

TOWN OF QUEEN CREEK, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022



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TOWN OF QUEEN CREEK, ARIZONA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Issued by:
Finance Department

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INTRODUCTORY SECTION

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TOWN OF
QUEEN CREEK
ARIZONA

December 6, 2022

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, 2022. 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, 2022, are fairly presented in conformity with generally accepted accounting principles. The auditor's report is presented as the first component of the Financial Section of this report.

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

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

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

PROFILE

The Town of Queen Creek is located in the southeast corner of Maricopa County, with an overlap into Pinal County. The City of Mesa borders the Town to the north, and the Town of Gilbert borders it to the west. Queen Creek is within 10 minutes of the Phoenix-Mesa Gateway Airport and 45 minutes of the Phoenix Sky Harbor International Airport. Queen Creek contains over 42 square miles in its incorporated area and nearly 72 square miles in its planning area. The Town's population is estimated to be approximately 70,975 as of June 30, 2022. The Town's population has doubled since 2016, making it the fastest growing municipality in Arizona and the third-fastest growing city in the country.

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

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

The Town's southeast area is adjacent to the San Tan Valley in Pinal County. With over 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

The Town has continued to see revenue increases for fiscal year 2022. Local sales tax revenue grew 39%, state-shared revenue increased 5%, and building revenue from new development activity increased 16% over the prior year as a result of a near record-setting number of single-family building permits. Combined, total property valuation of all new residential and nonresidential construction reached \$1 billion, which was on par with last year's record numbers. These positive results are a reflection of the Town's strong demographics, recent population growth, 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 1,767 single-family building permits during fiscal year 2022. This was less than the prior year's record total of 2,223 permits issued but still a large number by historical standards. Since June 2022, the Town has seen a slowing of single-family building permits compared to recent years; however, permits for multi-family and commercial construction remain at near-record levels. This diversity of new construction types reflects the Town's maturity from a strictly "bedroom" community to a more traditional suburban municipality where more residents can shop and work locally..
- Vertical commercial construction continues in the Town Center and in the QC Commons, Pecan Lakes, and QC Crossings retail development sites. New businesses opened recently or soon to open in Queen Creek include Fat Cats Fun Center, Fry's Marketplace, Dave & Busters, Ashley Furniture, Hobby Lobby, and Costco.
- The Town recently sold 2.4 acres of land to a developer who will build a Homewood Suites hotel in the next 18-24 months. This will be the second hotel in Queen Creek.
- In April 2022, LG Energy Solutions announced plans to invest \$1.4 billion in Queen Creek to build its first ever cylindrical-type battery facility in North American. The facility is expected to begin construction in calendar year 2023 and employ over 2,800 people at full build-out.

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, 2022:

- Durham – Annexed in January 2022, this 20-acre parcel is located at the southeast corner of Ellsworth and Cloud roads. This property is zoned for General Commercial uses.
- Hudson Station – Annexed in July 2022, this 91-acre development is located on the southwest corner of Signal Butte and Queen Creek roads. The proposed site plan includes a mix of residential and commercial uses.

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

Active residential development in Queen Creek includes over 30 master-planned communities and several custom-home builders. Combined, these projects will add over 21,000 new single-family homes and over 4,000 multi-family units over the next 10-20 years, which will more than double the Town's current inventory of existing homes and double the Town's population.

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 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.

On September 21, 2022, Town Council approved an application with the Water Infrastructure Finance Authority (WIFA) to seek financing of approximately \$27 million to be paid over 30 years at an estimated interest rate of 3.25%. The Town is seeking the loan to fund a purchase agreement between the Town and GSC Farm, LLC to transfer up to 2,088 AF of Colorado River perpetual surface water rights.

These additional acquisitions continue the Town's water strategy to secure long-term water resources and become a designated assured water supply provider. In achieving these objectives, the Town will minimize its reliance on the Central Arizona Groundwater Replenishment District (CAGR) to meet the groundwater replenishment requirements of the Arizona Groundwater Management Act. Minimizing reliance on the CAGR will reduce fees paid by the Town's water utility customers.

Bond Ratings. In April 2022, the Town's bond rating was upgraded to AA+ from AA, with a stable outlook, by both S&P Global Ratings and Fitch Ratings. Both rating agencies have cited the Town's strong financial management policies and practices, strong budgetary performance, and strong budgetary flexibility and liquidity as key reasons for the rating upgrade.

Reserve Policy and Long-Term Financial Planning

Economic growth has provided sufficient resources for the Town to maintain services for its residents while also building reserves in its operating funds. The Town Council's current operating reserve policy is to have 25% of next year's General Fund budgeted revenues in reserve. As of June 30, 2022, the Town has fully funded this reserve at \$29.6 million. Additionally the Town has added a reserve for future Road Replacement that started at \$500,000 this first year and will continue to increase by \$500,000 each year thereafter until the annual set-aside amount approximates the annualized repair and replacement costs of the Town's major transportation infrastructure.

The Town continues to follow its policy of holding reserves to address the Town's pension liabilities. As of June 30, 2022, the Town reserved \$26.3 million for pension obligations for its newly formed Police Department. This amount is equal to what the Town had been setting aside for its share of the Maricopa County Sheriff's Office total unfunded pension liability. In addition, \$15.9 million was reserved for the Town's estimated share of the ASRS unfunded liability in the Town's General Fund and an additional \$6.3 million in the Town's enterprise funds. In lieu of setting aside reserves for Fire Personnel, the Town makes a year-end payment to PSPRS for any pension deficit in the Fire plan. For the current fiscal year, the Town reports a net pension asset for Fire as assets on hand currently exceed the plan's estimated liabilities. With this policy, the Town has one of the most aggressive and comprehensive pension funding strategies in the country.

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

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, \$390 million Transportation Master Plan.
- Develop a new Police Department. The Town launched its municipal police department on January 11, 2022. A modern police agency built on a foundation of community engagement and problem solving, the Queen Creek Police Department has approximately 70 employees. The department includes divisions for patrol, traffic, investigations, public records, and crime scene analysis. Special operations such as SWAT, forensic lab services, crash investigations, and aerial support are provided through intergovernmental agreements with surrounding agencies.
- Build fire stations to maintain adopted response levels to our residents and businesses. The Town opened two new fire stations in fiscal year 2021-22.
- Provide ambulance services to residents. Historically, the Town's emergency medical transport services have been provided by a private company. Beginning in fiscal year 2023-24, the Town will assume this service, which will ensure continuity of care for patients who require an ambulance transport to a local medical facility.
- Develop parks and recreational facilities according to the Town's adopted Parks Master Plan. The Town issued \$138 million of new excise tax bonds in June 2022 to build the new 85-acre Frontier Family Park, expand Mansel Carter Park, and open an aquatics and recreation center. The Town also purchased 76.5 acres of land for development of a future park in the next ten 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 and become a designated water provider in 2025.
- Consolidate water and sewer services for existing Town residents. Certain areas of the Town currently receive water service from the Town and sewer service from EPCOR Water Arizona, Inc., a private utility company. In June 2022, Town Council approved an exchange agreement with EPCOR in which the Town will receive from EPCOR approximately 6,200 current and future sewer customers who are currently the Town's water customers but EPCOR's sewer customers. EPCOR will receive from the Town approximately 9,800 future customers who are currently in the Town's water and sewer service area. EPCOR and the Town are waiting for final approval of the exchange agreement by the Arizona Corporation Commission.
- Eliminate property tax assessments for Street Light Improvement Districts (SLIDs). The Town Council recently approved a new policy whereby the Town will now absorb the approximately \$200,000 of electricity costs for 130 SLIDs that are currently being assessed to 16,000 property owners.
- Eliminate any primary property tax increases for existing property tax payers for five years. The Town Council recently approved a new policy that requires the property tax rate to decrease as property values increase, so that a taxpayer pays the same amount of property tax to Queen Creek as the prior year. Any increase in the Town's total property tax revenue will come from new homes and businesses only. The policy sets a minimum tax rate of \$1.40 per \$100 of assessed value (the FY 2021-22 rate was \$1.83), and property tax revenues cannot generate less than 20% of public safety expenses.

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

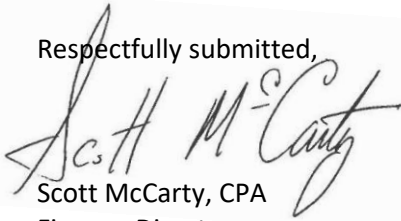
AWARDS AND ACKNOWLEDGMENTS

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, 2021. This was the 17th 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, 2022. This was the 19th consecutive year that the Town has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document must be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. A budget award is valid for a period of one year only. We believe that our annual budget documents will continue to meet the program's requirements and we will submit them to the GFOA each year to determine their eligibility for a certificate.

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

Respectfully submitted,

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

Scott McCarty, CPA
Finance Director

**TOWN OF QUEEN CREEK, ARIZONA
LIST OF PRINCIPAL OFFICIALS
YEAR ENDED JUNE 30, 2022**

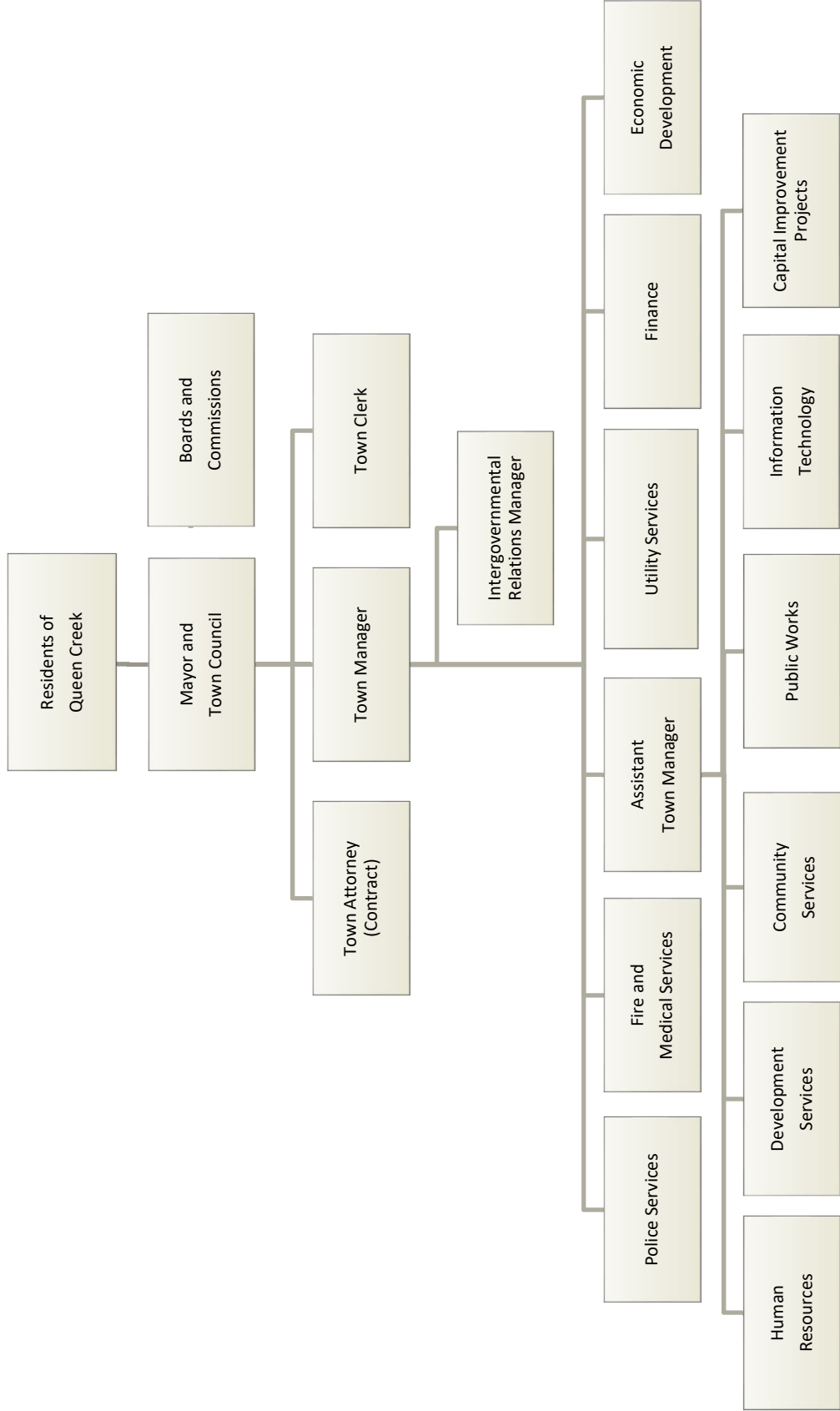
ELECTED OFFICIALS

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

DEPARTMENT DIRECTORS

Town Manager	John Kross
Assistant Town Manager	Bruce Gardner
Fire Chief	Vance Gray
Chief of Police	Randy Brice
Finance Director	Scott McCarty, CPA
Human Resources Director	Michele Brown
Communications, Marketing & Recreation Director	Marnie Shubert
Development Services Director	Brett Burningham
Economic Development Director	Doreen Cott
Utilities Director	Paul Gardner
Workforce and Technology Director	Mike Black
Public Works Director	Mohamed Youssef
Capital Improvement Projects Director	Dave Lipinski

**TOWN OF QUEEN CREEK, ARIZONA
 ORGANIZATIONAL CHART
 YEAR ENDED JUNE 30, 2022**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Queen Creek
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 6, 2022

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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, 2022**

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, 2022. 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 \$808.8 million (net position). Total net position increased by \$111.9 million during the fiscal year.
- As of June 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$367.5 million, an increase of \$140.3 million in comparison with the prior year.
- At the close of the current fiscal year, total fund balance for the General Fund was \$108.9 million. Of this amount, \$61.3 million is unassigned meeting the Town's policy objective of having 25% of the following year's budgeted revenue in reserve as well as \$0.5 million as a road replacement reserve. In addition to these reserves, the Town has \$42.3 million set aside as committed per its pension funding policy.
- The Town issued \$131.2 million in excise tax and state-shared revenue bonds for the construction of 98 acres of parks, a recreation center, and an aquatics center.

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 activities). The governmental activities of the Town include general government, public safety, highways

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YEAR ENDED JUNE 30, 2022**

and streets, culture and recreation, and economic development. The business-type activities of the Town include water, wastewater, and solid waste.

Fund Financial Statements

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

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

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

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

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

Notes to the Basic Financial Statements

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

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2022 and 2021.

	Net Position					
	June 30, 2022 and 2021					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	\$ 423,839,586	\$ 260,910,469	\$ 61,278,176	\$ 19,943,140	\$ 485,117,762	\$ 280,853,609
Capital Assets:						
Non-depreciable	153,460,063	116,578,498	114,850,422	91,587,058	268,310,485	208,165,556
Depreciable (net)	<u>386,860,173</u>	<u>356,728,480</u>	<u>260,078,911</u>	<u>256,346,578</u>	<u>646,939,084</u>	<u>613,075,058</u>
Total Assets	964,159,822	734,217,447	436,207,509	367,876,776	1,400,367,331	1,102,094,223
Deferred Outflows of Resources	10,607,199	11,024,339	16,158,484	16,593,614	26,765,683	27,617,953
Liabilities						
Current and Other Liabilities	22,942,134	18,821,732	10,129,129	8,662,240	33,071,263	27,483,972
Long-Term Liabilities	<u>368,664,688</u>	<u>246,163,955</u>	<u>205,754,600</u>	<u>158,658,183</u>	<u>574,419,288</u>	<u>404,822,138</u>
Total Liabilities	391,606,822	264,985,687	215,883,729	167,320,423	607,490,551	432,306,110
Deferred Inflows of Resources	<u>8,882,495</u>	<u>521,968</u>	<u>2,002,345</u>	-	<u>10,884,840</u>	<u>521,968</u>
Net Position						
Net Investment in Capital Assets	363,427,683	323,096,888	185,308,699	198,361,711	548,736,382	521,458,599
Restricted	87,876,069	62,872,940	2,205,006	59,244	90,081,075	62,932,184
Unrestricted	<u>122,973,952</u>	<u>93,764,303</u>	<u>46,966,214</u>	<u>18,729,012</u>	<u>169,940,166</u>	<u>112,493,315</u>
Total Net Position	<u>\$ 574,277,704</u>	<u>\$ 479,734,131</u>	<u>\$ 234,479,919</u>	<u>\$ 217,149,967</u>	<u>\$ 808,757,623</u>	<u>\$ 696,884,098</u>

The largest portion of the Town's net position (68%) 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.

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YEAR ENDED JUNE 30, 2022

An additional portion of the Town's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (21%) may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Position

The Town's net position overall increased by \$111.9 million (16%) 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, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	\$ 35,396,358	\$ 31,877,457	\$ 53,691,928	\$ 52,985,240	\$ 89,088,286	\$ 84,862,697
Operating Grants and Contributions	4,117,273	9,510,005	99,920	107,275	4,217,193	9,617,280
Capital Grants and Contributions	36,758,401	19,058,817	7,931,963	9,224,262	44,690,364	28,283,079
General Revenues						
Sales Taxes	74,240,195	62,207,782	-	-	74,240,195	62,207,782
Property Taxes	11,081,885	9,909,455	-	-	11,081,885	9,909,455
Franchise Taxes	468,643	491,622	-	-	468,643	491,622
Grants and Contributions Not Restricted to Specific Programs						
Restricted to Specific Programs	18,754,450	15,892,593	-	-	18,754,450	15,892,593
Investment Earnings	(2,883,010)	92,783	(44,713)	23,508	(2,927,723)	116,291
Miscellaneous	803,693	629,618	421,671	842,689	1,225,364	1,472,307
Total Revenues	178,737,888	149,670,132	62,100,769	63,182,974	240,838,657	212,853,106
Expenses						
General Government	20,388,951	19,132,253	-	-	20,388,951	19,132,253
Public Safety	29,175,388	22,265,636	-	-	29,175,388	22,265,636
Highways and Streets	25,265,179	21,264,036	-	-	25,265,179	21,264,036
Culture and Recreation	7,234,793	6,428,530	-	-	7,234,793	6,428,530
Economic Development	2,000,603	1,503,522	-	-	2,000,603	1,503,522
Interest on Long-Term Debt	4,018,538	7,223,334	-	-	4,018,538	7,223,334
Water	-	-	28,007,330	26,131,375	28,007,330	26,131,375
Wastewater	-	-	8,961,967	7,895,586	8,961,967	7,895,586
Solid Waste	-	-	3,912,383	3,817,914	3,912,383	3,817,914
Total Expenses	88,083,452	77,817,311	40,881,680	37,844,875	128,965,132	115,662,186
Change in Net Position Before Transfers						
	90,654,436	71,852,821	21,219,089	25,338,099	111,873,525	97,190,920
Transfers In (Out)						
	3,889,137	3,188,814	(3,889,137)	(3,188,814)	-	-
Change in Net Position						
	94,543,573	75,041,635	17,329,952	22,149,285	111,873,525	97,190,920
Net Position - Beginning of Year						
	479,734,131	404,692,496	217,149,967	195,000,682	696,884,098	599,693,178
Net Position - End of Year						
	\$ 574,277,704	\$ 479,734,131	\$ 234,479,919	\$ 217,149,967	\$ 808,757,623	\$ 696,884,098

Governmental Activities – Total revenues increased \$29.1 million (19%) primarily as a result of the following changes. An increase in capital grants and contributions of \$17.7 million (93%) due to an increase in transportation related construction funded by grants and contributions from other entities. An increase in sales and property taxes of \$13.2 million (18%) 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 \$3.5 million (11%) driven primarily by an

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

increase in impact fee revenues received due to near-record numbers of new home permits and commercial development. State shared revenues were also up \$2.9 million (18%) due to the Town's continued population growth. These increases were offset by a decrease in operating grants and contributions of \$5.4 million due to a decrease in COVID grant funds from the federal government and a decrease in investment earnings of \$3.0 million due to the decrease in fair market values for investments given the rising interest rate environment.

Total expenses increased \$10.3 million (13%) due to an increase in salaries and benefits expense of \$9.0 million. The increase in salaries is the direct result of an increase in the number of employees most of which were in the newly created QC Police Department. There were a number of other factors that contributed to the increase in expenses including an increase in depreciation expense of \$1.9 million. This was offset by a \$0.9 million decrease in costs for the Town's PSPRS expense as the plan was fully funded at year-end.

Net position for governmental activities increased \$94.5 million (20%), ending the year at \$574.3 million.

Business-Type Activities – Net position of the Town's business-type activities increased \$17.3 million (8%). The \$1.1 million (2.0%) decrease in revenues was caused by a \$1.3 million decrease in capital grants and contributions due to fewer infrastructure assets being contributed to the Town in fiscal year 2022 than in the prior year.

Total expenses increased \$3.0 million (8%). The cost of sales and services increased by \$0.5 million due mainly to increases in operations and maintenance at the Greenfield Water Reclamation Plant (GWRP), capital maintenance expense, and expense for water credits used during FY 22. Expenses related to the Town's equity interest in GWRP increased by \$1.3 million. Depreciation expense increased \$0.9 million and debt issuance costs increased \$0.5 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 \$367.5 million, an increase of \$140.3 million (62%) from the prior year. The increase was primarily the result of issuing excise tax and state-shared revenue bonds totaling \$139 million for the purchase of land and the construction of new parks and recreation facilities. At fiscal year end, the proceeds remained unspent.

Other changes to fund balances include the following:

- Increases totaling \$18.5 million (20%) to the General Fund fund balance of \$108.9 million were the result of better than predicted revenues exceeding expenses for the Town. Transfers out for capital projects increased by \$7.2 million from the prior year, mostly for new Public Works facilities.

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- The Construction Sales Tax fund balance increased \$7.5 million due primarily to an increase in sales tax revenue of \$2.6 million combined with a decrease of \$2.8 million in transfers out for capital projects, due to fewer transportation projects expenses this year.
- The Drainage and Transportation Fund saw a decrease in fund balance of \$30.9 million as the Town used existing balances of debt proceeds issued in prior years for construction projects.
- The General Capital Improvement fund balance increased by \$138.4 million due to the aforementioned issuance of \$139.0 million in revenue bonds.

At fiscal year ended June 30, 2022, fund balances were as follows.

Fund	Balance	Increase/(Decrease) From FY 21
General Fund	\$ 108,933,583	\$ 18,518,414
Construction Sales Tax	11,769,328	7,495,939
Drainage and Transportation	36,219,853	(30,913,967)
General Capital Improvement	148,988,674	138,365,935
Improvement District Debt Service	560	(47,679)
Debt Service	1,569	-
Nonmajor Governmental Funds	61,538,683	6,895,504
	\$ 367,452,250	\$ 140,314,146

General Fund – Revenues of the General Fund exceeded expenditures and other financing sources (uses) by \$18.5 million.

Total revenues increased \$5.3 million (6.0%) from the prior year. Increases of \$9.0 million in sales taxes and \$1.2 million in property taxes are attributable to a growing population and increase in local businesses. The Town saw an increase in total taxable assessed value from \$535.7 million to \$605.0 million. Intergovernmental revenues comprised of state sales tax, income tax revenue sharing, and grants decreased \$2.8 million. The decrease was due to receiving \$5.8 million less in grant revenue, offset by an increase of \$3.0 million in state shared tax revenues. The Town received a one-time grant of \$5.8 million in FY 21 for COVID relief. Interest income decreased \$3.2 million from the prior year, resulting in a negative presentation on the Statement of Revenues, Expenditures and Change in Fund Balances. The large decrease was the result of a decline in the fair market value of the Town’s investments given the rising interest rate environment.

Total General Fund expenditures increased by \$12.3 million (24%) due mainly to an increase in salaries and benefits expense of \$10.3 million. The largest increase was in public safety, \$8.2 million, due to hiring additional police officers and support staff for the new police department. General government also saw an increase in salaries and benefits expense of \$1.5 million due to pay increases as well as new staff to meet the growing needs of the Town. There was also an increase in capital outlay expense of \$1.2 million due mainly to the purchase of a new fuel island at the Municipal Services Building and new vehicles needed for the new Police Department.

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.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

General Fund revenues, on a budgetary basis, exceeded budgeted revenues by \$6.4 million (8.5%). The increased revenues over the budgeted amount was the result of better than expected sales taxes and a growing community resulting in increased retail and construction sales tax revenues. Budgetary basis expenditures were \$4.4 million (13%) below budgeted expenditures. The savings in expenditures resulted from a combination of personnel cost savings from vacant positions, unfinished projects and service contracts that will be carried over to the next fiscal year, and goods and services that cost less than expected.

During the year, the Town increased the General Fund budget for sales taxes by \$11.1 million (31%) and the budget for licenses, permits and fees by \$3.0 million (38%) as revenue collections exceeded the original projections due to better than expected growth in the Town. The Town increased the General Fund expenditure budget by \$1.1 million (3%). The majority of that increase was in the Public Works Department for vehicles and equipment and repairs and maintenance.

Other Major Funds – The Construction Sales Tax fund balance increased \$7.5 million as construction related revenues exceeded transfers to the Drainage and Transportation Fund for transportation construction projects.

The Drainage and Transportation Fund spent \$45.5 million on street improvement projects. These projects were funded from the proceeds of debt issued in prior fiscal years and from impact fees and construction sales tax revenue.

The General Capital Improvement Fund spent \$15.7 million on general construction projects throughout Town including the addition of two new fire stations. Additionally, the fund received \$139.0 million in proceeds from a new debt issuance to fund parks and recreation projects.

The Improvement District Debt Service Fund spent \$1.9 million for debt service payments while special assessment revenue comprised of collections from property owners totaled \$1.8 million.

