

# TOWN OF QUEEN CREEK ARIZONA



Welcome to Queen Creek



## COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2015

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**TOWN OF QUEEN CREEK, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Issued by:  
Finance Department

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## **INTRODUCTORY SECTION**

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# TOWN OF QUEEN CREEK ARIZONA

December 1, 2015

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

State law requires that all general-purpose local governments publish, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Queen Creek for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the Town of Queen Creek. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Queen Creek's financial statements have been audited by CliftonLarsonAllen LLP, a certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Queen Creek for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. 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, 2015, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Queen Creek's MD&A can be found immediately following the report of the independent auditors.

## **PROFILE**

The Town of Queen Creek is located in the southeast corner of Maricopa County with some 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 Phoenix Mesa Gateway Airport and 45 minutes of Phoenix Sky Harbor International Airport. Queen Creek has a planning area of 69 square miles. Given the Town's most recent building uptick, current population is estimated at approximately 35,000 people for fiscal year 2015.

Rich traditions, based on small-town values and country friendliness, create the foundation on which the Town of Queen Creek plans and builds its future. Staying true to its heritage, the Town continually strives to maintain the rural character that makes Queen Creek unique from its urban neighbors.

The Town of Queen Creek incorporated in 1989 to preserve the benefits of rural life and provide avenues for managed change. With significant citizen involvement and input, the Town has adopted several award-winning plans designed to guide future growth. By preserving the past while providing for economic and recreational opportunities and a high quality of life, the Town of Queen Creek 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.

Annual activities, festivals and events in Queen Creek, representing the community's unique lifestyle and heritage, are held throughout the year. These special events not only provide hometown fun for community residents, but also attract a number of visitors from throughout the state and the region.

With a few exceptions, Queen Creek is a full-service municipality. Police, jail, and animal control services are currently provided by Maricopa County. The Maricopa County Sheriff's Office (MCSO) serves as the police department for the Town of Queen Creek. Municipal court services are provided through a contract with the Town of Gilbert.

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 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 perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town operates.

### Local Economy

Fiscal year 2014-15 represented continued economic improvement since the "Great Recession". The growth of the Town's economy is highlighted below.

- Queen Creek remains one of the fastest growing municipalities in the country and the state of Arizona for population. Each housing permit generates over \$20,000 into the Town's treasury from development fees and construction sales tax revenue.
- Retail sales tax revenue grew as well during the year due to the construction of new businesses and population growth.

### Employment

Primary employers in the community consist of a mix of private and public entities. Of the community's total acreage, about 15 percent is set aside for commercial or industrial uses. Commercial development is focused in three main strategic areas – the Town Center, northern boundary and southeast area. The Town Center is the economic core of the community and includes over 1 million square feet of existing commercial development.

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 a mile and half of the main employment corridor planned in the northern section of Town.

### Operating Reserves

As a result of the growth, the Town experienced widespread increases in revenue in the various funds. The Town Council's current financial policy is to have no less than 25% of general fund budgeted revenues in reserve. This policy results in a reserve amount of \$9.6 million; the actual General Fund unassigned fund balance is \$20.3 million resulting in \$10.7 million excess, or 110% of the reserve requirement.

### Major Initiatives

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

- Set policies and implement practices to improve the Town's bond rating. In June 2015, Fitch Ratings increased the Town's excise tax bond rating from 'A+ Stable' to 'A+ Positive'.
- Design and construction of additions to the existing Municipal Center. New facilities will be built to replace the downtown police and fire stations as well as build a new council chambers.
- Several major transportation projects are being built to improve the flow of traffic throughout the Town.
- Consistent with its commitment to open space, several miles of new trails will be constructed.

## **AWARDS AND ACKNOWLEDGMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Queen Creek for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the tenth consecutive year that the government has received this prestigious award. In order to be awarded this certificate, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year ending June 30, 2014 (the most recent award available). 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 certificate is valid for a period of one year only. We believe that our current budget continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another 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 our sincere appreciation to the Town Council and the Town Manager for their interest and support in planning and conducting the financial affairs of the Town in a responsible and progressive manner.

Respectfully Submitted,



Scott McCarty, CPA  
Finance Director

**TOWN OF QUEEN CREEK, ARIZONA  
LIST OF PRINCIPAL OFFICIALS  
YEAR ENDED JUNE 30, 2015**

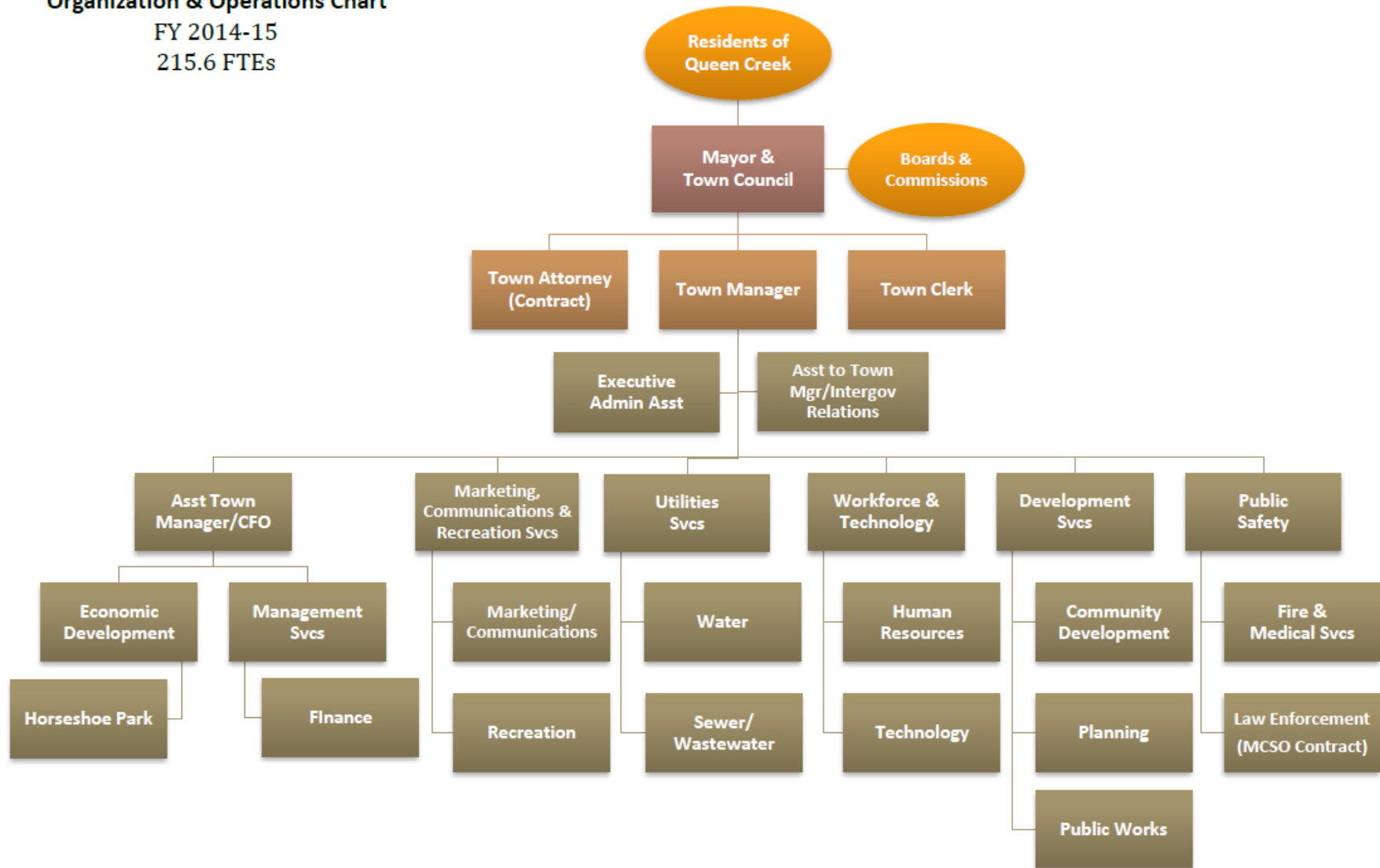
**ELECTED OFFICIALS**

Mayor	Gail Barney
Vice-Mayor	Julia Wheatley
Councilmember	Craig Barnes
Councilmember	Robin Benning
Councilmember	Jeff Brown
Councilmember	Dawn Oliphant
Councilmember	Emilena Turley

**DEPARTMENT DIRECTORS**

Town Manager	John Kross
Assistant Town Manager	Bruce Gardner
Finance Director	Scott McCarty
Fire Chief	Ron Knight
Communications, Marketing & Recreation Director	Marnie Schubert
Development Service Director	Chris Anaradian
Economic Development Director	Doreen Cott
Utilities Director	Paul Gardner
Workforce and Technology Director	Bruce Gardner
Public Works Director	Troy White

**Organization & Operations Chart**  
FY 2014-15  
215.6 FTEs





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Presented to

**Town of Queen Creek  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona (Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Queen Creek, Arizona as of June 30, 2015, 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.

## **Emphasis of a Matter**

During fiscal year ended June 30, 2015, the Town of Queen Creek, Arizona adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASB Statements No. 68 and No. 71, the Town reported a restatement for the change in accounting principle (see Note 3.H.) Our auditors' opinion was not modified with respect to the restatement.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
December 1, 2015

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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, 2015**

As management of the Town of Queen Creek, Arizona (Town), we offer readers of the Town's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

**FINANCIAL HIGHLIGHTS**

- ◆ The assets of the Town of Queen Creek, Arizona exceeded its liabilities at the close of the most recent fiscal year by \$369,655,382 (net position). Of this amount, \$45,903,528 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.
- ◆ Total net position increased by \$47,704,354 during the fiscal year.
- ◆ As of June 30, 2015, the Town's governmental funds reported a combined ending fund balance of \$61,479,715, an increase of \$1,085,801 in comparison with the prior year. Of this amount, 33% is unassigned fund balance and available for spending at the government's discretion.
- ◆ At the close of the current fiscal year, unassigned fund balance for the General Fund was \$20,293,603 or 94% of the total General Fund expenditures of \$21,609,342.
- ◆ General Fund revenues (on a budgetary basis) exceeded budgeted revenues by \$3,506,247 for fiscal year ending June 30, 2015. Additionally, budgetary basis expenditures were 96% of the final budget in the General Fund (savings of \$960,233).
- ◆ General Fund revenue exceeded expenditures (on a budgetary basis) by \$7,695,475 a positive variance of \$4,466,480 from the final budget.
- ◆ During 2015, the Town disbursed \$1,795,627 to fund the PSPRS Fire pension.

**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 component sections:

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

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

**Government-Wide Financial Statements**

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

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

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

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

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

The government-wide financial statements may be found on pages 21 - 23 of this report.

**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 legal requirements. All of the Town funds can be divided into two categories: governmental funds and proprietary (business-type) 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 financing requirements.

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 of Queen Creek, Arizona maintains thirteen 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, Emergency Services Fund, Improvement District Debt Service Fund and the Drainage and Transportation Fund, all of which are considered to be major funds. Data from the other nine 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 elsewhere in this report.

The governmental fund financial statements may be found on pages 24 - 30 of this report.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

- ◆ *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 and those include the wastewater, solid waste and water funds, which are considered to be major funds of the Town.

The proprietary fund financial statements may be found on pages 31 - 34 of this report.

**Notes to Basic Financial Statements**

The notes to 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. The notes to basic financial statements may be found on pages 35 – 76 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's pension and the budgetary schedule of the General Fund and Emergency Services Fund. Required supplementary information may be found on pages 77 – 86 of this report.

The Town of Queen Creek, Arizona adopts an annual appropriated budget for all governmental funds. A schedule of revenues, expenditures and change in fund balances – budget and actual has been provided for the General and Emergency Services Funds as required supplementary information.

**Combining and Individual Statements and Schedules**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pages 87 – 109.

**Government-Wide Financial Analysis**

Comparative data is presented on the following pages for both the governmental activities and the business-type activities along with an analysis of significant variances between the current and prior year.

**Net Position**

As noted earlier, net position may serve as useful indicators of a government's financial position. For the Town of Queen Creek, Arizona, assets exceeded liabilities by \$369,655,382.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2015 and 2014.

**Table A-1  
Net Position  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
Current and Other Assets	\$ 93,890,021	\$ 94,880,238	\$ 59,621,653	\$ 51,971,078	\$ 153,511,674	\$ 146,851,316
Capital Assets:						
Non-depreciable	55,819,483	47,834,558	2,795,233	3,565,633	58,614,716	51,400,191
Depreciable (net)	216,042,842	201,708,534	168,715,903	159,440,953	384,758,745	361,149,487
Total Assets	365,752,346	344,423,330	231,132,789	214,977,664	596,885,135	559,400,994
Deferred Outflows of Resources	5,270,962	-	850,775	-	6,121,737	-
<b>LIABILITIES</b>						
Current and Other Liabilities	12,152,783	12,445,733	12,807,555	12,930,174	24,960,338	25,375,907
Long-Term Liabilities	96,197,469	87,514,399	109,569,919	110,952,121	205,767,388	198,466,520
Total Liabilities	108,350,252	99,960,132	122,377,474	123,882,295	230,727,726	223,842,427
Deferred Inflows of Resources	2,014,515	-	609,249	-	2,623,764	-
<b>NET POSITION</b>						
Net Investment in Capital Assets	184,637,429	158,473,433	86,477,625	74,678,972	271,115,054	233,152,405
Restricted	44,414,227	32,127,295	8,222,573	6,828,477	52,636,800	38,955,772
Unrestricted	31,606,885	53,862,470	14,296,643	9,587,920	45,903,528	63,450,390
Total Net Position	\$ 260,658,541	\$ 244,463,198	\$ 108,996,841	\$ 91,095,369	\$ 369,655,382	\$ 335,558,567

The largest portion of the Town's net position (73%) reflects its investment in capital assets (e.g. land, buildings, and equipment), less any debt used to acquire those assets. The Town uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources since the assets themselves cannot be liquidated for these liabilities.

An additional portion of the Town of Queen Creek, Arizona's net position (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$45,903,528) may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2015, the Town of Queen Creek, Arizona was able to report positive balances in three categories of net position.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**Changes in Net Position**

As described above, the Town's net position overall increased by \$47,704,354 during the current fiscal year. The increase in the governmental activities and business-type activities are discussed on the following pages.

**Table A-2  
Changes in Net Position  
For the Years Ended June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program Revenues:						
Fees, Fines and Charges for Services	\$ 12,881,655	\$ 13,271,131	\$ 31,073,885	\$ 25,267,994	\$ 43,955,540	\$ 38,539,125
Operating Grants and Contributions	2,119,240	1,602,019	-	-	2,119,240	1,602,019
Capital Grants and Contributions	21,423,446	14,385,675	10,776,216	4,272,051	32,199,662	18,657,726
General Revenues:						
Sales Taxes	22,190,271	18,483,484	-	-	22,190,271	18,483,484
Property Taxes	5,635,853	5,037,568	-	-	5,635,853	5,037,568
Franchise Taxes	284,474	253,553	-	-	284,474	253,553
Grants and Contributions Not Restricted to Specific Programs	6,628,715	6,179,114	-	-	6,628,715	6,179,114
Investment Earnings	1,062,323	1,050,810	287,100	344,611	1,349,423	1,395,421
Miscellaneous	388,111	257,237	-	-	388,111	257,237
Total Revenues	72,614,088	60,520,591	42,137,201	29,884,656	114,751,289	90,405,247
<b>EXPENSES</b>						
General Government	12,601,960	10,560,748	-	-	12,601,960	10,560,748
Public Safety	10,185,703	9,286,805	-	-	10,185,703	9,286,805
Highways and Streets	11,148,019	9,453,285	-	-	11,148,019	9,453,285
Culture and Recreation	3,738,132	3,157,249	-	-	3,738,132	3,157,249
Economic Development	4,371,932	1,024,067	-	-	4,371,932	1,024,067
Interest on Long-Term Debt	4,225,223	4,401,608	-	-	4,225,223	4,401,608
Wastewater	-	-	5,049,099	5,668,932	5,049,099	5,668,932
Solid Waste	-	-	1,772,165	1,602,901	1,772,165	1,602,901
Water	-	-	13,954,702	9,536,903	13,954,702	9,536,903
Total Expenses	46,270,969	37,883,762	20,775,966	16,808,736	67,046,935	54,692,498
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>						
	26,343,119	22,636,829	21,361,235	13,075,920	47,704,354	35,712,749
Transfers	343,140	475,044	(343,140)	(475,044)	-	-
<b>CHANGE IN NET POSITION</b>						
	26,686,259	23,111,873	21,018,095	12,600,876	47,704,354	35,712,749
Net Position - Beginning of Year	244,463,198	221,351,325	91,095,369	78,494,493	335,558,567	299,845,818
Change in Accounting Principle (See Note 3.H.)	(10,490,916)	-	(3,116,623)	-	(13,607,539)	-
Net Position - Beginning of Year, as Restated	233,972,282	221,351,325	87,978,746	78,494,493	321,951,028	299,845,818
<b>NET POSITION - END OF YEAR</b>	<b>\$ 260,658,541</b>	<b>\$ 244,463,198</b>	<b>\$ 108,996,841</b>	<b>\$ 91,095,369</b>	<b>\$ 369,655,382</b>	<b>\$ 335,558,567</b>

*Governmental Activities* – Governmental activities increased the Town's net position by \$26,686,259. The major reason for this net increase is the fact that new residential and commercial developments contributed \$21.4 million in impact fees and transportation infrastructure for which there is no corresponding expense offset.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

*Business-Type Activities* – Business-type activities increased the Town's net position by \$21,018,095. Key factors of the increase in net position are as follows:

- New water and wastewater accounts paid impact and capacity fees totaling about \$7.9 million.
- New residential and commercial developments contributed \$10.8 million in water and wastewater infrastructure.

**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. Such information is useful in assessing the Town of Queen Creek, Arizona's financing requirements. 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 \$61,479,715, an increase of \$1,085,801 from the prior year. Approximately 33% of this total amount (\$20,293,603) constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that is not available for new spending.

The General Fund is the chief operating fund of the Town of Queen Creek, Arizona. At the end of the current fiscal year, the fund balance of the General Fund was \$34,410,289, while total fund balance reached \$61,479,715. As a measure of the General Fund's liquidity, it may be useful to compare both General Fund balance and total fund balance to total fund expenditures. General Fund balance represents 66% of total expenditures, while total fund balance represents 118% of that same amount.

At fiscal year ended June 30, 2015, fund balances were as follows.

**Table A-3  
Fund Balances**

Fund	Balance	Increase (Decrease) From FY 2013-14
General Fund	\$ 34,410,289	\$ (459,318)
Emergency Services Fund	341,702	(3,682,379)
Improvement District Debt Service Fund	732,848	73,931
Drainage and Transportation Fund	15,709,706	(794,338)
Nonmajor Governmental Funds	10,285,170	5,947,905

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

The fund balance of the Town of Queen Creek, Arizona's General Fund decreased by \$459,318 during the fiscal year. Revenues exceeded expenditures by \$17.3 million primarily due to the collection of developer impact fees that remain unspent at year-end and the receipt of construction sales tax into the general fund. Approximately \$18 million was transferred to other funds to fund a robust list of transportation projects.

The Emergency Services Fund decreased by \$3,682,379 because the Town made a decision to reduce fund balance that had been accumulated over the last several years. The General Fund subsidizes the Emergency Services Fund because its two dedicated revenue sources (sales tax and property taxes) are insufficient to cover the annual costs for public safety and fire. As such, in prior years, more funds were transferred out from the General Fund annually than were needed to fund that year's expenses so a fund balance developed. It is the Town's intention that the fund balance of the Emergency Service Fund is zero at the end of each fiscal year; hence the decision to reduce it.

The Improvement District Debt Service Fund increased by \$73,931.

The Drainage and Transportation Fund decreased by \$794,338 during the fiscal year. This was due to the fact the beginning fund balance was used to fund several major transportation projects.

The Nonmajor Governmental Funds increased by \$5,947,905 which was caused by several events. One, the Town sold a parcel of land for \$585,000 to a developer in the Town Center. Two, \$5.7 million was transferred into the newly created General Capital Improvement Fund to fund upcoming projects such as replacement of our downtown police and fire stations and Town Council chambers.

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

**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 on pages 83 - 86. These statements compare the original adopted budget, the budget if amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

General Fund revenues of \$29,077,107, on a budgetary basis, exceeded budgeted revenues of \$25,570,860 by \$3,506,247 (14%) while budgetary basis expenditures of \$21,381,632 were 96% of budgeted expenditures (savings of \$960,233). The increased revenues over the budgeted amount was the result of activity tied to an improving economy and growing community led by retail and construction sales tax revenues and building permit fees. The savings in expenditures was mostly a result of salary and related benefits from vacant positions. Other contributing circumstances that result in spending less than the budgeted amount included project and service contracts that were not started and will be carried over to the next fiscal year (e.g. implementation of new technology), fewer repairs and maintenance, and goods and services that cost less than expected.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for its governmental and business-type activities as of June 30, 2015 amount to \$271,862,325 and \$171,511,136 (net of accumulated depreciation), respectively. Capital assets include land and improvements, infrastructure, buildings and improvements, machinery equipment, vehicles, and construction in progress. Capital assets for governmental activities increased by 9% and capital assets for business-type activities increased by 5%.

