

# TOWN OF QUEEN CREEK, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2023



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**TOWN OF QUEEN CREEK, ARIZONA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Issued by:  
Finance Department

**TOWN OF QUEEN CREEK, ARIZONA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
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## **INTRODUCTORY SECTION**

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TOWN OF  
**QUEEN CREEK**  
ARIZONA

December 18, 2023

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 Annual Comprehensive Financial Report of the Town of Queen Creek for the fiscal year ended June 30, 2023. 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, 2023, 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.

The independent audit of the Town included an additional federally mandated "Single Audit" required to be completed as the Town received more than \$750,000 in Federal Grants this year. This single audit was designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit 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 auditor. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

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

## **PROFILE**

The Town of Queen Creek is located in the southeast corner of Maricopa County, with an 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 over 42 square miles in its incorporated area and nearly 72 square miles in its planning area. The Town's population is estimated to be approximately 76,275 as of June 30, 2023. The Town's population has doubled since 2016, making it the fastest growing municipality in Arizona and among the 15 fastest growing cities in the country.

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 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. Jail, animal control and Municipal court services are provided through contracts with neighboring jurisdictions. 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 four-year 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 northeast area, and the southeast area. The Town Center is the economic core of the community and includes over 2 million square feet of commercial development. The northeast 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 East Valley's main employment corridor.

The Town's southeast area is adjacent to the San Tan Valley in Pinal County. With over 117,000 residents, this unincorporated area is a significant source of traffic through the Town's business districts and streets. A 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.

Honorable Mayor, Members of the Town Council, and  
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The Town has continued to see revenue increases for fiscal year 2023. Local sales tax revenue grew 15%, property tax revenue increased 14% due mostly to new development, and state-shared revenue increased 37%. The positive results are a reflection of the Town's strong demographics, recent population growth and new businesses that continue to open in Queen Creek.

Following are highlights of recent development activity within the Town:

- The Town issued 862 single-family building permits during fiscal year 2023. This amount was lower than the prior year's total of 1,767 permits and reflects the impact of rapidly rising interest rates and housing inflation costs. Despite this year-over-year decrease in permits, single-family construction in Queen Creek remains strong compared to historical trends.
- Permits for multi-family development set a record at 678 units, and commercial construction remain at near-record levels. This diversity of new construction types reflects the Town's maturity from a strictly "bedroom" community to a more traditional suburban municipality where more residents can shop and work locally.
- Vertical commercial construction continues in the Town Center and in the QC Commons, Pecan Lakes, and QC Crossings retail development sites. New businesses opened recently include Costco, Dave & Busters, EOS Fitness, and Sprouts Farmers Market. Additionally, several businesses are soon to open in Queen Creek including a second Fry's Marketplace, a second Target, Ashley Furniture, Homewood Suites Hotel, Earnhardt Chevrolet and Hobby Lobby.
- In April 2022, LG Energy Solutions (LGES) announced plans to invest \$1.4 billion in Queen Creek to build its first ever cylindrical-type battery facility in North America. A year later LGES announced a significant expansion of its development to \$5.5 billion for battery manufacturing and storage facilities. This project represents the largest single investment for a stand-alone battery manufacturing facility in North America, employing over 2,800 people at full build-out and generating significant one-time and annual revenues to the Town. When constructed, LGES will be the Town's largest employer.

#### 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. Other areas on the Town's borders have recently been annexed or developed, providing additional housing and commercial options for Town residents and neighboring communities.

The following annexation occurred during the fiscal year ended June 30, 2023:

- Hudson Station – Annexed in July 2022, this 91-acre development is located on the southwest corner of Signal Butte and Queen Creek roads. The proposed site plan includes a mix of residential and commercial uses, including the Town's second Fry's Marketplace.

Active residential development in Queen Creek includes over 30 master-planned communities and several custom-home builders. Combined, these projects will add over 20,000 new single-family homes and over 5,000 multi-family units over the next 10-20 years, which will double the Town's current inventory of existing homes and population.

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

### Accomplishments

The Town Council is committed to improving the financial and economic condition of the Town and has implemented important policies to do so as detailed below.

*Property Taxes.* In November 2022, the Town Council approved a new policy to freeze property taxes for existing taxpayers. For the next five years, the Town's property tax rate will go down each year as property values go up, so that existing taxpayers pay the same amount of tax each year. Because property taxes are dedicated for public safety, the new policy stipulates that the levy rate must exceed \$1.40 per \$100 of assessed value, and total property tax revenue must cover at least 20% of public safety expenses.

*Infrastructure Replacement.* Last fiscal year the Town created a reserve for future Road Replacements. This year the reserve balance totals \$1.5 million, and this amount will continue to increase each year thereafter until the annual set-aside amount approximates the annualized repair and replacement costs of the Town's major transportation infrastructure.

*Water Strategy.* The Town's primary water supply comes from groundwater, and the majority of Queen Creek has an assured water supply for the next 100 years. However, since 2014 the Town has been pursuing a multi-faceted approach to reduce its reliance on groundwater and establish a diversified water portfolio that includes a majority of renewable water supplies, such as surface water and treated/recovered effluent.

In September 2021, the Town acquired 4,162 acre-feet of Non-Indian Agricultural (NIA) Priority Water from the Central Arizona Project (CAP). In May 2023, the Town finalized the purchase of 2,033 acre-feet per year of 4<sup>th</sup> Priority CAP Water from GSC Farm, LLC. The Town is pursuing additional renewable supplies including Harquahala water, participating in the study to raise Bartlett Dam, using all of the Town's treated effluent, and developing three additional recharge sites.

These efforts continue the Town's water strategy to secure long-term water resources and become a designated assured water supply provider. 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. Minimizing reliance on the CAGR will ultimately reduce fees paid by the Town's residents and water utility customers.

*Bond Ratings.* In April 2022, the Town's bond rating was upgraded to AA+ from AA, with a stable outlook, by both S&P Global Ratings and Fitch Ratings. Both rating agencies have cited the Town's revenue growth, strong financial management policies and practices, strong budgetary performance, and strong budgetary flexibility and liquidity as key reasons for the rating 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 operating reserve policy is to have 25% of next year's General Fund budgeted revenues in reserve. As of June 30, 2023, the Town has fully funded this reserve at \$37.2 million.

The Town continues to follow its policy of holding reserves to address the Town's pension liabilities. As of June 30, 2023, the Town's Police pension plan was fully funded with no unfunded liability. In addition, the Town has reserved \$19.3 million for potential future pension obligations for the Police Department. In lieu of setting aside reserves for Fire Personnel, the Town's policy requires us to make a year-end payment

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Citizens of the Town of Queen Creek, Arizona

to Public Safety Personnel Retirement System for any net pension liability in the Fire pension plan. For the current fiscal year, the Town had no such liability and therefore was not required to make a year-end contribution. Finally, \$21.8 million is reserved for the Town's estimated share of the Arizona State Retirement System unfunded liability in the Town's General Fund and an additional \$7.7 million in the Town's enterprise funds. With these policies, the Town has one of the most aggressive and 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 Town's financial plan remains balanced over the five-year planning horizon, and staff is currently updating the five-year plan to accommodate new revenue projections, continued population growth, and new commercial development.

### 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 and businesses based on the adoption of a ten year, \$422 million Transportation Master Plan.
- Continue the development of a new Police Department. The Town launched its municipal police department on January 11, 2022 and has already grown to approximately 110 employees. The Town recently adopted an aggressive compensation strategy wherein the Town seeks to be one of the highest paid police forces in the Phoenix metro area. The Town believes this strategy is necessary to recruit the dozens of officers that will be needed in the next five years to keep up with the Town's rapid population growth.
- Provide ambulance services to residents. In February 2023, the Town took over this service that was previously provided by a private company. The Town's objective is to ensure continuity of care for patients who require an ambulance transport to a local medical facility.
- Develop parks and recreational facilities according to the Town's adopted Parks Master Plan. The Town issued \$138 million of new excise tax bonds in June 2022 to build the new 85-acre Frontier Family Park, expand Mansel Carter Park, and open an aquatics and recreation center. The Town also purchased 77 acres of land for development of a future park within the next ten years.
- Consolidate water and wastewater service for existing Town residents. Certain areas of the Town receive water service from the Town and wastewater service from EPCOR Water Arizona, Inc., a private utility company. In August 2022, EPCOR and the Town entered into an exchange agreement in which the Town receives from EPCOR approximately 6,200 current and future wastewater customers who are currently the Town's water customers but EPCOR's wastewater customers. EPCOR receives from the Town approximately 9,800 current and future customers who are currently in the Town's water and wastewater service areas. Arizona Corporation Commission (ACC) approval is required to complete the process. In December 2022, ACC approval was received to transfer approximately 6,200 current and future wastewater customers to the Town and approximately 3,700 future customers for water services and wastewater services to EPCOR. The customer transition was effective in July 2023. At a future date, there will be additional consolidation of utility services. The service area exchange brings water and wastewater services together under one utility provider, allows for increased long-term operational efficiency, and creates regional utility service stability.

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

- Improve the financial condition of the Water Utility Fund. The Unrestricted Net Position of the Water Fund at June 30, 2023 is a \$9.3 million deficit, representing a \$20.3 million reduction from the prior year. The ending balance and reduction is explained as follows as several issues have resulted in the reduction and deficit.
  - While preparing the FY 2022-23 financial statements, Town staff identified \$4.8 million of unspent bond proceeds that was incorrectly included in the Water Fund's Unrestricted Net Position as of June 30, 2022. In FY 2022-23, this was corrected, resulting in a \$4.8 million reduction to the Unrestricted Net Position.
  - The Town is spending a significant amount of money on infrastructure building out our water system. This infrastructure is being paid for using multiple funding sources, including third party funding, debt financing, and capacity fees. As such, it can be expected that at year-end project payments will precede receipt of the funding source, resulting in a cash deficit at year-end as a result of this timing issue. This was the case at June 30, 2023, resulting in \$8.8 million in outstanding reimbursements as identified below:
    - \$3.7 million is result of infrastructure costs to provide water service to the new LGES manufacturing facility. In FY 2023-24, these costs will be reimbursed by a short-term borrowing;
    - \$3.1 million is the result of reimbursements due from third parties; and
    - \$2.0 million relates to infrastructure that will be paid back from future capacity fees.
  - In FY 2022-23, the adopted budget included approximately \$33 million in operating revenues, mainly water sales. FY 2022-23 actual operating revenues were about \$29 million, resulting in a revenue shortfall of about \$4 million. Both new residential accounts were less than budgeted and water consumption was less than expected (water sales). Water usage is influenced by the amount of rain received in any given year. FY 2022-23 was a year in which significant rainfall caused a reduction in water consumption (water sales).
  - Finally, the Town spent over \$5 million on major repair and maintenance to water infrastructure in FY 2022-23. These expenses vary from year to year, and this was the highest amount in recent years.
  - Looking ahead, the Town is in the process of a comprehensive water rate study and a capacity fee study by consulting firms. Recommendations, including a water rate increase and capacity fee increase, are expected to be presented to the Town Council in FY 2023-24 to ensure the continued successful financial condition of the Water Fund, including continuing to maintain our debt coverage requirements as well as meet future expenses. The updated capacity fee is likely to include the partial recovery of infrastructure costs that have been paid to date for certain growth-related projects. The specific amount that might be recovered cannot be determined until the capacity fee is recalculated.

#### **AWARDS AND ACKNOWLEDGMENTS**

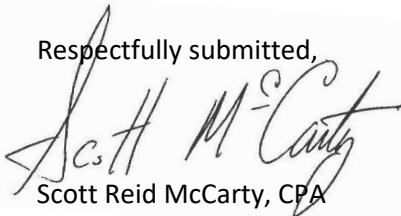
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Queen Creek for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 18<sup>th</sup> 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 ACFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ending June 30, 2023. This was the 20<sup>th</sup> 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,

A handwritten signature in black ink that reads "Scott Reid McCarty". The signature is written in a cursive style with a large initial "S" and "M".

Scott Reid McCarty, CPA  
Finance Director

**TOWN OF QUEEN CREEK, ARIZONA  
LIST OF PRINCIPAL OFFICIALS  
YEAR ENDED JUNE 30, 2023**

**ELECTED OFFICIALS**

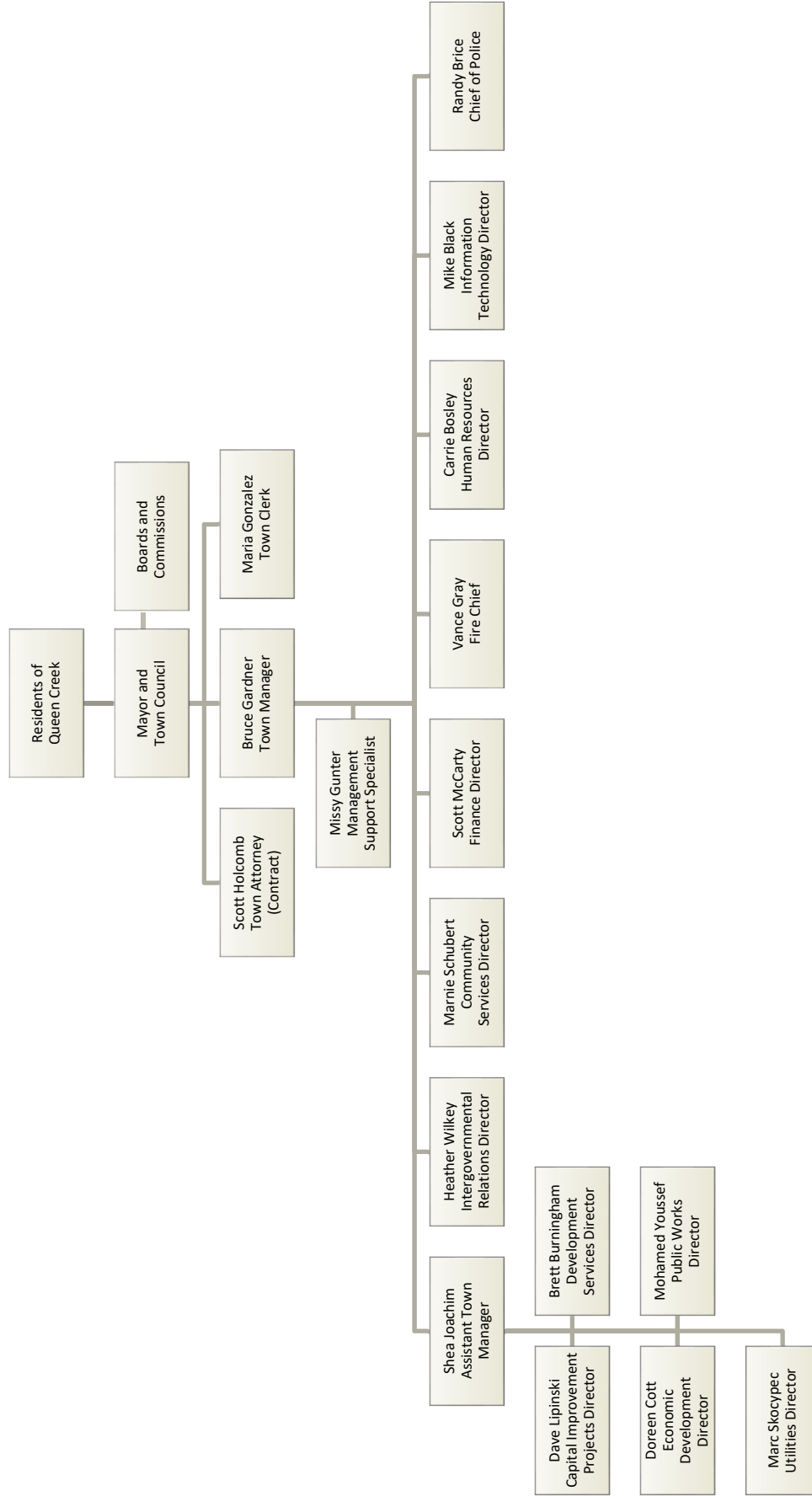
Mayor	Julia Wheatley
Vice- Mayor	Jeff Brown
Council Member	Robin Benning
Council Member	Leah Martineau
Council Member	Bryan McClure
Council Member	Dawn Oliphant
Council Member	Travis Padilla

**DEPARTMENT DIRECTORS**

Town Manager	Bruce Gardner
Assistant Town Manager	Shea Joachim
Fire Chief	Vance Gray
Chief of Police	Randy Brice
Finance Director	Scott McCarty, CPA
Human Resources Director	Carrie Bosley
Intergovernmental Relations Director	Heather Wilkey
Communications, Marketing & Recreation Director	Marnie Schubert
Development Services Director	Brett Burningham
Economic Development Director	Doreen Cott
Utilities Director	Marc Skocypec
Workforce and Technology Director	Mike Black
Public Works Director	Mohamed Youssef
Capital Improvement Projects Director	Dave Lipinski



**TOWN OF QUEEN CREEK, ARIZONA  
ORGANIZATIONAL CHART  
YEAR ENDED JUNE 30, 2023**





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Queen Creek  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona (Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the 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 construction sales tax special revenue fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 as a whole.


***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 18, 2023

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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, 2023**

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As management of the Town of Queen Creek, Arizona (Town), we offer readers of the Town's Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information 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 \$900.8 million (net position). Total net position increased by \$92.0 million during the fiscal year.
- As of June 30, 2023, the Town's governmental funds reported a combined ending fund balance of \$340.1 million, a decrease of \$27.3 million in comparison with the prior year.
- At the close of the current fiscal year, total fund balance for the General Fund was \$130.5 million. Of this amount, \$83.6 million is unassigned meeting the Town's policy objective of having 25% of the following year's budgeted revenue in reserve as well as \$1.0 million as a road replacement reserve. In addition to these reserves, the Town has \$41.2 million set aside as committed per its pension funding policy.
- The Town spent \$54.4 million on ongoing projects for 98 acres of parks, a recreation center, and an aquatics center.
- The Town borrowed \$27.0 million from the Water Infrastructure Finance Authority of Arizona to purchase 2,033 acre-feet of Arizona fourth priority Colorado River surface water rights.

**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

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

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intend to recover all or a significant portion of their costs from user fees and charges (business-type 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-one 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, General Capital Improvement Fund, Improvement District Debt Service Fund, and the 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. Separate Budget to Actual Schedules for each of these 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, 2023**

**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, 2023 and 2022.

	<b>Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	2023	2022	2023	2022	2023	2022
<b>Assets</b>						
Current and Other Assets	\$ 396,785,172	\$ 423,839,586	\$ 62,785,165	\$ 61,278,176	\$ 459,570,337	\$ 485,117,762
Capital Assets:						
Non-depreciable	236,418,082	153,460,063	149,048,360	114,850,422	385,466,442	268,310,485
Depreciable (net)	411,222,319	386,860,173	280,553,091	260,078,911	691,775,410	646,939,084
Total Assets	<u>1,044,425,573</u>	<u>964,159,822</u>	<u>492,386,616</u>	<u>436,207,509</u>	<u>1,536,812,189</u>	<u>1,400,367,331</u>
Deferred Outflows of Resources	12,608,959	10,607,199	15,410,018	16,158,484	28,018,977	26,765,683
<b>Liabilities</b>						
Current and Other Liabilities	34,061,877	22,942,134	10,941,494	10,129,129	45,003,371	33,071,263
Long-Term Liabilities	369,160,628	368,664,688	246,382,162	205,754,600	615,542,790	574,419,288
Total Liabilities	<u>403,222,505</u>	<u>391,606,822</u>	<u>257,323,656</u>	<u>215,883,729</u>	<u>660,546,161</u>	<u>607,490,551</u>
Deferred Inflows of Resources	<u>3,101,471</u>	<u>8,882,495</u>	<u>383,311</u>	<u>2,002,345</u>	<u>3,484,782</u>	<u>10,884,840</u>
<b>Net Position</b>						
Net Investment in Capital Assets	415,115,850	363,427,683	221,471,700	185,308,699	636,587,550	548,736,382
Restricted	85,002,060	88,137,776	5,916,598	2,205,006	90,918,658	90,342,782
Unrestricted	150,592,646	122,712,245	22,701,369	46,966,214	173,294,015	169,678,459
Total Net Position	<u>\$ 650,710,556</u>	<u>\$ 574,277,704</u>	<u>\$ 250,089,667</u>	<u>\$ 234,479,919</u>	<u>\$ 900,800,223</u>	<u>\$ 808,757,623</u>

The largest portion of the Town's net position (71%) 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.

**TOWN OF QUEEN CREEK, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2023**

An additional portion of the Town's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (19%) may be used to meet the government's ongoing obligations to citizens and creditors.

**Changes in Net Position**

The Town's net position overall increased by \$92.0 million (11%) 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, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
<b>Program Revenues</b>						
Fees, Fines and Charges for Services	\$ 26,225,744	\$ 35,396,358	\$ 50,716,505	\$ 53,691,928	\$ 76,942,249	\$ 89,088,286
Operating Grants and Contributions	5,209,449	4,117,273	-	99,920	5,209,449	4,217,193
Capital Grants and Contributions	26,145,209	36,758,401	13,895,708	7,931,963	40,040,917	44,690,364
<b>General Revenues</b>						
Sales Taxes	84,998,322	74,240,195	-	-	84,998,323	74,240,195
Property Taxes	12,595,711	11,081,885	-	-	12,595,711	11,081,885
Franchise Taxes	512,246	468,643	-	-	512,246	468,643
Grants and Contributions Not Restricted to Specific Programs	26,310,975	18,754,450	-	-	26,310,975	18,754,450
Investment Earnings	6,305,189	(2,883,010)	593,437	(44,713)	6,898,626	(2,927,723)
Miscellaneous	2,443,770	803,693	240,114	421,671	2,683,883	1,225,364
<b>Total Revenues</b>	<b>190,746,615</b>	<b>178,737,888</b>	<b>65,445,764</b>	<b>62,100,769</b>	<b>256,192,379</b>	<b>240,838,657</b>
<b>Expenses</b>						
General Government	26,566,200	20,388,951	-	-	26,566,200	20,388,951
Public Safety	43,011,905	29,175,388	-	-	43,011,905	29,175,388
Highways and Streets	25,670,563	25,265,179	-	-	25,670,563	25,265,179
Culture and Recreation	8,464,882	7,234,793	-	-	8,464,882	7,234,793
Economic Development	1,972,575	2,000,603	-	-	1,972,575	2,000,603
Interest on Long-Term Debt	11,257,872	4,018,538	-	-	11,257,872	4,018,538
Water	-	-	32,206,908	28,007,330	32,206,908	28,007,330
Wastewater	-	-	9,954,842	8,961,967	9,954,842	8,961,967
Solid Waste	-	-	5,044,032	3,912,383	5,044,032	3,912,383
<b>Total Expenses</b>	<b>116,943,997</b>	<b>88,083,452</b>	<b>47,205,782</b>	<b>40,881,680</b>	<b>164,149,779</b>	<b>128,965,132</b>
<b>Change in Net Position</b>						
Before Transfers	73,802,618	90,654,436	18,239,982	21,219,089	92,042,600	111,873,525
Transfers In (Out)	2,630,234	3,889,137	(2,630,234)	(3,889,137)	-	-
<b>Change in Net Position</b>	<b>76,432,852</b>	<b>94,543,573</b>	<b>15,609,748</b>	<b>17,329,952</b>	<b>92,042,600</b>	<b>111,873,525</b>
Net Position - Beginning of Year	574,277,704	479,734,131	234,479,919	217,149,967	808,757,623	696,884,098
<b>Net Position - End of Year</b>	<b>\$ 650,710,556</b>	<b>\$ 574,277,704</b>	<b>\$ 250,089,667</b>	<b>\$ 234,479,919</b>	<b>\$ 900,800,223</b>	<b>\$ 808,757,623</b>

*Governmental Activities* – Total revenues increased \$12.0 million (7%) primarily as a result of the following changes. There was an increase in sales and property taxes of \$12.3 million (14%) due to increases in consumer driven tax revenue, the residential population increase and increases in assessed value activity. State shared revenues were also up \$7.6 million (40%) due to the Town's continued population growth. Additionally, there was an increase in operating grants and contributions of \$1.1 million due to an increase

**TOWN OF QUEEN CREEK, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2023**

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in HURF funds from the state government and an increase in investment earnings of \$9.2 million due to rising interest rates. These increases were offset by a decrease in capital grants and contributions of \$10.6 million (29%) due to a decrease in transportation related construction funded by grants and contributions from other entities. Additionally, the Town saw a decrease in fees, fines and charges for services totaling \$9.2 million (26%) driven primarily by a decrease in impact fee revenues received due to a slowdown in the number of new home permits and commercial development.

Total expenses increased \$28.9 million (33%) due to an increase in salaries and benefits expense of \$16.1 million. The increase in salaries is the direct result of an increase in the number of employees most of which were in the QC Police Department which began operations in the previous fiscal year. The Town also made a \$7 million payment to fully fund the police pension plan. There were a number of other factors that contributed to the increase in expenses including an increase in depreciation expense of \$1.9 million and an increase in interest on long-term debt of \$7.2 million.

Net position for governmental activities increased \$76.4 million (13%), ending the year at \$650.7 million.

*Business-Type Activities* – Net position of the Town's business-type activities increased \$15.6 million (7%). The \$3.3 million (5%) increase in revenues was a result of a \$6.0 million increase in capital grants and contributions due to more infrastructure assets being contributed to the Town in fiscal year 2023 than in the prior year. This was offset by a decrease in charges for services of \$3.0 million due to an overall decline in consumer consumption.

Total expenses increased \$6.3 million (16%). The cost of sales and services increased by \$4.6 million due to increased expenses for the following; annual tank and well rehabilitation projects and increased personnel costs. Depreciation expense increased \$0.5 million and interest and fiscal charges increased \$1.4 million.

While net position of the business-type activities increased overall the unrestricted portion of net position had a significant decrease of \$24.3 million from \$47.0 million in the prior year to \$22.7 million in the current year. The majority of the decrease, \$20.3 million, is the result of several issues relating to the Water Fund.

While preparing the FY 2022-23 financial statements, Town staff identified \$4.8 million of unspent bond proceeds that was incorrectly included in the Water Fund's Unrestricted Net Position as of June 30, 2022. In FY 2022-23, this was corrected, resulting in a \$4.8 million reduction to the Unrestricted Net Position.

The Town is spending a significant amount of money on infrastructure building out our water system. This infrastructure is being paid for using multiple funding sources, including third party funding, debt financing, and capacity fees. As such, it can be expected that at year-end project payments will precede receipt of the funding source, resulting in a cash deficit at year-end as a result of this timing issue. This was the case at June 30, 2023, resulting in \$8.8 million in outstanding reimbursements as identified below:

- \$3.7 million is the result of infrastructure costs to provide water service to the new LGES manufacturing facility. In FY 2023-24, these costs will be reimbursed by a short-term borrowing;
- \$3.1 million is the result of reimbursements due from third parties; and
- \$2.0 million relates to infrastructure that will be paid back from future capacity fees.

In FY 2022-23, the adopted budget included approximately \$33 million in operating revenues, mainly water sales. FY 2022-23 actual operating revenues were about \$29 million, resulting in a revenue shortfall of about \$4 million. Both new residential accounts were less than budgeted and water consumption was

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

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less than expected (water sales). Water usage is influenced by the amount of rain received in any given year. FY 2022-23 was a year in which significant rainfall caused a reduction in water consumption (water sales).

Finally, the Town spent over \$5 million on major repair and maintenance to water infrastructure in FY 2022-23. These expenses vary from year to year, and this was the highest amount in recent years.

Looking ahead, the Town is in the process of a comprehensive water rate study and a capacity fee study by consulting firms. Recommendations, including a water rate increase and capacity fee increase, are expected to be presented to the Town Council in FY 2023-24 to ensure the continued successful financial condition of the Water Fund, including continuing to maintain our debt coverage requirements as well as meet future expenses. The updated capacity fee is likely to include the partial recovery of infrastructure costs that have been paid to date for certain growth-related projects. The specific amount that might be recovered cannot be determined until the capacity fee is recalculated.

#### **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 \$340.1 million, a decrease of \$27.3 million (7%) from the prior year. The decrease was primarily the result of the expenditure of bond proceeds on transportation and parks and recreation projects.

Other changes to fund balances include the following:

- Increases totaling \$21.6 million (20%) to the General Fund fund balance of \$130.5 million were the result of better than predicted sales taxes, property taxes and state shared revenues exceeding expenses for the Town.
- The Construction Sales Tax fund balance increased \$13.6 million was due to the fact that sales tax revenue of \$17.6 million was higher than the \$4.0 million of transfers out for transportation projects expenses.
- The Drainage and Transportation Fund saw a decrease in fund balance of \$15.5 million as the Town used existing balances of debt proceeds issued in prior years for construction projects.
- The General Capital Improvement fund balance decreased by \$47.8 million due to the expenditure of debt proceeds on land and improvements for new parks.



**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

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At fiscal year ended June 30, 2023, fund balances were as follows.

<b>Fund Balances</b>		
Fund	Balance	Increase/(Decrease) From FY 22
General Fund	\$ 130,532,111	\$ 21,598,528
Construction Sales Tax	25,377,865	13,608,537
Drainage and Transportation	20,733,136	(15,486,717)
General Capital Improvement	101,165,805	(47,822,869)
Improvement District Debt Service	547	(13)
Debt Service	1,569	-
Nonmajor Governmental Funds	62,302,135	763,452
	<u>\$ 340,113,168</u>	<u>\$ (27,339,082)</u>

General Fund – Revenues of the General Fund exceeded expenditures and other financing sources (uses) by \$21.6 million.

Total revenues increased \$18.8 million (19%) from the prior year. Increases of \$9.1 million in sales taxes and \$1.5 million in property taxes are attributable to a growing population and increase in local businesses. The Town saw an increase in total taxable assessed value from \$605.0 million to \$683.1 million. Intergovernmental revenues comprised of state sales tax, income tax revenue sharing, and grants increased \$6.7 million. The increase was due to receiving \$6.4 million more in state shared tax revenues. Interest income increased \$4.4 million from the prior year due to rising interest rates. These increases were offset by a \$3.4 million decrease in licenses, permits and fees due mainly to a slowdown in building permits.

Total General Fund expenditures increased by \$20.8 million (32%) due mainly to an increase in salaries and benefits expense of \$15.4 million. The largest increase was in public safety, \$9.8 million, due to the continued hiring of additional police officers and support staff for the new police department. General government also saw an increase in salaries and benefits expense of \$1.3 million due to pay increases as well as new staff to meet the growing needs of the Town. There was also an increase in intergovernmental expense of \$1.5 million due to the Town taking on the full cost of the library in fiscal year 2023. The library is operated by the Maricopa County Library District through an intergovernmental agreement with the Town. There was a \$4.1 million increase in capital outlay expense due to the implementation of a new accounting standard which requires the Town to report an expense for the present value of future payments on long-term software subscriptions.

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 \$5.9 million (6.4%). The increased revenues over the budgeted amount was the result of better than expected sales taxes and a growing community resulting in increased retail and construction sales tax revenues. Budgetary basis expenditures were \$6.8 million (16%) below budgeted expenditures. The savings in expenditures resulted from a combination of personnel cost savings from vacant positions, unfinished projects and service contracts that will be carried over to the next fiscal year.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

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During the year, the Town increased the General Fund budget for sales taxes by \$3.7 million (7%) and the budget for intergovernmental revenues by \$4.1 million (23%) as revenue collections exceeded the original projections due to better than expected growth in the Town. The Town increased the General Fund expenditure budget by \$2.0 million (5%). The majority of that increase was in the Public Works Department for vehicles, equipment and repairs and maintenance.

