

# **Town of Chino Valley**

Annual Expenditure Limitation Report

June 30, 2023

TOWN OF CHINO VALLEY, ARIZONA  
TABLE OF CONTENTS

Independent Accountants' Report	1
Annual Expenditure Limitation Report – Part I	2
Annual Expenditure Limitation Report – Part II	3
Annual Expenditure Limitation Report – Reconciliation	4
Notes to Annual Expenditure Limitation Report	5

## INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and  
The Honorable Mayor and Town Council  
of the Town of Chino Valley, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of Town of Chino Valley, Arizona for the year ended June 30, 2023 and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We concluded our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

*Baker Tilly US, LLP*

Tempe, Arizona  
December 11, 2023

TOWN OF CHINO VALLEY, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT – PART I  
 Year Ended June 30, 2023

1. Economic Estimates Commission expenditure limitation	\$	<u>4,724,497</u>	
2. Voter-approved alternative expenditure limitation (Approved June 22, 2021 - Town Resolution No. 2021-1183)		<u>46,544,100</u>	
3. Enter applicable amount from line 1 or line 2			\$ <u>46,544,100</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>25,750,743</u>	
5. Board-authorized expenditures necessitated by a disaster the Governor declared	-	<u>-</u>	
6. Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	<u>-</u>	
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-	<u>-</u>	
8. Subtotal			\$ <u>25,750,743</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve		<u>-</u>	
10. Total adjusted amount subject to the expenditure limitation	+	<u>-</u>	\$ <u>25,750,743</u>
11. Amount under (in excess of) the expenditure limitation			\$ <u><u>20,793,357</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief financial officer: Joe R. Duffy

Name and title: Joe Duffy, CPA - Administrative Services Director

Telephone number: (928) 636-2646 Date: 12.11.23

See accompanying notes.

TOWN OF CHINO VALLEY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART II  
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 21,054,959	\$ 4,695,784	\$ 25,750,743
B. Less exclusions claimed:			
<u>1.</u> Debt proceeds	-	-	-
<u>2.</u> Debt service requirements	-	-	-
<u>3.</u> Dividends, interest, and gains on the sale or redemption of investment securities	-	-	-
<u>4.</u> Trustee or custodian	-	-	-
<u>5.</u> Grants and aid from the federal government	-	-	-
<u>6.</u> Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes	-	-	-
<u>7.</u> Amounts received from the State of Arizona	-	-	-
<u>8.</u> Quasi-external interfund transactions	-	-	-
<u>9.</u> Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
<u>10.</u> Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
<u>11.</u> Contracts with other political subdivisions	-	-	-
<u>12.</u> Refunds, reimbursements, and other recoveries	-	-	-
<u>13.</u> Voter-approved exclusions not identified above	-	-	-
<u>14.</u> Prior years carryforward	-	-	-
<u>15.</u> Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-
<u>16.</u> Total exclusions claimed	-	-	-
C. Amounts subject to the expenditure limitation	<u>\$ 21,054,959</u>	<u>\$ 4,695,784</u>	<u>\$ 25,750,743</u>

See accompanying notes.

TOWN OF CHINO VALLEY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION  
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 21,063,908	\$ 3,505,997	\$ 24,569,905
<u>B.</u> Subtractions:			
<u>1.</u> Items not requiring use of current financial resources:			
<u>a.</u> Depreciation	-	1,413,126	1,413,126
<u>b.</u> Loss on disposal of capital assets	-	-	-
<u>c.</u> Bad debt expense	-	752	752
<u>d.</u> Pension and other postemployment benefits (OPEB) expense	-	61,098	61,098
<u>e.</u> Claims incurred but not reported (IBNR)	-	-	-
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>2.</u> Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
<u>3.</u> Required fees paid to the Arizona Department of Revenue	8,949	-	8,949
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	-	-	-
<u>5.</u> Involuntary court judgments	-	-	-
<u>6.</u> Total subtractions	<u>8,949</u>	<u>1,474,976</u>	<u>1,483,925</u>
<u>C.</u> Additions:			
<u>1.</u> Principal payments on long-term debt	-	720,537	720,537
<u>2.</u> Capital asset acquisitions	-	1,893,956	1,893,956
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:			
<u>a.</u> Claims previously recognized as IBNR	-	-	-
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-
<u>4.</u> Pension and OPEB contributions paid in the current year	-	50,270	50,270
<u>5.</u> Transfers to separate legal entities	-	-	-
<u>6.</u> Total additions	<u>-</u>	<u>2,664,763</u>	<u>2,664,763</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 21,054,959</u>	<u>\$ 4,695,784</u>	<u>\$ 25,750,743</u>

See accompanying notes.

TOWN OF CHINO VALLEY, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted May 26, 2020, as authorized by the Arizona Constitution, Article IX, §20 (9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

NOTE 2 RECONCILIATION DEDUCTIONS AND ADDITIONS

The deductions for depreciation, bad debt expense, and pension expense and the additions for principal payments, the acquisition of capital assets, and pension contributions are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Position for the proprietary funds; the Statement of Cash Flows for the proprietary funds and the financial statement footnotes 4, 6, and 9.

The addition of \$720,537 for principal payments on long-term debt in the Enterprise Funds consists of \$22,620 paid on bonds payable and \$697,917 paid on loans payable during the current fiscal year. The addition for the acquisition of capital assets consists of \$1,893,956 paid for various capital assets in the Water and Sewer funds.

The subtraction of \$61,098 for pension expense consists of the change in the net pension liability recognized in the current year in the Enterprise Funds. The addition of \$50,270 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.