**Table A-4  
Capital Assets (Net)  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 42,898,749	\$ 41,637,910	\$ 1,805,210	\$ 1,805,210	\$ 44,703,959	\$ 43,443,120
Construction In Progress	12,920,734	6,196,648	990,023	1,760,423	13,910,757	7,957,071
Infrastructure	187,228,176	172,822,928	-	-	187,228,176	172,822,928
Buildings and Improvements	24,419,532	24,845,371	-	-	24,419,532	24,845,371
Wastewater Collection System	-	-	61,649,317	56,041,956	61,649,317	56,041,956
Water System	-	-	105,638,768	102,635,842	105,638,768	102,635,842
Vehicles, Furniture and Equipment	4,395,134	4,040,235	1,427,818	763,155	5,822,952	4,803,390
<b>Total Capital Assets</b>	<b>\$ 271,862,325</b>	<b>\$ 249,543,092</b>	<b>\$ 171,511,136</b>	<b>\$ 163,006,586</b>	<b>\$ 443,373,461</b>	<b>\$ 412,549,678</b>

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

*Governmental Activities*

- Approximately \$15 million of complete street projects funded by either the Town or new residential and commercial developments.
- Approximately \$13 million in new transportation projects under construction at year-end.

*Business-type Activities*

- Approximately \$5.6 million of completed water and wastewater projects funded by either the Town or new residential and commercial developments.
- Approximately \$1.0 million in projects under construction at year-end.

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 basic financial statements in note 3.A.5.

The estimated cost to complete current construction projects is approximately \$10 million.

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**Debt Administration**

At the end of the current fiscal year, the Town of Queen Creek, Arizona had total long-term obligations outstanding of \$87,224,896 for governmental activities and \$110,708,268 for business-type activities. The outstanding debt is secured by pledges of specific revenue sources of the Town.

During the fiscal year, the Town's governmental activities debt decreased by \$3,844,763 (4%) and the business-type activities debt decreased by \$4,810,857 (4%). The decrease was due to regularly scheduled principal payments on the debt.

The State constitution imposes certain debt limits on the issuance of General Obligation Bonds at six percent (6%) and twenty percent (20%) of the secondary assessed valuation of the Town. At fiscal year end, the Town had no outstanding general obligation bonds.

The following schedule shows the outstanding debt of the Town as of June 30, 2015 and 2014.

Additional information on the Town of Queen Creek Arizona's long-term debt may be found in the notes to basic financial statements in Notes 3.C., 3.D., and 3.E.

**Table A-4  
Outstanding Debt  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Excise Tax Revenue Bonds	\$ 22,415,000	\$ 23,195,000	\$ -	\$ -	\$ 22,415,000	\$ 23,195,000
Special Assessment Bonds	20,766,950	21,533,050	-	-	20,766,950	21,533,050
Special Assessment Bonds - Town Owned Property	23,418,050	24,281,950	-	-	23,418,050	24,281,950
GADA Loan Payable	17,785,000	18,510,000	3,845,000	3,845,000	21,630,000	22,355,000
Premium on Bonds	1,454,213	1,536,956	14,639,377	15,177,159	16,093,590	16,714,115
WIFA Loan Payable	-	-	70,729,006	74,442,581	70,729,006	74,442,581
Capital Leases	1,008,975	1,259,288	-	-	1,008,975	1,259,288
Long-Term Contract	376,708	753,415	-	-	376,708	753,415
Water System Obligation	-	-	19,425,088	19,425,088	19,425,088	19,425,088
Advance in Aid of Construction	-	-	2,069,797	2,629,297	2,069,797	2,629,297
<b>Total Outstanding Debt</b>	<b>\$ 87,224,896</b>	<b>\$ 91,069,659</b>	<b>\$ 110,708,268</b>	<b>\$ 115,519,125</b>	<b>\$ 197,933,164</b>	<b>\$ 206,588,784</b>

**TOWN OF QUEEN CREEK, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2015**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The following economic factors, guiding principles, and economic issues shaped development of the FY 2015-16 budget:

- Paid off Fire Pension Unfunded Liability. The Town Council adopted a pension funding policy that resulted in the pay off of the Town's \$1.5 million fire pension liability.
- Continued Emergence from the Great Recession. The national and State of Arizona's economies are expected to continue a slow, but steady improvement.
- Population and Commercial Growth. The Town has experienced significant residential and commercial growth in the last several years which we expect will continue.
- Prioritization of Resources. The Town used its Corporate Strategic Plan to prioritize its allocation of resources. The Town's strategic priorities are:
  - Effective Government;
  - Safe Community;
  - Secure Future;
  - Superior Infrastructure; and
  - Quality of Lifestyle.
- Maintain a Balanced Five-Year Operating Budget. The five-year plan remains balanced over the next five years and capacity is created in the near term to increase future fire staffing associated with opening a new station in the northwest section of Town.

The following are the highlights of the FY 2015-16 budget:

- Small Increase in Staffing Levels. Staffing was increased in only the most critical areas, such as purchasing and information technology. These additions reflect a gradual return to desirable service levels that were reduced during the Great Recession.
- Aggressive Comprehensive Capital Improvement Plan (CIP). As a growing community, the need for new infrastructure for public safety and transportation is a priority. Resources have been budgeted to build such infrastructure as well as continue planning for future needs.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those interested in the government's finances. If you have any questions about this report or need additional financial information, contact:

Town of Queen Creek  
Accounting Division  
22350 South Ellsworth Road  
Queen Creek, Arizona 85142-9311

(480) 358-3000

## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 39,157,230	\$ 24,393,192	\$ 63,550,422
Receivables, Net:			
Accounts Receivable	568,922	2,556,775	3,125,697
Taxes Receivable	685,294	-	685,294
Special Assessments Receivable	20,377,742	-	20,377,742
Delinquent Special Assessment Receivable	51,149	-	51,149
Intergovernmental Receivable	3,563,074	-	3,563,074
Interest Receivable	90,804	38,917	129,721
Internal Balances	2,005,419	(2,005,419)	-
Inventory	-	334,505	334,505
Prepaid Items	103,458	58,321	161,779
Restricted Cash and Investments	23,532,138	9,206,721	32,738,859
Investment in Joint Venture	-	25,038,641	25,038,641
Land Held for Future Investment	3,754,791	-	3,754,791
Capital Assets:			
Non-Depreciable	55,819,483	2,795,233	58,614,716
Depreciable (Net)	216,042,842	168,715,903	384,758,745
Total Assets	<u>365,752,346</u>	<u>231,132,789</u>	<u>596,885,135</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related	5,270,962	850,775	6,121,737
<b>LIABILITIES</b>			
Accounts Payable	2,607,192	1,130,783	3,737,975
Accrued Wages and Benefits	572,598	93,821	666,419
Deposits Held for Others	58,466	984,148	1,042,614
Unearned Revenue	1,780,765	-	1,780,765
Interest Payable	2,005,521	1,662,664	3,668,185
Matured Debt Principal Payable	725,000	4,102,929	4,827,929
Noncurrent Liabilities			
Due Within One Year	4,403,241	4,833,210	9,236,451
Due in More Than One Year	83,737,006	106,085,889	189,822,895
Net Pension Liability	12,460,463	3,484,030	15,944,493
Total Liabilities	<u>108,350,252</u>	<u>122,377,474</u>	<u>230,727,726</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	2,014,515	609,249	2,623,764
<b>NET POSITION</b>			
Net Investment in Capital Assets	184,637,429	86,477,625	271,115,054
Restricted for:			
Streets and Transportation	2,954,685	-	2,954,685
Debt Service	20,428,891	6,245,464	26,674,355
Repair and Replacement	-	1,977,109	1,977,109
Development	20,914,639	-	20,914,639
Housing Rehab	43,162	-	43,162
Parks and Community	72,850	-	72,850
Unrestricted	31,606,885	14,296,643	45,903,528
Total Net Position	<u>\$ 260,658,541</u>	<u>\$ 108,996,841</u>	<u>\$ 369,655,382</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF QUEEN CREEK, ARIZONA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Primary Government</b>						
Governmental Activities:						
General Government	\$ 12,601,960	\$ 1,677,331	\$ -	\$ -	\$ (10,924,629)	
Public Safety	10,185,703	707,776	208,000	-	(9,269,927)	
Highways and Streets	11,148,019	1,433,770	1,871,388	21,423,446	13,580,585	
Culture and Recreation	3,738,132	4,186,177	-	-	448,045	
Economic Development	4,371,932	3,796,650	39,852	-	(535,430)	
Interest and Fiscal Charges	4,225,223	1,079,951	-	-	(3,145,272)	
Total Governmental Activities	46,270,969	12,881,655	2,119,240	21,423,446	(9,846,628)	
Business-Type Activities:						
Wastewater	5,049,099	8,851,008	-	5,640,634	-	
Solid Waste	1,772,165	2,000,008	-	-	-	
Water	13,954,702	20,222,869	-	5,135,582	-	
Total Business-Type Activities	20,775,966	31,073,885	-	10,776,216	-	
Total Primary Government	\$ 67,046,935	\$ 43,955,540	\$ 2,119,240	\$ 32,199,662	(9,846,628)	

General Revenues	
Taxes:	
Sales Taxes	22,190,271
Property Taxes	5,635,853
Franchise Taxes	284,474
State Revenue Sharing	6,628,715
Investment Income	1,062,323
Other	388,111
Transfers	343,140
Total General Revenues and Transfers	36,532,887
Change in Net Position	26,686,259
Net Position - Beginning, As Restated	233,972,282
Net Position - Ending	\$ 260,658,541

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes  
in Net Position

Business-Type Activities	Total
\$ -	\$ (10,924,629)
-	(9,269,927)
-	13,580,585
-	448,045
-	(535,430)
-	(3,145,272)
-	(9,846,628)
9,442,543	9,442,543
227,843	227,843
11,403,749	11,403,749
21,074,135	21,074,135
21,074,135	11,227,507
-	22,190,271
-	5,635,853
-	284,474
-	6,628,715
287,100	1,349,423
-	388,111
(343,140)	-
(56,040)	36,476,847
21,018,095	47,704,354
87,978,746	321,951,028
<u>\$ 108,996,841</u>	<u>\$ 369,655,382</u>

**TOWN OF QUEEN CREEK, ARIZONA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	General	Emergency Services	Improvement District Debt Service
<b>ASSETS</b>			
Cash and Investments	\$ 18,164,224	\$ 779,671	\$ 1,835,551
Restricted Cash	12,857,209	-	-
Receivables:			
Accounts Receivable	94,443	27,892	-
Taxes Receivable	495,622	181,329	-
Special Assessments Receivable	-	-	20,377,742
Delinquent Special Assessment Receivable	-	-	51,149
Intergovernmental Receivables	2,969,409	352,009	-
Interest Receivable	53,185	5,189	1,297
Prepaid Items	90,791	10,532	625
Advances to Other Funds	2,005,419	-	-
Total Assets	<u>\$ 36,730,302</u>	<u>\$ 1,356,622</u>	<u>\$ 22,266,364</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts Payable	\$ 683,507	\$ 843,632	\$ -
Accrued Wages and Benefits	456,917	107,966	-
Deposits Held for Others	58,466	-	-
Matured Debt Principal Payable	-	-	-
Interest Payable	-	-	1,104,625
Unearned Revenue	-	-	-
Advances from Other Funds	625,500	-	-
Total Liabilities	<u>1,824,390</u>	<u>951,598</u>	<u>1,104,625</u>
Deferred Inflows of Resources:			
Unavailable Revenues	<u>495,623</u>	<u>63,322</u>	<u>20,428,891</u>
Fund Balances:			
Nonspendable	2,096,210	10,532	625
Restricted	12,020,476	-	-
Committed	-	331,170	-
Assigned	-	-	732,223
Unassigned	20,293,603	-	-
Total Fund Balances	<u>34,410,289</u>	<u>341,702</u>	<u>732,848</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 36,730,302</u>	<u>\$ 1,356,622</u>	<u>\$ 22,266,364</u>

See accompanying Notes to Basic Financial Statements.

Drainage and Transportation	Nonmajor Governmental Funds	Totals
\$ 7,096,465	\$ 11,281,319	\$ 39,157,230
10,510,580	164,349	23,532,138
426,588	19,999	568,922
-	8,343	685,294
-	-	20,377,742
-	-	51,149
-	241,656	3,563,074
23,350	7,783	90,804
-	1,510	103,458
625,500	-	2,630,919
<u>\$ 18,682,483</u>	<u>\$ 11,724,959</u>	<u>\$ 90,760,730</u>

\$ 822,503	\$ 257,550	\$ 2,607,192
-	7,715	572,598
-	-	58,466
-	725,000	725,000
-	444,635	1,549,260
1,780,765	-	1,780,765
-	-	625,500
<u>2,603,268</u>	<u>1,434,900</u>	<u>7,918,781</u>

<u>369,509</u>	<u>4,889</u>	<u>21,362,234</u>
----------------	--------------	-------------------

-	1,510	2,108,877
8,729,814	3,228,647	23,978,937
6,979,892	7,055,013	14,366,075
-	-	732,223
-	-	20,293,603
<u>15,709,706</u>	<u>10,285,170</u>	<u>61,479,715</u>
<u>\$ 18,682,483</u>	<u>\$ 11,724,959</u>	<u>\$ 90,760,730</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, 2015**

**Total Fund Balances for Governmental Funds** \$ 61,479,715

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 consist of:

Governmental Capital Assets	\$ 333,660,348	
Less: Accumulated Depreciation	<u>(61,798,023)</u>	
		271,862,325
 Land Held for Investment		 3,754,791

Revenues earned but not received within 60 days of year-end are unavailable in the governmental funds, but are recognized in the

Property Taxes		68,211
Sales Taxes		495,623
Development Agreement		369,509
Special Assessments		20,428,891

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		5,270,962
Deferred inflows of resources related to pensions		(2,014,515)

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.

Loans Payable	(17,785,000)	
Bonds Payable	(66,600,000)	
Premium on Bonds Payable	(1,454,213)	
Interest Payable	(456,261)	
Long-Term Contract	(376,708)	
Net Pension Liability	(12,460,463)	
Capital Lease Payable	(1,008,975)	
Compensated Absence Payable	<u>(915,351)</u>	
		<u>(101,056,971)</u>
<b>Total Net Position of Governmental Activities</b>		<b><u>\$ 260,658,541</u></b>

**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	General	Emergency Services	Improvement District Debt Service
<b>REVENUES</b>			
Taxes	\$ 19,990,867	\$ 7,209,511	\$ -
Intergovernmental Revenues	6,628,715	208,000	-
Licenses and Permits	4,555,012	-	-
Charges for Services	775,469	93,113	-
Rents and Royalties	381,016	-	-
Contributions and Donations	-	-	-
Impact Fees	5,974,801	-	-
Special Assessments	-	-	1,920,855
Investment Income	410,817	32,681	8,279
Miscellaneous	175,460	207,497	-
Total Revenues	<u>38,892,157</u>	<u>7,750,802</u>	<u>1,929,134</u>
<b>EXPENDITURES</b>			
Current:			
General Government	11,586,257	-	-
Public Safety	913,880	10,688,503	-
Highways and Streets	1,798,570	-	-
Culture and Recreation	3,015,581	-	-
Economic Development	3,663,045	-	-
Capital Outlay	418,495	756,598	-
Debt Service:			
Principal Retirement	164,800	67,611	1,630,000
Interest on Long-Term Debt	48,714	15,769	2,250,125
Total Expenditures	<u>21,609,342</u>	<u>11,528,481</u>	<u>3,880,125</u>
Excess (Deficiency) of Revenues Over Expenditures	17,282,815	(3,777,679)	(1,950,991)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	343,140	95,300	2,024,922
Transfers Out	(18,085,273)	-	-
Total Other Financing Sources (Uses)	<u>(17,742,133)</u>	<u>95,300</u>	<u>2,024,922</u>
Net Change in Fund Balances	(459,318)	(3,682,379)	73,931
<b>FUND BALANCES</b>			
Beginning of Year	34,869,607	4,024,081	658,917
End of Year	<u>\$ 34,410,289</u>	<u>\$ 341,702</u>	<u>\$ 732,848</u>

See accompanying Notes to Basic Financial Statements.

Drainage and Transportation	Nonmajor Governmental Funds	Totals
\$ -	\$ 520,285	\$ 27,720,663
242,670	1,871,388	8,950,773
-	-	4,555,012
-	5,528	874,110
-	-	381,016
213,237	45,006	258,243
-	-	5,974,801
-	404,002	2,324,857
183,813	623,268	1,258,858
-	16,765	399,722
<u>639,720</u>	<u>3,486,242</u>	<u>52,698,055</u>
-	-	11,586,257
-	-	11,602,383
-	1,944,361	3,742,931
-	58,436	3,074,017
-	66,401	3,729,446
8,173,304	1,164,872	10,513,269
-	1,522,902	3,385,313
-	2,007,170	4,321,778
<u>8,173,304</u>	<u>6,764,142</u>	<u>51,955,394</u>
(7,533,584)	(3,277,900)	742,661
6,903,595	9,225,805	18,592,762
(164,349)	-	(18,249,622)
<u>6,739,246</u>	<u>9,225,805</u>	<u>343,140</u>
(794,338)	5,947,905	1,085,801
<u>16,504,044</u>	<u>4,337,265</u>	<u>60,393,914</u>
<u>\$ 15,709,706</u>	<u>\$ 10,285,170</u>	<u>\$ 61,479,715</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, 2015**

**Net Change in Fund Balances-Total Governmental Funds** \$ 1,085,801

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	\$ 10,441,102	
Depreciation Expense	<u>(8,929,991)</u>	1,511,111

Contributions of capital assets are not current financial resources and are not reflected in the governmental funds. 21,110,575

The governmental funds report proceeds received on the sale of assets. Conversely, the statement of activities report the gain or loss on the sale of assets. (302,500)

Proceeds on the sale of land held for future investment is recorded as revenue in the governmental funds. Conversely, the statement of activities reports the gain or loss on the sale of land held for investment. (196,535)

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

Property Taxes	(7,120)	
Sales Taxes	(6,947)	
Interest on Loan Receivable	(581,402)	
Development Agreement	(143,036)	
Special Assessments	<u>(840,904)</u>	(1,579,409)

(Continued)

**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, 2015**

(Concluded)

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 or resources related to pensions, and the investment experience.

Pension contributions	\$	2,663,996
Pension expense		(1,377,049)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to 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, 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.