Other Major Funds – The Construction Sales Tax fund balance increased \$13.6 million as construction related revenues exceeded transfers to the Drainage and Transportation Fund for transportation construction projects.

The Drainage and Transportation Fund spent \$32.5 million on street improvement projects. These projects were funded from the proceeds of debt issued in prior fiscal years and from impact fees and construction sales tax revenue.

The General Capital Improvement Fund spent \$70.1 million on general construction projects throughout Town including a new public safety complex and new parks and recreation facilities. The majority of these expenditures were funded from the proceeds of debt issued in prior fiscal years.

The Improvement District Debt Service Fund spent \$1.7 million for debt service payments while special assessment revenue comprised of collections from property owners totaled \$1.7 million.

The Debt Service Fund had \$16.8 million in debt service payments. Transfers in from the General Fund, Construction Sales Tax Fund, Highway Users Revenue Fund and Impact Fee Funds covered these expenditures.

Nonmajor Funds – Fund balances of the remaining Nonmajor Governmental Funds increased a combined total of \$0.8 million (0.01%). 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 kept within the fund to be used 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, 2023 amount to \$647.6 million and \$429.6 million (net of accumulated depreciation/amortization), respectively. Capital assets include land and improvements, water rights and credits, infrastructure, buildings and improvements, machinery and equipment, vehicles, and construction in progress. Capital assets for governmental activities increased 20% and capital assets for business-type activities increased 15%.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Capital Assets (Net)  
June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Related Assets	\$ 90,562,758	\$ 53,058,013	\$ 7,720,327	\$ 5,185,544	\$ 98,283,085	\$ 58,243,557
Water Rights and Credits	-	-	96,109,242	73,293,826	96,109,242	73,293,826
Construction In Progress	145,855,324	100,402,050	45,227,205	36,381,148	191,082,529	136,783,198
Streets and Other Infrastructure	321,373,367	307,876,654	-	-	321,373,367	307,876,654
Buildings and Improvements	67,673,679	62,371,151	7,580,572	7,396,261	75,254,251	69,767,412
Vehicles, Furniture and Equipment	22,175,273	16,612,368	4,826,817	3,472,472	27,002,090	20,084,840
Wastewater Collection System	-	-	102,441,917	93,694,781	102,441,917	93,694,781
Water System	-	-	165,695,371	155,505,300	165,695,371	155,505,300
Total Assets	<u>\$ 647,640,401</u>	<u>\$ 540,320,236</u>	<u>\$ 429,601,451</u>	<u>\$ 374,929,332</u>	<u>\$1,077,241,852</u>	<u>\$ 915,249,568</u>

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

*Governmental Activities*

- The Town accepted \$13.3 million of completed streets and other infrastructure from developers, and completed an additional \$15.1 million for Town-funded infrastructure projects.
- At year-end, the Town had \$145.9 million in projects under construction.
- The Town purchased a 76.5 acre parcel of land for \$23.0 million for a future park.
- The Town purchased the Barney Sports Complex property for \$11.2 to construct a new public safety complex.

*Business-type Activities*

- The Town accepted \$6.4 million of completed water and wastewater infrastructure from developers, and an additional \$19.0 million in Town-funded projects.
- The Town purchased 2,033 acre feet of perpetual water rights for \$24.0 million.
- The Town purchased additional water extinguishment credits at a value of \$0.2 million through an agreement with a developer. The Town used \$1.3 million of the existing water extinguishment credits to help meet its water conservation requirements.
- At year-end, the Town had \$45.2 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 \$344.6 million for governmental activities and \$238.0 million for business-type activities. The outstanding debt is secured by pledges of specific revenue sources of the Town.

Overall, the Town's governmental activities debt decreased by \$5.8 million (2%) mainly as a result of the Town making the scheduled debt service payments including \$6.7 million of outstanding principal.

The business-type activities debt increased by \$39.2 million (20%). The increases were primarily the result of the Town issuing additional subordinate lien excise tax pledged bonds of \$25.3 million for water and wastewater infrastructure projects and a WIFA loan of \$24.2 million for the purchase of water rights.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

These increases were offset by making the scheduled debt service payments including \$3.8 million of outstanding principal.

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, 2023 and 2022:

	<b>Outstanding Debt</b>					
	<b>June 30, 2023 and 2022</b>					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Excise Tax Revenue Bonds	\$ 267,643,000	\$ 270,188,000	\$ 69,250,000	\$ 44,000,000	\$ 336,893,000	\$ 314,188,000
GADA Loan Payable	-	-	2,045,000	2,330,000	2,045,000	2,330,000
Excise Tax Refunding Bonds	33,015,000	35,705,000	-	-	33,015,000	35,705,000
Special Assessment						
Refunding Bonds	9,839,062	11,320,177	-	-	9,839,062	11,320,177
Premium/Discount on Bonds	30,402,440	32,940,726	9,286,420	9,911,415	39,688,860	42,852,141
WIFA Loan Payable	-	-	117,664,741	95,563,051	117,664,741	95,563,051
Leases	347,297	158,023	9,951	11,780	357,248	169,803
Subscriptions	3,306,510	-	853,208	-	4,159,718	-
Water System Obligation	-	-	38,607,762	40,040,482	38,607,762	40,040,482
Advances in Aid of Construction	-	-	143,978	7,016,950	143,978	7,016,950
Arbitrage Payable	-	-	179,740	-	179,740	-
<b>Total Outstanding Debt</b>	<b>\$ 344,553,309</b>	<b>\$ 350,311,926</b>	<b>\$ 238,040,800</b>	<b>\$ 198,873,678</b>	<b>\$ 582,594,109</b>	<b>\$ 549,185,604</b>

**OTHER MATTERS**

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

- In order to construct the necessary Water and Wastewater infrastructure, the Town has entered into loan agreements with the Water Infrastructure Finance Authority (WIFA) for \$54.6 million in financing. As of June 30, 2023, the Town has only used \$75,000 of the loan authorization total.
- The Town has \$85 million in subordinate lien excise tax pledged bonds of which \$69.3 million was outstanding at year end, the Town is expected to draw down an additional \$15.7 million for water and wastewater infrastructure projects during fiscal year 2024.
- The Town is issuing \$50 million of interim subordinate lien excise tax pledged bonds to finance the infrastructure required by the Town's development agreement with LG Energy Solution.

**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, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 196,294,313	\$ 11,905,365	\$ 208,199,678
Receivables, Net:			
Accounts Receivable	384,563	6,956,121	7,340,684
Taxes Receivable	11,375,752	-	11,375,752
Special Assessments Receivable	9,786,197	-	9,786,197
Intergovernmental Receivable	26,404,835	1,570,206	27,975,041
Interest Receivable	1,017,121	25,813	1,042,934
Leases Receivable	1,449,789	12,819	1,462,608
Internal Balances	24,286,793	(24,286,793)	-
Inventory	-	363,414	363,414
Prepaid Items	146,722	360,199	506,921
Prepaid Supplies	1,951,662	1,889,448	3,841,110
Restricted Cash and Investments	121,457,730	34,965,643	156,423,373
Net Pension and OPEB Asset	2,229,695	261,707	2,491,402
Investment in Joint Venture	-	28,761,223	28,761,223
Capital Assets:			
Non-Depreciable	236,418,082	149,048,360	385,466,442
Depreciable (Net)	411,222,319	280,553,091	691,775,410
Total Assets	<u>1,044,425,573</u>	<u>492,386,616</u>	<u>1,536,812,189</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension and OPEB Related	12,396,830	1,675,810	14,072,640
Debt Related	212,129	-	212,129
Water System Acquisition Related	-	13,734,208	13,734,208
Total Deferred Outflows of Resources	<u>12,608,959</u>	<u>15,410,018</u>	<u>28,018,977</u>
<b>LIABILITIES</b>			
Accounts Payable	23,290,840	6,030,296	29,321,136
Accrued Wages and Benefits	859,633	160,180	1,019,813
Retainage Payable	2,457,608	1,040,938	3,498,546
Deposits Held for Others	1,647,273	1,897,495	3,544,768
Unearned Revenue	57,029	-	57,029
Interest Payable	5,749,494	1,812,585	7,562,079
Noncurrent Liabilities:			
Due within One Year	11,894,945	4,777,201	16,672,146
Due in More than One Year	335,428,584	233,911,210	569,339,794
Net Pension and OPEB Liability	21,837,099	7,693,751	29,530,850
Total Liabilities	<u>403,222,505</u>	<u>257,323,656</u>	<u>660,546,161</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension and OPEB Related	1,326,143	370,740	1,696,883
Debt Related	404,507	-	404,507
Lease Related	1,370,821	12,571	1,383,392
Total Deferred Inflows of Resources	<u>3,101,471</u>	<u>383,311</u>	<u>3,484,782</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	415,115,850	221,471,700	636,587,550
Restricted for:			
Pension and OPEB Asset	2,229,695	261,707	2,491,402
Streets and Transportation	3,291,796	-	3,291,796
Debt Service	9,783,515	-	9,783,515
Development	69,614,532	2,634,776	72,249,308
Housing Rehab	82,522	-	82,522
Capital Projects	-	2,819,576	2,819,576
Water Rights	-	200,539	200,539
Unrestricted	150,592,646	22,701,369	173,294,015
Total Net Position	<u>\$ 650,710,556</u>	<u>\$ 250,089,667</u>	<u>\$ 900,800,223</u>

See accompanying Notes to the Basic Financial Statements.

**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 26,566,200	\$ 9,158,159	\$ -	\$ -
Public Safety	43,011,905	5,728,133	66,419	4,991,762
Highways and Streets	25,670,563	4,582,012	5,129,544	20,643,315
Culture and Recreation	8,464,882	6,757,440	13,486	510,132
Economic Development	1,972,575	-	-	-
Interest and Fiscal Charges	11,257,872	-	-	-
Total Governmental Activities	116,943,997	26,225,744	5,209,449	26,145,209
Business-Type Activities				
Water	32,206,908	32,617,651	-	11,019,225
Wastewater	9,954,842	13,526,882	-	2,876,483
Solid Waste	5,044,032	4,571,972	-	-
Total Business-Type Activities	47,205,782	50,716,505	-	13,895,708
Total Primary Government	\$ 164,149,779	\$ 76,942,249	\$ 5,209,449	\$ 40,040,917

General Revenues

Taxes:

Sales Taxes

Property Taxes

Franchise Taxes

State Revenue Sharing

Investment Income

Other

Gain 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
\$ (17,408,041)	\$ -	\$ (17,408,041)
(32,225,591)	-	(32,225,591)
4,684,308	-	4,684,308
(1,183,824)	-	(1,183,824)
(1,972,575)	-	(1,972,575)
(11,257,872)	-	(11,257,872)
(59,363,595)	-	(59,363,595)
-	11,429,968	11,429,968
-	6,448,523	6,448,523
-	(472,060)	(472,060)
-	17,406,431	17,406,431
(59,363,595)	17,406,431	(41,957,164)
84,998,322	-	84,998,323
12,595,711	-	12,595,711
512,246	-	512,246
26,310,975	-	26,310,975
6,305,189	593,437	6,898,626
926,674	148,749	1,075,422
1,517,096	91,365	1,608,461
2,630,234	(2,630,234)	-
135,796,447	(1,796,683)	133,999,764
76,432,852	15,609,748	92,042,600
574,277,704	234,479,919	808,757,623
<u>\$ 650,710,556</u>	<u>\$ 250,089,667</u>	<u>\$ 900,800,223</u>

**TOWN OF QUEEN CREEK, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General	Construction Sales Tax	Drainage and Transportation
<b>ASSETS</b>			
Cash and Investments	\$ 101,792,411	\$ 10,693,274	\$ -
Restricted Cash and Investments	1,408,568	-	19,180,498
Receivables:			
Accounts Receivable	359,563	-	25,000
Taxes Receivable	8,546,453	2,678,563	-
Special Assessments Receivable	-	-	-
Intergovernmental Receivable	385,585	-	24,888,080
Interest Receivable	774,810	-	-
Leases Receivable	1,294,693	-	-
Due from Other Funds	17,754,200	-	-
Prepaid Items	146,722	-	-
Prepaid Supplies	1,573,007	-	115,919
Advances to Other Funds	3,992,110	12,006,028	-
Total Assets	<u>\$ 138,028,122</u>	<u>\$ 25,377,865</u>	<u>\$ 44,209,497</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 3,084,718	\$ -	\$ 3,889,523
Accrued Wages and Benefits	791,998	-	40,757
Retainage Payable	-	-	2,059,837
Deposits Held for Others	1,647,273	-	-
Interest Payable	-	-	-
Unearned Revenues	29,529	-	-
Due to Other Funds	-	-	2,521,506
Advances from Other Funds	-	-	2,640,390
Total Liabilities	<u>5,553,518</u>	<u>-</u>	<u>11,152,013</u>
Deferred Inflows of Resources:			
Unavailable Revenues	707,330	-	12,324,348
Lease Related	1,235,163	-	-
Total Deferred Inflows of Resources	<u>1,942,493</u>	<u>-</u>	<u>12,324,348</u>
Fund Balances:			
Nonspendable	5,711,839	12,006,028	115,919
Restricted	-	-	19,180,498
Committed	41,172,028	13,371,837	-
Assigned	-	-	1,436,719
Unassigned	83,648,244	-	-
Total Fund Balances	<u>130,532,111</u>	<u>25,377,865</u>	<u>20,733,136</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 138,028,122</u>	<u>\$ 25,377,865</u>	<u>\$ 44,209,497</u>

See accompanying Notes to the Basic Financial Statements.

General Capital Improvement	Improvement District Debt Service	Debt Service	Nonmajor Governmental Funds	Totals
\$ 16,683,162	\$ 174,575	\$ 1,569	\$ 65,390,997	\$ 194,735,988
99,115,903	-	-	1,752,761	121,457,730
-	-	-	-	384,563
-	-	-	150,736	11,375,752
-	9,786,197	-	-	9,786,197
497,190	-	-	633,980	26,404,835
242,311	-	-	-	1,017,121
-	-	-	155,096	1,449,789
-	-	-	-	17,754,200
-	-	-	-	146,722
-	-	-	262,736	1,951,662
-	-	-	-	15,998,138
<u>\$ 116,538,566</u>	<u>\$ 9,960,772</u>	<u>\$ 1,569</u>	<u>\$ 68,346,306</u>	<u>\$ 402,462,697</u>
\$ 14,397,817	\$ 56,728	\$ -	\$ 1,861,589	\$ 23,290,375
-	-	-	26,878	859,633
397,771	-	-	-	2,457,608
-	-	-	-	1,647,273
-	120,529	-	-	120,529
-	-	-	27,500	57,029
-	-	-	-	2,521,506
-	-	-	3,992,110	6,632,500
<u>14,795,588</u>	<u>177,257</u>	<u>-</u>	<u>5,908,077</u>	<u>37,586,453</u>
577,173	9,782,968	-	436	23,392,255
-	-	-	135,658	1,370,821
<u>577,173</u>	<u>9,782,968</u>	<u>-</u>	<u>136,094</u>	<u>24,763,076</u>
-	-	-	262,736	18,096,522
99,115,903	547	-	57,046,409	175,343,357
-	-	-	4,992,990	59,536,855
2,049,902	-	1,569	-	3,488,190
-	-	-	-	83,648,244
<u>101,165,805</u>	<u>547</u>	<u>1,569</u>	<u>62,302,135</u>	<u>340,113,168</u>
<u>\$ 116,538,566</u>	<u>\$ 9,960,772</u>	<u>\$ 1,569</u>	<u>\$ 68,346,306</u>	<u>\$ 402,462,697</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, 2023**

<b>Total Fund Balances for Governmental Funds</b>		\$ 340,113,168
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	823,871,985	
Less: Accumulated Depreciation	<u>(176,231,584)</u>	647,640,401
Revenues earned but not received within 60 days of year-end are unavailable in the governmental funds, but are recognized in the governmental activities.		
Accrued Interest on Investments	532,915	
Business Licenses	61,795	
Delinquent Property Taxes	79,341	
Grants	113,698	
Project Reimbursement	12,821,538	
Special Assessments	<u>9,782,968</u>	23,392,255
Net pension assets held in trust for future benefits are not available for Town operations and, therefore, are not reported in the funds.		
		2,229,695
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	(5,628,965)	
Bonds Payable	(310,497,062)	
Premium on Bonds Payable	(30,402,440)	
Lease Liability	(347,297)	
Subscription Based IT Arrangements Liability	(3,306,510)	
Net Pension Liability	(21,837,099)	
Compensated Absence Payable	<u>(2,770,220)</u>	(374,789,593)
Deferred outflows and inflows of resources related to pensions/OPEB and deferred charges on debt refundings are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	12,396,830	
Deferred Inflows of Resources Related to Pensions	(1,326,143)	
Deferred Outflow of Resources Related to Refunding	212,129	
Deferred Inflow of Resources Related to Refunding	<u>(404,507)</u>	10,878,309
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	1,557,860	
Less: Amount Attributed to the Business-Type Activities	<u>(311,539)</u>	1,246,321
<b>Total Net Position of Governmental Activities</b>		<u><u>\$ 650,710,556</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, 2023**

	General	Construction Sales Tax	Drainage and Transportation
<b>REVENUES</b>			
Local Sales Tax	\$ 66,063,401	\$ 17,594,157	\$ -
Property Tax	12,582,260	-	-
Intergovernmental	23,122,753	-	8,152,678
Licenses, Permits and Fees	8,405,567	-	-
Special Assessments	-	-	-
Charges for Services	4,248,844	-	-
Contributions	148,171	-	275,000
Impact Fees	-	-	-
Investment Income	1,050,303	-	727,721
Miscellaneous	844,481	-	67,196
Total Revenues	<u>116,465,780</u>	<u>17,594,157</u>	<u>9,222,595</u>
<b>EXPENDITURES</b>			
Current:			
General Government	24,206,885	-	-
Public Safety	41,683,135	-	-
Highways and Streets	1,113,126	-	2,643,869
Culture and Recreation	6,808,597	-	-
Economic Development	1,696,621	-	-
Capital Outlay	8,459,611	-	29,894,977
Debt Service:			
Principal Retirement	1,095,987	-	-
Interest on Long-Term Debt	27,250	-	-
Total Expenditures	<u>85,091,212</u>	<u>-</u>	<u>32,538,846</u>
Excess (Deficiency) of Revenues Over Expenditures	31,374,568	17,594,157	(23,316,251)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	3,419,145	-	7,829,534
Transfers Out	(17,786,957)	(3,985,620)	-
Financing of Leases	321,728	-	-
Financing of Subscription Based IT Arrangements	4,270,044	-	-
Total Other Financing Sources (Uses)	<u>(9,776,040)</u>	<u>(3,985,620)</u>	<u>7,829,534</u>
Net Change in Fund Balances	21,598,528	13,608,537	(15,486,717)
<b>FUND BALANCES</b>			
Beginning of Year	108,933,583	11,769,328	36,219,853
End of Year	<u>\$ 130,532,111</u>	<u>\$ 25,377,865</u>	<u>\$ 20,733,136</u>

*See accompanying Notes to the Basic Financial Statements.*

General Capital Improvement	Improvement District Debt Service	Debt Service	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 1,340,764	\$ 84,998,322
-	-	-	-	12,582,260
48,975	-	-	13,626,993	44,951,399
-	-	-	-	8,405,567
-	1,739,843	-	92,755	1,832,598
-	460	-	114,676	4,363,980
-	-	-	-	423,171
-	-	-	13,269,848	13,269,848
3,142,013	-	-	1,080,272	6,000,309
-	-	-	2,114,965	3,026,642
<u>3,190,988</u>	<u>1,740,303</u>	<u>-</u>	<u>31,640,273</u>	<u>179,854,096</u>
-	-	-	146	24,207,031
-	-	-	13,456	41,696,591
-	-	-	7,469,771	11,226,766
-	-	-	11,170	6,819,767
-	-	-	155,395	1,852,016
70,087,685	-	-	516,668	108,958,941
-	1,481,115	5,235,000	-	7,812,102
-	259,201	11,555,519	-	11,841,970
<u>70,087,685</u>	<u>1,740,316</u>	<u>16,790,519</u>	<u>8,166,606</u>	<u>214,415,184</u>
(66,896,697)	(13)	(16,790,519)	23,473,667	(34,561,088)
19,073,828	-	16,790,519	7,043	47,120,069
-	-	-	(22,717,258)	(44,489,835)
-	-	-	-	321,728
-	-	-	-	4,270,044
<u>19,073,828</u>	<u>-</u>	<u>16,790,519</u>	<u>(22,710,215)</u>	<u>7,222,006</u>
(47,822,869)	(13)	-	763,452	(27,339,082)
148,988,674	560	1,569	61,538,683	367,452,250
<u>\$ 101,165,805</u>	<u>\$ 547</u>	<u>\$ 1,569</u>	<u>\$ 62,302,135</u>	<u>\$ 340,113,168</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, 2023**

**Net Change in Fund Balances - Total Governmental Funds** \$ (27,339,082)

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	110,498,604	
Depreciation Expense	<u>(21,249,093)</u>	89,249,511

Contributions of capital assets are not current financial resources and are not reflected in the governmental funds.		14,821,813
--	--	------------

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.		(581,872)
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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.

Accrued Interest on Investments	303,881	
Business Licenses	22,245	
Delinquent Property Taxes	13,583	
Grants	(154,122)	
Project Reimbursement	(2,047,365)	
Special Assessments	(1,479,636)	
Miscellaneous	<u>(6,009)</u>	(3,347,423)

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	4,938,930	
Pension Expense	<u>(4,344,611)</u>	594,319

*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, 2023**

(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	6,716,115	
Financing of Leases	(321,728)	
Principal Payments on Leases	132,454	
Financing of Subscription Based IT Arrangements	(4,270,044)	
Principal Payments on Subscription Based IT Arrangements	963,534	
Interest Payable	(1,983,017)	
Amortization of Bond Premiums/Discounts	2,538,286	
Amortization of Deferred Amount on Refunding	28,829	
		3,804,429

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		(357,675)
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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 Revenues of the Internal Service Fund	(492,784)	
Less: Amount Attributable to the Business-Type Activities	81,616	
		(411,168)

<b>Change in Net Position of Governmental Activities</b>		<b>\$ 76,432,852</b>
--	--	----------------------

**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ -	\$ 10,528,979	\$ 1,376,386
Receivables, Net:			
Accounts Receivable	4,761,413	1,566,862	627,846
Intergovernmental Receivable	1,570,206	-	-
Interest Receivable	725	25,088	-
Leases Receivable	12,819	-	-
Inventory	204,312	-	159,102
Prepaid Items	360,199	-	-
Prepaid Supplies	1,889,448	-	-
Total Current Assets	<u>8,799,122</u>	<u>12,120,929</u>	<u>2,163,334</u>
Noncurrent Assets:			
Restricted Cash and Investments	22,180,138	12,785,505	-
Pension and OPEB Asset	229,694	19,063	12,950
Investment in Joint Venture	-	28,761,223	-
Capital Assets:			
Non-Depreciable	135,688,802	13,359,558	-
Depreciable (Net)	<u>174,990,848</u>	<u>105,526,994</u>	<u>35,249</u>
Total Noncurrent Assets	<u>333,089,482</u>	<u>160,452,343</u>	<u>48,199</u>
Total Assets	<u>341,888,604</u>	<u>172,573,272</u>	<u>2,211,533</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension and OPEB Related	1,475,637	119,191	80,982
Water System Acquisition Related	<u>13,734,208</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>15,209,845</u>	<u>119,191</u>	<u>80,982</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	4,208,974	1,495,190	326,132
Accrued Wages and Benefits	136,861	13,116	10,203
Retainage Payable	582,562	458,376	-
Deposits Held for Others	1,897,495	-	-
Due to Other Funds	15,232,694	-	-
Interest Payable	1,658,398	154,187	-
Compensated Absences	341,757	38,685	31,692
Loans and Leases Payable	4,013,952	300,000	-
Advance in Aid of Construction	51,115	-	-
Total Current Liabilities	<u>28,123,808</u>	<u>2,459,554</u>	<u>368,027</u>
Noncurrent Liabilities:			
Advances from Other Funds	3,704,369	5,661,269	-
Compensated Absences	202,388	21,708	11,381
Pension and OPEB Liability	6,775,001	547,063	371,687
Arbitrage Payable	121,671	58,069	-
Loans and Leases Payable	199,156,144	34,246,986	-
Advance in Aid of Construction	92,863	-	-
Total Noncurrent Liabilities	<u>210,052,436</u>	<u>40,535,095</u>	<u>383,068</u>
Total Liabilities	<u>238,176,244</u>	<u>42,994,649</u>	<u>751,095</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension and OPEB Related	326,003	26,639	18,098
Lease Related	<u>12,571</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>338,574</u>	<u>26,639</u>	<u>18,098</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	127,404,532	94,031,919	35,249
Restricted for:			
Pension and OPEB Asset	229,694	19,063	12,950
Development	-	2,634,776	-
Capital Projects	51,906	2,767,670	-
Water Rights	200,539	-	-
Unrestricted	<u>(9,303,040)</u>	<u>30,217,747</u>	<u>1,475,123</u>
Total Net Position	<u>\$ 118,583,631</u>	<u>\$ 129,671,175</u>	<u>\$ 1,523,322</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 Health Insurance</u>
\$ 11,905,365	\$ 1,558,325
6,956,121	-
1,570,206	-
25,813	-
12,819	-
363,414	-
360,199	-
<u>1,889,448</u>	<u>-</u>
23,083,385	1,558,325
34,965,643	-
261,707	-
28,761,223	-
149,048,360	-
<u>280,553,091</u>	<u>-</u>
<u>493,590,024</u>	<u>-</u>
516,673,409	1,558,325
1,675,810	-
<u>13,734,208</u>	<u>-</u>
15,410,018	-
6,030,296	465
160,180	-
1,040,938	-
1,897,495	-
15,232,694	-
1,812,585	-
412,134	-
4,313,952	-
51,115	-
<u>30,951,389</u>	<u>465</u>
9,365,638	-
235,477	-
7,693,751	-
179,740	-
233,403,130	-
92,863	-
<u>250,970,599</u>	<u>-</u>
281,921,988	465
370,740	-
<u>12,571</u>	<u>-</u>
383,311	-
221,471,700	-
261,707	-
2,634,776	-
2,819,576	-
200,539	-
<u>22,389,830</u>	<u>1,557,860</u>
<u>\$ 249,778,128</u>	<u>\$ 1,557,860</u>
311,539	-
<u>\$ 250,089,667</u>	-

**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 28,396,369	\$ 9,920,736	\$ 4,571,972
Miscellaneous	245,258	541,140	11,905
Total Operating Revenues	<u>28,641,627</u>	<u>10,461,876</u>	<u>4,583,877</u>
<b>OPERATING EXPENSES</b>			
Administration	1,010,294	109,306	49,276
Cost of Sales and Services	21,214,218	4,607,437	4,969,929
Depreciation	4,805,014	2,722,840	20,345
Amortization	530,673	-	-
Equity Interest in Joint Venture	-	1,688,503	-
Insurance Claims and Premiums	-	-	-
Total Operating Expenses	<u>27,560,199</u>	<u>9,128,086</u>	<u>5,039,550</u>
Operating Income	1,081,428	1,333,790	(455,673)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capacity Fees	4,112,340	3,065,210	-
Intergovernmental	1,540,609	-	-
Investment Income	357,128	224,237	12,073
Interest and Fiscal Charges	(4,429,010)	(820,414)	-
Debt Issuance Costs	(146,907)	-	-
Gain on Disposal of Assets	20,500	70,865	-
Miscellaneous	323	-	-
Total Nonoperating Revenues (Expenses)	<u>1,454,983</u>	<u>2,539,898</u>	<u>12,073</u>
Income before Capital Contributions	2,536,411	3,873,688	(443,600)
Capital Contributions	9,478,616	2,876,483	-
Transfers In	41,245	81,048	823,715
Transfers Out	(2,693,766)	(882,476)	-
	<u>6,826,095</u>	<u>2,075,055</u>	<u>823,715</u>
Change in Net Position	9,362,506	5,948,743	380,115
Total Net Position - Beginning of Year	109,221,125	123,722,432	1,143,207
<b>TOTAL NET POSITION - END OF YEAR</b>	<u><u>\$ 118,583,631</u></u>	<u><u>\$ 129,671,175</u></u>	<u><u>\$ 1,523,322</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>Totals</u>	<u>Internal Service Health Insurance</u>
\$ 42,889,077	\$ 8,458,181
798,303	-
<u>43,687,380</u>	<u>8,458,181</u>
1,168,876	-
30,791,584	-
7,548,199	-
530,673	-
1,688,503	-
-	8,950,965
<u>41,727,835</u>	<u>8,950,965</u>
1,959,545	(492,784)
7,177,550	-
1,540,609	-
593,438	-
(5,249,424)	-
(146,907)	-
91,365	-
323	-
<u>4,006,954</u>	<u>-</u>
5,966,499	(492,784)
12,355,099	-
946,008	-
(3,576,242)	-
<u>9,724,865</u>	<u>-</u>
15,691,364	(492,784)
234,086,764	2,050,644
<u>\$ 249,778,128</u>	<u>\$ 1,557,860</u>
(81,616)	
<u>\$ 15,609,748</u>	

**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 28,667,508	\$ 9,464,062	\$ 4,482,303
Receipts from Users	-	-	-
Payments to Suppliers	(13,680,860)	(3,949,973)	(4,508,435)
Payments to Employees	(8,542,285)	(770,458)	(561,900)
Payments for Claims and Premiums	-	-	-
Customer Deposits	(740,236)	-	-
Net Cash Flows Provided by Operating Activities	5,704,127	4,743,631	(588,032)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Provided (Used) by			
Other Funds for Interfund Borrowing	18,937,063	5,661,269	-
Transfers In	41,245	81,048	823,715
Transfers Out	(2,693,766)	(882,476)	-
Net Cash Flows Provided by Noncapital			
Financing Activities	16,284,542	4,859,841	823,715
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING</b>			
<b>ACTIVITIES</b>			
Purchases of Capital Assets	(44,264,182)	(9,709,179)	-
Refunds of Waterline Agreements	(943,174)	-	-
Payments to Joint Venture	-	(228,860)	-
Capacity Fees	4,112,340	3,065,210	-
Loan Proceeds	36,474,798	12,782,880	-
Interest Paid on Capital Debt	(4,617,616)	(776,747)	-
Principal Paid on Capital Debt	(3,668,061)	(285,000)	-
Net Cash Flows Provided (Used) by Capital and			
Related Financing Activities	(12,905,895)	4,848,304	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment Income	479,158	271,832	12,073
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	9,561,932	14,723,608	247,756
Cash and Cash Equivalents - Beginning of Year	12,618,206	8,590,876	1,128,630
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 22,180,138</u>	<u>\$ 23,314,484</u>	<u>\$ 1,376,386</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO</b>			
<b>THE STATEMENT OF NET POSITION</b>			
Cash and Cash Equivalents	\$ -	\$ 10,528,979	\$ 1,376,386
Restricted Cash and Cash Equivalents	22,180,138	12,785,505	-
Total Cash and Cash Equivalents	<u>\$ 22,180,138</u>	<u>\$ 23,314,484</u>	<u>\$ 1,376,386</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>			
<b>PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 1,081,428	\$ 1,333,790	\$ (455,673)
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities:			
Depreciation and Amortization	5,335,687	2,722,840	20,345
Equity Interest in Joint Venture	-	1,688,503	-
Changes in Assets/Liabilities/Deferred Outflows & Inflows:			
Receivables, Net	47,808	(444,415)	(97,551)
Inventory	(2,368)	-	(33,365)
Prepaid Items	(158,499)	-	-
Prepaid Supplies	(654,541)	-	-
Pension Asset	(229,694)	(19,063)	(12,950)
Deferred Outflows of Resources - Pensions	266,267	44,197	42,773
Accounts Payable	713,512	(498,028)	62,294
Other Accrued Expenses	(767,895)	-	-
Deposits Held for Others	27,657	-	-
Compensated Absences	33,073	6,328	(1,824)
Accrued Wages and Benefits	2,749	726	1,786
Pension Liability	1,391,545	42,103	(10,785)
Deferred Inflows of Resources - Pensions	(1,379,665)	(133,350)	(103,082)
Deferred Inflows of Resources - Leases	(2,937)	-	-
Net Cash Provided by Operating Activities	<u>\$ 5,704,127</u>	<u>\$ 4,743,631</u>	<u>\$ (588,032)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Capital Assets Contributed from Developers	\$ 3,548,819	\$ 2,876,483	\$ -
Capital Contributions for Advances in Aid of Construction	\$ 5,929,797	\$ -	\$ -
Amortization of Premium	\$ 588,137	\$ 36,858	\$ -

See accompanying Notes to the Basic Financial Statements.

