

TOWN OF QUEEN CREEK, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021



TOWN OF QUEEN CREEK, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Issued by:
Finance Department

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION

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November 29, 2021

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

In accordance with Arizona statutes, we are pleased to present the Annual Comprehensive Financial Report of the Town of Queen Creek for the fiscal year ended June 30, 2021. 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, 2021, 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 federal COVID-19 relief grants and was designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town's separately issued Single Audit Report.

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

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

PROFILE

The Town of Queen Creek is located in the southeast corner of Maricopa County, with an overlap into Pinal County. The City of Mesa borders the Town to the north, and the Town of Gilbert borders it to the west. Queen Creek is within 10 minutes of the Phoenix-Mesa Gateway Airport and 45 minutes of the Phoenix Sky Harbor International Airport. Queen Creek contains over 42 square miles in its incorporated area and nearly 72 square miles in its planning area. The Town's population has more than doubled since 2010, making the Town one of the fastest growing municipalities in the state and the country. The Town's population is estimated to be approximately 68,500 as of June 30, 2021.

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 contracts with Maricopa County and the Town of Gilbert. Refuse and recycling services are provided via a contract with a private company. However, the Town has created its own police department that will become operational in January, 2022.

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Commercial development is focused in three main strategic areas: the Town Center, the northeast area, and the southeast area. The Town Center is the economic core of the community and includes over 2 million square feet of commercial development. The northeast section of the Town is strategically positioned to capitalize on new employment growth with its proximity to the Phoenix-Mesa Gateway Airport, a tremendous economic development catalyst for the region, and State Route 24 which has freeway access within 1.5 miles of the 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.

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

While the Town originally reduced revenue estimates for fiscal year 2021 in anticipation of negative impacts from the COVID-19 pandemic, the Town did not see revenue reductions in its major revenue sources. In fact, local sales tax revenue grew 32%, state-shared revenue increased 35%, and building revenue from new development activity increased 31% over the prior year as a result of a record-setting number of single-family building permits. Combined, total property valuation of all new residential and nonresidential construction reached a record \$990 million, a 28% increase over the prior year. These positive results are a reflection of the Town's strong demographics, recent population growth, record low mortgage rates, and new businesses that continue to open in Queen Creek.

Following are highlights of recent development activity within the Town:

- The Town issued 2,223 single-family building permits during fiscal year 2021, an increase of 27% over the prior year. This was the Town's highest number of permits issued in a single year since the Town was incorporated in 1989.
- Banner Health completed a 20,000 square foot health center expansion in the Town Center.
- Vertical construction continues in the Town Center and at the Terravella, QC Commons, and Pecan Lakes retail development sites. New businesses opening in Queen Creek include Fry's, Starbucks Coffee, Total Wine, and Aldi.
- The Town's first hotel opened in December 2020 in the Town Center.

Growth and Development

Since incorporation in 1989, Queen Creek has grown through annexation and development of surrounding properties. As residential development turned farmland into suburban neighborhoods, commercial development followed to the Town Center, with the Queen Creek Marketplace, Cornerstone at Queen Creek, and QC District shopping centers providing anchors for retail development. Other areas on the Town's borders have recently been annexed or developed, providing additional housing and commercial options for Town residents and neighboring communities.

The following key annexations occurred during the fiscal year ended June 30, 2021:

- Jorde Farms South – Annexed in June 2021, the area added 586 acres to another 160 acres of land already within the Town limits that is held by the same property owner, for a total development area of approximately 746 acres. Development of the property over the next several years will include a mix of residential, commercial, and educational projects including a new high school.
- Residences at QC Commons – Annexed in March 2021, this 10-acre parcel will be combined with an existing 16 acres to facilitate a 270-unit single-story multi-family community next to the new Fry's shopping center at QC Commons. The community is expected to open in summer 2022.

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 and over 2,000 multi-family units over the next ten years, which will more than double the Town's current inventory of existing homes and nearly double the Town's population.

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

Accomplishments

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

Water Strategy. In October 2020, the Town acquired the Diversified Water Utility System (Diversified), which added over nine square miles and 1,600 customers to the Town's water service area to the southeast. The new service area has an expected build-out of over 15,000 customers.

In September 2021, the Town acquired 4,162 acre-feet of Non-Indian Agricultural (NIA) Priority Water from the Central Arizona Project (CAP). This allocation from CAP will reduce the Town's reliance on groundwater pumping to meet its water resource needs over the next 100 years.

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 June 2020, 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.

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 taxes to be included in the definition of "pledged revenue" for the Town's excise tax 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 debt coverage ratio while still maintaining the Town's objectives of using these three sales taxes for their intended purposes.

Bond Ratings. The Town maintains a 'AA' rating with a stable outlook from Standard & Poor's Global Ratings and Fitch Ratings. Both rating agencies have cited the Town's strong financial management policies and practices, strong budgetary performance, and strong budgetary flexibility and liquidity as key reasons for maintaining the Town's ratings.

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, 2021, the Town has fully funded this reserve at \$22.5 million.

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

The Town continues to follow 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, 2021, the Town reserved \$26.3 million, or 100% of the Town's share of MCSO's total unfunded liability. In addition, \$19.4 million was reserved for the Town's estimated share of the ASRS unfunded liability in the Town's General Fund and an additional \$3.3 million 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. The Town's financial plan remains balanced over the five-year planning horizon, and staff is currently updating the five-year plan to accommodate new revenue projections, continued population growth, and new commercial development.

Major Initiatives

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

- Build and improve major arterial roads to accommodate the Town's rapidly growing population and businesses based on the adoption of a ten year, \$269 million Transportation Master Plan.
- Build fire stations to maintain adopted response levels to our residents and businesses. Fire Station #4 opened in December 2020, and two more stations will open by spring 2022.
- Develop parks and recreational facilities according to the Town's adopted Parks Master Plan, with approximately \$115 million of excise tax bonds expected to be issued over the next few years.
- 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.
- 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). In July 2020 the Town hired its first police chief and is well underway in acquiring the necessary personnel, equipment, software, and hardware to begin operations by January, 2022.

AWARDS AND ACKNOWLEDGMENTS

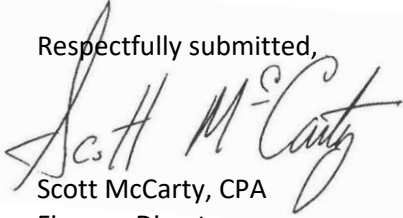
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Queen Creek for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. This was the 16th consecutive year that the Town has received this prestigious award. In order to be awarded this certificate, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is valid for a period of one year only. We believe that our current ACFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ending June 30, 2021. This was the 18th 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.

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

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

Respectfully submitted,

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

Scott McCarty, CPA
Finance Director

**TOWN OF QUEEN CREEK, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2021**

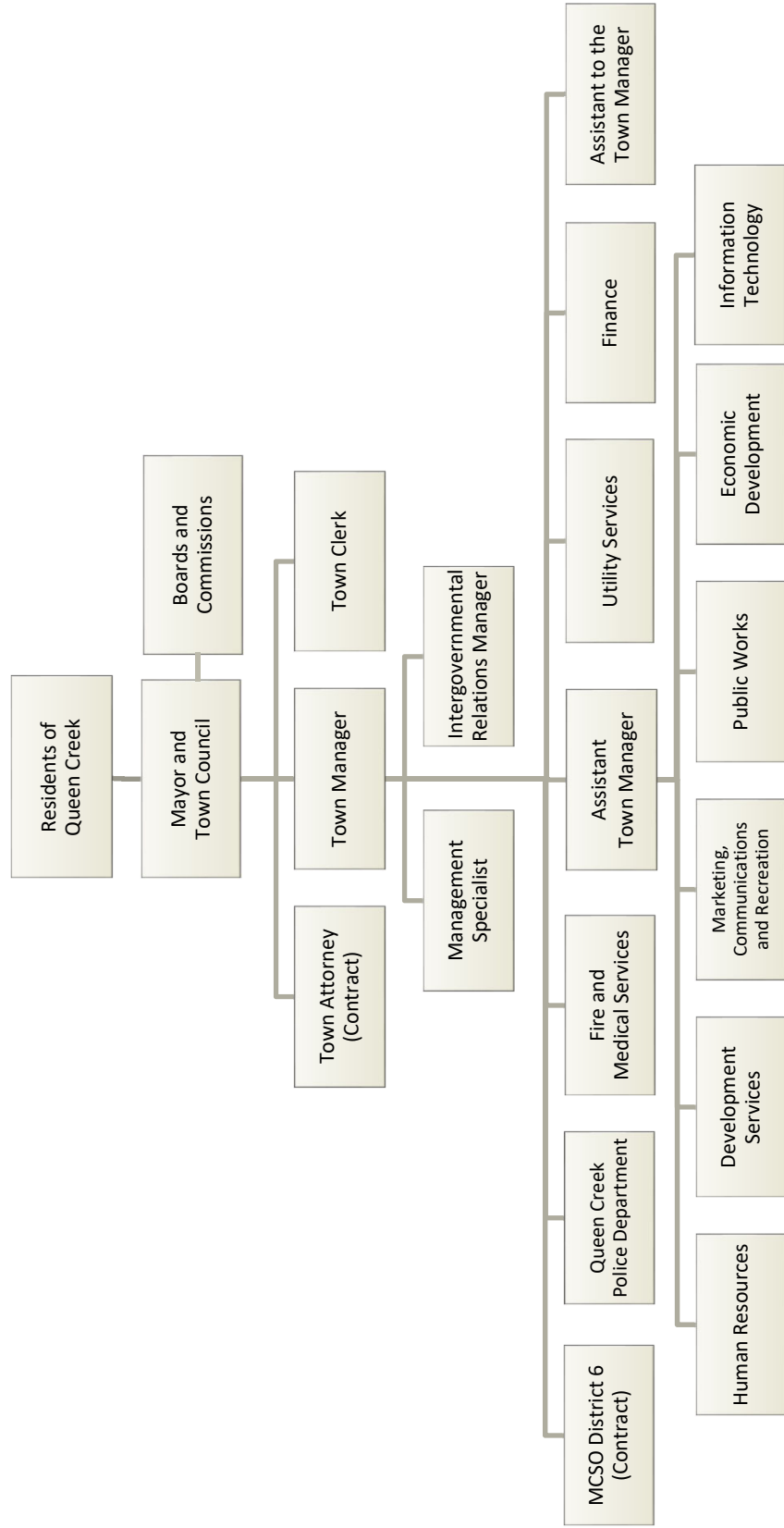
ELECTED OFFICIALS

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

DEPARTMENT DIRECTORS

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

**TOWN OF QUEEN CREEK, ARIZONA
 ORGANIZATIONAL CHART
 YEAR ENDED JUNE 30, 2021**





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, 2020

Christopher P. Morill

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, 2021, 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, 2021, 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 construction 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.

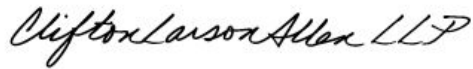
The combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, 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
November 29, 2021

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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, 2021**

As management of the Town of Queen Creek, Arizona (Town), we offer readers of the Town's Annual Comprehensive Financial Report this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. 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 \$696.9 million (net position). Total net position increased by \$97.2 million during the fiscal year.
- As of June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$227.1 million, an increase of \$33.5 million in comparison with the prior year.
- At the close of the current fiscal year, total fund balance for the General Fund was \$90.4 million. Of this amount, \$43.5 million is unassigned meeting the Town's policy objective of having 25% of the following year's budgeted revenue in reserve as well as \$11.1 million as a reserve for COVID-19. In addition to these reserves, the Town has \$45.7 million set aside as committed per its pension funding policy.
- The Town issued \$12.8 million in WIFA loans of which \$9.8 million was drawn down for the purchase of Diversified Water Company with the remainder to be used on water improvements related to the acquisition.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

The statement of activities presents data showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years, such as revenue from uncollected taxes or expenses from earned but unused vacation and sick leave.

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

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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

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

Notes to the Basic Financial Statements

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

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

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, 2021 and 2020.

Net Position						
June 30, 2021 and 2020						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 260,910,469	\$ 222,636,278	\$ 19,943,140	\$ 24,954,682	\$ 280,853,609	\$ 247,590,960
Capital Assets:						
Non-depreciable	116,578,498	89,516,046	91,587,058	102,122,022	208,165,556	191,638,068
Depreciable (net)	356,728,480	347,012,963	256,346,578	201,941,987	613,075,058	548,954,950
Total Assets	734,217,447	659,165,287	367,876,776	329,018,691	1,102,094,223	988,183,978
Deferred Outflows of Resources	11,024,339	6,305,689	16,593,614	16,019,216	27,617,953	22,324,905
Liabilities						
Current and Other Liabilities	18,821,732	12,050,029	8,662,240	9,583,808	27,483,972	21,633,837
Long-Term Liabilities	246,163,955	247,195,702	158,658,183	140,047,200	404,822,138	387,242,902
Total Liabilities	264,985,687	259,245,731	167,320,423	149,631,008	432,306,110	408,876,739
Deferred Inflows of Resources	521,968	1,532,749	-	406,217	521,968	1,938,966
Net Position						
Net Investment in Capital Assets	323,096,888	306,409,937	198,361,711	171,168,123	521,458,599	477,578,060
Restricted	62,872,940	41,723,929	59,244	1,077,537	62,932,184	42,801,466
Unrestricted	93,764,303	56,558,630	18,729,012	22,755,022	112,493,315	79,313,652
Total Net Position	\$ 479,734,131	\$ 404,692,496	\$ 217,149,967	\$ 195,000,682	\$ 696,884,098	\$ 599,693,178

The largest portion of the Town's net position (74.9%) reflects its investment in capital assets (e.g. land, buildings, and equipment), less any debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the assets themselves cannot be liquidated for these liabilities.

An additional portion of the Town's net position (9.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (16.1%) may be used to meet the government's ongoing obligations to citizens and creditors.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Changes in Net Position

The Town's net position overall increased by \$97.2 million (16.2%) 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, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	\$ 31,877,457	\$ 24,705,552	\$ 52,985,240	\$ 45,307,737	\$ 84,862,697	\$ 70,013,289
Operating Grants and Contributions	9,510,005	3,131,688	107,275	-	9,617,280	3,131,688
Capital Grants and Contributions	19,058,817	28,922,848	9,224,262	9,840,990	28,283,079	38,763,838
General Revenues						
Sales Taxes	62,207,782	46,987,495	-	-	62,207,782	46,987,495
Property Taxes	9,909,455	8,326,110	-	-	9,909,455	8,326,110
Franchise Taxes	491,622	444,552	-	-	491,622	444,552
Grants and Contributions Not						
Restricted to Specific Programs	15,892,593	11,773,273	-	-	15,892,593	11,773,273
Investment Earnings	92,783	1,885,676	23,508	340,427	116,291	2,226,103
Miscellaneous	629,618	703,906	842,689	97,109	1,472,307	801,015
Total Revenues	149,670,132	126,881,100	63,182,974	55,586,263	212,853,106	182,467,363
Expenses						
General Government	19,132,253	18,753,898	-	-	19,132,253	18,753,898
Public Safety	22,265,636	19,146,704	-	-	22,265,636	19,146,704
Highways and Streets	21,264,036	18,877,008	-	-	21,264,036	18,877,008
Culture and Recreation	6,428,530	6,283,282	-	-	6,428,530	6,283,282
Economic Development	1,503,522	1,636,072	-	-	1,503,522	1,636,072
Interest on Long-Term Debt	7,223,334	5,302,492	-	-	7,223,334	5,302,492
Water	-	-	26,131,375	30,765,746	26,131,375	30,765,746
Wastewater	-	-	7,895,586	8,217,565	7,895,586	8,217,565
Solid Waste	-	-	3,817,914	3,010,682	3,817,914	3,010,682
Total Expenses	77,817,311	69,999,456	37,844,875	41,993,993	115,662,186	111,993,449
Change in Net Position						
Before Transfers	71,852,821	56,881,644	25,338,099	13,592,270	97,190,920	70,473,914
Transfers In (Out)	3,188,814	2,906,496	(3,188,814)	(2,906,496)	-	-
Change in Net Position	75,041,635	59,788,140	22,149,285	10,685,774	97,190,920	70,473,914
Net Position - Beginning of Year	404,692,496	344,904,356	195,000,682	184,314,908	599,693,178	529,219,264
Net Position - End of Year	\$ 479,734,131	\$ 404,692,496	\$ 217,149,967	\$ 195,000,682	\$ 696,884,098	\$ 599,693,178

Governmental Activities – Total revenues increased \$22.8 million (18.0%) primarily as a result of the following changes. An increase in sales and property taxes of \$16.8 million (30.4%) due to increases in consumer driven tax revenue, the residential population and commercial construction activity. Additionally, the Town saw an increase in program revenues fees, fines and charges for services totaling \$7.2 million (29%) driven primarily by an increase in impact fee revenues received due to record numbers of new home permits. State shared revenues were up \$4.1 million (35.0%). An increase of \$6.4 million in operating grants and contributions driven by the receipt of \$5.8 million in grant funds received as a result of COVID-19 was offset by a decrease of \$9.9 million in capital grants and contributions due to a decrease in contributed capital received totaling \$8.0 million.

Total expenses increased \$7.8 million (11.2%) due to an increase in salaries expense of \$3.2 million. The increase in salaries is the direct result of an increase in the number of employees. There were a number of other factors that contributed to the increase in expenses including the following: interest expense on outstanding debt increased \$1.9 million, depreciation expense increased \$1.7 million and there was a \$1.1 million increase in costs for the Town's year-end payment to PSPRS for the amount of the unfunded liability.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

Net position for governmental activities increased \$75.0 million (18.5%), ending the year at \$479.7 million.

Business-Type Activities – Net position of the Town's business-type activities increased \$22.1 million (11.4%). The \$7.6 million (13.7%) increase in revenues was caused by a \$5.6 million increase in utility service fees, primarily due to the increase in service area resulting from the acquisition of Diversified Water Company as well as an increase in new connections from new home builds. The Town had over 2,300 new connections this year. Additionally, capacity fees increased \$2.0 million from the prior year due to record numbers of new home permits.

Total expenses decreased \$4.1 million (9.9%) due primarily to a decrease in capital expenses. FY 20 saw a large increase of \$7.5 million in projects for the replacement of existing infrastructure that was expensed, in the current year the majority of the capital projects were for new construction. This decrease was partially offset by the following increases. Depreciation expense increased \$1.4 million and payroll costs increased \$0.7 million. 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 \$227.1 million, an increase of \$33.5 million (17.3%) from the prior year. The increase was primarily the result of an increase in sales and property taxes of \$16.8 million, the receipt of \$5.8 million in grant funds received as a result of COVID-19, an increase of \$4.8 million of impact fees and \$1.3 million in HURF funding. This was partially offset by increases in expenses with public safety costs increasing \$6 million due to the creation of a police department, capital outlay increases of \$4.5 million and debt service costs increasing \$1.2 million.

Other changes to fund balances include the following:

- Increases totaling \$33.9 million (60.0%) to the General Fund fund balance of \$90.4 million were the result of better than predicted revenues exceeding expenses for the Town. Transfers out for capital projects decreased by \$5.9 million from the prior year.
- The Construction Sales Tax fund balance increased \$4.2 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 a decrease in fund balance of \$12.9 million as expenditures outpaced revenues in the current year by \$22.2 million as the Town used debt proceeds for construction projects.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

At fiscal year ended June 30, 2021, fund balances were as follows.

Fund Balances

Fund	Balance	Increase/(Decrease) From FY 2019-20
General Fund	\$ 90,415,169	\$ 33,891,190
Construction Sales Tax	4,273,389	4,189,152
Drainage and Transportation	67,133,820	(12,867,365)
Improvement District Debt Service	48,239	63,610
Debt Service	1,569	-
Nonmajor Governmental Funds	65,265,918	8,193,744
	<u>\$ 227,138,104</u>	<u>\$ 33,470,331</u>

General Fund – Revenues of the General Fund exceeded expenditures and other financing sources (uses) by \$33.9 million.

Total revenues increased \$23.6 million (34.3%) from the prior year. Increases of \$11.3 million in sales taxes, \$1.5 million in property taxes and \$2.6 million in permit fees are attributable to a growing population and increase in local businesses. The Town saw an increase in total taxable assessed value from \$427,856,256 to \$535,680,028. Intergovernmental revenues comprised of state sales tax and income tax revenue sharing increased \$3.2 million for the same reason. The Town received \$5.8 million in CARES Act grant money in response to the effects of COVID-19 which was also part of the total intergovernmental revenues reported. Interest income decreased \$1.4 million from the prior year and resulting in a negative presentation on the Statement of Revenues, Expenditures and Change in Fund Balances. The large decrease was the result of the reversal of the prior year's FMV adjustment.

Total General Fund expenditures increased by \$6.4 million (14.1%) due to an increase in public safety salaries of \$2.5 million and a \$2.0 million increase in public safety software and equipment expense both of which were the result of the Town being in the process of adding a police department. Additionally, the payment to PSPRS to cover the unfunded liability increased by \$1.1 million from the prior year.

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 \$8.2 million (13.1%). 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 \$3.3 million (11.6%) 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 \$17.1 million (82.1%) and the budget for licenses, permits and fees by \$4.2 million (81.9%) as revenue collections exceeded the original projections. With the COVID-19 pandemic developing the Town had revised down their initial revenue projections anticipating a decrease in consumer spending and a decrease in demand for housing and other construction projects. The budgeted amounts were revised when it became clear that COVID-19 while affecting certain specific areas of revenue was not going to have a major impact on overall

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

revenue collections. The Town increased the General Fund expenditure budget by \$2.5 million (9.6%). The Town had placed a hiring and wage freeze at the start of the fiscal year to help mitigate the expected reduction in revenue projections. As it became clear that revenues would be largely unaffected the Town waived the hiring and wage freezes resulting in higher expenses than originally budgeted.

