

TOWN OF QUEEN CREEK, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020



TOWN OF QUEEN CREEK, ARIZONA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Issued by:
Finance Department

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INTRODUCTORY SECTION

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TOWN OF QUEEN CREEK ARIZONA

December 2, 2020

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

In accordance with Arizona statutes, we are pleased to present the Comprehensive Annual Financial Report of the Town of Queen Creek for the fiscal year ended June 30, 2020. 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, 2020, 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" related to the Town's WIFA Loans and 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 auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE

The Town of Queen Creek is located in the southeast corner of Maricopa County with a small overlap into Pinal County. The City of Mesa borders the Town to the north, and the Town of Gilbert borders it to the west. Queen Creek is within 10 minutes of the Phoenix-Mesa Gateway Airport and 45 minutes of the Phoenix Sky Harbor International Airport. Queen Creek contains 40 square miles in its incorporated area

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

and nearly 72 square miles in its planning area. The Town's population has more than doubled since 2010, making the Town one of the fastest growing municipalities in the state and the country. The Town's current population is estimated to be approximately 60,000.

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. Police, jail, and animal control services are provided through a contract with Maricopa County. Municipal court services are provided through a contract with the Town of Gilbert. Refuse and recycling services are provided via a contract with a private company.

The Town of Queen Creek operates under the Council-Manager form of government. The seven-member Town Council is elected at large on a nonpartisan ballot. The Mayor is elected every four years, and Town Council members are elected to staggered 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 northern boundary, 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 northern section of the Town is strategically positioned to capitalize on new employment growth with its proximity to the Phoenix-Mesa Gateway Airport, a tremendous economic development catalyst for the region, and State Route 24 which has freeway access within 1.5 miles of the main employment corridor.

The Town's southeast area is adjacent to the San Tan Valley in Pinal County. With over 110,000 residents, this unincorporated area is a significant source of traffic through the Town's business districts and streets. A recent study by Elliott D. Pollack & Company estimated that approximately 38% of taxable retail sales and 47% of restaurant and bar sales in Queen Creek come from non-residents.

While the Town reduced revenue estimates in anticipation of negative impacts from the COVID-19 pandemic, the Town has not seen revenue reductions in its overall sales tax collections. In fact, local sales tax revenue grew 23%, state-shared revenue increased 13%, and building revenue from Community Development activity increased nearly 17% over the prior year. These positive results are a reflection of

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the Town's strong demographics, recent population growth, record low mortgage rates, and new businesses that continue to open in Queen Creek. The stay-at-home orders in the spring of 2020, combined with Arizona's recent legislation requiring sales tax on e-commerce, also helped generate positive growth in tax revenues. Finally, the Town continues to see strong new construction activity from both residential and commercial projects.

Following are highlights of recent development activity within the Town:

- The Town issued 1,750 single-family building permits during fiscal year 2020, an increase of 32% over the prior year. This was the Town's second-highest number of permits issued in a single year, nearly matching the record set in 2004 of 1,754 single-family permits.
- Banner Health completed a 60,000 square foot medical office expansion at its Ironwood Medical Center campus in the southeast section of the Town. Banner is also well underway with an expansion of its 20,000 square foot health center in the Town Center.
- Vertical construction continues in the Town Center and at the Terravella, QC Station, and Pecan Lakes retail development sites. New tenants include Barrio Queen, Old Navy, Nando's, Signal Health, Black Rock Coffee, Harbor Freight, Dutch Brothers Coffee, Trader Joe's, and Fat Cats.
- The Town's first hotel is nearly complete, expected to be open by December 2020.

Growth and Development

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

The following key annexations occurred during the fiscal year ended June 30, 2020:

- State Lands – Annexed in August 2019, the area includes approximately 4,150 acres of land owned by the State of Arizona and includes frontage to the future SR 24 corridor. The State Land Department expects to begin auctioning parcels of land to developers by December 2021. This annexation is the largest in the Town's history and is a "game changer," allowing for residential and commercial development opportunities over the next several decades.
- QC 40 LLC – Annexed in September 2019, this 40-acre site is expected to be developed into a Fry's shopping and retail center, with the first store expected to open in summer 2021.
- Encanterra Community – Annexed in October 2019, this 755-acre gated retirement community includes a golf course, a country club, and approximately 1,500 homes. At buildout the development is expected to have approximately 2,100 homes. In August 2020, the Arizona Supreme Court turned down a final legal challenge to this annexation, leaving in place the lower courts' decisions that the annexation was legal, proper, and valid.
- Empire Point – Annexed in May 2020, this 195-acre development is expected to include 533-single family homes and approximately 15 acres of commercial sites.

Active residential development in Queen Creek includes 27 master-planned communities and several custom-home builders. Combined, these projects will add over 15,000 new single-family homes over the

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Citizens of the Town of Queen Creek, Arizona

next ten years, which will more than double the Town's current inventory of existing homes and nearly double the Town's population.

Accomplishments

The Town Council is very committed to improving the financial condition of the Town and implemented major, new financial policies to do so as detailed below.

Water Strategy. In June 2020, the Town obtained permanent long-term financing from the Water Infrastructure Finance Authority of Arizona (WIFA) to refinance loans and agreements related to acquisition of approximately 204,000 acre feet of groundwater extinguishment credits and perpetual rights to receive up to 3 million gallons per day of reclaimed water from the Encanterra development. The new WIFA loans totaled \$65.5 million and were issued at a low fixed interest rate of 1.98% over 30 years.

In May 2020, the Town Council authorized staff to begin the process of acquiring the Diversified Water Utility System (Diversified), which was completed on October 2, 2020. The purchase added over nine square miles and 1,600 customers to the Town's water service area, and has an expected build-out of over 15,000 customers.

These acquisitions are significant steps in 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 reduce costs to the Town's water utility system customers.

Utility System Revenue Pledge. In conjunction with the new WIFA loans, the WIFA Board approved the Town's request to replace the separate water and wastewater revenue pledges with a single utility system revenue pledge for all WIFA loans. All WIFA loans are now secured by a pledge of the net revenues of both water and wastewater system activities combined. This change will improve the Town's debt coverage ratios and provide additional capacity for the possible financing of future capital improvements.

Impact Fees, Capacity Fees, and Sewer Rates. The Town updated its development impact fees and water/sewer capacity fees to align those fees with the expected costs of needed infrastructure projects over the next ten years. For a single-family home, total impact and capacity fees decreased \$3,242 or 20%. The Town also lowered residential sewer rates by approximately 15% effective July 1, 2019.

Transportation and Public Safety. In June 2020 the Town issued \$78.6 million in new excise tax bonds to provide funding for the Town's transportation infrastructure projects and to build three fire stations and a fire resource center. The debt will be repaid with a combination of impact fees and operating revenues.

Removal of Legal Restrictions on Certain Sales Taxes. In November 2019, the Town Council removed the legal restrictions on uses for the Town's 2% Construction Sales Tax, 0.25% Public Safety Sales Tax, and 0.25% Town Center Sales Tax. This change allows these additional sales tax revenues to be included in the definition of "pledged revenue" for the Town's excise tax and state-shared revenue pledged debt issues and related debt coverage ratio calculations. At the same time, the Town Council amended the Town's financial policies to ensure these sales taxes will continue to be dedicated to their original intended uses through the Town's budgeting practices. By doing so, the Town Council improved the Town's excise tax

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debt coverage ratio while still maintaining the Town's objectives of using these three sales taxes for their intended purposes.

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

Reserve Policy and Long-term Financial Planning

Economic growth has provided sufficient resources for the Town to maintain services for its residents while also building reserves in its operating funds. The Town Council's current operating reserve policy is to have 25% of next year's General Fund budgeted revenues in reserve. As of June 30, 2020, the Town has fully funded this reserve at \$16.7 million. The Town Council recently created two additional reserves at June 30, 2020 to provide flexibility for the Town's fiscal year 2020-21 budget:

- *Police Services Reserve.* This reserve is set at \$4.5 million and will be used to acquire software, hardware, vehicles, and other items required to start up a police department.
- *COVID-19 Reserve.* This reserve was created to prevent possible service level reductions in the Town's operating budget due to the COVID-19 pandemic and totals \$11.1 million.

The Town continued its policy of holding reserves to address the Town's estimated share of the unfunded pension liabilities associated with the Maricopa County Sheriff's Office (MCSO). As of June 30, 2020, the Town reserved \$23.9 million, or 95% of the Town's share of MCSO's total unfunded liability. In addition, \$6.5 million was reserved for the ASRS unfunded liability in the Town's enterprise funds. With this policy, 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. Before the onset of the COVID-19 pandemic, the Town's five-year financial plan was balanced. Fortunately, the expected revenue decreases have not materialized, and staff is now 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, \$269 million Transportation Master Plan.
- Build fire stations and hire fire personnel to maintain adopted response levels to our residents and businesses. Fire Station #4 is under construction, with two more stations and a resource center to be built by the end of calendar year 2021.
- Pursue the acquisition of water resources to secure the Town's ability to provide water to its residents and businesses to meet the requirements of a 100-year assured water supply.

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

- Start a Queen Creek Police Department. Since the Town's incorporation, police services have been provided through a contract with the Maricopa County Sheriff's Office (MCSO). After extensive study and public outreach, in March 2020 the Town Council authorized the Town Manager to begin recruitment for a police chief and to include funding in the fiscal year 2021 budget for start-up costs of a new police department. The Town hired its first police chief in July 2020 and is well underway in acquiring the necessary personnel, equipment, software, and hardware to begin operations by January 2022.

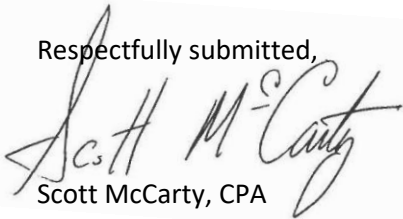
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Queen Creek for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the 15th consecutive year that the Town has received this prestigious award. In order to be awarded this certificate, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Scott McCarty, CPA
Finance Director

**TOWN OF QUEEN CREEK, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2020**

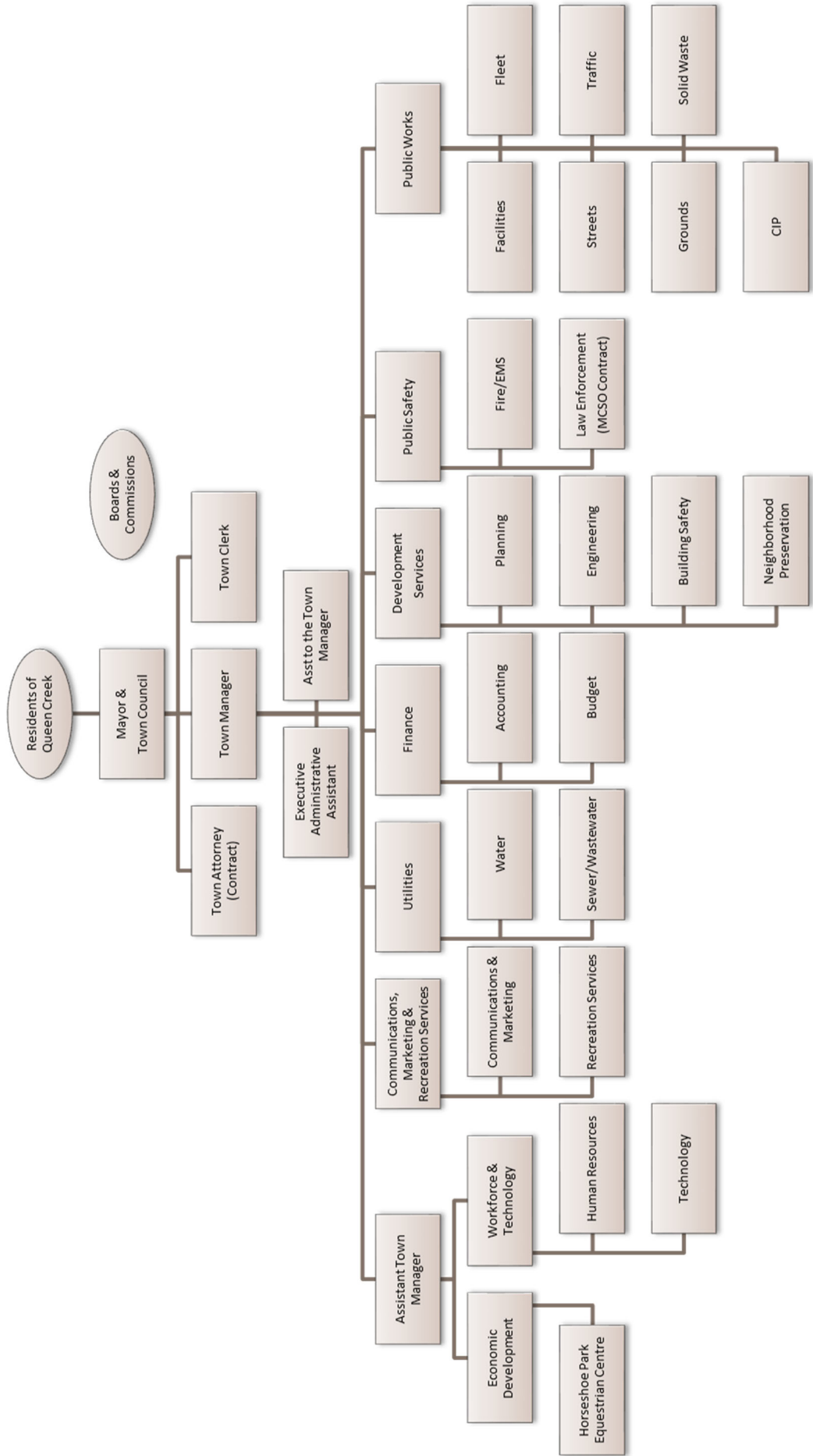
ELECTED OFFICIALS

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

DEPARTMENT DIRECTORS

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

**TOWN OF QUEEN CREEK, ARIZONA
 ORGANIZATIONAL CHART
 YEAR ENDED JUNE 30, 2020**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Queen Creek
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona (Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, 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 result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 2, 2020

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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, 2020

As management of the Town of Queen Creek, Arizona (Town), we offer readers of the Town's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. 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 \$599.7 million (net position). Total net position increased by \$70.5 million during the fiscal year.
- As of June 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$193.7 million, an increase of \$109.8 million in comparison with the prior year primarily as the result of issuing \$78.6 million in Excise Tax and State Shared Revenue bonds.
- At the close of the current fiscal year, total fund balance for the General Fund was \$56.5 million. Of this amount, \$32.3 million is unassigned meeting the Town's policy objective of having 25% of the following year's budgeted revenue in reserve as well as \$4.5 million in reserve for bringing on police services and \$11.1 million as a reserve for COVID-19. In addition to these reserves, the Town has \$23.9 million set aside as committed per its pension funding policy.
- The Town issued \$78.6 million in Excise Tax and State Shared Revenue bonds for the construction of additional roads, three fire stations and a resource center.
- During the prior year, the Town issued \$49.5 million in variable-rate excise tax pledged obligations in order to purchase water extinguishment credits. The Town refinanced the debt during the current fiscal year issuing WIFA loans totaling \$65.5 million to cover the prior year purchases as well as some additional water rights and extinguishment credits purchased in the current year.

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.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Both of the government-wide financial statements distinguish Town functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that intend to recover all or a significant portion of their costs from user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, culture and recreation, and economic development. The business-type activities of the Town include water, wastewater, and solid waste.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the Town uses fund accounting to ensure and demonstrate compliance with finance-related or legal requirements. The Town funds are divided into two categories: governmental funds and proprietary funds.

- *Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial position.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

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

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

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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.

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, 2020 and 2019.

	Net Position					
	June 30, 2020 and 2019					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 222,636,278	\$ 111,019,284	\$ 24,954,682	\$ 49,458,190	\$ 247,590,960	\$ 160,477,474
Capital Assets:						
Non-depreciable	89,516,046	82,717,460	102,122,022	81,406,923	191,638,068	164,124,383
Depreciable (net)	347,012,963	313,496,146	201,941,987	176,330,389	548,954,950	489,826,535
Total Assets	659,165,287	507,232,890	329,018,691	307,195,502	988,183,978	814,428,392
Deferred Outflows of Resources	6,305,689	5,886,371	16,019,216	16,491,769	22,324,905	22,378,140
Liabilities						
Current and Other Liabilities	12,050,029	9,492,100	9,583,808	11,699,929	21,633,837	21,192,029
Long-Term Liabilities	247,195,702	156,400,414	140,047,200	127,015,020	387,242,902	283,415,434
Total Liabilities	259,245,731	165,892,514	149,631,008	138,714,949	408,876,739	304,607,463
Deferred Inflows of Resources	1,532,749	2,322,391	406,217	657,414	1,938,966	2,979,805
Net Position						
Net Investment in Capital Assets	306,409,937	286,226,879	171,168,123	136,216,237	477,578,060	422,443,116
Restricted	41,723,929	37,960,524	1,077,537	1,396,218	42,801,466	39,356,742
Unrestricted	56,558,630	20,716,953	22,755,022	46,702,453	79,313,652	67,419,406
Total Net Position	<u>\$ 404,692,496</u>	<u>\$ 344,904,356</u>	<u>\$ 195,000,682</u>	<u>\$ 184,314,908</u>	<u>\$ 599,693,178</u>	<u>\$ 529,219,264</u>

The largest portion of the Town's net position (79.7%) 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, 2020

An additional portion of the Town's net position (7.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (13.2%) 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 \$70.5 million (13.3%) 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, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	\$ 24,705,552	\$ 21,054,617	\$ 45,307,737	\$ 45,956,140	\$ 70,013,289	\$ 67,010,757
Operating Grants and Contributions	3,131,688	2,845,028	-	-	3,131,688	2,845,028
Capital Grants and Contributions	28,922,848	6,588,158	9,840,990	3,526,444	38,763,838	10,114,602
General Revenues						
Sales Taxes	46,987,495	38,183,883	-	-	46,987,495	38,183,883
Property Taxes	8,326,110	7,055,258	-	-	8,326,110	7,055,258
Franchise Taxes	444,552	423,428	-	-	444,552	423,428
Grants and Contributions Not Restricted to Specific Programs						
Investment Earnings	1,885,676	2,583,160	340,427	1,151,422	2,226,103	3,734,582
Miscellaneous	703,906	1,809,497	97,109	6,888	801,015	1,816,385
Total Revenues	126,881,100	90,966,179	55,586,263	50,640,894	182,467,363	141,607,073
Expenses						
General Government	18,753,898	15,999,204	-	-	18,753,898	15,999,204
Public Safety	19,146,704	15,949,495	-	-	19,146,704	15,949,495
Highways and Streets	18,877,008	17,800,283	-	-	18,877,008	17,800,283
Culture and Recreation	6,283,282	5,899,668	-	-	6,283,282	5,899,668
Economic Development	1,636,072	3,127,971	-	-	1,636,072	3,127,971
Interest on Long-Term Debt	5,302,492	5,231,600	-	-	5,302,492	5,231,600
Water	-	-	30,765,746	21,581,128	30,765,746	21,581,128
Wastewater	-	-	8,217,565	5,783,358	8,217,565	5,783,358
Solid Waste	-	-	3,010,682	2,782,888	3,010,682	2,782,888
Total Expenses	69,999,456	64,008,221	41,993,993	30,147,374	111,993,449	94,155,595
Change in Net Position Before Transfers						
	56,881,644	26,957,958	13,592,270	20,493,520	70,473,914	47,451,478
Transfers In (Out)						
	2,906,496	2,138,980	(2,906,496)	(2,138,980)	-	-
Change in Net Position						
	59,788,140	29,096,938	10,685,774	18,354,540	70,473,914	47,451,478
Net Position - Beginning of Year						
	344,904,356	315,807,418	184,314,908	165,960,368	529,219,264	481,767,786
Net Position - End of Year						
	<u>\$ 404,692,496</u>	<u>\$ 344,904,356</u>	<u>\$ 195,000,682</u>	<u>\$ 184,314,908</u>	<u>\$ 599,693,178</u>	<u>\$ 529,219,264</u>

Governmental Activities – Total revenues increased \$35.9 million (39.5%) primarily as a result of the following changes. The Town recorded capital contributions for donated infrastructure totaling \$23.7 million this year, which was \$18.5 million more than was recorded in the prior year. Additionally, the Town received \$2.9 million more this year from other government agencies and developers as a result of agreements for various construction projects. Combined tax revenues increased \$10.1 million (22.1%) due to increases in consumer driven tax revenue, the residential population and commercial construction activity. Impact fees, licenses and permits revenues went up \$3.7 million this year (17.3%) due to an increase in the number of permits issued.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Total expenses increased \$6.0 million (9.4%) due to an increase in salaries expense of \$2.7 million. The increase in salaries is the direct result of an increase in the number of employees. The Town added 27 FTE's last. There were a number of other factors that contributed to the increase in expenses including the following. There was a \$1.0 million increase in costs for the Town's services from the County Sheriff as a result of additional staffing to increase the level of service. Equipment purchases and maintenance expenses were up \$1.0 million from the prior year. Debt Service costs increased \$0.9 million due to debt issuance costs and increased principal payments.

Net position for governmental activities increased \$59.8 million (17.3%), ending the year at \$404.7 million.

Business-Type Activities – Net position of the Town's business-type activities increased \$10.7 million (5.8%). The increase in revenues was driven by \$9.8 million in capital contributions for donated infrastructure up from \$3.5 million in the prior year.

Total expenses increased \$11.8 million (39.3%) due primarily to an increase of \$7.5 million in projects for the replacement of existing infrastructure, which was expensed in the current year. Additionally, Payroll costs increased \$1.4 million as a result of additional personnel needed to meet the increasing service needs of an expanding service area. The Town made use of water credits purchased in the prior year at a cost of \$1.1 million.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Town include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$193.7 million, an increase of \$109.8 million (131.0%) from the prior year. The large change in fund balances is due to the Town issuing \$94.8 million in bond proceeds and premium to pay for construction projects. Additionally there were increases in local sales tax of \$8.8 million and property tax of \$1.3 million. These increases were driven by the Town's continued increase in population. The increase to revenues and other funding sources were partially offset by increasing salaries expense as the Town's governmental FTE count increased from 207 to 227. Other changes to fund balances include the following:

- Increases in the General Fund fund balance of \$15.6 million was the result of increases of \$6.9 million in sales taxes, \$1.3 million in property taxes and \$1.2 million in permit fees. Transfers out for capital projects decreased by \$5.9 million from the prior year.
- The Construction Sales Tax fund balance increased \$8.1 million as the Town used current-year revenues to pay down the remainder of an interfund loan from the Water Fund.
- The Drainage and Transportation Fund saw an increase in fund balance of \$45.3 million as a result of \$53.3 million of debt that was issued. Expenditures outpaced revenues in the current year by \$18.8 million as the Town used debt proceeds for construction projects.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

At fiscal year ended June 30, 2020, fund balances were as follows.

Fund Balances

Fund	Balance	Increase/(Decrease) From FY 2018-19
General Fund	\$ 56,523,979	\$ 15,560,087
Construction Sales Tax	84,237	8,126,022
Drainage and Transportation	80,001,185	45,255,022
Improvement District Debt Service	(15,371)	1,546
Nonmajor Governmental Funds	57,073,743	40,870,349
	<u>\$ 193,667,773</u>	<u>\$ 109,813,026</u>

General Fund – Revenues of the General Fund exceeded expenditures and other financing sources (uses) by \$15.6 million. This was due to continued growth in single-family home construction and commercial developments with permit fees increasing by \$1.2 million. Sales and property tax revenues increased \$8.2 million from the prior year.

Total General Fund expenditures increased by \$6.1 million (15.4%) due to an increase in salaries expense of \$2.9 million. There were 20 new FTE's this year that were paid from the General Fund. Additionally, expenses for services from the County Sheriff increased \$1.0 million and major equipment purchases increased \$1.5 million due to the purchase of streetlights and IT equipment in the current year.

Transfers out for capital projects decreased by \$5.9 million from the prior year as a result of the Town using recent debt issuances to finance capital projects.