<u>Totals</u>	<u>Internal Service Health Insurance</u>
\$ 42,613,873	\$ -
-	8,376,672
(22,139,268)	(26,900)
(9,874,643)	-
-	(8,842,091)
<u>(740,236)</u>	<u>-</u>
9,859,726	(492,319)
24,598,332	-
946,008	-
<u>(3,576,242)</u>	<u>-</u>
21,968,098	-
(53,973,361)	-
(943,174)	-
(228,860)	-
7,177,550	-
49,257,678	-
(5,394,363)	-
<u>(3,953,061)</u>	<u>-</u>
(8,057,591)	-
<u>763,063</u>	<u>-</u>
24,533,296	(492,319)
<u>22,337,712</u>	<u>2,050,644</u>
<u>\$ 46,871,008</u>	<u>\$ 1,558,325</u>
\$ 11,905,365	\$ 1,558,325
34,965,643	-
<u>\$ 46,871,008</u>	<u>\$ 1,558,325</u>
\$ 1,959,545	\$ (492,784)
8,078,872	-
1,688,503	-
(494,158)	-
(35,733)	-
(158,499)	-
(654,541)	-
(261,707)	-
353,237	-
277,778	465
(767,895)	-
27,657	-
37,577	-
5,261	-
1,422,863	-
(1,616,097)	-
(2,937)	-
<u>\$ 9,859,726</u>	<u>\$ (492,319)</u>
\$ 6,425,302	\$ -
\$ 5,929,797	\$ -
\$ 624,995	\$ -

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

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**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

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**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, 2023**

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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 2023, 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* – This special revenue fund accounts for the revenue and expenditures of the Town’s 2.0% construction sales tax.
- *Drainage and Transportation Fund* – This capital projects fund accounts for resources accumulated and used for acquisition and construction of various Town infrastructure.
- *General Capital Improvement* – This capital projects fund accounts for resources accumulated and used for acquisition and construction of the Town’s general government infrastructure (excluding streets) such as buildings, parks and trails.
- *Improvement District Debt Service Fund* – This fund accounts for resources accumulated and used for the payment of long-term principal and interest for the Town’s improvement district.
- *Debt Service Fund* – This fund accounts for the accumulation of resources for, and payment of, debt service principal, interest, and related costs for the Town’s excise tax revenue bonds.

Major Proprietary Funds

- *Water Fund* – The Water Fund accounts for the costs of operating, constructing, and financing the Town’s water utility operations.
- *Wastewater Fund* – The Wastewater Fund accounts for the costs of operating, constructing, and financing 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

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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.

Receivables – All trade and taxes receivables are shown net of an allowance for uncollectibles. For fiscal year 2023, governmental activities did not report an allowance, and business-type activities reported an allowance of \$43,716.

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 \$10,000 or more and an estimated useful life in excess of one year.

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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 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

Lease and subscription-based information technology arrangements assets are amortized over the life of the associated contract.

Deferred Outflows of Resources – The Town recognizes the consumption of net assets that applies to future reporting periods 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 effective interest 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

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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 the General Fund consist of Sworn Fire and Police Personnel followed by 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 pension liabilities, in the following order: Sworn Fire and Police Personnel and then 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, 2023, the Town had a net pension asset with PSPRS for both Police and Fire and as such there was no need to set funds aside for Police or Fire Personnel. The following amounts were set aside toward the Town’s remaining pension liabilities:

	Police Personnel	ASRS Personnel	Total
General Fund	\$ 19,334,929	\$ 21,837,099	\$ 41,172,028
Wastewater Fund	-	547,063	547,063
Solid Waste Fund	-	371,687	371,687
	\$ 19,334,929	\$ 22,755,849	\$ 42,090,778

The Town has continued to set aside an amount in the General Fund for Police Personnel. The amount was taken from the prior MCSO Contracted Personnel balance less payments made to fund any PSPRS pension obligations. The amounts set aside in General Fund and the proprietary funds for ASRS Personnel represent 100% of those funds’ allocations of the Town’s net pension and OPEB liabilities. Per the Town’s policy, \$6,775,001 should be set aside for ASRS Personnel within the Water Fund. However, because the Water Fund’s cash and Unrestricted Net Position are deficits, it was unable to be set aside at year-end.

Deferred Inflows of Resources – The Town recognizes the acquisition of net assets that applies to future periods 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 and leases.

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.

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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. The Town’s pension reserves are included in Committed fund balance.
- *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.
- *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.

Operating Reserve Policies – The Town Council has adopted reserve policies to provide the Town with sufficient working capital to address emergencies, sudden loss of revenue or operating needs, and unexpected downturns without borrowing. The Town currently has three operating reserves:

- *Operating Budget Reserve* – \$37.2 million, an amount equal to the greater of 25% of the following year’s Operating Budget revenue (defined as revenue of the General Fund and HURF Fund) or the actual Operating Budget Reserve amount reported in the Town’s most recent financial statements.
- *Road Replacement Reserve* – In order to provide resources for future replacement of the Town’s transportation infrastructure \$1,500,000 has been set aside through the current fiscal year. The amount set aside will increase by \$500,000 each year until the annual set aside amount approximates the annualized repair and replacement costs of the Town’s major transportation infrastructure.

These reserve amounts are included in Unassigned fund balance in the General Fund as follows:

	Operating Reserves
Operating Budget Reserve	\$ 37,188,272
Road Replacement Reserve	1,500,000
	\$ 38,688,272

Developer Payment Reserve – The Town Council adopted a resolution to create a reserve account in the Construction Sales Tax Fund for \$7,810,030. This money has been set aside to pay of a Town development agreement obligation once the developer’s terms have been met.

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**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Expenditures Within Appropriations**

For fiscal year 2023, 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.

**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, 2023, the carrying amount of the Town's deposits was \$19,499,118 and the bank balance was \$19,991,728. The difference represents deposits in transit, outstanding checks and other reconciling items. In addition, the Town had \$2,725 cash on hand.

**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, 2023 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	\$ 79,567,088	\$ 79,567,088	\$ -	\$ -	23.05%	Amortized Cost	n/a
US Treasury Obligations	172,699,498	108,347,331	42,237,701	22,114,466	50.04%	Level 1	AAA
US Treasury Bills	9,925,200	9,925,200	-	-	2.88%	Level 1	P-1
Federal Home Loan Bank	11,787,550	1,983,550	4,822,900	4,981,100	3.42%	Level 2	AAA
Federal Home Loan Mortgage Corporation	5,595,022	5,595,022	-	-	1.62%	Level 2	AAA
Federal National Mortgage Association	1,198,920	1,198,920	-	-	0.35%	Level 2	AAA
Federal Farm Credit Bank	21,019,763	1,085,152	11,346,314	8,588,297	6.09%	Level 2	AAA
State Treasurer's Investment Pool	18,302,799	18,302,799	-	-	5.30%	n/a	n/a
Corporate Bonds and Notes:							
Amazon Inc.	5,803,400	-	5,803,400	-	1.68%	Level 2	A1
Apple Inc.	4,634,590	3,188,305	1,446,285	-	1.34%	Level 2	AAA
Berkshire Hathaway Inc.	2,408,175	-	-	2,408,175	0.70%	Level 2	AA2
Chevron Corp.	2,322,528	-	-	2,322,528	0.67%	Level 2	AA2
Chevron USA Inc.	835,635	-	835,635	-	0.24%	Level 2	AA2
Honeywell	2,661,769	-	2,661,769	-	0.77%	Level 2	A2
Intel Corp.	1,954,980	1,954,980	-	-	0.57%	Level 2	A2
Microsoft Corp.	1,941,198	1,941,198	-	-	0.56%	Level 2	AAA
PepsiCo Inc.	489,283	489,283	-	-	0.14%	Level 2	A1
Toyota Motor	988,320	988,320	-	-	0.29%	Level 2	A1
US Bankcorp	985,490	985,490	-	-	0.29%	Level 2	A3
	<u>\$ 345,121,208</u>	<u>\$ 235,552,638</u>	<u>\$ 69,154,004</u>	<u>\$ 40,414,566</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:

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- Level 1 – Quoted prices (unadjusted) in active markets for identical assets
- Level 2 – Observable inputs other than quoted market prices, including 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 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, 2023, \$250,000 of the Town's deposits was covered by federal depository insurance. The remaining \$19,741,728 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.



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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	Drainage and Transportation Fund	General Capital Improvement Fund	Improvement District Debt Service Fund	Nonmajor Funds Street Lighting District Fund	Total
Accrued Interest on Investments	\$ 452,932	\$ -	\$ 79,983	\$ -	\$ -	\$ 532,915
Business Licenses	61,795	-	-	-	-	61,795
Grants	113,698	-	-	-	-	113,698
Delinquent Property Taxes	78,905	-	-	-	436	79,341
Project Reimbursement	-	12,324,348	497,190	-	-	12,821,538
Special Assessments	-	-	-	9,782,968	-	9,782,968
Miscellaneous	-	-	-	-	-	-
<b>Total Unavailable Revenues</b>	<b>\$ 707,330</b>	<b>\$ 12,324,348</b>	<b>\$ 577,173</b>	<b>\$ 9,782,968</b>	<b>\$ 436</b>	<b>\$ 23,392,255</b>

**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, 2023:

	<u>Due To:</u>
	General
	<u>Fund</u>
Due From:	
Drainage and Transportation Fund	\$ 2,521,506
Water Fund	<u>15,232,694</u>
Total	<u>\$ 17,754,200</u>

The Town has a number of reimbursement agreements with neighboring governments in which they have agreed to contribute funding towards certain Town infrastructure projects.

In four agreements, the reimbursement will occur upon completion of the projects. In these cases, the Town will be out the cash during the entire time the project is being constructed. The total cost of these projects is estimated to be \$24.7million. Of this amount, \$18.8 million has been expended by the Town as of June 30, 2023, but not reimbursed.

In two agreements, the reimbursement occurs routinely during the project construction. The total cost of these projects is estimated to be \$0.8 million. Of this amount, \$0.7 million has been expended by the Town as of June 30, 2023, but not reimbursed.

The Town expects all of these projects to be completed and reimbursed during fiscal year 2023-24. However, the Town has reimbursements outstanding totaling \$19.6 million as of June 30, 2023. This cash outflow, without reimbursement, has resulted in a cash deficit of \$2.5 million in the Drainage and Transportation Fund. The Due To / Due From accounts for this situation as of June 30, 2023.

The \$15.2M Due From the Water Fund represents a cash deficit as a result of four issues: a correction to the June 30, 2022 unrestricted cash balance, outstanding reimbursements for infrastructure at the end of the FY 2022-23, revenue performance less than budget in FY 2022-23, and significant repair and maintenance expenses in FY 2022-23.

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First, while preparing the FY 2022-23 financial statements, Town staff identified \$4.8 million of bond proceeds that were incorrectly recorded as unrestricted cash at June 30, 2022. During FY 2022-23, this amount was spent on capital projects, resulting in a \$4.8 million reduction to unrestricted cash.

Second, the Town is spending a significant amount of money on infrastructure building out our water system. This infrastructure is being paid for using multiple funding sources, including third party funding and capacity fees. As such, it can be expected at year-end that project payments will precede receipt of the funding source, resulting in a cash deficit at year-end as a result of this timing issue.

This was the case at June 30, 2023. At year-end, \$5.1 million was expended by the Town for infrastructure projects for which the funding source had not yet been received. Of this amount, \$3.1 million is the result of amounts expected to be collected from third parties, and the remaining \$2.0 million is related to projects that will be paid for from future capacity fees. All of the \$5.1 million is expected to be received in FY 2023-24.

Third, the adopted FY 2022-23 budget included approximately \$33 million in operating revenues, mainly water sales. FY 2022-23 actual operating revenues were about \$29 million, resulting in a revenue shortfall of about \$4 million. Both new residential accounts were less than budgeted, and water consumption was less than expected (water sales). Water usage is influenced by the amount of rain received in any given year. FY 2022-23 was a year in which significant rainfall caused a reduction in water consumption (water sales).

Fourth, the Town spent over \$5 million on major repair and maintenance to water infrastructure in FY 2022-23. These expenses vary from year to year, and this was the highest amount in recent years.

Looking ahead, the Town is in the process of a comprehensive water rate study and a capacity fee study by consulting firms. Recommendations, including a water rate increase and capacity fee increase, are expected to be presented to the Town Council in FY 2023-24 to ensure the continued successful financial condition of the Water Fund, including continuing to maintain our debt coverage requirements as well as meet future expenses. The updated capacity fee is likely to include the partial recovery of infrastructure costs that have been paid to date for certain growth-related projects. The specific amount that might be recovered cannot be determined until the capacity fee is recalculated.

**B. Interfund Loans**

As of June 30, 2023 advances to and from funds were as follows:

	Advances From:		Total
	General Fund	Construction Sales Tax Fund	
Advances To:			
Drainage and Transportation Fund		\$ 2,640,390	\$ 2,640,390
Water Fund		3,704,369	3,704,369
Wastewater Fund		5,661,269	5,661,269
Nonmajor Funds:			
Park Development Fund	\$ 3,519,965		3,519,965
Transportation Development Fund	472,145		472,145
Total	<u>\$ 3,992,110</u>	<u>\$ 12,006,028</u>	<u>\$ 15,998,138</u>

The loans from the General Fund are necessary to cover shortfalls in the impact fee funds for certain projects. These loans will be paid back with future impact fee revenues. The loans from the Construction Sales Tax Fund are necessary to fund infrastructure projects that the Town desires to pay for through

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future sales tax revenue on new development that will benefit directly from the new infrastructure. These loans will be paid back in fiscal year 2024 through an interim bank loan.

**C. Interfund Transfers**

Interfund transfers during the year were made to fund debt service and capital projects and to support operations in the HURF Fund. Additionally, 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. Interfund transfers for the year ended June 30, 2023 consisted of the following:

	Transfers In						Nonmajor Fund		Total
	General Fund	Drainage and Transportation Fund	General Capital Improvements Fund	Water Fund	Wastewater Fund	Debt Service Fund	HURF Fund	Solid Waste Events	
Transfers Out:									
General Fund	\$ -	\$ 3,400,000	\$ 2,037,488	\$ 41,245	\$ 41,246	\$ 11,476,023	\$ 7,043	\$ 783,912	\$17,786,957
Construction Sales Tax Fund	-	2,455,004	-	-	-	1,530,616	-	-	3,985,620
Water Fund	2,595,069	19,092	-	-	39,802	-	-	39,803	2,693,766
Wastewater Fund	824,076	58,400	-	-	-	-	-	-	882,476
Nonmajor Funds:									
HURF Fund	-	-	-	-	-	263,888	-	-	263,888
Town Center Fund	-	-	-	-	-	332,500	-	-	332,500
Grants Fund	-	-	4,815,893	-	-	-	-	-	4,815,893
Town Buildings Development	-	-	-	-	-	288,727	-	-	288,727
Transportation Development	-	1,897,038	-	-	-	918,143	-	-	2,815,181
Library Development	-	-	-	-	-	232,731	-	-	232,731
Parks Development	-	-	10,459,169	-	-	513,628	-	-	10,972,797
Public Safety Development	-	-	24,901	-	-	142,175	-	-	167,076
Fire Development	-	-	1,736,377	-	-	1,092,088	-	-	2,828,465
Total	<u>\$ 3,419,145</u>	<u>\$ 7,829,534</u>	<u>\$ 19,073,828</u>	<u>\$ 41,245</u>	<u>\$ 81,048</u>	<u>\$ 16,790,519</u>	<u>\$ 7,043</u>	<u>\$ 823,715</u>	<u>\$48,066,077</u>

**NOTE 6. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

**A. Leases**

1. *Town as Lessee*

The Town, as a lessee, has entered into lease agreements involving a portable building, computers, a mailing system with postage meter, printers and copiers, and right-of-way for a water tank. The total of the Town's lease assets is recorded at a cost of \$545,782, less accumulated amortization of \$156,534.

The future lease payments under lease agreements are as follows:

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 126,254	\$ 16,127	\$ 142,381	\$ 1,936	\$ 137	\$ 2,073
2025	99,160	12,037	111,197	1,963	110	2,073
2026	62,830	8,080	70,910	1,990	83	2,073
2027	59,053	4,152	63,205	2,017	56	2,073
2028	-	-	-	2,045	28	2,073
	<u>\$ 347,297</u>	<u>\$ 40,396</u>	<u>\$ 387,693</u>	<u>\$ 9,951</u>	<u>\$ 414</u>	<u>\$ 10,365</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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2. *Town as Lessor*

The Town, as a lessor, has entered into lease agreements involving town buildings, property for cell towers, and a water well. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the fiscal year was \$194,043.

**B. Subscription-based Information Technology Arrangements**

The Town has entered into subscription-based information technology arrangements (SBITAs) involving:

- Cloud storage and services
- Email and collaboration software
- Digital asset management software
- Emergency notification software
- Operations, work order and asset management software
- GIS software
- Human resources and staff scheduling software
- Planning, permitting, and inspection software
- Public safety training, monitoring, data sharing, and investigation software
- Records management software
- Smart metering software

The total of the Town’s subscription assets are recorded at a cost of \$5,320,568, less accumulated amortization of \$835,447.

The future subscription payments under SBITA agreements are as follows:

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 847,897	\$ 79,916	\$ 927,813	\$ 180,454	\$ 21,553	\$ 202,007
2025	633,770	64,630	698,400	202,228	16,994	219,222
2026	406,640	47,806	454,446	224,810	11,886	236,696
2027	313,170	37,489	350,659	245,716	6,209	251,925
2028	296,971	29,528	326,499	-	-	-
2029 - 2033	808,062	44,658	852,720	-	-	-
	<u>\$ 3,306,510</u>	<u>\$ 304,027</u>	<u>\$ 3,610,537</u>	<u>\$ 853,208</u>	<u>\$ 56,642</u>	<u>\$ 909,850</u>

The Town has committed to SBITAs involving facilities and asset management software and IT helpdesk management software. These SBITAs are currently being implemented, and the Town has paid a total of \$85,381 related to these agreements. These outflows were recorded as work in progress as of June 30, 2023.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 7. CAPITAL ASSETS**

**A. Changes in Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized:				
Land and Related Assets*	\$ 56,888,726	\$ 34,199,212	\$ (525,180)	\$ 90,562,758
Construction-In-Progress	100,402,050	66,016,237	(20,648,344)	145,769,943
Intangible Right-To-Use Subscription Assets:				
Work-In-Progress	-	85,381	-	85,381
Total	<u>157,290,776</u>	<u>100,300,830</u>	<u>(21,173,524)</u>	<u>236,418,082</u>
Capital assets being depreciated/amortized:				
Streets and Other Infrastructure	435,063,309	28,505,574	-	463,568,883
Buildings and Improvements	77,371,961	7,292,060	-	84,664,021
Vehicles, Furniture, and Equipment	29,953,828	5,356,667	(893,542)	34,416,953
Intangible Right-To-Use Subscription Assets	-	4,270,044	-	4,270,044
Intangible Right-To-Use Lease Assets:				
Buildings	-	44,103	-	44,103
Equipment	205,035	284,864	-	489,899
Total	<u>542,594,133</u>	<u>45,753,312</u>	<u>(893,542)</u>	<u>587,453,903</u>
Less accumulated depreciation/amortization for:				
Streets and Other Infrastructure	(127,186,655)	(15,008,861)	-	(142,195,516)
Buildings and Improvements	(15,000,810)	(2,026,238)	-	(17,027,048)
Vehicles, Furniture, and Equipment	(13,490,690)	(3,500,326)	836,850	(16,154,166)
Intangible Right-To-Use Subscription Assets	-	(701,686)	-	(701,686)
Intangible Right-To-Use Lease Assets:				
Buildings	-	(7,397)	-	(7,397)
Equipment	(55,805)	(89,966)	-	(145,771)
Total	<u>(155,733,960)</u>	<u>(21,334,474)</u>	<u>836,850</u>	<u>(176,231,584)</u>
Capital assets being depreciated, net	386,860,173	24,418,838	(56,692)	411,222,319
Governmental Activities Capital Assets, Net	<u>\$ 544,150,949</u>	<u>\$ 124,719,668</u>	<u>\$ (21,230,216)</u>	<u>\$ 647,640,401</u>

\* Includes \$3,830,713 of land previously broken out as land held for economic development

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

	Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land and Related Assets	\$ 5,175,448	\$ 2,536,465	\$ -	\$ 7,711,913
Water Rights and Credits	73,293,826	24,160,142	(1,344,726)	96,109,242
Construction-In-Progress	36,381,148	27,238,092	(18,392,035)	45,227,205
Total	<u>114,850,422</u>	<u>53,934,699</u>	<u>(19,736,761)</u>	<u>149,048,360</u>
Capital assets being depreciated/amortized:				
Water System	180,588,572	14,238,937	-	194,827,509
Wastewater Collection System	118,158,108	11,214,010	-	129,372,118
Buildings and Improvements	7,762,168	458,208	-	8,220,376
Vehicles, Furniture, and Equipment	6,425,210	1,265,232	(394,026)	7,296,416
Intangible right-to-use subscription assets	509,505	541,019	-	1,050,524
Intangible right-to-use lease assets:				
Land	11,780	-	-	11,780
Total	<u>313,455,343</u>	<u>27,717,406</u>	<u>(394,026)</u>	<u>340,778,723</u>
Less accumulated depreciation/amortization for:				
Water System	(25,083,272)	(4,048,866)	-	(29,132,138)
Wastewater Collection System	(24,463,327)	(2,466,874)	-	(26,930,201)
Buildings and Improvements	(365,907)	(273,897)	-	(639,804)
Vehicles, Furniture, and Equipment	(2,952,738)	(725,518)	291,894	(3,386,362)
Intangible right-to-use subscription assets	-	(133,761)	-	(133,761)
Intangible right-to-use lease assets:				
Land	(1,684)	(1,682)	-	(3,366)
Total	<u>(52,866,928)</u>	<u>(7,650,598)</u>	<u>291,894</u>	<u>(60,225,632)</u>
Capital assets being depreciated, net	260,588,415	20,066,808	(102,132)	280,553,091
Business-Type Activities Capital Assets, Net	<u>\$ 375,438,837</u>	<u>\$ 74,001,507</u>	<u>\$ (19,838,893)</u>	<u>\$ 429,601,451</u>

**B. Depreciation/Amortization**

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

General Government	\$ 1,658,009
Public Safety	3,218,420
Highways and Streets	14,598,263
Culture and Recreation	1,825,303
Economic Development	34,479
Total	<u>\$ 21,334,474</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**C. Contractual Commitments**

The Town had contractual commitments related to various projects at June 30, 2023, mostly for the construction of Town facilities and infrastructure improvements. At June 30, 2023, the Town had remaining contractual commitments of \$155,632,511, consisting of the following:

	<b>Construction Commitments</b>
General Fund	\$ 6,554,450
Drainage and Transportation Fund	32,250,059
General Capital Improvement Fund	76,438,897
Water Fund	27,969,602
Wastewater Fund	11,325,622
Nonmajor Funds:	
Highway User Revenue Fund	938,244
Town Center Fund	23,631
Transportation Development Impact Fee Fund	12,328
Parks Development Impact Fee Fund	12,328
Public Safety Development Impact Fee Fund	12,328
Fire Development Impact Fee Fund	12,328
Solid Waste Fund	82,694
Total	\$ 155,632,511

**NOTE 8. ADVANCES IN AID OF CONSTRUCTION**

The Town purchased water companies in fiscal year 2008, 2014, and 2021. 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, 2023, the Town made refund payments of \$943,174 to property owners and recognized a gain of \$5,929,798 as a result of a change in the estimated liability for future payouts. As of June 30, 2023, the Town had \$143,978 of outstanding unearned advances in aid of construction.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 9. LONG-TERM OBLIGATIONS**

**A. Changes in Long-Term Obligations**

Changes in long-term obligations for the fiscal year ended June 30, 2023 were as follows:

	Long-Term Obligations				Due Within One Year
	Beginning Balance	Additions	Retirements	Ending Balance	
<b>Governmental Activities:</b>					
Excise Tax and State-Shared Revenue Bonds:					
Project Bonds, Series 2022	\$ 106,980,000	\$ -	\$ -	\$ 106,980,000	\$ 2,265,000
Project Bonds, Series 2020	77,525,000	-	(1,135,000)	76,390,000	1,195,000
Project Bonds, Series 2018A	45,110,000	-	(890,000)	44,220,000	925,000
Project Bonds, Series 2018B	16,350,000	-	(520,000)	15,830,000	540,000
Refunding Bonds, Series 2016	35,705,000	-	(2,690,000)	33,015,000	2,800,000
Direct-Placement Debt:					
Project Bonds, Second Series 2022	24,223,000	-	-	24,223,000	-
Special Assessment Refunding Bonds, Series 2016	11,320,177	-	(1,481,115)	9,839,062	1,458,177
Unamortized Premiums / Discounts	32,940,726	-	(2,538,286)	30,402,440	-
Leases	158,023	321,728	(132,454)	347,297	126,254
Subscriptions	-	4,270,044	(963,534)	3,306,510	847,897
Compensated Absences	2,412,545	2,722,072	(2,364,397)	2,770,220	1,737,617
<b>Total Governmental Long-Term Obligations</b>	<b>\$ 352,724,471</b>	<b>\$ 7,313,844</b>	<b>\$ (12,714,786)</b>	<b>\$ 347,323,529</b>	<b>\$ 11,894,945</b>
<b>Business-Type Activities:</b>					
Loans:					
WIFA Loan, 2023 - Drinking Water (DW)	\$ -	\$ 24,154,585	\$ -	\$ 24,154,585	\$ -
WIFA Loan, 2022 - Clean Water (CW)	75,000	-	-	75,000	-
WIFA Loan, 2022 - Drinking Water (DW)	8,238,763	-	-	8,238,763	-
WIFA Loan, 2021 - Drinking Water (DW)	10,670,082	-	-	10,670,082	352,042
WIFA Loan, 2020 - Drinking Water (DW)	56,510,937	-	(1,460,277)	55,050,660	1,489,248
WIFA Loan, 2020 - Clean Water (CW)	8,387,479	-	(216,737)	8,170,742	221,038
WIFA Loan, 2014	11,680,790	-	(375,881)	11,304,909	387,736
GADA Infrastructure Revenue Loan, Series 2014A	2,330,000	-	(285,000)	2,045,000	300,000
Direct-Placement Debt:					
Water System Revenue Refinancing Obligation, Series 2022	21,478,000	-	(1,098,000)	20,380,000	1,020,000
Subordinate Lien Excise Tax & State Shared Revenue Obligation, Series 2021	44,000,000	25,250,000	-	69,250,000	-
Subordinate Lien Water System Revenue Obligation, Series 2013	18,562,482	-	(334,720)	18,227,762	361,498
Unamortized Premiums / Discounts	9,911,415	-	(624,995)	9,286,420	-
Leases	11,780	-	(1,829)	9,951	1,936
Subscriptions	509,505	524,319	(180,616)	853,208	180,454
Advances in Aid of Construction	7,016,950	-	(6,872,972)	143,978	51,115
Compensated Absences	610,034	548,027	(510,450)	647,611	412,134
Arbitrage Payable	-	179,740	-	179,740	-
<b>Total Business-Type Long-Term Obligations</b>	<b>\$ 199,993,217</b>	<b>\$ 50,656,671</b>	<b>\$ (11,961,477)</b>	<b>\$ 238,688,411</b>	<b>\$ 4,777,201</b>



**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**B. Bonds and Loans Payable**

The following table summarizes the Town's bonds and loans payable at June 30, 2023:

Description	Original Issue	Maturity	Interest Rate (%)	Outstanding at June 30, 2023
<b>Governmental Activities:</b>				
Excise Tax and State-Shared Revenue Bonds:				
Project Bonds, Series 2022	\$ 106,980,000	8/1/2047	3.88-5.00%	\$ 106,980,000
Project Bonds, Series 2020	78,605,000	8/1/2050	4.00-5.00%	76,390,000
Project Bonds, Series 2018A	47,945,000	8/1/2047	2.00-5.00%	44,220,000
Project Bonds, Series 2018B	18,015,000	8/1/2047	2.00-5.00%	15,830,000
Refunding Bonds, Series 2016	47,990,000	8/1/2036	2.00-5.00%	33,015,000
Direct-Placement Debt:				
Project Bonds, Second Series 2022	24,223,000	8/1/2037	3.30%	24,223,000
Special Assessment Refunding Bonds, Series 2016	18,445,000	1/1/2030	2.45%	9,839,062
<b>Total Governmental Bonds and Loans Payable</b>				<b><u>\$ 310,497,062</u></b>
<b>Business-Type Activities:</b>				
Loans:				
WIFA Loan, 2023 - Drinking Water (DW)	\$ 27,000,000	7/1/2052	3.132%	\$ 24,154,585
WIFA Loan, 2022 - Drinking Water (DW)	44,506,194	7/1/2052	2.889%	-
WIFA Loan, 2022 - Clean Water (CW)	10,098,396	7/1/2052	2.889%	75,000
WIFA Loan, 2022 - Drinking Water (DW)	8,238,763	7/1/2051	1.683%	8,238,763
WIFA Loan, 2021 - Drinking Water (DW)	12,807,500	7/1/2050	1.874%	10,670,082
WIFA Loan, 2020 - Drinking Water (DW)	57,981,000	7/1/2050	1.984%	55,050,660
WIFA Loan, 2020 - Clean Water (CW)	8,600,000	7/1/2050	1.984%	8,170,742
WIFA Loan, 2014	16,000,000	7/1/2043	3.154%	11,304,909
GADA Infrastructure Revenue Loan, Series 2014A	3,845,000	8/1/2028	2.00-5.00%	2,045,000
Direct-Placement Debt:				
Water System Revenue Obligation, Series 2022	21,478,000	7/1/2038	2.850%	20,380,000
Subordinate Lien Excise Tax & State Shared Revenue Obligation, Series 2021	85,000,000	6/1/2025	variable	69,250,000
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,093	5/1/2043	8.00%	18,227,762
<b>Total Business-Type Bonds and Loans Payable</b>				<b><u>\$ 227,567,503</u></b>