The Debt Service Fund had \$13.1 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 \$6.9 million (13%). 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.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of June 30, 2022 amount to \$540.3 million and \$374.9 million (net of accumulated depreciation/amortization), respectively. Capital assets include land and improvements, water rights and credits, infrastructure, buildings and improvements, machinery and equipment, vehicles, and construction in progress. Capital assets for governmental activities increased 14% and capital assets for business-type activities increased 8%.

**Capital Assets (Net)
June 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Related Assets	\$ 53,058,013	\$ 52,913,843	\$ 5,185,544	\$ 4,539,972	\$ 58,243,557	\$ 57,453,815
Water Rights and Credits	-	-	73,293,826	66,235,985	73,293,826	66,235,985
Construction In Progress	100,402,050	63,664,655	36,381,148	20,811,101	136,783,198	84,475,756
Streets and Other Infrastructure	307,876,654	280,783,018	-	-	307,876,654	280,783,018
Buildings and Improvements	62,371,151	64,080,269	7,396,261	7,645,359	69,767,412	71,725,628
Vehicles, Furniture and Equipment	16,612,368	11,865,193	3,472,472	2,907,584	20,084,840	14,772,777
Wastewater Collection System	-	-	93,694,781	91,790,353	93,694,781	91,790,353
Water System	-	-	155,505,300	154,003,282	155,505,300	154,003,282
Total Assets	\$ 540,320,236	\$ 473,306,978	\$ 374,929,332	\$ 347,933,636	\$ 915,249,568	\$ 821,240,614

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

Governmental Activities

- The Town accepted \$17.7 million of completed streets and other infrastructure from developers, and spent an additional \$67.8 million for Town-funded projects, most of which was for three new fire stations and various street projects.
- At year-end, the Town had \$100.4 million in projects under construction.

Business-type Activities

- The Town accepted \$7.5 million of completed water and wastewater infrastructure from developers, and an additional \$19.5 million in Town-funded projects.
- The Town purchased 4,162 acre feet of water rights for \$8.2 million.
- The Town received additional water extinguishment credits at a value of \$0.3 million through an agreement with a developer. The Town used \$1.4 million of the existing water extinguishment credits to help meet its water conservation requirements.
- At year-end, the Town had \$36.4 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.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Debt Administration

At the end of the current fiscal year, the Town had total long-term obligations outstanding of \$350.3 million for governmental activities and \$198.9 million for business-type activities. The outstanding debt is secured by pledges of specific revenue sources of the Town.

Overall, the Town's governmental activities debt increased by \$127.3 million (57%) as a result of the Town issuing \$139.0 in excise tax revenue bonds for parks and recreation projects, offset by the Town making the scheduled debt service payments including \$6.6 million of outstanding principal.

The business-type activities debt increased by \$49.5 million (33%). The increases were primarily the result of the Town issuing subordinate lien excise tax pledged bonds of \$44.0 million for water and wastewater infrastructure projects and a WIFA loan of \$8.2 million for the purchase of water rights. Additionally, the Town issued a direct placement utility revenue pledged loan for \$21.5 million to refinance a 2008 WIFA loan. These increases were offset by making the scheduled debt service payments including \$24.4 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, 2022 and 2021:

	Outstanding Debt					
	June 30, 2022 and 2021					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Excise Tax Revenue Bonds	\$ 270,188,000	\$ 141,420,000	\$ 44,000,000	\$ -	\$ 314,188,000	\$ 141,420,000
GADA Loan Payable	-	-	2,330,000	2,605,000	2,330,000	2,605,000
Excise Tax Refunding Bonds	35,705,000	38,255,000	-	-	35,705,000	38,255,000
Special Assessment						
Refunding Bonds	11,320,177	12,895,229	-	-	11,320,177	12,895,229
Premium/Discount on Bonds	32,940,726	30,458,906	9,911,415	10,533,542	42,852,141	40,992,448
WIFA Loan Payable	-	-	95,563,052	110,214,931	95,563,052	110,214,931
Leases	158,023	-	11,780	-	169,803	-
Water System Obligation	-	-	40,040,482	18,872,408	40,040,482	18,872,408
Advances in Aid of Construction	-	-	7,016,950	7,181,760	7,016,950	7,181,760
Total Outstanding Debt	\$ 350,311,926	\$ 223,029,135	\$ 198,873,679	\$ 149,407,641	\$ 549,185,605	\$ 372,436,776

OTHER MATTERS

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

- In order to construct the necessary Water and Wastewater infrastructure, the Town has entered into loan agreements with the Water Infrastructure Finance Authority (WIFA) for \$54.6 million in financing. As of June 30, 2022, the Town has only used \$75,000 of the loan authorization total.
- In addition to the \$44 million in subordinate lien excise tax pledged bonds outstanding at year end, the town will draw down an additional \$41 million for water and wastewater infrastructure projects during fiscal years 2023 and 2024.
- The Town has applied for a \$27 million loan from WIFA to finance the purchase of 2,088 acre feet of Colorado River water rights in fiscal year 2023.

**TOWN OF QUEEN CREEK, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 190,535,933	\$ 10,105,324	\$ 200,641,257
Receivables, Net:			
Accounts Receivable	575,875	6,501,673	7,077,548
Taxes Receivable	9,559,605	-	9,559,605
Special Assessments Receivable	11,265,810	-	11,265,810
Intergovernmental Receivable	21,459,427	29,597	21,489,024
Interest Receivable	518,200	15,377	533,577
Leases Receivable	1,470,377	15,508	1,485,885
Internal Balances	(393,155)	393,155	-
Inventory	-	327,681	327,681
Prepaid Items	516,157	201,700	717,857
Prepaid Supplies	1,049,687	1,234,907	2,284,594
Restricted Cash and Investments	180,058,064	12,232,388	192,290,452
Net Pension Asset	3,392,893	-	3,392,893
Investment in Joint Venture	-	30,220,866	30,220,866
Land Held for Economic Development	3,830,713	-	3,830,713
Capital Assets:			
Non-Depreciable	153,460,063	114,850,422	268,310,485
Depreciable (Net)	386,860,173	260,078,911	646,939,084
Total Assets	<u>964,159,822</u>	<u>436,207,509</u>	<u>1,400,367,331</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	10,369,358	2,029,047	12,398,405
Debt Related	237,841	-	237,841
Water System Acquisition Related	-	14,129,437	14,129,437
Total Deferred Outflows of Resources	<u>10,607,199</u>	<u>16,158,484</u>	<u>26,765,683</u>
LIABILITIES			
Accounts Payable	8,910,908	5,752,518	14,663,426
Accrued Wages and Benefits	696,540	154,919	851,459
Other Accrued Expenses	-	767,895	767,895
Retainage Payable	2,115,610	251,428	2,367,038
Deposits Held for Others	2,591,063	1,869,838	4,460,901
Unearned Revenue	4,843,393	-	4,843,393
Interest Payable	3,784,620	1,332,531	5,117,151
Noncurrent Liabilities:			
Due within One Year	8,046,055	4,252,986	12,299,041
Due in More than One Year	344,678,416	195,230,726	539,909,142
Net Pension Liability	15,940,217	6,270,888	22,211,105
Total Liabilities	<u>391,606,822</u>	<u>215,883,729</u>	<u>607,490,551</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	6,953,070	1,986,837	8,939,907
Debt Related	459,048	-	459,048
Lease Related	1,470,377	15,508	1,485,885
Total Deferred Inflows of Resources	<u>8,882,495</u>	<u>2,002,345</u>	<u>10,884,840</u>
NET POSITION			
Net Investment in Capital Assets	363,427,683	185,308,699	548,736,382
Restricted for:			
Agreements	234,854	-	234,854
Streets and Transportation	2,644,355	-	2,644,355
Debt Service	11,263,164	-	11,263,164
Development	73,652,466	933,066	74,585,532
Housing Rehab	81,230	-	81,230
Capital Projects	-	51,906	51,906
Water Rights	-	1,220,034	1,220,034
Unrestricted	122,973,952	46,966,214	169,940,166
Total Net Position	<u>\$ 574,277,704</u>	<u>\$ 234,479,919</u>	<u>\$ 808,757,623</u>

See accompanying Notes to the Basic Financial Statements.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

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	\$ 20,388,951	\$ 12,579,332	\$ -	\$ -
Public Safety	29,175,388	6,748,570	-	123,278
Highways and Streets	25,265,179	6,365,124	4,002,653	36,574,963
Culture and Recreation	7,234,793	9,703,332	114,620	60,160
Economic Development	2,000,603	-	-	-
Interest and Fiscal Charges	4,018,538	-	-	-
Total Governmental Activities	88,083,452	35,396,358	4,117,273	36,758,401
Business-Type Activities				
Water	28,007,330	34,525,789	-	4,928,050
Wastewater	8,961,967	14,992,099	99,920	3,003,913
Solid Waste	3,912,383	4,174,040	-	-
Total Business-Type Activities	40,881,680	53,691,928	99,920	7,931,963
Total Primary Government	\$ 128,965,132	\$ 89,088,286	\$ 4,217,193	\$ 44,690,364

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
\$ (7,809,619)	\$ -	\$ (7,809,619)
(22,303,540)	-	(22,303,540)
21,677,561	-	21,677,561
2,643,319	-	2,643,319
(2,000,603)	-	(2,000,603)
(4,018,538)	-	(4,018,538)
<u>(11,811,420)</u>	<u>-</u>	<u>(11,811,420)</u>
-	11,446,509	11,446,509
-	9,133,965	9,133,965
-	261,657	261,657
<u>-</u>	<u>20,842,131</u>	<u>20,842,131</u>
(11,811,420)	20,842,131	9,030,711
74,240,195	-	74,240,195
11,081,885	-	11,081,885
468,643	-	468,643
18,754,450	-	18,754,450
(2,883,010)	(44,713)	(2,927,723)
805,313	302,671	1,107,984
(1,620)	119,000	117,380
3,889,137	(3,889,137)	-
<u>106,354,993</u>	<u>(3,512,179)</u>	<u>102,842,814</u>
94,543,573	17,329,952	111,873,525
479,734,131	217,149,967	696,884,098
<u>\$ 574,277,704</u>	<u>\$ 234,479,919</u>	<u>\$ 808,757,623</u>

**TOWN OF QUEEN CREEK, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Construction Sales Tax	Drainage and Transportation
ASSETS			
Cash and Investments	\$ 98,144,249	\$ 9,572,431	\$ 6,668,878
Restricted Cash and Investments	2,654,788	-	31,109,765
Receivables:			
Accounts Receivable	565,939	-	9,936
Taxes Receivable	7,175,178	2,196,897	-
Special Assessments Receivable	-	-	-
Intergovernmental Receivable	346,009	-	20,246,519
Interest Receivable	518,200	-	-
Leases Receivable	1,465,776	-	-
Prepaid Items	516,157	-	-
Prepaid Supplies	662,982	-	133,711
Advances to Other Funds	3,992,110	-	-
Total Assets	<u>\$ 116,041,388</u>	<u>\$ 11,769,328</u>	<u>\$ 58,168,809</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 2,056,660	\$ -	\$ 5,134,685
Accrued Wages and Benefits	626,180	-	39,946
Retainage Payable	-	-	1,941,454
Deposits Held for Others	2,591,063	-	-
Interest Payable	-	-	-
Unearned Revenues	-	-	-
Advances from Other Funds	-	-	-
Total Liabilities	<u>5,273,903</u>	<u>-</u>	<u>7,116,085</u>
Deferred Inflows of Resources:			
Unavailable Revenues	368,126	-	14,832,871
Lease Related	1,465,776	-	-
Total Deferred Inflows of Resources	<u>1,833,902</u>	<u>-</u>	<u>14,832,871</u>
Fund Balances:			
Nonspendable	5,171,249	-	133,711
Restricted	234,854	-	31,109,765
Committed	42,275,146	11,769,328	-
Assigned	-	-	4,976,377
Unassigned	61,252,334	-	-
Total Fund Balances	<u>108,933,583</u>	<u>11,769,328</u>	<u>36,219,853</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 116,041,388</u>	<u>\$ 11,769,328</u>	<u>\$ 58,168,809</u>

See accompanying Notes to the Basic Financial Statements.

General Capital Improvement	Improvement District Debt Service	Debt Service	Nonmajor Governmental Funds	Totals
\$ 7,456,067	\$ 194,168	\$ 1,569	\$ 66,447,927	\$ 188,485,289
142,914,023	-	-	3,379,488	180,058,064
-	-	-	-	575,875
-	-	-	187,530	9,559,605
-	11,265,810	-	-	11,265,810
36,033	-	-	830,866	21,459,427
-	-	-	-	518,200
-	-	-	4,601	1,470,377
-	-	-	-	516,157
-	-	-	252,994	1,049,687
-	-	-	-	3,992,110
<u>\$ 150,406,123</u>	<u>\$ 11,459,978</u>	<u>\$ 1,569</u>	<u>\$ 71,103,406</u>	<u>\$ 418,950,601</u>
\$ 1,207,260	\$ 58,142	\$ -	\$ 454,161	\$ 8,910,908
-	-	-	30,414	696,540
174,156	-	-	-	2,115,610
-	-	-	-	2,591,063
-	138,672	-	-	138,672
-	-	-	4,843,393	4,843,393
-	-	-	3,992,110	3,992,110
<u>1,381,416</u>	<u>196,814</u>	<u>-</u>	<u>9,320,078</u>	<u>23,288,296</u>
36,033	11,262,604	-	240,044	26,739,678
-	-	-	4,601	1,470,377
<u>36,033</u>	<u>11,262,604</u>	<u>-</u>	<u>244,645</u>	<u>28,210,055</u>
-	-	-	252,994	5,557,954
142,914,023	560	-	59,206,826	233,466,028
-	-	-	2,078,863	56,123,337
6,074,651	-	1,569	-	11,052,597
-	-	-	-	61,252,334
<u>148,988,674</u>	<u>560</u>	<u>1,569</u>	<u>61,538,683</u>	<u>367,452,250</u>
<u>\$ 150,406,123</u>	<u>\$ 11,459,978</u>	<u>\$ 1,569</u>	<u>\$ 71,103,406</u>	<u>\$ 418,950,601</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, 2022**

Total Fund Balances for Governmental Funds		\$ 367,452,250
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	696,054,197	
Less: Accumulated Depreciation	<u>(155,733,961)</u>	
		540,320,236
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		229,035
Business Licenses		39,550
Delinquent Property Taxes		65,757
Charges for Services		-
Grants		267,819
Project Reimbursement		14,868,904
Special Assessments		11,262,604
Miscellaneous		6,009
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		10,369,358
Deferred Inflows of Resources Related to Pensions		(6,953,070)
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	(3,645,948)	
Bonds Payable	(317,213,177)	
Premium on Bonds Payable	(32,940,726)	
Deferred Outflow of Resources Related to Refunding	237,841	
Deferred Inflow of Resources Related to Refunding	(459,048)	
Lease Liability	(158,023)	
Net Pension Asset	3,392,893	
Net Pension Liability	(15,940,217)	
Compensated Absence Payable	<u>(2,412,545)</u>	
		(369,138,950)
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	2,050,644	
Less: Amount Attributed to the Business-Type Activities	<u>(393,155)</u>	
		1,657,489
Total Net Position of Governmental Activities		<u><u>\$ 574,277,704</u></u>

See accompanying Notes to the Basic Financial Statements.

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Construction Sales Tax	Drainage and Transportation
REVENUES			
Local Sales Tax	\$ 57,009,430	\$ 15,607,714	\$ -
Property Tax	11,111,319	-	-
Intergovernmental	16,403,101	-	-
Licenses, Permits and Fees	11,854,605	-	-
Special Assessments	-	-	-
Charges for Services	3,599,875	-	-
Contributions	163,390	-	200,000
Impact Fees	-	-	-
Investment Income (Loss)	(3,301,079)	18	40,027
Miscellaneous	818,057	-	-
Total Revenues	<u>97,658,698</u>	<u>15,607,732</u>	<u>240,027</u>
EXPENDITURES			
Current:			
General Government	19,706,808	-	-
Public Safety	31,909,985	-	-
Highways and Streets	731,899	-	1,898,100
Culture and Recreation	5,539,569	-	-
Economic Development	1,980,433	-	-
Capital Outlay	4,345,982	-	43,567,118
Debt Service:			
Principal Retirement	47,012	-	-
Interest on Long-Term Debt	2,716	-	-
Debt Issuance Costs	-	-	-
Total Expenditures	<u>64,264,404</u>	<u>-</u>	<u>45,465,218</u>
Excess (Deficiency) of Revenues Over Expenditures	33,394,294	15,607,732	(45,225,191)
OTHER FINANCING SOURCES (USES)			
Transfers In	3,594,174	-	14,311,224
Transfers Out	(18,675,088)	(8,111,793)	-
Issuance of Debt	-	-	-
Premium on Bond Issuance	-	-	-
Financing of Leases	205,034	-	-
Total Other Financing Sources (Uses)	<u>(14,875,880)</u>	<u>(8,111,793)</u>	<u>14,311,224</u>
Net Change in Fund Balances	18,518,414	7,495,939	(30,913,967)
FUND BALANCES			
Beginning of Year	90,415,169	4,273,389	67,133,820
End of Year	<u>\$ 108,933,583</u>	<u>\$ 11,769,328</u>	<u>\$ 36,219,853</u>

See accompanying Notes to the Basic Financial Statements.

General Capital Improvement	Improvement District Debt Service	Debt Service	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 1,623,051	\$ 74,240,195
-	-	-	-	11,111,319
24,127	-	-	6,535,962	22,963,190
-	-	-	-	11,854,605
-	1,824,012	-	17,866	1,841,878
-	-	-	94,219	3,694,094
-	-	-	114,620	478,010
-	-	-	19,847,010	19,847,010
6,992	-	-	188,339	(3,065,703)
-	-	-	29,986	848,043
<u>31,119</u>	<u>1,824,012</u>	<u>-</u>	<u>28,451,053</u>	<u>143,812,641</u>
-	-	-	3,592	19,710,400
-	-	-	14,366	31,924,351
-	-	-	4,868,944	7,498,943
-	-	-	211,639	5,751,208
-	-	-	41,347	2,021,780
14,957,931	-	-	1,083,584	63,954,615
-	1,575,052	4,985,000	-	6,607,064
-	296,639	8,068,700	-	8,368,055
765,843	-	-	-	765,843
<u>15,723,774</u>	<u>1,871,691</u>	<u>13,053,700</u>	<u>6,223,472</u>	<u>146,602,259</u>
(15,692,655)	(47,679)	(13,053,700)	22,227,581	(2,789,618)
15,048,997	-	13,053,700	-	46,008,095
-	-	-	(15,332,077)	(42,118,958)
131,203,000	-	-	-	131,203,000
7,806,593	-	-	-	7,806,593
-	-	-	-	205,034
<u>154,058,590</u>	<u>-</u>	<u>13,053,700</u>	<u>(15,332,077)</u>	<u>143,103,764</u>
138,365,935	(47,679)	-	6,895,504	140,314,146
10,622,739	48,239	1,569	54,643,179	227,138,104
<u>\$ 148,988,674</u>	<u>\$ 560</u>	<u>\$ 1,569</u>	<u>\$ 61,538,683</u>	<u>\$ 367,452,250</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, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 140,314,146

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	63,502,310	
Depreciation Expense	<u>(18,630,775)</u>	44,871,535

Contributions of capital assets are not current financial resources and are not reflected in the governmental funds. 17,744,617

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	182,696	
Business Licenses	22,460	
Delinquent Property Taxes	(29,421)	
Charges for Services	(82,872)	
Grants	267,819	
Project Reimbursement	18,426,639	
Loss on Disposal of Assets	(44,350)	
Special Assessments	(1,554,681)	
Miscellaneous	<u>(7,659)</u>	17,180,631

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		4,086,269
Pension Expense		<u>(2,808,650)</u>

See accompanying Notes to the Basic Financial Statements.

**TOWN OF QUEEN CREEK, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2022**

(Concluded)

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

Issuance of Long-Term Debt	(131,203,000)	
Premium on Bonds Issued	(7,806,593)	
Principal Payments on Long-Term Debt	6,560,052	
Issuance of Leases	(205,035)	
Principal Payments on Leases	47,012	
Interest Payable	(238,240)	
Amortization of Bond Premiums/Discounts	5,324,773	
Amortization of Deferred Amount on Refunding	<u>28,827</u>	
		(127,492,204)

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		(438,785)
--------------------------------	--	-----------

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	1,312,192	
Less: Amount Attributable to the Business-Type Activities	<u>(226,178)</u>	
		<u>1,086,014</u>
Change in Net Position of Governmental Activities		<u><u>\$ 94,543,573</u></u>

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
ASSETS			
Current Assets:			
Cash and Investments	\$ 2,951,300	\$ 6,025,394	\$ 1,128,630
Receivables, Net:			
Accounts Receivable	4,848,931	1,122,447	530,295
Intergovernmental Receivable	29,597	-	-
Interest Receivable	762	14,615	-
Leases Receivable	15,508	-	-
Inventory	201,944	-	125,737
Prepaid Items	201,700	-	-
Prepaid Supplies	1,234,907	-	-
Total Current Assets	<u>9,484,649</u>	<u>7,162,456</u>	<u>1,784,662</u>
Noncurrent Assets:			
Restricted Cash and Investments	9,666,906	2,565,482	-
Investment in Joint Venture	-	30,220,866	-
Capital Assets:			
Non-Depreciable	102,805,904	12,044,518	-
Depreciable (Net)	163,553,910	96,469,407	55,594
Total Noncurrent Assets	<u>276,026,720</u>	<u>141,300,273</u>	<u>55,594</u>
Total Assets	<u>285,511,369</u>	<u>148,462,729</u>	<u>1,840,256</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	1,741,904	163,388	123,755
Water System Acquisition Related	14,129,437	-	-
Total Deferred Outflows of Resources	<u>15,871,341</u>	<u>163,388</u>	<u>123,755</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,495,462	1,993,218	263,838
Accrued Wages and Benefits	134,112	12,390	8,417
Other Accrued Expenses	767,895	-	-
Retainage Payable	231,992	19,436	-
Deposits Held for Others	1,869,838	-	-
Interest Payable	1,258,868	73,663	-
Compensated Absences	275,472	34,442	28,052
Loans and Leases Payable	3,487,445	285,000	-
Advance in Aid of Construction	142,575	-	-
Total Current Liabilities	<u>11,663,659</u>	<u>2,418,149</u>	<u>300,307</u>
Noncurrent Liabilities:			
Compensated Absences	235,600	19,623	16,845
Net Pension Liability	5,383,456	504,960	382,472
Loans and Leases Payable	166,283,319	21,800,964	-
Advance in Aid of Construction	6,874,375	-	-
Total Noncurrent Liabilities	<u>178,776,750</u>	<u>22,325,547</u>	<u>399,317</u>
Total Liabilities	<u>190,440,409</u>	<u>24,743,696</u>	<u>699,624</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related	1,705,668	159,989	121,180
Lease Related	15,508	-	-
Total Deferred Inflows of Resources	<u>1,721,176</u>	<u>159,989</u>	<u>121,180</u>
NET POSITION			
Net Investment in Capital Assets	96,249,098	89,004,007	55,594
Restricted for:			
Development	668,635	264,431	-
Capital Projects	51,906	-	-
Water Rights	1,220,034	-	-
Unrestricted	11,031,452	34,453,994	1,087,613
Total Net Position	<u>\$ 109,221,125</u>	<u>\$ 123,722,432</u>	<u>\$ 1,143,207</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>
\$ 10,105,324	\$ 2,050,644
6,501,673	-
29,597	-
15,377	-
15,508	-
327,681	-
201,700	-
1,234,907	-
<u>18,431,767</u>	<u>2,050,644</u>
12,232,388	-
30,220,866	-
114,850,422	-
260,078,911	-
<u>417,382,587</u>	<u>-</u>
435,814,354	2,050,644
2,029,047	-
14,129,437	-
<u>16,158,484</u>	<u>-</u>
5,752,518	-
154,919	-
767,895	-
251,428	-
1,869,838	-
1,332,531	-
337,966	-
3,772,445	-
142,575	-
<u>14,382,115</u>	<u>-</u>
272,068	-
6,270,888	-
188,084,283	-
6,874,375	-
<u>201,501,614</u>	<u>-</u>
215,883,729	-
1,986,837	-
15,508	-
<u>2,002,345</u>	<u>-</u>
185,308,699	-
933,066	-
51,906	-
1,220,034	-
46,573,059	2,050,644
<u>\$ 234,086,764</u>	<u>\$ 2,050,644</u>
393,155	
<u>\$ 234,479,919</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
OPERATING REVENUES			
Charges for Services	\$ 29,290,967	\$ 9,747,448	\$ 4,174,040
Miscellaneous	337,546	419,759	-
Total Operating Revenues	<u>29,628,513</u>	<u>10,167,207</u>	<u>4,174,040</u>
OPERATING EXPENSES			
Administration	744,203	121,952	65,230
Cost of Sales and Services	18,381,499	3,959,885	3,840,918
Depreciation	4,467,599	2,548,972	20,345
Amortization	396,912	-	-
Equity Interest in Joint Venture	-	2,079,451	-
Insurance Claims and Premiums	-	-	-
Total Operating Expenses	<u>23,990,213</u>	<u>8,710,260</u>	<u>3,926,493</u>
Operating Income	5,638,300	1,456,947	247,547
NONOPERATING REVENUES (EXPENSES)			
Capacity Fees	5,229,176	4,924,813	-
Intergovernmental	75,000	-	-
Investment Income (Loss)	34,963	(85,547)	5,871
Interest and Fiscal Charges	(3,730,314)	(137,399)	-
Debt Issuance Costs	(480,054)	(133,125)	-
Gain on Disposal of Assets	77,000	42,000	-
Miscellaneous	367	-	-
Total Nonoperating Revenues (Expenses)	<u>1,206,138</u>	<u>4,610,742</u>	<u>5,871</u>
Income before Capital Contributions	6,844,438	6,067,689	253,418
Capital Contributions	4,823,453	3,003,913	-
Transfers Out	(2,916,162)	(972,975)	-
	<u>1,907,291</u>	<u>2,030,938</u>	<u>-</u>
Change in Net Position	8,751,729	8,098,627	253,418
Total Net Position - Beginning of Year	100,469,396	115,623,805	889,789
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 109,221,125</u></u>	<u><u>\$ 123,722,432</u></u>	<u><u>\$ 1,143,207</u></u>

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

See accompanying Notes to the Basic Financial Statements.