Other Major Funds – The Construction Sales Tax fund balance increased \$4.2 million as record construction activities revenues exceeded expenditures and the interfund loan from the Wastewater Fund that was paid off in the prior fiscal year was no longer a drain on the funds revenues.

The Drainage and Transportation Fund spent \$24.7 million on street improvement projects. These projects were funded from the proceeds of debt issued in the prior fiscal year and from impact fees.

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 \$1.8 million.

The Debt Service Fund had \$10.6 million in debt service payments. Transfers in from the General Fund, Construction Sales Tax Fund, Highway Users Revenue Fund and Impact Fee Funds covered these expenditures.

Nonmajor Funds – Fund balances of the remaining Nonmajor Governmental Funds increased a combined total of \$8.2 million (14.4%). These funds include the Town's Highway User Revenue Fund (HURF) and the Town's impact fee funds, all of which are restricted or assigned for specific purposes.

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2021 amount to \$473.3 million and \$347.9 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 8.4% and capital assets for business-type activities increased 14.4%.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

**Capital Assets (Net)
June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Related Assets	\$ 52,913,843	\$ 51,221,807	\$ 4,539,972	\$ 1,816,657	\$ 57,453,815	\$ 53,038,464
Water Rights and Credits	-	-	66,235,985	65,194,518	66,235,985	65,194,518
Construction In Progress	63,664,655	38,294,239	20,811,101	35,110,847	84,475,756	73,405,086
Infrastructure	280,783,018	276,004,036	-	-	280,783,018	276,004,036
Buildings and Improvements	64,080,269	62,568,310	7,645,359	-	71,725,628	62,568,310
Vehicles, Furniture and Equipment	11,865,193	8,440,617	2,907,584	1,917,193	14,772,777	10,357,810
Wastewater Collection System	-	-	91,790,353	81,161,119	91,790,353	81,161,119
Water System	-	-	154,003,282	118,863,675	154,003,282	118,863,675
Total Assets	\$ 473,306,978	\$ 436,529,009	\$ 347,933,636	\$ 304,064,009	\$ 821,240,614	\$ 740,593,018

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

Governmental Activities

- The Town accepted \$15.7 million of completed streets and other infrastructure from developers, and spent an additional \$37.8 million for Town-funded projects, most of which was for three new fire stations that are still in progress and various street projects.
- At year-end, the Town had \$63.7 million in projects under construction.

Business-type Activities

- The Town accepted \$15.6 million of completed water and wastewater infrastructure from developers, and an additional \$23.3 million in Town-funded projects.
- The Town purchased an additional \$1.6 million in water extinguishment credits and used \$0.5 million of the existing water extinguishment credits to help meet its water conservation requirements.
- At year-end, the Town had \$20.8 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 \$223.0 million for governmental activities and \$149.4 million for business-type activities. The outstanding debt is secured by pledges of specific revenue sources of the Town.

Overall, the Town's governmental activities debt decreased by \$6.5 million (2.8%) as a result of the Town making the scheduled debt service payments including \$5.2 million of outstanding principal.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

The business-type activities debt increased by \$16.4 million (12.3%). The increases were the result of the Town issuing a WIFA loan totaling \$12.8 million. \$9.8 million of the issued WIFA loan was used to finance the purchase of the Diversified Water Company with the remainder to be used to cover the cost of improvement and interconnections needed. There were a number of mainline agreements that were part of the purchased water company and they increased the Town's liability for advances in aid of construction by \$6.9 million. These increases were offset by making the scheduled debt service payments including \$0.8 million of outstanding principal.

Additional information on the Town of Queen Creek Arizona's long-term debt may be found in the notes to basic financial statements in Note 9. The following schedule summarizes the Town's outstanding debt as of June 30, 2021 and 2020:

**Outstanding Debt
June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Excise Tax Revenue Bonds	\$ 141,420,000	\$ 142,730,000	\$ -	\$ -	\$ 141,420,000	\$ 142,730,000
GADA Loan Payable	-	-	2,605,000	2,870,000	2,605,000	2,870,000
Excise Tax Refunding Bonds	38,255,000	40,715,000	-	-	38,255,000	40,715,000
Special Assessment						
Refunding Bonds	12,895,229	14,281,972	-	-	12,895,229	14,281,972
Premium/Discount on Bonds	30,458,906	31,751,838	10,533,542	11,151,760	40,992,448	42,903,598
WIFA Loan Payable	-	-	110,214,931	99,520,626	110,214,931	99,520,626
Capital Leases	-	80,920	-	-	-	80,920
Water System Obligation	-	-	18,872,408	19,159,376	18,872,408	19,159,376
Advances in Aid of Construction	-	-	7,181,760	326,239	7,181,760	326,239
Total Outstanding Debt	<u>\$ 223,029,135</u>	<u>\$ 229,559,730</u>	<u>\$ 149,407,641</u>	<u>\$ 133,028,001</u>	<u>\$ 372,436,776</u>	<u>\$ 362,587,731</u>

OTHER MATTERS

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

- On August 4, 2021, Town Council approved a contract associated with the acquisition of Non-Indian Agricultural Priority Water from the Central Arizona Water Conservation District. In order to receive this water, Queen Creek is required to pay one-time back capital charges and 9(d) debt. Those costs have been identified at \$1,962 per AF, with the Town's obligation totaling \$8.2 million, which was paid on September 29, 2021. Currently, it is expected that the Town will partner with the Water Infrastructure Authority of Arizona (WIFA) to finance these one-time costs.
- The Town is planning to issue approximately \$115 million in Excise Tax Bonds over the next five years to use for Parks.
- In order to construct the necessary Water and Wastewater infrastructure, the Town is planning to issue approximately \$61 million in WIFA financing and \$85 million in subordinate lien excise tax pledged bonds over the next three years.
- The Town is in the process of transitioning its police services from the current contracted services through the Maricopa County Sheriff's Office (MCSO) to a new police department. The Town hired its first police chief in July 2020 and as of June 30, 2021 had hired 8 uniformed officers and 1 administrative position. Hiring has ramped up with 43 uniformed officers and 2 administrative positions onboard as of September 30, 2021 and everything is on track for the department to begin operations in January 2022.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2021**

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 129,212,064	\$ 1,131,514	\$ 130,343,578
Receivables, Net:			
Accounts Receivable	1,425,977	6,828,134	8,254,111
Taxes Receivable	8,069,808	-	8,069,808
Special Assessments Receivable	12,867,112	-	12,867,112
Intergovernmental Receivable	733,285	-	733,285
Interest Receivable	136,250	443	136,693
Internal Balances	23,170,664	(23,170,664)	-
Inventory	-	247,405	247,405
Prepaid Items	265,125	20,324	285,449
Restricted Cash and Investments	81,199,471	2,585,667	83,785,138
Investment in Joint Venture	-	32,300,317	32,300,317
Land Held for Economic Development	3,830,713	-	3,830,713
Capital Assets:			
Non-Depreciable	116,578,498	91,587,058	208,165,556
Depreciable (Net)	356,728,480	256,346,578	613,075,058
Total Assets	<u>734,217,447</u>	<u>367,876,776</u>	<u>1,102,094,223</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	10,760,785	2,068,948	12,829,733
Debt Related	263,554	-	263,554
Water System Acquisition Related	-	14,524,666	14,524,666
Total Deferred Outflows of Resources	<u>11,024,339</u>	<u>16,593,614</u>	<u>27,617,953</u>
LIABILITIES			
Accounts Payable	8,776,609	3,889,581	12,666,190
Accrued Wages and Benefits	1,439,635	363,224	1,802,859
Other Accrued Expenses	-	769,159	769,159
Retainage Payable	1,775,844	164,284	1,940,128
Deposits Held for Others	856,022	1,876,413	2,732,435
Unearned Revenue	2,407,947	-	2,407,947
Interest Payable	3,565,675	1,599,579	5,165,254
Noncurrent Liabilities:			
Due within One Year	7,525,712	3,864,595	11,390,307
Due in More than One Year	217,477,183	146,137,179	363,614,362
Net Pension Liability	21,161,060	8,656,409	29,817,469
Total Liabilities	<u>264,985,687</u>	<u>167,320,423</u>	<u>432,306,110</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	8,380	-	8,380
Debt Related	513,588	-	513,588
Total Deferred Inflows of Resources	<u>521,968</u>	<u>-</u>	<u>521,968</u>
NET POSITION			
Net Investment in Capital Assets	323,096,888	198,361,711	521,458,599
Restricted for:			
Agreements	903,250	-	903,250
Streets and Transportation	1,773,815	-	1,773,815
Debt Service	12,865,524	7,338	12,872,862
Development	47,249,406	-	47,249,406
Housing Rehab	80,945	-	80,945
Capital Projects	-	51,906	51,906
Unrestricted	93,764,303	18,729,012	112,493,315
Total Net Position	<u>\$ 479,734,131</u>	<u>\$ 217,149,967</u>	<u>\$ 696,884,098</u>

See accompanying Notes to the Basic Financial Statements.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

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	\$ 19,132,253	\$ 12,219,262	\$ -	\$ -
Public Safety	22,265,636	5,414,165	5,842,506	-
Highways and Streets	21,264,036	5,384,762	3,656,332	18,936,459
Culture and Recreation	6,428,530	8,859,268	11,167	122,358
Economic Development	1,503,522	-	-	-
Interest and Fiscal Charges	7,223,334	-	-	-
Total Governmental Activities	<u>77,817,311</u>	<u>31,877,457</u>	<u>9,510,005</u>	<u>19,058,817</u>
Business-Type Activities				
Water	26,131,375	34,637,893	-	6,281,348
Wastewater	7,895,586	14,440,747	107,275	2,942,914
Solid Waste	3,817,914	3,906,600	-	-
Total Business-Type Activities	<u>37,844,875</u>	<u>52,985,240</u>	<u>107,275</u>	<u>9,224,262</u>
Total Primary Government	<u>\$ 115,662,186</u>	<u>\$ 84,862,697</u>	<u>\$ 9,617,280</u>	<u>\$ 28,283,079</u>

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

See accompanying Notes to the Basic Financial Statements.

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (6,912,991)	\$ -	\$ (6,912,991)
(11,008,965)	-	(11,008,965)
6,713,517	-	6,713,517
2,564,263	-	2,564,263
(1,503,522)	-	(1,503,522)
(7,223,334)	-	(7,223,334)
<u>(17,371,032)</u>	<u>-</u>	<u>(17,371,032)</u>
-	14,787,866	14,787,866
-	9,595,350	9,595,350
-	88,686	88,686
<u>-</u>	<u>24,471,902</u>	<u>24,471,902</u>
(17,371,032)	24,471,902	7,100,870
62,207,782	-	62,207,782
9,909,455	-	9,909,455
491,622	-	491,622
15,892,593	-	15,892,593
92,783	23,508	116,291
596,268	829,189	1,425,457
33,350	13,500	46,850
3,188,814	(3,188,814)	-
<u>92,412,667</u>	<u>(2,322,617)</u>	<u>90,090,050</u>
75,041,635	22,149,285	97,190,920
404,692,496	195,000,682	599,693,178
<u>\$ 479,734,131</u>	<u>\$ 217,149,967</u>	<u>\$ 696,884,098</u>

**TOWN OF QUEEN CREEK, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Construction Sales Tax	Drainage and Transportation
ASSETS			
Cash and Investments	\$ 62,877,276	\$ 2,587,054	\$ 12,604,611
Restricted Cash and Investments	903,250	-	59,688,399
Receivables:			
Accounts Receivable	470,485	-	911,432
Taxes Receivable	6,250,371	1,686,335	-
Special Assessments Receivable	-	-	-
Intergovernmental Receivable	297,324	-	-
Interest Receivable	136,250	-	-
Due from Other Funds	23,337,641	-	-
Prepaid Items	265,125	-	-
Total Assets	<u>\$ 94,537,722</u>	<u>\$ 4,273,389</u>	<u>\$ 73,204,442</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,699,618	\$ -	\$ 3,795,222
Accrued Wages and Benefits	1,325,219	-	42,195
Retainage Payable	-	-	1,349,484
Deposits Held for Others	856,022	-	-
Interest Payable	-	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>3,880,859</u>	<u>-</u>	<u>5,186,901</u>
Deferred Inflows of Resources:			
Unavailable Revenues	241,694	-	883,721
Fund Balances:			
Nonspendable	265,125	-	-
Restricted	903,250	-	59,688,399
Committed	45,744,017	4,273,389	-
Assigned	-	-	7,445,421
Unassigned	43,502,777	-	-
Total Fund Balances	<u>90,415,169</u>	<u>4,273,389</u>	<u>67,133,820</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 94,537,722</u>	<u>\$ 4,273,389</u>	<u>\$ 73,204,442</u>

See accompanying Notes to the Basic Financial Statements.

Improvement District Debt Service	Debt Service	Nonmajor Governmental Funds	Totals
\$ 187,393	\$ 3,494	\$ 50,213,784	\$ 128,473,612
-	-	20,607,822	81,199,471
-	-	44,060	1,425,977
-	-	133,102	8,069,808
12,867,112	-	-	12,867,112
-	-	435,961	733,285
-	-	-	136,250
-	-	-	23,337,641
-	-	-	265,125
<u>\$ 13,054,505</u>	<u>\$ 3,494</u>	<u>\$ 71,434,729</u>	<u>\$ 256,508,281</u>
\$ 31,014	\$ 1,925	\$ 3,248,830	\$ 8,776,609
-	-	72,221	1,439,635
-	-	426,360	1,775,844
-	-	-	856,022
157,967	-	-	157,967
-	-	2,407,947	2,407,947
<u>188,981</u>	<u>1,925</u>	<u>6,155,358</u>	<u>15,414,024</u>
12,817,285	-	13,453	13,956,153
-	-	-	265,125
48,239	-	64,260,399	124,900,287
-	-	1,227,222	51,244,628
-	1,569	163,210	7,610,200
-	-	(384,913)	43,117,864
<u>48,239</u>	<u>1,569</u>	<u>65,265,918</u>	<u>227,138,104</u>
<u>\$ 13,054,505</u>	<u>\$ 3,494</u>	<u>\$ 71,434,729</u>	<u>\$ 256,508,281</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, 2021**

Total Fund Balances for Governmental Funds		\$ 227,138,104
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	610,840,582	
Less: Accumulated Depreciation	<u>(137,533,604)</u>	
		473,306,978
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.		
Accrued Interest on Investments		46,338
Business Licenses		17,090
Delinquent Property Taxes		95,179
Charges for Services		82,872
Project Reimbursement		896,883
Special Assessments		12,817,285
Miscellaneous		506
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		10,760,785
Deferred Inflows of Resources Related to Pensions		(8,380)
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	(3,407,708)	
Bonds Payable	(192,570,229)	
Premium on Bonds Payable	(30,458,906)	
Deferred Outflow of Resources Related to Refunding	263,554	
Deferred Inflow of Resources Related to Refunding	(513,588)	
Net Pension Liability	(21,161,060)	
Compensated Absence Payable	<u>(1,973,760)</u>	
		(249,821,697)
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	738,452	
Less: Amount Attributed to the Business-Type Activities	<u>(166,977)</u>	
		571,475
Total Net Position of Governmental Activities		<u>\$ 479,734,131</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, 2021

	General	Construction Sales Tax	Drainage and Transportation
REVENUES			
Local Sales Tax	\$ 48,006,152	\$ 13,052,827	\$ -
Property Tax	9,881,720	-	-
Intergovernmental	19,172,796	-	1,605,182
Licenses, Permits and Fees	11,565,749	-	-
Special Assessments	-	-	-
Charges for Services	3,228,826	-	-
Contributions	30,500	-	899,236
Impact Fees	-	-	-
Investment Income (Loss)	(121,645)	83	25,531
Miscellaneous	560,435	-	-
Total Revenues	<u>92,324,533</u>	<u>13,052,910</u>	<u>2,529,949</u>
EXPENDITURES			
Current:			
General Government	17,364,739	-	-
Public Safety	24,411,972	-	-
Highways and Streets	1,080,229	-	1,911,155
Culture and Recreation	4,538,074	-	-
Economic Development	1,373,413	-	-
Capital Outlay	3,144,325	-	22,792,036
Debt Service:			
Principal Retirement	80,920	-	-
Interest on Long-Term Debt	2,460	-	-
Total Expenditures	<u>51,996,132</u>	<u>-</u>	<u>24,703,191</u>
Excess (Deficiency) of Revenues Over Expenditures	40,328,401	13,052,910	(22,173,242)
OTHER FINANCING SOURCES (USES)			
Transfers In	3,248,623	2,000,000	9,305,877
Transfers Out	(9,685,834)	(10,863,758)	-
Total Other Financing Sources (Uses)	<u>(6,437,211)</u>	<u>(8,863,758)</u>	<u>9,305,877</u>
Net Change in Fund Balances	33,891,190	4,189,152	(12,867,365)
FUND BALANCES			
Beginning of Year	56,523,979	84,237	80,001,185
End of Year	<u>\$ 90,415,169</u>	<u>\$ 4,273,389</u>	<u>\$ 67,133,820</u>

See accompanying Notes to the Basic Financial Statements.

Improvement District Debt Service	Debt Service	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 1,148,803	\$ 62,207,782
-	-	-	9,881,720
-	-	6,366,593	27,144,571
-	-	-	11,565,749
1,782,814	-	55,704	1,838,518
460	-	95,169	3,324,455
-	-	11,167	940,903
-	-	17,073,453	17,073,453
-	-	220,387	124,356
-	-	52,831	613,266
<u>1,783,274</u>	<u>-</u>	<u>25,024,107</u>	<u>134,714,773</u>
-	-	142,370	17,507,109
-	-	-	24,411,972
-	-	5,128,411	8,119,795
-	-	29,048	4,567,122
-	-	179,282	1,552,695
-	-	9,905,758	35,842,119
1,386,743	3,770,000	-	5,237,663
332,921	6,859,400	-	7,194,781
<u>1,719,664</u>	<u>10,629,400</u>	<u>15,384,869</u>	<u>104,433,256</u>
63,610	(10,629,400)	9,639,238	30,281,517
-	10,629,400	11,038,288	36,222,188
-	-	(12,483,782)	(33,033,374)
<u>-</u>	<u>10,629,400</u>	<u>(1,445,494)</u>	<u>3,188,814</u>
63,610	-	8,193,744	33,470,331
(15,371)	1,569	57,072,174	193,667,773
<u>\$ 48,239</u>	<u>\$ 1,569</u>	<u>\$ 65,265,918</u>	<u>\$ 227,138,104</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, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 33,470,331

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	37,809,810	
Depreciation Expense	<u>(16,736,148)</u>	
		21,073,662

Contributions of capital assets are not current financial resources and are not reflected in the governmental funds. 15,704,307

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

Accrued Interest on Investments	(31,574)	
Business Licenses	2,460	
Delinquent Property Taxes	26,326	
Charges for Services	10,023	
Project Reimbursement	896,883	
Intergovernmental	(424,517)	
Special Assessments	(1,471,987)	
Miscellaneous	<u>506</u>	
		(991,880)

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

Pension Contributions		4,108,674
Pension Expense		(3,591,192)

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, 2021**

(Concluded)

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

Principal Payments on Long-Term Debt	5,156,743	
Principal Payments on Capital Leases	80,920	
Interest Payable	(1,350,312)	
Amortization of Bond Premiums/Discounts	1,292,932	
Amortization of Deferred Amount on Refunding	28,827	
		5,209,110

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		(315,726)
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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	484,155	
Less: Amount Attributable to the Business-Type Activities	(109,806)	
		374,349