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**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	<b>Excise Tax and State-Shared Revenue Bonds</b>					
	<b>Series 2022 Project</b>			<b>Series 2020 Project</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,265,000	\$ 4,931,481	\$ 7,196,481	\$ 1,195,000	\$ 3,250,925	\$ 4,445,925
2025	2,380,000	4,815,356	7,195,356	1,255,000	3,189,675	4,444,675
2026	2,505,000	4,693,231	7,198,231	1,320,000	3,125,300	4,445,300
2027	2,630,000	4,564,856	7,194,856	1,385,000	3,057,675	4,442,675
2028	2,765,000	4,429,982	7,194,982	1,460,000	2,986,550	4,446,550
2029 - 2033	16,110,000	19,870,782	35,980,782	10,095,000	13,652,625	23,747,625
2034 - 2038	20,685,000	15,294,406	35,979,406	15,550,000	10,494,250	26,044,250
2039 - 2043	25,770,000	10,212,978	35,982,978	16,600,000	7,077,600	23,677,600
2044 - 2048	31,870,000	4,107,238	35,977,238	16,160,000	3,941,600	20,101,600
2049 - 2053	-	-	-	11,370,000	694,200	12,064,200
	<u>\$ 106,980,000</u>	<u>\$ 72,920,310</u>	<u>\$ 179,900,310</u>	<u>\$ 76,390,000</u>	<u>\$ 51,470,400</u>	<u>\$ 127,860,400</u>

Fiscal Year	<b>Excise Tax and State-Shared Revenue Bonds</b>					
	<b>Series 2018A Project</b>			<b>Series 2018B Project</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 925,000	\$ 2,187,875	\$ 3,112,875	\$ 540,000	\$ 676,900	\$ 1,216,900
2025	975,000	2,140,375	3,115,375	565,000	651,975	1,216,975
2026	1,020,000	2,090,500	3,110,500	595,000	622,975	1,217,975
2027	1,075,000	2,038,125	3,113,125	625,000	592,475	1,217,475
2028	1,125,000	1,983,125	3,108,125	655,000	560,475	1,215,475
2029 - 2033	6,535,000	8,989,625	15,524,625	3,775,000	2,293,419	6,068,419
2034 - 2038	8,340,000	7,139,250	15,479,250	4,535,000	1,541,956	6,076,956
2039 - 2043	10,640,000	4,778,250	15,418,250	1,995,000	895,375	2,890,375
2044 - 2048	13,585,000	1,764,375	15,349,375	2,545,000	330,625	2,875,625
2049 - 2053	-	-	-	-	-	-
	<u>\$ 44,220,000</u>	<u>\$ 33,111,500</u>	<u>\$ 77,331,500</u>	<u>\$ 15,830,000</u>	<u>\$ 8,166,175</u>	<u>\$ 23,996,175</u>

Fiscal Year	<b>Excise Tax and State-Shared Revenue Bonds</b>			<b>Direct-Placement</b>		
	<b>Series 2016 Refunding</b>			<b>Excise Tax and State-Shared Revenue Bonds</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 2,800,000	\$ 1,472,550	\$ 4,272,550	\$ -	\$ 799,359	\$ 799,359
2025	2,755,000	1,347,450	4,102,450	466,000	791,670	1,257,670
2026	2,875,000	1,234,850	4,109,850	482,000	776,028	1,258,028
2027	2,985,000	1,117,650	4,102,650	497,000	759,875	1,256,875
2028	3,100,000	980,450	4,080,450	1,022,000	734,811	1,756,811
2029 - 2033	16,295,000	2,470,125	18,765,125	7,757,000	2,999,717	10,756,717
2034 - 2038	2,205,000	180,700	2,385,700	13,999,000	1,252,366	15,251,366
2039 - 2043	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-
	<u>\$ 33,015,000</u>	<u>\$ 8,803,775</u>	<u>\$ 41,818,775</u>	<u>\$ 24,223,000</u>	<u>\$ 8,113,826</u>	<u>\$ 32,336,826</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
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**YEAR ENDED JUNE 30, 2023**

<b>Direct-Placement Special Assessment Bonds</b>						
Fiscal Year	<b>Series 2016 Refunding</b>			<b>Total Governmental Activities</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,458,177	\$ 223,194	\$ 1,681,371	\$ 9,183,177	\$ 13,542,284	\$ 22,725,461
2025	1,501,777	186,935	1,688,712	9,897,777	13,123,436	23,021,213
2026	1,535,688	149,726	1,685,414	10,332,688	12,692,610	23,025,298
2027	1,574,444	111,627	1,686,071	10,771,444	12,242,283	23,013,727
2028	1,613,199	72,578	1,685,777	11,740,199	11,747,971	23,488,170
2029 - 2033	2,155,777	38,752	2,194,529	62,722,777	50,315,045	113,037,822
2034 - 2038	-	-	-	65,314,000	35,902,928	101,216,928
2039 - 2043	-	-	-	55,005,000	22,964,203	77,969,203
2044 - 2048	-	-	-	64,160,000	10,143,838	74,303,838
2049 - 2053	-	-	-	11,370,000	694,200	12,064,200
	<u>\$ 9,839,062</u>	<u>\$ 782,812</u>	<u>\$ 10,621,874</u>	<u>\$ 310,497,062</u>	<u>\$ 183,368,798</u>	<u>\$ 493,865,860</u>

**Business-Type Activities:**

<b>Water Infrastructure Finance Authority (WIFA) Loans</b>						
Fiscal Year	<b>Series 2023 DW *</b>			<b>Second Series 2022 DW *</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ -	\$ 845,640	\$ 845,640	\$ -	\$ 1,285,784	\$ 1,285,784
2025	-	845,640	845,640	-	1,285,784	1,285,784
2026	616,597	826,328	1,442,925	1,054,021	1,255,333	2,309,354
2027	635,909	806,412	1,442,321	1,084,471	1,224,003	2,308,474
2028	655,826	785,871	1,441,697	1,115,802	1,191,768	2,307,570
2029 - 2033	3,600,407	3,598,013	7,198,420	6,081,574	5,441,751	11,523,325
2034 - 2038	4,200,673	2,978,948	7,179,621	7,012,304	4,484,133	11,496,437
2039 - 2043	4,901,015	2,256,671	7,157,686	8,085,474	3,379,959	11,465,433
2044 - 2048	5,718,120	1,413,974	7,132,094	9,322,883	2,106,802	11,429,685
2049 - 2053	6,671,453	430,782	7,102,235	10,749,665	638,799	11,388,464
2054 - 2058	-	-	-	-	-	-
	<u>\$ 27,000,000</u>	<u>\$ 14,788,279</u>	<u>\$ 41,788,279</u>	<u>\$ 44,506,194</u>	<u>\$ 22,294,116</u>	<u>\$ 66,800,310</u>

<b>Water Infrastructure Finance Authority (WIFA) Loans</b>						
Fiscal Year	<b>Series 2022 CW *</b>			<b>Series 2022 DW</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ -	\$ 291,743	\$ 291,743	\$ -	\$ 138,642	\$ 138,642
2025	-	291,743	291,743	232,768	134,725	367,493
2026	239,156	284,833	523,989	236,686	130,742	367,428
2027	246,065	277,725	523,790	240,668	126,692	367,360
2028	253,174	270,410	523,584	244,718	122,574	367,292
2029 - 2033	1,379,901	1,234,726	2,614,627	1,286,767	548,631	1,835,398
2034 - 2038	1,591,082	1,017,444	2,608,526	1,398,742	434,772	1,833,514
2039 - 2043	1,834,583	766,908	2,601,491	1,520,460	311,005	1,831,465
2044 - 2048	2,115,350	478,030	2,593,380	1,652,770	176,469	1,829,239
2049 - 2053	2,439,085	144,943	2,584,028	1,425,184	36,475	1,461,659
2054 - 2058	-	-	-	-	-	-
	<u>\$ 10,098,396</u>	<u>\$ 5,058,505</u>	<u>\$ 15,156,901</u>	<u>\$ 8,238,763</u>	<u>\$ 2,160,727</u>	<u>\$ 10,399,490</u>

\* reflects the full loan authorization amount; the debt repayment schedule will be revised after the final draw has been made.

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<b>Water Infrastructure Finance Authority (WIFA) Loans</b>						
Fiscal Year	<b>Series 2021 DW *</b>			<b>Series 2020 DW</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 352,042	\$ 233,383	\$ 585,425	\$ 1,489,248	\$ 1,062,658	\$ 2,551,906
2025	358,638	226,663	585,301	1,518,795	1,032,526	2,551,321
2026	365,358	219,817	585,175	1,548,928	1,001,795	2,550,723
2027	372,204	212,843	585,047	1,579,659	970,454	2,550,113
2028	379,178	205,738	584,916	1,610,999	938,492	2,549,491
2029 - 2033	2,005,162	917,371	2,922,533	8,547,302	4,190,387	12,737,689
2034 - 2038	2,200,192	718,686	2,918,878	9,429,512	3,290,674	12,720,186
2039 - 2043	2,414,193	500,676	2,914,869	10,402,781	2,298,095	12,700,876
2044 - 2048	2,649,007	261,461	2,910,468	11,476,505	1,203,068	12,679,573
2049 - 2053	1,711,526	32,467	1,743,993	7,446,931	149,682	7,596,613
2054 - 2058	-	-	-	-	-	-
	<u>\$ 12,807,500</u>	<u>\$ 3,529,105</u>	<u>\$ 16,336,605</u>	<u>\$ 55,050,660</u>	<u>\$ 16,137,831</u>	<u>\$ 71,188,491</u>

<b>Water Infrastructure Finance Authority (WIFA) Loans</b>						
Fiscal Year	<b>Series 2020 CW</b>			<b>Series 2014</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 221,038	\$ 157,722	\$ 378,760	\$ 387,736	\$ 344,328	\$ 732,064
2025	225,423	153,250	378,673	399,966	331,713	731,679
2026	229,895	148,689	378,584	412,580	318,700	731,280
2027	234,457	144,037	378,494	425,593	305,277	730,870
2028	239,108	139,293	378,401	439,016	291,430	730,446
2029 - 2033	1,268,609	621,947	1,890,556	2,411,725	1,233,675	3,645,400
2034 - 2038	1,399,550	488,409	1,887,959	2,816,813	815,810	3,632,623
2039 - 2043	1,544,004	341,088	1,885,092	3,289,944	327,757	3,617,701
2044 - 2048	1,703,368	178,562	1,881,930	721,536	-	721,536
2049 - 2053	1,105,290	22,216	1,127,506	-	-	-
2054 - 2058	-	-	-	-	-	-
	<u>\$ 8,170,742</u>	<u>\$ 2,395,213</u>	<u>\$ 10,565,955</u>	<u>\$ 11,304,909</u>	<u>\$ 3,968,690</u>	<u>\$ 15,273,599</u>

<b>GADA Infrastructure Revenue Loan</b>				<b>Direct-Placement Debt</b>		
Fiscal Year	<b>Series 2014A</b>			<b>Senior Lien Utility System Revenue Refunding Obligations, Series 2022</b>		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 300,000	\$ 84,100	\$ 384,100	\$ 1,020,000	\$ 551,760	\$ 1,571,760
2025	315,000	71,500	386,500	1,049,000	521,864	1,570,864
2026	330,000	55,000	385,000	1,079,000	491,112	1,570,112
2027	350,000	37,500	387,500	1,110,000	459,477	1,569,477
2028	365,000	19,250	384,250	1,143,000	426,902	1,569,902
2029 - 2033	385,000	-	385,000	6,230,000	1,611,960	7,841,960
2034 - 2038	-	-	-	7,186,000	644,185	7,830,185
2039 - 2043	-	-	-	1,563,000	-	1,563,000
2044 - 2048	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-
	<u>\$ 2,045,000</u>	<u>\$ 267,350</u>	<u>\$ 2,312,350</u>	<u>\$ 20,380,000</u>	<u>\$ 4,707,260</u>	<u>\$ 25,087,260</u>

\* reflects the full loan authorization amount; the debt repayment schedule will be revised after the final draw has been made.

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Direct-Placement Debt						
Fiscal Year	Subordinate Lien Excise Tax and State Shared Revenue Obligations, Series 2021 *			Subordinate Lien Water System Revenue Obligation, Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ -	\$ 1,776,734	\$ 1,776,734	\$ 361,498	\$ 1,438,761	\$ 1,800,259
2025	85,000,000	1,780,183	86,780,183	390,417	1,408,530	1,798,947
2026	-	-	-	421,651	1,375,888	1,797,539
2027	-	-	-	455,383	1,340,644	1,796,027
2028	-	-	-	491,813	1,302,588	1,794,401
2029 - 2033	-	-	-	3,116,095	5,826,940	8,943,035
2034 - 2038	-	-	-	4,578,565	4,300,993	8,879,558
2039 - 2043	-	-	-	6,727,415	2,060,498	8,787,913
2044 - 2048	-	-	-	1,684,925	58,329	1,743,254
2049 - 2053	-	-	-	-	-	-
2054 - 2058	-	-	-	-	-	-
	<u>\$ 85,000,000</u>	<u>\$ 3,556,917</u>	<u>\$ 88,556,917</u>	<u>\$ 18,227,762</u>	<u>\$ 19,113,171</u>	<u>\$ 37,340,933</u>

Fiscal Year	Total Business-Type Activities			Memo Only - Total WIFA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 4,131,562	\$ 8,211,255	\$ 12,342,817	\$ 2,450,064	\$ 4,359,900	\$ 6,809,964
2025	89,490,007	8,084,121	97,574,128	2,735,590	4,302,044	7,037,634
2026	6,533,872	6,108,237	12,642,109	4,703,221	4,186,237	8,889,458
2027	6,734,409	5,905,064	12,639,473	4,819,026	4,067,443	8,886,469
2028	6,937,634	5,694,316	12,631,950	4,937,821	3,945,576	8,883,397
2029 - 2033	36,312,542	25,225,401	61,537,943	26,581,447	17,786,501	44,367,948
2034 - 2038	41,813,433	19,174,054	60,987,487	30,048,868	14,228,876	44,277,744
2039 - 2043	42,282,869	12,242,657	54,525,526	33,992,454	10,182,159	44,174,613
2044 - 2048	37,044,464	5,876,695	42,921,159	35,359,539	5,818,366	41,177,905
2049 - 2053	31,549,134	1,455,364	33,004,498	31,549,134	1,455,364	33,004,498
2054 - 2058	-	-	-	-	-	-
	<u>\$ 302,829,926</u>	<u>\$ 97,977,164</u>	<u>\$ 400,807,090</u>	<u>\$ 177,177,164</u>	<u>\$ 70,332,466</u>	<u>\$ 247,509,630</u>

\* reflects the full loan authorization amount; the debt repayment schedule will be revised after the final draw has been made.

**D. Excise Tax and State-Shared Revenue Pledged Debt – First Lien Parity Obligations**

The Town has issued debt secured by a pledge of all of the Town’s excise taxes and state-shared revenues. The Town is required to maintain excise tax and state-shared revenues at a level equal to at least 3.0 times the aggregate annual debt service of all debt secured by the pledge.

1. *Excise Tax and State-Shared Revenue Bonds, Series 2022 (Direct-placement Debt).* In fiscal year 2022, the Town issued a total of \$24.223 million of long-term excise tax and state-shared revenue bonds to provide funding for new parks and recreation projects.
2. *Excise Tax and State-Shared Revenue Bonds, Series 2022.* In fiscal year 2022, the Town issued \$106.980 million of long-term excise tax and state-shared revenue bonds to provide funding for new parks and recreation projects.
3. *Excise Tax and State-Shared Revenue Bonds, Series 2020.* In fiscal year 2020, the Town issued \$78.605 million of long-term excise tax and state-shared revenue bonds to provide funding for new transportation, public safety, and fire projects.

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4. *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.
5. *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.
6. *GADA Infrastructure Revenue Loan, Series 2014A.* In fiscal year 2014, the Town obtained financing of \$3.845 million 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.

**E. Other Excise Tax Revenue Pledged Debt – Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2021 (Direct-Placement Debt).**

During fiscal year 2022, the Town issued \$85 million of subordinate lien excise tax and state-shared revenue debt to provide funding for water and wastewater construction projects. The debt was issued as a direct-placement loan with US Bank at a variable interest rate that resets weekly. Although the Town pledged excise taxes to secure the loan, interest on the loan will be repaid from utility system revenues. The Town intends to refinance the loan with long-term financing at maturity. At June 30, 2023, \$69.25 million was drawn down and outstanding.

1. *Variable Rate Terms.* The interest rate is calculated at 100% of the weekly Securities Industry and Financial Markets Association (SIFMA) index plus the applicable spread as defined in the trust agreement. The Town’s applicable spread for fiscal year 2022 was 0.37%.
2. *Events of Default.* If the Town was unable to make payment on the loan, the loan payments could not be accelerated, but the interest rate would increase to a minimum of 7.5% but no more than a maximum of 10%.
3. *Other Terms.* The loan may be repaid on any weekly SIFMA index reset date without penalty.

The following table presents the Town’s excise tax pledged debt service requirements relative to pledged excise tax revenues collected during the fiscal year:

Debt Issue	Debt Service, FY 2023			Remaining Principal and Interest to Maturity	Maturity Date
	Principal	Interest	Total		
<i>First Lien Parity Obligations:</i>					
Excise Tax and State-Shared Revenue Bonds, Series 2022	\$ -	\$ 3,228,413	\$ 3,228,413	\$ 179,900,310	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2020	1,135,000	3,309,175	4,444,175	127,860,400	8/1/2050
Excise Tax and State-Shared Revenue Bonds, Series 2018A	890,000	2,228,800	3,118,800	77,331,500	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2018B	520,000	698,100	1,218,100	23,996,175	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2016	2,690,000	1,596,350	4,286,350	41,818,775	8/1/2036
GADA Infrastructure Revenue Loan, Series 2014A	285,000	99,100	384,100	2,312,350	8/1/2028
<i>Direct-Placement Debt</i>					
Excise Tax and State-Shared Revenue Bonds, Series 2022	-	484,056	484,056	32,336,826	8/1/2037
Total First Lien Parity Obligations	5,520,000	11,643,994	17,163,994	485,556,336	
<i>Subordinate Lien Obligations:</i>					
Sub-Lien Excise Tax and State-Shared Revenue Obligations:					
Series 2021	-	1,461,539	1,461,539	88,556,917	6/1/2025
Total Debt Service, FY 2023	\$ 5,520,000	\$ 13,105,533	\$ 18,625,533	\$ 574,113,253	
Total Excise Tax and State-Shared Revenues, FY 2023			\$ 129,424,723		

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**F. 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 (now owned by BOK 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 2023, the Town was not required to cover any 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 \$10,621,874 payable through January 1, 2030.

**G. Utility System Revenue Pledged Debt – Senior Parity Obligations**

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

1. *WIFA Loan, 2023 Drinking Water (DW)*. In fiscal year 2023, the Town obtained a loan authorization of up to \$27.0 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to purchase 2,033.01 acre-feet per year of Arizona fourth priority Colorado River surface water through the Central Arizona Project. By June 30, 2023, the Town had drawn down \$24.2 million of the loan authorization, and the Town expects to draw down the remaining loan authorization amount during fiscal year 2024.
2. *WIFA Loan, 2022 Drinking Water (DW)*. In fiscal year 2022, the Town obtained a loan authorization of up to \$45.519 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to construct various water system infrastructure projects. The loan includes \$1.013 million in forgivable principal. By June 30, 2023, the Town had drawn down \$75,000 of the forgivable principal, and the Town expects to draw down the remaining loan authorization amount during fiscal years 2024 and 2025.
3. *WIFA Loan, 2022 Clean Water (CW)*. In fiscal year 2022, the Town obtained a loan authorization of up to \$10.098 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to construct various wastewater system infrastructure projects. By June 30, 2023, the Town had drawn down \$75,000 of the loan authorization, and the Town expects to draw down the remaining loan authorization amount during fiscal year 2024.
4. *Senior Lien Utility System Revenue Refunding Obligations, Series 2022 (Direct-Placement Debt)*. In fiscal year 2022, the Town obtained a \$21.478 million loan from Bank of America to refund the Town's 2008 WIFA Loan that was used to purchase of the Queen Creek Water Company and improvements to the infrastructure acquired.
5. *WIFA Loan, 2022 Drinking Water (DW) NIA21*. In fiscal year 2022, the Town obtained a loan of \$8.239 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to purchase 4,162 acre-feet of NIA priority CAP water from the Central Arizona Water Conservation District.

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6. *WIFA Loan, 2021 Drinking Water (DW)*. In fiscal year 2021, the Town obtained a loan authorization of up to \$13.25 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to acquire Diversified Water Utilities, Inc., and install an interconnection to its water system. The loan includes \$442,500 in forgivable principal. By June 30, 2023, the Town had drawn down \$11.113 million of the loan authorization, and the Town expects to draw down the remaining \$2.137 million in fiscal year 2024.
7. *WIFA Loan, 2020 Drinking Water (DW)*. In fiscal year 2020, the Town obtained a loan authorization of up to \$57.981 million from the Water Infrastructure Finance Authority of Arizona (WIFA). By June 30, 2020, the Town had drawn down \$56.856 million of the loan authorization to redeem the Series 2019 and Series 2020 Subordinate Lien Excise Tax and State-Shared Revenue Obligations and to pay for 1,486 acre-feet of groundwater extinguishment credits (GWECs). In August 2020, the Town drew down an additional \$1.087 million of loan proceeds to purchase 3,881 acre-feet of GWECs, bringing the total loan amount to \$57.943 million. The Town does not expect to use the remaining \$38,195 of loan authorization.
8. *WIFA Loan, 2020 Clean Water (CW)*. In fiscal year 2020, the Town obtained an \$8.6 million loan from WIFA to fund a water exchange agreement with Trilogy Encanterra Construction LLC wherein the Town receives 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.
9. *WIFA Loan, 2014*. In fiscal year 2014, the Town obtained a \$16 million loan from WIFA to finance a portion of the purchase price of the H2O Water Company.

The following table presents the Town’s senior parity utility system revenue pledged debt service requirements relative to utility system net revenues for the fiscal year:

<b>Debt Issue</b>	<b>Debt Service, FY 2023</b>			<b>Remaining</b>	<b>Maturity Date</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal and Interest to Maturity</b>	
WIFA Loan, 2023 DW	\$ -	\$ 116,950	\$ 116,950	\$ 41,788,279	7/1/2052
WIFA Loan, 2022 DW	-	-	-	66,800,310	7/1/2052
WIFA Loan, 2022 CW	-	2,191	2,191	15,156,901	7/1/2052
WIFA Loan, 2022 DW NIA21	-	138,642	138,642	10,399,490	7/1/2051
WIFA Loan, 2021 DW	-	199,930	199,930	16,336,605	7/1/2050
WIFA Loan, 2020 DW	1,460,276	1,092,205	2,552,481	71,188,491	7/1/2050
WIFA Loan, 2020 CW	216,737	162,108	378,845	10,565,955	7/1/2050
WIFA Loan, 2014	375,881	356,557	732,438	15,273,599	7/1/2043
<i>Direct-Placement Debt:</i>					
Senior Lien Utility System Revenue					
Refunding Obligations, Series 2022	1,098,000	580,830	1,678,830	25,087,260	7/1/2038
Total Debt Service, FY 2023	\$ 3,150,894	\$ 2,649,413	\$ 5,800,307	\$ 272,596,890	
Total Utility System Net Revenues, FY 2023			\$ 21,418,823		

**H. Water System Revenue Pledged Debt – Subordinate Lien Water System Revenue Obligations, Series 2013 (Direct Placement Debts).**

The remaining balance of the purchase price for the H2O Water Company in 2013 was financed through issuance of a \$19,425,093 direct-placement subordinate lien tax-exempt revenue obligation to the former owners of the H2O Water Company. The obligations are secured by a pledge of net revenues from the Town’s water system that is subordinate to the pledge of net revenues on the Town’s senior parity obligations. “Net revenues” for the subordinate lien obligations are defined as all revenues from *water*



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system activities only (excluding wastewater activities), net of operation and maintenance costs. The purchase agreement requires the Town to maintain net revenues at least equal to 1.2 times debt service coverage on the senior and subordinate lien obligations combined and 1.0 times debt service coverage on the subordinate lien obligations alone. The obligations carry an interest rate of 8.0% and are not subject to early redemption. Total debt service on the obligations for fiscal year 2023 was \$1,801,479, and net revenues from the water system were \$11,009,564. Total principal and interest remaining on the obligations is \$37,340,933 payable through May 1, 2043. The obligations do not have specific provisions regarding significant events of default, subjective acceleration clauses, or termination events with finance-related consequences.

**I. 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, 2023 is \$771,031,537. This includes both Maricopa County and Pinal County assessed values. The Town’s constitutional debt limit is calculated as follows:

20% Debt Margin Limit	\$ 154,206,307
Bonded Debt Outstanding	<u>-</u>
Unused 20% Limitation Borrowing Capacity	\$ 154,206,307
6% Debt Margin Limit	\$ 46,261,892
Bonded Debt Outstanding	<u>-</u>
Unused 6% Limitation Borrowing Capacity	\$ 46,261,892

**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 purposes of restricted net position are noted on the face of the government-wide and proprietary fund financial statements.

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**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 and Transportation Fund	General Capital Improvement Fund	Improvement District Debt Service Fund	Debt Service Fund	Nonmajor Governmental Funds	
<b>Nonspendable:</b>								
Prepaid Items	\$ 146,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146,722
Prepaid Supplies	1,573,007	-	115,919	-	-	-	262,736	1,951,662
Advances to Other Funds	3,992,110	12,006,028	-	-	-	-	-	15,998,138
Total Nonspendable	5,711,839	12,006,028	115,919	-	-	-	262,736	18,096,522
<b>Restricted:</b>								
Debt Service	-	-	-	-	547	-	-	547
Transportation and Town Facilities	-	-	19,180,498	99,115,903	-	-	56,844,656	175,141,057
Street Lighting Districts	-	-	-	-	-	-	119,231	119,231
Housing Rehabilitation	-	-	-	-	-	-	82,522	82,522
Total Restricted	-	-	19,180,498	99,115,903	547	-	57,046,409	175,343,357
<b>Committed:</b>								
Pension Liabilities	41,172,028	-	-	-	-	-	-	41,172,028
Transportation and Town Facilities	-	13,371,837	-	-	-	-	4,992,990	18,364,827
Total Committed	41,172,028	13,371,837	-	-	-	-	4,992,990	59,536,855
<b>Assigned:</b>								
Debt Service	-	-	-	-	-	1,569	-	1,569
Transportation and Town Facilities	-	-	1,436,719	2,049,902	-	-	-	3,486,621
Total Committed	-	-	1,436,719	2,049,902	-	1,569	-	3,488,190
<b>Unassigned</b>	83,648,244	-	-	-	-	-	-	83,648,244
Total Fund Balance	\$ 130,532,111	\$ 25,377,865	\$ 20,733,136	\$ 101,165,805	\$ 547	\$ 1,569	\$ 62,302,135	\$ 340,113,168

**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 and police. The plans are component units of the State of Arizona.

At June 30, 2023, the Town reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net Pension and OPEB Assets	\$ 2,229,695	\$ 261,707	\$ 2,491,402
Net Pension and OPEB Liabilities	21,837,099	7,693,751	29,530,850
Deferred Outflows of Resources	12,396,830	1,675,810	14,072,640
Deferred Inflows of Resources	1,326,143	370,740	1,696,883
Pension and OPEB Expense	4,344,611	718,610	5,063,221

The Town's accrued payroll and employee benefits includes \$101,578 of outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2023. Also, the Town reported \$4,938,930 of pension and OPEB contributions as expenditures in the governmental funds related to all plans to which it contributes.

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**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](http://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:

	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.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, statute required active ASRS

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members to contribute at the actuarially determined rate of 12.17% (12.03% for retirement and 0.14% for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.17% (11.92% for retirement, 0.11% for the health insurance premium benefit, and 0.14% for long-term disability) of the active members' annual covered payroll.

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.68% (9.62% for retirement and 0.06% for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that an employee who contributes to the ASRS would typically fill. The Town's contributions to the pension, health insurance premium benefit and long-term disability plans for the year ended June 30, 2023, were \$3,083,956, \$27,843, and \$35,853, respectively.

During fiscal year 2023, the Town paid for ASRS pension and OPEB contributions as follows: 62% from the General Fund, 31% from major funds, and 7% from other funds.

Liability – At June 30, 2023, the Town reported the following liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

<u>ASRS</u>	<u>Net Pension/OPEB (asset)/liability</u>
Pension	29,504,047
Health insurance premium benefit	(1,007,144)
Long-term disability	16,660

The net asset and net liabilities were measured as of June 30, 2022. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2021 to the measurement date of June 30, 2022.

The Town's proportion of the net asset or net liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Town's proportions measured as of June 30, 2022, and the change from its proportions measured as of June 30, 2021, were:

<u>ASRS</u>	<u>Proportion</u> <u>June 30, 2022</u>	<u>Increase from</u> <u>June 30, 2021</u>
Pension	0.18076%	0.01172%
Health insurance premium benefit	0.18046%	0.01059%
Long-term disability	0.18038%	0.01103%

Expense – For the year ended June 30, 2023, the Town recognized the following pension and OPEB expense.

<u>ASRS</u>	<u>Pension/OPEB (revenue)/expense</u>
Pension	\$ 4,731,935
Health insurance premium benefit	(146,311)
Long-term disability	8,076

Deferred Outflows/Inflows of Resources – At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

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	Pension		Health insurance premium benefit		Long-term disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 251,392	\$ -	\$ -	\$ 513,989	\$ 8,671	\$ 15,523
Changes of assumptions or other inputs	1,464,343	-	16,346	27,468	9,073	40,661
Net difference between projected and actual earnings on plan investments	-	777,165	-	33,926	-	518
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,518,352	-	42	15,097	14,385	-
Town contributions subsequent to the measurement date	3,083,956	-	27,843	-	35,853	-
	<u>\$ 6,318,043</u>	<u>\$ 777,165</u>	<u>\$ 44,231</u>	<u>\$ 590,480</u>	<u>\$ 67,982</u>	<u>\$ 56,702</u>

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2024	2,357,083	(157,468)	(874)
2025	205,291	(171,011)	(1,807)
2026	(1,349,341)	(186,974)	(5,710)
2027	1,243,889	(30,493)	1,179
2028	-	(28,146)	(6,133)
Thereafter	-	-	(11,228)

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

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Actuarial Valuation Date	June 30, 2021	
Actuarial Roll Forward Date	June 30, 2022	
Actuarial Costs Method	Entry Age Normal	
Investment rate of return	7.0%	
Projected Salary Increases	2.9 - 8.4%	- For pensions/not applicable for OPEB
Inflation	2.3%	
Permanent Benefit Increase	Included	- For pensions/not applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP	- For pensions & health insurance premium benefit
Recovery Rates	2012 GLDT	- For long-term disability
Healthcare cost trend rate	Not Applicable	

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Geometric Basis
Equity	50%	3.90%
Fixed income - credit	20%	5.30%
Fixed income - interest rate sensitive	10%	-0.20%
Real Estate	20%	6.00%
Total	100%	

Discount Rate – At June 30, 2022, the discount rate used to measure the ASRS total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona 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/OPEB liability.

Sensitivity of the Town’s Proportionate Share of the ASRS Net Pension/OPEB Liability to Changes in the Discount Rate – The following table presents the Town’s proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.0%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's proportionate share of the			
Net pension liability	\$ 43,532,344	\$ 29,504,047	\$ 17,806,639
Net insurance premium benefit liability (asset)	(724,191)	(1,007,144)	(1,247,224)
Net long-term disability liability	27,617	16,660	6,040

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Plan Fiduciary Net Position – Detailed information about the 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 and police officers 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 agent and cost sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. 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. Firefighters and police officers who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the Town’s financial statements.

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

Benefits Provided — The PSPRS provide retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefits terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

Retirement and 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
<u>Benefit percentage</u>			
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		
<u>Survivor Benefit</u>			
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 based on inflation. PSPRS also provides temporary disability benefits of 50% of the member’s compensation for up to 12 months.