<u>Totals</u>	<u>Internal Service</u>
	<u>Insurance</u>
\$ 43,212,455	\$ 7,196,942
757,305	-
<u>43,969,760</u>	<u>7,196,942</u>
931,385	-
26,182,302	-
7,036,916	-
396,912	-
2,079,451	-
-	5,884,750
<u>36,626,966</u>	<u>5,884,750</u>
7,342,794	1,312,192
10,153,989	-
75,000	-
(44,713)	-
(3,867,713)	-
(613,179)	-
119,000	-
367	-
<u>5,822,751</u>	<u>-</u>
13,165,545	1,312,192
7,827,366	-
(3,889,137)	-
<u>3,938,229</u>	<u>-</u>
17,103,774	1,312,192
216,982,990	738,452
<u>\$ 234,086,764</u>	<u>\$ 2,050,644</u>
226,178	
<u>\$ 17,329,952</u>	

TOWN OF QUEEN CREEK, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities		
	Water	Wastewater	Non-Major Fund Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 28,903,163	\$ 10,454,915	\$ 4,131,992
Receipts from Users	-	-	-
Payments to Suppliers	(12,452,038)	(1,716,594)	(3,613,073)
Payments to Employees	(7,506,950)	(706,713)	(526,574)
Payments for Claims and Premiums	-	-	-
Customer Deposits	(7,839)	-	-
Net Cash Flows Provided by Operating Activities	<u>8,936,336</u>	<u>8,031,608</u>	<u>(7,655)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Provided (Used) by			
Other Funds for Interfund Borrowing	(8,267,385)	(15,070,256)	-
Transfers Out	(2,916,163)	(972,975)	-
Net Cash Flows Provided by Noncapital Financing Activities	<u>(11,183,548)</u>	<u>(16,043,231)</u>	<u>-</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Capital Assets	(18,655,593)	(7,258,413)	-
Refunds of Waterline Agreements	(164,810)	-	-
Capacity Fees	5,229,176	4,924,813	-
Loan Proceeds	54,565,761	19,475,405	-
Interest Paid on Capital Debt	(4,592,744)	(164,144)	-
Principal Paid on Capital Debt	(24,138,151)	(275,000)	-
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>12,243,639</u>	<u>16,702,661</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	<u>35,012</u>	<u>(100,162)</u>	<u>5,871</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>10,031,439</u>	<u>8,590,876</u>	<u>(1,784)</u>
Cash and Cash Equivalents - Beginning of Year	<u>2,586,767</u>	<u>-</u>	<u>1,130,414</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,618,206</u>	<u>\$ 8,590,876</u>	<u>\$ 1,128,630</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION			
Cash and Cash Equivalents	\$ 2,951,300	\$ 6,025,394	\$ 1,128,630
Restricted Cash and Cash Equivalents	<u>9,666,906</u>	<u>2,565,482</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 12,618,206</u>	<u>\$ 8,590,876</u>	<u>\$ 1,128,630</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 5,638,300	\$ 1,456,947	\$ 247,547
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	4,864,511	2,548,972	20,345
Equity Interest in Joint Venture	-	2,079,451	-
Changes in Assets/Liabilities/Deferred Outflows & Inflows:			
Receivables, Net	(373,989)	711,781	(40,928)
Inventory	(129,141)	-	48,865
Prepaid Items	(181,376)	-	-
Prepaid Supplies	(1,234,907)	-	-
Deferred Outflows of Resources - Pensions	25,019	6,194	8,688
Accounts Payable	807,839	1,286,676	(231,578)
Other Accrued Expenses	(1,264)	-	-
Deposits Held for Others	(6,575)	-	-
Compensated Absences	7,532	3,832	4,537
Accrued Wages and Benefits	(175,992)	(17,669)	(14,644)
Pension Liability	(2,009,289)	(204,565)	(171,667)
Deferred Inflows of Resources - Pensions	1,705,668	159,989	121,180
Net Cash Provided by Operating Activities	<u>\$ 8,936,336</u>	<u>\$ 8,031,608</u>	<u>\$ (7,655)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Capital Assets Contributed from Developers	\$ 4,806,117	\$ 3,003,913	\$ -
Capital Contributions for Advances in Aid of Construction	\$ 17,336	\$ -	\$ -
Amortization of Premium	\$ 585,269	\$ 36,858	\$ -

See accompanying Notes to the Basic Financial Statements.

<u>Totals</u>	<u>Internal Service</u>
	<u>Insurance</u>
\$ 43,490,070	\$ -
-	7,196,942
(17,781,705)	(12,650)
(8,740,237)	-
-	(5,872,100)
<u>(7,839)</u>	<u>-</u>
16,960,289	1,312,192
(23,337,641)	-
<u>(3,889,138)</u>	<u>-</u>
(27,226,779)	-
(25,914,006)	-
(164,810)	-
10,153,989	-
74,041,166	-
(4,756,888)	-
<u>(24,413,151)</u>	<u>-</u>
28,946,300	-
<u>(59,279)</u>	<u>-</u>
18,620,531	1,312,192
<u>3,717,181</u>	<u>738,452</u>
<u>\$ 22,337,712</u>	<u>\$ 2,050,644</u>
\$ 10,105,324	\$ 2,050,644
12,232,388	-
<u>\$ 22,337,712</u>	<u>\$ 2,050,644</u>
\$ 7,342,794	\$ 1,312,192
7,433,828	-
2,079,451	-
296,864	-
(80,276)	-
(181,376)	-
(1,234,907)	-
39,901	-
1,862,937	-
(1,264)	-
(6,575)	-
15,901	-
(208,305)	-
(2,385,521)	-
1,986,837	-
<u>\$ 16,960,289</u>	<u>\$ 1,312,192</u>
\$ 7,810,030	\$ -
\$ 17,336	\$ -
\$ 622,127	\$ -

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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, 2022

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 2022, the Town reports the following major funds:

Major Governmental Funds

- *General Fund* – The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- *Construction Sales Tax Fund* – This special revenue fund accounts for the revenue and expenditures of the Town’s 2.0% construction sales tax.
- *Drainage and Transportation Fund* – This capital projects fund accounts for resources accumulated and used for acquisition and construction of various Town infrastructure.
- *General Capital Improvement* – This capital projects fund accounts for resources accumulated and used for acquisition and construction of the Town’s general government infrastructure (excluding streets) such as buildings, parks and trails.
- *Improvement District Debt Service Fund* – This fund accounts for resources accumulated and used for the payment of long-term principal and interest for the Town’s improvement district.
- *Debt Service Fund* – This fund accounts for the accumulation of resources for, and payment of, debt service principal, interest, and related costs for the Town’s excise tax revenue bonds.

Major Proprietary Funds

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

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

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

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

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

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

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

Receivables – All trade and taxes receivables are shown net of an allowance for uncollectibles. For fiscal year 2022, governmental activities did not report an allowance, and business-type activities reported an allowance of \$42,996.

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.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

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

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

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

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

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

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

the General Fund consist of Sworn Fire Personnel, Maricopa County Sheriff’s Office (MCSO) Contracted Personnel, and ASRS Personnel. Per the Town’s Pension Funding Policy, fund balance in the General Fund in excess of 25% of the following fiscal year’s Operating Budget Revenue is set aside to cover these pension liabilities, in the following order: Police Personnel and then ASRS Personnel. Pension liabilities in the proprietary funds consist solely of ASRS Personnel. The Town sets aside unrestricted net position to cover these amounts to the extent funds are available.

As of June 30, 2022, the Town had a net pension asset with PSPRS and as such there was no need to set funds aside for Fire Personnel. The following amounts were set aside toward the Town’s remaining pension liabilities:

	Police Personnel	ASRS Personnel	Total
General Fund	\$ 26,334,929	\$ 15,940,217	\$ 42,275,146
Water Fund	-	5,383,456	5,383,456
Wastewater Fund	-	504,960	504,960
Solid Waste Fund	-	382,472	382,472
	\$ 26,334,929	\$ 22,211,105	\$ 48,546,034

The Town has continued to set aside an amount in the General Fund for Police Personnel. The amount was taken from the prior MCSO Contracted Personnel balance and has continued to be set aside until the newly formed Police department has had time to get established and to start receiving actuarial valuations of its own. 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.

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

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

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

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

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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

- *Restricted* fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.
- *Committed* fund balances are self-imposed limitations approved by the Town’s Council through formal resolution. The Town Council is the highest level of decision-making authority within the Town and the formal commitment must occur prior to fiscal year end. Only the Town Council can remove or change the constraints placed on committed fund balances through formal council action. The Town’s pension reserves are included in Committed fund balance.
- *Assigned* fund balances are resources constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. The Town Council, through formal resolution, has authorized the Chief Financial Officer to make assignments of resources for a specific purpose.
- *Unassigned* fund balance is the residual classification for the General Fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

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

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

- *Operating Budget Reserve* – \$29.6 million, an amount equal to the greater of 25% of the following year’s Operating Budget revenue (defined as revenue of the General Fund and HURF Fund) or the actual Operating Budget Reserve amount reported in the Town’s most recent financial statements.
- *Road Replacement Reserve* – In order to provide resources for future replacement of the Town’s transportation infrastructure \$500,000 has been set aside for fiscal year 2022. The amount set aside will increase by \$500,000 each year until the annual set aside amount approximates the annualized repair and replacement costs of the Town’s major transportation infrastructure.

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

	Operating Reserves
Operating Budget Reserve	\$ 29,627,958
Road Replacement Reserve	500,000
	\$ 30,127,958

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Expenditures Within Appropriations

For fiscal year 2022, 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, 2022

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, 2022, the carrying amount of the Town's deposits was \$19,979,585 and the bank balance was \$21,125,522. The difference represents deposits in transit, outstanding checks and other reconciling items. In addition, the Town had \$2,725 cash on hand.

B. Investments

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

At June 30, 2022 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	\$ 189,413,530	\$ 189,413,530	\$ -	\$ -	50.79%	Amortized Cost	n/a
US Treasury Obligations	103,465,773	27,228,705	40,582,014	35,655,054	27.74%	Level 1	AAA
US Treasury Obligations	3,551,411	884,709	2,666,702	-	0.95%	Level 1	n/a
Federal Home Loan Bank	9,713,764	2,752,134	1,997,130	4,964,500	2.60%	Level 2	AAA
Federal Home Loan Mortgage Corporation	7,381,675	1,897,896	5,483,779	-	1.98%	Level 2	AAA
Federal National Mortgage Association	2,792,229	1,624,041	1,168,188	-	0.75%	Level 2	AAA
Federal Farm Credit Bank	13,104,822	1,971,583	1,106,292	10,026,947	3.51%	Level 2	AAA
State Treasurer's Investment Pool	20,713,380	20,713,380	-	-	5.55%	n/a	n/a
Corporate Bonds and Notes:							
Amazon Inc.	5,943,540	-	-	5,943,540	1.59%	Level 2	A1
Apple Inc.	5,715,245	994,220	3,239,760	1,481,265	1.53%	Level 2	AAA
Chevron USA Inc.	859,877	-	-	859,877	0.23%	Level 2	AA2
Honeywell	2,704,648	-	-	2,704,648	0.73%	Level 2	A2
Intel Corp.	1,995,880	-	1,995,880	-	0.54%	Level 2	A1
Microsoft Corp.	1,964,575	-	1,964,575	-	0.53%	Level 2	AAA
PepsiCo Inc.	480,180	-	480,180	-	0.13%	Level 2	A1
Proctor Gamble Co.	1,150,150	1,150,150	-	-	0.31%	Level 2	AA3
Toyota Motor	1,001,000	-	1,001,000	-	0.27%	Level 2	A1
US Bankcorp	997,720	-	997,720	-	0.27%	Level 2	A2
	<u>\$ 372,949,399</u>	<u>\$ 248,630,348</u>	<u>\$ 62,683,220</u>	<u>\$ 61,635,831</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.

TOWN OF QUEEN CREEK, ARIZONA
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C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the interest rate risk. The Town's Investment Policy limits the duration of investments to a maximum maturity of five years.

D. Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligations to the holder of the investment. The Town's Investment Policy limits allowable investments to certificates of deposits or interest-bearing savings accounts at eligible depositories, State Treasurer investment pools, obligations issued or guaranteed by the United States of America, bonds or other debt instruments of the State of Arizona (or any political subdivision thereof), commercial paper of prime quality rated P1 by Moody's Investors Service or A1 by Standard and Poor's, or bonds and notes of corporations organized or doing business within the United States rated A or better by Moody's Investors Service or Standard and Poor's. Ratings of the Town's investments are displayed in the table above.

E. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure the Town's deposits may not be returned. At June 30, 2022, \$575,733 of the Town's deposits was covered by federal depository insurance. The remaining \$20,549,789 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.

TOWN OF QUEEN CREEK, ARIZONA
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YEAR ENDED JUNE 30, 2022

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

	General Fund	Drainage and Transportation Fund	General Capital Improvement Fund	Improvement District Debt Service Fund	Nonmajor Funds		Total
					Highway Users Revenue Fund	Street Lighting District Fund	
Accrued Interest on Investments	\$ 229,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,035
Business Licenses	39,550	-	-	-	-	-	39,550
Grants	28,079	-	-	-	239,740	-	267,819
Delinquent Property Taxes	65,453	-	-	-	-	304	65,757
Project Reimbursement	-	14,832,871	36,033	-	-	-	14,868,904
Special Assessments	-	-	-	11,262,604	-	-	33,787,812
Miscellaneous	6,009	-	-	-	-	-	6,009
Total Unavailable Revenues	\$ 368,126	\$ 14,832,871	\$ 36,033	\$ 11,262,604	\$ 239,740	\$ 304	\$ 26,739,678

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Loans

As of June 30, 2022 advances to and from funds were as follows:

Advances To:	Advances From:
Nonmajor Funds:	General Fund
Park Development Fund	\$ 3,519,965
Transportation Development Fund	472,145
Total	\$ 3,992,110

The loans between these funds are the result of adjustments made to funding for Impact Fee projects.

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, 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, 2022 consisted of the following:

TOWN OF QUEEN CREEK, ARIZONA
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	Transfers In				
	General	Drainage and	General	Debt	Total
	Fund	Transportation	Capital	Service	
	Fund	Fund	Improvements	Fund	
Transfers Out:					
General Fund	\$ -	\$ 3,320,478	\$ 7,562,208	\$ 7,792,402	\$18,675,088
Construction Sales Tax Fund	-	6,593,226	-	1,518,567	8,111,793
Water Fund	2,685,563	230,599	-	-	2,916,162
Wastewater Fund	828,053	144,922	-	-	972,975
Nonmajor Funds:					
HURF Fund	-	-	-	262,790	262,790
Town Center Fund	-	-	-	331,475	331,475
Community Events Fund	80,558	-	-	-	80,558
Town Buildings Development	-	-	-	287,723	287,723
Transportation Development	-	4,021,999	-	909,923	4,931,922
Library Development	-	-	-	232,115	232,115
Parks Development	-	-	1,709,181	507,543	2,216,724
Public Safety Development	-	-	1,194,420	140,075	1,334,495
Fire Development	-	-	4,583,188	1,071,087	5,654,275
Total	\$ 3,594,174	\$ 14,311,224	\$ 15,048,997	\$ 13,053,700	\$46,008,095

NOTE 6. LEASES

A. Town as Lessee

The Town, as a lessee, has entered into lease agreements involving a mailing system with postage meter, printers and copiers, and right-of-way for a water tank. The total of the Town's lease assets is recorded at a cost of \$216,815, less accumulated amortization of \$57,488.

The future lease payments under lease agreements are as follows:

Fiscal Year	Leases		
	Principal	Interest	Total
2023	\$ 61,446	\$ 2,184	\$ 63,630
2024	62,457	1,173	63,630
2025	34,634	319	34,953
2026	6,156	121	6,277
2027	3,065	59	3,124
2028 - 2032	2,045	29	2,074
	\$ 169,803	\$ 3,884	\$ 173,687

B. Town as Lessor

The Town, as a lessor, has entered into lease agreements involving town buildings, property for cell towers, and a water well. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the fiscal year was \$224,997.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 7. CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	Capital Assets			Ending Balance
	Beginning Balance	Additions	Deletions	
Governmental Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 52,913,843	\$ 144,170	\$ -	\$ 53,058,013
Construction-In-Progress	63,664,655	61,715,602	(24,978,207)	100,402,050
Total	<u>116,578,498</u>	<u>61,859,772</u>	<u>(24,978,207)</u>	<u>153,460,063</u>
Capital assets being depreciated/amortized:				
Streets and Other Infrastructure	393,827,130	41,236,179	-	435,063,309
Buildings and Improvements	77,199,294	172,667	-	77,371,961
Vehicles, Furniture, and Equipment	23,235,660	7,192,937	(474,769)	29,953,828
Intangible right-to-use lease assets:				
Equipment	-	205,035	-	205,035
Total	<u>494,262,084</u>	<u>48,806,818</u>	<u>(474,769)</u>	<u>542,594,133</u>
Less accumulated depreciation/amortization for:				
Streets and Other Infrastructure	(113,044,112)	(14,142,543)	-	(127,186,655)
Buildings and Improvements	(13,119,025)	(1,881,785)	-	(15,000,810)
Vehicles, Furniture, and Equipment	(11,370,467)	(2,550,642)	430,419	(13,490,690)
Intangible right-to-use lease assets:				
Equipment	-	(55,805)	-	(55,805)
Total	<u>(137,533,604)</u>	<u>(18,630,775)</u>	<u>430,419</u>	<u>(155,733,960)</u>
Capital assets being depreciated, net	356,728,480	30,176,043	(44,350)	386,860,173
Governmental Activities Capital Assets, Net	<u>\$ 473,306,978</u>	<u>\$ 92,035,815</u>	<u>\$ (25,022,557)</u>	<u>\$ 540,320,236</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

	Capital Assets			
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land and Related Assets	\$ 4,539,972	\$ 635,476	\$ -	\$ 5,175,448
Water Rights and Credits	66,235,985	8,436,256	(1,378,415)	73,293,826
Construction-In-Progress	20,811,101	18,407,435	(2,837,388)	36,381,148
Total	<u>91,587,058</u>	<u>27,479,167</u>	<u>(4,215,803)</u>	<u>114,850,422</u>
Capital assets being depreciated/amortized:				
Water System	175,247,533	5,341,039	-	180,588,572
Wastewater Collection System	113,888,786	4,269,322	-	118,158,108
Buildings and Improvements	7,742,157	20,011	-	7,762,168
Vehicles, Furniture, and Equipment	5,865,568	1,128,781	(569,139)	6,425,210
Intangible right-to-use lease assets:				
Land	-	11,780	-	11,780
Total	<u>302,744,044</u>	<u>10,770,933</u>	<u>(569,139)</u>	<u>312,945,838</u>
Less accumulated depreciation/amortization for:				
Water System	(21,244,251)	(3,839,021)	-	(25,083,272)
Wastewater Collection System	(22,098,433)	(2,364,894)	-	(24,463,327)
Buildings and Improvements	(96,798)	(269,109)	-	(365,907)
Vehicles, Furniture, and Equipment	(2,957,984)	(563,893)	569,139	(2,952,738)
Intangible right-to-use lease assets:				
Land	-	(1,684)	-	(1,684)
Total	<u>(46,397,466)</u>	<u>(7,038,601)</u>	<u>569,139</u>	<u>(52,866,928)</u>
Capital assets being depreciated, net	256,346,578	3,732,332	-	260,078,910
Business-Type Activities Capital Assets, Net	<u>\$ 347,933,636</u>	<u>\$ 31,211,499</u>	<u>\$ (4,215,803)</u>	<u>\$ 374,929,332</u>

B. Depreciation/Amortization

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

General Government	\$ 1,098,032
Public Safety	2,068,785
Highways and Streets	13,713,633
Culture and Recreation	1,748,252
Economic Development	2,073
Total	<u>\$ 18,630,775</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

C. Contractual Commitments

The Town had contractual commitments related to various projects at June 30, 2022, mostly for the construction of Town facilities and infrastructure improvements. At June 30, 2022, the Town had remaining contractual commitments of \$50,896,307, consisting of the following:

General Fund	\$ 4,415,627
Drainage and Transportation Fund	31,135,066
General Capital Improvement Fund	3,670,607
Water Fund	9,382,441
Wastewater Fund	1,310,335
Nonmajor Funds:	
Highway Users Revenue Fund	882,989
Town Building Development Fund	6,783
Transportation Development Fund	20,350
Library Development Fund	6,783
Parks Development Fund	20,350
Public Safety Development Fund	13,567
Fire Development Fund	13,567
Solid Waste Fund	17,842
Total	\$ 50,896,307

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, 2022 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, 2022, the Town made refund payments of \$147,475 to property owners and recognized a gain of \$17,336 as a result of a change in the estimated liability for future payouts. As of June 30, 2022, the Town had \$7,016,950 of outstanding unearned advances in aid of construction.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 9. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the fiscal year ended June 30, 2022 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 2022	\$ -	\$ 106,980,000	\$ -	\$ 106,980,000	\$ -
Project Bonds, Series 2020	78,605,000	-	(1,080,000)	77,525,000	1,135,000
Project Bonds, Series 2018A	45,965,000	-	(855,000)	45,110,000	890,000
Project Bonds, Series 2018B	16,850,000	-	(500,000)	16,350,000	520,000
Refunding Bonds, Series 2016	38,255,000	-	(2,550,000)	35,705,000	2,690,000
Direct-Placement Debt:					
Project Bonds, Second Series 2022	-	24,223,000	-	24,223,000	-
Special Assessment Refunding Bonds, Series 2016	12,895,229	-	(1,575,052)	11,320,177	1,431,455
Unamortized Premiums / Discounts	30,458,906	7,806,593	(5,324,773)	32,940,726	-
Leases	-	205,035	(47,012)	158,023	59,616
Compensated Absences	1,973,760	2,117,639	(1,678,854)	2,412,545	1,319,984
Total Governmental Long-Term Obligations	\$ 225,002,895	\$ 141,332,267	\$ (13,610,691)	\$ 352,724,471	\$ 8,046,055
Business-Type Activities:					
Loans:					
WIFA Loan, 2022 - Clean Water (CW)	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ -
WIFA Loan, 2022 - Drinking Water (DW)	-	8,238,763	-	8,238,763	-
WIFA Loan, 2021 - Drinking Water (DW)	9,807,500	862,582	-	10,670,082	-
WIFA Loan, 2020 - Drinking Water (DW)	57,942,805	-	(1,431,868)	56,510,937	1,460,277
WIFA Loan, 2020 - Clean Water (CW)	8,600,000	-	(212,521)	8,387,479	216,737
WIFA Loan, 2014	12,045,179	-	(364,389)	11,680,790	375,881
WIFA Loan, 2008	21,819,447	-	(21,819,447)	-	-
GADA Infrastructure Revenue Loan, Series 2014A	2,605,000	-	(275,000)	2,330,000	285,000
Direct-Placement Debt:					
Water System Revenue Refinancing Obligation, Series 2022	-	21,478,000	-	21,478,000	1,098,000
Subordinate Lien Excise Tax & State Shared Revenue Obligation, Series 2021	-	44,000,000	-	44,000,000	-
Subordinate Lien Water System Revenue Obligation, Series 2013	18,872,408	-	(309,926)	18,562,482	334,720
Unamortized Premiums / Discounts	10,533,542	-	(622,127)	9,911,415	-
Leases	-	11,780	-	11,780	1,830
Advances in Aid of Construction	7,181,760	-	(164,810)	7,016,950	142,575
Compensated Absences	594,133	429,417	(413,516)	610,034	337,966
Total Business-Type Long-Term Obligations	\$ 150,001,774	\$ 75,095,542	\$ (25,613,604)	\$ 199,483,712	\$ 4,252,986

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

B. Bonds and Loans Payable

The following table summarizes the Town's bonds and loans payable at June 30, 2022:

Description	Original Issue	Maturity	Interest Rate (%)	Outstanding at June 30, 2022
Governmental Activities:				
Excise Tax and State-Shared Revenue Bonds:				
Project Bonds, Series 2022	\$ 106,980,000	8/1/2047	3.88-5.00%	\$ 106,980,000
Project Bonds, Series 2020	78,605,000	8/1/2050	4.00-5.00%	77,525,000
Project Bonds, Series 2018A	47,945,000	8/1/2047	2.00-5.00%	45,110,000
Project Bonds, Series 2018B	18,015,000	8/1/2047	2.00-5.00%	16,350,000
Refunding Bonds, Series 2016	47,990,000	8/1/2036	2.00-5.00%	35,705,000
Direct-Placement Debt:				
Project Bonds, Second Series 2022	24,223,000	8/1/2037	3.30%	24,223,000
Special Assessment Refunding Bonds, Series 2016	18,445,000	1/1/2030	2.45%	11,320,177
Total Governmental Bonds and Loans Payable				<u>\$ 317,213,177</u>
Business-Type Activities:				
Loans:				
WIFA Loan, 2022 - Drinking Water (DW)	\$ 44,506,194	7/1/2052	2.889%	\$ -
WIFA Loan, 2022 - Clean Water (CW)	10,098,396	7/1/2052	2.889%	75,000
WIFA Loan, 2022 - Drinking Water (DW)	8,238,763	7/1/2051	1.683%	8,238,763
WIFA Loan, 2021 - Drinking Water (DW)	12,807,500	7/1/2050	1.874%	10,670,082
WIFA Loan, 2020 - Drinking Water (DW)	57,981,000	7/1/2050	1.984%	56,510,937
WIFA Loan, 2020 - Clean Water (CW)	8,600,000	7/1/2050	1.984%	8,387,479
WIFA Loan, 2014	16,000,000	7/1/2043	3.154%	11,680,790
GADA Infrastructure Revenue Loan, Series 2014A	3,845,000	8/1/2028	2.00-5.00%	2,330,000
Direct-Placement Debt:				
Water System Revenue Obligation, Series 2022	21,478,000	7/1/2038	2.850%	21,478,000
Subordinate Lien Excise Tax & State Shared Revenue Obligation, Series 2021	85,000,000	6/1/2025	variable	44,000,000
Subordinate Lien Water System Revenue Obligation, Series 2013	19,425,093	5/1/2043	8.00%	18,562,482
Total Business-Type Bonds and Loans Payable				<u>\$ 181,933,533</u>

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 2022 Project			Series 2020 Project		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ 3,228,413	\$ 3,228,413	\$ 1,135,000	\$ 3,309,175	\$ 4,444,175
2024	2,265,000	4,931,481	7,196,481	1,195,000	3,250,925	4,445,925
2025	2,380,000	4,815,356	7,195,356	1,255,000	3,189,675	4,444,675
2026	2,505,000	4,693,231	7,198,231	1,320,000	3,125,300	4,445,300
2027	2,630,000	4,564,856	7,194,856	1,385,000	3,057,675	4,442,675
2028 - 2032	15,325,000	20,656,656	35,981,656	8,860,000	14,126,500	22,986,500
2033 - 2037	19,675,000	16,303,406	35,978,406	14,865,000	11,174,125	26,039,125
2038 - 2042	24,770,000	11,211,884	35,981,884	17,115,000	7,751,900	24,866,900
2043 - 2047	30,410,000	5,567,938	35,977,938	15,530,000	4,575,400	20,105,400
2048 - 2052	7,020,000	175,500	7,195,500	14,865,000	1,218,900	16,083,900
	<u>\$ 106,980,000</u>	<u>\$ 76,148,723</u>	<u>\$ 183,128,723</u>	<u>\$ 77,525,000</u>	<u>\$ 54,779,575</u>	<u>\$ 132,304,575</u>

Fiscal Year	Excise Tax and State-Shared Revenue Bonds					
	Series 2018A Project			Series 2018B Project		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 890,000	\$ 2,228,800	\$ 3,118,800	\$ 520,000	\$ 698,100	\$ 1,218,100
2024	925,000	2,187,875	3,112,875	540,000	676,900	1,216,900
2025	975,000	2,140,375	3,115,375	565,000	651,975	1,216,975
2026	1,020,000	2,090,500	3,110,500	595,000	622,975	1,217,975
2027	1,075,000	2,038,125	3,113,125	625,000	592,475	1,217,475
2028 - 2032	6,225,000	9,308,625	15,533,625	3,610,000	2,456,956	6,066,956
2033 - 2037	7,940,000	7,546,250	15,486,250	4,380,000	1,694,831	6,074,831
2038 - 2042	10,135,000	5,297,625	15,432,625	2,530,000	1,001,188	3,531,188
2043 - 2047	12,935,000	2,427,375	15,362,375	2,425,000	454,875	2,879,875
2048 - 2052	2,990,000	74,750	3,064,750	560,000	14,000	574,000
	<u>\$ 45,110,000</u>	<u>\$ 35,340,300</u>	<u>\$ 80,450,300</u>	<u>\$ 16,350,000</u>	<u>\$ 8,864,275</u>	<u>\$ 25,214,275</u>

Fiscal Year	Direct-Placement					
	Excise Tax and State-Shared Revenue Bonds			Excise Tax and State-Shared Revenue Bonds		
	Series 2016 Refunding			Series 2022		
Principal	Interest	Total	Principal	Interest	Total	
2023	\$ 2,690,000	\$ 1,596,350	\$ 4,286,350	\$ -	\$ 484,056	\$ 484,056
2024	2,800,000	1,472,550	4,272,550	-	799,359	799,359
2025	2,755,000	1,347,450	4,102,450	466,000	791,670	1,257,670
2026	2,875,000	1,234,850	4,109,850	482,000	776,028	1,258,028
2027	2,985,000	1,117,650	4,102,650	497,000	759,875	1,256,875
2028 - 2032	16,080,000	3,279,500	19,359,500	7,020,000	3,243,537	10,263,537
2033 - 2037	5,520,000	351,775	5,871,775	12,561,000	1,690,606	14,251,606
2038 - 2042	-	-	-	3,197,000	52,751	3,249,751
2043 - 2047	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-
	<u>\$ 35,705,000</u>	<u>\$ 10,400,125</u>	<u>\$ 46,105,125</u>	<u>\$ 24,223,000</u>	<u>\$ 8,597,882</u>	<u>\$ 32,820,882</u>

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Fiscal Year	Direct-Placement Special Assessment Bonds			Total Governmental Activities		
	Series 2016 Refunding			Principal	Interest	Total
	Principal	Interest	Total			
2023	\$ 1,431,455	\$ 259,809	\$ 1,691,264	\$ 6,666,455	\$ 11,804,703	\$ 18,471,158
2024	1,465,537	224,321	1,689,858	9,190,537	13,543,411	22,733,948
2025	1,509,357	187,878	1,697,235	9,905,357	13,124,379	23,029,736
2026	1,543,439	150,482	1,693,921	10,340,439	12,693,366	23,033,805
2027	1,582,390	112,190	1,694,580	10,779,390	12,242,846	23,022,236
2028 - 2032	3,787,999	111,892	3,899,891	60,907,999	53,183,667	114,091,666
2033 - 2037	-	-	-	64,941,000	38,760,994	103,701,994
2038 - 2042	-	-	-	57,747,000	25,315,348	83,062,348
2043 - 2047	-	-	-	61,300,000	13,025,588	74,325,588
2048 - 2052	-	-	-	25,435,000	1,483,150	26,918,150
	<u>\$ 11,320,177</u>	<u>\$ 1,046,572</u>	<u>\$ 12,366,749</u>	<u>\$ 317,213,177</u>	<u>\$ 195,177,452</u>	<u>\$ 512,390,629</u>

Business-Type Activities:

Fiscal Year	Water Infrastructure Finance Authority (WIFA) Loans					
	Second Series 2022 DW *			Series 2022 CW *		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ 1,457,222	\$ 1,457,222	\$ -	\$ 330,642	\$ 330,642
2024	-	1,285,784	1,285,784	-	291,743	291,743
2025	-	1,285,784	1,285,784	-	291,743	291,743
2026	1,054,021	1,255,333	2,309,354	239,156	284,833	523,989
2027	1,084,471	1,224,003	2,308,474	246,065	277,725	523,790
2028 - 2032	5,910,811	5,617,448	11,528,259	1,341,155	1,274,591	2,615,746
2033 - 2037	6,815,407	4,686,718	11,502,125	1,546,407	1,063,410	2,609,817
2038 - 2042	7,858,443	3,613,548	11,471,991	1,783,070	819,909	2,602,979
2043 - 2047	9,061,107	2,376,140	11,437,247	2,055,953	539,143	2,595,096
2048 - 2052	10,447,828	949,357	11,397,185	2,370,598	215,408	2,586,006
2053 - 2057	2,274,106	-	2,274,106	515,992	-	515,992
	<u>\$ 44,506,194</u>	<u>\$ 23,751,337</u>	<u>\$ 68,257,531</u>	<u>\$ 10,098,396</u>	<u>\$ 5,389,147</u>	<u>\$ 15,487,543</u>

Fiscal Year	Water Infrastructure Finance Authority (WIFA) Loans					
	Series 2022 DW			Series 2021 DW *		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ 138,642	\$ 138,642	\$ -	\$ 239,979	\$ 239,979
2024	-	138,642	138,642	352,042	233,383	585,425
2025	232,768	134,725	367,493	358,638	226,663	585,301
2026	236,686	130,742	367,428	365,358	219,817	585,175
2027	240,668	126,692	367,360	372,204	212,843	585,047
2028 - 2032	1,265,472	570,284	1,835,756	1,968,281	954,942	2,923,223
2033 - 2037	1,375,593	458,310	1,833,903	2,159,725	759,912	2,919,637
2038 - 2042	1,495,297	336,592	1,831,889	2,369,789	545,912	2,915,701
2043 - 2047	1,625,418	204,281	1,829,699	2,600,285	311,097	2,911,382
2048 - 2052	1,766,861	60,458	1,827,319	2,261,178	64,536	2,325,714
2053 - 2057	-	-	-	-	-	-
	<u>\$ 8,238,763</u>	<u>\$ 2,299,368</u>	<u>\$ 10,538,131</u>	<u>\$ 12,807,500</u>	<u>\$ 3,769,084</u>	<u>\$ 16,576,584</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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Water Infrastructure Finance Authority (WIFA) Loans

Fiscal Year	Series 2020 DW			Series 2020 CW		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,460,276	\$ 1,092,205	\$ 2,552,481	\$ 216,737	\$ 162,108	\$ 378,845
2024	1,489,248	1,062,658	2,551,906	221,038	157,722	378,760
2025	1,518,795	1,032,526	2,551,321	225,423	153,250	378,673
2026	1,548,928	1,001,795	2,550,723	229,895	148,689	378,584
2027	1,579,659	970,454	2,550,113	234,456	144,037	378,493
2028 - 2032	8,381,022	4,359,966	12,740,988	1,243,930	647,115	1,891,045
2033 - 2037	9,246,071	3,477,755	12,723,826	1,372,323	516,176	1,888,499
2038 - 2042	10,200,405	2,504,486	12,704,891	1,513,967	371,721	1,885,688
2043 - 2047	11,253,241	1,430,762	12,684,003	1,670,231	212,357	1,882,588
2048 - 2052	9,833,292	297,429	10,130,721	1,459,479	44,145	1,503,624
2053 - 2057	-	-	-	-	-	-
	<u>\$ 56,510,937</u>	<u>\$ 17,230,036</u>	<u>\$ 73,740,973</u>	<u>\$ 8,387,479</u>	<u>\$ 2,557,320</u>	<u>\$ 10,944,799</u>

Water Infrastructure Finance Authority (WIFA) Loans

GADA Infrastructure Revenue Loan

Fiscal Year	Series 2014			Series 2014A		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 375,880	\$ 356,557	\$ 732,437	\$ 285,000	\$ 99,100	\$ 384,100
2024	387,736	344,328	732,064	300,000	84,100	384,100
2025	399,966	331,713	731,679	315,000	71,500	386,500
2026	412,580	318,700	731,280	330,000	55,000	385,000
2027	425,593	305,277	730,870	350,000	37,500	387,500
2028 - 2032	2,337,985	1,309,741	3,647,726	750,000	19,250	769,250
2033 - 2037	2,730,688	904,652	3,635,340	-	-	-
2038 - 2042	3,189,352	431,522	3,620,874	-	-	-
2043 - 2047	1,421,010	22,757	1,443,767	-	-	-
2048 - 2052	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-
	<u>\$ 11,680,790</u>	<u>\$ 4,325,247</u>	<u>\$ 16,006,037</u>	<u>\$ 2,330,000</u>	<u>\$ 366,450</u>	<u>\$ 2,696,450</u>

Direct-Placement Debt

Fiscal Year	Senior Lien Utility System Revenue Refunding Obligations, Series 2022			Subordinate Lien Excise Tax and State Shared Revenue Obligations, Series 2021 *		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,098,000	\$ 580,830	\$ 1,678,830	\$ -	\$ 780,213	\$ 780,213
2024	1,020,000	551,760	1,571,760	-	747,717	747,717
2025	1,049,000	521,864	1,570,864	85,000,000	747,717	85,747,717
2026	1,079,000	491,112	1,570,112	-	-	-
2027	1,110,000	459,477	1,569,477	-	-	-
2028 - 2032	6,055,000	1,789,515	7,844,515	-	-	-
2033 - 2037	6,981,000	848,986	7,829,986	-	-	-
2038 - 2042	3,086,000	44,546	3,130,546	-	-	-
2043 - 2047	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-
	<u>\$ 21,478,000</u>	<u>\$ 5,288,090</u>	<u>\$ 26,766,090</u>	<u>\$ 85,000,000</u>	<u>\$ 2,275,647</u>	<u>\$ 87,275,647</u>

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

TOWN OF QUEEN CREEK, ARIZONA
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Direct-Placement Debt						
Subordinate Lien Water System				Total Business-Type Activities		
Revenue Obligation, Series 2013						
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 334,720	\$ 1,466,759	\$ 1,801,479	\$ 3,770,613	\$ 6,704,257	\$ 10,474,870
2024	361,498	1,438,761	1,800,259	4,131,562	6,336,598	10,468,160
2025	390,417	1,408,530	1,798,947	89,490,007	6,206,015	95,696,022
2026	421,651	1,375,888	1,797,539	5,917,275	5,281,909	11,199,184
2027	455,383	1,340,644	1,796,027	6,098,499	5,098,652	11,197,151
2028 - 2032	2,885,273	6,067,910	8,953,183	32,138,929	22,610,762	54,749,691
2033 - 2037	4,239,412	4,654,762	8,894,174	36,466,626	17,370,681	53,837,307
2038 - 2042	6,229,088	2,579,958	8,809,046	37,725,411	11,248,194	48,973,605
2043 - 2047	3,245,040	246,718	3,491,758	32,932,285	5,343,255	38,275,540
2048 - 2052	-	-	-	28,139,236	1,631,333	29,770,569
2053 - 2057	-	-	-	2,790,098	-	2,790,098
	<u>\$ 18,562,482</u>	<u>\$ 20,579,930</u>	<u>\$ 39,142,412</u>	<u>\$ 279,600,541</u>	<u>\$ 87,831,656</u>	<u>\$ 367,432,197</u>

Memo Only - Total WIFA Loans			
Fiscal Year	Principal	Interest	Total
2023	\$ 2,052,893	\$ 3,777,355	\$ 5,830,248
2024	2,450,064	3,514,260	5,964,324
2025	2,735,590	3,456,404	6,191,994
2026	4,086,624	3,359,909	7,446,533
2027	4,183,116	3,261,031	7,444,147
2028 - 2032	22,448,656	14,734,087	37,182,743
2033 - 2037	25,246,214	11,866,933	37,113,147
2038 - 2042	28,410,323	8,623,690	37,034,013
2043 - 2047	29,687,245	5,096,537	34,783,782
2048 - 2052	28,139,236	1,631,333	29,770,569
	<u>\$ 152,230,059</u>	<u>\$ 59,321,539</u>	<u>\$ 211,551,598</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 2022 (Direct-placement Debt).* In fiscal year 2022, the Town issued a total of \$24.223 million of long-term excise tax and state-shared revenue bonds to provide funding for new parks and recreation projects.
2. *Excise Tax and State-Shared Revenue Bonds, Series 2022.* In fiscal year 2022, the Town issued \$106.980 million of long-term excise tax and state-shared revenue bonds to provide funding for new parks and recreation projects.
3. *Excise Tax and State-Shared Revenue Bonds, Series 2020.* In fiscal year 2020, the Town issued \$78.605 million of long-term excise tax and state-shared revenue bonds to provide funding for new transportation, public safety, and fire projects.

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4. *Excise Tax and State-Shared Revenue Bonds, Series 2018A and B.* In fiscal year 2018, the Town issued a total of \$65.96 million of long-term excise tax and state-shared revenue bonds to provide funding for new transportation, public safety and fire projects.
5. *Excise Tax and State-Shared Revenue Refunding Bonds, Series 2016.* In fiscal year 2017, the Town refunded all of its outstanding governmental activities debt by issuing \$47.990 million of excise tax and state-shared revenue bonds. The refunded debts were originally issued to fund acquisition of land, construction of infrastructure and municipal facilities, and improvements to parks.
6. *GADA Infrastructure Revenue Loan, Series 2014A.* In fiscal year 2014, the Town obtained financing of \$3.845 million through the Greater Arizona Development Authority (GADA) to refinance a loan from 2003 that was used for wastewater system improvements. Although the Town pledged excise taxes to secure the debt, the loan is being repaid from wastewater utility revenues.

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

During fiscal year 2022, the Town issued \$85 million of subordinate lien excise tax and state-shared revenue debt to provide funding for water and wastewater construction projects. The debt was issued as a direct-placement loan with US Bank at a variable interest rate that resets weekly. Although the Town pledged excise taxes to secure the loan, interest on the loan will be repaid from utility system revenues. The Town intends to refinance the loan with long-term financing at maturity. At June 30, 2022, only \$44 million was drawn down and outstanding.

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

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

Debt Issue	Debt Service, FY 2022			Remaining Principal and Interest to Maturity	Maturity Date
	Principal	Interest	Total		
<i>First Lien Parity Obligations:</i>					
Excise Tax and State-Shared Revenue Bonds, Series 2022	\$ -	\$ -	\$ -	\$ 183,128,723	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2020	1,080,000	3,364,550	4,444,550	132,304,575	8/1/2050
Excise Tax and State-Shared Revenue Bonds, Series 2018A	855,000	2,263,700	3,118,700	80,450,300	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2018B	500,000	718,500	1,218,500	25,214,275	8/1/2047
Excise Tax and State-Shared Revenue Bonds, Series 2016	2,550,000	1,713,900	4,263,900	46,105,125	8/1/2036
GADA Infrastructure Revenue Loan, Series 2014A	275,000	113,350	388,350	2,696,450	8/1/2028
<i>Direct-Placement Debt</i>					
Excise Tax and State-Shared Revenue Bonds, Series 2022	-	-	-	32,820,882	8/1/2037
Total First Lien Parity Obligations	5,260,000	8,174,000	13,434,000	502,720,330	
<i>Subordinate Lien Obligations:</i>					
Sub-Lien Excise Tax and State-Shared Revenue Obligations:					
Series 2021	-	106,591	106,591	87,275,647	6/1/2025
Total Debt Service, FY 2022	\$ 5,260,000	\$ 8,280,591	\$ 13,540,591	\$ 589,995,977	
Total Excise Tax and State-Shared Revenues, FY 2022			\$ 112,568,733		

TOWN OF QUEEN CREEK, ARIZONA
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YEAR ENDED JUNE 30, 2022

F. Special Assessment Debt (Direct-Placement Debt)

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

Each property owner within the District has been assessed an annual assessment for repayment of the bonds. Owners may prepay their assessment in full or in part at any time. In case of default, the Town has the responsibility to cover delinquencies of special assessments with other sources until foreclosure proceeds are received. During fiscal year 2022, 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 \$12,366,749 payable through January 1, 2030.

G. Utility System Revenue Pledged Debt – Senior Parity Obligations

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

1. *WIFA Loan, 2022 Drinking Water (DW)*. In fiscal year 2022, the Town obtained a loan authorization of up to \$45.519 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to construct various water system infrastructure projects. The loan includes \$1.013 million in forgivable principal. By June 30, 2022, the Town had drawn down \$75,000 of the forgivable principal, and the Town expects to draw down the remaining loan authorization amount during fiscal years 2023 and 2024.
2. *WIFA Loan, 2022 Clean Water (CW)*. In fiscal year 2022, the Town obtained a loan authorization of up to \$10.098 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to construct various wastewater system infrastructure projects. By June 30, 2022, the Town had drawn down \$75,000 of the loan authorization, and the Town expects to draw down the remaining loan authorization amount during fiscal year 2023.
3. *Senior Lien Utility System Revenue Refunding Obligations, Series 2022 (Direct-Placement Debt)*. In fiscal year 2022, the Town obtained a \$21.478 million loan from Bank of America to refund the Town's 2008 WIFA Loan that was used to purchase of the Queen Creek Water Company and improvements to the infrastructure acquired.
4. *WIFA Loan, 2022 Drinking Water (DW)*. In fiscal year 2022, the Town obtained a loan of \$8.239 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to purchase 4,162 acre-feet of NIA priority CAP water from the Central Arizona Water Conservation District.
5. *WIFA Loan, 2021 Drinking Water (DW)*. In fiscal year 2021, the Town obtained a loan authorization of up to \$13.25 million from the Water Infrastructure Finance Authority of Arizona (WIFA) to acquire Diversified Water Utilities, Inc., and install an interconnection to its water system. The loan includes \$442,500 in forgivable principal. By June 30, 2022, the Town had drawn down \$11.113 million of the loan authorization, and the Town expects to draw down the remaining \$2.137 million in fiscal year 2023.

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6. *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.
7. *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.
8. *WIFA Loan, 2014*. In fiscal year 2014, the Town obtained a \$16 million loan from WIFA to finance a portion of the purchase price of the H2O Water Company.

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

Debt Issue	Debt Service, FY 2022			Remaining	Maturity Date
	Principal	Interest	Total	Interest to Maturity	
WIFA Loan, 2022 DW	\$ -	\$ -	\$ -	\$ 68,257,531	7/1/2052
WIFA Loan, 2022 CW	-	-	-	15,487,543	7/1/2052
WIFA Loan, 2022 DW	-	75,483	75,483	10,538,131	7/1/2051
WIFA Loan, 2021 DW	-	189,110	189,110	16,576,584	7/1/2050
WIFA Loan, 2020 DW	1,431,868	1,121,177	2,553,045	73,740,973	7/1/2050
WIFA Loan, 2020 CW	212,521	166,408	378,929	10,944,799	7/1/2050
WIFA Loan, 2014	364,388	368,412	732,800	16,006,038	7/1/2043
WIFA Loan, 2008	21,819,447	729,126	22,548,573	-	7/1/2038
<i>Direct-Placement Debt:</i>					
Senior Lien Utility System Revenue Refunding Obligations, Series 2022	-	-	-	26,766,090	7/1/2038
Total Debt Service, FY 2022	\$ 23,828,224	\$ 2,649,716	\$ 26,477,940	\$ 144,034,484	
Total Utility System Net Revenues, FY 2022	\$ 25,507,263				

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

The remaining balance of the purchase price for the H2O Water Company in 2013 was financed through issuance of a \$19,425,093 direct-placement subordinate lien tax-exempt revenue obligation to the former owners of the H2O Water Company. The obligations are secured by a pledge of net revenues from the Town's water system that is subordinate to the pledge of net revenues on the Town's senior parity obligations. "Net revenues" for the subordinate lien obligations are defined as all revenues from water 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 2022 was \$1,802,615, and net revenues from the water system were \$14,497,080. Total principal and interest remaining on the

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obligations is \$39,142,412 payable through May 1, 2043. The obligations do not have specific provisions regarding significant events of default, subjective acceleration clauses, or termination events with finance-related consequences.

I. Debt Capacity – Arizona Constitutional Limit

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

The Town of Queen Creek's net valuation at June 30, 2022 is \$683,060,807. This includes both Maricopa County and Pinal County assessed values. The Town's constitutional debt limit is calculated as follows:

20% Debt Margin Limit	\$ 136,612,161
Bonded Debt Outstanding	<u>-</u>
Unused 20% Limitation Borrowing Capacity	\$ 136,612,161
6% Debt Margin Limit	\$ 40,983,648
Bonded Debt Outstanding	<u>-</u>
Unused 6% Limitation Borrowing Capacity	\$ 40,983,648

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 and Transportation Fund	General Capital Improvement Fund	Improvement		Nonmajor Governmental Funds	
					District Debt Service Fund	Debt Service Fund		
Nonspendable:								
Prepaid Items	\$ 516,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 516,157
Prepaid Supplies	662,982	-	133,711	-	-	-	252,994	1,049,687
Advances to Other Funds	3,992,110	-	-	-	-	-	-	3,992,110
Total Nonspendable	5,171,249	-	133,711	-	-	-	252,994	5,557,954
Restricted:								
Debt Service	-	-	-	-	560	-	-	560
Transportation and Town Facilities	-	-	31,109,765	142,914,023	-	-	58,904,734	232,928,522
Street Lighting Districts	-	-	-	-	-	-	220,862	220,862
Contractual Agreements	234,854	-	-	-	-	-	-	234,854
Housing Rehabilitation	-	-	-	-	-	-	81,230	81,230
Total Restricted	234,854	-	31,109,765	142,914,023	560	-	59,206,826	233,466,028
Committed:								
Pension Liabilities	42,275,146	-	-	-	-	-	-	42,275,146
Transportation and Town Facilities	-	11,769,328	-	-	-	-	2,078,863	13,848,191
Total Committed	42,275,146	11,769,328	-	-	-	-	2,078,863	56,123,337
Assigned:								
Debt Service	-	-	-	-	-	1,569	-	1,569
Transportation and Town Facilities	-	-	4,976,377	6,074,651	-	-	-	11,051,028
Total Committed	-	-	4,976,377	6,074,651	-	1,569	-	11,052,597
Unassigned	61,252,334	-	-	-	-	-	-	61,252,334
Total Fund Balance	\$ 108,933,583	\$ 11,769,328	\$ 36,219,853	\$ 148,988,674	\$ 560	\$ 1,569	\$ 61,538,683	\$ 367,452,250

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NOTE 11. RETIREMENT PLANS

A. Cost-Sharing and Agent Multiple Employer Pension Plans

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

At June 30, 2022, 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 Assets	\$ 3,392,893	\$ -	\$ 3,392,893
Net Pension Liabilities	15,940,217	6,270,888	22,211,105
Deferred Outflows of Resources	10,369,358	2,029,047	12,398,405
Deferred Inflows of Resources	6,953,070	1,986,837	8,939,907
Pension Expense	2,808,650	395,124	3,203,774

The Town's accrued payroll and employee benefits includes \$91,587 of outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2022. Also, the Town reported \$4,840,176 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:

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	Retirement	
	Initial Membership Date	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percentage per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2022, statute required active ASRS members to contribute at the actuarially determined rate of 12.41% (12.22% for retirement and 0.19% for long-term disability) of the members' annual covered payroll, and statute required the Town to contribute at the actuarially determined rate of 12.41% (12.01% for retirement, 0.21% for the health insurance premium benefit, and 0.19% 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 10.22% (10.13% for retirement and 0.09% 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, 2022, were \$2,670,293, and were paid 61% from the General Fund, 32% from major funds, and 7% from other funds.