Change in Net Position of Governmental Activities		\$ 75,041,635
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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,100	\$ -	\$ 1,130,414
Receivables, Net:			
Accounts Receivable	4,504,539	1,834,228	489,367
Interest Receivable	443	-	-
Inventory	72,803	-	174,602
Prepaid Items	20,324	-	-
Total Current Assets	<u>4,599,209</u>	<u>1,834,228</u>	<u>1,794,383</u>
Noncurrent Assets:			
Restricted Cash and Investments	2,585,667	-	-
Investment in Joint Venture	-	32,300,317	-
Capital Assets:			
Non-Depreciable	85,527,286	6,059,772	-
Depreciable (Net)	<u>161,591,276</u>	<u>94,679,363</u>	<u>75,939</u>
Total Noncurrent Assets	<u>249,704,229</u>	<u>133,039,452</u>	<u>75,939</u>
Total Assets	<u>254,303,438</u>	<u>134,873,680</u>	<u>1,870,322</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	1,766,923	169,582	132,443
Water System Acquisition Related	14,524,666	-	-
Total Deferred Outflows of Resources	<u>16,291,589</u>	<u>169,582</u>	<u>132,443</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,687,623	706,542	495,416
Accrued Wages and Benefits	310,104	30,059	23,061
Other Accrued Expenses	769,159	-	-
Retainage Payable	164,284	-	-
Deposits Held for Others	1,876,413	-	-
Due to Other Funds	8,267,385	15,070,256	-
Interest Payable	1,536,029	63,550	-
Compensated Absences	220,399	29,281	25,849
Loans Payable	3,166,591	275,000	-
Advance in Aid of Construction	147,475	-	-
Total Current Liabilities	<u>19,145,462</u>	<u>16,174,688</u>	<u>544,326</u>
Noncurrent Liabilities:			
Compensated Absences	283,141	20,952	14,511
Net Pension Liability	7,392,745	709,525	554,139
Loans Payable	136,269,998	2,514,292	-
Advance in Aid of Construction	7,034,285	-	-
Total Noncurrent Liabilities	<u>150,980,169</u>	<u>3,244,769</u>	<u>568,650</u>
Total Liabilities	<u>170,125,631</u>	<u>19,419,457</u>	<u>1,112,976</u>
DEFERRED INFLOWS OF RESOURCES			
NET POSITION			
Net Investment in Capital Assets	100,335,929	97,949,843	75,939
Restricted for:			
Debt Service	7,338	-	-
Capital Projects	51,906	-	-
Unrestricted	74,223	17,673,962	813,850
Total Net Position	<u>\$ 100,469,396</u>	<u>\$ 115,623,805</u>	<u>\$ 889,789</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>
\$ 1,131,514	\$ 738,452
6,828,134	-
443	-
247,405	-
20,324	-
<u>8,227,820</u>	<u>738,452</u>
2,585,667	-
32,300,317	-
91,587,058	-
<u>256,346,578</u>	<u>-</u>
<u>382,819,620</u>	<u>-</u>
391,047,440	738,452
2,068,948	-
<u>14,524,666</u>	<u>-</u>
16,593,614	-
3,889,581	-
363,224	-
769,159	-
164,284	-
1,876,413	-
23,337,641	-
1,599,579	-
275,529	-
3,441,591	-
147,475	-
<u>35,864,476</u>	<u>-</u>
318,604	-
8,656,409	-
138,784,290	-
7,034,285	-
<u>154,793,588</u>	<u>-</u>
190,658,064	-
<u>198,361,711</u>	<u>-</u>
7,338	-
51,906	-
18,562,035	738,452
<u>\$ 216,982,990</u>	<u>\$ 738,452</u>
166,977	
<u>\$ 217,149,967</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
OPERATING REVENUES			
Charges for Services	\$ 29,329,092	\$ 8,166,104	\$ 3,906,600
Miscellaneous	19,890	1,030,735	8,539
Total Operating Revenues	<u>29,348,982</u>	<u>9,196,839</u>	<u>3,915,139</u>
OPERATING EXPENSES			
Administration	762,929	119,453	63,106
Cost of Sales and Services	17,429,513	4,492,068	3,740,425
Depreciation	3,799,594	2,289,530	21,328
Amortization	395,229	-	-
Equity Interest in Joint Venture	-	916,949	-
Insurance Claims and Premiums	-	-	-
Total Operating Expenses	<u>22,387,265</u>	<u>7,818,000</u>	<u>3,824,859</u>
Operating Income (Loss)	6,961,717	1,378,839	90,280
NONOPERATING REVENUES (EXPENSES)			
Capacity Fees	5,308,801	6,151,944	-
Intergovernmental	442,500	-	-
Investment Income (Loss)	19,230	(2,875)	7,152
Interest and Fiscal Charges	(3,681,565)	(90,242)	-
Debt Issuance Costs	(152,750)	-	-
Gain(Loss) on Disposal of Assets	13,500	-	-
Total Nonoperating Revenues (Expenses)	<u>1,949,716</u>	<u>6,058,827</u>	<u>7,152</u>
Income before Capital Contributions	8,911,433	7,437,666	97,432
Capital Contributions	5,838,848	2,942,914	-
Transfers Out	(2,484,672)	(704,142)	-
	<u>3,354,176</u>	<u>2,238,772</u>	<u>-</u>
Change in Net Position	12,265,609	9,676,438	97,432
Total Net Position - Beginning of Year	<u>88,203,787</u>	<u>105,947,367</u>	<u>792,357</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 100,469,396</u></u>	<u><u>\$ 115,623,805</u></u>	<u><u>\$ 889,789</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>
\$ 41,401,796	\$ 4,708,757
1,059,164	-
<u>42,460,960</u>	<u>4,708,757</u>
945,488	-
25,662,006	-
6,110,452	-
395,229	-
916,949	-
-	4,224,602
<u>34,030,124</u>	<u>4,224,602</u>
8,430,836	484,155
11,460,745	-
442,500	-
23,507	-
(3,771,807)	-
(152,750)	-
13,500	-
<u>8,015,695</u>	<u>-</u>
16,446,531	484,155
8,781,762	-
(3,188,814)	-
<u>5,592,948</u>	<u>-</u>
22,039,479	484,155
194,943,511	254,297
<u>\$ 216,982,990</u>	<u>\$ 738,452</u>
109,806	
<u>\$ 22,149,285</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 28,821,207	\$ 8,407,763	\$ 3,864,700
Receipts from Users	-	-	-
Payments to Suppliers	(10,199,638)	(5,261,045)	(2,896,856)
Payments to Employees	(6,820,173)	(680,295)	(510,338)
Payments for Claims and Premiums	-	-	-
Customer Deposits	99,321	-	-
Net Cash Flows Provided by Operating Activities	<u>11,900,717</u>	<u>2,466,423</u>	<u>457,506</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Provided (Used) by			
Other Funds for Interfund Borrowing	6,555,442	(285,916)	-
Transfers Out	(2,484,672)	(704,142)	-
Net Cash Flows Provided by Noncapital Financing Activities	<u>4,070,770</u>	<u>(990,058)</u>	<u>-</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(27,728,380)	(6,725,026)	-
Refunds of Waterline Agreements	(221,229)	-	-
Payments to Joint Venture	-	(503,768)	-
Capacity Fees	5,308,801	6,151,944	-
Loan Proceeds	10,894,305	-	-
Interest Paid on Capital Debt	(3,671,847)	(132,400)	-
Principal Paid on Capital Debt	(486,968)	(265,000)	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(15,905,318)</u>	<u>(1,474,250)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	<u>19,380</u>	<u>(2,115)</u>	<u>7,152</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	85,549	-	464,658
Cash and Cash Equivalents - Beginning of Year	<u>2,501,218</u>	<u>-</u>	<u>665,756</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,586,767</u>	<u>\$ -</u>	<u>\$ 1,130,414</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 1,100	\$ -	\$ 1,130,414
Restricted Cash and Cash Equivalents	2,585,667	-	-
Total Cash and Cash Equivalents	<u>\$ 2,586,767</u>	<u>\$ -</u>	<u>\$ 1,130,414</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 6,961,717	\$ 1,378,839	\$ 90,280
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	4,194,823	2,289,530	21,328
Equity Interest in Joint Venture	-	916,949	-
Changes in Assets/Liabilities/Deferred Outflows & Inflows:			
Receivables, Net	(551,062)	(530,080)	(41,385)
Inventory	9,172	-	107,757
Prepaid Items	(6,464)	-	-
Deferred Outflows of Resources - Pensions	(837,884)	(80,827)	(50,916)
Accounts Payable	262,989	(1,665,133)	306,391
Deposits Held for Others	167,921	-	-
Compensated Absences	92,414	1,426	(18,029)
Accrued Wages and Benefits	51,550	3,846	179
Pension Liability	1,898,836	184,669	72,027
Deferred Inflows of Resources - Pensions	(343,295)	(32,796)	(30,126)
Net Cash Provided by Operating Activities	<u>\$ 11,900,717</u>	<u>\$ 2,466,423</u>	<u>\$ 457,506</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Assets Contributed from Developers	\$ 5,836,997	\$ 2,942,914	\$ -
Capital Contributions for Advances in Aid of Construction	\$ 6,968,912	\$ -	\$ -
Amortization of Premium	\$ 581,360	\$ 36,858	\$ -

See accompanying Notes to the Basic Financial Statements.

	<u>Internal Service</u>
<u>Totals</u>	<u>Insurance</u>
\$ 41,093,670	\$ -
-	4,708,757
(18,357,539)	(27,525)
(8,010,806)	-
-	(4,197,077)
<u>99,321</u>	<u>-</u>
14,824,646	484,155
6,269,526	-
<u>(3,188,814)</u>	<u>-</u>
3,080,712	-
(34,453,406)	-
(221,229)	-
(503,768)	-
11,460,745	-
10,894,305	-
(3,804,247)	-
<u>(751,968)</u>	<u>-</u>
(17,379,568)	-
<u>24,417</u>	<u>-</u>
550,207	484,155
<u>3,166,974</u>	<u>254,297</u>
<u>\$ 3,717,181</u>	<u>\$ 738,452</u>
\$ 1,131,514	\$ 738,452
2,585,667	-
<u>\$ 3,717,181</u>	<u>\$ 738,452</u>
\$ 8,430,836	\$ 484,155
6,505,681	-
916,949	-
(1,122,527)	-
116,929	-
(6,464)	-
(969,627)	-
(1,095,753)	-
167,921	-
75,811	-
55,575	-
2,155,532	-
<u>(406,217)</u>	<u>-</u>
<u>\$ 14,824,646</u>	<u>\$ 484,155</u>
\$ 8,779,911	\$ -
\$ 6,968,912	\$ -
\$ 618,218	\$ -

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021

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 2021, 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.
- *Debt Service Fund* – This fund accounts for the accumulation of resources for, and payment of, debt service principal, interest, and related costs for the Town’s excise tax revenue bonds.

Major Proprietary Funds

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges for utility services. Operating expenses for the proprietary funds include the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

from investments purchased with such pooled monies is allocated to each fund based on average daily cash balances.

Receivables – All trade and taxes receivables are shown net of an allowance for uncollectibles. For fiscal year 2021, governmental activities reported an allowance of \$43,500, and business-type activities reported an allowance of \$98,716.

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

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

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

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

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

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

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

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

Capital Assets – Capital assets, which include property, plant, infrastructure, water rights, machinery, equipment and vehicles, are reported in the governmental and business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year.

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

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

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

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

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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. 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, 2021, the Town had remitted a payment of \$1,751,972 to PSPRS in order to cover the unfunded pension liability for Sworn Fire Personnel based on the most recent Fire Pension Plan’s GASB 68 report. This was done in accordance with Town policy and was in lieu of setting funds aside. The following amounts were set aside toward the Town’s remaining pension liabilities:

	MCSO		
	Contracted Personnel	ASRS Personnel	Total
General Fund	\$ 26,334,929	\$ 19,409,088	\$ 45,744,017
Water Fund	-	2,056,211	2,056,211
Wastewater Fund	-	709,525	709,525
Solid Waste Fund	-	554,139	554,139
	<u>\$ 26,334,929</u>	<u>\$ 22,728,963</u>	<u>\$ 49,063,892</u>

The amount set aside in the General Fund for MCSO Contracted Personnel represents 100% of the Town’s estimated share of the total MCSO net pension liability as reported by PSPRS. The amounts set aside in General Fund and the proprietary funds for ASRS Personnel represent 100% of those funds’ allocations of the Town’s net pension liability except for the Water Fund which represents 28%.

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 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 OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Town and the formal commitment must occur prior to fiscal year end. Only the Town Council can remove or change the constraints placed on committed fund balances through formal council action. The Town’s pension reserves are included in Committed fund balance.

- *Assigned* fund balances are resources constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town Council, through formal resolution, has authorized the Chief Financial Officer to make assignments of resources for a specific purpose.
- *Unassigned* fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

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

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

- *Operating Budget Reserve* – \$22.5 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* – Originally funded at \$4.5 million, to be used to acquire software, hardware, vehicles, or other items required to start up a police department. As of June 30, 2021 the remaining reserve balance was \$113,099.
- *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 included in Unassigned fund balance in the General Fund as follows:

	Operating Reserves
Operating Budget Reserve	\$ 22,455,913
Police Services Reserve	113,099
COVID-19 Reserve	11,060,087
	\$ 33,629,099

The Police Services Reserve and the COVID-19 Reserve have been repealed by the Town Council effective July 1, 2021.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Within Appropriations

For fiscal year 2021, 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, 2021

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, 2021, the carrying amount of the Town's deposits was \$19,961,742 and the bank balance was \$13,597,461. The difference represents deposits in transit, outstanding checks and other reconciling items. In addition, the Town had \$2,125 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, 2021 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	\$ 95,900,435	\$ 95,900,435	\$ -	\$ -	49.39%	Amortized Cost	n/a
US Treasury Obligations	57,373,005	9,693,360	20,847,059	26,832,586	29.55%	Level 1	AAA
Federal Home Loan Mortgage Corporation	7,621,317	-	1,949,961	5,671,356	3.93%	Level 2	AAA
Federal Home Loan Bank	2,828,391	-	2,828,391	-	1.46%	Level 2	AAA
Federal National Mortgage Association	5,058,828	2,178,875	1,679,941	1,200,012	2.61%	Level 2	AAA
Federal Farm Credit Bank	1,975,474	-	1,975,474	-	1.02%	Level 2	AAA
State Treasurer's Investment Pool	20,699,780	20,699,780	-	-	10.66%	n/a	n/a
Corporate Bonds:							
Apple Inc.	1,037,880	-	1,037,880	-	0.53%	Level 2	AA1
Procter & Gamble Company	1,174,254	-	1,174,254	-	0.60%	Level 2	AA3
PepsiCo Inc.	495,485	-	-	495,485	0.26%	Level 2	A1
	<u>\$ 194,164,849</u>	<u>\$ 128,472,450</u>	<u>\$ 31,492,960</u>	<u>\$ 34,199,439</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, 2021

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, 2021, \$1,458,153 of the Town's deposits was covered by federal depository insurance. The remaining \$12,139,308 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		Total
				Street Lighting District Fund	General Capital Improvement	
Accrued Interest on Investments	\$ 46,338	\$ -	\$ -	\$ -	\$ -	\$ 46,338
Business Licenses	17,090	-	-	-	-	17,090
Delinquent Property Taxes	94,888	-	-	291	-	95,179
Charges for Services	82,872	-	-	-	-	82,872
Project Reimbursement	-	883,721	-	-	13,162	896,883
Special Assessments	-	-	12,817,285	-	-	12,817,285
Miscellaneous	506	-	-	-	-	506
Total Unavailable Revenues	\$ 241,694	\$ 883,721	\$ 12,817,285	\$ 291	\$ 13,162	\$ 13,956,153

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021:

	Due To General Fund
Due From:	
Water Fund	8,267,385
Wastewater Fund	15,070,256
Total	\$ 23,337,641

These interfund receivables and payables were recorded to cover short-term cash shortfalls in the respective funds due to the timing of securing financing for capital improvements in the utility funds. 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's intent is to cover the deficit cash position with long-term financing for its water and wastewater capital projects by issuing debt in fiscal year 2022.

B. 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, 2021 consisted of the following:

	Transfers In						Total
	General Fund	Construction Sales Tax Fund	Drainage & Transportation Fund	Debt Service Fund	Nonmajor Fund		
					General Capital Improvements	Transportation Development Fund	
Transfers Out:							
General Fund	\$ -	\$ -	\$ 3,377,700	\$ 5,979,065	\$ 329,069	\$ -	\$ 9,685,834
Construction Sales Tax Fund	-	-	3,411,599	1,393,315	-	6,058,844	10,863,758
Water Fund	2,484,672	-	-	-	-	-	2,484,672
Wastewater Fund	704,142	-	-	-	-	-	704,142
Nonmajor Funds:							
HURF Fund	-	-	-	263,871	-	-	263,871
Town Center Fund	-	-	-	333,875	-	-	333,875
Parks and Recreation Fund	59,809	-	-	-	-	-	59,809
Town Buildings Development	-	-	-	286,957	-	-	286,957
Transportation Development	-	2,000,000	2,516,578	731,697	-	-	5,248,275
Library Development	-	-	-	232,909	-	-	232,909
Parks Development	-	-	-	512,526	427,305	-	939,831
Public Safety Development	-	-	-	142,875	858,028	-	1,000,903
Fire Development	-	-	-	752,310	3,365,042	-	4,117,352
Total	\$ 3,248,623	\$ 2,000,000	\$ 9,305,877	\$ 10,629,400	\$ 4,979,444	\$ 6,058,844	\$ 36,222,188

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 6. LEASES

A. Lease of Town Property

The Town leases land and buildings 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, 2021 are as follows:

Year Ended June 30	Amount
2022	\$ 271,360
2023	232,486
2024	195,765
2025	134,923
2026	138,961
2027 - 2031	623,590
2032 - 2036	497,532
2037 - 2040	243,401
	\$ 2,338,018

NOTE 7. CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Capital Assets			Ending Balance
	Beginning Balance	Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 51,221,807	\$ 1,692,036	\$ -	\$ 52,913,843
Construction-In-Progress	38,294,239	33,910,709	(8,540,293)	63,664,655
Total	89,516,046	35,602,745	(8,540,293)	116,578,498
Capital assets being depreciated:				
Infrastructure	376,053,502	17,773,628	-	393,827,130
Buildings and Improvements	73,805,600	3,393,694	-	77,199,294
Vehicles, Furniture, and Equipment	18,048,895	5,284,343	(97,578)	23,235,660
Total	467,907,997	26,451,665	(97,578)	494,262,084
Less Accumulated Depreciation for:				
Infrastructure	(100,049,466)	(12,994,646)	-	(113,044,112)
Buildings and Improvements	(11,237,290)	(1,881,735)	-	(13,119,025)
Vehicles, Furniture, and Equipment	(9,608,278)	(1,859,767)	97,578	(11,370,467)
Total	(120,895,034)	(16,736,148)	97,578	(137,533,604)
Capital assets being depreciated, net	347,012,963	9,715,517	-	356,728,480
Governmental Activities Capital Assets, Net	\$ 436,529,009	\$ 45,318,262	\$ (8,540,293)	\$ 473,306,978

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 1,816,657	\$ 2,723,315	\$ -	\$ 4,539,972
Water Rights and Credits	65,194,518	1,579,527	(538,060)	66,235,985
Construction-In-Progress	35,110,847	22,579,258	(36,879,004)	20,811,101
Total	<u>102,122,022</u>	<u>26,882,100</u>	<u>(37,417,064)</u>	<u>91,587,058</u>
Capital assets being depreciated:				
Water System	136,732,425	38,515,108	-	175,247,533
Wastewater Collection System	101,090,761	12,798,025	-	113,888,786
Buildings and Improvements	-	7,742,157	-	7,742,157
Vehicles, Furniture, and Equipment	4,441,724	1,459,753	(35,909)	5,865,568
Total	<u>242,264,910</u>	<u>60,515,043</u>	<u>(35,909)</u>	<u>302,744,044</u>
Less Accumulated Depreciation for:				
Water System	(17,868,750)	(3,375,501)	-	(21,244,251)
Wastewater Collection System	(19,929,642)	(2,168,791)	-	(22,098,433)
Buildings and Improvements	-	(96,798)	-	(96,798)
Vehicles, Furniture, and Equipment	(2,524,531)	(469,362)	35,909	(2,957,984)
Total	<u>(40,322,923)</u>	<u>(6,110,452)</u>	<u>35,909</u>	<u>(46,397,466)</u>
Capital assets being depreciated, net	201,941,987	54,404,591	-	256,346,578
Business-Type Activities Capital Assets, Net	<u>\$ 304,064,009</u>	<u>\$ 81,286,691</u>	<u>\$ (37,417,064)</u>	<u>\$ 347,933,636</u>

B. Depreciation

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

General Government	\$ 1,154,210
Public Safety	1,259,126
Highways and Streets	12,588,524
Culture and Recreation	1,732,215
Economic Development	2,073
Total	<u>\$ 16,736,148</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

C. Construction Commitments

The Town had contractual commitments related to various projects at June 30, 2021, mostly for the construction of Town facilities and infrastructure improvements. At June 30, 2021, the Town had remaining contractual commitments of \$59,787,849, consisting of the following:

General Fund	\$	2,324,382
Drainage & Transportation Fund		30,579,585
Water Fund		6,801,951
Wastewater Fund		6,106,664
Nonmajor Funds:		
Highway Users Revenue Fund		716,533
Town Center Fund		9,160
General Capital Improvements Fund		<u>13,249,574</u>
Total	\$	<u><u>59,787,849</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, 2021 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, 2014, and 2021. Included in the purchases was the assumption of unearned advances in aid of construction. These are contracts with various property owners who advanced payment to the water company for the cost of extended water lines to their property. As part of the contracts, the Town is required to remit to the property owners, on an annual basis, 10% of additional water sales earned on the line extension for a period of years indicated in the contract or until the cost of the line extension has been repaid to the property owner, whichever comes first. After the period of time indicated in the contract, any balance remaining on the contract is recognized by the Town as a capital contribution. For the fiscal year ended June 30, 2021, the Town had additions of \$6,955,507, made refund payments of \$109,689 to property owners and recognized a loss of \$9,703 as a result of a change in the estimated liability for future payouts. As of June 30, 2021, the Town had \$7,181,760 of outstanding unearned advances in aid of construction.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

NOTE 9. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the fiscal year ended June 30, 2021 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	\$ 1,080,000
Project Bonds, Series 2018A	46,790,000	-	(825,000)	45,965,000	855,000
Project Bonds, Series 2018B	17,335,000	-	(485,000)	16,850,000	500,000
Refunding Bonds, Series 2016	40,715,000	-	(2,460,000)	38,255,000	2,550,000
Direct-Placement Debt:					
Special Assessment Refunding Bonds, Series 2016	14,281,972	-	(1,386,743)	12,895,229	1,421,288
Unamortized Premiums / Discounts	31,751,838	-	(1,292,932)	30,458,906	-
Capital Leases	80,920	-	(80,920)	-	-
Compensated Absences	1,658,034	1,485,326	(1,169,600)	1,973,760	1,119,424
Total Governmental Long-Term Obligations	\$ 231,217,764	\$ 1,485,326	\$ (7,700,195)	\$ 225,002,895	\$ 7,525,712
Business-Type Activities:					
Loans:					
WIFA Loan, 2021 - Drinking Water (DW)	\$ -	\$ 9,807,500	\$ -	\$ 9,807,500	\$ -
WIFA Loan, 2020 - Drinking Water (DW)	56,856,000	1,086,805	-	57,942,805	1,431,868
WIFA Loan, 2020 - Clean Water (CW)	8,600,000	-	-	8,600,000	212,521
WIFA Loan, 2014	12,145,179	-	(100,000)	12,045,179	364,388
WIFA Loan, 2008	21,919,447	-	(100,000)	21,819,447	847,888
GADA Infrastructure Revenue Loan, Series 2014A	2,870,000	-	(265,000)	2,605,000	275,000
Direct-Placement Debt:					
Subordinate Lien Water System Revenue Obligation, Series 2013	19,159,376	-	(286,968)	18,872,408	309,926
Unamortized Premiums / Discounts	11,151,760	-	(618,218)	10,533,542	-
Advances in Aid of Construction	326,239	6,965,210	(109,689)	7,181,760	147,475
Compensated Absences	518,322	388,249	(312,438)	594,133	275,529
Total Business-Type Long-Term Obligations	\$ 133,546,323	\$ 18,247,764	\$ (1,792,313)	\$ 150,001,774	\$ 3,864,595

