



CITY OF SURPRISE
Regular City Council Meeting
16000 N. Civic Center Plaza
Surprise, AZ 85374
Tuesday, April 5, 2022 @ 6:00 PM
COUNCIL CHAMBERS

A. Call To Order

Any prayer or invocation that may be offered before the start of the Regular Council Meeting is a voluntary offering by a private resident of Surprise; has not been previously reviewed or approved by City Council or City staff; should not be considered an endorsement of any particular religion by the City or its officials, as the beliefs, viewpoint, and content are personal to the speaker; and no participation by any person in attendance is required. A list of volunteers is maintained by the office of the City Clerk and interested persons should contact the Clerk's Office for further information.

B. Roll Call

C. Pledge of Allegiance

D. Proclamation and Community Acknowledgements

Presentation by Friends of the Surprise Libraries pertaining to its annual bookmark contest.

Water Awareness Month Proclamation

E. City Manager Report

F. City Clerk Report

G. Call To The Public

INSTRUCTIONS: In order to address the City Council, you will need to fill out a Call to the Public Form available at the front counter, and then turn it in to the City Clerk before the meeting begins.

[Download the Call to the Public form](#) (PDF download requires Adobe Acrobat Reader)

[Fill out the Call to the Public form online](#) If submitting form electronically, please submit to City Clerk at least one hour before the meeting start time.

The Call to the Public form is also available at the front counter.

Note: A.R.S. 38-431.01(H)- During this time members of the public may address City Council only on issues within the jurisdiction of the City Council which are not an item on the agenda. At the conclusion of the open call, City Council may respond to criticism, may ask staff to review the matter or may ask that the matter be put on a future agenda. No discussion or action shall take place on any item raised.

Approval of items on the Consent Agenda – all items with an asterisk (*) are considered to be routine matters and will be enacted by one motion and one roll call vote to the City Council.

There will be no separate discussion on these items unless a Councilmember requests, in which event the item will be removed from the consent agenda and considered in its normal sequence on the agenda.

Please be aware that Council Members may not discuss or respond to matters raised during call to the public that are not specifically identified on the agenda. Council Members may however, in their discretion, discuss or respond to relevant matters raised during a noticed public hearing or agenda item.

H. Regular City Council Meeting Agenda

CONSENT AGENDA:

1.	Citywide	Consideration and action on the minutes of the Regular City Council Work Session and Regular City Council Meeting of March 15, 2022.	None Sherry Aguilar City Clerk
2.	District 5	Consideration and action to approve a Series 10 (Beer & Wine) liquor license for A to Z Polish Market located at 17221 N. Litchfiel Road, Surprise, AZ 85374.	None Sherry Aguilar City Clerk
3.	District 1	Consideration and action to approve a Series 12 (Restaurant) liquor license for Golden Wei Chinese Cuisine located at 17014 W. Bell Road, #106 & #107 Surprise, AZ 85379,	None Sherry Aguilar City Clerk
4.	District 3	Consideration and action to approve a Series 09 (Liquor Store) liquor license for Total Wine & More #1013 located at 13440 N. Prasada Parkway, Surprise, AZ 85388.	None Sherry Aguilar City Clerk
5.	Citywide	Consideration and action pertaining to approval of the Central Arizona Project Subcontractor Compensated Conservation Program Agreement and associated Fiscal Year 2022 budget amendment by moving budget authority of \$849, 900 from the Contingency Fund to Intergovernmental Revenue within the Water Operations Fund, moving \$645, 400 from Services in the Water Operations Fund, moving \$604, 200 from Contingency to the Water Utility Capital Fund in Project P71240 Water Acquisitions and authorizing an inter-fund cash transfer and amendment to the contract awarding list to facilitate the purchase of long-term water storage credits; Resolution #2022-35.	None Water Resource Management
6.	Citywide	Consideration and action pertaining to approval of a Fiscal Year 2022 budget amendment moving budget authority of \$13,200 within the Southwest Gas Capital Expenditures Fund from Contingency to Services in project A71020 Asset Replacement Wastewater; Resolution #2022-34.	None Michael Boule Water Resource Management
7.	District 1	Consideration and action pertaining to approval of the Map of Dedication entitled, "Ellen Ranch Model Phase" and dated January 10, 2022, a property generally located near the northeast corner of 163rd Avenue and Happy Valley Road in a portion of Section 6, Township 4 North, Range 1 West of the Gila and Salt River Meridian, Maricopa County, Arizona. Case FS21-507.	None Chris Sexton Community Development
8.	District 1	Consideration and action pertaining to approval of the Final Plat entitled, "The G Ranch" and dated February 16, 2022, a property generally located at the northwest corner of Peakview Road and 163 rd Avenue; Case FS21-730.	None Chris Sexton Community Development
9.	District 6	Consideration and action pertaining to approval of the Easement and Joint Use Agreement with Dysart Unified School District No 89; Resolution #2022-29.	None Holly Osborn Parks and Recreation

- | | | | |
|-----|------------|---|--|
| 10. | District 1 | Consideration and action pertaining to approval of vacating the City of Surprise's interest in a portion of certain public roadways within Section 22, Township 4 North, Range 3 West, generally located west of the Beardsley Road alignment and west of 227 th Avenue; Resolution # 2022-24. | None

Lloyd Abrams
Community
Development |
|-----|------------|---|--|

REGULAR AGENDA ITEM - PUBLIC HEARING:

- | | | | |
|-----|------------|---|---|
| 11. | District 1 | Consideration and action pertaining to a rezone from Rural Residential (RR) to Community Commercial (C-2) for approximately 10.66 gross acres generally located west of the intersection of Grand Avenue and Happy Valley Road; Ordinance #2022-09. | None

Trevor Fleetham
Community
Development |
| 12. | Citywide | Consideration and action pertaining to continuing the potential adoption of the Property Maintenance Ordinance (PMO) beyond April 19, 2022. | None

Tiffany Copp
Community
Development |

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

- | | | | |
|-----|----------|---|---|
| 13. | Internal | Presentation and discussion pertaining to the fiscal year 2021 annual audit and Annual Comprehensive Financial Report, and associated reports. | None

Andrea Davis
Finance |
| 14. | Internal | Consideration and action by City Council determining, in accordance with A.R.S. § 9-481(H), that the City of Surprise has complied with A.R.S. § 41-1494, an Arizona law which prohibits a state agency, including cities, from requiring, or expending public funds on, certain training, orientation or therapy; Resolution #2022-25. | None

Donna Meuse
Andrea Davis
Finance |
| 15. | Internal | Consideration and action pertaining to approval of an Intergovernmental Agreement with Maricopa County to receive funding in the amount of \$18,000,000 to build a general administration building for City of Surprise services to include a multi-generational Community Resource Center, Project G51730A; Resolution #2022-30. | None

Seth Dyson
Human Svcs and
Comm Vitality |
| 16. | Citywide | Consideration and action pertaining to approval of an amendment to Fiscal Year 2022 Budget by moving budget authority of \$50,000 from Contingency to services within the Tourism Fund to establish a budget for Perfect Game Baseball Tournaments through December 2022; Resolution #2022-32. | None

Kendra Pettis
Sports and Tourism |
| 17. | Citywide | Consideration and action pertaining to approval of an amendment to Fiscal Year 2022 Budget by moving budget authority of \$25,000 from contingency to services within the Tourism Fund to support the Vista Center for the Arts programming for the 2022-2023 Season; Resolution #2022-33. | None

Kendra Pettis
Sports and Tourism |

- I. Other Business and Future Agenda Items
- J. City Council Reports
- K. Executive Session

For information Purposes; Upon a public majority vote of a quorum of the City Council, the Council may hold an executive session, which will not be open to the public, but for only the following purposes:

- discussion or consideration of personnel matters (A.R.S. §38-431.03 (A)(1));
- discussion or consideration of records exempt by law from public inspection (A.R.S. §38-401.03 (A)(2));
- discussion or consultation for legal advice with the city's attorneys (A.R.S. §38-431.03 (A)(3));
- discussion or consultation with the city's attorneys regarding the city's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation (A.R.S. §38-431.03 (a)(4));
- discussion or consultation with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations with employee organizations (A.R.S. §38-431.03 (A)(5)); or
- discussion, consultation or consideration for international and interstate negotiations or for negotiations by a city or town, or its designated representatives, with members of a tribal council, or its designated representatives, of an Indian reservation located within or adjacent to the city or town. A.R.S. §38-401.03 (A)(6)).
- discussing or consulting with designated representatives of the city in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property (A.R.S. §38-431.03 (A)(7)).

Confidentiality Requirements Pursuant to A.R.S. §38-431.03(C)(D): Any person receiving executive session information pursuant to A.R.S. §38-431.02 shall not disclose that information except to the Attorney General or County Attorney by agreement of the City Council, or as otherwise ordered by a court of competent jurisdiction.

The council may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03(A)(3).

L. Adjournment

SHERRY ANN AGUILAR, CITY CLERK, MMC

POSTED: March 31, 2022 12:15 PM

SPECIAL NOTE: PERSONS WITH SPECIAL ACCESSIBILITY NEEDS, INCLUDING LARGE PRINT MATERIALS OR INTERPRETER, SHOULD CONTACT THE CITY CLERK'S OFFICE @ 623.222.1200 OR TTY 623.222.1002, BY NO LATER THAN 24 HOURS IN ADVANCE OF THE REGULAR SCHEDULED MEETING TIME.



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022
Submitting Department: City Clerk
Staff Recommendations:

Contact Person:
District: Internal

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Invocation

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022 Contact Person:
Submitting Department: City Manager Office District: Citywide
Staff Recommendations:

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Presentation by Friends of the Surprise Libraries pertaining to its annual bookmark contest.

Motion:

None, Presentation only.

Background:

Friends of the Surprise Libraries is a local, non-profit organization which has been working with local 6th, 7th, and 8th-grade students since 2006, with a focus on literacy and art literacy as an additional form of expression and communication.

The Friends of the Surprise Libraries' bookmark contest is open each year to schools from all over Surprise, including Charter Schools, Public Schools, and Home Schools. This year's panel of judges included members from the Surprise Arts and Cultural Advisory Commission and volunteers from the Friends of the Surprise Libraries.

Submitted bookmarks will be on display at the Northwest Regional Library through the end of February. First place and honorable mention will be awarded to students from each grade level.

Objective Analysis:

Policy Compliant:

Financial Impact:

None.

Budget Impact:

None.

FTE Impact:

None.

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022
Submitting Department: City Manager Office
Staff Recommendations: None

Contact Person: Skip Hall
District: Citywide

Consent: No Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Water Awareness Month Proclamation

Motion:

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022
Submitting Department: City Clerk
Staff Recommendations: None

Contact Person: Sherry Aguilar, City Clerk
District: Citywide

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action on the minutes of the Regular City Council Work Session and Regular City Council Meeting of March 15, 2022.

Motion:

I move to approve the meeting minutes.

Background:

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. 3.15.22 Work Session
 2. 3.15.22 REG MTG MINS
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CITY OF SURPRISE
Regular City Council Work Session Minutes
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, March 15, 2022 @ 4:00 PM

Call To Order

Roll Call

Mayor Hall called to order the Regular City Council Work Session of March 15, 2022 at 4:00 PM at Surprise City Hall Council Chambers, 16000 N Civic Center Plaza, Surprise, Arizona 85374. Also in attendance with Mayor Hall were Vice Mayor Cline and Council Members: Winters, Duffy, Hastings and Judd (Remley-excused).

Staff Present: City Manager, Bob Wingenroth; City Attorney, Robert Wingo and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Call To The Public

Regular City Council Work Session Agenda

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

1. Presentation and discussion pertaining to the Fiscal Year 2023 Budget Revenues & Expenses - NO ACTION

Mayor Hall commented that the budget is one of our most important things to do. I want Council to feel comfortable answering questions.

City Manager Wingenroth gave an opening statement on what will be presented tonight for the 2023 budget process.

Finance Director, Andrea Davis kicked off the powerpoint presentation along with Assistant Finance Director, Eric Boyles.

Mr. Boyles started with the topic of Revenue Source including Property Tax Rate Comparison. Consensus from Council was to keep the rate the same.

Mr. Boyles continued with One Time vs. Ongoing Revenues.

Ms. Davis then went on to discuss full time employee comparisons to other comparable cities.

Council Member Judd asked for clarification on the general fund slide for population.

Ms. Davis moved on the General Fund Expenses by Function and FY 2023 Budget Impacts of Residential & Commercial Growth. Revenue Estimates - General Fund.

What would Council like to see as priority projects?

Vice Mayor Cline - Impact of a downturn to the economy, layoff strategy.

Council Member Judd - inquired about fire stations.

Council Member Duffy - How are we planning for roads?

City Manager Wingenroth explained pavement preservation and the cost of maintaining.

Mayor Hall - Have we accepted roads that we probably should not have accepted in the past?

Yes.

Council Member Duffy - A community pool is a must!

Vice Mayor Cline - We should do a community pool, I don't think we can get ahead of our needs if we don't hire ahead, focus on FTE enhancements for Fire and Police, pavement preservation for most needed roads, spreading the money around, we have more people driving on them now and traffic signals.

Council Member Duffy - Traffic signal as well. Cholla and Reems more school kids are crossing Reems.

Council Member Hastings - Agree with colleagues, definitely community pool but be more specific with 50 meter pool. The closest comparable is Goodyear. This would be a huge draw for club sports. Would also like to see funds put towards fire station.

Brenden Espie commented there are at least 10 areas that will need a station but definitely out by Sterling Grove development will need to be a priority, station 309.

City Manager Wingenroth commented that staff will come back with a capital plan. We will be balancing these projects and integrating the roads into the plan.

Council Member Winters - transit would be first especially for the OTS.

Council Member Judd - 1st priority is a City park, and pool can be combined or integrated; then more on pavement preservation; micro transit; police and fire FTE, indoor recreation center.

Mayor Hall - Dealing with a lot of different realities, we have a spring training stadium with 2 teams, have had for 20 years, if we didn't have the stadium, we would have an additional 50 million dollars, feed it with general fund. We make the best of it. It is a huge investment. I want everyone to be aware of this. Also, every other city in the west valley has a tax on food we don't have this tax. Every other city has a fee for parking, we do not.

Mayor Hall - I want pavement preservation, I want a 50 meter pool but I want Sports and Tourism to figure out how to carry some of this.

Vice Mayor Cline commented if we have any money left over, great if we could find sources to fund an upgrade to our stadium so that we have more usage for the fields.

Council Member Hastings - Agree with colleagues, 50 meter pool, club style program, club swim is a huge draw. Fire Station - funds for #309 specifically?

Ms. Davis - is based on the Chief

Adjournment

Vice Mayor Cline made the motion to adjourn the Regular City Council Work Session of March 15, 2022 at 5:26 PM. Council Member Duffy seconded the motion. Six yes votes, one excused (Remley), motion carried.

Skip Hall, Mayor

ATTEST:

Sherry Ann Aguilar, City Clerk, MMC

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Work Session of **Tuesday, March 15, 2022.**

Sherry Ann Aguilar, City Clerk, MMC

CITY OF SURPRISE
Regular City Council Meeting Minutes
16000 North Civic Center Plaza
Surprise, AZ 85374

Tuesday, March 15, 2022 @ 6:00PM

Call To Order

Invocation

Roll Call

Mayor Hall called to order the Regular City Council Meeting of March 15, 2022 at 6:00 PM at Surprise City Hall Council Chambers, 16000 N Civic Center Plaza, Surprise, Arizona 85374. Also in attendance with Mayor Hall were Vice Mayor Cline and Council Members: Winters, Duffy, Hastings and Judd. (Excused - Council Member Remley).

Staff Present: City Manager, Bob Wingenroth; City Attorney, Robert Wingo and City Clerk, Sherry Ann Aguilar.

Pledge of Allegiance

Proclamation and Community Acknowledgements

1. Fix-A-Leak Week Proclamation

Mayor Hall read aloud the proclamation and issued to Amy Peterson in Water Resources Department.

City Manager Report

City Manager Wingenroth shared a story of beautiful Jennifer Griffin, Resource Center Manager recognized several members of the Surprise Police Officers for assisting with an elderly resident situation, mobility issues.

City Clerk Report

Call To The Public

Brett Augsburger - Spoke about needing more pickleball courts in Surprise. Tournaments are happening in other cities in Arizona, but not Surprise. I don't want us to lose our status in this unbelievable atmosphere we moved here for. Please keep an open mind for this.

Regular City Council Meeting Agenda

CONSENT AGENDA:

Vice Mayor Cline made the motion to approve the consent agenda. Council Member Duffy seconded the motion. Six yes votes, one excused (Remley), motion carried.

1. Consideration and action on the Regular City Council Work Session, Regular City Council Meeting and Executive Session of March 1, 2022 - APPROVED

2. Consideration and action pertaining to approval of the Final Plat entitled, Williams 225 and dated January 21, 2022, a property generally located at the northeast corner of Williams Road and 225th Avenue; Case FS21-765 - APPROVED

3. Consideration and action pertaining to approval of the Final Plat entitled, Daley 223 and dated January 12, 2022, a property generally located north of Daley Lane between 223rd Avenue and 224th Avenue; Case FS21-248 - APPROVED

4. Consideration and action pertaining to approval of a Fiscal Year 2022 budget amendment moving budget authority in the amount of \$50,000 within the Water Operations Fund to support increased demand for water meter installations; Resolution #2022-19 - APPROVED

5. Consideration and action pertaining to acceptance of a grant from the Maricopa Association of Governments (MAG) for the purchase of two PM-10 certified street sweepers and reallocate budget authority for the receipt of grant revenue within the Highway User Revenue Capital Fund; Resolution #2022-22 - APPROVED

6. Consideration and action pertaining to approval and adoption of a Title VI Plan update for the City's transit obligations related to receipt and use of federal funds for transit services; Resolution #2022-12 - APPROVED

7. Consideration and action pertaining to approval of a Fiscal Year 2022 budget amendment moving budget authority of \$8,600,000 from project G54170 - Countryside Park within the Grants Fund to P54170 - Countryside Park within the General Capital Projects Fund and moving budget authority of \$100,000 from the Grants Fund to the Economic Development General Fund Services Category in the amount of \$50,000 and to the Human Services Community Vitality General Fund Services Category in the amount of \$50,000; Resolution #2022-27 - APPROVED

8. Consideration and action pertaining to acceptance of the City's Arizona Lottery Fund (ALF) allotment for FY2022 in the amount of \$364,143; and to reallocate budget authority from the contingency to the Arizona Lottery Fund; Resolution #2022-23 - APPROVED

9. Consideration and action pertaining to approval of a Fiscal Year 2022 budget amendment by moving budget authority of \$610,000 from contingency to project P71110 Solar Biosolids Dryer within the Sewer Utility Capital Fund; Resolution #2022-28 - APPROVED

10. Consideration and action pertaining to approval of an amendment to the Fiscal Year 2022 budget by moving budget authority in the amount of \$15,000 from Contingency within the Grants Fund to grant Project G31364 FFY22 Joint Law Enforcement Operations (JLEO) and authorizing acceptance of a grant award from U.S. Department of Justice (DOJ), U.S. Marshals Service, to cover overtime expenses associated with the participation of one Surprise Police Officer in the JLEO Task Force from October 1, 2021 to September 30, 2022; Resolution #2022-26 - APPROVED

REGULAR AGENDA ITEM - NON-PUBLIC HEARING:

11. Consideration and action pertaining to the Preliminary Plat entitled, "Estia at Zanjero Trails" and dated December 16, 2021, a property generally located at the southwest corner of Cactus Road and Perryville Road; Case FS21-511 - APPROVED

City Planner Trever Fleetham gave a powerpoint presentation on this item.

Vice Mayor Cline - Is this County property that is in the triangle area on the map?

Lloyd Abrams commented that he believes it is EPCOR's property, water treatment and private property.

Council Member Duffy - Questioned access to the development.

The developer answered that the entrance will come off of Perryville Road.

Council Member Judd - The townhouses, with 2 car garages with street parking.

Council Member Duffy made the motion to approve the Preliminary Plat for Estia at Zanjero Trails - Case FS21-511. Vice Mayor Cline seconded the motion. Six yes votes, one excused (Remley), motion carried.

City Council Reports

Mayor and Council attended and/or reported on the following:

Council Member Judd - Monthly meeting moved to Wed., at Venue Tap Room 6:00 p.m.

Council Member Winters - Had a great time at Sterling Grove last night.

Vice Mayor Cline - Veteran's Support Group, supports Honor Flight

Council Member Hastings - No report.

Council Member Duffy - Thursday, St. Patrick's Day, please be safe!

Mayor Hall - March 31st - State of the City here in the chambers, 6:00 p.m.
Sunday, March 27th - Surprise Pops Band, Shadow Ridge High School.

Executive Session

Adjournment

Vice Mayor Cline made the motion to adjourn the Regular City Council Meeting of March 15, 2022 at 6:28 PM. Council Member Winters seconded the motion, six yes votes, one excused (Remley), motion carried.

Skip Hall, Mayor

ATTEST:

Sherry Ann Aguilar, City Clerk, MMC

CERTIFICATION:

I, Sherry Ann Aguilar, City Clerk for the City of Surprise, Maricopa County, Arizona, do hereby verify that these are the true and correct minutes of the Regular City Council Meeting of **Tuesday, March 15, 2022.**

Sherry Ann Aguilar, City Clerk, MMC



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022
Submitting Department: City Clerk
Staff Recommendations: None

Contact Person: Sherry Aguilar, City Clerk
District: District 5

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to approve a Series 10 (Beer & Wine) liquor license for A to Z Polish Market located at 17221 N. Litchfield Road, Surprise, AZ 85374.

Motion:

I move to approve a Series 10 (Beer & Wine) liquor license for A to Z Polish Market located at 17221 N. Litchfield Road, Surprise, AZ. 85374.

Background:

This request is of a routine nature and meets all requirements by the Arizona Department of Liquor License and Control. No concerns are noted.

Objective Analysis:

Policy Compliant:

Financial Impact:

N/A

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. a to z polish appl
 2. CD A to Z Polish Market - 17221 N Litchfield Road MAP
 3. CD A to Z Polish Market - 17221 N Litchfield Road REPORT
 4. FINANCE 03.03.2022_A TO Z POLISH MARKET LLC -17221 N LITCHFIELD RD 50
 5. FIRE 17221 N Litchfield A to Z Polish Market
 6. police A TO Z Polish Market (Series 10)
-

2022-07

State of Arizona
Department of Liquor Licenses and Control

Created 02/25/2022 @ 01:59:36 PM

Local Governing Body Report

LICENSE

Number:	Type:	010 BEER AND WINE STORE
Name:	A TO Z POLISH MARKET	
State:	Pending	
Issue Date:	Expiration Date:	
Original Issue Date:		
Location:	17221 N LITCHFIELD ROAD #50 SURPRISE, AZ 85374 USA	
Mailing Address:	17221 N LITCHFIELD ROAD #50 SURPRISE, AZ 85374 USA	
Phone:	(623)444-5885	
Alt. Phone:		
Email:	MKURA@PROTONMAIL.COM	

AGENT

Name:	AGNIESZKA A KUROWSKI
Gender:	Female
Correspondence Address:	17221 N LITCHFIELD ROAD #50 SURPRISE, AZ 85374 USA
Phone:	(773)562-4058
Alt. Phone:	
Email:	MKURA@PROTONMAIL.COM

OWNER

Name: A TO Z POLISH MARKET LLC
Contact Name: AGNIESZKA A KUROWSKI
Type: LIMITED LIABILITY COMPANY
AZ CC File Number: 23160152 State of Incorporation: AZ
Incorporation Date: 12/14/2020
Correspondence Address: 17221 N LITCHFIELD ROAD
#50
SURPRISE, AZ 85374
USA
Phone: (773)562-4058
Alt. Phone:
Email: MKURA@PROTONMAIL.COM

Officers / Stockholders

Name:	Title:	% Interest:
MARIUSZ KUROWSKI	Manager-LLC	50.00
AGNIESZKA A KUROWSKI	Manager-LLC	50.00

A TO Z POLISH MARKET LLC - Manager-LLC

Name: AGNIESZKA A KUROWSKI
Gender: Female
Correspondence Address: 17221 N LITCHFIELD ROAD
#50
SURPRISE, AZ 85374
USA
Phone: (773)562-4058
Alt. Phone:
Email: MKURA@PROTONMAIL.COM

A TO Z POLISH MARKET LLC - Manager-LLC

Name: MARIUSZ KUROWSKI
Gender: Male
Correspondence Address: 17221 N LITCHFIELD ROAD
#50
SURPRISE, AZ 85374
USA
Phone: (773)562-4058
Alt. Phone:
Email: MKURA@PROTONMAIL.COM

MANAGERS

Name: AGNIESZKA A KUROWSKI
Gender: Female
Correspondence Address: 17221 N LITCHFIELD ROAD
#50
SURPRISE, AZ 85374
USA
Phone: (773)562-4058
Alt. Phone:
Email: MKURA@PROTONMAIL.COM

Name: MARIUSZ KUROWSKI
Gender: Male
Correspondence Address: 17221 N LITCHFIELD ROAD
#50
SURPRISE, AZ 85374
USA
Phone: (773)562-4058
Alt. Phone:
Email: MKURA@PROTONMAIL.COM

APPLICATION INFORMATION

Application Number: 177432
Application Type: New Application
Created Date: ~~01/03/2022~~ 02-25-2022 SB

QUESTIONS & ANSWERS

010 Beer and Wine Store

- 1) Are you applying for an Interim Permit (INP)?
No
- 2) Provide name, address, and distance of nearest school and church.
(If less than one (1) mile note footage)
Grace Point Church
16761 N West-Point Pkwy, Surprise, AZ 85374
~~0.8 miles~~ 2700 ft
Surprise Christian Academy
16761 N. West-Point Pkwy. Surprise, Az
85374 2700 ft
- 3) Are you one of the following? Please indicate below.
Property Tenant
Subtenant
Property Owner
Property Purchaser
Property Management Company
Property Tenant
- 4) Is there a penalty if lease is not fulfilled?
No
- 5) Is the Business located within the incorporated limits of the city or town of which it is located?
Yes
- 6) What is the total money borrowed for the business not including the lease?
Please list each amount owed to lenders/individuals.
None
- 7) Is there a drive through window on the premises?
No
- 8) If there is a patio please indicate contiguous or non-contiguous within 30 feet.
Yes. Contiguous
- 9) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?
No

DOCUMENTS

DOCUMENT TYPE	FILE NAME	UPLOADED DATE
ALIEN STATUS	B6E6FDEB-1F21-4DA4-AA3A-0497D07A9827.jpeg	01/03/2022
DIAGRAM/FLOOR PLAN	6BF21C6A-393E-49F2-84E0-4B65BD225340.jpeg	01/03/2022
ALIEN STATUS	99FB9B4B-1E31-4703-96B4-3421301276A6.jpeg	01/03/2022
QUESTIONNAIRE	Questionnaire Mariusz Kurowski.pdf	01/24/2022
QUESTIONNAIRE	Questionnaire Agnieszka Kurowski .pdf	01/24/2022
ALIEN STATUS	Citizenship Mariusz Kurowski.pdf	01/24/2022
ALIEN STATUS	Citizenship Agnieszka Kurowski .pdf	01/24/2022
	Questionnaire Agnieszka Kurowski .pdf	02/14/2022
	Floor Plan 09-29-2021.pdf	02/14/2022
	Questionnaire Mariusz Kurowski.pdf	02/14/2022

EXISTING EQUIPMENT

1. The first group of authors (1, 2) have shown that the rate of growth of the embryo is directly proportional to the rate of growth of the mother. This is in agreement with the findings of other workers (3, 4) who have shown that the rate of growth of the embryo is directly proportional to the rate of growth of the mother.