Pension Liability – At June 30, 2022, the Town reported a liability of \$22,211,105 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2020 to the measurement date of June 30, 2021. The total liabilities as of June 30, 2021, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2020, including decreasing the discount rate from 7.5 percent to 7.0 percent and changing the projected salary increases from 2.7-7.2 percent to 2.9-8.4 percent.

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, 2021. The Town's proportions measured as of June 30, 2021, was 0.16904%, which was an increase of 0.00706% from its proportion measured as of June 30, 2020.

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Pension Expense and Deferred Outflows/Inflows of Resources – For the year ended June 30, 2022, the Town recognized pension expense for ASRS of \$3,374,270. At June 30, 2022, 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	\$ 338,588	\$ -
Changes of assumptions or other inputs	2,890,953	-
Net difference between projected and actual earnings on pension plan investments	-	7,037,260
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,286,926	-
Town contributions subsequent to the measurement date	2,670,293	-
	<u>\$ 7,186,760</u>	<u>\$ 7,037,260</u>

The \$2,670,293 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, 2023. 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>	
2023	\$ 418,421
2024	(1,551,355)
2025	(2,425,093)

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

Actuarial Valuation Date	June 30, 2020
Actuarial Roll Forward Date	June 30, 2021
Actuarial Costs Method	Entry Age Normal
Discount Rate	7.0%
Projected Salary Increases	2.9 - 8.4%
Inflation	2.3%
Permanent Benefit Increase	Included
Mortality Rates	2017 SRA Scale U-MP

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

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

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Asset Class	Target Allocation	Real Return Geometric Basis
Equity	50%	4.90%
Fixed income - credit	20%	5.20%
Fixed income - interest rate sensitive	10%	0.70%
Real Estate	20%	5.70%
Total	100%	

Discount Rate – The discount rate used to measure the ASRS total pension liability was 7.0%, which was a decrease of 0.5 from the discount rate used as of June 30, 2020. 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 7.0%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability	\$ 34,936,209	\$ 22,211,105	\$ 11,601,890

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

C. Public Safety Personnel Retirement System (PSPRS)

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

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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:

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

* With actuarially reduced benefits.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments. 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 – At June 30, 2022, the following employees were covered by the agent pension plans’ benefit terms:

	PSPRS Firefighters	PSPRS Police
Inactive Employees or Beneficiaries		
Currently Receiving Benefits	2	0
Inactive Employees Entitled to but not yet Receiving Benefits	2	0
Active Employees	50	5
Total	<u>54</u>	<u>5</u>

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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, 2022, are indicated below. Rates are a percentage of active members’ annual covered payroll.

	PSPRS Firefighters	PSPRS Police
Active Member Contributions:		
Tier One Members	7.65%	7.65%
Tier Two Members	7.65%	11.65%
Tier Three Members	9.94%	9.94%
Town Contributions		
Pension	9.18% - 15.54%	9.97% - 30.68%

The Town’s contribution to the pension plan for the year ended June 30, 2022 was \$2,169,883. 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, 2022, the Town reported the following net pension asset:

	Net Pension Asset
PSPRS Firefighters	\$ 3,317,404
PSPRS Police	75,489
Total	\$ 3,392,893

The net pension asset was measured as of June 30, 2021, 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, 2021
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, 2021, 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:

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Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Public Equity	24%	4.08%
International Public Equity	16%	5.20%
Global Private Equity	20%	7.67%
Other Assets (Capital Apprecia	7%	5.43%
Core Bonds	2%	0.42%
Private Credit	20%	5.74%
Diversifying Strategies	10%	3.39%
Cash - Mellon	1%	-0.31%
Total	100%	

Pension Discount Rates – At June 30, 2021, 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	\$ 15,046,406	\$ 13,294,434	1,751,972
Changes for the Year:			
Service Cost	1,091,569	-	1,091,569
Interest on the Total Pension Liability	1,173,040	-	1,173,040
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	339,123	-	339,123
Contributions - Employer	-	3,106,861	(3,106,861)
Contributions - Employee	-	500,208	(500,208)
Net Investment Income	-	4,084,854	(4,084,854)
Benefit Payments, Including Refunds of Employee Contributions	(137,855)	(137,855)	-
Administrative Expenses	-	(18,815)	18,815
Net Changes	2,465,877	7,535,253	(5,069,376)
Balance end of the year	\$ 17,512,283	\$ 20,829,687	\$ (3,317,404)

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

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PSPRS - Police	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance beginning of the year	\$ -	\$ -	-
Changes for the Year:			
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	158,344	-	158,344
Contributions - Employer	-	180,585	(180,585)
Contributions - Employee	-	6,080	(6,080)
Net Investment Income	-	47,363	(47,363)
Administrative Expenses	-	(195)	195
Net Changes	<u>158,344</u>	<u>233,833</u>	<u>(75,489)</u>
Balance end of the year	<u>\$ 158,344</u>	<u>\$ 233,833</u>	<u>\$ (75,489)</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)	\$ 151,525	\$ (3,317,404)	\$ (6,091,866)
PSPRS Police			
Net Pension Liability (Asset)	\$ (46,654)	\$ (75,489)	\$ (233,833)

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, 2022, the Town recognized the following pension expense:

	Pension Expense
PSPRS Firefighters	\$ 11,100
PSPRS Police	\$ (181,596)
Total	<u>\$ (170,496)</u>

Pension Deferred Outflows/Inflows of Resources – At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Firefighters	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,367,449	\$ 7,708
Changes of assumptions or other inputs	535,762	-
Net difference between projected and actual earnings on pension plan investments	-	1,862,495
Town contributions subsequent to the measurement date	<u>1,047,818</u>	<u>-</u>
	<u>\$ 3,951,029</u>	<u>\$ 1,870,203</u>

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PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 138,551	\$ -
Net difference between projected and actual earnings on pension plan investments	-	32,444
Town contributions subsequent to the measurement date	1,122,065	-
	<u>\$ 1,260,616</u>	<u>\$ 32,444</u>

The \$1,047,818 for Firefighters and \$1,122,065 for police reported as deferred outflows of resources related to PSPRS pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended June 30, 2023. 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>	<u>PSPRS Police</u>
2023	\$ (103,828)	\$ 11,682
2024	(113,143)	11,682
2025	(151,536)	11,682
2026	(298,916)	11,682
2027	298,768	19,793
Thereafter	1,401,663	39,586

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, 2022, 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, 2022, the Town abated \$47,644 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, 2022

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, 2022 was \$30,220,866 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 2022.

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

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

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

Signal Butte Road. The Town has an IGA with the City of Mesa wherein the Town agreed to fund the costs of construction of Signal Butte Road from Germann Road to the future State Road 24 intersection. Mesa will manage the design and construction of the project through completion. The agreement includes a provision for the Town to loan up to \$12 million to the City of Mesa with \$5.5 million for North Signal Butte Improvements and \$7.0 for South Signal Butte Improvements. Mesa secured a separate source of funding for the \$5.0 million needed for the North Signal Butte Improvements and the Town has sent Mesa \$5.5 million for the North Signal Butte Improvements. Mesa has agreed to reimburse the Town by December 31, 2030 up to \$7.0 million. The Town used proceeds from the Series 2020 excise tax and state-shared revenue bonds to finance the payments to Mesa. This project is currently in process and may require additional funding from the Town prior to completion, which is expected to be by the end of 2023.

Meridian Road (from Combs Road to Germann Road). The Town has an IGA with Pinal County wherein the County has agreed to fund 50% of the cost of design and construction of Meridian Road improvements from Combs Road to Germann Road. The County's estimated contribution is \$3.8 million. Construction of the improvements are expected to be finished by mid 2023.

Meridian Road (from Queen Creek Road to Germann Road). The Town has an IGA with Pinal County wherein the County has agreed to fund 50% of the cost of design and construction of Meridian Road improvements from Queen Creek Road to Germann Road. The County's estimated contribution is \$8.0 million. Construction of the improvements is expected to be finished by mid 2023.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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 \$6.5 million. Construction of the improvements is expected to be finished by mid 2023.

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

Chandler Heights Road. The Town has an IGA with Maricopa County and the Town of Gilbert wherein the Town has agreed to design and construct improvements to Chandler Heights Road from Recker Road to Power Road. The County and Gilbert have agreed to fund 100% of the costs of the \$5.7 million project, which is expected to be finished by mid 2023.

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. This project was finished at the end of FY 22 other than some remaining training on the use of the system.

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. This project has not yet been started.

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.

TOWN OF QUEEN CREEK, ARIZONA
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

NOTE 15. SUBSEQUENT EVENTS

A. EPCOR Customer Service Area Swap

On June 1, 2022, Town Council approved a Utilities Services Exchange Agreement between the Town of Queen Creek, AZ and EPCOR Water Arizona, Inc. EPCOR approved and signed the agreement on August 11, 2022. Under the Agreement, the Town will receive from EPCOR approximately 6,241 current and future customers who are Queen Creek residents and businesses which are currently within Queen Creek's water service area and EPCOR's wastewater service area. EPCOR will receive from the Town approximately 9,841 future customers who are currently within Queen Creek's water service area or are future wastewater customers to whom Queen Creek has provided a "will serve" letter. To effectuate the exchange of service areas under the Exchange Agreement, EPCOR filed an Application with the Arizona Corporation Commission ("ACC") to approve: (1) deletion of EPCOR's Certificate of Convenience and Necessity (CCN) for the wastewater service areas to be served by Queen Creek; and (2) extend EPCOR's CC&N to certain areas currently in the Town's water and wastewater service areas. The ACC does not have jurisdiction over the Town's municipal utility services; the Town is not a party to the ACC proceedings and only participates as necessary in the ACC process to support EPCOR's Application. On September 20, 2022 the Arizona Corporation Commission held a hearing on EPCOR's Application. EPCOR and the Town are waiting for a recommended Opinion and Order ("ROO") to be issued (and possibly amended), after which the ROO will be presented to the ACC Commissioners for consideration, modification and/or approval.

B. Archer Meadows Mainline Agreements Retirement

When the Town acquired the Diversified water company last fiscal year, the Town assumed Diversified's mainline agreements. One of these agreements, with Meritage Homes of Arizona, Inc., provided for a total reimbursement of \$6.4 million of developer-completed water improvements payable from 20% of the annual net revenues the Town receives from customers within the Archer Meadows development. The total payoff period was estimated to be over 70 years. On September 7, 2022, the Town entered into an agreement with Meritage Homes of Arizona, Inc. to pay off the outstanding liability of the Archer Meadows Line Extension Agreement for a discounted amount of \$878,000.

C. Land Purchase for Park

On July 26, 2022, the Town purchased 76.5 acres of land for \$23 million as an area for development of a future park in accordance with its Parks Master Plan. The Town used funding from the *Excise Tax and State-Shared Revenue Bonds, Series 2022*, a \$24 million bank loan that was issued during the current fiscal year to pay for this purchase.

D. WIFA Financing for Colorado River Surface Water Rights

On September 21, 2022, Town Council approved an application with the Water Infrastructure Finance Authority (WIFA) to seek financing of approximately \$27 million to be paid over 30 years at an estimated interest rate of 3.25%. The Town is seeking the loan to fund a purchase agreement between the Town and GSC Farm, LLC to transfer up to 2,088 AF of Colorado River surface water rights. The Town expects the application to be approved and the loan to be finalized by January 2023.

E. Modification of Loan Drawdown Schedule

In November 2022, at the request of U.S. Bank, the Town and U.S. Bank agreed to modify the drawdown schedule of the Town's loan for utility infrastructure projects. The original agreement called for required draws every three months; however, the rate of spending on these infrastructure projects has been slower than expected and therefore has not matched the draw schedule. The Town and U.S. Bank agreed to forgo the \$7.875 million draw that would have been required on December 8, 2022, and the Town will resume its regularly scheduled draws beginning on March 8, 2023. The Town will remain obligated to draw down the full loan amount of \$85 million by December 8, 2023, as required by the original loan agreement. No other terms of the agreement were modified.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
COST SHARING PENSION PLANS
JUNE 30, 2022

Arizona State Retirement System

	Reporting Year (Measurement Date)		
	2022 (2021)	2021 (2020)	2020 (2019)
Town's Proportion of the Net Pension Liability	0.169040%	0.161980%	0.149770%
Town's Proportionate Share of the Net Pension Liability	\$ 22,211,105	\$ 28,065,497	\$ 21,793,278
Town's Covered Payroll	19,060,515	15,809,849	15,825,893
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.53%	177.52%	137.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.58%	69.33%	73.24%

See Notes to Pension Schedules, Required Supplementary Information.

Reporting Year
(Measurement Date)

2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
0.142370%	0.135270%	0.126160%	0.118690%	0.097621%
\$ 19,855,605	\$ 21,072,429	\$ 20,363,491	\$ 18,487,672	\$ 14,444,571
13,843,824	12,555,709	11,783,167	10,732,389	9,043,494
143.43%	167.83%	172.82%	172.26%	159.72%
73.40%	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, 2022

PSPRS Fire

	Reporting Year (Measurement Date)		
	2022 (2021)	2021 (2020)	2020 (2019)
Total Pension Liability			
Service Cost	\$ 1,091,569	\$ 996,494	\$ 1,012,408
Interest on the Total Pension Liability	1,173,040	937,489	783,592
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	339,123	1,334,175	321,036
Changes of Assumptions or Other Inputs	-	-	285,948
Benefit Payments, Including Refunds of Employee Contributions	(137,855)	(135,152)	(132,502)
Net Change in Total Pension Liability	2,465,877	3,133,006	2,270,482
Total Pension Liability - Beginning	15,046,406	11,913,400	9,642,918
Total Pension Liability - Ending (a)	17,512,283	15,046,406	11,913,400
Plan Fiduciary Net Position			
Contributions - Employer	3,106,861	1,635,722	778,481
Contributions - Employee	500,208	460,110	474,279
Net Investment Income	4,084,854	152,446	556,726
Benefit Payments, Including Refunds of Employee Contributions	(137,855)	(135,152)	(132,502)
Hall/Parker Settlement	-	-	-
Administrative Expenses	(18,815)	(50,794)	(10,665)
Other Changes	-	4,239	(1,111)
Net Change in Plan Fiduciary Net Position	7,535,253	2,066,571	1,665,208
Plan Fiduciary Net Position - Beginning	13,294,434	11,227,863	9,562,655
Plan Fiduciary Net Position - Ending (b)	20,829,687	13,294,434	11,227,863
Town's Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (3,317,404)	\$ 1,751,972	\$ 685,537
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.94%	88.36%	94.25%
Covered Payroll	\$ 5,425,383	\$ 4,858,290	\$ 4,464,356
Town's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-61.15%	36.06%	15.36%

See Notes to Pension Schedules, Required Supplementary Information.

Note: The Town started a Police Department in FY 22 and as a result there is no pension information available prior to this time.

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

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**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, 2022**

PSPRS Police

	Reporting Year (Measurement Date)
	2022 (2021)
Total Pension Liability	
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	\$ 158,344
Net Change in Total Pension Liability	158,344
Total Pension Liability - Beginning	-
Total Pension Liability - Ending (a)	158,344
Plan Fiduciary Net Position	
Contributions - Employer	180,585
Contributions - Employee	6,080
Net Investment Income	47,363
Administrative Expenses	(195)
Net Change in Plan Fiduciary Net Position	233,833
Plan Fiduciary Net Position - Beginning	-
Plan Fiduciary Net Position - Ending (b)	233,833
Town's Net Pension Liability/(Asset) - Ending (a) - (b)	\$ (75,489)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	147.67%
Covered Payroll	\$ 463,540
Town's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-16.29%

See Notes to Pension Schedules, Required Supplementary Information.

Note: The Town started a Police Department in FY 22 and as a result there is no pension information available prior to this time.

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN PENSION CONTRIBUTIONS
JUNE 30, 2022**

Arizona State Retirement System

	Reporting Fiscal Year		
	2022	2021	2020
Statutorily Required Contribution	\$ 2,674,293	\$ 2,199,552	\$ 2,018,030
Town's Contribution in Relation to the Statutorily Required Contribution	2,674,293	2,199,552	2,018,030
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 21,610,468	\$ 19,060,515	\$ 15,809,849
Town's Contributions as a Percentage of Covered Payroll	12.37%	11.54%	12.76%

PSPRS Fire

	Reporting Fiscal Year		
	2022	2021	2020
Actuarially Determined Contribution	\$ 958,025	\$ 835,571	\$ 773,803
Town's Contribution in Relation to the Actuarially Determined Contribution	1,047,818	2,587,543	1,473,803
Town's Contribution Deficiency (Excess)	<u>\$ (89,793)</u>	<u>\$ (1,751,972)</u>	<u>\$ (700,000)</u>
Town's Covered Payroll	\$ 7,904,115	\$ 6,731,582	\$ 4,858,290
Town's Contributions as a Percentage of Covered Payroll	13.26%	38.44%	30.34%

PSPRS Police

	Reporting Fiscal Year		
	2022		
Actuarially Determined Contribution	\$ 648,546		
Town's Contribution in Relation to the Actuarially Determined Contribution	1,122,065		
Town's Contribution Deficiency (Excess)	<u>\$ (473,519)</u>		
Town's Covered Payroll	\$ 5,014,544		
Town's Contributions as a Percentage of Covered Payroll	22.38%		

See Notes to Pension Schedules, Required Supplementary Information.

Note: The Town started a Police Department in FY 22 and as a result there is no pension information available prior to this time.

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 1,754,889	\$ 1,535,419	\$ 1,422,375	\$ 1,281,699	\$ 1,144,335	\$ 1,013,052
1,754,889	1,535,419	1,422,375	1,281,699	1,144,335	1,013,052
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 15,825,893	\$ 13,843,824	\$ 12,555,709	\$ 11,783,167	\$ 10,732,389	\$ 9,043,494
11.09%	11.09%	11.33%	10.88%	10.66%	11.20%

Reporting Fiscal Year

2019	2018	2017	2016	2015	2014
\$ 769,406	\$ 727,892	\$ 400,644	\$ 446,372	\$ 322,368	\$ 318,427
1,096,454	1,385,632	785,199	752,649	1,807,100	318,427
\$ (327,048)	\$ (657,740)	\$ (384,555)	\$ (306,277)	\$ (1,484,732)	\$ -
\$ 4,464,356	\$ 3,838,295	\$ 3,455,435	\$ 2,447,591	\$ 2,354,769	\$ 2,129,345
24.56%	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, 2022**

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, 2022

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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 35,849,303	\$ 46,977,875	\$ 50,676,607	\$ 3,698,732
Intergovernmental	14,393,500	15,147,963	16,027,350	879,387
Licenses, Permits and Fees	7,953,100	10,990,500	11,854,605	864,105
Charges for Services	2,293,709	2,293,709	2,684,588	390,879
Investment Income	200,000	200,000	436,597	236,597
Miscellaneous	103,500	103,500	475,679	372,179
Total Revenues	<u>60,793,112</u>	<u>75,713,547</u>	<u>82,155,426</u>	<u>6,441,879</u>
EXPENDITURES				
Current:				
Mayor and Town Council	444,052	444,052	380,553	63,499
Town Manager	1,141,580	1,198,280	1,142,091	56,189
Town Clerk and Legal Services	849,121	988,371	917,035	71,336
Finance	3,308,469	2,994,062	2,750,215	243,847
Economic Development	1,115,287	1,111,163	1,078,591	32,572
Communications, Marketing and Recreation Services	2,389,350	2,434,150	2,428,106	6,044
Workforce and Technology	5,741,668	6,445,935	5,796,251	649,684
Development Services	3,691,598	4,133,307	3,992,504	140,803
Public Works	9,799,601	12,017,646	9,798,564	2,219,082
Centralized Services/Contingency	6,051,050	3,833,249	2,883,755	949,494
Total Expenditures	<u>34,531,776</u>	<u>35,600,215</u>	<u>31,167,665</u>	<u>4,432,550</u>
Excess (Deficiency) of Revenues Over Expenditures	26,261,336	40,113,332	50,987,761	10,874,429
OTHER FINANCING SOURCES (USES)				
Transfers In	-	82,615	80,558	2,057
Transfers Out	<u>(26,149,899)</u>	<u>(32,649,899)</u>	<u>(30,564,497)</u>	<u>2,085,402</u>
Total Other Financing Sources (Uses)	<u>(26,149,899)</u>	<u>(32,567,284)</u>	<u>(30,483,939)</u>	<u>2,087,459</u>
Net Change in Fund Balances	<u>\$ 111,437</u>	<u>\$ 7,546,048</u>	<u>\$ 20,503,822</u>	<u>\$ 12,961,888</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 7,520,485	\$ 14,776,000	\$ 15,607,714	\$ 831,714
Investment Income	-	-	18	18
Total Revenues	7,520,485	14,776,000	15,607,732	831,732
EXPENDITURES				
Current:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	7,520,485	14,776,000	15,607,732	831,732
OTHER FINANCING SOURCES (USES)				
Transfers Out	(8,556,566)	(8,556,566)	(8,111,793)	444,773
Total Other Financing Sources (Uses)	(8,556,566)	(8,556,566)	(8,111,793)	444,773
Net Change in Fund Balances	\$ (1,036,081)	\$ 6,219,434	\$ 7,495,939	\$ 1,276,505

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, 2022**

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 132 through 133. 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	\$ 97,658,698	\$ (64,264,404)	\$ (14,875,880)	\$ 90,415,169	\$ 108,933,583
Other Funds Included in General Fund - Budgeted as Special Revenue Funds:					
Emergency Services Fund	(23,294,197)	34,094,504	(10,858,868)	(178,603)	(237,164)
Horseshoe Park and Equestrian Center	(1,122,193)	2,169,347	(1,030,541)	(5,410)	11,203
Interdepartmental Support Revenue	5,241,143	(1,727,527)	(3,513,616)	-	-
GAAP Adjustments	3,671,975	(1,439,585)	(205,034)	1,273,996	3,301,352
Budgetary Comparison Schedule - General Fund	<u>\$ 82,155,426</u>	<u>\$ (31,167,665)</u>	<u>\$ (30,483,939)</u>	<u>\$ 91,505,152</u>	<u>\$ 112,008,974</u>

**TOWN OF QUEEN CREEK, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2022**

NOTE 2. BUDGETARY INFORMATION

The Town Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget to the Town Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- 2) Public hearings are conducted to obtain taxpayer comment.
- 3) Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the state each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited basic financial statements to total expenditures for reporting in accordance with the state's uniform expenditure reporting system (A.R.S. §41-1279.07).
- 4) Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management and legal purposes, the Town Council adopts a budget by department for the General Fund and in total for other funds. The Town Manager may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity.
- 5) Formal budgetary integration is employed as a management control device during the year for the funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.
- 6) The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. The law does not permit the Town to spend more than budgeted revenues plus the carryover unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

The Town did not adopt an annual budget for the Housing Rehab Fund. Accordingly, no budgetary comparison schedule is presented for this fund.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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.

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.

