

TOWN OF QUEEN CREEK, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2019



TOWN OF QUEEN CREEK, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Issued by:
Finance Department

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INTRODUCTORY SECTION

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TOWN OF QUEEN CREEK ARIZONA

December 19, 2019

To the Honorable Mayor, Members of the Town Council, and Citizens of the Town of Queen Creek:

In accordance with Arizona statutes, we are pleased to present the Comprehensive Annual Financial Report of the Town of Queen Creek for the fiscal year ended June 30, 2019. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town's management.

We believe the enclosed information accurately presents the Town's financial position and results of operations, in all material respects, in accordance with generally accepted accounting principles. We also believe we have included all disclosures necessary to enable the reader to gain an understanding of the Town's financial activities. These assertions are made on the basis of the Town's system of internal control over assets and liabilities recorded in the accounting system. These controls have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition, and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits, and that the evaluation of costs and benefits requires estimates and judgments by management.

CliftonLarsonAllen LLP, a certified public accounting firm, has audited the Town's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Queen Creek's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with generally accepted accounting principles. The auditor's report is presented as the first component of the Financial Section of this report.

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

PROFILE

The Town of Queen Creek is located in the southeast corner of Maricopa County with a small overlap into Pinal County. The City of Mesa borders the Town to the north, and the Town of Gilbert borders it to the west. Queen Creek is within 10 minutes of the Phoenix-Mesa Gateway Airport and 45 minutes of the Phoenix Sky Harbor International Airport. Queen Creek contains 39 square miles in its incorporated area and 71 square miles in its planning area. The Town's population has doubled since 2010, making the Town one of the fastest growing municipalities in the country and the state. The Town's current population is estimated at approximately 51,800.

The Town of Queen Creek incorporated in 1989 to preserve the benefits of rural life and provide avenues for managed change. By preserving the past while providing for economic and recreational opportunities and a high quality of life, the Town has grown from rich rural roots to what is one of the most innovatively planned, family-friendly hometowns in Arizona. With overall lower-density residential areas, preservation of open space, a variety of parks and recreational activities, spectacular views and multi-use trails, all

Honorable Mayor, Members of the Town Council, and
Citizens of the Town of Queen Creek, Arizona

among a vibrant and growing economy, the Town of Queen Creek offers comforts of the country amidst the convenience of the city.

With a few exceptions, Queen Creek is a full-service municipality. Police, jail, and animal control services are currently provided through a contract with Maricopa County. Municipal court services are provided through a contract with the Town of Gilbert. Refuse and recycling services are provided via a contract with a private company.

The Town of Queen Creek operates under the Council-Manager form of government. The seven-member Town Council is elected at large on a nonpartisan ballot. The Mayor is elected every four years, and Town Council members are elected to staggered terms, with three members elected every two years. The Town Council is responsible for setting public policy, approving the Town's annual budget, approving agreements, providing policy leadership, approving planning and development decisions, and adopting new codes and ordinances. The Town Council appoints the Town Manager to implement policy and direct daily operations.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the basic financial statements is best understood when considered from the broader perspective of the environment in which the Town operates.

Local Economy

Commercial development is focused in three main strategic areas: the Town Center, the northern boundary, and the southeast area. The Town Center is the economic core of the community and includes over 2.2 million square feet of commercial development.

The northern section of the Town is strategically positioned to capitalize on new employment growth with its proximity to the Phoenix-Mesa Gateway Airport, a tremendous economic development catalyst for the region, and State Route 24 which has freeway access within 1.5 miles of the main employment corridor.

The Town's southeast area is adjacent to the San Tan Valley in Pinal County. With over 100,000 residents, this unincorporated area is a significant source of traffic through the Town's business districts and streets. A recent study by Elliott D. Pollack & Company estimated that approximately 38% of taxable retail sales and 47% of restaurant and bar sales in Queen Creek come from non-residents.

Fiscal year 2019 showed continued economic improvement. Overall city sales tax revenue grew 16% over the prior year due to the addition of new homes, businesses, and restaurants, and from continued population growth in the Town and the surrounding area. State-shared revenue increased nearly 12% over the prior year, reflecting the Town's continued population growth.

Following are highlights of recent development activity within the Town:

- The Town issued 1,325 single-family building permits during fiscal year 2019, an increase of 26% over the prior year. Each housing permit generates over \$20,000 in one-time revenue to the Town from development impact fees and construction sales taxes.
- The Town's first auto dealership opened in September 2018 on 6.65 acres of land on the Town's southern border.

Honorable Mayor, Members of the Town Council, and
Citizens of the Town of Queen Creek, Arizona

- The Town sold 2.5 acres in the Town Center to a private developer for construction of the first hotel in Queen Creek.
- Banner Medical has nearly completed a 60,000 square foot medical office expansion at its Ironwood Medical Center campus in the southeast section of the Town.
- A new Safeway grocery store opened in December 2018 along with several shops and restaurants in the Ironwood Crossing commercial center at the corner of Ironwood and Ocotillo. Vertical construction continues in Town Center and at the Terravella and QC Station retail development sites, with announced tenants that include Dave & Busters, Barrio Queen, Old Navy, Signal Health, Black Rock Coffee, ALDI grocery store, and Dutch Brothers Coffee.

Growth and Development

Since incorporation in 1989, Queen Creek has grown through annexation and development of surrounding properties. As residential development turned farmland into suburban neighborhoods, commercial development followed to the Town Center, with the Queen Creek Marketplace, Cornerstone at Queen Creek, and QC District shopping centers providing anchors for retail development.

The Town continues to experience a high level of development activity. The following annexations have added to the Town's growing economic base:

- Harvest QC (formerly Meridian Crossing) – Annexed in 2016, the development includes approximately 428 acres with 1,245 single-family lots. Site work is underway, with the first homes expected to begin construction in the spring of 2020.
- Amerco Real Estate – Annexed in 2017, the property includes approximately 35 acres of commercial development with a car dealership and a U-Haul rental and storage facility that opened in September 2018.
- Banner Ironwood Medical Center – Annexed in May 2017, this 264,000 square-foot facility serves as a regional hospital. Banner recently announced plans to add 36 beds to the 4th & 5th floors of the existing hospital, including a 12-bed ICU unit. Over the next 20 years, Banner plans to grow its campus to nearly 1.2 million square feet and provide over 900 jobs.
- Ironwood Crossing – The Town annexed approximately 1,500 acres in April 2018. Roughly half the area consists of an existing master planned community with approximately 1,700 existing single-family homes and an expected buildout of 2,188 homes. The remaining area includes 730 acres of vacant farmland, as well as 19 acres that has been developed as commercial property.
- Empire Ellsworth – Annexed in August 2018 across the street from the Amerco development, the Town's General Plan designates the 25-acre site for commercial land uses.
- Rancho Legante Residential – Annexed in March 2019, the development includes approximately 72 acres with 116 single-family lots. The site's infrastructure is currently under construction.
- State Lands – Annexed in August 2019, the area includes approximately 4,150 acres of land owned by the State of Arizona and includes frontage to the future SR 24 corridor. The State Lands Department expects to begin auctioning parcels of land to developers by December 2021.
- QC 40 LLC – Annexed in September 2019, this 40-acre site is expected to be developed into a Fry's shopping and retail center, with the first store expected to open in January 2021.
- Encanterra Community – Annexed in October 2019, this 755-acre gated retirement community includes a golf course, a country club, and approximately 1,500 homes. At buildout the development is expected to have approximately 2,100 homes. A legal challenge to the validity of this annexation has been brought forward the outcome of which is currently unknown.

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Citizens of the Town of Queen Creek, Arizona

Active residential development in Queen Creek includes 27 master-planned communities and several custom-home builders. Combined, these projects will add over 15,000 new single-family homes over the next ten years, which will more than double the Town's current inventory of existing homes and nearly double the Town's population.

Accomplishments

Water Strategy. In December 2018, the Town Council approved three major water-related agreements:

- Purchase of approximately 175,000 acre feet of groundwater extinguishment credits
- Purchase of approximately 2,900 acre-feet of permanent water rights (the contract is still under review by regulatory agencies)
- Purchase of perpetual rights to receive up to 3 million gallons per day of reclaimed water and permanent facilities to recharge surface water, reclaimed water, or other effluent.

These agreements are significant steps in the Town's water strategy to acquire long-term water resources and be designated as having an assured water supply. In achieving these objectives, the Town will minimize its reliance on the Central Arizona Groundwater Replenishment District (CAGR) to meet the groundwater replenishment requirements of the Arizona Groundwater Management Act (AZGMA). Minimizing reliance on the CAGR will reduce costs to the Town's water utility system customers.

Impact Fees, Capacity Fees, and Sewer Rates. The Town updated its development impact fees and water/sewer capacity fees to align those fees with the expected costs of needed infrastructure projects over the next ten years. For a single-family home, total impact and capacity fees went down \$3,242 or 20%. The Town also lowered residential sewer rates by approximately 15%.

Rating Upgrade. Standard & Poors (S&P) Global Ratings upgraded the Town's issuer credit rating from 'AA-' to 'AA' with a stable outlook in September 2019. S&P cited the Town's strong financial management policies and practices, strong budgetary performance, and strong budgetary flexibility and liquidity as key reasons for the upgrade.

Reserve Policy and Long-term Financial Planning

Economic growth has provided sufficient resources for the Town to maintain services for its residents while also building reserves in its operating funds. The Town Council's current reserve policy is to have 25% of next year's General Fund budgeted revenues in reserve. As of June 30, 2019, the Town has fully funded this reserve at \$16.7 million.

The Town continued its policy of holding reserves to address the Town's estimated share of the unfunded pension liabilities associated with the Maricopa County Sheriff's Office (MCSO) and the Arizona State Retirement System (ASRS). As of June 30, 2019, the Town has reserved the full amount of the Town's estimated share, or \$20.9 million, of the MCSO unfunded liability. In addition, \$8.6 million was reserved for the ASRS unfunded liability, including \$3.0 million in the General Fund. With this policy, the Town has one of the most comprehensive pension funding strategies in the country.

Each fall, the Town begins the annual budget process with a five-year financial forecast. Using a long-range projection model, the Town is able to identify and address projected structural budget gaps and prioritize any potential use of fund balances for strategic needs. The five-year financial plan remains balanced, reflecting increased revenues and expenses based on population growth and new commercial development.

Honorable Mayor, Members of the Town Council, and
Citizens of the Town of Queen Creek, Arizona

Major Initiatives

The Town is in the midst of several major initiatives to meet the demands of a growing community. These initiatives include the following:

- Build and improve major arterial roads to accommodate the Town's rapidly growing population based on the adoption of a ten-year \$195 million Transportation Master Plan.
- Build fire stations and hire fire personnel to maintain superior levels of public safety response to our residents. Fire Station #4 is under construction, with two more stations to be built by the end of fiscal year 2021.
- Pursue the acquisition of water resources to secure the Town's ability to provide water to its residents and businesses to meet the requirements of a 100-year assured water supply.
- Examine the feasibility of creating a Police Department, rather than continue contracting with the Maricopa County Sheriff's Office, as a more permanent solution to providing law enforcement services to the growing community.

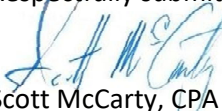
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Queen Creek for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 14th consecutive year that the Town has received this prestigious award. In order to be awarded this certificate, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ending June 30, 2020. This was the 17th consecutive year that the Town has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. A budget award is valid for a period of one year only. We believe that our annual budget documents will continue to meet the program's requirements and we will submit them to the GFOA each year to determine their eligibility for a certificate.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Finance Department, and through the competent service of our independent auditors. I also wish to express my sincere appreciation to the Town Council and the Town Manager for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully submitted,


Scott McCarty, CPA
Finance Director

**TOWN OF QUEEN CREEK, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2019**

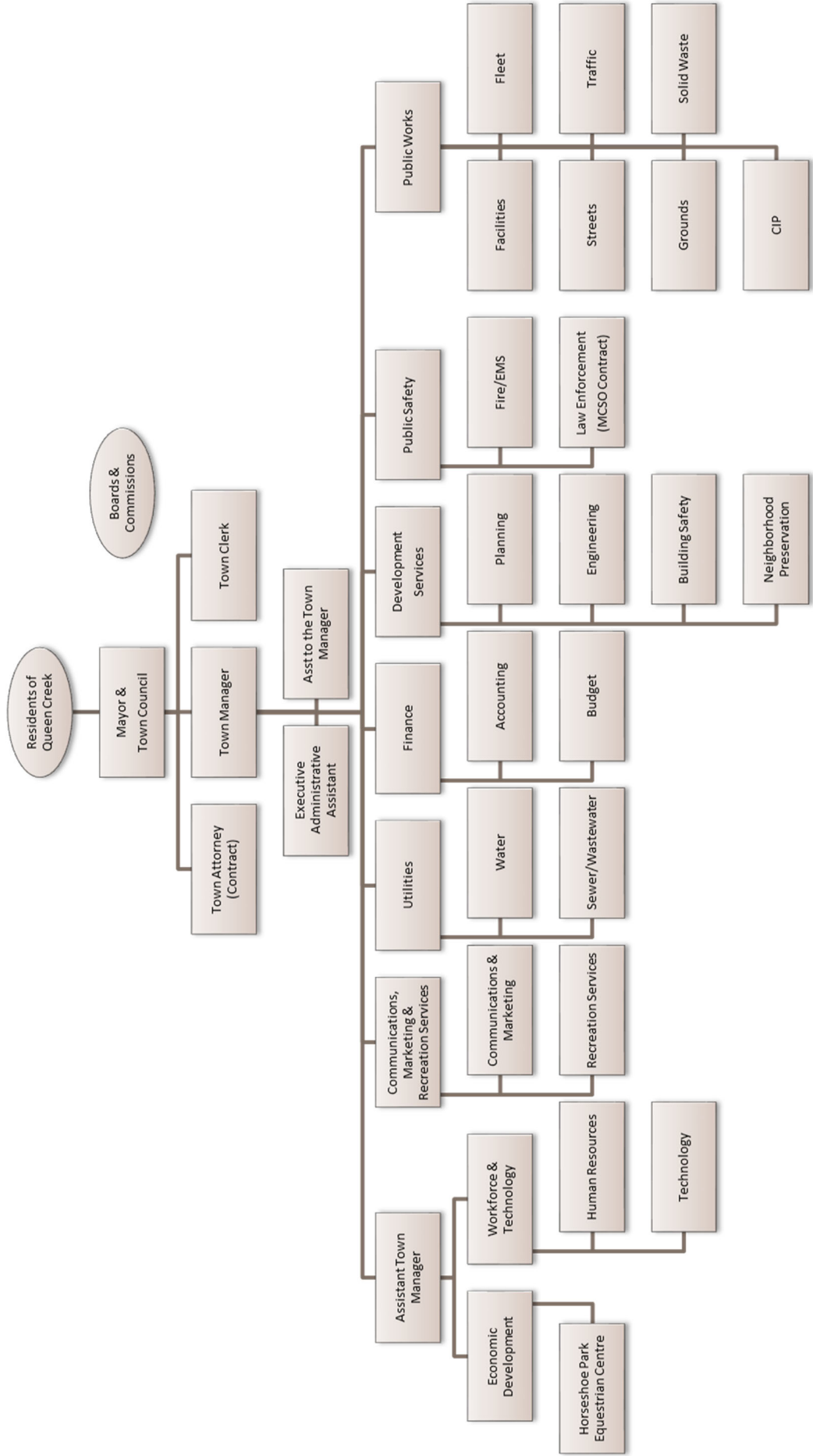
ELECTED OFFICIALS

Mayor	Gail Barney
Vice- Mayor	Robin Benning
Council Member	Jeff Brown
Council Member	Jake Hoffman
Council Member	Dawn Oliphant
Council Member	Emilena Turley
Council Member	Julia Wheatley

DEPARTMENT DIRECTORS

Town Manager	John Kross
Assistant Town Manager	Bruce Gardner
Fire Chief	Vance Gray
Finance Director	Scott McCarty, CPA
Communications, Marketing & Recreation Director	Marnie Shubert
Development Services Director	Brett Burningham
Economic Development Director	Doreen Cott
Utilities Director	Paul Gardner
Workforce and Technology Director	Bruce Gardner
Public Works Director	Troy White

**TOWN OF QUEEN CREEK, ARIZONA
 ORGANIZATIONAL CHART
 YEAR ENDED JUNE 30, 2019**





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Queen Creek
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and the Town Council
Town of Queen Creek, Arizona
Queen Creek, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona (Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Supplementary and Other 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 combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable Mayor and the Town Council
Town of Queen Creek, Arizona

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 19, 2019

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REQUIRED SUPPLEMENTARY INFORMATION

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**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

As management of the Town of Queen Creek, Arizona (Town), we offer readers of the Town's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information provided in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$529.2 million (net position). Total net position increased by \$47.5 million during the fiscal year.
- As of June 30, 2019, the Town's governmental funds reported a combined ending fund balance of \$83.9 million, an increase of \$0.9 million in comparison with the prior year.
- At the close of the current fiscal year, total fund balance for the General Fund was \$41.0 million. Of this amount, \$16.7 million is unassigned meeting the Town's policy objective of having 25% of the following year's budgeted revenue in reserve. Additionally, the Town has \$24.0 million set aside as committed per its pension funding policy.
- The Town issued \$49.5 million in variable-rate excise tax pledged obligations in order to purchase water extinguishment credits to meet future water resource needs.
- The Town paid off a \$20.8 million WIFA loan in the current year using available resources in the Wastewater Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are separated into three sections:

1. Government-wide financial statements
2. Fund financial statements and schedules
3. Notes to basic financial statements

In addition to the basic financial statements, this report also includes other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the Town's financial position is improving or deteriorating.

The statement of activities presents data showing how the Town'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 the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years, such as revenue from uncollected taxes or expenses from earned but unused vacation and sick leave.

Both of the government-wide financial statements distinguish Town functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that intend to recover all or a significant portion of their costs from user fees and charges (business-type

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

activities). The governmental activities of the Town include general government, public safety, highways and streets, culture and recreation, and economic development. The business-type activities of the Town include water, wastewater, and solid waste.

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. Like other state and local governments, the Town uses fund accounting to ensure and demonstrate compliance with finance-related or legal requirements. The Town funds are 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 evaluating a government's near-term financial position.

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, the reader 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 the comparison between governmental funds and governmental activities.

The Town maintains twenty-two 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, Construction Sales Tax Fund, Drainage and Transportation Fund, and the Improvement District Debt Service Fund, all of which are considered to be major funds. For financial reporting purposes, the Town's Emergency Services Fund and Horseshoe Park and Equestrian Center Fund are presented as part of the Town's General Fund. Additionally, the Grants Fund has been presented as part of the Highway Users Revenue Fund. Separate Budget to Actual Schedules for each of these three funds are presented in the Supplementary Information section of this report. Data from the other fifteen funds are combined into a single aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of the combining statements contained within the Supplementary Information section of this report.

- *Proprietary Funds* – Proprietary funds are used to account for services for which the Town charges its customers. Enterprise funds are used to report the same functions as presented in the business-type activities in the government-wide financial statements. There are three funds reported under business-type activities: Water, Wastewater, and Solid Waste. The Water and Wastewater Funds are considered to be major funds of the Town.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this section of the report presents certain required supplementary information concerning the Town's pension plans and budgetary comparison schedules for the General Fund and Construction Sales Tax Fund.

Supplementary Information

The combining statements for nonmajor governmental funds are presented immediately following the Required Supplementary Information. This section also includes budgetary comparison schedules for all other funds for which the Town has adopted an annual budget.

Statistical Section

This section provides up to ten years of financial, economic, and demographic information about the Town.

The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2019 and 2018.

	Net Position					
	June 30, 2019 and 2018					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 111,019,284	\$ 119,152,039	\$ 49,458,190	\$ 73,485,316	\$ 160,477,474	\$ 192,637,355
Capital Assets:						
Non-depreciable	82,717,460	90,732,019	81,406,923	19,142,232	164,124,383	109,874,251
Depreciable (net)	313,496,146	280,941,402	176,330,389	169,114,982	489,826,535	450,056,384
Total Assets	<u>507,232,890</u>	<u>490,825,460</u>	<u>307,195,502</u>	<u>261,742,530</u>	<u>814,428,392</u>	<u>752,567,990</u>
Deferred Outflows of Resources	5,886,371	6,514,208	16,491,769	16,814,470	22,378,140	23,328,678
Liabilities						
Current and Other Liabilities	9,492,100	21,315,980	11,699,929	18,189,470	21,192,029	39,505,450
Long-Term Liabilities	156,400,414	158,601,221	127,015,020	94,083,032	283,415,434	252,684,253
Total Liabilities	<u>165,892,514</u>	<u>179,917,201</u>	<u>138,714,949</u>	<u>112,272,502</u>	<u>304,607,463</u>	<u>292,189,703</u>
Deferred Inflows of Resources	<u>2,322,391</u>	<u>1,615,049</u>	<u>657,414</u>	<u>324,130</u>	<u>2,979,805</u>	<u>1,939,179</u>
Net Position						
Net Investment in Capital Assets	286,226,879	279,410,700	136,216,237	112,818,415	422,443,116	392,229,115
Restricted	37,960,524	32,071,290	1,396,218	10,553,638	39,356,742	42,624,928
Unrestricted	20,716,953	4,325,428	46,702,453	42,588,315	67,419,406	46,913,743
Total Net Position	<u>\$ 344,904,356</u>	<u>\$ 315,807,418</u>	<u>\$ 184,314,908</u>	<u>\$ 165,960,368</u>	<u>\$ 529,219,264</u>	<u>\$ 481,767,786</u>

The largest portion of the Town's net position (79.8%) reflects its investment in capital assets (e.g. land, buildings, and equipment), less any debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the assets themselves cannot be liquidated for these liabilities.

An additional portion of the Town's net position (7.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (12.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Changes in Net Position

The Town's net position overall increased by \$47.5 million (9.8%) during the current fiscal year. The increase in the governmental activities and business-type activities are discussed on the following pages.

**Changes in Net Position
For the Years Ended June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	\$ 21,054,617	\$ 18,983,038	\$ 45,956,140	\$ 41,306,770	\$ 67,010,757	\$ 60,289,808
Operating Grants and Contributions	2,845,028	2,733,724	-	-	2,845,028	2,733,724
Capital Grants and Contributions	6,588,158	9,150,396	3,526,444	2,221,177	10,114,602	11,371,573
General Revenues						
Sales Taxes	38,183,883	32,799,385	-	-	38,183,883	32,799,385
Property Taxes	7,055,258	6,246,074	-	-	7,055,258	6,246,074
Franchise Taxes	423,428	388,870	-	-	423,428	388,870
Grants and Contributions Not						
Restricted to Specific Programs	10,423,150	9,331,762	-	-	10,423,150	9,331,762
Investment Earnings	2,583,160	619,633	1,151,422	633,607	3,734,582	1,253,240
Miscellaneous	1,809,497	1,026,070	6,888	43,800	1,816,385	1,069,870
Total Revenues	90,966,179	81,278,952	50,640,894	44,205,354	141,607,073	125,484,306
Expenses						
General Government	15,999,204	13,916,548	-	-	15,999,204	13,916,548
Public Safety	15,949,495	15,442,454	-	-	15,949,495	15,442,454
Highways and Streets	17,800,283	16,239,980	-	-	17,800,283	16,239,980
Culture and Recreation	5,899,668	5,048,854	-	-	5,899,668	5,048,854
Economic Development	3,127,971	4,890,477	-	-	3,127,971	4,890,477
Interest on Long-Term Debt	5,231,600	5,121,081	-	-	5,231,600	5,121,081
Water	-	-	21,581,128	17,076,663	21,581,128	17,076,663
Wastewater	-	-	5,783,358	6,617,605	5,783,358	6,617,605
Solid Waste	-	-	2,782,888	2,366,783	2,782,888	2,366,783
Total Expenses	64,008,221	60,659,394	30,147,374	26,061,051	94,155,595	86,720,445
Change in Net Position						
Before Transfers	26,957,958	20,619,558	20,493,520	18,144,303	47,451,478	38,763,861
Transfers In (Out)	2,138,980	4,141,835	(2,138,980)	(4,141,835)	-	-
Change in Net Position	29,096,938	24,761,393	18,354,540	14,002,468	47,451,478	38,763,861
Net Position - Beginning of Year	315,807,418	291,046,025	165,960,368	151,957,900	481,767,786	443,003,925
Net Position - End of Year	\$ 344,904,356	\$ 315,807,418	\$ 184,314,908	\$ 165,960,368	\$ 529,219,264	\$ 481,767,786

Governmental Activities – Total revenues increased \$9.7 million (11.9%) primarily as a result of the following changes. Combined tax revenues increased \$4.2 million (10.1%) as a result of continued growth in the Town's residential population and commercial construction activity. Impact fees, licenses and permits revenues went up \$2.7 million this year (18.3%) due to an increase in the number of permits issued. The Town saw an increase of \$2.0 million in investment income resulting from interest on bond proceeds which will be spent down over the course of the next fiscal year.

Total expenses increased \$3.3 million (5.5%) mostly due to an increase in salaries expense of \$3.3 million. The increase in salaries is the direct result of an increase in the number of employees. The Town added 30 FTE's last year including 8 FTE's for Fire as well as 5 FTE's to Water and 4 FTE's to Finance.

Net position for governmental activities increased \$29.1 million (9.2%), ending the year at \$344.9 million.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Business-Type Activities – Net position of the Town's business-type activities increased \$18.4 million (11.1%) as revenues continue to outpace expenses. Revenues from charges to utility customers increased \$2.2 million (7.0%) due to growth in the Town's residential and commercial populations. Also, new developments generated \$2.6 million (27.6%) more than last year in capacity fees. These fees totaling \$12.1 million are restricted to future capital projects related to the Town's water and wastewater infrastructure. Additionally, the Town received \$3.5 million of infrastructure assets from new residential and commercial developments, which is \$1.3 million (58.8%) more than last year.

Total expenses increased \$4.1 million (15.7%) due to increases in the cost of maintaining a larger utility system. Payroll costs increased \$0.9 million (31%) as a result of additional personnel needed to meet the increasing service needs of an expanding service area. Additionally, the Town had a one-time payment of \$0.5 million this year for a correction to its transaction privilege tax. Finally, the Town developed new guidelines for writing off uncollectible accounts resulting in a one-time expense of \$0.3 million.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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. Types of governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$83.9 million, an increase of \$0.9 million (1.1%) from the prior year. The small net change in fund balances is the result of offsetting increases in investment income, sales and property taxes and decreases due to capital outlay purchases using cash from bonds issued last year. Other changes to fund balances include the following:

- Increases in the General Fund fund balance of \$4.4 million was the result of increased investment income, sales and property taxes.
- The Construction Sales Tax fund balance increased \$7.9 million as the Town used current-year revenues to pay down an interfund loan from the Wastewater Fund.
- The Drainage and Transportation Fund saw a decrease in fund balance of \$11.9 million as a result of capital outlay purchases using cash from bonds issued last year to fund the expenditures.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

At fiscal year ended June 30, 2019, fund balances were as follows.

Fund Balances

Fund	Balance	Increase/(Decrease) From FY 2017-18
General Fund	\$ 40,963,892	\$ 4,406,918
Construction Sales Tax	(8,041,785)	7,894,613
Drainage and Transportation	34,746,163	(11,881,749)
Improvement District Debt Service	(16,917)	(177,729)
Nonmajor Governmental Funds	16,203,394	645,111
	<u>\$ 83,854,747</u>	<u>\$ 887,164</u>

General Fund – Revenues of the General Fund exceeded expenditures and other financing sources (uses) by \$4.4 million due to continued growth in single-family home construction and commercial developments. Sales and property tax revenues increased \$3.1 million (9.3%) from the prior year.