KEY NOTES

1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 26

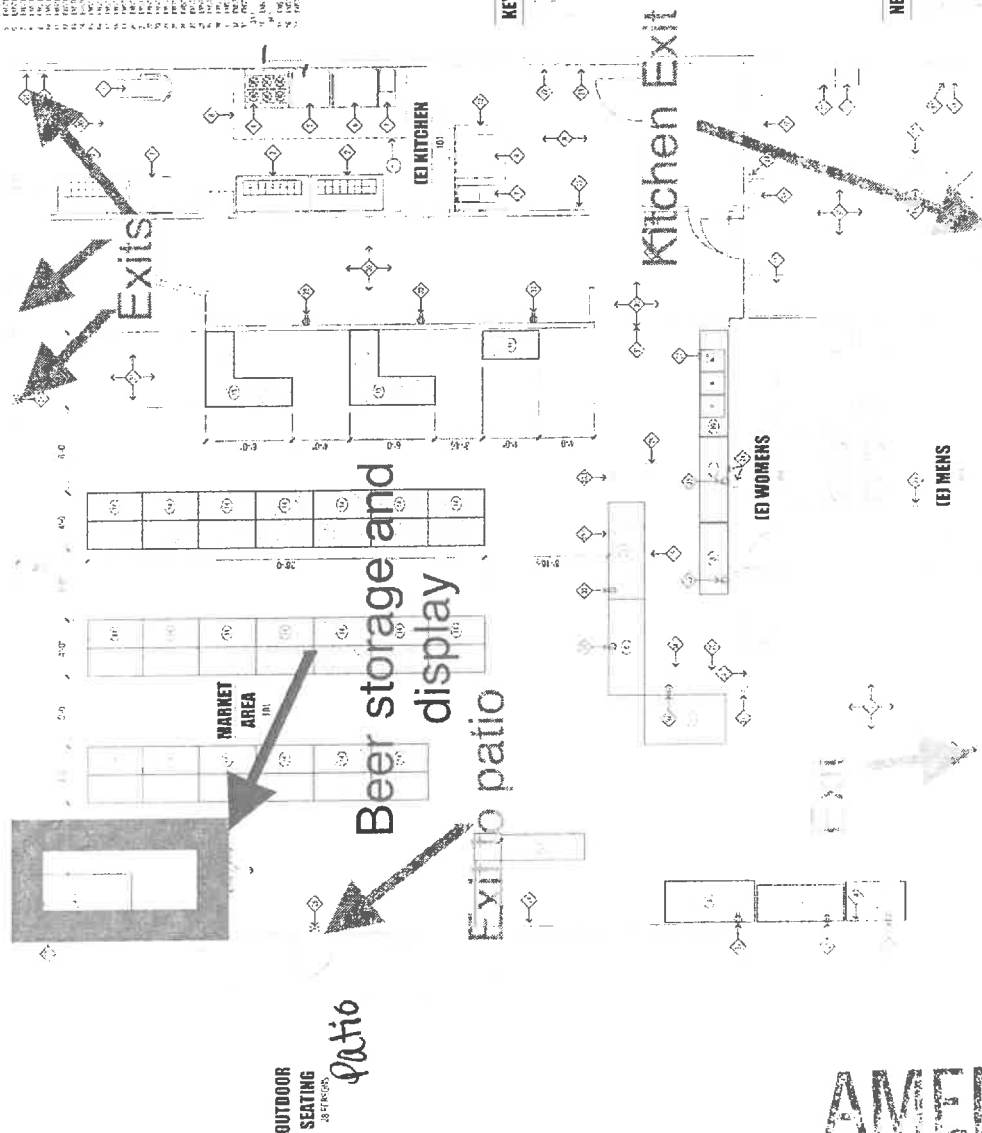
NEW EQUIPMENT SCHEDULE

1. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$
 2. $\frac{1}{2} \times \frac{1}{4} = \frac{1}{8}$
 3. $\frac{1}{4} \times \frac{1}{4} = \frac{1}{16}$
 4. $\frac{1}{2} \times \frac{1}{8} = \frac{1}{16}$
 5. $\frac{1}{4} \times \frac{1}{8} = \frac{1}{32}$
 6. $\frac{1}{2} \times \frac{1}{16} = \frac{1}{32}$
 7. $\frac{1}{4} \times \frac{1}{16} = \frac{1}{64}$
 8. $\frac{1}{2} \times \frac{1}{32} = \frac{1}{64}$
 9. $\frac{1}{4} \times \frac{1}{32} = \frac{1}{128}$
 10. $\frac{1}{2} \times \frac{1}{64} = \frac{1}{128}$
 11. $\frac{1}{4} \times \frac{1}{128} = \frac{1}{256}$
 12. $\frac{1}{2} \times \frac{1}{256} = \frac{1}{256}$
 13. $\frac{1}{4} \times \frac{1}{256} = \frac{1}{512}$
 14. $\frac{1}{2} \times \frac{1}{512} = \frac{1}{512}$
 15. $\frac{1}{4} \times \frac{1}{512} = \frac{1}{1024}$
 16. $\frac{1}{2} \times \frac{1}{1024} = \frac{1}{1024}$
 17. $\frac{1}{4} \times \frac{1}{1024} = \frac{1}{2048}$
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 19. $\frac{1}{4} \times \frac{1}{2048} = \frac{1}{4096}$
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 25. $\frac{1}{4} \times \frac{1}{16384} = \frac{1}{32768}$
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 27. $\frac{1}{4} \times \frac{1}{32768} = \frac{1}{65536}$
 28. $\frac{1}{2} \times \frac{1}{65536} = \frac{1}{65536}$
 29. $\frac{1}{4} \times \frac{1}{65536} = \frac{1}{131072}$
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 31. $\frac{1}{4} \times \frac{1}{131072} = \frac{1}{262144}$
 32. $\frac{1}{2} \times \frac{1}{262144} = \frac{1}{262144}$
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 36. $\frac{1}{2} \times \frac{1}{1048576} = \frac{1}{1048576}$
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 44. $\frac{1}{2} \times \frac{1}{16777216} = \frac{1}{16777216}$
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 49. $\frac{1}{4} \times \frac{1}{67108864} = \frac{1}{134217728}$
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 56. $\frac{1}{2} \times \frac{1}{1073741824} = \frac{1}{1073741824}$
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 62. $\frac{1}{2} \times \frac{1}{8589934592} = \frac{1}{8589934592}$
 63. $\frac{1}{4} \times \frac{1}{8589934592} = \frac{1}{17179869184}$
 64. $\frac{1}{2} \times \frac{1}{17179869184} = \frac{1}{17179869184}$
 65. $\frac{1}{4} \times \frac{1}{17179869184} = \frac{1}{34359738368}$
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 67. $\frac{1}{4} \times \frac{1}{34359738368} = \frac{1}{68719476736}$
 68. $\frac{1}{2} \times \frac{1}{68719476736} = \frac{1}{68719476736}$
 69. $\frac{1}{4} \times \frac{1}{68719476736} = \frac{1}{137438953472}$
 70. $\frac{1}{2} \times \frac{1}{137438953472} = \frac{1}{137438953472}$
 71. $\frac{1}{4} \times \frac{1}{137438953472} = \frac{1}{274877906944}$
 72. $\frac{1}{2} \times \frac{1}{274877906944} = \frac{1}{274877906944}$
 73. $\frac{1}{4} \times \frac{1}{274877906944} = \frac{1}{549755813888}$
 74. $\frac{1}{2} \times \frac{1}{549755813888} = \frac{1}{549755813888}$
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 76. $\frac{1}{2} \times \frac{1}{1099511627776} = \frac{1}{1099511627776}$
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 79. $\frac{1}{4} \times \frac{1}{2199023255552} = \frac{1}{4398046511104}$
 80. $\frac{1}{2} \times \frac{1}{4398046511104} = \frac{1}{4398046511104}$
 81. $\frac{1}{4} \times \frac{1}{4398046511104} = \frac{1}{8796093022208}$
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 83. $\frac{1}{4} \times \frac{1}{8796093022208} = \frac{1}{17592186044416}$
 84. $\frac{1}{2} \times \frac{1}{17592186044416} = \frac{1}{175921$

100

Table 1. χ^2 and χ^2/dof for χ^2 test

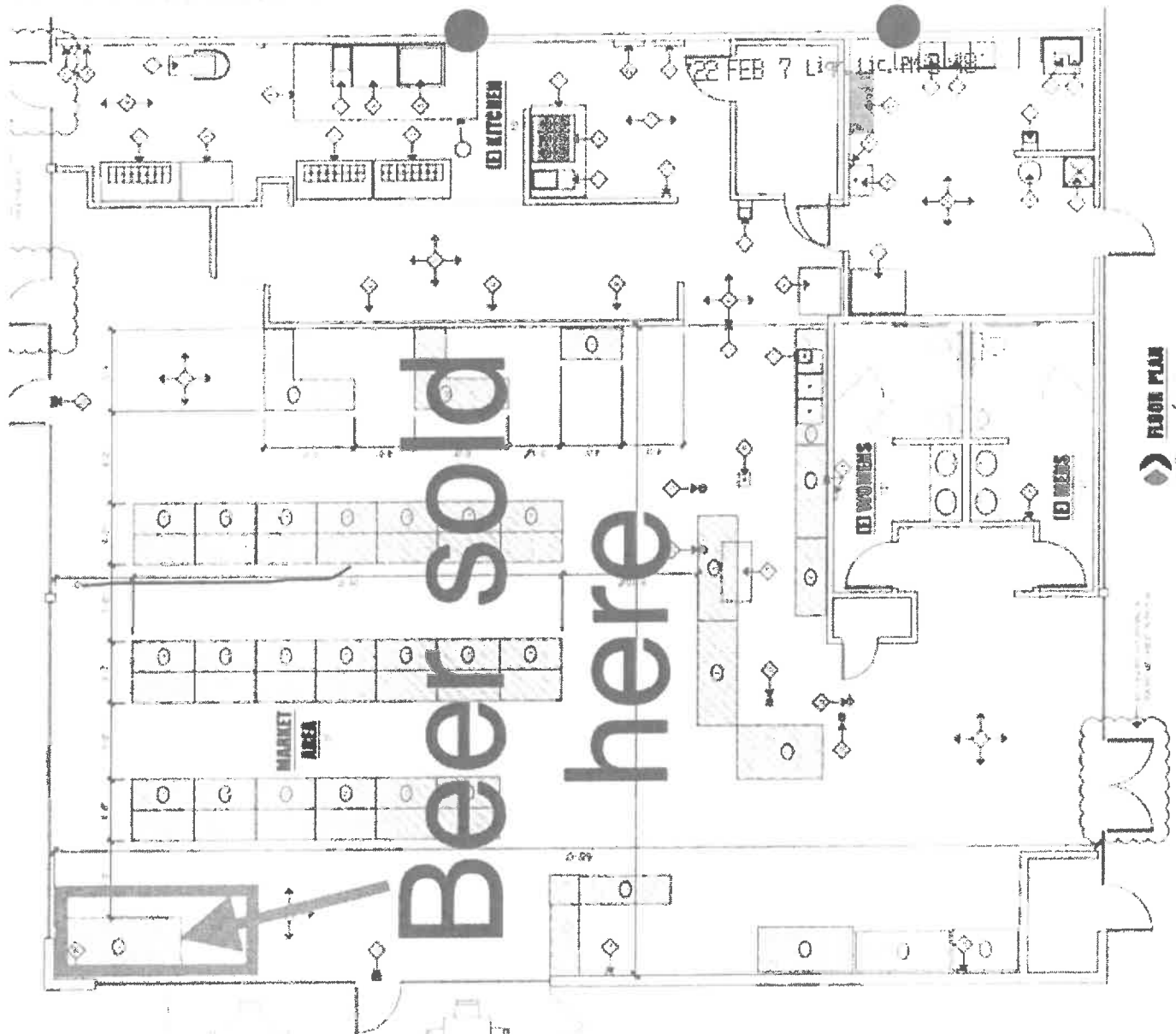
As a result of the above, the following is proposed:



FLOOR PLAN

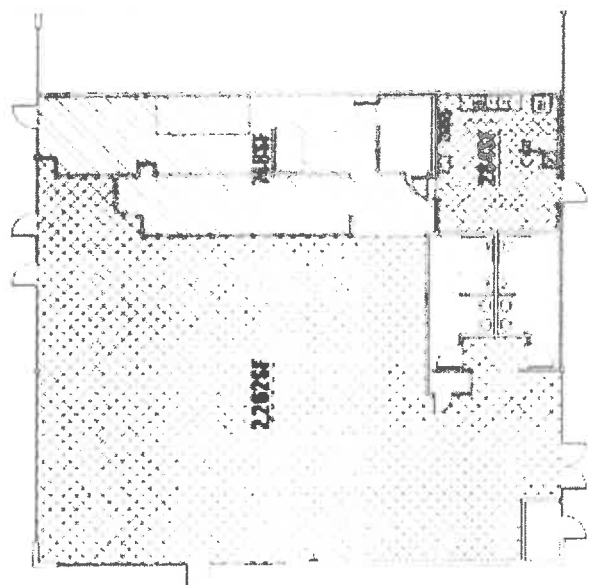
Area= 4600
sq ft

AMENDMENT



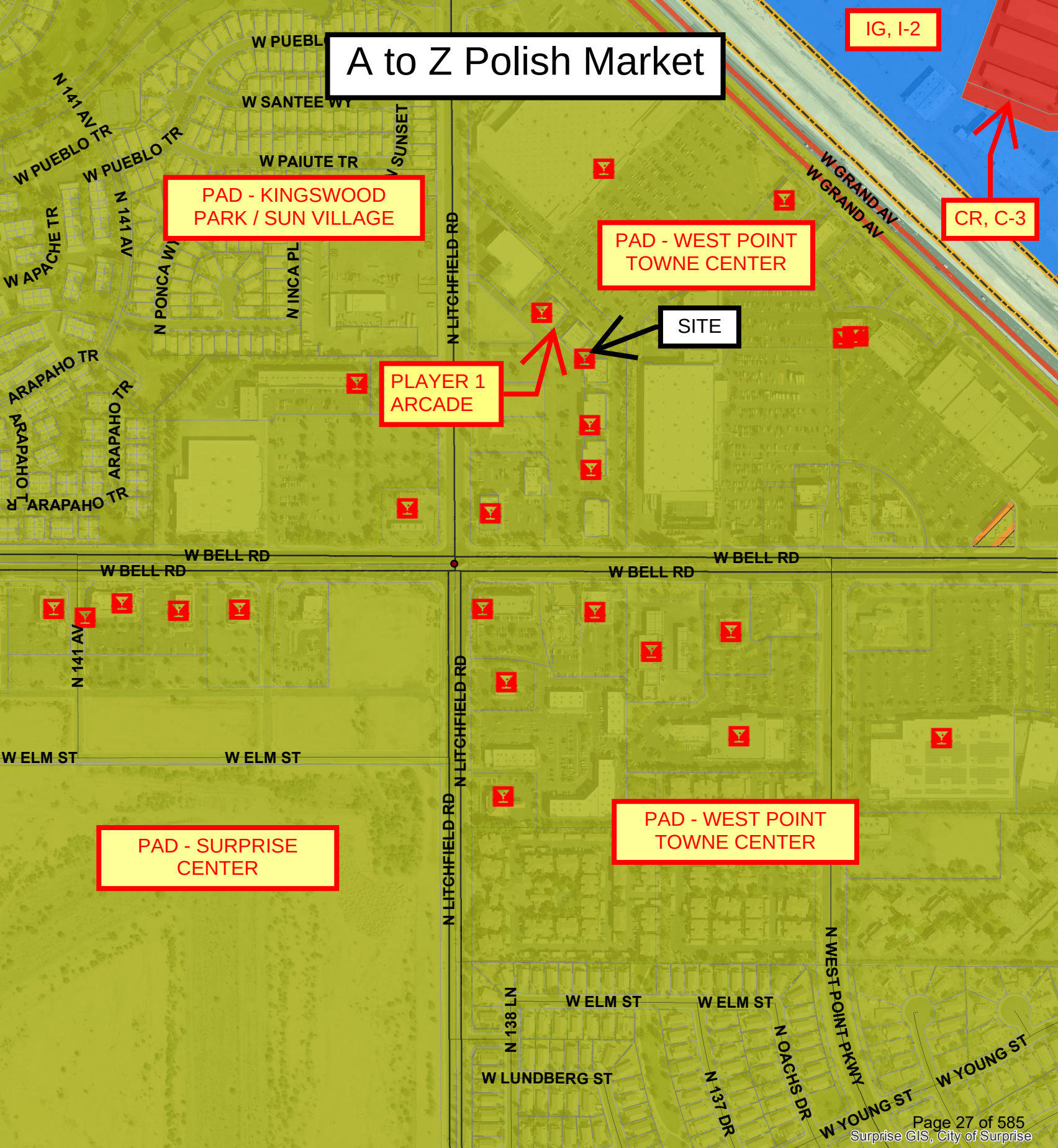
FLOOR PLAN

OUTDOOR SEATING



AREA PLAN

A to Z Polish Market





COMMUNITY DEVELOPMENT DEPARTMENT

Date: March 9, 2022

To: Sherry Aguilar, City Clerk

From: Chris Boyd, Community Development Director

By: James Stewart, Zoning Specialist

Re: Liquor License Application for:
A to Z Polish Market
17221 N. Litchfield Road #50, Surprise, Arizona 85374
Series 09 (Liquor Store) License

The number and series of licenses in close proximity to the subject site are:

1. Wal-Mart Supercenter #2777 (Series 9) – 13770 W. Bell Rd.
2. Applebee's (Series 12) – 13756 W. Bell Rd.
3. Streets of New York #23 (Series 12) – 13736 W. Bell Rd.
4. Tom Yum (Series 12) – 13736 W. Bell Rd. #2 (Expired)
5. Fresh Wasabi Sushi & Grill (Series 12) – 13732 W. Bell Rd. #2 (Expired)
6. China Buffet #17119 (Series 12) – 17119 N. Litchfield Rd. #20
7. Uni Sushi & Steak (Series 12) – 17191 N. Litchfield Rd.
8. Player 1 Arcade (Series 7) – 17239 N. Litchfield Rd. #60
9. Tacos Califia (Series 12) – 17239 N. Litchfield Rd. #68
10. Buffalo Wild Wings (Series 12) – 13882 W. Bell Rd.
11. Target #1335 (Series 10) – 13731 W. Bell Rd.
12. Sprouts Farmers Market # 12 (Series 10) – 13759 W. Bell Rd.
13. Chili's Grill & Bar #1153 (Series 12) – 13765 W. Bell Rd.
14. Cobblestone Auto Spa & Market (Series 10) – 13811 W. Bell Rd.
15. State 48 Brewery (Series 3 & 12) – 13823 W. Bell Rd.
16. Irish Wolfhound Restaurant (Series 6) – 16811 N. Litchfield Rd. #102-104
17. Rio Mirage Cafe (Series 12) – 13863 W. Bell Rd.
18. Chipotle Mexican Grill #0898 (Series 12) – 13869 W. Bell Rd. #107
19. Red Robin (Series 12) – 14015 W. Bell Rd.
20. Carrabba's Italian Grill (Series 12) – 14043 W. Bell Rd.
21. Chill'd Tea Lounge (Series 12) – 14071 W. Bell Rd.
22. Saigon Kitchen (Series 12) – 14071 W. Bell Rd.
23. Long Horn Steakhouse (Series 12) – 14127 W. Bell Rd.
24. New York Pizza Dept. (Series 12) – 13980 W. Bell Rd. (Expired)
25. Circle K Store #2741641 (Series 10) – 13908 W. Bell Rd.

The immediate area is composed of commercial establishments. The property is zoned PAD C-2 which is consistent with the proposed use.

Residential population will most likely remain static. Commercial growth will likely remain static.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no effect on parking in the area. Staff believes that granting this liquor license will not directly impact the surrounding business and residential areas in a negative way.



MEMO

Date: 03/03/2022

To: Sherry Aguilar, City Clerk
Linda Stevens, Deputy City Clerk

From: Sarah Williams

RE: Liquor License Application – A TO Z POLISH MARKET LLC -17221 N LITCHFIELD RD 50

Business License Status:

- ☐ Application link emailed on .
- ☒ License # 1837 , current and valid for 12/31/2022 .



Surprise Fire-Medical Department
14250 W. Statler Plaza Ste. 101
Surprise, AZ 85374-7479
Phone: 623-222-5000
Fax: 623-222-5001



March 3, 2022

To: Sherry Ann Aguilar, City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: A to Z Polish Market
17221 N Litchfield Road, #50
Surprise, AZ 85374

The Surprise Fire-Medical Department recently conducted a fire inspection at the above referenced location within the last 12 months to ensure compliance with the applicable fire codes within the tenant space and building. There are no known fire code violations at this time.

Therefore fire has no comment on the application at this time.

If you have any questions feel free to contact me.

Keith Tanner, Fire Marshal
Fire Prevention Division
Surprise Fire-Medical Department

S U R P R I S E P O L I C E D E P A R T M E N T
L I Q U O R L I C E N S E A P P L I C A T I O N R E V I E W

REFERENCE:

DATE: March 15, 2022

Application Number- 177432
Series #10 – Beer and Wine Store / New License

APPLICANT:

A TO Z POLISH MARKET
17221 N. Litchfield Road #50
Surprise, Arizona 85374

FINDINGS:

1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***

A TO Z Polish Market describes itself as a grocery store serving imported goods, to include a full cold cut deli, ready to go salads and hot ready-to-go Polish and German items. It has moved into a space that used to occupy a few restaurants in the past and has converted the inside to a retail store format. The market is open to anyone in Surprise and the northwest valley.

2) ***Effect of vehicular traffic in close proximity.***

The location of the store is in the established plaza on the east side of Litchfield Road and north of Bell Road. There are multiple ingress/egress locations off both streets, and A TO Z Polish Market should have no altering effect on vehicular traffic.

3) ***The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant has received a detailed report of such activity at least 20 days before the hearing.***

There have been no reported crimes at these premises in the past five years.

4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***

A To Z's hours of operation are Monday through Saturday, from 9:30 AM to 7 PM and closed on Sundays. There are wide varieties of businesses within or near this retail plaza, to include other restaurants with liquor licenses. They include Uni Sushi & Steak (Series 12), open 11 AM to 10 PM every day; Tacos Calafia (Series 12), open every day until 9 PM except on Fridays and Saturdays, when it closes at 10 PM; China Buffet (Series 12), open every day until 9:30 PM except Fridays and Saturdays, when it also closes at 10 PM.

5) ***Appropriateness of series license requested.***

This license request for a series 10 appears appropriate for A TO Z Polish Market.

Submitted by Officer C. E. Tovar #2059



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022
Submitting Department: City Clerk
Staff Recommendations: None

Contact Person: Sherry Aguilar, City Clerk
District: District 1

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to approve a Series 12 (Restaurant) liquor license for Golden Wei Chinese Cuisine located at 17014 W. Bell Road, #106 & #107 Surprise, AZ 85379,

Motion:

I move to approve a Series 12 (Restaurant) liquor license for Golden Wei Chinese Cuisine located at 17014 W. Bell Road, #106 & #107 Surprise, AZ

Background:

This request is of a routine nature and meets all requirements by the Arizona Department of Liquor License and Control. No concerns are noted.

Objective Analysis:

Policy Compliant:

Financial Impact:

N/A

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. FINANCE 03.03.2022 _GOLDEN WEI CHINESE CUISINE- 17014 W BELL RD STE 106
 2. FIRE 17014 W Bell Rd Ste 106 Golden Wei Chinese Cuisine Liquor License
 3. golden wei appl
 4. Golden Wei Chinese Cuisine - 17014 W Bell Road MAP
 5. Golden Wei Chinese Cuisine - 17014 W Bell Road REPORT
 6. police Golden Wei March '22
-



MEMO

Date: 03/03/2022

To: Sherry Aguilar, City Clerk
Linda Stevens, Deputy City Clerk

From: Sarah Williams

RE: Liquor License Application – GOLDEN WEI CHINESE CUISINE- 17014 W BELL RD STE 106

Business License Status:

- ☐ Application link emailed on .
- ☒ License # 1024136 , current and valid for 12/31/2022 .



Surprise Fire-Medical Department
14250 W. Statler Plaza Ste. 101
Surprise, AZ 85374-7479
Phone: 623-222-5000
Fax: 623-222-5001



March 9, 2022

To: Sherry Ann Aguilar, City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: Golden Wei Chinese Cuisine
17014 W Bell Rd, #106 and 107
Surprise, AZ 85379

The Surprise Fire-Medical Department recently conducted a fire inspection at the above referenced location within the last 12 months to ensure compliance with the applicable fire codes within the tenant space and building. There are no known fire code violations at this time.

Therefore fire has no comment on the application at this time.

If you have any questions feel free to contact me.

Keith Tanner
Keith Tanner, Fire Marshal
Fire Prevention Division
Surprise Fire-Medical Department

2022-06

State of Arizona
Department of Liquor Licenses and Control

Created 02/18/2022 @ 11:21:25 AM

Local Governing Body Report

LICENSE

Number: Type: 012 RESTAURANT
Name: GOLDEN WEI CHINESE CUISINE
State: Pending
Issue Date: Expiration Date:
Original Issue Date: 17014
Location: ~~710~~ W BELL ROAD
#106 #107
SURPRISE, AZ 85379
USA
Mailing Address: 6201 N 35TH AVENUE
#B3
PHOENIX, AZ 85017
USA
Phone: (623)584-8911
Alt. Phone:
Email: JCHEN@JCFSLLC.COM

AGENT

Name: KHUONG THANH NGUYEN
Gender: Male
Correspondence Address: 6201 N 35TH AVENUE
#B3
PHOENIX, AZ 85017
USA
Phone: (623)584-8911
Alt. Phone:
Email: JCHEN@JCFSLLC.COM

OWNER

Name: GOLDEN SURPRISE LLC
Contact Name: KHOUNG THANH NGUYEN
Type: LIMITED LIABILITY COMPANY
AZ CC File Number: 23311962 State of Incorporation: AZ
Incorporation Date: 12/23/2021
Correspondence Address: 6201 N 35TH AVENUE
#B3
PHOENIX, AZ 85017
USA
Phone: (623)584-8911
Alt. Phone:
Email: JCHEN@JCFSLLC.COM

Officers / Stockholders

Name:	Title:	% Interest:
KHUONG THANH NGUYEN	Member	100.00

GOLDEN SURPRISE LLC - Member

Name: KHUONG THANH NGUYEN
Gender: Male
Correspondence Address: 6201 N 35TH AVENUE
#B3
PHOENIX, AZ 85017
USA
Phone: (623)584-8911
Alt. Phone:
Email: JCHEN@JCFSLLC.COM

APPLICATION INFORMATION

Application Number: 183318
Application Type: New Application
Created Date: 02/07/2022

QUESTIONS & ANSWERS

012 Restaurant

- 1) Are you applying for an Interim Permit (INP)?
Yes
A Document of type INTERIM PERMIT (INP) NOTARY PAGE is required.
- 2) Are you one of the following? Please indicate below.
Property Tenant
Subtenant
Property Owner
Property Purchaser
Property Management Company
Property Tenant
- 3) Is there a penalty if lease is not fulfilled?
No
- 4) Is the Business located within the incorporated limits of the city or town of which it is located?
Yes

- 5) What is the total money borrowed for the business not including the lease?
Please list each amount owed to lenders/individuals.
0
- 6) Is there a drive through window on the premises?
No
- 7) If there is a patio please indicate contiguous or non-contiguous within 30 feet.
NONE
- 8) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?
No

DOCUMENTS

DOCUMENT TYPE	FILE NAME	UPLOADED DATE
DIAGRAM/FLOOR PLAN	Floor Plan.pdf	02/07/2022
ORGANIZATIONAL DOCUMENTS	Application - Sign.pdf	02/07/2022
INTERIM PERMIT (INP) NOTARY PAGE	Application - Sign.pdf	02/07/2022
MISCELLANEOUS	Arizona Statement of Citizenship or Alien Status for State Public Benefits - Sign.pdf	02/07/2022
MENU	Menu.pdf	02/07/2022
MENU	Menu - Liquor.pdf	02/07/2022
QUESTIONNAIRE	Questionnaire - Sign.pdf	02/07/2022
RECORDS REQUIRED FOR AUDIT	Records Required for Audit - Sign.pdf	02/07/2022
RESTAURANT OPERATION PLAN	Restaurant Operation Plan - Sign.pdf	02/07/2022
MISCELLANEOUS	Old Liquor License.jpg	02/07/2022
	Application - Sign.pdf	02/09/2022
	Questionnaire - Sign.pdf	02/09/2022
	Menu - Non-alcoholic.jpg	02/09/2022
	Passport.pdf	02/09/2022
	Certificate - Basic - Sign.pdf	02/11/2022
	Certificate - Management - Sign.pdf	02/11/2022

State of Arizona
Department of Liquor Licenses and Control

Created 02/18/2022 @ 10:54:15 AM

Local Governing Body Report

LICENSE

Number:	INP070017432	Type:	INP INTERIM PERMIT
Name:	GOLDEN WEI CHINESE CUISINE		
State:	Active		
Issue Date:	02/18/2022	Expiration Date:	06/03/2022
Original Issue Date:	02/18/2022		
Location:	17104 W BELL ROAD #106 #107 SURPRISE, AZ 85379 USA		
Mailing Address:	6201 N 35TH AVENUE #B3 PHOENIX, AZ 85017 USA		
Phone:	(623)584-8911		
Alt. Phone:			
Email:	JCHEN@JCFSLLC.COM		

AGENT

Name:	KHUONG THANH NGUYEN
Gender:	Male
Correspondence Address:	6201 N 35TH AVENUE #B3 PHOENIX, AZ 85017 USA
Phone:	(623)584-8911
Alt. Phone:	
Email:	JCHEN@JCFSLLC.COM

OWNER

Name: GOLDEN SURPRISE LLC
Contact Name: KHUONG THANH NGUYEN
Type: LIMITED LIABILITY COMPANY
AZ CC File Number: 23311962 State of Incorporation: AZ
Incorporation Date: 12/23/2021
Correspondence Address: 6201 N 35TH AVENUE
#B3
PHOENIX, AZ 85017
USA
Phone: (623)584-8911
Alt. Phone:
Email: JCHEN@JCFSLLC.COM

Officers / Stockholders

Name:	Title:	% Interest:
KHOUNG THANH NGUYEN	Member	100.00

GOLDEN SURPRISE LLC - Member

Name: KHUONG THANH NGUYEN
Gender: Male
Correspondence Address: 6201 N 35TH AVENUE
#B3
PHOENIX, AZ 85017
USA
Phone: (623)584-8911
Alt. Phone:
Email: JCHEN@JCFSLLC.COM

APPLICATION INFORMATION

Application Number: 183323
Application Type: New Application
Created Date: 02/07/2022

QUESTIONS & ANSWERS

INP Interim Permit

- 1) Enter License Number currently at location
12077246
- 2) Is the license currently in use?
YES
- 3) Will you please submit section 5, page 6, of the license application when you reach the upload page?
YES