B. Bonds and Loans Payable

The following table summarizes the Town's bonds and loans payable at June 30, 2021:

Description	Original Issue	Maturity	Interest Rate (%)	Outstanding at June 30, 2021
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%	45,965,000
Project Bonds, Series 2018B	18,015,000	8/1/2047	2.00-5.00%	16,850,000
Refunding Bonds, Series 2016	47,990,000	8/1/2036	2.00-5.00%	38,255,000
Direct-Placement Debt:				
Special Assessment Refunding Bonds, Series 2016	18,445,000	1/1/2030	2.45%	12,895,229
Total Governmental Bonds and Loans Payable				\$ 192,570,229
Business-Type Activities:				
Loans:				
WIFA Loan, 2021 - Drinking Water (DW)	\$ 12,807,500	7/1/2050	1.874%	\$ 9,807,500
WIFA Loan, 2020 - Drinking Water (DW)	57,981,000	7/1/2050	1.984%	57,942,805
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%	12,045,179
WIFA Loan, 2008	40,000,000	7/1/2038	4.0375%	21,819,447
GADA Infrastructure Revenue Loan, Series 2014A	3,845,000	8/1/2028	2.00-5.00%	2,605,000
Direct-Placement Debt:				
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,093	5/1/2043	8.00%	18,872,408
Total Business-Type Bonds and Loans Payable				\$ 131,692,339

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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
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	1,320,000	3,125,300	4,445,300	1,020,000	\$ 2,090,500	3,110,500
2027 - 2031	7,680,000	14,540,000	22,220,000	5,930,000	\$ 9,612,500	15,542,500
2032 - 2036	14,190,000	11,853,100	26,043,100	7,565,000	\$ 7,933,875	15,498,875
2037 - 2041	17,605,000	8,446,300	26,051,300	9,650,000	\$ 5,792,250	15,442,250
2042 - 2046	14,920,000	5,184,400	20,104,400	12,320,000	\$ 3,058,750	15,378,750
2047 - 2051	18,225,000	1,880,700	20,105,700	5,835,000	\$ 295,375	6,130,375
	<u>\$ 78,605,000</u>	<u>\$ 58,144,125</u>	<u>\$ 136,749,125</u>	<u>\$ 45,965,000</u>	<u>\$ 37,604,000</u>	<u>\$ 83,569,000</u>

Fiscal Year	Excise Tax and State-Shared Revenue Bonds					
	Series 2018B Project			Series 2016 Refunding		
	Principal	Interest	Total	Principal	Interest	Total
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	595,000	622,975	1,217,975	2,875,000	1,234,850	4,109,850
2027 - 2031	3,440,000	2,626,250	6,066,250	15,910,000	4,064,325	19,974,325
2032 - 2036	4,240,000	1,840,525	6,080,525	8,090,000	672,900	8,762,900
2037 - 2041	3,050,000	1,119,050	4,169,050	585,000	11,700	596,700
2042 - 2046	2,305,000	573,125	2,878,125	-	-	-
2047 - 2051	1,095,000	55,375	1,150,375	-	-	-
	<u>\$ 16,850,000</u>	<u>\$ 9,582,775</u>	<u>\$ 26,432,775</u>	<u>\$ 38,255,000</u>	<u>\$ 12,114,025</u>	<u>\$ 50,369,025</u>

Fiscal Year	Direct-Placement Special Assessment Bonds					
	Series 2016 Refunding			Total Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,421,288	\$ 298,522	\$ 1,719,810	\$ 6,406,288	\$ 8,359,172	\$ 14,765,460
2023	1,450,898	263,338	1,714,236	6,685,898	8,095,763	14,781,661
2024	1,485,444	227,368	1,712,812	6,945,444	7,815,618	14,761,062
2025	1,529,859	190,430	1,720,289	7,079,859	7,519,905	14,599,764
2026	1,564,404	152,526	1,716,930	7,374,404	7,226,151	14,600,555
2027 - 2031	5,443,336	227,126	5,670,462	38,403,336	31,070,201	69,473,537
2032 - 2036	-	-	-	34,085,000	22,300,400	56,385,400
2037 - 2041	-	-	-	30,890,000	15,369,300	46,259,300
2042 - 2046	-	-	-	29,545,000	8,816,275	38,361,275
2047 - 2051	-	-	-	25,155,000	2,231,450	27,386,450
	<u>\$ 12,895,229</u>	<u>\$ 1,359,310</u>	<u>\$ 14,254,539</u>	<u>\$ 192,570,229</u>	<u>\$ 118,804,235</u>	<u>\$ 311,374,464</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Business-Type Activities:

Water Infrastructure Finance Authority (WIFA) Loans						
Fiscal Year	Series 2021 DW *			Series 2020 DW		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ 239,979	\$ 239,979	\$ 1,431,868	\$ 1,121,177	\$ 2,553,045
2023	-	239,979	239,979	1,460,276	1,092,205	2,552,481
2024	352,042	233,383	585,425	1,489,248	1,062,658	2,551,906
2025	358,638	226,663	585,301	1,518,795	1,032,526	2,551,321
2026	365,358	219,817	585,175	1,548,928	1,001,795	2,550,723
2027 - 2031	1,932,079	991,823	2,923,902	8,217,977	4,526,245	12,744,222
2032 - 2036	2,120,002	800,380	2,920,382	9,066,197	3,661,197	12,727,394
2037 - 2041	2,326,202	590,315	2,916,517	10,001,966	2,706,862	12,708,828
2042 - 2046	2,552,458	359,820	2,912,278	11,034,320	1,654,026	12,688,346
2047 - 2051	2,800,721	106,905	2,907,626	12,173,230	492,522	12,665,752
	<u>\$ 12,807,500</u>	<u>\$ 4,009,064</u>	<u>\$ 16,816,564</u>	<u>\$ 57,942,805</u>	<u>\$ 18,351,213</u>	<u>\$ 76,294,018</u>

Water Infrastructure Finance Authority (WIFA) Loans						
Fiscal Year	Series 2020 CW			Series 2014		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 212,521	\$ 166,408	\$ 378,929	\$ 364,388	\$ 368,412	\$ 732,800
2023	216,737	162,108	378,845	375,881	356,557	732,438
2024	221,038	157,722	378,760	387,736	344,328	732,064
2025	225,423	153,250	378,673	399,966	331,713	731,679
2026	229,895	148,689	378,584	412,580	318,700	731,280
2027 - 2031	1,219,730	671,795	1,891,525	2,266,499	1,383,481	3,649,980
2032 - 2036	1,345,625	543,403	1,889,028	2,647,195	990,778	3,637,973
2037 - 2041	1,484,514	401,759	1,886,273	3,091,835	532,115	3,623,950
2042 - 2046	1,637,738	245,494	1,883,232	2,099,099	67,575	2,166,674
2047 - 2051	1,806,779	73,100	1,879,879	-	-	-
	<u>\$ 8,600,000</u>	<u>\$ 2,723,728</u>	<u>\$ 11,323,728</u>	<u>\$ 12,045,179</u>	<u>\$ 4,693,659</u>	<u>\$ 16,738,838</u>

Water Infrastructure Finance Authority (WIFA) Loans				GADA Infrastructure Revenue Loan		
Fiscal Year	Series 2008			Series 2014A		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 847,888	\$ 846,727	\$ 1,694,615	\$ 275,000	\$ 113,350	\$ 388,350
2023	882,122	811,111	1,693,233	285,000	99,100	384,100
2024	917,737	774,057	1,691,794	300,000	84,100	384,100
2025	954,791	735,508	1,690,299	315,000	71,500	386,500
2026	993,341	695,402	1,688,743	330,000	55,000	385,000
2027 - 2031	5,601,677	2,816,397	8,418,074	1,100,000	56,750	1,156,750
2032 - 2036	6,827,593	1,540,985	8,368,578	-	-	-
2037 - 2041	4,794,298	198,675	4,992,973	-	-	-
2042 - 2046	-	-	-	-	-	-
2047 - 2051	-	-	-	-	-	-
	<u>\$ 21,819,447</u>	<u>\$ 8,418,862</u>	<u>\$ 30,238,309</u>	<u>\$ 2,605,000</u>	<u>\$ 479,800</u>	<u>\$ 3,084,800</u>

Direct-Placement Debt						
Fiscal Year	Subordinate Lien Water System Revenue Obligation, Series 2013			Total Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 309,926	\$ 1,492,689	\$ 1,802,615	\$ 3,441,591	\$ 4,348,742	\$ 7,790,333
2023	334,720	1,466,759	1,801,479	3,554,736	4,227,819	7,782,555
2024	361,498	1,438,761	1,800,259	4,029,299	4,095,009	8,124,308
2025	390,417	1,408,530	1,798,947	4,163,030	3,959,690	8,122,720
2026	421,651	1,375,888	1,797,539	4,301,753	3,815,291	8,117,044
2027 - 2031	2,671,549	6,291,072	8,962,621	23,009,511	16,737,563	39,747,074
2032 - 2036	3,925,382	4,982,376	8,907,758	25,931,994	12,519,119	38,451,113
2037 - 2041	5,767,674	3,060,996	8,828,670	27,466,489	7,490,722	34,957,211
2042 - 2046	4,689,591	555,548	5,245,139	22,013,206	2,882,463	24,895,669
2047 - 2051	-	-	-	16,780,730	672,527	17,453,257
	<u>\$ 18,872,408</u>	<u>\$ 22,072,619</u>	<u>\$ 40,945,027</u>	<u>\$ 134,692,339</u>	<u>\$ 60,748,945</u>	<u>\$ 195,441,284</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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Memo Only - Total WIFA Loans			
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,856,665	\$ 2,742,703	\$ 5,599,368
2023	2,935,016	2,661,960	5,596,976
2024	3,367,801	2,572,148	5,939,949
2025	3,457,613	2,479,660	5,937,273
2026	3,550,102	2,384,403	5,934,505
2027 - 2031	19,237,962	10,389,741	29,627,703
2032 - 2036	22,006,612	7,536,743	29,543,355
2037 - 2041	21,698,815	4,429,726	26,128,541
2042 - 2046	17,323,615	2,326,915	19,650,530
2047 - 2051	16,780,730	672,527	17,453,257
	<u>\$ 113,214,931</u>	<u>\$ 38,196,526</u>	<u>\$ 151,411,457</u>

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

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

1. *Excise Tax and State-Shared Revenue Bonds, Series 2020.* In fiscal year 2020, the Town issued \$78.605 million of long-term excise tax and state-shared revenue bonds to provide funding for new transportation, public safety, and fire projects.
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.

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

<u>Debt Issue</u>	<u>Debt Service, FY 2021</u>			<u>Remaining Principal and Interest to Maturity</u>	<u>Maturity Date</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
<i>First Lien Parity Obligations:</i>					
Excise Tax and State-Shared Revenue Bonds, Series 2020	\$ -	\$ 1,987,825	\$ 1,987,825	\$ 136,749,125	8/1/2050
Excise Tax and State-Shared Revenue Bonds, Series 2018A	825,000	2,297,300	3,122,300	83,569,000	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2018B	485,000	738,200	1,223,200	26,432,775	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2016	2,460,000	1,826,850	4,286,850	50,369,025	8/1/2036
GADA Infrastructure Revenue Loan, Series 2014A	265,000	127,100	392,100	3,084,800	8/1/2028
Total Debt Service, FY 2021	<u>\$ 4,035,000</u>	<u>\$ 6,977,275</u>	<u>\$ 11,012,275</u>	<u>\$ 300,204,725</u>	
Total Excise Tax and State-Shared Revenues, FY 2021			\$ 96,817,619		

TOWN OF QUEEN CREEK, ARIZONA
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E. Special Assessment Debt (Direct-Placement Debt)

The Town's Special Assessment Improvement District No. 1 (District) was created to fund infrastructure improvements within the District, which covers most of the Town's downtown business area. The Town originally issued \$54.08 million of Special Assessment bonds in 2006 to pay for the improvements. The bonds were refinanced in fiscal year 2017 through a direct-placement with CoBiz Financial (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 2021, 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 \$14,254,540 payable through January 1, 2030.

F. 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, 2021 Drinking Water (DW)*. In fiscal year 2021, the Town obtained a loan authorization of up to \$13.3 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to acquire Diversified Water Utilities, Inc., and install an interconnection to its water system. The loan includes \$442,500 in forgivable principal. By June 30, 2021, the Town had drawn down \$10.25 million of the loan authorization, and the Town expects to draw down the remaining \$3.05 million in fiscal year 2022.
2. *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.
3. *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.
4. *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.
5. *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.

TOWN OF QUEEN CREEK, ARIZONA
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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 2021			Remaining Principal and Interest to Maturity	Maturity Date
	Principal	Interest	Total		
WIFA Loan, 2021 DW	\$ -	\$ 183,984	\$ 183,984	\$ 16,816,564	7/1/2050
WIFA Loan, 2020 DW	-	1,168,524	1,168,524	76,294,018	7/1/2050
WIFA Loan, 2020 CW	-	173,942	173,942	11,323,728	7/1/2050
WIFA Loan, 2014	100,000	379,905	479,905	16,738,838	7/1/2043
WIFA Loan, 2008	100,000	880,960	980,960	30,238,309	7/1/2038
Total Debt Service, FY 2021	\$ 200,000	\$ 2,787,315	\$ 2,987,315	\$ 151,411,457	
Total Utility System Net Revenues, FY 2021			\$ 17,110,921		

G. 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* 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 2021 was \$1,803,674, and net revenues from the water system were \$17,110,921. Total principal and interest remaining on the obligations is \$40,945,027 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.

H. 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, 2021 is \$683,852,186. This includes both Maricopa County and Pinal County assessed values. The Town’s constitutional debt limit is calculated as follows:

20% Debt Margin Limit	\$ 136,770,437
Bonded Debt Outstanding	-
Unused 20% Limitation Borrowing Capacity	<u>\$ 136,770,437</u>
6% Debt Margin Limit	\$ 41,031,131
Bonded Debt Outstanding	-
Unused 6% Limitation Borrowing Capacity	<u>\$ 41,031,131</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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.

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	Debt Service Fund	Nonmajor Governmental Funds	
Nonspendable:							
Prepaid Items	\$ 265,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,125
Restricted:							
Debt Service	-	-	-	48,239	-	-	48,239
Transportation and Town Facilities	-	-	59,688,399	-	-	63,790,616	123,479,015
Street Lighting Districts	-	-	-	-	-	388,838	388,838
Contractual Agreements	903,250	-	-	-	-	-	903,250
Housing Rehabilitation	-	-	-	-	-	80,945	80,945
Total Restricted	903,250	-	59,688,399	48,239	-	64,260,399	124,900,287
Committed:							
Pension Liabilities	45,744,017	-	-	-	-	-	45,744,017
Transportation and Town Facilities	-	4,273,389	-	-	-	1,227,222	5,500,611
Total Committed	45,744,017	4,273,389	-	-	-	1,227,222	51,244,628
Assigned:							
Debt Service	-	-	-	-	1,569	-	1,569
Transportation and Town Facilities	-	-	7,445,421	-	-	-	7,445,421
Parks and Community Events	-	-	-	-	-	163,210	163,210
Total Committed	-	-	7,445,421	-	1,569	163,210	7,610,200
Unassigned	43,502,777	-	-	-	-	(384,913)	43,117,864
Total Fund Balance	\$ 90,415,169	\$ 4,273,389	\$ 67,133,820	\$ 48,239	\$ 1,569	\$ 65,265,918	\$ 227,138,104

C. Deficit Fund Balances

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, of 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, 2021, 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	\$ 21,161,060	\$ 8,656,409	\$ 29,817,469
Deferred Outflows of Resources	10,760,785	2,068,948	12,829,733
Deferred Inflows of Resources	8,380	-	8,380
Pension Expense	3,591,192	1,458,109	5,049,301

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The Town's accrued payroll and employee benefits includes \$187,773 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2021. Also, the Town reported \$4,787,095 of pension contributions as expenditures in the governmental 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	Sum of years and age equals 80	30 years, age 55
and age required	10 years, age 62	25 years, age 60
to receive benefit	5 years, age 50*	10 years, age 62
	any years, age 65	5 years, age 50*
		any years, age 65
Final average	Highest 36 consecutive	Highest 60 consecutive
salary is based on	months of last 120 months	months of last 120 months
Benefit percentage	2.1% to 2.3%	2.1% to 2.3%
per year of service		

* With actuarially reduced benefits

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22% (12.04% for retirement and 0.18% for long-term disability) of the members' annual covered payroll, and statute required the Town to

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contribute at the actuarially determined rate of 12.22% (11.65% for retirement, 0.39% for the health insurance premium benefit, and 0.18% 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 10.21% (10.14% for retirement 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, 2021, were \$2,199,552, and were paid 60% from the General Fund, 32% from major funds, and 8% from other funds.

Pension Liability – At June 30, 2021, the Town reported a liability of \$28,065,497 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2020. 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, 2019 to the measurement date of June 30, 2020.

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, 2020. The Town's proportion measured as of June 30, 2020, was 0.16198%, which was an increase of 0.01221% from its proportion measured as of June 30, 2019.

Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2021, the Town recognized pension expense for ASRS of \$4,087,435. At June 30, 2021, 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	\$ 253,901	\$ -
Net difference between projected and actual earnings on pension plan investments	2,706,950	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,547,466	-
Town contributions subsequent to the measurement date	2,199,552	-
	\$ 6,707,869	\$ -

The \$2,199,552 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ 1,289,909
2023	1,402,030
2024	979,133
2025	837,245

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YEAR ENDED JUNE 30, 2021

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

Actuarial Valuation Date	June 30, 2019
Actuarial Roll Forward Date	June 30, 2020
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, 2019 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%	6.39%
Fixed income - credit	20%	5.44%
Fixed income - interest rate sensitive	10%	0.22%
Real Estate	20%	5.85%
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the ASRS total pension 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	\$ 38,379,187	\$ 28,065,497	\$ 19,443,783

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

TOWN OF QUEEN CREEK, ARIZONA
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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. Firefighters 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.

Town police officers have a separate plan however, as the police department is new to the Town for fiscal year 2021 reports from PSPRS are not available. Any liabilities would be insignificant at this point given the small size of the startup staff for the police department. The Town has been following the contribution rates prescribed by PSPRS and has continued to receive all policing services from the County Sheriff’s office and will continue to do so until the expected switch is made in January 2022.

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The report is available on the PSPRS website at www.psprs.com.

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

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

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Retirement and Disability	Initial Membership Date		
	Before January 1, 2012	On or After January 1, 2012 and Before July 1, 2017	On or After July 1, 2017
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5	15 or more years of service, age 55 15 years of credited service, age 52.5*
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of the last 20 years	Highest 60 consecutive months of the last 15 years
Benefit percentage			
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater		
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater		
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20		
Survivor Benefit			
Retired Members	80-100% of retired member's pension benefit		
Active Members	80-100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job		

* With actuarially reduced benefits.

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

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

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

Contributions and Annual OPEB Cost – State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contributions rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	PSPRS Firefighters
Active Member Contributions:	
Tier One Members	7.65%
Tier Two Members	11.65%
Tier Three Members	9.94%
Town Contributions	
Pension	9.35% - 15.76%

The Town's contribution to the pension plan for the year ended June 30, 2021 was \$2,587,543. 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, 2021, the Town reported the following net pension liability:

	Net Pension Liability
PSPRS Firefighters	\$ 1,751,972

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Actuarial Valuation Date	June 30, 2020
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, 2020, valuation were based on results of an actuarial experience study for the 5-year period ended June 30, 2017.

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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Public Equity	23%	4.93%
International Public Equity	15%	6.09%
Global Private Equity	18%	8.42%
Other Assets (Capital Apprecia	7%	5.61%
Core Bonds	2%	0.22%
Private Credit	22%	5.31%
Diversifying Strategies	12%	3.22%
Cash - Mellon	1%	-0.60%
Total	100%	

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Pension Discount Rates – At June 30, 2020, the discount rate was used to measure the total pension liability was 7.3%. The projection of cash flows used to determine the PSPRS discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the actuarially determined contribution rate and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

PSPRS - Firefighters	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance beginning of the year	\$ 11,913,400	\$ 11,227,863	685,537
Changes for the Year:			
Service Cost	996,494	-	996,494
Interest on the Total Pension Liability	937,489	-	937,489
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	1,334,175	-	1,334,175
Contributions - Employer	-	1,635,722	(1,635,722)
Contributions - Employee	-	460,110	(460,110)
Net Investment Income	-	152,446	(152,446)
Benefit Payments, Including Refunds of Employee Contributions	(135,152)	(135,152)	-
Administrative Expenses	-	(50,794)	50,794
Other Changes	-	4,239	(4,239)
Net Changes	<u>3,133,006</u>	<u>2,066,571</u>	<u>1,066,435</u>
Balance end of the year	<u>\$ 15,046,406</u>	<u>\$ 13,294,434</u>	<u>\$ 1,751,972</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)	\$ 4,782,716	\$ 1,751,972	\$ (662,909)

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, 2021, the Town recognized the following pension expense:

PSPRS Firefighters	Pension Expense <u>\$ 961,866</u>
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Pension Deferred Outflows/Inflows of Resources – At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,262,194	\$ 8,380
Changes of assumptions or other inputs	601,335	-
Net difference between projected and actual earnings on pension plan investments	670,792	-
Town contributions subsequent to the measurement date	2,587,543	-
	<u>\$ 6,121,864</u>	<u>\$ 8,380</u>

The \$2,587,543 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>PSPRS Firefighters</u>
2022	\$ 417,096
2023	469,633
2024	460,318
2025	421,925
2026	274,545
Thereafter	1,482,424

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, 2021, 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, 2021, the Town abated \$45,375 in property taxes as a result of the GPLET abatement agreements.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

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, 2021 was \$32,300,317 and is recorded as an asset in the Town's Wastewater Fund. The Town does not anticipate significant changes that would result in a financial burden or benefit. The joint venture does not issue separate financial statements.