Total General Fund expenditures increased by \$2.8 million (7.5%) primarily due to an increase in salaries expense of \$2.0 million. There were 14 new FTE's for Fire this year that were paid from the General Fund.

General Fund Budgetary Highlights – The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found in the Required Supplementary Information section of this report.

General Fund revenues, on a budgetary basis, exceeded budgeted revenues by \$5.6 million (13.8%). The increased revenues over the budgeted amount was the result of an improving economy and a growing community resulting in increased retail and construction sales tax revenues as well as increases in permits issued. Budgetary basis expenditures were \$2.4 million (9.3%) below budgeted expenditures. The savings in expenditures resulted from a combination of personnel cost savings from vacant positions, unfinished project and service contracts that will be carried over to the next fiscal year, and goods and services that cost less than expected.

During the year, the Town increased the General Fund budget for sales taxes by \$2.1 million (9.7%) and the budget for licenses, permits and fees by \$1.6 million as revenue collections exceeded the original projections. The Town increased the General Fund expenditure budget by \$3.6 million (16.2%) by reallocating budget authority from other funds to cover General Fund expenses for economic development agreements and equipment purchases.

Other Major Funds – The Construction Sales Tax Fund saw a \$7.9 million increase in fund balance as a result of paying down an interfund loan from the Wastewater Fund.

The Drainage and Transportation Fund spent \$23.5 million on street improvement projects. These projects were funded from the remaining proceeds of excise tax revenue bonds issued in the prior fiscal year and impact fees.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The Improvement District Debt Service Fund spent \$1.9 million for debt service payments while special assessment revenue comprised of collections from property owners totaled \$1.7 million and has a negative fund balance of \$16,917 due to outstanding collections that are expected to be collected in the following fiscal year.

Nonmajor Funds – Fund balances of the remaining Nonmajor Governmental Funds increased a combined total of \$645,111 (4.1%). These funds include the Town's Highway User Revenue Fund (HURF) and the Town's impact fee funds, all of which are restricted or assigned for specific purposes.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the business-type activities of the government-wide financial statements, but in more detail.

Internal Service Fund – The Town's internal service fund accounts for employee insurance benefits and related costs. Departments are charged the budgeted amounts for employee benefits, and the internal service fund pays actual claims, premiums, and administration costs. Any savings relative to the budget were paid to the Town's employee benefits group to help offset future insurance cost increases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2019 amount to \$396.2 million and \$257.7 million (net of accumulated depreciation), respectively. Capital assets include land and improvements, water rights and credits, infrastructure, buildings and improvements, machinery equipment, vehicles, and construction in progress. Capital assets for governmental activities increased 6.6% and capital assets for business-type activities increased 36.9%.

**Capital Assets (Net)
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Related Assets	\$ 48,971,399	\$ 49,065,666	\$ 1,816,657	\$ 1,816,657	\$ 50,788,056	\$ 50,882,323
Water Rights and Credits	-	-	49,387,929	-	49,387,929	-
Construction In Progress	33,746,061	41,666,353	30,202,337	17,325,575	63,948,398	58,991,928
Infrastructure	242,925,111	228,297,035	-	-	242,925,111	228,297,035
Buildings and Improvements	64,385,862	47,331,636	-	-	64,385,862	47,331,636
Vehicles, Furniture and Equipment	6,185,173	5,312,731	1,473,376	1,224,959	7,658,549	6,537,690
Wastewater Collection System	-	-	72,892,801	70,704,248	72,892,801	70,704,248
Water System	-	-	101,964,212	97,185,775	101,964,212	97,185,775
Total Assets	<u>\$ 396,213,606</u>	<u>\$ 371,673,421</u>	<u>\$ 257,737,312</u>	<u>\$ 188,257,214</u>	<u>\$ 653,950,918</u>	<u>\$ 559,930,635</u>

Major capital asset events during the fiscal year include the following:

Governmental Activities

- The Town accepted \$5.2 million of completed streets and other infrastructure from developers, while completing an additional \$37.5 million in Town-funded projects, most of which were for street projects.
- The Town completed and opened the new Mansel Carter Oasis Park. At 48 acres and \$17.5 million, this was the Town's largest park project to date.
- At year-end, the Town had \$33.8 million in projects under construction.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Business-type Activities

- The Town accepted \$3.5 million of completed water and wastewater infrastructure from developers, while completing an additional \$24.5 million in Town-funded projects.
- The Town financed the purchase of \$49.1 million in water extinguishment credits, which will be used to meet future water resource needs.
- At year-end, the Town had \$30.2 million in utility projects under construction.

For government-wide financial statement purposes, capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. Additional information on the Town's capital assets may be found in the notes to the basic financial statements in Note 7.

Debt Administration

At the end of the current fiscal year, the Town had total long-term obligations outstanding of \$140.6 million for governmental activities and \$121.0 million for business-type activities. The outstanding debt is secured by pledges of specific revenue sources of the Town.

During the year, the Town issued \$49.5 million in variable-rate excise tax pledged obligations in order to purchase water extinguishment credits. The Town plans to restructure the debt during fiscal year 2020 in order to match the debt service payments with the planned usage of the water credits over the next 30 years. Additionally, the Town paid off a \$20.8 million WIFA loan using available resources in the Wastewater Fund.

The Town had requested and had approved by the WIFA Board a change in the WIFA loan requirements eliminating the need for cash-funded debt service reserves as long as the Town maintains debt service coverage of at least 1.5 times. This released \$6.5 million of cash in the Water and Wastewater funds that is no longer required to be reported as restricted net position on the proprietary fund statements or the government-wide financial statements.

Overall, the Town's governmental activities debt decreased by \$5.2 million (3.6%) as a result of regularly scheduled principal payments. The business-type activities debt increased by \$27.7 million (29.6%) due to the net effect of issuing \$49.5 million in debt while paying off \$21.0 million of existing debt.

Additional information on the Town of Queen Creek Arizona's long-term debt may be found in the notes to basic financial statements in Note 9. The following schedule summarizes the Town's outstanding debt as of June 30, 2019 and 2018:

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

**Outstanding Debt
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Excise Tax Revenue Bonds	\$ 65,395,000	\$ 65,960,000	\$ 49,450,000	\$ -	\$ 114,845,000	\$ 65,960,000
GADA Loan Payable	-	-	3,125,000	3,370,000	3,125,000	3,370,000
Excise Tax Refunding Bonds	43,085,000	45,380,000	-	-	43,085,000	45,380,000
Special Assessment						
Refunding Bonds	15,634,170	17,117,758	-	-	15,634,170	17,117,758
Premium on Bonds	16,357,829	17,113,493	11,765,147	12,497,805	28,122,976	29,611,298
WIFA Loan Payable	-	-	36,734,342	57,513,127	36,734,342	57,513,127
Capital Leases	163,413	259,569	-	-	163,413	259,569
Water System Obligation	-	-	19,425,088	19,425,088	19,425,088	19,425,088
Advances in Aid of Construction	-	-	538,507	561,434	538,507	561,434
Total Outstanding Debt	<u>140,635,412</u>	<u>145,830,820</u>	<u>121,038,084</u>	<u>93,367,454</u>	<u>261,673,496</u>	<u>239,198,274</u>

OTHER MATTERS

The following issues may affect the Town's future financial condition:

Effective July 1, 2019 the Town lowered water and wastewater capacity fees approximately 40% and lowered residential sewer rates approximately 15%.

On September 9, 2019 the Town purchased approximately 3,600 streetlights from Salt River Project Agricultural Improvement and Power District (SRP) for \$814,125. Under the purchase agreement, the Town has assumed responsibility for the operation and maintenance of all streetlights within the Town. This responsibility was previously handled by SRP and then billed to the Town through the Town's monthly electricity bill.

On September 12, 2019 the Town purchased approximately three acres of land for \$1,080,553 for a future fire station. The land purchase was funded with a combination of Fire development impact fees and General Fund resources.

The Town recently completed the following significant annexations:

- *State Lands* – On August 7, 2019 the Town annexed approximately 4,150 acres of land owned by the State of Arizona on the Town's northeast border. The annexation was requested by the land owner, the Arizona State Land Department, and includes frontage to the future SR 24 corridor. The State Lands Department has indicated that it expects to begin auctioning parcels of land to developers by December 2021.
- *QC 40 LLC* – On September 18, 2019 the Town annexed approximately 40 acres of land owned by Riggs Ellsworth 40 LLC and JMN Riggs 40 LLC. In conjunction, the Town entered into a development agreement with the land owners whereby the Town agreed to pay up to \$300,000 towards drainage improvements at the site. In return, the land owners will develop the property into a shopping center to include a grocery store and other retail businesses. The first store is expected to open in January 2021.
- *Encanterra Community* – On October 16, 2019 the Town annexed an existing subdivision on the Town's southeast border, per an annexation petition signed by a majority of the subdivision's landowners. The gated retirement community is approximately 755 acres and includes a golf course, a country club, and approximately 1,500 homes. At buildout the development is expected to have approximately 2,100 homes.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

In December 2018, the Town authorized a water exchange agreement with Trilogy Encanterra Construction LLC wherein the Town agreed to pay Trilogy \$8.9 million for perpetual rights to receive up to 3 million gallons per day of reclaimed water and permanent facilities to recharge surface water, reclaimed water, or other effluent. As of June 30, 2019, Trilogy had not yet signed the agreement. On October 8, 2019, the Town and Trilogy renegotiated and finalized the water exchange agreement wherein the Town has agreed to pay the \$8.9 million to Trilogy over a period of four years, with an initial payment of \$900,000 that was paid to Trilogy on October 24, 2019. The Town will pay Trilogy \$2 million in each subsequent October through the year 2023, and the Town retains an option to prepay the entire agreement at any time. Also per the agreement, on October 24, 2019 the Town paid \$250,000 to Trilogy to extinguish all outstanding mainline extension agreements related to the Encanterra subdivision.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of Queen Creek's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information in this report, or any other matters related to the Town's budget and finances, can be addressed by contacting the Finance Department, 22358 South Ellsworth Road, Queen Creek, Arizona 85142, or by calling 480-358-3000.

BASIC FINANCIAL STATEMENTS

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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 55,120,478	\$ 3,641,747	\$ 58,762,225
Receivables, Net:			
Accounts Receivable	590,920	4,593,963	5,184,883
Taxes Receivable	5,956,116	-	5,956,116
Special Assessments Receivable	15,655,497	-	15,655,497
Intergovernmental Receivable	473,199	-	473,199
Interest Receivable	212,360	14,182	226,542
Internal Balances	(8,879,068)	8,879,068	-
Inventory	-	181,984	181,984
Prepaid Items	92,282	29,163	121,445
Restricted Cash and Investments	37,966,787	2,593,911	40,560,698
Investment in Joint Venture	-	29,524,172	29,524,172
Land Held for Economic Development	3,830,713	-	3,830,713
Capital Assets:			
Non-Depreciable	82,717,460	81,406,923	164,124,383
Depreciable (Net)	313,496,146	176,330,389	489,826,535
Total Assets	<u>507,232,890</u>	<u>307,195,502</u>	<u>814,428,392</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	5,571,392	1,176,645	6,748,037
Debt Related	314,979	-	314,979
Water System Acquisition Related	-	15,315,124	15,315,124
Total Deferred Outflows of Resources	<u>5,886,371</u>	<u>16,491,769</u>	<u>22,378,140</u>
LIABILITIES			
Accounts Payable	5,795,260	5,751,320	11,546,580
Accrued Wages and Benefits	821,994	225,226	1,047,220
Other Accrued Expenses	-	2,273,791	2,273,791
Retainage Payable	617,248	482,991	1,100,239
Deposits Held for Others	144,827	1,620,326	1,765,153
Interest Payable	2,112,771	1,346,275	3,459,046
Noncurrent Liabilities:			
Due within One Year	6,048,200	53,005,793	59,053,993
Due in More than One Year	135,977,093	68,448,480	204,425,573
Net Pension Liability	14,375,121	5,560,747	19,935,868
Total Liabilities	<u>165,892,514</u>	<u>138,714,949</u>	<u>304,607,463</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	1,699,723	657,414	2,357,137
Debt Related	622,668	-	622,668
Total Deferred Inflows of Resources	<u>2,322,391</u>	<u>657,414</u>	<u>2,979,805</u>
NET POSITION			
Net Investment in Capital Assets	286,226,879	136,216,237	422,443,116
Restricted for:			
Agreements	208,072	-	208,072
Streets and Transportation	555,918	-	555,918
Debt Service	15,655,497	338,942	15,994,439
Development	21,401,966	-	21,401,966
Parks and Community	59,725	-	59,725
Housing Rehab	79,346	-	79,346
Capital Projects	-	51,906	51,906
Water Rights	-	1,005,370	1,005,370
Unrestricted	20,716,953	46,702,453	67,419,406
Total Net Position	<u>\$ 344,904,356</u>	<u>\$ 184,314,908</u>	<u>\$ 529,219,264</u>

See accompanying Notes to the Basic Financial Statements.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 15,999,204	\$ 8,879,691	\$ -	\$ -
Public Safety	15,949,495	2,797,192	9,200	-
Highways and Streets	17,800,283	2,810,850	2,721,307	6,588,158
Culture and Recreation	5,899,668	6,566,884	114,521	-
Economic Development	3,127,971	-	-	-
Interest and Fiscal Charges	5,231,600	-	-	-
Total Governmental Activities	64,008,221	21,054,617	2,845,028	6,588,158
Business-Type Activities				
Water	21,581,128	29,429,643	-	1,909,179
Wastewater	5,783,358	13,576,639	-	1,617,265
Solid Waste	2,782,888	2,949,858	-	-
Total Business-Type Activities	30,147,374	45,956,140	-	3,526,444
Total Primary Government	\$ 94,155,595	\$ 67,010,757	\$ 2,845,028	\$ 10,114,602

General Revenues
Taxes:
Sales Taxes
Property Taxes
Franchise Taxes
State Revenue Sharing
Investment Income
Other
Loss on Disposal of Assets
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position - Beginning
Net Position - Ending

See accompanying Notes to the Basic Financial Statements.

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (7,119,513)	\$ -	\$ (7,119,513)
(13,143,103)	-	(13,143,103)
(5,679,968)	-	(5,679,968)
781,737	-	781,737
(3,127,971)	-	(3,127,971)
(5,231,600)	-	(5,231,600)
(33,520,418)	-	(33,520,418)
-	9,757,694	9,757,694
-	9,410,546	9,410,546
-	166,970	166,970
-	19,335,210	19,335,210
(33,520,418)	19,335,210	(14,185,208)
38,183,883	-	38,183,883
7,055,258	-	7,055,258
423,428	-	423,428
10,423,150	-	10,423,150
2,583,160	1,151,422	3,734,582
1,969,908	6,888	1,976,796
(160,411)	-	(160,411)
2,138,980	(2,138,980)	-
62,617,356	(980,670)	61,636,686
29,096,938	18,354,540	47,451,478
315,807,418	165,960,368	481,767,786
\$ 344,904,356	\$ 184,314,908	\$ 529,219,264

**TOWN OF QUEEN CREEK, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General	Construction Sales Tax	Drainage and Transportation
ASSETS			
Cash and Investments	\$ 30,746,168	\$ -	\$ 7,146,548
Restricted Cash and Investments	208,072	-	37,685,695
Receivables:			
Accounts Receivable	542,157	-	46,826
Taxes Receivable	4,570,504	1,297,554	-
Special Assessments Receivable	-	-	-
Intergovernmental Receivable	142,374	-	-
Interest Receivable	212,360	-	-
Due from Other Funds	7,108,190	-	-
Prepaid Items	92,282	-	-
Total Assets	<u>\$ 43,622,107</u>	<u>\$ 1,297,554</u>	<u>\$ 44,879,069</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,495,204	\$ -	\$ 2,866,902
Accrued Wages and Benefits	757,171	-	21,088
Retainage Payable	-	-	617,248
Deposits Held for Others	144,827	-	-
Due to Other Funds	-	1,297,554	-
Advances from Other Funds	-	8,041,785	6,627,668
Total Liabilities	<u>2,397,202</u>	<u>9,339,339</u>	<u>10,132,906</u>
Deferred Inflows of Resources:			
Unavailable Revenues	261,013	-	-
Fund Balances:			
Nonspendable	92,282	-	-
Restricted	208,072	-	37,685,695
Committed	23,959,663	-	-
Assigned	-	-	-
Unassigned	16,703,875	(8,041,785)	(2,939,532)
Total Fund Balances	<u>40,963,892</u>	<u>(8,041,785)</u>	<u>34,746,163</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 43,622,107</u>	<u>\$ 1,297,554</u>	<u>\$ 44,879,069</u>

See accompanying Notes to the Basic Financial Statements.

Improvement District Debt Service	Nonmajor Governmental Funds	Totals
\$ -	\$ 17,124,948	\$ 55,017,664
-	73,020	37,966,787
-	1,500	590,483
-	88,058	5,956,116
15,655,497	-	15,655,497
-	330,825	473,199
-	-	212,360
-	-	7,108,190
-	-	92,282
<u>\$ 15,655,497</u>	<u>\$ 17,618,351</u>	<u>\$ 123,072,578</u>

\$ -	\$ 1,369,960	\$ 5,732,066
-	43,735	821,994
-	-	617,248
-	-	144,827
16,917	-	1,314,471
-	-	14,669,453
<u>16,917</u>	<u>1,413,695</u>	<u>23,300,059</u>

15,655,497	1,262	15,917,772
-	-	92,282
-	15,982,837	53,876,604
-	-	23,959,663
-	220,557	220,557
(16,917)	-	5,705,641
<u>(16,917)</u>	<u>16,203,394</u>	<u>83,854,747</u>
<u>\$ 15,655,497</u>	<u>\$ 17,618,351</u>	<u>\$ 123,072,578</u>

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**TOWN OF QUEEN CREEK, ARIZONA
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balances for Governmental Funds		\$ 83,854,747
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental funds and land held for future investment are not financial resources and, therefore, are not reported in the funds. Those assets consists of:		
Governmental Capital Assets	502,456,732	
Less: Accumulated Depreciation	<u>(106,243,126)</u>	
		396,213,606
Land Held for Economic Development		3,830,713
Revenues earned but not received within 60 days of year-end are unavailable in the governmental funds, but are recognized in the governmental activities.		
Property Taxes		87,269
Accrued Interest on Investments Receivable		120,596
Charges for Services		47,160
Business Licenses		7,250
Special Assessments		15,655,496
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		5,571,392
Deferred Inflows of Resources Related to Pensions		(1,699,723)
Long-term Liabilities that pertain to governmental funds, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported as fund liabilities.		
Accrued Interest Payable	(2,112,771)	
Bonds Payable	(124,114,170)	
Premium on Bonds Payable	(16,357,829)	
Deferred Outflow of Resources Related to Refunding	314,979	
Deferred Inflow of Resources Related to Refunding	(622,668)	
Net Pension Liability	(14,375,121)	
Capital Lease Payable	(163,413)	
Compensated Absence Payable	<u>(1,389,881)</u>	
		(158,820,874)
Internal service funds are used by management to charge the costs of certain activities to the individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		
Internal Service Fund Net Position	40,058	
Less: Amount Attributed to the Business-Type Activities	<u>(3,334)</u>	
		36,724
Total Net Position of Governmental Activities		<u><u>\$ 344,904,356</u></u>

See accompanying Notes to the Basic Financial Statements.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	General	Construction Sales Tax	Drainage and Transportation
REVENUES			
Local Sales Tax	\$ 29,804,642	\$ 7,552,166	\$ -
Property Tax	7,022,389	-	-
Intergovernmental	8,870,757	-	15,613
Licenses, Permits and Fees	7,729,877	-	-
Special Assessments	-	-	-
Charges for Services	3,042,528	-	-
Contributions	50,950	-	617,021
Impact Fees	-	-	-
Investment Income	1,256,757	-	988,962
Miscellaneous	616,347	-	277,067
Total Revenues	<u>58,394,247</u>	<u>7,552,166</u>	<u>1,898,663</u>
EXPENDITURES			
Current:			
General Government	15,155,026	-	-
Public Safety	15,445,583	-	-
Highways and Streets	624,944	-	998,688
Culture and Recreation	4,269,836	-	-
Economic Development	2,487,206	9,407	-
Capital Outlay	1,418,602	-	23,549,662
Debt Service:			
Principal Retirement	76,215	-	-
Interest on Long-Term Debt	7,164	347,272	165,692
Total Expenditures	<u>39,484,576</u>	<u>356,679</u>	<u>24,714,042</u>
Excess (Deficiency) of Revenues Over Expenditures	18,909,671	7,195,487	(22,815,379)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,437,330	1,989,713	11,369,765
Transfers Out	(16,940,083)	(1,290,587)	(436,135)
Total Other Financing Sources (Uses)	<u>(14,502,753)</u>	<u>699,126</u>	<u>10,933,630</u>
Net Change in Fund Balances	4,406,918	7,894,613	(11,881,749)
FUND BALANCES			
Beginning of Year	36,556,974	(15,936,398)	46,627,912
End of Year	<u>\$ 40,963,892</u>	<u>\$ (8,041,785)</u>	<u>\$ 34,746,163</u>

See accompanying Notes to the Basic Financial Statements.

Improvement District Debt Service	Nonmajor Governmental Funds	Totals
\$ -	\$ 827,076	\$ 38,183,884
-	-	7,022,389
-	4,912,411	13,798,781
-	-	7,729,877
1,704,310	408,436	2,112,746
2,760	16,190	3,061,478
-	99,521	767,492
-	9,672,093	9,672,093
-	293,035	2,538,754
-	1,370,968	2,264,382
<u>1,707,070</u>	<u>17,599,730</u>	<u>87,151,876</u>
-	1,294	15,156,320
-	35,064	15,480,647
-	6,049,172	7,672,804
-	127,485	4,397,321
-	180,594	2,677,207
-	7,705,930	32,674,194
-	-	-
1,483,588	2,879,941	4,439,744
401,211	4,984,116	5,905,455
<u>1,884,799</u>	<u>21,963,596</u>	<u>88,403,692</u>
(177,729)	(4,363,866)	(1,251,816)
-	14,965,707	30,762,515
-	(9,956,730)	(28,623,535)
-	5,008,977	2,138,980
<u>(177,729)</u>	<u>645,111</u>	<u>887,164</u>
160,812	15,558,283	82,967,583
<u>\$ (16,917)</u>	<u>\$ 16,203,394</u>	<u>\$ 83,854,747</u>

**TOWN OF QUEEN CREEK, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 887,164

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, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for Capital Assets	32,297,712	
Depreciation Expense	<u>(12,769,861)</u>	
		19,527,851

Contributions of capital assets are not current financial resources and are not reflected in the governmental funds.		5,195,745
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The governmental funds report only proceeds received on the sale of assets. Conversely, the statement of activities report the gain or loss on the sale of assets.		(183,411)
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Sales of land held for economic development is recorded as revenue in the governmental funds. Conversely, the land is recorded as a reduction of an asset on the government-wide statements.		(526,275)
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Some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Also, some revenues that are current financial resources reported in the funds have been recognized in the statement of activities in previous years.

Property Taxes	31,316	
Accrued Interest Receivable	44,403	
Charges for Services	26,060	
Business Licenses	3,890	
Special Assessments	<u>(1,303,701)</u>	
		(1,198,032)

Governmental funds report Town pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension Contributions		2,359,870
Pension Expense		(1,530,974)

See accompanying Notes to the Basic Financial Statements.

**TOWN OF QUEEN CREEK, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2019**

(Concluded)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to the governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The issuance of long-term debt increases long-term liabilities on the statement of net position and the repayment of principal on long-term debt reduces long-term debt on the statement of net position. Also, governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these items are amortized over the term of the long-term debt in the statement of activities.

Principal Payments on Long-Term Debt	4,343,588	
Principal Payments on Capital Leases	96,156	
Interest Payable	(110,637)	
Amortization of Bond Premiums/Discounts	755,664	
Amortization of Deferred Amount on Refunding	28,828	
		5,113,599

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in Compensated Absences		(182,952)
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Internal service funds are used by management to charge the costs of certain activities to the individual funds. The net revenues of the Internal Service Fund is reported with governmental activities.

Net Expenses of the Internal Service Fund	(482,105)	
Less: Amount Attributable to the Business-Type Activities	116,458	
		(365,647)

Change in Net Position of Governmental Activities		\$ 29,096,938
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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
ASSETS			
Current Assets:			
Cash and Investments	\$ 3,018,583	\$ -	\$ 623,164
Receivables, Net:			
Accounts Receivable	3,277,830	930,053	386,080
Interest Receivable	14,182	-	-
Inventory	122,573	-	59,411
Prepaid Items	24,115	5,048	-
Total Current Assets	<u>6,457,283</u>	<u>935,101</u>	<u>1,068,655</u>
Noncurrent Assets:			
Restricted Cash and Investments	2,264,961	328,950	-
Advances to Other Funds	14,669,453	-	-
Investment in Joint Venture	-	29,524,172	-
Capital Assets:			
Non-Depreciable	73,828,074	7,578,849	-
Depreciable (Net)	103,046,048	73,162,796	121,545
Total Noncurrent Assets	<u>193,808,536</u>	<u>110,594,767</u>	<u>121,545</u>
Total Assets	<u>200,265,819</u>	<u>111,529,868</u>	<u>1,190,200</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	984,134	101,223	91,288
Water System Acquisition Related	15,315,124	-	-
Total Deferred Outflows of Resources	<u>16,299,258</u>	<u>101,223</u>	<u>91,288</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,717,348	2,873,378	160,594
Accrued Wages and Benefits	186,637	20,413	18,176
Other Accrued Expenses	2,273,791	-	-
Retainage Payable	192,052	290,939	-
Deposits Held for Others	1,620,326	-	-
Due to Other Funds	-	5,793,719	-
Interest Payable	1,272,325	73,950	-
Compensated Absences	180,210	21,393	23,803
Loans Payable	52,385,428	255,000	-
Advance in Aid of Construction	139,959	-	-
Total Current Liabilities	<u>60,968,076</u>	<u>9,328,792</u>	<u>202,573</u>
Noncurrent Liabilities:			
Compensated Absences	154,621	15,207	20,955
Net Pension Liability	4,650,952	478,375	431,420
Loans Payable	64,731,140	3,128,009	-
Advance in Aid of Construction	398,548	-	-
Total Noncurrent Liabilities	<u>69,935,261</u>	<u>3,621,591</u>	<u>452,375</u>
Total Liabilities	<u>130,903,337</u>	<u>12,950,383</u>	<u>654,948</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	549,855	56,555	51,004
NET POSITION			
Net Investment in Capital Assets	59,026,995	77,067,697	121,545
Restricted for:			
Debt Service	9,992	328,950	-
Capital Projects	51,906	-	-
Water Rights	1,005,370	-	-
Unrestricted	25,017,622	21,227,506	453,991
Total Net Position	<u>\$ 85,111,885</u>	<u>\$ 98,624,153</u>	<u>\$ 575,536</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net position of business-type activities

See accompanying Notes to the Basic Financial Statements.