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 \$5.4 million (11.0%). 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 as well as increases in permits issued. Budgetary basis expenditures were \$2.9 million (10.2%) below budgeted expenditures. The savings in expenditures resulted from a combination of personnel cost savings from vacant positions, unfinished project and service contracts that will be carried over to the next fiscal year, and goods and services that cost less than expected.

During the year, the Town increased the General Fund budget for sales taxes by \$3.8 million (14.4%) and the budget for licenses, permits and fees by \$0.7 million as revenue collections exceeded the original projections. The Town increased the General Fund expenditure budget by \$1.5 million (5.5%) by reallocating budget authority from other funds to cover General Fund expenses for major equipment purchases.

Other Major Funds – The Construction Sales Tax fund balance increased \$8.1 million as the Town used current-year revenues to pay down the remainder of an interfund loan from the Wastewater Fund.

The Drainage and Transportation Fund spent \$21.8 million on street improvement projects. These projects were funded from the proceeds of debt issued in the current fiscal year and from impact fees.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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 and has a negative fund balance of \$15,371 due to outstanding collections that are expected to be collected in the following fiscal year.

Nonmajor Funds – Fund balances of the remaining Nonmajor Governmental Funds increased a combined total of \$40.9 million (252.2%) due to the issuance of \$41.5 million of debt for capital projects. These funds include the Town’s Highway User Revenue Fund (HURF) and the Town’s impact fee funds, all of which are restricted or assigned for specific purposes.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town’s capital assets for its governmental and business-type activities as of June 30, 2020 amount to \$436.5 million and \$304.1 million (net of accumulated depreciation), respectively. Capital assets include land and improvements, water rights and credits, infrastructure, buildings and improvements, machinery equipment, vehicles, and construction in progress. Capital assets for governmental activities increased 10.2% and capital assets for business-type activities increased 18.0%.

**Capital Assets (Net)
June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Related Assets	\$ 51,221,807	\$ 48,971,399	\$ 1,816,657	\$ 1,816,657	\$ 53,038,464	\$ 50,788,056
Water Rights and Credits	-	-	65,194,518	49,387,929	65,194,518	49,387,929
Construction In Progress	38,294,239	33,746,061	35,110,847	30,202,337	73,405,086	63,948,398
Infrastructure	276,004,036	242,925,111	-	-	276,004,036	242,925,111
Buildings and Improvements	62,568,310	64,385,862	-	-	62,568,310	64,385,862
Vehicles, Furniture and Equipment	8,440,617	6,185,173	1,917,193	1,473,376	10,357,810	7,658,549
Wastewater Collection System	-	-	81,161,119	72,892,801	81,161,119	72,892,801
Water System	-	-	118,863,675	101,964,212	118,863,675	101,964,212
Total Assets	<u>\$ 436,529,009</u>	<u>\$ 396,213,606</u>	<u>\$ 304,064,009</u>	<u>\$ 257,737,312</u>	<u>\$ 740,593,018</u>	<u>\$ 653,950,918</u>

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

Governmental Activities

- The Town accepted \$23.7 million of completed streets and other infrastructure from developers, while completing an additional \$31.7 million in Town-funded projects, most of which were for street projects.
- At year-end, the Town had \$38.3 million in projects under construction.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

Business-type Activities

- The Town accepted \$8.5 million of completed water and wastewater infrastructure from developers, while completing an additional \$26.8 million in Town-funded projects.
- The Town refinanced the purchase of \$49.5 million in water extinguishment credits as well as financing an additional \$17.1 million of water rights and water extinguishment credits. These purchase are to help secure the Town's future water resource needs.
- At year-end, the Town had \$35.1 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 \$229.6 million for governmental activities and \$133.0 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 increased by \$88.9 million (63.2%) as a result of the Town issuing \$78.6 million in Excise Tax and State Shared Revenue bonds that included a \$16.2 million premium for the construction of additional roads, three fire stations and a resource center.

The business-type activities debt increased by \$12.0 million (9.9%). During the prior year, the Town issued \$49.5 million in variable-rate excise tax pledged obligations in order to purchase water extinguishment credits. The Town refinanced the debt during the current fiscal year issuing WIFA loans totaling \$66.6 million to cover the prior year purchases as well as some additional water rights and extinguishment credits purchased in the current year.

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, 2020 and 2019:

**Outstanding Debt
June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Excise Tax Revenue Bonds	\$ 142,730,000	\$ 65,395,000	\$ -	\$ 49,450,000	\$ 142,730,000	\$ 114,845,000
GADA Loan Payable	-	-	2,870,000	3,125,000	2,870,000	3,125,000
Excise Tax Refunding Bonds	40,715,000	43,085,000	-	-	40,715,000	43,085,000
Special Assessment						
Refunding Bonds	14,281,972	15,634,170	-	-	14,281,972	15,634,170
Premium/Discount on Bonds	31,751,836	16,357,829	11,151,760	11,765,147	42,903,596	28,122,976
WIFA Loan Payable	-	-	99,520,626	36,734,342	99,520,626	36,734,342
Capital Leases	80,922	163,413	-	-	80,922	163,413
Water System Obligation	-	-	19,159,376	19,425,088	19,159,376	19,425,088
Advances in Aid of Construction	-	-	326,239	538,507	326,239	538,507
Total Outstanding Debt	<u>\$ 229,559,730</u>	<u>\$ 140,635,412</u>	<u>\$ 133,028,001</u>	<u>\$ 121,038,084</u>	<u>\$ 362,587,731</u>	<u>\$ 261,673,496</u>

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

OTHER MATTERS

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

- In May 2020, the Town Council passed three resolutions authorizing the Town to begin the process of acquiring the facilities and properties of the Diversified Water Utility System (Diversified) and to seek financing from the Water Infrastructure Finance Authority (WIFA) to finance the acquisition. The Town received approval of a \$13.3 million loan from WIFA in August, and the Town Council approved the final loan agreement on September 2, 2020. The Town closed on the WIFA loan on September 25, 2020 and assumed full legal ownership of Diversified on October 2, 2020. The Town paid \$10 million to the former owner of Diversified, and the remaining loan proceeds will be used to make intersystem connections and improvements to the system's assets. The loan term is for 30 years, has a fixed interest rate of 1.874%, and includes a forgivable principal amount of \$442,500. The loan is secured by a pledge of the Town's utility system net revenues on parity with the Town's other WIFA loans. Diversified was a private water company immediately east of the Town's water service area that encompassed over nine square miles and provided water service to approximately 1,600 customers. At built-out, the area is expected to service over 15,000 customers.
- On July 23, 2020, the Town received \$5,842,506 from the Arizona Governor's Office as part of a statewide \$441 million coronavirus relief and recovery plan for local cities, towns and counties. The governor's plan allocated funding to local entities that did not receive direct funding from the U.S. Treasury as part of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Allocations from the governor came from the state's CARES appropriation from the federal government and were based on 2019 census data. Terms of the grant to the Town required that the funds can only be used to cover regular payroll costs (excluding overtime) of public health and public safety personnel from March 1, 2020 through December 30, 2020.
- Since the Town's incorporation, police services have been provided through a contract with the Maricopa County Sheriff's Office (MCSO). After extensive study and public outreach, in March 2020 the Town Council authorized the Town Manager to begin recruitment for a police chief and to include funding in the fiscal year 2021 budget for start-up costs of a new police department. The Town hired its first police chief in July 2020 and is well underway in acquiring the necessary personnel, equipment, software, and hardware to begin operations by January 2022.

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.

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BASIC FINANCIAL STATEMENTS

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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 73,413,029	\$ 666,856	\$ 74,079,885
Receivables, Net:			
Accounts Receivable	996,899	5,705,607	6,702,506
Taxes Receivable	5,878,624	-	5,878,624
Special Assessments Receivable	14,299,762	-	14,299,762
Intergovernmental Receivable	655,482	-	655,482
Interest Receivable	214,323	1,353	215,676
Internal Balances	17,010,944	(17,010,944)	-
Inventory	-	364,334	364,334
Prepaid Items	114,841	13,860	128,701
Restricted Cash and Investments	106,221,661	2,500,118	108,721,779
Investment in Joint Venture	-	32,713,498	32,713,498
Land Held for Economic Development	3,830,713	-	3,830,713
Capital Assets:			
Non-Depreciable	89,516,046	102,122,022	191,638,068
Depreciable (Net)	347,012,963	201,941,987	548,954,950
Total Assets	<u>659,165,287</u>	<u>329,018,691</u>	<u>988,183,978</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	6,016,422	1,099,321	7,115,743
Debt Related	289,267	-	289,267
Water System Acquisition Related	-	14,919,895	14,919,895
Total Deferred Outflows of Resources	<u>6,305,689</u>	<u>16,019,216</u>	<u>22,324,905</u>
LIABILITIES			
Accounts Payable	7,845,322	4,985,334	12,830,656
Accrued Wages and Benefits	1,148,349	307,649	1,455,998
Other Accrued Expenses	-	837,759	837,759
Retainage Payable	699,960	883,523	1,583,483
Deposits Held for Others	124,048	1,708,492	1,832,540
Interest Payable	2,232,350	861,051	3,093,401
Noncurrent Liabilities:			
Due within One Year	6,287,207	1,104,973	7,392,180
Due in More than One Year	224,930,557	132,441,350	357,371,907
Net Pension Liability	15,977,938	6,500,877	22,478,815
Total Liabilities	<u>259,245,731</u>	<u>149,631,008</u>	<u>408,876,739</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	964,621	406,217	1,370,838
Debt Related	568,128	-	568,128
Total Deferred Inflows of Resources	<u>1,532,749</u>	<u>406,217</u>	<u>1,938,966</u>
NET POSITION			
Net Investment in Capital Assets	306,409,937	171,168,123	477,578,060
Restricted for:			
Agreements	208,133	-	208,133
Streets and Transportation	900,831	-	900,831
Debt Service	14,289,272	9,992	14,299,264
Development	26,185,505	-	26,185,505
Parks and Community	59,809	-	59,809
Housing Rehab	80,379	-	80,379
Capital Projects	-	1,067,545	1,067,545
Unrestricted	56,558,630	22,755,022	79,313,652
Total Net Position	<u>\$ 404,692,496</u>	<u>\$ 195,000,682</u>	<u>\$ 599,693,178</u>

See accompanying Notes to the Basic Financial Statements.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 18,753,898	\$ 9,866,792	\$ -	\$ -
Public Safety	19,146,704	3,372,952	-	-
Highways and Streets	18,877,008	3,754,646	3,048,708	28,156,500
Culture and Recreation	6,283,282	7,711,162	82,980	766,348
Economic Development	1,636,072	-	-	-
Interest and Fiscal Charges	5,302,492	-	-	-
Total Governmental Activities	69,999,456	24,705,552	3,131,688	28,922,848
Business-Type Activities				
Water	30,765,746	29,900,692	-	5,825,852
Wastewater	8,217,565	12,157,415	-	4,015,138
Solid Waste	3,010,682	3,249,630	-	-
Total Business-Type Activities	41,993,993	45,307,737	-	9,840,990
Total Primary Government	\$ 111,993,449	\$ 70,013,289	\$ 3,131,688	\$ 38,763,838

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (8,887,106)	\$ -	\$ (8,887,106)
(15,773,752)	-	(15,773,752)
16,082,846	-	16,082,846
2,277,208	-	2,277,208
(1,636,072)	-	(1,636,072)
(5,302,492)	-	(5,302,492)
(13,239,368)	-	(13,239,368)
-	4,960,798	4,960,798
-	7,954,988	7,954,988
-	238,948	238,948
-	13,154,734	13,154,734
(13,239,368)	13,154,734	(84,634)
46,987,495	-	46,987,495
8,326,110	-	8,326,110
444,552	-	444,552
11,773,273	-	11,773,273
1,885,676	340,427	2,226,103
598,007	64,609	662,616
105,899	32,500	138,399
2,906,496	(2,906,496)	-
73,027,508	(2,468,960)	70,558,548
59,788,140	10,685,774	70,473,914
344,904,356	184,314,908	529,219,264
\$ 404,692,496	\$ 195,000,682	\$ 599,693,178

**TOWN OF QUEEN CREEK, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Construction Sales Tax	Drainage and Transportation
ASSETS			
Cash and Investments	\$ 35,052,958	\$ -	\$ 14,452,835
Restricted Cash and Investments	208,133	-	71,140,251
Receivables:			
Accounts Receivable	522,286	-	471,343
Taxes Receivable	4,611,048	1,168,475	-
Special Assessments Receivable	-	-	-
Intergovernmental Receivable	304,247	-	-
Interest Receivable	214,323	-	-
Due from Other Funds	18,152,353	-	-
Prepaid Items	114,841	-	-
Total Assets	<u>\$ 59,180,189</u>	<u>\$ 1,168,475</u>	<u>\$ 86,064,429</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,239,899	\$ -	\$ 5,190,704
Accrued Wages and Benefits	1,059,719	-	33,828
Retainage Payable	-	-	414,195
Deposits Held for Others	124,048	-	-
Interest Payable	-	-	-
Due to Other Funds	-	1,084,238	-
Total Liabilities	<u>2,423,666</u>	<u>1,084,238</u>	<u>5,638,727</u>
Deferred Inflows of Resources:			
Unavailable Revenues	232,544	-	424,517
Fund Balances:			
Nonspendable	114,841	-	-
Restricted	208,133	-	71,140,251
Committed	23,937,043	84,237	-
Assigned	-	-	8,860,934
Unassigned	32,263,962	-	-
Total Fund Balances	<u>56,523,979</u>	<u>84,237</u>	<u>80,001,185</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 59,180,189</u>	<u>\$ 1,168,475</u>	<u>\$ 86,064,429</u>

See accompanying Notes to the Basic Financial Statements.

Improvement District Debt Service	Nonmajor Governmental Funds	Totals
\$ 158,473	\$ 23,494,466	\$ 73,158,732
-	34,873,277	106,221,661
-	3,270	996,899
-	99,101	5,878,624
14,299,762	-	14,299,762
-	351,235	655,482
-	-	214,323
-	-	18,152,353
-	-	114,841
<u>\$ 14,458,235</u>	<u>\$ 58,821,349</u>	<u>\$ 219,692,677</u>

\$ 9,380	\$ 1,405,339	\$ 7,845,322
-	54,802	1,148,349
-	285,765	699,960
-	-	124,048
174,954	-	174,954
-	-	1,084,238
<u>184,334</u>	<u>1,745,906</u>	<u>11,076,871</u>
14,289,272	1,700	14,948,033
-	-	114,841
-	56,504,049	127,852,433
-	783,109	24,804,389
-	182,660	9,043,594
(15,371)	(396,075)	31,852,516
<u>(15,371)</u>	<u>57,073,743</u>	<u>193,667,773</u>
<u>\$ 14,458,235</u>	<u>\$ 58,821,349</u>	<u>\$ 219,692,677</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, 2020**

Total Fund Balances for Governmental Funds		\$ 193,667,773
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	557,424,043	
Less: Accumulated Depreciation	<u>(120,895,034)</u>	
		436,529,009
Land Held for Economic Development		3,830,713
Revenues earned but not received within 60 days of year-end are unavailable in the governmental funds, but are recognized in the governmental activities.		
Property Taxes		68,853
Accrued Interest on Investments Receivable		77,912
Charges for Services		72,849
Business Licenses		14,630
Intergovernmental		424,517
Special Assessments		14,289,272
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions		6,016,422
Deferred Inflows of Resources Related to Pensions		(964,621)
Long-term Liabilities that pertain to governmental funds, including bonds payable and net pension liabilities, are not due and payable in the current period and, therefore, are not reported as fund liabilities.		
Accrued Interest Payable	(2,057,396)	
Bonds Payable	(197,726,972)	
Premium on Bonds Payable	(31,751,838)	
Deferred Outflow of Resources Related to Refunding	289,267	
Deferred Inflow of Resources Related to Refunding	(568,128)	
Net Pension Liability	(15,977,938)	
Capital Lease Payable	(80,920)	
Compensated Absence Payable	<u>(1,658,034)</u>	
		(249,531,959)
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	254,297	
Less: Amount Attributed to the Business-Type Activities	<u>(57,171)</u>	
		197,126
Total Net Position of Governmental Activities		<u>\$ 404,692,496</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, 2020

	General	Construction Sales Tax	Drainage and Transportation
REVENUES			
Local Sales Tax	\$ 36,693,695	\$ 9,571,851	\$ -
Property Tax	8,344,964	-	-
Intergovernmental	10,121,101	-	3,938,281
Licenses, Permits and Fees	8,930,927	-	-
Special Assessments	-	-	-
Charges for Services	2,794,319	-	-
Contributions	22,750	-	366,925
Impact Fees	-	-	-
Investment Income	1,231,201	-	428,983
Miscellaneous	587,527	-	-
Total Revenues	<u>68,726,484</u>	<u>9,571,851</u>	<u>4,734,189</u>
EXPENDITURES			
Current:			
General Government	17,089,236	-	-
Public Safety	18,393,629	-	-
Highways and Streets	910,147	-	1,268,745
Culture and Recreation	4,445,773	-	-
Economic Development	1,526,486	-	-
Capital Outlay	3,104,453	-	21,787,248
Debt Service:			
Principal Retirement	78,532	-	-
Interest on Long-Term Debt	4,847	160,836	69,038
Debt Issuance Costs	-	-	362,053
Total Expenditures	<u>45,553,103</u>	<u>160,836</u>	<u>23,487,084</u>
Excess (Deficiency) of Revenues Over Expenditures	23,173,381	9,411,015	(18,752,895)
OTHER FINANCING SOURCES (USES)			
Transfers In	2,906,496	-	10,744,748
Transfers Out	(10,519,790)	(1,284,993)	-
Issuance of Debt	-	-	43,855,000
Premium on Bond Issuance	-	-	9,408,169
Total Other Financing Sources (Uses)	<u>(7,613,294)</u>	<u>(1,284,993)</u>	<u>64,007,917</u>
Net Change in Fund Balances	15,560,087	8,126,022	45,255,022
FUND BALANCES			
Beginning of Year	40,963,892	(8,041,785)	34,746,163
End of Year	<u>\$ 56,523,979</u>	<u>\$ 84,237</u>	<u>\$ 80,001,185</u>

See accompanying Notes to the Basic Financial Statements.

Improvement District Debt Service	Nonmajor Governmental Funds	Totals
\$ -	\$ 721,950	\$ 46,987,496
-	-	8,344,964
-	5,628,624	19,688,006
-	-	8,930,927
1,719,527	558,644	2,278,171
690	39,244	2,834,253
-	82,980	472,655
-	12,272,569	12,272,569
-	268,174	1,928,358
-	99,136	686,663
<u>1,720,217</u>	<u>19,671,321</u>	<u>104,424,062</u>
-	285,765	17,375,001
-	-	18,393,629
-	5,448,497	7,627,389
-	106,933	4,552,706
-	232,856	1,759,342
-	6,455,387	31,347,088
-	-	-
1,352,198	3,643,208	5,073,938
366,473	5,009,737	5,610,931
-	170,549	532,602
<u>1,718,671</u>	<u>21,352,932</u>	<u>92,272,626</u>
1,546	(1,681,611)	12,151,436
-	13,238,203	26,889,447
-	(12,178,168)	(23,982,951)
-	34,750,000	78,605,000
-	6,741,925	16,150,094
-	42,551,960	97,661,590
<u>1,546</u>	<u>40,870,349</u>	<u>109,813,026</u>
(16,917)	16,203,394	83,854,747
<u>\$ (15,371)</u>	<u>\$ 57,073,743</u>	<u>\$ 193,667,773</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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 109,813,026

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	31,703,791	
Depreciation Expense	<u>(15,058,096)</u>	16,645,695

Contributions of capital assets are not current financial resources and are not reflected in the governmental funds. 23,669,708

Some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Also, some revenues that are current financial resources reported in the funds have been recognized in the statement of activities in previous years.

Property Taxes	(18,416)	
Accrued Interest Receivable	(42,684)	
Charges for Services	25,689	
Business Licenses	7,380	
Intergovernmental	424,517	
Special Assessments	<u>(1,366,225)</u>	(969,739)

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

Pension Contributions		2,889,860
Pension Expense		<u>(3,312,545)</u>

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, 2020**

(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.

Issuance of Long-Term Debt	(78,605,000)	
Premium on Bonds Issued	(16,150,094)	
Principal Payments on Long-Term Debt	4,992,198	
Principal Payments on Capital Leases	82,493	
Interest Payable	55,376	
Amortization of Bond Premiums/Discounts	756,085	
Amortization of Deferred Amount on Refunding	28,828	
		(88,840,114)

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		(268,153)
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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	214,239	
Less: Amount Attributable to the Business-Type Activities	(53,837)	
		160,402

Change in Net Position of Governmental Activities		\$ 59,788,140
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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,100	\$ -	\$ 665,756
Receivables, Net:			
Accounts Receivable	3,953,477	1,304,148	447,982
Interest Receivable	593	760	-
Inventory	81,975	-	282,359
Prepaid Items	13,860	-	-
Total Current Assets	<u>4,051,005</u>	<u>1,304,908</u>	<u>1,396,097</u>
Noncurrent Assets:			
Restricted Cash and Investments	2,500,118	-	-
Investment in Joint Venture	-	32,713,498	-
Capital Assets:			
Non-Depreciable	89,750,591	12,371,431	-
Depreciable (Net)	<u>120,435,473</u>	<u>81,409,247</u>	<u>97,267</u>
Total Noncurrent Assets	<u>212,686,182</u>	<u>126,494,176</u>	<u>97,267</u>
Total Assets	<u>216,737,187</u>	<u>127,799,084</u>	<u>1,493,364</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	929,039	88,755	81,527
Water System Acquisition Related	14,919,895	-	-
Total Deferred Outflows of Resources	<u>15,848,934</u>	<u>88,755</u>	<u>81,527</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,424,634	2,371,675	189,025
Accrued Wages and Benefits	258,554	26,213	22,882
Other Accrued Expenses	837,759	-	-
Retainage Payable	463,571	419,952	-
Deposits Held for Others	1,708,492	-	-
Due to Other Funds	1,711,943	15,356,172	-
Interest Payable	792,201	68,850	-
Compensated Absences	193,890	25,378	24,048
Loans Payable	486,968	265,000	-
Advance in Aid of Construction	109,689	-	-
Total Current Liabilities	<u>8,987,701</u>	<u>18,533,240</u>	<u>235,955</u>
Noncurrent Liabilities:			
Compensated Absences	217,236	23,429	34,341
Net Pension Liability	5,493,909	524,856	482,112
Loans Payable	129,123,643	2,826,151	-
Advance in Aid of Construction	216,550	-	-
Total Noncurrent Liabilities	<u>135,051,338</u>	<u>3,374,436</u>	<u>516,453</u>
Total Liabilities	<u>144,039,039</u>	<u>21,907,676</u>	<u>752,408</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	343,295	32,796	30,126
NET POSITION			
Net Investment in Capital Assets	80,801,281	90,269,575	97,267
Restricted for:			
Debt Service	9,992	-	-
Capital Projects	1,067,545	-	-
Unrestricted	6,324,969	15,677,792	695,090
Total Net Position	<u>\$ 88,203,787</u>	<u>\$ 105,947,367</u>	<u>\$ 792,357</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>Internal Service</u>
<u>Totals</u>	<u>Insurance</u>
\$ 666,856	\$ 254,297
5,705,607	-
1,353	-
364,334	-
13,860	-
<u>6,752,010</u>	<u>254,297</u>
2,500,118	-
32,713,498	-
102,122,022	-
<u>201,941,987</u>	<u>-</u>
<u>339,277,625</u>	<u>-</u>
346,029,635	254,297
1,099,321	-
<u>14,919,895</u>	<u>-</u>
16,019,216	-
4,985,334	-
307,649	-
837,759	-
883,523	-
1,708,492	-
17,068,115	-
861,051	-
243,316	-
751,968	-
109,689	-
<u>27,756,896</u>	<u>-</u>
275,006	-
6,500,877	-
131,949,794	-
216,550	-
<u>138,942,227</u>	<u>-</u>
166,699,123	-
406,217	-
171,168,123	-
9,992	-
1,067,545	-
22,697,851	254,297
<u>\$ 194,943,511</u>	<u>\$ 254,297</u>
57,171	
<u>\$ 195,000,682</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
OPERATING REVENUES			
Charges for Services	\$ 25,038,418	\$ 7,550,954	\$ 3,249,630
Miscellaneous	53,311	436,581	5,468
Total Operating Revenues	<u>25,091,729</u>	<u>7,987,535</u>	<u>3,255,098</u>
OPERATING EXPENSES			
Administration	756,493	128,386	55,170
Cost of Sales and Services	23,406,834	4,922,066	2,976,177
Depreciation	2,769,941	1,956,095	24,278
Amortization	395,229	-	-
Equity Interest in Joint Venture	-	1,115,001	-
Insurance Claims and Premiums	-	-	-
Total Operating Expenses	<u>27,328,497</u>	<u>8,121,548</u>	<u>3,055,625</u>
Operating Income (Loss)	(2,236,768)	(134,013)	199,473
NONOPERATING REVENUES (EXPENSES)			
Capacity Fees	4,841,240	4,606,461	-
Investment Income	321,351	5,228	13,848
Interest and Fiscal Charges	(3,132,318)	(100,842)	-
Debt Issuance Costs	(309,000)	-	-
Gain(Loss) on Disposal of Assets	29,000	-	3,500
Total Nonoperating Revenues (Expenses)	<u>1,750,273</u>	<u>4,510,847</u>	<u>17,348</u>
Income before Capital Contributions	(486,495)	4,376,834	216,821
Capital Contributions	5,825,852	3,605,421	-
Transfers Out	(2,247,455)	(659,041)	-
	<u>3,578,397</u>	<u>2,946,380</u>	<u>-</u>
Change in Net Position	3,091,902	7,323,214	216,821
Total Net Position - Beginning of Year	85,111,885	98,624,153	575,536
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 88,203,787</u></u>	<u><u>\$ 105,947,367</u></u>	<u><u>\$ 792,357</u></u>

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

Change in net position of business-type activities

See accompanying Notes to the Basic Financial Statements.