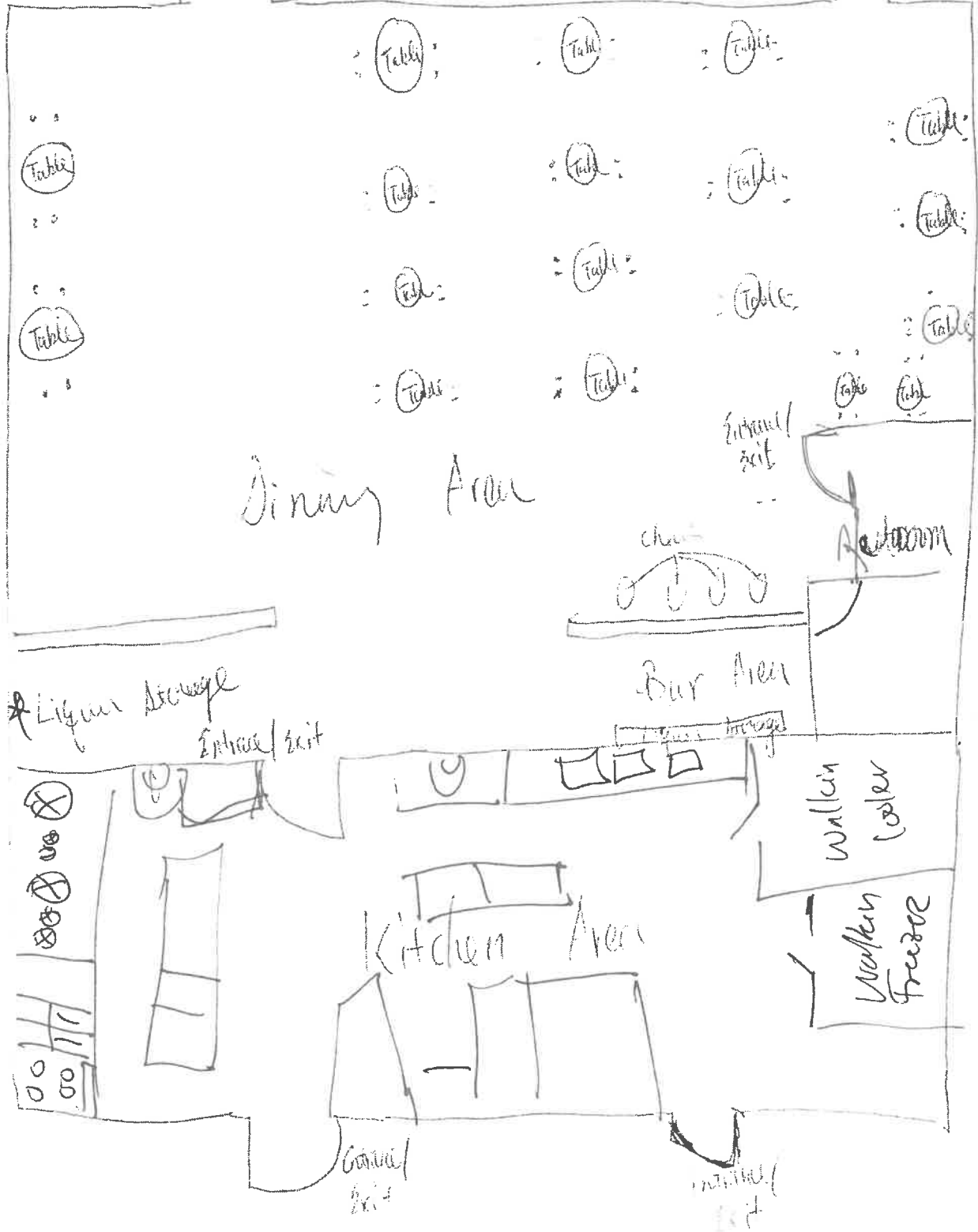
22 FEB 18 Lic. Lic. #11128

S ~240 sq' ft

Entrance
Exit



Entrance
Exit



STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES
AND CONTROL
ALCOHOLIC BEVERAGE LICENSE

License 12077246

Issue Date: 3/15/2021

Expiration Date: 3/31/2022

Issued To:

XING RONG YANG, Agent
GOLDEN WEI ENTERPRISE INC, Owner

Location:

GOLDEN WEI CHINESE CUISINE
17104 W BELL ROAD
#106 #107
SURPRISE, AZ 85379
USA



Mailing Address:

XING RONG YANG
GOLDEN WEI ENTERPRISE INC
GOLDEN WEI CHINESE CUISINE
17104 W BELL ROAD
STE 106-107
SURPRISE, AZ 85374
USA



POST THIS LICENSE IN A CONSPICUOUS PLACE

'22 FEB 18 LIQ. LIC. AM1128

Golden Wei Chinese Cuisine

PAD
HAPPY TRAILS

RL-5, R1-5

PAD
SUN CITY GRAND

SITE

Oregano's

CC, C-2

BABO'S

PAD
SURPRISE VILLAGE MARKETPLACE

RR, R1-43

WINCO

RH, R-3

PAD
SURPRISE FARMS

PAD
NORTHWEST RANCH



COMMUNITY DEVELOPMENT DEPARTMENT

Date: March 9, 2022
To: Sherry Aguilar, City Clerk
From: Chris Boyd, Community Development Director
James Stewart, Zoning Specialist
Re: Liquor License Application for:

**GOLDEN WEI CHINESE CUISINE
17014 W. Bell Road, #106 & #107
Surprise, Arizona 85379**

Series 09 (Liquor Store) License

The number and series of licenses in close proximity to the subject site are:

1. Oregano's Pizza Bistro (Series # 12) – 16914 W Bell Rd.
2. Eddie's European Bistro (Series 12) – 16846 W. Bell Rd. #109 (EXPIRED)
3. Mule Creek Saloon (Series 6) – 16846 W. Bell Rd. #100
4. Albertson's #1026 (Series 9) – 16750 W. Bell Rd. (EXPIRED)
5. Circle K #2741713 (Series 10) – 16794 W. Bell Rd.
6. Babbo Italian Eatery (Series 12) – 15609 W. Bell Rd.
7. Sam's Club #4955 (Series 9) – 16573 W. Bell Rd.
8. Peter Piper Pizza (Series 12) – 16641 W. Bell Rd. (EXPIRED)
9. Winco Foods #127 (Series 9) – 16925 W Bell Rd.
10. Safeway Food & Drug #1997 (Series 9) – 17049 W. Bell Rd.
11. Walgreens #6806 (Series 10) – 17088 W. Bell Rd.
12. The Toast (Series 12) – 17058 W. Bell Rd. #104

The immediate area is comprised of commercial establishments. The property is zoned C-2, CC which is consistent with the proposed use.

Commercial and residential growth is expected to remain static.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no affect on parking in the area. Staff believes that granting this liquor license will not directly impact the surrounding business and residential areas in a negative way.

S U R P R I S E P O L I C E D E P A R T M E N T
L I Q U O R L I C E N S E A P P L I C A T I O N R E V I E W

REFERENCE:

DATE: March 15, 2022

APPLICATION NUMBER – 183323
Series #12 – New License
Current License at Location - 12077246

APPLICANT:

Golden Wei Chinese Cuisine
17014 W Bell Road, #106 & 107
Surprise, Arizona 85379

FINDINGS:

- 1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***

Golden Wei is looking is an established full service Chinese food restaurant. Their market is open to all ages and demographics. There is seating for 76 patrons inside the restaurant including a small bar area, which seats four person. There are two TV's in the restaurant.

- 2) ***Effect of vehicular traffic in close proximity.***

This new license should have no effect on vehicular traffic.

- 3) ***The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant has received a detailed report of such activity at lest 20 days before the hearing.***

No criminal activity noted at this location in the last five years.

- 4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***

Golden Wei is open every day, with the latest days being until 9 PM. Other businesses in the strip plaza include other eateries. The Toast Craft Kitchen & Cocktails (Series 12) closes by 9 PM, as does Oscar's Tacos, although Oscar's has no liquor license. There are other retail shops that close around the same time.

- 5) ***Appropriateness of series license requested.***

A series 12 license is appropriate and applicable for the Golden Wei, per state guidelines for restaurants.

Submitted by Officer Chris Tovar #2059



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022
Submitting Department: City Clerk
Staff Recommendations: None

Contact Person: Sherry Aguilar, City Clerk
District: District 3

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action to approve a Series 09 (Liquor Store) liquor license for Total Wine & More #1013 located at 13440 N. Prasada Parkway, Surprise, AZ 85388.

Motion:

I move to approve a Series 09 (Liquor Store) liquor license for Total Wine & More #1013 located at 13440 N. Prasada Parkway, Surprise, AZ. 85388.

Background:

This request is of a routine nature and meets all requirements by the Arizona Department of Liquor License and Control. No concerns are noted.

Objective Analysis:

Policy Compliant:

Financial Impact:

Budget Impact:

FTE Impact:

ATTACHMENTS:

1. FINANCE 03.03.2022_TOTAL WINE AND MORE #1013- 13440 N PRASADA PARKWAY
 2. FIRE 13440 N Prasada Total Wine and More Liquor License
 3. police Total Wine & More March '22
 4. total wine appl
 5. CD Total Wine and More #1013 - 13440 N Prasada Pkwy MAP
 6. cd Total Wine and More #1013 - 13440 N Prasada Pkwy REPORT
-



MEMO

Date: 03/03/2022

To: Sherry Aguilar, City Clerk
Linda Stevens, Deputy City Clerk

From: Sarah Williams

RE: Liquor License Application – TOTAL WINE AND MORE #1013- 13440 N PRASADA PARKWAY

Business License Status:

☒ Application link emailed on 03/03/2022.

☐ License # , current and valid for .



Surprise Fire-Medical Department
14250 W. Statler Plaza Ste. 101
Surprise, AZ 85374-7479
Phone: 623-222-5000
Fax: 623-222-5001



March 3, 2022

To: Sherry Ann Aguilar, City Clerk

From: Keith Tanner, Fire Marshal

Subject: Liquor License Application

Applicant: Total Wine and More #1013
13440 N Prasada Parkway
Surprise, AZ 85388

The Surprise Fire-Medical Department has been involved with the pre-construction / plan review process at the above referenced location within the last few months to ensure compliance with the applicable fire codes within the tenant space and building. Since construction work is still ongoing, there are no known fire code violations. Therefore, fire has no comment on the application at this time.

If you have any questions feel free to contact me.

Keith Tanner
Keith Tanner, Fire Marshal
Fire Prevention Division
Surprise Fire-Medical Department

S U R P R I S E P O L I C E D E P A R T M E N T
L I Q U O R L I C E N S E A P P L I C A T I O N R E V I E W

REFERENCE:

DATE: March 15, 2022

APPLICATION NUMBER – 183323
Series #9 – New License
Current License at Location - 12077246

APPLICANT:

Total Wine & More, #1013
13440 N. Prasada Parkway
Surprise, Arizona 85388

FINDINGS:

- 1) ***Evidence concerning the nature of the proposed business, its potential market and its likely customers.***

Total Wine & More is a brand new large-scale liquor store opening in Surprise. Their market is predominantly to all patrons, age 21 and over in Surprise and northwest valley.

- 2) ***Effect of vehicular traffic in close proximity.***

Total Wine & More is brand new to Surprise and is under construction in the fast growing area between Loop 303 and Sarival and Waddell Road. New roadways and traffic signals have been created to carry the load of the anticipated traffic.

- 3) ***The history for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant has received a detailed report of such activity at lest 20 days before the hearing.***

N/A. New Construction.

- 4) ***Comparison of hours of operation of the proposed premises to the existing businesses in close proximity.***

Total Wine & More's website, shows most other stores in the valley with hours from 9 M to 10 PM. Total Wine & More is west of Costco which has regular business hours, closing by 8:30 PM. Other retailers have opened in the general area and usually close generally by 9 PM.

- 5) ***Appropriateness of series license requested.***

A series 9 license is appropriate and applicable for the Total Wine & More, per state guidelines for restaurants.

Submitted by Officer Chris Tovar #2059

2022-08

22 MAR 1 19:14 PM 3:35

State of Arizona
Department of Liquor Licenses and Control

Created 03/01/2022 @ 03:34:19 PM

Local Governing Body Report

LICENSE

Number:		Type:	009 LIQUOR STORE
Name:	TOTAL WINE & MORE #1013		
State:	Pending		
Issue Date:		Expiration Date:	
Original Issue Date:			
Location:	13440 N PRASADA PARKWAY SUPRISE, AZ 85388 → amendment on zip code. (JB)		
Mailing Address:	5415 E HIGH STREET STE 103 PHOENIX, AZ 85054 USA		
Phone:	(000)000-0000		
Alt. Phone:	(480)304-8300		
Email:	PSINES@GAMLAW.COM		

AGENT

Name:	RYAN WITNER ANDERSON
Gender:	Male
Correspondence Address:	5415 E HIGH STREET #200 C/O GUTTILLA MURPHY ANDERSON PHOENIX, AZ 85054 USA
Phone:	(480)304-8300
Alt. Phone:	
Email:	PSINES@GAMLAW.COM

OWNER

Name: ARIZONA FINE WINE AND SPIRITS LLC
 Contact Name: RYAN WITNER ANDERSON
 Type: LIMITED LIABILITY COMPANY
 AZ CC File Number: L12995800 State of Incorporation: AZ
 Incorporation Date: 07/20/2006
 Correspondence Address: 5415 E HIGH STREET
 #200 C/O GUTTILLA MURPHY ANDERSON
 PHOENIX, AZ 85054
 USA
 Phone: (480)304-8300
 Alt. Phone:
 Email: PSINES@GAMLAW.COM

Officers / Stockholders

Name:	Title:	% Interest:
SPT 2020 LLC DELAWARE TRUST	Member, Stockholder	22.50
SPT 2020 FLAZ DELAWARE TRUST	Member, Stockholder	22.50
RJT 2013 LLC RECEIVING TRUST	Stockholder, Member	11.25
NRT 2013 LLC RECEIVING TRUST	Stockholder, Member	11.25
JET 2013 LLC RECEIVING TRUST	Stockholder, Member	11.25
MCT 2013 LLC RECEIVING TRUST	Stockholder, Member	11.25
ROBERT LEE TRONE	Member, Stockholder	5.00
DAVID JOHN TRONE	Member, Stockholder	5.00
PNC BANK NATIONAL ASSOCIATION	Creditor	

**ARIZONA FINE WINE AND SPIRITS LLC -
Stockholder, Member**

Name: MCT 2013 LLC RECEIVING TRUST
 Contact Name: RYAN WITNER ANDERSEN
 Type: TRUST
 AZ CC File Number: State of Incorporation:
 Incorporation Date:
 Correspondence Address: 5415 E HIGH STREET
 #200 C/O GUTTILLA MURPHY ANDERSON
 PHOENIX, AZ 85054
 USA
 Phone: (480)304-8300
 Alt. Phone:
 Email: PSINES@GAMLAW.COM

**ARIZONA FINE WINE AND SPIRITS LLC -
Stockholder, Member**

Name: JET 2013 LLC RECEIVING TRUST
 Contact Name: RYAN WITNER ANDERSON
 Type: TRUST
 AZ CC File Number: State of Incorporation:
 Incorporation Date:
 Correspondence Address: 5415 E HIGH STREET
 #200 C/O GUTTILLA MURPHY ANDERSON
 PHOENIX, AZ 85054
 USA
 Phone: (480)304-8300
 Alt. Phone:
 Email: PSINES@GAMLAW.COM

**ARIZONA FINE WINE AND SPIRITS LLC -
Stockholder,Member**

Name: NRT 2013 LLC RECEIVING TRUST
Contact Name: RYAN WITNER ANDERSEN
Type: TRUST
AZ CC File Number: State of Incorporation:
Incorporation Date:
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (480)304-8300
Alt. Phone:
Email: PSINES@GAMLAW.COM

**ARIZONA FINE WINE AND SPIRITS LLC -
Stockholder,Member**

Name: RJT 2013 LLC RECEIVING TRUST
Contact Name: RYAN WITNER ANDERSEN
Type: TRUST
AZ CC File Number: State of Incorporation:
Incorporation Date:
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (480)304-8300
Alt. Phone:
Email: PSINES@GAMLAW.COM

**ARIZONA FINE WINE AND SPIRITS LLC -
Creditor**

Name: PNC BANK NATIONAL ASSOCIATION
Gender:
Correspondence Address: 800 17TH ST NW
WASHINGTON, DC 20006
USA
Phone: (202)835-4492
Alt. Phone:
Email:

**ARIZONA FINE WINE AND SPIRITS LLC -
Member, Stockholder**

Name: DAVID JOHN TRONE
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (301)795-1000
Alt. Phone:
Email: PSINES@GAMLAW.COM

**ARIZONA FINE WINE AND SPIRITS LLC -
Member, Stockholder**

Name: ROBERT LEE TRONE
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (301)795-1000
Alt. Phone:
Email: PSINES@GAMLAW.COM

**JET 2013 LLC RECEIVING TRUST - Trustee
MCT 2013 LLC RECEIVING TRUST - Trustee
NRT 2013 LLC RECEIVING TRUST - Trustee
RJT 2013 LLC RECEIVING TRUST - Trustee**

Name: GEORGE PAUL MAVRIKES
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (301)469-5113
Alt. Phone:
Email: PSINES@GAMLAW.COM

JET 2013 LLC RECEIVING TRUST - Trustee
MCT 2013 LLC RECEIVING TRUST - Trustee
NRT 2013 LLC RECEIVING TRUST - Trustee
RJT 2013 LLC RECEIVING TRUST - Trustee

Name: ROBERT THOMAS SHAFFER III
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (301)795-1000
Alt. Phone:
Email: PSINES@GAMLAW.COM

ARIZONA FINE WINE AND SPIRITS LLC -
Member,Stockholder

Name: SPT 2020 FLAZ DELAWARE TRUST
Contact Name: RYAN WITNER ANDERSEN
Type: TRUST
AZ CC File Number: State of Incorporation:
Incorporation Date:
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (480)304-8300
Alt. Phone:
Email: PSINES@GAMLAW.COM

ARIZONA FINE WINE AND SPIRITS LLC -
Member,Stockholder

Name: SPT 2020 LLC DELAWARE TRUST
Contact Name: RYAN WITNER ANDERSEN
Type: TRUST
AZ CC File Number: State of Incorporation:
Incorporation Date:
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (480)304-8300
Alt. Phone:
Email: PSINES@GAMLAW.COM

SPT 2020 FLAZ DELAWARE TRUST - Trustee
SPT 2020 LLC DELAWARE TRUST - Trustee

Name: BRANDON WAYNE WILKERSON
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (301)547-0706
Alt. Phone:
Email: PSINES@GAMLAW.COM

MANAGERS

Name: TERRY VERNON JOHNSON
Gender: Male
Correspondence Address: 12490 N COPPER QUEEN WAY
ORO VALLEY, AZ 85755
USA
Phone: (520)887-0174
Alt. Phone:
Email:

Name: KATHLEEN FEESER
Gender: Female
Correspondence Address: 4262 E WASHINGTON COURT
GILBERT, AZ 85234
USA
Phone: (480)753-4225
Alt. Phone: (623)451-7558
Email:

Name: JAMES JOSEPH ORTEGA
Gender: Male
Correspondence Address: 18171 W OCOTILLO AVENUE
GOODYEAR, AZ 85338
USA
Phone: (480)515-6211
Alt. Phone: (623)203-5265
Email:

Name: KEM MARTIN WINSTON
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (480)515-6211
Alt. Phone:
Email: PSINES@GAMLAW.COM

Name: ANDREW VIEANE
Gender: Male
Correspondence Address: 4349E ENCINAS AVENUE
GILBERT, AZ 85234
USA
Phone: (602)279-0540
Alt. Phone: (480)334-7108
Email:

Name: RICHARD ALLEN DAVIDSON
Gender: Male
Correspondence Address: 3870 E PINON COURT
GILBERT, AZ 85234
USA
Phone: (480)476-0270
Alt. Phone: (480)329-4078
Email:

Name: LYNDEL MARIE WALL
Gender: Male
Correspondence Address: 16362 E ARROW DRIVE
#2
FOUNTAIN HILLS, AZ 85268
USA
Phone: (480)510-3830
Alt. Phone:
Email:

Name: BRANDON WAYNE WILKERSON
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (301)547-0706
Alt. Phone:
Email: PSINES@GAMLAW.COM

Name: STEVEN MICHAEL GORDON
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (407)619-1360
Alt. Phone:
Email: PSINES@GAMLAW.COM

Name: GINA LOUISE SHORE
Gender: Female
Correspondence Address: 4370 N ORACLE ROAD
TUCSON, AZ 85705
USA
Phone: (520)429-1792
Alt. Phone: (520)887-0174
Email: PSINES@GAMLAW.COM

Name: LINDA BLAKESLEE KOSTYAL
Gender: Female
Correspondence Address: 17550 N 75TH AVENUE
STE
GLENDALE, AZ 85308
USA
Phone: (623)486-0162
Alt. Phone:
Email: PSINES@GAMLAW.COM

Name: JAMES ALBERT HENRY III
Gender: Male
Correspondence Address: 1416 N LITCHFIELD ROAD
GOODYEAR, AZ 85338
USA
Phone: (623)547-2109
Alt. Phone: (623)606-8035
Email: PSINES@GAMLAW.COM

Name: SARA ELIZABETH CRISS
Gender: Female
Correspondence Address: 5870 E BROADWAY
#448
TUCSON, AZ 85711
USA
Phone: (520)745-0540
Alt. Phone: (520)891-8439
Email: PSINES@GAMLAW.COM

Name: JEANNE MARIE MCANDREWS
Gender: Female
Correspondence Address: 2224 E WILLIAMS FIELD ROAD
#120
GILBERT, AZ 85295
USA
Phone: (612)325-3123
Alt. Phone:
Email: PSINES@GAMLAW.COM

Name: KEM MARTIN WINSTON
Gender: Male
Correspondence Address: 5415 E HIGH STREET
#200 C/O GUTTILLA MURPHY ANDERSON
PHOENIX, AZ 85054
USA
Phone: (480)515-6211
Alt. Phone:
Email: PSINES@GAMLAW.COM

APPLICATION INFORMATION

Application Number: 184305
Application Type: New Application
Created Date: 02/16/2022



QUESTIONS & ANSWERS

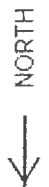
009 Liquor Store

- 1) Are you applying for an Interim Permit (INP)?
No
- 2) Provide name, address, and distance of nearest school and church.
(If less than one (1) mile note footage)
HIGHLAND PREP
15600 W HEARN RD SURPRISE AZ 85379
4,670FT

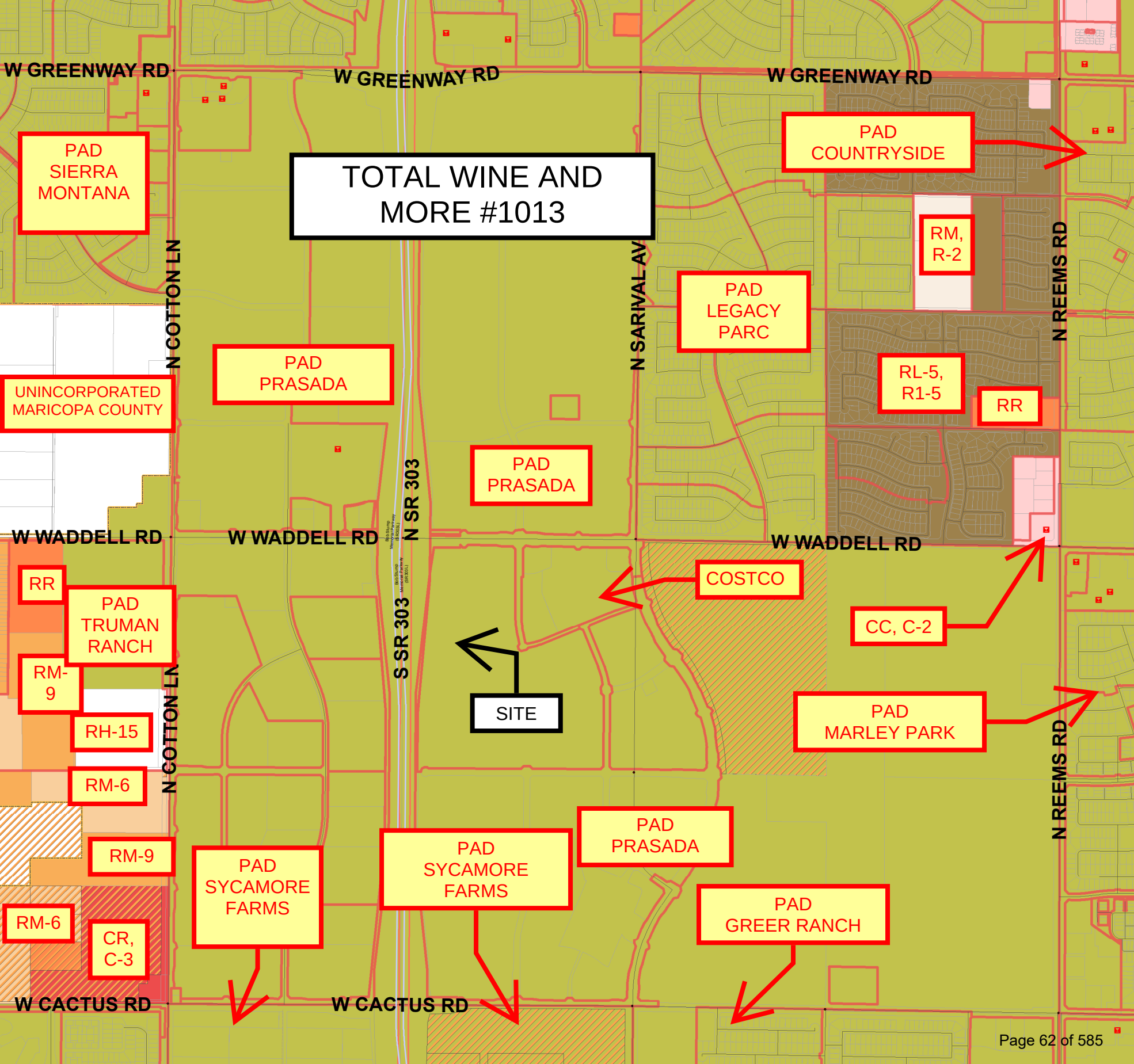
CHURCH OF JESUS CHRIST OF LATTER DAY SAINTS
15880 CACTUS ROAD SUPRISE AZ 853779
3,950FT
- 3) Are you one of the following? Please indicate below.
Property Tenant
Subtenant
Property Owner
Property Purchaser
Property Management Company
TENANT
- 4) Is there a penalty if lease is not fulfilled?
Yes
What is the penalty?
EVICTION OR TERMINATION OF LEASE
- 5) Is the Business located within the incorporated limits of the city or town of which it is located?
Yes
- 6) What is the total money borrowed for the business not including the lease?
Please list each amount owed to lenders/individuals.
0
- 7) Is there a drive through window on the premises?
No
- 8) If there is a patio please indicate contiguous or non-contiguous within 30 feet.
NONE
- 9) Is your licensed premises now closed due to construction, renovation or redesign or rebuild?
No

09S Liquor Store Sampling

- 1) Have you uploaded a sampling privileges form?
Yes



Page 61 of 585





COMMUNITY DEVELOPMENT DEPARTMENT

Date: March 9, 2022
To: Sherry Aguilar, City Clerk
From: Chris Boyd, Community Development Director
James Stewart, Zoning Specialist
Re: Liquor License Application for:

**Ryan Witner Anderson/Agent
Total Wine and More #1013
13440 N. Prasada Parkway
Surprise, Arizona 85388
Series 09 (Liquor Store) License**

The number and series of licenses in close proximity to the subject site are:

1. Walmart # 5429 (Series 9) – 14111 N. Prasada Gateway Ave.
2. CVS Pharmacy # 5530 (Series 9) – 15300 N. Cotton Ln.
3. Fry's Marketplace # 680 (Series 9) – 15215 N. Cotton Ln.
4. 1 Brothers Pizza (Series 12) – 16995 W. Greenway Rd.
5. Frederico's Mexican Food (Series 12) – 16995 W Greenway Rd. #100
6. Leo's Pizza (Series 12) – 16630 W. Greenway Rd. # 326 (EXPIRED)
7. Big Buddha (Series 12) – 16572 W. Greenway Rd. #115
8. CVS Pharmacy # 5477 (Series # 9) – 15474 W Greenway Rd.
9. Barro's Pizza (Series 12) – 15403 W. Greenway Rd. #104
10. Wal-Mart Neighborhood Market # 4218 (Series 9) – 15431 W. Greenway Rd.
11. Walgreens # 7933 (Series 9) – 15514 W. Waddell Rd.
12. 4 Sons Food Store (Series 10) – 15445 W. Waddell Rd.
13. Bashas' # 137 (Series 9) – 15367 W. Waddell Rd.
14. Vogue Bistro (Series 12) – 15411 W. Waddell Rd. # 108
15. ARCO AM/PM (Series 10) – 15433 W. Cactus Rd. (EXPIRED)
16. Costco Wholesale (Series 09) – 16385 W. Waddell Rd.

The immediate area is comprised of commercial zoning. The property is zoned PAD, Prasada (Commercial) which is consistent with the proposed use.

Commercial and residential growth is expected.

If managed properly, the effects of granting this liquor license on surrounding residences will be minimal. This license will have little to no affect on parking in the area. Staff believes that granting this liquor license will not directly impact the surrounding business and residential areas in a negative way.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person:

Submitting Department: Water Resource
Management

District: Citywide

Staff Recommendations: None

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of the Central Arizona Project Subcontractor Compensated Conservation Program Agreement and associated Fiscal Year 2022 budget amendment by moving budget authority of \$849, 900 from the Contingency Fund to Intergovernmental Revenue within the Water Operations Fund, moving \$645, 400 from Services in the Water Operations Fund, moving \$604, 200 from Contingency to the Water Utility Capital Fund in Project P71240 Water Acquisitions and authorizing an inter-fund cash transfer and amendment to the contract awarding list to facilitate the purchase of long-term water storage credits; Resolution #2022-35.

Motion:

I move to Approve Resolution #2022-35.

Background:

In 2007, the United States Secretary of the Department of the Interior adopted a Record of Decision: the Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead ("2007 Guidelines"), to, among other things, provide incentives and tools for the storage of water in Lake Mead and for Lake Mead elevation-dependent shortages;

In 2019, the Lower Basin States entered into a Lower Basin Drought Contingency Plan Agreement that further incentivized conservation and storage in Lake Mead and established elevation dependent contributions to Lake Mead's sustainability, including required contributions by each Lower Basin State. Federal legislation, the Colorado River Drought Contingency Plan Act, Pub. L. No. 116-14 (2019) directed the Secretary to implement a number of agreements, including specifically an agreement applicable in the Lower Basin that implemented a Lower Basin Drought Contingency Operations rule set known as the "LBOPs;"

The LBOPs provide that "If any 24-month Study for the minimum probable inflows projects that Lake Mead elevations will be at or below 1,030 feet anytime within the succeeding two Years, the Secretary and Lower Division States shall consult and determine what additional measures will be taken by the Secretary and Lower Division States to avoid and protect against the potential for Lake Mead to decline below 1,020 feet," and the Bureau of Reclamation's August 2021 24-month study using the minimum

probable inflow projected Lake Mead would fall below elevation 1,030' in July of 2023;

Pursuant to the requirements of the LBOs, the Secretary and representatives of the Lower Division States met and concluded that at least 500,000 acre-feet per year of additional reductions in water use or augmentation of system water would be required starting in 2022 to protect against the potential of Lake Mead declining to levels below elevation 1,020';

On December 15, 2021, the United States, Arizona Department of Water Resources, ("ADWR"), Central Arizona Water Conservation District ("CAWCD"), The Metropolitan Water District of Southern California ("MWD"), Southern Nevada Water Authority ("SNWA"), and the Colorado River Commission of Nevada entered into a Memorandum of Understanding to facilitate near-term actions necessary to maintain the elevation of water in Lake Mead, including commitments to fund conservation activities designed to conserve 500,000 acre-feet or more of water in Lake Mead, commonly referred to as the 500+ Plan;

The Parties desire to take proactive measures consistent with the 500+ Plan to protect against the potential of Lake Mead dropping to elevation 1,020'. The City of Surprise is willing to conserve 3,249 acre-feet of CAP water (approximately 30% of its total CAP allocation) in 2022 for this purpose, in exchange for compensation, as provided in the Agreement (\$261.60 per acre-foot).