<u>Totals</u>	<u>Internal Service</u>
	<u>Insurance</u>
\$ 3,641,747	\$ 102,815
4,593,963	437
14,182	-
181,984	-
29,163	-
<u>8,461,039</u>	<u>103,252</u>
2,593,911	-
14,669,453	-
29,524,172	-
81,406,923	-
<u>176,330,389</u>	<u>-</u>
<u>304,524,848</u>	<u>-</u>
<u>312,985,887</u>	<u>103,252</u>
1,176,645	-
<u>15,315,124</u>	<u>-</u>
<u>16,491,769</u>	<u>-</u>
5,751,320	63,194
225,226	-
2,273,791	-
482,991	-
1,620,326	-
5,793,719	-
1,346,275	-
225,406	-
52,640,428	-
139,959	-
<u>70,499,441</u>	<u>63,194</u>
190,783	-
5,560,747	-
67,859,149	-
398,548	-
<u>74,009,227</u>	<u>-</u>
<u>144,508,668</u>	<u>63,194</u>
657,414	-
136,216,237	-
338,942	-
51,906	-
1,005,370	-
<u>46,699,119</u>	<u>40,058</u>
<u>\$ 184,311,574</u>	<u>\$ 40,058</u>
3,334	
<u>\$ 184,314,908</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
OPERATING REVENUES			
Charges for Services	\$ 23,334,703	\$ 7,540,502	\$ 2,949,858
Miscellaneous	23,977	290	-
Total Operating Revenues	<u>23,358,680</u>	<u>7,540,792</u>	<u>2,949,858</u>
OPERATING EXPENSES			
Administration	708,307	116,187	65,704
Cost of Sales and Services	14,743,884	2,767,039	2,612,136
Depreciation	2,512,410	1,811,459	9,374
Amortization	395,229	-	-
Equity Interest in Joint Venture	-	219,566	-
Insurance Claims and Premiums	-	-	-
Total Operating Expenses	<u>18,359,830</u>	<u>4,914,251</u>	<u>2,687,214</u>
Operating Income (Loss)	4,998,850	2,626,541	262,644
NONOPERATING REVENUES (EXPENSES)			
Capacity Fees	6,077,562	6,036,136	-
Investment Income	705,762	433,639	12,021
Interest and Fiscal Charges	(2,782,843)	(858,024)	-
Debt Issuance Costs	(428,754)	-	-
Total Nonoperating Revenues (Expenses)	<u>3,571,727</u>	<u>5,611,751</u>	<u>12,021</u>
Income before Capital Contributions	8,570,577	8,238,292	274,665
Capital Contributions	1,909,179	1,617,265	-
Transfers In	-	-	262,800
Transfers Out	(1,718,679)	(683,101)	-
	<u>190,500</u>	<u>934,164</u>	<u>262,800</u>
Change in Net Position	8,761,077	9,172,456	537,465
Total Net Position - Beginning of Year	76,350,808	89,451,697	38,071
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 85,111,885</u></u>	<u><u>\$ 98,624,153</u></u>	<u><u>\$ 575,536</u></u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

See accompanying Notes to the Basic Financial Statements.

	<u>Internal Service</u>
<u>Totals</u>	<u>Insurance</u>
\$ 33,825,063	\$ 4,234,389
24,267	-
33,849,330	4,234,389
890,198	-
20,123,059	-
4,333,243	-
395,229	-
219,566	-
-	4,716,494
25,961,295	4,716,494
7,888,035	(482,105)
12,113,698	-
1,151,422	-
(3,640,867)	-
(428,754)	-
9,195,499	-
17,083,534	(482,105)
3,526,444	-
262,800	-
(2,401,780)	-
1,387,464	-
18,470,998	(482,105)
165,840,576	522,163
\$ 184,311,574	\$ 40,058
(116,458)	
\$ 18,354,540	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 22,201,559	\$ 7,343,709	\$ 2,822,280
Receipts from Users			
Payments to Suppliers	(8,725,243)	(483,333)	(2,089,481)
Payments to Employees	(5,169,942)	(540,345)	(472,868)
Payments for Claims and Premiums	-	-	-
Customer Deposits	461,138	-	-
Net Cash Flows Provided (Used) by Operating Activities	<u>8,767,512</u>	<u>6,320,031</u>	<u>259,931</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Provided (Used) by			
Other Funds for Interfund Borrowing	(441,785)	17,157,310	-
Transfers In	-	-	262,800
Transfers Out	(1,718,679)	(683,101)	-
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>(2,160,464)</u>	<u>16,474,209</u>	<u>262,800</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(63,640,673)	(6,115,784)	(122,069)
Refunds of Waterline Agreements	(226,712)	-	-
Payments to Joint Venture	-	(5,168,457)	-
Capacity Fees	6,077,562	6,036,136	-
Loan Proceeds	49,021,246	-	-
Interest Paid on Capital Debt	(3,106,482)	(1,323,578)	-
Principal Paid on Capital Debt	(2,571,723)	(23,034,726)	-
Net Cash Flows (Used) by Capital and Related Financing Activities	<u>(14,446,782)</u>	<u>(29,606,409)</u>	<u>(122,069)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	<u>763,248</u>	<u>447,429</u>	<u>12,020</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(7,076,486)</u>	<u>(6,364,740)</u>	<u>412,682</u>
Cash and Cash Equivalents - Beginning of Year	<u>12,360,030</u>	<u>6,693,690</u>	<u>210,482</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,283,544</u>	<u>\$ 328,950</u>	<u>\$ 623,164</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 3,018,583	\$ -	\$ 623,164
Restricted Cash and Cash Equivalents	2,264,961	328,950	-
Total Cash and Cash Equivalents	<u>\$ 5,283,544</u>	<u>\$ 328,950</u>	<u>\$ 623,164</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 4,998,850	\$ 2,626,541	\$ 262,644
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	2,907,639	1,811,459	9,374
Equity Interest in Joint Venture	-	219,566	-
Changes in Assets/Liabilities/Deferred Outflows & Inflows:			
Receivables, Net	(720,237)	(120,706)	(96,168)
Inventory	(82,810)	-	43,470
Prepaid Items	20,420	(5,048)	5,290
Deferred Outflows of Resources - Pensions	(85,962)	10,682	2,752
Accounts Payable	630,042	1,803,572	21,368
Deposits Held for Others	461,139	-	-
Compensated Absences	96,969	13,846	13,649
Accrued Wages and Benefits	7,137	6,595	3,719
Pension Liability	248,142	(70,180)	(29,564)
Deferred Inflows of Resources - Pensions	286,183	23,704	23,397
Net Cash Provided by Operating Activities	<u>\$ 8,767,512</u>	<u>\$ 6,320,031</u>	<u>\$ 259,931</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Assets Contributed from Developers	\$ 1,886,251	\$ 1,617,265	\$ -
Capital Contributions for Advances in Aid of Construction	\$ 22,928	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements.

	<u>Internal Service</u>
<u>Totals</u>	<u>Insurance</u>
\$ 32,367,548	\$ -
(11,298,057)	4,234,805
(6,183,155)	-
-	-
461,138	(4,653,300)
<u>15,347,474</u>	<u>(418,495)</u>
16,715,525	-
262,800	-
<u>(2,401,780)</u>	<u>-</u>
14,576,545	-
(69,878,526)	-
(226,712)	-
(5,168,457)	-
12,113,698	-
49,021,246	-
(4,430,060)	-
<u>(25,606,449)</u>	<u>-</u>
(44,175,260)	-
<u>1,222,697</u>	<u>-</u>
(13,028,544)	(418,495)
<u>19,264,202</u>	<u>521,310</u>
<u>\$ 6,235,658</u>	<u>\$ 102,815</u>
\$ 3,641,747	\$ 102,815
2,593,911	-
<u>\$ 6,235,658</u>	<u>\$ 102,815</u>
\$ 7,888,035	\$ (482,105)
4,728,472	-
219,566	-
(937,111)	416
(39,340)	-
20,662	-
(72,528)	-
2,454,982	63,194
461,139	-
124,464	-
17,451	-
148,398	-
333,284	-
<u>\$ 15,347,474</u>	<u>\$ (418,495)</u>
\$ 3,503,516	\$ -
\$ 22,928	\$ -

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Queen Creek, 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 significant accounting policies follows.

A. Reporting Entity

The Town is a municipal entity governed by a separately elected governing body. It is legally separate from and fiscally independent of other state or local governments. Furthermore, there are no component units combined with the Town for financial statement presentation purposes, and the Town is not included in any other governmental reporting entity. Consequently, the Town's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund 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.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. Additionally, when debt service resources are provided during the current year for payment of long-term principal and interest due early in the following year, the expenditures and related liabilities will be recognized in the Debt Service Funds.

Property 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

For fiscal year 2019, the Town reports the following major funds:

Major Governmental Funds

- *General Fund* – The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- *Construction Sales Tax Fund* – The Construction Sales Tax Fund accounts for the revenue and expenditures of the Town’s 4.25% construction sales tax.
- *Drainage and Transportation Fund* – This is a capital projects fund which accounts for resources accumulated and used for acquisition and construction of various Town infrastructure.
- *Improvement District Debt Service Fund* – This fund accounts for resources accumulated and used for the payment of long-term principal, interest and related costs for the Town’s improvement district.

Major Proprietary Funds

- *Water Fund* – The Water Fund accounts for the costs to operate, construct, and finance the Town’s water utility operations.
- *Wastewater Fund* – The Wastewater Fund accounts for the costs to operate, construct, and finance the Town’s wastewater treatment facilities.

Additionally, the Town reports an internal service fund to account for the Town’s employee and dependent care insurance program administered through the Valley School’s Employee Benefit Trust.

Amounts reported as program revenues include 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 the proprietary funds are charges for utility services. Operating expenses for the proprietary funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For governmental activities, business-type activities, and proprietary funds, when both restricted and unrestricted resources are available for use, the Town’s policy is to use restricted resources first, then unrestricted resources as needed. For governmental funds, when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Town uses restricted resources first, then unrestricted resources. When an expenditure is incurred for purposes for which committed, assigned and unassigned resources are available, the Town’s policy is to use committed, assigned and then unassigned amounts, respectively.

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Equity

Cash and Investments – The Town’s cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with 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 fund based on average daily cash balances.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Receivables – All trade and taxes receivables are shown net of an allowance for uncollectibles. For fiscal year 2019, governmental activities reported an allowance of \$19,400, and business-type activities reported an allowance of \$310,047.

Property taxes are levied and collected by the Maricopa and Pinal County Treasurers. Property taxes are levied no later than the third Monday in August and are payable in two installments due on the first day of October and the first day of March of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date. However, a lien against real and personal property assessed attaches on the first day of January preceding assessment and levy thereof.

Intergovernmental Receivables – Intergovernmental receivables include state-shared revenues, revenues owed by other local governments under intergovernmental agreements, and federal and state grants.

Interfund Receivables/Payables – During the course of operations, individual funds within the Town’s pooled cash accounts may borrow money from the other funds within the pool on a short-term basis. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet of the fund financial statements.

Individual funds also borrow resources from other funds on a long-term basis. These loans are formally approved by the Town Council and the terms require repayment over several fiscal years. These receivables and payables are classified as “advances to other funds” and “advances from other funds” on the balance sheet of the fund financial statements.

When preparing the government-wide financial statements, interfund receivables and payables within the respective governmental and business-type activities are eliminated. Receivables and payables between governmental and business-type activities are reported as “internal balances.”

Inventories – Inventories are recorded as expenditures at the time of purchase in the governmental funds, and are recorded as an asset and expensed when consumed in the government-wide and proprietary fund financial statements.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and are expensed when consumed.

Restricted Assets – Restricted assets include resources that are restricted for specific uses, such as bond proceeds that are being used for construction of capital projects. Customer deposits and developer payments for the construction of future infrastructure are also recorded as restricted assets because their use is limited.

Capital Assets – Capital assets, which include property, plant, infrastructure, water rights, machinery, equipment and vehicles, are reported in the governmental and business-type activities 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 initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on assets is calculated on a straight-line basis over the following estimated useful lives:

Infrastructure	30 to 50 Years
Buildings and Improvements	10 to 50 Years
Vehicles and Equipment	4 to 20 Years
Intangible Assets	5 to 7 Years
Wastewater Collection System	50 Years
Water System.....	50 Years

Deferred Outflows of Resources – The Town recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to losses on refundings of long-term debt and the requirements of accounting and financial reporting for pensions.

Compensated Absences – The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated employee 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 are included. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

The Town’s employee vacation policy provides for granting vacation leave with pay. The policy states that a maximum of 240 hours can be accrued for each employee (336 hours for fire employees). Every year, the excess above 240 (or 336) is paid out to the employees who meet certain eligibility criteria. The employee is compensated at the employee’s current rate of pay.

Long-Term Obligations – In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pension Plans and Pension Funding Policy – 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 fiduciary net position of the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from ASRS/PSPRS’s fiduciary net position, have been determined on the same basis as they are reported by ASRS/PSPRS. 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.

The Town’s Pension Funding Policy requires the Town to set aside a portion of Fund Balance/Net Position to offset unfunded pension liabilities within the General Fund and proprietary funds. Pension liabilities in

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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the General Fund consist of Sworn Fire Personnel, Maricopa County Sheriff’s Office (MCSO) Contracted Personnel, and ASRS Personnel. Per the Town’s Pension Funding Policy, fund balance in the General Fund in excess of 25% of the following fiscal year’s Operating Budget Revenue is set aside to cover these unfunded pension liabilities, in the following order: Sworn Fire Personnel, MCSO Contracted Personnel, and ASRS Personnel. Pension liabilities in the proprietary funds consist solely of ASRS Personnel. The Town sets aside unrestricted net position to cover these amounts to the extent funds are available. As of June 30, 2019, the Town did not have an unfunded pension liability for Sworn Fire Personnel, and the following amounts were set aside toward the Town’s remaining pension liabilities:

	MCSO Contracted Personnel	ASRS	Total
General Fund	\$ 20,938,343	\$ 3,021,320	\$ 23,959,663
Water Fund	-	4,650,952	4,650,952
Wastewater Fund	-	478,375	478,375
Solid Waste Fund	-	431,420	431,420
	\$ 20,938,343	\$ 8,582,067	\$ 29,520,410

Deferred Inflows of Resources – The Town recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Deferred inflows of resources reported on the governmental fund financial statements represent resources that are not available to the Town as of June 30 or within 60 days of fiscal year-end. On the governmental fund statements, deferred inflows of resources represent property taxes, special assessments, and other revenues that are unavailable. On the government-wide financial statements, amounts reported are related to a gain in the refunding of long-term debt and the requirements of accounting and financial reporting for pensions.

Net Position – In the government-wide financial statements, net position is reported in three categories: net position invested in capital assets; restricted net position; and unrestricted net position. Investment in capital assets is separately reported because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside the Town. Unrestricted net position is the remaining net position not included in the previous two categories.

Fund Balance Classifications – Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable and spendable fund balances.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact.

Spendable fund balance includes restricted, committed, assigned, and unassigned fund balances. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.

Committed fund balances are self-imposed limitations approved by the Town’s Council through formal resolution. The Town Council is the highest level of decision-making authority within the Town and the formal commitment must occur prior to fiscal year end. Only the Town Council can remove or change the constraints placed on committed fund balances through formal council action.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Assigned fund balances are resources constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town Council, through formal resolution, has authorized the Chief Financial Officer to make assignments of resources for a specific purpose.

The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town uses restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned or unassigned balances are available, the Town uses committed, assigned, and unassigned amounts, respectively.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Over Appropriations

For fiscal year 2019, no funds had expenditures that exceeded budgeted appropriations. Furthermore, total expenditures were within the Town's adopted expenditure limitation, as more fully explained in the Town's separately issued Annual Expenditure Limitation Report.

B. New Accounting Standards

For fiscal year 2019, the Town implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement requires additional note disclosures for essential information related to debt and debt covenants, including direct borrowings and direct-placement loans.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 3. DEPOSITS AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all funds. Certain restricted funds are not part of the Town's pool but rather are maintained with trustees as required by contractual commitments.

A. Deposits

At June 30, 2019, the carrying amount of the Town's deposits was \$9,884,756 and the bank balance was \$10,917,130. The difference represents deposits in transit, outstanding checks and other reconciling items.

B. Investments

The Town invests in obligations that fall within the authorization of State of Arizona laws and the Town's Investment Policy. The Policy has been established to allow for the prudent investment of cash reserves in order to attain a competitive rate of return while maintaining the safety and liquidity of Town funds.

At June 30, 2019 the Town had the following investments:

Investment Type	Amount	Maturity (in years)			% of Holdings	Fair Value Category	S&P / Moody's Credit Rating
		Less than 1	1-2	2-3			
Money Market	\$ 35,746,982	\$ 35,746,982	\$ -	\$ -	39.97%	Level 2	n/a
US Treasury Obligations	17,996,887	6,500,031	7,514,550	3,982,306	20.12%	Level 1	AAA
Federal Home Loan Mortgage Corporation	1,966,887	-	1,966,887	-	2.20%	Level 2	AAA
Federal Home Loan Bank	8,849,924	3,629,318	5,220,606	-	9.90%	Level 2	AAA
Federal National Mortgage Association	2,194,656	-	-	2,194,656	2.45%	Level 2	AAA
Federal Farm Credit Bank	2,642,805	2,642,805	-	-	2.95%	Level 2	AAA
State Treasurer's Investment Pool	10,573,576	10,573,576	-	-	11.82%	n/a	n/a
Corporate Bonds:							
Apple Inc.	1,227,811	1,227,811	-	-	1.37%	Level 2	AA1
Berkshire Hathaway	999,640	999,640	-	-	1.12%	Level 2	AA2
Chevron Corporation	2,001,760	-	2,001,760	-	2.24%	Level 2	AA2
Cisco Systems Inc.	2,000,420	2,000,420	-	-	2.24%	Level 2	A1
Exxon Mobil Corporation	998,310	998,310	-	-	1.12%	Level 2	AAA
Oracle Corporation	1,049,045	-	-	1,049,045	1.17%	Level 2	A1
Toyota Motor Credit Corporation	1,189,464	-	1,189,464	-	1.33%	Level 2	AA3
	<u>\$ 89,438,167</u>	<u>\$ 64,318,893</u>	<u>\$ 17,893,267</u>	<u>\$ 7,226,007</u>	<u>100.0%</u>		

Fair Value Measurements. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets
- Level 2 – Evaluator models using credit information, market movements and sector news
- Level 3 – Significant unobservable inputs

The Town's categories of investments within the fair value hierarchy are displayed in the table above.

C. 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 interest rate risk. The Town's Investment Policy limits the duration of investments to a maximum maturity of five years.

D. Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligations to the holder of the investment. The Town's Investment Policy limits allowable investments to certificates of deposits or interest-bearing savings accounts at eligible depositories, State Treasurer investment pools, obligations issued or guaranteed by the United States of America, bonds or other debt instruments of the State of Arizona (or any political subdivision thereof), commercial paper of prime quality rated P1 by Moody's

TOWN OF QUEEN CREEK, ARIZONA
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YEAR ENDED JUNE 30, 2019

Investors Service or A1 by Standard and Poor's, or bonds and notes of corporations organized or doing business within the United States rated A or better by Moody's Investors Service or Standard and Poor's. Ratings of the Town's investments are displayed in the table above.

E. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure the Town's deposits may not be returned. At June 30, 2019, \$250,000 of the Town's deposits was covered by federal depository insurance. The remaining \$10,667,130 was collateralized by securities held by the Town's agent in the Town's name.

Investments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's Investment Policy limits exposure to custodial credit risk by requiring that all security transactions be conducted on a delivery-versus-payment basis. Securities are held by third-party custodians who provide monthly statements to the Town.

The fair value of the Town's investment in the State Treasurer's investment pool approximates the value of the Town's 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.

F. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's Investment Policy places no limit on the amount the Town may invest in any one issuer. The concentration of investment types is indicated in the table above.

NOTE 4. PROPERTY TAXES AND RECEIVABLES

In the government-wide financial statements, property taxes are recognized as revenues in the fiscal year they are levied and represent a reconciling item between the government-wide and fund financial statements. In the fund financial statements, property taxes are recognized as revenues in the fiscal year levied and collected or if they are collected within 60 days subsequent to fiscal year-end. Property taxes not collected within 60 days subsequent to fiscal year-end or collected in advance of the fiscal year for which they are levied are reported as unavailable revenues.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	General Fund	Improvement District Debt Service Fund	Nonmajor Fund - Street Lighting District Fund	Total
Unavailable Revenues:				
Accrued Interest on Investments	\$ 120,596	\$ -	\$ -	\$ 120,596
Business Licenses	7,250	-	-	7,250
Delinquent Property Taxes	86,007	-	1,262	87,269
Charges for Services	47,160	-	-	47,160
Special Assessments	-	15,655,497	-	15,655,497
Total Unavailable Revenues	\$ 261,013	\$ 15,655,497	\$ 1,262	\$ 15,917,772

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From

The Town recognized the following short-term interfund receivables and payables at June 30, 2019:

	Due To General Fund
Due From:	
Construction Sales Tax Fund	\$ 1,297,554
Improvement District Fund	16,917
Wastewater Fund	5,793,719
Nonmajor Funds:	
Total	\$ 7,108,190

The above interfund receivables and payables were recorded to cover short-term cash shortfall in the respective funds due to timing of customer and vendor payments.

B. Interfund Loans

As of June 30, 2019 advances to and from funds were as follows:

	Advances From Water Fund
Advances To:	
Construction Sales Tax Fund	\$ 8,041,785
Drainage & Transportation Fund	6,627,668
Total	\$ 14,669,453

The loan to the Construction Sales Tax Fund was made to fund the early pay-off of two developer agreements in fiscal year 2017. The loan bears an interest rate of 2% and is being repaid from construction sales tax revenues over a period not to exceed 10 years.

The loan to the Drainage & Transportation Fund was made to fund the acquisition of roads around a newly annexed subdivision as part of a developer agreement in fiscal year 2018. The loan bears an interest rate of 2.5% and is being repaid through annual transfers from the General Fund over a period not to exceed 11 years.

C. Interfund Transfers

Interfund transfers during the year were made to fund debt service and capital projects and to support operations in the various funds. Additionally, beginning in fiscal year 2019, Town policy requires the Water and Wastewater Funds to provide resources to the General Fund in the form of payments-in-lieu of taxes, franchise fees, and a return on investment. In the fund statements, these items are reported as transfers but for budgetary reporting they are considered interfund revenues and expenses. Finally, during the year the Town made one-time transfers for the following purposes:

- \$1.99 million from the Drainage & Transportation and Transportation Development funds to the Construction Sales Tax Fund as reimbursements for capital project costs in prior years.
- \$262,800 from the General Fund to the Solid Waste Fund to provide funding for future replacements of trash and recycling containers for a newly annexed subdivision.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Interfund transfers for the year ended June 30, 2019 consisted of the following:

	Transfers In				Total
	General	Construction	Drainage &	Nonmajor	
	Fund	Sales Tax Fund	Transportation Fund	Governmental Funds	
Transfers Out:					
General Fund	\$ -	\$ -	\$ 6,382,081	\$ 10,558,002	\$16,940,083
Construction Sales Tax Fund	-	-	-	1,290,587	1,290,587
Drainage & Transportation Fund	-	436,135	-	-	436,135
Water Fund	1,718,679	-	-	-	1,718,679
Wastewater Fund	683,101	-	-	-	683,101
Nonmajor Funds:					
HURF Fund	-	-	-	265,616	265,616
Town Center Fund	-	-	-	360,044	360,044
Street Lighting Districts Fund	13,544	-	-	-	13,544
Town Buildings Development	1,876	-	-	290,248	292,124
Transportation Development	-	1,553,578	4,987,684	471,754	7,013,016
Library Development	-	-	-	232,381	232,381
Parks Development	20,130	-	-	512,840	532,970
Public Safety Development	-	-	-	161,805	161,805
Fire Development	-	-	-	1,085,230	1,085,230
Total	\$ 2,437,330	\$ 1,989,713	\$ 11,369,765	\$ 15,228,507	\$31,025,315

	Transfers In								Total
	Nonmajor Funds								
	Debt	HURF	Community	Town	Library	Parks	General	Solid Waste	
Service Fund	Fund	Events	Buildings Development	Development	Development	Development	Capital Improvements	Fund	
Transfers Out:									
General Fund	\$3,945,413	\$1,027,905	\$ 25,000	\$ 4,655	\$ 187,528	\$ 3,485,943	\$ 1,618,758	\$ 262,800	\$10,558,002
Construction Sales Tax Fund	1,290,587	-	-	-	-	-	-	-	1,290,587
Nonmajor Funds:									
HURF Fund	265,616	-	-	-	-	-	-	-	265,616
Town Center Fund	335,044	-	25,000	-	-	-	-	-	360,044
Town Buildings Development	290,248	-	-	-	-	-	-	-	290,248
Transportation Development	471,754	-	-	-	-	-	-	-	471,754
Library Development	232,381	-	-	-	-	-	-	-	232,381
Parks Development	512,840	-	-	-	-	-	-	-	512,840
Public Safety Development	102,257	-	-	-	-	-	59,548	-	161,805
Fire Development	357,521	-	-	-	-	-	727,709	-	1,085,230
Total	\$7,803,661	\$1,027,905	\$ 50,000	\$ 4,655	\$ 187,528	\$ 3,485,943	\$ 2,406,015	\$ 262,800	\$15,228,507

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 6. LEASES

A. Lease of Town Property

The Town leases land to various third parties. Annual rental revenue from the leases is recognized in the General Fund. The future minimum payments required under the leases at June 30, 2019 are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2020	\$ 164,697
2021	140,401
2022	136,547
2023	101,959
2024	100,000
2025 - 2029	391,663
2030 - 2034	173,460
2035	50,000
	<u>\$1,258,727</u>

B. Capital Leases

The Town has acquired vehicles and equipment under the provisions of long-term lease agreements classified as capital leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, are being recorded at the present value of their future minimum lease payments as of the inception date. Revenues from the General Fund and the Highway Users Revenue Nonmajor Governmental Fund are used to pay the capital lease obligations.