	<u>Internal Service</u>
<u>Totals</u>	<u>Insurance</u>
\$ 35,839,002	\$ 4,275,739
495,360	-
<u>36,334,362</u>	<u>4,275,739</u>
940,049	-
31,305,077	-
4,750,314	-
395,229	-
1,115,001	-
-	4,061,500
<u>38,505,670</u>	<u>4,061,500</u>
(2,171,308)	214,239
9,447,701	-
340,427	-
(3,233,160)	-
(309,000)	-
32,500	-
<u>6,278,468</u>	<u>-</u>
4,107,160	214,239
9,431,273	-
(2,906,496)	-
<u>6,524,777</u>	<u>-</u>
10,631,937	214,239
184,311,574	40,058
<u>\$ 194,943,511</u>	<u>\$ 254,297</u>
53,837	
<u>\$ 10,685,774</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 24,266,305	\$ 7,203,723	\$ 3,190,996
Receipts from Users			
Payments to Suppliers	(15,824,768)	(4,477,633)	(2,625,843)
Payments to Employees	(6,154,907)	(606,561)	(539,909)
Payments for Claims and Premiums	-	-	-
Customer Deposits	(1,347,866)	-	-
Net Cash Flows Provided by Operating Activities	<u>938,764</u>	<u>2,119,529</u>	<u>25,244</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Provided (Used) by			
Other Funds for Interfund Borrowing	16,381,396	9,562,453	-
Transfers Out	(2,247,455)	(659,041)	-
Net Cash Flows Provided by Noncapital Financing Activities	<u>14,133,941</u>	<u>8,903,412</u>	<u>-</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(31,141,545)	(11,260,694)	3,500
Refunds of Waterline Agreements	(462,267)	-	-
Payments to Joint Venture	-	(4,304,327)	-
Capacity Fees	4,841,240	4,606,461	-
Loan Proceeds	71,886,999	-	-
Interest Paid on Capital Debt	(4,188,968)	(142,800)	-
Principal Paid on Capital Debt	(59,125,428)	(255,000)	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(18,189,969)</u>	<u>(11,356,360)</u>	<u>3,500</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	<u>334,938</u>	<u>4,469</u>	<u>13,848</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(2,782,326)</u>	<u>(328,950)</u>	<u>42,592</u>
Cash and Cash Equivalents - Beginning of Year	<u>5,283,544</u>	<u>328,950</u>	<u>623,164</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,501,218</u>	<u>\$ -</u>	<u>\$ 665,756</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 1,100	\$ -	\$ 665,756
Restricted Cash and Cash Equivalents	<u>2,500,118</u>	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 2,501,218</u>	<u>\$ -</u>	<u>\$ 665,756</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (2,236,768)	\$ (134,013)	\$ 199,473
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	3,165,170	1,956,095	24,278
Equity Interest in Joint Venture	-	1,115,001	-
Changes in Assets/Liabilities/Deferred Outflows & Inflows:			
Receivables, Net	(675,647)	(374,096)	(61,902)
Inventory	40,598	-	(222,948)
Prepaid Items	10,255	5,048	-
Deferred Outflows of Resources - Pensions	55,095	12,468	9,761
Accounts Payable	(292,714)	(501,703)	28,431
Deposits Held for Others	88,166	-	-
Compensated Absences	76,295	12,207	13,631
Accrued Wages and Benefits	71,917	5,800	4,706
Pension Liability	842,957	46,481	50,692
Deferred Inflows of Resources - Pensions	(206,560)	(23,759)	(20,878)
Net Cash Provided by Operating Activities	<u>\$ 938,764</u>	<u>\$ 2,119,529</u>	<u>\$ 25,244</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Assets Contributed from Developers	\$ 5,753,543	\$ 3,605,421	\$ -
Capital Contributions for Advances in Aid of Construction	\$ 72,309	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements.

<u>Totals</u>	<u>Internal Service</u>
	<u>Insurance</u>
\$ 34,661,024	\$ -
(22,928,244)	4,276,176
(7,301,377)	(85,994)
-	-
(1,347,866)	(4,038,700)
<u>3,083,537</u>	<u>-</u>
	151,482
25,943,849	-
<u>(2,906,496)</u>	<u>-</u>
23,037,353	-
(42,398,739)	-
(462,267)	-
(4,304,327)	-
9,447,701	-
71,886,999	-
(4,331,768)	-
<u>(59,380,428)</u>	<u>-</u>
(29,542,829)	-
353,255	-
(3,068,684)	151,482
6,235,658	102,815
<u>\$ 3,166,974</u>	<u>\$ 254,297</u>
\$ 666,856	\$ 254,297
<u>2,500,118</u>	<u>-</u>
<u>\$ 3,166,974</u>	<u>\$ 254,297</u>
\$ (2,171,308)	\$ 214,239
5,145,543	-
1,115,001	-
(1,111,645)	437
(182,350)	-
15,303	-
77,324	-
(765,986)	(63,194)
88,166	-
102,133	-
82,423	-
940,130	-
(251,197)	-
<u>\$ 3,083,537</u>	<u>\$ 151,482</u>
\$ 9,358,964	\$ -
\$ 72,309	\$ -

**TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020

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 2020, 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.
- *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.

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 of three months or less from the date of acquisition. Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each fund based on average daily cash balances.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Receivables – All trade and taxes receivables are shown net of an allowance for uncollectibles. For fiscal year 2020, governmental activities reported an allowance of \$39,400, and business-type activities reported an allowance of \$189,360.

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.

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.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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

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

Compensated Absences – The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated employee leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

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

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

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

Pension Plans and Pension Funding Policy – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Arizona State Retirement System (ASRS) and Public Safety Personnel Retirement System (PSPRS) and additions to/deductions from ASRS/PSPRS’s fiduciary net position, have been determined on the same basis as they are reported by ASRS/PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Town’s Pension Funding Policy requires the Town to set aside a portion of Fund Balance/Net Position to offset unfunded pension liabilities within the General Fund and proprietary funds. Pension liabilities in the General Fund consist of Sworn Fire Personnel, Maricopa County Sheriff’s Office (MCSO) Contracted Personnel, and ASRS Personnel. Per the Town’s Pension Funding Policy, fund balance in the General Fund in excess of 25% of the following fiscal year’s Operating Budget Revenue is set aside to cover these pension liabilities, in the following order: Sworn Fire Personnel, MCSO Contracted Personnel, and ASRS Personnel.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020, the Town did not have an unfunded pension liability for Sworn Fire Personnel because the Town remitted a payment of \$700,000 to PSPRS before June 30 based on the most recent Fire Pension Plan’s GASB 68 report, as required by Town policy. The following amounts were set aside toward the Town’s remaining pension liabilities:

	MCSO	ASRS		Total
	Contracted Personnel	Personnel		
General Fund	\$ 23,937,043	\$ -		\$ 23,937,043
Water Fund	-	5,493,909		5,493,909
Wastewater Fund	-	524,856		524,856
Solid Waste Fund	-	482,112		482,112
	\$ 23,937,043	\$ 6,500,877		\$ 30,437,920

The amount set aside in the General Fund for MCSO Contracted Personnel represents 95% of the Town’s estimated share of the total MCSO net pension liability as reported by PSPRS. The amounts set aside in the proprietary funds for ASRS Personnel represent 100% of those funds’ allocations of the Town’s net pension liability as more fully described in Note 11 Retirement Plans.

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

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

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

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

Spendable fund balance includes restricted, committed, assigned, and unassigned fund balances.

- *Restricted* fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.
- *Committed* fund balances are self-imposed limitations approved by the Town’s Council through formal resolution. The Town Council is the highest level of decision-making authority within the Town and the formal commitment must occur prior to fiscal year end. Only the Town Council can

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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* – \$16.7 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.
- *Police Services Reserve* – \$4.5 million to be used to acquire software, hardware, vehicles, or other items required to start up a police department.
- *COVID-19 Reserve* – \$11.1 million the remaining amount of fiscal year 2020 excess revenue over expenses in the General Fund, after funding the Police Services Reserve, to be used to avoid service level reductions in the Operating Budget due to the COVID-19 pandemic.

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

	Operating Reserves
Operating Budget Reserve	\$ 16,703,875
Police Services Reserve	4,500,000
COVID-19 Reserve	11,060,087
	\$ 32,263,962

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Within Appropriations

For fiscal year 2020, 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.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020, the carrying amount of the Town's deposits was \$21,119,683 and the bank balance was \$22,084,558. The difference represents deposits in transit, outstanding checks and other reconciling items. In addition, the Town had \$4,898 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, 2020 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	\$ 105,994,672	\$ 105,994,672	\$ -	\$ -	65.56%	Amortized Cost	n/a
US Treasury Obligations	17,606,427	7,537,700	4,048,411	6,020,316	10.89%	Level 1	AAA
Federal Home Loan Mortgage Corporation	1,976,130	1,976,130	-	-	1.22%	Level 2	AAA
Federal Home Loan Bank	6,908,883	5,236,075	-	1,672,808	4.27%	Level 2	AAA
Federal National Mortgage Association	3,946,335	-	2,229,636	1,716,699	2.44%	Level 2	AAA
State Treasurer's Investment Pool	18,707,165	18,707,165	-	-	11.57%	n/a	n/a
Corporate Bonds:							
Apple Inc.	1,057,070	-	-	1,057,070	0.65%	Level 2	AA1
Chevron Corporation	2,027,480	2,027,480	-	-	1.25%	Level 2	AA2
Oracle Corporation	1,061,217	-	1,061,217	-	0.66%	Level 2	A3
Procter & Gamble Company	1,193,838	-	-	1,193,838	0.74%	Level 2	AA3
Toyota Motor Credit Corporation	1,197,866	1,197,866	-	-	0.74%	Level 2	A1
	<u>\$ 161,677,083</u>	<u>\$ 142,677,088</u>	<u>\$ 7,339,264</u>	<u>\$ 11,660,731</u>	<u>100.0%</u>		

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets
- Level 2 – 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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020, \$458,133 of the Town's deposits was covered by federal depository insurance. The remaining \$21,626,425 was collateralized by securities held by the Town's agent in the Town's name.

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

The fair value of the Town's investment in the State Treasurer's investment pool approximates the value of the Town's proportionate interest in the pool's portfolio; however the Town's portion is not identified with specific investments and is not subject to custodial credit risk.

F. Concentration of Credit Risk

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

NOTE 4. PROPERTY TAXES AND RECEIVABLES

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

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

	General Fund	Drainage and Transportation Fund	Improvement District Debt Service Fund	Nonmajor Funds Street Lighting District Fund	Total
Accrued Interest on Investments	\$ 77,912	\$ -	\$ -	\$ -	\$ 77,912
Business Licenses	14,630	-	-	-	14,630
Delinquent Property Taxes	67,153	-	-	1,700	68,853
Charges for Services	72,849	-	-	-	72,849
Project Reimbursement	-	424,517	-	-	424,517
Special Assessments	-	-	14,289,272	-	14,289,272
Total Unavailable Revenues	\$ 232,544	\$ 424,517	\$ 14,289,272	\$ 1,700	\$ 14,948,033

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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, 2020:

	Due To General Fund
Due From:	
Construction Sales Tax Fund	\$ 1,084,238
Water Fund	1,711,943
Wastewater Fund	15,356,172
Total	\$ 18,152,353

These interfund receivables and payables were recorded to cover short-term cash shortfalls in the respective funds due to timing of securing financing for capital improvements in the utility funds. The Town is currently utilizing pay-as-you-go financing for its water and wastewater capital projects. The utility funds did not have sufficient cash resources to pay for the significant amount of projects needed to prepare for new development. Therefore, the cash shortfalls are being covered temporarily with resources from the General Fund. The Town is planning to transition from a solely pay-as-you go approach by issuing debt in fiscal year 2021, which will eliminate the cash deficits. The Construction Sales Tax Fund had a large cash deficit at the beginning of the year. Net revenues this year reduced this deficit by \$8.1 million leaving a much smaller \$1.1 million cash deficit that the Town expects to have recovered entirely within the upcoming fiscal year.

B. Interfund Loans

During fiscal year 2020, the Town paid off all interfund borrowings and had no outstanding interfund loans at June 30, 2020.

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, beginning in fiscal year 2019, Town policy requires the Water and Wastewater Funds to provide resources to the General Fund in the form of payments-in-lieu of taxes, franchise fees, and a return on investment. In the fund statements, these items are reported as transfers but for budgetary reporting they are considered interfund revenues and expenses. Interfund transfers for the year ended June 30, 2020 consisted of the following:

	Transfers In					Total
	General Fund	Drainage & Transportation Fund	Nonmajor Funds			
			Debt Service Fund	HURF Fund	General Capital Improvements	
Transfers Out:						
General Fund	\$ -	\$ 3,374,200	\$4,500,623	\$ 648,892	\$ 1,996,075	\$10,519,790
Construction Sales Tax Fund	-	-	1,284,993	-	-	1,284,993
Water Fund	2,247,455	-	-	-	-	2,247,455
Wastewater Fund	659,041	-	-	-	-	659,041
Nonmajor Funds:						
HURF Fund	-	-	263,953	-	-	263,953
Town Center Fund	-	-	333,775	-	-	333,775
Town Buildings Development	-	-	290,100	-	-	290,100
Transportation Development	-	7,370,548	586,838	-	-	7,957,386
Library Development	-	-	232,890	-	-	232,890
Parks Development	-	-	512,915	-	184,367	697,282
Public Safety Development	-	-	140,250	-	278,078	418,328
Fire Development	-	-	497,863	-	1,486,591	1,984,454
Total	\$ 2,906,496	\$ 10,744,748	\$8,644,200	\$ 648,892	\$ 3,945,111	\$26,889,447

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 6. LEASES

A. Lease of Town Property

The Town leases land to various third parties. Annual rental revenue from the leases is recognized in the General Fund. The future minimum payments required under the leases at June 30, 2020 are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 140,401
2022	136,547
2023	101,959
2024	79,211
2025	81,601
2026 - 2030	297,174
2031 - 2035	<u>184,023</u>
	<u>\$1,020,916</u>

B. Capital Leases

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

At June 30, 2020, the historical cost and accumulated depreciation of equipment acquired under capital leases were \$518,696 and \$339,314, respectively. The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2020, were as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2021	<u>\$ 83,380</u>
Total	83,380
Less Amount Representing Interest	<u>(2,460)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 80,920</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 7. CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 48,971,399	\$ 2,250,408	\$ -	\$ 51,221,807
Construction-In-Progress	33,746,061	27,226,660	(22,678,482)	38,294,239
Total	<u>82,717,460</u>	<u>29,477,068</u>	<u>(22,678,482)</u>	<u>89,516,046</u>
Capital assets being depreciated:				
Infrastructure	331,213,270	44,840,232	-	376,053,502
Buildings and Improvements	73,805,600	-	-	73,805,600
Vehicles, Furniture, and Equipment	14,720,402	3,734,681	(406,188)	18,048,895
Total	<u>419,739,272</u>	<u>48,574,913</u>	<u>(406,188)</u>	<u>467,907,997</u>
Less Accumulated Depreciation for:				
Infrastructure	(88,288,159)	(11,761,307)	-	(100,049,466)
Buildings and Improvements	(9,419,738)	(1,817,552)	-	(11,237,290)
Vehicles, Furniture, and Equipment	(8,535,229)	(1,479,237)	406,188	(9,608,278)
Total	<u>(106,243,126)</u>	<u>(15,058,096)</u>	<u>406,188</u>	<u>(120,895,034)</u>
Capital assets being depreciated, net	313,496,146	33,516,817	-	347,012,963
Governmental Activities Capital Assets, Net	<u>\$ 396,213,606</u>	<u>\$ 62,993,885</u>	<u>\$ (22,678,482)</u>	<u>\$ 436,529,009</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 1,816,657	\$ -	\$ -	\$ 1,816,657
Water Rights and Credits	49,387,929	16,891,103	(1,084,514)	65,194,518
Construction-In-Progress	30,202,337	25,968,005	(21,059,495)	35,110,847
Total	<u>81,406,923</u>	<u>42,859,108</u>	<u>(22,144,009)</u>	<u>102,122,022</u>
Capital assets being depreciated:				
Water System	117,401,480	19,330,945	-	136,732,425
Wastewater Collection System	90,915,954	10,174,807	-	101,090,761
Vehicles, Furniture, and Equipment	3,665,788	856,160	(80,224)	4,441,724
Total	<u>211,983,222</u>	<u>30,361,912</u>	<u>(80,224)</u>	<u>242,264,910</u>
Less Accumulated Depreciation for:				
Water System	(15,437,268)	(2,431,482)	-	(17,868,750)
Wastewater Collection System	(18,023,153)	(1,906,489)	-	(19,929,642)
Vehicles, Furniture, and Equipment	(2,192,412)	(412,343)	80,224	(2,524,531)
Total	<u>(35,652,833)</u>	<u>(4,750,314)</u>	<u>80,224</u>	<u>(40,322,923)</u>
Capital assets being depreciated, net	176,330,389	25,611,598	-	201,941,987
Business-Type Activities Capital Assets, Net	<u>\$ 257,737,312</u>	<u>\$ 68,470,706</u>	<u>\$ (22,144,009)</u>	<u>\$ 304,064,009</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

B. Depreciation

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

General Government	\$ 1,076,272
Public Safety	897,859
Highways and Streets	11,341,083
Culture and Recreation	1,736,516
Economic Development	<u>6,366</u>
Total	<u><u>\$ 15,058,096</u></u>

C. Construction Commitments

The Town had contractual commitments related to various projects at June 30, 2020, mostly for the construction of Town facilities and infrastructure improvements. At June 30, 2020, the Town had remaining contractual commitments of \$36,520,841, consisting of the following:

General Fund	\$ 22,697
Drainage & Transportation Fund	19,294,564
Water Fund	8,449,906
Wastewater Fund	3,007,208
Nonmajor Funds:	
Town Center Fund	138,105
General Capital Improvements Fund	<u>5,608,361</u>
Total	<u><u>\$ 36,520,841</u></u>

D. Land Held for Economic Development

As part of the Town's long-term development plan, the Town has acquired various parcels of land within the commercial center of Town. The Town does not intend to use the properties for government services purposes, but rather intends to use the properties for economic development. The total balance of land being held for economic development as of June 30, 2020 was \$3,830,713, which is recorded as a noncurrent asset in the governmental activities column of the Statement of Net Position.

NOTE 8. ADVANCES IN AID OF CONSTRUCTION

The Town purchased water companies in fiscal year 2008 and 2014. Included in the purchases was the assumption of unearned advances in aid of construction. These are contracts with various property owners who advanced payment to the water company for the cost of extended water lines to their property. As part of the contracts, the Town is required to remit to the property owners, on an annual basis, 10% of additional water sales earned on the line extension for a period of years indicated in the contract or until the cost of the line extension has been repaid to the property owner, whichever comes first. After the period of time indicated in the contract, any balance remaining on the contract is recognized by the Town as a capital contribution. For the fiscal year ended June 30, 2020, the Town made refund payments of \$139,959 to property owners and recognized a gain of \$72,309 as a result of a change in the estimated liability for future payouts. As of June 30, 2020, the Town had \$326,239 of outstanding unearned advances in aid of construction.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 9. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the fiscal year ended June 30, 2020 were as follows:

	Long-Term Obligations				
	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities:					
Excise Tax and State-Shared Revenue Bonds:					
Project Bonds, Series 2020	\$ -	\$ 78,605,000	\$ -	\$ 78,605,000	\$ -
Project Bonds, Series 2018A	47,590,000	-	(800,000)	46,790,000	825,000
Project Bonds, Series 2018B	17,805,000	-	(470,000)	17,335,000	485,000
Refunding Bonds, Series 2016	43,085,000	-	(2,370,000)	40,715,000	2,460,000
Direct-Placement Debt:					
Special Assessment Refunding Bonds, Series 2016	15,634,170	-	(1,352,198)	14,281,972	1,386,743
Unamortized Premiums / Discounts	16,357,829	16,150,094	(756,085)	31,751,838	-
Capital Leases	163,413	-	(82,493)	80,920	80,920
Compensated Absences	1,389,881	1,379,650	(1,111,497)	1,658,034	1,049,544
Total Governmental Long-Term Obligations	\$ 142,025,293	\$ 96,134,744	\$ (6,942,273)	\$ 231,217,764	\$ 6,287,207
Business-Type Activities:					
Loans:					
WIFA Loan, 2020 - Drinking Water (DW)	\$ -	\$ 56,856,000	\$ -	\$ 56,856,000	\$ -
WIFA Loan, 2020 - Clean Water (CW)	-	8,600,000	-	8,600,000	-
WIFA Loan, 2014	12,827,098	-	(681,919)	12,145,179	100,000
WIFA Loan, 2008	23,907,244	-	(1,987,797)	21,919,447	100,000
GADA Infrastructure Revenue Loan, Series 2014A	3,125,000	-	(255,000)	2,870,000	265,000
Direct-Placement Debt:					
Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2020	-	6,740,000	(6,740,000)	-	-
Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2019	49,450,000	-	(49,450,000)	-	-
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,088	-	(265,712)	19,159,376	286,968
Unamortized Premiums / Discounts	11,765,147	-	(613,387)	11,151,760	-
Advances in Aid of Construction	538,507	-	(212,268)	326,239	109,689
Compensated Absences	416,189	390,077	(287,944)	518,322	243,316
Total Business-Type Long-Term Obligations	\$ 121,454,273	\$ 72,586,077	\$ (60,494,027)	\$ 133,546,323	\$ 1,104,973

B. Bonds and Loans Payable

The following table summarizes the Town's bonds and loans payable at June 30, 2020:

Description	Original Issue	Maturity	Interest Rate (%)	Outstanding at June 30, 2020
Governmental Activities:				
Excise Tax and State-Shared Revenue Bonds:				
Project Bonds, Series 2020	\$ 78,605,000	8/1/2050	4.00-5.00%	\$ 78,605,000
Project Bonds, Series 2018A	47,945,000	8/1/2047	2.00-5.00%	46,790,000
Project Bonds, Series 2018B	18,015,000	8/1/2047	2.00-5.00%	17,335,000
Refunding Bonds, Series 2016	47,990,000	8/1/2036	2.00-5.00%	40,715,000
Direct-Placement Debt:				
Special Assessment Refunding Bonds, Series 2016	18,445,000	1/1/2030	2.45%	14,281,972
Total Governmental Bonds and Loans Payable				\$ 197,726,972
Business-Type Activities:				
Loans:				
WIFA Loan, 2020 - Drinking Water (DW)	\$ 57,981,000	7/1/2050	1.984%	\$ 56,856,000
WIFA Loan, 2020 - Clean Water (CW)	8,600,000	7/1/2050	1.984%	8,600,000
WIFA Loan, 2014	16,000,000	7/1/2043	3.154%	12,145,179
WIFA Loan, 2008	40,000,000	7/1/2038	4.0375%	21,919,447
GADA Infrastructure Revenue Loan, Series 2014A	3,845,000	8/1/2028	2.00-5.00%	2,870,000
Direct-Placement Debt:				
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,093	5/1/2043	8.00%	19,159,376
Total Business-Type Bonds and Loans Payable				\$ 121,550,002

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

C. Debt Service Requirements to Maturity – Summary

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

Governmental Activities:

Fiscal Year	Excise Tax and State-Shared Revenue Bonds					
	Series 2020 Project			Series 2018A Project		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 1,987,825	\$ 1,987,825	\$ 825,000	\$ 2,297,300	\$ 3,122,300
2022	1,080,000	3,364,550	4,444,550	855,000	2,263,700	3,118,700
2023	1,135,000	3,309,175	4,444,175	890,000	2,228,800	3,118,800
2024	1,195,000	3,250,925	4,445,925	925,000	2,187,875	3,112,875
2025	1,255,000	3,189,675	4,444,675	975,000	2,140,375	3,115,375
2026 - 2030	7,305,000	14,914,625	22,219,625	5,645,000	9,901,875	15,546,875
2031 - 2035	12,765,000	12,511,375	25,276,375	7,205,000	8,303,125	15,508,125
2036 -2040	16,915,000	9,136,700	26,051,700	9,190,000	6,263,250	15,453,250
2041 - 2045	15,505,000	5,792,900	21,297,900	11,735,000	3,660,125	15,395,125
2046 -2050	17,510,000	2,595,400	20,105,400	8,545,000	654,875	9,199,875
2051	3,940,000	78,800	4,018,800	-	-	-
	<u>\$ 78,605,000</u>	<u>\$ 60,131,950</u>	<u>\$ 138,736,950</u>	<u>\$ 46,790,000</u>	<u>\$ 39,901,300</u>	<u>\$ 86,691,300</u>

Fiscal Year	Excise Tax and State-Shared Revenue Bonds					
	Series 2018B Project			Series 2016 Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 485,000	\$ 738,200	\$ 1,223,200	\$ 2,460,000	\$ 1,826,850	\$ 4,286,850
2022	500,000	718,500	1,218,500	2,550,000	1,713,900	4,263,900
2023	520,000	698,100	1,218,100	2,690,000	1,596,350	4,286,350
2024	540,000	676,900	1,216,900	2,800,000	1,472,550	4,272,550
2025	565,000	651,975	1,216,975	2,755,000	1,347,450	4,102,450
2026 - 2030	3,285,000	2,794,375	6,079,375	15,640,000	4,808,850	20,448,850
2031 - 2035	4,085,000	1,985,688	6,070,688	10,675,000	1,128,625	11,803,625
2036 -2040	3,555,000	1,248,738	4,803,738	1,145,000	46,300	1,191,300
2041 - 2045	2,200,000	685,750	2,885,750	-	-	-
2046 -2050	1,600,000	122,750	1,722,750	-	-	-
2051	-	-	-	-	-	-
	<u>\$ 17,335,000</u>	<u>\$ 10,320,975</u>	<u>\$ 27,655,975</u>	<u>\$ 40,715,000</u>	<u>\$ 13,940,875</u>	<u>\$ 54,655,875</u>

Fiscal Year	Direct-Placement Special Assessment Bonds					
	Series 2016 Refunding			Total Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 1,386,743	\$ 332,921	\$ 1,719,664	\$ 5,156,743	\$ 7,183,096	\$ 12,339,839
2022	1,421,288	298,522	1,719,811	6,406,288	8,359,172	14,765,461
2023	1,450,898	263,338	1,714,236	6,685,898	8,095,763	14,781,661
2024	1,485,444	227,368	1,712,811	6,945,444	7,815,618	14,761,061
2025	1,529,859	190,430	1,720,289	7,079,859	7,519,905	14,599,764
2026 - 2030	7,007,740	379,652	7,387,392	38,882,740	32,799,377	71,682,117
2031 - 2035	-	-	-	34,730,000	23,928,813	58,658,813
2036 -2040	-	-	-	30,805,000	16,694,988	47,499,988
2041 - 2045	-	-	-	29,440,000	10,138,775	39,578,775
2046 -2050	-	-	-	27,655,000	3,373,025	31,028,025
2051	-	-	-	3,940,000	78,800	4,018,800
	<u>\$ 14,281,972</u>	<u>\$ 1,692,231</u>	<u>\$ 15,974,204</u>	<u>\$ 197,726,972</u>	<u>\$ 125,987,331</u>	<u>\$ 323,714,304</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Business-Type Activities:

Water Infrastructure Finance Authority (WIFA) Loans						
Fiscal Year	Series 2020 DW *			Series 2020 CW		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ -	\$ 1,172,711	\$ 1,172,711	\$ -	\$ 173,942	\$ 173,942
2022	1,432,812	1,121,916	2,554,728	212,521	166,408	378,929
2023	1,461,239	1,092,925	2,554,164	216,737	162,108	378,845
2024	1,490,230	1,063,359	2,553,589	221,038	157,722	378,760
2025	1,519,796	1,033,206	2,553,002	225,423	153,250	378,673
2026 - 2030	8,063,416	4,692,381	12,755,797	1,196,002	695,995	1,891,997
2031 - 2035	8,895,683	3,843,602	12,739,285	1,319,447	570,100	1,889,547
2036 - 2040	9,813,852	2,907,217	12,721,069	1,455,634	431,211	1,886,846
2041 - 2045	10,826,790	1,874,182	12,700,972	1,605,878	277,987	1,883,865
2046 - 2050	11,944,279	734,522	12,678,801	1,771,629	108,948	1,880,576
2051	2,532,902	-	2,532,902	375,691	-	375,691
	<u>\$ 57,981,000</u>	<u>\$ 19,536,021</u>	<u>\$ 77,517,021</u>	<u>\$ 8,600,000</u>	<u>\$ 2,897,670</u>	<u>\$ 11,497,670</u>

Water Infrastructure Finance Authority (WIFA) Loans						
Fiscal Year	Series 2014			Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 100,000	\$ 379,905	\$ 479,905	\$ 100,000	\$ 880,960	\$ 980,960
2022	364,388	368,412	732,800	847,888	846,727	1,694,615
2023	375,881	356,557	732,438	882,122	811,111	1,693,233
2024	387,736	344,328	732,064	917,737	774,057	1,691,795
2025	399,966	331,713	731,678	954,791	735,508	1,690,299
2026 - 2030	2,197,200	1,454,967	3,652,166	5,384,287	3,042,564	8,426,851
2031 - 2035	2,566,255	1,074,271	3,640,526	6,562,627	1,816,649	8,379,275
2036 - 2040	2,997,300	629,631	3,626,931	6,269,996	392,246	6,662,242
2041 - 2045	2,756,453	133,781	2,890,234	-	-	-
	<u>\$ 12,145,179</u>	<u>\$ 5,073,564</u>	<u>\$ 17,218,743</u>	<u>\$ 21,919,447</u>	<u>\$ 9,299,822</u>	<u>\$ 31,219,269</u>

Direct-Placement Debt						
Fiscal Year	GADA Infrastructure Revenue Loan			Subordinate Lien Water System		
	Series 2014A			Revenue Obligation, Series 2013		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 265,000	\$ 127,100	\$ 392,100	\$ 286,968	\$ 1,516,706	\$ 1,803,674
2022	275,000	113,350	388,350	309,926	1,492,689	1,802,615
2023	285,000	99,100	384,100	334,720	1,466,759	1,801,479
2024	300,000	84,100	384,100	361,498	1,438,761	1,800,259
2025	315,000	71,500	386,500	390,417	1,408,530	1,798,947
2026 - 2030	1,430,000	111,750	1,541,750	2,473,657	6,497,744	8,971,401
2031 - 2035	-	-	-	3,634,613	5,285,771	8,920,384
2036 - 2040	-	-	-	5,340,438	3,506,459	8,846,897
2041 - 2045	-	-	-	6,027,139	975,907	7,003,046
	<u>\$ 2,870,000</u>	<u>\$ 606,900</u>	<u>\$ 3,476,900</u>	<u>\$ 19,159,376</u>	<u>\$ 23,589,326</u>	<u>\$ 42,748,702</u>

Fiscal Year	Total Business-Type Activities			Memo Only - Total WIFA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 751,968	\$ 4,251,324	\$ 5,003,292	\$ 200,000	\$ 2,607,518	\$ 2,807,518
2022	3,442,536	4,109,502	7,552,037	2,857,610	2,503,462	5,361,072
2023	3,555,699	3,988,559	7,544,259	2,935,979	2,422,700	5,358,680
2024	3,678,239	3,862,327	7,540,566	3,016,741	2,339,466	5,356,207
2025	3,805,393	3,733,706	7,539,099	3,099,976	2,253,676	5,353,652
2026 - 2030	20,744,561	16,495,401	37,239,962	16,840,904	9,885,907	26,726,811
2031 - 2035	22,978,625	12,590,393	35,569,018	19,344,012	7,304,622	26,648,634
2036 - 2040	25,877,220	7,866,764	33,743,984	20,536,782	4,360,305	24,897,087
2041 - 2045	21,216,259	3,261,857	24,478,116	15,189,120	2,285,950	17,475,071
2046 - 2050	13,715,907	843,470	14,559,377	13,715,907	843,470	14,559,377
2051	2,908,594	-	2,908,594	2,908,594	-	2,908,594
	<u>\$ 122,675,002</u>	<u>\$ 61,003,303</u>	<u>\$ 183,678,305</u>	<u>\$ 100,645,626</u>	<u>\$ 36,807,077</u>	<u>\$ 137,452,703</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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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 2.0 times the aggregate annual debt service of all debt secured by the pledge.

1. *Excise Tax and State-Shared Revenue Bonds, Series 2020.* During 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.
2. *Excise Tax and State-Shared Revenue Bonds, Series 2018A and B.* In fiscal year 2018, the Town issued a total of \$65.96 million of long-term excise tax and state-shared revenue bonds to provide funding for new transportation, public safety and fire projects.
3. *Excise Tax and State-Shared Revenue Refunding Bonds, Series 2016.* In fiscal year 2017, the Town refunded all of its outstanding governmental activities debt by issuing \$47.990 million of excise tax and state-shared revenue bonds. The refunded debts were originally issued to fund acquisition of land, construction of infrastructure and municipal facilities, and improvements to parks.
4. *GADA Infrastructure Revenue Loan, Series 2014A.* In fiscal year 2014, the Town obtained financing of \$3.845 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.

Removal of Legal Restrictions on Certain Sales Taxes. On November 20, 2019, the Town Council adopted an ordinance that removed the legal restrictions on uses for the Town’s 2% Construction Sales Tax, 0.25% Public Safety Sales Tax, and 0.25% Town Center Sales Tax. This change was made to allow these additional sales tax revenues to be included in the definition of “pledged revenue” for the Town’s excise tax and state-shared revenue pledged debt issues and related debt coverage ratio calculations. At the same time, the Town Council amended the Town’s financial policies to ensure these sales taxes will continue to be dedicated to their original intended uses through the Town’s budgeting practices. The Town Council effectively replaced a *legal* restriction with a *policy* to improve the Town’s excise tax debt coverage ratio while still maintaining the Town’s objectives of using these three sales taxes for their intended purposes.

E. Other Excise Tax Revenue Pledged Debt – Subordinate Lien Excise Tax and State-Shared Revenue Obligations, Series 2019 and 2020 (Direct-Placement Debt).

During fiscal year 2019, the Town issued \$49.45 million of subordinate lien excise tax and state-shared revenue debt to finance the purchase of approximately 175,000 acre-feet of groundwater extinguishment credits (GWECs). During fiscal year 2020, the Town issued an additional \$6.74 million of subordinate lien excise tax and state-shared revenue debt, under the same terms and conditions with the same lender, to purchase approximately 23,500 acre-feet of GWECs. These credits will be used to offset the Town’s water acquisition requirements for future growth. The debts were issued as direct-placement loans with Bank of America at a variable interest rate that reset at the end of a renewal term selected by the Town (daily, one month, three months, or six months). Although the Town pledged excise taxes to secure the loans, interest on the loans was repaid from water utility revenues. The Town refinanced and paid off both loans with long-term financing during fiscal year 2020.

1. *Variable Rate Terms.* The interest rate was calculated at 80% of the current LIBOR rate for the selected renewal term, plus 49 basis points. Through April 2020, the Town selected one-month renewal terms on each renewal date. For May and June 2020, the Town selected daily renewals.
2. *Events of Default.* If the Town was unable to make payment on the loans, or if the Town’s bond rating fell below BBB+ by either S&P or Fitch, the loan payments could not be accelerated but the interest rate would increase to 80% of the current LIBOR rate (or a comparable or successor rate selected by

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Bank of America) plus 8%. The maximum interest rate allowed on the loans was 18%. The Town's current excise tax bond rating is AA from both S&P and Fitch.

3. *Other Terms.* The loans could be repaid at any time without penalty. Both loans were paid off on June 26, 2020 using a long-term loan from the Water Infrastructure Finance Authority of Arizona (WIFA).

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 2020			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 2020	\$ -	\$ -	\$ -	\$ 138,736,950	8/1/2050
Excise Tax and State-Shared Revenue Bonds, Series 2018A	800,000	2,325,661	3,125,661	86,691,300	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2018B	470,000	754,811	1,224,811	27,655,975	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2016	2,370,000	1,923,450	4,293,450	54,655,875	8/1/2036
GADA Infrastructure Revenue Loan, Series 2014A	255,000	137,700	392,700	3,476,900	8/1/2028
Total First Lien Parity Obligations	3,895,000	5,141,622	9,036,622	311,217,000	
<i>Subordinate Lien Obligations:</i>					
Sub-Lien Excise Tax and State-Shared Revenue Obligations:					
Series 2019	-	867,446	867,446	-	6/26/2020
Series 2020	-	33,141	33,141	-	6/26/2020
Total Debt Service, FY 2020	\$ 3,895,000	\$ 6,042,209	\$ 9,937,209	\$ 311,217,000	
Total Excise Tax and State-Shared Revenues, FY 2020			\$ 74,129,990		

F. Bond Rating Changes

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

On June 2, 2020, Fitch Ratings affirmed the Town's Issuer Default Rating (IDR) with a stable outlook. The Town's current excise tax and state-shared revenue bond rating from Fitch Ratings is 'AA.'

G. 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 2020, 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 \$15,974,204 payable through January 1, 2030.

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H. 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, 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.
2. *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.
3. *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.
4. *WIFA Loan, 2008*. In fiscal year 2008, the Town obtained a \$40 million loan from WIFA to fund the purchase of the Queen Creek Water Company and improvements to the infrastructure acquired.

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:

Debt Issue	Debt Service, FY 2020			Remaining Principal and Interest to Maturity	Maturity Date
	Principal	Interest	Total		
WIFA Loan, 2020 DW	\$ -	\$ -	\$ -	\$ 77,517,021	7/1/2050
WIFA Loan, 2020 CW	-	-	-	\$ 11,497,670	7/1/2050
WIFA Loan, 2014	681,919	383,509	1,065,428	\$ 17,218,743	7/1/2043
WIFA Loan, 2008	1,987,797	884,998	2,872,795	31,219,269	7/1/2038
Total Debt Service, FY 2020	\$ 2,669,716	\$ 1,268,507	\$ 3,938,223	\$ 137,452,703	
Total Utility System Net Revenues, FY 2020			\$ 12,630,871		

Amendments to WIFA Loans. During fiscal year 2020, the WIFA Board approved the Town’s request to replace the separate water and wastewater revenue pledges with a single utility system combined revenue pledge for all WIFA loans. All WIFA loans are now secured by a pledge of the net revenues of both water and wastewater system activities combined. The WIFA Board also approved the Town’s request to extend the final maturity dates of the 2008 and 2014 loans by 10 years, with no other changes to any other terms of the loans. The Town requested the loan amendments to provide additional capacity in the utility system for operating expenses and future capital improvements.

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

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 2020 was \$1,805,464, and net revenues from the water system were \$12,630,871. Total principal and interest remaining on the obligations is \$42,748,702 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.

J. 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, 2020 is \$538,208,513. This includes both Maricopa County and Pinal County assessed values. The Town’s constitutional debt limit is calculated as follows:

20% Debt Margin Limit	\$ 107,641,703
Bonded Debt Outstanding	<u> -</u>
Unused 20% Limitation Borrowing Capacity	\$ 107,641,703
6% Debt Margin Limit	\$ 32,292,511
Bonded Debt Outstanding	<u> -</u>
Unused 6% Limitation Borrowing Capacity	\$ 32,292,511

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 & Transportation Fund	Improvement District Debt Service Fund	Nonmajor Governmental Funds	
Nonspendable:						
Prepaid Items	\$ 114,841	\$ -	\$ -	\$ -	\$ -	\$ 114,841
Restricted:						
Transportation and Town Facilities	-	-	71,140,251	-	55,855,580	126,995,831
Street Lighting Districts	-	-	-	-	508,281	508,281
Contractual Agreements	208,133	-	-	-	-	208,133
Housing Rehabilitation	-	-	-	-	80,379	80,379
Parks and Community Events	-	-	-	-	59,809	59,809
Total Restricted	208,133	-	71,140,251	-	56,504,049	127,852,433
Committed:						
Pension Liabilities	23,937,043	-	-	-	-	23,937,043
Transportation and Town Facilities	-	84,237	-	-	783,109	867,346
Total Committed	23,937,043	84,237	-	-	783,109	24,804,389
Assigned:						
Debt Service	-	-	-	-	1,569	1,569
Transportation and Town Facilities	-	-	8,860,934	-	-	8,860,934
Parks and Community Events	-	-	-	-	181,091	181,091
Total Committed	-	-	8,860,934	-	182,660	9,043,594
Unassigned	32,263,962	-	-	(15,371)	(396,075)	31,852,516
Total Fund Balance	<u>\$ 56,523,979</u>	<u>\$ 84,237</u>	<u>\$ 80,001,185</u>	<u>\$ (15,371)</u>	<u>\$ 57,073,743</u>	<u>\$ 193,667,773</u>

C. Deficit Fund Balances

The deficit Unassigned fund balance in the Improvement District Debt Service Fund is the result of delinquent assessments in prior years which will be recovered through subsequent billings to the property owners.

The deficit Unassigned fund balance in the Nonmajor Governmental Funds is all within the General Capital Improvement Funds and is a temporary result of paying contractors at year-end without a corresponding draw on bond proceeds. The deficit will be covered by bond proceeds in future months as the Town requests reimbursement from the bond trustee, which proceeds are currently reported as restricted assets within the same fund.

NOTE 11. RETIREMENT PLANS

A. Cost-Sharing and Agent Multiple Employer Pension Plans

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

At June 30, 2020, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net Pension Liabilities	\$ 15,977,938	\$ 6,500,877	\$ 22,478,815
Deferred Outflows of Resources	6,016,422	1,099,321	7,115,743
Deferred Inflows of Resources	964,621	406,217	1,370,838
Pension Expense	3,312,545	1,368,230	4,680,775

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The Town's accrued payroll and employee benefits includes \$138,810 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2020. Also, the Town reported \$3,491,833 of pension expenditures in the funds related to all pension plans to which it contributes.

B. Arizona State Retirement System

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

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

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.

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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, 2020, statute required active ASRS members to contribute at the actuarially determined rate of 12.11% (11.94% for retirement and 0.17% for long-term disability) of the members’ annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.11% (11.45% for retirement, 0.49% for the health insurance premium benefit, and 0.17% for long-term disability) of the active members’ annual covered payroll.

In addition, the Town was required by statute to contribute at the actuarially determined rate of 10.41% (10.29% for retirement, 0.05% for health insurance premium benefit and 0.07% 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 plan for the year ended June 30, 2020, were \$2,018,030, and were paid 61% from the General Fund, 31% from major funds, and 8% from other funds.

Pension Liability – At June 30, 2020, the Town reported a liability of \$21,793,278 for its proportionate share of the ASRS’ net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018, to the measurement date of June 30, 2019.

The Town’s proportion of the net pension liability was based on the Town’s actual contributions to the plan relative to the total of all participating employers’ contributions for the year ended June 30, 2019. The Town’s proportion measured as of June 30, 2019, was 0.14977%, which was an increase of 0.0074% from its proportion measured as of June 30, 2018.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2020, the Town recognized pension expense for ASRS of \$3,486,171. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 393,701	\$ 4,097
Changes of assumptions or other inputs	92,121	867,851
Net difference between projected and actual earnings on pension plan investments	-	489,838
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,181,467	-
Town contributions subsequent to the measurement date	2,018,030	-
	\$ 3,685,319	\$ 1,361,786

The \$2,018,030 reported as deferred outflows of resources related to ASRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2021	\$	508,972
2022		(240,591)
2023		(94,070)
2024		131,192

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

Actuarial Valuation Date	June 30, 2018
Actuarial Roll Forward Date	June 30, 2019
Actuarial Costs Method	Entry Age Normal
Discount Rate	7.5%
Projected Salary Increases	2.7 - 7.2%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

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

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Real Return Geometric Basis
Equity	50%	6.09%
Credit	20%	5.36%
Interest rate sensitive bonds	10%	1.62%
Real Estate	20%	5.85%
Total	100%	

Discount Rate – At June 30, 2019, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board’s funding policy, which establishes the contractually required rate under Arizona statutes. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Town's proportionate share of the net pension liability	\$ 31,016,882	\$ 21,793,278	\$ 14,084,718

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

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C. Public Safety Personnel Retirement System (PSPRS)

Plan Descriptions – Town firefighters who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan. The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and an agent and cost sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. County sheriff employees who are PSPRS members participate in the agent plans. County attorney investigators 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 County’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.

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

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

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.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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

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

	PSPRS Firefighters
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	2
Inactive Employees Entitled to but not yet Receiving Benefits	2
Active Employees	47
Total	51

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, 2020, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Firefighters
Active Member Contributions:	
Tier One Members	7.65%
Tier Two Members	11.65%
Tier Three Members	9.94%
Town Contributions	
Pension	9.94% - 14.29%

The Town's contribution to the pension plan for the year ended June 30, 2020 was \$1,473,803. 100% of which was paid from the Emergency Services Fund. As discussed in the Management Discussion and Analysis, the Emergency Services Fund is included in the Town's General fund for financial reporting.

Pension Liability – At June 30, 2020, the Town reported the following net pension liability:

	Net Pension Liability
PSPRS Firefighters	\$ 685,537

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total liabilities as of June 30, 2019, reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4 percent to 7.3 percent and update the mortality rates.

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

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YEAR ENDED JUNE 30, 2020

Actuarial Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.3%
Wage Inflation	3.5%
Price Inflation	2.5%
Cost-of-living adjustment	1.75%
Mortality Rates	PubS-2010 tables

Actuarial assumptions used in the June 30, 2019, valuation were based on results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.30% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Short Term Investments	2%	0.25%
Risk Parity	4%	4.01%
Fixed Income	5%	3.00%
Real Assets	9%	6.75%
GTS	12%	4.01%
Private Credit	16%	5.36%
Real Estate	10%	4.50%
Private Equity	12%	8.40%
Non-U.S. Equity	14%	5.00%
U.S. Equity	16%	4.75%
Total	<u>100%</u>	

Pension Discount Rates – At June 30, 2019, the discount rate was used to measure the total pension liability was 7.3%, which was a decrease of 0.1% from the discount rate used as of June 30, 2018.