Capital Lease Retirement	\$	250,313	
Loan Principal Retirement		725,000	
Bond Principal Retirement		2,410,000	
Interest Expense		13,812	
Amortization of Bond Premium		82,743	
Long-Term Contract		<u>376,707</u>	
			3,858,575

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			<u>(88,306)</u>
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<b>Change in Net Position of Governmental Activities</b>			<u><u>\$ 26,686,259</u></u>
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**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Business-Type Activities			
	Wastewater	Solid Waste	Water	Totals
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 14,612,357	\$ -	\$ 9,780,835	\$ 24,393,192
Receivables, Net:				
Accounts Receivable	678,940	259,535	1,618,300	2,556,775
Interest Receivable	22,053	-	16,864	38,917
Inventory	-	115,481	219,024	334,505
Prepaid Items	1,754	594	55,973	58,321
Due From Other Funds	-	-	6,243	6,243
Total Current Assets	<u>15,315,104</u>	<u>375,610</u>	<u>11,697,239</u>	<u>27,387,953</u>
Noncurrent Assets:				
Restricted Cash and Investments	3,741,774	-	5,464,947	9,206,721
Advance to Other Funds	-	-	750,000	750,000
Investment in Joint Venture	25,038,641	-	-	25,038,641
Capital Assets:				
Non-Depreciable	283,199	-	2,512,034	2,795,233
Depreciable (Net)	62,063,046	20,648	106,632,209	168,715,903
Total Noncurrent Assets	<u>91,126,660</u>	<u>20,648</u>	<u>115,359,190</u>	<u>206,506,498</u>
Total Assets	<u>106,441,764</u>	<u>396,258</u>	<u>127,056,429</u>	<u>233,894,451</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related	78,515	78,443	693,817	850,775
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	233,672	115,536	781,575	1,130,783
Accrued Wages and Benefits	9,587	8,117	76,117	93,821
Deposits Held for Others	89,802	-	894,346	984,148
Due to Other Funds	-	6,243	-	6,243
Interest Payable	617,725	-	1,044,939	1,662,664
Matured Debt Principal Payable	1,801,531	-	2,301,398	4,102,929
Compensated Absences	15,289	10,966	131,869	158,124
Loans Payable	1,893,791	-	2,388,975	4,282,766
Advance in Aid of Construction	-	-	392,320	392,320
Total Current Liabilities	<u>4,661,397</u>	<u>140,862</u>	<u>8,011,539</u>	<u>12,813,798</u>
Noncurrent Liabilities:				
Advances from Other Funds	2,250,000	505,419	-	2,755,419
Compensated Absences	5,096	3,655	43,956	52,707
Net Pension Liability	322,114	320,669	2,841,247	3,484,030
Loans Payable	28,953,733	-	75,401,972	104,355,705
Advance in Aid of Construction	-	-	1,677,477	1,677,477
Total Noncurrent Liabilities	<u>31,530,943</u>	<u>829,743</u>	<u>79,964,652</u>	<u>112,325,338</u>
Total Liabilities	<u>36,192,340</u>	<u>970,605</u>	<u>87,976,191</u>	<u>125,139,136</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	56,328	56,075	496,846	609,249
<b>NET POSITION</b>				
Net Investment in Capital Assets	57,173,479	20,648	29,283,498	86,477,625
Restricted for:				
Debt Service	2,856,084	-	3,389,380	6,245,464
Repair and Replacement	795,888	-	1,181,221	1,977,109
Unrestricted	9,446,160	(572,627)	5,423,110	14,296,643
Total Net Position	<u>\$ 70,271,611</u>	<u>\$ (551,979)</u>	<u>\$ 39,277,209</u>	<u>\$ 108,996,841</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF QUEEN CREEK, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2015**

	Business-Type Activities			
	Wastewater	Solid Waste	Water	Totals
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 4,883,202	2,000,008	\$ 16,305,204	\$ 23,188,414
<b>OPERATING EXPENSES</b>				
Administration	93,552	50,270	408,468	552,290
Cost of Sales and Services	1,869,740	1,696,710	8,183,905	11,750,355
Depreciation	1,447,463	2,950	2,429,262	3,879,675
Equity Interest in Joint Venture	439,643	-	-	439,643
Total Operating Expenses	<u>3,850,398</u>	<u>1,749,930</u>	<u>11,021,635</u>	<u>16,621,963</u>
Operating Income	1,032,804	250,078	5,283,569	6,566,451
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Impact Fees	52,447	-	-	52,447
Capacity Fee	3,915,359	-	3,917,665	7,833,024
Intergovernmental	-	-	21,200	21,200
Investment Income	161,847	1,954	123,299	287,100
Interest and Fiscal Charges	(1,198,701)	(22,235)	(2,933,067)	(4,154,003)
Total Nonoperating Revenues (Expenses)	<u>2,930,952</u>	<u>(20,281)</u>	<u>1,129,097</u>	<u>4,039,768</u>
Income Before Capital Contributions	3,963,756	229,797	6,412,666	10,606,219
Capital Contributions	<u>5,640,634</u>	<u>-</u>	<u>5,114,382</u>	<u>10,755,016</u>
Change in Net Position	9,604,390	229,797	11,183,908	21,018,095
Total Net Position - Beginning of Year, as Restated	<u>60,667,221</u>	<u>(781,776)</u>	<u>28,093,301</u>	<u>87,978,746</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 70,271,611</u>	<u>\$ (551,979)</u>	<u>\$ 39,277,209</u>	<u>\$ 108,996,841</u>

See accompanying Notes to Basic Financial Statements.

**TOWN OF QUEEN CREEK, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds			
	Wastewater	Solid Waste	Water	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 4,658,868	\$ 1,918,643	\$ 16,900,138	\$ 23,477,649
Payments to Suppliers	(2,198,316)	(1,626,737)	(6,708,153)	(10,533,206)
Payments to Employees	(234,054)	(214,068)	(2,100,828)	(2,548,950)
Customer Deposits	89,802	-	86,426	176,228
Net Cash Flows Provided by Operating Activities	<u>2,316,300</u>	<u>77,838</u>	<u>8,177,583</u>	<u>10,571,721</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Cash Provided (Used) by Other Funds for Interfund Borrowing	750,000	(237,516)	(256,243)	256,241
Interest Paid on Interfund Borrowing	-	(22,235)	-	(22,235)
Intergovernmental Receipts	-	-	21,200	21,200
Transfers Out	-	-	(343,140)	(343,140)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>750,000</u>	<u>(259,751)</u>	<u>(578,183)</u>	<u>(87,934)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of Capital Assets	(1,182,769)	(23,598)	(463,966)	(1,670,333)
Refunds of Waterline Agreements	-	-	(518,376)	(518,376)
Impact Fees	52,447	-	-	52,447
Capacity Fees	3,915,359	-	3,917,665	7,833,024
Loan Proceeds	-	-	389,354	389,354
Interest Paid on Capital Debt	(1,237,962)	-	(2,419,058)	(3,657,020)
Principal Paid on Capital Debt	(1,736,692)	-	(3,218,909)	(4,955,601)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(189,617)</u>	<u>(23,598)</u>	<u>(2,313,290)</u>	<u>(2,526,505)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	<u>157,349</u>	<u>1,954</u>	<u>117,591</u>	<u>276,894</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>3,034,032</u>	<u>(203,557)</u>	<u>5,403,701</u>	<u>8,234,176</u>
Cash and Cash Equivalents - Beginning of Year	<u>15,320,099</u>	<u>203,557</u>	<u>9,842,081</u>	<u>25,365,737</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 18,354,131</u>	<u>\$ -</u>	<u>\$ 15,245,782</u>	<u>\$ 33,599,913</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Cash and Cash Equivalents	\$ 14,612,357	\$ -	\$ 9,780,835	\$ 24,393,192
Restricted Cash and Cash Equivalents	3,741,774	-	5,464,947	9,206,721
Total Cash and Cash Equivalents	<u>\$ 18,354,131</u>	<u>\$ -</u>	<u>\$ 15,245,782</u>	<u>\$ 33,599,913</u>

(Continued)

**TOWN OF QUEEN CREEK, ARIZONA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Fund			
	Wastewater	Solid Waste	Water	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income	\$ 1,032,804	\$ 250,078	\$ 5,283,569	\$ 6,566,451
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	1,447,463	2,950	2,429,262	3,879,675
Equity Interest in Joint Venture	439,643	-	-	439,643
Adjustment for Pension Expense	13,399	9,890	102,592	125,881
Change in Assets/Liabilities:				
Receivables, Net	(224,334)	(81,365)	594,934	289,235
Inventory	-	(115,481)	(219,024)	(334,505)
Prepaid Items	(1,728)	(568)	(54,511)	(56,807)
Accounts Payable	(479,112)	19,065	(8,914)	(468,961)
Deposits Held for Others	89,802	-	86,426	176,228
Compensated Absences	5,596	133	28,942	34,671
Accrued Payroll	(7,233)	(6,864)	(65,693)	(79,790)
Net Cash Provided by Operating Activities	<u>\$ 2,316,300</u>	<u>\$ 77,838</u>	<u>\$ 8,177,583</u>	<u>\$ 10,571,721</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Capital Assets Acquired through Contributions from Developers	<u>\$ 5,640,634</u>	<u>\$ -</u>	<u>\$ 5,073,258</u>	<u>\$ 10,713,892</u>
Capital Contributions Associated with Advances in Aid of Construction	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,124</u>	<u>\$ 41,124</u>

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**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 more significant accounting policies follows.

During the year ended June 30, 2015, the Town adopted GASB No. 68 and GASB No.71. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, both of which provides financial reporting guidance for reporting pension liabilities and expenses.

**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 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 instead 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 financial statements.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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. However, since 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 have been 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.

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.

The Town reports the following major governmental 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.

Emergency Services Fund

This is a special revenue fund which accounts for committed voter approved sales and restricted property taxes for the operation of emergency services in the Town.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

*Major Governmental Funds (Continued)*

Improvement District Debt Service Fund

This fund accounts for resources accumulated and used for the payment of long-term principal, interest and related costs for the Town's improvement district.

Drainage and Transportation Fund

This is a capital projects fund which accounts for resources accumulated and used for acquisition and construction of various Town infrastructures.

The Town reports the following major proprietary funds:

*Major Proprietary Funds*

Wastewater Fund

The Wastewater Fund accounts for the costs to operate, construct, and finance the Town's wastewater treatment facilities.

Solid Waste Fund

The Solid Waste Fund accounts for the costs to operate, construct, and finance the Town's trash and recycling operations.

Water Fund

The Water Fund accounts for the costs to operate, construct, and finance the Town's water utility operations.

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.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

For governmental activities, business-type activities, and proprietary funds, when both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. 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 and unassigned are available, it is the Town's policy to use committed, assigned and finally unassigned amounts.

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

**1. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool and that pool's structure does not provide for shares.

**2. Receivables**

All trade and property taxes receivables are shown net of an allowance for uncollectibles. Governmental activities reported an allowance of \$165,208.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**2. Receivables (Continued)**

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.

**3. Intergovernmental Receivables**

Intergovernmental receivables include state shared revenues and federal and state grants.

**4. 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 and are eliminated in the preparation of the government-wide 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" and are eliminated in the preparation of the government-wide financial statements.

**5. 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.

**6. 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.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**7. Restricted Assets**

As required by applicable bond and loan documents, certain resources are set aside for debt service requirements on bonds and loans and the repair and replacement of utility infrastructure. In addition, certain resources are set aside for the Town's contribution to the operations and maintenance of the joint water reclamation plant with the City of Mesa, Arizona and the Town of Gilbert, Arizona.

Customer deposits, impact fees and developer payments for the construction of future infrastructure are also recorded as restricted assets because their use is limited.

**8. Capital Assets**

Capital assets, which include property, plant, infrastructure, 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 more than \$10,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market 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 all assets is provided 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
Wastewater Collection System	50 Years
Water System	50 Years

**9. Deferred Outflows of Resources**

The Town recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions under GASB 68.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**10. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, accumulated 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. Generally, resources from the General Fund are used to liquidate the governmental funds liabilities for compensated absences.

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. Every year, the excess above 240 is paid out to the employee. The employee is compensated at their current rate of pay.

**11. 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.

**12. Pension Plans**

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.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**13. Deferred Inflows of Resources**

The Town recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for pensions under GASB 68.

**14. 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 account 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.

**15. 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. Spendable fund balances include restricted, committed, assigned and unassigned fund balance classifications.

The nonspendable fund balance classification 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.

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.

The 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.

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.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)**

**15. Fund Balance Classifications (Continued)**

The 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 are available, the Town uses committed, assigned and finally, unassigned amounts.

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

**A. Deficit Fund Balance/Net Position**

At year-end, the Solid Waste Fund reported a deficit in net position of \$551,979. The deficit in the Solid Waste Fund was due to operational deficits caused from the initial purchase of trash containers being expensed against operating revenue in the start-up year (2010). The deficit is expected to be eliminated within three years.

**B. Excess of Expenditures over Appropriations**

Expenditures exceeded appropriations in the following fund:

	<u>Amount of Overexpenditure</u>
General Fund:	
Non-Departmental	\$ 298,528

Cash was available to cover the overexpenditure.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits and Investments**

Deposits and investments at June 30, 2015 consist of the following:

Deposits:	
Cash on Hand	\$ 3,250
Cash in Bank	15,136,220
Investments:	
Money Market	10,046,859
Federal Home Loan Mortgage Corporation	20,753,132
Federal Home Loan Bank	9,176,655
Federal National Mortgage Association	19,255,173
Federal Farm Credit Bank	6,484,915
State Treasurer's Investment Pool	15,433,077
Total Deposits and Investments	96,289,281
Less Restricted Assets	(32,738,859)
Cash and Investments on Statement of Net Position	\$ 63,550,422

**Deposits**

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of bank failure the Town's deposits may not be returned to the Town. The Town does not have a formal policy regarding custodial credit risk. The carrying value of the Town's deposits at June 30, 2015 was \$15,136,220 and the bank balance was \$14,998,509. At June 30, 2015, \$393,085 of the Town's deposits was covered by federal depository insurance. The remaining \$14,605,424 was collateralized by securities held by the Town's agent in the Town's name.

**Investments**

At June 30, 2015, the Town's investments were reported at fair value. The Town's investments consisted of money market, Federal Home Loan Mortgage Corporation securities, Federal National Mortgage Association Securities, Federal Farm Credit Bank, Corporate Bonds, and cash on deposit with the State Treasurer's Investment Pool.

*Custodial Credit Risk* – For an investment, this 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 in the State Treasurer's investment pool represents a 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.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

*Interest Rate Risk* – The Town has a formal investment policy that identifies the return on investment as follows: The investment pools and funds shall be managed with the objective of attaining a competitive rate of return given the constraints of the Town’s safety and liquidity objectives. Return on investment is of secondary importance compared to the safety and liquidity objectives. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

As indicated, the Town’s investments are reported at fair value as of June 30, 2015. The fair value of Town investments increased as of June 30, 2015 representing an unrealized gain calculated as if all Town investments were sold as of this date which of course is not the case. A schedule of the Town’s investment maturities is as follows:

Investment	Maturity			Total
	Less than 1 Year	1-3 Years	More than 3 Years	
Money Market	\$ 10,046,859	\$ -	\$ -	\$ 10,046,859
Federal Home Loan Mortgage Corporation	-	8,157,287	12,595,845	20,753,132
Federal Home Loan Bank	4,193,080	4,983,575	-	9,176,655
Federal National Mortgage Association	-	19,255,173	-	19,255,173
Federal Farm Credit Bank	-	4,488,835	1,996,080	6,484,915
State Treasurer's Investment Pool	15,433,077	-	-	15,433,077
Total	<u>\$ 29,673,016</u>	<u>\$ 36,884,870</u>	<u>\$ 14,591,925</u>	<u>\$ 81,149,811</u>

*Concentration of Credit Risk* – The Town places no limit on the amount the Town may invest in any one issuer. The concentration of investment types is indicated in the table below.

Investment	Total	Percent
Money Market	\$ 10,046,859	12 %
Federal Home Loan Mortgage Corporation	20,753,132	26
Federal Home Loan Bank	9,176,655	11
Federal National Mortgage Association	19,255,173	24
Federal Farm Credit Bank	6,484,915	8
State Treasurer's Investment Pool	15,433,077	19
Total	<u>\$ 81,149,811</u>	

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits and Investments (Continued)**

*Credit Risk* – In accordance with the state statutes, the Town limits its investments to obligations of the U.S. Treasury and U.S. agencies, certificates of deposit in eligible depositories, repurchase agreements, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state and the State Treasurer’s Local Government Investment Pool.

Investment	Amount	Ratings	
		Moody's	S&P
Federal Home Loan Mortgage Corp	\$ 2,175,522	Aaa	AA+
Federal Home Loan Mortgage Corp	3,485,265	Aaa	AA+
Federal Home Loan Mortgage Corp	2,496,500	Aaa	AA+
Federal Home Loan Mortgage Corp	6,611,735	Aaa	AA+
Federal Home Loan Mortgage Corp	2,498,400	Aaa	AA+
Federal Home Loan Mortgage Corp	2,488,150	Aaa	AA+
Federal Home Loan Mortgage Corp	997,560	Not Rated	AA+
Federal National Mortgage Association	1,490,265	Aaa	AA+
Federal National Mortgage Association	2,004,120	Aaa	AA+
Federal National Mortgage Association	3,495,730	Aaa	AA+
Federal National Mortgage Association	2,999,730	Aaa	AA+
Federal National Mortgage Association	2,289,558	Aaa	AA+
Federal National Mortgage Association	2,002,400	Aaa	AA+
Federal National Mortgage Association	1,987,680	Aaa	AA+
Federal National Mortgage Association	2,985,690	Aaa	AA+
Federal Home Loan Bank	4,193,080	A2	A
Federal Home Loan Bank	501,700	Aaa	AA+
Federal Home Loan Bank	2,491,575	Aaa	AA+
Federal Home Loan Bank	1,990,300	Aaa	AA+
Federal Farm Credit Bank	2,495,175	Aaa	AA+
Federal Farm Credit Bank	1,993,660	Aaa	AA+
Federal Farm Credit Bank	1,996,080	Aaa	AA+
Money Market	10,046,859	Not Rated	Not Rated
State Treasurer's Investment Pool 7	15,433,077	Not Rated	AA+

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Restricted Assets**

Restricted assets in the General Fund, Wastewater Fund and the Water Fund at June 30, 2015 consisted of the following:

	General Fund	Drainage and Transportation Fund	Nonmajor Governmental Funds	Wastewater Fund	Water Fund	Total
Loan Debt Service Reserve Requirement	\$ -	\$ -	\$ -	\$ 2,856,084	\$ 3,389,380	\$ 6,245,464
Loan Repair and Replacement Reserve Requirement	-	-	-	795,888	1,181,221	1,977,109
Customer Deposits	-	-	-	89,802	894,346	984,148
Development Impact Fees	12,714,124	-	-	-	-	12,714,124
Future Construction	-	10,510,580	164,349	-	-	10,674,929
Employment Deposits	143,085	-	-	-	-	143,085
Total	<u>\$ 12,857,209</u>	<u>\$ 10,510,580</u>	<u>\$ 164,349</u>	<u>\$ 3,741,774</u>	<u>\$ 5,464,947</u>	<u>\$ 32,738,859</u>

**3. Receivables**

Property taxes are recognized as revenues in the fiscal year they are levied in the government-wide financial statements 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 collected are reported as unavailable revenues.

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

	Unavailable	Unearned
General Fund:		
Delinquent Sales Tax Receivable	\$ 495,623	\$ -
Emergency Services Fund:		
Delinquent Property Tax Receivable	63,322	-
Improvement District Debt Service Fund:		
Special Assessments Not yet Received	20,428,891	-
Drainage and Transportation Fund:		
Development Agreement	369,509	-
Intergovernmental Agreement	-	1,780,765
Nonmajor Governmental Funds:		
Delinquent Property Tax Receivable	4,889	-
Totals	<u>\$ 21,362,234</u>	<u>\$ 1,780,765</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Loans Receivable**

Based on a Joint Powers Airport Authority Agreement (Agreement) entered into in May 1994, the Town is a member government of the Phoenix-Mesa Gateway Airport Authority (PMGAA) along with the City of Mesa, Arizona, the Town of Gilbert, Arizona, the City of Phoenix, Arizona and the Gila River Indian Community. PMGAA is legally separate from other state and local governments, overseen by a five-person board comprised of a representative from each member government, and is not a component unit of the Town.

Based on the prior Agreement, all payments made to PMGAA by members were considered loans to be repaid by PMGAA. The intent of the members in providing funds to PMGAA is to invest in the operation and development of the airport for the benefit of the citizens of their communities.

The Federal Aviation Administration has established a “six year rule” limiting retroactive reimbursement of contributions unless appropriate documented agreements are in place. In order to maintain the Town’s right to repayment of its contributions, formal promissory notes have been drawn up stating that previous and future payments are to be repaid in the year 2020 or at such later time as PMGAA’s Board of Directors deems appropriate. The promissory notes have a stated interest rate of 3%, compounded annually.

During fiscal year 2015, the Joint Powers Authority agreement with the Phoenix-Mesa Gateway Airport Authority was restated and a loan cancellation agreement was approved by the PMGAA members. At June 30, 2015 the loan balance is no longer deemed collectible and has been written off. Contributions made by the Town in future years will be recognized as economic development expenditures.

Changes in loans receivable for the current fiscal year are as follows:

	Beginning of Year	Additions	Reductions	End of Year	Due within One Year
Loans Receivable from WGAA	\$ 1,945,070	\$ -	\$ (1,945,070)	\$ -	\$ -
Accrued Interest on Loans	581,402	-	(581,402)	-	-
Total	<u>\$ 2,526,472</u>	<u>\$ -</u>	<u>\$ (2,526,472)</u>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**5. Capital Assets**

Capital asset activity for the primary government's governmental activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 41,637,910	\$ 1,260,839	\$ -	\$ 42,898,749
Construction in Progress	6,196,648	9,358,596	(2,634,510)	12,920,734
Total Capital Assets, Not Being Depreciated	47,834,558	10,619,435	(2,634,510)	55,819,483
Capital Assets, Being Depreciated:				
Infrastructure	215,683,631	22,101,216	-	237,784,847
Buildings and Improvements	30,103,508	233,119	-	30,336,627
Vehicles, Furniture and Equipment	9,195,341	1,232,417	(708,367)	9,719,391
Total Capital Assets, Being Depreciated	254,982,480	23,566,752	(708,367)	277,840,865
Accumulated Depreciation for:				
Infrastructure	(42,860,703)	(7,695,968)	-	(50,556,671)
Buildings and Improvements	(5,258,137)	(658,958)	-	(5,917,095)
Vehicles, Furniture and Equipment	(5,155,106)	(575,065)	405,914	(5,324,257)
Total Accumulated Depreciation	(53,273,946)	(8,929,991)	405,914	(61,798,023)
Total Capital Assets, Being Depreciated, Net	201,708,534	14,636,761	(302,453)	216,042,842
Governmental Activities Capital Assets, Net	\$ 249,543,092	\$ 25,256,196	\$ (2,936,963)	\$ 271,862,325

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**5. Capital Assets (Continued)**

Capital assets activity for the primary government's business-type activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,805,210	\$ -	\$ -	\$ 1,805,210
Construction in Progress	1,760,423	2,663,748	(3,434,148)	990,023
Total Capital Assets, Not Being Depreciated	3,565,633	2,663,748	(3,434,148)	2,795,233
Capital Assets, Being Depreciated:				
Wastewater Collection System	66,019,420	7,019,826	-	73,039,246
Water System	110,052,102	6,431,001	(1,204,716)	115,278,387
Vehicles, Furniture and Equipment	1,707,810	933,109	(68,719)	2,572,200
Total Capital Assets, Being Depreciated	177,779,332	14,383,936	(1,273,435)	190,889,833
Accumulated Depreciation for:				
Wastewater Collection System	(9,977,464)	(1,412,465)	-	(11,389,929)
Water System	(7,416,260)	(2,242,918)	19,559	(9,639,619)
Vehicles, Furniture and Equipment	(944,655)	(224,292)	24,565	(1,144,382)
Total Accumulated Depreciation	(18,338,379)	(3,879,675)	44,124	(22,173,930)
Total Capital Assets, Being Depreciated, Net	159,440,953	10,504,261	(1,229,311)	168,715,903
Business-Type Activities Capital Assets, Net	<u>\$ 163,006,586</u>	<u>\$ 13,168,009</u>	<u>\$ (4,663,459)</u>	<u>\$ 171,511,136</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General Government	\$ 809,252
Public Safety	197,151
Highways and Streets	7,352,918
Culture and Recreation	570,670
Total Depreciation Expense, Governmental Activities	<u>\$ 8,929,991</u>

**Business-Type Activities:**

Wastewater	\$ 1,447,463
Solid Waste	2,950
Water	2,429,262
Total Depreciation Expense, Business-Type Activities	<u>\$ 3,879,675</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**6. Land Held for Future Investment**

In prior years, the Town acquired a 16 acre parcel of land in settlement of a special assessment receivable with the property owner. In addition, the Town also purchased an adjacent parcel of land for \$806,768. The parcels are located in a commercial area of the Town. The Town does not intend to use the property for government services purposes, but rather intends to use the properties for investment into economic development of the land. During 2015, the Town sold one acre in the Town Center for \$585,000, resulting in a gain of \$369,000. The total amount of the assets being held of \$3,754,791 is recorded as noncurrent assets in the governmental activities column of the statement of net position.