At June 30, 2019, the historical cost and accumulated depreciation of equipment acquired under capital leases were \$2,605,421 and \$1,587,767, respectively.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2019, were as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2020	\$ 86,596
2021	83,380
Total	169,976
Less Amount Representing Interest	<u>(6,563)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 163,413</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 7. CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 49,065,666	\$ 71,744	\$ (166,011)	\$ 48,971,399
Construction-In-Progress	41,666,353	30,417,359	(38,337,651)	33,746,061
Total	<u>90,732,019</u>	<u>30,489,103</u>	<u>(38,503,662)</u>	<u>82,717,460</u>
Capital assets being depreciated:				
Infrastructure	306,176,544	25,036,726	-	331,213,270
Buildings and Improvements	55,500,239	18,335,361	(30,000)	73,805,600
Vehicles, Furniture, and Equipment	12,858,329	1,969,918	(107,845)	14,720,402
Total	<u>374,535,112</u>	<u>45,342,005</u>	<u>(137,845)</u>	<u>419,739,272</u>
Less Accumulated Depreciation for:				
Infrastructure	(77,879,509)	(10,408,650)	-	(88,288,159)
Buildings and Improvements	(8,168,603)	(1,263,735)	12,600	(9,419,738)
Vehicles, Furniture, and Equipment	(7,545,598)	(1,097,476)	107,845	(8,535,229)
Total	<u>(93,593,710)</u>	<u>(12,769,861)</u>	<u>120,445</u>	<u>(106,243,126)</u>
Capital assets being depreciated, net	280,941,402	32,572,144	(17,400)	313,496,146
Governmental Activities Capital Assets, Net	<u>\$ 371,673,421</u>	<u>\$ 63,061,247</u>	<u>\$ (38,521,062)</u>	<u>\$ 396,213,606</u>
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 1,816,657	\$ -	\$ -	\$ 1,816,657
Water Rights and Credits	-	49,387,929	-	49,387,929
Construction-In-Progress	17,325,575	20,318,860	(7,442,098)	30,202,337
Total	<u>19,142,232</u>	<u>69,706,789</u>	<u>(7,442,098)</u>	<u>81,406,923</u>
Capital assets being depreciated:				
Water System	110,386,456	7,015,024	-	117,401,480
Wastewater Collection System	86,961,730	3,954,224	-	90,915,954
Vehicles, Furniture, and Equipment	3,086,386	579,402	-	3,665,788
Total	<u>200,434,572</u>	<u>11,548,650</u>	<u>-</u>	<u>211,983,222</u>
Less Accumulated Depreciation for:				
Water System	(13,200,681)	(2,236,587)	-	(15,437,268)
Wastewater Collection System	(16,257,482)	(1,765,671)	-	(18,023,153)
Vehicles, Furniture, and Equipment	(1,861,427)	(330,985)	-	(2,192,412)
Total	<u>(31,319,590)</u>	<u>(4,333,243)</u>	<u>-</u>	<u>(35,652,833)</u>
Capital assets being depreciated, net	169,114,982	7,215,407	-	176,330,389
Business-Type Activities Capital Assets, Net	<u>\$ 188,257,214</u>	<u>\$ 76,922,196</u>	<u>\$ (7,442,098)</u>	<u>\$ 257,737,312</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

B. Depreciation

Depreciation expense was charged to the functions of governmental activities as follows:

General Government	\$ 912,658
Public Safety	641,498
Highways and Streets	10,012,759
Culture and Recreation	1,193,055
Economic Development	9,891
Total	\$ 12,769,861

C. Construction Commitments

The Town had contractual commitments related to various projects at June 30, 2019, mostly for the construction of Town facilities and infrastructure improvements. At June 30, 2019, the Town had remaining contractual commitments of \$20,812,839, consisting of the following:

	Construction Commitments
General Fund	\$ 268,320
Drainage & Transportation Fund	9,756,995
Water Fund	6,966,312
Wastewater Fund	3,061,769
Nonmajor Funds:	
HURF Fund	35,408
Town Center Fund	309,953
Parks Development Fund	60,292
Public Safety Development Fund	19,568
Fire Development Fund	24,008
General Capital Improvements Fund	310,214
Total	\$ 20,812,839

D. Land Held for Economic Development

As part of the Town's long-term development plan, the Town has acquired various parcels of land within the commercial center of Town. The Town does not intend to use the properties for government services purposes, but rather intends to use the properties for economic development. The total balance of land being held for economic development as of June 30, 2019 was \$3,830,713, which is recorded as a noncurrent asset in the governmental activities column of the Statement of Net Position.

NOTE 8. ADVANCES IN AID OF CONSTRUCTION

The Town purchased water companies in fiscal year 2008 and 2014. Included in the purchases was the assumption of unearned advances in aid of construction. These are contracts with various property owners who advanced payment to the water company for the cost of extended water lines to their property. As part of the contracts, the Town is required to remit to the property owners, on an annual basis, 10% of additional water sales earned on the line extension for a period of years indicated in the contract or until the cost of the line extension has been repaid to the property owner, whichever comes first. After the period of time indicated in the contract, any balance remaining on the contract is recognized by the Town as a capital contribution. For the fiscal year ended June 30, 2019, the Town made refund payments of \$139,959 to property owners and recognized a gain of \$22,927 as a result of a change in the estimated liability for future payouts. As of June 30, 2019, the Town had \$398,548 of outstanding unearned advances in aid of construction.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

NOTE 9. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the fiscal year ended June 30, 2019 were as follows:

	Long-Term Obligations				Due Within One Year
	Beginning Balance	Additions	Retirements	Ending Balance	
Governmental Activities:					
Excise Tax and State-Shared Revenue Bonds:					
Project Bonds, Series 2018A	\$ 47,945,000	\$ -	\$ (355,000)	\$ 47,590,000	\$ 800,000
Project Bonds, Series 2018B	18,015,000	-	(210,000)	17,805,000	470,000
Refunding Bonds, Series 2016	45,380,000	-	(2,295,000)	43,085,000	2,370,000
Direct-Placement Debt:					
Special Assessment Refunding Bonds, Series 2016	17,117,758	-	(1,483,588)	15,634,170	1,352,198
Unamortized Premiums / Discounts	17,113,493	-	(755,664)	16,357,829	-
Capital Leases	259,569	-	(96,156)	163,413	81,709
Compensated Absences	1,206,929	1,260,126	(1,077,174)	1,389,881	974,293
Total Governmental Long-Term Obligations	\$ 147,037,749	\$ 1,260,126	\$ (6,272,582)	\$ 142,025,293	\$ 6,048,200
Business-Type Activities:					
Loans:					
WIFA Loan, 2014	\$ 12,827,098	\$ -	\$ -	\$ 12,827,098	\$ 681,919
WIFA Loan, 2008	23,907,244	-	-	23,907,244	1,987,797
WIFA Loan, 2005	20,778,785	-	(20,778,785)	-	-
GADA Infrastructure Revenue Loan, Series 2014A	3,370,000	-	(245,000)	3,125,000	255,000
Direct-Placement Debt:					
Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2019	-	49,450,000	-	49,450,000	49,450,000
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,088	-	-	19,425,088	265,712
Unamortized Premiums / Discounts	12,497,805	-	(732,658)	11,765,147	-
Advances in Aid of Construction	561,434	-	(22,927)	538,507	139,959
Compensated Absences	291,725	350,669	(226,205)	416,189	225,406
Total Business-Type Long-Term Obligations	\$ 93,659,179	\$ 49,800,669	\$ (22,005,575)	\$ 121,454,273	\$ 53,005,793

B. Bonds and Loans Payable

The following table summarizes the Town's bonds and loans payable at June 30, 2019:

Description	Original Issue	Maturity	Interest Rate (%)	Outstanding at June 30, 2019
Governmental Activities:				
Excise Tax and State-Shared Revenue Bonds:				
Project Bonds, Series 2018A	\$ 47,945,000	8/1/2047	2.00-5.00%	\$ 47,590,000
Project Bonds, Series 2018B	18,015,000	8/1/2047	2.00-5.00%	17,805,000
Refunding Bonds, Series 2016	47,990,000	8/1/2036	2.00-5.00%	43,085,000
Direct-Placement Debt:				
Special Assessment Refunding Bonds, Series 2016	18,445,000	1/1/2030	2.45%	15,634,170
Total Governmental Bonds and Loans Payable				\$ 124,114,170
Business-Type Activities:				
Loans:				
WIFA Loan, 2014	\$ 16,000,000	7/1/2033	3.15%	\$ 12,827,098
WIFA Loan, 2008	40,000,000	7/1/2028	4.04%	23,907,244
GADA Infrastructure Revenue Loan, Series 2014A	3,845,000	8/1/2028	2.00-5.00%	3,125,000
Direct-Placement Debt:				
Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2019	49,450,000	2/1/2020	2.442% ⁽¹⁾	49,450,000
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,093	5/1/2043	8.00%	19,425,088
Total Business-Type Bonds and Loans Payable				\$ 108,734,430

⁽¹⁾ variable rate; this is the rate at June 30, 2019

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

C. Debt Service Requirements to Maturity – Summary

Following are the Town’s debt service requirements to maturity for all bonds and loans:

Governmental Activities:

Fiscal Year	Excise Tax and State-Shared Revenue Bonds								
	Series 2018A Project			Series 2018B Project			Series 2016 Refunding		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 800,000	\$ 2,325,800	\$ 3,125,800	\$ 470,000	\$ 754,950	\$ 1,224,950	\$ 2,370,000	\$ 1,923,450	\$ 4,293,450
2021	825,000	2,297,300	3,122,300	485,000	738,200	1,223,200	2,460,000	1,826,850	4,286,850
2022	855,000	2,263,700	3,118,700	500,000	718,500	1,218,500	2,550,000	1,713,900	4,263,900
2023	890,000	2,228,800	3,118,800	520,000	698,100	1,218,100	2,690,000	1,596,350	4,286,350
2024	925,000	2,187,875	3,112,875	540,000	676,900	1,216,900	2,800,000	1,472,550	4,272,550
2025 - 2029	5,380,000	10,177,500	15,557,500	3,130,000	2,954,750	6,084,750	14,975,000	5,501,850	20,476,850
2030 - 2034	6,860,000	8,654,750	15,514,750	3,930,000	2,136,450	6,066,450	13,555,000	1,726,475	15,281,475
2035 - 2039	8,755,000	6,711,875	15,466,875	4,050,000	1,390,075	5,440,075	1,685,000	102,900	1,787,900
2040 - 2044	11,175,000	4,232,875	15,407,875	2,095,000	793,125	2,888,125	-	-	-
2045 - 2048	11,125,000	1,146,625	12,271,625	2,085,000	214,875	2,299,875	-	-	-
	<u>\$ 47,590,000</u>	<u>\$ 42,227,100</u>	<u>\$ 89,817,100</u>	<u>\$ 17,805,000</u>	<u>\$ 11,075,925</u>	<u>\$ 28,880,925</u>	<u>\$ 43,085,000</u>	<u>\$ 15,864,325</u>	<u>\$ 58,949,325</u>

Fiscal Year	Direct-Placement Special Assessment Bonds					
	Series 2016 Refunding			Total Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,352,198	\$ 366,473	\$ 1,718,671	\$ 4,992,198	\$ 5,370,673	\$ 10,362,871
2021	1,386,743	332,921	1,719,664	5,156,743	5,195,271	10,352,014
2022	1,421,288	298,522	1,719,811	5,326,288	4,994,622	10,320,911
2023	1,450,898	263,338	1,714,236	5,550,898	4,786,588	10,337,486
2024	1,485,444	227,368	1,712,811	5,750,444	4,564,693	10,315,136
2025 - 2029	8,024,356	563,795	8,588,151	31,509,356	19,197,895	50,707,251
2030 - 2034	513,243	6,287	519,530	24,858,243	12,523,962	37,382,205
2035 - 2039	-	-	-	14,490,000	8,204,850	22,694,850
2040 - 2044	-	-	-	13,270,000	5,026,000	18,296,000
2045 - 2048	-	-	-	13,210,000	1,361,500	14,571,500
	<u>\$ 15,634,170</u>	<u>\$ 2,058,704</u>	<u>\$ 17,692,874</u>	<u>\$ 124,114,170</u>	<u>\$ 71,226,054</u>	<u>\$ 195,340,224</u>

Business-Type Activities:

Fiscal Year	Water Infrastructure Finance Authority (WIFA) Loans						GADA Infrastructure Revenue Loan		
	Series 2014			Series 2008			Series 2014A		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 681,919	\$ 383,060	\$ 1,064,979	\$ 1,987,797	\$ 884,998	\$ 2,872,794	\$ 255,000	\$ 137,700	\$ 392,700
2021	703,427	360,873	1,064,300	2,068,054	801,500	2,869,554	265,000	127,100	392,100
2022	725,613	337,987	1,063,600	2,151,552	714,631	2,866,183	275,000	113,350	388,350
2023	748,499	314,379	1,062,879	2,238,421	624,255	2,862,675	285,000	99,100	384,100
2024	772,107	290,027	1,062,134	2,328,797	530,230	2,859,027	300,000	84,100	384,100
2025 - 2029	4,241,547	1,057,105	5,298,653	13,132,624	1,102,405	14,235,029	1,745,000	183,250	1,928,250
2030 - 2034	4,953,986	322,196	5,276,182	-	-	-	-	-	-
	<u>\$ 12,827,099</u>	<u>\$ 3,065,627</u>	<u>\$ 15,892,726</u>	<u>\$ 23,907,244</u>	<u>\$ 4,658,018</u>	<u>\$ 28,565,262</u>	<u>\$ 3,125,000</u>	<u>\$ 744,600</u>	<u>\$ 3,869,600</u>

Fiscal Year	Direct-Placement Debt								
	Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2019			Subordinate Lien Water System Revenue Obligation, Series 2013			Total Business-Type Activities		
	Principal	Interest ⁽¹⁾	Total	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 49,450,000	\$ 721,187	\$ 50,171,187	\$ 265,712	\$ 1,538,952	\$ 1,804,664	\$ 52,640,428	\$ 3,665,896	\$ 56,306,324
2021	-	-	-	286,968	1,516,706	1,803,674	3,323,449	2,806,179	6,129,629
2022	-	-	-	309,926	1,492,689	1,802,615	3,462,091	2,658,657	6,120,748
2023	-	-	-	334,720	1,466,759	1,801,479	3,606,640	2,504,493	6,111,133
2024	-	-	-	361,498	1,438,761	1,800,259	3,762,402	2,343,118	6,105,520
2025 - 2029	-	-	-	2,290,423	6,689,148	8,979,571	21,409,594	9,031,908	30,441,502
2030 - 2034	-	-	-	3,365,382	5,566,739	8,932,121	8,319,368	5,888,935	14,208,303
2035 - 2039	-	-	-	4,944,850	3,918,978	8,863,828	4,944,850	3,918,978	8,863,828
2040 - 2043	-	-	-	7,265,609	1,499,546	8,765,155	7,265,609	1,499,546	8,765,155
	<u>\$ 49,450,000</u>	<u>\$ 721,187</u>	<u>\$ 50,171,187</u>	<u>\$ 19,425,088</u>	<u>\$ 25,128,278</u>	<u>\$ 44,553,366</u>	<u>\$ 108,734,431</u>	<u>\$ 34,317,711</u>	<u>\$ 143,052,141</u>

⁽¹⁾ calculated at the rate in effect at June 30, 2019

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

D. Excise Tax and State-Shared Revenue Pledged Debt

The Town has issued debt secured by a pledge of all of the Town’s excise taxes and state-shared revenues.

1. *Subordinate Lien Excise Tax and State-Shared Revenue Obligation, Series 2019 (Direct-Placement).* During fiscal year 2019, the Town issued \$49.45 million of subordinate lien excise tax and state-shared revenue debt to finance the purchase of approximately 175,000 acre-feet of groundwater extinguishment credits. These credits will be used to offset the Town’s water acquisition requirements for future growth. The debt was issued as a direct-placement loan with Bank of America at a variable interest rate that resets at the end of a renewal term selected by the Town (one month, three months, or six months). Although the Town pledged excise taxes to secure the loan, the loan will be repaid from water utility revenues. The Town intends to refinance the loan with long-term financing during fiscal year 2020.
 - a. *Variable Rate Terms.* The interest rate is calculated at 80% of the current LIBOR rate for the selected renewal term, plus 49 basis points. To date, the Town has selected one-month renewal terms on each renewal date.
 - b. *Events of Default.* Should the Town be unable to make payment on the loan, or if the Town’s bond rating falls below BBB+ by either S&P or Fitch, the loan payments may not be accelerated but the interest rate will increase to 80% of the current LIBOR rate (or a comparable or successor rate selected by Bank of America) plus 8%. The maximum interest rate allowed on the loan is 18%. The Town’s current excise tax bond rating is AA from both S&P and Fitch.
 - c. *Other Terms.* The loan matures on February 1, 2020; however, at the Town’s discretion, the Town may choose to extend the term of the agreement to August 1, 2024. If the loan is extended, the principal will be amortized in five equal installments due August 1st of each year until August 1, 2024. The interest rate will be calculated at 80% of the current LIBOR rate (or a comparable or successor rate selected by Bank of America), plus 3%.
2. *Excise Tax and State-Shared Revenue Bonds, Series 2018A and B.* In fiscal year 2018, the Town issued a total of \$65.96 million of long-term excise tax and state-shared revenue bonds to provide funding for new transportation, public safety and fire projects.
3. *Excise Tax and State-Shared Revenue Refunding Bonds, Series 2016.* In fiscal year 2017, the Town refunded all of its outstanding governmental activities debt by issuing \$47.990 million of excise tax and state-shared revenue bonds. The refunded debts were originally issued to fund acquisition of land, construction of infrastructure and municipal facilities, and improvements to parks.
4. *GADA Infrastructure Revenue Loan, Series 2014A.* In fiscal year 2014, the Town obtained financing of \$3,845,000 through the Greater Arizona Development Authority (GADA) to refinance a loan from 2003 that was used for wastewater system improvements. Although the Town pledged excise taxes to secure the debt, the loan is being repaid from wastewater utility revenues. The following table presents the Town’s excise tax pledged debt service requirements relative to excise tax revenues collected during the fiscal year:

Debt Issue	Debt Service, FY 2019			Remaining Principal and Interest to Maturity	Maturity Date
	Principal	Interest	Total		
Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2019	\$ -	\$ 424,814	\$ 424,814	\$ 50,171,187	2/1/2020
Excise Tax and State-Shared Revenue Bonds, Series 2018A	355,000	2,211,078	2,566,078	89,817,100	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2018B	210,000	721,533	931,533	28,880,925	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2016	2,295,000	2,045,851	4,340,851	58,949,325	8/1/2036
GADA Infrastructure Revenue Loan, Series 2014A	245,000	147,900	392,900	3,869,600	8/1/2028
Total Debt Service, FY 2019	\$ 3,105,000	\$ 5,551,176	\$ 8,656,176	\$ 231,688,137	
Total Excise Tax and State-Shared Revenues, FY 2019			\$ 50,137,661		

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E. Special Assessment Debt (Direct-Placement Debt)

The Town's Special Assessment Improvement District No. 1 (District) was created to fund infrastructure improvements within the District, which covers most of the Town's downtown business area. The Town originally issued \$54.08 million of Special Assessment bonds in 2006 to pay for the improvements. The bonds were refinanced in fiscal year 2017 through a direct-placement with CoBiz Financial at a fixed interest rate of 2.45%. The bonds do not have specific provisions regarding significant events of default, subjective acceleration clauses, or termination events with finance-related consequences.

Each property owner within the District has been assessed an annual assessment for repayment of the bonds. Owners may prepay their assessment in full or in part at any time. In case of default, the Town has the responsibility to cover delinquencies of special assessments with other sources until foreclosure proceeds are received. During fiscal year 2019, the Town advanced \$16,917 from the General Fund to cover delinquencies. The Town has pledged special assessment revenues from assessments levied on property owners within the District to repay the refunding bonds. Annual principal and interest payments on the bonds are estimated to require all special assessment revenues. Total principal and interest remaining on the bonds is \$17,692,874 payable through January 1, 2030.

F. Water System Revenue Pledged Debt

The Town has issued debt secured by a pledge of all of its water system Net Revenues. "Net Revenues" is defined as all revenues from water system operations, net of operation and maintenance costs. The Town's remaining water system revenue pledged debt obligations are as follows:

1. *WIFA Loan, 2008.* In 2008 the Town obtained a \$40 million loan from the Water Infrastructure Finance Authority of Arizona (WIFA) to fund the purchase of the Queen Creek Water Company and improvements to the infrastructure acquired.
2. *WIFA Loan, 2014.* In 2014 the Town obtained a \$16 million loan from WIFA to finance a portion of the purchase price of the H2O Water Company.
3. *Subordinate Lien Water System Revenue Obligations, Series 2014 (Direct Placement).* The remaining balance of the purchase price for the H2O Water Company was financed through issuance of a \$19,425,089 direct-placement tax-exempt municipal revenue obligation to the former owners of the H2O Water Company.
4. *WIFA Loan, 2005.* The Town paid off the remaining \$20.8 million balance this year.

The following table presents the Town's water system revenue pledged debt service requirements relative to water system net revenues for the fiscal year:

Debt Issue	Debt Service, FY 2019			Remaining Principal and Interest to Maturity	Maturity Date
	Principal	Interest	Total		
WIFA Loan, 2014	\$ 661,069	\$ 404,567	\$ 1,065,636	\$ 15,892,726	7/1/2033
WIFA Loan, 2008	1,910,654	965,255	2,875,909	28,565,262	7/1/2028
Sub-Lien Water System Revenue Obligations, Series 2014	-	1,683,206	1,683,206	44,553,366	5/1/2043
Total Debt Service, FY 2019	\$ 2,571,723	\$ 3,053,028	\$ 5,624,751	\$ 89,011,354	
Total Water System Net Revenues, FY 2019			\$ 14,689,821		

Amendments to WIFA Loan Requirements. During fiscal year 2019, the WIFA Board approved the Town's request to amend the Town's debt service reserve requirements on the Town's WIFA loans to eliminate the need for cash-funded debt service reserves as long as the Town maintains debt service coverage of at least 1.5 times. The amendments released approximately \$6.5 million of cash in the Water and Wastewater funds that is no longer required to be reported as restricted net position on the proprietary fund statements or the government-wide financial statements.

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G. Debt Capacity – Arizona Constitutional Limit

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, parks and open space, transportation and public safety purposes may not exceed 20% of a municipality's net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a municipality's net assessed valuation. The Town of Queen Creek has no outstanding general obligation debt.

The Town of Queen Creek's net valuation at June 30, 2019 is \$427,856,256. This includes both Maricopa County and Pinal County assessed values. The Town's constitutional debt limit is calculated as follows:

20% Debt Margin Limit	\$ 85,571,251
Bonded Debt Outstanding	<u>-</u>
Unused 20% Limitation Borrowing Capacity	\$ 85,571,251
6% Debt Margin Limit	\$ 25,671,375
Bonded Debt Outstanding	<u>-</u>
Unused 6% Limitation Borrowing Capacity	\$ 25,671,375

NOTE 10. NET POSITION AND FUND BALANCES

A. Net Position

Net Position is the difference between assets/deferred outflows and liabilities/deferred inflows on the government-wide and proprietary fund statements. The various purposes of restricted net position are noted on the face of the government-wide and proprietary fund financial statements.

B. Fund Balance Classifications of Governmental Funds

The Town has classified its fund balances as follows:

	Fund Balances					Total
	General Fund	Construction Sales Tax Fund	Drainage & Transportation Fund	Improvement District Debt Service Fund	Nonmajor Governmental Funds	
Nonspendable:						
Prepaid Items	\$ 92,282	\$ -	\$ -	\$ -	\$ -	\$ 92,282
Restricted:						
Transportation and Town Facilities	-	-	37,685,695	-	15,712,960	53,398,655
Street Lighting Districts	-	-	-	-	130,806	130,806
Contractual Agreements	208,072	-	-	-	-	208,072
Housing Rehabilitation	-	-	-	-	79,346	79,346
Parks and Community Events	-	-	-	-	59,725	59,725
Total Restricted	208,072	-	37,685,695	-	15,982,837	53,876,604
Committed:						
Pension Liabilities	23,959,663	-	-	-	-	23,959,663
Assigned:						
Debt Service	-	-	-	-	7,064	7,064
Transportation and Town Facilities	-	-	-	-	8,365	8,365
Parks and Community Events	-	-	-	-	205,128	205,128
Total Committed	-	-	-	-	220,557	220,557
Unassigned	16,703,875	(8,041,785)	(2,939,532)	(16,917)	-	5,705,641
Total Fund Balance	\$ 40,963,892	\$ (8,041,785)	\$ 34,746,163	\$ (16,917)	\$ 16,203,394	\$ 83,854,747

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C. Deficit Fund Balances

The deficit Unassigned fund balance in the Construction Sales Tax Fund is the result of payments to two developers in fiscal year 2017 to terminate their development agreements several years early. These payments were funded using interfund loans, as described in Note 5.

The deficit Unassigned fund balance in the Drainage & Transportation Fund is the result of a payment to a developer in fiscal year 2018 for the acquisition of road improvements per the terms of a development agreement. This payment was funded using an interfund loan, as described in Note 5.

The deficit Unassigned fund balance in the Improvement District Debt Service Fund is the result of delinquent assessments which were covered with a short-term interfund payable to the General Fund.

NOTE 11. RETIREMENT PLANS

A. Cost-Sharing and Agent Multiple Employer Pension Plans

The Town contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS) for firefighters. The plans are component units of the State of Arizona.

At June 30, 2019, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net Pension Liabilities	\$ 14,375,121	\$ 5,560,747	\$ 19,935,868
Deferred Outflows of Resources	5,571,392	1,176,645	6,748,037
Deferred Inflows of Resources	1,699,723	657,414	2,357,137
Pension Expense	1,530,974	900,627	2,431,601

The Town's accrued payroll and employee benefits includes \$110,736 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2019. Also, the Town reported \$2,851,343 of pension expenditures in the funds related to all pension plans to which it contributes.

B. Arizona State Retirement System

Plan Descriptions – Town employees not covered by the other pension plans 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); and a cost-sharing, multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

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

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	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 percentage per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2019, statute required active ASRS members to contribute at the actuarially determined rate of 11.80% (11.64% for retirement and 0.16% for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 11.80% (11.18% for retirement, 0.46% for the health insurance premium benefit, and 0.16% for long-term disability) of the active members' annual covered payroll.

In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.53% (10.41% for retirement, 0.06% for health insurance premium benefit and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the Town in positions than an employee who contributes to the ASRS would typically fill. The Town's contributions to the pension plan for the year ended June 30, 2019, were \$1,754,889, and were paid 62% from the General Fund, 29% from major funds, and 9% from other funds.

Pension Liability – At June 30, 2019, the Town reported a liability of \$19,855,605 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2017, to the measurement date of June 30, 2018. The total pension liability as of June 30, 2018 reflects a change in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the discount rate from 8% to 7.5%, changing the projected salary increases from 3%-6.75% to 2.7%-7.2%, decreasing the inflation rate from 3% to 2.3%, and changing the mortality rates.

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, 2018.

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The Town's proportion measured as of June 30, 2018, was 0.14237%, which was an increase of 0.0071 from its proportion measured as of June 30, 2017.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2019, the Town recognized pension expense for ASRS of \$1,720,864. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 547,006	\$ 109,461
Changes of assumptions or other inputs	525,416	1,760,472
Net difference between projected and actual earnings on pension plan investments	-	477,480
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,374,103	-
Town contributions subsequent to the measurement date	1,754,889	-
	<u>\$ 4,201,414</u>	<u>\$ 2,347,413</u>

The \$1,754,889 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 pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 1,067,619
2021	(30,074)
2022	(724,302)
2023	(214,131)

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

Actuarial Valuation Date	June 30, 2017
Actuarial Roll Forward Date	June 30, 2018
Actuarial Costs Method	Entry Age Normal
Discount Rate	7.5%
Projected Salary Increases	2.7 - 7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 excluding any 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:

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Asset Class	Target Allocation	Real Return Geometric Basis
Equity	50%	5.50%
Fixed Income	30%	3.83%
Real Estate	20%	5.85%
Total	100%	

Discount Rate – At June 30, 2018, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5%, which was a decrease of 0.5 from the discount rate used as of June 30, 2017. 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 statutes. Based on those assumptions, the pension plan’s 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability	\$ 28,304,621	\$ 19,855,605	\$ 12,796,588

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

C. Public Safety Personnel Retirement System (PSPRS)

Plan Descriptions – Town firefighters who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan. The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and an agent and cost sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member 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.

As previously stated, the Town has implemented the provisions of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which amends and replaces previous guidance for reporting of other postemployment benefit plans. In evaluating the financial significance of the Town’s OPEB plans, the Town determined the OPEB plan provided through PSPRS is not financially significant to the Town, and therefore the plan is not presented.

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:

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Retirement and Disability	Initial Membership Date		
	Before January 1, 2012	On or After January 1, 2012 and Before July 1, 2017	On or After 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 of service or 15 years of credited service, age 52.5	15 or more years of service, age 55 15 years of credited service, age 52.5*
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of the last 20 years	Highest 60 consecutive months of the last 15 years
Benefit percentage			
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%	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 Benefit			
Retired Members	80-100% of retired member's pension benefit		
Active Members	80-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

* With actuarially reduced benefits.

