

TOWN OF CHINO VALLEY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2011
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANT

Table of Contents

	PAGE
Independent Auditor's 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 Auditors' Report on AELR

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

We have audited the financial statements of the Town of Chino Valley, Arizona, as of and for the year ended June 30, 2011, and have issued our separate report thereon dated November 5, 2011. We have also audited the accompanying Annual Expenditure Limitation Report of the Town of Chino Valley, Arizona, for the year ended June 30, 2011. This report is the responsibility of the Town of Chino Valley, Arizona's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual expenditure limitation report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of the Town of Chino Valley, Arizona, for the year ended June 30, 2011, referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Town and filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Hinton Burdick Hall & Spilker PLLC

HINTON, BURDICK, HALL & SPILKER, PLLC
 November 5, 2011

TOWN OF CHINO VALLEY, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2011

1. Economic Estimates Commission expenditure limitation	N/A	
2. Voter-approved alternative expenditure limitation	<u>\$ 59,166,595</u>	
3. Enter applicable amount from line 1 or line 2		59,166,595
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	19,972,361	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a),	N/A	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A	
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	<u>N/A</u>	
8. Subtotal	19,972,361	
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	<u>N/A</u>	
10. Total adjusted amount subject to the expenditure limitation		<u>19,972,361</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		<u><u>\$ 39,194,234</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 Fiscal Officer: _____

Name and Title: Vera Smith, Finance Director

Telephone Number: (928) 636-2646 Date: _____

See accompanying notes to report.

TOWN OF CHINO VALLEY, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2011

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 17,196,345	\$ 2,776,016	\$ 19,972,361
B. Less exclusions claimed:			
1. Bond proceeds	-	-	-
Debt service requirements on bonded indebtedness	-	-	-
Proceeds from other long-term obligations	-	-	-
Debt service requirements on other long-term obligations	-	-	-
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-
3. Trustee or custodian	-	-	-
4. Grants and aid from the Federal government	-	-	-
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-
6. Amounts received from the State of Arizona	-	-	-
7. Quasi-external interfund transactions	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-
10. Contracts with other political subdivisions	-	-	-
11. Refunds, reimbursements, and other recoveries	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-
13. Prior years carryforward	-	-	-
14. Total exclusions claimed	-	-	-
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	\$ 17,196,345	\$ 2,776,016	\$ 19,972,361
	\$ 17,196,345	\$ 2,776,016	\$ 19,972,361

See accompanying notes to report.

TOWN OF CHINO VALLEY, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2011

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund based financial statements	\$ 17,196,345	\$ 2,874,212	\$ 20,070,557
B. Subtractions			
1. Items not requiring use of working capital:			
Depreciation	-	1,205,484	1,205,484
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	18,979	18,979
Claims incurred but not reported	-	-	-
Landfill closure and postclosure care costs	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-
4. Involuntary court judgments	-	-	-
6. Total subtractions	-	1,224,463	1,224,463
C. Additions:			
1. Principal payments on long-term debt	-	1,096,388	1,096,388
2. Acquisition of capital assets	-	29,879	29,879
3. Claims paid in current year but reported as expenses incurred but not reported in prior years	-	-	-
4. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-
5. Total additions	-	1,126,267	1,126,267
D. Amounts reported on Part II, Line A	\$ 17,196,345	\$ 2,776,016	\$ 19,972,361

See accompanying notes to report.

TOWN OF CHINO VALLEY, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2011

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting 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 plan as authorized by the Arizona Constitution, Article IX, §20 (9). On March 20, 2009 the voter-approved alternative expenditure limitation was extended.

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

Note 2. Reconciliation Deductions and Additions

The deductions for depreciation and bad debt expense and the additions for principal payments and the acquisition of capital assets are all provided in the Statement of Revenues, Expenses, and Changes in Fund Net Assets for the proprietary funds; the Statement of Cash Flows for the proprietary funds and the financial statement footnotes 6 and 7.

The addition of principal payments on long-term debt in the Enterprise Funds consists of \$1,096,388 paid on bonds, capital leases, and loans payable during the current fiscal year. The addition for the acquisition of capital assets consists of \$29,879 paid for various capital assets in the Water and Sewer funds.