**B. Interfund Receivables, Payables and Transfers**

As of June 30, 2015 advances to and from funds were as follows:

	Advances From			
Advances to	General Fund	Drainage and Transportation Fund	Water Fund	Total
General Fund	\$ -	\$ 625,500	\$ -	\$ 625,500
Solid Waste Fund	505,419	-	-	505,419
Wastewater Fund	1,500,000	-	750,000	2,250,000
Total	\$ 2,005,419	\$ 625,500	\$ 750,000	\$ 3,380,919

Interfund advances were loans for start-up of operations for solid waste services and the Horseshoe Park and Equestrian Center. These loans are scheduled to be repaid over a ten year period as resources are available from the applicable funds. As part of a debt restructuring agreement with WIFA, the Town has agreed to provide a loan from the Water Fund to the Sewer Fund in the amount of \$1,000,000 with a repayment over a ten year term at a 3.36% interest rate. The loan shall be disbursed from the Water Fund in \$250,000 installments which began in fiscal year 2013. In addition, the General Fund will loan the Wastewater Fund \$1,500,000 to be repaid over a ten year term at 3.36% interest rate. The loan shall be disbursed from the General Fund in \$500,000 installments which began in fiscal year 2013.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Interfund Receivables, Payables and Transfers (Continued)**

Interfund transfers for the year ended June 30, 2015 consisted of the following:

Transfers Out	Transfers In					Total
	General Fund	Emergency Services Fund	Improvement District Debt Service Fund	Drainage and Transportation Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 95,300	\$ 2,024,922	\$ 6,903,595	\$ 9,061,456	\$ 18,085,273
Drainage and Transportation	-	-	-	-	164,349	164,349
Water Fund	343,140	-	-	-	-	343,140
	<u>\$ 343,140</u>	<u>\$ 95,300</u>	<u>\$ 2,024,922</u>	<u>\$ 6,903,595</u>	<u>\$ 9,225,805</u>	<u>\$ 18,592,762</u>

Interfund transfers were made by the Town during the fiscal year to fund debt service and capital projects as well as support operations in the various funds.

As of June 30, 2015 due to and from funds were as follows:

Due From	Due To
	Water Fund
Solid Waste Fund	<u>\$ 6,243</u>

The above interfund receivables and payables are recorded to eliminate deficit cash balances for cash received immediately following the fiscal year end.

**C. Obligations Under Capital Leases**

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

The assets acquired through capital leases that meet the Town's capitalization threshold are as follows:

Asset:	Governmental Activities
Vehicles, Furniture and Equipment	\$ 2,687,249
Less: Accumulated Depreciation	(1,085,865)
Total	<u>\$ 1,601,384</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Obligations Under Capital Leases (Continued)**

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30:	Governmental Activities
2016	\$ 282,874
2017	277,094
2018	277,094
2019	103,776
2020	93,577
2021	77,437
Total Minimum Lease Payments	1,111,852
Less: Amount Representing Interest	(102,877)
Present Value of Minimum Lease Payments	\$ 1,008,975

**D. Advances in Aid of Construction**

The Town purchased water companies in fiscal year 2008 and 2014. Included in the purchases was the assumption of unearned advances in aid of construction. These are contracts with various property owners who advanced payment to the water company for the cost of extended water lines to their property. As part of the contracts, the Town is required to remit to the property owners, on an annual basis, 15% of additional water sales earned on the line extension paid for by the owner for a period of years indicated in the contract or until the cost of the line extension has been repaid by 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. The Town recognized a capital contribution of \$41,124 in the current year. At year-end, the Town has \$2,069,797 of outstanding unearned advances in aid of construction.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations**

Special assessments districts are created only by petition of the Town Council by property owners within the district areas. The Improvement District No. 1 (District) was created so the Town could fund improvements within the District. Each of the property owners within the District has been assessed taxes by the Town for repayment of the bond. In case of default, the Town has the responsibility to cover delinquencies of special assessment bonds with other sources until foreclosure proceeds are received. The Town has pledged special assessment revenues to repay \$54.1 million in special assessment bonds issued in 2007 to finance certain infrastructure improvements. The bonds are payable from special assessments levied on property owners within the improvement district and transfers from Town funds for property within the District owned by the Town. Annual principal and interest payments on the loans are estimated to require all special assessment revenues as well as additional interfund transfers from the General Fund and Drainage and Transportation Fund. Total principal and interest remaining on the bonds is \$65,522,625 payable through 2032. For the current year, principal and interest paid and special assessment revenues for the fiscal year were \$3,876,500 and \$1,920,855.

The Town has loans with the Greater Arizona Development Authority (GADA) to finance improvements to the Town's parks, government buildings, infrastructure, and library. The GADA loans are secured by all future excise tax and state shared revenue of the Town and are being paid by the Wastewater Fund and the Town's various development funds. Annual principal and interest payments on loans are estimated to require 11% of excise tax and state shared revenues. Total principal and interest remaining on the loans is \$26,898,503 for governmental activities, payable through 2023, 2029, 2030 and 2036, and \$5,339,900 for business-type activities, payable through 2028. For the current year, principal and interest paid was \$1,614,256 for governmental activities and \$153,263 for business-type activities. For the current year, total excise tax and state shared revenues were \$29,103,460.

The Town issued \$3,845,000 of GADA Infrastructure Revenue Refunding Bonds, Series 2014A with an interest rate ranging 2.00-5.00% to refund \$4,210,000 of Series 2003B GADA Infrastructure Revenue Loans with an interest rate of 4.66%. As a result of the current refunding, the Town will reduce its total debt service payments over the next fifteen years by \$460,585 and obtain an economic gain of approximately \$450,853.

The Town has issued \$27.1 million in revenue bonds in 2007 to finance various improvements to the Town. The revenue bonds are secured by all excise taxes and state shared revenues of the Town. Annual principal and interest payments on the bonds and loans are estimated to require 11% of excise tax and state shared revenues. Total principal and interest remaining on the revenue bonds is \$33,764,013 payable through 2032. For the current year, principal and interest paid on the revenue bonds was \$1,891,600. For the current year, total excise tax and state shared revenues were \$29,103,460.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

The Town has various wastewater revenue loans with the Water Infrastructure Finance Authority of Arizona (WIFA). The loans are being drawn as required by the Town. The debt is secured by all future wastewater revenue of the Town. The Town has pledged a portion of future wastewater customer revenue, net of specified operating expenses, to repay a \$38.4 million in WIFA loans issued in 1998 and 2005. Proceeds from the loans provided financing for development of the Town's wastewater system and investment in a joint reclamation plant. The loans are payable from wastewater customer net revenues and are payable through 2018 and 2028. Annual principal and interest payments on the loans are estimated to require 64% of net revenues. The total principal and interest remaining to be paid on the loans is \$33,813,046. For the current year, principal and interest paid and wastewater customer net revenue for the fiscal year was \$2,856,085 and \$7,049,563, respectively.

The Town has pledged future water customer revenues, net of specified operating expense, to repay a \$40.0 million WIFA loan issued in fiscal year 2008. Proceeds from the loan provided financing for the purchase of a local water company and improvements to the infrastructure acquired. The loan is payable from water customer net revenues and is payable through 2028. Annual principal and interest payments on the loans are estimated to require 55% of net revenues. The total principal and interest remaining to be paid on the loan is \$38,389,672. For the current year, principal and interest paid and water customer net revenues for the fiscal year were \$2,953,052 and \$11,774,995, respectively.

During fiscal year 2014, the Town pledged future water customer revenues, net of specified operating expense to repay a \$16.0 million WIFA loan. Proceeds from the loan provided financing for the purchase of a local water company and improvements to the infrastructure acquired. The loan is payable from water customer net revenues and is payable through 2033. Annual principal and interest payments on the loans are estimated to require 55% of net revenues. The total principal and interest remaining to be paid on the loan is \$19,634,793. For the current year, principal and interest paid and water customer net revenues for the fiscal year were \$1,090,822 and \$11,774,995, respectively.

On November 1, 2013 the Town issued Subordinate Lien Water System Revenue Obligations Series 2013 totaling \$19,425,088 with a stated interest rate of 8% and an effective interest rate of 3.154%. Proceeds from the revenue obligation provided financing for the purchase of a water company. The obligation is payable from water customer net revenues and is payable through 2043. The total principal and interest remaining to be paid on the loan is \$37,311,266. For the current year, principal and interest paid and water customer net revenues for the fiscal year were \$1,073,761 and \$11,774,995, respectively.

Compensated absences are paid by the applicable fund where each employee is regularly paid, primarily the General Fund.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

The following tables summarize the Town's loans/bonds payable.

Description	Original Issue	Maturity	Interest Rate (%)	Outstanding at June 30, 2015
<b>Governmental Activities</b>				
Excise Tax and State Shared				
Revenue Obligations, Series 2007	\$ 27,135,000	8/1/15-32	4.25-5.00%	\$ 22,415,000
Special Assessment, Improvement District Bonds	54,080,000	1/1/15-32	5.00%	44,185,000
GADA Infrastructure Revenue Loan, Series 2004B	7,700,000	7/1/15-29	4.00-5.50%	5,275,000
GADA Infrastructure Revenue Loan, Series 2005B	2,470,000	8/1/15-30	3.50-5.00%	1,815,000
GADA Infrastructure Revenue Loan, Series 2006A	11,555,000	7/1/15-36	4.00-5.00%	9,550,000
GADA Infrastructure Revenue Loan, Series 2008	2,045,000	8/1/15-23	4.00-5.00%	1,145,000
Total Governmental Loans Payable				<u>\$ 84,385,000</u>
<b>Business-Type Activities</b>				
WIFA Loan, 1998	\$ 4,400,000	7/1/15-18	3.88%	\$ 922,322
WIFA Loan, 2005	34,000,000	7/1/15-25	3.71%	25,674,757
WIFA Loan, 2008	40,000,000	7/1/15-28	4.04%	29,419,638
WIFA Loan, 2014	16,000,000	1/1/15-33	4.25%	14,712,289
GADA Infrastructure Revenue Loan, Series 2014A	3,845,000	8/1/15-28	2.00-5.00%	3,845,000
Revenue Obligation Indenture, Series 2013	19,425,088	5/1/15-43	8.00%	19,425,088
Total Business-Type Loans Payable				<u>\$ 93,999,094</u>

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due within One Year
<b>Governmental Activities:</b>					
Bonds/Loans Payable					
Excise Tax Revenue Bonds	\$ 23,195,000	\$ -	\$ (780,000)	\$ 22,415,000	\$ 815,000
Special Assessment Bonds	21,533,050	-	(766,100)	20,766,950	803,700
Special Assessment Bonds - Town Owned Property	24,281,950	-	(863,900)	23,418,050	906,300
GADA Loan Payable	18,510,000	-	(725,000)	17,785,000	760,000
Premium on Bonds	1,536,956	-	(82,743)	1,454,213	-
Total Bonds and Loans	<u>89,056,956</u>	<u>-</u>	<u>(3,217,743)</u>	<u>85,839,213</u>	<u>3,285,000</u>
Other Liabilities:					
Long-Term Contract	753,415	-	(376,707)	376,708	188,354
Capital Leases	1,259,288	-	(250,313)	1,008,975	243,374
Compensated Absences	827,045	713,011	(624,705)	915,351	686,513
Total Governmental Activities	<u>\$ 91,896,704</u>	<u>\$ 713,011</u>	<u>\$ (4,469,468)</u>	<u>\$ 88,140,247</u>	<u>\$ 4,403,241</u>
<b>Business-Type Activities:</b>					
Loans Payable					
WIFA Loans Payable	\$ 74,442,581	\$ 389,354	\$ (4,102,929)	\$ 70,729,006	\$ 4,257,766
GADA Loans Payable	3,845,000	-	-	3,845,000	25,000
Revenue Obligation Indenture	19,425,088	-	-	19,425,088	-
Premiums	15,177,159	-	(537,782)	14,639,377	-
Total Loans	<u>112,889,828</u>	<u>389,354</u>	<u>(4,640,711)</u>	<u>108,638,471</u>	<u>4,282,766</u>
Other Liabilities:					
Advances in Aid of Construction	2,629,297	-	(559,500)	2,069,797	392,320
Compensated Absences	176,160	163,646	(128,975)	210,831	158,124
Total Business-Type Activities	<u>\$ 115,695,285</u>	<u>\$ 553,000</u>	<u>\$ (5,329,186)</u>	<u>\$ 110,919,099</u>	<u>\$ 4,833,210</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

Annual debt service requirements to maturity on governmental loans and bonds payable at June 30, 2015 are summarized as follows.

<u>Years</u>	Governmental Activities			
	Bonds and Loans		Capital Leases	
	Principal	Interest	Principal	Interest
2016	\$ 3,285,000	\$ 4,101,233	\$ 243,374	\$ 39,500
2017	3,430,000	3,940,358	247,744	29,350
2018	3,600,000	3,769,464	258,288	18,806
2019	3,785,000	3,590,751	95,988	7,788
2020	3,960,000	3,406,136	88,604	4,973
2021-2025	22,550,000	13,872,461	74,977	2,460
2026-2030	27,570,000	7,677,113	-	-
2031-2035	15,505,000	1,407,625	-	-
2036-2037	700,000	35,000	-	-
Totals	<u>\$ 84,385,000</u>	<u>\$ 41,800,141</u>	<u>\$ 1,008,975</u>	<u>\$ 102,877</u>

Debt service requirements on business-type activities long-term debt at June 30, 2015, including \$96,859 in future WIFA draws available, are summarized as follows.

<u>Years</u>	Business-Type Activities	
	Bonds and Loans	
	Principal	Interest
2016	\$ 4,282,766	\$ 3,880,124
2017	4,643,482	3,695,427
2018	4,810,303	3,496,467
2019	4,671,855	3,286,588
2020	5,114,437	3,084,279
2021-2025	28,825,437	12,080,999
2026-2030	23,669,085	5,894,737
2031-2035	6,711,011	2,904,964
2036-2040	5,340,438	1,641,141
2041-2044	6,027,139	427,998
Totals	<u>\$ 94,095,953</u>	<u>\$ 40,392,724</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Lease of Town Property**

The Town leases land to various third parties. Annual rental revenue from the lease is recognized in the General Fund. The future minimum payments required under the leases at June 30, 2015 are as follows:

Year Ended June 30,	Amount
2016	\$ 146,328
2017	150,709
2018	155,241
2019	159,899
2020	164,697
2021 - 2025	539,720
2026 - 2030	297,174
2031 - 2035	184,024
	\$ 1,797,792

**G. Fund Balance Classifications of Governmental Funds**

The Town has classified its fund balances as follows:

	General Fund	Emergency Services Fund	Improvement District Debt Service Fund	Drainage and Transportation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>						
<b>Nonspendable:</b>						
Advances to Other Funds	\$ 2,005,419	\$ -	\$ -	\$ -	\$ -	\$ 2,005,419
Prepaid Items	90,791	10,532	625	-	1,510	103,458
Total Nonspendable	2,096,210	10,532	625	-	1,510	2,108,877
<b>Restricted:</b>						
Park Development	5,163,608	-	-	-	-	5,163,608
Town Building Development	1,506,603	-	-	-	-	1,506,603
Transportation Development	1,575,971	-	-	-	-	1,575,971
Library Development	952,676	-	-	-	-	952,676
Public Safety Development	1,084,074	-	-	-	-	1,084,074
Fire Development	1,737,544	-	-	-	-	1,737,544
Future Development	-	-	-	8,729,814	164,349	8,894,163
Street Lighting Districts	-	-	-	-	54,688	54,688
Streets and Transportation	-	-	-	-	2,893,598	2,893,598
Housing Rehabilitation	-	-	-	-	43,162	43,162
Parks and Community	-	-	-	-	72,850	72,850
Total Restricted	12,020,476	-	-	8,729,814	3,228,647	23,978,937
<b>Committed:</b>						
Emergency Services	-	331,170	-	-	-	331,170
Infrastructure Projects	-	-	-	6,979,892	4,598,811	11,578,703
Town Center	-	-	-	-	2,456,202	2,456,202
Total Committed	-	331,170	-	6,979,892	7,055,013	14,366,075
<b>Assigned:</b>						
Debt Service	-	-	732,223	-	-	732,223
<b>Unassigned:</b>	20,293,603	-	-	-	-	20,293,603
<b>Total Fund Balance</b>	\$ 34,410,289	\$ 341,702	\$ 732,848	\$ 15,709,706	\$ 10,285,170	\$ 61,479,715

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Change in Accounting Principle**

During the year ended June 30, 2015, the Town of Queen Creek, Arizona adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*. These pronouncements require the restatement of the June 30, 2014, net position of the governmental activities, business-type activities and enterprise funds as shown as follows:

	Net Position as Previously Stated	Cumulative Affect of Application of GASB 68 Net Pension Liability	Cumulative Affect of Application of GASB 71 Deferred Outflow of Resources for Town Contributions Made During 2013-14	Net Position As Restated
Governmental Activities	\$ 244,463,198	\$ (11,523,815)	\$ 1,032,899	\$ 233,972,282
Business Type Activities	91,095,369	(3,343,757)	227,134	87,978,746
Wastewater	60,953,749	(307,409)	20,881	60,667,221
Solid Waste	(493,365)	(309,430)	21,019	(781,776)
Water	30,634,985	(2,726,918)	185,234	28,093,301

**NOTE 4 OTHER INFORMATION**

**A. Joint Venture**

The Town participates in a joint water reclamation plant with the City of Mesa, Arizona and the Town of Gilbert, Arizona. The water reclamation plant began operations in fiscal year 2006-07. 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, 2015 was \$25,038,641 and it is recorded 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.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**B. Risk Management**

The Town of Queen Creek, Arizona, 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.