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Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the agent plans’ benefit terms:

	PSPRS Firefighters		PSPRS Police	
	Pension	Health	Pension	Health
Inactive Employees or Beneficiaries				
Currently Receiving Benefits	2	2	0	0
Inactive Employees Entitled to but not yet Receiving Benefits	2	0	0	0
Active Employees	50	50	33	33
Total	<u>54</u>	<u>52</u>	<u>33</u>	<u>33</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, 2023, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS Firefighters		PSPRS Police	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Active Member Contributions:				
Tier One Members	7.65%	0.00%	7.65%	0.00%
Tier Two Members	7.65%	0.00%	7.65%	0.00%
Tier Three Members	9.68%	0.26%	9.68%	0.26%
Town Contributions	9.68% - 15.33%	0.23% - 0.26%	9.97% - 30.21%	0.26% - 0.47%

The Town’s contributions to the plans for the year ended June 30, 2023 was as follows.

	PSPRS Firefighters		PSPRS Police	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
Town Contributions	\$ 1,110,860	\$ 21,341	\$ 1,454,749	\$ 24,642

Town Contributions are 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 and OPEB (Asset)/Liability – At June 30, 2023, the Town reported the following net pension (asset)/liability:

Tiers 1 & 2	Net Pension (asset)/liability		Net OPEB (asset)/liability		Tier 3	Net Pension (asset)/liability		Net OPEB (asset)/liability	
PSPRS Firefighters	\$	(980,203)	\$	(29,360)	PSPRS Firefighters	\$	(72,717)	\$	(15,991)
PSPRS Police		(337,227)		10,143	PSPRS Police		(48,760)		-
Total	\$	(1,317,430)	\$	(19,217)	Total	\$	(121,477)	\$	(15,991)



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The net assets and net liabilities were measured as of June 30, 2022, and the total liability used to calculate the net asset or liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2022, reflect changes of actuarial assumptions, including decreasing the investment rate of return from 7.3% to 7.2%, changing the wage inflation from 3.5% to a range of 3.0% – 6.25%, and increasing the cost-of-living adjustment from 1.75% to 1.85%.

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

Actuarial Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	7.2%	
Wage Inflation	3.0 - 6.25%	- For pensions/not applicable for OPEB
Price Inflation	2.5%	- For pensions/not applicable for OPEB
Cost-of-living adjustment	1.85%	- For pensions/not applicable for OPEB
Mortality Rates	PubS-2010 tables	

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

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.20% 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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Public Equity	24%	3.49%
International Public Equity	16%	4.47%
Global Private Equity	20%	7.18%
Other Assets (Capital Apprecia	7%	4.83%
Core Bonds	2%	0.45%
Private Credit	20%	5.10%
Diversifying Strategies	10%	2.68%
Cash - Mellon	1%	-0.35%
Total	<u>100%</u>	

Pension Discount Rates – At June 30, 2022, the discount rate was used to measure the total pension/OPEB liability was 7.2%, which was a decrease of 0.1 from the discount rate used as of June 30, 2021. The projection of cash flows used to determine the PSPRS discount rate 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/OPEB liability.

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

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	Pension			Health Insurance Premium Benefit		
	Increase/(Decrease)			Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance beginning of the year	\$ 17,512,283	\$ 20,829,687	\$ (3,317,404)	\$ 197,927	\$ 262,832	\$ (64,905)
Changes for the Year:						
Service Cost	1,258,858	-	1,258,858	16,387	-	16,387
Interest on the Total Liability	1,365,161	-	1,365,161	15,555	-	15,555
Differences Between Expected and Actual Experience in the Measurement of the Liability	151,697	-	151,697	3,652	-	3,652
Changes of Assumptions or Other Inputs	273,508	-	273,508	1,976	-	1,976
Contributions - Employer	-	1,059,925	(1,059,925)	-	12,207	(12,207)
Contributions - Employee	-	542,836	(542,836)	-	-	-
Net Investment Income	-	(874,973)	874,973	-	(10,004)	10,004
Benefit Payments, Including Refunds of Employee Contributions	(140,612)	(140,612)	-	(2,460)	(2,460)	-
Administrative Expenses	-	(15,765)	15,765	-	(178)	178
Net Changes	2,908,612	571,411	2,337,201	35,110	(435)	35,545
Balance end of the year	<u>\$ 20,420,895</u>	<u>\$ 21,401,098</u>	<u>\$ (980,203)</u>	<u>\$ 233,037</u>	<u>\$ 262,397</u>	<u>\$ (29,360)</u>

Changes in the Agent Plans' Net Pension/OPEB (Asset)/Liability – The following table presents changes in the Town's net pension/OPEB (asset)/liability for the PSPRS – Police plan is as follows:

	Pension			Health Insurance Premium Benefit		
	Increase/(Decrease)			Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance beginning of the year	\$ 158,344	\$ 233,833	\$ (75,489)	\$ 1,475	\$ -	\$ 1,475
Changes for the Year:						
Service Cost	189,795	-	189,795	2,176	-	2,176
Interest on the Total Liability	25,414	-	25,414	267	-	267
Differences Between Expected and Actual Experience in the Measurement of the Liability	741,901	-	741,901	6,889	-	6,889
Changes of Assumptions or Other Inputs	26,212	-	26,212	(664)	-	(664)
Contributions - Employer	-	1,040,910	(1,040,910)	-	-	-
Contributions - Employee	-	256,143	(256,143)	-	-	-
Net Investment Income	-	(51,083)	51,083	-	-	-
Administrative Expenses	-	(910)	910	-	-	-
Net Changes	983,322	1,245,060	(261,738)	8,668	-	8,668
Balance end of the year	<u>\$ 1,141,666</u>	<u>\$ 1,478,893</u>	<u>\$ (337,227)</u>	<u>\$ 10,143</u>	<u>\$ -</u>	<u>\$ 10,143</u>

Sensitivity of the Town's Net Pension/OPEB (Assets)/Liabilities to Changes in the Discount Rate – The following table presents the Town's net pension/OPEB (assets) liabilities calculated using the discount rate of 7.2%, as well as what the Town's net pension/OPEB (asset) liability 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:

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	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
PSPRS Firefighters			
Net Pension Liability (Asset)	\$ 2,988,500	\$ (980,203)	\$ (4,163,604)
Net OPEB Liability (Asset)	5,822	(29,360)	(58,797)
PSPRS Police			
Net Pension Liability (Asset)	(92,030)	(337,227)	(528,466)
Net OPEB Liability (Asset)	12,215	10,143	8,468

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

Expense – For the year ended June 30, 2023, the Town recognized the following pension and OPEB expense:

	Pension Expense	OPEB Expense
PSPRS Firefighters	\$ 942,134	\$ 12,020
PSPRS Police	196	2,981
<b>Total</b>	<b>\$ 942,330</b>	<b>\$ 15,001</b>

Deferred Outflows/Inflows of Resources – At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

**PSPRS - Firefighters**

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,273,610	\$ 7,036	\$ 15,604	\$ 32,460
Changes of assumptions or other inputs	722,657	-	3,477	8,359
Net difference between projected and actual earnings on pension/OPEB plan investments	498,769	-	6,133	-
Town contributions subsequent to the measurement date	888,606		15,371	-
	<b>\$ 4,383,642</b>	<b>\$ 7,036</b>	<b>\$ 40,585</b>	<b>\$ 40,819</b>

**PSPRS - Police**

	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 793,218	\$ -	\$ 7,670	\$ -
Changes of assumptions or other inputs	23,830	-	-	611
Net difference between projected and actual earnings on pension plan investments	68,035	-	-	-
Town contributions subsequent to the measurement date	1,225,077	-	18,492	-
	<b>\$ 2,110,160</b>	<b>\$ -</b>	<b>\$ 26,162</b>	<b>\$ 611</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

Year Ended June 30,	PSPRS Firefighters		PSPRS Police	
	Pension	Health Insurance Premium Benefit	Pension	Health Insurance Premium Benefit
2024	\$ 409,232	\$ (731)	\$ 104,603	\$ 543
2025	370,839	(1,433)	104,603	543
2026	223,459	(3,779)	104,603	543
2027	821,143	3,852	112,714	543
2028	306,895	(2,056)	89,622	543
Thereafter	1,356,432	(11,458)	368,938	4,344

**NOTE 12. REGIONAL PARTNERSHIPS**

**A. 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, 2023 was \$28,761,223 and is recorded as an asset 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.

**B. Jointly Governed Organizations**

Phoenix-Mesa Gateway Airport Authority (PMGAA) is a non-profit corporation established and funded by the Towns of Queen Creek and Gilbert, the Cities of Mesa and Phoenix, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base, which was closed in September 1993 and became Phoenix-Mesa Gateway Airport. The airport has three runways and a passenger terminal, and is positioned to be a reliever airport to Phoenix's Sky Harbor International Airport. The Board of Directors consists of the mayors of the respective communities and the governor of the tribal community. The Town contributed \$130,000 to PMGAA in fiscal year 2023.

The Regional Public Transportation Authority (RPTA) is a voluntary association of local governments, including Maricopa County, Mesa, Tempe, Scottsdale, Glendale, Phoenix, Gilbert, and Queen Creek. Its purpose is to create a regional public transportation plan for Maricopa County. The Board of Directors consists of the mayors of those municipalities and a member of the County Board of Supervisors.

**C. Intergovernmental Agreements (IGAs) for Construction and System Improvements**

Frontier Family Park Detention Basin. The Town has an IGA with the Flood Control District of Maricopa County (FCDMC) wherein the District has agreed to fund half of the costs of construction of a Detention Basin at the Frontier Family Park. FCDMC's contribution to the project is estimated to be \$3.5 million of the \$7.0 million total project costs.

Signal Butte Road. The Town has 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 the design and construction of the project through completion. The agreement includes a provision for the Town to loan up to \$12 million to the City of Mesa with \$5.5 million for North Signal Butte Improvements and \$7.0 for South Signal Butte Improvements. Mesa secured a separate source of funding for the \$5.0 million needed for the North Signal Butte Improvements and the Town has sent Mesa \$5.5 million for the North Signal Butte Improvements. Mesa has agreed to reimburse the Town by December 31, 2030 up to \$7.0 million. The Town used proceeds from the Series 2020 excise tax and state-shared revenue bonds to finance the payments to Mesa. This project is currently in process and may require additional funding from the Town prior to completion, which is expected in 2024.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

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Meridian Road (from Combs Road to Germann Road). The Town has 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 Combs Road to Germann Road. The County's estimated contribution is \$3.8 million. Construction of the improvements are expected to be finished in 2024.

Meridian Road (from Queen Creek Road to Germann Road). The Town has 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 Queen Creek Road to Germann Road. The County's estimated contribution is \$8.0 million. Construction of the improvements is expected to be finished in 2024.

Ocotillo Road (from Signal Butte to Ironwood). The Town has an IGA with Maricopa County wherein the County has agreed to pay \$1.0 million towards these road improvements.

Chandler Heights Road. The Town has 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 \$3.3 million project, which is expected to be finished in 2024.

Queen Creek Wash Trail. The Town has entered into an IGA with the State of Arizona, Department of Transportation (ADOT) for the construction of a multi-use pathway along the Queen Creek Wash. ADOT will act as the Town's agent for the project and secure Federal Funds totaling \$1.9 million of the estimated \$4.1 million total project costs. This project is in the design stages.

**NOTE 13. RISK MANAGEMENT AND CONTINGENT LIABILITIES**

**A. 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.

**B. 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.

**NOTE 14. SUBSEQUENT EVENTS**

**A. EPCOR Customer Service Area Swap**

EPCOR and the Town of Queen Creek entered into a Utilities Services Exchange Agreement on August 11, 2022. Arizona Corporation Commission (ACC) approval is required to exchange service areas. The ACC voted to approve the request on December 6, 2022 and the approval became effective on December 15, 2022. The approval deletes certain areas from EPCOR's Certificate Convenience and Necessity (CC&N) to allow the Town of Queen Creek to be the sole provider of wastewater in the designated area. In exchange,

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

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additional wastewater services and water service responsibility for certain areas outside the Town's boundaries will be transferred to EPCOR.

Effective July 1, 2023, the areas transferred to Queen Creek included Encanterra (partially developed area located south of Combs Road and east of Gantzel Road), Ironwood Crossing (located south of Pima Road between Meridian Road and Ironwood Drive), and Germann 516/PRI property (undeveloped area located south of Germann Road between Meridian and Ironwood Roads), and commercial area south of Combs Road and west of Gantzel Road that includes the Ironwood Medical Center and Fry's Shopping Center. Under the Agreement, the Town received from EPCOR approximately 6,241 current and future wastewater customers. These areas already receive water services from the Town of Queen Creek.

Effective July 1, 2023, the Bella Vista Farms North development (located south of Skyline Drive and north of Roberts Road between Gantzel Road and Sierra Vista Drive) was transferred to EPCOR's wastewater and water service area. Through this transfer, EPCOR will receive from the Town approximately 3,729 future customers for water services and wastewater services. At a later date, there will be additional areas transferred as part of the Exchange Agreement including Combs Ranch with approximately 771 current and future customers for wastewater, Quail Ranch with approximately 450 future customers for wastewater services, and Skyline Village with approximately 1,162 future customers for water services.

In conjunction with the customer transfer on July 1, 2023, EPCOR transferred certain assets to the Town. Furthermore, EPCOR assigned and Queen Creek assumed the liabilities as set forth in the Exchange Agreement, including assumption of line extension agreements and reimbursement.

The service area exchange brings water and wastewater services together under one utility provider, including who to call for emergencies and questions about billing and service. The exchange also allows for increased long-term operational efficiency, such as adding central subdivisions and eliminating fringe subdivisions, and creates regional utility service stability such as the current wastewater interconnect and future potential water interconnect(s). As the region continues to grow, the exchange will build a strong foundation for future coordination in areas like water and wastewater treatment and the recharge and recovery of treated effluent.

**B. Issuance of Subordinate Lien Excise Tax Obligations**

On November 17, 2023 the Town obtained an interim short-term loan of \$50 million to accommodate cash flow needs during construction of new streets, water and wastewater improvements adjacent to the future LG Energy Solution (LGES) facility. The loan is secured by a subordinate lien pledge of excise tax and state-shared revenues, bears a fixed interest rate of 4.09%, and matures on June 1, 2027.

The Town's improvements are required by the development agreement between the Town and LGES that was approved in March 2022. The Town's improvement projects began in May 2022 and are expected to be completed by October 2025. The total cost of these improvements is \$84 million.

The Town's improvement project costs are expected to be covered by construction sales taxes paid by LGES on the construction of its facility. However, because LGES did not begin construction on its facility until October 2023, construction sales taxes are not yet being generated and cannot be used to meet the cash flow needs of the project payments. The Town therefore secured an interim short-term \$50 million loan to meet cash flow needs of the improvement project through June 2024, after which the Town expects sales taxes from LGES's facility construction to be sufficient to fund the remaining project costs.

**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, 2023**

**ASRS - Pension**

	Reporting Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Town's Proportion of the Net Pension Liability	0.180760%	0.169040%	0.161980%
Town's Proportionate Share of the Net Pension Liability	\$ 29,504,047	\$ 22,211,105	\$ 28,065,497
Town's Covered Payroll	21,610,468	19,060,515	15,809,849
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	136.53%	116.53%	177.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.26%	78.58%	69.33%

**ASRS - Health Insurance Benefit**

	Reporting Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Town's Proportion of the Net OPEB Asset	0.180460%	0.169870%	0.162780%
Town's Proportionate Share of the Net OPEB Asset	\$ (1,007,144)	\$ (827,620)	\$ (115,248)
Town's Covered Payroll	21,610,468	19,060,515	15,809,849
Town's Proportionate Share of the Net OPEB Asset as a Percentage of its Covered Payroll	-4.66%	-4.34%	-0.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	137.79%	130.24%	104.33%

**ASRS - Long-term Disability**

	Reporting Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Town's Proportion of the Net OPEB Liability	0.180380%	0.169350%	0.162290%
Town's Proportionate Share of the Net OPEB Liability	\$ 16,660	\$ 34,958	\$ 123,115
Town's Covered Payroll	21,610,468	19,060,515	15,809,849
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.08%	0.18%	0.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	95.40%	90.38%	68.01%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: GASB 75 information was implemented in FY 17 and information prior to this time is not available.*



Reporting Year  
(Measurement Date)

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
0.149770%	0.142370%	0.135270%	0.126160%	0.118690%	0.097621%
\$ 21,793,278	\$ 19,855,605	\$ 21,072,429	\$ 20,363,491	\$ 18,487,672	\$ 14,444,571
15,825,893	13,843,824	12,555,709	11,783,167	10,732,389	9,043,494
137.71%	143.43%	167.83%	172.82%	172.26%	159.72%
73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Reporting Year  
(Measurement Date)

2020 (2019)	2019 (2018)	2018 (2017)
0.150080%	0.143150%	0.135780%
\$ (41,475)	\$ (51,547)	\$ (73,919)
15,825,893	13,843,824	12,555,709
-0.26%	-0.37%	-0.59%
101.62%	102.20%	103.57%

Reporting Year  
(Measurement Date)

2020 (2019)	2019 (2018)	2018 (2017)
0.149810%	0.142550%	0.135190%
\$ 97,593	\$ 74,483	\$ 49,003
15,825,893	13,843,824	12,555,709
0.62%	0.54%	0.39%
72.85%	77.83%	84.44%

**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, 2023**

**PSPRS Fire Pension**

	Reporting Year/(Measurement Date)		
	2023/(2022)	2022/(2021)	2021/(2020)
Town's Proportion of the Net Pension Asset	1.345113%	1.369577%	1.331549%
Town's Proportionate Share of the Net Pension (Asset)/Liability	\$ (72,717)	\$ (126,805)	\$ 3,988
Town's Covered Payroll	5,788,014	5,425,383	4,858,290
Town's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	-1.26%	-2.34%	0.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	107.84%	121.67%	98.71%

**PSPRS Fire OPEB**

	Reporting Year/(Measurement Date)		
	2023/(2022)	2022/(2021)	2021/(2020)
Town's Proportion of the Net OPEB Asset	1.346598%	1.185902%	1.158587%
Town's Proportionate Share of the Net OPEB Asset	\$ (48,760)	\$ (11,506)	\$ (4,050)
Town's Covered Payroll	5,788,014	5,425,383	4,858,290
Town's Proportionate Share of the Net OPEB Asset as a Percentage of its Covered Payroll	-0.84%	-0.21%	-0.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	210.39%	242.50%	198.86%

**PSPRS Police Pension**

	Reporting Year/(Measurement Date)	
	2023/(2022)	2022/(2021)
Town's Proportion of the Net Pension Asset	0.901952%	0.000000%
Town's Proportionate Share of the Net Pension Asset	\$ (15,991)	\$ -
Town's Covered Payroll	3,136,306	463,540
Town's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-0.51%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	107.84%	121.67%

**PSPRS Police OPEB**

	Reporting Year/(Measurement Date)	
	2023/(2022)	2022/(2021)
Town's Proportion of the Net OPEB Asset	0.000000%	0.000000%
Town's Proportionate Share of the Net OPEB Asset	\$ -	\$ -
Town's Covered Payroll	3,136,306	463,540
Town's Proportionate Share of the Net OPEB Asset as a Percentage of its Covered Payroll	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	210.39%	242.50%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: The PSPRS Cost Sharing Pension Plan was implemented in FY 18 and information prior to this time is not available.*

*Note: The Town started a Police Department in FY 21 and as a result there is no pension information available prior to this time.*

Reporting Year/(Measurement Date)

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<u>2020/(2019)</u>	<u>2019/(2018)</u>
0.994119%	0.172002%
\$ (14,277)	\$ 339
4,464,356	3,838,295
-0.32%	0.01%
118.05%	89.24%

Reporting Year/(Measurement Date)

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<u>2020/(2019)</u>	<u>2019/(2018)</u>
0.874367%	0.172025%
\$ (1,284)	\$ (7)
4,464,356	3,838,295
-0.03%	0.00%
207.53%	110.51%

Reporting Year/(Measurement Date)

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Reporting Year/(Measurement Date)

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**TOWN OF QUEEN CREEK, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOWN'S**  
**NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS**  
**AGENT PENSION PLANS**  
**JUNE 30, 2023**

<b>PSPRS Fire Pension Liability/(Asset)</b>	Reporting Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Total Pension Liability			
Service Cost	\$ 1,258,858	\$ 1,091,569	\$ 996,494
Interest on the Total Pension Liability	1,365,161	1,173,040	937,489
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	151,697	339,123	1,334,175
Changes of Assumptions or Other Inputs	273,508	-	-
Benefit Payments, Including Refunds of Employee Contributions	(140,612)	(137,855)	(135,152)
Net Change in Total Pension Liability	2,908,612	2,465,877	3,133,006
Total Pension Liability - Beginning	17,512,283	15,046,406	11,913,400
Total Pension Liability - Ending (a)	20,420,895	17,512,283	15,046,406
Plan Fiduciary Net Position			
Contributions - Employer	1,059,925	3,106,861	1,635,722
Contributions - Employee	542,836	500,208	460,110
Net Investment Income	(874,973)	4,084,854	152,446
Benefit Payments, Including Refunds of Employee Contributions	(140,612)	(137,855)	(135,152)
Hall/Parker Settlement	-	-	-
Administrative Expenses	(15,765)	(18,815)	(50,794)
Other Changes	-	-	4,239
Net Change in Plan Fiduciary Net Position	571,411	7,535,253	2,066,571
Plan Fiduciary Net Position - Beginning	20,829,687	13,294,434	11,227,863
Plan Fiduciary Net Position - Ending (b)	21,401,098	20,829,687	13,294,434
Town's Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (980,203)	\$ (3,317,404)	\$ 1,751,972
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	104.80%	118.94%	88.36%
Covered Payroll	\$ 5,788,014	\$ 5,425,383	\$ 4,858,290
Town's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-16.94%	-61.15%	36.06%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

Reporting Year  
(Measurement Date)

2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 1,012,408	\$ 834,829	\$ 751,557	\$ 445,706	\$ 392,089	\$ 353,480
783,592	640,918	510,514	393,828	341,882	235,479
-	-	64,957	606,223	-	12,393
321,036	(10,396)	509,418	37,328	67,556	685,945
285,948	-	106,791	320,534	-	176,038
(132,502)	(132,132)	(129,228)	(203,984)	(129,228)	(125,141)
2,270,482	1,333,219	1,814,009	1,599,635	672,299	1,338,194
9,642,918	8,309,699	6,495,690	4,896,055	4,223,756	2,885,562
11,913,400	9,642,918	8,309,699	6,495,690	4,896,055	4,223,756
778,481	1,763,985	785,199	752,649	1,807,100	318,427
474,279	342,056	342,598	284,138	264,558	275,273
556,726	560,374	727,913	30,764	110,386	291,024
(132,502)	(132,132)	(129,228)	(203,984)	(129,228)	(125,141)
-	(364,237)	-	-	-	-
(10,665)	(9,229)	(6,841)	(4,827)	(3,085)	-
(1,111)	83	(50,230)	160,155	(60,116)	38,612
1,665,208	2,160,900	1,669,411	1,018,895	1,989,615	798,195
9,562,655	7,401,755	5,732,344	4,713,449	2,723,834	1,925,639
11,227,863	9,562,655	7,401,755	5,732,344	4,713,449	2,723,834
\$ 685,537	\$ 80,263	\$ 907,944	\$ 763,346	\$ 182,606	\$ 1,499,922
94.25%	99.17%	89.07%	88.25%	96.27%	64.49%
\$ 4,464,356	\$ 3,838,295	\$ 3,455,435	\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
15.36%	2.09%	26.28%	31.19%	7.75%	70.44%

**TOWN OF QUEEN CREEK, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOWN'S**  
**NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS**  
**AGENT PENSION PLANS**  
**JUNE 30, 2023**

<b>PSPRS Fire OPEB Liability/(Asset)</b>	Reporting Year (Measurement Date)		
	2023 (2022)	2022 (2021)	2021 (2020)
Total OPEB Liability			
Service Cost	\$ 16,387	\$ 14,759	\$ 14,239
Interest on the Total OPEB Liability	15,555	13,512	11,493
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the OPEB Liability	3,652	881	6,656
Changes of Assumptions or Other Inputs	1,976	-	-
Benefit Payments, Including Refunds of Employee Contributions	(2,460)	(3,120)	(3,120)
Net Change in Total OPEB Liability	35,110	26,032	29,268
Total OPEB Liability - Beginning	197,927	171,895	142,627
Total OPEB Liability - Ending (a)	233,037	197,927	171,895
Plan Fiduciary Net Position			
Contributions - Employer	12,207	13,598	13,087
Contributions - Employee	-	-	-
Net Investment Income	(10,004)	53,093	2,307
Benefit Payments, Including Refunds of Employee Contributions	(2,460)	(3,120)	(3,120)
Hall/Parker Settlement	-	-	-
Administrative Expenses	(178)	(218)	(188)
Other Changes	-	-	-
Net Change in Plan Fiduciary Net Position	(435)	63,353	12,086
Plan Fiduciary Net Position - Beginning	262,832	199,479	187,393
Plan Fiduciary Net Position - Ending (b)	262,397	262,832	199,479
Town's Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ (29,360)	\$ (64,905)	\$ (27,584)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	112.60%	132.79%	116.05%
Covered Payroll	\$ 5,788,014	\$ 5,425,383	\$ 4,858,290
Town's Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	-0.51%	-1.20%	-0.57%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: GASB 75 information was implemented in FY 18 and information prior to this time is not available.*

Reporting Year  
(Measurement Date)

2020 (2019)	2019 (2018)	2018 (2017)
\$ 10,363	\$ 11,515	\$ 9,675
12,766	10,807	9,973
-	-	3,055
(43,287)	2,670	7,849
2,188	-	(15,289)
(3,120)	(3,120)	(3,120)
(21,090)	21,872	12,143
163,717	141,845	129,702
142,627	163,717	141,845
12,953	9,552	5,126
-	-	-
9,233	10,535	15,685
(3,120)	(3,120)	(3,120)
-	-	-
(159)	(160)	(139)
1,110	-	-
20,017	16,807	17,552
167,376	150,569	133,017
187,393	167,376	150,569
\$ (44,766)	\$ (3,659)	\$ (8,724)
131.39%	102.23%	106.15%
\$ 4,464,356	\$ 3,838,295	\$ 3,455,435
-1.00%	-0.10%	-0.25%

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOWN'S  
NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS  
AGENT PENSION PLANS  
JUNE 30, 2023**

**PSPRS Police Pension Liability/(Asset)**

	Reporting Year (Measurement Date)	
	2023 (2022)	2022 (2021)
Total Pension Liability		
Service Cost	\$ 189,795	\$ -
Interest on the Total Pension Liability	25,414	-
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	741,901	158,344
Changes of Assumptions or Other Inputs	26,212	-
Net Change in Total Pension Liability	983,322	158,344
Total Pension Liability - Beginning	158,344	-
Total Pension Liability - Ending (a)	1,141,666	158,344
Plan Fiduciary Net Position		
Contributions - Employer	1,040,910	180,585
Contributions - Employee	256,143	6,080
Net Investment Income	(51,083)	47,363
Administrative Expenses	(910)	(195)
Net Change in Plan Fiduciary Net Position	1,245,060	233,833
Plan Fiduciary Net Position - Beginning	233,833	-
Plan Fiduciary Net Position - Ending (b)	1,478,893	233,833
Town's Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ (337,227)</u>	<u>\$ (75,489)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	129.54%	147.67%
Covered Payroll	\$ 3,136,306	\$ 463,540
Town's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-10.75%	-16.29%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: The Town started a Police Department in FY 21 and as a result there is no pension information available prior to this time.*



**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOWN'S  
NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS  
AGENT PENSION PLANS  
JUNE 30, 2023**

**PSPRS Police OPEB Liability/(Asset)**

	Reporting Year	
	(Measurement Date)	
	2023 (2022)	2022 (2021)
Total OPEB Liability		
Service Cost	\$ 2,176	\$ -
Interest on the Total OPEB Liability	267	-
Differences Between Expected and Actual Experience in the Measurement of the OPEB Liability	6,889	1,475
Changes of Assumptions or Other Inputs	(664)	-
Net Change in Total OPEB Liability	8,668	1,475
Total OPEB Liability - Beginning	1,475	-
Total OPEB Liability - Ending (a)	10,143	1,475
Plan Fiduciary Net Position		
Contributions - Employer	-	-
Contributions - Employee	-	-
Net Investment Income	-	-
Administrative Expenses	-	-
Net Change in Plan Fiduciary Net Position	-	-
Plan Fiduciary Net Position - Beginning	-	-
Plan Fiduciary Net Position - Ending (b)	-	-
Town's Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 10,143	\$ 1,475
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered Payroll	\$ 3,136,306	\$ 463,540
Town's Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	0.32%	0.32%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: The Town started a Police Department in FY 21 and as a result there is no pension information available prior to this time.*

**TOWN OF QUEEN CREEK, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF TOWN PENSION CONTRIBUTIONS**  
**JUNE 30, 2023**

**ASRS - Pension**

	Reporting Fiscal Year			
	2023	2022	2021	2020
Statutorily Required Contribution	\$ 3,083,956	\$ 2,584,310	\$ 2,213,799	\$ 2,027,203
Town's Contribution in Relation to the Statutorily Required Contribution	3,083,956	\$ 2,584,310	2,213,799	2,027,203
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 25,995,934	\$ 21,610,468	\$ 19,060,515	\$ 15,809,849
Town's Contributions as a Percentage of Covered Payroll	11.86%	11.96%	11.61%	12.82%

**ASRS - Health Insurance Benefit**

	Reporting Fiscal Year			
	2023	2022	2021	2020
Statutorily Required Contribution	\$ 27,843	\$ 44,019	\$ 72,646	\$ 85,108
Town's Contribution in Relation to the Statutorily Required Contribution	27,843	\$ 44,019	\$ 72,646	\$ 85,108
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 25,995,934	\$ 21,610,468	\$ 19,060,515	\$ 15,809,849
Town's Contributions as a Percentage of Covered Payroll	0.11%	0.20%	0.38%	0.54%

**ASRS - Long-term Disability**

	Reporting Fiscal Year			
	2023	2022	2021	2020
Statutorily Required Contribution	\$ 35,853	\$ 40,416	\$ 33,829	\$ 29,749
Town's Contribution in Relation to the Statutorily Required Contribution	35,853	\$ 40,416	\$ 33,829	\$ 29,749
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 25,995,934	\$ 21,610,468	\$ 19,060,515	\$ 15,809,849
Town's Contributions as a Percentage of Covered Payroll	0.14%	0.19%	0.18%	0.19%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: GASB 75 information was implemented in FY 17 and information prior to this time is not available.*

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 1,765,871	\$ 1,542,460	\$ 1,422,375	\$ 1,281,699	\$ 1,144,335	\$ 1,013,052
1,765,871	1,542,460	1,422,375	1,281,699	1,144,335	1,013,052
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 15,825,893	\$ 13,843,824	\$ 12,555,709	\$ 11,783,167	\$ 10,732,389	\$ 9,043,494
11.16%	11.14%	11.33%	10.88%	10.66%	11.20%

Reporting Fiscal Year

2019	2018	2017
\$ 71,052	\$ 61,437	\$ 73,098
\$ 71,052	\$ 61,437	\$ 73,098
\$ -	\$ -	\$ -
\$ 15,825,893	\$ 13,843,824	\$ 12,555,709
0.45%	0.44%	0.58%

Reporting Fiscal Year

2019	2018	2017
\$ 24,894	\$ 22,619	\$ 18,386
\$ 24,894	\$ 22,619	\$ 18,386
\$ -	\$ -	\$ -
\$ 15,825,893	\$ 13,843,824	\$ 12,555,709
0.16%	0.16%	0.15%

**TOWN OF QUEEN CREEK, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF TOWN PENSION CONTRIBUTIONS**  
**JUNE 30, 2023**

**PSPRS Fire - Pension**

	Reporting Fiscal Year			
	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 1,110,860	\$ 1,206,168	\$ 1,091,576	\$ 1,724,337
Town's Contribution in Relation to the Actuarially Determined Contribution	911,293	1,237,247	3,236,223	1,724,337
Town's Contribution Deficiency (Excess)	<u>\$ 199,567</u>	<u>\$ (31,079)</u>	<u>\$ (2,144,647)</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 9,277,186	\$ 5,788,014	\$ 5,425,383	\$ 4,858,290
Town's Contributions as a Percentage of Covered Payroll	9.82%	21.38%	59.65%	35.49%

**PSPRS Fire - OPEB**

	Reporting Fiscal Year			
	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 21,341	\$ 16,978	\$ 17,078	\$ 15,471
Town's Contribution in Relation to the Actuarially Determined Contribution	21,341	16,978	17,078	15,471
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 9,277,186	\$ 5,788,014	\$ 5,425,383	\$ 4,858,290
Town's Contributions as a Percentage of Covered Payroll	0.23%	0.29%	0.31%	0.32%

**PSPRS Police - Pension**

	Reporting Fiscal Year		
	2023	2022	2021
Actuarially Determined Contribution	\$ 1,454,749	\$ 738,394	\$ 37,781
Town's Contribution in Relation to the Actuarially Determined Contribution	1,356,002	1,159,812	180,585
Town's Contribution Deficiency (Excess)	<u>\$ 98,747</u>	<u>\$ (421,418)</u>	<u>\$ (142,804)</u>
Town's Covered Payroll	\$ 6,757,238	\$ 3,136,306	\$ 463,540
Town's Contributions as a Percentage of Covered Payroll	20.07%	36.98%	38.96%

**PSPRS Police - OPEB**

	Reporting Fiscal Year		
	2023	2022	2021
Actuarially Determined Contribution	\$ 24,642	\$ -	\$ -
Town's Contribution in Relation to the Actuarially Determined Contribution	24,642	-	-
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 6,757,238	\$ 3,136,306	\$ 463,540
Town's Contributions as a Percentage of Covered Payroll	0.36%	0.00%	0.00%

*See Notes to Pension and OPEB Schedules, Required Supplementary Information.*

*Note: GASB 75 information was implemented in FY 17 and information prior to this time is not available.*

*Note: The Town started a Police Department in FY 21 and as a result there is no pension information available prior to this time.*

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 815,106	\$ 1,765,341	\$ 785,199	\$ 752,649	\$ 1,807,100	\$ 318,427
815,106	1,765,341	785,199	752,649	1,807,100	318,427
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,464,356	\$ 3,838,295	\$ 3,455,435	\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
18.26%	45.99%	22.72%	30.75%	76.74%	14.95%

Reporting Fiscal Year

2019	2018	2017
\$ 13,938	\$ 9,588	\$ 5,126
13,938	9,588	5,126
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,464,356	\$ 3,838,295	\$ 3,455,435
0.31%	0.25%	0.15%

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO PENSION SCHEDULES  
YEAR ENDED JUNE 30, 2023**

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**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	PSPRS members with initial membership date before July 1, 2017: Level percent-of-pay, closed PSPRS members with initial membership date on or after July 1, 2017: Level dollar closed
Remaining Amortization Period as of the 2021 Actuarial Valuation	PSPRS members with initial membership date before July 1, 2017: 17 years PSPRS members with initial membership date on or after July 1, 2017: 10 years
Asset Valuation Method	PSPRS members with initial membership date before July 1, 2017: 7-year smoothed market; 80%/120% market corridor PSPRS members with initial membership date on or after July 1, 2017: 5 year smoothed market value; 80%/120% market corridor
Actuarial Assumptions:	
Investment Rate of Return	PSPRS Members with initial membership date before July 1, 2018: In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. 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 2019 actuarial valuation, changed to PubS-2010 tables. 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)

**TOWN OF QUEEN CREEK, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO PENSION SCHEDULES**  
**YEAR ENDED JUNE 30, 2023**

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**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.