B. Jointly Governed Organizations

Phoenix-Mesa Gateway Airport Authority (PMGAA) is a non-profit corporation established and funded by the Towns of Queen Creek and Gilbert, the Cities of Mesa and Phoenix, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base, which was closed in September 1993 and became Phoenix-Mesa Gateway Airport. The airport has three runways and a passenger terminal, and is positioned to be a reliever airport to Phoenix's Sky Harbor International Airport. The Board of Directors consists of the mayors of the respective communities and the governor of the tribal community. The Town contributed \$130,000 to PMGAA in fiscal year 2021.

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

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

Rittenhouse Bridge. The Town has an IGA with Maricopa County wherein the County has agreed to fund half of the costs of construction of Rittenhouse Bridge spanning the Queen Creek Wash. The County's contribution to the project will be \$2.3 million and the project is expected to be completed in the fall of 2021.

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

Signal Butte Road. The Town has an IGA with the City of Mesa wherein the Town agreed to fund the costs of construction of Signal Butte Road from Germann Road to the future State Road 24 intersection. Mesa will manage the design and construction of the project through completion. 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. This project was out to bid in September 2021 and construction should begin shortly.

Meridian Road (from Combs Road to Germann Road). The Town has an IGA with Pinal County wherein the County has agreed to fund 50% of the cost of design and construction of Meridian Road improvements from Combs Road to Germann Road. The County's estimated contribution is \$4.5 million. Construction of the improvements are expected to be finished in spring 2022.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

Meridian Road (from Germann Road to State Route 24). The Town has an IGA with Pinal County wherein the County has agreed to fund 50% of the cost of design and construction of Meridian Road improvements from Germann Road to the future State Road 24 intersection. The County's estimated contribution is \$8.5 million. Construction of the improvements is expected to be finished in spring 2022.

Chandler Heights Road. The Town has an IGA with Maricopa County and the Town of Gilbert wherein the Town has agreed to design and construct improvements to Chandler Heights Road from Recker Road to Power Road. The County and Gilbert have agreed to fund 100% of the costs of the \$5.7 million project, which is expected to be finished in spring 2022.

Traffic Signal Improvements. The Town has entered into an IGA with the State of Arizona, Department of Transportation (ADOT) in order to upgrade the Town's existing traffic signal detection equipment and software. ADOT will act as the Town's agent for the project and secure Federal Funds totaling \$1.5 million of the estimated \$1.7 million total project costs.

Queen Creek Wash Trail. The Town has entered into an IGA with the State of Arizona, Department of Transportation (ADOT) for the construction of a multi-use pathway along the Queen Creek Wash. ADOT will act as the Town's agent for the project and secure Federal Funds totaling \$768,152 of the estimated \$1.3 million total project costs.

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 obligations. The Pool has the authority to assess its members additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations.

B. Contingent Liabilities

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

NOTE 15. SUBSEQUENT EVENTS

A. NIA Water Contract

On August 4, 2021, Town Council approved a contract associated with the acquisition of Non-Indian Agricultural Priority Water from the Central Arizona Water Conservation District. In order to receive this water, Queen Creek is required to pay one-time back capital charges and 9(d) debt. Those costs have been identified at \$1,962 per AF, with the Town's obligation totaling \$8.2 million which was paid on September 29, 2021.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

The Town has partnered with the Water Infrastructure Finance Authority of Arizona (WIFA) to finance these one-time costs. On October 28, 2021, the WIFA Board approved the Town's loan application for \$8.275 million to be financed over 30 years. The Town is expected to close on the loan on December 3, 2021.

B. Utility Infrastructure Project Financing

On November 3, 2021, Town Council approved the sale of \$85 million of subordinate lien excise tax and state shared revenue obligations to finance utility infrastructure projects. This interim debt will be issued as a direct-placement loan with US Bank with a maturity date of June 1, 2025, at a variable interest rate that resets weekly. Although the Town pledged excise taxes to secure the loan, interest on the loan will be repaid from utility revenues. The Town expects to refinance the loan with long-term financing before the maturity date.

C. Utility Infrastructure Project Financing

On November 17, 2021, Town Council approved a purchase and sales agreement with Harquahala Valley Land Owners, LLC, for an amount not to exceed \$31M to purchase 500,000 acre feet of groundwater to be withdrawn over the next 100 years. The Town will have a one year due diligence period that can be extended up to an additional 360 days to investigate, examine, and evaluate the details of the purchase. Final payment is due within 60 days of completion of all necessary approvals.

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, 2021

Arizona State Retirement System

	Reporting Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
Town's Proportion of the Net Pension Liability	0.161980%	0.149770%	0.142370%
Town's Proportionate Share of the Net Pension Liability	\$ 28,065,497	\$ 21,793,278	\$ 19,855,605
Town's Covered Payroll	15,809,849	15,825,893	13,843,824
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	177.52%	137.71%	143.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.33%	73.24%	73.40%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year (Measurement Date)			
2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
0.135270%	0.126160%	0.118690%	0.097621%
\$ 21,072,429	\$ 20,363,491	\$ 18,487,672	\$ 14,444,571
12,555,709	11,783,167	10,732,389	9,043,494
167.83%	172.82%	172.26%	159.72%
69.92%	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, 2021

PSPRS Fire

	Reporting Year (Measurement Date)		
	2021 (2020)	2020 (2019)	2019 (2018)
Total Pension Liability			
Service Cost	\$ 996,494	\$ 1,012,408	\$ 834,829
Interest on the Total Pension Liability	937,489	783,592	640,918
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	1,334,175	321,036	(10,396)
Changes of Assumptions or Other Inputs	-	285,948	-
Benefit Payments, Including Refunds of Employee Contributions	(135,152)	(132,502)	(132,132)
Net Change in Total Pension Liability	3,133,006	2,270,482	1,333,219
Total Pension Liability - Beginning	11,913,400	9,642,918	8,309,699
Total Pension Liability - Ending (a)	15,046,406	11,913,400	9,642,918
Plan Fiduciary Net Position			
Contributions - Employer	1,635,722	778,481	1,763,985
Contributions - Employee	460,110	474,279	342,056
Net Investment Income	152,446	556,726	560,374
Benefit Payments, Including Refunds of Employee Contributions	(135,152)	(132,502)	(132,132)
Hall/Parker Settlement	-	-	(364,237)
Administrative Expenses	(50,794)	(10,665)	(9,229)
Other Changes	4,239	(1,111)	83
Net Change in Plan Fiduciary Net Position	2,066,571	1,665,208	2,160,900
Plan Fiduciary Net Position - Beginning	11,227,863	9,562,655	7,401,755
Plan Fiduciary Net Position - Ending (b)	13,294,434	11,227,863	9,562,655
Town's Net Pension Liability - Ending (a) - (b)	\$ 1,751,972	\$ 685,537	\$ 80,263
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.36%	94.25%	99.17%
Covered Payroll	\$ 4,858,290	\$ 4,464,356	\$ 3,838,295
Town's Net Pension Liability as a Percentage of Covered Payroll	36.06%	15.36%	2.09%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year (Measurement Date)			
2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
\$ 751,557	\$ 445,706	\$ 392,089	\$ 353,480
510,514	393,828	341,882	235,479
64,957	606,223	-	12,393
509,418	37,328	67,556	685,945
106,791	320,534	-	176,038
(129,228)	(203,984)	(129,228)	(125,141)
1,814,009	1,599,635	672,299	1,338,194
6,495,690	4,896,055	4,223,756	2,885,562
8,309,699	6,495,690	4,896,055	4,223,756
785,199	752,649	1,807,100	318,427
342,598	284,138	264,558	275,273
727,913	30,764	110,386	291,024
(129,228)	(203,984)	(129,228)	(125,141)
-	-	-	-
(6,841)	(4,827)	(3,085)	-
(50,230)	160,155	(60,116)	38,612
1,669,411	1,018,895	1,989,615	798,195
5,732,344	4,713,449	2,723,834	1,925,639
7,401,755	5,732,344	4,713,449	2,723,834
\$ 907,944	\$ 763,346	\$ 182,606	\$ 1,499,922
89.07%	88.25%	96.27%	64.49%
\$ 3,455,435	\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
26.28%	31.19%	7.75%	70.44%

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN PENSION CONTRIBUTIONS
JUNE 30, 2021**

Arizona State Retirement System

	Reporting Fiscal Year		
	2021	2020	2019
Statutorily Required Contribution	\$ 2,199,552	\$ 2,018,030	\$ 1,754,889
Town's Contribution in Relation to the Statutorily Required Contribution	2,199,552	2,018,030	1,754,889
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 19,060,515	\$ 15,809,849	\$ 15,825,893
Town's Contributions as a Percentage of Covered Payroll	11.54%	12.76%	11.09%

PSPRS Fire

	Reporting Fiscal Year		
	2021	2020	2019
Actuarially Determined Contribution	\$ 835,571	\$ 773,803	\$ 769,406
Town's Contribution in Relation to the Actuarially Determined Contribution	2,587,543	1,473,803	1,096,454
Town's Contribution Deficiency (Excess)	<u>\$ (1,751,972)</u>	<u>\$ (700,000)</u>	<u>\$ (327,048)</u>
Town's Covered Payroll	\$ 6,731,582	\$ 4,858,290	\$ 4,464,356
Town's Contributions as a Percentage of Covered Payroll	38.44%	30.34%	24.56%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Fiscal Year

2018	2017	2016	2015	2014
\$ 1,535,419	\$ 1,422,375	\$ 1,281,699	\$ 1,144,335	\$ 1,013,052
1,535,419	1,422,375	1,281,699	1,144,335	1,013,052
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 13,843,824	\$ 12,555,709	\$ 11,783,167	\$ 10,732,389	\$ 9,043,494
11.09%	11.33%	10.88%	10.66%	11.20%

Reporting Fiscal Year

2018	2017	2016	2015	2014
\$ 727,892	\$ 400,644	\$ 446,372	\$ 322,368	\$ 318,427
1,385,632	785,199	752,649	1,807,100	318,427
\$ (657,740)	\$ (384,555)	\$ (306,277)	\$ (1,484,732)	\$ -
\$ 3,838,295	\$ 3,455,435	\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
36.10%	22.72%	30.75%	76.74%	14.95%

**TOWN OF QUEEN CREEK, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO PENSION SCHEDULES
 YEAR ENDED JUNE 30, 2021**

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 2019 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, 2021

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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 20,826,717	\$ 37,915,130	\$ 42,672,524	\$ 4,757,394
Intergovernmental	12,212,500	12,889,892	13,310,131	420,239
Licenses, Permits and Fees	5,075,500	9,233,300	11,565,749	2,332,449
Charges for Services	2,174,060	2,174,060	2,588,682	414,622
Investment Income	472,000	472,000	560,335	88,335
Miscellaneous	103,500	103,500	334,779	231,279
Total Revenues	<u>40,864,277</u>	<u>62,787,882</u>	<u>71,032,200</u>	<u>8,244,318</u>
EXPENDITURES				
Current:				
Mayor and Town Council	439,120	442,362	372,733	69,629
Town Manager	1,168,570	1,197,533	1,117,684	79,849
Town Clerk and Legal Services	771,598	897,897	841,565	56,332
Finance	2,203,392	3,098,108	2,642,717	455,391
Economic Development	790,833	1,465,206	1,363,860	101,346
Communications, Marketing and Recreation Services	1,953,623	2,087,605	1,984,300	103,305
Workforce and Technology	4,364,109	4,530,279	4,219,098	311,181
Development Services	3,319,502	3,574,270	3,398,275	175,995
Public Works	7,973,492	8,567,942	6,805,749	1,762,193
Centralized Services/Contingency	2,593,750	2,180,460	2,032,414	148,046
Total Expenditures	<u>25,577,989</u>	<u>28,041,662</u>	<u>24,778,395</u>	<u>3,263,267</u>
Excess (Deficiency) of Revenues Over Expenditures	15,286,288	34,746,220	46,253,805	11,507,585
OTHER FINANCING SOURCES (USES)				
Transfers In	-	59,809	59,809	-
Transfers Out	(20,704,624)	(20,514,698)	(11,740,061)	8,774,637
Total Other Financing Sources (Uses)	<u>(20,704,624)</u>	<u>(20,454,889)</u>	<u>(11,680,252)</u>	<u>8,774,637</u>
Net Change in Fund Balances	<u>\$ (5,418,336)</u>	<u>\$ 14,291,331</u>	<u>\$ 34,573,553</u>	<u>\$ 20,282,222</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 4,134,393	\$ 12,511,525	\$ 13,052,827	\$ 541,302
Investment Income	-	-	83	83
Total Revenues	4,134,393	12,511,525	13,052,910	541,385
EXPENDITURES				
Current:				
Debt Service:				
Interest on Long-Term Debt	146,147	-	-	-
Total Expenditures	146,147	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	3,988,246	12,511,525	13,052,910	541,385
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,000,000	2,000,000	-
Transfers Out	(6,714,416)	(12,007,254)	(10,863,758)	1,143,496
Total Other Financing Sources (Uses)	(6,714,416)	(10,007,254)	(8,863,758)	1,143,496
Net Change in Fund Balances	\$ (2,726,170)	\$ 2,504,271	\$ 4,189,152	\$ 1,684,881

See Notes to Budgetary Comparison Schedule, Required Supplementary Information

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2021**

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 124 through 125. 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	\$ 92,324,533	\$ (51,996,132)	\$ (6,437,211)	\$ 56,523,979	\$ 90,415,169
Other Funds Included in General Fund - Budgeted as Special Revenue Funds:					
Emergency Services Fund	(26,108,329)	27,491,326	(1,504,997)	(56,603)	(178,603)
Horseshoe Park and Equestrian Center	(778,035)	1,318,538	(549,230)	3,317	(5,410)
Interdepartmental Support Revenue	4,912,052	(1,723,238)	(3,188,814)	-	-
GAAP Adjustments	681,979	131,111	-	460,906	1,273,996
Budgetary Comparison Schedule - General Fund	<u>\$ 71,032,200</u>	<u>\$ (24,778,395)</u>	<u>\$ (11,680,252)</u>	<u>\$ 56,931,599</u>	<u>\$ 91,505,152</u>

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2021**

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.

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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.

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and Investments	\$ 6,654,062	\$ 43,559,722	\$ 50,213,784
Restricted Cash and Investments	-	20,607,822	20,607,822
Receivables:			
Accounts Receivable	30,898	13,162	44,060
Taxes Receivable	133,102	-	133,102
Intergovernmental Receivable	435,961	-	435,961
Total Assets	<u>\$ 7,254,023</u>	<u>\$ 64,180,706</u>	<u>\$ 71,434,729</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,528,663	\$ 1,720,167	\$ 3,248,830
Accrued Wages and Benefits	72,221	-	72,221
Retainage Payable	-	426,360	426,360
Unearned Revenues	2,407,947	-	2,407,947
Total Liabilities	<u>4,008,831</u>	<u>2,146,527</u>	<u>6,155,358</u>
Deferred Inflows of Resources:			
Unavailable Revenues	291	13,162	13,453
Fund Balances:			
Restricted	1,854,469	62,405,930	64,260,399
Committed	1,227,222	-	1,227,222
Assigned	163,210	-	163,210
Unassigned	-	(384,913)	(384,913)
Total Fund Balances	<u>3,244,901</u>	<u>62,021,017</u>	<u>65,265,918</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,254,023</u>	<u>\$ 64,180,706</u>	<u>\$ 71,434,729</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Project Funds	Totals
REVENUES			
Local Sales Tax	\$ 1,148,803	\$ -	\$ 1,148,803
Intergovernmental	6,244,235	122,358	6,366,593
Special Assessments	55,704	-	55,704
Charges for Services	95,169	-	95,169
Contributions	11,167	-	11,167
Impact Fees	-	17,073,453	17,073,453
Investment Income	17,137	203,250	220,387
Miscellaneous	52,831	-	52,831
Total Revenues	<u>7,625,046</u>	<u>17,399,061</u>	<u>25,024,107</u>
EXPENDITURES			
Current:			
General Government	-	142,370	142,370
Highways and Streets	5,128,411	-	5,128,411
Culture and Recreation	29,048	-	29,048
Economic Development	179,282	-	179,282
Capital Outlay	389,368	9,516,390	9,905,758
Total Expenditures	<u>5,726,109</u>	<u>9,658,760</u>	<u>15,384,869</u>
Excess (Deficiency) of Revenues Over Expenditures	1,898,937	7,740,301	9,639,238
OTHER FINANCING SOURCES (USES)			
Transfers In	-	11,038,288	11,038,288
Transfers Out	(657,555)	(11,826,227)	(12,483,782)
Total Other Financing Sources (Uses)	<u>(657,555)</u>	<u>(787,939)</u>	<u>(1,445,494)</u>
Net Change in Fund Balances	1,241,382	6,952,362	8,193,744
FUND BALANCES			
Beginning of Year	2,003,519	55,068,655	57,072,174
End of Year	<u>\$ 3,244,901</u>	<u>\$ 62,021,017</u>	<u>\$ 65,265,918</u>

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Local		
	Highway Users Revenue	Transportation Assistance	Town Center
ASSETS			
Cash and Investments	\$ 2,077,776	\$ 364,053	\$ 1,154,972
Receivables:			
Accounts Receivable	30,898	-	-
Taxes Receivable	-	-	132,478
Intergovernmental Receivable	435,961	-	-
Total Assets	<u>\$ 2,544,635</u>	<u>\$ 364,053</u>	<u>\$ 1,287,450</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,444,260	\$ 7,521	\$ 60,228
Accrued Wages and Benefits	72,221	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>1,516,481</u>	<u>7,521</u>	<u>60,228</u>
Deferred Inflows of Resources:			
Unavailable Revenues	-	-	-
Fund Balances:			
Restricted	1,028,154	356,532	-
Committed	-	-	1,227,222
Assigned	-	-	-
Total Fund Balances	<u>1,028,154</u>	<u>356,532</u>	<u>1,227,222</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,544,635</u>	<u>\$ 364,053</u>	<u>\$ 1,287,450</u>

Street Lighting Districts	Housing Rehab	Parks and Recreation	Community Events	Grants	Totals
\$ 403,867	\$ 80,945	\$ -	\$ 164,502	\$ 2,407,947	\$ 6,654,062
-	-	-	-	-	30,898
624	-	-	-	-	133,102
-	-	-	-	-	435,961
<u>\$ 404,491</u>	<u>\$ 80,945</u>	<u>\$ -</u>	<u>\$ 164,502</u>	<u>\$ 2,407,947</u>	<u>\$ 7,254,023</u>
\$ 15,362	\$ -	\$ -	\$ 1,292	\$ -	\$ 1,528,663
-	-	-	-	-	72,221
-	-	-	-	2,407,947	2,407,947
<u>15,362</u>	<u>-</u>	<u>-</u>	<u>1,292</u>	<u>2,407,947</u>	<u>4,008,831</u>
291	-	-	-	-	291
388,838	80,945	-	-	-	1,854,469
-	-	-	-	-	1,227,222
-	-	-	163,210	-	163,210
<u>388,838</u>	<u>80,945</u>	<u>-</u>	<u>163,210</u>	<u>-</u>	<u>3,244,901</u>
<u>\$ 404,491</u>	<u>\$ 80,945</u>	<u>\$ -</u>	<u>\$ 164,502</u>	<u>\$ 2,407,947</u>	<u>\$ 7,254,023</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, 2021

	Highway Users Revenue	Local Transportation Assistance	Town Center
REVENUES			
Local Sales Tax	\$ -	\$ -	\$ 1,148,803
Intergovernmental	6,244,235	-	-
Special Assessments	-	-	-
Charges for Services	-	-	95,169
Contributions	-	-	-
Investment Income	6,601	-	6,704
Miscellaneous	52,831	-	-
Total Revenues	<u>6,303,667</u>	<u>-</u>	<u>1,250,676</u>
EXPENDITURES			
Current:			
Highways and Streets	4,915,680	34,318	-
Culture and Recreation	-	-	-
Economic Development	-	-	179,282
Capital Outlay	95,962	-	293,406
Total Expenditures	<u>5,011,642</u>	<u>34,318</u>	<u>472,688</u>
Excess (Deficiency) of Revenues Over Expenditures	1,292,025	(34,318)	777,988
OTHER FINANCING SOURCES (USES)			
Transfers Out	(263,871)	-	(333,875)
Total Other Financing Sources (Uses)	<u>(263,871)</u>	<u>-</u>	<u>(333,875)</u>
Net Change in Fund Balances	1,028,154	(34,318)	444,113
FUND BALANCES			
Beginning of Year	-	390,850	783,109
End of Year	<u>\$ 1,028,154</u>	<u>\$ 356,532</u>	<u>\$ 1,227,222</u>

