211)	(4,549,444)	3,602,309	8,151,753
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	1,000	1,000	17,950	16,950
Transfers in	1,650,000	1,650,000	5,671,392	4,021,392
Transfers out	(4,850,000)	(4,850,000)	(10,207,909)	(5,357,909)
Total other financing sources (uses)	(3,199,000)	(3,199,000)	(4,518,567)	(1,319,567)
Net change in fund balance	(7,511,211)	(7,748,444)	(916,258)	6,832,186
<b>Fund Balance, Beginning</b>	14,792,064	14,792,064	14,792,064	-
<b>Fund Balance, Ending</b>	<u>\$ 7,280,853</u>	<u>\$ 7,043,620</u>	<u>\$ 13,875,806</u>	<u>\$ 6,832,186</u>

## Town of Chino Valley, Arizona

Grants

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 142,385	\$ 142,385
Other revenues	-	-	53,293	53,293
Total revenues	-	-	195,678	195,678
<b>Expenditures</b>				
Current:				
General government	50,000	50,000	1,272	48,728
Public safety	100,000	100,000	71,930	28,070
Culture and recreation	100,000	100,000	3,206	96,794
Health and welfare	25,000	25,000	21,824	3,176
Capital outlay	3,225,000	3,225,000	20,999	3,204,001
Total expenditures	3,500,000	3,500,000	119,231	3,380,769
Net change in fund balance	(3,500,000)	(3,500,000)	76,447	3,576,447
<b>Fund Balance, Beginning</b>	192,479	192,479	192,479	-
<b>Fund Balance, Ending</b>	<u>\$ (3,307,521)</u>	<u>\$ (3,307,521)</u>	<u>\$ 268,926</u>	<u>\$ 3,576,447</u>

## Town of Chino Valley, Arizona

Highway User Revenue

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and permits	\$ 2,500	\$ 2,500	\$ 4,212	\$ 1,712
Intergovernmental revenues	1,360,000	1,360,000	1,342,997	(17,003)
Interest	1,000	1,000	15,794	14,794
Other revenues	-	-	2,171	2,171
Total revenues	<u>1,363,500</u>	<u>1,363,500</u>	<u>1,365,174</u>	<u>1,674</u>
<b>Expenditures</b>				
Public works/streets	3,625,500	3,625,500	1,237,055	2,388,445
Capital outlay	<u>375,000</u>	<u>375,000</u>	<u>643,028</u>	<u>(268,028)</u>
Total expenditures	<u>4,000,500</u>	<u>4,000,500</u>	<u>1,880,083</u>	<u>2,120,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,637,000)</u>	<u>(2,637,000)</u>	<u>(514,909)</u>	<u>2,122,091</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,300,000	3,300,000	3,300,000	-
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources and (uses)	<u>3,100,000</u>	<u>3,100,000</u>	<u>3,100,000</u>	<u>-</u>
Net change in fund balance	463,000	463,000	2,585,091	2,122,091
<b>Fund Balance, Beginning</b>	<u>2,389,389</u>	<u>2,389,389</u>	<u>2,389,389</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u><u>\$ 2,852,389</u></u>	<u><u>\$ 2,852,389</u></u>	<u><u>\$ 4,974,480</u></u>	<u><u>\$ 2,122,091</u></u>

# **Town of Chino Valley, Arizona**

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Required Supplementary Information  
Notes to the Budgetary Schedules  
Year Ended June 30, 2023

## **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.

## **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 - ASRS - Pension

Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date)									2014 Through 2013
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Town's proportion of the net pension liability	0.034187%	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	\$ 5,580,567	\$ 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	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 proportion share of the net pension liability as a percentage of covered payroll	137.09%	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	74.26%	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 - PSPRS Police - Pension - Public Safety Personnel Retirement System

Year Ended June 30, 2023

	Reporting Fiscal Year (Measurement Date)									2014 through 2013	
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)		
<b>Total Pension Liability</b>											
Service cost	\$ 207,742	\$ 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	790,005	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	(290,524)	(137,561)	1,039,150	(307,346)	216,311	107,301	(230,538)	(13,006)	15,592		
Changes of assumptions or other inputs	145,991	-	-	159,605	-	240,439	269,553	-	509,521		
Benefit payments, including refunds of employee contributions	(505,319)	(443,467)	(491,897)	(606,521)	(425,306)	(799,457)	(313,564)	(461,853)	(368,517)		
Net change in total pension liability	347,895	407,220	1,444,833	182,614	654,268	493,843	840,395	241,855	881,696		
Total pension liability, beginning	10,866,908	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)	\$ 11,214,803	\$ 10,866,908	\$ 10,459,688	\$ 9,014,855	\$ 8,832,241	\$ 8,177,973	\$ 7,684,130	\$ 6,843,735	\$ 6,601,880		
<b>Plan Fiduciary Net Position</b>											
Contributions, employer	\$ 866,336	\$ 698,401	\$ 726,124	\$ 801,902	\$ 788,908	\$ 279,960	\$ 269,502	\$ 243,794	\$ 208,691		
Contributions, employee	99,139	227,328	114,939	122,179	131,038	136,758	145,561	143,622	126,689		
Net investment income	(333,819)	1,758,652	73,989	283,743	313,163	497,699	24,661	149,207	498,013		
Benefit payments, including refunds of employee contributions	(505,319)	(443,467)	(491,897)	(606,521)	(425,306)	(799,457)	(313,564)	(461,853)	(368,517)		
Hall/Parker Settlement	(6,022)	-	-	-	(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	120,315	2,232,645	417,120	595,373	790,038	100,034	72,864	74,165	340,783		
Plan Fiduciary Net Position, Beginning	8,429,048	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)	\$ 8,549,363	\$ 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)	\$ 2,665,440	\$ 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	76.23%	77.57%	59.24%	64.11%	58.71%	53.75%	55.90%	61.70%	62.84%		
Covered Payroll	\$ 986,072	\$ 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	270.31%	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, 2023

	<b>ASRS - Pension</b>									
	<b>Reporting Fiscal Year</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 560,474	\$ 488,910	\$ 431,409	\$ 414,370	\$ 378,770	\$ 329,008	\$ 334,794	\$ 321,808	\$ 291,712	\$ 244,056
Town's contributions in relation to the actuarially determined contribution	560,474	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	\$ 4,701,963	\$ 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	11.92%	12.01%	11.65%	11.45%	11.18%	10.90%	10.78%	10.85%	10.88%	10.70%