**C. 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 BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**D. Construction Commitments**

The Town had major contractual commitments related to various capital projects at June 30, 2015, for the construction of various site improvements. At June 30, 2015, the Town had remaining contractual commitments with contractors of \$11,653,741. The Town's commitments with contractors were as follows:

Project	Commitment	
	Governmental Activities	Business-Type Activities
Ocotillo Road: Loop To Loop	\$ 242,765	\$ -
Ellsworth: Rittenhouse To Ocotillo	505,448	-
Ocotillo @ UPRR	263,089	-
Ocotillo Rd:Recker To Power	408,651	-
Ocotillo Crismon To 218Th	158,929	-
Ellsworth Ryan To Germann	251,997	-
Rittenhouse Rd W. Of Vestar	5,357,140	-
Ellsworth @ Queen Creek	240,801	-
Chandler Heights @ Sossaman	64,394	-
Cloud @ Rittenhouse	7,732	-
Germann @ Sossaman	37,771	-
Town Entry Monuments	87,229	-
Transportation Master Plan	150,000	-
Public Safety Admin & Fire Station #1	2,327,951	-
Aldecoa Parking Lot Improvements	24,789	-
Ellsworth: Rittenhouse to south of Queen Creek	2,768	-
Splash Pad	100,897	-
Queen Creek Wash	1,939	-
Desert Mountain Park Stage	836	-
Power Rd - Lift Station To Ocotillo	-	21,044
Power Rd Sewer Line Extension	-	6,300
RWCD Reclaimed Water Connection	-	16,750
RWCD Tie In	-	236,647
Ellsworth Rd: Ryan to Germann	-	13,012
Sewer Water Extension Riggs to Meridian	-	4,400
Orchard Ranch Booster	-	18,050
Sossaman Wells	-	874,431
Cloud Rd: Power To Sossaman	-	7,470
Water Master Plan	-	2,500
Ryan Rd Water Line Replacement/HDPE	-	7,550
H2O Innerconnection #1 QC & Meridian	-	11,064
H2O Innerconnection #2 Ocot 7 Signa	-	2,342
H2O Interconnect #3	-	4,130
H2O Interconnect #4 Combs & Meridian	-	10,930
Church Farms Secondary Well	-	64,254
Ironwood Secondary Well	-	29,260
Shea Secondary Well	-	24,000
QC Plaza Down Town	-	13,650
Kenworthy Rd Water Line Relocation	-	5,240
Orchard Ranch Power Serv. Upgrade	-	5,700
Schnepf Well Power & VFD Upgrade	-	6,300
PRV Ocotillo And Fulton Dr.	-	20,400
Encanterra/Shea Line Install	-	13,190
	<u>\$ 10,235,128</u>	<u>\$ 1,418,613</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans**

**Cost-Sharing and Agent Multiple Employer Pension Plans**

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

At June 30, 2015, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net Pension Liabilities	\$ 12,460,463	\$ 3,484,030	\$ 15,944,493
Deferred Outflows of Resources	5,270,962	850,775	6,121,737
Deferred Inflows of Resources	2,014,515	609,249	2,623,764
Pension Expense	1,377,049	402,243	1,779,292

The Town reported accrued payroll and employee benefits of \$67,908 for outstanding pension contribution amounts payable to all pension plans for the year ended June 30, 2015. Also, the Town reported \$2,939,962 of pension expenditures in the governmental funds related to all pension plans to which it contributes.

**Arizona State Retirement System**

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

**Benefits Provided** – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

	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 survivor benefit is determined by the retirement benefit option chosen. 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, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.60 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the Town was required by statute to contribute at the actuarially determined rate of 11.60 percent (10.89 percent for retirement, 0.59 percent for the health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

In addition, the Town was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the Town in positions that would typically be filled by an employee who contributes to the ASRS. The Town's contributions to the pension plan for the year ended June 30, 2015, were \$1,144,335. The Town's contributions for the current and two preceding years for OPEB, all of which were equal to the required contributions, were as follows:

Health Benefit Supplement Fund	Long-Term Disability Fund
\$ 61,998	\$ 12,610
56,807	22,723
51,573	17,372

During the fiscal year ended June 30, 2015, the Town paid for ASRS pension and OPEB contributions as follows: 60 percent from the General Fund, 29 percent from major funds, and 11 percent from other funds.

**Pension Liability** – At June 30, 2015, the Town reported a liability of \$14,444,571 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. 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, 2013, to the measurement date of June 30, 2014.

The Town's reported liability at June 30, 2015, increased by \$583,112 from the Town's prior year liability of \$13,861,459 because of changes in the ASRS' net pension liability and the Town's proportionate share of that liability. The ASRS' publicly available financial report provides details on the change in the net pension liability.

The Town's proportion of the net pension liability was based on the Town's FY 2014 contributions. The Town's proportion measured as of June 30, 2014, was 0.097621 percent, which was an increase of 0.014240 from its proportion measured as of June 30, 2013.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** – For the year ended June 30, 2015, the Town recognized pension expense for ASRS of \$1,667,486. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 734,115	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,525,910
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,649,003	-
Town contributions subsequent to the measurement date	1,144,335	-
Total	<u>\$ 3,527,453</u>	<u>\$ 2,525,910</u>

The \$1,144,335 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, 2016. 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>	
2016	\$ 404,661
2017	404,661
2018	(320,636)
2019	(631,478)

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

Actuarial Valuation Date	June 30, 2013
Actuarial Roll Forward Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8%
Projected Salary Increases	3 - 6.75%
Inflation	3%
Permanent Benefit Increase	Included
Mortality Rates	1994 GAM Scale BB

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

Actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined to be 8.79 percent 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>
Equity	63%	7.03%
Fixed Income	25%	3.20%
Real Estate	8%	4.75%
Commodities	4%	4.50%
Total	<u>100%</u>	

**Discount Rate** – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. 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 8 percent, 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 (7 percent) or 1 percentage point higher (9 percent) than the current rate.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Arizona State Retirement System (Continued)**

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

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Town's proportionate share of the net pension liability	\$ 18,257,197	\$ 14,444,571	\$ 12,376,030

**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). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-member board known as the 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.

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

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**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
<u>Retirement and Disability</u>		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years and age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percentage Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	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	

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

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

**Employees Covered by Benefit Terms** – At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Firefighters
Inactive Employees or Beneficiaries	
Currently Receiving Benefits	2
Inactive Employees Entitled to but not yet Receiving Benefits	1
Active Employees	29
Total	32

**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, 2015, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Firefighters
Active Members - Pension	11.05%
Town	
Pension	13.18%
Health Insurance Premium Benefit	0.51%

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

For the agent plans, the Town's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

	PSPRS Firefighters
Pension	
Contributions Made	\$ 1,795,627
Health Insurance Premium Benefit:	
Annual OPEB Cost	10,568
Contributions Made	69,482

During the fiscal year 2015, the Town paid for PSPRS pension and OPEB contributions 100 percent from the Emergency Services Fund.

**Pension Liability** – At June 30, 2015, the Town reported the following net pension liabilities:

	Net Pension Liability
PSPRS Firefighters	\$ 1,499,922

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, PSPRS plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

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

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.85%
Projected Salary Increases	4.0%-8.0%
Inflation	4.0%
Permanent Benefit Increase	Included
Mortality Rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Short Term Investments	2%	3.25%
Absolute Return	4%	6.75%
Risk Parity	4%	6.04%
Fixed Income	7%	4.75%
Real Assets	8%	5.96%
GTAA	10%	5.73%
Private Equity	11%	9.50%
Real Estate	11%	6.50%
Credit Opportunities	13%	8.00%
Non-U.S. Equity	14%	8.63%
U.S. Equity	16%	7.60%
Total	100%	

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Pension Discount Rates** – The following discount rates were used to measure the total pension liabilities:

	PSPRS Firefighters
Discount Rates	7.85%

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 plans' 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:

<b>PSPRS - Firefighters</b>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 2,885,562	\$ 1,879,822	\$ 1,005,740
Changes for the Year:			
Service Cost	353,480	-	353,480
Interest on the Total Pension Liability	235,479	-	235,479
Changes of Benefit Terms	12,393	-	12,393
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	685,945	-	685,945
Changes of Assumptions or Other Inputs	176,038	-	176,038
Contributions - Employer	-	318,427	(318,427)
Contributions - Employee	-	275,273	(275,273)
Net Investment Income	-	293,387	(293,387)
Benefit Payments, Including Refunds of Employee Contributions	(125,141)	(125,141)	-
Administrative Expenses	-	(2,363)	2,363
Other Changes	-	84,429	(84,429)
Net Changes	1,338,194	844,012	494,182
Balances as of June 30, 2015	\$ 4,223,756	\$ 2,723,834	\$ 1,499,922

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate –**

The following table presents the Town's net pension liabilities (assets) calculated using the discount rates noted above, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
PSPRS Firefighters			
Rate	6.85%	7.85%	8.85%
Net Pension Liability	\$ 2,238,948	\$ 1,499,922	\$ 901,836

**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, 2015, the Town recognized the following pension expense:

	<u>Pension Expense</u>
PSPRS Firefighters	\$ 111,806

**Pension Deferred Outflows/Inflows of Resources –** At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>PSPRS - Firefighters</b>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 635,552	\$ -
Changes of assumptions or other inputs	163,105	-
Net difference between projected and actual earnings on pension plan investments	-	97,854
Town contributions subsequent to the measurement date	1,795,627	-
Total	<u>\$ 2,594,284</u>	<u>\$ 97,854</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

The amounts reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2016. 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 Ending June 30.</u>	<u>PSPRS Firefighters</u>
2016	\$ 38,862
2017	38,862
2018	38,862
2019	38,862
2020	63,326
Thereafter	482,029

**Agent Plan OPEB Actuarial Assumptions** – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of the plans' assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on (1) the plans as understood by the Town and plans' members and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the Town and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the actuarial methods and assumptions used to establish the fiscal year 2015 contribution requirements, are as follows:

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

**PSPRS - OPEB Contribution Requirements**

Actuarial Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed for underfunded actuarial accrued liability, open for excess
Remaining Amortization Period	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.85%
Projected Salary Increases	4.5% - 8.5%
Wage Growth	4.5%

**Agent Plan OPEB Trend Information** – The table below presents the annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
PSPRS Firefighters			
2015	\$ 10,568	657.00%	\$ -
2014	8,921	100.00	-
2013	9,551	100.00	-

**Agent Plan OPEB Funded Status** – The following table presents the funded status of the health insurance premium benefit plans as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used.

<b>Agent OPEB Plan Funded Status</b>	<u>PSPRS Firefighters</u>
Actuarial Value of Assets (a)	\$ 59,196
Actuarial Accrued Liability (b)	88,783
Unfunded Actuarial Accrued Liability (Funding Excess) (b) - (a)	29,587
Funded Ratio (a) / (b)	66.67%
Annual Covered Payroll (c)	2,129,346
Unfunded Actuarial Accrued Liability (Funding Excess) as a Percentage of Covered Payroll (b) - (a) / (c)	1.39%

**TOWN OF QUEEN CREEK, ARIZONA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**E. Retirement Plans (Continued)**

**Public Safety Personnel Retirement System (PSPRS) (Continued)**

The funded status of the all the PSPRS health insurance premium benefit plans in the June 30, 2014 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

**PSPRS - OPEB Funded Status**

Actuarial Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent closed for underfunded actuarial accrued liability, open for excess
Remaining Amortization Period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.85%
Projected Salary Increases	4.0% - 8.0%
Wage Growth	4%

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**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, 2015**

<b>Arizona State Retirement System</b>	Reporting Year (Measurement Date)
	<u>2015</u>
	<u>(2014)</u>
Town's Proportion of the Net Pension Liability	0.097621%
Town's Proportionate Share of the Net Pension Liability	\$ 14,444,571
Town's Covered-Employee Payroll	\$ 9,043,494
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered -Employee Payroll	159.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.49%

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOWN'S  
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
AGENT PENSION PLANS  
JUNE 30, 2015**

<b>PSPRS Fire</b>	Reporting Year (Measurement Date)
	2015
	(2014)
Total Pension Liability	
Service Cost	\$ 353,480
Interest on the Total Pension Liability	235,479
Changes of Benefit Terms	12,393
Differences Between Expected and Actual Experience in the Measurement of the Pension Liability	685,945
Changes of Assumptions or Other Inputs	176,038
Benefit Payments, Including Refunds of Employee Contributions	(125,141)
Net Change in Total Pension Liability	1,338,194
Total Pension Liability - Beginning	2,885,562
Total Pension Liability - Ending (a)	4,223,756
 Plan Fiduciary Net Position	
Contributions - Employer	318,427
Contributions - Employee	275,273
Net Investment Income	293,387
Benefit Payments, Including Refunds of Employee Contributions	(125,141)
Administrative Expenses	(2,363)
Other Changes	84,429
Net Change in Plan Fiduciary Net Position	844,012
Plan Fiduciary Net Position - Beginning	1,879,822
Plan Fiduciary Net Position - Ending (b)	2,723,834
 Town's Net Pension Liability (Asset) - Ending (a) - (b)	\$ 1,499,922
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.49%
 Covered-Employee Payroll	\$ 2,129,345
 Town's Net Pension Liability (Asset) as a Percentage of Covered- Employee Payroll	70.44%

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF TOWN PENSION CONTRIBUTIONS  
JUNE 30, 2015**

**Arizona State Retirement System**

	Reporting Fiscal Year	
	2015	2014
Statutorily Required Contribution	\$ 1,144,335	\$ 1,013,052
Town's Contribution in Relation to the Statutorily Required Contribution	1,144,335	1,013,052
Town's Contribution Deficiency (Excess)	\$ -	\$ -
Town's Covered-Employee Payroll	\$ 9,043,494	\$ 9,043,494
Town's Contributions as a Percentage of Covered- Employee Payroll	12.65%	11.20%

**PSPRS Fire**

	Reporting Fiscal Year	
	2015	2014
Actuarially Determined Contribution	\$ 351,508	\$ 318,427
Town's Contribution in Relation to the Actuarially Determined Contribution	1,795,627	318,427
Town's Contribution Deficiency (Excess)	\$ (1,444,119)	\$ -
Town's Covered-Employee Payroll	\$ 2,516,989	\$ 2,129,346
Town's Contributions as a Percentage of Covered- Employee Payroll	71.34%	14.95%

**TOWN OF QUEEN CREEK, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO PENSION SCHEDULES  
 JUNE 30, 2015**

**NOTE 1 ACTUARIALY 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	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining Amortization Period as of the 2013 Actuarial Valuation	23 years for unfunded actuarial accrued liability, 20 years for excess
Asset Valuation Method	7-year smoothed market value; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected Salary Increases	In the 2013 actuarial valuation, projected salary increases decreased from 5.0%-9.0% to 4.5%-8.5%
Wage Growth	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	RP-2000 mortality table (adjusted by 105% for both males and females)

**NOTE 2 INFORMATION PRIOR TO THE MEASUREMENT DATE**

Information prior to the measurement date (June 30, 2014) was not available.

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
JUNE 30, 2015**

**Health Insurance Premium Benefits**

Valuation Date June 30,	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded	Over (Under) Funded AAL	Annual Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
<b>PSPRS Fire</b>						
2014	\$ 59,196	\$ 88,783	66.7%	\$ (29,587)	\$ 2,129,346	1.39%
2013	-	73,117	0.0	(73,117)	1,897,526	3.85%
2012	-	57,978	0.0	(57,978)	1,839,081	3.15%

See Notes to Schedule of Agent OPEB Plan's Funding Progress, Required Supplementary Information.

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
JUNE 30, 2015**

**NOTE 1    FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS**

Beginning in Fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plans recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's pension fund to the new health insurance fund.

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND – BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 13,954,000	\$ 13,954,000	\$ 15,739,350	\$ 1,785,350
Intergovernmental Revenues	6,505,000	6,505,000	6,628,715	123,715
Licenses and Permits	83,000	83,000	110,230	27,230
Charges for Services	3,594,000	3,594,000	5,141,256	1,547,256
Investment Income	252,000	252,000	287,819	35,819
Indirect Cost Reimbursement	1,107,860	1,107,860	996,250	(111,610)
Miscellaneous	75,000	75,000	173,487	98,487
Total Revenues	<u>25,570,860</u>	<u>25,570,860</u>	<u>29,077,107</u>	<u>3,506,247</u>
<b>EXPENDITURES</b>				
Current:				
Town Council	337,277	320,044	276,442	43,602
Town Manager	828,123	947,698	924,733	22,965
Town Clerk and Legal Services	599,969	554,763	544,687	10,076
Management Services	918,115	781,120	710,219	70,901
Communications, Marketing and Recreation	1,721,457	1,512,506	1,470,024	42,482
Development Services	8,656,129	8,156,938	7,589,169	567,769
Workforce and Technology	2,116,021	2,617,972	2,194,969	423,003
Economic Development	760,056	3,157,971	3,080,008	77,963
Non-Departmental	4,384,925	4,292,853	4,591,381	(298,528)
Total Expenditures	<u>20,322,072</u>	<u>22,341,865</u>	<u>21,381,632</u>	<u>960,233</u>
Excess (Deficiency) of Revenues Over Expenditures	5,248,788	3,228,995	7,695,475	4,466,480
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	343,140	343,140	343,140	-
Transfers Out	(13,356,753)	(13,356,753)	(12,455,050)	901,703
Total Other Financing Sources (Uses)	<u>(13,013,613)</u>	<u>(13,013,613)</u>	<u>(12,111,910)</u>	<u>901,703</u>
Net Change in Fund Balance	(7,764,825)	(9,784,618)	(4,416,435)	5,368,183
<b>FUND BALANCE</b>				
Beginning of Year	7,764,825	11,110,000	26,791,439	15,681,439
End of Year	<u>\$ -</u>	<u>\$ 1,325,382</u>	<u>\$ 22,375,004</u>	<u>\$ 21,049,622</u>

See Notes to Required Supplementary Information.

**TOWN OF QUEEN CREEK, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
EMERGENCY SERVICES FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 7,013,000	\$ 7,013,000	\$ 7,209,511	\$ 196,511
Intergovernmental Revenues	-	-	208,000	208,000
Charges for Services	45,000	45,000	93,113	48,113
Investment Income	-	-	32,681	32,681
Miscellaneous	50,000	50,000	207,497	157,497
Total Revenues	<u>7,108,000</u>	<u>7,108,000</u>	<u>7,750,802</u>	<u>642,802</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	9,818,576	11,156,887	10,688,503	468,384
Capital Outlay	705,054	937,063	756,598	180,465
Debt Service:				
Principal Retirement	67,611	67,611	67,611	-
Interest on Long-Term Debt	15,769	15,769	15,769	-
Total Expenditures	<u>10,607,010</u>	<u>12,177,330</u>	<u>11,528,481</u>	<u>648,849</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,499,010)	(5,069,330)	(3,777,679)	1,291,651
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,735,000	95,300	95,300	-
Total Other Financing Sources (Uses)	<u>1,735,000</u>	<u>95,300</u>	<u>95,300</u>	<u>-</u>
Net Change in Fund Balance	(1,764,010)	(4,974,030)	(3,682,379)	1,291,651
<b>FUND BALANCE</b>				
Beginning of Year	1,764,010	1,764,010	4,024,081	2,260,071
End of Year	<u>\$ -</u>	<u>\$ (3,210,020)</u>	<u>\$ 341,702</u>	<u>\$ 3,551,722</u>

See Notes to Required Supplementary Information.

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2015**

**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 exception:

- 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 several other Town funds as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*; however, for budgetary purposes, the Town prepares a separate General Fund budget. The budgetary schedules for other funds for which a budget was adopted are presented on pages 103 through 109.
- 2) Interfund reimbursements were eliminated in the Statement of Revenues, Expenditures and Changes in Fund Balance, however are budgeted as revenues and expenses to the General Fund.
- 3) Certain expenditures are recognized on a GAAP basis and not recorded on a budgetary basis. The current portion of the vacation and sick leave liability was recognized in the Statement of Revenues, Expenditures and Changes in Fund Balance and is recognized when paid on a budgetary basis.

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	\$ 38,892,157	\$ 21,609,342	\$(17,742,133)	\$ 34,869,607	\$ 34,410,289
Other Funds Included in General Fund - Budgeted as Special Revenue Funds:					
Park Development Fund	(2,928,841)	(17,440)	734,201	(2,986,408)	(5,163,608)
Town Building Development Fund	(475,450)	-	357,146	(1,388,299)	(1,506,603)
Transportation Development Fund	(1,442,759)	-	333,508	(466,720)	(1,575,971)
Library Development Fund	(597,186)	-	490,689	(846,179)	(952,676)
Public Safety Development Fund	(175,519)	-	-	(908,555)	(1,084,074)
Fire Development Fund	(475,264)	(173,318)	95,300	(1,530,898)	(1,737,544)
Horseshoe Park and Equestrian Centre	(457,972)	(1,079,816)	(632,138)	2,615	(7,679)
Other Funds Included in General Fund - in which a budget is not adopted	(4,258,647)	-	4,251,517	-	(7,130)
Indirect Cost Reimbursement	996,250	996,250	-	-	-
GAAP Differences	-	46,276	-	(46,276)	-
Budgetary Comparison Schedule - General Fund	<u>\$ 29,077,107</u>	<u>\$ 21,381,632</u>	<u>\$(12,111,910)</u>	<u>\$ 26,791,439</u>	<u>\$ 22,375,004</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2015**

**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 for the fiscal year commencing the following July 1, to the Town Council. 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 by 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. This 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.

No supplementary budgetary appropriations were necessary during the year.

The Town does not adopt an annual budget for the Housing Rehab and Restricted Sales Tax Special Revenue Funds.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

*Housing Rehab Fund* – accounts for housing rehabilitation assistance monies.