Street Lighting Districts	Housing Rehab	Parks and Recreation	Community Events	Grants	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,148,803
-	-	-	-	-	6,244,235
55,704	-	-	-	-	55,704
-	-	-	-	-	95,169
-	-	-	11,167	-	11,167
3,266	566	-	-	-	17,137
-	-	-	-	-	52,831
58,970	566	-	11,167	-	7,625,046
178,413	-	-	-	-	5,128,411
-	-	-	29,048	-	29,048
-	-	-	-	-	179,282
-	-	-	-	-	389,368
178,413	-	-	29,048	-	5,726,109
(119,443)	566	-	(17,881)	-	1,898,937
-	-	(59,809)	-	-	(657,555)
-	-	(59,809)	-	-	(657,555)
(119,443)	566	(59,809)	(17,881)	-	1,241,382
508,281	80,379	59,809	181,091	-	2,003,519
\$ 388,838	\$ 80,945	\$ -	\$ 163,210	\$ -	\$ 3,244,901

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Town Building Development	Transportation Development	Library Development
ASSETS			
Cash and Investments	\$ 2,892,107	\$ 12,420,686	\$ 2,063,906
Restricted Cash and Investments	-	1,645,806	-
Receivables:			
Accounts Receivable	-	-	-
Total Assets	\$ 2,892,107	\$ 14,066,492	\$ 2,063,906
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Retainage Payable	-	-	-
Total Liabilities	-	-	-
Deferred Inflows of Resources:			
Unavailable Revenues	-	-	-
Fund Balances:			
Restricted	2,892,107	14,066,492	2,063,906
Unassigned	-	-	-
Total Fund Balances	2,892,107	14,066,492	2,063,906
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,892,107	\$ 14,066,492	\$ 2,063,906

Park Development	Public Safety Development	Fire Development	General Capital Improvement	Totals
\$ 19,828,380	\$ 638,593	\$ 3,954,436	\$ 1,761,614	\$ 43,559,722
-	-	7,954,364	11,007,652	20,607,822
-	-	-	13,162	13,162
<u>\$ 19,828,380</u>	<u>\$ 638,593</u>	<u>\$ 11,908,800</u>	<u>\$ 12,782,428</u>	<u>\$ 64,180,706</u>
\$ -	\$ -	\$ -	\$ 1,720,167	\$ 1,720,167
-	-	-	426,360	426,360
-	-	-	2,146,527	2,146,527
-	-	-	13,162	13,162
19,828,380	638,593	11,908,800	11,007,652	62,405,930
-	-	-	(384,913)	(384,913)
<u>19,828,380</u>	<u>638,593</u>	<u>11,908,800</u>	<u>10,622,739</u>	<u>62,021,017</u>
<u>\$ 19,828,380</u>	<u>\$ 638,593</u>	<u>\$ 11,908,800</u>	<u>\$ 12,782,428</u>	<u>\$ 64,180,706</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, 2021

	Town Building Development	Transportation Development	Library Development
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Impact Fees	184,521	5,019,181	404,818
Investment Income	21,145	16,614	14,133
Total Revenues	<u>205,666</u>	<u>5,035,795</u>	<u>418,951</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	205,666	5,035,795	418,951
OTHER FINANCING SOURCES (USES)			
Transfers In	-	6,058,844	-
Transfers Out	(286,957)	(5,248,275)	(232,909)
Total Other Financing Sources (Uses)	<u>(286,957)</u>	<u>810,569</u>	<u>(232,909)</u>
Net Change in Fund Balances	(81,291)	5,846,364	186,042
FUND BALANCES			
Beginning of Year	2,973,398	8,220,128	1,877,864
End of Year	<u>\$ 2,892,107</u>	<u>\$ 14,066,492</u>	<u>\$ 2,063,906</u>

Park Development	Public Safety Development	Fire Development	General Capital Improvement	Totals
\$ -	\$ -	\$ -	\$ 122,358	\$ 122,358
7,701,470	1,282,818	2,480,645	-	17,073,453
113,006	5,606	26,654	6,092	203,250
<u>7,814,476</u>	<u>1,288,424</u>	<u>2,507,299</u>	<u>128,450</u>	<u>17,399,061</u>
-	-	-	142,370	142,370
-	-	-	9,516,390	9,516,390
-	-	-	9,658,760	9,658,760
7,814,476	1,288,424	2,507,299	(9,530,310)	7,740,301
-	-	-	4,979,444	11,038,288
(939,831)	(1,000,903)	(4,117,352)	-	(11,826,227)
<u>(939,831)</u>	<u>(1,000,903)</u>	<u>(4,117,352)</u>	<u>4,979,444</u>	<u>(787,939)</u>
6,874,645	287,521	(1,610,053)	(4,550,866)	6,952,362
12,953,735	351,072	13,518,853	15,173,605	55,068,655
<u>\$ 19,828,380</u>	<u>\$ 638,593</u>	<u>\$ 11,908,800</u>	<u>\$ 10,622,739</u>	<u>\$ 62,021,017</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,433,922	\$ 7,433,922	\$ 1,605,182	\$ (5,828,740)
Contributions	-	-	899,236	899,236
Investment Income	-	-	25,531	25,531
Total Revenues	<u>7,433,922</u>	<u>7,433,922</u>	<u>2,529,949</u>	<u>(4,903,973)</u>
EXPENDITURES				
Current:				
Highways and Streets	1,088,445	1,151,449	967,403	184,046
Capital Outlay	99,271,178	137,954,014	21,276,361	116,677,653
Total Expenditures	<u>100,359,623</u>	<u>139,105,463</u>	<u>22,243,764</u>	<u>116,861,699</u>
Excess (Deficiency) of Revenues Over Expenditures	(92,925,701)	(131,671,541)	(19,713,815)	111,957,726
OTHER FINANCING SOURCES (USES)				
Transfers In	14,080,459	14,080,459	9,305,877	(4,774,582)
Total Other Financing Sources (Uses)	<u>14,080,459</u>	<u>14,080,459</u>	<u>9,305,877</u>	<u>(4,774,582)</u>
Net Change in Fund Balances	<u>\$ (78,845,242)</u>	<u>\$ (117,591,082)</u>	<u>\$ (10,407,938)</u>	<u>\$ 107,183,144</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	(8,464)
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(935,288)
Accounts Payable amounts not accrued on a Budgetary Basis	<u>(1,515,675)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ (12,867,365)</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 1,736,651	\$ 1,736,651	\$ 1,782,814	\$ 46,163
Charges for Services	-	-	460	460
Total Revenues	<u>1,736,651</u>	<u>1,736,651</u>	<u>1,783,274</u>	<u>46,623</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	1,386,743	1,386,743	1,386,743	-
Interest on Long-Term Debt	349,908	349,908	332,921	16,987
Total Expenditures	<u>1,736,651</u>	<u>1,736,651</u>	<u>1,719,664</u>	<u>16,987</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,610</u>	<u>\$ 63,610</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Debt Service:				
Principal Retirement	\$ 3,770,000	\$ 3,770,000	\$ 3,770,000	\$ -
Interest on Long-Term Debt	7,182,351	6,860,176	6,859,400	776
Total Expenditures	<u>10,952,351</u>	<u>10,630,176</u>	<u>10,629,400</u>	<u>776</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (10,952,351)	 (10,630,176)	 (10,629,400)	 776
OTHER FINANCING SOURCES (USES)				
Transfers In	10,952,351	10,630,176	10,629,400	(776)
Total Other Financing Sources (Uses)	<u>10,952,351</u>	<u>10,630,176</u>	<u>10,629,400</u>	<u>(776)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
HIGHWAY USERS REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,935,600	\$ 6,036,200	\$ 6,244,235	\$ 208,035
Investment Income	-	-	6,601	6,601
Miscellaneous	-	-	52,831	52,831
Total Revenues	<u>4,935,600</u>	<u>6,036,200</u>	<u>6,303,667</u>	<u>267,467</u>
EXPENDITURES				
Current:				
Highways and Streets	4,667,390	6,097,808	4,898,375	1,199,433
Capital Outlay	101,500	101,500	95,962	5,538
Total Expenditures	<u>4,768,890</u>	<u>6,199,308</u>	<u>4,994,337</u>	<u>1,204,971</u>
Excess (Deficiency) of Revenues Over Expenditures	166,710	(163,108)	1,309,330	1,472,438
OTHER FINANCING SOURCES (USES)				
Transfers In	97,161	97,161	-	(97,161)
Transfers Out	(263,871)	(263,871)	(263,871)	-
Total Other Financing Sources (Uses)	<u>(166,710)</u>	<u>(166,710)</u>	<u>(263,871)</u>	<u>(97,161)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (329,818)</u>	<u>\$ 1,045,459</u>	<u>\$ 1,375,277</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	<u>(17,305)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 1,028,154</u>

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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Highways and Streets	-	125,000	34,318	90,682
Total Expenditures	-	125,000	34,318	90,682
Net Change in Fund Balances	\$ -	\$ (125,000)	\$ (34,318)	\$ 90,682

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
TOWN CENTER FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 669,998	\$ 927,265	\$ 1,148,803	\$ 221,538
Charges for Services	93,850	93,850	95,169	1,319
Investment Income	6,500	6,500	6,704	204
Total Revenues	<u>770,348</u>	<u>1,027,615</u>	<u>1,250,676</u>	<u>223,061</u>
EXPENDITURES				
Current:				
Economic Development	1,146,441	1,284,546	473,010	811,536
Total Expenditures	<u>1,146,441</u>	<u>1,284,546</u>	<u>473,010</u>	<u>811,536</u>
Excess (Deficiency) of Revenues Over Expenditures	(376,093)	(256,931)	777,666	1,034,597
OTHER FINANCING SOURCES (USES)				
Transfers Out	(398,875)	(398,875)	(333,875)	65,000
Total Other Financing Sources (Uses)	<u>(398,875)</u>	<u>(398,875)</u>	<u>(333,875)</u>	<u>65,000</u>
Net Change in Fund Balances	<u>\$ (774,968)</u>	<u>\$ (655,806)</u>	<u>\$ 443,791</u>	<u>\$ 1,099,597</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Prepaid Expenses are Recognized when Incurred for GAAP, Paid for Budget	322
Net Change in Fund Balance - GAAP Basis	<u>\$ 444,113</u>

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
STREET LIGHTING DISTRICTS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 67,370	\$ 67,370	\$ 55,704	\$ (11,666)
Investment Income	-	-	3,266	3,266
Total Revenues	<u>67,370</u>	<u>67,370</u>	<u>58,970</u>	<u>(8,400)</u>
EXPENDITURES				
Current:				
Highways and Streets	<u>181,600</u>	<u>181,600</u>	<u>178,413</u>	<u>3,187</u>
Total Expenditures	<u>181,600</u>	<u>181,600</u>	<u>178,413</u>	<u>3,187</u>
Net Change in Fund Balances	<u>\$ (114,230)</u>	<u>\$ (114,230)</u>	<u>\$ (119,443)</u>	<u>\$ (5,213)</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 75,000	\$ 75,000	\$ 11,167	\$ (63,833)
Total Revenues	75,000	75,000	11,167	(63,833)
EXPENDITURES				
Current:				
Culture and Recreation	165,000	165,000	29,048	135,952
Total Expenditures	165,000	165,000	29,048	135,952
Excess (Deficiency) of Revenues Over Expenditures	(90,000)	(90,000)	(17,881)	72,119
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	\$ -	\$ -	\$ (17,881)	\$ (17,881)

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,000,000	\$ 2,000,000	\$ 2,407,947	\$ 407,947
Total Revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,407,947</u>	<u>407,947</u>
EXPENDITURES				
Current:				
Public Safety	4,262,796	113,099	-	113,099
Highways and Streets	2,000,000	2,000,000	-	2,000,000
Total Expenditures	<u>6,262,796</u>	<u>2,113,099</u>	<u>-</u>	<u>2,113,099</u>
Net Change in Fund Balances	<u>\$ (4,262,796)</u>	<u>\$ (113,099)</u>	<u>\$ 2,407,947</u>	<u>\$ 2,521,046</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Grant Revenues are Unavailable until earned for GAAP	<u>(2,407,947)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ -</u>

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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 60,720	\$ 132,926	\$ 184,521	\$ 51,595
Investment Income	22,610	22,610	21,145	(1,465)
Total Revenues	<u>83,330</u>	<u>155,536</u>	<u>205,666</u>	<u>50,130</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	83,330	155,536	205,666	50,130
OTHER FINANCING SOURCES (USES)				
Transfers Out	(286,957)	(286,957)	(286,957)	-
Total Other Financing Sources (Uses)	<u>(286,957)</u>	<u>(286,957)</u>	<u>(286,957)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (203,627)</u>	<u>\$ (131,421)</u>	<u>\$ (81,291)</u>	<u>\$ 50,130</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 1,975,820	\$ 4,029,644	\$ 5,019,181	\$ 989,537
Investment Income	-	-	16,614	16,614
Total Revenues	<u>1,975,820</u>	<u>4,029,644</u>	<u>5,035,795</u>	<u>1,006,151</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	1,975,820	4,029,644	5,035,795	1,006,151
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,058,844	6,058,844	-
Transfers Out	(6,903,453)	(8,879,362)	(5,248,275)	3,631,087
Total Other Financing Sources (Uses)	<u>(6,903,453)</u>	<u>(2,820,518)</u>	<u>810,569</u>	<u>3,631,087</u>
Net Change in Fund Balances	<u>\$ (4,927,633)</u>	<u>\$ 1,209,126</u>	<u>\$ 5,846,364</u>	<u>\$ 4,637,238</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 133,380	\$ 292,153	\$ 404,818	\$ 112,665
Investment Income	17,540	17,540	14,133	(3,407)
Total Revenues	<u>150,920</u>	<u>309,693</u>	<u>418,951</u>	<u>109,258</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	150,920	309,693	418,951	109,258
OTHER FINANCING SOURCES (USES)				
Transfers Out	(232,909)	(232,909)	(232,909)	-
Total Other Financing Sources (Uses)	<u>(232,909)</u>	<u>(232,909)</u>	<u>(232,909)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (81,989)</u>	<u>\$ 76,784</u>	<u>\$ 186,042</u>	<u>\$ 109,258</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 2,532,510	\$ 5,578,665	\$ 7,701,470	\$ 2,122,805
Investment Income	77,040	77,040	113,006	35,966
Total Revenues	<u>2,609,550</u>	<u>5,655,705</u>	<u>7,814,476</u>	<u>2,158,771</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	2,609,550	5,655,705	7,814,476	2,158,771
OTHER FINANCING SOURCES (USES)				
Transfers Out	(4,978,457)	(4,978,457)	(939,831)	4,038,626
Total Other Financing Sources (Uses)	<u>(4,978,457)</u>	<u>(4,978,457)</u>	<u>(939,831)</u>	<u>4,038,626</u>
Net Change in Fund Balances	<u>\$ (2,368,907)</u>	<u>\$ 677,248</u>	<u>\$ 6,874,645</u>	<u>\$ 6,197,397</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 506,020	\$ 1,013,723	\$ 1,282,818	\$ 269,095
Investment Income	2,380	2,380	5,606	3,226
Total Revenues	<u>508,400</u>	<u>1,016,103</u>	<u>1,288,424</u>	<u>272,321</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	508,400	1,016,103	1,288,424	272,321
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,893,637)	(2,342,353)	(1,000,903)	1,341,450
Total Other Financing Sources (Uses)	<u>(1,893,637)</u>	<u>(2,342,353)</u>	<u>(1,000,903)</u>	<u>1,341,450</u>
Net Change in Fund Balances	<u>\$ (1,385,237)</u>	<u>\$ (1,326,250)</u>	<u>\$ 287,521</u>	<u>\$ 1,613,771</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 954,070	\$ 1,961,670	\$ 2,480,645	\$ 518,975
Investment Income	-	-	26,654	26,654
Total Revenues	<u>954,070</u>	<u>1,961,670</u>	<u>2,507,299</u>	<u>545,629</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	954,070	1,961,670	2,507,299	545,629
OTHER FINANCING SOURCES (USES)				
Transfers Out	(10,204,296)	(11,891,282)	(4,117,352)	7,773,930
Total Other Financing Sources (Uses)	<u>(10,204,296)</u>	<u>(11,891,282)</u>	<u>(4,117,352)</u>	<u>7,773,930</u>
Net Change in Fund Balances	<u>\$ (9,250,226)</u>	<u>\$ (9,929,612)</u>	<u>\$ (1,610,053)</u>	<u>\$ 8,319,559</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,500,000	\$ 3,500,000	\$ 122,358	\$ (3,377,642)
Investment Income	-	-	6,092	6,092
Miscellaneous	2,500,000	-	-	-
Total Revenues	<u>6,000,000</u>	<u>3,500,000</u>	<u>128,450</u>	<u>(3,371,550)</u>
EXPENDITURES				
Capital Outlay	43,940,333	42,784,962	9,518,165	33,266,797
Total Expenditures	<u>43,940,333</u>	<u>42,784,962</u>	<u>9,518,165</u>	<u>33,266,797</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,940,333)	(39,284,962)	(9,389,715)	29,895,247
OTHER FINANCING SOURCES (USES)				
Transfers In	15,601,451	17,911,133	4,979,444	(12,931,689)
Total Other Financing Sources (Uses)	<u>15,601,451</u>	<u>17,911,133</u>	<u>4,979,444</u>	<u>(12,931,689)</u>
Net Change in Fund Balances	<u>\$ (22,338,882)</u>	<u>\$ (21,373,829)</u>	<u>\$ (4,410,271)</u>	<u>\$ 16,963,558</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	(140,595)
Net Change in Fund Balance - GAAP Basis	<u>\$ (4,550,866)</u>

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
EMERGENCY SERVICES FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 2,614,141	\$ 4,739,392	\$ 5,333,628	\$ 594,236
Property Tax	9,779,705	9,779,705	9,881,720	102,015
Intergovernmental	220,000	6,062,506	5,862,664	(199,842)
Charges for Services	4,589,121	4,589,121	4,829,716	240,595
Miscellaneous	154,000	154,000	200,601	46,601
Total Revenues	<u>17,356,967</u>	<u>25,324,724</u>	<u>26,108,329</u>	<u>783,605</u>
EXPENDITURES				
Current:				
Public Safety	23,265,220	27,296,493	24,519,049	2,777,444
Capital Outlay	557,000	3,262,822	2,888,897	373,925
Debt Service:				
Principal Retirement	80,920	80,920	80,920	-
Interest on Long-Term Debt	2,460	2,460	2,460	-
Total Expenditures	<u>23,905,600</u>	<u>30,642,695</u>	<u>27,491,326</u>	<u>3,151,369</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,548,633)	(5,317,971)	(1,382,997)	3,934,974
OTHER FINANCING SOURCES (USES)				
Transfers In	10,432,373	10,432,373	1,947,708	(8,484,665)
Transfers Out	(360,000)	(442,711)	(442,711)	-
Total Other Financing Sources (Uses)	<u>10,072,373</u>	<u>9,989,662</u>	<u>1,504,997</u>	<u>(8,484,665)</u>
Net Change in Fund Balances	<u>\$ 3,523,740</u>	<u>\$ 4,671,691</u>	<u>\$ 122,000</u>	<u>\$ (4,549,691)</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, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 425,193	\$ 425,193	\$ 722,480	\$ 297,287
Contributions	5,000	5,000	30,500	25,500
Miscellaneous	1,000	1,000	25,055	24,055
Total Revenues	<u>431,193</u>	<u>431,193</u>	<u>778,035</u>	<u>346,842</u>
EXPENDITURES				
Current:				
Culture and Recreation	1,343,777	1,365,734	1,304,559	61,175
Capital Outlay	25,000	88,979	13,979	75,000
Total Expenditures	<u>1,368,777</u>	<u>1,454,713</u>	<u>1,318,538</u>	<u>136,175</u>
Excess (Deficiency) of Revenues Over Expenditures	(937,584)	(1,023,520)	(540,503)	483,017
OTHER FINANCING SOURCES (USES)				
Transfers In	1,232,769	1,232,769	843,415	(389,354)
Transfers Out	(294,185)	(294,185)	(294,185)	-
Total Other Financing Sources (Uses)	<u>938,584</u>	<u>938,584</u>	<u>549,230</u>	<u>(389,354)</u>
Net Change in Fund Balances	<u>\$ 1,000</u>	<u>\$ (84,936)</u>	<u>\$ 8,727</u>	<u>\$ 93,663</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
WATER FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 25,102,994	\$ 29,590,452	\$ 29,329,092	\$ (261,360)
Capacity Fees	1,973,055	4,213,547	5,308,801	1,095,254
Intergovernmental	-	442,500	442,500	-
Investment Income	248,618	248,618	21,157	(227,461)
Miscellaneous	29,345	29,345	33,390	4,045
Total Revenues	27,354,012	34,524,462	35,134,940	610,478
EXPENDITURES				
Operating Expenditures				
Administration	761,217	771,217	762,929	8,288
Cost of Sales and Services	55,637,073	32,110,734	19,955,806	12,154,928
Capital Outlay	72,139,178	51,783,843	27,277,732	24,506,111
Principal Retirement	3,058,449	486,968	486,968	-
Interest and Fiscal Charges	2,679,080	4,305,458	4,262,926	42,532
Debt Issuance Costs	-	152,750	152,750	-
Total Expenditures	134,274,997	89,610,970	52,899,111	36,711,859
Excess (Deficiency) of Revenues Over Expenditures	(106,920,985)	(55,086,508)	(17,764,171)	37,322,337
OTHER FINANCING SOURCES (USES)				
Transfers In	749,117	-	-	-
Proceeds from Bond Issuance	110,000,000	10,250,000	10,894,305	644,305
Total Other Financing Sources (Uses)	110,749,117	10,250,000	10,894,305	644,305
Net Change in Fund Balances	\$ 3,828,132	\$ (44,836,508)	\$ (6,869,866)	\$ 37,966,642