	<b>Town of Chino Valley Police - Pension</b>									
	<b>Public Safety Personnel Retirement System</b>									
	<b>Reporting Fiscal Year</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution	\$ 550,320	\$ 510,104	\$ 398,401	\$ 426,124	\$ 501,902	\$ 488,908	\$ 269,502	\$ 243,794	\$ 208,691	\$ 173,196
Town's contributions in relation to the actuarially determined contribution	950,320	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)	\$ (400,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ (300,000)	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,701,144	\$ 986,072	\$ 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	55.86%	92.30%	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, 2023

## 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 2021 actuarial valuation	19 years for under funded 20 years for over funded
Asset valuation method	7-year smoothed fair 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

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Required Supplementary Information  
Notes to the Pension Schedules  
Year Ended June 30, 2023

### 2. Factors That Affect Trends

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

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

# Financial Statements

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## Supplementary Information

### Nonmajor 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.
- **CDBG Fund** - This fund accounts for activities related to the Town's Community Development Block Grant.



# Town of Chino Valley, Arizona

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2023

	<u>Special Revenue</u>		<u>Total</u>
	<u>CDBG</u>	<u>Street Lighting Improvement District</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 940	\$ 940
Receivables, net:			
Accounts receivable	-	29	29
Total assets	<u>\$ -</u>	<u>\$ 969</u>	<u>\$ 969</u>
<b>Fund Balances</b>			
Restricted			
Highways and streets	-	969	969
Total fund balances	<u>-</u>	<u>969</u>	<u>969</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 969</u>	<u>\$ 969</u>

## Town of Chino Valley, Arizona

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Nonmajor Governmental Funds

Year Ended June 30, 2023

	<b>Special Revenue</b>		<b>Total</b>
	<b>CDBG</b>	<b>Street Lighting Improvement District</b>	
<b>Revenues</b>			
Taxes	\$ -	\$ 3,891	\$ 3,891
Intergovernmental	12,500	-	12,500
Total revenues	<u>12,500</u>	<u>3,891</u>	<u>16,391</u>
<b>Expenditures</b>			
Current:			
Public works/streets	-	3,755	3,755
Health and welfare	12,500	-	12,500
Total expenditures	<u>12,500</u>	<u>3,755</u>	<u>16,255</u>
Net change in fund balances	-	136	136
<b>Fund Balances, Beginning</b>	<u>-</u>	<u>833</u>	<u>833</u>
<b>Fund Balances, Ending</b>	<u>\$ -</u>	<u>\$ 969</u>	<u>\$ 969</u>

# Financial Statements

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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 January 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$ -	\$ -	\$ 907	\$ 907
<b>Expenditures</b>				
Debt service:				
Principal retirement	827,400	827,400	827,380	20
Interest and fiscal charges	557,100	557,100	561,069	(3,969)
Total expenditures	1,384,500	1,384,500	1,388,449	(3,949)
Excess (deficiency) of revenues over (under) expenditures	(1,384,500)	(1,384,500)	(1,387,542)	(3,042)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,384,500	1,384,500	1,384,500	-
Net change in fund balance	-	-	(3,042)	(3,042)
<b>Fund Balance, Beginning</b>	483,750	483,750	483,750	-
<b>Fund Balance, Ending</b>	\$ 483,750	\$ 483,750	\$ 480,708	\$ (3,042)

## Town of Chino Valley, Arizona

### Capital Improvements

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Town sales tax	\$ 4,769,800	\$ 4,769,800	\$ 2,903,013	\$ (1,866,787)
Intergovernmental revenues	120,000	120,000	-	(120,000)
Interest	-	-	16,384	16,384
Total revenues	4,889,800	4,889,800	2,919,397	(1,970,403)
<b>Expenditures</b>				
Capital outlay	7,806,000	7,806,000	4,086,451	3,719,549
Excess of revenues over (under) expenditures	(2,916,200)	(2,916,200)	(1,167,054)	1,749,146
<b>Other Financing Sources (Uses)</b>				
Transfers in	500,000	500,000	500,000	-
Transfers out	(1,784,500)	(1,784,500)	(1,824,100)	(39,600)
Total other financing sources (uses)	(1,284,500)	(1,284,500)	(1,324,100)	(39,600)
Net change in fund balance	(4,200,700)	(4,200,700)	(2,491,154)	1,709,546
<b>Fund Balance, Beginning</b>	4,970,042	4,970,042	4,970,042	-
<b>Fund Balance, Ending</b>	\$ 769,342	\$ 769,342	\$ 2,478,888	\$ 1,709,546



# Financial Statements

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## Supplementary Information

### Budgetary Comparison Schedules Nonmajor 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, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ 12,500	\$ 12,500
Total revenues	-	-	12,500	12,500
<b>Expenditures</b>				
Health and welfare:				
Services, supplies and other	-	-	12,500	(12,500)
Total expenditures	-	-	12,500	(12,500)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Fund Balance, Beginning</b>	-	-	-	-
<b>Fund Balance, Ending</b>	\$ -	\$ -	\$ -	\$ -

**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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 4,100	\$ 4,100	\$ 3,891	\$ (209)
Total revenues	<u>4,100</u>	<u>4,100</u>	<u>3,891</u>	<u>(209)</u>
<b>Expenditures</b>				
Current:				
Public works/streets	<u>4,000</u>	<u>4,000</u>	<u>3,755</u>	<u>245</u>
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>3,755</u>	<u>245</u>
Excess (deficiency) of revenues over (under) expenditures	100	100	136	36
<b>Fund Balance, Beginning</b>	<u>833</u>	<u>833</u>	<u>833</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 933</u>	<u>\$ 933</u>	<u>\$ 969</u>	<u>\$ 36</u>



# Statistical Section

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<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	90-93
<p>These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.</p>	
<b>Revenue Capacity</b>	94-103
<p>These schedules contain information to help the reader assess the Town's most significant local revenue sources, property tax and sales and uses taxes.</p>	
<b>Debt Capacity</b>	105-110
<p>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.</p>	
<b>Demographic and Economic Statistics</b>	111-113
<p>These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place.</p>	
<b>Operating Information</b>	114 - 119
<p>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.</p>	
<p><b>Sources:</b> Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.</p>	