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

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

### **CAPITAL PROJECTS FUND**

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

### **DEBT SERVICE FUND**

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

**TOWN OF QUEEN CREEK, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	Special Revenue Funds	General Capital Improvement Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 5,390,831	\$ 4,720,853	\$ 1,169,635	\$ 11,281,319
Restricted Cash and Investments	-	164,349	-	164,349
Receivables				
Accounts Receivable	19,999	-	-	19,999
Taxes Receivable	8,343	-	-	8,343
Intergovernmental Receivable	241,656	-	-	241,656
Interest Receivable	7,783	-	-	7,783
Prepaid Items	1,510	-	-	1,510
Total Assets	<u>\$ 5,670,122</u>	<u>\$ 4,885,202</u>	<u>\$ 1,169,635</u>	<u>\$ 11,724,959</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 135,508	\$ 122,042	\$ -	\$ 257,550
Accrued Wages and Benefits	7,715	-	-	7,715
Interest Payable	-	-	444,635	444,635
Matured Debt Principal Payable	-	-	725,000	725,000
Total Liabilities	<u>143,223</u>	<u>122,042</u>	<u>1,169,635</u>	<u>1,434,900</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>4,889</u>	<u>-</u>	<u>-</u>	<u>4,889</u>
Fund Balances				
Nonspendable	1,510	-	-	1,510
Restricted	3,064,298	164,349	-	3,228,647
Committed	<u>2,456,202</u>	<u>4,598,811</u>	<u>-</u>	<u>7,055,013</u>
Total Fund Balances	<u>5,522,010</u>	<u>4,763,160</u>	<u>-</u>	<u>10,285,170</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,670,122</u>	<u>\$ 4,885,202</u>	<u>\$ 1,169,635</u>	<u>\$ 11,724,959</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds	General Capital Improvement Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 520,285	\$ -	\$ -	\$ 520,285
Intergovernmental Revenues	1,871,388	-	-	1,871,388
Charges for Services	5,528	-	-	5,528
Contributions and Donations	45,006	-	-	45,006
Special Assessments	404,002	-	-	404,002
Investment Income	618,805	4,463	-	623,268
Miscellaneous	16,765	-	-	16,765
Total Revenues	<u>3,481,779</u>	<u>4,463</u>	<u>-</u>	<u>3,486,242</u>
<b>Expenditures</b>				
Current:				
Highways and Streets	1,944,361	-	-	1,944,361
Culture and Recreation	58,436	-	-	58,436
Economic Development	66,401	-	-	66,401
Capital Outlay	217,440	947,432	-	1,164,872
Debt Service:				
Principal Retirement	17,902	-	1,505,000	1,522,902
Interest on Long-Term Debt	2,494	-	2,004,676	2,007,170
Total Expenditures	<u>2,307,034</u>	<u>947,432</u>	<u>3,509,676</u>	<u>6,764,142</u>
Excess (Deficiency) of Revenue Over Expenditures	1,174,745	(942,969)	(3,509,676)	(3,277,900)
<b>Other Financing Sources (Uses)</b>				
Transfers In	10,000	5,706,129	3,509,676	9,225,805
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>5,706,129</u>	<u>3,509,676</u>	<u>9,225,805</u>
Net Change in Fund Balances	1,184,745	4,763,160	-	5,947,905
<b>Fund Balances</b>				
Beginning of Year	4,337,265	-	-	4,337,265
End of Year	<u>\$ 5,522,010</u>	<u>\$ 4,763,160</u>	<u>\$ -</u>	<u>\$ 10,285,170</u>

**TOWN OF QUEEN CREEK, ARIZONA  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	HURF	LTAF	Town Center	Street Lighting District
<b>ASSETS</b>				
Cash and Investments	\$ 2,265,843	\$ 516,338	\$ 2,416,984	\$ 92,992
Receivables				
Accounts Receivable	1,561	-	-	-
Taxes Receivable	-	-	-	8,343
Intergovernmental Receivable	152,893	-	88,763	-
Interest Receivable	3,892	1,297	2,594	-
Prepaid Items	1,510	-	-	-
Total Assets	<u>\$ 2,425,699</u>	<u>\$ 517,635</u>	<u>\$ 2,508,341</u>	<u>\$ 101,335</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 40,511	\$ -	\$ 52,139	\$ 41,758
Accrued Wages and Benefits	7,715	-	-	-
Total Liabilities	<u>48,226</u>	<u>-</u>	<u>52,139</u>	<u>41,758</u>
Deferred Inflows of Resources				
Unavailable Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,889</u>
Fund Balances				
Nonspendable	1,510	-	-	-
Restricted	2,375,963	517,635	-	54,688
Committed	-	-	2,456,202	-
Total Fund Balances	<u>2,377,473</u>	<u>517,635</u>	<u>2,456,202</u>	<u>54,688</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,425,699</u>	<u>\$ 517,635</u>	<u>\$ 2,508,341</u>	<u>\$ 101,335</u>

<u>Housing Rehab</u>	<u>Parks and Recreation</u>	<u>Community Events</u>	<u>Total Special Revenue Funds</u>
\$ 43,162	\$ 54,647	\$ 865	\$ 5,390,831
-	-	18,438	19,999
-	-	-	8,343
-	-	-	241,656
-	-	-	7,783
-	-	-	1,510
<u>\$ 43,162</u>	<u>\$ 54,647</u>	<u>\$ 19,303</u>	<u>\$ 5,670,122</u>
\$ -	\$ -	\$ 1,100	\$ 135,508
-	-	-	7,715
<u>-</u>	<u>-</u>	<u>1,100</u>	<u>143,223</u>
-	-	-	4,889
-	-	-	1,510
43,162	54,647	18,203	3,064,298
-	-	-	2,456,202
<u>43,162</u>	<u>54,647</u>	<u>18,203</u>	<u>5,522,010</u>
<u>\$ 43,162</u>	<u>\$ 54,647</u>	<u>\$ 19,303</u>	<u>\$ 5,670,122</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, 2015**

	HURF	LTAF	Town Center	Street Lighting District
Revenues				
Taxes	\$ -	\$ -	\$ 520,285	\$ -
Intergovernmental Revenues	1,793,699	77,689	-	-
Charges for Services	-	-	5,528	-
Contributions and Donations	-	-	459	-
Special Assessments	-	-	-	404,002
Investment Income	26,142	4,928	585,736	804
Miscellaneous	-	-	16,765	-
Total Revenues	<u>1,819,841</u>	<u>82,617</u>	<u>1,128,773</u>	<u>404,806</u>
Expenditures				
Current:				
Highways and Streets	1,485,995	8,601	-	449,765
Culture and Recreation	-	-	-	-
Economic Development	-	-	66,401	-
Capital Outlay	-	-	217,440	-
Debt Service:				
Principal Retirement	17,902	-	-	-
Interest on Long-Term Debt	2,494	-	-	-
Total Expenditures	<u>1,506,391</u>	<u>8,601</u>	<u>283,841</u>	<u>449,765</u>
Excess (Deficiency) of Revenue Over Expenditures	313,450	74,016	844,932	(44,959)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	313,450	74,016	844,932	(44,959)
Fund Balances				
Beginning of Year	2,064,023	443,619	1,611,270	99,647
End of Year	<u>\$ 2,377,473</u>	<u>\$ 517,635</u>	<u>\$ 2,456,202</u>	<u>\$ 54,688</u>

<u>Housing Rehab</u>	<u>Parks and Recreation</u>	<u>Community Events</u>	<u>Total Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 520,285
-	-	-	1,871,388
-	-	-	5,528
-	1,661	42,886	45,006
-	-	-	404,002
464	575	156	618,805
-	-	-	16,765
<u>464</u>	<u>2,236</u>	<u>43,042</u>	<u>3,481,779</u>
-	-	-	1,944,361
-	-	58,436	58,436
-	-	-	66,401
-	-	-	217,440
-	-	-	17,902
-	-	-	2,494
<u>-</u>	<u>-</u>	<u>58,436</u>	<u>2,307,034</u>
464	2,236	(15,394)	1,174,745
-	-	10,000	10,000
<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
464	2,236	(5,394)	1,184,745
42,698	52,411	23,597	4,337,265
<u>\$ 43,162</u>	<u>\$ 54,647</u>	<u>\$ 18,203</u>	<u>\$ 5,522,010</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**IMPROVEMENT DISTRICT DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Special Assessments	\$ 1,843,000	\$ 1,843,000	\$ 1,920,855	\$ 77,855
Investment Income	-	-	8,279	8,279
Total Revenues	<u>1,843,000</u>	<u>1,843,000</u>	<u>1,929,134</u>	<u>86,134</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	1,630,000	1,630,000	1,630,000	-
Interest on Long-Term Debt	2,291,000	2,291,000	2,250,125	40,875
Total Expenditures	<u>3,921,000</u>	<u>3,921,000</u>	<u>3,880,125</u>	<u>40,875</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,078,000)	(2,078,000)	(1,950,991)	127,009
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,078,000	2,078,000	2,024,922	(53,078)
Total Other Financing Sources (Uses)	<u>2,078,000</u>	<u>2,078,000</u>	<u>2,024,922</u>	<u>(53,078)</u>
Net Change in Fund Balance	-	-	73,931	73,931
<b>FUND BALANCE</b>				
Beginning of Year	-	-	658,917	658,917
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,848</u>	<u>\$ 732,848</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**DRAINAGE AND TRANSPORTATION FUND**  
**YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 3,032,000	\$ 3,032,000	\$ -	\$ (3,032,000)
Intergovernmental Revenues	750,000	750,000	242,670	(507,330)
Contributions and Donations	-	-	213,237	213,237
Investment Income	200,000	200,000	183,813	(16,187)
Total Revenues	<u>3,982,000</u>	<u>3,982,000</u>	<u>639,720</u>	<u>(3,342,280)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>16,797,321</u>	<u>19,412,529</u>	<u>8,173,304</u>	<u>11,239,225</u>
Total Expenditures	<u>16,797,321</u>	<u>19,412,529</u>	<u>8,173,304</u>	<u>11,239,225</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,815,321)	(15,430,529)	(7,533,584)	7,896,945
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,432,000	4,571,399	6,903,595	2,332,196
Transfers Out	(2,721,142)	-	(164,349)	(164,349)
Total Other Financing Sources (Uses)	<u>2,710,858</u>	<u>4,571,399</u>	<u>6,739,246</u>	<u>2,167,847</u>
Net Change in Fund Balance	(10,104,463)	(10,859,130)	(794,338)	10,064,792
<b>FUND BALANCE</b>				
Beginning of Year	<u>10,104,463</u>	<u>13,104,463</u>	<u>16,504,044</u>	<u>3,399,581</u>
End of Year	<u>\$ -</u>	<u>\$ 2,245,333</u>	<u>\$ 15,709,706</u>	<u>\$ 13,464,373</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HURF FUND**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 1,515,000	\$ 1,515,000	\$ 1,793,699	\$ 278,699
Investment Income	-	-	26,142	26,142
Total Revenues	<u>1,515,000</u>	<u>1,515,000</u>	<u>1,819,841</u>	<u>304,841</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	1,494,604	1,494,604	1,485,995	8,609
Debt Service:				
Principal Retirement	17,902	17,902	17,902	-
Interest on Long-Term Debt	2,494	2,494	2,494	-
Total Expenditures	<u>1,515,000</u>	<u>1,515,000</u>	<u>1,506,391</u>	<u>8,609</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	313,450	313,450
<b>FUND BALANCE</b>				
Beginning of Year	-	-	2,064,023	2,064,023
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,377,473</u>	<u>\$ 2,377,473</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LTAFF FUND**  
**YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ -	\$ -	\$ 77,689	\$ 77,689
Investment Income	-	-	4,928	4,928
Total Revenues	<u>-</u>	<u>-</u>	<u>82,617</u>	<u>82,617</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	-	80,506	8,601	71,905
Total Expenditures	<u>-</u>	<u>80,506</u>	<u>8,601</u>	<u>71,905</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(80,506)	74,016	154,522
<b>FUND BALANCE</b>				
Beginning of Year	-	80,506	443,619	363,113
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,635</u>	<u>\$ 517,635</u>

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
TOWN CENTER FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 481,000	\$ 481,000	\$ 520,285	\$ 39,285
Charges for Services	52,000	52,000	5,528	(46,472)
Contributions and Donations	4,000	4,000	459	(3,541)
Investment Income	-	-	585,736	585,736
Miscellaneous	7,000	7,000	16,765	9,765
Total Revenues	<u>544,000</u>	<u>544,000</u>	<u>1,128,773</u>	<u>584,773</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	40,000	78,000	66,401	11,599
Capital Outlay	1,755,000	266,974	217,440	49,534
Total Expenditures	<u>1,795,000</u>	<u>344,974</u>	<u>283,841</u>	<u>61,133</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,251,000)	199,026	844,932	645,906
<b>FUND BALANCE</b>				
Beginning of Year	1,251,000	1,251,000	1,611,270	360,270
End of Year	<u>\$ -</u>	<u>\$ 1,450,026</u>	<u>\$ 2,456,202</u>	<u>\$ 1,006,176</u>

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
STREET LIGHTING DISTRICT FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 546,960	\$ 546,960	\$ 404,002	\$ (142,958)
Investment Income	-	-	804	804
Total Revenues	<u>546,960</u>	<u>546,960</u>	<u>404,806</u>	<u>(142,154)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and Streets	546,960	449,765	449,765	-
Total Expenditures	<u>546,960</u>	<u>449,765</u>	<u>449,765</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	97,195	(44,959)	(142,154)
<b>FUND BALANCE</b>				
Beginning of Year	-	-	99,647	99,647
End of Year	<u>\$ -</u>	<u>\$ 97,195</u>	<u>\$ 54,688</u>	<u>\$ (42,507)</u>

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
PARKS AND RECREATION FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Contributions and Donations	\$ -	\$ -	\$ 1,661	\$ 1,661
Investment Income	-	-	575	575
Total Revenues	-	-	2,236	2,236
Excess (Deficiency) of Revenues Over Expenditures	-	-	2,236	2,236
<b>FUND BALANCE</b>				
Beginning of Year	-	-	52,411	52,411
End of Year	\$ -	\$ -	\$ 54,647	\$ 54,647

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COMMUNITY EVENTS FUND**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Contributions and Donations	\$ 50,000	\$ 50,000	\$ 42,886	\$ (7,114)
Investment Income	-	-	156	156
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>43,042</u>	<u>(6,958)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and Recreation	70,000	70,000	58,436	11,564
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>58,436</u>	<u>11,564</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,000)	(20,000)	(15,394)	4,606
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000	10,000	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(10,000)	(10,000)	(5,394)	4,606
<b>FUND BALANCE</b>				
Beginning of Year	10,000	10,000	23,597	13,597
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,203</u>	<u>\$ 18,203</u>

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL CAPITAL IMPROVEMENT FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment Income	\$ -	\$ -	\$ 4,463	\$ 4,463
<b>EXPENDITURES</b>				
Capital Outlay	-	5,111,070	947,432	4,163,638
Excess (Deficiency) of Revenues Over Expenditures	-	(5,111,070)	(942,969)	4,168,101
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	5,111,070	5,706,129	595,059
Net Change in Fund Balance	-	-	4,763,160	4,763,160
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,763,160</u>	<u>\$ 4,763,160</u>

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	\$ -	\$ 1,505,000	\$ 1,505,000	\$ -
Interest on Long-Term Debt	-	2,004,336	2,004,676	(340)
Total Expenditures	<u>-</u>	<u>3,509,336</u>	<u>3,509,676</u>	<u>(340)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(3,509,336)	(3,509,676)	(340)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	3,509,677	3,509,676	(1)
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,509,677</u>	<u>3,509,676</u>	<u>(1)</u>
Net Change in Fund Balance	-	341	-	(341)
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ (341)</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PARK DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 2,025,000	\$ 2,025,000	\$ 2,886,251	\$ 861,251
Investment Income	-	-	42,590	42,590
Total Revenues	<u>2,025,000</u>	<u>2,025,000</u>	<u>2,928,841</u>	<u>903,841</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	623,593	250,000	-	250,000
Capital Outlay	360,000	535,587	-	535,587
Debt Service:				
Principal Retirement	405,600	-	-	-
Interest on Long-Term Debt	635,807	-	17,440	(17,440)
Total Expenditures	<u>2,025,000</u>	<u>785,587</u>	<u>17,440</u>	<u>768,147</u>
Excess (Deficiency) of Revenues Over Expenditures	-	1,239,413	2,911,401	1,671,988
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(734,201)	(734,201)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(734,201)</u>	<u>(734,201)</u>
Net Change in Fund Balance	-	1,239,413	2,177,200	937,787
<b>FUND BALANCE</b>				
Beginning of Year	-	-	2,986,408	2,986,408
End of Year	<u>\$ -</u>	<u>\$ 1,239,413</u>	<u>\$ 5,163,608</u>	<u>\$ 3,924,195</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**TOWN BUILDING DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 303,000	\$ 303,000	\$ 454,401	\$ 151,401
Investment Income	-	-	21,049	21,049
Total Revenues	<u>303,000</u>	<u>303,000</u>	<u>475,450</u>	<u>172,450</u>
<b>EXPENDITURES</b>				
Capital Outlay	1,950,000	-	-	-
Debt Service:				
Principal Retirement	317,400	-	-	-
Interest on Long-Term Debt	<u>369,212</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,636,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,333,612)	303,000	475,450	172,450
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,333,612	-	-	-
Transfers Out	-	-	(357,146)	(357,146)
Total Other Financing Sources (Uses)	<u>2,333,612</u>	<u>-</u>	<u>(357,146)</u>	<u>(357,146)</u>
Net Change in Fund Balance	-	303,000	118,304	(184,696)
<b>FUND BALANCE</b>				
Beginning of Year	-	-	1,388,299	1,388,299
End of Year	<u>\$ -</u>	<u>\$ 303,000</u>	<u>\$ 1,506,603</u>	<u>\$ 1,203,603</u>

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**TRANSPORTATION DEVELOPMENT FUND**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 885,000	\$ 885,000	\$ 1,433,770	\$ 548,770
Investment Income	-	-	8,989	8,989
Total Revenues	885,000	885,000	1,442,759	557,759
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(885,000)	(885,000)	(333,508)	551,492
Net Change in Fund Balance	-	-	1,109,251	1,109,251
<b>FUND BALANCE</b>				
Beginning of Year	-	-	466,720	466,720
End of Year	\$ -	\$ -	\$ 1,575,971	\$ 1,575,971

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
LIBRARY DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 342,000	\$ 342,000	\$ 585,716	\$ 243,716
Investment Income	-	-	11,470	11,470
Total Revenues	342,000	342,000	597,186	255,186
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	376,800	-	-	-
Interest on Long-Term Debt	632,646	-	-	-
Total Expenditures	1,009,446	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(667,446)	342,000	597,186	255,186
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	667,446	-	-	-
Transfers Out	-	-	(490,689)	(490,689)
Total Other Financing Sources (Uses)	667,446	-	(490,689)	(490,689)
Net Change in Fund Balance	-	342,000	106,497	(235,503)
<b>FUND BALANCE</b>				
Beginning of Year	-	-	846,179	846,179
End of Year	\$ -	\$ 342,000	\$ 952,676	\$ 610,676

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
PUBLIC SAFETY DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 111,000	\$ 111,000	\$ 165,382	\$ 54,382
Investment Income	-	-	10,137	10,137
Total Revenues	111,000	111,000	175,519	64,519
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(235,000)	(235,000)	-	235,000
Total Other Financing Sources (Uses)	(235,000)	(235,000)	-	235,000
Net Change in Fund Balance	(124,000)	(124,000)	175,519	299,519
<b>FUND BALANCE</b>				
Beginning of Year	124,000	124,000	908,555	784,555
End of Year	\$ -	\$ -	\$ 1,084,074	\$ 1,084,074

**TOWN OF QUEEN CREEK, ARIZONA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL  
FIRE DEVELOPMENT FUND  
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Impact Fees	\$ 300,000	\$ 300,000	\$ 449,281	\$ 149,281
Investment Income	-	-	25,983	25,983
Total Revenues	300,000	300,000	475,264	175,264
<b>EXPENDITURES</b>				
Capital Outlay	3,246,070	85,000	-	85,000
Debt Service:				
Principal Retirement	142,481	142,481	142,481	-
Interest on Long-Term Debt	30,837	30,837	30,837	-
Total Expenditures	3,419,388	258,318	173,318	85,000
Excess (Deficiency) of Revenues Over Expenditures	(3,119,388)	41,682	301,946	260,264
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	3,119,388	-	-	-
Transfers Out	-	-	(95,300)	(95,300)
Total Other Financing Sources (Uses)	3,119,388	-	(95,300)	(95,300)
Net Change in Fund Balance	-	41,682	206,646	164,964
<b>FUND BALANCE</b>				
Beginning of Year	-	-	1,530,898	1,530,898
End of Year	\$ -	\$ 41,682	\$ 1,737,544	\$ 1,695,862

**TOWN OF QUEEN CREEK, ARIZONA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HORSESHOE PARK AND EQUESTRIAN CENTRE FUND**  
**YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for Services	\$ 526,000	\$ 526,000	\$ 455,999	\$ (70,001)
Miscellaneous	9,000	9,000	1,973	(7,027)
Total Revenues	<u>535,000</u>	<u>535,000</u>	<u>457,972</u>	<u>(77,028)</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	1,214,307	1,164,307	1,079,816	84,491
Total Expenditures	<u>1,214,307</u>	<u>1,164,307</u>	<u>1,079,816</u>	<u>84,491</u>
Excess (Deficiency) of Revenues Over Expenditures	(679,307)	(629,307)	(621,844)	7,463
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	679,307	679,307	970,932	291,625
Transfers Out	-	-	(338,794)	(338,794)
Total Other Financing Sources (Uses)	<u>679,307</u>	<u>679,307</u>	<u>632,138</u>	<u>(47,169)</u>
Net Change in Fund Balance	-	50,000	10,294	(39,706)
<b>FUND BALANCE</b>				
Beginning of Year	-	-	(2,615)	(2,615)
End of Year	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 7,679</u>	<u>\$ (42,321)</u>