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	(860,045)
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	299,287
Prepaid Expenses are Recognized when Incurred for GAAP, Paid for Budget	21,438
Depreciation Expense is a GAAP-only Expenditure	(3,799,594)
Bond Proceeds are an Other Financing Source on a Budgetary Basis	(10,894,305)
Principal Retirement is an Expense on a Budgetary Basis	486,968
Amortization Expense is a GAAP-only Expenditure	186,132
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis	27,748,984
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis	5,838,848
Mainline Agreement Refunds are an Expense on a Budgetary Basis	109,689
Unrealized Gain (Loss) on Investments are GAAP-only Expenses	(1,927)
Net Change in Fund Balance - GAAP Basis	\$ 12,265,609

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
WASTEWATER FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 7,609,634	\$ 7,609,634	\$ 8,166,104	\$ 556,470
Capacity Fees	1,863,540	5,007,772	6,151,944	1,144,172
Investment Income	86,000	86,000	-	(86,000)
Miscellaneous	-	1,000,323	1,030,735	30,412
Total Revenues	9,559,174	13,703,729	15,348,783	1,645,054
EXPENDITURES				
Operating Expenditures				
Administration	115,748	119,748	119,453	295
Cost of Sales and Services	36,217,821	22,754,149	4,050,601	18,703,548
Capital Outlay	9,152,918	23,279,323	8,298,199	14,981,124
Principal Retirement	265,000	265,000	265,000	-
Interest and Fiscal Charges	127,100	127,100	127,100	-
Total Expenditures	45,878,587	46,545,320	12,860,353	33,684,967
Excess (Deficiency) of Revenues Over Expenditures	(36,319,413)	(32,841,591)	2,488,430	35,330,021
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Issuance	40,000,000	-	-	-
Total Other Financing Sources (Uses)	40,000,000	-	-	-
Net Change in Fund Balances	\$ 3,680,587	\$ (32,841,591)	\$ 2,488,430	\$ 35,330,021

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	(76,204)
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	419,952
Depreciation Expense is a GAAP-only Expenditure	(2,289,530)
Principal Retirement is an Expense on a Budgetary Basis	265,000
Amortization Expense is a GAAP-only Expenditure	36,858
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis	6,808,841
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis	2,942,914
Changes in Joint Venture Investments and Deposits are GAAP-Only Expenditures	(916,949)
Unrealized Gain (Loss) on Investments are GAAP-only Expenses	(2,874)
Net Change in Fund Balance - GAAP Basis	\$ 9,676,438

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 3,823,045	\$ 3,823,045	\$ 3,906,600	\$ 83,555
Investment Income	11,000	11,000	7,152	(3,848)
Miscellaneous	-	-	8,539	8,539
Total Revenues	<u>3,834,045</u>	<u>3,834,045</u>	<u>3,922,291</u>	<u>88,246</u>
EXPENDITURES				
Operating Expenditures				
Administration	65,799	65,799	63,106	2,693
Cost of Sales and Services	3,768,246	3,782,458	3,767,409	15,049
Total Expenditures	<u>3,834,045</u>	<u>3,848,257</u>	<u>3,830,515</u>	<u>17,742</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(14,212)	91,776	105,988
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (14,212)</u>	<u>\$ 91,776</u>	<u>\$ 105,988</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			26,919	
Prepaid Expenses are Recognized when Incurred for GAAP, Paid for Budget			65	
Depreciation Expense is a GAAP-only Expenditure			(21,328)	
Net Change in Fund Balance - GAAP Basis			<u>\$ 97,432</u>	

STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year			
	2021	2020	2019	2018
Governmental Activities:				
Net Investment in Capital Assets	\$ 323,096,888	\$ 306,409,937	\$ 286,226,879	\$ 279,410,700
Restricted	62,872,940	41,723,929	37,960,524	32,071,290
Unrestricted	93,764,303	56,558,630	20,716,953	4,325,428
Total Governmental Activities	<u>323,096,888</u>	<u>306,409,937</u>	<u>286,226,879</u>	<u>279,410,700</u>
Net Position	<u>\$ 479,734,131</u>	<u>\$ 404,692,496</u>	<u>\$ 344,904,356</u>	<u>\$ 315,807,418</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 198,361,711	\$ 171,168,123	\$ 136,216,237	\$ 112,818,415
Restricted	59,244	1,077,537	1,396,218	10,553,638
Unrestricted	18,729,012	22,755,022	46,702,453	42,588,315
Total Business-Type Activities	<u>198,361,711</u>	<u>171,168,123</u>	<u>136,216,237</u>	<u>112,818,415</u>
Net Position	<u>\$ 217,149,967</u>	<u>\$ 195,000,682</u>	<u>\$ 184,314,908</u>	<u>\$ 165,960,368</u>
Primary Government:				
Net Investment in Capital Assets	\$ 521,458,599	\$ 477,578,060	\$ 422,443,116	\$ 392,229,115
Restricted	62,932,184	42,801,466	39,356,742	42,624,928
Unrestricted	112,493,315	79,313,652	67,419,406	46,913,743
Total Primary Government	<u>521,458,599</u>	<u>477,578,060</u>	<u>422,443,116</u>	<u>392,229,115</u>
Net Position	<u>\$ 696,884,098</u>	<u>\$ 599,693,178</u>	<u>\$ 529,219,264</u>	<u>\$ 481,767,786</u>

Source: The Town's Finance Department.

Fiscal Year

2017	2016	2015	2014	2013	2012
\$ 254,327,784	\$ 222,579,325	\$ 184,637,429	\$ 158,473,433	\$ 145,953,396	\$ 138,591,496
50,111,910	46,287,642	44,414,227	32,127,295	29,879,867	25,525,022
(13,393,669)	20,840,088	31,606,885	53,862,470	45,518,062	35,908,296
<u>\$ 291,046,025</u>	<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>
\$ 107,702,757	\$ 99,502,329	\$ 86,447,625	\$ 74,678,972	\$ 68,348,737	\$ 63,922,044
10,108,563	9,506,232	8,222,573	6,828,477	6,466,848	5,809,913
34,146,580	21,903,658	14,296,643	9,587,920	3,678,908	993,881
<u>\$ 151,957,900</u>	<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>
\$ 362,030,541	\$ 322,081,654	\$ 271,085,054	\$ 233,152,405	\$ 214,302,133	\$ 202,513,540
60,220,473	55,793,874	52,636,800	38,955,772	36,346,715	31,334,935
20,752,911	42,743,746	45,903,528	63,450,390	49,196,970	36,902,177
<u>\$ 443,003,925</u>	<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>

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

	Fiscal Year			
	2021	2020	2019	2018
EXPENSES				
Governmental Activities:				
General Government	\$ 19,132,253	\$ 18,753,898	\$ 15,999,204	\$ 13,916,548
Public Safety	22,265,636	19,146,704	15,949,495	15,442,454
Highways and Streets	21,264,036	18,877,008	17,800,283	16,239,980
Culture and Recreation	6,428,530	6,283,282	5,899,668	5,048,854
Economic Development	1,503,522	1,636,072	3,127,971	4,890,477
Interest on Long-Term Debt	7,223,334	5,302,492	5,231,600	5,121,081
Total Governmental Activities	<u>77,817,311</u>	<u>69,999,456</u>	<u>64,008,221</u>	<u>60,659,394</u>
Business-Type Activities:				
Water	26,131,375	30,765,746	21,581,128	17,076,663
Wastewater	7,895,586	8,217,565	5,783,358	6,617,605
Solid Waste	3,817,914	3,010,682	2,782,888	2,366,783
Total Business-Type Activities	<u>37,844,875</u>	<u>41,993,993</u>	<u>30,147,374</u>	<u>26,061,051</u>
Total Primary Government Expenses	<u>\$ 115,662,186</u>	<u>\$111,993,449</u>	<u>\$ 94,155,595</u>	<u>\$ 86,720,445</u>
PROGRAM REVENUES				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 12,219,262	\$ 9,866,792	\$ 8,879,691	\$ 2,957,789
Public Safety	5,414,165	3,372,952	2,797,192	1,027,248
Highways and Streets	5,384,762	3,354,646	2,810,850	1,844,575
Culture and Recreation	8,859,268	7,711,162	6,566,884	5,850,006
Economic Development	-	-	-	4,840,790
Interest on Long-Term Debt	-	-	-	437,077
Operating Grants and Contributions	9,510,005	3,131,688	2,845,028	2,733,724
Capital Grants and Contributions	19,058,817	28,922,848	6,588,158	9,150,396
Total Governmental Activities	<u>60,446,279</u>	<u>56,360,088</u>	<u>30,487,803</u>	<u>28,841,605</u>
Program Revenues	<u>60,446,279</u>	<u>56,360,088</u>	<u>30,487,803</u>	<u>28,841,605</u>
Business-Type Activities:				
Charges for Services:				
Water	34,637,893	29,900,692	29,429,643	27,051,829
Wastewater	14,440,747	12,157,415	13,576,639	11,628,862
Solid Waste	3,906,600	3,249,630	2,949,858	2,626,079
Operating Grants and Contributions	107,275	-	-	-
Capital Grants and Contributions	9,224,262	9,840,990	3,526,444	2,221,177
Total Business-Type Activities	<u>62,316,777</u>	<u>55,148,727</u>	<u>49,482,584</u>	<u>43,527,947</u>
Program Revenues	<u>62,316,777</u>	<u>55,148,727</u>	<u>49,482,584</u>	<u>43,527,947</u>
Total Primary Government	<u>\$ 122,763,056</u>	<u>\$111,508,815</u>	<u>\$ 79,970,387</u>	<u>\$ 72,369,552</u>
Program Revenues	<u>\$ 122,763,056</u>	<u>\$111,508,815</u>	<u>\$ 79,970,387</u>	<u>\$ 72,369,552</u>

Fiscal Year

2017	2016	2015	2014	2013	2012
\$ 10,919,733	\$ 13,493,976	\$ 12,601,960	\$ 10,560,748	\$ 9,401,213	\$ 10,560,748
14,142,386	12,032,441	10,185,703	9,286,805	8,002,986	9,286,805
14,425,928	13,201,760	11,148,019	9,453,285	8,960,506	9,453,285
5,515,631	4,682,823	3,738,132	3,157,249	2,851,292	3,157,249
27,824,042	1,115,722	4,371,932	1,024,067	827,230	1,024,067
2,562,461	3,899,852	4,225,223	4,401,608	4,615,538	4,401,608
<u>75,390,181</u>	<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>
15,343,717	14,181,944	13,954,702	9,536,903	6,354,536	9,536,903
6,874,000	6,680,369	5,049,099	5,668,932	5,668,879	5,668,932
2,220,496	2,002,405	1,772,165	1,602,901	1,450,544	1,602,901
<u>24,438,213</u>	<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>\$ 99,828,394</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>
\$ 1,547,398	\$ 2,411,717	\$ 1,677,331	\$ 3,640,706	\$ 3,142,042	\$ 2,103,716
940,888	999,854	707,776	1,081,831	1,055,263	327,944
1,636,979	1,724,924	1,433,770	548,688	562,990	218,077
5,771,742	5,526,053	4,186,177	4,742,607	4,224,982	1,832,917
4,273,410	4,513,393	3,796,650	3,257,299	2,922,436	1,157,363
1,035,713	943,515	1,079,951	-	-	-
2,775,472	2,105,900	2,119,240	1,602,019	1,472,370	1,418,838
<u>10,885,524</u>	<u>18,373,422</u>	<u>21,423,446</u>	<u>14,385,675</u>	<u>14,794,654</u>	<u>9,724,218</u>
<u>28,867,126</u>	<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>
25,303,198	23,690,390	20,222,869	15,256,028	10,630,175	9,356,721
11,078,023	10,914,249	8,851,008	8,157,240	6,906,017	4,180,555
2,415,192	2,138,537	2,000,008	1,854,726	1,601,759	1,359,963
-	-	-	-	-	-
<u>6,882,565</u>	<u>8,710,353</u>	<u>10,776,216</u>	<u>4,272,051</u>	<u>3,802,082</u>	<u>6,539,411</u>
<u>45,678,978</u>	<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>\$ 74,546,104</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>

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

(Concluded)	Fiscal Year			
	2021	2020	2019	2018
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (17,371,032)	\$ (13,239,368)	\$ (33,520,418)	\$ (31,817,789)
Business-Type Activities	24,471,902	13,154,734	19,335,210	17,466,896
Total Primary Government				
Net Expense	\$ 7,100,870	\$ (84,634)	\$ (14,185,208)	\$ (14,350,893)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 62,207,782	\$ 46,987,495	\$ 38,183,883	\$ 32,799,385
Property Taxes	9,909,455	8,326,110	7,055,258	8,271,627
Franchise Taxes	491,622	444,552	423,428	388,870
Unrestricted State Shared Revenue	15,892,593	11,773,273	10,423,150	9,331,762
Investment Income (Loss)	92,783	1,885,676	2,583,160	619,633
Other	629,618	703,906	1,809,497	1,026,070
Special Item	-	-	-	-
Transfers	3,188,814	2,906,496	2,138,980	4,141,835
Total Governmental Activities	92,412,667	73,027,508	62,617,356	56,579,182
Business-Type Activities:				
Investment Income (Loss)	23,508	340,427	1,151,422	633,607
Other	829,189	64,609	6,888	
Special Item	13,500	32,500	-	43,800
Transfers	(3,188,814)	(2,906,496)	(2,138,980)	(4,141,835)
Total Business-Type Activities	(2,322,617)	(2,468,960)	(980,670)	(3,464,428)
Total Primary Government	\$ 90,090,050	\$ 70,558,548	\$ 61,636,686	\$ 53,114,754
CHANGE IN NET POSITION				
Governmental Activities	\$ 75,041,635	\$ 59,788,140	\$ 29,096,938	\$ 24,761,393
Business-Type Activities	22,149,285	10,685,774	18,354,540	14,002,468
Total Primary Government	\$ 97,190,920	\$ 70,473,914	\$ 47,451,478	\$ 38,763,861

Source: The Town's Finance Department.

Fiscal Year

2017	2016	2015	2014	2013	2012
\$(46,523,055)	\$ (11,827,796)	\$ (9,846,628)	\$ (8,624,937)	\$ (6,484,028)	\$ (21,100,689)
21,240,765	22,588,811	21,074,135	12,731,309	9,466,074	4,627,914
<u>\$(25,282,290)</u>	<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>
\$ 30,415,947	\$ 24,561,503	\$ 22,190,271	\$ 18,483,484	\$ 16,037,178	\$ 12,549,668
7,356,026	6,658,829	5,635,853	5,037,568	4,236,341	4,488,100
320,847	307,992	284,474	253,553	214,938	258,265
8,781,117	6,589,267	6,628,715	6,179,114	5,754,960	5,183,494
141,113	538,899	1,062,323	1,050,810	(124,209)	583,618
442,080	1,431,199	388,111	257,237	156,801	289,901
-	-	-	-	-	(2,439,917)
404,895	788,621	343,140	475,044	1,534,530	985,849
<u>47,862,025</u>	<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>
164,111	115,188	287,100	344,611	(162,889)	84,320
45,700	-	-	-	-	75,000
(404,895)	(788,621)	(343,140)	(475,044)	(1,534,530)	(985,849)
<u>(195,084)</u>	<u>(673,433)</u>	<u>(56,040)</u>	<u>(130,433)</u>	<u>(1,697,419)</u>	<u>(826,529)</u>
<u>\$ 47,666,941</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>
\$ 1,338,970	\$ 29,048,514	\$ 26,686,259	\$ 23,111,873	\$ 21,326,511	\$ 798,289
21,045,681	21,915,378	21,018,095	12,600,876	7,768,655	3,801,385
<u>\$ 22,384,651</u>	<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>

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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>
2021	\$ 62,207,782	\$ 9,909,455	\$ 491,622	\$ 72,608,859
2020	46,987,495	8,326,110	444,552	55,758,157
2019	38,183,884	7,055,258	423,428	45,662,570
2018	32,799,385	8,271,627	388,870	41,459,882
2017	30,415,947	7,356,026	320,847	38,092,820
2016	24,561,503	6,658,829	307,992	31,528,324
2015	22,190,271	5,635,853	284,474	28,110,598
2014	18,483,484	5,037,568	253,553	23,774,605
2013	16,037,178	4,236,341	214,938	20,488,457
2012	12,549,668	4,488,100	258,265	17,296,033

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			
	2021	2020	2019	2018
General Fund:				
Nonspendable	\$ 265,125	\$ 114,841	\$ 92,282	\$ 70,271
Restricted	903,250	208,133	208,072	-
Committed	45,744,017	23,937,043	23,959,663	22,318,008
Assigned	-	-	-	-
Unassigned	43,502,777	32,263,962	16,703,875	14,168,695
Total General Fund	<u>\$ 90,415,169</u>	<u>\$ 56,523,979</u>	<u>\$ 40,963,892</u>	<u>\$ 36,556,974</u>
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	123,997,037	127,644,300	53,668,532	69,474,824
Committed	5,500,611	867,346	-	242,657
Assigned	7,610,200	9,043,594	220,557	7,064
Unassigned	(384,913)	(411,446)	(10,998,234)	(23,313,936)
Total All Other Governmental Funds	<u>\$ 136,722,935</u>	<u>\$ 137,143,794</u>	<u>\$ 42,890,855</u>	<u>\$ 46,410,609</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

2017	2016	2015	2014	2013	2012
\$ 20,240,348	\$ 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
-	-	-	-	-	-
-	-	-	-	-	-
5,555,029	17,737,107	20,293,603	23,025,977	15,848,094	11,486,143
<u>\$ 25,795,377</u>	<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>
\$ 7,217	\$ 631,710	\$ 12,667	\$ 5,391	\$ -	\$ -
31,715,129	27,177,973	11,958,461	2,725,995	2,265,391	1,838,904
-	10,543,822	14,366,075	22,134,004	21,366,332	17,290,278
-	-	732,223	658,917	618,654	621,154
(31,834,949)	(954,432)	-	-	-	-
<u>\$ (112,603)</u>	<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>

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

	Fiscal Year			
	2021	2020	2019	2018
REVENUES				
Taxes	\$ 72,089,502	\$ 55,332,460	\$ 45,206,273	\$ 41,447,945
Intergovernmental	27,144,571	19,688,006	13,798,781	15,527,547
Licenses and Permits	11,565,749	8,930,927	7,729,877	6,312,580
Charges for Services	2,471,804	2,226,496	2,425,371	886,814
Rents and Royalties	852,651	607,757	636,107	590,448
Contributions and Donations	940,903	472,655	767,492	284,732
Impact Fees	17,073,453	12,272,569	9,672,093	8,400,874
Special Assessments	1,838,518	2,278,171	2,112,746	1,856,055
Investment Income (Loss)	124,356	1,928,358	2,538,754	556,443
Other	613,266	686,663	2,264,382	1,027,363
Total Revenues	<u>134,714,773</u>	<u>104,424,062</u>	<u>87,151,876</u>	<u>76,890,801</u>
EXPENDITURES				
General Government	17,507,109	17,375,001	15,156,320	12,494,465
Public Safety	24,411,972	18,393,629	15,480,647	15,830,392
Highways and Streets	8,119,795	7,627,389	7,672,804	8,051,533
Culture and Recreation	4,567,122	4,552,706	4,397,321	3,842,562
Economic Development	1,552,695	1,759,342	2,677,207	3,866,160
Capital Outlay	35,842,119	31,347,088	32,674,194	46,428,341
Debt Service:				
Principal Retirement	5,237,663	5,073,938	4,439,744	4,195,530
Interest on Long-Term Debt	7,194,781	5,610,931	5,905,455	3,048,348
Issuance Costs	-	532,602		662,341
Total Expenditures	<u>104,433,256</u>	<u>92,272,626</u>	<u>88,403,692</u>	<u>98,419,672</u>
Excess of Revenues				
Over (Under) Expenditures	30,281,517	12,151,436	(1,251,816)	(21,528,871)
OTHER FINANCING SOURCES				
(USES)				
Transfers In	36,222,188	26,889,447	30,762,515	39,699,516
Transfers Out	(33,033,374)	(23,982,951)	(28,623,535)	(35,557,681)
Proceeds from Sale of Assets	-	-	-	-
Issuance of Long-Term Debt	-	78,605,000	-	65,960,000
Premium on Long-Term Debt	-	16,150,094	-	8,711,845
Payment to Refunding Agent	-	-	-	-
Proceeds from Capital Leases	-	-	-	-
Total Other Financing	<u>3,188,814</u>	<u>97,661,590</u>	<u>2,138,980</u>	<u>78,813,680</u>
Sources (Uses)				
Net Change in Fund Balances	<u>\$ 33,470,331</u>	<u>\$ 109,813,026</u>	<u>\$ 887,164</u>	<u>\$ 57,284,809</u>
Debt Service as a Percentage of Noncapital Expenditures	18.13%	17.64%	18.44%	14.17%

Source: The Town's Finance Department.