**Town of Chino Valley, Arizona**

Net Position by Component  
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Governmental Activities</b>										
Net investment in capital assets:	\$ 3,960,511	\$ 4,343,890	\$ 5,424,332	\$ 6,027,754	\$ 6,693,892	\$ 7,499,509	\$ 8,791,146	\$ 9,405,857	\$ 12,627,404	\$ 14,916,791
Restricted	3,331,847	1,821,510	1,327,962	1,769,920	2,355,810	1,445,551	1,500,148	3,018,753	5,961,508	5,922,383
Unrestricted	3,189,272	(900,628)	(394,472)	(154,836)	666,822	2,542,035	4,478,169	5,645,322	7,890,203	10,383,754
Total governmental activities net position	10,481,630	5,264,772	6,357,822	7,642,838	9,716,524	11,487,095	14,769,463	18,069,932	26,479,115	31,222,928
<b>Business-Type Activities</b>										
Net investment in capital assets:	15,658,866	16,458,815	16,077,901	16,106,276	15,502,227	14,958,858	14,524,764	14,879,202	15,389,102	16,594,860
Restricted	637,600	750,922	482,116	588,280	730,932	870,202	1,004,070	1,094,561	919,404	953,724
Unrestricted	(4,386,202)	(4,991,149)	(4,665,739)	(4,782,941)	(3,812,291)	(3,407,128)	(3,316,066)	(3,494,538)	(3,526,832)	(4,010,039)
Total business-type activities net position	11,910,264	12,218,588	11,894,278	11,911,615	12,420,868	12,421,932	12,212,768	12,479,225	12,781,674	13,538,545
<b>Primary Government</b>										
Net investment in capital assets:	19,619,377	20,802,705	21,502,233	22,134,030	22,196,119	22,458,367	23,315,910	24,285,059	28,016,506	31,511,651
Restricted	3,969,447	2,572,432	1,810,078	2,358,200	3,086,742	2,315,753	2,504,218	4,113,314	6,880,912	6,876,107
Unrestricted	(1,196,930)	(5,891,777)	(5,060,211)	(4,937,777)	(3,145,469)	(865,093)	1,162,103	2,150,784	4,363,371	6,373,715
	<u>\$ 22,391,894</u>	<u>\$ 17,483,360</u>	<u>\$ 18,252,100</u>	<u>\$ 19,554,453</u>	<u>\$ 22,137,392</u>	<u>\$ 23,909,027</u>	<u>\$ 26,982,231</u>	<u>\$ 30,549,157</u>	<u>\$ 39,260,789</u>	<u>\$ 44,761,473</u>

**Town of Chino Valley, Arizona**

Changes in Net Position  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (6,887,028)	\$ (7,437,020)	\$ (7,606,435)	\$ (7,482,665)	\$ (7,648,079)	\$ (8,945,107)	\$ (8,578,402)	\$ (10,456,595)	\$ (6,925,459)	\$ (12,374,293)
Business-type activities	(1,303,191)	(1,200,252)	(858,481)	(338,046)	389,282	(82,249)	(269,059)	212,230	(18,558)	(821,853)
Total primary government net expense	(8,190,219)	(8,637,272)	(8,464,916)	(7,820,711)	(7,258,797)	(9,027,356)	(8,847,461)	(10,244,365)	(6,944,017)	(13,196,146)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Town sales tax	5,147,065	5,078,635	5,455,413	5,603,710	6,312,095	7,009,864	7,962,355	9,326,248	10,615,250	11,789,069
State sales taxes	941,542	1,309,465	1,022,547	1,020,252	1,084,425	1,179,854	1,243,034	1,467,611	1,834,785	1,994,400
Auto lieu tax	596,994	629,553	680,388	712,352	766,485	826,894	852,404	1,049,654	1,016,479	1,098,783
State income tax-revenue sharing	1,205,692	988,552	1,302,365	1,362,532	1,393,419	1,417,474	1,552,162	1,768,560	1,700,042	2,559,453
Property tax	3,682	4,028	3,994	3,996	3,999	2,575	5,297	4,247	4,098	3,891
Franchise tax	135,183	125,124	136,036	117,715	124,327	127,155	136,263	136,335	132,509	378,733
Impact fees	-	-	-	-	-	-	-	-	-	-
Other	-	377	-	-	-	-	-	-	-	-
Unrestricted investment earnings	2,775	6,590	8,486	22,124	62,015	151,862	109,255	4,409	20,360	568,181
Miscellaneous	-	-	-	-	-	-	-	-	266,119	171,614
Gain on sale of assets	4,115	(19,073)	-	-	-	-	-	-	-	17,950
Transfers	(220,000)	(280,700)	(150,000)	(75,000)	(25,000)	-	-	-	(255,000)	(1,463,968)
Total governmental activities	7,817,048	7,842,551	8,459,229	8,767,681	9,721,765	10,715,678	11,860,770	13,757,064	15,334,642	17,118,106
Business-type activities:										
Unrestricted Investment Earnings	14,573	676	1,671	2,724	8,504	19,270	14,076	491	1,843	34,319
Miscellaneous	-	-	-	-	-	-	-	-	64,164	71,337
Grants and Contributions not restricted:										
Gain on Sale of Assets	-	620	-	-	-	64,043	45,819	-	-	9,100
Special items	-	1,660,154	382,500	277,659	86,467	-	-	53,736	-	-
Transfers	220,000	280,700	150,000	75,000	25,000	-	-	-	255,000	1,463,968
Total business-type activities	234,573	1,942,150	534,171	355,383	119,971	83,313	59,895	54,227	321,007	1,578,724
Total primary government	8,051,621	9,784,701	8,993,400	9,123,064	9,841,736	10,798,991	11,920,665	13,811,291	15,655,649	18,696,830
<b>Change in Net Position</b>										
Governmental activities	930,020	405,531	852,794	1,285,016	2,073,686	1,770,571	3,282,368	3,300,469	8,409,183	4,743,813
Business-type activities	(1,068,618)	741,898	(324,310)	17,337	509,253	1,064	(209,164)	266,457	302,449	756,871
Total primary government	\$ (138,598)	\$ 1,147,429	\$ 528,484	\$ 1,302,353	\$ 2,582,939	\$ 1,771,635	\$ 3,073,204	\$ 3,566,926	\$ 8,711,632	\$ 5,500,684