This Agreement shall be effective upon execution by all Parties and shall terminate on December 31, 2022. The Parties may agree to renew this Agreement for calendar year 2023 upon the written agreement of all Parties.

The City will be acquiring the 3,249 acre-feet of conserved water on the open market with an anticipated minimum savings to the Water Utility Fund of \$131,900, however this acquisition will require a budget amendment as outlined below.

Objective Analysis:

This agreement will allow the city to participate in a regional water conservation opportunity.

Policy Compliant:

This item is policy compliant and is consistent with the 2018 Water Resource Management Water Acquisition Policies.

Financial Impact:

Purchase of long-term credits from an alternative source is estimated to cost \$1,299,600. The revenue from CAP of \$849,900 for the participation in the Compensated Conservation Program, along with the savings of \$581,600 in expenses associated with not taking delivery of this water, will result in a minimum one-time net savings of approximately \$131,900 to the Water Operations Fund.

Budget Impact:

If approved, this item will amend the FY2022 adopted budget by moving budget authority in the amount of \$695,400 from services in the Water Operations Fund, \$604,200 from contingency to project P71240 in the Water Utilities Capital Fund, and \$849,900 from Contingency to intergovernmental revenues in

the Water Operations Fund.

Additionally, a cash transfer of \$1,299,600 from the Water Operations Fund to the Water Utility Capital Fund will be included to cover anticipated expenses.

This budget amendment does not increase or decrease the total budget.

FTE Impact:

This agreement does not include any funding for FTE and does not impact the FTE count for the city.

ATTACHMENTS:

1. 2022 03 01 CAP Subcontractor Compensated Conservation Agreement FINAL
 2. 3.23.22 Res 2022-35 CAP Agreement and Bdgt Amnd.jtm.cln_FINAL
-

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

AGREEMENT AMONG THE STATE OF ARIZONA, ACTING THROUGH THE ARIZONA DEPARTMENT OF WATER RESOURCES, THE UNITED STATES, ACTING THROUGH THE DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION, CENTRAL ARIZONA WATER CONSERVATION DISTRICT AND SURPRISE FOR THE CONSERVATION OF CENTRAL ARIZONA PROJECT WATER

1. **PREAMBLE.** THIS AGREEMENT (“Agreement”) is entered into this 5th day of April, 2022 by and between the State of Arizona, acting through the Arizona Department of Water Resources (“ADWR”), the United States, acting through the Department of the Interior, Bureau of Reclamation (“United States”), the Central Arizona Water Conservation District (“CAWCD”) and the City of Surprise (“Surprise”), each referred to individually as a “Party” and collectively as the “Parties.”

2. **EXPLANATORY RECITALS.**

2.1 WHEREAS, in 2007, the United States Secretary of the Department of the Interior (“Secretary”), adopted a Record of Decision: the Colorado River Interim Guidelines for Lower Basin Shortages and Coordinated Operations for Lake Powell and Lake Mead (“2007 Guidelines”), to among other things, provide incentives and tools for the storage of water in Lake Mead and for Lake Mead elevation-dependent shortages;

2.2 WHEREAS, in 2019 the Lower Division States entered into a Lower Basin Drought Contingency Plan Agreement that further incentivized conservation and storage in Lake Mead and established elevation-dependent contributions to Lake Mead’s sustainability, including required contributions by each Lower Basin State. Federal legislation, the Colorado River Drought Contingency Plan Act, Pub. L. No. 116-14 (2019) directed the Secretary to implement a number of agreements, including specifically an agreement applicable in the Lower Basin that implemented a Lower Basin Drought Contingency Operations rule set known as the “LBOps;”

2.3 WHEREAS, the LBOps provide that “If any 24-month Study for the minimum probable inflows projects that Lake Mead elevations will be at or below 1,030 feet anytime within the succeeding two Years, the Secretary and Lower Division States shall consult and determine what additional measures will be taken by the Secretary and Lower Division States to avoid and protect against the potential for Lake Mead to decline below 1,020 feet,” and the Bureau of

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

Reclamation's August 2021 24-month study using the minimum probable inflow projected Lake Mead would fall below elevation 1,030 feet in July of 2023;

2.4 WHEREAS, Pursuant to the requirements of the LBOs, the Secretary and representatives of the Lower Division States met and concluded that at least 500,000 acre-feet per year of additional reductions in water use or augmentation of system water would be required starting in 2022 to protect against the potential of Lake Mead declining to levels below elevation 1,020 feet;

2.5 WHEREAS, on December 15, 2021, the United States, ADWR, CAWCD, The Metropolitan Water District of Southern California ("MWD"), Southern Nevada Water Authority ("SNWA"), and the Colorado River Commission of Nevada ("CRCN") entered into a Memorandum of Understanding to facilitate near-term actions necessary to maintain the elevation of water in Lake Mead, including commitments to fund conservation activities designed to conserve 500,000 acre-feet or more of water in Lake Mead, commonly referred to as the 500 + Plan; and

2.6 WHEREAS, the Parties desire to take proactive measures consistent with the 500 + Plan to protect against the potential of Lake Mead dropping to elevation 1,020 feet. Surprise is willing to conserve 3,249 acre-feet of CAP water in calendar year 2022 for this purpose, in exchange for compensation, as provided for in this Agreement.

NOW THEREFORE, in consideration of the terms and conditions set forth herein, and other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

3. **TERM.**

3.1 This Agreement shall be effective upon execution by all Parties and shall terminate on December 31, 2022.

3.2 The Parties may agree to renew this Agreement for calendar year 2023 by entering into a new agreement in writing.

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

4. COMPENSATED CONSERVATION AGREEMENT.

4.1 Within 30 days of execution of this Agreement, Surprise shall submit to CAWCD an amended CAP water order reducing its existing water order for calendar year 2022 by 3,249 acre-feet ("Conserved Water Amount").

4.2 The Parties agree that the water conserved under this Agreement will reduce releases of water from Lake Mead to benefit Lake Mead water elevations.

4.3 Within 60 days of receipt of Surprise amended water order, CAWCD will pay Surprise \$261.60 per acre-foot of conserved water for a total of \$849,938.40.

4.4 To the extent historic use applies in determining the volume of CAP water available to Surprise in any future year, the Parties agree that the Conserved Water Amount shall be accounted for by CAWCD and Reclamation as water actually delivered and used pursuant to Surprise's subcontract entitlement.

4.5 CAWCD shall not bill Surprise, and Surprise shall be relieved of its obligation to pay, for CAP fixed OM&R and energy charges for the total Conserved Water Amount identified in Section 4.1 herein.

4.6 In the unanticipated and unforeseen event Surprise takes action that interferes with the objective of foregoing the amount of water that was paid for by the Parties, in accordance with this Agreement, Surprise agrees to reimburse for the overpayment within 30 days of receipt of a bill for collection from CAWCD.

4.7 Reclamation will use its existing water order approval process and other authorities to ensure that the Conserved Water under this Agreement is not ordered or used by other Colorado River water entitlement holders during calendar year 2022.

4.8 The Parties agree that the water left in Lake Mead pursuant to this Agreement shall accrue to the benefit of the Colorado River System and shall not accrue to the individual benefit of the Parties or any third party.

5. GENERAL TERMS.

5.1 Amendment, Modifications, and/or Supplement. This Agreement may be amended, modified, or supplemented only by the written, signed agreement of all Parties.

5.2 Notices. Any notice, demand, or request authorized or required by this Agreement shall be in writing and shall be deemed to be duly given if emailed, delivered, or mailed first class the following addresses: If to ADWR:

Arizona Department of Water Resources
Attn: Director

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

P.O. Box 36020
Phoenix, AZ 85067
Email: tbuschatzke@azwater.gov
With copy to:

Ayesha Vohra
Deputy Chief Counsel
P.O. Box 36020
Phoenix, AZ 85067
Email: avohra@azwater.gov

If to CAWCD:

Central Arizona Water Conservation District
Attn: General Manager
P.O. Box 43020
Phoenix, AZ 85080-3020

With copy to:

Jay Johnson
General Counsel
Central Arizona Water Conservation District
Attn: General Manager
P.O. Box 43020
Phoenix, AZ 85080-3020
Email: jjohnson@cap-az.com

If to Reclamation:

Bureau of Reclamation
Interior Region 8: Lower Colorado Basin
Attn: Regional Director
P.O. Box 61470
Boulder City, NV 89006-1470
Email: slwade@usbr.gov

With a copy to:

Bureau of Reclamation
Phoenix Area Office
Attn: Area Manager
6150 West Thunderbird Road
Glendale, AZ 85306
Email: lmeyers@usbr.gov

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

City of Surprise
Attention: Water Resource Management Director
16000 North Civic Center Plaza
Surprise, AZ 85374

The Parties agree that for purposes of complying with this Section that electronic mail is acceptable. A Party may update its contact information in this Section without need to amend this Agreement by providing Notice to the Parties consistent with this Section.

5.3 Counterparts. This Agreement may be executed in counterparts, each of which will be considered an original and all of which together constitute only one Agreement.

5.4 Binding Effect and Limited Assignment. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and excludes and supersedes any other oral or written agreements, undertakings or commitments of the Parties relating to the subject matter of this Agreement. The provisions of this Agreement shall apply to and bind the successors and assigns of the Parties. No assignment or transfer of this Agreement or any right or interest therein shall be valid until approved in writing by all Parties.

5.5 Conflict of Interest. The Parties to this Agreement are hereby notified of and acknowledge A.R.S. § 38-511 regarding cancellation for conflict of interest.

5.6 Governing Law and Venue. This Agreement shall be interpreted, governed by, and construed under applicable Federal law and any relevant provisions of Arizona state law. In case of conflict between Federal law and Arizona state law, Federal law controls. To the extent permissible under the Federal Rules of Civil Procedure and other applicable Federal authority, venue for adjudication of any disputes under this Agreement shall be in appropriate Federal Court.

5.7 Availability of Funds. Every payment obligation of ADWR under this Agreement, if any, is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. No liability shall accrue to ADWR or the State of Arizona in the event this provision is exercised, and neither ADWR nor the State of Arizona shall be obligated or liable for any future payments or for any damages as a result of termination under this section.

5.8 Contingent on Appropriations or Allotment of Funds. The expenditure or advance of any money or the performance of any obligation of the United States under this Agreement shall be contingent upon appropriation or allotment of funds. No liability shall accrue to the United States in case funds are not appropriated or allotted.

5.9 Dispute Resolution.

i. The Parties shall meet and confer in good faith to resolve any dispute that may arise under this Agreement.

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

ii. Should the Parties be unable to resolve such dispute after meeting to try to resolve the dispute, any Party may file an action in any court of competent jurisdiction to seek specific performance of any obligation, provision, or term of condition set forth in this Agreement. The Parties agree to engage in any alternative dispute resolution procedures authorized by their statutes, regulation and court rules, including but not limited to, 5 U.S.C. § 575 and A.R.S. §§ 12-133 and 12-1518.

iii. Monetary damages, other than through specific performance of any obligation under this Agreement, shall not be available as a remedy for any dispute under this Agreement.

5.10 Recitals. The Explanatory Recitals are incorporated and made a part hereof as if fully set forth herein.

5.11 Severability. If any provision of this Agreement shall be determined to be void by any court of competent jurisdiction, such determination shall not affect any other provision hereof, all of which other provisions shall remain in full force and effect.

5.12 Surprise agrees to retain all data, books, and other records ("records") relating to this Agreement for a period of five years after the termination of this Agreement. All records shall be subject to inspection and audit by the Parties at reasonable times. Upon request, Surprise shall provide the Parties with any or all such records.

5.13 Equal Opportunity/Non-Discrimination. The Parties agree to comply with all applicable federal or state laws relating to equal opportunity and non-discrimination.

[signatures on the following pages]

AGREEMENT OUTLINE AND TERMS 3/1/2022
CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT
ADWR, CAWCD, US, CAP SUBCONTRACTOR

CITY OF SURPRISE

By: _____

Name:

Title:

APPROVED AS TO FORM

By: _____

Name:

Title:

RESOLUTION # 2022-35

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, APPROVING THE “CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT”; AMENDING THE FISCAL YEAR 2022 BUDGET BY MOVING BUDGET AUTHORITY OF \$849,900 FROM OTHER REVENUE IN THE CONTINGENCY FUND TO INTERGOVERNMENTAL REVENUES WITHIN THE WATER OPERATIONS FUND, MOVING \$695,400 FROM SERVICES IN THE WATER OPERATIONS FUND AND MOVING \$604,200 FROM CONTINGENCY TO THE WATER UTILITY CAPITAL FUND IN PROJECT P71240 WATER ACQUISITIONS; AUTHORIZING AN INTER-FUND CASH TRANSFER AND AMENDING THE FISCAL YEAR 2022 CONTRACT AWARDING LIST BY ADDING \$1,299,600 TO REFERENCE #22239 TO COVER COSTS FOR THE PURCHASE OF WATER LONG-TERM STORAGE CREDITS.

WHEREAS, Central Arizona Project (CAP) is offering a Compensated Conservation Program where Municipal and Industrial subcontractors are compensated for leaving water in Lake Mead;

WHEREAS, participation in this agreement will reduce the release of water from Lake Mead which will in turn benefit water elevations in the Lake;

WHEREAS, CAP has authorized payment to participants of the Compensated Conservation Program in the amount of \$261.60 per acre foot for each acre foot of water left in Lake Mead;

WHEREAS, the City intends to leave approximately 3,249 acre feet of its 2022 allocation of water from Lake Mead, and the City shall receive approximately \$849,900 in revenue from CAP;

WHEREAS, upon approval of this Resolution and the attached CAP Subcontractor Compensated Conservation Agreement (see **Exhibit A** attached hereto), the City will submit to the Central Arizona Water Conservation District an amended CAP water order reducing its existing water order for calendar year 2022 by 3,249 Acre Feet;

WHEREAS, the CAP Subcontractor Compensated Conservation Agreement will terminate on December 31, 2022;

WHEREAS, moving budget authority of \$849,900 from Contingency to Intergovernmental Revenue in the Water Operations Fund is necessary;

WHEREAS, as a result of leaving 3,249 acre feet of water in Lake Mead during 2022, it is desirable and may be necessary for the City to secure additional water resources via long-term storage credits;

WHEREAS, moving budget authority of \$695,400 from services within the Water Operations Fund and \$604,200 from contingency to increase project P71240 Water Acquisition by \$1,299,600 to purchase water long term storage credits is necessary;

WHEREAS, the FY2022 budget was adopted including funding in the amount of \$1,898,600 for project P71240 Water Acquisitions and a cash transfer of \$2,859,700 from the Water Operations Fund to the Water Utility Capital Fund;

WHEREAS, the FY2022 budget, including the FY2022 Contract Awarding Authority List, was adopted by Council Resolution #2021-87 on June 1, 2021, and will need to be amended as set forth herein;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature;

WHEREAS, the City of Surprise Procurement Code §2-338 (d) requires the authority of the Mayor and Council when the cost to the city is greater than \$50,000;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. That the CAP Subcontractor Compensated Conservation Agreement attached hereto as *Exhibit A* and incorporated by reference is hereby approved; and

Section 2. That the statements and schedules attached as *Exhibit B* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2021 through June 30, 2022.

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2022-35

Exhibit A

CAP SUBCONTRACTOR COMPENSATED CONSERVATION AGREEMENT

RESOLUTION # 2022-35

Exhibit B

1. Appropriation - The table below represents a movement of budget authority in the amount of \$695,400 from services within the Water Operations Fund and \$604,200 from contingency to project P71240 Water Acquisitions within the Water Utility Capital Fund and \$849,900 in revenue within the Contingency Fund to Intergovernmental revenue within the Water Utility Capital Fund to establish a budget for purchase of water long term storage credits. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Water Utility Capital	Water Resource Management	#P71240 Water Acquisitions	E	1,897,400	1,299,600	3,197,000
Water Operations	Water Resource Management	Services	E	5,853,300	(695,400)	5,157,900
Contingency	General Operations	Contingency	E	23,440,000	(604,200)	22,835,800
Contingency	General Operations	Other	R	9,208,100	(849,900)	8,358,200
Water Operations	Water Resource Management	Intergovernmental	R	220,000	849,900	1,069,900
Expense Total				31,190,700	-	31,190,700
Revenue Total				9,428,100	-	9,428,100

2. Contract Awarding Authority List – Project P71240 Water Acquisitions is an existing project for water right purchases. When Council approved Fiscal Year 2022 Contract Awarding Authority List project P71240 was included in the original Contract Awarding Authority List at \$2,750,698. This resolution provides authorization to add \$1,299,600 for the purchase of additional water long terms storage credits to the current Fiscal Year 2022 Contract Awarding Authority List.

Reference #	Description	Current Amount	Increase/ (Decrease)	Amended Amount
22239	Water Acquisitions	\$2,750,698	\$1,299,600	\$4,050,298

RESOLUTION # 2022-35
Exhibit B

3. Cash Transfer- This will be an actual cash transfer of \$1,299,600 from Water Operations Fund to Water Utility Capital Fund based on the budget amendments in table 1.

Transfer from Fund	Transfer to Fund	Current Budgeted Transfer	Increase/ (Decrease)	Amended Budgeted Transfer
Water Operations	Water Utility Capital	2,859,700	1,299,600	4,159,300



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Michael Boule, ASST
DIRECTOR-UTILITY OPERATION

Submitting Department: Water Resource
Management

District: Citywide

Staff Recommendations: None

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of a Fiscal Year 2022 budget amendment moving budget authority of \$13,200 within the Southwest Gas Capital Expenditures Fund from Contingency to Services in project A71020 Asset Replacement Wastewater; Resolution #2022-34.

Motion:

I move to approve Resolution #2022-34.

Background:

The City currently collects a franchise fee from Southwest Gas to cover costs associated with relocating their infrastructure as part of city led capital projects. The Southwest Gas relocations associated with work done on the junction structure at the SPA1 Wastewater Treatment Facility have been completed; therefore, we may now proceed with the budget amendment to move the funding from the Southwest Gas franchise fee account into the capital project account.

The total cost associated with the Southwest Gas infrastructure relocations at the SPA1 Wastewater Treatment Facility is \$13,200.

Objective Analysis:

This budget amendment will allow the city to pay Southwest Gas for the utility relocations associated with work done on the junction structure at the SPA1 Wastewater Treatment Facility. This amendment will not have a negative impact on the project budget or the Southwest Gas franchise fee budget.

Policy Compliant:

This item is policy compliant as it relates to the City's financial policies for transferring funds and budget amendments.

Financial Impact:

The costs associated with the Southwest Gas infrastructure relocations will be paid for via the Southwest

Gas franchise fees that the city collects for this purpose.

Budget Impact:

If approved, this item will amend the FY2022 adopted budget by moving budget authority in the amount of \$13,200 from Contingency within the SW Gas Capital Expenditures Fund to project A71020

Wastewater Asset Replacement. This does not represent an actual transfer of funds, but only a transfer of budget authority and does not increase or decrease the total budget.

FTE Impact:

This budget amendment does not include any funding for FTE and does not impact the FTE count for the city.

ATTACHMENTS:

1. Res 2022-34 SWG Relocation Bdgt Amnd Final
-

RESOLUTION # 2022-34

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2022 BUDGET BY MOVING BUDGET AUTHORITY OF \$13,200 FROM CONTINGENCY WITHIN THE SOUTHWEST GAS CAPITAL EXPENDITURES FUND TO PROJECT A71020 FOR WASTEWATER ASSET REPLACEMENTS.

WHEREAS, the FY2022 adopted budget did not include funding for specific gas line relocating services from Southwest Gas (SWG);

WHEREAS, work to upgrade the junction structure at the SPA1 Wastewater Treatment Facility required SWG to move an existing line;

WHEREAS, the actual cost to complete the line relocation is \$13,125.86;

WHEREAS, pursuant to the SWG Franchise Agreement, projects involving work performed by SWG which qualify for reimbursement must be paid from the SWG Capital Expenditure Fund;

WHEREAS, because the FY2022 adopted budget did not include funding for specific gas line relocating services, it is necessary to transfer \$13,200 from contingency to Project #A71020 Asset Replacement, Wastewater;

WHEREAS, the FY2022 budget was adopted by Council Resolution #2021-87 on June 1, 2021;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2021 through June 30, 2022.

SIGNATURES TO FOLLOWING ON NEXT PAGE

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2022-34
Exhibit A

1. Appropriation- The exhibit below represents a movement of budget authority in the amount of \$13,200 from Contingency within the Southwest Gas Capital Expenditures Fund to project A71020 Asset Replacement-Wastewater to cover expenses related to relocating a gas line by Southwest Gas. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
SW Gas Capital Expenditures	Water Resource Management	#A71020 Asset Replacement Wastewater	E	0	13,200	13,200
SW Gas Capital Expenditures	General Operations	Contingency	E	325,000	(13,200)	311,800
Expense Total				325,000	0	325,000



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022 Contact Person: Chris Sexton
Submitting Department: Community Development District: District 1
Staff Recommendations: None

Consent: Yes	Regular: No	Public Hearing: No	Report/Discussion: No
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Agenda Wording:

Consideration and action pertaining to approval of the Map of Dedication entitled, “Ellen Ranch Model Phase” and dated January 10, 2022, a property generally located near the northeast corner of 163rd Avenue and Happy Valley Road in a portion of Section 6, Township 4 North, Range 1 West of the Gila and Salt River Meridian, Maricopa County, Arizona. Case FS21-507.

Motion:

I move to approve the Map of Dedication entitled, “Ellen Ranch Model Phase” and dated January 10, 2022.

Background:

Chandra McCarty with EPS Group on behalf of Meritage Homes of Arizona, Inc. seeks approval of a Map of Dedication that dedicates 3.3182 acres (approx.) of full streets 55-foot of ROW of the following streets: 162nd Lane, Smoketree Drive, 160th Drive, 160th Avenue, Bronco Trail, and Desert Hollow Drive for the model home phase for the Ellen Ranch subdivision, zoned Residential Medium Density with a PUD overlay (RM-9 PUD).

Objective Analysis:

Approval of this Map of Dedication will provide access to the model homes and further facilitate the development of Ellen Ranch.

Policy Compliant:

The proposed Rezone is consistent with the Surprise General Plan 2035, the Ellen Ranch PUD, and the Preliminary Plat approved under Case FS21-251.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staffing levels.

ATTACHMENTS:

1. 00 - FS21-507 Ellen Ranch - Staff Report
 2. 01 - FS21-507 - Ellen Ranch Map Of Dedication - Vicinity Map
 3. 02 - FS21-507 Ellen Ranch - Map of Dedication Model Phase - Map of Dedication
 4. FS21-507 - Ellen Ranch Map Of Dedication - PowerPoint
-

Map of Dedication

REPORT TO THE CITY COUNCIL

Case: FS21-507

Project Name: Map of Dedication for Ellen Ranch

Council District: 1 - Acacia

City Council Date: April 5, 2022

Planner: Chris Sexton, Planner II

Owner: Meritage Homes of Arizona, Inc.

Applicant: Chandra McCarty with EPS Group, Inc.

Request: Map of Dedication for Ellen Ranch

Site Location: Generally located near the northeast corner of 163rd Avenue and Happy Valley Road in a portion of Section 6, Township 4 North, Range 1 West of the Gila and Salt River Meridian, Maricopa County, Arizona.

Site Size: 3.3182 acres (approx.)

Density: N/A

Findings:

- The proposed Map of Dedication is consistent with the Surprise General Plan 2035.
- The proposed Map of Dedication is consistent with the Ellen Ranch PUD.
- The proposed Map of Dedication is consistent with the Surprise Municipal Code.
- The Map of Dedication is in conformance with the Preliminary Plat approved under case FS21-251.

Alternative Actions: **Approve** – Approval of the proposed Map of Dedication will allow the applicant to dedicate certain rights-of-way to the city as proposed.

Deny – Denial of the requested Map of Dedication will prevent the applicant from dedicating certain rights-of-way to the city as proposed.

Additional Information:

Chandra McCarty, with EPS Group, Inc. on behalf of Meritage Homes of Arizona, Inc. seeks approval of a Map of Dedication entitled, "Map of Dedication Ellen Ranch Model Phase" dated January 10, 2022, that dedicates 3.3182 acres (approx.) of right-of-way (ROW) of the following as full streets 55-foot of ROW: 162nd Lane, Smoketree Drive, 160th Drive, 160th Avenue, Bronco Trail and Desert Hollow Drive for the model home phase for the Ellen Ranch subdivision, zoned Residential Medium Density with a PUD overlay (RM-9 PUD).

These streets are located along the eastern boundary internal to the site for the model home phase of the project. Additionally, temporary drainage and construction easements, 8-foot public utility easements and 55-feet of ROW located at the intersection of Smoketree Lane and 162nd Lane will be abandoned by this Map of Dedication. Approval of this Map of Dedication will provide access to the model homes and further facilitate the development of Ellen Ranch.

Attachments:

01 Vicinity Map
02 Map of Dedication
PPT



FS21-507 VICINITY MAP

agross Jan 10, 2022 8:04pm C:\Users\agross\agross\ppldata\local\temp\acPublish_13488\16-400 MOD Plat.dwg

MAP OF DEDICATION

Ellen Ranch Model Phase

A PORTION OF THE SOUTHWEST QUARTER OF SECTION 6,
TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN
MARICOPA COUNTY, ARIZONA

DEDICATION

STATE OF ARIZONA }
COUNTY OF MARICOPA } SS

KNOW ALL PERSONS BY THESE PRESENTS: THAT MERITAGE HOMES OF ARIZONA INC., AN ARIZONA CORPORATION, "OWNERS", HEREBY PUBLISHES THIS MAP OF DEDICATION OF "ELLEN RANCH MODEL PHASE", A PORTION OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, AND HEREBY DECLARES THAT SAID MAP OF DEDICATION SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH STREET AND THAT EACH STREET SHALL BE KNOWN BY THE NAME GIVEN TO EACH RESPECTIVELY.

OWNER HEREBY GRANTS TO THE UNITED STATES OF AMERICA DEPARTMENT OF THE AIR FORCE ("USAF") AN AVIGATION EASEMENT OVER AND ACROSS THIS MAP OF DEDICATION AND EVERY LOT AND PARCEL THEREOF, WHICH EASEMENT SHALL INCLUDE, BUT NOT BE LIMITED TO, THE RIGHT OF FLIGHT OF AIRCRAFT OVER THIS MAP OF DEDICATION, TOGETHER WITH ITS ATTENDANT NOISE, VIBRATIONS, FUMES, DUST, FUEL AND LUBRICANT PARTICLES, AND ALL OTHER EFFECTS THAT MAY BE CAUSED BY THE OPERATION OF AIRCRAFT LANDING AT, OR TAKING OFF FROM, OR OPERATING AT OR ON LUKE AIR FORCE BASE AND AUXILIARY FIELD.

ALL IMPROVEMENTS, FOR STREETS AND PUBLIC UTILITIES OWNED AND OPERATED BY THE CITY, INSTALLED OR CONSTRUCTED BY OWNER WITHIN THE PUBLIC RIGHTS-OF-WAY, THE EASEMENTS, OR ANY TRACTS OR PARCELS HEREBY DEDICATED TO THE CITY OF SURPRISE SHALL BE DEEMED TO HAVE BEEN DEDICATED BY OWNER TO THE CITY UPON THEIR COMPLETION; HOWEVER, SUCH TRANSFER SHALL NOT OCCUR UNTIL THE CITY COUNCIL FOR THE CITY OF SURPRISE MANIFESTS ITS ACCEPTANCE BY SEPARATE FORMAL COUNCIL ACTION.

IN WITNESS WHEREOF, OWNER HAS HEREUNTO CAUSED ITS CORPORATE NAME TO BE SIGNED AND ITS CORPORATE SEAL TO BE AFFIXED BY THE UNDERSIGNED, DULY AUTHORIZED OFFICER THIS 10th DAY OF February, 20 22.

MERITAGE HOMES OF ARIZONA INC., AN ARIZONA CORPORATION

BY Troy Hill DATE 2/10/22

ITS VP-Entitlements

ACKNOWLEDGMENT

STATE OF ARIZONA }
COUNTY OF MARICOPA } SS

ON THIS 10th DAY OF February, 20 22 BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARED Troy Hill WHO ACKNOWLEDGED HIMSELF TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE INSTRUMENT WITHIN, AND WHO EXECUTED THE FOREGOING INSTRUMENT FOR THE PURPOSES THEREIN CONTAINED.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND OFFICIAL SEAL.

Stephanie A. S. Komperud 02/10/22
NOTARY PUBLIC DATE

6/14/2025
MY COMMISSION EXPIRES:



GENERAL NOTES

- THE PROPERTY IS LOCATED WITHIN AN AREA HAVING FLOOD ZONE "ZONE AE AND ZONE X SHADED," BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY, ON FLOOD INSURANCE RATE MAP NO. 04013C1210L, WITH A DATE OF IDENTIFICATION OF OCTOBER 16, 2013, FOR COMMUNITY NO. 040053, IN MARICOPA COUNTY, STATE OF ARIZONA, WHICH IS THE CURRENT FLOOD INSURANCE RATE MAP FOR THE COMMUNITY IN WHICH SAID PROPERTY IS SITUATED.
- IN ACCORDANCE WITH ARS § 9-461.07, THE CITY OF SURPRISE HAS DETERMINED THAT ALL DEDICATIONS OCCURRING WITH THIS MAP OF DEDICATION ARE IN CONFORMANCE WITH THE SURPRISE GENERAL PLAN.
- PURSUANT TO A.R.S. § 42-1102, THE CITY OF SURPRISE, A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA, IS EXEMPT FROM ALL TAXES AND ASSESSMENTS BASED ON ASSESSED VALUE EXCEPT FOR SPECIAL DISTRICTS #14751 AND 14710, WHEN APPLICABLE.
- LANDSCAPING MAINTENANCE WITHIN THE MEDIANS WITHIN THE PUBLIC RIGHT-OF-WAY WITHIN ANY ARTERIAL OR PARKWAY STREET CLASSIFICATION SHALL BE RESPONSIBILITY OF THE CITY OF SURPRISE AFTER ACCEPTANCE.
- NO ON-SITE GRADING OR EXCAVATION SHALL OCCUR WITHOUT FIRST OBTAINING A PERMIT FROM THE CITY OF SURPRISE.
- THE MAINTENANCE OF LANDSCAPING WITHIN THE ADJACENT PUBLIC RIGHTS-OF-WAY, INCLUDING LANDSCAPED MEDIANS WITHIN COLLECTORS AND LOCAL STREETS, AND LANDSCAPED AREAS BETWEEN THE CURB AND THE DETACHED SIDEWALK, SHALL BE THE RESPONSIBILITY OF THE ADJACENT PROPERTY OWNDER OR THE HOMEOWNERS' ASSOCIATION FORMED BY THE ADJACENT PROPERTY.
- INSTALLATION OF LANDSCAPING WITHIN THE RIGHT-OF-WAY, INCLUDING ANY MEDIANS, SHALL BE THE RESPONSIBILITY OF THE ENTITY DEVELOPING THE ADJACENT PROPERTY.