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

Employees Covered by Benefit Terms –The following employees were covered by the agent pension plans' benefit terms:

	PSPRS Firefighters
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	2
Inactive Employees Entitled to but not yet Receiving Benefits	2
Active Employees	45
Total	<u>49</u>

Contributions and Annual OPEB Cost – 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. Contributions rates for the year ended June 30, 2019, are indicated below. Rates are a percentage of active members' annual covered payroll.

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	PSPRS Firefighters
Active Member Contributions:	
Tier One Members	7.65%
Tier Two Members	11.65%
Tier Three Members	9.94%
Town Contributions	
Pension	12.26% - 16.72%

The Town's contributions to the pension plan for the year ended June 30, 2019 were \$1,096,454. 100% of which was paid from the Emergency Services Fund. As discussed in the Management Discussion and Analysis, the Emergency Services Fund is included in the Town's General fund for financial reporting.

Pension Liability – At June 30, 2019, the Town reported the following net pension liability:

	Net Pension Liability
PSPRS Firefighters	\$ 80,263

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Pension Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability for PSPRS are as follows:

Actuarial Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.4%
Wage Inflation	3.5%
Price Inflation	2.5%
Cost-of-living adjustment	Included
Mortality Rates	RP-2014 using MP-2016 improvement scale with adjustments to match experience

Actuarial assumptions used in the June 30, 2018, valuation were based on results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.40% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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:

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Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Equity	16%	7.60%
Non-U.S. Equity	14%	8.70%
Private Equity	12%	5.83%
Fixed Income	5%	1.25%
Private Credit	16%	6.75%
GTS	12%	3.96%
Real Assets	9%	4.52%
Real Estate	10%	3.75%
Risk Parity	4%	5.00%
Short Term Investments	2%	0.25%
Total	100%	

Pension Discount Rates – The following discount rate was used to measure the total pension liability:

	Discount Rate
PSPRS Firefighters	7.4%

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member 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 pension plan’s 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Agent Plans’ Net Pension Liability – The following table presents changes in the Town’s net pension liability for the PSPRS – Fire plan is as follows:

PSPRS - Firefighters	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance beginning of the year	\$ 8,309,699	\$ 7,401,755	\$ 907,944
Changes for the Year:			
Service Cost	834,829	-	834,829
Interest on the Total Pension Liability	640,918	-	640,918
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	(10,396)	-	(10,396)
Contributions - Employer	-	1,763,985	(1,763,985)
Contributions - Employee	-	342,056	(342,056)
Net Investment Income	-	560,374	(560,374)
Benefit Payments, Including Refunds of Employee Contributions	(132,132)	(132,132)	-
Hall/Parker Settlement	-	(364,237)	364,237
Administrative Expenses	-	(9,229)	9,229
Other Changes	-	83	(83)
Net Changes	1,333,219	2,160,900	(827,681)
Balance end of the year	\$ 9,642,918	\$ 9,562,655	\$ 80,263

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

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PSPRS Firefighters Net Pension Liability (Asset)	\$ 2,013,711	\$ 80,263	\$ (1,456,192)

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

Pension Expense – For the year ended June 30, 2019, the Town recognized the following pension expense:

	Pension Expense
PSPRS Firefighters	\$ 710,738

Pension Deferred Outflows/Inflows of Resources – At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 937,332	\$ 9,724
Changes of assumptions or other inputs	446,536	-
Net difference between projected and actual earnings on pension plan investments	66,301	-
Town contributions subsequent to the measurement date	1,096,454	-
	\$ 2,546,623	\$ 9,724

The \$1,096,454 reported as deferred outflows of resources related to PSPRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	PSPRS Firefighters
2020	\$ 212,958
2021	177,520
2022	101,913
2023	154,450
2024	145,135
Thereafter	648,469

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NOTE 12. OTHER INFORMATION

A. Tax Abatements

The Town has entered into agreements that include the abatement of Government Property Lease Excise Tax (GPLET). As of June 30, 2019, three lease agreements exist for the abatement of property taxes. These agreements were entered into pursuant to the following:

- Arizona Revised Statutes (A.R.S.) 9-500.05 provides the Town the authority to enter into development agreements.
- A.R.S. 9-500.11 allows the Town to spend public monies for economic development activities providing assistance in the creation or retention of jobs or otherwise improving the economic welfare of Town inhabitants.
- A.R.S. 42-6209 allows the Town to abate Government Property Lease Excise Tax (GPLET) for up to 8 years after the certificate of occupancy is issued for the lease of property within the Town's central business district.

The Town's agreements abate the GPLET for eight years. For each of these agreements, the property was temporarily given to the Town and leased back by each tenant for a period of eight years, after which time the property will be returned to the tenant. Only properties within the Town's established Central Business District are eligible for this abatement program. These lease arrangements were part of a larger development agreement, the goal of which was to attract private investment and foster job creation. These agreements have abated taxes to the extent that the Town is not collecting any property taxes during the eight-year period.

For the year ended June 30, 2019, the Town abated \$49,902 in property taxes as a result of the GPLET abatement agreements.

B. Joint Venture

The Town participates in a joint water reclamation plant with the City of Mesa and the Town of Gilbert. The water reclamation plant began operations in fiscal year 2007. Mesa acts as the lead agency and is responsible for planning, budgeting, construction, operation and maintenance of the plant. Mesa, Gilbert and the Town participate in the ownership of the plant and are financially responsible for operating expenses based on gallons of flow. The Town's investment in the joint venture at June 30, 2019 was \$29,524,172 and is recorded in the Town's Wastewater Fund. The Town does not anticipate significant changes that would result in a financial burden or benefit. The joint venture does not issue separate financial statements.

C. 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 carries commercial insurance for certain risks of loss including potential worker-related accidents.

The Town's insurance protection is provided by a private carrier (Arizona Municipal Risk Retention Pool), of which the Town is a participating member. The limit for basic coverage is for \$1,000,000 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 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 members additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

D. Contingent Liabilities

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's legal counsel, the Town has some exposure to loss; however, the Town is vigorously defending these claims and any loss or dollar value of the loss is not determinable.

E. Intergovernmental Agreements (IGAs) for Road Construction

Signal Butte Road. The Town has entered into an IGA with the City of Mesa wherein the Town agreed to fund the costs of construction of Signal Butte Road from Germann Road to the future State Road 24 intersection. Mesa will manage design and construction of the project through completion. As of June 30, 2019 the road was 30% designed, with construction expected to begin in late summer 2020. Once Mesa awards a construction contract, the Town will be required to pay Mesa a lump sum of \$12 million. The Town will also be responsible for any construction costs over \$12 million. Mesa has agreed to reimburse the Town a maximum of \$12 million by December 31, 2030. The Town expects to finance the payment to Mesa by issuing long-term debt during fiscal year 2020.

Meridian Road. The Town has entered into an IGA with Pinal County wherein the County has agreed to fund 50% of the cost of design and construction of Meridian Road improvements from Germann Road to the future State Road 24 intersection. The County's estimated contribution is \$4 million. Construction of the improvements is expected to begin in late summer 2020.

Chandler Heights Road. The Town has entered into an IGA with Maricopa County and the Town of Gilbert wherein the Town has agreed to design and construct improvements to Chandler Heights Road from Recker Road to Power Road. The County and Gilbert have agreed to fund 100% of the costs of the project, which is currently being designed and expected to begin construction in late summer 2020.

Ellsworth Interchange. In May 2019, the Town committed to contribute up to \$2.5 million towards the construction of an interchange at Ellsworth Road and State Road 24. Other partners in the project include the City of Mesa, Maricopa Association of Governments (MAG), and the Arizona Department of Transportation (ADOT). The Town's payment is currently expected to be due in July 2020.

NOTE 13. SUBSEQUENT EVENTS

A. Water and Wastewater Rates and Fees

Effective July 1, 2019 the Town lowered water and wastewater capacity fees approximately 40% and lowered residential wastewater rates approximately 15%.

B. Streetlights Purchase

On September 9, 2019 the Town purchased approximately 3,600 streetlights from Salt River Project Agricultural Improvement and Power District (SRP) for \$814,125. Under the purchase agreement, the Town has assumed responsibility for the operation and maintenance of all streetlights within the Town. This responsibility was previously handled by SRP and then billed to the Town through the Town's monthly electricity bill.

C. Land Purchase

On September 12, 2019 the Town purchased approximately three acres of land for \$1,080,553 for a future fire station. The land purchase was funded with a combination of Fire development impact fees and General Fund resources.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

D. Annexations

The Town recently completed the following significant annexations:

- State Lands – On August 7, 2019 the Town annexed approximately 4,150 acres of land owned by the State of Arizona on the Town’s northeast border. The annexation was requested by the land owner, the Arizona State Land Department, and includes frontage to the future SR 24 corridor. The State Land Department has indicated that it expects to begin auctioning parcels of land to developers by December 2021.
- QC 40 LLC – On September 18, 2019 the Town annexed approximately 40 acres of land owned by Riggs Ellsworth 40 LLC and JMN Riggs 40 LLC. In conjunction, the Town entered into a development agreement with the land owners whereby the Town agreed to pay up to \$300,000 towards drainage improvements at the site. In return, the land owners will develop the property into a shopping center to include a grocery store and other retail businesses. The first store is expected to open in January 2021.
- Encanterra Community – On October 16, 2019 the Town annexed an existing subdivision on the Town’s southeast border, per an annexation petition signed by a majority of the subdivision’s landowners. The gated retirement community is approximately 755 acres and includes a golf course, a country club, and approximately 1,500 homes. At buildout the development is expected to have approximately 2,100 homes.

E. Water Exchange Agreement

In In December 2018, the Town authorized a water exchange agreement with Trilogy Encanterra Construction LLC wherein the Town agreed to pay Trilogy \$8.9 million for perpetual rights to receive up to 3 million gallons per day of reclaimed water and permanent facilities to recharge surface water, reclaimed water, or other effluent. As of June 30, 2019, Trilogy had not yet signed the agreement. On October 8, 2019, the Town and Trilogy renegotiated and finalized the water exchange agreement wherein the Town has agreed to pay the \$8.9 million to Trilogy over a period of four years, with an initial payment of \$900,000 that was paid to Trilogy on October 24, 2019. The Town will pay Trilogy \$2 million in each subsequent October through the year 2023, and the Town retains an option to prepay the entire agreement at any time. Also per the agreement, on October 24, 2019 the Town paid \$250,000 to Trilogy to extinguish all outstanding mainline extension agreements related to the Encanterra subdivision.

F. Bond Rating Changes

On September 17, 2019, S&P Global Ratings raised the Town’s issuer credit rating (ICR) from ‘AA-’ to ‘AA’ with a stable outlook. The Town’s excise tax and state-shared revenue bond rating remains at ‘AA.’

G. Excise Tax and State-Shared Pledged Revenue Coverage Changes

On November 20, 2019, the Town Council adopted an ordinance that removed the restrictions on uses for the Town’s 2% Construction Sales Tax, 0.25% Public Safety Sales Tax, and 0.25% Town Center Sales Tax. This change was made to allow these additional sales tax revenues to be included in the definition of “pledged revenue” for the Town’s excise tax and state-shared revenue pledged debt issues, and included in the related debt coverage ratio calculations beginning in fiscal year 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
COST SHARING PENSION PLANS
JUNE 30, 2019

Arizona State Retirement System

	Reporting Year (Measurement Date)		
	2019 (2018)	2018 (2017)	2017 (2016)
Town's Proportion of the Net Pension Liability	0.142370%	0.135270%	0.126160%
Town's Proportionate Share of the Net Pension Liability	\$ 19,855,605	\$ 21,072,429	\$ 20,363,491
Town's Covered Payroll	13,843,824	12,555,709	11,783,167
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.43%	167.83%	172.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.40%	69.92%	67.06%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year (Measurement Date)	
2016 (2015)	2015 (2014)
0.118690%	0.097621%
\$ 18,487,672	\$ 14,444,571
10,732,389	9,043,494
172.26%	159.72%
68.35%	69.49%

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S
NET PENSION LIABILITY AND RELATED RATIOS
AGENT PENSION PLANS
JUNE 30, 2019**

PSPRS Fire

	Reporting Year (Measurement Date)		
	2019	2018	2017
	(2018)	(2017)	(2016)
Total Pension Liability			
Service Cost	\$ 834,829	\$ 751,557	\$ 445,706
Interest on the Total Pension Liability	640,918	510,514	393,828
Changes of Benefit Terms	-	64,957	606,223
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	(10,396)	509,418	37,328
Changes of Assumptions or Other Inputs	-	106,791	320,534
Benefit Payments, Including Refunds of Employee Contributions	(132,132)	(129,228)	(203,984)
Net Change in Total Pension Liability	1,333,219	1,814,009	1,599,635
Total Pension Liability - Beginning	8,309,699	6,495,690	4,896,055
Total Pension Liability - Ending (a)	9,642,918	8,309,699	6,495,690
Plan Fiduciary Net Position			
Contributions - Employer	1,763,985	785,199	752,649
Contributions - Employee	342,056	342,598	284,138
Net Investment Income	560,374	727,913	30,764
Benefit Payments, Including Refunds of Employee Contributions	(132,132)	(129,228)	(203,984)
Hall/Parker Settlement	(364,237)	-	-
Administrative Expenses	(9,229)	(6,841)	(4,827)
Other Changes	83	(50,230)	160,155
Net Change in Plan Fiduciary Net Position	2,160,900	1,669,411	1,018,895
Plan Fiduciary Net Position - Beginning	7,401,755	5,732,344	4,713,449
Plan Fiduciary Net Position - Ending (b)	9,562,655	7,401,755	5,732,344
Town's Net Pension Liability (Asset) - Ending (a) - (b)	\$ 80,263	\$ 907,944	\$ 763,346
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.17%	89.07%	88.25%
Covered Payroll	\$ 3,838,295	\$ 3,455,435	\$ 2,447,591
Town's Net Pension Liability (Asset) as a Percentage of Covered Payroll	2.09%	26.28%	31.19%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year (Measurement Date)			
2016 (2015)		2015 (2014)	
\$ 392,089		\$ 353,480	
341,882		235,479	
-		12,393	
67,556		685,945	
-		176,038	
<u>(129,228)</u>		<u>(125,141)</u>	
672,299		1,338,194	
4,223,756		2,885,562	
<u>4,896,055</u>		<u>4,223,756</u>	
1,807,100		318,427	
264,558		275,273	
110,386		291,024	
(129,228)		(125,141)	
-		-	
(3,085)		-	
<u>(60,116)</u>		<u>38,612</u>	
1,989,615		798,195	
2,723,834		1,925,639	
<u>4,713,449</u>		<u>2,723,834</u>	
<u>\$ 182,606</u>		<u>\$ 1,499,922</u>	
96.27%		64.49%	
\$ 2,354,769		\$ 2,129,345	
7.75%		70.44%	

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN PENSION CONTRIBUTIONS
JUNE 30, 2019**

Arizona State Retirement System

	Reporting Fiscal Year		
	2019	2018	2017
Statutorily Required Contribution	\$ 1,754,889	\$ 1,535,419	\$ 1,422,375
Town's Contribution in Relation to the Statutorily Required Contribution	1,754,889	1,535,419	1,422,375
Town's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Town's Covered Payroll	\$ 15,825,893	\$ 13,843,824	\$ 12,555,709
Town's Contributions as a Percentage of Covered Payroll	11.09%	11.09%	11.33%

PSPRS Fire

	Reporting Fiscal Year		
	2019	2018	2017
Actuarially Determined Contribution	\$ 769,406	\$ 727,892	\$ 400,644
Town's Contribution in Relation to the Actuarially Determined Contribution	1,096,454	1,385,632	785,199
Town's Contribution Deficiency (Excess)	\$ (327,048)	\$ (657,740)	\$ (384,555)
Town's Covered Payroll	\$ 4,932,090	\$ 3,838,295	\$ 3,455,435
Town's Contributions as a Percentage of Covered Payroll	22.23%	36.10%	22.72%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Fiscal Year

2016	2015	2014
\$ 1,281,699	\$ 1,144,335	\$ 1,013,052
1,281,699	1,144,335	1,013,052
\$ -	\$ -	\$ -
\$ 11,783,167	\$ 10,732,389	\$ 9,043,494
10.88%	10.66%	11.20%

Reporting Fiscal Year

2016	2015	2014
\$ 446,372	\$ 322,368	\$ 318,427
752,649	1,807,100	318,427
\$ (306,277)	\$ (1,484,732)	\$ -
\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
30.75%	76.74%	14.95%

**TOWN OF QUEEN CREEK, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO PENSION SCHEDULES
 YEAR ENDED JUNE 30, 2019**

NOTE 1. ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

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

NOTE 2. INFORMATION PRIOR TO MEASUREMENT DATE

Information prior to the measurement date of June 30, 2013 was not available. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, requires the Town to present ten years of pension information as required supplementary information. However, until a full ten years of trend data is compiled, the Town will present information for only those years for which information is available.

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION SCHEDULES
YEAR ENDED JUNE 30, 2019**

NOTE 3. FACTORS THAT AFFECT THE IDENTIFICATION OF 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, 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 increased the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 21,577,090	\$ 23,678,892	\$ 26,493,016	\$ 2,814,124
Intergovernmental	8,570,400	8,570,400	8,714,759	144,359
Licenses, Permits and Fees	4,341,402	5,903,647	7,729,877	1,826,230
Charges for Services	2,613,745	2,373,931	2,372,228	(1,703)
Investment Income	469,279	266,770	768,115	501,345
Miscellaneous	101,500	101,500	446,904	345,404
Total Revenues	<u>37,673,416</u>	<u>40,895,140</u>	<u>46,524,899</u>	<u>5,629,759</u>
EXPENDITURES				
Current:				
Mayor and Town Council	431,085	431,085	370,995	60,090
Town Manager	1,065,347	1,098,829	1,044,959	53,870
Town Clerk and Legal Services	749,295	749,295	734,068	15,227
Finance	2,336,798	2,354,143	2,345,821	8,322
Economic Development	828,889	843,378	836,420	6,958
Communications, Marketing and Recreation Services	1,948,791	2,212,447	1,970,169	242,278
Workforce and Technology	3,127,351	3,657,779	3,199,285	458,494
Development Services	3,863,837	3,941,201	3,703,831	237,370
Public Works	4,811,695	5,686,499	5,270,417	416,082
Centralized Services/Contingency	2,911,543	4,667,226	3,778,523	888,703
Total Expenditures	<u>22,074,631</u>	<u>25,641,882</u>	<u>23,254,488</u>	<u>2,387,394</u>
Excess (Deficiency) of Revenues Over Expenditures	15,598,785	15,253,258	23,270,411	8,017,153
OTHER FINANCING SOURCES (USES)				
Transfers In	4,812,461	15,420	15,420	-
Transfers Out	<u>(15,817,237)</u>	<u>(22,621,893)</u>	<u>(19,108,833)</u>	<u>3,513,060</u>
Total Other Financing Sources (Uses)	<u>(11,004,776)</u>	<u>(22,606,473)</u>	<u>(19,093,413)</u>	<u>3,513,060</u>
Net Change in Fund Balances	<u>\$ 4,594,009</u>	<u>\$ (7,353,215)</u>	<u>\$ 4,176,998</u>	<u>\$ 11,530,213</u>

See Notes to Budgetary Comparison Schedule, Required Supplementary Information

TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
CONSTRUCTION SALES TAX FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 3,972,970	\$ 4,871,250	\$ 7,552,166	\$ 2,680,916
Total Revenues	<u>3,972,970</u>	<u>4,871,250</u>	<u>7,552,166</u>	<u>2,680,916</u>
EXPENDITURES				
Current:				
Economic Development	376,410	376,410	9,407	367,003
Debt Service:				
Interest on Long-Term Debt	396,348	347,272	347,272	-
Total Expenditures	<u>772,758</u>	<u>723,682</u>	<u>356,679</u>	<u>367,003</u>
Excess (Deficiency) of Revenues Over Expenditures	3,200,212	4,147,568	7,195,487	3,047,919
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,989,713	1,989,713	-
Transfers Out	(4,940,337)	(10,612,393)	(10,612,393)	-
Total Other Financing Sources (Uses)	<u>(4,940,337)</u>	<u>(8,622,680)</u>	<u>(8,622,680)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (1,740,125)</u>	<u>\$ (4,475,112)</u>	<u>\$ (1,427,193)</u>	<u>\$ 3,047,919</u>

See Notes to Budgetary Comparison Schedule, Required Supplementary Information

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Interfund Loans Represent Expenditures (Revenues) on Budget Basis	<u>9,321,806</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 7,894,613</u>

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2019**

NOTE 1. BASIS OF ACCOUNTING

The adopted budget of the Town is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America with the following exceptions:

- 1) The General Fund as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances includes the Town's General Fund in addition to the Town's Emergency Services and HPEC Funds which, while separately budgeted, do not meet the requirement under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for separate presentation. The budgetary comparison schedules for these separate budget funds are presented on pages 118 through 119. The activity from these funds represents a reconciling item between the fund statements and the General Fund budgetary-basis comparison schedule.
- 2) Departmental support costs are charged to the Town's departments for information technology, communications and marketing, finance, budget, human resources, legal and administrative costs incurred in the General Fund for each department. These revenues and expenditures are recognized on a budgetary basis but are eliminated for financial statement reporting, representing a reconciling item.
- 3) Intrafund activity between the General Fund and those funds which are consolidated is eliminated on a consolidated basis for financial reporting and represents a reconciling item between the fund statement and budgetary schedule.
- 4) Unrealized gains (losses) on investments and accrued payroll expenditures that will be paid in the next fiscal period are GAAP adjustments not included in the Town's General Fund Budgetary-basis comparison schedule. Interfund loan transfers are eliminated on a GAAP basis, but represent a resource on a budgetary basis and are added back to the Town's General Fund Budgetary-basis comparison schedule.

The following adjustments are necessary to present actual revenues, expenditures, other financing sources and uses, beginning fund balance and ending fund balance on a budgetary basis in order to present only the activity of the Town's General Fund for budgetary purposes.

	Total Revenues	Total Expenditures	Other Financing Sources and Uses	Fund Balance Beginning of Year	Fund Balance End of Year
Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 58,394,247	\$ (39,484,576)	\$ (14,502,753)	\$ 36,556,974	\$ 40,963,892
Other Funds Included in General Fund - Budgeted as Special Revenue Funds:					
Emergency Services Fund	(14,686,027)	16,254,511	(1,362,083)	(206,401)	-
Horseshoe Park and Equestrian Centre	(611,862)	1,446,339	(826,798)	(7,679)	-
Interdepartmental Support Revenue	3,917,185	(1,515,406)	(2,401,779)	-	-
GAAP Adjustments	(488,644)	44,644	-	1,235,666	791,666
Budgetary Comparison Schedule - General Fund	<u>\$ 46,524,899</u>	<u>\$ (23,254,488)</u>	<u>\$ (19,093,413)</u>	<u>\$ 37,578,560</u>	<u>\$ 41,755,558</u>

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2019**

NOTE 2. BUDGETARY INFORMATION

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 to the Town Council for the fiscal year commencing the following July 1. 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 basic financial statements to total expenditures for reporting in accordance with the state's uniform expenditure reporting system (A.R.S. §41-1279.07).
- 4) Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management and legal purposes, the Town Council adopts a budget by department for the General Fund and in total for other funds. The Town Manager may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity.
- 5) Formal budgetary integration is employed as a management control device during the year for the funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.
- 6) The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. The law does not permit the Town to spend more than budgeted revenues plus the carryover 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.

The Town did not adopt an annual budget for the LTAF, Housing Rehab, or Parks and Recreation Funds. Accordingly, no budgetary comparison schedules are presented for these funds.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Highway Users Revenue Fund (HURF) – accounts for the Town’s share of state taxes on gasoline, diesel fuels, and other transportation related fees to be used solely for street and highway purposes.

Local Transportation Assistance Fund (LTAF) – accounts for the activity of the Town’s lottery proceeds.

Town Center Fund – accounts for land use and economic development of the Town center.

Street Lighting District Fund – accounts for the operation of street lighting in specific areas. Funding is provided by property taxes on the benefited property owners.

Housing Rehab Fund – accounts for housing rehabilitation assistance monies.

Parks and Recreation Fund – accounts for donations and contributions specific to recreation programs.

Community Events Fund – accounts for donations and contributions for specific community events.

CAPITAL PROJECTS FUNDS

Town Building Development Fund – accounts for the revenues and expenditures of impact fees received by the Town for acquisition and construction of new Town buildings.

Transportation Development Fund – accounts for the revenues and expenditures of impact fees received by the Town for the acquisition and construction of transportation infrastructure.

Library Development Fund – accounts for the revenues and expenditures of impact fees received by the Town for the acquisition and construction of new library infrastructure.

Park Development Fund – accounts for the revenues and expenditures of impact fees received by the Town for acquisition and construction of parks.

Public Safety Development Fund – accounts for the revenues and expenditures of impact fees received by the Town for the acquisition and construction of new public safety infrastructure.

Fire Development Fund – accounts for the revenues and expenditures of impact fees received by the Town for acquisition and construction of new fire and emergency.

General Capital Improvement Fund – accounts for the acquisition and construction of the Town’s general government infrastructure (excluding streets) such as buildings, parks and trails.

DEBT SERVICE FUNDS

Debt Service Fund – accounts for the accumulation of resources for, and payments of, debt service principal, interest, and related costs for the Town’s excise tax revenue bonds.