**Town of Chino Valley, Arizona**

Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 5,078	\$ 4,060	\$ 43,818	\$ 1,302,226	\$ 327,562	\$ 129,873	\$ 19,525	\$ 509,682	\$ 6,057	\$ 11,654
Restricted	217,775	301,854	322,353	114,330	140,339	149,717	131,298	150,460	161,436	197,300
Assigned	-	-	-	192,946	250,027	329,870	389,082	478,217	536,714	809,814
Unassigned	3,830,737	4,349,040	5,064,810	4,575,991	6,591,840	7,731,346	7,816,055	8,487,272	14,087,857	12,857,038
Total general fund	4,053,590	4,654,954	5,430,981	6,185,493	7,309,768	8,340,806	8,355,960	9,625,631	14,792,064	13,875,806
<b>All Other Governmental Funds</b>										
Restricted:										
Highways and streets	680,219	463,774	456,204	760,071	953,266	771,662	838,013	2,279,389	2,390,222	4,975,449
Capital improvements	-	-	-	-	-	-	-	-	2,733,621	-
Development impact fees	1,475,498	606,592	566,191	523,122	510,575	25	-	-	-	-
Debt service	292,213	614,924	128,707	457,027	455,795	457,683	457,464	351,862	483,750	-
Public safety	51,085	24,507	46,099	59,428	45,698	55,606	57,744	79,177	159,449	244,488
Grants	-	-	-	-	-	-	-	-	-	-
Other purposes	2,464	7,673	40,385	32,354	11,601	10,858	15,629	35,910	33,030	24,438
Committed:										
Debt service	-	-	-	-	-	-	-	121,955	-	480,708
Assigned for:										
Capital improvements	488,624	589,530	683,648	919,592	1,121,632	1,048,679	2,976,407	3,056,538	2,236,421	2,478,888
Unassigned	-	293	109	(631,902)	-	(761)	-	-	-	-
Total all other governmental funds	\$ 2,990,103	\$ 2,307,293	\$ 1,921,343	\$ 2,119,692	\$ 3,098,567	\$ 2,343,752	\$ 4,345,257	\$ 5,924,831	\$ 8,036,493	\$ 8,203,971

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.

**Town of Chino Valley, Arizona**

Changes in Fund Balance of Governmental Funds  
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 5,285,931	\$ 5,207,787	\$ 5,595,443	\$ 5,725,421	\$ 6,440,421	\$ 7,139,594	\$ 8,103,915	\$ 9,466,830	\$ 10,751,857	\$ 12,171,693
Licenses and permits	250,285	276,828	352,447	561,146	709,765	451,287	483,739	656,131	574,085	526,939
Intergovernmental	4,252,919	4,676,970	4,906,700	5,185,879	5,868,265	4,941,428	6,548,620	6,784,490	10,764,840	7,853,519
Charges for services	93,961	94,270	122,960	115,633	124,458	135,913	87,794	88,865	155,411	126,424
Fines and forfeitures	176,986	208,163	247,977	296,591	275,315	234,992	205,212	214,143	201,699	232,205
Impact fees	194,873	2,712	-	-	-	20	-	-	-	-
Interest	2,775	6,590	8,486	22,124	62,015	151,862	109,255	4,409	20,360	586,655
Other revenues	44,879	38,413	54,354	37,343	88,291	176,377	174,125	265,930	266,199	175,860
<b>Total revenues</b>	<b>10,302,609</b>	<b>10,511,733</b>	<b>11,288,367</b>	<b>11,944,137</b>	<b>13,568,530</b>	<b>13,231,473</b>	<b>15,712,660</b>	<b>17,480,798</b>	<b>22,734,451</b>	<b>21,673,295</b>
<b>Expenditures</b>										
Current:										
General government	3,309,301	3,339,953	3,913,936	3,900,208	3,937,694	4,466,270	4,795,109	4,725,066	5,443,589	6,441,715
Public safety	2,565,994	2,814,077	2,727,591	2,935,355	3,322,163	3,441,879	3,529,005	3,684,573	3,936,638	4,559,053
Public works	1,037,923	1,182,221	731,692	524,963	756,057	958,368	1,148,879	2,064,109	3,102,989	1,240,810
Culture and recreation	824,111	871,535	964,652	988,361	1,055,044	1,115,363	1,067,558	1,148,267	1,340,243	1,474,556
Health and welfare	249,419	378,921	402,424	316,045	361,111	309,899	343,411	337,080	424,439	454,207
Capital outlay	1,408,246	1,931,282	1,069,811	1,727,192	1,916,593	1,550,908	1,383,628	1,716,016	7,043,190	5,505,118
Debt service:										
Principal	65,000	75,000	3,960,916	127,603	534,791	734,593	1,064,517	606,000	493,082	827,380
Interest	509,000	341,721	504,370	398,680	403,861	389,222	368,749	350,647	341,052	561,069
Debt issuance cost	-	-	65,714	-	2,000	-	-	-	357,707	-
<b>Total expenditures</b>	<b>9,968,994</b>	<b>10,934,710</b>	<b>14,341,106</b>	<b>10,918,407</b>	<b>12,289,314</b>	<b>12,966,502</b>	<b>13,700,856</b>	<b>14,631,758</b>	<b>22,482,929</b>	<b>21,063,908</b>
Revenues over (under) expenditures	333,615	(422,977)	(3,052,739)	1,025,730	1,279,216	264,971	2,011,804	2,849,040	251,522	609,387
<b>Other Finance Sources (Uses)</b>										
Refunding bonds issued	-	-	-	-	-	-	-	-	7,024,031	-
Lease agreements	-	607,448	-	-	711,464	-	-	-	-	-
Sale of Assets	4,420	14,783	6,560	2,131	137,470	11,252	4,855	205	72,426	17,950
Pledged revenue bonds issued	-	-	3,346,000	-	-	-	-	-	6,155,000	-
Premium on bonds	-	-	-	-	-	-	-	-	2,253,114	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	-	(8,222,918)	-
Transfers in	1,394,732	1,684,779	1,095,167	1,252,000	1,173,000	2,085,706	3,751,861	3,468,731	4,346,500	10,855,892
Transfers out	(1,614,732)	(1,965,479)	(1,245,167)	(1,327,000)	(1,198,000)	(2,085,706)	(3,751,861)	(3,468,731)	(4,601,500)	(12,232,009)
<b>Total other finance sources (uses)</b>	<b>(215,580)</b>	<b>341,531</b>	<b>3,202,560</b>	<b>(72,869)</b>	<b>823,934</b>	<b>11,252</b>	<b>4,855</b>	<b>205</b>	<b>7,026,653</b>	<b>(1,358,167)</b>
<b>Net change in fund balances</b>	<b>\$ 118,035</b>	<b>\$ (81,446)</b>	<b>\$ 149,821</b>	<b>\$ 952,861</b>	<b>\$ 2,103,150</b>	<b>\$ 276,223</b>	<b>\$ 2,016,659</b>	<b>\$ 2,849,245</b>	<b>\$ 7,278,175</b>	<b>\$ (748,780)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	6.84%	4.46%	34.99%	5.67%	8.92%	9.81%	11.77%	7.18%	5.92%	6.59%