NOTICE OF INTERGOVERNMENTAL AGREEMENT

THE CITY OF SURPRISE ("CITY") AND MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE ("MWD") ENTERED INTO AN INTERGOVERNMENTAL AGREEMENT DATED APRIL 8, 1997, AND RECORDED IN THE MARICOPA COUNTY RECORDER'S OFFICE ON APRIL 9, 1997, UNDER DOCKET NO. 97-0231759 ("IGA"). CITY AND MWD HAVE FACILITIES AND PROPERTY INTERESTS DESCRIBED AND DELINEATED WITHIN CERTAIN SUBDIVISION PLATS OR, FOR LANDS NOT INCLUDED IN A SUBDIVISION PLAT, DECLARATIONS OF TURF LANDS OR DECLARATIONS OF URBANIZED AREA, THAT HAVE PRIOR AND SUPERIOR RIGHTS TO THE UTILITY SERVICE PROVIDERS, AS DEFINED IN THE IGA. THE IGA PROVIDES FOR THE CITY TO HAVE A PUBLIC UTILITY EASEMENT WITHIN CERTAIN MWD PROPERTY INTERESTS AND FOR MWD TO HAVE AN EASEMENT WITHIN CITY'S PUBLIC RIGHTS-OF-WAY. CITY AND MWD RIGHTS WITHIN THESE EASEMENTS ARE SUBJECT TO AND CONTROLLED BY THE TERMS AND CONDITIONS OF THE IGA.

IN LOCATIONS WHERE APPLICABLE, INCLUDING ANY AND ALL DEDICATIONS WITHIN A SUBDIVISION PLAT, MWD'S PRIOR AND SUPERIOR RIGHTS OF ACCESS TO AND USE OF EXISTING AND FUTURE MWD FACILITIES AND PROPERTY INTERESTS, SHALL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE IGA.

CITY SHALL HAVE THE RIGHT TO AUTHORIZE AND CONTROL THE UTILITY SERVICE PROVIDER'S USE AND OCCUPANCY OF THESE EASEMENTS. CITY REQUIRES THAT UTILITY SERVICE PROVIDERS CONSENT TO BE BOUND BY THE IGA PRIOR TO THE USE OR OCCUPANCY OF THE EASEMENTS GRANTED UNDER THE IGA. SUCH USE OR OCCUPANCY OF THE EASEMENTS CONSTITUTES CONSENT OF THE UTILITY SERVICE PROVIDERS TO BE BOUND BY THE IGA.

RELEASE OF LIABILITY

MERITAGE HOMES OF ARIZONA INC., AN ARIZONA CORPORATION, "OWNER", DOES HEREBY (1) RELEASE AND DISCHARGE THE UNITED STATES OF AMERICA DEPARTMENT OF THE AIR FORCE (USAF) AND THE CITY OF SURPRISE, AND (2) INDEMNIFY, DEFEND, AND HOLD HARMLESS THE USAF AND THE CITY OF SURPRISE, OF AND FROM ANY LIABILITY FOR ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY THAT MAY ARISE AT ANY TIME IN THE FUTURE OVER, OR IN CONNECTION WITH AIRCRAFT OVERFLIGHTS FROM AIRCRAFT UTILIZING LUKE AIR FORCE BASE, WHETHER SUCH DAMAGE SHALL ORIGINATE FROM NOISE, VIBRATION, FUMES, DUST, FUEL AND LUBRICANT PARTICLES, AND ALL OTHER EFFECTS THAT MAY BE CAUSED BY THE OPERATION OF AIRCRAFT LANDING AT, OR TAKING OFF FROM, OR OPERATING AT OR ON LUKE AIR FORCE BASE AND ITS AUXILIARY FIELDS. THIS INSTRUMENT SHALL RUN WITH THE LAND AND BE BINDING UPON OWNER AND ITS HEIRS, ASSIGNS, AND SUCCESSORS IN INTEREST TO THIS MAP OF DEDICATION OR ANY PARCEL OR LOT THEREOF. THIS INSTRUMENT DOES NOT RELEASE THE USAF FROM LIABILITY FOR DAMAGE OR INJURY TO PERSON OR PROPERTY CAUSED BY FALLING AIRCRAFT OR FALLING PHYSICAL OBJECTS FROM AIRCRAFT, EXCEPT AS STATED HEREIN WITH RESPECT TO NOISE, FUMES, DUST, FUEL, AND LUBRICANT PARTICLES.

OWNER HEREBY FURTHER AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF SURPRISE FROM ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY LOCATED WITHIN THE RIGHT OF WAY THAT MAY ARISE IN CONNECTION WITH THE USE OF THE SIDEWALKS LOCATED WITHIN THE RIGHT-OF-WAY, UNTIL SUCH TIME THE CITY OF SURPRISE HAS ACCEPTED THE SIDEWALKS.

OWNER DOES HEREBY (1) RELEASE AND DISCHARGE THE CITY OF SURPRISE, AND (2) INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF SURPRISE, OF AND FROM ANY LIABILITY FOR ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY THAT MAY ARISE AT ANY TIME IN THE FUTURE OVER, OR IN CONNECTION WITH THE AREAS LOCATED WITHIN THE NEWLY DEDICATED RIGHT-OF-WAY AS DEPICTED ON THIS MAP OF DEDICATION UNTIL SUCH TIME THE RIGHT-OF-WAY IS IMPROVED TO CITY STANDARDS AND THOSE IMPROVEMENTS ARE APPROVED AND ACCEPTED BY THE CITY COUNCIL. THE MAINTENANCE OF THE AREA WITHIN ANY NEWLY DEDICATED RIGHT-OF-WAY AS SHOWN ON THIS MAP OF DEDICATION SHALL BE THE RESPONSIBILITY OF THE ADJACENT OWNER/OR SUBSEQUENT ADJACENT OWNERS WITHIN THE BOUNDARY OF SAID MAP OF DEDICATION UNTIL SUCH TIME THAT THE AREA WITHIN THE RIGHT-OF-WAY IS IMPROVED TO CITY STANDARD AND ACCEPTED BY THE CITY OF SURPRISE.

OWNER HEREBY FURTHER AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF SURPRISE FROM ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY THT MAY ARISE IN CONNECTION WITH THE USE OF THE SIDEWALKS LOCATED WITHIN THE RIGHT-OF-WAY, UNTIL SUCH TIME THE CITY OF SURPRISE HAS ACCEPTED THE SIDEWALKS.

100 YEAR ASSURED WATER SUPPLY

THE AREA PLATTED HEREON LIES WITHIN THE DOMESTIC WATER SERVICE AREA OF CITY OF SURPRISE WHICH IS DESIGNATED AS HAVING AN ASSURED WATER SUPPLY PURSUANT A.R.S. § 45-576.

BASIS OF BEARING

THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA AS MEASURED AND RECORDED IN BOOK 1317, PAGE 31 OF MARICOPA COUNTY RECORDS.

BEARING: SOUTH 89 DEGREES 45 MINUTES 12 SECONDS WEST

OWNERS

MERITAGE HOMES OF ARIZONA INC.
8800 EAST RAINTREE DRIVE, SUITE 300
SCOTTSDALE, AZ 85260
CONTACT: TROY HILL
Troy.Hill@meritagehomes.com

ENGINEER

EPS GROUP, INC.
1130 N. ALMA SCHOOL ROAD, STE. 120
MESA, ARIZONA 85201
TEL: (480)-503-2250
FAX: (480)-503-2258
CONTACT: DANIEL AUXIER, PE

SHEET INDEX

1 COVER SHEET
2-4 MAP OF DEDICATION PLAN SHEETS

AREA SUMMARY TABLE

DESCRIPTION	AREA (SF)	AREA (ACRES)
RIGHT OF WAY	144,542	3.3182
GROSS AREA	144,542	3.3182

CITY OF SURPRISE ENGINEER APPROVAL

DATA ON THIS PLAT REVIEWED AND APPROVED THIS _____ DAY OF _____, 20____
BY THE CITY ENGINEER OF SURPRISE, ARIZONA.

APPROVED _____ DATE _____
CITY ENGINEER

CITY OF SURPRISE COUNCIL APPROVAL

APPROVED BY THE CITY COUNCIL OF THE CITY OF SURPRISE, ARIZONA.
THIS _____ DAY OF _____, 20____.

ATTEST:

MAYOR DATE _____

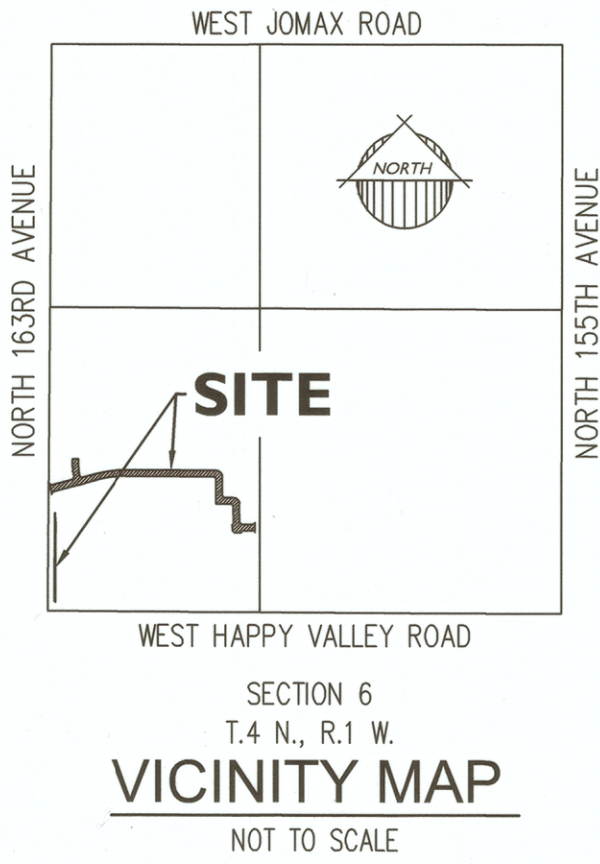
CITY CLERK DATE _____

CERTIFICATION

I, RAYMOND S. MUNOZ III, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA; THAT THIS PLAT CORRECTLY REPRESENTS A SURVEY MADE UNDER MY DIRECTION DURING THE MONTH OF MAY, 2021; THAT THE SURVEY IS TRUE AND CORRECT AS SHOWN; THAT ALL MONUMENTS ACTUALLY EXIST OR WILL BE SET AS SHOWN; THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

RAYMOND S. MUNOZ III, RLS 53160
EPS GROUP, INC.
1130 N. ALMA SCHOOL ROAD, STE. 120
MESA, ARIZONA 85201
PHONE: (480) 503-2250
FAX: (480) 503-2258

DATE OF PREPARATION: 9/15/2021
DATE REVISED: 1/10/2022



1130 N. Alma School Rd, Suite 120
Mesa, AZ 85201
T:480.503.2250 | F:480.835.1799
www.epsgroupinc.com



Project: Ellen Ranch Model Phase

SURPRISE, ARIZONA

MAP OF DEDICATION

Project:

Revisions:



Drawn by: A.G.
Reviewed by: R.M.



Job No.
16-400.4

MOD01

Sheet No.
1
of 4

FS21-507

A PORTION OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 6, BEING MARKED BY A 2"ALUMINUM CAP FLUSH STAMPED RLS 36562, FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 6, BEING MARKED BY A 3"BUREAU OF LAND MANAGEMENT BRASS CAP, BEARS SOUTH 89 DEGREES 45 MINUTES 12 SECONDS EAST, (BASIS OF BEARING) 1,850.96 FEET;

THENCE SOUTH 89 DEGREES 36 MINUTES 24 SECONDS EAST, 0.76 FEET TO THE POINT
OF BEGINNING;

THENCE NORTH 30 DEGREES 18 MINUTES 54 SECONDS EAST, 21.21 FEET;

THENCE NORTHWESTERLY 85.04 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT
THROUGH A CENTRAL ANGLE OF 14 DEGREES 52 MINUTES 40 SECONDS;

THENCE SOUTH 89 DEGREES 46 MINUTES 49 SECONDS EAST, 55.00 FEET;

THENCE SOUTHEASTERLY 70.76 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT
THROUGH A CENTRAL ANGLE OF 14 DEGREES 52 MINUTES 40 SECONDS;

THENCE SOUTH 59 DEGREES 41 MINUTES 06 SECONDS EAST, 21.21 FEET;

THENCE NORTHEASTERLY 267.29 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT
THROUGH A CENTRAL ANGLE OF 14 DEGREES 54 MINUTES 17 SECONDS;

THENCE SOUTHEASTERLY 86.39 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT
THROUGH A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS;

THENCE SOUTH 44 DEGREES 46 MINUTES 49 SECONDS EAST, 21.21 FEET;

THENCE SOUTHEASTERLY 86.39 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT
THROUGH A CENTRAL ANGLE OF 90 DEGREES 00 MINUTES 00 SECONDS;

THENCE SOUTHERLY 74.59 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT
THROUGH A CENTRAL ANGLE OF 5 DEGREES 54 MINUTES 56 SECONDS;

THENCE NORTH 88 DEGREES 14 MINUTES 28 SECONDS EAST, 90.36 FEET TO THE
BEGINNING OF A CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 827.50 FEET.

THENCE NORTH 44 DEGREES 43 MINUTES 57 SECONDS EAST, 21.31 FEET;

THENCE NORTH 45 DEGREES 17 MINUTES 09 SECONDS WEST, 21.11 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, FROM WHICH THE RADIUS POINT BEARS SOUTH 1 DEGREES 07 MINUTES 13 SECONDS EAST A DISTANCE OF 772.50 FEET;

THENCE SOUTH 88 DEGREES 14 MINUTES 28 SECONDS WEST, 85.00 FEET;

THENCE SOUTH 40 DEGREES 25 MINUTES 38 SECONDS WEST, 20.15 FEET;

THENCE SOUTH 89 DEGREES 36 MINUTES 39 SECONDS WEST, 55.41 FEET;

THENCE NORTH 48 DEGREES 35 MINUTES 00 SECONDS WEST, 22.57 FEET

THENCE NORTH 7 DEGREES 15 MINUTES 45 SECONDS WEST, 55.47 FEET;

THENCE NORTH 42 DEGREES 11 MINUTES 46 SECONDS EAST, 20.06 FEET TO THE
BEGINNING OF A NON-TANGENT CURVE, CONCAVE EASTERLY, FROM WHICH THE RADIUS
POINT BEARS NORTH 84 DEGREES 43 MINUTES 31 SECONDS EAST A DISTANCE OF
777.50 FEET;

THENCE NORTHERLY 74.56 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT
THROUGH A CENTRAL ANGLE OF 5 DEGREES 29 MINUTES 41 SECONDS;

THENCE NORTH 0 DEGREES 13 MINUTES 11 SECONDS EAST, 75.64 FEET;

THENCE NORTH 44 DEGREES 46 MINUTES 49 SECONDS WEST, 21.21 FEET;

THENCE NORTH 89 DEGREES 46 MINUTES 49 SECONDS WEST, 135.17 FEET;

THENCE NORTH 0 DEGREES 13 MINUTES 11 SECONDS EAST, 220.00 FEET;

THENCE NORTH 44 DEGREES 46 MINUTES 49 SECONDS WEST, 21.21 FEET;

THENCE NORTH 89 DEGREES 46 MINUTES 49 SECONDS WEST, 770.15 FEET TO THE
BEGINNING OF A CURVE, CONCAVE SOUTHEAST, HAVING A RADIUS OF 972.50 FEET.

THENCE SOUTHWESTERLY 252.98 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT
THROUGH A CENTRAL ANGLE OF 14 DEGREES 54 MINUTES 17 SECONDS;

THENCE SOUTH 75 DEGREES 18 MINUTES 54 SECONDS WEST, 118.24 FEET:

THENCE SOUTH 14 DEGREES 41 MINUTES 06 SECONDS EAST, 2.50 FEET;

THENCE SOUTH 75 DEGREES 18 MINUTES 54 SECONDS WEST, 283.37 FEET;

THENCE SOUTH 30 DEGREES 18 MINUTES 54 SECONDS WEST, 28.16 FEET TO A POINT
HEREINAFTER BEING REFERRED TO AS POINT 'A', SAID POINT BEING THE BEGINNING OF
A NON-TANGENT CURVE, CONCAVE SOUTHWEST, FROM WHICH THE RADIUS POINT
BEARS SOUTH 77 DEGREES 16 MINUTES 03 SECONDS WEST A DISTANCE OF 1,465.00
FEET;

THENCE NORTHWESTERLY 99.84 FEET ALONG THE ARC OF SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 3 DEGREES 54 MINUTES 17 SECONDS TO THE POINT OF BEGINNING.

TOGETHER WITH THE FOLLOWING DESCRIBED PARCEL:

PARCEL NO. 2

COMMENCING AT THE AFOREMENTIONED POINT "A"; SAID POINT LYING ON A NON-TANGENT CURVE, CONCAVE SOUTHWEST, FROM WHICH THE RADIUS POINT BEARS SOUTH 77 DEGREES 16 MINUTES 03 SECONDS WEST A DISTANCE OF 1,465.00 FEET;

THENCE SOUTHEASTERLY 164.34 FEET ALONG THE ARC OF SAID CURVE THROUGH A
CENTRAL ANGLE OF 6 DEGREES 25 MINUTES 39 SECONDS TO THE POINT OF
BEGINNING;

THENCE CONTINUING ALONG SAID CURVE HAVING A RADIUS OF 1,465.00 FEET;

THENCE SOUTHERLY 171.27 FEET ALONG THE ARC OF SAID CURVE TO THE RIGHT
THROUGH A CENTRAL ANGLE OF 6 DEGREES 41 MINUTES 54 SECONDS;

THENCE SOUTH 0 DEGREES 23 MINUTES 36 SECONDS WEST, 602.00 FEET;

THENCE NORTH 44 DEGREES 40 MINUTES 48 SECONDS WEST, 14.12 FEET;

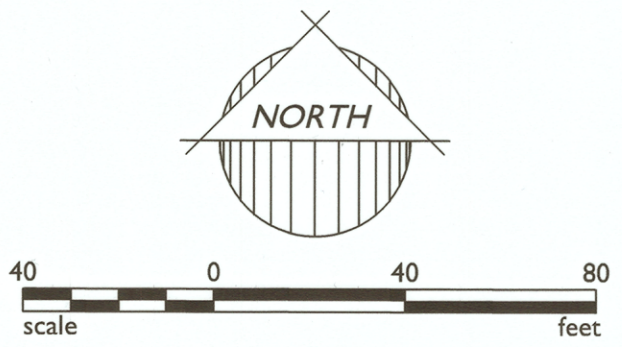
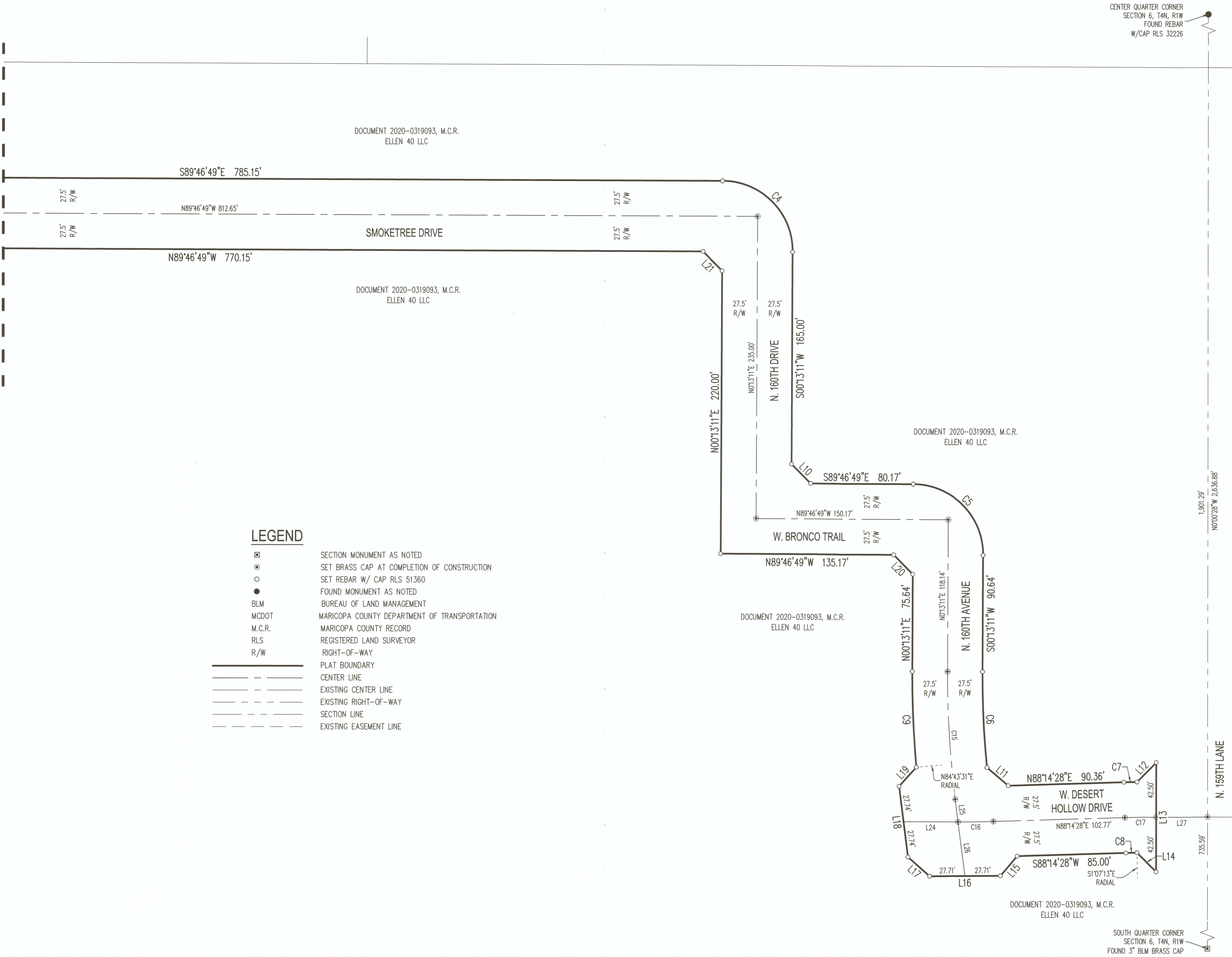
THENCE NORTH 0 DEGREES 23 MINUTES 36 SECONDS EAST, 762.91 FEET TO THE POINT OF BEGINNING.





MATCH LINE SEE SHEET 3 OF 4

LEGEND	
	SECTION MONUMENT AS NOTED
	SET BRASS CAP AT COMPLETION OF CONSTRUCTION
	SET REBAR W/ CAP RLS 51360
	FOUND MONUMENT AS NOTED
BLM	BUREAU OF LAND MANAGEMENT
MCDOT	MARICOPA COUNTY DEPARTMENT OF TRANSPORTATION
M.C.R.	MARICOPA COUNTY RECORD
RLS	REGISTERED LAND SURVEYOR
R/W	RIGHT-OF-WAY
	PLAT BOUNDARY
	CENTER LINE
	EXISTING CENTER LINE
	EXISTING RIGHT-OF-WAY
	SECTION LINE
	EXISTING EASEMENT LINE



1130 N. Alma School Rd, Suite 120
Mesa, AZ 85201
T:480.503.2250 | F:480.835.1799
www.epsgroupinc.com

Ellen Ranch Model Phase
SURPRISE, ARIZONA

MAP OF DEDICATION

Project:

Revisions:

Call at least two full working days before you begin excavation.
ARIZONA
Surveyors
Don't let us get a hold of you until you're done in Maricopa County: (602)883-1100

Drawn by: A.G.
Reviewed by: R.M.

Job No.
16-400.4
MOD04

Sheet No.
4
of 4

FS21-507



FS21-507
Ellen Ranch
Map of Dedication

City Council
April 5, 2022



FS21-507 VICINITY MAP



FS21-507 ZONING MAP

Ellen Ranch Model Phase
A PORTION OF THE SOUTHWEST QUARTER OF SECTION 6,
TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN
MARICOPA COUNTY, ARIZONA

STATE OF ARIZONA)
COUNTY OF MARICOPA) SS:

KNOW ALL PERSONS BY THESE PRESENTS, THAT HERITAGE HOMES OF ARIZONA INC., AN ARIZONA CORPORATION, "OWNERS", HEREBY PUBLISHES THIS MAP OF DEDICATION OF "TELLER RANCH MODEL PHASE", A PORTION OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER BASE AND MIDDLE RANCH, MARICOPA COUNTY, ARIZ. AND HEREBY DECLARES THAT SAID MAP OF DEDICATION SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH STRIP AND THAT EACH STRIP SHALL BE KNOWN BY THE NAME, NUMBER, AND COLOR DESIGNATED BY THE MAP.

OWNED HERETOFORE BY THE UNITED STATES OF AMERICA DEPARTMENT OF THE AIR FORCE ("USAF") OR ASSOCIATION EXISTENT OVER AND ACROSS THIS MAP OF DEDICATION AND DEEDY LOT AND PARCEL, THEREOF, WHICH EXISTENCE SHALL INCLUDE, BUT NOT BE LIMITED TO, THE RIGHT OF FLIGHT OF AIRCRAFT OVER THIS MAP OF DEDICATION, TOGETHER WITH ITS ATTENDANT NOISE, VIBRATIONS, FUMES, SMOKE, FUEL, AND LUBRICANT PARTICLES, AND ALL OTHER EFFECTS THAT MAY BE CAUSED BY THE OPERATION OF AIRCRAFT LANDING AT, OR TAKING OFF FROM, OR OPERATING AT OR ON LIKE AIR FORCE BASE AND AUXILIARY FIELD.

ALL IMPROVEMENTS FOR STREETS AND PUBLIC UTILITIES OWNED AND OPERATED BY THE CITY, INSTALLED OR CONSTRUCTED BY OWNER WITHIN THE PUBLIC RIGHTS-OF-WAY, THE EASEMENTS, OR ANY TRACTS OR PARCELS HERETO DEDICATED TO THE CITY OF SURPRISE SHALL BE DEEMED TO HAVE BEEN DEDICATED BY OWNER TO THE CITY UPON THIS COMPLETION. HOWEVER, SUCH TRANSFER SHALL NOT OCCUR UNTIL THE CITY COUNCIL FOR THE CITY OF SURPRISE MANIFESTS ITS ACCEPTANCE BY SEPARATE FINAL COUNCIL ACTION.

IN WITNESS WHEREOF, OWNER HAS HERETOFORE CAUSED ITS CORPORATE NAME TO BE SIGNED AND ITS CORPORATE SEAL TO BE AFFIXED BY THE UNDERSIGNED, DULY AUTHORIZED OFFICER THIS 10th DAY OF February, 2022.

HERITAGE HOMES OF ARIZONA INC., AN ARIZONA CORPORATION
BY Z. N. H. DATE 2/10/22
ITS VP - Entitlements

STATE OF ARIZONA }
COUNTY OF MARICOPA }

ON THIS 10th DAY OF February, 2018, BEFORE ME, THE UNDERSIGNED, PERSONALLY APPEARED

_____ who acknowledged himself to be the person whose name is subscribed to the instrument within, and who executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND OFFICIAL SEAL.
Stephanie A. S. Campbell ca/10/20
 NOTARY PUBLIC DATE

5/14/2025



1. THE PROPERTY IS LOCATED WITHIN AN AREA HAVING FLOOD ZONE "ZONE AE AND ZONE X SHADED," BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY, ON FLOOD INSURANCE RATE MAP NO. 04013C120L, WITH A DATE OF IDENTIFICATION OF OCTOBER 16, 2013, FOR COMMUNITY NO. 040053, IN MARICOPA COUNTY, STATE OF ARIZONA, WHICH IS THE CURRENT FLOOD

2. IN ACCORDANCE WITH ARS § 9-46102, THE CITY OF SURPRISE HAS DETERMINED THAT ALL DEDICATIONS OCCURRING WITH THIS MAP OF DEDICATION ARE IN CONFORMANCE WITH THE SURPRISE GENERAL PLAN.

3. PURSUANT TO A.R.S. § 42-11102, THE CITY OF SUPRISE, A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA, IS EXEMPT FROM ALL TAXES AND ASSESSMENTS BASED ON ASSESSED VALUE EXCEPT FOR SPECIAL DISTRICTS #14751 AND 14710, WHEN APPLICABLE.

4. LANDSCAPING MAINTENANCE WITHIN THE MEDIANS WITHIN THE PUBLIC RIGHT-OF-WAY WITHIN ANY ARTERIAL OR PARKWAY STREET CLASSIFICATION SHALL BE RESPONSIBILITY OF THE CITY OF SUPRIE AFTER ACCEPTANCE.

6. THE MAINTENANCE OF LANDSCAPING WITHIN THE ADJACENT PUBLIC RIGHTS-OF-WAY, INCLUDING LANDSCAPED MEDIANS WITHIN COLLECTORS AND LOCAL STREETS, AND LANDSCAPED AREAS BETWEEN THE CURB AND THE DETACHED SIDEWALK, SHALL BE THE RESPONSIBILITY OF THE ADJACENT PROPERTY OWNER OR THE HOMEOWNERS' ASSOCIATION FORMED BY THE ADJACENT PROPERTY.