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Totals
ASSETS				
Cash and Investments	\$ 2,239,126	\$ 14,878,758	\$ 7,064	\$ 17,124,948
Restricted Cash and Investments	-	73,020	-	73,020
Receivables:				
Accounts Receivable	1,500	-	-	1,500
Taxes Receivable	88,058	-	-	88,058
Intergovernmental Receivable	330,825	-	-	330,825
Total Assets	<u>\$ 2,659,509</u>	<u>\$ 14,951,778</u>	<u>\$ 7,064</u>	<u>\$ 17,618,351</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 1,117,396	\$ 252,564	\$ -	\$ 1,369,960
Accrued Wages and Benefits	43,735	-	-	43,735
Total Liabilities	<u>1,161,131</u>	<u>252,564</u>	<u>-</u>	<u>1,413,695</u>
Deferred Inflows of Resources:				
Unavailable Revenues	1,262	-	-	1,262
Fund Balances:				
Restricted	1,291,988	14,690,849	-	15,982,837
Assigned	205,128	8,365	7,064	220,557
Total Fund Balances	<u>1,497,116</u>	<u>14,699,214</u>	<u>7,064</u>	<u>16,203,394</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,659,509</u>	<u>\$ 14,951,778</u>	<u>\$ 7,064</u>	<u>\$ 17,618,351</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Totals
REVENUES				
Local Sales Tax	\$ 827,076	\$ -	\$ -	\$ 827,076
Intergovernmental	4,912,411	-	-	4,912,411
Special Assessments	408,436	-	-	408,436
Charges for Services	16,190	-	-	16,190
Contributions	99,521	-	-	99,521
Impact Fees	-	9,672,093	-	9,672,093
Investment Income	23,725	269,310	-	293,035
Miscellaneous	1,362,603	8,365	-	1,370,968
Total Revenues	<u>7,649,962</u>	<u>9,949,768</u>	<u>-</u>	<u>17,599,730</u>
EXPENDITURES				
Current:				
General Government	-	1,294	-	1,294
Public Safety	-	35,064	-	35,064
Highways and Streets	5,701,648	347,524	-	6,049,172
Culture and Recreation	105,779	21,706	-	127,485
Economic Development	180,594	-	-	180,594
Capital Outlay	808,603	6,897,327	-	7,705,930
Debt Service:				
Principal Retirement	19,941	-	2,860,000	2,879,941
Interest on Long-Term Debt	40,455	-	4,943,661	4,984,116
Total Expenditures	<u>6,857,020</u>	<u>7,302,915</u>	<u>7,803,661</u>	<u>21,963,596</u>
Excess (Deficiency) of Revenues Over Expenditures	792,942	2,646,853	(7,803,661)	(4,363,866)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,077,905	6,084,141	7,803,661	14,965,707
Transfers Out	(639,204)	(9,317,526)	-	(9,956,730)
Total Other Financing Sources (Uses)	<u>438,701</u>	<u>(3,233,385)</u>	<u>7,803,661</u>	<u>5,008,977</u>
Net Change in Fund Balances	1,231,643	(586,532)	-	645,111
FUND BALANCES				
Beginning of Year	265,473	15,285,746	7,064	15,558,283
End of Year	<u>\$ 1,497,116</u>	<u>\$ 14,699,214</u>	<u>\$ 7,064</u>	<u>\$ 16,203,394</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Local		
	Highway Users Revenue	Transportation Assistance	Town Center
ASSETS			
Cash and Investments	\$ 729,383	\$ 423,850	\$ 563,748
Receivables:			
Accounts Receivable	-	-	1,500
Taxes Receivable	-	-	82,526
Intergovernmental Receivable	330,825	-	-
Total Assets	<u>\$ 1,060,208</u>	<u>\$ 423,850</u>	<u>\$ 647,774</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,016,473	\$ -	\$ 49,513
Accrued Wages and Benefits	43,735	-	-
Total Liabilities	<u>1,060,208</u>	<u>-</u>	<u>49,513</u>
Deferred Inflows of Resources:			
Unavailable Revenues	-	-	-
Fund Balances:			
Restricted	-	423,850	598,261
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>423,850</u>	<u>598,261</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,060,208</u>	<u>\$ 423,850</u>	<u>\$ 647,774</u>

Street Lighting Districts	Housing Rehab	Parks and Recreation	Community Events	Totals
\$ 177,702	\$ 79,346	\$ 59,725	\$ 205,372	\$ 2,239,126
-	-	-	-	1,500
5,532	-	-	-	88,058
-	-	-	-	330,825
<u>\$ 183,234</u>	<u>\$ 79,346</u>	<u>\$ 59,725</u>	<u>\$ 205,372</u>	<u>\$ 2,659,509</u>
\$ 51,166	\$ -	\$ -	\$ 244	\$ 1,117,396
-	-	-	-	43,735
<u>51,166</u>	<u>-</u>	<u>-</u>	<u>244</u>	<u>1,161,131</u>
1,262	-	-	-	1,262
130,806	79,346	59,725	-	1,291,988
-	-	-	205,128	205,128
<u>130,806</u>	<u>79,346</u>	<u>59,725</u>	<u>205,128</u>	<u>1,497,116</u>
<u>\$ 183,234</u>	<u>\$ 79,346</u>	<u>\$ 59,725</u>	<u>\$ 205,372</u>	<u>\$ 2,659,509</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	Highway Users Revenue	Local Transportation Assistance	Town Center
REVENUES			
Local Sales Tax	\$ -	\$ -	\$ 827,076
Intergovernmental	4,912,411	-	-
Special Assessments	-	-	-
Charges for Services	-	-	16,190
Contributions	-	-	-
Investment Income	5,023	-	13,132
Miscellaneous	874	-	1,361,729
Total Revenues	<u>4,918,308</u>	<u>-</u>	<u>2,218,127</u>
EXPENDITURES			
Current:			
Highways and Streets	5,104,244	-	-
Culture and Recreation	-	-	-
Economic Development	-	-	180,594
Capital Outlay	798,614	-	9,989
Debt Service:			
Principal Retirement	19,941	-	-
Interest on Long-Term Debt	455	-	40,000
Total Expenditures	<u>5,923,254</u>	<u>-</u>	<u>230,583</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,004,946)	-	1,987,544
OTHER FINANCING SOURCES (USES)			
Transfers In	1,027,905	-	-
Transfers Out	(265,616)	-	(360,044)
Total Other Financing Sources (Uses)	<u>762,289</u>	<u>-</u>	<u>(360,044)</u>
Net Change in Fund Balances	(242,657)	-	1,627,500
FUND BALANCES			
Beginning of Year	242,657	423,850	(1,029,239)
End of Year	<u>\$ -</u>	<u>\$ 423,850</u>	<u>\$ 598,261</u>

Street Lighting Districts	Housing Rehab	Parks and Recreation	Community Events	Totals
\$ -	\$ -	\$ -	\$ -	\$ 827,076
-	-	-	-	4,912,411
408,436	-	-	-	408,436
-	-	-	-	16,190
-	-	235	99,286	99,521
4,271	1,299	-	-	23,725
-	-	-	-	1,362,603
<u>412,707</u>	<u>1,299</u>	<u>235</u>	<u>99,286</u>	<u>7,649,962</u>
597,404	-	-	-	5,701,648
-	-	-	105,779	105,779
-	-	-	-	180,594
-	-	-	-	808,603
-	-	-	-	19,941
-	-	-	-	40,455
<u>597,404</u>	<u>-</u>	<u>-</u>	<u>105,779</u>	<u>6,857,020</u>
(184,697)	1,299	235	(6,493)	792,942
-	-	-	50,000	1,077,905
(13,544)	-	-	-	(639,204)
<u>(13,544)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>438,701</u>
(198,241)	1,299	235	43,507	1,231,643
329,047	78,047	59,490	161,621	265,473
<u>\$ 130,806</u>	<u>\$ 79,346</u>	<u>\$ 59,725</u>	<u>\$ 205,128</u>	<u>\$ 1,497,116</u>

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Town Building Development	Transportation Development	Library Development
ASSETS			
Cash and Investments	\$ 2,640,488	\$ 1,239,811	\$ 1,197,264
Restricted Cash and Investments	-	-	-
Total Assets	<u>\$ 2,640,488</u>	<u>\$ 1,239,811</u>	<u>\$ 1,197,264</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 138	\$ 138	\$ 138
Total Liabilities	<u>138</u>	<u>138</u>	<u>138</u>
Deferred Inflows of Resources:			
Fund Balances:			
Restricted	2,640,350	1,239,673	1,197,126
Assigned	-	-	-
Total Fund Balances	<u>2,640,350</u>	<u>1,239,673</u>	<u>1,197,126</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,640,488</u>	<u>\$ 1,239,811</u>	<u>\$ 1,197,264</u>

<u>Park Development</u>	<u>Public Safety Development</u>	<u>Fire Development</u>	<u>General Capital Improvement</u>	<u>Totals</u>
\$ 7,288,067	\$ 279,785	\$ 2,078,834	\$ 154,509	\$ 14,878,758
-	-	-	73,020	73,020
<u>\$ 7,288,067</u>	<u>\$ 279,785</u>	<u>\$ 2,078,834</u>	<u>\$ 227,529</u>	<u>\$ 14,951,778</u>
\$ 91,386	\$ 5,835	\$ 8,785	\$ 146,144	\$ 252,564
<u>91,386</u>	<u>5,835</u>	<u>8,785</u>	<u>146,144</u>	<u>252,564</u>
7,196,681	273,950	2,070,049	73,020	14,690,849
-	-	-	8,365	8,365
<u>7,196,681</u>	<u>273,950</u>	<u>2,070,049</u>	<u>81,385</u>	<u>14,699,214</u>
<u>\$ 7,288,067</u>	<u>\$ 279,785</u>	<u>\$ 2,078,834</u>	<u>\$ 227,529</u>	<u>\$ 14,951,778</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2019

	Town Building Development	Transportation Development	Library Development
REVENUES			
Impact Fees	\$ 700,227	\$ 2,000,598	\$ 982,215
Investment Income	38,276	126,856	12,459
Miscellaneous	-	-	-
Total Revenues	<u>738,503</u>	<u>2,127,454</u>	<u>994,674</u>
EXPENDITURES			
Current:			
General Government	1,294	-	-
Public Safety	-	-	-
Highways and Streets	-	347,524	-
Culture and Recreation	-	-	2,088
Capital Outlay	-	-	-
Total Expenditures	<u>1,294</u>	<u>347,524</u>	<u>2,088</u>
Excess (Deficiency) of Revenues Over Expenditures	737,209	1,779,930	992,586
OTHER FINANCING SOURCES (USES)			
Transfers In	4,655	-	187,528
Transfers Out	(292,124)	(7,013,016)	(232,381)
Total Other Financing Sources (Uses)	<u>(287,469)</u>	<u>(7,013,016)</u>	<u>(44,853)</u>
Net Change in Fund Balances	449,740	(5,233,086)	947,733
FUND BALANCES			
Beginning of Year	<u>2,190,610</u>	<u>6,472,759</u>	<u>249,393</u>
End of Year	<u>\$ 2,640,350</u>	<u>\$ 1,239,673</u>	<u>\$ 1,197,126</u>

Park Development	Public Safety Development	Fire Development	General Capital Improvement	Totals
\$ 5,002,081	\$ 260,276	\$ 726,696	\$ -	\$ 9,672,093
51,796	3,979	35,944	-	269,310
-	-	-	8,365	8,365
<u>5,053,877</u>	<u>264,255</u>	<u>762,640</u>	<u>8,365</u>	<u>9,949,768</u>
-	-	-	-	1,294
-	17,532	17,532	-	35,064
-	-	-	-	347,524
19,618	-	-	-	21,706
4,491,312	-	-	2,406,015	6,897,327
<u>4,510,930</u>	<u>17,532</u>	<u>17,532</u>	<u>2,406,015</u>	<u>7,302,915</u>
542,947	246,723	745,108	(2,397,650)	2,646,853
3,485,943	-	-	2,406,015	6,084,141
(532,970)	(161,805)	(1,085,230)	-	(9,317,526)
<u>2,952,973</u>	<u>(161,805)</u>	<u>(1,085,230)</u>	<u>2,406,015</u>	<u>(3,233,385)</u>
3,495,920	84,918	(340,122)	8,365	(586,532)
3,700,761	189,032	2,410,171	73,020	15,285,746
<u>\$ 7,196,681</u>	<u>\$ 273,950</u>	<u>\$ 2,070,049</u>	<u>\$ 81,385</u>	<u>\$ 14,699,214</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
DRAINAGE AND TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,277,000	\$ 4,277,000	\$ 15,613	\$ (4,261,387)
Contributions	-	-	617,021	617,021
Investment Income	-	-	988,962	988,962
Miscellaneous	-	-	277,067	277,067
Total Revenues	<u>4,277,000</u>	<u>4,277,000</u>	<u>1,898,663</u>	<u>(2,378,337)</u>
EXPENDITURES				
Current:				
Highways and Streets	42,797,470	3,738,923	850,284	2,888,639
Capital Outlay	41,454,240	72,475,119	23,549,662	48,925,457
Debt Service:				
Interest on Long-Term Debt	-	165,692	165,692	-
Debt Issuance Costs	-	75,000	-	75,000
Total Expenditures	<u>84,251,710</u>	<u>76,454,734</u>	<u>24,565,638</u>	<u>51,889,096</u>
Excess (Deficiency) of Revenues Over Expenditures	(79,974,710)	(72,177,734)	(22,666,975)	49,510,759
OTHER FINANCING SOURCES (USES)				
Transfers In	3,933,922	11,369,765	11,369,765	-
Transfers Out	-	(436,135)	(436,135)	-
Proceeds from Bond Issuance	22,000,000	22,000,000	-	22,000,000
Total Other Financing Sources (Uses)	<u>25,933,922</u>	<u>32,933,630</u>	<u>10,933,630</u>	<u>22,000,000</u>
Net Change in Fund Balances	<u>\$ (54,040,788)</u>	<u>\$ (39,244,104)</u>	<u>\$ (11,733,345)</u>	<u>\$ 71,510,759</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	7,895
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(156,299)
Net Change in Fund Balance - GAAP Basis	<u>\$ (11,881,749)</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
IMPROVEMENT DISTRICT DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 1,702,407	\$ 1,702,407	\$ 1,704,310	\$ 1,903
Charges for Services	-	-	2,760	2,760
Total Revenues	<u>1,702,407</u>	<u>1,702,407</u>	<u>1,707,070</u>	<u>4,663</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	1,340,000	1,483,588	1,483,588	-
Interest on Long-Term Debt	425,910	425,910	401,211	24,699
Total Expenditures	<u>1,765,910</u>	<u>1,909,498</u>	<u>1,884,799</u>	<u>24,699</u>
Net Change in Fund Balances	<u>\$ (63,503)</u>	<u>\$ (207,091)</u>	<u>\$ (177,729)</u>	<u>\$ 29,362</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
HIGHWAY USERS REVENUE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,155,360	\$ 4,155,360	\$ 4,429,698	\$ 274,338
Investment Income	-	-	5,023	5,023
Miscellaneous	-	-	874	874
Total Revenues	<u>4,155,360</u>	<u>4,155,360</u>	<u>4,435,595</u>	<u>280,235</u>
EXPENDITURES				
Current:				
Highways and Streets	5,237,653	5,440,877	5,100,566	340,311
Capital Outlay	226,000	271,526	270,609	917
Debt Service:				
Principal Retirement	19,773	19,941	19,941	-
Interest on Long-Term Debt	625	625	455	170
Total Expenditures	<u>5,484,051</u>	<u>5,732,969</u>	<u>5,391,571</u>	<u>341,398</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,328,691)	(1,577,609)	(955,976)	621,633
OTHER FINANCING SOURCES (USES)				
Transfers In	1,594,308	1,594,308	1,027,905	(566,403)
Transfers Out	(265,617)	(310,908)	(310,908)	-
Total Other Financing Sources (Uses)	<u>1,328,691</u>	<u>1,283,400</u>	<u>716,997</u>	<u>(566,403)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (294,209)</u>	<u>\$ (238,979)</u>	<u>\$ 55,230</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	<u>(3,678)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ (242,657)</u>

The Highway Users Revenue and Grants Funds were presented together within the Fund Statements but budgeted separately.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
TOWN CENTER FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 802,990	\$ 859,200	\$ 827,076	\$ (32,124)
Charges for Services	20,000	20,000	16,190	(3,810)
Investment Income	21,000	21,000	13,132	(7,868)
Miscellaneous	-	-	1,361,729	1,361,729
Total Revenues	<u>843,990</u>	<u>900,200</u>	<u>2,218,127</u>	<u>1,317,927</u>
EXPENDITURES				
Current:				
Economic Development	34,200	78,069	180,594	(102,525)
Capital Outlay	825,000	786,704	9,989	776,715
Debt Service:				
Interest on Long-Term Debt	80,000	40,000	40,000	-
Total Expenditures	<u>939,200</u>	<u>904,773</u>	<u>230,583</u>	<u>674,190</u>
Excess (Deficiency) of Revenues Over Expenditures	(95,210)	(4,573)	1,987,544	1,992,117
OTHER FINANCING SOURCES (USES)				
Transfers Out	(400,044)	(2,000,044)	(1,960,044)	40,000
Total Other Financing Sources (Uses)	<u>(400,044)</u>	<u>(2,000,044)</u>	<u>(1,960,044)</u>	<u>40,000</u>
Net Change in Fund Balances	<u>\$ (495,254)</u>	<u>\$ (2,004,617)</u>	<u>\$ 27,500</u>	<u>\$ 2,032,117</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Interfund Loans Represent Expenditures (Revenues) on Budget Basis	<u>1,600,000</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 1,627,500</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
STREET LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 700,000	\$ 700,000	\$ 408,436	\$ (291,564)
Investment Income	-	-	4,271	4,271
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>412,707</u>	<u>(287,293)</u>
EXPENDITURES				
Current:				
Highways and Streets	700,000	700,000	597,404	102,596
Total Expenditures	<u>700,000</u>	<u>700,000</u>	<u>597,404</u>	<u>102,596</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(184,697)	(184,697)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(13,544)	(13,544)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13,544)</u>	<u>(13,544)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (13,544)</u>	<u>\$ (198,241)</u>	<u>\$ (184,697)</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY EVENTS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 74,650	\$ 74,650	\$ 99,286	\$ 24,636
Total Revenues	<u>74,650</u>	<u>74,650</u>	<u>99,286</u>	<u>24,636</u>
EXPENDITURES				
Current:				
Culture and Recreation	164,650	164,650	105,779	58,871
Total Expenditures	<u>164,650</u>	<u>164,650</u>	<u>105,779</u>	<u>58,871</u>
Excess (Deficiency) of Revenues Over Expenditures	(90,000)	(90,000)	(6,493)	83,507
OTHER FINANCING SOURCES (USES)				
Transfers In	90,000	90,000	50,000	(40,000)
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>90,000</u>	<u>50,000</u>	<u>(40,000)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,507</u>	<u>\$ 43,507</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
TOWN BUILDING DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 467,550	\$ 584,438	\$ 700,227	\$ 115,789
Investment Income	19,350	19,350	38,276	18,926
Total Revenues	<u>486,900</u>	<u>603,788</u>	<u>738,503</u>	<u>134,715</u>
EXPENDITURES				
Current:				
General Government	-	6,156	1,294	4,862
Total Expenditures	<u>-</u>	<u>6,156</u>	<u>1,294</u>	<u>4,862</u>
Excess (Deficiency) of Revenues Over Expenditures	486,900	597,632	737,209	139,577
OTHER FINANCING SOURCES (USES)				
Transfers In	-	4,655	4,655	-
Transfers Out	(292,777)	(292,124)	(292,124)	-
Total Other Financing Sources (Uses)	<u>(292,777)</u>	<u>(287,469)</u>	<u>(287,469)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 194,123</u>	<u>\$ 310,163</u>	<u>\$ 449,740</u>	<u>\$ 139,577</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
TRANSPORTATION DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 1,314,870	\$ 1,643,588	\$ 2,000,598	\$ 357,010
Investment Income	5,000	5,000	126,856	121,856
Total Revenues	<u>1,319,870</u>	<u>1,648,588</u>	<u>2,127,454</u>	<u>478,866</u>
EXPENDITURES				
Current:				
Highways and Streets	-	352,386	347,524	4,862
Debt Service:				
Interest on Long-Term Debt	26,161	-	-	-
Total Expenditures	<u>26,161</u>	<u>352,386</u>	<u>347,524</u>	<u>4,862</u>
Excess (Deficiency) of Revenues Over Expenditures	1,293,709	1,296,202	1,779,930	483,728
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,634,465)	(7,013,016)	(7,013,016)	-
Total Other Financing Sources (Uses)	<u>(1,634,465)</u>	<u>(7,013,016)</u>	<u>(7,013,016)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (340,756)</u>	<u>\$ (5,716,814)</u>	<u>\$ (5,233,086)</u>	<u>\$ 483,728</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
LIBRARY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 584,500	\$ 730,625	\$ 982,215	\$ 251,590
Investment Income	20,000	20,000	12,459	(7,541)
Total Revenues	604,500	750,625	994,674	244,049
EXPENDITURES				
Current:				
Culture and Recreation	-	21,418	2,088	19,330
Total Expenditures	-	21,418	2,088	19,330
Excess (Deficiency) of Revenues Over Expenditures	604,500	729,207	992,586	263,379
OTHER FINANCING SOURCES (USES)				
Transfers In	-	187,528	187,528	-
Transfers Out	(405,292)	(233,902)	(232,381)	1,521
Total Other Financing Sources (Uses)	(405,292)	(46,374)	(44,853)	1,521
Net Change in Fund Balances	\$ 199,208	\$ 682,833	\$ 947,733	\$ 264,900

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
PARK DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ -	\$ (1,000,000)
Impact Fees	2,975,250	3,719,063	5,002,081	1,283,018
Investment Income	21,500	21,500	51,796	30,296
Total Revenues	<u>3,996,750</u>	<u>4,740,563</u>	<u>5,053,877</u>	<u>313,314</u>
EXPENDITURES				
Current:				
Culture and Recreation	3,000,000	132,827	19,618	113,209
Capital Outlay	4,600,000	8,746,206	4,491,312	4,254,894
Total Expenditures	<u>7,600,000</u>	<u>8,879,033</u>	<u>4,510,930</u>	<u>4,368,103</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,603,250)	(4,138,470)	542,947	4,681,417
OTHER FINANCING SOURCES (USES)				
Transfers In	-	3,485,943	3,485,943	-
Transfers Out	(522,071)	(532,970)	(532,970)	-
Total Other Financing Sources (Uses)	<u>(522,071)</u>	<u>2,952,973</u>	<u>2,952,973</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (4,125,321)</u>	<u>\$ (1,185,497)</u>	<u>\$ 3,495,920</u>	<u>\$ 4,681,417</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
PUBLIC SAFETY DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 178,460	\$ 223,075	\$ 260,276	\$ 37,201
Investment Income	10,000	10,000	3,979	(6,021)
Total Revenues	<u>188,460</u>	<u>233,075</u>	<u>264,255</u>	<u>31,180</u>
EXPENDITURES				
Current:				
Public Safety	-	65,823	17,532	48,291
Total Expenditures	<u>-</u>	<u>65,823</u>	<u>17,532</u>	<u>48,291</u>
Excess (Deficiency) of Revenues Over Expenditures	188,460	167,252	246,723	79,471
OTHER FINANCING SOURCES (USES)				
Transfers Out	(171,709)	(171,709)	(161,805)	9,904
Total Other Financing Sources (Uses)	<u>(171,709)</u>	<u>(171,709)</u>	<u>(161,805)</u>	<u>9,904</u>
Net Change in Fund Balances	<u>\$ 16,751</u>	<u>\$ (4,457)</u>	<u>\$ 84,918</u>	<u>\$ 89,375</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
FIRE DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 481,680	\$ 602,100	\$ 726,696	\$ 124,596
Investment Income	12,100	12,100	35,944	23,844
Total Revenues	<u>493,780</u>	<u>614,200</u>	<u>762,640</u>	<u>148,440</u>
EXPENDITURES				
Current:				
Public Safety	-	85,385	17,532	67,853
Total Expenditures	<u>-</u>	<u>85,385</u>	<u>17,532</u>	<u>67,853</u>
Excess (Deficiency) of Revenues Over Expenditures	493,780	528,815	745,108	216,293
OTHER FINANCING SOURCES (USES)				
Transfers Out	(6,110,696)	(6,110,696)	(1,085,230)	5,025,466
Total Other Financing Sources (Uses)	<u>(6,110,696)</u>	<u>(6,110,696)</u>	<u>(1,085,230)</u>	<u>5,025,466</u>
Net Change in Fund Balances	<u>\$ (5,616,916)</u>	<u>\$ (5,581,881)</u>	<u>\$ (340,122)</u>	<u>\$ 5,241,759</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL CAPITAL IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 8,365	\$ 8,365
Total Revenues	-	-	8,365	8,365
EXPENDITURES				
Capital Outlay	7,156,657	8,909,165	2,406,015	6,503,150
Total Expenditures	7,156,657	8,909,165	2,406,015	6,503,150
Excess (Deficiency) of Revenues Over Expenditures	(7,156,657)	(8,909,165)	(2,397,650)	6,511,515
OTHER FINANCING SOURCES (USES)				
Transfers In	7,156,657	7,156,657	2,406,015	(4,750,642)
Total Other Financing Sources (Uses)	7,156,657	7,156,657	2,406,015	(4,750,642)
Net Change in Fund Balances	\$ -	\$ (1,752,508)	\$ 8,365	\$ 1,760,873

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Debt Service:				
Principal Retirement	\$ 2,860,000	\$ 2,860,000	\$ 2,860,000	\$ -
Interest on Long-Term Debt	4,942,886	4,943,661	4,943,661	-
Total Expenditures	<u>7,802,886</u>	<u>7,803,661</u>	<u>7,803,661</u>	<u>-</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (7,802,886)	 (7,803,661)	 (7,803,661)	 -
OTHER FINANCING SOURCES (USES)				
Transfers In	7,797,886	8,042,160	7,803,661	(238,499)
Total Other Financing Sources (Uses)	<u>7,797,886</u>	<u>8,042,160</u>	<u>7,803,661</u>	<u>(238,499)</u>
Net Change in Fund Balances	<u>\$ (5,000)</u>	<u>\$ 238,499</u>	<u>\$ -</u>	<u>\$ (238,499)</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
EMERGENCY SERVICES FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 2,689,690	\$ 2,933,448	\$ 3,311,625	\$ 378,177
Property Tax	6,962,716	6,962,716	7,022,389	59,673
Intergovernmental	129,000	129,000	155,998	26,998
Charges for Services	4,272,300	4,052,547	4,031,646	(20,901)
Contributions	-	-	9,200	9,200
Miscellaneous	107,000	107,000	155,170	48,170
Total Revenues	14,160,706	14,184,711	14,686,028	501,317
EXPENDITURES				
Current:				
Public Safety	17,777,740	17,471,237	15,635,618	1,835,619
Capital Outlay	16,000	657,119	565,279	91,840
Debt Service:				
Principal Retirement	67,611	76,215	76,215	-
Interest on Long-Term Debt	15,769	7,164	7,164	-
Total Expenditures	17,877,120	18,211,735	16,284,276	1,927,459
Excess (Deficiency) of Revenues Over Expenditures	(3,716,414)	(4,027,024)	(1,598,248)	2,428,776
OTHER FINANCING SOURCES (USES)				
Transfers In	5,123,144	5,123,144	2,150,434	(2,972,710)
Transfers Out	(1,406,730)	(1,334,030)	(788,351)	545,679
Total Other Financing Sources (Uses)	3,716,414	3,789,114	1,362,083	(2,427,031)
Net Change in Fund Balances	\$ -	\$ (237,910)	\$ (236,165)	\$ 1,745

The Emergency Services Fund was presented within the General Fund for the Fund Statements but budgeted separately.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
HORSESHOE PARK AND EQUESTRIAN CENTER FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 576,250	\$ 576,250	\$ 555,839	\$ (20,411)
Contributions	165,250	165,250	41,750	(123,500)
Miscellaneous	1,070	1,070	14,273	13,203
Total Revenues	<u>742,570</u>	<u>742,570</u>	<u>611,862</u>	<u>(130,708)</u>
EXPENDITURES				
Current:				
Culture and Recreation	1,368,467	1,394,572	1,337,982	56,590
Capital Outlay	600,000	433,917	107,284	326,633
Total Expenditures	<u>1,968,467</u>	<u>1,828,489</u>	<u>1,445,266</u>	<u>383,223</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,225,897)	(1,085,919)	(833,404)	252,515
OTHER FINANCING SOURCES (USES)				
Transfers In	1,683,101	1,703,231	1,135,856	(567,375)
Transfers Out	(297,204)	(309,058)	(309,058)	-
Total Other Financing Sources (Uses)	<u>1,385,897</u>	<u>1,394,173</u>	<u>826,798</u>	<u>(567,375)</u>
Net Change in Fund Balances	<u>\$ 160,000</u>	<u>\$ 308,254</u>	<u>\$ (6,606)</u>	<u>\$ (314,860)</u>

The HPEC Fund was presented within the General Fund for the Fund Statements but budgeted separately.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,927,300	\$ 1,927,300	\$ 482,713	\$ (1,444,587)
Total Revenues	1,927,300	1,927,300	482,713	(1,444,587)
EXPENDITURES				
Current:				
Public Safety	1,102,700	1,102,700	-	1,102,700
Highways and Streets	897,300	369,295	-	369,295
Capital Outlay	-	528,005	528,005	-
Total Expenditures	2,000,000	2,000,000	528,005	1,471,995
Excess (Deficiency) of Revenues Over Expenditures	(72,700)	(72,700)	(45,292)	27,408
OTHER FINANCING SOURCES (USES)				
Transfers In	72,700	45,292	45,292	-
Total Other Financing Sources (Uses)	72,700	45,292	45,292	-
Net Change in Fund Balances	\$ -	\$ (27,408)	\$ -	\$ 27,408