## 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	
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	10
2022-2023	106,533,510	1,014,524,467	171,539,005	1,654,043,423	10

Source: Yavapai County Assessor



**Town of Chino Valley, Arizona**

Property Tax Rates - Direct and Overlapping Governments

(Primary Tax Rates)

Per \$100 of Assessed Value

Last Ten Fiscal Years

<b>Tax Authority</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
Town of Chino Valley	-	-	-	-	-	-	-	-	-	-
Yavapai County	1.9308	1.9442	1.9317	1.9027	1.8395	1.7788	2.0152	1.9255	1.8570	1.7925
School Equalization	0.5123	0.5089	0.5054	0.5010	0.4875	0.4741	0.4566	0.4426	0.4263	-
Yavapai College	1.8241	1.8606	1.8721	1.8439	1.7827	1.7584	1.6883	1.6131	1.5557	1.5017
Chino Valley School District	4.9640	5.0146	4.4236	4.6005	4.3974	4.2808	4.1000	3.9659	3.9497	3.7295
<b>Total primary</b>	<b>9.2312</b>	<b>9.3283</b>	<b>8.7328</b>	<b>8.8481</b>	<b>8.5071</b>	<b>8.2921</b>	<b>8.2601</b>	<b>7.9471</b>	<b>7.7887</b>	<b>7.0237</b>

Source: Yavapai County Treasurer

**Town of Chino Valley, Arizona**

Secondary Tax Rates - Direct and Overlapping Governments  
 (Secondary Tax Rates)  
 Per \$100 of Assessed Value  
 Last Ten Fiscal Years

<b>Tax Authority</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
Town of Chino Valley	-	-	-	-	-	-	-	-	-	-
Fire District Assistance	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.1000	0.0937	0.0890	0.0859
Flood Control District	0.2162	0.2116	0.1976	0.2346	0.2346	0.2188	0.2103	0.2006	0.1916	0.1834
Library District	0.1491	0.1500	0.1907	0.1815	0.1815	0.1720	0.1651	0.1577	0.1521	0.1404
Yavapai College	0.2227	0.2231	0.2122	0.1815	0.2001	0.1892	0.1525	0.0760	0.0131	-
Chino Valley School District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Chino Valley Fire District	3.5799	3.5799	3.6175	3.6175	3.6173	3.5986	3.5732	3.5466	3.5346	3.5678
<b>Total secondary</b>	<b>4.3179</b>	<b>4.3146</b>	<b>4.3680</b>	<b>4.3651</b>	<b>4.3835</b>	<b>4.3286</b>	<b>4.2511</b>	<b>4.1246</b>	<b>4.0304</b>	<b>4.0275</b>

Source: Yavapai County Treasurer



## Town of Chino Valley, Arizona

### Sales Tax Revenues by Industry

Last Ten Fiscal Years

	Fiscal Year 2013-2014		Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 363,845	7.16 %	\$ 345,449	6.45 %	\$ 354,129	6.35 %	\$ 495,600	7.85 %	\$ 846,851	12.08 %
Manufacturing	67,904	1.34	74,890	1.40	78,910	1.41	30,895	0.49	112,066	1.60
Transportation, communication, utilities	817,254	16.09	764,228	14.26	798,024	14.31	694,022	11.00	730,917	10.43
Wholesale trade	169,475	3.34	167,135	3.12	129,501	2.32	-	-	118,731	1.69
Retail trade	2,457,281	48.38	2,606,219	48.63	2,735,267	49.04	3,171,921	50.25	3,350,891	47.80
Restaurants/bars	415,200	8.18	477,722	8.91	501,100	8.98	573,858	9.09	600,046	8.56
Insurance, real estate	332,480	6.55	335,282	6.26	348,577	6.25	378,261	5.99	399,797	5.70
Services	128,676	2.53	125,529	2.34	130,589	2.34	144,015	2.28	139,351	1.99
All other	174,950	3.44	182,181	3.40	282,941	5.07	89,468	1.42	13,446	0.19
<b>Total</b>	<b>\$ 4,927,064</b>	<b>97.02 %</b>	<b>\$ 5,078,635</b>	<b>94.77 %</b>	<b>\$ 5,359,038</b>	<b>96.07 %</b>	<b>\$ 5,578,040</b>	<b>88.37 %</b>	<b>\$ 6,312,096</b>	<b>90.05 %</b>

Source: Arizona Department of Revenue

Note:

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

## Town of Chino Valley, Arizona

Sales Tax Revenues by Industry  
Last Ten Fiscal Years

	Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23	
	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total	Tax Paid	Percentage of Total
Construction	\$ 937,004	11.77 %	\$ 814,408	8.73 %	\$ 986,802	9.30 %	\$ 1,069,187	10.07 %	\$ 1,367,736	11.65 %
Manufacturing	207,019	2.60	188,099	2.02	232,773	2.19	278,613	2.62	257,792	2.20
Transportation, communication, utilities	727,641	9.14	746,936	8.01	752,494	7.09	831,476	7.83	886,059	7.55
Wholesale trade	180,042	2.26	192,340	2.06	256,227	2.41	306,359	2.89	257,792	2.20
Retail trade	3,700,174	46.47	4,745,837	50.89	5,618,035	52.92	6,422,047	60.50	7,181,271	61.15
Restaurants, bars	655,336	8.23	696,727	7.47	867,868	8.18	978,554	9.22	1,043,435	8.89
Insurance, real estate	430,263	5.40	534,953	5.74	574,916	5.42	669,954	6.31	737,016	6.28
Services	153,274	1.92	-	-	-	-	-	-	-	-
All other	19,106	0.24	43,056	0.46	37,133	0.35	59,060	0.56	12,071	0.10
<b>Total</b>	<b>\$ 7,009,859</b>	<b>88.04 %</b>	<b>\$ 7,962,356</b>	<b>85.38 %</b>	<b>\$ 9,326,248</b>	<b>87.86 %</b>	<b>\$ 10,615,250</b>	<b>100.00 %</b>	<b>\$ 11,743,172</b>	<b>100.00 %</b>