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and Investments	\$ 9,114,020	\$ 57,333,907	\$ 66,447,927
Restricted Cash and Investments	-	3,379,488	3,379,488
Receivables:			
Taxes Receivable	187,530	-	187,530
Intergovernmental Receivable	830,866	-	830,866
Leases Receivable	4,601	-	4,601
Prepaid Supplies	252,994	-	252,994
Total Assets	<u>\$ 10,390,011</u>	<u>\$ 60,713,395</u>	<u>\$ 71,103,406</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 454,161	\$ -	\$ 454,161
Accrued Wages and Benefits	30,414	-	30,414
Unearned Revenues	4,843,393	-	4,843,393
Advances from Other Funds	-	3,992,110	3,992,110
Total Liabilities	<u>5,327,968</u>	<u>3,992,110</u>	<u>9,320,078</u>
Deferred Inflows of Resources:			
Unavailable Revenues	240,044	-	240,044
Lease Related	4,601	-	4,601
Total Deferred Inflows of Resources	<u>244,645</u>	<u>-</u>	<u>244,645</u>
Fund Balances:			
Nonspendable	252,994	-	252,994
Restricted	2,485,541	56,721,285	59,206,826
Committed	2,078,863	-	2,078,863
Total Fund Balances	<u>4,817,398</u>	<u>56,721,285</u>	<u>61,538,683</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,390,011</u>	<u>\$ 60,713,395</u>	<u>\$ 71,103,406</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Project Funds	Totals
REVENUES			
Local Sales Tax	\$ 1,623,051	\$ -	\$ 1,623,051
Intergovernmental	6,535,962	-	6,535,962
Special Assessments	17,866	-	17,866
Charges for Services	94,219	-	94,219
Contributions	114,620	-	114,620
Impact Fees	-	19,847,010	19,847,010
Investment Income	11,988	176,351	188,339
Miscellaneous	29,986	-	29,986
Total Revenues	<u>8,427,692</u>	<u>20,023,361</u>	<u>28,451,053</u>
EXPENDITURES			
Current:			
General Government	-	3,592	3,592
Public Safety	-	14,366	14,366
Highways and Streets	4,858,169	10,775	4,868,944
Culture and Recreation	197,272	14,367	211,639
Economic Development	41,347	-	41,347
Capital Outlay	1,083,584	-	1,083,584
Total Expenditures	<u>6,180,372</u>	<u>43,100</u>	<u>6,223,472</u>
Excess (Deficiency) of Revenues Over Expenditures	2,247,320	19,980,261	22,227,581
OTHER FINANCING SOURCES (USES)			
Transfers Out	(674,823)	(14,657,254)	(15,332,077)
Total Other Financing Sources (Uses)	<u>(674,823)</u>	<u>(14,657,254)</u>	<u>(15,332,077)</u>
Net Change in Fund Balances	1,572,497	5,323,007	6,895,504
FUND BALANCES			
Beginning of Year	3,244,901	51,398,278	54,643,179
End of Year	<u>\$ 4,817,398</u>	<u>\$ 56,721,285</u>	<u>\$ 61,538,683</u>

TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	Highway Users Revenue	Local	
		Transportation Assistance	Town Center
ASSETS			
Cash and Investments	\$ 2,057,213	\$ -	\$ 1,923,276
Receivables:			
Taxes Receivable	-	-	187,115
Intergovernmental Receivable	830,866	-	-
Leases Receivable	-	-	4,601
Prepaid Supplies	252,994	-	-
Total Assets	<u>\$ 3,141,073</u>	<u>\$ -</u>	<u>\$ 2,114,992</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 434,476	\$ -	\$ 4,028
Accrued Wages and Benefits	30,414	-	-
Unearned Revenues	-	-	27,500
Total Liabilities	<u>464,890</u>	<u>-</u>	<u>31,528</u>
Deferred Inflows of Resources:			
Unavailable Revenues	239,740	-	-
Lease Related	-	-	4,601
Total Deferred Inflows of Resources	<u>239,740</u>	<u>-</u>	<u>4,601</u>
Fund Balances:			
Nonspendable	252,994	-	-
Restricted	2,183,449	-	-
Committed	-	-	2,078,863
Total Fund Balances	<u>2,436,443</u>	<u>-</u>	<u>2,078,863</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,141,073</u>	<u>\$ -</u>	<u>\$ 2,114,992</u>

Street Lighting Districts	Housing Rehab	Community Events	Grants	Totals
\$ 236,408	\$ 81,230	\$ -	\$ 4,815,893	\$ 9,114,020
415	-	-	-	187,530
-	-	-	-	830,866
-	-	-	-	4,601
-	-	-	-	252,994
<u>\$ 236,823</u>	<u>\$ 81,230</u>	<u>\$ -</u>	<u>\$ 4,815,893</u>	<u>\$ 10,390,011</u>
\$ 15,657	\$ -	\$ -	\$ -	\$ 454,161
-	-	-	-	30,414
-	-	-	4,815,893	4,843,393
<u>15,657</u>	<u>-</u>	<u>-</u>	<u>4,815,893</u>	<u>5,327,968</u>
304	-	-	-	240,044
-	-	-	-	4,601
<u>304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,645</u>
-	-	-	-	252,994
220,862	81,230	-	-	2,485,541
-	-	-	-	2,078,863
<u>220,862</u>	<u>81,230</u>	<u>-</u>	<u>-</u>	<u>4,817,398</u>
<u>\$ 236,823</u>	<u>\$ 81,230</u>	<u>\$ -</u>	<u>\$ 4,815,893</u>	<u>\$ 10,390,011</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, 2022

	Highway Users Revenue	Local Transportation Assistance	Town Center
REVENUES			
Local Sales Tax	\$ -	\$ -	\$ 1,623,051
Intergovernmental	6,535,962	-	-
Special Assessments	-	-	-
Charges for Services	-	-	94,219
Contributions	-	-	-
Investment Income	5,579	-	5,042
Miscellaneous	28,730	-	1,256
Total Revenues	<u>6,570,271</u>	<u>-</u>	<u>1,723,568</u>
EXPENDITURES			
Current:			
Highways and Streets	4,314,713	356,532	-
Culture and Recreation	-	-	-
Economic Development	-	-	41,347
Capital Outlay	584,479	-	499,105
Total Expenditures	<u>4,899,192</u>	<u>356,532</u>	<u>540,452</u>
Excess (Deficiency) of Revenues Over Expenditures	1,671,079	(356,532)	1,183,116
OTHER FINANCING SOURCES (USES)			
Transfers Out	(262,790)	-	(331,475)
Total Other Financing Sources (Uses)	<u>(262,790)</u>	<u>-</u>	<u>(331,475)</u>
Net Change in Fund Balances	1,408,289	(356,532)	851,641
FUND BALANCES			
Beginning of Year	1,028,154	356,532	1,227,222
End of Year	<u>\$ 2,436,443</u>	<u>\$ -</u>	<u>\$ 2,078,863</u>

Street Lighting Districts	Housing Rehab	Community Events	Grants	Totals
\$ -	\$ -	\$ -	\$ -	\$ 1,623,051
-	-	-	-	6,535,962
17,866	-	-	-	17,866
-	-	-	-	94,219
-	-	114,620	-	114,620
1,082	285	-	-	11,988
-	-	-	-	29,986
18,948	285	114,620	-	8,427,692
186,924	-	-	-	4,858,169
-	-	197,272	-	197,272
-	-	-	-	41,347
-	-	-	-	1,083,584
186,924	-	197,272	-	6,180,372
(167,976)	285	(82,652)	-	2,247,320
-	-	(80,558)	-	(674,823)
-	-	(80,558)	-	(674,823)
(167,976)	285	(163,210)	-	1,572,497
388,838	80,945	163,210	-	3,244,901
\$ 220,862	\$ 81,230	\$ -	\$ -	\$ 4,817,398

**TOWN OF QUEEN CREEK, ARIZONA
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

	Town Building Development	Transportation Development	Library Development
ASSETS			
Cash and Investments	\$ 2,797,598	\$ 15,722,290	\$ 2,263,340
Restricted Cash and Investments	-	-	-
Total Assets	<u>\$ 2,797,598</u>	<u>\$ 15,722,290</u>	<u>\$ 2,263,340</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Advances from Other Funds	\$ -	\$ 472,145	\$ -
Total Liabilities	-	472,145	-
Deferred Inflows of Resources:			
Total Deferred Inflows of Resources	-	-	-
Fund Balances:			
Restricted	2,797,598	15,250,145	2,263,340
Total Fund Balances	<u>2,797,598</u>	<u>15,250,145</u>	<u>2,263,340</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,797,598</u>	<u>\$ 15,722,290</u>	<u>\$ 2,263,340</u>

<u>Park Development</u>	<u>Public Safety Development</u>	<u>Fire Development</u>	<u>Totals</u>
\$ 29,363,725	\$ 1,056,948	\$ 6,130,006	\$ 57,333,907
-	-	3,379,488	3,379,488
<u>\$ 29,363,725</u>	<u>\$ 1,056,948</u>	<u>\$ 9,509,494</u>	<u>\$ 60,713,395</u>
\$ 3,519,965	\$ -	\$ -	\$ 3,992,110
3,519,965	-	-	3,992,110
-	-	-	-
25,843,760	1,056,948	9,509,494	56,721,285
<u>25,843,760</u>	<u>1,056,948</u>	<u>9,509,494</u>	<u>56,721,285</u>
<u>\$ 29,363,725</u>	<u>\$ 1,056,948</u>	<u>\$ 9,509,494</u>	<u>\$ 60,713,395</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, 2022

	Town Building Development	Transportation Development	Library Development
REVENUES			
Impact Fees	\$ 186,583	\$ 6,077,914	\$ 427,443
Investment Income	10,223	48,436	7,698
Total Revenues	<u>196,806</u>	<u>6,126,350</u>	<u>435,141</u>
EXPENDITURES			
Current:			
General Government	3,592	-	-
Public Safety	-	-	-
Highways and Streets	-	10,775	-
Culture and Recreation	-	-	3,592
Total Expenditures	<u>3,592</u>	<u>10,775</u>	<u>3,592</u>
Excess (Deficiency) of Revenues Over Expenditures	193,214	6,115,575	431,549
OTHER FINANCING SOURCES (USES)			
Transfers Out	(287,723)	(4,931,922)	(232,115)
Total Other Financing Sources (Uses)	<u>(287,723)</u>	<u>(4,931,922)</u>	<u>(232,115)</u>
Net Change in Fund Balances	(94,509)	1,183,653	199,434
FUND BALANCES			
Beginning of Year	2,892,107	14,066,492	2,063,906
End of Year	<u>\$ 2,797,598</u>	<u>\$ 15,250,145</u>	<u>\$ 2,263,340</u>

Park Development	Public Safety Development	Fire Development	Totals
\$ 8,159,227	\$ 1,756,920	\$ 3,238,923	\$ 19,847,010
83,652	3,113	23,229	176,351
<u>8,242,879</u>	<u>1,760,033</u>	<u>3,262,152</u>	<u>20,023,361</u>
-	-	-	3,592
-	7,183	7,183	14,366
-	-	-	10,775
10,775	-	-	14,367
<u>10,775</u>	<u>7,183</u>	<u>7,183</u>	<u>43,100</u>
8,232,104	1,752,850	3,254,969	19,980,261
(2,216,724)	(1,334,495)	(5,654,275)	(14,657,254)
<u>(2,216,724)</u>	<u>(1,334,495)</u>	<u>(5,654,275)</u>	<u>(14,657,254)</u>
6,015,380	418,355	(2,399,306)	5,323,007
19,828,380	638,593	11,908,800	51,398,278
<u>\$ 25,843,760</u>	<u>\$ 1,056,948</u>	<u>\$ 9,509,494</u>	<u>\$ 56,721,285</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,438,253	\$ -	\$ -	\$ -
Contributions	-	200,000	200,000	-
Investment Income	150,000	150,000	40,028	(109,972)
Miscellaneous	12,500,000	-	-	-
Total Revenues	<u>27,088,253</u>	<u>350,000</u>	<u>240,028</u>	<u>(109,972)</u>
EXPENDITURES				
Current:				
Highways and Streets	1,478,899	2,943,385	2,035,134	908,251
Capital Outlay	130,190,915	141,140,753	44,490,823	96,649,930
Total Expenditures	<u>131,669,814</u>	<u>144,084,138</u>	<u>46,525,957</u>	<u>97,558,181</u>
Excess (Deficiency) of Revenues Over Expenditures	(104,581,561)	(143,734,138)	(46,285,929)	97,448,209
OTHER FINANCING SOURCES (USES)				
Transfers In	22,947,290	23,322,812	14,311,224	(9,011,588)
Total Other Financing Sources (Uses)	<u>22,947,290</u>	<u>23,322,812</u>	<u>14,311,224</u>	<u>(9,011,588)</u>
Net Change in Fund Balances	<u>\$ (81,634,271)</u>	<u>\$ (120,411,326)</u>	<u>\$ (31,974,705)</u>	<u>\$ 88,436,621</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			3,322	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(591,970)	
Prepaid Supplies are Recognized when Incurred for GAAP, Paid for Budget			133,711	
Accounts Payable amounts not accrued on a Budgetary Basis			1,515,675	
Net Change in Fund Balance - GAAP Basis			<u>\$ (30,913,967)</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 24,127	\$ 24,127	\$ -
Investment Income	-	-	6,992	6,992
Miscellaneous	2,500,000	-	-	-
Total Revenues	2,500,000	24,127	31,119	6,992
EXPENDITURES				
Capital Outlay	53,888,492	46,772,363	15,210,135	31,562,228
Debt Service:				
Debt Issuance Costs	-	765,843	765,843	-
Total Expenditures	53,888,492	47,538,206	15,975,978	31,562,228
Excess (Deficiency) of Revenues Over Expenditures	(51,388,492)	(47,514,079)	(15,944,859)	31,569,220
OTHER FINANCING SOURCES (USES)				
Transfers In	6,475,000	18,755,000	15,048,997	(3,706,003)
Proceeds from Bond Issuance	10,000,000	131,203,000	131,203,000	-
Premium on Bond Issuance	-	7,806,593	7,806,593	-
Total Other Financing Sources (Uses)	16,475,000	157,764,593	154,058,590	(3,706,003)
Net Change in Fund Balances	\$ (34,913,492)	\$ 110,250,514	\$ 138,113,731	\$ 27,863,217

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Construction Retention is Recognized when Incurred for GAAP, Paid for Budget	252,204
Net Change in Fund Balance - GAAP Basis	\$ 138,365,935

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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 1,737,222	\$ 1,890,986	\$ 1,824,012	\$ (66,974)
Total Revenues	1,737,222	1,890,986	1,824,012	(66,974)
EXPENDITURES				
Debt Service:				
Principal Retirement	1,421,288	1,575,052	1,575,052	-
Interest on Long-Term Debt	315,934	315,934	296,639	19,295
Total Expenditures	1,737,222	1,890,986	1,871,691	19,295
 Net Change in Fund Balances	\$ -	\$ -	\$ (47,679)	\$ (47,679)

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Debt Service:				
Principal Retirement	\$ 4,985,000	\$ 4,985,000	\$ 4,985,000	\$ -
Interest on Long-Term Debt	8,070,651	8,070,651	8,068,700	1,951
Total Expenditures	<u>13,055,651</u>	<u>13,055,651</u>	<u>13,053,700</u>	<u>1,951</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (13,055,651)	 (13,055,651)	 (13,053,700)	 1,951
OTHER FINANCING SOURCES (USES)				
Transfers In	13,055,652	13,055,652	13,053,700	(1,952)
Total Other Financing Sources (Uses)	<u>13,055,652</u>	<u>13,055,652</u>	<u>13,053,700</u>	<u>(1,952)</u>
Net Change in Fund Balances	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,523,700	\$ 6,878,600	\$ 6,535,962	\$ (342,638)
Investment Income	-	-	5,579	5,579
Miscellaneous	-	-	28,730	28,730
Total Revenues	<u>7,523,700</u>	<u>6,878,600</u>	<u>6,570,271</u>	<u>(308,329)</u>
EXPENDITURES				
Current:				
Highways and Streets	6,169,077	6,892,332	4,610,334	2,281,998
Capital Outlay	858,000	1,022,000	584,479	437,521
Total Expenditures	<u>7,027,077</u>	<u>7,914,332</u>	<u>5,194,813</u>	<u>2,719,519</u>
Excess (Deficiency) of Revenues Over Expenditures	496,623	(1,035,732)	1,375,458	2,411,190
OTHER FINANCING SOURCES (USES)				
Transfers Out	(262,790)	(262,790)	(262,790)	-
Total Other Financing Sources (Uses)	<u>(262,790)</u>	<u>(262,790)</u>	<u>(262,790)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 233,833</u>	<u>\$ (1,298,522)</u>	<u>\$ 1,112,668</u>	<u>\$ 2,411,190</u>

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:

Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget	42,627
Prepaid Supplies are Recognized when Incurred for GAAP, Paid for Budget	252,994
Net Change in Fund Balance - GAAP Basis	<u>\$ 1,408,289</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Highways and Streets	-	444,147	356,532	87,615
Total Expenditures	-	444,147	356,532	87,615
Net Change in Fund Balances	\$ -	\$ (444,147)	\$ (356,532)	\$ 87,615

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
TOWN CENTER FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 1,010,719	\$ 1,175,000	\$ 1,623,051	\$ 448,051
Charges for Services	101,426	101,426	94,219	(7,207)
Investment Income	-	-	5,042	5,042
Miscellaneous	-	-	1,256	1,256
Total Revenues	<u>1,112,145</u>	<u>1,276,426</u>	<u>1,723,568</u>	<u>447,142</u>
EXPENDITURES				
Current:				
Economic Development	57,400	100,700	41,025	59,675
Capital Outlay	910,000	867,362	499,105	368,257
Total Expenditures	<u>967,400</u>	<u>968,062</u>	<u>540,130</u>	<u>427,932</u>
Excess (Deficiency) of Revenues Over Expenditures	144,745	308,364	1,183,438	875,074
OTHER FINANCING SOURCES (USES)				
Transfers Out	(331,475)	(331,475)	(331,475)	-
Total Other Financing Sources (Uses)	<u>(331,475)</u>	<u>(331,475)</u>	<u>(331,475)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (186,730)</u>	<u>\$ (23,111)</u>	<u>\$ 851,963</u>	<u>\$ 875,074</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>\$ 851,641</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ 43,720	\$ 43,720	\$ 17,866	\$ (25,854)
Investment Income	-	-	1,082	1,082
Total Revenues	<u>43,720</u>	<u>43,720</u>	<u>18,948</u>	<u>(24,772)</u>
EXPENDITURES				
Current:				
Highways and Streets	<u>199,360</u>	<u>199,360</u>	<u>186,924</u>	<u>12,436</u>
Total Expenditures	<u>199,360</u>	<u>199,360</u>	<u>186,924</u>	<u>12,436</u>
Net Change in Fund Balances	<u>\$ (155,640)</u>	<u>\$ (155,640)</u>	<u>\$ (167,976)</u>	<u>\$ (12,336)</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Contributions	\$ 75,000	\$ 125,600	\$ 114,620	\$ (10,980)
Total Revenues	75,000	125,600	114,620	(10,980)
EXPENDITURES				
Current:				
Culture and Recreation	165,000	215,600	197,272	18,328
Total Expenditures	165,000	215,600	197,272	18,328
Excess (Deficiency) of Revenues Over Expenditures	(90,000)	(90,000)	(82,652)	7,348
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(82,615)	(80,558)	2,057
Total Other Financing Sources (Uses)	-	(82,615)	(80,558)	2,057
Net Change in Fund Balances	\$ (90,000)	\$ (172,615)	\$ (163,210)	\$ 9,405

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,000,000	\$ 7,407,947	\$ 2,473,648	\$ (4,934,299)
Total Revenues	5,000,000	7,407,947	2,473,648	(4,934,299)
EXPENDITURES				
Current:				
Public Safety	17,000,000	5,388,006	65,701	5,322,305
Total Expenditures	17,000,000	5,388,006	65,701	5,322,305
Net Change in Fund Balances	<u>\$ (12,000,000)</u>	<u>\$ 2,019,941</u>	<u>\$ 2,407,947</u>	<u>\$ 388,006</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 118,316	\$ 155,000	\$ 186,583	\$ 31,583
Investment Income	3,000	3,000	10,223	7,223
Total Revenues	<u>121,316</u>	<u>158,000</u>	<u>196,806</u>	<u>38,806</u>
EXPENDITURES				
Current:				
General Government	20,000	10,375	3,592	6,783
Total Expenditures	<u>20,000</u>	<u>10,375</u>	<u>3,592</u>	<u>6,783</u>
Excess (Deficiency) of Revenues Over Expenditures	101,316	147,625	193,214	45,589
OTHER FINANCING SOURCES (USES)				
Transfers Out	(287,723)	(287,723)	(287,723)	-
Total Other Financing Sources (Uses)	<u>(287,723)</u>	<u>(287,723)</u>	<u>(287,723)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (186,407)</u>	<u>\$ (140,098)</u>	<u>\$ (94,509)</u>	<u>\$ 45,589</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 3,921,888	\$ 4,813,656	\$ 6,077,914	\$ 1,264,258
Investment Income	5,000	5,000	48,436	43,436
Total Revenues	<u>3,926,888</u>	<u>4,818,656</u>	<u>6,126,350</u>	<u>1,307,694</u>
EXPENDITURES				
Current:				
Highways and Streets	125,000	148,625	10,775	137,850
Total Expenditures	<u>125,000</u>	<u>148,625</u>	<u>10,775</u>	<u>137,850</u>
Excess (Deficiency) of Revenues Over Expenditures	3,801,888	4,670,031	6,115,575	1,445,544
OTHER FINANCING SOURCES (USES)				
Transfers Out	(13,459,355)	(13,459,355)	(4,931,922)	8,527,433
Total Other Financing Sources (Uses)	<u>(13,459,355)</u>	<u>(13,459,355)</u>	<u>(4,931,922)</u>	<u>8,527,433</u>
Net Change in Fund Balances	<u>\$ (9,657,467)</u>	<u>\$ (8,789,324)</u>	<u>\$ 1,183,653</u>	<u>\$ 9,972,977</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 260,157	\$ 340,747	\$ 427,443	\$ 86,696
Investment Income	3,000	3,000	7,698	4,698
Total Revenues	<u>263,157</u>	<u>343,747</u>	<u>435,141</u>	<u>91,394</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>20,000</u>	<u>10,375</u>	<u>3,592</u>	<u>6,783</u>
Total Expenditures	<u>20,000</u>	<u>10,375</u>	<u>3,592</u>	<u>6,783</u>
Excess (Deficiency) of Revenues Over Expenditures	243,157	333,372	431,549	98,177
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(232,115)</u>	<u>(232,115)</u>	<u>(232,115)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(232,115)</u>	<u>(232,115)</u>	<u>(232,115)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 11,042</u>	<u>\$ 101,257</u>	<u>\$ 199,434</u>	<u>\$ 98,177</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 4,967,809	\$ 6,506,840	\$ 8,159,227	\$ 1,652,387
Investment Income	143,740	143,740	83,652	(60,088)
Total Revenues	<u>5,111,549</u>	<u>6,650,580</u>	<u>8,242,879</u>	<u>1,592,299</u>
EXPENDITURES				
Current:				
Culture and Recreation	80,000	31,125	10,775	20,350
Total Expenditures	<u>80,000</u>	<u>31,125</u>	<u>10,775</u>	<u>20,350</u>
Excess (Deficiency) of Revenues Over Expenditures	5,031,549	6,619,455	8,232,104	1,612,649
OTHER FINANCING SOURCES (USES)				
Transfers Out	(5,507,543)	(5,507,543)	(2,216,724)	3,290,819
Total Other Financing Sources (Uses)	<u>(5,507,543)</u>	<u>(5,507,543)</u>	<u>(2,216,724)</u>	<u>3,290,819</u>
Net Change in Fund Balances	<u>\$ (475,994)</u>	<u>\$ 1,111,912</u>	<u>\$ 6,015,380</u>	<u>\$ 4,903,468</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 1,054,861	\$ 1,378,563	\$ 1,756,920	\$ 378,357
Investment Income	-	-	3,113	3,113
Total Revenues	<u>1,054,861</u>	<u>1,378,563</u>	<u>1,760,033</u>	<u>381,470</u>
EXPENDITURES				
Current:				
Public Safety	40,000	20,750	7,183	13,567
Total Expenditures	<u>40,000</u>	<u>20,750</u>	<u>7,183</u>	<u>13,567</u>
Excess (Deficiency) of Revenues Over Expenditures	1,014,861	1,357,813	1,752,850	395,037
OTHER FINANCING SOURCES (USES)				
Transfers Out	(140,075)	(1,340,075)	(1,334,495)	5,580
Total Other Financing Sources (Uses)	<u>(140,075)</u>	<u>(1,340,075)</u>	<u>(1,334,495)</u>	<u>5,580</u>
Net Change in Fund Balances	<u>\$ 874,786</u>	<u>\$ 17,738</u>	<u>\$ 418,355</u>	<u>\$ 400,617</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Impact Fees	\$ 1,959,010	\$ 2,553,268	\$ 3,238,923	\$ 685,655
Investment Income	5,000	5,000	23,229	18,229
Total Revenues	<u>1,964,010</u>	<u>2,558,268</u>	<u>3,262,152</u>	<u>703,884</u>
EXPENDITURES				
Current:				
Public Safety	40,000	20,750	7,183	13,567
Total Expenditures	<u>40,000</u>	<u>20,750</u>	<u>7,183</u>	<u>13,567</u>
Excess (Deficiency) of Revenues Over Expenditures	1,924,010	2,537,518	3,254,969	717,451
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,090,538)	(5,670,538)	(5,654,275)	16,263
Total Other Financing Sources (Uses)	<u>(1,090,538)</u>	<u>(5,670,538)</u>	<u>(5,654,275)</u>	<u>16,263</u>
Net Change in Fund Balances	<u>\$ 833,472</u>	<u>\$ (3,133,020)</u>	<u>\$ (2,399,306)</u>	<u>\$ 733,714</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, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Local Sales Tax	\$ 4,481,163	\$ 5,872,234	\$ 6,332,823	\$ 460,589
Property Tax	11,045,515	11,045,515	11,111,319	65,804
Intergovernmental	6,170,000	170,000	310,050	140,050
Charges for Services	5,000,160	5,000,160	5,244,631	244,471
Miscellaneous	160,000	160,000	295,374	135,374
Total Revenues	<u>26,856,838</u>	<u>22,247,909</u>	<u>23,294,197</u>	<u>1,046,288</u>
EXPENDITURES				
Current:				
Public Safety	31,960,700	34,560,060	32,353,187	2,206,873
Capital Outlay	1,109,293	5,208,104	1,741,317	3,466,787
Total Expenditures	<u>33,069,993</u>	<u>39,768,164</u>	<u>34,094,504</u>	<u>5,673,660</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,213,155)	(17,520,255)	(10,800,307)	6,719,948
OTHER FINANCING SOURCES (USES)				
Transfers In	14,006,645	14,006,645	12,583,059	(1,423,586)
Transfers Out	(1,752,950)	(1,752,950)	(1,724,191)	28,759
Total Other Financing Sources (Uses)	<u>12,253,695</u>	<u>12,253,695</u>	<u>10,858,868</u>	<u>(1,394,827)</u>
Net Change in Fund Balances	<u>\$ 6,040,540</u>	<u>\$ (5,266,560)</u>	<u>\$ 58,561</u>	<u>\$ 5,325,121</u>