The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

PSPRS - Firefighters	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance beginning of the year	\$ 9,642,918	\$ 9,562,655	80,263
Changes for the Year:			
Service Cost	1,012,408	-	1,012,408
Interest on the Total Pension Liability	783,592	-	783,592
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	321,036	-	321,036
Changes of Assumptions or Other Inputs	285,948	(1,111)	287,059
Contributions - Employer	-	778,481	(778,481)
Contributions - Employee	-	474,279	(474,279)
Net Investment Income	-	556,726	(556,726)
Benefit Payments, Including Refunds of Employee Contributions	(132,502)	(132,502)	-
Administrative Expenses	-	(10,665)	10,665
Net Changes	<u>2,270,482</u>	<u>1,665,208</u>	<u>605,274</u>
Balance end of the year	<u>\$ 11,913,400</u>	<u>\$ 11,227,863</u>	<u>\$ 685,537</u>

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate – The following table presents the Town's net pension liability (asset) calculated using the discount rate of 7.3%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.3%)	Current Discount Rate (7.3%)	1% Increase (8.3%)
PSPRS Firefighters Net Pension Liability (Asset)	\$ 3,079,222	\$ 685,537	\$ (1,219,857)

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

Pension Expense – For the year ended June 30, 2020, the Town recognized the following pension expense:

	Pension Expense
PSPRS Firefighters	\$ 1,194,604

Pension Deferred Outflows/Inflows of Resources – At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,137,663	\$ 9,052
Changes of assumptions or other inputs	666,908	-
Net difference between projected and actual earnings on pension plan investments	152,050	-
Town contributions subsequent to the measurement date	<u>1,473,803</u>	<u>-</u>
	<u>\$ 3,430,424</u>	<u>\$ 9,052</u>

The \$1,473,803 reported as deferred outflows of resources related to PSPRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Year Ended June 30,	PSPRS Firefighters
2021	\$ 256,378
2022	180,771
2023	233,308
2024	223,993
2025	185,600
Thereafter	867,519

NOTE 12. TAX ABATEMENTS

The Town has entered into agreements that include the abatement of Government Property Lease Excise Tax (GPLET). As of June 30, 2020, two lease agreements exist for the abatement of property taxes. These agreements were entered into pursuant to the following:

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

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

For the year ended June 30, 2020, the Town abated \$46,156 in property taxes as a result of the GPLET abatement agreements.

NOTE 13. 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, 2020 was \$32,713,498 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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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 2020.

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 Road Construction

Signal Butte Road. The Town has entered into an IGA with the City of Mesa wherein the Town agreed to fund the costs of construction of Signal Butte Road from Germann Road to the future State Road 24 intersection. Mesa will manage the design and construction of the project through completion. As of June 30, 2020 the road was 60% designed, with construction expected to begin in summer 2021. Once Mesa awards a construction contract, the Town will be required to pay Mesa a lump sum of \$12 million. The Town will also be responsible for any construction costs over \$12 million. Mesa has agreed to reimburse the Town a maximum of \$12 million by December 31, 2030. The Town will use proceeds from the Series 2020 excise tax and state-shared revenue bonds to finance the payment to Mesa.

Meridian Road. The Town has entered into an IGA with Pinal County wherein the County has agreed to fund 50% of the cost of design and construction of Meridian Road improvements from Germann Road to the future State Road 24 intersection. The County's estimated contribution is \$4.5 million. Construction of the improvements is expected to begin in late summer 2021.

Chandler Heights Road. The Town has entered into an IGA with Maricopa County and the Town of Gilbert wherein the Town has agreed to design and construct improvements to Chandler Heights Road from Recker Road to Power Road. The County and Gilbert have agreed to fund 100% of the costs of the \$5.7 million project, which is expected to begin construction in late fall 2020.

Ellsworth Interchange. The Town has agreed to contribute \$2.5 million towards the construction of an interchange at Ellsworth Road and State Road 24. Other partners in the project include the City of Mesa, Maricopa Association of Governments (MAG), and the Arizona Department of Transportation (ADOT). The payment to ADOT is expected to occur in July 2020 and will be funded using proceeds from the Series 2020 excise tax and state-shared revenue bonds.

NOTE 14. 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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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.

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated and is still developing.

NOTE 15. SUBSEQUENT EVENTS

A. Diversified Water Company Purchase and Related Financing

In May 2020, the Town Council passed three resolutions authorizing the Town to begin the process of acquiring the facilities and properties of the Diversified Water Utility System (Diversified) and to seek financing from the Water Infrastructure Finance Authority (WIFA) to finance the acquisition. The Town received approval of a \$13.3 million loan from WIFA in August, and the Town Council approved the final loan agreement on September 2, 2020. The Town closed on the WIFA loan on September 25, 2020 and assumed full legal ownership of Diversified on October 2, 2020. The Town paid \$10 million to the former owner of Diversified, and the remaining loan proceeds will be used to make intersystem connections and improvements to the system's assets. The loan term is for 30 years, has a fixed interest rate of 1.874%, and includes a forgivable principal amount of \$442,500. The loan is secured by a pledge of the Town's utility system net revenues on parity with the Town's other WIFA loans.

Diversified was a private water company immediately east of the Town's water service area that encompassed over nine square miles and provided water service to approximately 1,600 customers. At built-out, the area is expected to service over 15,000 customers.

B. Additional Draw on WIFA Loan Authorization

As previously discussed in Note 9, 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. On August 21, 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.

C. Coronavirus Relief / AZCares Funding from the State of Arizona

On July 23, 2020, the Town received \$5,842,506 from the Arizona Governor's Office as part of a statewide \$441 million coronavirus relief and recovery plan for local cities, towns and counties. The governor's plan allocated funding to local entities that did not receive direct funding from the U.S. Treasury as part of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Allocations from the governor came from the state's CARES appropriation from the federal government and were based on 2019 census data. Terms of the grant to the Town required that the funds can only be used to cover regular payroll costs (excluding overtime) of public health and public safety personnel from March 1, 2020 through December 30, 2020.

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, 2020

Arizona State Retirement System

	Reporting Year (Measurement Date)		
	2020 (2019)	2019 (2018)	2018 (2017)
Town's Proportion of the Net Pension Liability	0.149770%	0.142370%	0.135270%
Town's Proportionate Share of the Net Pension Liability	\$ 21,793,278	\$ 19,855,605	\$ 21,072,429
Town's Covered Payroll	15,825,893	13,843,824	12,555,709
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.71%	143.43%	167.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.24%	73.40%	69.92%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year (Measurement Date)		
2017 (2016)	2016 (2015)	2015 (2014)
0.126160%	0.118690%	0.097621%
\$ 20,363,491	\$ 18,487,672	\$ 14,444,571
11,783,167	10,732,389	9,043,494
172.82%	172.26%	159.72%
67.06%	68.35%	69.49%

TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOWN'S
NET PENSION LIABILITY AND RELATED RATIOS
AGENT PENSION PLANS
JUNE 30, 2020

PSPRS Fire

	Reporting Year (Measurement Date)		
	2020 (2019)	2019 (2018)	2018 (2017)
Total Pension Liability			
Service Cost	\$ 1,012,408	\$ 834,829	\$ 751,557
Interest on the Total Pension Liability	783,592	640,918	510,514
Changes of Benefit Terms	-	-	64,957
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	321,036	(10,396)	509,418
Changes of Assumptions or Other Inputs	285,948	-	106,791
Benefit Payments, Including Refunds of Employee Contributions	(132,502)	(132,132)	(129,228)
Net Change in Total Pension Liability	2,270,482	1,333,219	1,814,009
Total Pension Liability - Beginning	9,642,918	8,309,699	6,495,690
Total Pension Liability - Ending (a)	11,913,400	9,642,918	8,309,699
Plan Fiduciary Net Position			
Contributions - Employer	778,481	1,763,985	785,199
Contributions - Employee	474,279	342,056	342,598
Net Investment Income	556,726	560,374	727,913
Benefit Payments, Including Refunds of Employee Contributions	(132,502)	(132,132)	(129,228)
Hall/Parker Settlement	-	(364,237)	-
Administrative Expenses	(10,665)	(9,229)	(6,841)
Other Changes	(1,111)	83	(50,230)
Net Change in Plan Fiduciary Net Position	1,665,208	2,160,900	1,669,411
Plan Fiduciary Net Position - Beginning	9,562,655	7,401,755	5,732,344
Plan Fiduciary Net Position - Ending (b)	11,227,863	9,562,655	7,401,755
Town's Net Pension Liability - Ending (a) - (b)	\$ 685,537	\$ 80,263	\$ 907,944
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.25%	99.17%	89.07%
Covered Payroll	\$ 4,464,356	\$ 3,838,295	\$ 3,455,435
Town's Net Pension Liability as a Percentage of Covered Payroll	15.36%	2.09%	26.28%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year (Measurement Date)		
2017 (2016)	2016 (2015)	2015 (2014)
\$ 445,706	\$ 392,089	\$ 353,480
393,828	341,882	235,479
606,223	-	12,393
37,328	67,556	685,945
320,534	-	176,038
(203,984)	(129,228)	(125,141)
1,599,635	672,299	1,338,194
4,896,055	4,223,756	2,885,562
6,495,690	4,896,055	4,223,756
752,649	1,807,100	318,427
284,138	264,558	275,273
30,764	110,386	291,024
(203,984)	(129,228)	(125,141)
-	-	-
(4,827)	(3,085)	-
160,155	(60,116)	38,612
1,018,895	1,989,615	798,195
4,713,449	2,723,834	1,925,639
5,732,344	4,713,449	2,723,834
\$ 763,346	\$ 182,606	\$ 1,499,922
88.25%	96.27%	64.49%
\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
31.19%	7.75%	70.44%

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN PENSION CONTRIBUTIONS
JUNE 30, 2020**

Arizona State Retirement System

	Reporting Fiscal Year		
	2020	2019	2018
Statutorily Required Contribution	\$ 2,018,030	\$ 1,754,889	\$ 1,535,419
Town's Contribution in Relation to the Statutorily Required Contribution	2,018,030	1,754,889	1,535,419
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 15,809,849	\$ 15,825,893	\$ 13,843,824
Town's Contributions as a Percentage of Covered Payroll	12.76%	11.09%	11.09%

PSPRS Fire

	Reporting Fiscal Year		
	2020	2019	2018
Actuarially Determined Contribution	\$ 773,803	\$ 769,406	\$ 727,892
Town's Contribution in Relation to the Actuarially Determined Contribution	1,473,803	1,096,454	1,385,632
Town's Contribution Deficiency (Excess)	<u>\$ (700,000)</u>	<u>\$ (327,048)</u>	<u>\$ (657,740)</u>
Town's Covered Payroll	\$ 4,873,406	\$ 4,932,090	\$ 3,838,295
Town's Contributions as a Percentage of Covered Payroll	30.24%	22.23%	36.10%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Fiscal Year

2017	2016	2015	2014
\$ 1,422,375	\$ 1,281,699	\$ 1,144,335	\$ 1,013,052
1,422,375	1,281,699	1,144,335	1,013,052
\$ -	\$ -	\$ -	\$ -
\$ 12,555,709	\$ 11,783,167	\$ 10,732,389	\$ 9,043,494
11.33%	10.88%	10.66%	11.20%

Reporting Fiscal Year

2017	2016	2015	2014
\$ 400,644	\$ 446,372	\$ 322,368	\$ 318,427
785,199	752,649	1,807,100	318,427
\$ (384,555)	\$ (306,277)	\$ (1,484,732)	\$ -
\$ 3,455,435	\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
22.72%	30.75%	76.74%	14.95%

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION SCHEDULES
YEAR ENDED JUNE 30, 2020**

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 2018 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, 2017: In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%. PSPRS Members with initial membership on or after July 1, 2017: 7%
Projected Salary Increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%-8.0% to 3.5-7.5%. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0%. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%.
Wage Growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5%. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006-June 30, 2011
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO PENSION SCHEDULES
YEAR ENDED JUNE 30, 2020**

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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 26,224,200	\$ 29,993,300	\$ 32,616,618	\$ 2,623,318
Intergovernmental	10,001,000	9,874,910	9,959,705	84,795
Licenses, Permits and Fees	5,932,200	6,627,500	8,930,927	2,303,427
Charges for Services	2,443,480	2,558,480	2,430,409	(128,071)
Investment Income	266,800	426,800	673,094	246,294
Miscellaneous	103,500	103,500	418,744	315,244
Total Revenues	<u>44,971,180</u>	<u>49,584,490</u>	<u>55,029,497</u>	<u>5,445,007</u>
EXPENDITURES				
Current:				
Mayor and Town Council	439,120	439,120	367,143	71,977
Town Manager	1,098,102	1,128,102	1,108,659	19,443
Town Clerk and Legal Services	733,922	808,922	778,608	30,314
Finance	2,469,288	3,004,088	2,665,754	338,334
Economic Development	902,931	902,931	881,702	21,229
Communications, Marketing and Recreation Services	2,166,485	2,335,710	2,011,353	324,357
Workforce and Technology	4,082,656	4,253,709	3,893,270	360,439
Development Services	3,504,044	3,534,822	3,316,153	218,669
Public Works	6,937,648	8,474,521	7,880,831	593,690
Centralized Services/Contingency	4,512,125	3,444,992	2,542,330	902,662
Total Expenditures	<u>26,846,321</u>	<u>28,326,917</u>	<u>25,445,803</u>	<u>2,881,114</u>
Excess (Deficiency) of Revenues Over Expenditures	18,124,859	21,257,573	29,583,694	8,326,121
OTHER FINANCING SOURCES (USES)				
Transfers Out	(17,837,074)	(16,760,755)	(14,407,653)	2,353,102
Total Other Financing Sources (Uses)	<u>(17,837,074)</u>	<u>(16,760,755)</u>	<u>(14,407,653)</u>	<u>2,353,102</u>
Net Change in Fund Balances	<u>\$ 287,785</u>	<u>\$ 4,496,818</u>	<u>\$ 15,176,041</u>	<u>\$ 10,679,223</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 4,888,900	\$ 7,920,000	\$ 9,571,851	\$ 1,651,851
Total Revenues	4,888,900	7,920,000	9,571,851	1,651,851
EXPENDITURES				
Current:				
Debt Service:				
Interest on Long-Term Debt	317,900	317,900	160,836	157,064
Total Expenditures	317,900	317,900	160,836	157,064
Excess (Deficiency) of Revenues Over Expenditures	4,571,000	7,602,100	9,411,015	1,808,915
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,782,964)	(9,326,778)	(9,326,778)	-
Total Other Financing Sources (Uses)	(2,782,964)	(9,326,778)	(9,326,778)	-
Net Change in Fund Balances	<u>\$ 1,788,036</u>	<u>\$ (1,724,678)</u>	<u>\$ 84,237</u>	<u>\$ 1,808,915</u>

See Notes to Budgetary Comparison Schedule, Required Supplementary Information

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Interfund Loans Represent Expenditures (Revenues) on Budget Basis	8,041,785
Net Change in Fund Balance - GAAP Basis	<u>\$ 8,126,022</u>

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2020**

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 123 through 124. 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	\$ 68,726,484	\$ (45,553,103)	\$ (7,613,294)	\$ 40,963,892	\$ 56,523,979
Other Funds Included in General Fund - Budgeted as Special Revenue Funds:					
Emergency Services Fund	(17,214,497)	19,757,845	(2,595,951)	-	(52,603)
Horseshoe Park and Equestrian Centre	(504,219)	1,799,449	(1,291,913)	-	3,317
Interdepartmental Support Revenue	4,579,834	(1,673,339)	(2,906,495)	-	-
GAAP Adjustments	(558,105)	223,345	-	791,666	456,906
Budgetary Comparison Schedule - General Fund	<u>\$ 55,029,497</u>	<u>\$ (25,445,803)</u>	<u>\$ (14,407,653)</u>	<u>\$ 41,755,558</u>	<u>\$ 56,931,599</u>

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2020**

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 or Parks and Recreation Funds. Accordingly, no budgetary comparison schedules are presented for these funds.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

Housing Rehab Fund – accounts for housing rehabilitation assistance monies.

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Totals
ASSETS				
Cash and Investments	\$ 2,382,491	\$ 21,110,408	\$ 1,567	\$ 23,494,466
Restricted Cash and Investments	-	34,873,275	2	34,873,277
Receivables:				
Accounts Receivable	3,252	18	-	3,270
Taxes Receivable	99,101	-	-	99,101
Intergovernmental Receivable	351,235	-	-	351,235
Total Assets	<u>\$ 2,836,079</u>	<u>\$ 55,983,701</u>	<u>\$ 1,569</u>	<u>\$ 58,821,349</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 776,058	\$ 629,281	\$ -	\$ 1,405,339
Accrued Wages and Benefits	54,802	-	-	54,802
Retainage Payable	-	285,765	-	285,765
Total Liabilities	<u>830,860</u>	<u>915,046</u>	<u>-</u>	<u>1,745,906</u>
Deferred Inflows of Resources:				
Unavailable Revenues	1,700	-	-	1,700
Fund Balances:				
Restricted	1,039,319	55,464,730	-	56,504,049
Committed	783,109	-	-	783,109
Assigned	181,091	-	1,569	182,660
Unassigned	-	(396,075)	-	(396,075)
Total Fund Balances	<u>2,003,519</u>	<u>55,068,655</u>	<u>1,569</u>	<u>57,073,743</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,836,079</u>	<u>\$ 55,983,701</u>	<u>\$ 1,569</u>	<u>\$ 58,821,349</u>

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Totals
REVENUES				
Local Sales Tax	\$ 721,950	\$ -	\$ -	\$ 721,950
Intergovernmental	4,862,276	766,348	-	5,628,624
Special Assessments	558,644	-	-	558,644
Charges for Services	39,244	-	-	39,244
Contributions	82,980	-	-	82,980
Impact Fees	-	12,272,569	-	12,272,569
Investment Income	16,664	251,508	2	268,174
Miscellaneous	99,136	-	-	99,136
Total Revenues	6,380,894	13,290,425	2	19,671,321
EXPENDITURES				
Current:				
General Government	-	285,765	-	285,765
Highways and Streets	5,448,497	-	-	5,448,497
Culture and Recreation	106,933	-	-	106,933
Economic Development	232,856	-	-	232,856
Capital Outlay	134,121	6,321,266	-	6,455,387
Debt Service:				
Principal Retirement	3,208	-	3,640,000	3,643,208
Interest on Long-Term Debt	40	-	5,009,697	5,009,737
Debt Issuance Costs	-	170,549	-	170,549
Total Expenditures	5,925,655	6,777,580	8,649,697	21,352,932
Excess (Deficiency) of Revenues Over Expenditures	455,239	6,512,845	(8,649,695)	(1,681,611)
OTHER FINANCING SOURCES (USES)				
Transfers In	648,892	3,945,111	8,644,200	13,238,203
Transfers Out	(597,728)	(11,580,440)	-	(12,178,168)
Proceeds from Bond Issuance	-	34,750,000	-	34,750,000
Premium on Bond Issuance	-	6,741,925	-	6,741,925
Total Other Financing Sources (Uses)	51,164	33,856,596	8,644,200	42,551,960
Net Change in Fund Balances	506,403	40,369,441	(5,495)	40,870,349
FUND BALANCES				
Beginning of Year	1,497,116	14,699,214	7,064	16,203,394
End of Year	\$ 2,003,519	\$ 55,068,655	\$ 1,569	\$ 57,073,743

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Local		
	Highway Users Revenue	Transportation Assistance	Town Center
ASSETS			
Cash and Investments	\$ 432,394	\$ 390,850	\$ 718,298
Receivables:			
Accounts Receivable	1,800	-	1,452
Taxes Receivable	-	-	93,243
Intergovernmental Receivable	351,235	-	-
Total Assets	<u>\$ 785,429</u>	<u>\$ 390,850</u>	<u>\$ 812,993</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 730,627	\$ -	\$ 29,884
Accrued Wages and Benefits	54,802	-	-
Total Liabilities	<u>785,429</u>	<u>-</u>	<u>29,884</u>
Deferred Inflows of Resources:			
Unavailable Revenues	-	-	-
Fund Balances:			
Restricted	-	390,850	-
Committed	-	-	783,109
Assigned	-	-	-
Total Fund Balances	<u>-</u>	<u>390,850</u>	<u>783,109</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 785,429</u>	<u>\$ 390,850</u>	<u>\$ 812,993</u>

Street Lighting Districts	Housing Rehab	Parks and Recreation	Community Events	Totals
\$ 518,650	\$ 80,379	\$ 59,809	\$ 182,111	\$ 2,382,491
-	-	-	-	3,252
5,858	-	-	-	99,101
-	-	-	-	351,235
<u>\$ 524,508</u>	<u>\$ 80,379</u>	<u>\$ 59,809</u>	<u>\$ 182,111</u>	<u>\$ 2,836,079</u>
\$ 14,527	\$ -	\$ -	\$ 1,020	\$ 776,058
-	-	-	-	54,802
<u>14,527</u>	<u>-</u>	<u>-</u>	<u>1,020</u>	<u>830,860</u>
1,700	-	-	-	1,700
508,281	80,379	59,809	-	1,039,319
-	-	-	-	783,109
-	-	-	181,091	181,091
<u>508,281</u>	<u>80,379</u>	<u>59,809</u>	<u>181,091</u>	<u>2,003,519</u>
<u>\$ 524,508</u>	<u>\$ 80,379</u>	<u>\$ 59,809</u>	<u>\$ 182,111</u>	<u>\$ 2,836,079</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, 2020

	Highway Users Revenue	Local Transportation Assistance	Town Center
REVENUES			
Local Sales Tax	\$ -	\$ -	\$ 721,950
Intergovernmental	4,862,276	-	-
Special Assessments	-	-	-
Charges for Services	-	-	39,244
Contributions	-	-	-
Investment Income	3,500	-	9,369
Miscellaneous	99,136	-	-
Total Revenues	<u>4,964,912</u>	<u>-</u>	<u>770,563</u>
EXPENDITURES			
Current:			
Highways and Streets	5,231,566	33,000	-
Culture and Recreation	-	-	-
Economic Development	-	-	232,856
Capital Outlay	115,037	-	19,084
Debt Service:			
Principal Retirement	3,208	-	-
Interest on Long-Term Debt	40	-	-
Total Expenditures	<u>5,349,851</u>	<u>33,000</u>	<u>251,940</u>
Excess (Deficiency) of Revenues Over Expenditures	(384,939)	(33,000)	518,623
OTHER FINANCING SOURCES (USES)			
Transfers In	648,892	-	-
Transfers Out	(263,953)	-	(333,775)
Total Other Financing Sources (Uses)	<u>384,939</u>	<u>-</u>	<u>(333,775)</u>
Net Change in Fund Balances	-	(33,000)	184,848
FUND BALANCES			
Beginning of Year	-	423,850	598,261
End of Year	<u>\$ -</u>	<u>\$ 390,850</u>	<u>\$ 783,109</u>

Street Lighting Districts	Housing Rehab	Parks and Recreation	Community Events	Totals
\$ -	\$ -	\$ -	\$ -	\$ 721,950
-	-	-	-	4,862,276
558,644	-	-	-	558,644
-	-	-	-	39,244
-	-	84	82,896	82,980
2,762	1,033	-	-	16,664
-	-	-	-	99,136
<u>561,406</u>	<u>1,033</u>	<u>84</u>	<u>82,896</u>	<u>6,380,894</u>
183,931	-	-	-	5,448,497
-	-	-	106,933	106,933
-	-	-	-	232,856
-	-	-	-	134,121
-	-	-	-	3,208
-	-	-	-	40
<u>183,931</u>	<u>-</u>	<u>-</u>	<u>106,933</u>	<u>5,925,655</u>
377,475	1,033	84	(24,037)	455,239
-	-	-	-	648,892
-	-	-	-	(597,728)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,164</u>
377,475	1,033	84	(24,037)	506,403
130,806	79,346	59,725	205,128	1,497,116
<u>\$ 508,281</u>	<u>\$ 80,379</u>	<u>\$ 59,809</u>	<u>\$ 181,091</u>	<u>\$ 2,003,519</u>