## **STATISTICAL SECTION (UNAUDITED)**

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

*These schedules present information to help the reader assess the 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			
	2006	2007	2008	2009
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 33,851,302	\$ 32,247,268	\$ 109,742,395	\$ 113,217,150
Restricted	14,077,498	84,486,782	68,008,904	30,072,080
Unrestricted	10,225,466	17,927,009	37,976,551	73,366,536
Total Governmental Activities				
Net Position	<u>\$ 58,154,266</u>	<u>\$ 134,661,059</u>	<u>\$ 215,727,850</u>	<u>\$ 216,655,766</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	\$ 6,843,679	\$ 15,048,545	\$ 51,303,406	\$ 55,382,631
Restricted	1,105,139	1,230,444	2,468,859	2,496,700
Unrestricted	12,905,376	9,444,815	5,909,052	6,983,681
Total Business-Type Activities				
Net Position	<u>\$ 20,854,194</u>	<u>\$ 25,723,804</u>	<u>\$ 59,681,317</u>	<u>\$ 64,863,012</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ 40,694,981	\$ 47,295,813	\$ 161,045,801	\$ 168,599,781
Restricted	15,182,637	85,717,226	70,477,763	32,568,780
Unrestricted	23,130,842	27,371,824	43,885,603	80,350,217
Total Primary Government				
Net Position	<u>\$ 79,008,460</u>	<u>\$ 160,384,863</u>	<u>\$ 275,409,167</u>	<u>\$ 281,518,778</u>

Source: The Town's Finance Department.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 126,963,176	\$ 135,006,115	\$ 138,591,496	\$ 145,953,396	\$ 158,473,433	\$ 184,637,429
26,314,209	34,738,750	25,525,022	29,879,867	32,127,295	44,414,227
68,967,562	26,343,071	35,908,296	45,518,062	53,862,470	31,606,885
<u>\$ 222,244,947</u>	<u>\$ 196,087,936</u>	<u>\$ 200,024,814</u>	<u>\$ 221,351,325</u>	<u>\$ 244,463,198</u>	<u>\$ 260,658,541</u>
\$ 53,514,718	\$ 55,468,136	\$ 63,922,044	\$ 68,348,737	\$ 74,678,972	\$ 86,477,625
3,816,284	4,406,894	5,809,913	6,466,848	6,828,477	8,222,573
6,581,861	4,070,089	993,881	3,678,908	9,587,920	14,296,643
<u>\$ 63,912,863</u>	<u>\$ 63,945,119</u>	<u>\$ 70,725,838</u>	<u>\$ 78,494,493</u>	<u>\$ 91,095,369</u>	<u>\$ 108,996,841</u>
\$ 180,477,894	\$ 190,474,251	\$ 202,513,540	\$ 214,302,133	\$ 233,152,405	\$ 271,115,054
30,130,493	39,145,644	31,334,935	36,346,715	38,955,772	52,636,800
75,549,423	30,413,160	36,902,177	49,196,970	63,450,390	45,903,528
<u>\$ 286,157,810</u>	<u>\$ 260,033,055</u>	<u>\$ 270,750,652</u>	<u>\$ 299,845,818</u>	<u>\$ 335,558,567</u>	<u>\$ 369,655,382</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 7,942,619	\$ 10,372,421	\$ 12,999,122	\$ 11,983,396
Public Safety	3,308,140	4,269,566	7,646,401	9,074,899
Highways and Streets	2,240,896	1,165,307	3,969,454	4,802,811
Culture and Recreation	2,137,593	3,230,021	2,267,614	3,578,303
Redevelopment and Housing	31,106	-	-	-
Economic Development	859,508	919,366	1,052,133	672,820
Interest on Long-Term Debt	984,723	3,494,003	5,008,714	5,458,887
Total Governmental Activities	<u>17,504,585</u>	<u>23,450,684</u>	<u>32,943,438</u>	<u>35,571,116</u>
Business-Type Activities:				
Wastewater	2,545,149	4,328,211	3,731,669	6,391,819
Water	-	-	2,107,142	6,541,249
Solid Waste	-	-	-	-
Total Business-Type Activities	<u>2,545,149</u>	<u>4,328,211</u>	<u>5,838,811</u>	<u>12,933,068</u>
Total Primary Government Expenses	<u>\$ 20,049,734</u>	<u>\$ 27,778,895</u>	<u>\$ 38,782,249</u>	<u>\$ 48,504,184</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Fines, Fees and Charges for Services:				
General Government	\$ 6,310,475	\$ 6,546,505	\$ 3,804,312	\$ 1,893,328
Public Safety	179,756	1,441,150	1,148,794	370,118
Highways and Streets	391,173	2,408,572	1,487,695	1,031,006
Culture and Recreation	5,814,185	3,812,563	3,813,555	1,311,157
Economic Development	-	-	-	755,753
Interest on Long-Term Debt	-	54,080,000	-	-
Operating Grants and Contributions	2,541,133	1,373,652	1,276,136	1,252,399
Capital Grants and Contributions	894,321	5,238,822	19,940,097	5,457,452
Total Governmental Activities	<u>16,131,043</u>	<u>74,901,264</u>	<u>31,470,589</u>	<u>12,071,213</u>
Business-Type Activities:				
Charges for Services:				
Wastewater	8,225,948	6,086,347	1,699,668	3,621,603
Water	-	-	4,623,259	6,723,755
Solid Waste	-	-	-	-
Capital Grants and Contributions	-	-	8,832,518	5,818,104
Total Business-Type Activities	<u>8,225,948</u>	<u>6,086,347</u>	<u>15,155,445</u>	<u>16,163,462</u>
Total Primary Government	<u>\$ 24,356,991</u>	<u>\$ 80,987,611</u>	<u>\$ 46,626,034</u>	<u>\$ 28,234,675</u>

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 11,726,205	\$ 10,556,890	\$ 10,560,748	\$ 9,401,213	\$ 10,560,748	\$ 12,601,960
8,619,769	8,579,299	9,286,805	8,002,986	9,286,805	10,185,703
7,458,056	8,472,107	9,453,285	8,960,506	9,453,285	11,148,019
3,288,751	3,845,329	3,157,249	2,851,292	3,157,249	3,738,132
-	-	-	-	-	-
644,790	756,340	1,024,067	827,230	1,024,067	4,371,932
4,977,067	4,860,272	4,401,608	4,615,538	4,401,608	4,225,223
<u>36,714,638</u>	<u>37,070,237</u>	<u>37,883,762</u>	<u>34,658,765</u>	<u>37,883,762</u>	<u>46,270,969</u>
9,338,013	6,062,441	5,668,932	5,668,879	5,668,932	5,049,099
7,786,907	7,053,112	9,536,903	6,354,536	9,536,903	13,954,702
687,346	1,207,247	1,602,901	1,450,544	1,602,901	1,772,165
<u>17,812,266</u>	<u>14,322,800</u>	<u>16,808,736</u>	<u>13,473,959</u>	<u>16,808,736</u>	<u>20,775,966</u>
<u>\$ 54,526,904</u>	<u>\$ 51,393,037</u>	<u>\$ 54,692,498</u>	<u>\$ 48,132,724</u>	<u>\$ 54,692,498</u>	<u>\$ 67,046,935</u>
\$ 2,593,950	\$ 2,498,047	\$ 2,103,716	\$ 3,142,042	\$ 3,640,706	\$ 1,677,331
371,100	210,907	327,944	1,055,263	1,081,831	707,776
2,983,611	335,045	218,077	562,990	548,688	1,433,770
1,610,841	1,622,772	1,832,917	4,224,982	4,742,607	4,186,177
795,856	689,380	1,157,363	2,922,436	3,257,299	3,796,650
-	-	-	-	-	1,079,951
1,291,191	1,148,590	1,418,838	1,472,370	1,602,019	2,119,240
<u>12,431,068</u>	<u>2,286,332</u>	<u>9,724,218</u>	<u>14,794,654</u>	<u>14,385,675</u>	<u>21,423,446</u>
<u>22,077,617</u>	<u>8,791,073</u>	<u>16,783,073</u>	<u>28,174,737</u>	<u>29,258,825</u>	<u>36,424,341</u>
4,205,136	3,521,068	4,180,555	6,906,017	8,157,240	8,851,008
7,752,957	8,589,136	9,356,721	10,630,175	15,256,028	20,222,869
763	987,384	1,359,963	1,601,759	1,854,726	2,000,008
<u>3,293,570</u>	<u>158,221</u>	<u>6,539,411</u>	<u>3,802,082</u>	<u>4,272,051</u>	<u>10,776,216</u>
<u>15,252,426</u>	<u>13,255,809</u>	<u>21,436,650</u>	<u>22,940,033</u>	<u>29,540,045</u>	<u>41,850,101</u>
<u>\$ 37,330,043</u>	<u>\$ 22,046,882</u>	<u>\$ 38,219,723</u>	<u>\$ 51,114,770</u>	<u>\$ 58,798,870</u>	<u>\$ 78,274,442</u>

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

(Concluded)	Fiscal Year			
	2006	2007	2008	2009
<b>NET (EXPENSE) REVENUE</b>				
Governmental Activities	\$ (1,373,542)	\$ 51,450,580	\$ (1,472,849)	\$ (23,499,903)
Business-Type Activities	5,680,799	1,758,136	9,316,634	3,230,394
Total Primary Government Net Expense	\$ 4,307,257	\$ 53,208,716	\$ 7,843,785	\$ (20,269,509)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Sales Taxes	\$ 14,908,411	\$ 19,915,195	\$ 19,608,355	\$ 14,702,840
Property Taxes	-	-	3,910,452	5,278,509
Franchise Taxes	128,420	170,919	189,957	185,812
Unrestricted State Shared Revenue	2,335,817	4,113,740	4,491,661	4,400,264
Contributions and Donations	174,699	-	-	-
Investment Income (Loss)	-	3,436,139	3,450,325	630,302
Other	-	78,719	275,981	656,092
Special Item	-	-	-	-
Transfers	-	(2,658,499)	-	(1,426,000)
Total Governmental Activities	17,547,347	25,056,213	31,926,731	24,427,819
Business-Type Activities:				
Investment Income (Loss)	235,347	452,975	481,490	98,139
Other	-	-	-	427,162
Transfers	-	2,658,499	-	1,426,000
Total Business-Type Activities	235,347	3,111,474	481,490	1,951,301
Total Primary Government	\$ 17,782,694	\$ 28,167,687	\$ 32,408,221	\$ 26,379,120
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ 16,173,805	\$ 76,506,793	\$ 30,453,882	\$ 927,916
Business-Type Activities	5,916,146	4,869,610	9,798,124	5,181,695
Total Primary Government	\$ 22,089,951	\$ 81,376,403	\$ 40,252,006	\$ 6,109,611

Source: The Town's Finance Department.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ (14,637,021)	\$ (28,279,164)	\$ (21,100,689)	\$ (6,484,028)	\$ (8,624,937)	\$ (9,846,628)
(2,559,840)	(1,066,991)	4,627,914	9,466,074	12,731,309	21,074,135
<u>\$ (17,196,861)</u>	<u>\$ (29,346,155)</u>	<u>\$ (16,472,775)</u>	<u>\$ 2,982,046</u>	<u>\$ 4,106,372</u>	<u>\$ 11,227,507</u>
\$ 10,964,939	\$ 11,747,396	\$ 12,549,668	\$ 16,037,178	\$ 18,483,484	\$ 22,190,271
6,107,314	5,518,261	4,488,100	4,236,341	5,037,568	5,635,853
154,148	201,515	258,265	214,938	253,553	284,474
3,888,975	3,484,155	5,183,494	5,754,960	6,179,114	6,628,715
-	-	-	-	-	-
315,292	822,710	583,618	(124,209)	1,050,810	1,062,323
386,227	389,978	289,901	156,801	257,237	388,111
-	-	(2,439,917)	-	-	-
(1,590,693)	(1,018,998)	985,849	1,534,530	475,044	343,140
<u>20,226,202</u>	<u>21,145,017</u>	<u>21,898,978</u>	<u>27,810,539</u>	<u>31,736,810</u>	<u>36,532,887</u>
18,998	73,185	84,320	(162,889)	344,611	287,100
-	7,064	75,000	-	-	-
1,590,693	1,018,998	(985,849)	(1,534,530)	(475,044)	(343,140)
<u>1,609,691</u>	<u>1,099,247</u>	<u>(826,529)</u>	<u>(1,697,419)</u>	<u>(130,433)</u>	<u>(56,040)</u>
<u>\$ 21,835,893</u>	<u>\$ 22,244,264</u>	<u>\$ 21,072,449</u>	<u>\$ 26,113,120</u>	<u>\$ 31,606,377</u>	<u>\$ 36,476,847</u>
\$ 5,589,181	\$ (7,134,147)	\$ 798,289	\$ 21,326,511	\$ 23,111,873	\$ 26,686,259
(950,149)	32,256	3,801,385	7,768,655	12,600,876	21,018,095
<u>\$ 4,639,032</u>	<u>\$ (7,101,891)</u>	<u>\$ 4,599,674</u>	<u>\$ 29,095,166</u>	<u>\$ 35,712,749</u>	<u>\$ 47,704,354</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>
2006	\$ 14,908,411	\$ -	\$ 128,420	\$ 15,036,831
2007	19,915,195	-	170,919	20,086,114
2008	19,608,355	3,910,452	189,957	23,708,764
2009	14,702,840	5,278,509	185,812	20,167,161
2010	10,964,939	6,107,314	154,148	17,226,401
2011	11,747,396	5,518,261	201,515	17,467,172
2012	12,549,668	4,488,100	258,265	17,296,033
2013	16,037,178	4,236,341	214,938	20,488,457
2014	18,483,484	5,037,568	253,553	23,774,605
2015	22,190,271	5,635,853	284,474	28,110,598

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			
	2006	2007	2008	2009
General Fund:				
Reserved	\$ 995,070	\$ 1,095,070	\$ 1,215,070	\$ 1,335,070
Unreserved	10,802,104	14,250,016	14,855,825	13,387,466
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 11,797,174</u>	<u>\$ 15,345,086</u>	<u>\$ 16,070,895</u>	<u>\$ 14,722,536</u>
All Other Governmental Funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:				
Special Revenue Funds	23,636,614	40,817,283	25,647,916	8,406,905
Capital Projects Funds	-	35,726,524	25,811,269	28,545,004
Debt Service Funds	-	2,552,807	(1,291,768)	(721,057)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 23,636,614</u>	<u>\$ 79,096,614</u>	<u>\$ 50,167,417</u>	<u>\$ 36,230,852</u>

Source: The Town's Finance Department.

Note 1: The Town implemented the provisions of GASB Statement No. 54 in the fiscal year 2011, which required fund balances to be reported in different categories.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 1,628,453	\$ -	\$ -	\$ -	\$ -	\$ -
10,792,208	-	-	-	-	-
-	-	2,615,142	3,156,355	3,716,570	2,096,210
-	-	890,554	5,606,558	8,127,060	12,020,476
-	2,575,070	-	-	-	-
-	10,035,046	11,486,143	15,848,094	23,025,977	20,293,603
<u>\$ 12,420,661</u>	<u>\$ 12,610,116</u>	<u>\$ 14,991,839</u>	<u>\$ 24,611,007</u>	<u>\$ 34,869,607</u>	<u>\$ 34,410,289</u>
\$ 50,881	\$ -	\$ -	\$ -	\$ -	\$ -
8,591,320	-	-	-	-	-
24,132,768	-	-	-	-	-
(750,888)	-	-	-	-	-
-	-	-	-	5,391	12,667
-	5,578,516	1,838,904	2,265,391	2,725,995	11,958,461
-	13,254,231	17,290,278	21,366,332	22,134,004	14,366,075
-	-	621,154	618,654	658,917	732,223
-	(1,933,843)	-	-	-	-
<u>\$ 32,024,081</u>	<u>\$ 16,898,904</u>	<u>\$ 19,750,336</u>	<u>\$ 24,250,377</u>	<u>\$ 25,524,307</u>	<u>\$ 27,069,426</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			
	2006	2007	2008	2009
<b>REVENUES</b>				
Taxes	\$ 15,036,831	\$ 20,086,114	\$ 23,466,756	\$ 19,758,273
Intergovernmental	3,209,018	6,515,757	6,221,594	7,062,887
Licenses and Permits	43,810	56,085	67,751	63,616
Charges for Services	5,177,169	4,523,939	3,826,144	2,411,850
Rents and Royalties	-	-	-	-
Contributions and Donations	1,489,105	4,210,457	5,997,940	870,186
Impact Fees	7,279,064	9,392,159	7,380,289	2,225,710
Special Assessments	195,546	236,607	275,834	2,870,359
Investment Income (Loss)	1,041,879	3,401,232	3,380,399	617,550
Other	174,699	78,719	275,981	656,092
Total Revenues	<u>33,647,121</u>	<u>48,501,069</u>	<u>50,892,688</u>	<u>36,536,523</u>
<b>EXPENDITURES</b>				
General Government	10,785,475	11,156,108	13,101,961	10,951,825
Public Safety	3,294,773	4,235,169	8,767,061	8,926,574
Highways and Streets	12,337,651	1,551,725	3,523,398	2,525,680
Culture and Recreation	2,480,785	5,231,338	25,724,708	3,211,714
Redevelopment and Housing	31,106	-	-	-
Economic Development	859,508	919,366	978,981	632,499
Capital Outlay	-	33,227,915	21,402,111	30,252,931
Debt Service:				
Principal Retirement	999,624	3,556,627	1,011,096	2,699,907
Interest on Long-Term Debt	789,749	7,770,799	5,091,458	5,177,249
Issuance Costs	227,850	2,144,381	119,944	-
Total Expenditures	<u>31,806,521</u>	<u>69,793,428</u>	<u>79,720,718</u>	<u>64,378,379</u>
Excess of Revenues				
Over (Under) Expenditures	1,840,600	(21,292,359)	(28,828,030)	(27,841,856)
<b>OTHER FINANCING SOURCES</b>				
<b>(USES)</b>				
Transfers In	9,775,195	13,736,804	6,521,702	5,210,992
Transfers Out	(9,775,195)	(16,395,303)	(6,521,702)	(6,636,992)
Issuance of Long-Term Debt	14,474,915	81,215,000	-	12,045,000
Premium on Long-Term Debt	-	1,743,770	-	-
Proceeds from Capital Leases	-	-	-	1,937,932
Total Other Financing				
Sources (Uses)	<u>14,474,915</u>	<u>80,300,271</u>	<u>-</u>	<u>12,556,932</u>
Net Change in Fund Balances	<u>\$ 16,315,515</u>	<u>\$ 59,007,912</u>	<u>\$ (28,828,030)</u>	<u>\$ (15,284,924)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	3.97%	3.59%	3.54%	4.05%

Source: The Town's Finance Department.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 16,836,982	\$ 16,023,317	\$ 16,475,628	\$ 20,231,535	\$ 23,485,195	\$ 27,720,663
5,180,166	5,734,596	7,708,774	7,227,330	8,030,414	8,950,773
73,640	114,749	73,500	3,818,206	4,563,955	4,555,012
3,153,496	3,258,927	2,083,219	817,815	796,902	874,110
-	-	221,169	288,404	333,464	381,016
2,698,090	156,673	1,823,614	3,442,997	716,623	258,243
2,430,132	1,575,802	1,968,577	5,877,743	6,478,349	5,974,801
2,195,808	2,136,060	2,242,754	2,139,002	2,207,345	2,324,857
321,371	769,016	524,712	(188,481)	981,010	1,258,858
386,227	389,978	239,000	140,421	226,965	399,722
<u>33,275,912</u>	<u>30,159,118</u>	<u>33,360,947</u>	<u>43,794,972</u>	<u>47,820,222</u>	<u>52,698,055</u>
10,982,941	9,351,883	7,886,767	8,405,607	10,291,860	11,586,257
8,477,676	8,320,857	7,406,989	7,713,176	9,059,429	11,602,383
2,124,711	2,971,653	2,932,978	2,837,392	2,930,716	3,742,931
2,799,420	3,279,393	2,533,497	2,318,345	2,595,664	3,074,017
-	-	-	-	-	-
574,191	729,464	570,038	809,841	967,116	3,729,446
5,387,164	11,775,094	3,743,304	1,383,628	3,774,743	10,513,269
2,870,695	2,891,326	3,008,680	3,161,506	3,164,560	3,385,313
4,977,067	4,860,272	4,724,600	4,711,032	4,497,544	4,321,778
-	-	-	-	-	-
<u>38,193,865</u>	<u>44,179,942</u>	<u>32,806,853</u>	<u>31,340,527</u>	<u>37,281,632</u>	<u>51,955,394</u>
(4,917,953)	(14,020,824)	554,094	12,454,445	10,538,590	742,661
6,415,774	5,163,723	5,450,701	6,654,872	7,089,715	18,592,762
(8,006,467)	(6,182,721)	(4,464,852)	(5,120,342)	(6,614,671)	(18,249,622)
-	-	-	-	-	-
-	-	-	-	-	-
-	104,100	-	130,234	518,696	-
<u>(1,590,693)</u>	<u>(914,898)</u>	<u>985,849</u>	<u>1,664,764</u>	<u>993,740</u>	<u>343,140</u>
<u>\$ (6,508,646)</u>	<u>\$ (14,935,722)</u>	<u>\$ 1,539,943</u>	<u>\$ 14,119,209</u>	<u>\$ 11,532,330</u>	<u>\$ 1,085,801</u>
9.80%	17.55%	26.10%	26.28%	23.82%	18.56%