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

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
HORSESHOE PARK AND EQUESTRIAN CENTER FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 625,000	\$ 875,000	\$ 911,799	\$ 36,799
Contributions	25,000	63,000	163,390	100,390
Miscellaneous	-	-	47,004	47,004
Total Revenues	650,000	938,000	1,122,193	184,193
EXPENDITURES				
Current:				
Culture and Recreation	1,456,268	1,626,833	1,616,880	9,953
Capital Outlay	480,175	725,448	552,467	172,981
Total Expenditures	1,936,443	2,352,281	2,169,347	182,934
Excess (Deficiency) of Revenues Over Expenditures	(1,286,443)	(1,414,281)	(1,047,154)	367,127
OTHER FINANCING SOURCES (USES)				
Transfers In	1,576,676	1,576,676	1,320,773	(255,903)
Transfers Out	(290,233)	(290,233)	(290,232)	1
Total Other Financing Sources (Uses)	1,286,443	1,286,443	1,030,541	(255,902)
Net Change in Fund Balances	\$ -	\$ (127,838)	\$ (16,613)	\$ 111,225

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

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
WATER FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 32,008,581	\$ 32,008,581	\$ 29,290,967	\$ (2,717,614)
Capacity Fees	3,900,954	3,900,954	5,229,176	1,328,222
Intergovernmental	-	-	75,000	75,000
Investment Income	350,000	350,000	40,363	(309,637)
Miscellaneous	29,345	29,345	337,913	308,568
Total Revenues	<u>36,288,880</u>	<u>36,288,880</u>	<u>34,973,419</u>	<u>(1,315,461)</u>
EXPENDITURES				
Operating Expenditures				
Administration	761,217	761,217	744,203	17,014
Cost of Sales and Services	52,915,424	26,309,318	22,284,313	4,025,005
Capital Outlay	76,975,582	84,024,113	19,624,304	64,399,809
Principal Retirement	7,021,123	26,553,532	24,138,151	2,415,381
Interest and Fiscal Charges	4,236,129	5,981,041	4,315,583	1,665,458
Debt Issuance Costs	-	531,779	480,054	51,725
Total Expenditures	<u>141,909,475</u>	<u>144,161,000</u>	<u>71,586,608</u>	<u>72,574,392</u>
Excess (Deficiency) of Revenues Over Expenditures	(105,620,595)	(107,872,120)	(36,613,189)	71,258,931
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(230,600)	(230,600)	-
Proceeds from Bond Issuance	53,000,000	71,216,763	55,045,815	(16,170,948)
Total Other Financing Sources (Uses)	<u>53,000,000</u>	<u>70,986,163</u>	<u>54,815,215</u>	<u>(16,170,948)</u>
Net Change in Fund Balances	<u>\$ (52,620,595)</u>	<u>\$ (36,885,957)</u>	<u>\$ 18,202,026</u>	<u>\$ 55,087,983</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			451,038	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(67,708)	
Prepaid Expenses are Recognized when Incurred for GAAP, Paid for Budget			183,562	
Prepaid Supplies are Recognized when Incurred for GAAP, Paid for Budget			1,234,907	
Depreciation Expense is a GAAP-only Expenditure			(4,467,599)	
Bond Proceeds are an Other Financing Source on a Budgetary Basis			(55,045,815)	
Principal Retirement is an Expense on a Budgetary Basis			24,138,151	
Lease Asset Ammortization Expense is a GAAP-only Expenditure			(1,683)	
Amortization Expense is a GAAP-only Expenditure			190,040	
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis			18,892,636	
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis			4,823,453	
Mainline Agreement Refunds are an Expense on a Budgetary Basis			147,475	
Unrealized Gain (Loss) on Investments are GAAP-only Expenses			(5,399)	
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource			76,645	
Net Change in Fund Balance - GAAP Basis			<u>\$ 8,751,729</u>	

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
WASTEWATER FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 9,237,182	\$ 9,237,182	\$ 9,747,448	\$ 510,266
Capacity Fees	3,689,965	3,689,965	4,924,813	1,234,848
Investment Income	100,000	100,000	11,986	(88,014)
Miscellaneous	-	-	419,759	419,759
Total Revenues	<u>13,027,147</u>	<u>13,027,147</u>	<u>15,104,006</u>	<u>2,076,859</u>
EXPENDITURES				
Operating Expenditures				
Administration	115,748	125,748	121,952	3,796
Cost of Sales and Services	27,865,778	7,968,206	4,693,215	3,274,991
Capital Outlay	8,090,859	21,375,897	7,447,265	13,928,632
Principal Retirement	2,566,071	2,505,164	275,000	2,230,164
Interest and Fiscal Charges	113,350	174,257	174,257	-
Debt Issuance Costs	-	183,900	133,125	50,775
Total Expenditures	<u>38,751,806</u>	<u>32,333,172</u>	<u>12,844,814</u>	<u>19,488,358</u>
Excess (Deficiency) of Revenues Over Expenditures	(25,724,659)	(19,306,025)	2,259,192	21,565,217
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(144,922)	(144,922)	-
Proceeds from Bond Issuance	-	30,000,000	19,608,530	10,391,470
Total Other Financing Sources (Uses)	<u>-</u>	<u>29,855,078</u>	<u>19,463,608</u>	<u>10,391,470</u>
Net Change in Fund Balances	<u>\$ (25,724,659)</u>	<u>\$ 10,549,053</u>	<u>\$ 21,722,800</u>	<u>\$ 31,956,687</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			52,483	
Construction Retention is Recognized when Incurred for GAAP, Paid for Budget			(19,436)	
Depreciation Expense is a GAAP-only Expenditure			(2,548,972)	
Bond Proceeds are an Other Financing Source on a Budgetary Basis			(19,608,530)	
Principal Retirement is an Expense on a Budgetary Basis			275,000	
Amortization Expense is a GAAP-only Expenditure			36,858	
Cost of Assets is Capitalized on a GAAP Basis, Expensed on a Budget Basis			7,319,849	
Capital Contributions are recognized for Donated Capital Assets on a GAAP Basis			3,003,913	
Changes in Joint Venture Investments and Deposits are GAAP-Only Expenditures			(2,079,451)	
Unrealized Gain (Loss) on Investments are GAAP-only Expenses			(97,532)	
Gain on Disposal of Capital Assets is Not Considered a Budgetary Resource			41,645	
Net Change in Fund Balance - GAAP Basis			<u>\$ 8,098,627</u>	

TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
BUDGET AND ACTUAL
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 4,703,279	\$ 4,703,279	\$ 4,174,040	\$ (529,239)
Investment Income	5,100	5,100	5,872	772
Total Revenues	<u>4,708,379</u>	<u>4,708,379</u>	<u>4,179,912</u>	<u>(528,467)</u>
EXPENDITURES				
Operating Expenditures				
Administration	65,799	65,799	65,231	568
Cost of Sales and Services	4,580,849	4,659,328	3,893,043	766,285
Total Expenditures	<u>4,646,648</u>	<u>4,725,127</u>	<u>3,958,274</u>	<u>766,853</u>
Excess (Deficiency) of Revenues Over Expenditures	61,731	(16,748)	221,638	238,386
Net Change in Fund Balances	<u>\$ 61,731</u>	<u>\$ (16,748)</u>	<u>\$ 221,638</u>	<u>\$ 238,386</u>
RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS:				
Pension & Payroll Costs are Recognized when Incurred for GAAP, Paid for Budget			52,190	
Prepaid Expenses are Recognized when Incurred for GAAP, Paid for Budget			(65)	
Depreciation Expense is a GAAP-only Expenditure			(20,345)	
Net Change in Fund Balance - GAAP Basis			<u>\$ 253,418</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			
	2022	2021	2020	2019
Governmental Activities:				
Net Investment in Capital Assets	\$ 363,427,683	\$ 323,096,888	\$ 306,409,937	\$ 286,226,879
Restricted	87,876,069	62,872,940	41,723,929	37,960,524
Unrestricted	122,973,952	93,764,303	56,558,630	20,716,953
Total Governmental Activities	<u>122,973,952</u>	<u>93,764,303</u>	<u>56,558,630</u>	<u>20,716,953</u>
Net Position	<u>\$ 574,277,704</u>	<u>\$ 479,734,131</u>	<u>\$ 404,692,496</u>	<u>\$ 344,904,356</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 185,308,699	\$ 198,361,711	\$ 171,168,123	\$ 136,216,237
Restricted	2,205,006	59,244	1,077,537	1,396,218
Unrestricted	46,966,214	18,729,012	22,755,022	46,702,453
Total Business-Type Activities	<u>46,966,214</u>	<u>18,729,012</u>	<u>22,755,022</u>	<u>46,702,453</u>
Net Position	<u>\$ 234,479,919</u>	<u>\$ 217,149,967</u>	<u>\$ 195,000,682</u>	<u>\$ 184,314,908</u>
Primary Government:				
Net Investment in Capital Assets	\$ 548,736,382	\$ 521,458,599	\$ 477,578,060	\$ 422,443,116
Restricted	90,081,075	62,932,184	42,801,466	39,356,742
Unrestricted	169,940,166	112,493,315	79,313,652	67,419,406
Total Primary Government	<u>169,940,166</u>	<u>112,493,315</u>	<u>79,313,652</u>	<u>67,419,406</u>
Net Position	<u>\$ 808,757,623</u>	<u>\$ 696,884,098</u>	<u>\$ 599,693,178</u>	<u>\$ 529,219,264</u>

Source: The Town's Finance Department.

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 279,410,700	\$ 254,327,784	\$ 222,579,325	\$ 184,637,429	\$ 158,473,433	\$ 145,953,396
32,071,290	50,111,910	46,287,642	44,414,227	32,127,295	29,879,867
4,325,428	(13,393,669)	20,840,088	31,606,885	53,862,470	45,518,062
<u>\$ 315,807,418</u>	<u>\$ 291,046,025</u>	<u>\$ 289,707,055</u>	<u>\$ 260,658,541</u>	<u>\$ 244,463,198</u>	<u>\$ 221,351,325</u>
\$ 112,818,415	\$ 107,702,757	\$ 99,502,329	\$ 86,447,625	\$ 74,678,972	\$ 68,348,737
10,553,638	10,108,563	9,506,232	8,222,573	6,828,477	6,466,848
42,588,315	34,146,580	21,903,658	14,296,643	9,587,920	3,678,908
<u>\$ 165,960,368</u>	<u>\$ 151,957,900</u>	<u>\$ 130,912,219</u>	<u>\$ 108,966,841</u>	<u>\$ 91,095,369</u>	<u>\$ 78,494,493</u>
\$ 392,229,115	\$ 362,030,541	\$ 322,081,654	\$ 271,085,054	\$ 233,152,405	\$ 214,302,133
42,624,928	60,220,473	55,793,874	52,636,800	38,955,772	36,346,715
46,913,743	20,752,911	42,743,746	45,903,528	63,450,390	49,196,970
<u>\$ 481,767,786</u>	<u>\$ 443,003,925</u>	<u>\$ 420,619,274</u>	<u>\$ 369,625,382</u>	<u>\$ 335,558,567</u>	<u>\$ 299,845,818</u>

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

	Fiscal Year			
	2022	2021	2020	2019
EXPENSES				
Governmental Activities:				
General Government	\$ 20,388,951	\$ 19,132,253	\$ 18,753,898	\$ 15,999,204
Public Safety	29,175,388	22,265,636	19,146,704	15,949,495
Highways and Streets	25,265,179	21,264,036	18,877,008	17,800,283
Culture and Recreation	7,234,793	6,428,530	6,283,282	5,899,668
Economic Development	2,000,603	1,503,522	1,636,072	3,127,971
Interest on Long-Term Debt	4,018,538	7,223,334	5,302,492	5,231,600
Total Governmental Activities	<u>88,083,452</u>	<u>77,817,311</u>	<u>69,999,456</u>	<u>64,008,221</u>
Business-Type Activities:				
Water	28,007,330	26,131,375	30,765,746	21,581,128
Wastewater	8,961,967	7,895,586	8,217,565	5,783,358
Solid Waste	3,912,383	3,817,914	3,010,682	2,782,888
Total Business-Type Activities	<u>40,881,680</u>	<u>37,844,875</u>	<u>41,993,993</u>	<u>30,147,374</u>
Total Primary Government Expenses	<u>\$ 128,965,132</u>	<u>\$115,662,186</u>	<u>\$111,993,449</u>	<u>\$ 94,155,595</u>
PROGRAM REVENUES				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 12,579,332	\$ 12,219,262	\$ 9,866,792	\$ 8,879,691
Public Safety	6,748,570	5,414,165	3,372,952	2,797,192
Highways and Streets	6,365,124	5,384,762	3,354,646	2,810,850
Culture and Recreation	9,703,332	8,859,268	7,711,162	6,566,884
Economic Development	-	-	-	-
Interest on Long-Term Debt	-	-	-	-
Operating Grants and Contributions	4,117,273	9,510,005	3,131,688	2,845,028
Capital Grants and Contributions	36,758,401	19,058,817	28,922,848	6,588,158
Total Governmental Activities	<u>76,272,032</u>	<u>60,446,279</u>	<u>56,360,088</u>	<u>30,487,803</u>
Business-Type Activities:				
Charges for Services:				
Water	34,525,789	34,637,893	29,900,692	29,429,643
Wastewater	14,992,099	14,440,747	12,157,415	13,576,639
Solid Waste	4,174,040	3,906,600	3,249,630	2,949,858
Operating Grants and Contributions	99,920	107,275	-	-
Capital Grants and Contributions	7,931,963	9,224,262	9,840,990	3,526,444
Total Business-Type Activities	<u>61,723,811</u>	<u>62,316,777</u>	<u>55,148,727</u>	<u>49,482,584</u>
Total Primary Government	<u>\$ 137,995,843</u>	<u>\$122,763,056</u>	<u>\$111,508,815</u>	<u>\$ 79,970,387</u>

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 13,916,548	\$ 10,919,733	\$ 13,493,976	\$ 12,601,960	\$ 10,560,748	\$ 9,401,213
15,442,454	14,142,386	12,032,441	10,185,703	9,286,805	8,002,986
16,239,980	14,425,928	13,201,760	11,148,019	9,453,285	8,960,506
5,048,854	5,515,631	4,682,823	3,738,132	3,157,249	2,851,292
4,890,477	27,824,042	1,115,722	4,371,932	1,024,067	827,230
5,121,081	2,562,461	3,899,852	4,225,223	4,401,608	4,615,538
<u>60,659,394</u>	<u>75,390,181</u>	<u>48,426,574</u>	<u>46,270,969</u>	<u>37,883,762</u>	<u>34,658,765</u>
17,076,663	15,343,717	14,181,944	13,954,702	9,536,903	6,354,536
6,617,605	6,874,000	6,680,369	5,049,099	5,668,932	5,668,879
2,366,783	2,220,496	2,002,405	1,772,165	1,602,901	1,450,544
<u>26,061,051</u>	<u>24,438,213</u>	<u>22,864,718</u>	<u>20,775,966</u>	<u>16,808,736</u>	<u>13,473,959</u>
<u>\$ 86,720,445</u>	<u>\$ 99,828,394</u>	<u>\$ 71,291,292</u>	<u>\$ 67,046,935</u>	<u>\$ 54,692,498</u>	<u>\$ 48,132,724</u>
\$ 2,957,789	\$ 1,547,398	\$ 2,411,717	\$ 1,677,331	\$ 3,640,706	\$ 3,142,042
1,027,248	940,888	999,854	707,776	1,081,831	1,055,263
1,844,575	1,636,979	1,724,924	1,433,770	548,688	562,990
5,850,006	5,771,742	5,526,053	4,186,177	4,742,607	4,224,982
4,840,790	4,273,410	4,513,393	3,796,650	3,257,299	2,922,436
437,077	1,035,713	943,515	1,079,951	-	-
2,733,724	2,775,472	2,105,900	2,119,240	1,602,019	1,472,370
9,150,396	10,885,524	18,373,422	21,423,446	14,385,675	14,794,654
<u>28,841,605</u>	<u>28,867,126</u>	<u>36,598,778</u>	<u>36,424,341</u>	<u>29,258,825</u>	<u>28,174,737</u>
27,051,829	25,303,198	23,690,390	20,222,869	15,256,028	10,630,175
11,628,862	11,078,023	10,914,249	8,851,008	8,157,240	6,906,017
2,626,079	2,415,192	2,138,537	2,000,008	1,854,726	1,601,759
-	-	-	-	-	-
2,221,177	6,882,565	8,710,353	10,776,216	4,272,051	3,802,082
<u>43,527,947</u>	<u>45,678,978</u>	<u>45,453,529</u>	<u>41,850,101</u>	<u>29,540,045</u>	<u>22,940,033</u>
<u>\$ 72,369,552</u>	<u>\$ 74,546,104</u>	<u>\$ 82,052,307</u>	<u>\$ 78,274,442</u>	<u>\$ 58,798,870</u>	<u>\$ 51,114,770</u>

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

(Concluded)	Fiscal Year			
	2022	2021	2020	2019
NET (EXPENSE) REVENUE				
Governmental Activities	\$ (11,811,420)	\$ (17,371,032)	\$ (13,239,368)	\$ (33,520,418)
Business-Type Activities	20,842,131	24,471,902	13,154,734	19,335,210
Total Primary Government				
Net Expense	\$ 9,030,711	\$ 7,100,870	\$ (84,634)	\$ (14,185,208)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 74,240,195	\$ 62,207,782	\$ 46,987,495	\$ 38,183,883
Property Taxes	11,081,885	9,909,455	8,326,110	7,055,258
Franchise Taxes	468,643	491,622	444,552	423,428
Unrestricted State Shared Revenue	18,754,450	15,892,593	11,773,273	10,423,150
Investment Income (Loss)	(2,883,010)	92,783	1,885,676	2,583,160
Other	803,693	629,618	703,906	1,809,497
Transfers	3,889,137	3,188,814	2,906,496	2,138,980
Total Governmental Activities	106,354,993	92,412,667	73,027,508	62,617,356
Business-Type Activities:				
Investment Income (Loss)	(44,713)	23,508	340,427	1,151,422
Other	302,671	829,189	64,609	6,888
Special Item	119,000	13,500	32,500	-
Transfers	(3,889,137)	(3,188,814)	(2,906,496)	(2,138,980)
Total Business-Type Activities	(3,512,179)	(2,322,617)	(2,468,960)	(980,670)
Total Primary Government	\$ 102,842,814	\$ 90,090,050	\$ 70,558,548	\$ 61,636,686
CHANGE IN NET POSITION				
Governmental Activities	\$ 94,543,573	\$ 75,041,635	\$ 59,788,140	\$ 29,096,938
Business-Type Activities	17,329,952	22,149,285	10,685,774	18,354,540
Total Primary Government	\$ 111,873,525	\$ 97,190,920	\$ 70,473,914	\$ 47,451,478

Source: The Town's Finance Department.

Fiscal Year

2018	2017	2016	2015	2014	2013
\$(31,817,789)	\$ (46,523,055)	\$(11,827,796)	\$ (9,846,628)	\$ (8,624,937)	\$ (6,484,028)
17,466,896	21,240,765	22,588,811	21,074,135	12,731,309	9,466,074
<u>\$(14,350,893)</u>	<u>\$ (25,282,290)</u>	<u>\$ 10,761,015</u>	<u>\$ 11,227,507</u>	<u>\$ 4,106,372</u>	<u>\$ 2,982,046</u>
\$ 32,799,385	\$ 30,415,947	\$ 24,561,503	\$ 22,190,271	\$ 18,483,484	\$ 16,037,178
8,271,627	7,356,026	6,658,829	5,635,853	5,037,568	4,236,341
388,870	320,847	307,992	284,474	253,553	214,938
9,331,762	8,781,117	6,589,267	6,628,715	6,179,114	5,754,960
619,633	141,113	538,899	1,062,323	1,050,810	(124,209)
1,026,070	442,080	1,431,199	388,111	257,237	156,801
4,141,835	404,895	788,621	343,140	475,044	1,534,530
<u>56,579,182</u>	<u>47,862,025</u>	<u>40,876,310</u>	<u>36,532,887</u>	<u>31,736,810</u>	<u>27,810,539</u>
633,607	164,111	115,188	287,100	344,611	(162,889)
43,800	45,700	-	-	-	-
(4,141,835)	(404,895)	(788,621)	(343,140)	(475,044)	(1,534,530)
<u>(3,464,428)</u>	<u>(195,084)</u>	<u>(673,433)</u>	<u>(56,040)</u>	<u>(130,433)</u>	<u>(1,697,419)</u>
<u>\$ 53,114,754</u>	<u>\$ 47,666,941</u>	<u>\$ 40,202,877</u>	<u>\$ 36,476,847</u>	<u>\$ 31,606,377</u>	<u>\$ 26,113,120</u>
\$ 24,761,393	\$ 1,338,970	\$ 29,048,514	\$ 26,686,259	\$ 23,111,873	\$ 21,326,511
14,002,468	21,045,681	21,915,378	21,018,095	12,600,876	7,768,655
<u>\$ 38,763,861</u>	<u>\$ 22,384,651</u>	<u>\$ 50,963,892</u>	<u>\$ 47,704,354</u>	<u>\$ 35,712,749</u>	<u>\$ 29,095,166</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>
2022	\$ 74,240,195	\$ 11,081,885	\$ 468,643	\$ 85,790,723
2021	62,207,782	9,909,455	491,622	72,608,859
2020	46,987,495	8,326,110	444,552	55,758,157
2019	38,183,884	7,055,258	423,428	45,662,570
2018	32,799,385	8,271,627	388,870	41,459,882
2017	30,415,947	7,356,026	320,847	38,092,820
2016	24,561,503	6,658,829	307,992	31,528,324
2015	22,190,271	5,635,853	284,474	28,110,598
2014	18,483,484	5,037,568	253,553	23,774,605
2013	16,037,178	4,236,341	214,938	20,488,457

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			
	2022	2021	2020	2019
General Fund:				
Nonspendable	\$ 5,171,249	\$ 265,125	\$ 114,841	\$ 92,282
Restricted	234,854	903,250	208,133	208,072
Committed	42,275,146	45,744,017	23,937,043	23,959,663
Assigned	-	-	-	-
Unassigned	61,252,334	43,502,777	32,263,962	16,703,875
Total General Fund	<u>\$ 108,933,583</u>	<u>\$ 90,415,169</u>	<u>\$ 56,523,979</u>	<u>\$ 40,963,892</u>
All Other Governmental Funds:				
Nonspendable	\$ 386,705	\$ -	\$ -	\$ -
Restricted	233,231,174	123,997,037	127,644,300	53,668,532
Committed	13,848,191	5,500,611	867,346	-
Assigned	11,052,597	7,610,200	9,043,594	220,557
Unassigned	-	(384,913)	(411,446)	(10,998,234)
Total All Other Governmental Funds	<u>\$ 258,518,667</u>	<u>\$ 136,722,935</u>	<u>\$ 137,143,794</u>	<u>\$ 42,890,855</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

2018	2017	2016	2015	2014	2013
\$ 70,271	\$ 20,240,348	\$ 1,996,768	\$ 2,096,210	\$ 3,716,570	\$ 3,156,355
-	-	-	12,020,476	8,127,060	5,606,558
22,318,008	-	-	-	-	-
-	-	-	-	-	-
14,168,695	5,555,029	17,737,107	20,293,603	23,025,977	15,848,094
<u>\$ 36,556,974</u>	<u>\$ 25,795,377</u>	<u>\$ 19,733,875</u>	<u>\$ 34,410,289</u>	<u>\$ 34,869,607</u>	<u>\$ 24,611,007</u>
\$ -	\$ 7,217	\$ 631,710	\$ 12,667	\$ 5,391	\$ -
69,474,824	31,715,129	27,177,973	11,958,461	2,725,995	2,265,391
242,657	-	10,543,822	14,366,075	22,134,004	21,366,332
7,064	-	-	732,223	658,917	618,654
(23,313,936)	(31,834,949)	(954,432)	-	-	-
<u>\$ 46,410,609</u>	<u>\$ (112,603)</u>	<u>\$ 37,399,073</u>	<u>\$ 27,069,426</u>	<u>\$ 25,524,307</u>	<u>\$ 24,250,377</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			
	2022	2021	2020	2019
REVENUES				
Taxes	\$ 85,351,514	\$ 72,089,502	\$ 55,332,460	\$ 45,206,273
Intergovernmental	22,963,190	27,144,571	19,688,006	13,798,781
Licenses and Permits	11,854,605	11,565,749	8,930,927	7,729,877
Charges for Services	2,823,407	2,471,804	2,226,496	2,425,371
Rents and Royalties	870,687	852,651	607,757	636,107
Contributions and Donations	478,010	940,903	472,655	767,492
Impact Fees	19,847,010	17,073,453	12,272,569	9,672,093
Special Assessments	1,841,878	1,838,518	2,278,171	2,112,746
Investment Income (Loss)	(3,065,703)	124,356	1,928,358	2,538,754
Other	848,043	613,266	686,663	2,264,382
Total Revenues	<u>143,812,641</u>	<u>134,714,773</u>	<u>104,424,062</u>	<u>87,151,876</u>
EXPENDITURES				
General Government	19,710,400	17,507,109	17,375,001	15,156,320
Public Safety	31,924,351	24,411,972	18,393,629	15,480,647
Highways and Streets	7,498,943	8,119,795	7,627,389	7,672,804
Culture and Recreation	5,751,208	4,567,122	4,552,706	4,397,321
Economic Development	2,021,780	1,552,695	1,759,342	2,677,207
Capital Outlay	63,954,615	35,842,119	31,347,088	32,674,194
Debt Service:				
Principal Retirement	6,607,064	5,237,663	5,073,938	4,439,744
Interest on Long-Term Debt	8,368,055	7,194,781	5,610,931	5,905,455
Issuance Costs	765,843	-	532,602	
Total Expenditures	<u>146,602,259</u>	<u>104,433,256</u>	<u>92,272,626</u>	<u>88,403,692</u>
Excess of Revenues				
Over (Under) Expenditures	(2,789,618)	30,281,517	12,151,436	(1,251,816)
OTHER FINANCING SOURCES				
(USES)				
Transfers In	46,008,095	36,222,188	26,889,447	30,762,515
Transfers Out	(42,118,958)	(33,033,374)	(23,982,951)	(28,623,535)
Proceeds from Sale of Assets	-	-	-	-
Issuance of Long-Term Debt	131,203,000	-	78,605,000	-
Premium on Long-Term Debt	7,806,593	-	16,150,094	-
Payment to Refunding Agent	-	-	-	-
Financing of Leases	205,034	-	-	-
Total Other Financing	<u>143,103,764</u>	<u>3,188,814</u>	<u>97,661,590</u>	<u>2,138,980</u>
Sources (Uses)	<u>143,103,764</u>	<u>3,188,814</u>	<u>97,661,590</u>	<u>2,138,980</u>
Net Change in Fund Balances	<u>\$ 140,314,146</u>	<u>\$ 33,470,331</u>	<u>\$ 109,813,026</u>	<u>\$ 887,164</u>
Debt Service as a Percentage of Noncapital Expenditures	18.02%	18.66%	17.64%	18.44%

Source: The Town's Finance Department.