The Highway Users Revenue and Grants Funds were presented together within the Fund Statements but budgeted separately.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
WATER FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 22,265,786	\$ 22,265,786	\$ 23,334,703	\$ 1,068,917
Capacity Fees	3,993,930	4,593,020	6,077,562	1,484,542
Investment Income	339,000	504,692	556,366	51,674
Miscellaneous	-	-	23,977	23,977
Total Revenues	<u>26,598,716</u>	<u>27,363,498</u>	<u>29,992,608</u>	<u>2,629,110</u>
EXPENDITURES				
Operating Expenditures				
Administration	963,414	723,600	708,307	15,293
Cost of Sales and Services	44,011,035	70,293,294	30,450,807	39,842,487
Principal Retirement	2,574,361	2,574,361	2,571,723	2,638
Interest and Fiscal Charges	3,052,863	3,478,676	3,478,642	34
Debt Issuance Costs	-	466,054	428,754	37,300
Total Expenditures	<u>50,601,673</u>	<u>77,535,985</u>	<u>37,638,233</u>	<u>39,897,752</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,002,957)	(50,172,487)	(7,645,625)	42,526,862
OTHER FINANCING SOURCES (USES)				
Transfers In	-	1,600,000	1,600,000	-
Transfers Out	-	(2,041,785)	(2,041,785)	-
Proceeds from Bond Issuance	-	69,930,000	-	(69,930,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>69,488,215</u>	<u>(441,785)</u>	<u>(69,930,000)</u>
Net Change in Fund Balances	<u>\$ (24,002,957)</u>	<u>\$ 19,315,728</u>	<u>\$ (8,087,410)</u>	<u>\$ (27,403,138)</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			(485,491)	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(137,492)	
Depreciation Expense is a GAAP-only Expenditure			(2,512,410)	
Principal Retirement is an Expense on a Budgetary Basis			2,571,723	
Amortization Expense is a GAAP-only Expenditure			300,570	
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis			14,407,443	
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis			1,909,179	
Mainline Agreement Refunds are an Expense on a Budgetary Basis			203,784	
Unrealized Gain (Loss) on Investments are GAAP-only Expenses			149,396	
Interfund Loans Represent Expenditures (Revenues) on Budget Basis			441,785	
Net Change in Fund Balance - GAAP Basis			<u>\$ 8,761,077</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
WASTEWATER FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 6,741,250	\$ 6,741,250	\$ 7,540,502	\$ 799,252
Capacity Fees	4,045,270	4,854,324	6,036,136	1,181,812
Investment Income	198,500	325,772	408,675	82,903
Miscellaneous	-	-	290	290
Total Revenues	<u>10,985,020</u>	<u>11,921,346</u>	<u>13,985,603</u>	<u>2,064,257</u>
EXPENDITURES				
Operating Expenditures				
Administration	120,890	120,890	116,187	4,703
Cost of Sales and Services	30,712,267	30,115,186	14,766,387	15,348,799
Principal Retirement	2,255,941	23,034,726	23,034,726	-
Interest and Fiscal Charges	917,961	917,961	894,882	23,079
Debt Issuance Costs	-	75,000	-	75,000
Total Expenditures	<u>34,007,059</u>	<u>54,263,763</u>	<u>38,812,182</u>	<u>15,451,581</u>
Excess (Deficiency) of Revenues Over Expenditures	(23,022,039)	(42,342,417)	(24,826,579)	17,515,838
OTHER FINANCING SOURCES (USES)				
Transfers In	-	11,363,591	11,363,591	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,363,591</u>	<u>11,363,591</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (23,022,039)</u>	<u>\$ (30,978,826)</u>	<u>\$ (13,462,988)</u>	<u>\$ 17,515,838</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	32,005
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(270,877)
Depreciation Expense is a GAAP-only Expenditure	(1,811,459)
Principal Retirement is an Expense on a Budgetary Basis	23,034,726
Amortization Expense is a GAAP-only Expenditure	36,858
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis	11,555,119
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis	1,617,265
Changes in Joint Venture Investments and Deposits are GAAP-Only Expenditures	(219,566)
Unrealized Gain (Loss) on Investments are GAAP-only Expenses	24,964
Interfund Loans Represent Expenditures (Revenues) on Budget Basis	<u>(11,363,591)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 9,172,456</u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 2,832,194	\$ 2,832,194	\$ 2,949,858	\$ 117,664
Investment Income	1,500	1,500	12,021	10,521
Miscellaneous	26,000	26,000	-	(26,000)
Total Revenues	<u>2,859,694</u>	<u>2,859,694</u>	<u>2,961,879</u>	<u>102,185</u>
EXPENDITURES				
Operating Expenditures				
Administration	69,751	69,751	65,704	4,047
Cost of Sales and Services	2,878,780	3,039,580	2,734,407	305,173
Total Expenditures	<u>2,948,531</u>	<u>3,109,331</u>	<u>2,800,111</u>	<u>309,220</u>
Excess (Deficiency) of Revenues Over Expenditures	(88,837)	(249,637)	161,768	411,405
OTHER FINANCING SOURCES (USES)				
Transfers In	-	262,800	262,800	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>262,800</u>	<u>262,800</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (88,837)</u>	<u>\$ 13,163</u>	<u>\$ 424,568</u>	<u>\$ 411,405</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			202	
Depreciation Expense is a GAAP-only Expenditure			(9,374)	
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis			122,069	
Net Change in Fund Balance - GAAP Basis			<u>\$ 537,465</u>	

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STATISTICAL SECTION (UNAUDITED)

This section of the Town of Queen Creek, Arizona’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government’s most significant local revenue source, sales tax.

Debt Capacity

These schedules present information to help the reader assess affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.

See the table of contents for page numbers of the schedules that encompass the above sections.

TOWN OF QUEEN CREEK, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2019	2018	2017	2016
Governmental Activities:				
Net Investment in Capital Assets	\$ 286,226,879	\$ 279,410,700	\$ 254,327,784	\$ 222,579,325
Restricted	37,960,524	32,071,290	50,111,910	46,287,642
Unrestricted	20,716,953	4,325,428	(13,393,669)	20,840,088
Total Governmental Activities	<u>344,904,356</u>	<u>315,807,418</u>	<u>291,046,025</u>	<u>289,707,055</u>
Net Position	<u>\$ 344,904,356</u>	<u>\$ 315,807,418</u>	<u>\$ 291,046,025</u>	<u>\$ 289,707,055</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 136,216,237	\$ 112,818,415	\$ 107,702,757	\$ 99,502,329
Restricted	1,396,218	10,553,638	10,108,563	9,506,232
Unrestricted	46,702,453	42,588,315	34,146,580	21,903,658
Total Business-Type Activities	<u>184,314,908</u>	<u>165,960,368</u>	<u>151,957,900</u>	<u>130,912,219</u>
Net Position	<u>\$ 184,314,908</u>	<u>\$ 165,960,368</u>	<u>\$ 151,957,900</u>	<u>\$ 130,912,219</u>
Primary Government:				
Net Investment in Capital Assets	\$ 422,443,116	\$ 392,229,115	\$ 362,030,541	\$ 322,081,654
Restricted	39,356,742	42,624,928	60,220,473	55,793,874
Unrestricted	67,419,406	46,913,743	20,752,911	42,743,746
Total Primary Government	<u>529,219,264</u>	<u>481,767,786</u>	<u>443,003,925</u>	<u>420,619,274</u>
Net Position	<u>\$ 529,219,264</u>	<u>\$ 481,767,786</u>	<u>\$ 443,003,925</u>	<u>\$ 420,619,274</u>

Source: The Town's Finance Department.

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ 184,637,429	\$ 158,473,433	\$ 145,953,396	\$ 138,591,496	\$ 135,006,115	\$ 126,963,176
44,414,227	32,127,295	29,879,867	25,525,022	34,738,750	26,314,209
31,606,885	53,862,470	45,518,062	35,908,296	26,343,071	68,967,562
<u>\$ 260,658,541</u>	<u>\$ 244,463,198</u>	<u>\$ 221,351,325</u>	<u>\$ 200,024,814</u>	<u>\$ 196,087,936</u>	<u>\$ 222,244,947</u>
\$ 86,447,625	\$ 74,678,972	\$ 68,348,737	\$ 63,922,044	\$ 55,468,136	\$ 53,514,718
8,222,573	6,828,477	6,466,848	5,809,913	4,406,894	3,816,284
14,296,643	9,587,920	3,678,908	993,881	4,070,089	6,581,861
<u>\$ 108,966,841</u>	<u>\$ 91,095,369</u>	<u>\$ 78,494,493</u>	<u>\$ 70,725,838</u>	<u>\$ 63,945,119</u>	<u>\$ 63,912,863</u>
\$ 271,085,054	\$ 233,152,405	\$ 214,302,133	\$ 202,513,540	\$ 190,474,251	\$ 180,477,894
52,636,800	38,955,772	36,346,715	31,334,935	39,145,644	30,130,493
45,903,528	63,450,390	49,196,970	36,902,177	30,413,160	75,549,423
<u>\$ 369,625,382</u>	<u>\$ 335,558,567</u>	<u>\$ 299,845,818</u>	<u>\$ 270,750,652</u>	<u>\$ 260,033,055</u>	<u>\$ 286,157,810</u>

TOWN OF QUEEN CREEK, ARIZONA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2019	2018	2017	2016
EXPENSES				
Governmental Activities:				
General Government	\$ 15,999,204	\$ 13,916,548	\$ 10,919,733	\$ 13,493,976
Public Safety	15,949,495	15,442,454	14,142,386	12,032,441
Highways and Streets	17,800,283	16,239,980	14,425,928	13,201,760
Culture and Recreation	5,899,668	5,048,854	5,515,631	4,682,823
Economic Development	3,127,971	4,890,477	27,824,042	1,115,722
Interest on Long-Term Debt	5,231,600	5,121,081	2,562,461	3,899,852
Total Governmental Activities	<u>64,008,221</u>	<u>60,659,394</u>	<u>75,390,181</u>	<u>48,426,574</u>
Business-Type Activities:				
Water	21,581,128	17,076,663	15,343,717	14,181,944
Wastewater	5,783,358	6,617,605	6,874,000	6,680,369
Solid Waste	2,782,888	2,366,783	2,220,496	2,002,405
Total Business-Type Activities	<u>30,147,374</u>	<u>26,061,051</u>	<u>24,438,213</u>	<u>22,864,718</u>
Total Primary Government Expenses	<u>\$ 94,155,595</u>	<u>\$ 86,720,445</u>	<u>\$ 99,828,394</u>	<u>\$ 71,291,292</u>
PROGRAM REVENUES				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 8,879,691	\$ 2,957,789	\$ 1,547,398	\$ 2,411,717
Public Safety	2,797,192	1,027,248	940,888	999,854
Highways and Streets	2,810,850	1,844,575	1,636,979	1,724,924
Culture and Recreation	6,566,884	5,850,006	5,771,742	5,526,053
Economic Development	-	4,840,790	4,273,410	4,513,393
Interest on Long-Term Debt	-	437,077	1,035,713	943,515
Operating Grants and Contributions	2,845,028	2,733,724	2,775,472	2,105,900
Capital Grants and Contributions	6,588,158	9,150,396	10,885,524	18,373,422
Total Governmental Activities	<u>30,487,803</u>	<u>28,841,605</u>	<u>28,867,126</u>	<u>36,598,778</u>
Business-Type Activities:				
Charges for Services:				
Water	29,429,643	27,051,829	25,303,198	23,690,390
Wastewater	13,576,639	11,628,862	11,078,023	10,914,249
Solid Waste	2,949,858	2,626,079	2,415,192	2,138,537
Capital Grants and Contributions	3,526,444	2,221,177	6,882,565	8,710,353
Total Business-Type Activities	<u>49,482,584</u>	<u>43,527,947</u>	<u>45,678,978</u>	<u>45,453,529</u>
Total Primary Government	<u>\$ 79,970,387</u>	<u>\$ 72,369,552</u>	<u>\$ 74,546,104</u>	<u>\$ 82,052,307</u>

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ 12,601,960	\$ 10,560,748	\$ 9,401,213	\$ 10,560,748	\$ 10,556,890	\$ 11,726,205
10,185,703	9,286,805	8,002,986	9,286,805	8,579,299	8,619,769
11,148,019	9,453,285	8,960,506	9,453,285	8,472,107	7,458,056
3,738,132	3,157,249	2,851,292	3,157,249	3,845,329	3,288,751
4,371,932	1,024,067	827,230	1,024,067	756,340	644,790
4,225,223	4,401,608	4,615,538	4,401,608	4,860,272	4,977,067
<u>46,270,969</u>	<u>37,883,762</u>	<u>34,658,765</u>	<u>37,883,762</u>	<u>37,070,237</u>	<u>36,714,638</u>
13,954,702	9,536,903	6,354,536	9,536,903	7,053,112	7,786,907
5,049,099	5,668,932	5,668,879	5,668,932	6,062,441	9,338,013
1,772,165	1,602,901	1,450,544	1,602,901	1,207,247	687,346
<u>20,775,966</u>	<u>16,808,736</u>	<u>13,473,959</u>	<u>16,808,736</u>	<u>14,322,800</u>	<u>17,812,266</u>
<u>\$ 67,046,935</u>	<u>\$ 54,692,498</u>	<u>\$ 48,132,724</u>	<u>\$ 54,692,498</u>	<u>\$ 51,393,037</u>	<u>\$ 54,526,904</u>
\$ 1,677,331	\$ 3,640,706	\$ 3,142,042	\$ 2,103,716	\$ 2,498,047	\$ 2,593,950
707,776	1,081,831	1,055,263	327,944	210,907	371,100
1,433,770	548,688	562,990	218,077	335,045	2,983,611
4,186,177	4,742,607	4,224,982	1,832,917	1,622,772	1,610,841
3,796,650	3,257,299	2,922,436	1,157,363	689,380	795,856
1,079,951	-	-	-	-	-
2,119,240	1,602,019	1,472,370	1,418,838	1,148,590	1,291,191
<u>21,423,446</u>	<u>14,385,675</u>	<u>14,794,654</u>	<u>9,724,218</u>	<u>2,286,332</u>	<u>12,431,068</u>
<u>36,424,341</u>	<u>29,258,825</u>	<u>28,174,737</u>	<u>16,783,073</u>	<u>8,791,073</u>	<u>22,077,617</u>
20,222,869	15,256,028	10,630,175	9,356,721	8,589,136	7,752,957
8,851,008	8,157,240	6,906,017	4,180,555	3,521,068	4,205,136
2,000,008	1,854,726	1,601,759	1,359,963	987,384	763
10,776,216	4,272,051	3,802,082	6,539,411	158,221	3,293,570
<u>41,850,101</u>	<u>29,540,045</u>	<u>22,940,033</u>	<u>21,436,650</u>	<u>13,255,809</u>	<u>15,252,426</u>
<u>\$ 78,274,442</u>	<u>\$ 58,798,870</u>	<u>\$ 51,114,770</u>	<u>\$ 38,219,723</u>	<u>\$ 22,046,882</u>	<u>\$ 37,330,043</u>

TOWN OF QUEEN CREEK, ARIZONA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

(Concluded)	Fiscal Year			
	2019	2018	2017	2016
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (33,520,418)	\$ (31,817,789)	\$ (46,523,055)	\$ (11,827,796)
Business-Type Activities	19,335,210	17,466,896	21,240,765	22,588,811
Total Primary Government	\$ (14,185,208)	\$ (14,350,893)	\$ (25,282,290)	\$ 10,761,015
GENERAL REVENUES AND OTHER CHANGES				
IN NET POSITION				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 38,183,883	\$ 32,799,385	\$ 30,415,947	\$ 24,561,503
Property Taxes	7,055,258	8,271,627	7,356,026	6,658,829
Franchise Taxes	423,428	388,870	320,847	307,992
Unrestricted State Shared Revenue	10,423,150	9,331,762	8,781,117	6,589,267
Investment Income (Loss)	2,583,160	619,633	141,113	538,899
Other	1,809,497	1,026,070	442,080	1,431,199
Special Item	-	-	-	-
Transfers	2,138,980	4,141,835	404,895	788,621
Total Governmental Activities	62,617,356	56,579,182	47,862,025	40,876,310
Business-Type Activities:				
Investment Income (Loss)	1,151,422	633,607	164,111	115,188
Other	6,888			
Special Item	-	43,800	45,700	-
Transfers	(2,138,980)	(4,141,835)	(404,895)	(788,621)
Total Business-Type Activities	(980,670)	(3,464,428)	(195,084)	(673,433)
Total Primary Government	\$ 61,636,686	\$ 53,114,754	\$ 47,666,941	\$ 40,202,877
CHANGE IN NET POSITION				
Governmental Activities	\$ 29,096,938	\$ 24,761,393	\$ 1,338,970	\$ 29,048,514
Business-Type Activities	18,354,540	14,002,468	21,045,681	21,915,378
Total Primary Government	\$ 47,451,478	\$ 38,763,861	\$ 22,384,651	\$ 50,963,892

Source: The Town's Finance Department.

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ (9,846,628)	\$ (8,624,937)	\$ (6,484,028)	\$ (21,100,689)	\$ (28,279,164)	\$ (14,637,021)
21,074,135	12,731,309	9,466,074	4,627,914	(1,066,991)	(2,559,840)
<u>\$ 11,227,507</u>	<u>\$ 4,106,372</u>	<u>\$ 2,982,046</u>	<u>\$ (16,472,775)</u>	<u>\$ (29,346,155)</u>	<u>\$ (17,196,861)</u>
\$ 22,190,271	\$ 18,483,484	\$ 16,037,178	\$ 12,549,668	\$ 11,747,396	\$ 10,964,939
5,635,853	5,037,568	4,236,341	4,488,100	5,518,261	6,107,314
284,474	253,553	214,938	258,265	201,515	154,148
6,628,715	6,179,114	5,754,960	5,183,494	3,484,155	3,888,975
1,062,323	1,050,810	(124,209)	583,618	822,710	315,292
388,111	257,237	156,801	289,901	389,978	386,227
-	-	-	(2,439,917)	-	-
343,140	475,044	1,534,530	985,849	(1,018,998)	(1,590,693)
<u>36,532,887</u>	<u>31,736,810</u>	<u>27,810,539</u>	<u>21,898,978</u>	<u>21,145,017</u>	<u>20,226,202</u>
287,100	344,611	(162,889)	84,320	73,185	18,998
-	-	-	75,000	7,064	-
(343,140)	(475,044)	(1,534,530)	(985,849)	1,018,998	1,590,693
<u>(56,040)</u>	<u>(130,433)</u>	<u>(1,697,419)</u>	<u>(826,529)</u>	<u>1,099,247</u>	<u>1,609,691</u>
<u>\$ 36,476,847</u>	<u>\$ 31,606,377</u>	<u>\$ 26,113,120</u>	<u>\$ 21,072,449</u>	<u>\$ 22,244,264</u>	<u>\$ 21,835,893</u>
\$ 26,686,259	\$ 23,111,873	\$ 21,326,511	\$ 798,289	\$ (7,134,147)	\$ 5,589,181
21,018,095	12,600,876	7,768,655	3,801,385	32,256	(950,149)
<u>\$ 47,704,354</u>	<u>\$ 35,712,749</u>	<u>\$ 29,095,166</u>	<u>\$ 4,599,674</u>	<u>\$ (7,101,891)</u>	<u>\$ 4,639,032</u>

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TOWN OF QUEEN CREEK, ARIZONA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year</u>	<u>Sales Taxes</u>	<u>Property Taxes</u>	<u>Franchise Taxes</u>	<u>Total</u>
2019	38,183,884	7,055,258	423,428	45,662,570
2018	32,799,385	8,271,627	388,870	41,459,882
2017	30,415,947	7,356,026	320,847	38,092,820
2016	24,561,503	6,658,829	307,992	31,528,324
2015	22,190,271	5,635,853	284,474	28,110,598
2014	18,483,484	5,037,568	253,553	23,774,605
2013	16,037,178	4,236,341	214,938	20,488,457
2012	12,549,668	4,488,100	258,265	17,296,033
2011	11,747,396	5,518,261	201,515	17,467,172
2010	10,964,939	6,107,314	154,148	17,226,401

Source: The Town's Finance Department.

TOWN OF QUEEN CREEK, ARIZONA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2019	2018	2017	2016
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	92,282	70,271	20,240,348	1,996,768
Restricted	208,072	-	-	-
Committed	23,959,663	22,318,008	-	-
Assigned	-	-	-	-
Unassigned	16,703,875	14,168,695	5,555,029	17,737,107
Total General Fund	<u>\$ 40,963,892</u>	<u>\$ 36,556,974</u>	<u>\$ 25,795,377</u>	<u>\$ 19,733,875</u>
All Other Governmental Funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Nonspendable	-	-	7,217	631,710
Restricted	53,668,532	69,474,824	31,715,129	27,177,973
Committed	-	242,657	-	10,543,822
Assigned	220,557	7,064	-	-
Unassigned	(10,998,234)	(23,313,936)	(31,834,949)	(954,432)
Total All Other Governmental Funds	<u>\$ 42,890,855</u>	<u>\$ 46,410,609</u>	<u>\$ (112,603)</u>	<u>\$ 37,399,073</u>

Source: The Town's Finance Department.

Note 1: The Town implemented the provisions of GASB Statement No. 54 in fiscal year 2011, which required fund balances to be reported in different categories.

Note 2: In fiscal year 2016 the Town implemented a change in accounting policy that reclassified fund balances between the General Fund and Nonmajor Governmental Funds.

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,628,453
-	-	-	-	-	10,792,208
2,096,210	3,716,570	3,156,355	2,615,142	-	-
12,020,476	8,127,060	5,606,558	890,554	-	-
-	-	-	-	-	-
-	-	-	-	2,575,070	-
20,293,603	23,025,977	15,848,094	11,486,143	10,035,046	-
<u>\$ 34,410,289</u>	<u>\$ 34,869,607</u>	<u>\$ 24,611,007</u>	<u>\$ 14,991,839</u>	<u>\$ 12,610,116</u>	<u>\$ 12,420,661</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,881
-	-	-	-	-	-
-	-	-	-	-	8,591,320
-	-	-	-	-	24,132,768
-	-	-	-	-	(750,888)
12,667	5,391	-	-	-	-
11,958,461	2,725,995	2,265,391	1,838,904	5,578,516	-
14,366,075	22,134,004	21,366,332	17,290,278	13,254,231	-
732,223	658,917	618,654	621,154	-	-
-	-	-	-	(1,933,843)	-
<u>\$ 27,069,426</u>	<u>\$ 25,524,307</u>	<u>\$ 24,250,377</u>	<u>\$ 19,750,336</u>	<u>\$ 16,898,904</u>	<u>\$ 32,024,081</u>

TOWN OF QUEEN CREEK, ARIZONA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2019	2018	2017	2016
REVENUES				
Taxes	\$ 45,206,273	\$ 41,447,945	\$ 38,100,073	\$ 31,558,534
Intergovernmental	13,798,781	15,527,547	11,760,640	10,257,129
Licenses and Permits	7,729,877	6,312,580	5,174,695	5,278,475
Charges for Services	2,425,371	886,814	836,257	787,038
Rents and Royalties	636,107	590,448	570,999	514,259
Contributions and Donations	767,492	284,732	463,796	553,825
Impact Fees	9,672,093	8,400,874	8,041,757	7,925,947
Special Assessments	2,112,746	1,856,055	1,756,552	2,273,392
Investment Income (Loss)	2,538,754	556,443	141,112	538,901
Other	2,264,382	1,027,363	457,741	4,124,450
Total Revenues	<u>87,151,876</u>	<u>76,890,801</u>	<u>67,303,622</u>	<u>63,811,950</u>
EXPENDITURES				
General Government	15,156,320	12,494,465	10,728,669	13,351,992
Public Safety	15,480,647	15,830,392	13,496,827	12,055,558
Highways and Streets	7,672,804	8,051,533	6,285,005	5,202,276
Culture and Recreation	4,397,321	3,842,562	4,015,698	3,651,867
Economic Development	2,677,207	3,866,160	30,028,572	1,000,103
Capital Outlay	32,674,194	46,428,341	31,192,034	20,214,290
Debt Service:				
Principal Retirement	4,439,744	4,195,530	53,627,744	9,473,374
Interest on Long-Term Debt	5,905,455	3,048,348	2,578,030	3,997,878
Issuance Costs		662,341	787,207	-
Total Expenditures	<u>88,403,692</u>	<u>98,419,672</u>	<u>152,739,786</u>	<u>68,947,338</u>
Excess of Revenues				
Over (Under) Expenditures	(1,251,816)	(21,528,871)	(85,436,164)	(5,135,388)
OTHER FINANCING SOURCES				
(USES)				
Transfers In	30,762,515	39,699,516	15,283,200	24,394,743
Transfers Out	(28,623,535)	(35,557,681)	(14,878,305)	(23,606,122)
Proceeds from Sale of Assets	-	-	600,860	-
Issuance of Long-Term Debt	-	65,960,000	66,435,000	-
Premium on Long-Term Debt	-	8,711,845	9,313,830	-
Payment to Refunding Agent	-	-	(22,768,595)	-
Proceeds from Capital Leases	-	-	-	-
Total Other Financing				
Sources (Uses)	<u>2,138,980</u>	<u>78,813,680</u>	<u>53,985,990</u>	<u>788,621</u>
Net Change in Fund Balances	<u>\$ 887,164</u>	<u>\$ 57,284,809</u>	<u>\$ (31,450,174)</u>	<u>\$ (4,346,767)</u>
Debt Service as a Percentage of Noncapital Expenditures	18.44%	14.17%	46.18%	18.56%

Source: The Town's Finance Department.