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

	Fiscal Year			
	2006	2007	2008	2009
Sales Category:				
Construction	\$ 477,574,459	\$ 748,352,769	\$ 561,235,846	\$ 128,692,544
Manufacturing	8,992,348	7,944,333	16,321,469	13,088,096
Communications and Utilities	25,172,914	35,250,877	43,961,810	36,977,768
Transportation				
Wholesale Trade	3,850,397	4,404,879	8,524,677	7,319,314
Retail Trade	119,811,982	128,953,912	152,578,377	236,077,544
Restaurants and Bars	17,770,971	25,736,540	31,722,604	36,646,285
Real Estate, Rental and Lease	30,714,441	41,265,871	39,906,317	55,469,885
Services	7,280,584	9,043,078	11,519,640	11,642,030
Other	14,648,145	11,039,381	20,228,014	26,988,611
Total	<u>\$ 705,816,241</u>	<u>\$ 1,011,991,640</u>	<u>\$ 885,998,754</u>	<u>\$ 552,902,077</u>
Town Sales Tax Rate	2.00%	2.00%	2.25%	2.25%
Town Construction Sales Tax				

Source: Arizona Department of Revenue.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 47,010,800	\$ 44,145,779	\$ 64,313,467	\$ 183,507,187	\$ 147,042,520	\$ 182,451,846
11,605,644	14,276,568	14,800,622	15,678,705	15,409,197	17,401,290
45,536,133	44,125,676	47,838,756	46,342,729	50,234,076	54,934,415
5,051,467	6,230,724	5,300,978	5,271,396	6,152,793	6,323,860
235,488,222	240,602,220	256,984,356	281,513,741	300,884,544	315,017,361
40,576,044	46,232,244	45,583,911	51,553,181	59,267,692	64,732,627
47,604,000	50,089,300	52,889,378	67,570,269	72,465,796	89,116,960
8,637,778	10,865,399	11,949,956	15,347,314	17,782,422	22,427,818
15,717,867	16,574,783	18,414,889	17,420,404	18,477,390	22,829,027
<u>\$ 457,227,955</u>	<u>\$ 473,142,693</u>	<u>\$ 518,076,311</u>	<u>\$ 684,204,928</u>	<u>\$ 687,716,429</u>	<u>\$ 775,235,203</u>
2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

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

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Maricopa County</u>	<u>Arizona State</u>
2006	2.00 %	5.60 %	0.70 %
2007	2.00	5.60	0.70
2008	2.25	5.60	0.70
2009	2.25	5.60	0.70
2010	2.25	6.60	0.70
2011	2.25	6.60	0.70
2012	2.25	6.60	0.70
2013	2.25	6.60	0.70
2014	2.25	5.60	0.70
2015	2.25	5.60	0.70

Source: Arizona Department of Revenue.

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

Fiscal Year	Assessed Value				Total Taxable Assessed Value
	Residential Property Value	Agricultural and Commercial Property Value	Total Assessed Value	Less: Exemptions	
2008	\$ 184,606,137	\$ 122,171,818	\$ 306,777,955	\$ (28,579,739)	\$ 278,198,216
2009	221,815,956	160,166,639	381,982,595	(34,040,799)	347,941,796
2010	208,757,539	203,299,464	412,057,003	(65,098,961)	346,958,042
2011	166,556,377	185,104,275	351,660,652	(65,524,326)	286,136,326
2012	142,406,641	121,723,930	264,130,571	(49,656,555)	214,474,016
2013	133,965,641	108,634,168	242,599,809	(51,394,523)	191,205,286
2014	131,764,902	107,129,631	238,894,533	(53,724,377)	185,170,156
2015	169,470,675	124,026,688	293,497,363	(52,807,704)	240,689,659

Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1.95	\$ 2,555,197,190	10.89%
1.95	3,145,545,877	11.06%
1.95	3,240,641,414	10.71%
1.95	2,707,295,115	10.57%
1.95	2,115,954,831	10.14%
1.95	1,957,841,850	9.77%
1.95	1,934,828,445	9.57%
1.95	2,418,774,832	9.95%

Source: The Maricopa County Treasurer.

Note: 2008 was the Town's first year to levy property taxes.

**TOWN OF QUEEN CREEK, ARIZONA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST EIGHT FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Direct Rate	Overlapping Rates		
	Town of Queen Creek	Queen Creek Unified School District	Community College District	Maricopa County
2008	1.95	5.54	0.98	2.47
2009	1.95	5.46	0.94	1.03
2010	1.95	5.01	0.88	0.99
2011	1.95	4.92	0.97	1.05
2012	1.95	4.92	0.97	1.05
2013	1.95	4.55	1.16	1.24
2014	1.95	8.16	1.53	1.28
2015	1.95	6.55	1.52	1.32

Source: The Maricopa County Treasurer.

Note: 2008 was the Town's first year to levy property taxes.

**TOWN OF QUEEN CREEK, ARIZONA  
PRINCIPAL PROPERTY TAXPAYERS  
JUNE 30, 2015 AND 2011  
(UNAUDITED)**

Taxpayer	2015			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
HSL Encantada Queen Creek LLC	\$ 28,408,800	1	11.80			
William Lyon Homes Inc	22,217,089	2	9.23			
LBE Investments LTD	18,865,335	3	7.84			
K & M Development #1 LLC	17,986,100	4	7.47			
Wal-Mart Stores, Inc.	16,938,200	5	7.04	\$ 3,785,838	5	1.77
Richmond American Homes of Arizona	19,108,600	6	7.94			
Siete Solar, LLC (C/O PSEG)	14,333,000	7	5.95			
Cresliegh Homes Arizona Inc	13,452,400	8	5.59			
Fulton Homes Corporation	11,522,669	9	4.79			
WDP Town Center LLC	11,407,000	10	4.74	3,480,628	6	1.62
DMB Mesa Proving Grounds				25,444,484	1	11.86
Commercial Metals Company				7,037,087	2	3.28
TRW Vehicle Safety Systems Inc				4,658,563	3	2.17
Fujifilm Electronics				4,017,270	4	1.87
VIP Emperor Estates LLC				3,371,813	7	1.57
Pulte Home Corporation				3,361,409	8	1.57
Queen Creek Joint Venture LL				2,876,240	9	1.34
Pecans of Queen Creek				2,733,421	10	1.27
	<u>\$ 174,239,193</u>		72.39 %	<u>\$ 60,766,753</u>		28.33 %

Source: The Maricopa County Assessor's Office

Note 1: Information prior to 2011 is not available.

**TOWN OF QUEEN CREEK, ARIZONA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST EIGHT 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
2008	\$ 3,792,251	\$ 3,692,894	97.38 %	\$ 98,141	\$ 3,791,035	99.97 %	\$ 1,216	0.03 %
2009	4,701,609	4,578,427	97.38	121,418	4,699,845	99.96	1,764	0.04
2010	5,432,696	5,290,359	97.38	140,739	5,431,098	99.97	1,598	0.03
2011	5,056,216	4,923,743	97.38	130,195	5,053,938	99.95	2,278	0.05
2012	4,082,960	3,976,035	97.38	104,873	4,080,908	99.95	2,052	0.05
2013	3,712,376	3,620,118	97.51	90,680	3,710,798	99.96	1,578	0.04
2014	3,554,457	3,473,119	97.71	79,969	3,553,088	99.96	1,369	0.04
2015	4,311,798	4,230,606	98.12	-	4,230,606	98.12	81,192	1.88

Source: The Maricopa County Treasurer.

Note: 2008 was the Town's first year to levy property taxes.

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

Governmental Activities

Fiscal Year	Revenue Bonds	Special Assessment Bonds	Notes and Loans Payable	Long-Term Contract	Capital Leases	Total
2006	\$ -	\$ -	\$ 21,350,000	\$ -	\$ 7,371,895	\$ 28,721,895
2007	27,135,000	54,080,000	20,900,000	-	51,096	102,166,096
2008	26,640,000	54,080,000	20,435,000	-	-	101,155,000
2009	26,640,000	52,865,000	32,480,000	-	1,723,025	113,708,025
2010	26,005,000	51,590,000	21,845,000	-	1,497,330	100,937,330
2011	25,345,000	50,250,000	21,135,000	-	1,350,104	98,080,104
2012	24,660,000	48,840,000	19,875,000	-	1,081,424	94,456,424
2013	24,322,262	48,271,732	19,535,705	-	915,152	93,044,851
2014	23,195,000	47,036,153	18,825,803	753,415	1,259,288	91,069,659
2015	22,415,000	45,338,311	18,085,902	376,708	1,008,975	87,224,896

Business-Type Activities

Fiscal Year	Advances in Aid of Construction	Loans Payable	Revenue Obligation	Capital Leases	Total
2006	\$ -	\$ 34,100,399	\$ -	\$ -	\$ 34,100,399
2007	-	38,180,653	-	-	38,180,653
2008	15,655,060	79,589,448	-	-	95,244,508
2009	8,870,167	77,056,592	-	-	85,926,759
2010	6,890,601	75,993,739	-	-	82,884,340
2011	6,387,387	74,201,249	-	-	80,588,636
2012	1,239,276	70,524,328	-	271,012	72,034,616
2013	847,232	67,092,551	-	-	67,939,783
2014	2,629,297	78,287,581	34,602,247	-	115,519,125
2015	2,069,797	74,574,006	34,064,465	-	110,708,268

**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
2006	\$ 62,822,294	12.93%	9.06%	\$ 3,351
2007	140,346,749	11.03%	19.83%	6,370
2008	196,399,508	7.69%	N/A	8,235
2009	199,634,784	6.35%	30.81%	7,725
2010	183,821,670	5.67%	25.05%	6,939
2011	178,668,740	6.60%	23.36%	6,618
2012	166,491,040	7.87%	23.43%	6,211
2013	160,984,634	8.22%	20.09%	5,757
2014	206,588,784	10.68%	23.34%	6,962
2015	197,933,164	8.18%	20.50%	6,231

Source: The Town's Finance Department.

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

**TOWN OF QUEEN CREEK, ARIZONA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2015**  
**(UNAUDITED)**

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Debt Repaid with Property Taxes</b>			
Maricopa County Community College District	\$ 654,190,000	0.69%	\$ 4,513,911
Pinal County Community College District	88,680,000	0.17%	150,756
Chandler Unified School District	197,985,000	0.34%	673,149
Higley Unified School District	101,770,000	9.51%	9,678,327
Queen Creek Unified School District No. 95	32,430,000	62.42%	20,242,806
Subtotal, Overlapping Debt			<u>35,258,950</u>
Town of Queen Creek, Arizona	87,224,896	100.00%	87,224,896
Total Direct and Overlapping Debt			<u><u>\$ 122,483,846</u></u>

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

(1) Proportion applicable to the Town of Queen Creek, Arizona, is computed on the ratio of secondary assessed valuation for 2014-15.

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

	Fiscal Year			
	2006	2007	2008	2009
Total Debt Limit	\$ 29,541,469	\$ 41,406,291	\$ 74,152,814	\$ 90,464,867
Total Applicable to Limit	-	-	-	-
Legal Debt Margin	<u>\$ 29,541,469</u>	<u>\$ 41,406,291</u>	<u>\$ 74,152,814</u>	<u>\$ 90,464,867</u>
Total Net Debt Applicable to the Limit as a Percentage of the Debt Limit	-	-	-	-

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



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**TOWN OF QUEEN CREEK, ARIZONA**  
**CALCULATION OF LEGAL DEBT MARGIN**  
**JUNE 30, 2015**  
**(UNAUDITED)**

Net Secondary Assessed Value		<u>\$ 240,689,659</u>
<u>Water, Sewer, Light, Parks, Open Space and Recreational Facility Bonds</u>		
Debt Limit - 20% of Net Secondary Assessed Value		\$ 48,137,932
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ -	
Less: Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>-</u>
20% Legal Debt Margin		<u>\$ 48,137,932</u>
<u>All Other General Obligation Bonds</u>		
Debt Limit - 6% of Net Secondary Assessed Value		\$ 14,441,380
Debt Applicable to Limit		
General Obligation Bonds Outstanding	\$ -	
Less: Amount Set Aside for Repayment of Debt	<u>-</u>	
Net Debt Applicable to Limit		<u>-</u>
All Other General Obligation Bonds debt Margin		<u>\$ 14,441,380</u>
Total Legal Debt Margin		<u>\$ 62,579,310</u>

Source: Maricopa County Assessor's Office.

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

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

Excise Tax and State Shared Revenue Bonds and Loans

Fiscal Year	Excise Tax and State Shared Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	\$ 23,578,564	\$ -	\$ 23,578,564	\$ 335,000	\$ 1,339,807	14.08
2007	33,592,013	-	33,592,013	600,000	1,246,791	18.19
2008	33,951,027	-	33,951,027	1,115,000	2,635,959	9.05
2009	19,103,104	-	19,103,104	1,430,000	2,840,875	4.47
2010	15,898,278	-	15,898,278	1,535,000	2,397,001	4.04
2011	15,047,227	-	15,047,227	1,475,000	2,341,621	3.94
2012	17,991,427	-	17,991,427	1,510,000	2,388,519	4.61
2013	22,007,076	-	22,007,076	1,580,000	2,336,067	5.62
2014	24,916,151	-	24,916,151	1,440,000	2,062,755	7.11
2015	29,103,460	-	29,103,460	1,505,000	2,145,010	7.97

Special Assessment Bonds

Fiscal Year	Special Assessment Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2009	\$ 2,560,272	\$ -	\$ 2,560,272	\$ 1,215,000	\$ 2,376,850	0.71
2010	3,887,100	-	3,887,100	1,275,000	2,612,100	1.00
2011	1,826,134	-	1,826,134	1,340,000	2,555,673	0.47
2012	1,899,961	-	1,899,961	1,410,000	2,477,477	0.49
2013	1,801,837	-	1,801,837	1,475,000	2,405,349	0.46
2014	1,824,295	-	1,824,295	1,550,000	2,330,251	0.47
2015	1,920,855	-	1,920,855	1,630,000	2,250,125	0.50

Wastewater Loans

Fiscal Year	Wastewater Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	\$ 8,461,295	\$ 1,624,251	\$ 6,837,044	\$ 202,164	\$ 673,641	7.81
2007	6,539,322	1,676,232	4,863,090	1,474,447	1,121,871	1.87
2008	5,103,085	1,354,104	3,748,981	1,529,457	1,237,904	1.35
2009	3,716,238	1,995,636	1,720,602	1,586,518	1,269,566	0.60
2010	4,215,598	2,591,636	1,623,962	1,586,517	605,188	0.74
2011	3,550,573	2,245,110	1,305,463	235,414	660,621	1.46
2012	4,300,647	2,044,225	2,256,422	254,037	1,192,801	1.56
2013	6,806,429	2,011,178	4,795,251	1,674,187	1,181,896	1.68
2014	8,351,751	1,849,295	6,502,456	1,736,692	1,346,118	2.11
2015	9,012,855	1,963,292	7,049,563	1,801,531	1,198,701	2.35

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

Water Loan						
Fiscal Year	Water Charges and Other (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2008	\$ 1,701,332	\$ 1,451,213	\$ 250,119	\$ -	\$ -	N/A
2009	7,154,421	3,634,862	3,519,559	1,338,052	1,639,135	1.18
2010	7,761,493	5,124,137	2,637,356	1,338,052	777,829	1.25
2011	8,639,880	4,342,685	4,297,195	1,392,076	749,727	2.01
2012	9,395,949	3,956,535	5,439,414	1,506,755	1,446,735	1.84
2013	10,566,874	3,773,546	6,793,328	1,567,590	1,385,441	2.30
2014	15,402,862	5,324,275	10,078,587	2,217,063	2,237,977	2.26
2015	20,346,168	8,592,373	11,753,795	2,301,398	2,933,067	2.25

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

(1) Wastewater and water charges and other includes charges for services, impact fees, investment income and miscellaneous revenues.

(2) Operating expenses do not include depreciation, equity interest in joint venture, and interest expense.

**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>
2006	18,748	\$ 693,308,000	\$ 31,514	4.7 %	4.0 %	2.4 %
2007	22,032	707,606,452	31,949	3.8	3.2	2.4
2008	23,850	N/A	N/A	5.6	3.9	5.2
2009	25,844	647,971,256	28,328	8.7	7.1	9.0
2010	26,490	733,720,020	27,698	9.6	8.8	9.0
2011	26,996	764,742,688	28,328	9.7	8.5	9.1
2012	26,805	710,520,135	26,507	8.5	7.3	5.9
2013	27,963	801,503,469	28,663	8.0	7.1	7.3
2014	29,673	885,086,244	29,828	6.9	6.4	4.8
2015	31,767	965,716,800	30,400	5.9	5.3	4.4

Source: The Arizona Department of Administration, Office of Employment and Population Statistics.

**TOWN OF QUEEN CREEK, ARIZONA  
PRINCIPAL EMPLOYERS  
JUNE 30, 2015 AND 2011  
(UNAUDITED)**

Employer	2015			2011 (1)		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Queen Creek Unified School District	800	1	17.30%	667	1	34.63%
Wal-Mart	386	2	8.35%	310	2	16.10%
Canyon State Academy	290	3	6.27%	200	3	10.38%
Town of Queen Creek, Arizona	220	4	4.76%	149	6	7.74%
Home Depot	194	5	4.20%	135	5	7.01%
Target	180	6	3.89%	170	4	8.83%
Kohl's	90	7	1.95%	85	8	4.41%
Olive Garden	86	8	1.86%	-		
Safeway	80	9	1.73%	80	7	4.15%
Bashas	62	10	1.34%	79	9	4.10%
Paradise Bakery	-			36	10	1.87%
	<u>2,388</u>		51.65%	<u>1,911</u>		99.22%

Source: Arizona Department of Economic Security

(1) Information prior to 2011 is not available.

Note: This list includes only those employers who responded to the annual major employer survey.

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

Function	Full-Time Equivalent Employees									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	31	31	55	55	48	33	35	43	44	48
Public Safety	4	4	33	34	33	32	32	37	50	50
Highways and Streets	30	30	29	23	17	17	18	16	14	14
Culture and Recreation	35	35	37	31	30	20	11	22	25	35
Community Development	38	38	31	26	28	16	26	9	7	9
Wastewater	-	-	4	6	5	4	4	5	6	8
Water	-	-	22	25	27	24	23	22	37	35
<b>Total</b>	<b>138</b>	<b>138</b>	<b>211</b>	<b>200</b>	<b>188</b>	<b>146</b>	<b>149</b>	<b>154</b>	<b>183</b>	<b>199</b>

Source: The Town's Human Resources Department.

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

Function	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Planning and Building Safety</b>					
Building Permits Issued	1,240	630	268	179	224
<b>Highways and Streets</b>					
Street Resurfacing (Miles)	10	24	36	47	64
Street Striped (Miles)	15	10	35	50	50
<b>Culture and Recreation</b>					
Athletic Field Permits Issued	255	173	181	114	169
Recreation Center Program Hits	11,374	10,977	10,410	12,105	11,984
Summer Recreation Camps	45	30	57	N/A	N/A

Source: The Town of Queen Creek, Arizona

Fiscal Year				
2011	2012	2013	2014	2015
125	194	1,946	2,486	2,817
13	24	43	10	10
38	29	38	15	22
148	122	128	115	114
10,608	15,374	17,805	18,435	15,374
N/A	N/A	N/A	N/A	N/A

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

Function	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Highways and Streets</b>					
Streets (Miles)	165	197	198	386	386
Streetlights	273	300	662	863	873
Traffic Signals	2	4	26	33	33
<b>Culture and Recreation</b>					
Parks Acreage	424	424	418	419	419
Parks	2	2	2	3	3
Community Centers	1	1	1	3	2
<b>Sewer</b>					
Sanitary Sewer (Miles)	20	71	97	99	102
Storm Sewers (Miles)	-	4	4	7	8
Maximum Daily Treatment Capacity (Thousands of Gallons)	4,000	4,000	4,000	4,000	4,000

Source: The Town of Queen Creek's Facility Records

Fiscal Year

2011	2012	2013	2014	2015
391	397	440	461	492
983	1,022	1,082	2,355	2,827
33	37	38	42	45
419	419	419	544	544
3	3	3	4	4
2	2	1	3	3
104	105	110	128	134
9	9	9	9	9
4,000	4,000	4,000	4,000	4,000

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