**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**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND - BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sales Tax	\$ 51,411,468	\$ 55,069,544	\$ 58,724,696	\$ 3,655,152
Intergovernmental	17,807,600	21,919,461	22,393,266	473,805
Licenses, Permits and Fees	11,067,200	7,220,500	8,405,567	1,185,067
Charges for Services	4,794,567	4,973,748	5,771,834	798,086
Investment Income	500,000	2,350,000	2,216,115	(133,885)
Miscellaneous	101,000	616,000	552,288	(63,712)
Total Revenues	<u>85,681,835</u>	<u>92,149,253</u>	<u>98,063,766</u>	<u>5,914,513</u>
<b>EXPENDITURES</b>				
Current:				
Mayor and Town Council	451,445	451,445	404,227	47,218
Town Manager	1,057,830	1,237,830	1,013,345	224,485
Town Clerk and Legal Services	1,164,406	1,289,406	1,166,799	122,607
Finance	2,909,485	3,129,304	2,827,344	301,960
Economic Development	1,303,498	1,303,498	1,183,995	119,503
Communications, Marketing and Recreation Services	5,154,572	5,261,436	4,862,417	399,019
Workforce and Technology	8,360,310	7,958,383	7,085,247	873,136
Development Services	4,390,526	4,643,076	4,253,780	389,296
Public Works	10,075,244	13,809,001	10,521,999	3,287,002
Centralized Services/Contingency	5,905,600	3,708,560	2,720,504	988,056
Total Expenditures	<u>40,772,916</u>	<u>42,791,939</u>	<u>36,039,657</u>	<u>6,752,282</u>
Excess (Deficiency) of Revenues Over Expenditures	44,908,919	49,357,314	62,024,109	12,666,795
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(36,654,137)	(39,042,710)	(39,996,139)	(953,429)
Total Other Financing Sources (Uses)	<u>(36,654,137)</u>	<u>(39,042,710)</u>	<u>(39,996,139)</u>	<u>(953,429)</u>
Net Change in Fund Balances	<u>\$ 8,254,782</u>	<u>\$ 10,314,604</u>	<u>\$ 22,027,970</u>	<u>\$ 11,713,366</u>

*See Notes to Budgetary Comparison Schedule, Required Supplementary Information*



**TOWN OF QUEEN CREEK, ARIZONA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CONSTRUCTION SALES TAX FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sales Tax	\$ 13,092,900	\$ 15,000,000	\$ 17,594,157	\$ 2,594,157
Investment Income	50,000	50,000	-	(50,000)
Total Revenues	<u>13,142,900</u>	<u>15,050,000</u>	<u>17,594,157</u>	<u>2,544,157</u>
<b>EXPENDITURES</b>				
Current:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	13,142,900	15,050,000	17,594,157	2,544,157
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(15,565,276)</u>	<u>(15,565,276)</u>	<u>(3,985,620)</u>	<u>11,579,656</u>
Total Other Financing Sources (Uses)	<u>(15,565,276)</u>	<u>(15,565,276)</u>	<u>(3,985,620)</u>	<u>11,579,656</u>
Net Change in Fund Balances	<u>\$ (2,422,376)</u>	<u>\$ (515,276)</u>	<u>\$ 13,608,537</u>	<u>\$ 14,123,813</u>

*See Notes to Budgetary Comparison Schedule, Required Supplementary Information*

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED JUNE 30, 2023**

**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 138 through 139. 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	\$ 116,465,780	\$ (85,091,212)	\$ (9,776,040)	\$ 108,933,583	\$ 130,532,111
Other Funds Included in General Fund - Budgeted as Special Revenue Funds:					
Emergency Services Fund	(26,379,126)	47,037,146	(21,168,327)	(237,164)	(747,471)
Horseshoe Park and Equestrian Center	(1,169,476)	2,208,778	(1,040,855)	11,203	9,650
Interdepartmental Support Revenue	6,359,999	(2,940,854)	(3,419,145)	-	-
GAAP Adjustments	2,786,589	2,746,485	(4,591,772)	3,301,352	4,242,654
Budgetary Comparison Schedule - General Fund	<u>\$ 98,063,766</u>	<u>\$ (36,039,657)</u>	<u>\$ (39,996,139)</u>	<u>\$ 112,008,974</u>	<u>\$ 134,036,944</u>

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED JUNE 30, 2023**

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**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 Housing Rehab Fund. Accordingly, no budgetary comparison schedule is presented for this fund.

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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.

*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.

*Grants Fund* – accounts for Federal funds received by the Town that were distributed as a result of COVID-19.

### 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.

**TOWN OF QUEEN CREEK, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	Special Revenue Funds	Capital Projects Funds	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 9,471,832	\$ 55,919,165	\$ 65,390,997
Restricted Cash and Investments	-	1,752,761	1,752,761
Receivables:			
Taxes Receivable	150,736	-	150,736
Intergovernmental Receivable	633,980	-	633,980
Leases Receivable	155,096	-	155,096
Prepaid Supplies	262,736	-	262,736
Total Assets	<u>\$ 10,674,380</u>	<u>\$ 57,671,926</u>	<u>\$ 68,346,306</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 1,854,300	\$ 7,289	\$ 1,861,589
Accrued Wages and Benefits	26,878	-	26,878
Unearned Revenues	27,500	-	27,500
Advances from Other Funds	-	3,992,110	3,992,110
Total Liabilities	<u>1,908,678</u>	<u>3,999,399</u>	<u>5,908,077</u>
Deferred Inflows of Resources:			
Unavailable Revenues	436	-	436
Lease Related	135,658	-	135,658
Total Deferred Inflows of Resources	<u>136,094</u>	<u>-</u>	<u>136,094</u>
Fund Balances:			
Nonspendable	262,736	-	262,736
Restricted	3,373,882	53,672,527	57,046,409
Committed	4,992,990	-	4,992,990
Total Fund Balances	<u>8,629,608</u>	<u>53,672,527</u>	<u>62,302,135</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,674,380</u>	<u>\$ 57,671,926</u>	<u>\$ 68,346,306</u>



**TOWN OF QUEEN CREEK, ARIZONA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds	Capital Project Funds	Totals
<b>REVENUES</b>			
Local Sales Tax	\$ 1,340,764	\$ -	\$ 1,340,764
Intergovernmental	13,626,993	-	13,626,993
Special Assessments	92,755	-	92,755
Charges for Services	114,676	-	114,676
Impact Fees	-	13,269,848	13,269,848
Investment Income	60,779	1,019,493	1,080,272
Miscellaneous	2,114,965	-	2,114,965
Total Revenues	<u>17,350,932</u>	<u>14,289,341</u>	<u>31,640,273</u>
<b>EXPENDITURES</b>			
Current:			
General Government	-	146	146
Public Safety	-	13,456	13,456
Highways and Streets	7,461,421	8,350	7,469,771
Culture and Recreation	-	11,170	11,170
Economic Development	155,395	-	155,395
Capital Outlay	516,668	-	516,668
Total Expenditures	<u>8,133,484</u>	<u>33,122</u>	<u>8,166,606</u>
Excess (Deficiency) of Revenues Over Expenditures	9,217,448	14,256,219	23,473,667
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	7,043	-	7,043
Transfers Out	(5,412,281)	(17,304,977)	(22,717,258)
Total Other Financing Sources (Uses)	<u>(5,405,238)</u>	<u>(17,304,977)</u>	<u>(22,710,215)</u>
Net Change in Fund Balances	3,812,210	(3,048,758)	763,452
<b>FUND BALANCES</b>			
Beginning of Year	4,817,398	56,721,285	61,538,683
End of Year	<u>\$ 8,629,608</u>	<u>\$ 53,672,527</u>	<u>\$ 62,302,135</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2023**

	Highway Users Revenue	Town Center	Street Lighting Districts
<b>ASSETS</b>			
Cash and Investments	\$ 4,402,777	\$ 4,851,868	\$ 134,665
Receivables:			
Taxes Receivable	-	149,187	1,549
Intergovernmental Receivable	633,980	-	-
Leases Receivable	-	155,096	-
Prepaid Supplies	262,736	-	-
Total Assets	<u>\$ 5,299,493</u>	<u>\$ 5,156,151</u>	<u>\$ 136,214</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 1,837,750	\$ 3	\$ 16,547
Accrued Wages and Benefits	26,878	-	-
Unearned Revenues	-	27,500	-
Total Liabilities	<u>1,864,628</u>	<u>27,503</u>	<u>16,547</u>
Deferred Inflows of Resources:			
Unavailable Revenues	-	-	436
Lease Related	-	135,658	-
Total Deferred Inflows of Resources	<u>-</u>	<u>135,658</u>	<u>436</u>
Fund Balances:			
Nonspendable	262,736	-	-
Restricted	3,172,129	-	119,231
Committed	-	4,992,990	-
Total Fund Balances	<u>3,434,865</u>	<u>4,992,990</u>	<u>119,231</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,299,493</u>	<u>\$ 5,156,151</u>	<u>\$ 136,214</u>

Housing Rehab	Grants	Totals
\$ 82,522	\$ -	\$ 9,471,832
-	-	150,736
-	-	633,980
-	-	155,096
-	-	262,736
<u>\$ 82,522</u>	<u>\$ -</u>	<u>\$ 10,674,380</u>
\$ -	\$ -	\$ 1,854,300
-	-	26,878
-	-	27,500
<u>-</u>	<u>-</u>	<u>1,908,678</u>
-	-	436
-	-	135,658
<u>-</u>	<u>-</u>	<u>136,094</u>
-	-	262,736
82,522	-	3,373,882
-	-	4,992,990
<u>82,522</u>	<u>-</u>	<u>8,629,608</u>
<u>\$ 82,522</u>	<u>\$ -</u>	<u>\$ 10,674,380</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, 2023**

	Highway Users Revenue	Town Center	Street Lighting Districts
<b>REVENUES</b>			
Local Sales Tax	\$ -	\$ 1,340,764	\$ -
Intergovernmental	8,811,100	-	-
Special Assessments	-	-	92,755
Charges for Services	-	114,676	-
Investment Income	-	59,487	-
Miscellaneous	178,914	1,936,051	-
Total Revenues	<u>8,990,014</u>	<u>3,450,978</u>	<u>92,755</u>
<b>EXPENDITURES</b>			
Current:			
Highways and Streets	7,267,035	-	194,386
Economic Development	-	155,395	-
Capital Outlay	467,712	48,956	-
Total Expenditures	<u>7,734,747</u>	<u>204,351</u>	<u>194,386</u>
Excess (Deficiency) of Revenues Over Expenditures	1,255,267	3,246,627	(101,631)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	7,043	-	-
Transfers Out	(263,888)	(332,500)	-
Total Other Financing Sources (Uses)	<u>(256,845)</u>	<u>(332,500)</u>	<u>-</u>
Net Change in Fund Balances	998,422	2,914,127	(101,631)
<b>FUND BALANCES</b>			
Beginning of Year	2,436,443	2,078,863	220,862
End of Year	<u>\$ 3,434,865</u>	<u>\$ 4,992,990</u>	<u>\$ 119,231</u>

<u>Housing Rehab</u>	<u>Grants</u>	<u>Totals</u>
\$ -	\$ -	\$ 1,340,764
-	4,815,893	13,626,993
-	-	92,755
-	-	114,676
1,292	-	60,779
-	-	2,114,965
<u>1,292</u>	<u>4,815,893</u>	<u>17,350,932</u>
-	-	7,461,421
-	-	155,395
-	-	516,668
<u>-</u>	<u>-</u>	<u>8,133,484</u>
1,292	4,815,893	9,217,448
-	-	7,043
-	(4,815,893)	(5,412,281)
<u>-</u>	<u>(4,815,893)</u>	<u>(5,405,238)</u>
1,292	-	3,812,210
81,230	-	4,817,398
<u>\$ 82,522</u>	<u>\$ -</u>	<u>\$ 8,629,608</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2023**

	Town Building Development	Transportation Development	Library Development
<b>ASSETS</b>			
Cash and Investments	\$ 2,521,720	\$ 17,396,465	\$ 2,339,866
Restricted Cash and Investments	-	-	-
Total Assets	<u>\$ 2,521,720</u>	<u>\$ 17,396,465</u>	<u>\$ 2,339,866</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ -	\$ 2,118	\$ 167
Advances from Other Funds	\$ -	\$ 472,145	\$ -
Total Liabilities	-	474,263	167
Deferred Inflows of Resources:			
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Restricted	2,521,720	16,922,202	2,339,699
Total Fund Balances	<u>2,521,720</u>	<u>16,922,202</u>	<u>2,339,699</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,521,720</u>	<u>\$ 17,396,465</u>	<u>\$ 2,339,866</u>

Park Development	Public Safety Development	Fire Development	Totals
\$ 24,126,911	\$ 2,138,018	\$ 7,396,185	\$ 55,919,165
-	-	1,752,761	1,752,761
<u>\$ 24,126,911</u>	<u>\$ 2,138,018</u>	<u>\$ 9,148,946</u>	<u>\$ 57,671,926</u>

\$ 3,189	\$ 640	\$ 1,175	\$ 7,289
\$ 3,519,965	\$ -	\$ -	\$ 3,992,110
3,523,154	640	1,175	3,999,399

-	-	-	-
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20,603,757	2,137,378	9,147,771	53,672,527
<u>20,603,757</u>	<u>2,137,378</u>	<u>9,147,771</u>	<u>53,672,527</u>

<u>\$ 24,126,911</u>	<u>\$ 2,138,018</u>	<u>\$ 9,148,946</u>	<u>\$ 57,671,926</u>
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**TOWN OF QUEEN CREEK, ARIZONA**  
**NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2023**

	Town Building Development	Transportation Development	Library Development
<b>REVENUES</b>			
Impact Fees	\$ 12,995	\$ 4,228,456	\$ 274,963
Investment Income	-	267,132	36,947
Total Revenues	<u>12,995</u>	<u>4,495,588</u>	<u>311,910</u>
<b>EXPENDITURES</b>			
Current:			
General Government	146	-	-
Public Safety	-	-	-
Highways and Streets	-	8,350	-
Culture and Recreation	-	-	2,820
Total Expenditures	<u>146</u>	<u>8,350</u>	<u>2,820</u>
Excess (Deficiency) of Revenues Over Expenditures	12,849	4,487,238	309,090
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	(288,727)	(2,815,181)	(232,731)
Total Other Financing Sources (Uses)	<u>(288,727)</u>	<u>(2,815,181)</u>	<u>(232,731)</u>
Net Change in Fund Balances	(275,878)	1,672,057	76,359
<b>FUND BALANCES</b>			
Beginning of Year	2,797,598	15,250,145	2,263,340
End of Year	<u>\$ 2,521,720</u>	<u>\$ 16,922,202</u>	<u>\$ 2,339,699</u>



Park Development	Public Safety Development	Fire Development	Totals
\$ 5,266,835	\$ 1,229,499	\$ 2,257,100	\$ 13,269,848
474,309	24,735	216,370	1,019,493
<u>5,741,144</u>	<u>1,254,234</u>	<u>2,473,470</u>	<u>14,289,341</u>
-	-	-	146
-	6,728	6,728	13,456
-	-	-	8,350
8,350	-	-	11,170
<u>8,350</u>	<u>6,728</u>	<u>6,728</u>	<u>33,122</u>
5,732,794	1,247,506	2,466,742	14,256,219
(10,972,797)	(167,076)	(2,828,465)	(17,304,977)
<u>(10,972,797)</u>	<u>(167,076)</u>	<u>(2,828,465)</u>	<u>(17,304,977)</u>
(5,240,003)	1,080,430	(361,723)	(3,048,758)
25,843,760	1,056,948	9,509,494	56,721,285
<u>\$ 20,603,757</u>	<u>\$ 2,137,378</u>	<u>\$ 9,147,771</u>	<u>\$ 53,672,527</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**DRAINAGE AND TRANSPORTATION FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 16,828,633	\$ 16,828,633	\$ 8,152,678	\$ (8,675,955)
Contributions	-	-	275,000	275,000
Investment Income	150,000	460,000	727,721	267,721
Miscellaneous	59,500,000	59,500,000	67,196	(59,432,804)
Total Revenues	<u>76,478,633</u>	<u>76,788,633</u>	<u>9,222,595</u>	<u>(67,566,038)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	3,234,265	4,299,698	2,624,202	1,675,496
Capital Outlay	177,317,415	157,072,374	29,776,352	127,296,022
Total Expenditures	<u>180,551,680</u>	<u>161,372,072</u>	<u>32,400,554</u>	<u>128,971,518</u>
Excess (Deficiency) of Revenues Over Expenditures	(104,073,047)	(84,583,439)	(23,177,959)	61,405,480
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	26,965,935	26,965,935	7,829,534	(19,136,401)
Total Other Financing Sources (Uses)	<u>26,965,935</u>	<u>26,965,935</u>	<u>7,829,534</u>	<u>(19,136,401)</u>
Net Change in Fund Balances	<u>\$ (77,107,112)</u>	<u>\$ (57,617,504)</u>	<u>\$ (15,348,425)</u>	<u>\$ 42,269,079</u>
<b>RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:</b>				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			(1,875)	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(118,383)	
Prepaid Supplies are Recognized when Incurred for GAAP, Paid for Budget			(17,792)	
Accounts Payable amounts not accrued on a Budgetary Basis			(242)	
Net Change in Fund Balance - GAAP Basis			<u>\$ (15,486,717)</u>	

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL CAPITAL IMPROVEMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 624,358	\$ 624,358	\$ 48,975	\$ (575,383)
Investment Income	-	1,140,000	2,547,879	1,407,879
Miscellaneous	3,000,000	3,000,000	-	(3,000,000)
Total Revenues	3,624,358	4,764,358	2,596,854	(2,167,504)
<b>EXPENDITURES</b>				
Capital Outlay	196,462,824	213,489,552	69,863,539	143,626,013
Total Expenditures	196,462,824	213,489,552	69,863,539	143,626,013
Excess (Deficiency) of Revenues Over Expenditures	(192,838,466)	(208,725,194)	(67,266,685)	141,458,509
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	25,804,488	31,836,876	19,073,828	(12,763,048)
Total Other Financing Sources (Uses)	25,804,488	31,836,876	19,073,828	(12,763,048)
Net Change in Fund Balances	\$ (167,033,978)	\$ (176,888,318)	\$ (48,192,857)	\$ 128,695,461

**RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:**

Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(223,616)
Unrealized Gain (Loss) on Investments are GAAP-only Expenses	594,135
Accounts Payable amounts not accrued on a Budgetary Basis	(531)
Net Change in Fund Balance - GAAP Basis	\$ (47,822,869)

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**IMPROVEMENT DISTRICT DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 1,732,010	\$ 1,732,010	\$ 1,739,843	\$ 7,833
Charges for Services	-	-	460	460
Total Revenues	1,732,010	1,732,010	1,740,303	8,293
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	1,450,898	1,500,559	1,481,115	19,444
Interest on Long-Term Debt	281,112	281,112	259,201	21,911
Total Expenditures	1,732,010	1,781,671	1,740,316	41,355
Net Change in Fund Balances	\$ -	\$ (49,661)	\$ (13)	\$ 49,648

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	\$ 5,235,000	\$ 5,235,000	\$ 5,235,000	\$ -
Interest on Long-Term Debt	11,502,426	11,564,896	11,555,519	9,377
Total Expenditures	<u>16,737,426</u>	<u>16,799,896</u>	<u>16,790,519</u>	<u>9,377</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (16,737,426)	 (16,799,896)	 (16,790,519)	 9,377
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	16,737,426	16,799,896	16,790,519	(9,377)
Total Other Financing Sources (Uses)	<u>16,737,426</u>	<u>16,799,896</u>	<u>16,790,519</u>	<u>(9,377)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**HIGHWAY USERS REVENUE FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 7,489,700	\$ 8,732,662	\$ 8,811,100	\$ 78,438
Miscellaneous	-	-	178,914	178,914
Total Revenues	<u>7,489,700</u>	<u>8,732,662</u>	<u>8,990,014</u>	<u>257,352</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	7,951,435	8,406,218	7,279,318	1,126,900
Capital Outlay	310,000	1,092,934	467,712	625,222
Total Expenditures	<u>8,261,435</u>	<u>9,499,152</u>	<u>7,747,030</u>	<u>1,752,122</u>
Excess (Deficiency) of Revenues Over Expenditures	(771,735)	(766,490)	1,242,984	2,009,474
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,035,623	1,042,667	7,043	(1,035,624)
Transfers Out	(263,888)	(263,888)	(263,888)	-
Total Other Financing Sources (Uses)	<u>771,735</u>	<u>778,779</u>	<u>(256,845)</u>	<u>(1,035,624)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 12,289</u>	<u>\$ 986,139</u>	<u>\$ 973,850</u>

**RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:**

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	2,542
Prepaid Supplies are Recognized when Incurred for GAAP, Paid for Budget	9,741
Net Change in Fund Balance - GAAP Basis	<u>\$ 998,422</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**TOWN CENTER FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sales Tax	\$ 1,280,750	\$ 1,671,743	\$ 1,340,764	\$ (330,979)
Charges for Services	103,868	103,868	114,676	10,808
Investment Income	-	-	59,487	59,487
Miscellaneous	-	1,910,667	1,936,051	25,384
Total Revenues	<u>1,384,618</u>	<u>3,686,278</u>	<u>3,450,978</u>	<u>(235,300)</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	141,500	220,250	155,395	64,855
Capital Outlay	610,500	531,750	48,956	482,794
Total Expenditures	<u>752,000</u>	<u>752,000</u>	<u>204,351</u>	<u>547,649</u>
Excess (Deficiency) of Revenues Over Expenditures	632,618	2,934,278	3,246,627	312,349
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(332,500)	(332,500)	(332,500)	-
Total Other Financing Sources (Uses)	<u>(332,500)</u>	<u>(332,500)</u>	<u>(332,500)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 300,118</u>	<u>\$ 2,601,778</u>	<u>\$ 2,914,127</u>	<u>\$ 312,349</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**STREET LIGHTING DISTRICTS FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 150,000	\$ 150,000	\$ 92,755	\$ (57,245)
Total Revenues	150,000	150,000	92,755	(57,245)
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	300,000	300,000	194,386	105,614
Total Expenditures	300,000	300,000	194,386	105,614
Net Change in Fund Balances	<u>\$ (150,000)</u>	<u>\$ (150,000)</u>	<u>\$ (101,631)</u>	<u>\$ 48,369</u>



**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GRANTS FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 10,000,000	\$ 10,000,000	\$ 4,815,893	\$ (5,184,107)
Total Revenues	10,000,000	10,000,000	4,815,893	(5,184,107)
<b>EXPENDITURES</b>				
Current:				
Public Safety	19,000,000	1,833,984	-	1,833,984
Total Expenditures	19,000,000	1,833,984	-	1,833,984
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(4,815,893)	(4,815,893)	-
Total Other Financing Sources (Uses)	-	(4,815,893)	(4,815,893)	-
Net Change in Fund Balances	\$ (9,000,000)	\$ 3,350,123	\$ -	\$ (3,350,123)

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**TOWN BUILDING DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 168,568	\$ 20,000	\$ 12,995	\$ (7,005)
Investment Income	3,000	3,000	-	(3,000)
Total Revenues	<u>171,568</u>	<u>23,000</u>	<u>12,995</u>	<u>(10,005)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	<u>20,000</u>	<u>20,000</u>	<u>146</u>	<u>19,854</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>146</u>	<u>19,854</u>
Excess (Deficiency) of Revenues Over Expenditures	151,568	3,000	12,849	9,849
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(288,727)</u>	<u>(288,727)</u>	<u>(288,727)</u>	-
Total Other Financing Sources (Uses)	<u>(288,727)</u>	<u>(288,727)</u>	<u>(288,727)</u>	-
Net Change in Fund Balances	<u>\$ (137,159)</u>	<u>\$ (285,727)</u>	<u>\$ (275,878)</u>	<u>\$ 9,849</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**TRANSPORTATION DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 5,292,250	\$ 4,600,000	\$ 4,228,456	\$ (371,544)
Investment Income	5,000	5,000	267,132	262,132
Total Revenues	<u>5,297,250</u>	<u>4,605,000</u>	<u>4,495,588</u>	<u>(109,412)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	125,000	125,000	8,350	116,650
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>8,350</u>	<u>116,650</u>
Excess (Deficiency) of Revenues Over Expenditures	5,172,250	4,480,000	4,487,238	7,238
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(10,449,419)	(10,449,419)	(2,815,181)	7,634,238
Total Other Financing Sources (Uses)	<u>(10,449,419)</u>	<u>(10,449,419)</u>	<u>(2,815,181)</u>	<u>7,634,238</u>
Net Change in Fund Balances	<u>\$ (5,277,169)</u>	<u>\$ (5,969,419)</u>	<u>\$ 1,672,057</u>	<u>\$ 7,641,476</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**LIBRARY DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 370,929	\$ 225,000	\$ 274,963	\$ 49,963
Investment Income	3,000	3,000	36,947	33,947
Total Revenues	<u>373,929</u>	<u>228,000</u>	<u>311,910</u>	<u>83,910</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	20,000	20,000	2,820	17,180
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>2,820</u>	<u>17,180</u>
Excess (Deficiency) of Revenues Over Expenditures	353,929	208,000	309,090	101,090
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(232,731)	(232,731)	(232,731)	-
Total Other Financing Sources (Uses)	<u>(232,731)</u>	<u>(232,731)</u>	<u>(232,731)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 121,198</u>	<u>\$ (24,731)</u>	<u>\$ 76,359</u>	<u>\$ 101,090</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PARK DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 7,083,843	\$ 5,300,000	\$ 5,266,835	\$ (33,165)
Investment Income	143,740	143,740	474,309	330,569
Total Revenues	<u>7,227,583</u>	<u>5,443,740</u>	<u>5,741,144</u>	<u>297,404</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	80,000	80,000	8,350	71,650
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>8,350</u>	<u>71,650</u>
Excess (Deficiency) of Revenues Over Expenditures	7,147,583	5,363,740	5,732,794	369,054
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(22,818,116)	(22,818,116)	(10,972,797)	11,845,319
Total Other Financing Sources (Uses)	<u>(22,818,116)</u>	<u>(22,818,116)</u>	<u>(10,972,797)</u>	<u>11,845,319</u>
Net Change in Fund Balances	<u>\$ (15,670,533)</u>	<u>\$ (17,454,376)</u>	<u>\$ (5,240,003)</u>	<u>\$ 12,214,373</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUBLIC SAFETY DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 1,553,557	\$ 1,300,000	\$ 1,229,499	\$ (70,501)
Investment Income	-	-	24,735	24,735
Total Revenues	<u>1,553,557</u>	<u>1,300,000</u>	<u>1,254,234</u>	<u>(45,766)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	40,000	40,000	6,728	33,272
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>6,728</u>	<u>33,272</u>
Excess (Deficiency) of Revenues Over Expenditures	1,513,557	1,260,000	1,247,506	(12,494)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(142,175)	(167,076)	(167,076)	-
Total Other Financing Sources (Uses)	<u>(142,175)</u>	<u>(167,076)</u>	<u>(167,076)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,371,382</u>	<u>\$ 1,092,924</u>	<u>\$ 1,080,430</u>	<u>\$ (12,494)</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FIRE DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 2,852,113	\$ 2,400,000	\$ 2,257,100	\$ (142,900)
Investment Income	5,000	5,000	216,370	211,370
Total Revenues	<u>2,857,113</u>	<u>2,405,000</u>	<u>2,473,470</u>	<u>68,470</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	40,000	40,000	6,728	33,272
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>6,728</u>	<u>33,272</u>
Excess (Deficiency) of Revenues Over Expenditures	2,817,113	2,365,000	2,466,742	101,742
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,532,088)	(2,831,585)	(2,828,465)	3,120
Total Other Financing Sources (Uses)	<u>(2,532,088)</u>	<u>(2,831,585)</u>	<u>(2,828,465)</u>	<u>3,120</u>
Net Change in Fund Balances	<u>\$ 285,025</u>	<u>\$ (466,585)</u>	<u>\$ (361,723)</u>	<u>\$ 104,862</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**EMERGENCY SERVICES FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Local Sales Tax	\$ 6,426,421	\$ 6,883,693	\$ 7,338,706	\$ 455,013
Property Tax	12,470,641	12,470,641	12,582,260	111,619
Intergovernmental	212,332	681,198	729,487	48,289
Charges for Services	5,515,150	5,661,428	5,466,102	(195,326)
Miscellaneous	195,000	195,000	262,571	67,571
Total Revenues	<u>24,819,544</u>	<u>25,891,960</u>	<u>26,379,126</u>	<u>487,166</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	40,337,596	47,985,496	44,254,365	3,731,131
Capital Outlay	870,024	6,612,476	2,782,781	3,829,695
Total Expenditures	<u>41,207,620</u>	<u>54,597,972</u>	<u>47,037,146</u>	<u>7,560,826</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,388,076)	(28,706,012)	(20,658,020)	8,047,992
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	19,225,276	19,225,276	22,911,489	3,686,213
Transfers Out	(2,837,200)	(2,333,239)	(1,743,162)	590,077
Total Other Financing Sources (Uses)	<u>16,388,076</u>	<u>16,892,037</u>	<u>21,168,327</u>	<u>4,276,290</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (11,813,975)</u>	<u>\$ 510,307</u>	<u>\$ 12,324,282</u>