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Town Building Development	Transportation Development	Library Development
ASSETS			
Cash and Investments	\$ 2,974,096	\$ 138,877	\$ 1,879,070
Restricted Cash and Investments	-	8,087,158	-
Receivables:			
Accounts Receivable	-	-	18
Total Assets	<u>\$ 2,974,096</u>	<u>\$ 8,226,035</u>	<u>\$ 1,879,088</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 698	\$ 5,907	\$ 1,224
Retainage Payable	-	-	-
Total Liabilities	<u>698</u>	<u>5,907</u>	<u>1,224</u>
Deferred Inflows of Resources:			
Fund Balances:			
Restricted	2,973,398	8,220,128	1,877,864
Unassigned	-	-	-
Total Fund Balances	<u>2,973,398</u>	<u>8,220,128</u>	<u>1,877,864</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,974,096</u>	<u>\$ 8,226,035</u>	<u>\$ 1,879,088</u>

Park Development	Public Safety Development	Fire Development	General Capital Improvement	Totals
\$ 12,966,307	\$ 352,213	\$ 2,305,061	\$ 494,784	\$ 21,110,408
-	-	11,216,437	15,569,680	34,873,275
-	-	-	-	18
<u>\$ 12,966,307</u>	<u>\$ 352,213</u>	<u>\$ 13,521,498</u>	<u>\$ 16,064,464</u>	<u>\$ 55,983,701</u>
\$ 12,572	\$ 1,141	\$ 2,645	\$ 605,094	\$ 629,281
-	-	-	285,765	285,765
<u>12,572</u>	<u>1,141</u>	<u>2,645</u>	<u>890,859</u>	<u>915,046</u>
12,953,735	351,072	13,518,853	15,569,680	55,464,730
-	-	-	(396,075)	(396,075)
<u>12,953,735</u>	<u>351,072</u>	<u>13,518,853</u>	<u>15,173,605</u>	<u>55,068,655</u>
<u>\$ 12,966,307</u>	<u>\$ 352,213</u>	<u>\$ 13,521,498</u>	<u>\$ 16,064,464</u>	<u>\$ 55,983,701</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2020

	Town Building Development	Transportation Development	Library Development
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Impact Fees	584,103	2,841,573	891,244
Investment Income	39,045	21,443	22,384
Total Revenues	<u>623,148</u>	<u>2,863,016</u>	<u>913,628</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Debt Issuance Costs	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	623,148	2,863,016	913,628
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(290,100)	(7,957,386)	(232,890)
Proceeds from Bond Issuance	-	10,055,000	-
Premium on Bond Issuance	-	2,019,825	-
Total Other Financing Sources (Uses)	<u>(290,100)</u>	<u>4,117,439</u>	<u>(232,890)</u>
Net Change in Fund Balances	333,048	6,980,455	680,738
FUND BALANCES			
Beginning of Year	2,640,350	1,239,673	1,197,126
End of Year	<u>\$ 2,973,398</u>	<u>\$ 8,220,128</u>	<u>\$ 1,877,864</u>

Park Development	Public Safety Development	Fire Development	General Capital Improvement	Totals
\$ 3,472	\$ -	\$ -	\$ 762,876	\$ 766,348
6,320,877	489,581	1,145,191	-	12,272,569
129,987	5,869	32,780	-	251,508
<u>6,454,336</u>	<u>495,450</u>	<u>1,177,971</u>	<u>762,876</u>	<u>13,290,425</u>
-	-	-	285,765	285,765
-	-	-	6,321,266	6,321,266
-	-	-	170,549	170,549
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,777,580</u>	<u>6,777,580</u>
6,454,336	495,450	1,177,971	(6,014,704)	6,512,845
-	-	-	3,945,111	3,945,111
(697,282)	(418,328)	(1,984,454)	-	(11,580,440)
-	-	10,205,000	14,490,000	34,750,000
-	-	2,050,287	2,671,813	6,741,925
<u>(697,282)</u>	<u>(418,328)</u>	<u>10,270,833</u>	<u>21,106,924</u>	<u>33,856,596</u>
5,757,054	77,122	11,448,804	15,092,220	40,369,441
7,196,681	273,950	2,070,049	81,385	14,699,214
<u>\$ 12,953,735</u>	<u>\$ 351,072</u>	<u>\$ 13,518,853</u>	<u>\$ 15,173,605</u>	<u>\$ 55,068,655</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 11,683,333	\$ 11,683,333	\$ 3,938,281	\$ (7,745,052)
Contributions	-	-	366,925	366,925
Investment Income	-	-	428,983	428,983
Miscellaneous	65,000,000	-	-	-
Total Revenues	<u>76,683,333</u>	<u>11,683,333</u>	<u>4,734,189</u>	<u>(6,949,144)</u>
EXPENDITURES				
Current:				
Highways and Streets	843,343	1,467,324	1,463,865	3,459
Capital Outlay	120,874,286	114,060,979	21,787,248	92,273,731
Debt Service:				
Interest on Long-Term Debt	165,692	165,692	69,038	96,654
Debt Issuance Costs	-	377,343	362,053	15,290
Total Expenditures	<u>121,883,321</u>	<u>116,071,338</u>	<u>23,682,204</u>	<u>92,389,134</u>
Excess (Deficiency) of Revenues Over Expenditures	(45,199,988)	(104,388,005)	(18,948,015)	85,439,990
OTHER FINANCING SOURCES (USES)				
Transfers In	13,714,490	13,714,490	10,744,748	(2,969,742)
Transfers Out	(591,578)	(6,627,668)	(6,627,668)	-
Proceeds from Bond Issuance	25,000,000	43,855,000	43,855,000	-
Premium on Bond Issuance	-	9,408,169	9,408,169	-
Total Other Financing Sources (Uses)	<u>38,122,912</u>	<u>60,349,991</u>	<u>57,380,249</u>	<u>(2,969,742)</u>
Net Change in Fund Balances	<u>\$ (7,077,076)</u>	<u>\$ (44,038,014)</u>	<u>\$ 38,432,234</u>	<u>\$ 82,470,248</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	(7,933)
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	203,053
Interfund Loans Represent Expenditures (Revenues) on Budget Basis	6,627,668
Net Change in Fund Balance - GAAP Basis	<u>\$ 45,255,022</u>

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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 1,735,235	\$ 1,735,235	\$ 1,719,527	\$ (15,708)
Charges for Services	-	-	690	690
Total Revenues	<u>1,735,235</u>	<u>1,735,235</u>	<u>1,720,217</u>	<u>(15,018)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	1,352,198	1,352,198	1,352,198	-
Interest on Long-Term Debt	383,037	383,037	366,473	16,564
Total Expenditures	<u>1,735,235</u>	<u>1,735,235</u>	<u>1,718,671</u>	<u>16,564</u>
 Net Change in Fund Balances	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,546</u>	 <u>\$ 1,546</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,371,200	\$ 4,929,755	\$ 4,862,276	\$ (67,479)
Investment Income	-	-	3,500	3,500
Miscellaneous	-	-	99,136	99,136
Total Revenues	<u>4,371,200</u>	<u>4,929,755</u>	<u>4,964,912</u>	<u>35,157</u>
EXPENDITURES				
Current:				
Highways and Streets	5,399,537	5,444,149	5,220,730	223,419
Capital Outlay	248,500	254,500	115,037	139,463
Debt Service:				
Principal Retirement	3,121	3,121	3,208	(87)
Interest on Long-Term Debt	99	99	40	59
Total Expenditures	<u>5,651,257</u>	<u>5,701,869</u>	<u>5,339,015</u>	<u>362,854</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,280,057)	(772,114)	(374,103)	398,011
OTHER FINANCING SOURCES (USES)				
Transfers In	1,544,010	648,893	648,892	(1)
Transfers Out	(263,953)	(263,953)	(263,953)	-
Total Other Financing Sources (Uses)	<u>1,280,057</u>	<u>384,940</u>	<u>384,939</u>	<u>(1)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (387,174)</u>	<u>\$ 10,836</u>	<u>\$ 398,010</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	<u>(10,836)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ -</u>

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

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
LOCAL TRANSPORTATION ASSISTANCE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Highways and Streets	-	125,000	33,000	92,000
Total Expenditures	-	125,000	33,000	92,000
Net Change in Fund Balances	\$ -	\$ (125,000)	\$ (33,000)	\$ 92,000

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
TOWN CENTER FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 1,005,830	\$ 1,005,830	\$ 721,950	\$ (283,880)
Charges for Services	20,000	20,000	39,244	19,244
Investment Income	21,000	21,000	9,369	(11,631)
Total Revenues	1,046,830	1,046,830	770,563	(276,267)
EXPENDITURES				
Current:				
Economic Development	784,900	1,094,853	232,856	861,997
Capital Outlay	50,000	50,000	19,084	30,916
Debt Service:				
Interest on Long-Term Debt	40,000	40,000	-	40,000
Total Expenditures	874,900	1,184,853	251,940	932,913
Excess (Deficiency) of Revenues Over Expenditures	171,930	(138,023)	518,623	656,646
OTHER FINANCING SOURCES (USES)				
Transfers Out	(398,775)	(398,775)	(333,775)	65,000
Total Other Financing Sources (Uses)	(398,775)	(398,775)	(333,775)	65,000
Net Change in Fund Balances	\$ (226,845)	\$ (536,798)	\$ 184,848	\$ 721,646

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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 700,000	\$ 700,000	\$ 558,644	\$ (141,356)
Investment Income	-	-	2,762	2,762
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>561,406</u>	<u>(138,594)</u>
EXPENDITURES				
Current:				
Highways and Streets	<u>700,000</u>	<u>700,000</u>	<u>183,931</u>	<u>516,069</u>
Total Expenditures	<u>700,000</u>	<u>700,000</u>	<u>183,931</u>	<u>516,069</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,475</u>	<u>\$ 377,475</u>

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
COMMUNITY EVENTS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 75,000	\$ 75,000	\$ 82,896	\$ 7,896
Total Revenues	75,000	75,000	82,896	7,896
EXPENDITURES				
Current:				
Culture and Recreation	165,000	165,000	106,933	58,067
Total Expenditures	165,000	165,000	106,933	58,067
Excess (Deficiency) of Revenues Over Expenditures	(90,000)	(90,000)	(24,037)	65,963
OTHER FINANCING SOURCES (USES)				
Transfers In	90,000	90,000	-	(90,000)
Total Other Financing Sources (Uses)	90,000	90,000	-	(90,000)
Net Change in Fund Balances	\$ -	\$ -	\$ (24,037)	\$ (24,037)

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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 70,665	\$ 553,420	\$ 584,103	\$ 30,683
Investment Income	27,750	27,750	39,045	11,295
Total Revenues	<u>98,415</u>	<u>581,170</u>	<u>623,148</u>	<u>41,978</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	98,415	581,170	623,148	41,978
OTHER FINANCING SOURCES (USES)				
Transfers Out	(290,100)	(290,100)	(290,100)	-
Total Other Financing Sources (Uses)	<u>(290,100)</u>	<u>(290,100)</u>	<u>(290,100)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (191,685)</u>	<u>\$ 291,070</u>	<u>\$ 333,048</u>	<u>\$ 41,978</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 2,121,906	\$ 2,432,715	\$ 2,841,573	\$ 408,858
Investment Income	-	-	21,443	21,443
Total Revenues	<u>2,121,906</u>	<u>2,432,715</u>	<u>2,863,016</u>	<u>430,301</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	2,121,906	2,432,715	2,863,016	430,301
OTHER FINANCING SOURCES (USES)				
Transfers Out	(10,169,858)	(10,169,858)	(7,957,386)	2,212,472
Proceeds from Bond Issuance	-	10,055,000	10,055,000	-
Premium on Bond Issuance	-	2,019,825	2,019,825	-
Total Other Financing Sources (Uses)	<u>(10,169,858)</u>	<u>1,904,967</u>	<u>4,117,439</u>	<u>2,212,472</u>
Net Change in Fund Balances	<u>\$ (8,047,952)</u>	<u>\$ 4,337,682</u>	<u>\$ 6,980,455</u>	<u>\$ 2,642,773</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 155,392	\$ 794,881	\$ 891,244	\$ 96,363
Investment Income	20,000	20,000	22,384	2,384
Total Revenues	<u>175,392</u>	<u>814,881</u>	<u>913,628</u>	<u>98,747</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	175,392	814,881	913,628	98,747
OTHER FINANCING SOURCES (USES)				
Transfers Out	(232,890)	(232,890)	(232,890)	-
Total Other Financing Sources (Uses)	<u>(232,890)</u>	<u>(232,890)</u>	<u>(232,890)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (57,498)</u>	<u>\$ 581,991</u>	<u>\$ 680,738</u>	<u>\$ 98,747</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,472	\$ 3,472
Impact Fees	2,813,154	5,386,853	6,320,877	934,024
Investment Income	20,000	20,000	129,987	109,987
Miscellaneous	295,840	295,840	-	(295,840)
Total Revenues	<u>3,128,994</u>	<u>5,702,693</u>	<u>6,454,336</u>	<u>751,643</u>
EXPENDITURES				
Current:				
Culture and Recreation	4,790,148	4,550,610	-	4,550,610
Capital Outlay	1,300,000	-	-	-
Total Expenditures	<u>6,090,148</u>	<u>4,550,610</u>	<u>-</u>	<u>4,550,610</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,961,154)	1,152,083	6,454,336	5,302,253
OTHER FINANCING SOURCES (USES)				
Transfers In	550,000	550,000	-	(550,000)
Transfers Out	(512,916)	(1,463,631)	(697,282)	766,349
Total Other Financing Sources (Uses)	<u>37,084</u>	<u>(913,631)</u>	<u>(697,282)</u>	<u>216,349</u>
Net Change in Fund Balances	<u>\$ (2,924,070)</u>	<u>\$ 238,452</u>	<u>\$ 5,757,054</u>	<u>\$ 5,518,602</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 172,936	\$ 431,672	\$ 489,581	\$ 57,909
Investment Income	-	-	5,869	5,869
Total Revenues	<u>172,936</u>	<u>431,672</u>	<u>495,450</u>	<u>63,778</u>
EXPENDITURES				
Current:				
Public Safety	-	19,568	-	19,568
Total Expenditures	<u>-</u>	<u>19,568</u>	<u>-</u>	<u>19,568</u>
Excess (Deficiency) of Revenues Over Expenditures	172,936	412,104	495,450	83,346
OTHER FINANCING SOURCES (USES)				
Transfers Out	(140,250)	(862,750)	(418,328)	444,422
Total Other Financing Sources (Uses)	<u>(140,250)</u>	<u>(862,750)</u>	<u>(418,328)</u>	<u>444,422</u>
Net Change in Fund Balances	<u>\$ 32,686</u>	<u>\$ (450,646)</u>	<u>\$ 77,122</u>	<u>\$ 527,768</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 875,277	\$ 1,012,239	\$ 1,145,191	\$ 132,952
Investment Income	-	-	32,780	32,780
Total Revenues	<u>875,277</u>	<u>1,012,239</u>	<u>1,177,971</u>	<u>165,732</u>
EXPENDITURES				
Current:				
Public Safety	-	19,568	-	19,568
Total Expenditures	<u>-</u>	<u>19,568</u>	<u>-</u>	<u>19,568</u>
Excess (Deficiency) of Revenues Over Expenditures	875,277	992,671	1,177,971	185,300
OTHER FINANCING SOURCES (USES)				
Transfers Out	(3,417,863)	(3,997,793)	(1,984,454)	2,013,339
Proceeds from Bond Issuance	-	10,205,000	10,205,000	-
Premium on Bond Issuance	-	2,050,287	2,050,287	-
Total Other Financing Sources (Uses)	<u>(3,417,863)</u>	<u>8,257,494</u>	<u>10,270,833</u>	<u>2,013,339</u>
Net Change in Fund Balances	<u>\$ (2,542,586)</u>	<u>\$ 9,250,165</u>	<u>\$ 11,448,804</u>	<u>\$ 2,198,639</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 814,000	\$ 762,876	\$ (51,124)
Miscellaneous	-	991,393	-	(991,393)
Total Revenues	-	1,805,393	762,876	(1,042,517)
EXPENDITURES				
Capital Outlay	10,970,774	16,825,592	6,321,266	10,504,326
Debt Service:				
Debt Issuance Costs	-	177,751	170,549	7,202
Total Expenditures	10,970,774	17,003,343	6,491,815	10,511,528
Excess (Deficiency) of Revenues Over Expenditures	(10,970,774)	(15,197,950)	(5,728,939)	9,469,011
OTHER FINANCING SOURCES (USES)				
Transfers In	4,000,000	10,727,529	3,945,111	(6,782,418)
Proceeds from Bond Issuance	-	14,490,000	14,490,000	-
Premium on Bond Issuance	-	2,671,814	2,671,813	1
Total Other Financing Sources (Uses)	4,000,000	27,889,343	21,106,924	(6,782,417)
Net Change in Fund Balances	\$ (6,970,774)	\$ 12,691,393	\$ 15,377,985	\$ 2,686,594

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(285,765)
Net Change in Fund Balance - GAAP Basis	<u>\$ 15,092,220</u>

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ 2	\$ 2
Total Revenues	-	-	2	2
EXPENDITURES				
Debt Service:				
Principal Retirement	\$ 4,885,000	\$ 3,640,000	\$ 3,640,000	\$ -
Interest on Long-Term Debt	5,009,201	5,009,976	5,009,697	279
Total Expenditures	9,894,201	8,649,976	8,649,697	279
Excess (Deficiency) of Revenues Over Expenditures	(9,894,201)	(8,649,976)	(8,649,695)	281
OTHER FINANCING SOURCES (USES)				
Transfers In	9,894,201	8,644,201	8,644,200	(1)
Total Other Financing Sources (Uses)	9,894,201	8,644,201	8,644,200	(1)
Net Change in Fund Balances	\$ -	\$ (5,775)	\$ (5,495)	\$ 280

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
EMERGENCY SERVICES FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 3,278,000	\$ 3,770,100	\$ 4,077,077	\$ 306,977
Property Tax	8,343,197	8,343,197	8,344,964	1,767
Intergovernmental	131,600	131,600	161,396	29,796
Charges for Services	4,421,255	4,275,800	4,467,454	191,654
Miscellaneous	109,100	144,180	163,606	19,426
Total Revenues	<u>16,283,152</u>	<u>16,664,877</u>	<u>17,214,497</u>	<u>549,620</u>
EXPENDITURES				
Current:				
Public Safety	19,065,709	19,537,189	18,550,781	986,408
Capital Outlay	1,060,080	1,136,781	1,123,685	13,096
Debt Service:				
Principal Retirement	78,533	78,533	78,532	1
Interest on Long-Term Debt	4,848	4,848	4,847	1
Total Expenditures	<u>20,209,170</u>	<u>20,757,351</u>	<u>19,757,845</u>	<u>999,506</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,926,018)	(4,092,474)	(2,543,348)	1,549,126
OTHER FINANCING SOURCES (USES)				
Transfers In	5,006,018	4,132,441	4,132,441	-
Transfers Out	(1,080,000)	(2,616,969)	(1,536,490)	1,080,479
Total Other Financing Sources (Uses)	<u>3,926,018</u>	<u>1,515,472</u>	<u>2,595,951</u>	<u>1,080,479</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (2,577,002)</u>	<u>\$ 52,603</u>	<u>\$ 2,629,605</u>

The Emergency Services Fund was presented within the General Fund for the Fund Statements but 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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 587,800	\$ 587,800	\$ 476,292	\$ (111,508)
Contributions	168,600	168,600	22,750	(145,850)
Miscellaneous	1,100	1,100	5,177	4,077
Total Revenues	<u>757,500</u>	<u>757,500</u>	<u>504,219</u>	<u>(253,281)</u>
EXPENDITURES				
Current:				
Culture and Recreation	1,487,453	1,590,144	1,486,960	103,184
Capital Outlay	100,000	326,158	312,489	13,669
Total Expenditures	<u>1,587,453</u>	<u>1,916,302</u>	<u>1,799,449</u>	<u>116,853</u>
Excess (Deficiency) of Revenues Over Expenditures	(829,953)	(1,158,802)	(1,295,230)	(136,428)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,124,448	1,586,408	1,586,408	-
Transfers Out	(294,495)	(294,495)	(294,495)	-
Total Other Financing Sources (Uses)	<u>829,953</u>	<u>1,291,913</u>	<u>1,291,913</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 133,111</u>	<u>\$ (3,317)</u>	<u>\$ (136,428)</u>

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

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ -	\$ (2,000,000)
Total Revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>(2,000,000)</u>
EXPENDITURES				
Current:				
Highways and Streets	2,000,000	2,000,000	-	2,000,000
Total Expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</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
WATER FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 25,506,171	\$ 24,366,580	\$ 25,038,418	\$ 671,838
Capacity Fees	2,199,067	4,601,579	4,841,240	239,661
Investment Income	394,692	394,692	338,802	(55,890)
Miscellaneous	39,242	39,242	53,311	14,069
Total Revenues	<u>28,139,172</u>	<u>29,402,093</u>	<u>30,271,771</u>	<u>869,678</u>
EXPENDITURES				
Operating Expenditures				
Administration	826,137	826,137	756,493	69,644
Cost of Sales and Services	67,915,865	43,317,912	22,358,622	20,959,290
Capital Outlay	65,760,009	84,891,307	32,719,169	52,172,138
Principal Retirement	5,567,856	59,125,429	59,125,428	1
Interest and Fiscal Charges	2,807,009	3,708,846	3,708,845	1
Debt Issuance Costs	50,000,000	309,000	309,000	-
Total Expenditures	<u>192,876,876</u>	<u>192,178,631</u>	<u>118,977,557</u>	<u>73,201,074</u>
Excess (Deficiency) of Revenues Over Expenditures	(164,737,704)	(162,776,538)	(88,705,786)	74,070,752
OTHER FINANCING SOURCES (USES)				
Transfers In	591,578	14,669,453	14,669,452	(1)
Proceeds from Bond Issuance	100,000,000	100,000,000	72,195,999	(27,804,001)
Total Other Financing Sources (Uses)	<u>100,591,578</u>	<u>114,669,453</u>	<u>86,865,451</u>	<u>(27,804,002)</u>
Net Change in Fund Balances	<u>\$ (64,146,126)</u>	<u>\$ (48,107,085)</u>	<u>\$ (1,840,335)</u>	<u>\$ 46,266,750</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			(772,270)	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(271,519)	
Depreciation Expense is a GAAP-only Expenditure			(2,769,941)	
Bond Proceeds are an Other Financing Source on a Budgetary Basis			(72,195,999)	
Principal Retirement is an Expense on a Budgetary Basis			59,125,428	
Amortization Expense is a GAAP-only Expenditure			181,299	
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis			30,328,339	
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis			5,825,852	
Mainline Agreement Refunds are an Expense on a Budgetary Basis			139,959	
Unrealized Gain (Loss) on Investments are GAAP-only Expenses			(17,453)	
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource			27,995	
Interfund Loans Represent Expenditures (Revenues) on Budget Basis			(14,669,453)	
Net Change in Fund Balance - GAAP Basis			<u>\$ 3,091,902</u>	