Source: Arizona Department of Revenue

Note:

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



## Town of Chino Valley, Arizona

Direct and Overlapping Sales Tax Rates

June 30, 2023

	Rates		
	Town	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

<b>Fiscal Year</b>	<b>Town Sales Tax</b>	<b>Franchise Tax</b>	<b>State Shared Sales Tax</b>	<b>Urban Revenue Share</b>	<b>Vehicle License Tax</b>	<b>Total</b>
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	15,299,065
2022-2023	11,789,069	378,733	1,994,400	2,559,453	1,098,783	17,820,438

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						Total Primary Government	Percentage of Personal Income	Per Capita (a)
	Capital Leases	Revenue Bonds	Loans Payable	Capital Leases	Notes Payable	Loans Payable	Related-Party Capital Leases	Revenue Bonds	Developer Agreement			
2013-2014	\$ -	\$ 7,129,365	\$ 3,816,768	\$ 4,566,425	\$ -	\$ 9,141,772	\$ -	\$ 611,151	\$ 420,733	\$ 25,686,214	*	\$ 2,382
2014-2015	519,466	7,137,973	3,731,760	92,329	-	11,689,732	-	611,051	420,733	24,203,044	*	2,245
2015-2016	401,035	10,492,581	-	71,280	-	11,034,561	-	565,951	420,733	22,986,141	*	2,064
2016-2017	280,302	10,501,189	-	49,820	-	11,400,220	-	520,851	420,733	23,173,115	*	2,081
2017-2018	765,976	10,317,000	-	125,090	-	10,748,904	-	470,751	420,733	22,848,454	*	2,052
2018-2019	501,399	9,739,405	-	80,590	-	10,115,892	-	420,651	420,733	21,278,670	*	1,773
2019-2020	-	9,223,013	-	-	-	9,465,105	-	370,551	420,733	19,479,402	*	1,574
2020-2021	-	8,625,621	-	-	-	8,795,680	-	315,450	420,733	18,157,484	*	1,395
2021-2022	-	13,178,845	-	-	-	8,117,441	-	226,155	420,733	21,943,174	*	1,626
2022-2023	-	14,424,328	-	-	-	7,419,524	-	238,663	420,733	22,503,248	*	1,492

(a) See page 86 for population data.

\* Means no data available during that fiscal year.

**Town of Chino Valley, Arizona**

Computation of Direct and Overlapping Debt  
June 30, 2023

<u>Jurisdiction</u>	<u>2022-2023 Secondary Assessed Valuation</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the Town of Chino Valley</u>	<u>Amount Applicable to the Town of Chino Valley</u>	<u>2022-2023 Combined Tax Rate Per \$100 Assessed</u>
State of Arizona	\$ 139,473,530,919	\$ -	0.12 %	\$ -	None
Yavapai County	5,309,117,227	10,731,000	3.23	34,672,150	0.01 %
Chino Valley School District	384,400,784	763,294	100.00	76,329,400	0.20
Chino Valley Fire District	275,189,793	3,525,000	62.33	219,730,167	0.80
Yavapai County Library District	5,309,117,227	-	3.23	-	-
Yavapai County Jail District	5,309,117,277	53,585	3.23	173,135	0.00
Yavapai County Community College	<u>5,309,117,227</u>	<u>4,725,000</u>	<u>3.23</u>	<u>15,266,602</u>	<u>0.00</u>
Total overlapping debt		<u>19,797,879</u>		<u>346,171,453</u>	<u>1.0065</u>
Town of Chino Valley	<u>\$ 171,539,005</u>	<u>21,521,441</u>	<u>100.00 %</u>	<u>21,521,441</u>	<u>0.13</u>
Total direct debt		<u>21,521,441</u>		<u>21,521,441</u>	
Total overlapping and direct debt		<u>\$ 41,319,320</u>		<u>\$ 367,692,894</u>	<u>1.1319 %</u>

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

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 est

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

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
<b>Secondary Assessed Value</b>	\$ 66,893,394	\$ 78,892,362	\$ 80,357,855	\$ 83,930,432	\$ 753,795,532	\$ 816,434,870	\$ 122,115,077	\$ 137,938,692	\$ 139,710,711	\$ 171,539,005
<b>20% Limitation (a)</b>										
Debt limit equal to 20% of assessed valuation	13,378,679	15,778,472	16,071,571	16,786,086	150,759,106	163,286,974	24,423,015	27,587,738	27,942,142	34,307,801
Total debt applicable to 20% limit	-	-	-	-	-	-	-	-	-	-
Legal 20% debt margin (available borrowing capacity)	\$ 13,378,679	\$ 15,778,472	\$ 16,071,571	\$ 16,786,086	\$ 150,759,106	\$ 163,286,974	\$ 24,423,015	\$ 27,587,738	\$ 27,942,142	\$ 34,307,801
<b>Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit</b>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>6% Limitation (b)</b>										
Debt limit equal to 6% of assessed valuation	\$ 4,013,604	\$ 4,733,542	\$ 4,821,471	\$ 5,035,826	\$ 45,227,732	\$ 48,986,092	\$ 7,326,905	\$ 8,276,322	\$ 8,382,643	\$ 10,292,340
Total debt applicable to 6% limit	-	-	-	-	-	-	-	-	-	-
Legal 6% debt margin (available borrowing capacity)	\$ 4,013,604	\$ 4,733,542	\$ 4,821,471	\$ 5,035,826	\$ 45,227,732	\$ 48,986,092	\$ 7,326,905	\$ 8,276,322	\$ 8,382,643	\$ 10,292,340
<b>Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit</b>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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.