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



**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**HORSESHOE PARK AND EQUESTRIAN CENTER FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 744,340	\$ 957,358	\$ 991,682	\$ 34,324
Contributions	31,415	130,000	148,171	18,171
Miscellaneous	-	-	29,623	29,623
Total Revenues	<u>775,755</u>	<u>1,087,358</u>	<u>1,169,476</u>	<u>82,118</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	1,895,275	2,143,300	2,058,829	84,471
Capital Outlay	1,227,800	421,084	149,949	271,135
Total Expenditures	<u>3,123,075</u>	<u>2,564,384</u>	<u>2,208,778</u>	<u>355,606</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,347,320)	(1,477,026)	(1,039,302)	437,724
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,642,732	2,642,732	1,336,078	(1,306,654)
Transfers Out	(295,223)	(295,223)	(295,223)	-
Total Other Financing Sources (Uses)	<u>2,347,509</u>	<u>2,347,509</u>	<u>1,040,855</u>	<u>(1,306,654)</u>
Net Change in Fund Balances	<u>\$ 189</u>	<u>\$ 870,483</u>	<u>\$ 1,553</u>	<u>\$ (868,930)</u>

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

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**WATER FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 32,583,756	\$ 32,583,756	\$ 28,396,369	\$ (4,187,387)
Capacity Fees	5,330,154	5,330,154	4,112,340	(1,217,814)
Investment Income	380,100	380,100	356,087	(24,013)
Miscellaneous	29,345	29,345	287,980	258,635
Total Revenues	<u>38,323,355</u>	<u>38,323,355</u>	<u>33,152,776</u>	<u>(5,170,579)</u>
<b>EXPENDITURES</b>				
Operating Expenditures				
Administration	980,918	1,010,918	1,144,180	(133,262)
Cost of Sales and Services	63,822,531	37,516,278	28,341,692	9,174,586
Capital Outlay	99,401,038	129,068,368	40,758,964	88,309,404
Principal Retirement	3,270,700	3,270,700	3,485,615	(214,915)
Interest and Fiscal Charges	7,697,483	7,697,483	5,003,535	2,693,948
Debt Issuance Costs	-	146,950	146,907	43
Total Expenditures	<u>175,172,670</u>	<u>178,710,697</u>	<u>78,880,893</u>	<u>99,829,804</u>
Excess (Deficiency) of Revenues Over Expenditures	(136,849,315)	(140,387,342)	(45,728,117)	94,659,225
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	41,245	41,245	-
Transfers Out	-	(98,696)	(98,696)	-
Proceeds from Bond Issuance	60,000,000	72,705,000	36,621,705	(36,083,295)
Total Other Financing Sources (Uses)	<u>60,000,000</u>	<u>72,647,549</u>	<u>36,564,254</u>	<u>(36,083,295)</u>
Net Change in Fund Balances	<u>\$ (76,849,315)</u>	<u>\$ (67,739,793)</u>	<u>\$ (9,163,863)</u>	<u>\$ 58,575,930</u>

**RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:**

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	(88,305)
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(350,570)
Prepaid Expenses are Recognized when Incurred for GAAP, Paid for Budget	155,199
Prepaid Supplies are Recognized when Incurred for GAAP, Paid for Budget	(133,676)
Depreciation Expense is a GAAP-only Expenditure	(4,805,014)
Bond Proceeds are an Other Financing Source on a Budgetary Basis	(36,621,705)
Principal Retirement is an Expense on a Budgetary Basis	3,485,615
Lease Expense is a GAAP-only Expenditure	79
Subscription Based IT Arrangement Expense is a GAAP-only Expenditure	50,254
Amortization Expense is a GAAP-only Expenditure	192,908
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis	46,159,162
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis	9,478,616
Mainline Agreement Refunds are an Expense on a Budgetary Basis	943,174
Unrealized Gain (Loss) on Investments are GAAP-only Expenses	1,039
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource	20,175
Accounts Payable amounts not accrued on a Budgetary Basis	39,418
Net Change in Fund Balance - GAAP Basis	<u>\$ 9,362,506</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**WASTEWATER FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 10,076,420	\$ 10,076,420	\$ 9,920,736	\$ (155,684)
Capacity Fees	4,647,268	4,647,268	3,065,210	(1,582,058)
Investment Income	100,000	100,000	269,180	169,180
Miscellaneous	259,324	259,324	541,140	281,816
Total Revenues	<u>15,083,012</u>	<u>15,083,012</u>	<u>13,796,266</u>	<u>(1,286,746)</u>
<b>EXPENDITURES</b>				
Operating Expenditures				
Administration	110,831	110,831	119,329	(8,498)
Cost of Sales and Services	15,255,239	10,092,894	6,183,813	3,909,081
Capital Outlay	16,320,233	20,612,471	9,304,640	11,307,831
Principal Retirement	285,000	285,000	285,000	-
Interest and Fiscal Charges	919,700	919,700	857,272	62,428
Total Expenditures	<u>32,891,003</u>	<u>32,020,896</u>	<u>16,750,054</u>	<u>15,270,842</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,807,991)	(16,937,884)	(2,953,788)	13,984,096
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	81,048	81,048	-
Transfers Out	-	-	(58,400)	(58,400)
Proceeds from Bond Issuance	-	-	12,782,880	(12,782,880)
Total Other Financing Sources (Uses)	<u>-</u>	<u>81,048</u>	<u>12,805,528</u>	<u>(12,841,280)</u>
Net Change in Fund Balances	<u>\$ (17,807,991)</u>	<u>\$ (16,856,836)</u>	<u>\$ 9,851,740</u>	<u>\$ 1,142,816</u>
<b>RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:</b>				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			58,592	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(438,940)	
Depreciation Expense is a GAAP-only Expenditure			(2,722,840)	
Bond Proceeds are an Other Financing Source on a Budgetary Basis			(12,782,880)	
Principal Retirement is an Expense on a Budgetary Basis			285,000	
Amortization Expense is a GAAP-only Expenditure			36,858	
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis			10,447,844	
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis			2,876,483	
Changes in Joint Venture Investments and Deposits are GAAP-Only Expenditures			(1,688,503)	
Unrealized Gain (Loss) on Investments are GAAP-only Expenses			(44,943)	
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource			70,332	
Net Change in Fund Balance - GAAP Basis			<u>\$ 5,948,743</u>	

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**SOLID WASTE FUND**  
**YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 4,642,956	\$ 4,642,956	\$ 4,571,972	\$ (70,984)
Investment Income	3,700	3,700	12,073	8,373
Miscellaneous	-	-	11,905	11,905
Total Revenues	<u>4,646,656</u>	<u>4,646,656</u>	<u>4,595,950</u>	<u>(50,706)</u>
<b>EXPENDITURES</b>				
Operating Expenditures				
Administration	50,517	50,517	52,444	(1,927)
Cost of Sales and Services	5,089,226	5,178,568	5,050,533	128,035
Total Expenditures	<u>5,139,743</u>	<u>5,229,085</u>	<u>5,102,977</u>	<u>126,108</u>
Excess (Deficiency) of Revenues Over Expenditures	(493,087)	(582,429)	(507,027)	75,402
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	823,715	823,715	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>823,715</u>	<u>823,715</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (493,087)</u>	<u>\$ 241,286</u>	<u>\$ 316,688</u>	<u>\$ 75,402</u>
<b>RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:</b>				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			83,772	
Depreciation Expense is a GAAP-only Expenditure			(20,345)	
Net Change in Fund Balance - GAAP Basis			<u>\$ 380,115</u>	

## **STATISTICAL SECTION (UNAUDITED)**

This section of the Town of Queen Creek, Arizona’s annual comprehensive 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			
	2023	2022	2021	2020
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 415,115,850	\$ 363,427,683	\$ 323,096,888	\$ 306,409,937
Restricted	85,002,060	87,876,069	62,872,940	41,723,929
Unrestricted	150,592,646	122,973,952	93,764,303	56,558,630
Total Governmental Activities	<u>150,592,646</u>	<u>122,973,952</u>	<u>93,764,303</u>	<u>56,558,630</u>
Net Position	<u>\$ 650,710,556</u>	<u>\$ 574,277,704</u>	<u>\$ 479,734,131</u>	<u>\$ 404,692,496</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	\$ 221,471,700	\$ 185,308,699	\$ 198,361,711	\$ 171,168,123
Restricted	5,916,598	2,205,006	59,244	1,077,537
Unrestricted	22,701,369	46,966,214	18,729,012	22,755,022
Total Business-Type Activities	<u>22,701,369</u>	<u>46,966,214</u>	<u>18,729,012</u>	<u>22,755,022</u>
Net Position	<u>\$ 250,089,667</u>	<u>\$ 234,479,919</u>	<u>\$ 217,149,967</u>	<u>\$ 195,000,682</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ 636,587,550	\$ 548,736,382	\$ 521,458,599	\$ 477,578,060
Restricted	90,918,658	90,081,075	62,932,184	42,801,466
Unrestricted	173,294,015	169,940,166	112,493,315	79,313,652
Total Primary Government	<u>173,294,015</u>	<u>169,940,166</u>	<u>112,493,315</u>	<u>79,313,652</u>
Net Position	<u>\$ 900,800,223</u>	<u>\$ 808,757,623</u>	<u>\$ 696,884,098</u>	<u>\$ 599,693,178</u>

Source: The Town's Finance Department.

Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 286,226,879	\$ 279,410,700	\$ 254,327,784	\$ 222,579,325	\$ 184,637,429	\$ 158,473,433
37,960,524	32,071,290	50,111,910	46,287,642	44,414,227	32,127,295
20,716,953	4,325,428	(13,393,669)	20,840,088	31,606,885	53,862,470
<u>\$ 344,904,356</u>	<u>\$ 315,807,418</u>	<u>\$ 291,046,025</u>	<u>\$ 289,707,055</u>	<u>\$ 260,658,541</u>	<u>\$ 244,463,198</u>
\$ 136,216,237	\$ 112,818,415	\$ 107,702,757	\$ 99,502,329	\$ 86,447,625	\$ 74,678,972
1,396,218	10,553,638	10,108,563	9,506,232	8,222,573	6,828,477
46,702,453	42,588,315	34,146,580	21,903,658	14,296,643	9,587,920
<u>\$ 184,314,908</u>	<u>\$ 165,960,368</u>	<u>\$ 151,957,900</u>	<u>\$ 130,912,219</u>	<u>\$ 108,966,841</u>	<u>\$ 91,095,369</u>
\$ 422,443,116	\$ 392,229,115	\$ 362,030,541	\$ 322,081,654	\$ 271,085,054	\$ 233,152,405
39,356,742	42,624,928	60,220,473	55,793,874	52,636,800	38,955,772
67,419,406	46,913,743	20,752,911	42,743,746	45,903,528	63,450,390
<u>\$ 529,219,264</u>	<u>\$ 481,767,786</u>	<u>\$ 443,003,925</u>	<u>\$ 420,619,274</u>	<u>\$ 369,625,382</u>	<u>\$ 335,558,567</u>

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

	Fiscal Year			
	2023	2022	2021	2020
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 26,566,200	\$ 20,388,951	\$ 19,132,253	\$ 18,753,898
Public Safety	43,011,905	29,175,388	22,265,636	19,146,704
Highways and Streets	25,670,563	25,265,179	21,264,036	18,877,008
Culture and Recreation	8,464,882	7,234,793	6,428,530	6,283,282
Economic Development	1,972,575	2,000,603	1,503,522	1,636,072
Interest on Long-Term Debt	11,257,872	4,018,538	7,223,334	5,302,492
Total Governmental Activities	<u>116,943,997</u>	<u>88,083,452</u>	<u>77,817,311</u>	<u>69,999,456</u>
Business-Type Activities:				
Water	32,206,908	28,007,330	26,131,375	30,765,746
Wastewater	9,954,842	8,961,967	7,895,586	8,217,565
Solid Waste	5,044,032	3,912,383	3,817,914	3,010,682
Total Business-Type Activities	<u>47,205,782</u>	<u>40,881,680</u>	<u>37,844,875</u>	<u>41,993,993</u>
 Total Primary Government Expenses	 <u>\$ 164,149,779</u>	 <u>\$ 128,965,132</u>	 <u>\$115,662,186</u>	 <u>\$111,993,449</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 9,158,159	\$ 12,579,332	\$ 12,219,262	\$ 9,866,792
Public Safety	5,728,133	6,748,570	5,414,165	3,372,952
Highways and Streets	4,582,012	6,365,124	5,384,762	3,354,646
Culture and Recreation	6,757,440	9,703,332	8,859,268	7,711,162
Economic Development	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Operating Grants and Contributions	5,209,449	4,117,273	9,510,005	3,131,688
Capital Grants and Contributions	26,145,209	36,758,401	19,058,817	28,922,848
Total Governmental Activities	<u>57,580,402</u>	<u>76,272,032</u>	<u>60,446,279</u>	<u>56,360,088</u>
Program Revenues	<u>57,580,402</u>	<u>76,272,032</u>	<u>60,446,279</u>	<u>56,360,088</u>
Business-Type Activities:				
Charges for Services:				
Water	32,617,651	34,525,789	34,637,893	29,900,692
Wastewater	13,526,882	14,992,099	14,440,747	12,157,415
Solid Waste	4,571,972	4,174,040	3,906,600	3,249,630
Operating Grants and Contributions	-	99,920	107,275	-
Capital Grants and Contributions	13,895,708	7,931,963	9,224,262	9,840,990
Total Business-Type Activities	<u>64,612,213</u>	<u>61,723,811</u>	<u>62,316,777</u>	<u>55,148,727</u>
Program Revenues	<u>64,612,213</u>	<u>61,723,811</u>	<u>62,316,777</u>	<u>55,148,727</u>
 Total Primary Government	 <u>\$ 122,192,615</u>	 <u>\$ 137,995,843</u>	 <u>\$122,763,056</u>	 <u>\$111,508,815</u>
Program Revenues	<u>\$ 122,192,615</u>	<u>\$ 137,995,843</u>	<u>\$122,763,056</u>	<u>\$111,508,815</u>



Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 15,999,204	\$ 13,916,548	\$ 10,919,733	\$ 13,493,976	\$ 12,601,960	\$ 10,560,748
15,949,495	15,442,454	14,142,386	12,032,441	10,185,703	9,286,805
17,800,283	16,239,980	14,425,928	13,201,760	11,148,019	9,453,285
5,899,668	5,048,854	5,515,631	4,682,823	3,738,132	3,157,249
3,127,971	4,890,477	27,824,042	1,115,722	4,371,932	1,024,067
5,231,600	5,121,081	2,562,461	3,899,852	4,225,223	4,401,608
<u>64,008,221</u>	<u>60,659,394</u>	<u>75,390,181</u>	<u>48,426,574</u>	<u>46,270,969</u>	<u>37,883,762</u>
21,581,128	17,076,663	15,343,717	14,181,944	13,954,702	9,536,903
5,783,358	6,617,605	6,874,000	6,680,369	5,049,099	5,668,932
2,782,888	2,366,783	2,220,496	2,002,405	1,772,165	1,602,901
<u>30,147,374</u>	<u>26,061,051</u>	<u>24,438,213</u>	<u>22,864,718</u>	<u>20,775,966</u>	<u>16,808,736</u>
<u>\$ 94,155,595</u>	<u>\$ 86,720,445</u>	<u>\$ 99,828,394</u>	<u>\$ 71,291,292</u>	<u>\$ 67,046,935</u>	<u>\$ 54,692,498</u>
\$ 8,879,691	\$ 2,957,789	\$ 1,547,398	\$ 2,411,717	\$ 1,677,331	\$ 3,640,706
2,797,192	1,027,248	940,888	999,854	707,776	1,081,831
2,810,850	1,844,575	1,636,979	1,724,924	1,433,770	548,688
6,566,884	5,850,006	5,771,742	5,526,053	4,186,177	4,742,607
-	4,840,790	4,273,410	4,513,393	3,796,650	3,257,299
-	437,077	1,035,713	943,515	1,079,951	-
2,845,028	2,733,724	2,775,472	2,105,900	2,119,240	1,602,019
6,588,158	9,150,396	10,885,524	18,373,422	21,423,446	14,385,675
<u>30,487,803</u>	<u>28,841,605</u>	<u>28,867,126</u>	<u>36,598,778</u>	<u>36,424,341</u>	<u>29,258,825</u>
29,429,643	27,051,829	25,303,198	23,690,390	20,222,869	15,256,028
13,576,639	11,628,862	11,078,023	10,914,249	8,851,008	8,157,240
2,949,858	2,626,079	2,415,192	2,138,537	2,000,008	1,854,726
-	-	-	-	-	-
3,526,444	2,221,177	6,882,565	8,710,353	10,776,216	4,272,051
<u>49,482,584</u>	<u>43,527,947</u>	<u>45,678,978</u>	<u>45,453,529</u>	<u>41,850,101</u>	<u>29,540,045</u>
<u>\$ 79,970,387</u>	<u>\$ 72,369,552</u>	<u>\$ 74,546,104</u>	<u>\$ 82,052,307</u>	<u>\$ 78,274,442</u>	<u>\$ 58,798,870</u>

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

(Concluded)	Fiscal Year			
	2023	2022	2021	2020
<b>NET (EXPENSE) REVENUE</b>				
Governmental Activities	\$ (59,363,595)	\$ (11,811,420)	\$ (17,371,032)	\$ (13,239,368)
Business-Type Activities	17,406,431	20,842,131	24,471,902	13,154,734
Total Primary Government				
Net Expense	\$ (41,957,164)	\$ 9,030,711	\$ 7,100,870	\$ (84,634)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 84,998,322	\$ 74,240,195	\$ 62,207,782	\$ 46,987,495
Property Taxes	12,595,711	11,081,885	9,909,455	8,326,110
Franchise Taxes	512,246	468,643	491,622	444,552
Unrestricted State Shared Revenue	26,310,975	18,754,450	15,892,593	11,773,273
Investment Income (Loss)	6,305,189	(2,883,010)	92,783	1,885,676
Other	2,443,770	803,693	629,618	703,906
Transfers	2,630,234	3,889,137	3,188,814	2,906,496
Total Governmental Activities	135,796,447	106,354,993	92,412,667	73,027,508
Business-Type Activities:				
Investment Income (Loss)	593,437	(44,713)	23,508	340,427
Other	148,749	302,671	829,189	64,609
Special Item	91,365	119,000	13,500	32,500
Transfers	(2,630,234)	(3,889,137)	(3,188,814)	(2,906,496)
Total Business-Type Activities	(1,796,683)	(3,512,179)	(2,322,617)	(2,468,960)
Total Primary Government	\$ 133,999,764	\$ 102,842,814	\$ 90,090,050	\$ 70,558,548
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ 76,432,852	\$ 94,543,573	\$ 75,041,635	\$ 59,788,140
Business-Type Activities	15,609,748	17,329,952	22,149,285	10,685,774
Total Primary Government	\$ 92,042,600	\$ 111,873,525	\$ 97,190,920	\$ 70,473,914

Source: The Town's Finance Department.

Fiscal Year

2019	2018	2017	2016	2015	2014
\$(33,520,418)	\$ (31,817,789)	\$ (46,523,055)	\$ (11,827,796)	\$ (9,846,628)	\$ (8,624,937)
19,335,210	17,466,896	21,240,765	22,588,811	21,074,135	12,731,309
<u>\$(14,185,208)</u>	<u>\$ (14,350,893)</u>	<u>\$ (25,282,290)</u>	<u>\$ 10,761,015</u>	<u>\$ 11,227,507</u>	<u>\$ 4,106,372</u>
\$ 38,183,883	\$ 32,799,385	\$ 30,415,947	\$ 24,561,503	\$ 22,190,271	\$ 18,483,484
7,055,258	8,271,627	7,356,026	6,658,829	5,635,853	5,037,568
423,428	388,870	320,847	307,992	284,474	253,553
10,423,150	9,331,762	8,781,117	6,589,267	6,628,715	6,179,114
2,583,160	619,633	141,113	538,899	1,062,323	1,050,810
1,809,497	1,026,070	442,080	1,431,199	388,111	257,237
2,138,980	4,141,835	404,895	788,621	343,140	475,044
<u>62,617,356</u>	<u>56,579,182</u>	<u>47,862,025</u>	<u>40,876,310</u>	<u>36,532,887</u>	<u>31,736,810</u>
1,151,422	633,607	164,111	115,188	287,100	344,611
6,888					
-	43,800	45,700	-	-	-
<u>(2,138,980)</u>	<u>(4,141,835)</u>	<u>(404,895)</u>	<u>(788,621)</u>	<u>(343,140)</u>	<u>(475,044)</u>
<u>(980,670)</u>	<u>(3,464,428)</u>	<u>(195,084)</u>	<u>(673,433)</u>	<u>(56,040)</u>	<u>(130,433)</u>
<u>\$ 61,636,686</u>	<u>\$ 53,114,754</u>	<u>\$ 47,666,941</u>	<u>\$ 40,202,877</u>	<u>\$ 36,476,847</u>	<u>\$ 31,606,377</u>
\$ 29,096,938	\$ 24,761,393	\$ 1,338,970	\$ 29,048,514	\$ 26,686,259	\$ 23,111,873
18,354,540	14,002,468	21,045,681	21,915,378	21,018,095	12,600,876
<u>\$ 47,451,478</u>	<u>\$ 38,763,861</u>	<u>\$ 22,384,651</u>	<u>\$ 50,963,892</u>	<u>\$ 47,704,354</u>	<u>\$ 35,712,749</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>
2023	\$ 84,998,323	\$ 12,595,711	\$ 512,246	\$ 98,106,280
2022	74,240,195	11,081,885	468,643	85,790,723
2021	62,207,782	9,909,455	491,622	72,608,859
2020	46,987,495	8,326,110	444,552	55,758,157
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

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			
	2023	2022	2021	2020
<b>General Fund:</b>				
Nonspendable	\$ 5,711,839	\$ 5,171,249	\$ 265,125	\$ 114,841
Restricted	-	234,854	903,250	208,133
Committed	41,172,028	42,275,146	45,744,017	23,937,043
Assigned	-	-	-	-
Unassigned	83,648,244	61,252,334	43,502,777	32,263,962
<b>Total General Fund</b>	<b><u>\$ 130,532,111</u></b>	<b><u>\$ 108,933,583</u></b>	<b><u>\$ 90,415,169</u></b>	<b><u>\$ 56,523,979</u></b>
<b>All Other Governmental Funds:</b>				
Nonspendable	\$ 12,384,683	\$ 386,705	\$ -	\$ -
Restricted	175,343,357	233,231,174	123,997,037	127,644,300
Committed	18,364,827	13,848,191	5,500,611	867,346
Assigned	3,488,190	11,052,597	7,610,200	9,043,594
Unassigned	-	-	(384,913)	(411,446)
<b>Total All Other Governmental Funds</b>	<b><u>\$ 209,581,057</u></b>	<b><u>\$ 258,518,667</u></b>	<b><u>\$ 136,722,935</u></b>	<b><u>\$ 137,143,794</u></b>

Source: The Town's Finance Department.

Note 1: 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

2019	2018	2017	2016	2015	2014
\$ 92,282	\$ 70,271	\$ 20,240,348	\$ 1,996,768	\$ 2,096,210	\$ 3,716,570
208,072	-	-	-	12,020,476	8,127,060
23,959,663	22,318,008	-	-	-	-
-	-	-	-	-	-
16,703,875	14,168,695	5,555,029	17,737,107	20,293,603	23,025,977
<u>\$ 40,963,892</u>	<u>\$ 36,556,974</u>	<u>\$ 25,795,377</u>	<u>\$ 19,733,875</u>	<u>\$ 34,410,289</u>	<u>\$ 34,869,607</u>
\$ -	\$ -	\$ 7,217	\$ 631,710	\$ 12,667	\$ 5,391
53,668,532	69,474,824	31,715,129	27,177,973	11,958,461	2,725,995
-	242,657	-	10,543,822	14,366,075	22,134,004
220,557	7,064	-	-	732,223	658,917
(10,998,234)	(23,313,936)	(31,834,949)	(954,432)	-	-
<u>\$ 42,890,855</u>	<u>\$ 46,410,609</u>	<u>\$ (112,603)</u>	<u>\$ 37,399,073</u>	<u>\$ 27,069,426</u>	<u>\$ 25,524,307</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			
	2023	2022	2021	2020
<b>REVENUES</b>				
Taxes	\$ 97,580,582	\$ 85,351,514	\$ 72,089,502	\$ 55,332,460
Intergovernmental	44,951,399	22,963,190	27,144,571	19,688,006
Licenses and Permits	8,405,567	11,854,605	11,565,749	8,930,927
Charges for Services	3,419,390	2,823,407	2,471,804	2,226,496
Rents and Royalties	944,590	870,687	852,651	607,757
Contributions and Donations	423,171	478,010	940,903	472,655
Impact Fees	13,269,848	19,847,010	17,073,453	12,272,569
Special Assessments	1,832,598	1,841,878	1,838,518	2,278,171
Investment Income (Loss)	6,000,309	(3,065,703)	124,356	1,928,358
Other	3,026,642	848,043	613,266	686,663
Total Revenues	<u>179,854,096</u>	<u>143,812,641</u>	<u>134,714,773</u>	<u>104,424,062</u>
<b>EXPENDITURES</b>				
General Government	24,207,031	19,710,400	17,507,109	17,375,001
Public Safety	41,696,591	31,924,351	24,411,972	18,393,629
Highways and Streets	11,226,766	7,498,943	8,119,795	7,627,389
Culture and Recreation	6,819,767	5,751,208	4,567,122	4,552,706
Economic Development	1,852,016	2,021,780	1,552,695	1,759,342
Capital Outlay	108,958,941	63,954,615	35,842,119	31,347,088
Debt Service:				
Principal Retirement	7,812,102	6,607,064	5,237,663	5,073,938
Interest on Long-Term Debt	11,841,970	8,368,055	7,194,781	5,610,931
Issuance Costs	-	765,843	-	532,602
Total Expenditures	<u>214,415,184</u>	<u>146,602,259</u>	<u>104,433,256</u>	<u>92,272,626</u>
Excess of Revenues				
Over (Under) Expenditures	(34,561,088)	(2,789,618)	30,281,517	12,151,436
<b>OTHER FINANCING SOURCES</b>				
<b>(USES)</b>				
Transfers In	47,120,069	46,008,095	36,222,188	26,889,447
Transfers Out	(44,489,835)	(42,118,958)	(33,033,374)	(23,982,951)
Proceeds from Sale of Assets		-	-	-
Issuance of Long-Term Debt		131,203,000	-	78,605,000
Premium on Long-Term Debt		7,806,593	-	16,150,094
Payment to Refunding Agent		-	-	-
Financing of Leases	321,728	205,034	-	-
Financing of Subscription Based IT Arrangements	4,270,044	-	-	-
Total Other Financing	<u>7,222,006</u>	<u>143,103,764</u>	<u>3,188,814</u>	<u>97,661,590</u>
Sources (Uses)				
Net Change in Fund Balances	<u>\$ (27,339,082)</u>	<u>\$ 140,314,146</u>	<u>\$ 33,470,331</u>	<u>\$ 109,813,026</u>
Debt Service as a Percentage of Noncapital Expenditures	18.91%	18.02%	18.66%	17.64%

Source: The Town's Finance Department.



Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 45,206,273	\$ 41,447,945	\$ 38,100,073	\$ 31,558,534	\$ 27,720,663	\$ 23,485,195
13,798,781	15,527,547	11,760,640	10,257,129	8,950,773	8,030,414
7,729,877	6,312,580	5,174,695	5,278,475	4,555,012	4,563,955
2,425,371	886,814	836,257	787,038	874,110	796,902
636,107	590,448	570,999	514,259	381,016	333,464
767,492	284,732	463,796	553,825	258,243	716,623
9,672,093	8,400,874	8,041,757	7,925,947	5,974,801	6,478,349
2,112,746	1,856,055	1,756,552	2,273,392	2,324,857	2,207,345
2,538,754	556,443	141,112	538,901	1,258,858	981,010
2,264,382	1,027,363	457,741	4,124,450	399,722	226,965
<u>87,151,876</u>	<u>76,890,801</u>	<u>67,303,622</u>	<u>63,811,950</u>	<u>52,698,055</u>	<u>47,820,222</u>
15,156,320	12,494,465	10,728,669	13,351,992	11,586,257	10,291,860
15,480,647	15,830,392	13,496,827	12,055,558	11,602,383	9,059,429
7,672,804	8,051,533	6,285,005	5,202,276	3,742,931	2,930,716
4,397,321	3,842,562	4,015,698	3,651,867	3,074,017	2,595,664
2,677,207	3,866,160	30,028,572	1,000,103	3,729,446	967,116
32,674,194	46,428,341	31,192,034	20,214,290	10,513,269	3,774,743
4,439,744	4,195,530	53,627,744	9,473,374	3,385,313	3,164,560
5,905,455	3,048,348	2,578,030	3,997,878	4,321,778	4,497,544
	662,341	787,207	-	-	-
<u>88,403,692</u>	<u>98,419,672</u>	<u>152,739,786</u>	<u>68,947,338</u>	<u>51,955,394</u>	<u>37,281,632</u>
(1,251,816)	(21,528,871)	(85,436,164)	(5,135,388)	742,661	10,538,590
30,762,515	39,699,516	15,283,200	24,394,743	18,592,762	7,089,715
(28,623,535)	(35,557,681)	(14,878,305)	(23,606,122)	(18,249,622)	(6,614,671)
-	-	600,860	-	-	-
-	65,960,000	66,435,000	-	-	-
-	8,711,845	9,313,830	-	-	-
-	-	(22,768,595)	-	-	-
-	-	-	-	-	518,696
-	-	-	-	-	-
<u>2,138,980</u>	<u>78,813,680</u>	<u>53,985,990</u>	<u>788,621</u>	<u>343,140</u>	<u>993,740</u>
<u>\$ 887,164</u>	<u>\$ 57,284,809</u>	<u>\$ (31,450,174)</u>	<u>\$ (4,346,767)</u>	<u>\$ 1,085,801</u>	<u>\$ 11,532,330</u>
18.44%	14.17%	46.18%	18.56%	23.82%	26.28%

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

	Fiscal Year			
	2023	2022	2021	2020
Sales Category:				
Construction	\$ 879,707,882	\$ 780,385,718	\$ 652,641,365	\$ 478,593,529
Manufacturing	-	-	-	-
Communications and Utilities	108,872,667	97,089,022	91,973,333	86,056,400
Transportation	12,756	660,044	770,400	176,356
Wholesale Trade	-	-	-	-
Retail Trade	1,526,480,933	1,239,520,800	1,027,147,378	782,722,978
Restaurants and Bars	269,343,511	234,963,022	203,862,178	159,554,267
Real Estate, Rental and Lease	147,334,267	117,723,289	100,031,156	86,789,111
Services	6,164,889	10,975,644	8,085,556	549,467
Arts and Entertainment	33,101,556	29,616,622	18,116,978	15,205,467
Accomodations	9,149,486	6,250,362	2,499,048	834,019
Other	2,704,578	79,748,667	76,049,600	51,322,978
<b>Total</b>	<b>\$ 2,937,916,905</b>	<b>\$ 2,481,317,539</b>	<b>\$ 2,084,511,366</b>	<b>\$ 1,594,442,108</b>
Town Sales Tax Rate	2.25%	2.25%	2.25%	2.25%
Town Construction Sales Tax	4.25%	4.25%	4.25%	4.25%
Town Hotel Tax Rate	5.25%	5.25%	5.25%	5.25%

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

2019	2018	2017	2016	2015	2014
\$ 374,847,787	\$ 323,918,004	\$ 325,054,724	\$ 228,148,702	\$ 182,451,846	\$ 147,042,520
-	14,918,272	13,631,003	13,073,403	17,401,290	15,409,198
74,261,200	88,593,670	76,501,236	73,370,881	54,934,415	50,234,076
13,778	-	-	-	-	-
-	7,038,680	7,252,396	5,669,397	6,323,860	6,152,793
617,563,022	498,084,872	408,652,224	334,352,378	315,017,361	300,884,544
143,301,733	117,446,518	98,632,807	79,263,734	64,732,627	59,267,692
83,299,733	69,186,776	63,920,930	54,099,196	89,116,960	72,465,796
627,956	30,931,997	23,415,231	17,197,640	22,427,818	17,782,422
19,456,356	19,266,437	15,479,300	-	-	-
355,486	7,067	-	-	-	-
44,162,000	634,624	2,332,793	14,273,352	22,829,027	18,477,390
<u>\$1,293,915,209</u>	<u>\$1,170,026,917</u>	<u>\$1,034,872,644</u>	<u>\$ 819,448,683</u>	<u>\$ 775,235,204</u>	<u>\$ 687,716,431</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%
5.25%	5.25%	5.25%	5.25%	5.25%	5.25%

**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>
2023	2.25	0.70	1.10	5.60
2022	2.25	0.70	1.10	5.60
2021	2.25	0.70	1.60	5.60
2020	2.25	0.70	1.60	5.60
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

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
2023	\$563,148,583	\$ 219,498,399	\$782,646,982	\$ (99,773,508)	\$682,873,475
2022	489,793,520	208,740,627	698,534,147	(93,532,505)	605,001,642
2021	427,260,257	195,876,100	623,136,357	(87,456,329)	535,680,028
2020	335,008,748	173,053,328	508,062,076	(80,205,820)	427,856,256
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

Fiscal Year	Assessed Value as a Percentage of Actual Value		
	Total Direct Tax Rate	Estimated Actual Value	Percentage of Actual Value
2023	1.83	\$ 7,025,566,498	9.72%
2022	1.83	6,215,010,751	9.73%
2021	1.83	6,215,010,751	9.73%
2020	1.95	5,511,925,712	9.72%
2019	1.95	4,420,596,026	9.68%
2018	1.95	3,706,741,360	9.63%
2017	1.95	3,253,625,483	9.76%
2016	1.95	2,912,993,411	9.47%
2015	1.95	2,533,360,285	9.65%
2014	1.95	2,291,037,519	9.86%

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
2023	1.83	7.17	1.19	1.46
2022	1.83	7.30	1.23	1.58
2021	1.83	7.40	1.29	1.40
2020	1.95	7.45	1.33	1.40
2019	1.95	7.61	1.38	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

Source: The Maricopa County Treasurer and Pinal County Treasurer.

Note 1: In 2020, the Queen Creek Town Council reduced the 2021 property tax rate to offset rising property values and keep revenues consistent.

**TOWN OF QUEEN CREEK, ARIZONA  
PRINCIPAL PROPERTY TAX PAYERS  
JUNE 30, 2023 AND 2014  
(UNAUDITED)**

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
QCM Partners LLC	\$ 8,853,205	1	1.30			
MSA MultiFamily Dst	3,757,748	2	0.55			
Fulton Homes Corporation	3,344,448	3	0.49			
HSL Encantada Queen Creek Delaware LLC	2,739,374	4	0.40			
Southwest Gas Corporation (T&D)	2,695,451	5	0.39			
Wal-Mart Stores, Inc	2,541,928	6	0.37	\$ 11,164,900	6	6.00
Target Corporation	2,490,208	7	0.36			
Sunbelt Land Holdings L P	2,354,412	8	0.34			
Taylor Morrison Arizona Inc	1,977,159	9	0.29			
Power Marketplace LP	1,858,802	10	0.27			
Broadstone Queen Creek LLC				17,747,000	1	9.54
HSL Encantada Queen Creek LLC				11,797,443	2	6.34
Siete Colar, LLC (C/O PSEG)				9,876,451	3	5.31
K & M Development #1 LLC				9,689,700	4	5.21
WDP Town Center LLP				7,646,076	5	4.11
Cresleigh Homes Arizona				7,612,086	7	4.09
Grace Power and Chandler Heights LLC				6,254,905	8	3.36
Richmond American Homes of Arizona				5,535,500	9	2.97
Union Pacific Railroad				5,293,915	10	2.84
	<u>\$ 32,612,735</u>		4.78 %	<u>\$ 92,617,976</u>		49.77 %

Source: The Maricopa County Assessor's Office

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**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
2023	12,464,453	\$ 12,342,731	99.02	\$ 77,532	\$ 12,420,262	99.00	\$ 132,758	0.0062
2022	10,973,006	10,877,892	99.13	(1,529)	\$ 10,876,364	99.01	113,668	(0.0001)
2021	9,764,961	9,645,113	98.77	45,706	9,690,819	99.01	141,188	0.0047
2020	8,200,139	8,076,704	98.49	72,846	8,149,550	99.01	134,259	0.0089
2019	6,851,961	6,807,946	98.33	14,815	6,809,393	99.02	125,571	0.0002
2018	6,125,160	6,072,022	99.13	52,138	6,124,160	99.00	785	0.0085
2017	5,222,121	5,156,916	98.75	58,141	5,215,057	99.00	754	0.0111
2016	4,703,428	4,613,919	98.10	88,319	4,702,238	99.00	830	0.0188
2015	4,311,798	4,230,606	98.12	78,460	4,309,066	99.00	906	0.0182
2014	3,567,724	3,473,119	97.35	93,749	3,566,868	99.00	662	0.0263

Source: The Maricopa County & Pinal County Treasurer.

Delinquent taxes are net of adjustments and in 2022 there was a larger than usual adjustment to prior year assessments.

**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	Leases & Subscriptions	Total
2023	\$ 306,837,440	\$ 9,839,062	\$ 24,223,000	\$ -	\$ 3,653,807	\$ 344,553,309
2022	314,610,726	11,320,177	24,223,000	-	158,023	350,311,926
2021	210,133,906	12,895,229	-	-	-	223,029,135
2020	215,196,838	14,281,972	-	-	80,920	229,559,730
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

Business-Type Activities						Total Outstanding Debt - Primary Government
Fiscal Year	Advances in Aid of Construction	Loans Payable	Revenue Obligation	Leases & Subscriptions	Total	
2023	\$ 143,978	\$ 119,820,316	\$ 117,033,607	\$ 863,159	\$ 237,861,060	\$ 582,414,369
2022	7,016,950	98,040,486	93,804,463	11,780	198,873,679	549,185,605
2021	7,181,760	112,819,931	29,405,950	-	149,407,641	372,436,776
2020	326,239	102,390,626	30,311,136	-	133,028,001	362,587,731
2019	538,507	39,859,342	80,640,235	-	121,038,084	261,673,496
2018	561,434	60,883,127	31,922,893	-	93,367,454	239,198,274
2017	806,310	65,688,234	32,727,457	-	99,222,001	175,139,419
2016	1,023,036	70,331,716	33,440,053	-	104,794,805	180,903,760
2015	2,069,797	74,574,006	34,064,465	-	110,708,268	197,933,164
2014	2,629,297	78,287,581	34,602,247	-	115,519,125	206,588,784

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

Fiscal Year	Outstanding Debt -		Percentage of		
	Governmental Activities	Personal Income	Personal Income	Population	Per Capita
2023	\$ 344,553,309	\$3,529,480,500	9.76%	76,500	\$ 4,504
2022	350,311,926	3,112,821,550	11.25%	70,975	4,936
2021	223,029,135	2,543,062,500	8.77%	68,500	3,256
2020	229,559,730	2,104,942,400	10.91%	60,100	3,820
2019	140,635,412	1,729,394,800	8.13%	51,800	2,715
2018	145,830,820	1,665,599,580	8.76%	50,340	2,897
2017	75,917,418	1,149,613,561	6.60%	41,919	1,811
2016	76,108,955	1,108,002,816	6.87%	36,096	2,109
2015	87,224,896	1,052,265,600	8.29%	34,614	2,520
2014	91,069,659	885,086,244	10.29%	29,673	3,069

Fiscal Year	Outstanding Debt -		Total Water Utility Connections	Per Water Connection	Outstanding Debt - Business-Type Activities - Wastewater		Total Wastewater Utility Connections	Per Wastewater Connection
	Business-Type Activities - Water	Water			Water	Wastewater		
2023	\$ 203,314,074	40,099	\$ 5,070	\$ 34,546,986	18,589	\$ 1,858		
2022	176,787,715	38,930	4,541	22,085,964	17,647	1,252		
2021	146,618,349	36,928	3,970	2,789,292	16,157	173		
2020	129,936,850	32,584	3,988	3,091,151	14,401	215		
2019	117,655,075	30,035	3,917	3,383,009	12,787	265		
2018	66,912,861	27,806	2,406	26,454,593	11,664	2,268		
2017	70,566,986	26,151	2,698	28,655,015	10,905	2,628		
2016	74,009,140	24,239	3,053	30,785,665	9,881	3,116		
2015	78,059,214	22,570	3,459	32,649,054	8,811	3,705		
2014	115,519,125	21,381	5,403	-	8,090	-		

Source: The Town's Finance Department.

Note 1: The Town's utility service area is larger than the town boundaries, the business-type debt has been separated for presentation of outstanding debt ratios.

Note 2: Personal income data and estimated actual property values for the utilities service area are not available, and ratios for these statistics have not been presented for business-type activities outstanding debt.

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**TOWN OF QUEEN CREEK, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2023**  
**(UNAUDITED)**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
Maricopa County Community College District	\$ 87,320,000	1.09%	\$ 951,788
Maricopa County Special Healthcare District	574,205,000	1.09%	6,258,835
Pinal County Community College District	41,675,000	3.73%	1,554,478
Higley Unified School District	69,865,000	8.50%	5,938,525
Chandler Unified School District	329,255,555	0.39%	1,284,097
Queen Creek Unified School District No. 95	113,840,000	58.41%	66,493,944
Subtotal, Overlapping Debt			<u>82,481,667</u>
Town of Queen Creek, Arizona	344,553,309	100.00%	344,553,309
Total Direct and Overlapping Debt			<u><u>\$ 427,034,976</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 limited property valuation for 2022/23.

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

	Fiscal Year			
	2023	2022	2021	2020
Total Debt Limit	\$ 257,956,417	\$ 221,945,403	\$ 177,801,568	\$ 139,934,214
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 257,956,417</u>	<u>\$ 221,945,403</u>	<u>\$ 177,801,568</u>	<u>\$ 139,934,214</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.



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**TOWN OF QUEEN CREEK, ARIZONA**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2023**  
**(UNAUDITED)**

Net Secondary Assessed Value		<u>\$ 992,140,067</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Net Secondary Assessed Value		\$ 198,428,013
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>\$ 198,428,013</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Net Secondary Assessed Value		\$ 59,528,404
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>\$ 59,528,404</u>
Total Legal Debt Margin		<u>\$ 257,956,417</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)	Senior Lien Debt Service (2)	Senior Lien		Total Debt Service (3)	Total Max	
			Max Annual Debt Service (4)	Senior Lien Coverage (6)		Annual Debt Service (5)	Total Coverage (7)
2023	\$ 130,158,794	\$ 17,163,995	22,465,868	5.79	\$18,807,751	31,482,604	4.13
2022	112,599,123	13,434,003	13,451,525	8.38	13,581,822	31,482,604	3.58
2021	96,743,539	11,012,277	13,451,525	8.79	N/A	N/A	N/A
2020	74,129,990	9,036,901	9,036,901	8.20	N/A	N/A	N/A
2019	62,297,991	8,231,362	9,036,901	6.09	N/A	N/A	N/A
2018	42,253,040	4,719,850	5,060,950	8.92	N/A	N/A	N/A
2017	38,270,649	4,732,218	5,060,950	8.04	N/A	N/A	N/A
2016	32,687,982	3,695,744	3,695,744	8.88	N/A	N/A	N/A
2015	29,844,518	3,671,509	3,695,744	8.04	N/A	N/A	N/A
2014	27,019,509	3,891,348	3,891,348	6.87	N/A	N/A	N/A

Special Assessment Bonds

Fiscal Year	Special Assessment		Coverage (8)
	Special Assessment	Total Debt Service	
2023	\$ 1,739,843	\$ 1,740,316	1.00
2022	1,824,012	1,871,691	0.97
2021	1,782,814	1,719,664	1.04
2020	1,720,217	1,718,671	1.00
2019	1,707,070	1,884,799	0.91
2018	1,856,055	1,764,737	1.05
2017	1,756,552	1,664,244	1.06
2016	9,199,238	9,672,875	0.95
2015	3,945,777	3,880,125	1.02
2014	3,901,550	3,880,251	1.01

Source: The Town's Annual Comprehensive 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, 2018, 2020 and 2022 Excise Tax Bonds, the 2016 Refunding Bond and the 2014 GADA loan.

(3) Includes debt service payments for senior-lien debt and the Series 2021 Subordinate Lien Excise Tax and State-Shared Revenue direct placement obligations.

(4) Maximum annual debt service is the highest combined interest and principal requirements for any succeeding fiscal year for all senior lien obligations.

(5) Maximum annual debt service is the highest combined interest and principal requirements for any succeeding fiscal year for all senior lien and subordinate lien obligations.

(6) The legal pledged revenue coverage requirement for all senior lien Excise Tax and State Shared Revenue debt is 3 times all senior lien debt.

(7) The legal pledged revenue coverage requirement for the Series 2021 Subordinate Lien is 2 times total outstanding excise debt.

(8) The private improvement district debt does not include any pledged revenue coverage requirements, annual debt service is paid by assessments on the private property within the improvement district.

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

Utility System Loans Combined (1)

Fiscal Year	Utility System Revenue (2)	Less: Adjusted Operating Expenses (3)	Utility System Net Revenue	Senior Lien Debt Service (4)	Senior Lien Coverage (8)	Total Debt Service (5)	Total Coverage
2023	\$ 46,905,140	\$ 24,972,437	\$ 21,932,703	\$ 5,798,116	3.78	\$ 7,602,666	2.88
2022	49,899,492	22,790,240	27,109,252	5,591,847	4.85	7,395,262	3.67
2021	50,022,921	21,002,069	29,020,852	2,944,219	9.86	4,748,693	6.11
2020	42,853,544	19,723,952	23,129,592	3,938,223	5.87	5,743,687	4.03

Series 2013 Subordinate Lien Water System Revenue Direct Placement Obligation (7)

Fiscal Year	Water Charges and Other (6)	Less: Adjusted Operating Expenses (3)	Net Available Revenue	Subordinate Lien Debt Service	Subordinate Lien Coverage (9)	Total Debt Service (5)	Total Coverage
2023	\$ 33,153,817	\$ 20,831,185	\$ 12,322,632	\$ 1,802,359	6.84	\$ 7,602,666	1.62
2022	34,893,019	18,822,965	16,070,054	1,803,415	8.91	7,395,262	2.17
2021	34,677,013	17,566,092	17,110,921	1,804,474	9.48	4,748,693	3.60
2020	30,254,320	17,623,449	12,630,871	1,805,464	7.00	5,743,687	2.20

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

(1) In fiscal year 2020, the Town replaced the separate water and wastewater revenue pledges with a single utility system combined revenue pledge for all of the Town's senior lien debt. All of the Town's WIFA loans are now secured by a pledge of the net revenues of both water and wastewater system activities combined. Prior history is presented separately.

(2) Includes revenue from both Water and Wastewater activities including charges for services, capacity fees, investment income and miscellaneous revenues.

(3) Operating Expenses from the Statement of Revenues, Expenses and Change in Net Position are adjusted for certain capital-related purchases and GAAP-only expenses.

(4) Includes debt service payments for all senior-lien debt. Includes all WIFA loans and the Senior Lien Utility System Revenue Refunding Obligations.

(5) Includes debt service payments for senior-lien debt and the Series 2013 Subordinate Lien Water System Revenue Direct Placement Obligation.

(6) Water Charges and Other includes charges for services, capacity fees, intergovernmental, investment income and miscellaneous revenues.

(7) Only water system revenues are pledged for this subordinate lien debt and is therefore presented separately.

(8) The legal pledged revenue coverage requirement for the Utility System debt is that net revenues be at least 120% of the aggregate debt service on all outstanding parity obligations in each fiscal year.

(9) The legal pledged revenue coverage requirement for the Series 2013 Subordinate Lien debt is that water system net revenues be at least 100% of the aggregate debt service on all outstanding subordinate obligations in each fiscal year and 120% of the aggregate debt service on all outstanding water system obligations.

**TOWN OF QUEEN CREEK, ARIZONA**  
**PLEGDED-REVENUE COVERAGE (CONCLUDED)**  
**LAST FOUR FISCAL YEARS**  
**(UNAUDITED)**

Water Loans

Fiscal Year	Water Charges and Other (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Senior Lien Debt Service (3)	Senior Lien Coverage (6)	Total Debt Service (4)	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

Wastewater Loans

Fiscal Year	Wastewater Charges and Other (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Senior Lien Debt Service (5)	Senior Lien Coverage (6)	Total Debt Service	Total Coverage
2019	14,010,567	2,883,226	11,127,341	1,691,723	6.58	1,691,723	6.58
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

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

(1) Water and Wastewater Charges and Other includes charges for services, capacity fees, intergovernmental, investment income and miscellaneous revenues.

(2) Operating Expenses from the Statement of Revenues, Expenses and Change in Net Position are adjusted for certain capital-related purchases and GAAP-only expenses.

(3) Includes debt service payments for all senior-lien debt.

(4) Includes debt service payments for senior-lien debt and the Series 2013 Subordinate Lien Water System Revenue Direct Placement Obligation.

(5) Includes debt service payments for senior-lien debt including the 2005 and 1998 WIFA Loans. The 1998 WIFA Loan was paid off in FY 2018 and the 2005 WIFA loan was paid off in FY 2019 leaving no coverage ratio requirement.

(6) Prior to FY 2020, the Town had separate revenue pledges on the Water and Wastewater systems. The legal coverage requirement was that net revenues be at least 120% of aggregate debt service payments in each fiscal year for each system separately.

**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>
2023	76,500	\$ 3,529,480,500	\$ 46,137	3.7 %	3.3 %	3.0 %
2022	70,975	3,112,821,550	43,858	3.8	3.2	2.7
2021	68,500	2,543,062,500	37,125	7.1	6.8	5.3
2020	60,100	2,104,942,400	35,024	6.7	5.9	4.9
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

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 reflects 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, 2023 AND 2014  
(UNAUDITED)**

Employer	2023			2014		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Queen Creek Unified School District	967	1	8.86%	874	1	33.99%
Banner Health	403	2	3.69%			
Town of Queen Creek	464	3	4.25%	202	3	7.86%
Walmart	403	4	3.69%	335	2	13.03%
Home Depot	343	5	3.14%	167	6	6.50%
Chandler Unified School District	317	6	2.91%			
Costco	275	7	2.52%			
Safeway	235	8	2.15%	80	8	3.11%
V P Nurseries Inc.	200	9	1.83%			
American Leadership Academy	194	10	1.78%	189	5	7.35%
Canyon State Academy				300	4	11.67%
Kohl's				90	7	3.50%
Bashas				60	9	2.33%
Paradise Bakery				38	10	1.48%
	<u>3,801</u>		<u>27.66%</u>	<u>2,335</u>		<u>90.82%</u>

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

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

Function	Full-Time Equivalent Employees									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	87	76	70	67	63	60	56	51	47	44
Public Safety	182	144	89	79	72	63	60	60	45	44
Highways and Streets*	40	35	22	21	20	16	16	16	16	14
Culture and Recreation	40	41	42	43	36	32	34	34	31	24
Economic Development*	9	8	17	17	16	13	13	12	11	9
Solid Waste	4	4	3	6	6	5	5	6	5	4
Wastewater	6	6	6	6	5	4	5	5	5	4
Water	67	62	62	58	51	46	40	38	37	32
<b>Total</b>	<b>435</b>	<b>376</b>	<b>311</b>	<b>297</b>	<b>270</b>	<b>239</b>	<b>229</b>	<b>222</b>	<b>197</b>	<b>175</b>

Source: The Town's Human Resources Department.

\* Project Managers were grouped with Economic Development rather than Highways and Streets in FY's 2021 and prior.

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

Function	Fiscal Year			
	2023	2022	2021	2020
<b>Planning and Building Safety</b>				
Building Permits Issued	3,744	4,932	5,230	3,967
Residential Permit Total Valuations	538,187,700	854,141,066	946,061,935	651,372,314
Commercial Permit Total Valuations	193,946,172	173,621,612	62,993,556	59,760,864
<b>Highways and Streets</b>				
Street Resurfacing (Miles)	95	81	37	72
Street Striped (Miles)	17	12	14	6
<b>Culture and Recreation</b>				
Athletic Field Permits Issued	259	201	284	175
Recreation Center Program Hits	9,692	9,503	9,623	6,249
Special Interest Class Participants	7,887	7,262	8,891	3,826
Special Event Attendance	10,500	28,500	-	22,000
<b>Fire &amp; Medical</b>				
Emergency Calls for Service	6,083	6,423	5,036	4,341
<b>Water</b>				
Total Connections	40,362	39,336	35,173	32,838

Source: The Town of Queen Creek, Arizona

\*\* 2010-2014 Information not available



Fiscal Year

2019	2018	2017	2016	2015	2014
2,992	2,606	3,343	3,265	2,817	2,486
545,106,431	423,959,635	413,586,201	399,870,271	304,641,623	266,826,440
65,392,382	62,069,893	30,000,451	14,290,919	500,000	1,648,171
34	25	35	35	10	10
12	7	28	28	22	15
180	121	124	124	114	115
12,786	10,907	13,862	13,862	15,374	18,435
9,062	7,780	5,130	4,566	4,290	2,637
25,500	28,000	24,500	19,500	15,500	11,000
4,169	3,382	3,168	3,030	2,420	2,485
29,968	28,431	25,997	24,332	22,647	- **

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

Function	Fiscal Year			
	2023	2022	2021	2020
<b>Highways and Streets</b>				
Streets (Miles)	733	710	680	645
Streetlights	4,316	4,198	4,115	3,881
Traffic Signals	87	70	68	66
<b>Culture and Recreation</b>				
Developed Park Acreage	89	89	89	89
Undeveloped Parks Acreage	**	246	171	171
Developed Wash Trail Acreage	**	306	286	286
Undeveloped Wash Trail Acreage	**	45	65	65
Number of Parks	4	4	4	4
Community Centers	1	1	1	1
<b>Fire Department</b>				
Fire Apparatus	***	10	8	6
Fire Stations	***	5	5	5
<b>Water</b>				
Number of Potable Water Wells	***	27	41	25
Potable Water Pipe (Miles)	***	695	670	609
<b>Sewer</b>				
Sanitary Sewer (Miles)		287	265	249
Storm Sewers (Miles)	*	-	-	-
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

2019	2018	2017	2016	2015	2014
565	556	529	522	492	461
3,500	3,335	3,282	2,982	2,827	2,355
61	50	48	48	45	42
89	79	82	82	200	200
171	219	204	204	344	344
286	262	262	262	-	-
65	51	51	22	-	-
4	5	5	4	4	4
1	3	3	3	3	3
5	4	4	-	-	-
4	3	2	-	-	-
21	18	15	-	-	-
524	491	474	-	-	-
192	171	167	153	134	128
7	10	10	10	9	9
4,000	4,000	4,000	4,000	4,000	4,000

**TOWN OF QUEEN CREEK, ARIZONA**  
**WIFA ANNUAL MONITORING SCHEDULE**  
**LAST FOUR CALENDAR YEARS**  
**(UNAUDITED)**

Ground Water Extinguishment Credits Reconciliation (GWECs) (1)	Calendar Year			
	2019	2020	2021	2022
<b>Total GWEC Beginning Balance - 1/1</b>				
Cash / Other GWECs	175,339	201,447	2,423	353
WIFA Financed GWECs	0	0	204,047	201,194
Total GWEC Balance	<u>175,339</u>	<u>201,447</u>	<u>206,470</u>	<u>201,547</u>
<b>GWEC Activity</b>				
Cash / Other GWECs Acquired	31,330	7,207	0	1,691
Cash / Other GWECs Refinanced	0	(204,047)	0	0
Cash / Other GWECs (Pledged) (2)	(5,222)	(2,184)	(2,070)	0
Net Cash GWEC Activity	<u>26,108</u>	<u>(199,024)</u>	<u>(2,070)</u>	<u>1,691</u>
WIFA Financed GWECs Acquired	0	204,047	0	0
WIFA Financed GWECs (Pledged) (2)	0	0	(2,853)	(5,099)
Net WIFA Financed GWEC Activity	<u>0</u>	<u>204,047</u>	<u>(2,853)</u>	<u>(5,099)</u>
Subtotal GWECs Activity	<u>26,108</u>	<u>5,023</u>	<u>(4,923)</u>	<u>(3,408)</u>
<b>Total GWEC Ending Balance - 12/31</b>				
Cash / Other GWECs	201,447	2,423	353	2,044
WIFA Financed GWECs	0	204,047	201,194	196,095
Total GWEC Balance	<u>201,447</u>	<u>206,470</u>	<u>201,547</u>	<u>198,139</u>
<b>WIFA Financed GWECs</b>				
Year	0	1	2	3
WIFA Financed GWECs Beginning Balance	0	0	197,245	190,443
WIFA Financed GWECs Acquired	0	204,047	0	0
1/30Th WIFA GWEC Amortization	0	(6,802)	(6,802)	(6,802)
WIFA Financed GWEC Ending Balance	<u>0</u>	<u>197,245</u>	<u>190,443</u>	<u>183,641</u>
Excess GWECs Available (3)	<u>201,447</u>	<u>9,225</u>	<u>11,104</u>	<u>14,498</u>
Pledged And Unused GWECs From Prior Year	0	3,007	1,644	1,297
Total Unused GWECs Available (4)	<u>201,447</u>	<u>12,232</u>	<u>12,748</u>	<u>15,795</u>

Source: Town of Queen Creek Utility Department

(1) This schedule is provided to demonstrate compliance with the Town's WIFA loan requirements to report the amount of Ground Water Extinguishment Credits (GWECs) acquired, pledged, and used.

(2) Includes Pledged But Unused GWECs

(3) Excludes Pledged But Unused GWECs

(4) Includes Unpledged and Pledged But Unused GWECs

(5) Information is presented in Acre Feet

**TOWN OF QUEEN CREEK**

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**TOWN OF QUEEN CREEK, ARIZONA**  
**SINGLE AUDIT ACT REPORTS**  
**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 18, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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



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

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

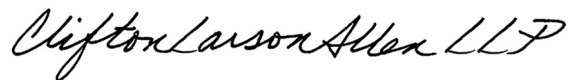
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

***Town's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 18, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Queen Creek, Arizona's (Town's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

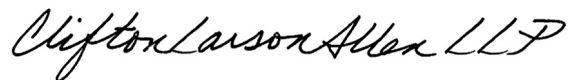
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon, dated December 18, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 18, 2023

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

**SECTION I—SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal Control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified not considered to be material weaknesses?  yes  none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

***Identification of Major Program***

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**SECTION II—FINANCIAL STATEMENT FINDINGS**

**2023-001: Timely Grant Reimbursements**

**Type of Finding:** Significant Deficiency in Internal Control over Financial Reporting

**Condition/Criteria:** The Town's grant reimbursements were not always prepared and submitted in a timely manner.

**Effect:** The Town was delayed in preparing its Schedule of Expenditures of Federal Awards. In addition, an audit adjustment was proposed for a reimbursement accrual totaling \$1,498,210 that was not recorded in the Water Fund.

**Cause:** Staff turnover and the Town did not have a process in place to review for grant receivables at year-end.

**Repeat Finding:** No.

**Recommendation:** The Town should evaluate its grant reimbursement processes and controls to ensure the timely preparation and submittal of reimbursement requests to reimbursing agencies.

**View of Responsible Official:** The Town agrees with this recommendation.

**Responsible Official:** Scott McCarty, Finance Director

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**SECTION III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Federal Grant/ Pass-Through Number	Expenditures	Passed- Through to Subrecipients
<b>U.S. Department of Transportation</b>				
Passed through Arizona Department of Transportation:				
Highway Planning and Construction Program	20.205	888-A(235)S	\$ 57,033	\$ -
Passed through Arizona Governor's Office of Highway Safety:				
State and Community Highway Safety	20.600	2022-OTS-077	70,389	-
State and Community Highway Safety	20.600	2023-PTS-079	15,621	-
State and Community Highway Safety	20.600	2023-405d-037	25,500	-
Total State and Community Highway Safety Program			<u>111,510</u>	<u>-</u>
Total U.S. Department of Transportation			<u>168,543</u>	<u>-</u>
<b>U.S. Department of the Treasury</b>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-7003	4,815,893	-
Passed through Pinal County:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	3346007	1,498,210	-
Total Coronavirus State and Local Fiscal Recovery Funds			<u>6,314,103</u>	<u>-</u>
Passed through Arizona Department of Economic Security:				
Emergency Rental Assistance Program	21.023	N/A	27,466	-
Total U.S. Department of the Treasury			<u>6,341,569</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
Passed through Water Infrastructure Financial Authority:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW 047-2023	9,142,750	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW 017-2022	642,276	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW 020-2021	1,054,249	-
Total U.S. Environmental Protection Agency			<u>10,839,275</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through Arizona Department of Economic Security:				
Low Income Home Energy Assistance Program	93.568	N/A	11,273	-
Total U.S. Department of Health and Human Services			<u>11,273</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 17,360,660</u>	<u>\$ -</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.



**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the Town of Queen Creek, Arizona (Town). The Town's reporting entity is defined in Note 1.A. to the basic financial statements for the year ended June 30, 2023. All federal awards received directly from federal agencies are included in the schedule.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town's basic financial statements for the year ended June 30, 2023.

**NOTE 3 INDIRECT COST RATE**

The Town did not elect the 10 percent de minimus indirect cost rate as established in 2CFR 200.414.



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