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
WASTEWATER FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 7,046,670	\$ 7,489,100	\$ 7,550,954	\$ 61,854
Capacity Fees	2,632,192	4,604,041	4,606,461	2,420
Investment Income	283,900	283,900	2,354	(281,546)
Miscellaneous	-	-	436,581	436,581
Total Revenues	<u>9,962,762</u>	<u>12,377,041</u>	<u>12,596,350</u>	<u>219,309</u>
EXPENDITURES				
Operating Expenditures				
Administration	121,392	121,392	128,386	(6,994)
Cost of Sales and Services	24,687,723	6,021,220	3,640,942	2,380,278
Capital Outlay	17,950,944	37,060,837	13,156,958	23,903,879
Principal Retirement	255,000	255,000	255,000	-
Interest and Fiscal Charges	137,700	137,700	137,700	-
Total Expenditures	<u>43,152,759</u>	<u>43,596,149</u>	<u>17,318,986</u>	<u>26,277,163</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,189,997)	(31,219,108)	(4,722,636)	26,496,472
OTHER FINANCING SOURCES (USES)				
Transfers In	1,497,971	-	-	-
Total Other Financing Sources (Uses)	<u>1,497,971</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (31,692,026)</u>	<u>\$ (31,219,108)</u>	<u>\$ (4,722,636)</u>	<u>\$ 26,496,472</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	(43,706)
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(129,013)
Depreciation Expense is a GAAP-only Expenditure	(1,956,095)
Principal Retirement is an Expense on a Budgetary Basis	255,000
Amortization Expense is a GAAP-only Expenditure	36,858
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis	11,389,707
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis	3,605,421
Changes in Joint Venture Investments and Deposits are GAAP-Only Expenditures	(1,115,001)
Unrealized Gain (Loss) on Investments are GAAP-only Expenses	2,874
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource	(195)
Net Change in Fund Balance - GAAP Basis	<u>\$ 7,323,214</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, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 3,145,058	\$ 3,145,058	\$ 3,249,630	\$ 104,572
Investment Income	5,560	5,560	13,846	8,286
Miscellaneous	-	-	5,468	5,468
Total Revenues	<u>3,150,618</u>	<u>3,150,618</u>	<u>3,268,944</u>	<u>118,326</u>
EXPENDITURES				
Operating Expenditures				
Administration	73,709	73,709	55,170	18,539
Cost of Sales and Services	<u>3,297,493</u>	<u>3,464,493</u>	<u>2,931,340</u>	<u>533,153</u>
Total Expenditures	<u>3,371,202</u>	<u>3,538,202</u>	<u>2,986,510</u>	<u>551,692</u>
Excess (Deficiency) of Revenues Over Expenditures	(220,584)	(387,584)	282,434	670,018
Net Change in Fund Balances	<u>\$ (220,584)</u>	<u>\$ (387,584)</u>	<u>\$ 282,434</u>	<u>\$ 670,018</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			(44,835)	
Depreciation Expense is a GAAP-only Expenditure			(24,278)	
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource			<u>3,500</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ 216,821</u>	

STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year			
	2020	2019	2018	2017
Governmental Activities:				
Net Investment in Capital Assets	\$ 306,409,937	\$ 286,226,879	\$ 279,410,700	\$ 254,327,784
Restricted	41,723,929	37,960,524	32,071,290	50,111,910
Unrestricted	56,558,630	20,716,953	4,325,428	(13,393,669)
Total Governmental Activities	<u>56,558,630</u>	<u>20,716,953</u>	<u>4,325,428</u>	<u>(13,393,669)</u>
Net Position	<u>\$ 404,692,496</u>	<u>\$ 344,904,356</u>	<u>\$ 315,807,418</u>	<u>\$ 291,046,025</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 171,168,123	\$ 136,216,237	\$ 112,818,415	\$ 107,702,757
Restricted	1,077,537	1,396,218	10,553,638	10,108,563
Unrestricted	22,755,022	46,702,453	42,588,315	34,146,580
Total Business-Type Activities	<u>22,755,022</u>	<u>46,702,453</u>	<u>42,588,315</u>	<u>34,146,580</u>
Net Position	<u>\$ 195,000,682</u>	<u>\$ 184,314,908</u>	<u>\$ 165,960,368</u>	<u>\$ 151,957,900</u>
Primary Government:				
Net Investment in Capital Assets	\$ 477,578,060	\$ 422,443,116	\$ 392,229,115	\$ 362,030,541
Restricted	42,801,466	39,356,742	42,624,928	60,220,473
Unrestricted	79,313,652	67,419,406	46,913,743	20,752,911
Total Primary Government	<u>79,313,652</u>	<u>67,419,406</u>	<u>46,913,743</u>	<u>20,752,911</u>
Net Position	<u>\$ 599,693,178</u>	<u>\$ 529,219,264</u>	<u>\$ 481,767,786</u>	<u>\$ 443,003,925</u>

Source: The Town's Finance Department.

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 222,579,325	\$ 184,637,429	\$ 158,473,433	\$ 145,953,396	\$ 138,591,496	\$ 135,006,115
46,287,642	44,414,227	32,127,295	29,879,867	25,525,022	34,738,750
20,840,088	31,606,885	53,862,470	45,518,062	35,908,296	26,343,071
<u>\$ 289,707,055</u>	<u>\$ 260,658,541</u>	<u>\$ 244,463,198</u>	<u>\$ 221,351,325</u>	<u>\$ 200,024,814</u>	<u>\$ 196,087,936</u>
\$ 99,502,329	\$ 86,447,625	\$ 74,678,972	\$ 68,348,737	\$ 63,922,044	\$ 55,468,136
9,506,232	8,222,573	6,828,477	6,466,848	5,809,913	4,406,894
21,903,658	14,296,643	9,587,920	3,678,908	993,881	4,070,089
<u>\$ 130,912,219</u>	<u>\$ 108,966,841</u>	<u>\$ 91,095,369</u>	<u>\$ 78,494,493</u>	<u>\$ 70,725,838</u>	<u>\$ 63,945,119</u>
\$ 322,081,654	\$ 271,085,054	\$ 233,152,405	\$ 214,302,133	\$ 202,513,540	\$ 190,474,251
55,793,874	52,636,800	38,955,772	36,346,715	31,334,935	39,145,644
42,743,746	45,903,528	63,450,390	49,196,970	36,902,177	30,413,160
<u>\$ 420,619,274</u>	<u>\$ 369,625,382</u>	<u>\$ 335,558,567</u>	<u>\$ 299,845,818</u>	<u>\$ 270,750,652</u>	<u>\$ 260,033,055</u>

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

	Fiscal Year			
	2020	2019	2018	2017
EXPENSES				
Governmental Activities:				
General Government	\$ 18,753,898	\$ 15,999,204	\$ 13,916,548	\$ 10,919,733
Public Safety	19,146,704	15,949,495	15,442,454	14,142,386
Highways and Streets	18,877,008	17,800,283	16,239,980	14,425,928
Culture and Recreation	6,283,282	5,899,668	5,048,854	5,515,631
Economic Development	1,636,072	3,127,971	4,890,477	27,824,042
Interest on Long-Term Debt	5,302,492	5,231,600	5,121,081	2,562,461
Total Governmental Activities	<u>69,999,456</u>	<u>64,008,221</u>	<u>60,659,394</u>	<u>75,390,181</u>
Business-Type Activities:				
Water	30,765,746	21,581,128	17,076,663	15,343,717
Wastewater	8,217,565	5,783,358	6,617,605	6,874,000
Solid Waste	3,010,682	2,782,888	2,366,783	2,220,496
Total Business-Type Activities	<u>41,993,993</u>	<u>30,147,374</u>	<u>26,061,051</u>	<u>24,438,213</u>
 Total Primary Government Expenses	 <u>\$111,993,449</u>	 <u>\$ 94,155,595</u>	 <u>\$ 86,720,445</u>	 <u>\$ 99,828,394</u>
PROGRAM REVENUES				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 9,866,792	\$ 8,879,691	\$ 2,957,789	\$ 1,547,398
Public Safety	3,372,952	2,797,192	1,027,248	940,888
Highways and Streets	3,354,646	2,810,850	1,844,575	1,636,979
Culture and Recreation	7,711,162	6,566,884	5,850,006	5,771,742
Economic Development	-	-	4,840,790	4,273,410
Interest on Long-Term Debt	-	-	437,077	1,035,713
Operating Grants and Contributions	3,131,688	2,845,028	2,733,724	2,775,472
Capital Grants and Contributions	28,922,848	6,588,158	9,150,396	10,885,524
Total Governmental Activities	<u>56,360,088</u>	<u>30,487,803</u>	<u>28,841,605</u>	<u>28,867,126</u>
Program Revenues	<u>56,360,088</u>	<u>30,487,803</u>	<u>28,841,605</u>	<u>28,867,126</u>
Business-Type Activities:				
Charges for Services:				
Water	29,900,692	29,429,643	27,051,829	25,303,198
Wastewater	12,157,415	13,576,639	11,628,862	11,078,023
Solid Waste	3,249,630	2,949,858	2,626,079	2,415,192
Capital Grants and Contributions	9,840,990	3,526,444	2,221,177	6,882,565
Total Business-Type Activities	<u>55,148,727</u>	<u>49,482,584</u>	<u>43,527,947</u>	<u>45,678,978</u>
Program Revenues	<u>55,148,727</u>	<u>49,482,584</u>	<u>43,527,947</u>	<u>45,678,978</u>
 Total Primary Government	 <u>\$111,508,815</u>	 <u>\$ 79,970,387</u>	 <u>\$ 72,369,552</u>	 <u>\$ 74,546,104</u>
Program Revenues	<u>\$111,508,815</u>	<u>\$ 79,970,387</u>	<u>\$ 72,369,552</u>	<u>\$ 74,546,104</u>

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 13,493,976	\$ 12,601,960	\$ 10,560,748	\$ 9,401,213	\$ 10,560,748	\$ 10,556,890
12,032,441	10,185,703	9,286,805	8,002,986	9,286,805	8,579,299
13,201,760	11,148,019	9,453,285	8,960,506	9,453,285	8,472,107
4,682,823	3,738,132	3,157,249	2,851,292	3,157,249	3,845,329
1,115,722	4,371,932	1,024,067	827,230	1,024,067	756,340
3,899,852	4,225,223	4,401,608	4,615,538	4,401,608	4,860,272
<u>48,426,574</u>	<u>46,270,969</u>	<u>37,883,762</u>	<u>34,658,765</u>	<u>37,883,762</u>	<u>37,070,237</u>
14,181,944	13,954,702	9,536,903	6,354,536	9,536,903	7,053,112
6,680,369	5,049,099	5,668,932	5,668,879	5,668,932	6,062,441
2,002,405	1,772,165	1,602,901	1,450,544	1,602,901	1,207,247
<u>22,864,718</u>	<u>20,775,966</u>	<u>16,808,736</u>	<u>13,473,959</u>	<u>16,808,736</u>	<u>14,322,800</u>
<u>\$ 71,291,292</u>	<u>\$ 67,046,935</u>	<u>\$ 54,692,498</u>	<u>\$ 48,132,724</u>	<u>\$ 54,692,498</u>	<u>\$ 51,393,037</u>
\$ 2,411,717	\$ 1,677,331	\$ 3,640,706	\$ 3,142,042	\$ 2,103,716	\$ 2,498,047
999,854	707,776	1,081,831	1,055,263	327,944	210,907
1,724,924	1,433,770	548,688	562,990	218,077	335,045
5,526,053	4,186,177	4,742,607	4,224,982	1,832,917	1,622,772
4,513,393	3,796,650	3,257,299	2,922,436	1,157,363	689,380
943,515	1,079,951	-	-	-	-
2,105,900	2,119,240	1,602,019	1,472,370	1,418,838	1,148,590
18,373,422	21,423,446	14,385,675	14,794,654	9,724,218	2,286,332
<u>36,598,778</u>	<u>36,424,341</u>	<u>29,258,825</u>	<u>28,174,737</u>	<u>16,783,073</u>	<u>8,791,073</u>
23,690,390	20,222,869	15,256,028	10,630,175	9,356,721	8,589,136
10,914,249	8,851,008	8,157,240	6,906,017	4,180,555	3,521,068
2,138,537	2,000,008	1,854,726	1,601,759	1,359,963	987,384
8,710,353	10,776,216	4,272,051	3,802,082	6,539,411	158,221
<u>45,453,529</u>	<u>41,850,101</u>	<u>29,540,045</u>	<u>22,940,033</u>	<u>21,436,650</u>	<u>13,255,809</u>
<u>\$ 82,052,307</u>	<u>\$ 78,274,442</u>	<u>\$ 58,798,870</u>	<u>\$ 51,114,770</u>	<u>\$ 38,219,723</u>	<u>\$ 22,046,882</u>

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

(Concluded)	Fiscal Year			
	2020	2019	2018	2017
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (13,239,368)	\$ (33,520,418)	\$ (31,817,789)	\$ (46,523,055)
Business-Type Activities	13,154,734	19,335,210	17,466,896	21,240,765
Total Primary Government				
Net Expense	\$ (84,634)	\$ (14,185,208)	\$ (14,350,893)	\$ (25,282,290)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 46,987,495	\$ 38,183,883	\$ 32,799,385	\$ 30,415,947
Property Taxes	8,326,110	7,055,258	8,271,627	7,356,026
Franchise Taxes	444,552	423,428	388,870	320,847
Unrestricted State Shared Revenue	11,773,273	10,423,150	9,331,762	8,781,117
Investment Income (Loss)	1,885,676	2,583,160	619,633	141,113
Other	703,906	1,809,497	1,026,070	442,080
Special Item	-	-	-	-
Transfers	2,906,496	2,138,980	4,141,835	404,895
Total Governmental Activities	73,027,508	62,617,356	56,579,182	47,862,025
Business-Type Activities:				
Investment Income (Loss)	340,427	1,151,422	633,607	164,111
Other	64,609	6,888		
Special Item	32,500	-	43,800	45,700
Transfers	(2,906,496)	(2,138,980)	(4,141,835)	(404,895)
Total Business-Type Activities	(2,468,960)	(980,670)	(3,464,428)	(195,084)
Total Primary Government	\$ 70,558,548	\$ 61,636,686	\$ 53,114,754	\$ 47,666,941
CHANGE IN NET POSITION				
Governmental Activities	\$ 59,788,140	\$ 29,096,938	\$ 24,761,393	\$ 1,338,970
Business-Type Activities	10,685,774	18,354,540	14,002,468	21,045,681
Total Primary Government	\$ 70,473,914	\$ 47,451,478	\$ 38,763,861	\$ 22,384,651

Source: The Town's Finance Department.

Fiscal Year

2016	2015	2014	2013	2012	2011
\$(11,827,796)	\$ (9,846,628)	\$ (8,624,937)	\$ (6,484,028)	\$ (21,100,689)	\$ (28,279,164)
22,588,811	21,074,135	12,731,309	9,466,074	4,627,914	(1,066,991)
<u>\$ 10,761,015</u>	<u>\$ 11,227,507</u>	<u>\$ 4,106,372</u>	<u>\$ 2,982,046</u>	<u>\$ (16,472,775)</u>	<u>\$ (29,346,155)</u>
\$ 24,561,503	\$ 22,190,271	\$ 18,483,484	\$ 16,037,178	\$ 12,549,668	\$ 11,747,396
6,658,829	5,635,853	5,037,568	4,236,341	4,488,100	5,518,261
307,992	284,474	253,553	214,938	258,265	201,515
6,589,267	6,628,715	6,179,114	5,754,960	5,183,494	3,484,155
538,899	1,062,323	1,050,810	(124,209)	583,618	822,710
1,431,199	388,111	257,237	156,801	289,901	389,978
-	-	-	-	(2,439,917)	-
788,621	343,140	475,044	1,534,530	985,849	(1,018,998)
<u>40,876,310</u>	<u>36,532,887</u>	<u>31,736,810</u>	<u>27,810,539</u>	<u>21,898,978</u>	<u>21,145,017</u>
115,188	287,100	344,611	(162,889)	84,320	73,185
-	-	-	-	75,000	7,064
(788,621)	(343,140)	(475,044)	(1,534,530)	(985,849)	1,018,998
<u>(673,433)</u>	<u>(56,040)</u>	<u>(130,433)</u>	<u>(1,697,419)</u>	<u>(826,529)</u>	<u>1,099,247</u>
<u>\$ 40,202,877</u>	<u>\$ 36,476,847</u>	<u>\$ 31,606,377</u>	<u>\$ 26,113,120</u>	<u>\$ 21,072,449</u>	<u>\$ 22,244,264</u>
\$ 29,048,514	\$ 26,686,259	\$ 23,111,873	\$ 21,326,511	\$ 798,289	\$ (7,134,147)
21,915,378	21,018,095	12,600,876	7,768,655	3,801,385	32,256
<u>\$ 50,963,892</u>	<u>\$ 47,704,354</u>	<u>\$ 35,712,749</u>	<u>\$ 29,095,166</u>	<u>\$ 4,599,674</u>	<u>\$ (7,101,891)</u>

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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>
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
2013	16,037,178	4,236,341	214,938	20,488,457
2012	12,549,668	4,488,100	258,265	17,296,033
2011	11,747,396	5,518,261	201,515	17,467,172

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			
	2020	2019	2018	2017
General Fund:				
Nonspendable	\$ 114,841	\$ 92,282	\$ 70,271	\$ 20,240,348
Restricted	208,133	208,072	-	-
Committed	23,937,043	23,959,663	22,318,008	-
Assigned	-	-	-	-
Unassigned	32,263,962	16,703,875	14,168,695	5,555,029
Total General Fund	<u>\$ 56,523,979</u>	<u>\$ 40,963,892</u>	<u>\$ 36,556,974</u>	<u>\$ 25,795,377</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ 7,217
Restricted	127,644,300	53,668,532	69,474,824	31,715,129
Committed	867,346	-	242,657	-
Assigned	9,043,594	220,557	7,064	-
Unassigned	(411,446)	(10,998,234)	(23,313,936)	(31,834,949)
Total All Other Governmental Funds	<u>\$ 137,143,794</u>	<u>\$ 42,890,855</u>	<u>\$ 46,410,609</u>	<u>\$ (112,603)</u>

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

2016	2015	2014	2013	2012	2011
\$ 1,996,768	\$ 2,096,210	\$ 3,716,570	\$ 3,156,355	\$ 2,615,142	\$ -
-	12,020,476	8,127,060	5,606,558	890,554	-
-	-	-	-	-	-
-	-	-	-	-	2,575,070
17,737,107	20,293,603	23,025,977	15,848,094	11,486,143	10,035,046
<u>\$ 19,733,875</u>	<u>\$ 34,410,289</u>	<u>\$ 34,869,607</u>	<u>\$ 24,611,007</u>	<u>\$ 14,991,839</u>	<u>\$ 12,610,116</u>
\$ 631,710	\$ 12,667	\$ 5,391	\$ -	\$ -	\$ -
27,177,973	11,958,461	2,725,995	2,265,391	1,838,904	5,578,516
10,543,822	14,366,075	22,134,004	21,366,332	17,290,278	13,254,231
-	732,223	658,917	618,654	621,154	-
(954,432)	-	-	-	-	(1,933,843)
<u>\$ 37,399,073</u>	<u>\$ 27,069,426</u>	<u>\$ 25,524,307</u>	<u>\$ 24,250,377</u>	<u>\$ 19,750,336</u>	<u>\$ 16,898,904</u>

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

	Fiscal Year			
	2020	2019	2018	2017
REVENUES				
Taxes	\$ 55,332,460	\$ 45,206,273	\$ 41,447,945	\$ 38,100,073
Intergovernmental	19,688,006	13,798,781	15,527,547	11,760,640
Licenses and Permits	8,930,927	7,729,877	6,312,580	5,174,695
Charges for Services	2,226,496	2,425,371	886,814	836,257
Rents and Royalties	607,757	636,107	590,448	570,999
Contributions and Donations	472,655	767,492	284,732	463,796
Impact Fees	12,272,569	9,672,093	8,400,874	8,041,757
Special Assessments	2,278,171	2,112,746	1,856,055	1,756,552
Investment Income (Loss)	1,928,358	2,538,754	556,443	141,112
Other	686,663	2,264,382	1,027,363	457,741
Total Revenues	<u>104,424,062</u>	<u>87,151,876</u>	<u>76,890,801</u>	<u>67,303,622</u>
EXPENDITURES				
General Government	17,375,001	15,156,320	12,494,465	10,728,669
Public Safety	18,393,629	15,480,647	15,830,392	13,496,827
Highways and Streets	7,627,389	7,672,804	8,051,533	6,285,005
Culture and Recreation	4,552,706	4,397,321	3,842,562	4,015,698
Economic Development	1,759,342	2,677,207	3,866,160	30,028,572
Capital Outlay	31,347,088	32,674,194	46,428,341	31,192,034
Debt Service:				
Principal Retirement	5,073,938	4,439,744	4,195,530	53,627,744
Interest on Long-Term Debt	5,610,931	5,905,455	3,048,348	2,578,030
Issuance Costs	532,602		662,341	787,207
Total Expenditures	<u>92,272,626</u>	<u>88,403,692</u>	<u>98,419,672</u>	<u>152,739,786</u>
Excess of Revenues				
Over (Under) Expenditures	12,151,436	(1,251,816)	(21,528,871)	(85,436,164)
OTHER FINANCING SOURCES				
(USES)				
Transfers In	26,889,447	30,762,515	39,699,516	15,283,200
Transfers Out	(23,982,951)	(28,623,535)	(35,557,681)	(14,878,305)
Proceeds from Sale of Assets	-	-	-	600,860
Issuance of Long-Term Debt	78,605,000	-	65,960,000	66,435,000
Premium on Long-Term Debt	16,150,094	-	8,711,845	9,313,830
Payment to Refunding Agent	-	-	-	(22,768,595)
Proceeds from Capital Leases	-	-	-	-
Total Other Financing	<u>97,661,590</u>	<u>2,138,980</u>	<u>78,813,680</u>	<u>53,985,990</u>
Sources (Uses)				
Sources (Uses)	<u>97,661,590</u>	<u>2,138,980</u>	<u>78,813,680</u>	<u>53,985,990</u>
Net Change in Fund Balances	<u>\$ 109,813,026</u>	<u>\$ 887,164</u>	<u>\$ 57,284,809</u>	<u>\$ (31,450,174)</u>
Debt Service as a Percentage of Noncapital Expenditures	17.64%	18.44%	14.17%	46.18%

Source: The Town's Finance Department.

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 31,558,534	\$ 27,720,663	\$ 23,485,195	\$ 20,231,535	\$ 16,475,628	\$ 16,023,317
10,257,129	8,950,773	8,030,414	7,227,330	7,708,774	5,734,596
5,278,475	4,555,012	4,563,955	3,818,206	73,500	114,749
787,038	874,110	796,902	817,815	2,083,219	3,258,927
514,259	381,016	333,464	288,404	221,169	-
553,825	258,243	716,623	3,442,997	1,823,614	156,673
7,925,947	5,974,801	6,478,349	5,877,743	1,968,577	1,575,802
2,273,392	2,324,857	2,207,345	2,139,002	2,242,754	2,136,060
538,901	1,258,858	981,010	(188,481)	524,712	769,016
4,124,450	399,722	226,965	140,421	239,000	389,978
<u>63,811,950</u>	<u>52,698,055</u>	<u>47,820,222</u>	<u>43,794,972</u>	<u>33,360,947</u>	<u>30,159,118</u>
13,351,992	11,586,257	10,291,860	8,405,607	7,886,767	9,351,883
12,055,558	11,602,383	9,059,429	7,713,176	7,406,989	8,320,857
5,202,276	3,742,931	2,930,716	2,837,392	2,932,978	2,971,653
3,651,867	3,074,017	2,595,664	2,318,345	2,533,497	3,279,393
1,000,103	3,729,446	967,116	809,841	570,038	729,464
20,214,290	10,513,269	3,774,743	1,383,628	3,743,304	11,775,094
9,473,374	3,385,313	3,164,560	3,161,506	3,008,680	2,891,326
3,997,878	4,321,778	4,497,544	4,711,032	4,724,600	4,860,272
-	-	-	-	-	-
<u>68,947,338</u>	<u>51,955,394</u>	<u>37,281,632</u>	<u>31,340,527</u>	<u>32,806,853</u>	<u>44,179,942</u>
(5,135,388)	742,661	10,538,590	12,454,445	554,094	(14,020,824)
24,394,743	18,592,762	7,089,715	6,654,872	5,450,701	5,163,723
(23,606,122)	(18,249,622)	(6,614,671)	(5,120,342)	(4,464,852)	(6,182,721)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	518,696	130,234	-	104,100
<u>788,621</u>	<u>343,140</u>	<u>993,740</u>	<u>1,664,764</u>	<u>985,849</u>	<u>(914,898)</u>
<u>\$ (4,346,767)</u>	<u>\$ 1,085,801</u>	<u>\$ 11,532,330</u>	<u>\$ 14,119,209</u>	<u>\$ 1,539,943</u>	<u>\$ (14,935,722)</u>
18.56%	23.82%	26.28%	26.57%	23.57%	9.80%

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

	Fiscal Year			
	2020	2019	2018	2017
Sales Category:				
Construction	\$ 478,593,529	\$ 374,847,787	\$ 323,918,004	\$ 325,054,724
Manufacturing	-	-	14,918,272	13,631,003
Communications and Utilities	86,056,400	74,261,200	88,593,670	76,501,236
Transportation	176,356	13,778	-	-
Wholesale Trade	-	-	7,038,680	7,252,396
Retail Trade	782,722,978	617,563,022	498,084,872	408,652,224
Restaurants and Bars	159,554,267	143,301,733	117,446,518	98,632,807
Real Estate, Rental and Lease	86,789,111	83,299,733	69,186,776	63,920,930
Services	549,467	627,956	30,931,997	23,415,231
Arts and Entertainment	15,205,467	19,456,356	19,266,437	15,479,300
Other	51,322,978	44,162,000	634,624	2,332,793
Total	<u>\$ 1,594,442,107</u>	<u>\$ 1,293,915,209</u>	<u>\$ 1,170,019,850</u>	<u>\$ 1,034,872,644</u>
Town Sales Tax Rate	2.25%	2.25%	2.25%	2.25%
Town Construction Sales Tax	4.25%	4.25%	4.25%	4.25%

Source: Arizona Department of Revenue.