# Town of Chino Valley, Arizona

Pledged Revenue Coverage

Last Ten Fiscal Years

<b>Refunding Obligations 2021 Series</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2022	\$ 15,299,066	\$ 702,385	\$ 220,840	16.57
2023	\$ 17,820,438	\$ 702,380	\$ 238,450	18.94

<b>Police Department 2021</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2022	\$ 15,299,066	\$ 125,000	\$ 155,412	54.56
2023	\$ 17,820,438	\$ 125,000	\$ 238,450	49.03

<b>Refunding Obligations 2021 Series</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
2022	\$ 15,299,066	\$ 22,615	\$ 7,019	516.28
2023	\$ 17,820,438	\$ 22,620	\$ 10,177	543.36

<b>WIFA 2007</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
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
2023	\$ 17,820,438	94,226	11,130	169.14

<b>WIFA 2008</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax Collection</b>	<b>Debt Service</b>		<b>Coverage</b>
		<b>Principal</b>	<b>Interest</b>	
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
2023	\$ 17,820,438	294,055	45,000	52.56

## Town of Chino Valley, Arizona

Pledged Revenue Coverage

Last Ten Fiscal Years

<b>WIFA 2014</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax</b>	<b>Debt Service</b>		<b>Coverage</b>
	<b>Collection</b>	<b>Principal</b>	<b>Interest</b>	
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
2023	\$ 17,820,438	140,068	38,540	99.77

<b>WIFA 2016</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax</b>	<b>Debt Service</b>		<b>Coverage</b>
	<b>Collection</b>	<b>Principal</b>	<b>Interest</b>	
2016	\$ 8,545,285	\$ -	\$ 60,462	141.33
2017	8,790,890	150,161	96,326	35.66
2018	9,680,754	153,700	92,723	39.29
2019	10,561,236	134,526	90,745	46.88
2020	11,997,299	139,907	85,262	53.28
2021	13,748,408	145,503	84,056	59.89
2022	15,299,066	151,323	80,508	65.99
2023	\$ 17,820,438	157,376	76,820	76.09

<b>WIFA 2017</b>				
<b>Fiscal Year Ended June 30:</b>	<b>Excise Tax</b>	<b>Debt Service</b>		<b>Coverage</b>
	<b>Collection</b>	<b>Principal</b>	<b>Interest</b>	
2017	\$ 8,790,890	\$ -	\$ -	
2018	9,680,754	12,156	6,453	520.22
2019	10,561,236	11,398	6,501	590.05
2020	11,997,299	11,349	7,164	648.05
2021	13,748,408	11,624	5,946	782.49
2022	15,299,066	11,904	5,659	871.10
2023	\$ 17,820,438	12,192	6,364	960.36

## Town of Chino Valley, Arizona

Demographic and Economic Statistics

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Town Population</b>	<b>County Population</b>	<b>County Personal Income (in Thousands) +</b>	<b>County Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Yavapai County Unemployment Rate</b>
2013-2014	10,943	215,133	4,853,759	23	3,019	8.6 %
2014-2015	10,817	218,844	5,593,458	26	3,089	8.6
2015-2016	11,137	222,255	7,112,160	32	2,991	8.6
2016-2017	11,250	225,562	7,900,004	35	2,988	4.2
2017-2018	11,705	228,168	8,199,948	36	2,876	4.3
2018-2019	12,003	231,993	9,352,066	41	2,860	4.9
2019-2020	12,375	235,099	9,731,391	40	2,580	5.7
2020-2021	13,020	241,753	9,731,391	41	2,731	4.3
2021-2022	13,492	242,253	9,932,373	41	2,815	4.3
2022-2023	13,669	246,191	11,884,929	48	2,399	4.1

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.

<http://www.azstats.gov/population-data-query>

<http://www.idcide.com/citydata/az/chino-valley.htm>



## Town of Chino Valley, Arizona

Principal Employers

Current Year and Five Years Ago

Employer	2023		2022		2021		2020		2019	
	Employees	Percentage of Total town Employment	Employees	Percentage of Total Town Employment						
Chino Valley Unified School	322	2.99	307	2.85 %	288	2.67	290	2.69	325	3.01
Safeway	181	1.68	190	1.76	140	1.30	175	1.62	135	1.25
Town of Chino Valley	114	1.06	107	0.99	110	1.02	98	0.91	97.5	0.90
CAFMA In CV	27	0.25	36	0.33	36	0.33	35	0.32	36	0.33
Bonnie Plant	25	0.23	30	0.28	25	0.23	24	0.22	-	-
Frontier Techni-Kote Industries	28	0.26	28	0.26	-	-	-	-	-	-
Arizona Highway Safety Specialists	30	0.28	25	0.23	25	0.23	30	0.28	32	0.30
Chino Heating & Cooling	33	0.31	25	0.23	25	0.23	25	0.23	27	0.25
A2Z Home Center	26	0.24	18	0.17	-	-	-	-	-	-
Circle L Animal Hospital	13	0.12	13	0.12	20	0.19	20	0.19	24	0.22
	<u>799</u>	<u>7.41</u>	<u>779</u>	<u>7.22 %</u>	<u>669</u>	<u>6.20</u>	<u>697</u>	<u>6.46</u>	<u>676.5</u>	<u>6.27</u>

Sources: Central Arizona Regional Economic Development Foundation; various employers

## Town of Chino Valley, Arizona

Authorized Full-time Government Employees by Function/Program

Last Ten Fiscal Years

Fiscal Year	Function/Program							Total
	General Government	Public Safety	Culture and Recreation	Health and Welfare	Public Works/ Streets	Public Works/ Water	Public Works/ Sewer	
2013-2014	29.00	30.50	8.00	3.50	11.00	3.50	3.50	89.00
2014-2015	36.00	30.50	0.50	3.50	11.00	3.50	3.50	88.50
2015-2016	40.00	30.50	1.00	3.50	10.00	2.50	3.50	91.00
2016-2017	39.00	31.00	1.50	3.50	11.00	2.50	3.50	92.00
2017-2018	45.50	30.00	2.00	4.50	7.00	3.00	3.00	95.00
2018-2019	48.50	30.00	2.00	4.50	7.00	2.50	2.50	97.00
2019-2020	49.25	30.50	2.00	4.25	7.00	2.50	2.50	98.00
2020-2021	49.25	30.50	2.00	4.25	7.00	2.50	2.50	98.00
2021-2022	54.50	31.00	2.00	4.50	9.00	3.00	3.00	107.00
2022-2023	57.75	34.00	2.00	4.25	9.00	3.50	3.50	114.00

