

TOWN OF QUEEN CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2019

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

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INDEPENDENT ACCOUNTANTS' REPORT

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

Town of Queen Creek, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the Town of Queen Creek, Arizona (Town), for the year ended June 30, 2019, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the *Uniform Expenditure Reporting System* (UERS) as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
December 19, 2019

**TOWN OF QUEEN CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART I
YEAR ENDED JUNE 30, 2019**

1. Economic Estimates Commission expenditure limitation	\$	
2. Voter approved alternative expenditure limitation (approved August 28, 2018)	<u>251,896,147</u>	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 251,896,147</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	218,799,623	
10. Total adjusted amount subject to the expenditure limitation		<u>218,799,623</u>
11. Amount under (in excess of) the expenditure limitation		<u>\$ 33,096,524</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer:



Name and Title: Scott McCarty, Finance Director

Telephone Number: (480) 358-3170

Date: December 19, 2019

See accompanying Notes to the Annual Expenditure Limitation Report.

**TOWN OF QUEEN CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – PART II
YEAR ENDED JUNE 30, 2019**

<u>Description</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation Line D	\$ 88,309,695	\$ 125,773,434	\$ 4,716,494	\$ 218,799,623
C. Amounts subject to the expenditure limitation	<u>\$ 88,309,695</u>	<u>\$ 125,773,434</u>	<u>\$ 4,716,494</u>	<u>\$ 218,799,623</u>

See accompanying Notes to the Annual Expenditure Limitation Report.

TOWN OF QUEEN CREEK, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION
YEAR ENDED JUNE 30, 2019

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 88,403,692	\$ 30,030,916	\$ 4,716,494	\$ 123,151,102
B. Subtract:				
1. Items not requiring use of current financial resources:				
a. Depreciation	-	4,728,472	-	4,728,472
d. Pension Expense	-	900,627	-	900,627
3. Required fees paid to the Arizona Department of Revenue	93,997	-	-	93,997
6. Total subtractions	<u>93,997</u>	<u>5,629,099</u>	<u>-</u>	<u>5,723,096</u>
C. Additions:				
1. Principal payments on long-term debt	-	25,833,161	-	25,833,161
2. Capital asset acquisitions	-	75,046,983	-	75,046,983
4. Pension Contributions paid in the current year	-	491,473	-	491,473
5. Total additions	<u>-</u>	<u>101,371,617</u>	<u>-</u>	<u>101,371,617</u>
D. Amounts reported on Part II Line A	<u>\$ 88,309,695</u>	<u>\$ 125,773,434</u>	<u>\$ 4,716,494</u>	<u>\$ 218,799,623</u>

See accompanying Notes to the Annual Expenditure Limitation Report.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07 and in accordance with the voter-approved alternative expenditure limitation adopted August 26, 2014, as authorized by the Arizona Constitution, Article IX. §20(9).

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

NOTE 2 REQUIRED FEES PAID TO THE ARIZONA DEPARTMENT OF REVENUE

As part of the State of Arizona’s transaction privilege tax (TPT) simplification initiative, all TPT tax returns are filed with and processed by the State, with the State charging the Town for the cost of providing this service. Under Arizona law, this expenditure, reported within the General Fund general government expenditures, is subtracted from total expenditures reported under the UERS.

NOTE 3 PENSION RELATED ADJUSTMENTS

Pension expense in the amount of \$900,627, reported as a component of administration operating expense within the Statement of Revenues, Expenses, and Changes in Net Position represents the proprietary funds’ proportionate share of the actuarially calculated expense related to the Town’s ASRS pension plan. As actuarially determined pension expense does not require the use of current financial resources, and therefore is subtracted from total expenditures for reporting under the UERS.

Conversely, pension contributions in the amount of \$491,473, which are reported as a deferred outflow of resources on the Proprietary Funds Statement of Net Position as required under Governmental Accounting Standards Board Statement No. 71, represent the use of current financial resources and, therefore, are added back to total expenditures for reporting under the UERS.