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

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 228,148,702	\$ 182,451,846	\$ 147,042,520	\$ 183,507,187	\$ 64,313,467	\$ 44,145,779
13,073,403	17,401,290	15,409,198	15,678,705	14,800,622	14,276,568
73,370,881	54,934,415	50,234,076	46,342,729	47,838,756	44,125,676
-	-	-	-	-	-
5,669,397	6,323,860	6,152,793	5,271,396	5,300,978	6,230,724
334,352,378	315,017,361	300,884,544	281,513,741	256,984,356	240,602,220
79,263,734	64,732,627	59,267,692	51,553,181	45,583,911	46,232,244
54,099,196	89,116,960	72,465,796	67,570,269	52,889,378	50,089,300
17,197,640	22,427,818	17,782,422	15,347,314	11,949,956	10,865,399
-	-	-	-	-	-
14,273,352	22,829,027	18,477,390	17,420,404	18,414,889	16,574,783
<u>\$ 819,448,683</u>	<u>\$ 775,235,204</u>	<u>\$ 687,716,430</u>	<u>\$ 684,204,928</u>	<u>\$ 518,076,311</u>	<u>\$ 473,142,693</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

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

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>Maricopa County</u>	<u>Pinal County</u>	<u>Arizona State</u>
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
2013	2.25	0.70	1.10	5.60
2012	2.25	0.70	1.10	6.60
2011	2.25	0.70	1.10	6.60

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
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
2013	136,523,850	107,847,792	244,371,642	(50,514,410)	193,857,232
2012	144,759,103	119,882,649	264,641,752	(48,399,737)	216,242,015
2011	169,255,887	159,450,475	328,706,362	(55,350,202)	273,356,160

Fiscal Year	Assessed Value as a Percentage of Actual Value		
	Total Direct Tax Rate	Estimated Actual Value	Percentage of Actual Value
2020	1.95	\$ 4,420,596,026	9.68%
2019	1.95	3,706,741,360	9.63%
2018	1.95	3,253,625,483	9.76%
2017	1.95	2,912,993,411	9.47%
2016	1.95	2,533,360,285	9.65%
2015	1.95	2,291,037,519	9.86%
2014	1.95	1,951,331,647	9.54%
2013	1.95	1,978,537,284	9.80%
2012	1.95	2,128,316,508	10.16%
2011	1.95	2,588,834,701	10.56%

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
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
2013	1.95	4.55	1.16	1.24
2012	1.95	4.92	0.97	1.05
2011	1.95	4.92	0.97	1.05

Source: The Maricopa County Treasurer and Pinal County Treasurer.

Note 1: In 2007, the residents of Queen Creek voted to approve a "limited" property tax not to exceed \$1.95 per \$100 of assessed property value to pay for public safety.

TOWN OF QUEEN CREEK, ARIZONA
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2020 AND 2011
(UNAUDITED)

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
QCM Partners, LLC	\$ 8,624,277	1	2.02			
Fulton Homes Corporation	3,565,806	2	0.83			
MSA Multifamily Dst	3,408,388	3	0.80			
HSL Encantada Queen Creek Delaware LLC	2,484,693	4	0.58			
Wal-Mart Stores, Inc	2,371,478	5	0.55	\$ 3,785,838	5	1.38
Target Corporation	2,323,226	6	0.54			
Sunbelt Land Holdings L P	2,226,490	7	0.52			
William Lyon Homes, Inc	2,067,267	8	0.48			
Richmond American Homes of Arizona Inc	2,022,419	9	0.47			
Southwest Gas Corporation (T&D)	1,832,774	10	0.43			
DMB Mesa Proving Grounds				25,444,484	1	9.31
Commercial Metals Company				7,037,087	2	2.57
TRW Vehicle Safety Systems Inc				4,658,563	3	1.70
Fujifilm Electronics				4,017,270	4	1.47
Siete Solar, LLC (C/O PSEG)				3,480,628	6	1.27
VIP Emperor Estates LLC				3,371,813	7	1.23
Pulte Home Corporation				3,361,409	8	1.23
Queen Creek Joint Venture LL				2,876,240	9	1.05
Pecans of Queen Creek				2,733,421	10	1.00
	<u>\$ 30,926,818</u>		7.23 %	<u>\$ 60,766,753</u>		20.84 %

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
2020	\$ 8,200,139	\$8,076,704	98.49	\$ 6,913	\$8,083,617	99.01	\$ 116,522	0.00
2019	6,923,653	6,807,946	98.33	1,447	6,809,393	99.02	2,556	0.00
2018	6,125,160	6,072,022	99.13	52,138	6,124,160	99.00	785	0.01
2017	5,222,121	5,156,916	98.75	58,141	5,215,057	99.00	754	0.01
2016	4,703,428	4,613,919	98.10	88,319	4,702,238	99.00	830	0.02
2015	4,311,798	4,230,606	98.12	78,460	4,309,066	99.00	906	0.02
2014	3,567,724	3,473,119	97.35	93,749	3,566,868	99.00	662	0.03
2013	3,712,376	3,620,118	97.51	91,403	3,711,521	99.00	633	0.02
2012	4,094,863	3,976,035	97.10	117,403	4,093,437	99.00	1,119	0.03
2011	5,162,790	5,027,525	97.38	133,896	5,161,421	99.00	839	0.03

Source: The Maricopa County & Pinal County Treasurer.

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

Governmental Activities

Fiscal Year	Governmental Activities					Total
	Revenue Bonds	Special Assessment Bonds	Notes and Loans Payable	Long-Term Contract	Capital Leases	
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
2013	24,322,262	48,271,732	19,535,705	-	915,152	93,044,851
2012	24,660,000	48,840,000	19,875,000	-	1,081,424	94,456,424
2011	25,345,000	50,250,000	21,135,000	-	1,350,104	98,080,104
2010	26,005,000	51,590,000	21,845,000	-	1,497,330	100,937,330

Business-Type Activities

Fiscal Year	Business-Type Activities				
	Advances in Aid of Construction	Loans Payable	Revenue Obligation	Capital Leases	Total
2020	\$ 326,239	\$ 102,390,626	\$ 30,311,136	\$ -	\$ 133,028,001
2019	538,507	39,859,342	80,640,235	-	121,038,084
2018	561,434	60,883,127	31,922,893	-	93,367,454
2017	806,310	65,688,234	32,727,457	-	99,222,001
2016	1,023,036	70,331,716	33,440,053	-	104,794,805
2015	2,069,797	74,574,006	34,064,465	-	110,708,268
2014	2,629,297	78,287,581	34,602,247	-	115,519,125
2013	847,232	67,092,551	-	-	67,939,783
2012	1,239,276	70,524,328	-	271,012	72,034,616
2011	6,387,387	74,201,249	-	-	80,588,636
2010	6,890,601	75,993,739	-	-	82,884,340

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

Fiscal Year	Total Outstanding Debt - Primary Government	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
2020	\$ 362,587,731	8.20%	17.23%	\$ 6,033
2019	261,673,496	7.06%	15.13%	5,052
2018	239,198,274	7.35%	14.36%	4,752
2017	175,139,419	6.01%	15.23%	4,178
2016	180,903,760	7.14%	16.33%	5,012
2015	197,933,164	8.64%	18.81%	5,718
2014	206,588,784	10.59%	23.34%	6,962
2013	160,984,634	8.14%	20.09%	5,757
2012	166,491,040	7.82%	23.43%	6,211
2011	178,668,740	6.90%	23.36%	6,618

Source: The Town's Finance Department.

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

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TOWN OF QUEEN CREEK, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa County Community College District	\$ 250,065,000	0.91%	\$ 2,275,592
Maricopa County Special Healthcare District	429,125,000	0.91%	3,905,038
Pinal County Community College District	98,150,000	1.31%	1,285,765
Higley Unified School District	95,550,000	8.94%	8,542,170
Chandler Unified School District	354,868,888	0.37%	1,313,015
Queen Creek Unified School District No. 95	127,065,000	61.51%	78,157,682
Subtotal, Overlapping Debt			<u>95,479,262</u>
Town of Queen Creek, Arizona	229,559,730	100.00%	<u>229,559,730</u>
Total Direct and Overlapping Debt			<u><u>\$ 325,038,992</u></u>

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

(1) Proportion applicable to the Town of Queen Creek, Arizona, is computed on the ratio of secondary assessed valuation for 2019-20.

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

	Fiscal Year			
	2020	2019	2018	2017
Total Debt Limit	\$ 139,934,214	\$ 121,308,659	\$ 106,363,881	\$ 94,898,553
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 139,934,214</u>	<u>\$ 121,308,659</u>	<u>\$ 106,363,881</u>	<u>\$ 94,898,553</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-	-	-	-

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

Fiscal Year

2016	2015	2014	2013	2012	2011
\$ 80,918,543	\$ 63,475,102	\$ 48,939,723	\$ 50,580,944	\$ 56,670,427	\$ 74,395,445
-	-	-	-	-	-
<u>\$ 80,918,543</u>	<u>\$ 63,475,102</u>	<u>\$ 48,939,723</u>	<u>\$ 50,580,944</u>	<u>\$ 56,670,427</u>	<u>\$ 74,395,445</u>

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TOWN OF QUEEN CREEK, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2020
(UNAUDITED)

Net Secondary Assessed Value		<u>\$ 538,208,513</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Net Secondary Assessed Value		\$ 107,641,703
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>\$ 107,641,703</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Net Secondary Assessed Value		\$ 32,292,511
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>\$ 32,292,511</u>
Total Legal Debt Margin		<u>\$ 139,934,214</u>

Source: Maricopa County Assessor's Office.

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

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

Excise Tax and State Shared Revenue Bonds and Loans					
Fiscal Year	Excise Tax and State Shared Revenue (1)	Less: Operating Expenses	Net Available Revenue	Senior Lien Debt Service (2)	Senior Lien Coverage
2020	\$ 74,129,990	\$ -	\$ 74,129,990	\$ 9,036,622	8.20
2019	62,297,991	-	62,297,991	8,231,362	6.09
2018	42,253,040	-	42,253,040	4,719,850	8.92
2017	38,270,649	-	38,270,649	4,732,218	8.04
2016	32,687,982	-	32,687,982	3,695,744	8.88
2015	29,844,518	-	29,844,518	3,671,509	8.04
2014	27,019,509	-	27,019,509	3,891,348	6.87
2013	24,213,405	-	24,213,405	3,898,102	6.17
2012	18,523,505	-	18,523,505	3,891,055	4.72
2011	15,447,294	-	15,447,294	4,011,104	3.78

Special Assessment Bonds					
Fiscal Year	Special Assessment Revenue	Less: Operating Expenses	Net Available Revenue	Total Debt Service	Coverage
2020	\$ 1,720,217	\$ -	1,720,217	\$ 1,718,671	1.00
2019	1,707,070	-	1,707,070	1,884,799	0.91
2018	1,856,055	-	1,856,055	1,764,737	1.05
2017	1,756,552	-	1,756,552	1,664,244	1.06
2016	9,199,238	-	9,199,238	9,672,875	0.95
2015	3,945,777	-	3,945,777	3,880,125	1.02
2014	3,901,550	-	3,901,550	3,880,251	1.01
2013	3,877,849	-	3,877,849	3,880,349	1.00
2012	3,986,080	-	3,986,080	3,887,477	1.03
2011	3,886,137	-	3,886,137	3,895,673	1.00

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

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

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

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

Water Loans

Fiscal Year	Water Charges and Other (3)	Less: Adjusted Operating Expenses (4)	Net Available Revenue	Senior Lien Debt Service (5)	Senior Lien Coverage	Total Debt Service (6)	Total Coverage
2020	\$ 30,254,320	\$ 17,623,449	\$ 12,630,871	\$ 3,938,223	3.21	\$ 5,743,687	2.20
2019	30,142,004	15,452,191	14,689,813	3,941,545	3.73	5,624,751	2.61
2018	27,397,322	11,624,418	15,772,904	3,945,176	4.00	5,724,883	2.76
2017	25,400,540	10,208,623	15,191,917	3,951,151	3.84	5,661,389	2.68
2016	23,734,654	9,091,466	14,643,188	3,946,920	3.71	5,588,668	2.62
2015	20,346,168	8,592,373	11,753,795	3,949,265	2.98	5,521,316	2.13
2014	15,402,862	5,324,275	10,078,587	3,209,949	3.14	4,159,270	2.42
2013	10,566,874	3,773,546	6,793,328	2,892,217	2.35	2,892,217	2.35
2012	9,395,949	3,956,535	5,439,414	2,890,856	1.88	2,890,856	1.88
2011	8,639,880	4,342,685	4,297,195	2,841,530	1.51	2,841,530	1.51

Wastewater Loans

Fiscal Year	Wastewater Charges and Other (3)	Less: Adjusted Operating Expenses (4)	Net Available Revenue	Senior Lien Debt Service (7)	Senior Lien Coverage	Total Debt Service	Total Coverage
2020	\$ 12,599,224	\$ 2,100,503	\$ 10,498,721	\$ -	N/A	\$ -	N/A
2019	14,010,567	2,883,226	11,127,341	1,691,723	6.58	1,691,723	N/A
2018	11,901,732	2,901,310	9,000,422	2,795,629	3.22	2,795,629	3.22
2017	11,143,065	2,971,087	8,171,978	2,797,790	2.92	2,797,790	2.92
2016	10,983,033	2,773,658	8,209,375	2,799,873	2.93	2,799,873	2.93
2015	9,012,855	1,963,292	7,049,563	2,801,881	2.52	2,801,881	2.52
2014	8,351,751	1,849,295	6,502,456	2,803,818	2.32	2,803,818	2.32
2013	6,806,429	2,011,178	4,795,251	1,445,789	3.32	1,445,789	3.32
2012	4,300,647	2,044,225	2,256,422	1,445,790	1.56	1,445,790	1.56
2011	3,550,573	2,245,110	1,305,463	1,445,789	0.90	1,445,789	0.90

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

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

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

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

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

(7) 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.

TOWN OF QUEEN CREEK, ARIZONA
PLEDGED-REVENUE COVERAGE (CONCLUDED)
LAST FISCAL YEAR
(UNAUDITED)

Utility System Loans Combined (8)

Fiscal Year	Utility System Revenue (9)	Less: Adjusted Operating Expenses (10)	Utility System Net Revenue	Senior Lien Debt Service (11)	Senior Lien Coverage	Total Debt Service (12)	Total Coverage
2020	\$ 42,853,544	\$ 19,723,952	\$ 23,129,592	\$ 3,938,223	5.87	\$ 5,743,687	4.03

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

(8) In fiscal year 2020, the WIFA Board replaced the separate water and wastewater revenue pledges with a single utility system combined revenue pledge for all of the Town's WIFA loans. 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.

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

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

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

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

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>
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
2013	27,963	801,503,469	28,663	8.0	7.1	7.3
2012	26,805	710,520,135	26,507	8.5	7.3	5.9
2011	26,996	764,742,688	28,328	9.7	8.5	9.1

Sources:

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

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

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

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

**TOWN OF QUEEN CREEK, ARIZONA
PRINCIPAL EMPLOYERS
JUNE 30, 2020 AND 2011
(UNAUDITED)**

Employer	2020			2011		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Queen Creek Unified School District	810	1	8.67%	667	1	34.63%
Banner Health	408	2	4.37%			
Walmart	360	3	3.85%	310	2	16.10%
Chandler Unified School District	320	4	3.43%			
Canyon State Academy	300	5	3.21%	200	3	10.38%
Town of Queen Creek	270	6	2.89%	149	5	7.74%
Home Depot	220	7	2.36%	135	6	7.01%
American Leadership Academy	200	8	2.14%			
Target Stores	180	9	1.93%	170	4	8.83%
Benjamin Franklin Charter Schools	160	10	1.71%			
	<u>3,228</u>		<u>34.56%</u>	<u>1,631</u>		<u>84.68%</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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	67	63	60	56	51	47	44	43	35	33
Public Safety	79	72	63	60	60	45	44	37	32	32
Highways and Streets	21	20	16	16	16	16	14	16	18	17
Culture and Recreation	43	36	32	34	34	31	24	22	11	20
Economic Development	17	16	13	13	12	11	9	9	26	16
Solid Waste	6	6	5	5	6	5	4	**	**	**
Wastewater	6	5	4	5	5	5	4	5	4	4
Water	58	51	46	40	38	37	32	22	23	24
Total	297	270	239	229	222	197	175	154	149	146

Source: The Town's Human Resources Department.

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

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

Function	Fiscal Year			
	2020	2019	2018	2017
Planning and Building Safety				
Building Permits Issued	3,967	2,992	2,606	3,343
Residential Permit Total Valuations	651,372,314	545,106,431	423,959,635	413,586,201
Commercial Permit Total Valuations	59,760,864	65,392,382	62,069,893	30,000,451
Highways and Streets				
Street Resurfacing (Miles)	72	34	25	35
Street Striped (Miles)	6	12	7	28
Culture and Recreation				
Athletic Field Permits Issued	175	180	121	124
Recreation Center Program Hits	6,249	12,786	10,907	13,862
Special Interest Class Participants	3,826	9,062	7,780	5,130
Special Event Attendance	22,000	25,500	28,000	24,500
Fire & Medical				
Emergency Calls for Service	4,341	4,169	3,382	3,168
Water				
Total Connections	32,838	29,968	28,431	25,997

Source: The Town of Queen Creek, Arizona

* 2010-2013 Information not available

** 2010-2014 Information not available

Fiscal Year

2016	2015	2014	2013	2012	2011
3,265	2,817	2,486	1,946	194	125
399,870,271	304,641,623	266,826,440	-	-	-
14,290,919	500,000	1,648,171	-	-	-
35	10	10	43	24	13
28	22	15	38	29	38
124	114	115	128	122	148
13,862	15,374	18,435	17,805	15,374	10,608
4,566	4,290	2,637	- *	- *	- *
19,500	15,500	11,000	- *	- *	- *
3,030	2,420	2,485	128	122	148
24,332	22,647	- **	- **	- **	- **

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

Function	Fiscal Year			
	2020	2019	2018	2017
Highways and Streets				
Streets (Miles)	645	565	556	529
Streetlights	3,881	3,500	3,335	3,282
Traffic Signals	66	61	50	48
Culture and Recreation				
Developed Park Acreage	89	89	79	82
Undeveloped Parks Acreage	**	171	219	204
Developed Wash Trail Acreage	**	286	262	262
Undeveloped Wash Trail Acreage	**	65	51	51
Number of Parks	4	4	5	5
Community Centers	1	1	3	3
Fire Department				
Fire Apparatus	***	5	4	4
Fire Stations	***	4	3	2
Water				
Number of Potable Water Wells	***	21	18	15
Potable Water Pipe (Miles)	***	550	491	474
Sewer				
Sanitary Sewer (Miles)		216	171	167
Storm Sewers (Miles)	*	7.2	10	10
Maximum Daily Treatment Capacity (Thousands of Gallons)		4,000	4,000	4,000

Source: The Town of Queen Creek's Facility Records

* 2010-2018 included Storm Sewers less than 18"

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

*** 2010-2016 information not previously tracked

Fiscal Year

2016	2015	2014	2013	2012	2011
522	492	461	440	397	391
2,982	2,827	2,355	1,082	1,022	983
48	45	42	38	37	33
82	200	200	419	419	419
204	344	344	-	-	-
262	-	-	-	-	-
22	-	-	-	-	-
4	4	4	3	3	3
3	3	3	1	2	2
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
153	134	128	110	105	104
10	9	9	9	9	9
4,000	4,000	4,000	4,000	4,000	4,000

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

GWEC Reconciliation (1)	Calendar Year		
	2017	2018	2019
Total GWEC Beginning Balance - 1/1			
Cash / Other GWECs	297	297	175,339
WIFA Financed GWECs	0	0	0
Total GWEC Balance	297	297	175,339
GWEC Activity			
Cash / Other GWECs Acquired	0	175,174	31,330
Cash / Other GWECs Refinanced	0	0	0
Cash / Other GWECs (Pledged) (2)	0	(132)	(5,222)
Net Cash GWEC Activity	0	175,042	26,108
WIFA Financed GWECs Acquired	0	0	0
WIFA Financed GWECs (Pledged) (2)	0	0	0
Net WIFA Financed GWEC Activity	0	0	0
Subtotal GWECs Activity	0	175,042	26,108
Total GWEC Ending Balance - 12/31			
Cash / Other GWECs	297	175,339	201,447
WIFA Financed GWECs	0	0	0
	297	175,339	201,447
WIFA Financed GWECs			
Year	--	--	0
WIFA Financed GWECs Beginning Balance	0	0	0
WIFA Financed GWECs Acquired	0	0	0
1/30Th WIFA GWEC Amortization	0	0	0
WIFA Financed GWEC Ending Balance	0	0	0
Excess GWECs Available (3)	297	175,339	201,447
Pledged And Unused GWECs From Prior Year	0	0	0
Total Unused GWECs Available (4)	297	175,339	201,447

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

TOWN OF QUEEN CREEK, ARIZONA
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2020



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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, 2020, 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 2, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 Town'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 2, 2020



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

We have audited the Town of Queen Creek, Arizona (Town)'s compliance with the types of compliance requirements described 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, 2020. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for major federal programs. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 2, 2020, 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 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 expenditure 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 2, 2020

**TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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? yes no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving 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? yes no

**TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

SECTION II—FINANCIAL STATEMENT FINDINGS

None noted.

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, 2020**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grant/Pass- Through Number	Expenditures	Passed-Through to Subrecipients
U.S. Environmental Protection Agency				
Passed through the Water Infrastructure Finance Authority of Arizona:				
Capitalization Grants for Clean Water State Revolving Funds	66.458	2018 CW Capital Grant	\$ 2,000,000	\$ -
Capitalization Grants for Clean Water State Revolving Funds	66.458	2019 CW Capital Grant	4,052,811	-
Total Capitalization Grants for Clean Water State Revolving Funds			<u>6,052,811</u>	<u>-</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2018 DW Capital Grant	2,000,000	-
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2019 DW Capital Grant	2,000,000	-
Total Capitalization Grants for Drinking Water State Revolving Funds			<u>4,000,000</u>	<u>-</u>
Total Environmental Protection Agency			<u>10,052,811</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,052,811</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, 2020**

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, 2020. 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, 2020.

NOTE 3 FEDERAL LOAN PROGRAMS

The Town participates in loan programs for its water infrastructure and water programs from the Water Infrastructure Finance Authority of Arizona (WIFA). The balances and transactions relating to these loan programs are included in the Town's basic financial statements. Loans received during the year are included in the federal expenditures presented in the schedule of expenditures of federal awards. The balance of loans outstanding at June 30, 2020 consists of:

CFDA Number	Program Name	Outstanding Balance at June 30, 2020
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$6,052,811
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$4,000,000

NOTE 4 INDIRECT COST RATE

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