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 41,447,945	\$ 38,100,073	\$ 31,558,534	\$ 27,720,663	\$ 23,485,195	\$ 20,231,535
15,527,547	11,760,640	10,257,129	8,950,773	8,030,414	7,227,330
6,312,580	5,174,695	5,278,475	4,555,012	4,563,955	3,818,206
886,814	836,257	787,038	874,110	796,902	817,815
590,448	570,999	514,259	381,016	333,464	288,404
284,732	463,796	553,825	258,243	716,623	3,442,997
8,400,874	8,041,757	7,925,947	5,974,801	6,478,349	5,877,743
1,856,055	1,756,552	2,273,392	2,324,857	2,207,345	2,139,002
556,443	141,112	538,901	1,258,858	981,010	(188,481)
1,027,363	457,741	4,124,450	399,722	226,965	140,421
<u>76,890,801</u>	<u>67,303,622</u>	<u>63,811,950</u>	<u>52,698,055</u>	<u>47,820,222</u>	<u>43,794,972</u>
12,494,465	10,728,669	13,351,992	11,586,257	10,291,860	8,405,607
15,830,392	13,496,827	12,055,558	11,602,383	9,059,429	7,713,176
8,051,533	6,285,005	5,202,276	3,742,931	2,930,716	2,837,392
3,842,562	4,015,698	3,651,867	3,074,017	2,595,664	2,318,345
3,866,160	30,028,572	1,000,103	3,729,446	967,116	809,841
46,428,341	31,192,034	20,214,290	10,513,269	3,774,743	1,383,628
4,195,530	53,627,744	9,473,374	3,385,313	3,164,560	3,161,506
3,048,348	2,578,030	3,997,878	4,321,778	4,497,544	4,711,032
662,341	787,207	-	-	-	-
<u>98,419,672</u>	<u>152,739,786</u>	<u>68,947,338</u>	<u>51,955,394</u>	<u>37,281,632</u>	<u>31,340,527</u>
(21,528,871)	(85,436,164)	(5,135,388)	742,661	10,538,590	12,454,445
39,699,516	15,283,200	24,394,743	18,592,762	7,089,715	6,654,872
(35,557,681)	(14,878,305)	(23,606,122)	(18,249,622)	(6,614,671)	(5,120,342)
-	600,860	-	-	-	-
65,960,000	66,435,000	-	-	-	-
8,711,845	9,313,830	-	-	-	-
-	(22,768,595)	-	-	-	-
-	-	-	-	518,696	130,234
<u>78,813,680</u>	<u>53,985,990</u>	<u>788,621</u>	<u>343,140</u>	<u>993,740</u>	<u>1,664,764</u>
<u>\$ 57,284,809</u>	<u>\$ (31,450,174)</u>	<u>\$ (4,346,767)</u>	<u>\$ 1,085,801</u>	<u>\$ 11,532,330</u>	<u>\$ 14,119,209</u>
14.17%	46.18%	18.56%	23.82%	26.28%	26.57%

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

	Fiscal Year			
	2022	2021	2020	2019
Sales Category:				
Construction	\$ 780,385,718	\$ 652,641,365	\$ 478,593,529	\$ 374,847,787
Manufacturing	-	-	-	-
Communications and Utilities	97,089,022	91,973,333	86,056,400	74,261,200
Transportation	660,044	770,400	176,356	13,778
Wholesale Trade	-	-	-	-
Retail Trade	1,239,520,800	1,027,147,378	782,722,978	617,563,022
Restaurants and Bars	234,963,022	203,862,178	159,554,267	143,301,733
Real Estate, Rental and Lease	117,723,289	100,031,156	86,789,111	83,299,733
Services	10,975,644	8,085,556	549,467	627,956
Arts and Entertainment	29,616,622	18,116,978	15,205,467	19,456,356
Accommodations	6,250,362	2,499,048	834,019	355,486
Other	79,748,667	76,049,600	51,322,978	44,162,000
Total	<u>\$ 2,481,317,539</u>	<u>\$ 2,084,511,366</u>	<u>\$ 1,594,442,108</u>	<u>\$ 1,293,915,209</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 separately. For 2010 through 2016 Arts and Entertainment was included as a component of "Other".

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 323,918,004	\$ 325,054,724	\$ 228,148,702	\$ 182,451,846	\$ 147,042,520	\$ 183,507,187
14,918,272	13,631,003	13,073,403	17,401,290	15,409,198	15,678,705
88,593,670	76,501,236	73,370,881	54,934,415	50,234,076	46,342,729
-	-	-	-	-	-
7,038,680	7,252,396	5,669,397	6,323,860	6,152,793	5,271,396
498,084,872	408,652,224	334,352,378	315,017,361	300,884,544	281,513,741
117,446,518	98,632,807	79,263,734	64,732,627	59,267,692	51,553,181
69,186,776	63,920,930	54,099,196	89,116,960	72,465,796	67,570,269
30,931,997	23,415,231	17,197,640	22,427,818	17,782,422	15,347,314
19,266,437	15,479,300	-	-	-	-
7,067	-	-	-	-	-
634,624	2,332,793	14,273,352	22,829,027	18,477,390	17,420,404
<u>\$ 1,170,026,917</u>	<u>\$ 1,034,872,644</u>	<u>\$ 819,448,683</u>	<u>\$ 775,235,204</u>	<u>\$ 687,716,431</u>	<u>\$ 684,204,926</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>
2022	2.25	0.70	1.10	5.60
2021	2.25	0.70	1.60	5.60
2020	2.25	0.70	1.60	5.60
2019	2.25	0.70	1.60	5.60
2018	2.25	0.70	1.60	5.60
2017	2.25	0.70	1.10	5.60
2016	2.25	0.70	1.10	5.60
2015	2.25	0.70	1.10	5.60
2014	2.25	0.70	1.10	5.60
2013	2.25	0.70	1.10	5.60

Source: Arizona Department of Revenue.

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

Fiscal Year	Assessed Value				
	Residential Property Value	Agricultural and Commercial Property Value	Total Assessed Value	Less: Exemptions	Total Taxable Assessed Value
2022	\$489,793,520	\$ 208,740,627	\$698,534,147	\$ (93,532,505)	\$605,001,642
2021	427,260,257	195,876,100	623,136,357	(87,456,329)	535,680,028
2020	335,008,748	173,053,328	508,062,076	(80,205,820)	427,856,256
2019	275,078,122	148,565,289	423,643,411	(66,629,736)	357,013,675
2018	238,748,449	132,364,532	371,112,981	(53,704,580)	317,408,401
2017	207,525,362	131,058,174	338,583,536	(62,727,585)	275,855,951
2016	181,409,687	119,278,199	300,687,886	(56,143,242)	244,544,644
2015	158,768,582	120,273,244	279,041,826	(53,194,486)	225,847,340
2014	134,117,267	106,201,619	240,318,886	(54,222,364)	186,096,522
2013	136,523,850	107,847,792	244,371,642	(50,514,410)	193,857,232

Fiscal Year	Assessed Value as a Percentage of Actual Value		
	Total Direct Tax Rate	Estimated Actual Value	Percentage of Actual Value
2022	1.83	\$ 6,215,010,751	9.73%
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%

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
2022	1.83	7.30	1.23	1.58
2021	1.83	7.40	1.29	1.40
2020	1.95	7.45	1.33	1.40
2019	1.95	7.61	1.38	1.40
2018	1.95	7.61	1.38	1.40
2017	1.95	7.57	1.41	1.40
2016	1.95	8.05	1.47	1.40
2015	1.95	6.55	1.52	1.32
2014	1.95	8.16	1.53	1.28
2013	1.95	4.55	1.16	1.24

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, 2022 AND 2013
(UNAUDITED)

Taxpayer	2022			2013		
	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	1.51			
MSA Multifamily Dst	3,578,807	2	0.59			
Fulton Homes Corporation	3,257,691	3	0.54			
HSL Encantada Queen Creek Delaware LLC	2,608,927	4	0.43			
Wal-Mart Stores, Inc	2,490,051	5	0.41	\$ 11,673,900	3	6.02
Target Corporation	2,439,387	6	0.40			
Sunbelt Land Holdings L P	2,311,568	7	0.38			
Southwest Gas Corporation (T&D)	2,104,568	8	0.35			
William Lyon Homes, Inc	1,987,627	9	0.33			
Power Marketplace LP	1,820,869	10	0.30			
Broadstone Queen Creek LLC				17,747,000	1	9.15
WDP Town Center LLP				11,797,443	2	6.09
Grace Power and Chandler Heights LLC				9,876,451	4	5.09
K & M Development #1 LLC				9,689,700	5	5.00
Home Depot USA Inc.				7,646,076	6	3.94
DTD Devco 2 LLC				7,612,086	7	3.93
Vestar QCM LLC				6,254,905	8	3.23
Union Pacific Railroad				5,535,500	9	2.86
LDR Sossaman Estates Q C LLC				5,293,915	10	2.73
	<u>\$ 31,731,820</u>		5.24 %	<u>\$ 93,126,976</u>		48.04 %

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
2022	\$ 9,462,264	\$9,335,143	98.66	\$ (1,529)	\$9,333,615	99.01	\$ 142,546	(0.00)
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

Source: The Maricopa County & Pinal County Treasurer.

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

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

Governmental Activities

Fiscal Year	Governmental Activities					Total
	Revenue Bonds	Special Assessment Bonds	Notes and Loans Payable	Long-Term Contract	Leases	
2022	\$ 314,610,726	\$ 11,320,177	\$ 24,223,000	\$ -	\$ 158,023	\$ 350,311,926
2021	210,133,906	12,895,229	-	-	-	223,029,135
2020	215,196,838	14,281,972	-	-	80,920	229,559,730
2019	124,837,829	15,634,170	-	-	163,413	140,635,412
2018	128,453,493	17,117,758	-	-	259,569	145,830,820
2017	56,954,561	18,445,000	-	-	517,857	75,917,418
2016	21,600,000	36,530,000	17,025,000	188,354	765,601	76,108,955
2015	22,415,000	45,338,311	18,085,902	376,708	1,008,975	87,224,896
2014	23,195,000	47,036,153	18,825,803	753,415	1,259,288	91,069,659
2013	24,322,262	48,271,732	19,535,705	-	915,152	93,044,851

Business-Type Activities

Fiscal Year	Business-Type Activities				
	Advances in Aid of Construction	Loans Payable	Revenue Obligation	Leases	Total
2022	\$ 7,016,950	\$ 98,040,486	\$ 93,804,463	\$ 11,780	\$ 198,873,679
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

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
2022	\$ 549,185,605	8.84%	17.64%	\$ 7,738
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

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, 2022
(UNAUDITED)

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Maricopa County Community College District	\$ 135,585,000	1.20%	\$ 1,627,020
Maricopa County Special Healthcare District	600,335,000	1.20%	7,204,020
Pinal County Community College District	44,975,000	3.70%	1,664,075
Higley Unified School District	78,470,000	8.49%	6,662,103
Chandler Unified School District	359,168,333	3.87%	13,881,856
Queen Creek Unified School District No. 95	121,045,000	58.86%	71,247,087
Subtotal, Overlapping Debt			<u>102,286,161</u>
Town of Queen Creek, Arizona	350,311,926	100.00%	350,311,926
Total Direct and Overlapping Debt			<u><u>\$ 452,598,087</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 2021/22.

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

	Fiscal Year			
	2022	2021	2020	2019
Total Debt Limit	\$ 221,945,403	\$ 177,801,568	\$ 139,934,214	\$ 121,308,659
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 221,945,403</u>	<u>\$ 177,801,568</u>	<u>\$ 139,934,214</u>	<u>\$ 121,308,659</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-	-	-	-

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

Fiscal Year

2018	2017	2016	2015	2014	2013
\$ 106,363,881	\$ 94,898,553	\$ 80,918,543	\$ 63,475,102	\$ 48,939,723	\$ 50,580,944
-	-	-	-	-	-
<u>\$ 106,363,881</u>	<u>\$ 94,898,553</u>	<u>\$ 80,918,543</u>	<u>\$ 63,475,102</u>	<u>\$ 48,939,723</u>	<u>\$ 50,580,944</u>

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TOWN OF QUEEN CREEK, ARIZONA
CALCULATION OF LEGAL DEBT MARGIN
JUNE 30, 2022
(UNAUDITED)

Net Secondary Assessed Value		<u>\$ 853,636,164</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Net Secondary Assessed Value		\$ 170,727,233
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>\$ 170,727,233</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Net Secondary Assessed Value		\$ 51,218,170
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>\$ 51,218,170</u>
Total Legal Debt Margin		<u>\$ 221,945,403</u>

Source: Maricopa County Assessor's Office.

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

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

Excise Tax and State Shared Revenue Bonds

<u>Fiscal Year</u>	<u>Excise Tax and State Shared Revenue (1)</u>	<u>Senior Lien Debt Service (2)</u>	<u>Senior Lien Coverage</u>
2022	\$ 112,599,123	\$ 13,434,003	8.38
2021	96,743,539	11,012,277	8.79
2020	74,129,990	9,036,901	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

Special Assessment Bonds

<u>Fiscal Year</u>	<u>Special Assessment</u>	<u>Total Debt Service</u>	<u>Coverage</u>
2022	\$ 1,824,012	\$ 1,871,691	0.97
2021	1,782,814	1,719,664	1.04
2020	1,720,217	1,718,671	1.00
2019	1,707,070	1,884,799	0.91
2018	1,856,055	1,764,737	1.05
2017	1,756,552	1,664,244	1.06
2016	9,199,238	9,672,875	0.95
2015	3,945,777	3,880,125	1.02
2014	3,901,550	3,880,251	1.01
2013	3,877,849	3,880,349	1.00

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

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

(2) Includes debt service payments for senior-lien debt including the series 2016, 2018, 2020 and 2022 Excise Tax Bonds, the 2016 Refunding Bond and the 2014 GADA Loan.

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
2022	\$ 34,893,019	\$ 18,822,965	\$ 16,070,054	\$ 5,591,847	2.87	\$ 7,482,174	2.15
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

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
2022	\$ 15,006,473	\$ 3,967,275	\$ 11,039,198	\$ -	N/A	\$ 60,907	181.25
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

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, 2020, 2021 and 2022 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 THREE FISCAL YEARS
(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
2022	\$ 49,899,492	\$ 22,790,240	\$ 27,109,252	\$ 5,591,847	4.85	\$ 7,543,081	3.59
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, 2020, 2021 and 2022 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>
2022	70,975	\$ 3,112,821,550	\$ 43,858	3.8 %	3.2 %	2.7 %
2021	68,500	2,543,062,500	37,125	7.1	6.8	5.3
2020	60,100	2,104,942,400	35,024	6.7	5.9	4.9
2019	51,800	1,729,394,800	33,386	4.9	4.2	3.4
2018	50,340	1,665,599,580	33,087	4.9	4.2	3.5
2017	41,919	1,149,613,561	27,425	4.7	3.9	3.9
2016	36,096	1,108,002,816	30,696	5.8	5.3	4.0
2015	34,614 *	1,052,265,600	30,400	5.9	5.3	4.4
2014	29,673	885,086,244	29,828	6.9	6.4	4.8
2013	27,963	801,503,469	28,663	8.0	7.1	7.3

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, 2022 AND 2013
(UNAUDITED)**

Employer	2022			2013		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Queen Creek Unified School District	830	1	7.61%	901	1	37.70%
Walmart	500	2	4.58%	331	2	13.85%
Town of Queen Creek	436	3	4.00%	154	5	6.44%
Banner Health	424	4	3.89%			
Chandler Unified School District	338	5	3.10%			
Home Depot (tie)	220	6	2.02%	132	6	5.52%
Safeway (tie)	220	6	2.02%	60	9	2.51%
VP Nurseries	200	7	1.83%			
American Leadership Academy	187	8	1.71%			
Target	180	9	1.65%	182	4	7.62%
Benjamin Franklin Charter Schools	150	10	1.37%			
Canyon State Academy				300	3	12.55%
Kohl's				92	7	3.85%
Bashas				62	8	2.59%
Paradise Bakery				30	10	1.26%
	3,535		37.85%	2,244		93.89%

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	76	70	67	63	60	56	51	47	44	43
Public Safety	144	89	79	72	63	60	60	45	44	37
Highways and Streets*	35	22	21	20	16	16	16	16	14	16
Culture and Recreation	41	42	43	36	32	34	34	31	24	22
Economic Development*	8	17	17	16	13	13	12	11	9	9
Solid Waste	4	3	6	6	5	5	6	5	4	**
Wastewater	6	6	6	5	4	5	5	5	4	5
Water	62	62	58	51	46	40	38	37	32	22
Total	376	311	297	270	239	229	222	197	175	154

Source: The Town's Human Resources Department.

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

** 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			
	2022	2021	2020	2019
Planning and Building Safety				
Building Permits Issued	4,932	5,230	3,967	2,992
Residential Permit Total Valuations	854,141,066	946,061,935	651,372,314	545,106,431
Commercial Permit Total Valuations	173,621,612	62,993,556	59,760,864	65,392,382
Highways and Streets				
Street Resurfacing (Miles)	81	37	72	34
Street Striped (Miles)	12	14	6	12
Culture and Recreation				
Athletic Field Permits Issued	201	284	175	180
Recreation Center Program Hits	9,503	9,623	6,249	12,786
Special Interest Class Participants	7,262	8,891	3,826	9,062
Special Event Attendance	28,500	-	22,000	25,500
Fire & Medical				
Emergency Calls for Service	6,423	5,036	4,341	4,169
Water				
Total Connections	39,336	35,173	32,838	29,968

Source: The Town of Queen Creek, Arizona

* 2010-2013 Information not available

** 2010-2014 Information not available

Fiscal Year

2018	2017	2016	2015	2014	2013
2,606	3,343	3,265	2,817	2,486	1,946
423,959,635	413,586,201	399,870,271	304,641,623	266,826,440	-
62,069,893	30,000,451	14,290,919	500,000	1,648,171	-
25	35	35	10	10	43
7	28	28	22	15	38
121	124	124	114	115	128
10,907	13,862	13,862	15,374	18,435	17,805
7,780	5,130	4,566	4,290	2,637	- *
28,000	24,500	19,500	15,500	11,000	- *
3,382	3,168	3,030	2,420	2,485	128
28,431	25,997	24,332	22,647	- **	- **

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

Function	Fiscal Year			
	2022	2021	2020	2019
Highways and Streets				
Streets (Miles)	710	680	645	565
Streetlights	4,198	4,115	3,881	3,500
Traffic Signals	70	68	66	61
Culture and Recreation				
Developed Park Acreage	89	89	89	89
Undeveloped Parks Acreage	**	246	171	171
Developed Wash Trail Acreage	**	286	286	286
Undeveloped Wash Trail Acreage	**	65	65	65
Number of Parks	4	4	4	4
Community Centers	1	1	1	1
Fire Department				
Fire Apparatus	***	8	6	5
Fire Stations	***	5	5	4
Water				
Number of Potable Water Wells	***	41	25	21
Potable Water Pipe (Miles)	***	670	609	550
Sewer				
Sanitary Sewer (Miles)		265	249	216
Storm Sewers (Miles)	*		7	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

2018	2017	2016	2015	2014	2013
556	529	522	492	461	440
3,335	3,282	2,982	2,827	2,355	1,082
50	48	48	45	42	38
79	82	82	200	200	419
219	204	204	344	344	-
262	262	262	-	-	-
51	51	22	-	-	-
5	5	4	4	4	3
3	3	3	3	3	1
4	4	-	-	-	-
3	2	-	-	-	-
18	15	-	-	-	-
491	474	-	-	-	-
171	167	153	134	128	110
10	10	10	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 FIVE CALENDAR YEARS
(UNAUDITED)

GWEC Reconciliation (1)	Calendar Year				
	2017	2018	2019	2020	2021
Total GWEC Beginning Balance - 1/1					
Cash / Other GWECs	297	297	175,339	201,447	2,423
WIFA Financed GWECs	0	0	0	0	204,047
Total GWEC Balance	<u>297</u>	<u>297</u>	<u>175,339</u>	<u>201,447</u>	<u>206,470</u>
GWEC Activity					
Cash / Other GWECs Acquired	0	174,174	31,330	7,207	0
Cash / Other GWECs Refinanced	0	0	0	(204,047)	0
Cash / Other GWECs (Pledged) (2)	0	(132)	(5,222)	(2,184)	(2,070)
Net Cash GWEC Activity	<u>0</u>	<u>174,042</u>	<u>26,108</u>	<u>(199,024)</u>	<u>(2,070)</u>
WIFA Financed GWECs Acquired	0	0	0	204,047	0
WIFA Financed GWECs (Pledged) (2)	0	0	0	0	(2,853)
Net WIFA Financed GWEC Activity	<u>0</u>	<u>0</u>	<u>0</u>	<u>204,047</u>	<u>(2,853)</u>
Subtotal GWECs Activity	<u>0</u>	<u>174,042</u>	<u>26,108</u>	<u>5,023</u>	<u>(4,923)</u>
Total GWEC Ending Balance - 12/31					
Cash / Other GWECs	297	175,339	201,447	2,423	353
WIFA Financed GWECs	0	0	0	204,047	201,194
	<u>297</u>	<u>175,339</u>	<u>201,447</u>	<u>206,470</u>	<u>201,547</u>
Year					
	(2)	(1)	0	1	2
WIFA Financed GWECs Beginning Balance	0	0	0	0	197,245
WIFA Financed GWECs Acquired	0	0	0	204,047	0
1/30Th WIFA GWEC Amortization	0	0	0	(6,802)	(6,802)
WIFA Financed GWEC Ending Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>197,245</u>	<u>190,443</u>
Excess GWECs Available (3)	<u>297</u>	<u>175,339</u>	<u>201,447</u>	<u>9,225</u>	<u>11,104</u>
Pledged And Unused GWECs From Prior Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,007</u>	<u>1,644</u>
Total Unused GWECs Available (4)	<u>297</u>	<u>175,339</u>	<u>201,447</u>	<u>12,232</u>	<u>12,748</u>

Source: Town of Queen Creek Utility Department

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

(2) Includes Pledged But Unused GWECs

(3) Excludes Pledged But Unused GWECs

(4) Includes Unpledged and Pledged But Unused GWECs

TOWN OF QUEEN CREEK, ARIZONA
SINGLE AUDIT ACT REPORTS
YEAR ENDED JUNE 30, 2022



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**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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

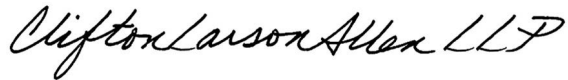
The Honorable Mayor and Members of the Town Council
Town of Queen Creek, Arizona

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Phoenix, Arizona
December 6, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Queen Creek, Arizona's (Town's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon, dated December 6, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 6, 2022

**TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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 200.516(a)? _____ yes X no

Identification of Major Program

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

**TOWN OF QUEEN CREEK, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

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, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Federal Grant/ Pass-Through Number	Expenditures	Passed- through to Subrecipients
U.S. Department of Transportation				
Passed through Arizona Department of Transportation:				
Highway Planning and Construction Program	20.205	CMAQ-QCR-0(218)T	\$ 1,068,778	\$ -
Passed through Maricopa Association of Governments:				
Highway Planning and Construction Program	20.205	N/A	<u>239,740</u>	<u>-</u>
Total Highway Planning and Construction Cluster			<u>1,308,518</u>	<u>-</u>
Passed through Arizona Governor's Office of Highway Safety:				
State and Community Highway Safety	20.600	2022-OTS-077	<u>57,577</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,366,095</u>	<u>-</u>
U.S. Department of the Treasury				
Passed through Arizona Department of Economic Security:				
Emergency Rental Assistance Program	21.023	N/A	<u>25,695</u>	<u>-</u>
Total U.S. Department of the Treasury			<u>25,695</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Arizona Department of Economic Security:				
Low Income Home Energy Assistance Program	93.568	N/A	<u>1,935</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,935</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,393,725</u></u>	<u><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, 2022

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, 2022. 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, 2022.

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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