7. INSTALLATION OF LANDSCAPING WITHIN THE RIGHT-OF-WAY, INCLUDING ANY MEDIANS, SHALL BE THE RESPONSIBILITY OF THE ENTITY DEVELOPING THE ADJACENT PROPERTY.

THE CITY OF SURPRISE ("CITY") AND MARICOPA COUNTY MUNICIPAL WATER CONSERVATION DISTRICT NUMBER ONE ("MWD") ENTERED INTO AN INTERGOVERNMENTAL AGREEMENT DATED APRIL 8, 1987, AND RECORDED IN THE MARICOPA COUNTY RECORDER'S OFFICE ON APRIL 8, 1987, UNDER INSTRUMENT 9223789 ("1987 CITY MWD"). CITY AND MWD FACILITATE PROPERTY INTERESTS DESCRIBED HEREIN BY RELINQUISHING CERTAIN SUPERVISORY AND/OR FINANCIAL INTERESTS INCLUDED IN THE AGREEMENT OF SAID CITY AND MWD TO THE LANDS OR DECLARATIONS OF UNLAWFUL AREA THAT HAVE PRIOR AND SUPERIOR RIGHTS TO THE UTILITY SERVICE PROVIDED, AS DEFINED IN THE USA. THE USA PROVIDES FOR THE CITY TO HAVE A PUBLIC UTILITY EASEMENT WITH CERTAIN PROPERTY INTERESTS AND FOR WHO TO HAVE AN EASEMENT WITH CITY'S PUBLIC RIGHTS-OF-WAY. CITY AND WHO RELINQUISH THESE EASEMENTS AND ARE SUBJECT TO AND CONTROL UNDER THE TERMS AND CONDITIONS OF THE USA.

IN LOCATIONS WHERE APPLICABLE, INCLUDING ANY AND ALL DEDICATIONS WITHIN A SUBDIVISION PLAT, WHO'S PRIOR AND SUPERIOR RIGHTS OF ACCESS TO AND USE OF EXISTING AND FUTURE WIND FACILITIES AND PROPERTY INTERESTS, SHALL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE ISA.

CITY SHALL HAVE THE RIGHT TO AUTHORIZE AND CONTROL THE UTILITY SERVICE PROVIDER'S USE AND OCCUPANCY OF THESE EASEMENTS. CITY REQUIRES THAT UTILITY SERVICE PROVIDERS CONSENT TO BE BOUND BY THE ISA PRIOR TO THE USE OR OCCUPANCY OF THE EASEMENTS GRANTED UNDER THE ISA. SUCH USE OR OCCUPANCY OF THE EASEMENTS CONSTITUTES CONSENT OF THE UTILITY SERVICE PROVIDERS TO BE BOUND BY THE ISA.

HERITAGE HOMES OF ARIZONA, AN ARIZONA CORPORATION, OWNER, DOES HEREBY RELEASE AND DISCHARGE, THE UNITED STATES OF AMERICA DEPARTMENT OF THE AIR FORCE (USAF) AND THE CITY OF SHERIDAN, AND (C) INDEMNIFY, DEFEND, AND HOLD HARMLESS THE USAF AND THE CITY OF SHERIDAN, OF AND FROM ANY LIABILITY FOR ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY THAT MAY ARISE AT ANY TIME IN THE FUTURE, EVEN, OR IN CONNECTION WITH AIRCRAFT OVERFLIGHTS FROM AIRCRAFT STUTTING LINE AIR FORCE BASE, WHETHER SUCH DAMAGE SHALL ORIGINATE FROM NOISE, VIBRATION, FUELS, DUST, FUEL, AND LIQUORANT PARTICLES, AND ALL OTHER EFFECTS THAT MAY BE CAUSED BY THE OPERATION OF AIRCRAFT LANDING AT, OR TAKING OFF FROM, OR OPERATING AT OR IN LINE AIR FORCE BASE AND ITS ALLIARY FACILITIES. THIS INSTRUMENT SHALL RUN WITH THE LANDS AND BE BINDING UPON OWNER AND ITS HEIRS, ASSIGNS, AND SUCCESSORS IN INTEREST IN THIS MAP. THE RELEASEE RELEASES, DEFENDS, AND HOLD HARMLESS THE USAF AND THE CITY OF SHERIDAN FROM LIABILITY FOR DAMAGES OR INJURY TO PERSONS OR PROPERTY CAUSED BY FALLING AIRCRAFT OR FALLING PARTS, SUBJECTS FROM AIRCRAFT, EXCEPT AS STATED HEREIN WITH RESPECT TO NOISE, FUELS, DUST, FUEL, AND LIQUORANT PARTICLES.

OWNER HEREBY FURTHER AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF SURPRISE FROM ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY LOCATED WITHIN THE RIGHT-OF-WAY THAT MAY ARISE IN CONNECTION WITH THE USE OF THE SIDEWALKS LOCATED WITHIN THE RIGHT-OF-WAY, UNTIL SUCH TIME THE CITY OF SURPRISE HAS ACCEPTED THE SIDEWALKS.

OWNER DOES HEREBY (1) RELEASE AND DISCHARGE THE CITY OF SURPRISE, AND (2) INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF SURPRISE, OF AND FROM ANY LIABILITY FOR ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY THAT MAY ARISE OUT OF THE FUTURE OWNER'S, OR IN CONNECTION WITH ANY AREA LOCATED WITHIN THE NEWLY DEDICATED RIGHT-OF-WAY AS SHOWN ON THIS MAP OF DEDICATION, UNTIL SUCH TIME THE RIGHT-OF-WAY IS IMPROVED TO CITY STANDARDS AND THOSE IMPROVEMENTS ARE APPROVED AND ACCEPTED BY THE CITY COUNCIL. THE MAINTENANCE OF THE AREA WITHIN ANY NEWLY DEDICATED RIGHT-OF-WAY AS SHOWN ON THIS MAP OF DEDICATION SHALL BE THE RESPONSIBILITY OF THE ADJACENT OWNER/S OR SUBSEQUENT ADJACENT OWNERS WITHIN THE BOUNDARY OF SAID MAP OF DEDICATION UNTIL SUCH TIME THE AREA WITHIN THE RIGHT-OF-WAY IS IMPROVED TO CITY STANDARDS AND ACCEPTED BY THE CITY OF SURPRISE.

OWNER HEREBY FURTHER AGREES TO INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY OF SURPRISE FROM ANY AND ALL CLAIMS FOR DAMAGES OF ANY KIND TO PERSONS OR PROPERTY THAT MAY ARISE IN CONNECTION WITH THE USE OF THE SIDEWALKS LOCATED WITHIN THE RIGHT-OF-WAY, UNTIL SUCH TIME THE CITY OF SURPRISE HAS ACCEPTED THE SIDEWALKS.

THE AREA PLATTED HEREON LIES WITHIN THE DOMESTIC WATER SERVICE AREA OF CITY OF SURPRISE, WHICH IS DESIGNATED AS HAVING AN ASSURED WATER SUPPLY PURSUANT A.R.S. § 45-576.

THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 4 NORTH, RANGE 1 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA AS MEASURED AND RECORDED IN BOOK 1317, PAGE 31 OF MARICOPA COUNTY RECORDS.

BEARING: SOUTH 80 DEGREES 45 MINUTES 12 SECONDS WEST

WESTSIDE HOMES OF ARIZONA INC.
8900 EAST RAINTREE DRIVE, SUITE 300
SCOTTSDALE, AZ 85260
CONTACT: TROY HILL
Troy.Hill@westsidehomes.com

EPS GROUP, INC.
1130 N. ALMA SCHOOL ROAD, STE. 120
MESA, ARIZONA 85201
TEL: (480)-503-2250
FAX: (480)-503-2258
CONTACT: DANIEL NUXER, PE

1	COVER SHEET
2-4	MAP OF DEDICATION PLAIN SHEETS

AREA SUMMARY TABLE		
DESCRIPTION	AREA (SF)	AREA (ACRE)
RIGHT OF WAY	144,542	3.3182
GROSS AREA	144,542	3.3182

DATA ON THIS PLAT REVIEWED AND APPROVED THIS _____ DAY OF _____, 20____
BY THE CITY ENGINEER OF SURPRISE, ARIZONA.

APPROVED _____
CITY ENGINEER

APPROVED BY THE CITY COUNCIL OF THE CITY OF SURPRISE, ARIZONA.
THIS _____ DAY OF _____, 20____

ATTEST:

MAYOR _____ DATE _____

CITY CLERK DATE

I, RAYMOND S. MUNDT II, HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR IN THE STATE OF ARIZONA, THAT THIS PLAT CORRECTLY REPRESENTS A SURVEY MADE UNDER MY DIRECTION DURING THE MONTH OF MAY, 2021; THAT THE SURVEY IS TRUE AND CORRECT AS SHOWN; THAT ALL MONUMENTS ACTUALLY EXIST OR WILL BE SET AS SHOWN; THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACTED.

RAYMOND S. MUNIZ II, RLS 53860
EPS GROUP, INC.
1150 N. ALMA SCHOOL ROAD, STE. 120
MESA, ARIZONA 85201
PHONE: (480) 503-2250
FAX: (480) 503-2258

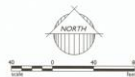
DATE OF PREPARATION: 9/15/2021
DATE REVISED: 1/10/2022



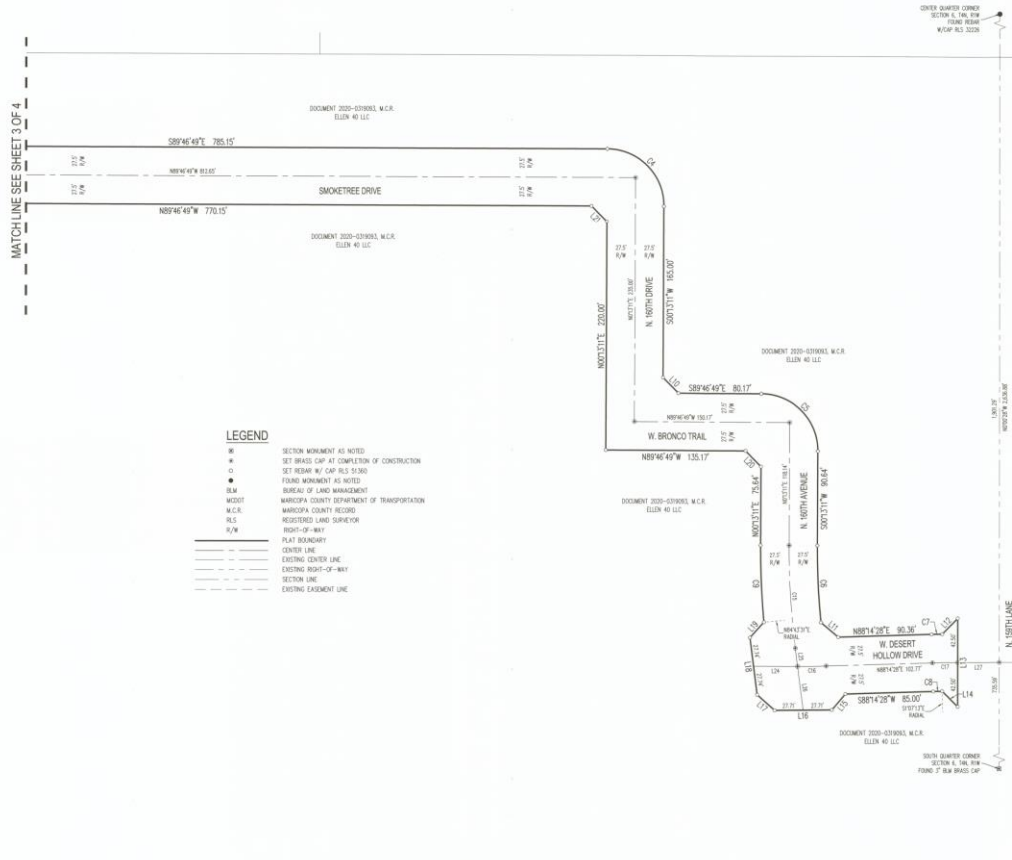
Ellen Ranch Model Phase
SUMMIT, ARIZONA



Job No.
16-400.4
MOD01
Sheet No.
1
of 4



Job No.
16-400.4
MOD03
Sheet No.
3
of 4



EPS GROUP

1120 N. 10th Street, Suite 120
Phoenix, AZ 85006
P: 602.442.1200 F: 602.442.1201
www.epsgroupinc.com

Ellen Ranch Model Phase
SURVEY AND MAP OF DEDICATION

Project No. 16-400.4
Mod 04

Sheet No. 4 of 4

Drawn by: A.D.
Reviewed by: R.H.

DATE: 10/1/2016

SCALE: 1" = 40.0'

FS21-507 MAP OF DEDICATION



SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022 Contact Person: Chris Sexton
Submitting Department: Community Development District: District 1
Staff Recommendations: None

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of the Final Plat entitled, “The G Ranch” and dated February 16, 2022, a property generally located at the northwest corner of Peakview Road and 163rd Avenue; Case FS21-730.

Motion:

I move to approve the Final Plat entitled, “The G Ranch” and dated February 16, 2022.

Background:

Stanley Gutshall, on behalf of Marsha Gutshall, seeks approval of a Final Plat of the subject property.

Objective Analysis:

Approval of the proposed Final Plat will allow the applicant the ability to subdivide the property as proposed.

Policy Compliant:

This proposed Final Plat is consistent with the Surprise General Plan 2035 and the Land Development Ordinance.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staffing levels.

ATTACHMENTS:

1. 00-FS21-730 The G Ranch - Staff Report
 2. 01 - FS21-730 The G Ranch - Vicinity Map
 3. 02 - FS21-730 The G Ranch - Zoning Map
 4. 03 - FS21-730 The G Ranch - Final Plat
 5. 04 - FS21-730 The G Ranch - Final Plat Exhibit
 6. 05 - FS21-730 The G Ranch - Luke AFB comments
 7. FS21-730 The G Ranch - Powerpoint
-

FINAL PLAT

REPORT TO THE CITY COUNCIL

Case: FS21-730

Project Name: The G Ranch – Final Plat

Council District: 1 - Acacia

City Council Date: April 5, 2022

Planner: Chris Sexton, Planner II

Owner: Marsha Gutshall

Applicant: Stanley Gutshall

Request: Final Plat to subdivide one (1) 10.01 gross acres (approx.) parcel into four (4) parcels.

Site Location: Generally located at the northwest corner of Peakview Road and 163rd Avenue.

Site Size: 10.01 gross acres (approx.)

Findings:

- The proposed Final Plat is consistent with the Surprise General Plan 2035.
- The proposed Final Plat is consistent with the Surprise Land Development Ordinance.

Alternative Actions: **Approve** – Approval of the proposed Final Plat will allow the applicant the ability to subdivide the property as proposed.

Deny – Denial of the requested Final Plat will prevent the applicant from subdividing the property as proposed.

Additional Information:

Stanley Gutshall on behalf of Marsha Gutshall requests approval of a Final Plat entitled “The G Ranch” dated February 16, 2022. The parcel is zoned Rural Residential (RR) and is generally located at the northwest corner of Peakview Road and 163rd Avenue. This proposed Final Plat will subdivide one (1) 10.01 gross acres parcel into four (4) parcels with varying sizes.

As part of the subdivision, a dedication of 73 feet for right-of-way (ROW) purposes is warranted along the easterly portion of Parcels 1 and 4 to facilitate the road widening along 163rd Avenue. An 8-foot public utility easement (PUE) will be located on all the parcels for utility purposes. Parcels 3 and 4 will dedicate a 27.5-foot ingress and egress easement along the northerly portion of the lots for ingress and egress purposes. Parcels 1 and 2 will dedicate one-half street of 24 feet of ROW along Peakview Road. It should be noted, an existing single-family residence and accessory structure located in the northwesterly section of the parcel will remain on proposed Parcel 1.

The square footage for each parcel is below:

- Parcel 1 – 2.22 acres (96,785 square feet)
- Parcel 2 – 1.92 acres (83,874 square feet)
- Parcel 3 – 2.06 acres (89,738 square feet)
- Parcel 4 – 2.37 acres (103,551 square feet)

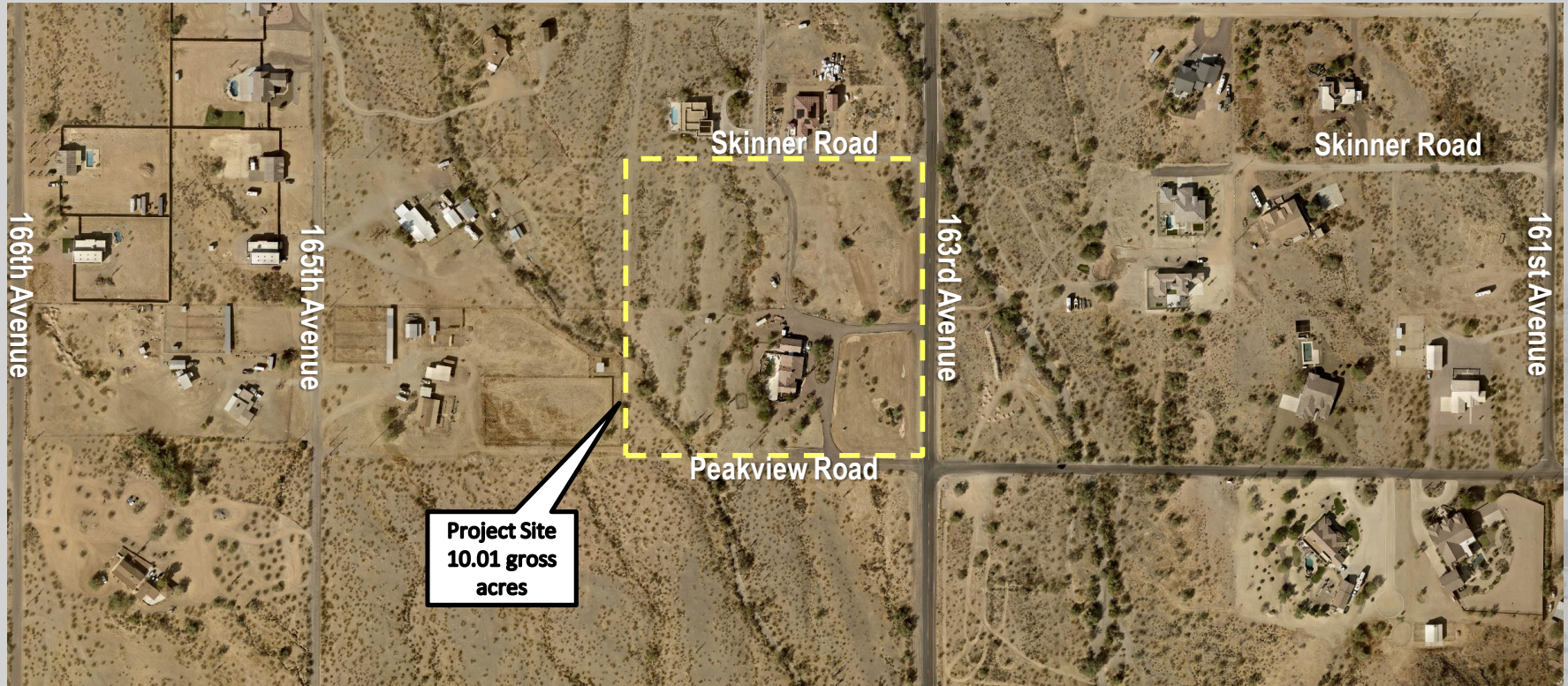
The proposed Final Plat dedicates public right-of-way (ROW) and easements as follows for each lot:

- Parcel 1 –one half of the street 73' dedicated of ROW along 163rd Avenue; one half of the street 24' dedicated ROW along Peakview Road; 8' PUE for utility purposes
- Parcel 2 – one half of the street 24' dedicated ROW along Peakview Road; 8' PUE for utility purposes
- Parcel 3 – 27.5' ingress/egress access easement; 8' PUE for utility purposes
- Parcel 4 – one half of the street 73' dedicated of ROW along 163rd Avenue; 8' PUE for utility purposes; and a 27.5' ingress egress easement

Attachments:

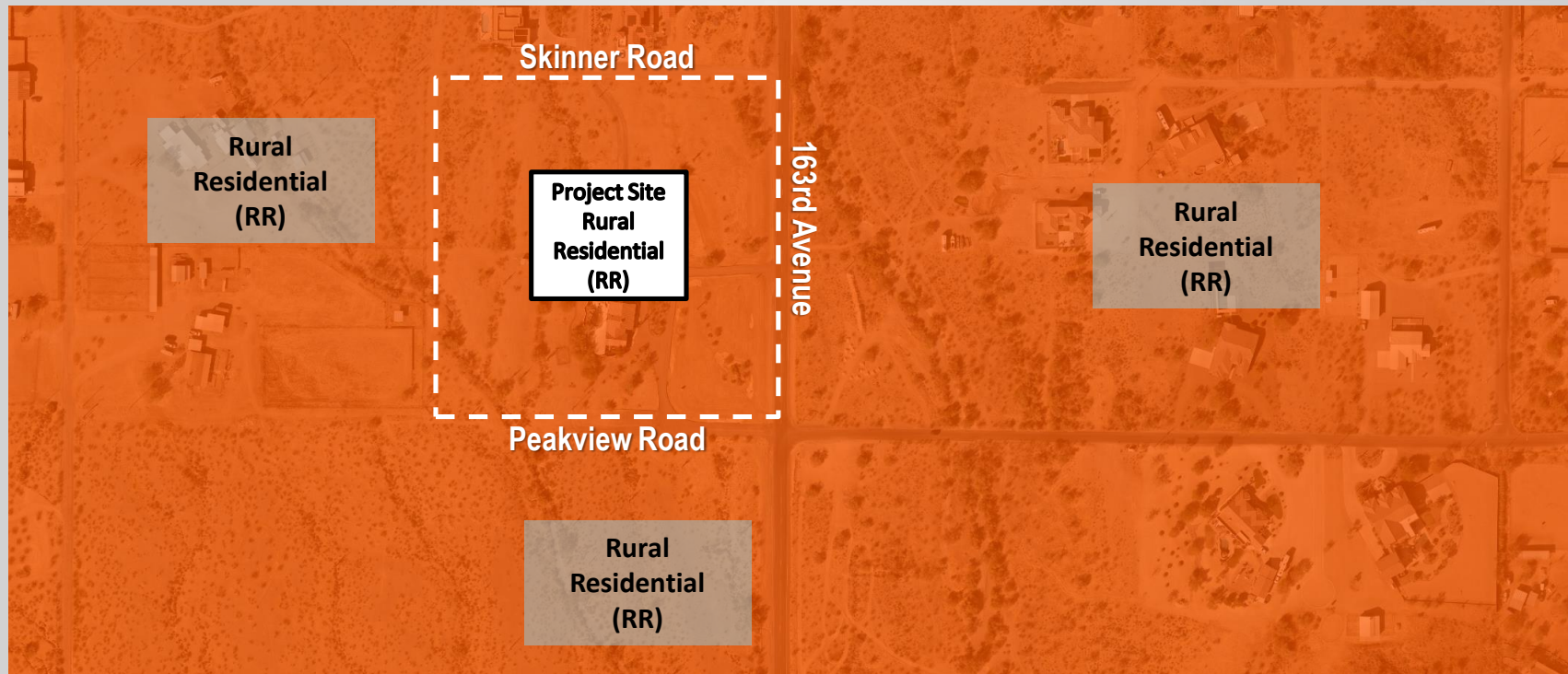
00 Staff Report
01 Vicinity Map
02 Zoning Map
03 Final Plat
04 Final Plat Exhibit
05 Luke AFB comments
PPT

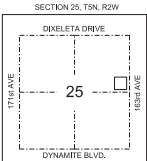
VICINITY MAP





Zoning MAP





FINAL PLAT
THE G RANCH
A PORTION OF THE NORTH EAST QUARTER OF SECTION 25
LOCATED IN TOWNSHIP 5 NORTH, RANGE 2 WEST,
GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

PLAT NOTES

1) FIRE:
FIRE SPRINKLERS ARE REQUIRED IN ALL ONE- AND TWO-FAMILY DWELLINGS
BUILT IN AREAS WHICH DO NOT HAVE AN ADEQUATE WATER SUPPLY.

2) OWNERS RESPONSIBILITY:
THE PROPERTY OWNER AT THE TIME WHEN CITY OF SURPRISE WATER,
AND/OR SEWER INFRASTRUCTURE IS AVAILABLE AT THE PROPERTY, SHALL
BE REQUIRED TO CONNECT IN ACCORDANCE WITH SURPRISE MUNICIPAL
CODE AND PAY ALL APPLICABLE FEES. ANY OWNER OF THE PROPERTY
SHALL NOTIFY PROSPECTIVE BUYERS AND THE PUBLIC OF THE NOTE, AND
ANY SALES CONTRACTS OR SALES REPORTS SHALL INCLUDE SUCH NOTE.

3) SKINNER ROAD INGRESS/EGRESS:
AT THE TIME OF BUILDING PERMIT, THE PROPERTY OWNERS WILL BE
RESPONSIBLE FOR IMPROVING AND MAINTAINING THE ADJACENT SEGMENTS
OF THE ROAD TO MCCOT RURAL ROAD STANDARDS AND MEET FIRE
DEPARTMENT REQUIREMENTS.

4) THE OWNERS AGREE TO DEDICATE THE AREA OF PUBLIC ACCESS EASEMENT
TO THE CITY OF SURPRISE FOR PUBLIC ROADWAY PURPOSES, IF AND WHEN,
THE CITY REQUESTS THE DEDICATION FOR THIS PURPOSE.

5) WATER RESOURCE MANAGEMENT:
THE OWNER OR SUBSEQUENT OWNERS OF ANY EXISTING OR FUTURE WELLS ON
THE LAND DESCRIBED IN THIS PLAT SHALL BE REQUIRED TO SIGN A WELL IMPACT
WAIVERS WITH THE CITY OF SURPRISE.

6) NO SHUTE GRADING OR EXCAVATION SHALL OCCUR WITHOUT FIRST
OBTAINING A PERMIT FROM THE CITY OF SURPRISE.

7) IN ACCORDANCE WITH ARS § 9-461.07, THE CITY OF SURPRISE HAS DETERMINED
THAT ALL DEDICATIONS OCCURRING WITH THIS PLAT ARE IN CONFORMANCE WITH
THE SURPRISE GENERAL PLAN.

8) THE MAINTENANCE OF LANDSCAPING WITHIN THE OPEN SPACES, LANDSCAPED
TRACTS, RETENTION BASINS, AND PARKS SHALL BE THE RESPONSIBILITY OF THE
OWNER OR THE HOMEOWNERS' ASSOCIATION FORMED BY THE OWNER.

THE MAINTENANCE OF LANDSCAPING WITHIN THE ADJACENT PUBLIC RIGHTS-OF-WAY,
INCLUDING LANDSCAPED MEDIANS WITHIN COLLECTORS AND LOCAL STREETS, AND
LANDSCAPED AREAS BETWEEN THE CURB AND THE DETACHED SIDEWALK, SHALL BE
THE RESPONSIBILITY OF THE ADJACENT PROPERTY OWNER OR THE HOMEOWNERS
ASSOCIATION FORMED BY THE PROPERTY OWNER.

LANDSCAPING MAINTENANCE OF THE MEDIANS WITHIN THE PUBLIC RIGHT-OF-WAY
WITHIN ANY ARTERIAL OR PARKWAY STREET CLASSIFICATION SHALL BE THE
RESPONSIBILITY OF THE CITY OF SURPRISE AFTER ACCEPTANCE.

PUBLIC NOTICE

THE LOTS DEPICTED ON THIS PLAT ARE LOCATED WITHIN THE VICINITY OF
LUKE AIR FORCE BASE AND MAY BE SUBJECT TO OVERFLIGHTS BY JET
AIRCRAFT. ALL STRUCTURES WITHIN THIS PLAT SHALL BE CONSTRUCTED
IN COMPLIANCE WITH THE SOUND ATTENUATION STANDARDS ADOPTED BY
THE CITY OF SURPRISE. A MAP DEPICTING THE MOST CURRENT ADOPTED
MAG NOISE CONTOURS IN RELATION TO THIS PLAT SHALL BE DISPLAYED IN
ALL SALES OFFICES. ADDITIONAL INFORMATION MAY BE OBTAINED BY
CONTACTING THE CITY OF SURPRISE COMMUNITY DEVELOPMENT
DEPARTMENT.

ACKNOWLEDGEMENT

STATE OF ARIZONA)
COUNTY OF MARICOPA) SS

ON THIS _____ DAY OF _____, 20____, BEFORE ME PERSONALLY
APPEARED _____, THE _____ AN _____
FOR AND ON BEHALF THEREOF, WHOSE IDENTITY WAS PROVEN TO ME ON
THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON WHO HE OR
SHE CLAIM TO BE, AND ACKNOWLEDGED THAT HE OR SHE SIGNED THE
ABOVE DOCUMENT

NOTARY PUBLIC

MY COMMISSION EXPIRES: _____

DEDICATION

STATE OF ARIZONA) SS
COUNTY OF MARICOPA)

KNOW ALL PERSONS BY THESE PRESENTS: THAT MARSHA GUTSHALL, AS OWNER
HAS SUBDIVIDED UNDER THE NAME "THE G RANCH", A SUBDIVISION LOCATED IN A
PORTION OF TOWNSHIP 5 NORTH AND RANGE 2 WEST, MARICOPA COUNTY,
ARIZONA, AS SHOWN AND PLATTED HEREON AND DOES HEREBY PUBLISH THIS
PLAT AS AND FOR THE PLAT OF "THE G RANCH" AND DECLARES THAT THIS PLAT
SETS FORTH THE LOCATION AND GIVES THE DIMENSIONS OF EACH LOT, TRACT,
STREET, AND EASEMENT CONSTITUTING SAME, AND THAT EACH LOT, TRACT,
STREET, AND EASEMENT SHALL BE KNOWN BY THE NUMBER, LETTER, AND/OR
NAME GIVEN TO EACH RESPECTIVELY AS SHOWN ON THIS PLAT.

OWNER HEREBY DEDICATES TO THE CITY OF SURPRISE FEE TITLE TO ALL
PUBLIC RIGHTS-OF-WAY AS SHOWN ON THE PLAT.