Fiscal Year

2017	2016	2015	2014	2013	2012
\$ 38,100,073	\$ 31,558,534	\$ 27,720,663	\$ 23,485,195	\$ 20,231,535	\$ 16,475,628
11,760,640	10,257,129	8,950,773	8,030,414	7,227,330	7,708,774
5,174,695	5,278,475	4,555,012	4,563,955	3,818,206	73,500
836,257	787,038	874,110	796,902	817,815	2,083,219
570,999	514,259	381,016	333,464	288,404	221,169
463,796	553,825	258,243	716,623	3,442,997	1,823,614
8,041,757	7,925,947	5,974,801	6,478,349	5,877,743	1,968,577
1,756,552	2,273,392	2,324,857	2,207,345	2,139,002	2,242,754
141,112	538,901	1,258,858	981,010	(188,481)	524,712
457,741	4,124,450	399,722	226,965	140,421	239,000
<u>67,303,622</u>	<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>
10,728,669	13,351,992	11,586,257	10,291,860	8,405,607	7,886,767
13,496,827	12,055,558	11,602,383	9,059,429	7,713,176	7,406,989
6,285,005	5,202,276	3,742,931	2,930,716	2,837,392	2,932,978
4,015,698	3,651,867	3,074,017	2,595,664	2,318,345	2,533,497
30,028,572	1,000,103	3,729,446	967,116	809,841	570,038
31,192,034	20,214,290	10,513,269	3,774,743	1,383,628	3,743,304
53,627,744	9,473,374	3,385,313	3,164,560	3,161,506	3,008,680
2,578,030	3,997,878	4,321,778	4,497,544	4,711,032	4,724,600
787,207	-	-	-	-	-
<u>152,739,786</u>	<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>
(85,436,164)	(5,135,388)	742,661	10,538,590	12,454,445	554,094
15,283,200	24,394,743	18,592,762	7,089,715	6,654,872	5,450,701
(14,878,305)	(23,606,122)	(18,249,622)	(6,614,671)	(5,120,342)	(4,464,852)
600,860	-	-	-	-	-
66,435,000	-	-	-	-	-
9,313,830	-	-	-	-	-
(22,768,595)	-	-	-	-	-
-	-	-	518,696	130,234	-
<u>53,985,990</u>	<u>788,621</u>	<u>343,140</u>	<u>993,740</u>	<u>1,664,764</u>	<u>985,849</u>
<u>\$ (31,450,174)</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>
46.18%	18.56%	23.82%	26.28%	26.57%	23.57%

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

	Fiscal Year			
	2021	2020	2019	2018
Sales Category:				
Construction	\$ 652,641,365	\$ 478,593,529	\$ 374,847,787	\$ 323,918,004
Manufacturing	-	-	-	14,918,272
Communications and Utilities	91,973,333	86,056,400	74,261,200	88,593,670
Transportation	770,400	176,356	13,778	-
Wholesale Trade	-	-	-	7,038,680
Retail Trade	1,027,147,378	782,722,978	617,563,022	498,084,872
Restaurants and Bars	203,862,178	159,554,267	143,301,733	117,446,518
Real Estate, Rental and Lease	100,031,156	86,789,111	83,299,733	69,186,776
Services	8,085,556	549,467	627,956	30,931,997
Arts and Entertainment	18,116,978	15,205,467	19,456,356	19,266,437
Accomodations	2,499,048	834,019	355,486	7,067
Other	76,049,600	51,322,978	44,162,000	634,624
Total	<u>\$ 2,084,511,366</u>	<u>\$ 1,594,442,108</u>	<u>\$ 1,293,915,209</u>	<u>\$ 1,170,026,917</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%
Town Hotel Tax Rate	5.25%	5.25%	5.25%	5.25%

Source: Arizona Department of Revenue.

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

Fiscal Year

2017	2016	2015	2014	2013	2012
\$ 325,054,724	\$ 228,148,702	\$ 182,451,846	\$ 147,042,520	\$ 183,507,187	\$ 64,313,467
13,631,003	13,073,403	17,401,290	15,409,198	15,678,705	14,800,622
76,501,236	73,370,881	54,934,415	50,234,076	46,342,729	47,838,756
-	-	-	-	-	-
7,252,396	5,669,397	6,323,860	6,152,793	5,271,396	5,300,978
408,652,224	334,352,378	315,017,361	300,884,544	281,513,741	256,984,356
98,632,807	79,263,734	64,732,627	59,267,692	51,553,181	45,583,911
63,920,930	54,099,196	89,116,960	72,465,796	67,570,269	52,889,378
23,415,231	17,197,640	22,427,818	17,782,422	15,347,314	11,949,956
15,479,300	-	-	-	-	-
-	-	-	-	-	-
2,332,793	14,273,352	22,829,027	18,477,390	17,420,404	18,414,889
<u>\$ 1,034,872,644</u>	<u>\$ 819,448,683</u>	<u>\$ 775,235,204</u>	<u>\$ 687,716,431</u>	<u>\$ 684,204,926</u>	<u>\$ 518,076,313</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
5.25%	5.25%	5.25%	5.25%	5.25%	5.25%

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

<u>Fiscal Year</u>	<u>Town Direct Rate</u>	<u>Maricopa County</u>	<u>Pinal County</u>	<u>Arizona State</u>
2021	2.25	0.70	1.60	5.60
2020	2.25	0.70	1.60	5.60
2019	2.25	0.70	1.60	5.60
2018	2.25	0.70	1.60	5.60
2017	2.25	0.70	1.10	5.60
2016	2.25	0.70	1.10	5.60
2015	2.25	0.70	1.10	5.60
2014	2.25	0.70	1.10	5.60
2013	2.25	0.70	1.10	5.60
2012	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
2021	\$427,260,257	\$ 195,876,100	\$623,136,357	\$ (87,456,329)	\$535,680,028
2020	335,008,748	173,053,328	508,062,076	(80,205,820)	427,856,256
2019	275,078,122	148,565,289	423,643,411	(66,629,736)	357,013,675
2018	238,748,449	132,364,532	371,112,981	(53,704,580)	317,408,401
2017	207,525,362	131,058,174	338,583,536	(62,727,585)	275,855,951
2016	181,409,687	119,278,199	300,687,886	(56,143,242)	244,544,644
2015	158,768,582	120,273,244	279,041,826	(53,194,486)	225,847,340
2014	134,117,267	106,201,619	240,318,886	(54,222,364)	186,096,522
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

Fiscal Year	Assessed Value as a Percentage of Actual Value		
	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2021	1.83	\$ 5,511,925,712	9.72%
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%

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
2021	1.83	7.40	1.29	1.40
2020	1.95	7.45	1.33	1.40
2019	1.95	7.61	1.38	1.40
2018	1.95	7.61	1.38	1.40
2017	1.95	7.57	1.41	1.40
2016	1.95	8.05	1.47	1.40
2015	1.95	6.55	1.52	1.32
2014	1.95	8.16	1.53	1.28
2013	1.95	4.55	1.16	1.24
2012	1.95	4.92	0.97	1.05

Source: The Maricopa County Treasurer and Pinal County Treasurer.

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

TOWN OF QUEEN CREEK, ARIZONA
PRINCIPAL PROPERTY TAX PAYERS
JUNE 30, 2021 AND 2012
(UNAUDITED)

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
QCM Partners, LLC	\$ 9,132,325	1	1.70			
MSA Multifamily Dst	3,578,807	2	0.67			
Fulton Homes Corporation	3,257,691	3	0.61			
HSL Encantada Queen Creek Delaware LLC	2,608,927	4	0.49			
Wal-Mart Stores, Inc	2,490,051	5	0.46	\$ 2,334,780	1	1.08
Target Corporation	2,439,387	6	0.46			
Sunbelt Land Holdings L P	2,311,568	7	0.43			
Southwest Gas Corporation (T&D)	2,104,568	8	0.39			
William Lyon Homes, Inc	1,987,627	9	0.37			
CBDG Ironwood II, LLC	1,909,278	10	0.36			
WDP Town Center, LLC				2,234,293	2	1.03
Grace Power and Chandler Heights, LLC				1,975,290	3	0.91
Broadstone Queen Creek, LLC				1,774,700	4	0.82
Home Depot USA, Inc				1,529,215	5	0.71
DTD Devco 2, LLC				1,522,417	6	0.70
Vestar QCM, LLC				1,111,649	7	0.51
LDR Sossaman Estates Q C, LLC				1,058,782	8	0.49
Safeway, Inc				1,049,636	9	0.49
LBE Investments Ltd				991,370	10	0.46
	<u>\$ 31,820,229</u>		5.94 %	<u>\$ 15,582,132</u>		7.21 %

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
2021	\$ 9,764,961	\$9,645,113	98.77	\$ 45,706	\$9,690,819	99.01	\$ 141,188	0.00
2020	8,200,139	8,076,704	98.49	72,846	8,149,550	99.01	134,259	0.01
2019	6,851,961	6,807,946	98.33	14,815	6,809,393	99.02	125,571	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

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	
2021	\$ 210,133,906	\$ 12,895,229	\$ -	\$ -	\$ -	\$ 223,029,135
2020	215,196,838	14,281,972	-	-	80,920	229,559,730
2019	124,837,829	15,634,170	-	-	163,413	140,635,412
2018	128,453,493	17,117,758	-	-	259,569	145,830,820
2017	56,954,561	18,445,000	-	-	517,857	75,917,418
2016	21,600,000	36,530,000	17,025,000	188,354	765,601	76,108,955
2015	22,415,000	45,338,311	18,085,902	376,708	1,008,975	87,224,896
2014	23,195,000	47,036,153	18,825,803	753,415	1,259,288	91,069,659
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

Business-Type Activities

Fiscal Year	Business-Type Activities				
	Advances in Aid of Construction	Loans Payable	Revenue Obligation	Capital Leases	Total
2021	\$ 7,181,760	\$ 112,819,931	\$ 29,405,950	\$ -	\$ 149,407,641
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

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
2021	\$ 372,436,776	6.76%	14.65%	\$ 5,437
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

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, 2021
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa County Community College District	\$ 184,715,000	0.97%	\$ 1,791,736
Maricopa County Special Healthcare District	640,695,000	0.97%	6,214,742
Pinal County Community College District	61,360,000	1.65%	1,012,440
Higley Unified School District	86,925,000	8.60%	7,475,550
Chandler Unified School District	385,946,110	0.40%	1,543,784
Queen Creek Unified School District No. 95	129,875,000	60.19%	78,171,763
Subtotal, Overlapping Debt			<u>96,210,015</u>
Town of Queen Creek, Arizona	223,029,135	100.00%	<u>223,029,135</u>
Total Direct and Overlapping Debt			<u><u>\$ 319,239,150</u></u>

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

(1) Proportion applicable to the Town of Queen Creek, Arizona is computed on the ratio of limited property valuation for 2020/21.

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

	Fiscal Year			
	2021	2020	2019	2018
Total Debt Limit	\$ 177,801,568	\$ 139,934,214	\$ 121,308,659	\$ 106,363,881
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	\$ 177,801,568	\$ 139,934,214	\$ 121,308,659	\$ 106,363,881
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-	-	-	-

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

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TOWN OF QUEEN CREEK, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2021
(UNAUDITED)

Net Secondary Assessed Value		<u>\$ 683,852,186</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Net Secondary Assessed Value		\$ 136,770,437
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>\$ 136,770,437</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Net Secondary Assessed Value		\$ 41,031,131
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>\$ 41,031,131</u>
Total Legal Debt Margin		<u>\$ 177,801,568</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)**

Fiscal Year	Excise Tax and State Shared Revenue Bonds		
	Excise Tax and State Shared Revenue (1)	Senior Lien Debt Service (2)	Senior Lien Coverage
2021	\$ 96,817,619	10,629,400	9.11
2020	74,129,990	9,036,622	8.20
2019	62,297,991	8,231,362	6.09
2018	42,253,040	4,719,850	8.92
2017	38,270,649	4,732,218	8.04
2016	32,687,982	3,695,744	8.88
2015	29,844,518	3,671,509	8.04
2014	27,019,509	3,891,348	6.87
2013	24,213,405	3,898,102	6.17
2012	18,523,505	3,891,055	4.72

Fiscal Year	Special Assessment Bonds		
	Special Assessment Revenue	Total Debt Service	Coverage
2021	\$ 1,782,814	\$ 1,719,664	1.04
2020	1,720,217	1,718,671	1.00
2019	1,707,070	1,884,799	0.91
2018	1,856,055	1,764,737	1.05
2017	1,756,552	1,664,244	1.06
2016	9,199,238	9,672,875	0.95
2015	3,945,777	3,880,125	1.02
2014	3,901,550	3,880,251	1.01
2013	3,877,849	3,880,349	1.00
2012	3,986,080	3,887,477	1.03

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

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

(2) Includes debt service payments for senior-lien debt including the series 2016, 2018 and 2020 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 (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Senior Lien Debt Service (3)	Senior Lien Coverage	Total Debt Service (4)	Total Coverage
2021	\$ 34,677,013	\$ 17,566,092	\$ 17,110,921	\$ 2,944,219	5.81	\$ 4,748,693	3.60
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

Wastewater Loans

Fiscal Year	Wastewater Charges and Other (1)	Less: Adjusted Operating Expenses (2)	Net Available Revenue	Senior Lien Debt Service (5)	Senior Lien Coverage	Total Debt Service	Total Coverage
2021	\$ 15,345,908	\$ 3,435,977	\$ 11,909,931	\$ -	N/A	\$ -	N/A
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	6.58
2018	11,901,732	2,901,310	9,000,422	2,795,629	3.22	2,795,629	3.22
2017	11,143,065	2,971,087	8,171,978	2,797,790	2.92	2,797,790	2.92
2016	10,983,033	2,773,658	8,209,375	2,799,873	2.93	2,799,873	2.93
2015	9,012,855	1,963,292	7,049,563	2,801,881	2.52	2,801,881	2.52
2014	8,351,751	1,849,295	6,502,456	2,803,818	2.32	2,803,818	2.32
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

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

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

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

(3) Includes debt service payments for senior-lien debt including the 2008, 2014, 2020A, 2020B and DW WIFA loans.

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

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

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

Utility System Loans Combined (6)

Fiscal Year	Utility System Revenue (7)	Less: Adjusted Operating Expenses (8)	Utility System Net Revenue	Senior Lien Debt Service (9)	Senior Lien Coverage	Total Debt Service (10)	Total Coverage
2021	\$ 50,022,921	\$ 21,002,069	\$ 29,020,852	\$ 2,944,219	9.86	\$ 4,748,693	6.11
2020	\$ 42,853,544	\$ 19,723,952	\$ 23,129,592	\$ 3,938,223	5.87	\$ 5,743,687	4.03

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

(6) 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.

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

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

(9) Includes debt service payments for senior-lien debt including the 2008, 2014, 2020A, 2020B and DW WIFA loans.

(10) 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>
2021	68,500	\$ 2,543,062,500	\$ 37,125	7.1 %	6.8 %	5.3 %
2020	60,100	2,104,942,400	35,024	6.7	5.9	4.9
2019	51,800	1,729,394,800	33,386	4.9	4.2	3.4
2018	50,340	1,665,599,580	33,087	4.9	4.2	3.5
2017	41,919	1,149,613,561	27,425	4.7	3.9	3.9
2016	36,096	1,108,002,816	30,696	5.8	5.3	4.0
2015	34,614 *	1,052,265,600	30,400	5.9	5.3	4.4
2014	29,673	885,086,244	29,828	6.9	6.4	4.8
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

Sources:

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

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

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

* 2015 estimate reflects a special census report provided by the U.S. Census Bureau for the Town of Queen Creek

**TOWN OF QUEEN CREEK, ARIZONA
PRINCIPAL EMPLOYERS
JUNE 30, 2021 AND 2012
(UNAUDITED)**

Employer	2021			2012		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Queen Creek Unified School District	839	1	8.98%	645	1	32.23%
Walmart	496	2	5.31%	315	2	15.74%
Banner Health	408	3	4.37%			
Chandler Unified School District	337	4	3.61%			
Town of Queen Creek	327	5	3.50%	149	6	7.45%
Home Depot	219	6	2.34%	151	5	7.55%
Safeway	215	7	2.30%	75	7	3.75%
VP Nurseries	200	8	2.14%			
American Leadership Academy	188	9	2.01%			
Target	181	10	1.94%	170	4	8.50%
Canyon State Academy				300	3	14.99%
Kohl's				73	8	4.85%
Bashas				60	9	3.99%
Paradise Bakery				35	10	2.33%
	3,410		36.51%	1,505		75.21%

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government	70	67	63	60	56	51	47	44	43	35
Public Safety	89	79	72	63	60	60	45	44	37	32
Highways and Streets	22	21	20	16	16	16	16	14	16	18
Culture and Recreation	42	43	36	32	34	34	31	24	22	11
Economic Development	17	17	16	13	13	12	11	9	9	26
Solid Waste	3	6	6	5	5	6	5	4	**	**
Wastewater	6	6	5	4	5	5	5	4	5	4
Water	62	58	51	46	40	38	37	32	22	23
Total	311	297	270	239	229	222	197	175	154	149

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			
	2021	2020	2019	2018
Planning and Building Safety				
Building Permits Issued	5,230	3,967	2,992	2,606
Residential Permit Total Valuations	946,061,935	651,372,314	545,106,431	423,959,635
Commercial Permit Total Valuations	62,993,556	59,760,864	65,392,382	62,069,893
Highways and Streets				
Street Resurfacing (Miles)	37	72	34	25
Street Striped (Miles)	14	6	12	7
Culture and Recreation				
Athletic Field Permits Issued	284	175	180	121
Recreation Center Program Hits	9,623	6,249	12,786	10,907
Special Interest Class Participants	8,891	3,826	9,062	7,780
Special Event Attendance	-	22,000	25,500	28,000
Fire & Medical				
Emergency Calls for Service	5,036	4,341	4,169	3,382
Water				
Total Connections	35,173	32,838	29,968	28,431

Source: The Town of Queen Creek, Arizona

* 2010-2013 Information not available

** 2010-2014 Information not available

Fiscal Year

2017	2016	2015	2014	2013	2012
3,343	3,265	2,817	2,486	1,946	194
413,586,201	399,870,271	304,641,623	266,826,440	-	-
30,000,451	14,290,919	500,000	1,648,171	-	-
35	35	10	10	43	24
28	28	22	15	38	29
124	124	114	115	128	122
13,862	13,862	15,374	18,435	17,805	15,374
5,130	4,566	4,290	2,637	- *	- *
24,500	19,500	15,500	11,000	- *	- *
3,168	3,030	2,420	2,485	128	122
25,997	24,332	22,647	- **	- **	- **

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

Function	Fiscal Year			
	2021	2020	2019	2018
Highways and Streets				
Streets (Miles)	680	645	565	556
Streetlights	4,115	3,881	3,500	3,335
Traffic Signals	68	66	61	50
Culture and Recreation				
Developed Park Acreage	89	89	89	79
Undeveloped Parks Acreage	**	171	171	219
Developed Wash Trail Acreage	**	286	286	262
Undeveloped Wash Trail Acreage	**	65	65	51
Number of Parks	4	4	4	5
Community Centers	1	1	1	3
Fire Department				
Fire Apparatus	***	6	5	4
Fire Stations	***	5	4	3
Water				
Number of Potable Water Wells	***	25	21	18
Potable Water Pipe (Miles)	***	609	550	491
Sewer				
Sanitary Sewer (Miles)		249	216	192
Storm Sewers (Miles)	*		7.2	7
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

2017	2016	2015	2014	2013	2012
529	522	492	461	440	397
3,282	2,982	2,827	2,355	1,082	1,022
48	48	45	42	38	37
82	82	200	200	419	419
204	204	344	344	-	-
262	262	-	-	-	-
51	22	-	-	-	-
5	4	4	4	3	3
3	3	3	3	1	2
4	-	-	-	-	-
2	-	-	-	-	-
15	-	-	-	-	-
474	-	-	-	-	-
167	153	134	128	110	105
10	10	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 FOUR CALENDAR YEARS
(UNAUDITED)

GWEC Reconciliation (1)	Calendar Year			
	2017	2018	2019	2020
Total GWEC Beginning Balance - 1/1				
Cash / Other GWECs	297	297	175,339	201,447
WIFA Financed GWECs	0	0	0	0
Total GWEC Balance	297	297	175,339	201,447
GWEC Activity				
Cash / Other GWECs Aquired	0	175,174	31,330	7,198
Cash / Other GWECs Refinanced	0	0	0	(204,047)
Cash / Other GWECs (Pledged) (2)	0	(132)	(5,222)	(2,184)
Net Cash GWEC Activity	0	175,042	26,108	(199,033)
WIFA Financed GWECs Acquired	0	0	0	204,047
WIFA Financed GWECs (Pledged) (2)	0	0	0	0
Net WIFA Financed GWEC Activity	0	0	0	204,047
Subtotal GWECs Activity	0	175,042	26,108	5,014
Total GWEC Ending Balance - 12/31				
Cash / Other GWECs	297	175,339	201,447	2,414
WIFA Financed GWECs	0	0	0	204,047
	297	175,339	201,447	201,447
WIFA Financed GWECs Available				
Year	(2)	(1)	0	1
WIFA Financed GWECs Beginning Balance	0	0	0	0
WIFA Financed GWECs Acquired	0	0	0	204,047
1/30Th WIFA GWEC Amortization	0	0	0	(6,802)
WIFA Financed GWEC Ending Balance	0	0	0	197,245
Excess GWECs Available (3)	297	175,339	201,447	9,216
Pledged And Unused GWECs From Prior Year	0	0	0	3,007
Total Unused GWECs Available (4)	297	175,339	201,447	12,223

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, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

**TOWN OF QUEEN CREEK, ARIZONA
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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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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. 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.

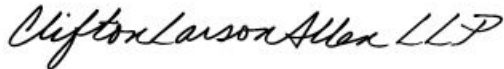
The Honorable Mayor and Members of the Town Council
Town of Queen Creek, Arizona

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

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
November 29, 2021



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, 2021. 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, 2021.

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated November 29, 2021, 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
November 29, 2021

**TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

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 X no
- Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes X 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 X no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

**TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

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, 2021**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Federal Grant/ Pass-Through Number	Expenditures	Passed- through to Subrecipients
U.S. Department of the Treasury				
Passed through the State of Arizona Office of the Governor:				
COVID-19 - Coronavirus Relief Fund	21.019	RMT-20-075	\$ 5,842,506	\$ -
Total U.S. Department of the Treasury			<u>5,842,506</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,842,506</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, 2021

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, 2021. 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, 2021.

NOTE 3 INDIRECT COST RATE

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

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