Source: Town of Chino Valley Budget

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



## Town of Chino Valley, Arizona

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
General government:										
Registered voters	*	5,914	*	6,220	6,673	*	8,305	7,505	8,218	*
Votes cast last election	*	3,587	*	2,630	2,840	*	7,184	3,644	4,103	*
Police:										
Number of police personnel and officers	30	30	30	31	31	30	31	31	35	41
Arrests	440	443	445	444	394	314	276	160	386	439
Citations	934	808	1,234	1,204	1,532	1,370	1,041	1,025	1,682	1,568
Traffic stops	3,067	2,801	3,166	3,121	3,103	3,440	3,107	2,761	3,465	3,414
Security checks	2,425	2,602	1,979	1,469	914	927	1,119	1,075	1,163	1,180
Officer reports	7,700	6,485	6,257	5,601	5,135	6,810	5,685	5,424	6,090	7,952
Calls for service	11,870	10,988	11,212	10,680	10,239	10,589	10,184	9,768	12,019	12,545
Patrol units	19	19	19	19	20	20	21	21	15	18
Animal control:										
Animal related calls	829	878	1,005	941	954	889	835	743	773	884
Impounded dogs	315	301	340	350	341	351	319	293	271	294
Impounded cats									31	48
Adopted dogs	121	136	137	139	122	110	140	152	121	114
Adapted cats									30	36
Dog licenses sold	1,807	1,971	1,912	1,986	1,994	1,584	1,540	1,425	1,136	964
Highways and streets:										
Miles of paved roads maintained	163	153	153	153	153	155	155	155	155	157
Street resurfacing (miles)	-	3	-	2	3	3		22	22	2
Street sweeping (miles)	13	13	13	13	13	13	13	15	15	7
Potholes repaired (cold mix tons)	168	148	157	157	270	231	218	281	300	320
Water:										
Number of wells	19	19	19	19	19	15	15	15	15	15
Total well production (acre feet)	250	250	250	250	267	247	292	294	339	376
Number of metered accounts	626	633	658	720	819	902	869	1,097	1,133	1,178
New residential connections	19	7	25	25	99	87	153	120	37	21
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	1,165,000	1,165	1,165	1,165
Miles of water mains	21.0	21.0	21.0	21.0	22.0	22.0	22.5	22.5	22.5	22.5
Line breaks	-	-	-	-	-	-	-	-	-	-
Average daily consumption (thousand of gallons)	223	296	312	312	312	221	260	263	282	336
Number of fire hydrant	103	103	103	103	104	105	105	105	116	116
Wastewater:										
Number of active accounts	1,689	1,735	1,744	1,767	1,842	2,007	2,364	2,512	2,568	2,732
Average daily sewage treatment gallons	325,000	325,000	325,000	325,000	265,000	285,000	288,000	298,000	315,000	335,347
Plant Capacity per day gallons	500,000	500,000	500,000	500,000	500,000	500,000	50,000	500,000	500,000	500,000
Gallons Recharged in Aquifer (acre feet)	244	246	251	251	284	277	309	330	336	376
Miles of Collection System	33	34	34	34	35	36	36	36	37	38

## Town of Chino Valley, Arizona

Operating Indicators by Function/Program  
Last Ten Fiscal Years

Function/Program	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Facilities maintenance:										
Number of buildings maintained	20	20	20	20	20	20	20	21	21	22
Square footage of buildings maintained	55,704	55,704	55,704	55,704	55,704	55,704	55,704	62,085	62,085	78,107
Number of HVAC unites maintained	44	44	44	44	44	44	44	44	44	62
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	4
Parkland acreage	47	47	47	47	47	47	47	47	47	47
Total open space acres	82	82	82	82	82	82	82	83	83	83
Total acres of turf	20	20	20	20	20	20	20	12	12	12
Gallons of water user per acre of turf	700,000	793,000	806,000	806,000	810,000	450,000	650,000	450,564	525,000	550,000
Ball fields	6	6	6	6	6	6	6	6	6	5
Playgrounds	2	2	2	2	2	2	2	2	2	2
Aquatic center admissions	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	13	65	53	56	61	46	35	57	69	52
Building permits, residential	220	225	265	319	439	368	400	545	542	630
Housing rehabilitations	-	3	-	-	-	-	-	-	-	-
Code enforcement cases	176	223	186	197	200	369	277	191	465	809
Planning cases	14	16	16	15	19	21	30	47	136	135
Culture, library:										
Items in collections	44,249	53,523	49,072	57,009	72,454	72,730	74,443	57,598	46,569	54,384
Total items circulated	114,171	112,843	113,231	110,202	107,584	103,374	84,903	84,903	117,324	94,353
Reference transactions	4,551	5,891	5,008	4,752	3,041	2,899	N/A Covid	-	-	-
Computer uses	15,307	16,702	15,102	15,888	15,515	15,087	N/A Covid	14,269	-	-
Inter library loan	25,696	23,238	29,504	23,490	30,427	13,294	25,874	13,485	12,044	24,765
Total library attendance	60,380	62,346	60,533	66,131	64,960	63,214	6,374	43,132	40,208	40,208
Culture, senior center:										
Total meals served in house	10,211	11,606	13,264	13,744	14,612	12,872	11,947	11,870	11,249	16,385
Total meals on wheels	8,264	10,582	12,065	10,428	10,174	11,574	11,182	14,256	17,298	17,138

Sources: Various Town 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	2022-2023
Public safety:									
Stations	1	1	1	1	1	1	1	1	1
Patrol units	19	19	19	20	20	21	21	21	18
Highways and streets:									
Streets (miles)	153	153	153	153	153	153	155	155	157
Water:									
Water mains (miles)	20	20	20	22	22	22	23	23	23
Fire hydrants	103	103	103	103	103	103	105	105	116
Sewer:									
Sanitary sewer (miles)	32	32	33	35	35	35	36	36	38
Maximum daily treatment capacity (thousands of gallons)	500,000	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	47
Number of parks	5	5	5	5	5	5	5	5	5
Swimming pools	1	1	1	1	1	1	1	1	1
Ball fields	6	6	6	6	6	6	6	6	6

\* Not available

Sources: Various Town Departments



# Compliance Section

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**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Chino Valley (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 11, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

*Baker Tilly US, LLP*

Tempe, Arizona  
December 11, 2023