OWNER HEREBY GRANTS TO THE CITY OF SURPRISE A PERPETUAL NONEXCLUSIVE
EASEMENT OVER, UNDER, UPON, AND ACROSS ALL AREAS DESIGNATED ON THE PLAT
AS WATER/SEWER LINES, MANHOLES, FIRE HYDRANTS AND WATER METERS FOR THE
PURPOSE OF INSTALLING, CONSTRUCTING, MAINTAINING, REPAIRING, REPLACING, AND
UTILIZING THE WATER/SEWER LINES, MANHOLES, FIRE HYDRANTS AND WATER METERS.

ALL IMPROVEMENTS, FOR STREETS AND PUBLIC UTILITIES OWNED AND
OPERATED BY THE CITY, INSTALLED OR CONSTRUCTED BY OWNER WITHIN
THE PUBLIC RIGHTS-OF-WAY, THE EASEMENTS, OR ANY TRACTS OR
PARCELS HEREBY DEDICATED TO THE CITY OF SURPRISE SHALL BE
DEEMED TO HAVE BEEN DEDICATED BY OWNER TO THE CITY UPON THEIR
COMPLETION; HOWEVER, SUCH TRANSFER SHALL NOT OCCUR UNTIL THE
CITY COUNCIL, FOR THE CITY OF SURPRISE, MANIFESTS ITS ACCEPTANCE
BY SEPARATE FORMAL COUNCIL ACTION.

MARSHA GUTSHALL, "OWNER",
HEREBY GRANTS TO THE UNITED STATES OF AMERICA DEPARTMENT OF
THE AIR FORCE (USAF) AN AVIATION EASEMENT OVER AND ACROSS THIS
PLAT AND EVERY LOT AND PARCEL THEREOF, WHICH EASEMENT SHALL
INCLUDE, BUT NOT BE LIMITED TO, THE RIGHT OF FLIGHT OF AIRCRAFT OVER
THIS PLAT, TOGETHER WITH ITS ATTENDANT NOISE, VIBRATIONS, FUMES, DUST,
FUEL AND LUBRICANT PARTICLES, AND ALL OTHER EFFECTS THAT MAY BE
CAUSED BY THE OPERATION OF AIRCRAFT LANDING AT, OR TAKING OFF FROM,
OR OPERATING AT OR ON LUKE AIR FORCE BASE AND AUXILIARY FIELD.

PURSUANT TO A.R.S. § 42-1102, THE CITY OF SURPRISE, A POLITICAL
SUBDIVISION OF THE STATE OF ARIZONA, IS EXEMPT FROM ALL TAXES AND
ASSESSMENTS BASED ON ASSESSED VALUE EXCEPT FOR SPECIAL
DISTRICTS #14751 AND 14710, WHEN APPLICABLE.

MARSHA GUTSHALL, "OWNER"

BY: _____

DATE: _____

APPROVALS

CITY OF SURPRISE ENGINEER APPROVAL
DATE ON THIS PLAT REVIEWED AND APPROVED THIS _____ DAY OF _____, 20____

BY THE CITY ENGINEER OF SURPRISE, ARIZONA.

APPROVED _____ DATE _____
CITY ENGINEER

CITY OF SURPRISE COUNCIL APPROVAL
APPROVED BY THE CITY COUNCIL OF THE CITY OF SURPRISE, ARIZONA.
THIS _____ DAY OF _____, 20____

ATTEST:

MAYOR _____ DATE _____

CITY CLERK _____ DATE _____

OWNER: MARSHA GUTSHALL

20050 N. 103RD AVE., SURPRISE, AZ 85387 (APN:503-51-102A)

BASIS OF BEARING

THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 25,
T-4-N, R-2-W OF THE GILA AND SALT RIVER MERIDIAN,
MARICOPA COUNTY, ARIZONA.

MARICOPA COUNTY GDACS:
NORTH 10 DEGREES 14 MINUTES 34 SECONDS EAST, (M)
NORTH 10 DEGREES 14 MINUTES 15 SECONDS EAST, (R7)

BENCHMARK

ARIZONA PUBLIC SERVICE
WATER: SAGUARO ACRES WATER DISTRICT
SANITATION: CITY OF SURPRISE
SEWER: SEPTIC SYSTEM

UTILITY PROVIDERS

ELECTRIC: ARIZONA PUBLIC SERVICE
WATER: SAGUARO ACRES WATER DISTRICT
SANITATION: CITY OF SURPRISE
SEWER: SEPTIC SYSTEM

ZONING

RR-RURAL RESIDENTIAL

FLOOD ZONE

THE PROPERTY IS LOCATED WITHIN AN AREA HAVING FLOOD ZONE "X", AND NOT IN
A SPECIAL FLOOD HAZARD AREA, BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY.
ON FLOOD INSURANCE RATE MAP NO. 06035-1210L, WITH A DATE OF IDENTIFICATION
OF 10/16/2013, FOR COMMUNITY NO. 040053, IN MARICOPA COUNTY, STATE OF ARIZONA,
WHICH IS THE CURRENT FLOOD INSURANCE RATE MAP FOR THE COMMUNITY IN WHICH
SAID PROPERTY IS SITUATED.

LEGEND

MCR MARICOPA COUNTY RECORDER
DCT DOCKET
PG PAGE
R/W RIGHT OF WAY
APN ASSESSORS PARCEL NUMBER
GLO GENERAL LAND OFFICE
BCF BRASS CAP FLUSH
BOF BRASS CAP IN HAND HOLE
RB REBAR
LS LAND SURVEYOR
CNR CORNER
SEC SECTION
M MEASURED
N RECORD
SFNF SEARCHED FOR NOTHING FOUND
N NORTH
E EAST
S SOUTH
W WEST
C CENTER

REFERENCES

R1) BK 625, PG 13 (MCR)
R2) BK 1247, PG 35 (MCR)
R3) BK 1482, PG 34 (MCR)
R4) DKT 2024-000890 (MCR)
R5) DKT 1965-045571 (MCR)
R6) DKT 1959-023955 (MCR)
R7) BK 686, PG 21 (MCR)

CERTIFICATION

I, JUSTIN T. LEONARD, HEREBY CERTIFY THAT I AM A LICENSED
LAND SURVEYOR IN THE STATE OF ARIZONA. THIS MAP REPRESENTS
A SURVEY MADE UNDER MY SUPERVISION DURING THE MONTH
OF MAY 2021, THAT THE SURVEY IS TRUE, COMPLETE AS SHOWN,
AND THAT ALL MONUMENTS IDENTIFIED DO EXIST AND ARE
SUITABLE TO RETRACE THIS SURVEY.

JUSTIN LEONARD
REGISTERED LAND SURVEYOR # 52576
2002 W. DUAL TRACK DR
PHOENIX, AZ 85065
623-921-1000



"THE G RANCH"				K9 PROFESSIONAL LAND SURVEYING, PLLC	
JOB NUMBER/DATE/SCALE	DATE/SCALE	DATE/SCALE	DATE/SCALE	DATE/SCALE	DATE/SCALE
DATE/SCALE	DATE/SCALE	DATE/SCALE	DATE/SCALE	DATE/SCALE	DATE/SCALE

CASE NUMBER: FS21-730



FINAL PLAT
THE G RANCH
A PORTION OF THE NORTH EAST QUARTER OF SECTION 25
LOCATED IN TOWNSHIP 5 NORTH, RANGE 2 WEST,
GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

OWNER: MARSHA GUTSHALL

29050 N. 163RD AVE., SURPRISE, AZ 85387 (APN5003-011-022A)

LEGAL DESCRIPTION - ORIGINAL PARCEL

A PARCEL OF LAND LOCATED IN THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA. (CONTAINING 10.015 ACRES (MORE OR LESS))

TOGETHER WITH:

AN UNDIVIDED 10/600TH INTEREST IN AND TO THE WEST 200 FEET OF THE SOUTH 200 FEET OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

LEGAL DESCRIPTION - LOT 1

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 25, BEING A 3 INCH MARICOPA COUNTY BRASS CAP IN HAND HOLE, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 25, BEING A GENERAL LAND OFFICE (GLO) BRASS CAP IN HAND HOLE BEARS NORTH 00 DEGREES 14 MINUTES 24 SECONDS EAST, A DISTANCE OF 2639.12 FEET (BASIS OF BEARINGS);

THENCE ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 25, NORTH 89 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 661.35 FEET;

THENCE DEPARTING SAID MID-SECTION LINE NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 24.00 FEET;

THENCE SOUTH 89 DEGREES 27 MINUTES 14 SECONDS EAST, A DISTANCE OF 273.17 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 00 DEGREES 14 MINUTES 43 SECONDS EAST, A DISTANCE OF 307.08 FEET;

THENCE SOUTH 89 DEGREES 27 MINUTES 46 SECONDS EAST, A DISTANCE OF 315.15 FEET;

THENCE SOUTH 00 DEGREES 14 MINUTES 24 SECONDS WEST, A DISTANCE OF 307.13 FEET;

THENCE NORTH 89 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 315.17 FEET;

TOGETHER WITH:

AN 1/4 INTEREST OF:

AN UNDIVIDED 10/600TH INTEREST IN AND TO THE WEST 200 FEET OF THE SOUTH 200 FEET OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

LEGAL DESCRIPTION - LOT 2

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 25, BEING A 3 INCH MARICOPA COUNTY BRASS CAP IN HAND HOLE, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 25, BEING A GENERAL LAND OFFICE (GLO) BRASS CAP IN HAND HOLE BEARS NORTH 00 DEGREES 14 MINUTES 24 SECONDS EAST, A DISTANCE OF 2639.12 FEET (BASIS OF BEARINGS);

THENCE ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 25, NORTH 89 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 661.35 FEET;

THENCE DEPARTING SAID MID-SECTION LINE NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 24.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 307.03 FEET;

THENCE SOUTH 89 DEGREES 27 MINUTES 46 SECONDS EAST, A DISTANCE OF 273.14 FEET;

THENCE SOUTH 00 DEGREES 14 MINUTES 43 SECONDS WEST, A DISTANCE OF 307.08 FEET;

THENCE NORTH 89 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 273.17 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH:

AN 1/4 INTEREST OF:

AN UNDIVIDED 10/600TH INTEREST IN AND TO THE WEST 200 FEET OF THE SOUTH 200 FEET OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

LEGAL DESCRIPTION - LOT 3

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 25, BEING A 3 INCH MARICOPA COUNTY BRASS CAP IN HAND HOLE, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 25, BEING A GENERAL LAND OFFICE (GLO) BRASS CAP IN HAND HOLE BEARS NORTH 00 DEGREES 14 MINUTES 24 SECONDS EAST, A DISTANCE OF 2639.12 FEET (BASIS OF BEARINGS);

THENCE ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 25, NORTH 89 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 661.35 FEET;

THENCE DEPARTING SAID MID-SECTION LINE NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 331.03 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 328.54 FEET;

THENCE SOUTH 89 DEGREES 28 MINUTES 19 SECONDS EAST, A DISTANCE OF 273.11 FEET;

THENCE SOUTH 00 DEGREES 14 MINUTES 43 SECONDS WEST, A DISTANCE OF 328.58 FEET;

THENCE NORTH 89 DEGREES 27 MINUTES 46 SECONDS WEST, A DISTANCE OF 273.14 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH:

AN 1/4 INTEREST OF:

AN UNDIVIDED 10/600TH INTEREST IN AND TO THE WEST 200 FEET OF THE SOUTH 200 FEET OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

LEGAL DESCRIPTION - LOT 4

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 25, BEING A 3 INCH MARICOPA COUNTY BRASS CAP IN HAND HOLE, FROM WHICH THE NORTHEAST CORNER OF SAID SECTION 25, BEING A GENERAL LAND OFFICE (GLO) BRASS CAP IN HAND HOLE BEARS NORTH 00 DEGREES 14 MINUTES 24 SECONDS EAST, A DISTANCE OF 2639.12 FEET (BASIS OF BEARINGS);

THENCE ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 25, NORTH 89 DEGREES 27 MINUTES 14 SECONDS WEST, A DISTANCE OF 661.35 FEET;

THENCE DEPARTING SAID MID-SECTION LINE NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 331.03 FEET;

THENCE CONTINUING NORTH 00 DEGREES 15 MINUTES 01 SECONDS EAST, A DISTANCE OF 328.54 FEET;

THENCE SOUTH 89 DEGREES 27 MINUTES 46 SECONDS EAST, A DISTANCE OF 273.14 FEET;

THENCE SOUTH 00 DEGREES 14 MINUTES 43 SECONDS WEST, A DISTANCE OF 315.12 FEET;

THENCE NORTH 89 DEGREES 27 MINUTES 46 SECONDS WEST, A DISTANCE OF 328.63 FEET;

THENCE SOUTH 89 DEGREES 27 MINUTES 46 SECONDS WEST, A DISTANCE OF 315.15 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH:

AN 1/4 INTEREST OF:

AN UNDIVIDED 10/600TH INTEREST IN AND TO THE WEST 200 FEET OF THE SOUTH 200 FEET OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 5 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

AREA

ORIGINAL PARCEL GROSS AREA IS 436.232 SQUARE FEET MORE OR LESS, (10.015 ACRES)

LOT 1 = GROSS AREA IS 96.769 SQUARE FEET MORE OR LESS, (2.222 ACRES)

LOT 2 = GROSS AREA IS 83.874 SQUARE FEET MORE OR LESS, (1.929 ACRES)

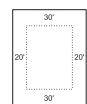
LOT 3 = GROSS AREA IS 89.738 SQUARE FEET MORE OR LESS, (2.060 ACRES)

LOT 4 = GROSS AREA IS 103.551 SQUARE FEET MORE OR LESS, (2.377 ACRES)



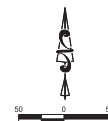
"THE G RANCH"		K9 PROFESSIONAL LAND SURVEYING, PLLC	
JOB NUMBER/DATE	SCALE: 1"=40'	DATE: 11/11/2023	BY: J. L. LUTHER
DATE: 11/11/2023	PROJECT: 11/11/2023	1111 ALQUA, TRUCKEE, CALIF. 95901	AND BY: J. L. LUTHER
PROJECT: 11/11/2023	DATE: 11/11/2023	1111 ALQUA, TRUCKEE, CALIF. 95901	AND BY: J. L. LUTHER

CASE NUMBER: FS21-730



FINAL PLAT
THE G RANCH

A PORTION OF THE NORTH EAST QUARTER OF SECTION 25
LOCATED IN TOWNSHIP 5 NORTH, RANGE 2 WEST,
GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

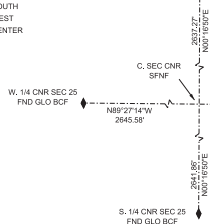


LEGEND

NOTE: SYMBOLS MAY NOT BE TO DRAWING SCALE, SO AS TO BETTER ENHANCE GRAPHICAL REPRESENTATION

- | | |
|--------------------------------|--------------------------------|
| SECTION LINE AND/OR CENTERLINE | SECTION LINE AND/OR CENTERLINE |
| PROPERTY LINES | PROPERTY LINES |
| EASEMENT LINES | EASEMENT LINES |
| BUILDING SET BACK | BUILDING SET BACK |
| OVERHEAD POWER LINES | OVERHEAD POWER LINES |
| FND MONUMENT, MARKED AS NOTED | FND MONUMENT, MARKED AS NOTED |
| SET 1/2" R.B. LS 52576 | SET 1/2" R.B. LS 52576 |
| POWER POLE | POWER POLE |
| SECTION CORNER AS NOTED | SECTION CORNER AS NOTED |

- | | |
|-----|----------------------------|
| MCR | MARICOPA COUNTY RECORDER |
| DKT | DOCKET |
| PG | PAGE |
| ROW | RIGHT OF WAY |
| APN | ASSESSORS PARCEL NUMBER |
| GLO | GENERAL LAND OFFICE |
| BCF | BRASS CAP FLUSH |
| BCH | BRASS CAP IN HAND HOLE |
| RB | REBAR |
| LS | LAND SURVEYOR |
| CNR | CORNER |
| SEC | SECTION |
| M | MEASURED |
| R | RECORD |
| SNF | SEARCHED FOR NOTHING FOUND |
| BSL | BUILDING SETBACK LINE |
| N | NORTH |
| E | EAST |
| S | SOUTH |
| W | WEST |
| C | CENTER |



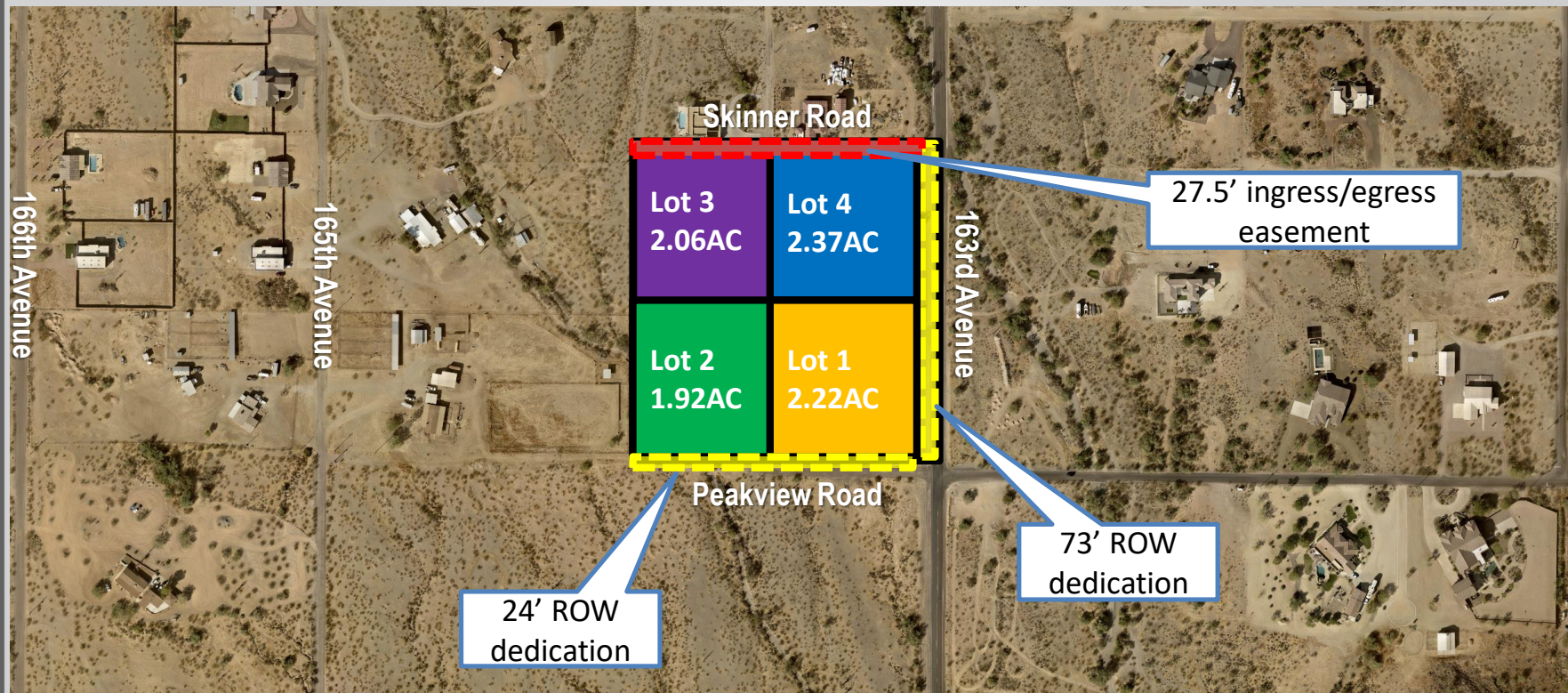
ALL DISTANCES ARE MEASURED. (UNLESS NOTED)



"THE G RANCH"			K9 PROFESSIONAL LAND SURVEYING, PLLC	
JOB NUMBER 20210406	ISSUED 11-18-21		JUSTIN T. LEONARD	
CUSTOMER GUTHALL	OWNER 20210406		2800 W. GARDL TRACK DR, PHO, AZ 85085	
PROJECT 1 OF 1	100 E. DATUMWAY ST. PHOENIX, AZ 85016		j.t.leonard@k9survey.com 602-441-9050	

CASE NUMBER: FS21-730

Final Plat Exhibit



Christina Sexton

From: Lorraine Nevarez
Sent: Thursday, September 23, 2021 10:53 AM
To: marshagutshall1@gmail.com; marshagutshall@gmail.com
Subject: FW: FS21-730 Final Plat - The G Ranch Final Plat - Luke AFB Comments

Mr. Gutshall,

Below you will find the comments from Luke AFB regarding the above referenced plan.

Direct all questions to the contact information listed below.

Best regards,

Lorraine Nevarez

Planning Project Coordinator
City of Surprise | Community Development
16000 N. Civic Center Plaza | Surprise AZ | 85374

www.surpriseaz.gov

623.222.3154 t

623.222.3001 f

From: JAMES, MARK C GS-12 USAF AETC 56 FW/CVE <mark.james.14@us.af.mil>
Sent: Wednesday, September 22, 2021 4:58 PM
To: Lorraine Nevarez <Lorraine.Nevarez@surpriseaz.gov>
Cc: 56 FW/CIT Community Initiative <56FW.CIT.CommunityInitiative@us.af.mil>
Subject: RE: FS21-730 Final Plat - The G Ranch Final Plat New Submittal

Lorraine,

Thank you for allowing Luke AFB to make comments on the The G Ranch Final Plat Application. This application is to split a 10 acre parcel into 4 building lots. The site is located approximately 3.1 miles outside the 2004 Aux-1 JLUS 65 Ldn, "high noise or accident potential zone" as defined by A.R.S. § 28-8461 and is inside the "territory in the vicinity of a military airport" also defined by A.R.S. § 28-8461.

As described in the application, this request will not have a negative impact on Luke AFB Flight Operations. Since the site will be located inside the "territory in the vicinity of a military airport," it will be subjected to approximately 165 over flights per day, as low as 1,500 feet above the ground. We recommend you review the sound attenuation requirements found in A.R.S. § 28-8482. In addition, a strong notification program on the part of the applicant is essential to inform the tenant about Luke AFB operations.

Respectfully,

Mark James

Planning Manager, Community Initiatives Team
Luke AFB AZ 85309
Office: 623-856-9981