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ 27,720,663	\$ 23,485,195	\$ 20,231,535	\$ 16,475,628	\$ 16,023,317	\$ 16,836,982
8,950,773	8,030,414	7,227,330	7,708,774	5,734,596	5,180,166
4,555,012	4,563,955	3,818,206	73,500	114,749	73,640
874,110	796,902	817,815	2,083,219	3,258,927	3,153,496
381,016	333,464	288,404	221,169	-	-
258,243	716,623	3,442,997	1,823,614	156,673	2,698,090
5,974,801	6,478,349	5,877,743	1,968,577	1,575,802	2,430,132
2,324,857	2,207,345	2,139,002	2,242,754	2,136,060	2,195,808
1,258,858	981,010	(188,481)	524,712	769,016	321,371
399,722	226,965	140,421	239,000	389,978	386,227
<u>52,698,055</u>	<u>47,820,222</u>	<u>43,794,972</u>	<u>33,360,947</u>	<u>30,159,118</u>	<u>33,275,912</u>
11,586,257	10,291,860	8,405,607	7,886,767	9,351,883	10,982,941
11,602,383	9,059,429	7,713,176	7,406,989	8,320,857	8,477,676
3,742,931	2,930,716	2,837,392	2,932,978	2,971,653	2,124,711
3,074,017	2,595,664	2,318,345	2,533,497	3,279,393	2,799,420
3,729,446	967,116	809,841	570,038	729,464	574,191
10,513,269	3,774,743	1,383,628	3,743,304	11,775,094	5,387,164
3,385,313	3,164,560	3,161,506	3,008,680	2,891,326	2,870,695
4,321,778	4,497,544	4,711,032	4,724,600	4,860,272	4,977,067
-	-	-	-	-	-
<u>51,955,394</u>	<u>37,281,632</u>	<u>31,340,527</u>	<u>32,806,853</u>	<u>44,179,942</u>	<u>38,193,865</u>
742,661	10,538,590	12,454,445	554,094	(14,020,824)	(4,917,953)
18,592,762	7,089,715	6,654,872	5,450,701	5,163,723	6,415,774
(18,249,622)	(6,614,671)	(5,120,342)	(4,464,852)	(6,182,721)	(8,006,467)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	518,696	130,234	-	104,100	-
<u>343,140</u>	<u>993,740</u>	<u>1,664,764</u>	<u>985,849</u>	<u>(914,898)</u>	<u>(1,590,693)</u>
<u>\$ 1,085,801</u>	<u>\$ 11,532,330</u>	<u>\$ 14,119,209</u>	<u>\$ 1,539,943</u>	<u>\$ (14,935,722)</u>	<u>\$ (6,508,646)</u>
23.82%	26.28%	26.57%	23.57%	9.80%	4.05%

TOWN OF QUEEN CREEK, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2019	2018	2017	2016
Sales Category:		\$ -	\$ -	\$ -
Construction	374,847,787	323,918,004	325,054,724	228,148,702
Manufacturing	-	14,918,272	13,631,003	13,073,403
Communications and Utilities	74,261,200	88,593,670	76,501,236	73,370,881
Transportation	13,778	-	-	-
Wholesale Trade	-	7,038,680	7,252,396	5,669,397
Retail Trade	617,563,022	498,084,872	408,652,224	334,352,378
Restaurants and Bars	143,301,733	117,446,518	98,632,807	79,263,734
Real Estate, Rental and Lease	83,299,733	69,186,776	63,920,930	54,099,196
Services	627,956	30,931,997	23,415,231	17,197,640
Arts and Entertainment	19,456,356	19,266,437	15,479,300	-
Other	44,162,000	634,624	2,332,793	14,273,352
Total	<u>\$ 1,293,915,209</u>	<u>\$ 1,170,019,850</u>	<u>\$ 1,034,872,644</u>	<u>\$ 819,448,683</u>
Town Sales Tax Rate	2.25%	2.25%	2.25%	2.25%
Town Construction Sales Tax	4.25%	4.25%	4.25%	4.25%

Source: Arizona Department of Revenue.

Note 1: Beginning in 2017, Arts and Entertainment was presented seperately. For 2010 through 2016 Arts and Entertainment was included as a component of "Other".

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
182,451,846	147,042,520	183,507,187	64,313,467	44,145,779	47,010,800
17,401,290	15,409,198	15,678,705	14,800,622	14,276,568	11,605,644
54,934,415	50,234,076	46,342,729	47,838,756	44,125,676	45,536,133
-	-	-	-	-	-
6,323,860	6,152,793	5,271,396	5,300,978	6,230,724	5,051,467
315,017,361	300,884,544	281,513,741	256,984,356	240,602,220	235,488,222
64,732,627	59,267,692	51,553,181	45,583,911	46,232,244	40,576,044
89,116,960	72,465,796	67,570,269	52,889,378	50,089,300	47,604,000
22,427,818	17,782,422	15,347,314	11,949,956	10,865,399	8,637,778
-	-	-	-	-	-
22,829,027	18,477,390	17,420,404	18,414,889	16,574,783	15,717,867
<u>\$ 775,235,204</u>	<u>\$ 687,716,430</u>	<u>\$ 684,204,928</u>	<u>\$ 518,076,311</u>	<u>\$ 473,142,693</u>	<u>\$ 457,227,955</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

**TOWN OF QUEEN CREEK, ARIZONA
 DIRECT AND OVERLAPPING SALES TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>Maricopa County</u>	<u>Pinal County</u>	<u>Arizona State</u>
2019	2.25	0.70	1.60	5.60
2018	2.25	0.70	1.60	5.60
2017	2.25	0.70	1.10	5.60
2016	2.25	0.70	1.10	5.60
2015	2.25	0.70	1.10	5.60
2014	2.25	0.70	1.10	5.60
2013	2.25	0.70	1.10	5.60
2012	2.25	0.70	1.10	6.60
2011	2.25	0.70	1.10	6.60
2010	2.25	0.70	1.10	6.60

Source: Arizona Department of Revenue.

TOWN OF QUEEN CREEK, ARIZONA
ASSESSED VALUE AND
ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Assessed Value				
	Residential Property Value	Agricultural and Commercial Property Value	Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value
2019	\$275,078,122	\$ 148,565,289	\$423,643,411	\$ (66,629,736)	\$357,013,675
2018	238,748,449	132,364,532	371,112,981	(53,704,580)	317,408,401
2017	207,525,362	131,058,174	338,583,536	(62,727,585)	275,855,951
2016	181,409,687	119,278,199	300,687,886	(56,143,242)	244,544,644
2015	158,768,582	120,273,244	279,041,826	(53,194,486)	225,847,340
2014	134,117,267	106,201,619	240,318,886	(54,222,364)	186,096,522
2013	136,523,850	107,847,792	244,371,642	(50,514,410)	193,857,232
2012	144,759,103	119,882,649	264,641,752	(48,399,737)	216,242,015
2011	169,255,887	159,450,475	328,706,362	(55,350,202)	273,356,160
2010	195,569,356	146,123,051	341,692,407	(46,821,106)	294,871,301

Fiscal Year	Assessed Value as a Percentage of Actual Value		
	Total Direct Tax Rate	Estimated Actual Value	Percentage of Actual Value
2019	1.95	\$ 3,706,741,360	9.63%
2018	1.95	3,253,625,483	9.76%
2017	1.95	2,912,993,411	9.47%
2016	1.95	2,533,360,285	9.65%
2015	1.95	2,291,037,519	9.86%
2014	1.95	1,951,331,647	9.54%
2013	1.95	1,978,537,284	9.80%
2012	1.95	2,128,316,508	10.16%
2011	1.95	2,588,834,701	10.56%
2010	1.95	2,774,527,343	10.63%

Source: Arizona Department of Revenue *Abstract of the Assessment Roll*

TOWN OF QUEEN CREEK, ARIZONA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Direct Rate	Overlapping Rates		
	Town of Queen Creek	Queen Creek Unified School District	Community College District	Maricopa County
2019	1.95	7.45	1.33	1.40
2018	1.95	7.61	1.38	1.40
2017	1.95	7.57	1.41	1.40
2016	1.95	8.05	1.47	1.40
2015	1.95	6.55	1.52	1.32
2014	1.95	8.16	1.53	1.28
2013	1.95	4.55	1.16	1.24
2012	1.95	4.92	0.97	1.05
2011	1.95	4.92	0.97	1.05
2010	1.95	5.01	0.88	0.99

Source: The Maricopa County Treasurer and Pinal County Treasurer.

**TOWN OF QUEEN CREEK, ARIZONA
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2019 AND 2011
(UNAUDITED)**

Taxpayer	2019			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
QCM Partners LLC.	\$ 8,085,219	1	2.26			
Queen Creek Summit LLC	3,712,498	2	1.04			
HSL Encantada Queen Creek LLC	2,366,374	3	0.66			
Shea Homes Limited Partnership	2,329,487	4	0.65			
William Lyon Homes, Inc.	2,315,032	5	0.65			
Wal-Mart Stores, Inc.	2,258,550	6	0.63	\$ 3,785,838	5	1.36
Target Corporation	2,212,596	7	0.62			
Lennar Arizona Inc.	1,976,752	8	0.55			
Sunbelt Land Holdings L P	1,939,010	9	0.54			
Benjamin Franklin Ch. School - QC	1,823,914	10	0.51			
DMB Mesa Proving Grounds				25,444,484	1	9.11
Commercial Metals Company				7,037,087	2	2.52
TRW Vehicle Safety Systems Inc				4,658,563	3	1.67
Fujifilm Electronics				4,017,270	4	1.44
Siete Solar, LLC (C/O PSEG)				3,480,628	6	1.25
VIP Emperor Estates LLC				3,371,813	7	1.21
Pulte Home Corporation				3,361,409	8	1.20
Queen Creek Joint Venture LL				2,876,240	9	1.03
Pecans of Queen Creek				2,733,421	10	0.98
	<u>\$ 29,019,432</u>		11.20 %	<u>\$56,980,915</u>		21.76 %

Source: The Maricopa County Assessor's Office

Note 1: Information prior to 2011 is not available.

TOWN OF QUEEN CREEK, ARIZONA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2019	\$ 6,923,653	\$6,807,946	98.33	\$ 1,447	\$6,809,393	99.02	\$ 114,261	0.00
2018	6,125,160	6,072,022	99.13	52,138	6,124,160	99.00	1,000	0.01
2017	5,222,121	5,156,916	98.75	58,141	5,215,057	99.00	7,064	0.01
2016	4,703,428	4,613,919	98.10	88,319	4,702,238	99.00	1,190	0.02
2015	4,311,798	4,230,606	98.12	78,460	4,309,066	99.00	2,732	0.02
2014	3,567,724	3,473,119	97.35	93,749	3,566,868	99.00	856	0.03
2013	3,712,376	3,620,118	97.51	91,403	3,711,521	99.00	855	0.02
2012	4,094,863	3,976,035	97.10	117,403	4,093,437	99.00	1,426	0.03
2011	5,162,790	5,027,525	97.38	133,896	5,161,421	99.00	1,369	0.03
2010	5,700,178	5,550,834	97.38	148,569	5,699,402	99.00	776	0.03

Source: The Maricopa County & Pinal County Treasurer.

TOWN OF QUEEN CREEK, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Governmental Activities						
Fiscal Year	Revenue Bonds	Special Assessment Bonds	Notes and Loans Payable	Long-Term Contract	Capital Leases	Total
2019	\$ 124,837,829	\$ 15,634,170	\$ -	\$ -	\$ 163,413	140,635,412
2018	128,453,493	17,117,758	-	-	259,569	145,830,820
2017	56,954,561	18,445,000	-	-	517,857	75,917,418
2016	21,600,000	36,530,000	17,025,000	188,354	765,601	76,108,955
2015	22,415,000	45,338,311	18,085,902	376,708	1,008,975	87,224,896
2014	23,195,000	47,036,153	18,825,803	753,415	1,259,288	91,069,659
2013	24,322,262	48,271,732	19,535,705	-	915,152	93,044,851
2012	24,660,000	48,840,000	19,875,000	-	1,081,424	94,456,424
2011	25,345,000	50,250,000	21,135,000	-	1,350,104	98,080,104
2010	26,005,000	51,590,000	21,845,000	-	1,497,330	100,937,330

Business-Type Activities					
Fiscal Year	Advances in Aid of Construction	Loans Payable	Revenue Obligation	Capital Leases	Total
2019	\$ 538,507	\$ 39,859,342	\$ 80,640,235	\$ -	121,038,084
2018	561,434	60,883,127	31,922,893	-	93,367,454
2017	806,310	65,688,234	32,727,457	-	99,222,001
2016	1,023,036	70,331,716	33,440,053	-	104,794,805
2015	2,069,797	74,574,006	34,064,465	-	110,708,268
2014	2,629,297	78,287,581	34,602,247	-	115,519,125
2013	847,232	67,092,551	-	-	67,939,783
2012	1,239,276	70,524,328	-	271,012	72,034,616
2011	6,387,387	74,201,249	-	-	80,588,636
2010	6,890,601	75,993,739	-	-	82,884,340

TOWN OF QUEEN CREEK, ARIZONA
RATIOS OF OUTSTANDING DEBT BY TYPE (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Outstanding Debt - Primary Government	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
2019	\$ 261,673,496	7.06%	15.13%	\$ 5,052
2018	239,198,274	7.35%	14.36%	4,752
2017	175,139,419	6.01%	15.23%	4,178
2016	180,903,760	7.14%	16.33%	5,012
2015	197,933,164	8.64%	18.81%	5,718
2014	206,588,784	10.59%	23.34%	6,962
2013	160,984,634	8.14%	20.09%	5,757
2012	166,491,040	7.82%	23.43%	6,211
2011	178,668,740	6.90%	23.36%	6,618
2010	183,821,670	6.63%	25.05%	6,939

Source: The Town's Finance Department.

Note 1: N/A indicates that the information is not available.

TOWN OF QUEEN CREEK, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2019
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa County Community College District	\$ 312,450,000	1.00%	\$ 3,122,068
Maricopa County Special Healthcare District	459,125,000	0.13%	615,000
Pinal County Community College District	73,535,000	14.65%	10,772,892
Higley Unified School District	103,045,000	9.58%	9,871,939
Chandler Unified School District	227,076,666	0.36%	827,048
Queen Creek Unified School District No. 95	109,955,000	54.47%	59,888,183
Subtotal, Overlapping Debt			<u>85,097,130</u>
Town of Queen Creek, Arizona	140,635,412	100.00%	140,635,412
Total Direct and Overlapping Debt			<u><u>\$ 225,732,542</u></u>

Source: State of Arizona Department of Revenue and Arizona Tax Research Association.

(1) Proportion applicable to the Town of Queen Creek, Arizona, is computed on the ratio of secondary assessed valuation for 2018-19.

**TOWN OF QUEEN CREEK, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year			
	2019	2018	2017	2016
Total Debt Limit	\$ 92,823,556	\$ 67,370,118	\$ 82,526,184	\$ 63,581,607
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 92,823,556</u>	<u>\$ 67,370,118</u>	<u>\$ 82,526,184</u>	<u>\$ 63,581,607</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-	-	-	-

Source: The Town's Finance Department and the Maricopa County Assessor's Office.

Fiscal Year

2015	2014	2013	2012	2011	2010
\$ 62,579,310	\$ 48,144,240	\$ 49,713,374	\$ 55,763,244	\$ 74,395,445	\$ 90,209,091
-	-	-	-	-	-
<u>\$ 62,579,310</u>	<u>\$ 48,144,240</u>	<u>\$ 49,713,374</u>	<u>\$ 55,763,244</u>	<u>\$ 74,395,445</u>	<u>\$ 90,209,091</u>
-	-	-	-	-	-

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TOWN OF QUEEN CREEK, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2019
(UNAUDITED)

Net Secondary Assessed Value		<u>\$ 357,013,675</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Net Secondary Assessed Value		\$ 71,402,735
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ -	
Less: Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit	<u>-</u>	<u>-</u>
20% Legal Debt Margin		<u>\$ 71,402,735</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Net Secondary Assessed Value		\$ 21,420,821
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ -	
Less: Amount Set Aside for Repayment of Debt	-	
Net Debt Applicable to Limit	<u>-</u>	<u>-</u>
All Other General Obligation Bonds debt Margin		<u>\$ 21,420,821</u>
Total Legal Debt Margin		<u>\$ 92,823,556</u>

Source: Maricopa County Assessor's Office.

Note: The Town did not have any debt subject to the debt limits.

TOWN OF QUEEN CREEK, ARIZONA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)

Excise Tax and State Shared Revenue Bonds and Loans

Fiscal Year	Excise Tax and State Shared Revenue (1)	Less: Operating Expenses	Net Available Revenue	Senior Lien Debt Service (2)	Senior Lien Coverage	Total Excise Tax Revenue Pledged Debt Service (3)	Total Coverage
2019	\$ 50,137,661	\$ -	\$ 50,137,661	\$ 8,231,362	6.09	\$ 8,656,176	5.79
2018	42,102,867	-	42,102,867	4,719,850	8.92	4,719,850	8.92
2017	38,087,042	-	38,030,297	4,732,218	8.04	4,732,218	8.04
2016	33,111,692	-	32,806,963	3,695,744	8.88	3,695,744	8.88
2015	29,513,886	-	29,513,886	3,671,509	8.04	3,671,509	8.04
2014	26,732,168	-	26,732,168	3,891,348	6.87	3,891,348	6.87
2013	24,062,234	-	24,062,234	3,898,102	6.17	3,898,102	6.17
2012	18,364,187	-	18,364,187	3,891,055	4.72	3,891,055	4.72
2011	15,174,771	-	15,174,771	4,011,104	3.78	4,011,104	3.78
2010	16,119,133	-	16,119,133	3,962,398	4.07	3,962,398	4.07

Special Assessment Bonds

Fiscal Year	Special Assessment Revenue	Less: Operating Expenses	Net Available Revenue	Total Debt Service	Coverage
2019	\$ 1,707,070	\$ -	1,707,070	\$ 1,884,799	0.91
2018	1,856,055	-	1,856,055	1,764,737	1.05
2017	1,756,552	-	1,756,552	1,664,244	1.06
2016	9,199,238	-	9,199,238	9,672,875	0.95
2015	3,945,777	-	3,945,777	3,880,125	1.02
2014	3,901,550	-	3,901,550	3,880,251	1.01
2013	3,877,849	-	3,877,849	3,880,349	1.00
2012	3,986,080	-	3,986,080	3,887,477	1.03
2011	3,886,137	-	3,886,137	3,895,673	1.00
2010	3,869,312	-	3,869,312	3,887,100	1.00

Source: The Town's Comprehensive Annual Financial Report's debt service schedules on applicable debt.

(1) Excise Tax and State Shared Revenues include Sales Tax, Charges for Services, Franchise Fees and Licenses and Permits as well as State Shared Income Tax, State Shared Sales Tax and Vehicle License Tax.

(2) Includes debt service payments for senior-lien debt including the series 2016 and 2018 Excise Tax Bonds, the 2016 Refunding Bond and the 2014 GADA Loan.

(3) Includes debt service payments for the senior-lien debt in addition to including the 2019 Excise Tax Direct Placement Debt.

TOWN OF QUEEN CREEK, ARIZONA
PLEGGED-REVENUE COVERAGE (CONTINUED)
LAST TEN FISCAL YEARS
(UNAUDITED)

Water Loans							
Fiscal Year	Water Charges and Other (4)	Less: Operating Expenses (5)	Net Available Revenue	Senior Lien Debt Service (6)	Senior Lien Coverage	Total Debt Service (7)	Total Coverage
2019	\$ 30,142,004	\$ 15,452,191	\$ 14,689,813	\$ 3,941,545	3.73	\$ 5,624,751	2.61
2018	27,397,322	11,624,418	15,772,904	3,945,176	4.00	5,724,883	2.76
2017	25,400,540	10,208,623	15,191,917	3,951,151	3.84	5,661,389	2.68
2016	23,734,654	9,091,466	14,643,188	3,946,920	3.71	5,588,668	2.62
2015	20,346,168	8,592,373	11,753,795	3,949,265	2.98	5,521,316	2.13
2014	15,402,862	5,324,275	10,078,587	3,209,949	3.14	4,159,270	2.42
2013	10,566,874	3,773,546	6,793,328	2,892,217	2.35	2,892,217	2.35
2012	9,395,949	3,956,535	5,439,414	2,890,856	1.88	2,890,856	1.88
2011	8,639,880	4,342,685	4,297,195	2,841,530	1.51	2,841,530	1.51
2010	7,761,493	5,124,137	2,637,356	2,877,839	0.92	2,877,839	0.92

Wastewater Loans							
Fiscal Year	Wastewater Charges and Other (4)	Less: Operating Expenses (5)	Net Available Revenue	Senior Lien Debt Service (8)	Senior Lien Coverage	Total Debt Service	Total Coverage
2019	\$ 14,010,567	\$ 2,883,226	\$ 11,127,341	\$ 1,691,723	6.58	1,691,723	N/A
2018	11,901,732	2,901,310	9,000,422	2,795,629	3.22	2,795,629	3.22
2017	11,143,065	2,971,087	8,171,978	2,797,790	2.92	2,797,790	2.92
2016	10,983,033	2,773,658	8,209,375	2,799,873	2.93	2,799,873	2.93
2015	9,012,855	1,963,292	7,049,563	2,801,881	2.52	2,801,881	2.52
2014	8,351,751	1,849,295	6,502,456	2,803,818	2.32	2,803,818	2.32
2013	6,806,429	2,011,178	4,795,251	1,445,789	3.32	1,445,789	3.32
2012	4,300,647	2,044,225	2,256,422	1,445,790	1.56	1,445,790	1.56
2011	3,550,573	2,245,110	1,305,463	1,445,789	0.90	1,445,789	0.90
2010	4,215,598	2,591,636	1,623,962	2,805,685	0.58	2,805,685	0.58

Source: The Town's Comprehensive Annual Financial Report's debt service schedules on applicable debt.

(4) Water and Wastewater charges and other includes charges for services, capacity fees, investment income and miscellaneous revenues.

(5) Operating expenses do not include depreciation, amortization, equity interest in joint venture, interest and fiscal charges and debt issuance costs.

(6) Includes debt service payments for senior-lien debt including the 2008 and 2014 WIFA loans.

(7) Includes debt service payments for senior-lien debt in addition to including the 2013 Water System Revenue Direct Placement Obligation.

(8) Includes debt service payments for senior-lien debt including the 2005 and 1998 WIFA Loans. The 1998 WIFA Loan was paid off in FY 18 and the 2005 WIFA loan was paid off in FY 19 leaving no coverage ratio requirement from FY 20 onward.

TOWN OF QUEEN CREEK, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Arizona Unemployment Rate</u>	<u>Maricopa County Unemployment Rate</u>	<u>Town of Queen Creek Unemployment Rate</u>
2019	51,800	\$ 1,729,394,800	\$ 33,386	4.9 %	4.2 %	3.4 %
2018	50,340	1,665,599,580	33,087	4.9	4.2	3.5
2017	41,919	1,149,613,561	27,425	4.7	3.9	3.9
2016	36,096	1,108,002,816	30,696	5.8	5.3	4.0
2015	34,614 *	1,052,265,600	30,400	5.9	5.3	4.4
2014	29,673	885,086,244	29,828	6.9	6.4	4.8
2013	27,963	801,503,469	28,663	8.0	7.1	7.3
2012	26,805	710,520,135	26,507	8.5	7.3	5.9
2011	26,996	764,742,688	28,328	9.7	8.5	9.1
2010	26,490	733,720,020	27,698	9.6	8.8	9.0

Sources:

Per Capita Personal Income - United States Department of Commerce, U.S. Census Bureau, 2017 American Community Survey

Unemployment Rates - Arizona Department of Administration, Office of Employment and Population Statistics.

Population - Maricopa Association of Governments (MAG) for estimates through 2016. Beginning in 2017, MAG estimates are not available until after publication of the CAFR. Estimates will now come from the Town's Planning Area updates.

* 2015 estimate has been updated based on a special census report provided by the U.S. Census Bureau for the Town of Queen Creek

**TOWN OF QUEEN CREEK, ARIZONA
PRINCIPAL EMPLOYERS
JUNE 30, 2019 AND 2011
(UNAUDITED)**

Employer	2019			2011 (1)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Queen Creek Unified School District	835	1	10.84%	667	1	34.63%
Banner Ironwood Medical Center	400	2	5.19%			
Wal-Mart	325	3	4.22%	310	2	16.10%
Canyon State Academy	305	4	3.96%	200	3	10.38%
Town of Queen Creek, Arizona	291	5	3.78%	149	6	7.74%
Chandler Unified School District	220	6	2.86%			
Home Depot	219	7	2.84%	135	5	7.01%
Target Stores	186	8	2.42%	170	4	8.83%
Benjamin Franklin Charter Schools	162	9	2.10%			
Higley Unified School District	140	10	1.82%			
American Leadership Academy	125	10	1.62%			
	<u>3,208</u>		41.66%	<u>1,631</u>		84.68%

Source: The Town of Queen Creek Economic Development Department
Maricopa Association of Governments

(1) Information prior to 2011 is not available.

Note: This list includes only those employers who responded to the annual major employer survey.

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TOWN OF QUEEN CREEK, ARIZONA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Full-Time Equivalent Employees									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	63	60	56	51	47	44	43	35	33	48
Public Safety	72	63	60	60	45	44	37	32	32	33
Highways and Streets	20	16	16	16	16	14	16	18	17	17
Culture and Recreation	36	32	34	34	31	24	22	11	20	30
Economic Development	16	13	13	12	11	9	9	26	16	28
Solid Waste	6	5	5	6	5	4	**	**	**	**
Wastewater	5	4	5	5	5	4	5	4	4	5
Water	51	46	40	38	37	32	22	23	24	27
Total	270	239	229	222	197	175	154	149	146	188

Source: The Town's Human Resources Department.

** 2010-2013 Solid Waste staff were grouped with Wastewater

TOWN OF QUEEN CREEK, ARIZONA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year			
	2019	2018	2017	2016
Planning and Building Safety				
Building Permits Issued	2,992	2,606	3,343	3,265
Residential Permit Total Valuations	545,106,431	423,959,635	413,586,201	399,870,271
Commercial Permit Total Valuations	65,392,382	62,069,893	30,000,451	14,290,919
Highways and Streets				
Street Resurfacing (Miles)	34	25	35	35
Street Striped (Miles)	12	7	28	28
Culture and Recreation				
Athletic Field Permits Issued	180	121	124	124
Recreation Center Program Hits	12,786	10,907	13,862	13,862
Special Interest Class Participants	9,062	7,780	5,130	4,566
Special Event Attendance	25,500	28,000	24,500	19,500
Fire & Medical				
Emergency Calls for Service	4,169	3,382	3,168	3,030
Water				
Total Connections	29,968	28,431	25,997	24,332

Source: The Town of Queen Creek, Arizona

* 2010-2013 Information not available

** 2010-2014 Information not available

Fiscal Year

2015	2014	2013	2012	2011	2010
2,817	2,486	1,946	194	125	224
304,641,623	266,826,440	-	-	-	-
500,000	1,648,171	-	-	-	-
10	10	43	24	13	64
22	15	38	29	38	50
114	115	128	122	148	169
15,374	18,435	17,805	15,374	10,608	11,984
4,290	2,637	- *	- *	- *	- *
15,500	11,000	- *	- *	- *	- *
2,420	2,485	128	122	148	169
22,647	- **	- **	- **	- **	- **

TOWN OF QUEEN CREEK, ARIZONA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Function	Fiscal Year			
	2019	2018	2017	2016
Highways and Streets				
Streets (Miles)	565	556	529	522
Streetlights	3,500	3,335	3,282	2,982
Traffic Signals	61	50	48	48
Culture and Recreation				
Developed Park Acreage	89	79	82	82
Undeveloped Parks Acreage	**	171	219	204
Developed Wash Trail Acreage	**	286	262	262
Undeveloped Wash Trail Acreage	**	65	51	22
Number of Parks	4	5	5	4
Community Centers	1	3	3	3
Fire Department				
Fire Apparatus	***	5	4	-
Fire Stations	***	4	3	-
Water				
Number of Potable Water Wells	***	21	18	-
Potable Water Pipe (Miles)	***	584	540	-
Sewer				
Sanitary Sewer (Miles)		192	171	153
Storm Sewers (Miles)	*	7	10	10
Maximum Daily Treatment Capacity (Thousands of Gallons)		4,000	4,000	4,000

Source: The Town of Queen Creek's Facility Records

* 2010-2018 included Storm Sewers less than 18"

** 2010-2015 acreage was not broken out by Parks and Wash Trail

*** 2010-2016 information not previously tracked

Fiscal Year

2015	2014	2013	2012	2011	2010
492	461	440	397	391	386
2,827	2,355	1,082	1,022	983	873
45	42	38	37	33	33
200	200	419	419	419	419
344	344	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	4	3	3	3	3
3	3	1	2	2	2
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
134	128	110	105	104	102
9	9	9	9	9	8
4,000	4,000	4,000	4,000	4,000	4,000

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