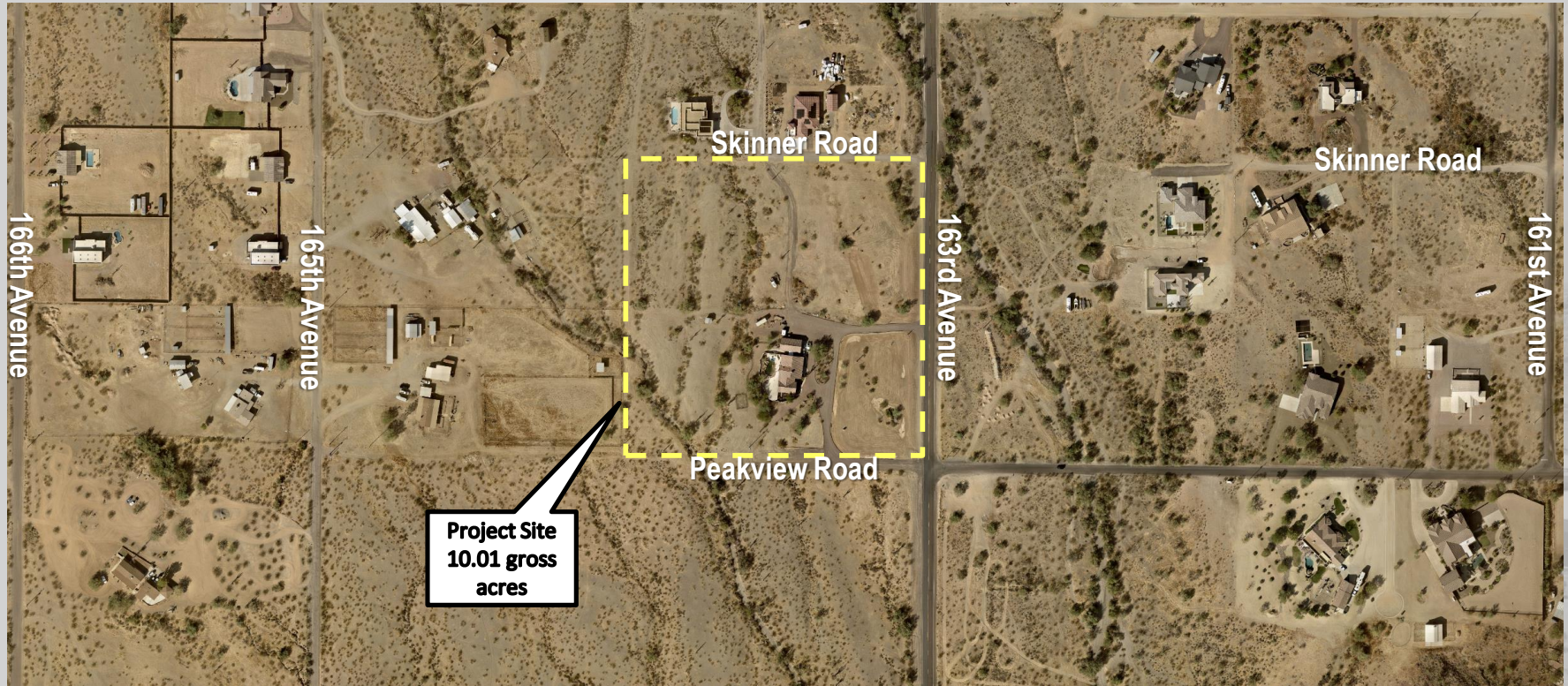


FS21-730

The G Ranch- Final Plat

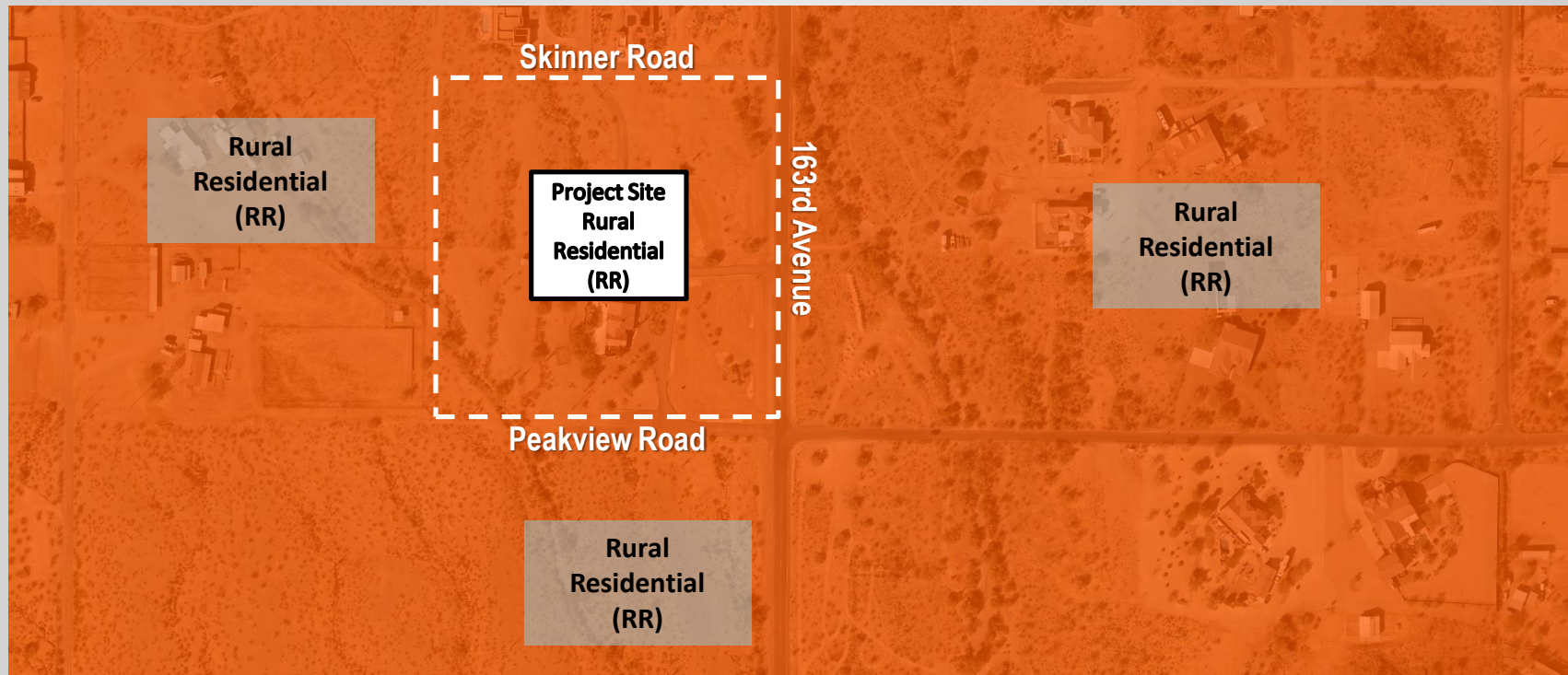
City Council
April 05, 2022

VICINITY MAP

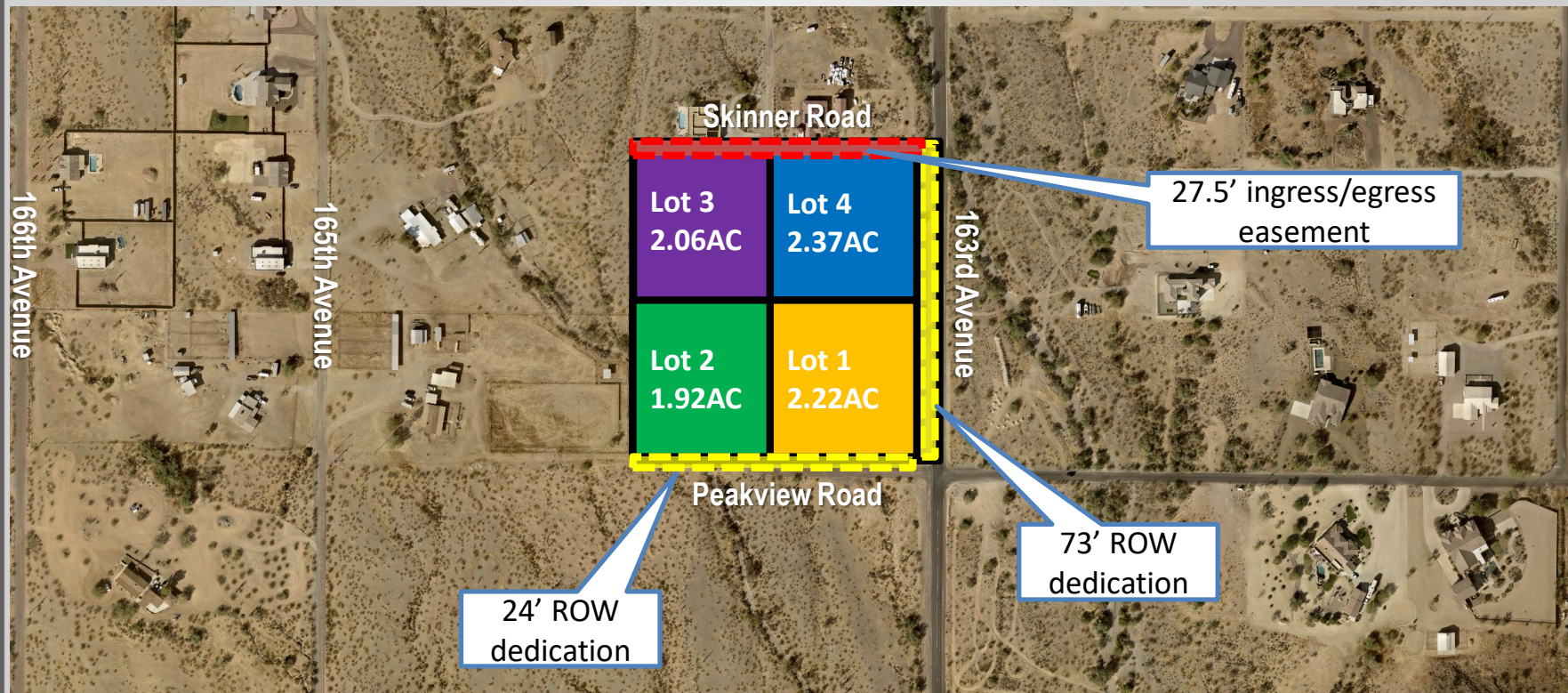




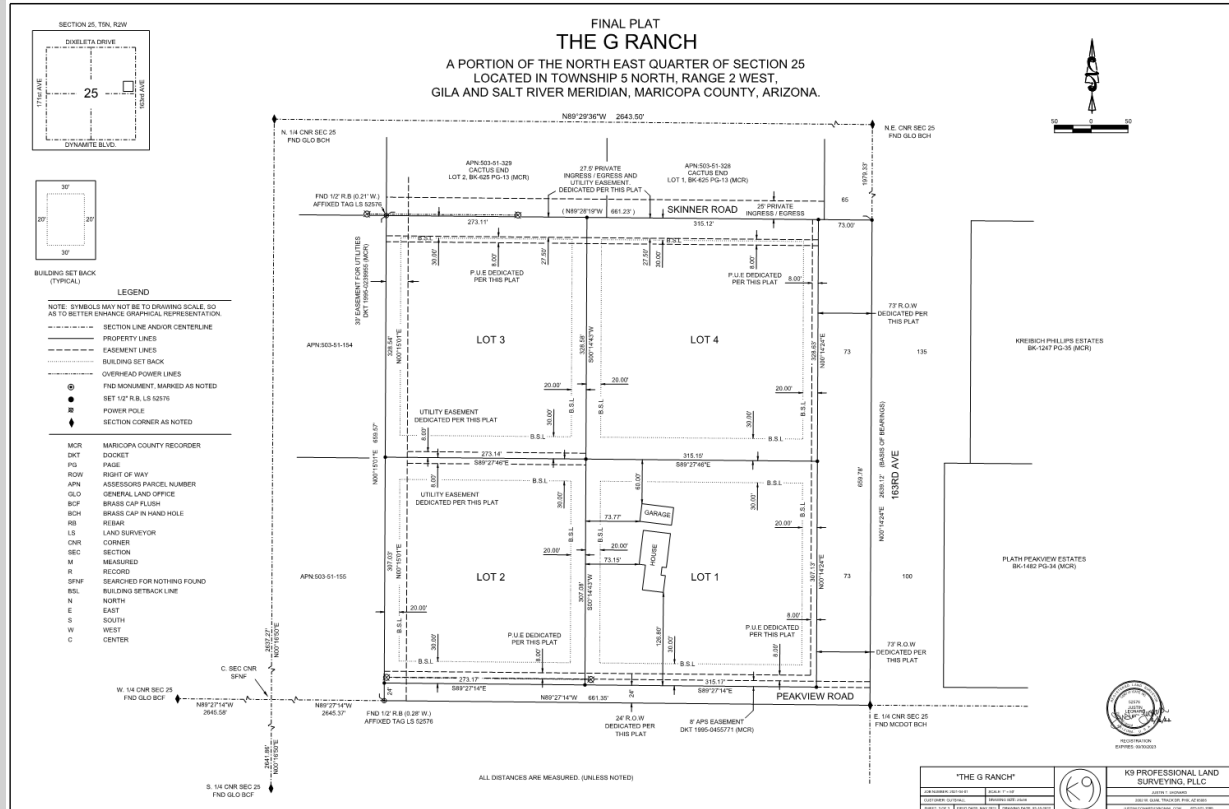
Zoning MAP



Final Plat Exhibit



Final Plat





SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Holly Osborn, DIRECTOR-
PARKS & REC

Submitting Department: Parks and Recreation

District: District 6

Staff Recommendations: None

Consent: Yes

Regular: No

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of the Easement and Joint Use Agreement with Dysart Unified School District No 89; Resolution #2022-29.

Motion:

I move to approve Resolution #2022-29.

Background:

The city-owned land that will be utilized to construct the new Countryside Park is adjacent to Dysart Unified School District (DUSD) land. This agreement will allow the City access to DUSD's land to reconfigure the bus loop for Countryside Elementary School, which will allow for more field space for the new Countryside Park. Without this agreement, the park would only have six multi-purpose fields, as opposed to the proposed eight fields. Consideration and action pertaining to an Easement and Joint Use Agreement with Dysart Unified School District No 89.

Objective Analysis:

Utilizing this easement allows for two additional multi-purpose fields along with increased parking spaces to be included with the park. Expansion of the park will increase the project cost, but will maximize the funding and intention of the park.

Policy Compliant:

This action is compliant with City policy as it relates to entering into Easements and Joint Use Agreements.

Financial Impact:

Utilizing this easement allows for two additional multi-purpose fields along with increased parking spaces to be included with the park. Expansion of the park will increase the project cost; however, there is currently sufficient funding for this expansion budgeted in the project.

Budget Impact:

The capital and operating expenses for this project are currently budgeted and additional funding will

not be required.

FTE Impact:

There is no FTE impact.

ATTACHMENTS:

1. 22.03.9 Resolution 2022-29 - DUSD Use Agreement.cao
 2. Countyside Park Easement and Joint Use Agreement-signed DUSD
-

RESOLUTION # 2022-29

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING AN EASEMENT AND JOINT USE AGREEMENT (“EASEMENT” OR “JUA”) WITH DYSART UNIFIED SCHOOL DISTRICT (“DYSART” OR “DUSD”) TO ALLOW THE CITY USE OF THE EASEMENT AREA ON DYSART’S PROPERTY TO RECONFIGURE THE BUS LOOP AND ADD PARKING SPACES AND AISLES TO IMPROVE AND MAXIMIZE THE FUNDING, INTENTION, AND USE OF THE CITY’S FUTURE COUNTRYSIDE PARK.

WHEREAS, City Council approved the funding to construct the new Countryside Park (“Park”) at the December 15, 2020, City Council public meeting;

WHEREAS, the Park will be located to the north of Dysart’s Countryside Elementary School;

WHEREAS, to maximize the funding, intention, and use of the Park, the City will construct eight multi-purpose fields, and add additional parking spaces;

WHEREAS, in order to add sufficient parking and to ensure proper traffic circulation for the Park, Countryside Elementary School’s existing bus loop will need to be reconfigured within the Easement Area;

WHEREAS, the Easement and JUA attached hereto as Exhibit A is necessary to allow the City to reconfigure the bus loop and construct additional joint-use parking spaces and aisles.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. That the Easement and Joint Use Agreement with Dysart Unified School District for the use of the easement area to reconfigure the bus loop and construct additional joint-use parking spaces and aisles is hereby approved in the form attached hereto as Exhibit A and incorporated herein by this reference.

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

WHEN RECORDED, RETURN TO:
City Clerk
City of Surprise
16000 N Civic Center Plaza
Surprise, AZ 85374

EASEMENT AND JOINT USE AGREEMENT

This EASEMENT AND JOINT USE AGREEMENT ("Easement") is executed this 24th day of February, 2022, by and between is made and entered into between Dysart Unified School District No. 89 of Maricopa County, Arizona ("District" or "DUSD") and the City of Surprise, Arizona ("City" or "Surprise").

RECITALS

- A. Arizona law encourages cities and school districts to cooperate in using facilities to better and more efficiently serve the public.
- B. City and District both recognize the value to provide for the joint planning and development of future facilities, and scheduling and implementation of programs to be conducted at school facilities.
- C. The City and District have established a relationship of cooperation to ensure that schools and school property located within the City, serve as community and recreation centers when they are not being used for school purposes and should be shared to the extent feasible.
- D. The City and District have established a relationship of cooperation and joint use of Countryside Elementary School ("Countryside"), which is owned by the District, as well as Countryside Recreation Center, which is owned by the City.
- E. In or about 2000, the City acquired via a Special Warranty Deed ("Deed") the real property that is now used for Countryside. At the time of the City's acquisition of Countryside, the Deed contained a restriction limiting use of the property to use as a school site, and/or park, cultural, water facility, recreational facility, public building or other similar governmental uses; and this restriction shall run with the land.
- F. In or about 2006, the City dedicated Countryside to the District via Quit Claim Deed, while simultaneously processing a minor land division through the City's applicable administrative process. The result of this Quit Claim Deed and minor land division was to define the parcel of real property transferred to the District, and delineate the parcels

of real property the City would retain ownership over. The resulting configuration still exists today.

- G. The City now intends to construct a new City Park in, on, or about a portion of the real property retained by the City in 2006. The new City Park shall consist of approximately eight (8) full size athletic fields. Upon completion of the new City Park, the City will require additional available public parking.
- H. City desires to acquire from District, and District desires to grant to City, a perpetual, non-exclusive access, parking, and public use easement in, on, over, under and across a portion of the District's property (the "Easement Area"). The Easement Area is legally described in Exhibit "A" and depicted on Exhibit "B-1", Exhibit "B-2" and Exhibit "B-3".
- I. The Easement Area currently consists of an asphalt paved bus loop from Greenway Road on the North to the bus lane adjacent to Countryside on the South, along with vacant unimproved real property. (see Exhibit "C").
- J. The City and District agree and acknowledge that as part of the City's use of the Easement Area for access, parking, and public use, the City will reconstruct and reconfigure the bus loop within the Easement Area. The City will also develop, construct, and pave a number of new, joint-use parking spaces and parking aisles for use by the Parties. (see Exhibit "D").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and pursuant to A.R.S. §§ 9-500.05, 11-952, 15-363, 15-364, 15-1511 and other statutes, the City and District agree as follows:

RECITALS

1. Recitals. The foregoing recitals are incorporated herein and made a part hereof by this reference.
2. Easement. District hereby grants and conveys to City, its successors and assigns, a perpetual, non-exclusive easement over the Easement Area for the purposes of parking, access, and public uses within the Easement Area set forth on Exhibits "A" and "B-1, B-2 and B3."
3. City's Use of Easement Area. The use granted herein shall for the purposes of reconstruction and reconfiguration of the existing bus loop within the Easement Area, as well as development, construction, and paving of a number of new, joint-use parking spaces and parking aisles for use by the Parties. (see Exhibit "D"). The bus loop and all exits and entrances must be kept clear of traffic at all times when school is in session. The City will post signage that provides: (i) the parking areas are not for use during school hours; (ii) prohibiting blocking bus access; and (iii) No Parking/ No Standing/ No Stopping near the bus lanes and the Northwest entry point. The

City will reasonably work to cite and enforce these requirements to protect the bus access at all times when buses are present.

4. District's Use of Easement Area. District may continue to make use of the Easement Area, including using the new joint-use parking and parking aisles, so long as the District's use does not unreasonably interfere with the City's use of the Easement Area. As part of the City's construction project and reconfiguration of the existing bus loop, City shall relocate and reinstall the District's existing gate at least fifty (50') feet south of Greenway, to be located south of the City's entrance to the new joint-use parking area. (Exhibit "D"). Notwithstanding the foregoing, the City acknowledges the District's need for bus access and for education as the primary uses for the District's property. District students and families may utilize the new joint-use parking areas during school days when school is in session, to park and to access the District property, if done in a safe and reasonable manner, provided that bus access is not impeded.

5. Indemnification. Each Party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other Party (as "Indemnitee"), including its departments, agencies, officers or employees, from and against all claims, losses, liability, costs, or expenses (including reasonable attorneys' fees, expert witnesses' fees and other litigation costs) (hereinafter collectively referred to as "Claims") arising out of bodily injury (including death) of any person or property damage, but only to the extent that such claims, which result in vicarious liability to the Indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, contractors, subcontractors, or volunteers.

6. Insurance. Each party, at its cost, shall maintain comprehensive general liability insurance with limits of not less than \$1,000,000 per occurrence, insuring against all liability of said party and its authorized representatives arising out of and in connection with said party's use or occupancy of the facilities. Said insurance shall include broad form contractual liability covering, without limitation, the liability assumed under this Indemnification provisions of this Agreement. If the policy is to be written with an annual aggregate limit, that limit shall be not less than \$2,000,000. Comprehensive general liability shall name the other party to this Agreement as an additional insured. All insurance policies shall provide that the policies cannot be cancelled, not renewed, nor limited in scope of coverage or limits until and unless thirty (30) calendar days prior notice is given to the other party.

7. Self-Insurance. The obligations of the City and District with respect to the insurance specified in Section 6 may be satisfied by the existence of a self-insurance program containing the same coverage and elements specified herein with respect to third party insurance.

8. Notices. All notices given, or to be given, by either party to the other, shall be sent by certified mail, return receipt requested, personal delivery or by a nationally known overnight delivery service, and shall be addressed to the Superintendent of the District or the City Manager. Service shall be effective upon receipt or refusal.

9. Maintenance by District. Following completion of City's work, District shall be responsible for maintenance of the bus loop. City shall warrant its work during the first two (2) years of this Easement, and City shall correct any maintenance issue that arises during the first two

(2) years that is reasonably attributable to improper construction by City, its employees, agents, or contractors.

10. Maintenance by City. Following completion of City's work, City shall be responsible for maintenance of the parking spaces and parking aisles.

11. Runs with the Land & Duration. The Easement shall be appurtenant to and shall run with the land and shall be binding upon and inure to the benefit of District, City and their respective successors and assigns.

12. Commencement and Duration. This Easement shall commence upon the date of recordation of this Easement and Joint-Use Agreement. Upon recordation, the City may enter upon the Easement Area and commence construction of the parking spaces and parking aisles and reconstruction and reconfiguration of the bus loop. City shall ensure access to the bus loop at all times during normal school hours and normal school operations. This Easement shall continue in perpetuity, unless it is terminated upon written mutual agreement by City and District.

13. Termination. This Easement may only be terminated upon written mutual agreement by City and District, as evidenced by a Termination of Easement recorded in the Official Records of Maricopa County, Arizona, that confirms that this Easement is no longer required by City.

14. Entire Agreement. This Easement and Joint-Use Agreement represents the entire Agreement of the Parties with respect to its subject matter. This Easement and Joint-Use Agreement shall not be changed, modified, or rescinded, except through a writing signed by both parties. This Easement and Joint-Use Agreement supersedes all prior negotiations, understandings, and agreements between the parties concerning the subject matter herein, and is not subject to any prior Agreements or Intergovernmental Agreements entered between the parties.

15. Miscellaneous. A.R.S. § 38-511 is applicable to this Easement. The headings in this Easement are for convenience only and shall not define or limit the provisions hereof. This Easement shall be construed according to its ordinary meaning and shall not be strictly construed for and against City or District. This Easement shall be governed by the laws of the State of Arizona. Should any term, provision, covenant or condition of this Easement be void, invalid or inoperative, the same shall not affect any other term, provision, covenant or condition of this Easement, but the remainder thereof shall be effective as though such void, invalid or inoperative term, provision, covenant or condition had not been contained herein.

16. Nondiscrimination. City and District agree to take all actions necessary to ensure that everyone is treated fairly, courteously, and without bias so as to preserve human dignity and to respect cultural diversity. City and District agree to comply with all applicable provisions of federal, state, and local laws related to nondiscrimination and equal employment opportunity.

17. E-verify, Records and Audits. To the extent applicable under A.R.S. § 41-4401, the parties warrant their compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). A party's breach of the above-mentioned warranty shall be deemed a material breach of the Agreement and may result in the termination of the Agreement by either party under the terms of this Agreement. The parties each retain the legal right to randomly inspect the papers and records of the other party

to ensure that the other party is complying with the above-mentioned warranty. The parties warrant to keep their respective papers and records open for random inspection during normal business hours by the other party. The parties shall cooperate with the other party's random inspections including granting the inspecting party entry rights onto their respective properties to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

[Signatures of the Parties Appear on the Following Pages]

IN WITNESS WHEREOF, the parties hereto have executed this Easement as of the date above written.

DISTRICT - GRANTOR:

Dysart Unified School District No. , an Arizona
limited liability company

By: *Ken Hicks*

Name: KEN HICKS

Its: ASSISTANT SUPERINTENDENT
FOR BUSINESS SERVICES

Approved as to form:

Laura Silver Blanco

Attorney for the District

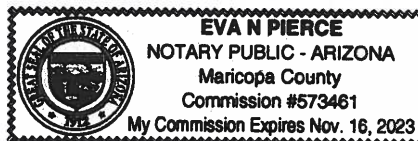
STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 28th day of February,
2022 2021, by Ken Hicks and N/A known by me as owner of the subject
property.

Eva N. Pierce
Notary Public

My Commission Expires:

Nov. 16, 2023



APN _____
Parcel 2

CITY - GRANTEE:

CITY OF SURPRISE,
an Arizona municipal corporation

By: _____

Name: _____

Its: Mayor

ATTEST:

Sherry Aguilar, City Clerk

APPROVED AS TO FORM:

Robert Wingo, City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2021, by _____, known by me as the Mayor of the City of Surprise, an Arizona municipal corporation.

Notary Public

My Commission Expires:

APN _____
Parcel 2

EXHIBIT "A"

DESCRIPTION IGA AGREEMENT

Portions of the Northeast Quarter of Section 8, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, City of Surprise, Maricopa County, Arizona, being located in "COUNTRYSIDE ELEMENTARY SCHOOL A MINOR LAND DIVISION" recorded in Book 873, Page 21, records of said County, described as follows:

PARCEL NO. 1

COMMENCING at the southwest corner of Lot 2 of said COUNTRYSIDE ELEMENTARY SCHOOL A MINOR LAND DIVISION;
Thence along the west line of said Lot 2 North 00°01'13" West 678.53 feet;
Thence South 87°51'10" East 145.10 feet to the southwest corner of Lot 1 of said COUNTRYSIDE ELEMENTARY SCHOOL A MINOR LAND DIVISION;
Thence along the south line of said Lot 1 South 87°51'10" East 418.84 feet to the POINT OF BEGINNING;
Thence continuing along said south line South 87°51'10" East 31.36 feet to the beginning of a tangent curve, concave northwesterly, having a radius of 50.00 feet;
Thence continuing along said south line northeasterly along the arc of said curve through a central angle of 84°51'03" a distance of 74.05 feet;
Thence continuing along said south line South 75°59'50" East 5.44 feet to the beginning of a non-tangent curve, concave northeasterly, the center of which lies North 62°05'01" East 335.00 feet;
Thence southeasterly along the arc of said curve through a central angle of 21°53'58" a distance of 128.04 feet;
Thence South 89°35'51" West 118.94 feet;
Thence South 28°40'28" West 32.25 feet to the beginning of a non-tangent curve, concave westerly, the center of which lies South 31°31'20" West 11.18 feet;
Thence southerly along the arc of said curve through a central angle of 95°12'57" a distance of 18.58 feet;
Thence South 36°44'17" West 14.76 feet;
Thence North 01°23'31" East 77.68 feet;
Thence North 88°58'05" West 31.22 feet;
Thence North 02°20'51" East 36.96 feet to the POINT OF BEGINNING.

Attached is Exhibit "B-1" and by this reference is made a part hereof.

DESCRIPTION continued on page 2 of 3

DESCRIPTION continued from page 1 of 3

TOGETHER WITH

PARCEL NO. 2

COMMENCING at the southwest corner of Lot 2 of said COUNTRYSIDE
ELEMENTARY SCHOOL A MINOR LAND DIVISION;

Thence along the west line of said Lot 2 North 00°01'13" West 533.04 feet;

Thence North 89°58'47" East 46.15 feet to the POINT OF BEGINNING;

Thence North 00°24'07" West 331.43 feet to the beginning of a tangent curve,
concave easterly having a radius of 26.00 feet;

Thence northerly along the arc of said curve, through a central angle of 22°15'24"
a distance of 10.01 feet to the beginning of a compound curve, concave
southeasterly, having a radius of 364.24 feet;

Thence northeasterly along the arc of said curve, through a central angle of
04°03'41" a distance of 25.82 feet to the beginning of a compound curve,
concave southerly, having a radius of 15.00 feet;

Thence northeasterly, easterly, and southeasterly, along the arc of said curve,
through a central angle of 99°50'28" a distance of 26.14 feet to the beginning of
a compound curve, concave southwesterly, having a radius of 127.46 feet;

Thence southeasterly along the arc of said curve through a central angle of
31°20'37" a distance of 16.41 feet to the beginning of a compound curve ,
concave southwesterly, having a radius of 30.00 feet;

Thence southeasterly along the arc of said curve through a central angle of
09°34'58" a distance of 21.32 feet to the beginning of a compound curve,
concave westerly, having a radius of 26.00 feet;

Thence southerly along the arc of said curve through a central angle of 12°54'52"
a distance of 5.86 feet;

Thence South 00°24'07" East 331.43 feet to the beginning of a tangent curve,
concave northerly having a radius of 26.00 feet;

Thence southerly, westerly and northerly along the arc of said curve through a
central angle of 180°00'00" a distance of 81.68 feet to the POINT OF
BEGINNING.

Attached is Exhibit "B-2" and by this reference is made a part hereof.

TOGETHER WITH

PARCEL NO. 3

COMMENCING at the southwest corner of Lot 2 of said COUNTRYSIDE
ELEMENTARY SCHOOL A MINOR LAND DIVISION;

Thence along the west line of said Lot 2 North 00°01'13" West 678.53 feet;

DESCRIPTION continued on page 3 of 3

DESCRIPTION continued from page 2 of 3

Thence South $87^{\circ}51'10''$ East 145.10 feet to the southwest corner of Lot 1 of said COUNTRYSIDE ELEMENTARY SCHOOL A MINOR LAND DIVISION;
Thence along the south line of said Lot 1 South $87^{\circ}51'10''$ East 10.34 feet to the POINT OF BEGINNING;
Thence continuing along said south line South $87^{\circ}51'10''$ East 406.84 feet;
Thence South $90^{\circ}00'00''$ West 374.89 feet to the beginning of a tangent curve, concave northeasterly, having a radius of 40.50 feet;
Thence northwesterly along the arc of said curve through a central angle of $51^{\circ}25'02''$ a distance of 36.354 feet to the POINT OF BEGINNING.

Attached is Exhibit "B-3" and by this reference is made a part hereof.

End of description



EXHIBIT "B-1"

WEST LINE LOT 2

LOT 1

S87° 51'10"E
145.10'

SW COR LOT 1
BK 873, P 21 M.C.R.

S87° 51'10"E 418.84'

POB

L1

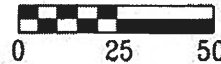
C1

L2

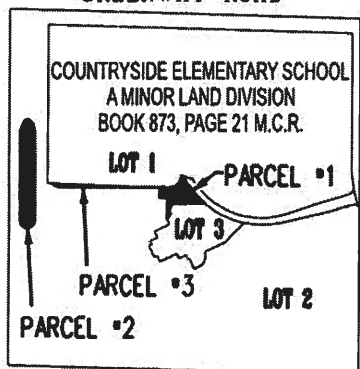
N62° 05'01" E
(RADIAL)



SCALE: 1"=50'



GREENWAY ROAD



VICINITY MAP
NE QUARTER
SEC 8
T3N, R1W

CLANDESTINE WAY

LOT 2

LOT 3

LINE TABLE

LINE	BEARING	LENGTH
L1	S87° 51'10"E	31.36'
L2	S75° 59'50"E	5.44'
L3	S89° 35'51"W	118.94'
L4	S28° 40'28"W	32.25'
L5	S36° 44'17"W	14.76'
L6	N01° 23'31"E	77.68'
L7	N88° 58'05"W	31.22'
L8	N02° 20'51"E	36.96'

CURVE TABLE

CURVE	△	RADIUS	LENGTH
C1	84° 51'03"	50.00'	74.05'
C2	21° 53'58"	335.00'	128.04'
C3	95° 12'57"	11.18'	18.58'

LEGEND

- POC POINT OF COMMENCEMENT
- POB POINT OF BEGINNING
- M.C.R. MARICOPA COUNTY RECORDER
- PARCEL NO. 1 AREA

COUNTRYSIDE ELEMENTARY SCHOOL
A MINOR LAND DIVISION
BOOK 873, PAGE 21 M.C.R.

POC
SW COR LOT 2
BK 873, P 21 M.C.R.



PARCEL NO. 1



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

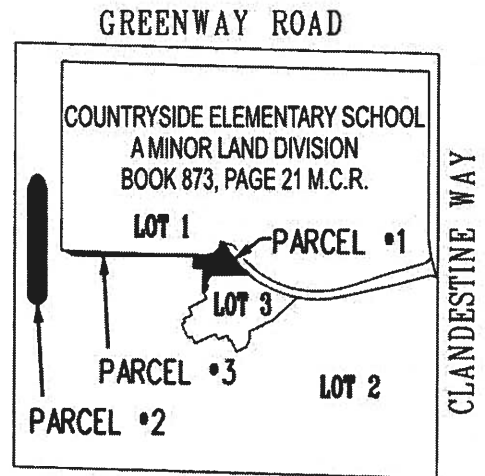
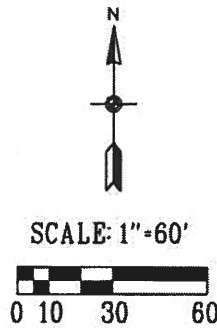
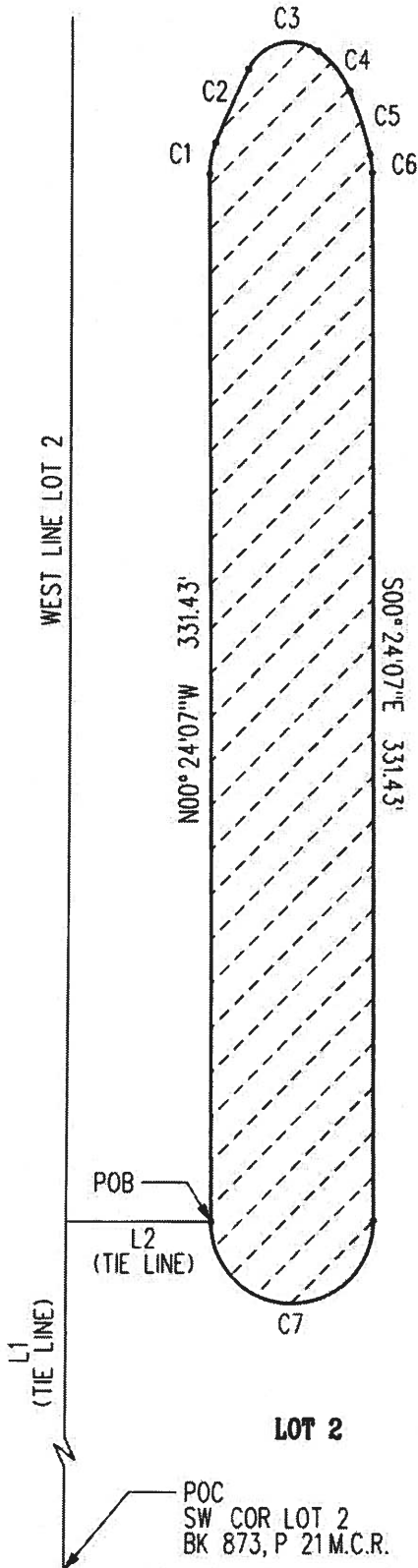
PROJECT # 21042

DRAWN BY RCD

DATE 12-07-21

SHEET 1 OF 3

EXHIBIT "B-2"



VICINITY MAP
NE QUARTER
SEC 8
T3N, R1W

LEGEND

- POC POINT OF COMMENCEMENT
- POB POINT OF BEGINNING
- M.C.R. MARICOPA COUNTY RECORDER
-  PARCEL NO. 2 AREA

CURVE TABLE

CURVE	Δ	RADIUS	LENGTH
C1	22° 15' 24"	26.00'	10.10'
C2	04° 03' 41"	364.24'	25.82'
C3	99° 50' 28"	15.00'	26.14'
C4	31° 20' 37"	127.46'	16.41'
C5	09° 34' 58"	30.00'	21.32'
C6	12° 54' 52"	26.00'	5.86'
C7	180° 00' 00"	26.00'	81.68'

TIE LINE TABLE

LINE	BEARING	LENGTH
L1	N 00° 01' 13" W	533.04'
L2	N 89° 58' 47" E	46.15'



PARCEL NO. 2



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

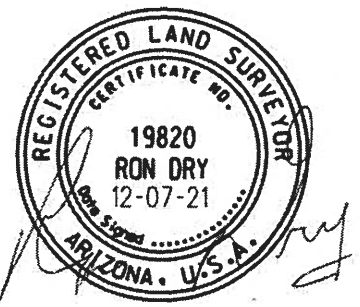
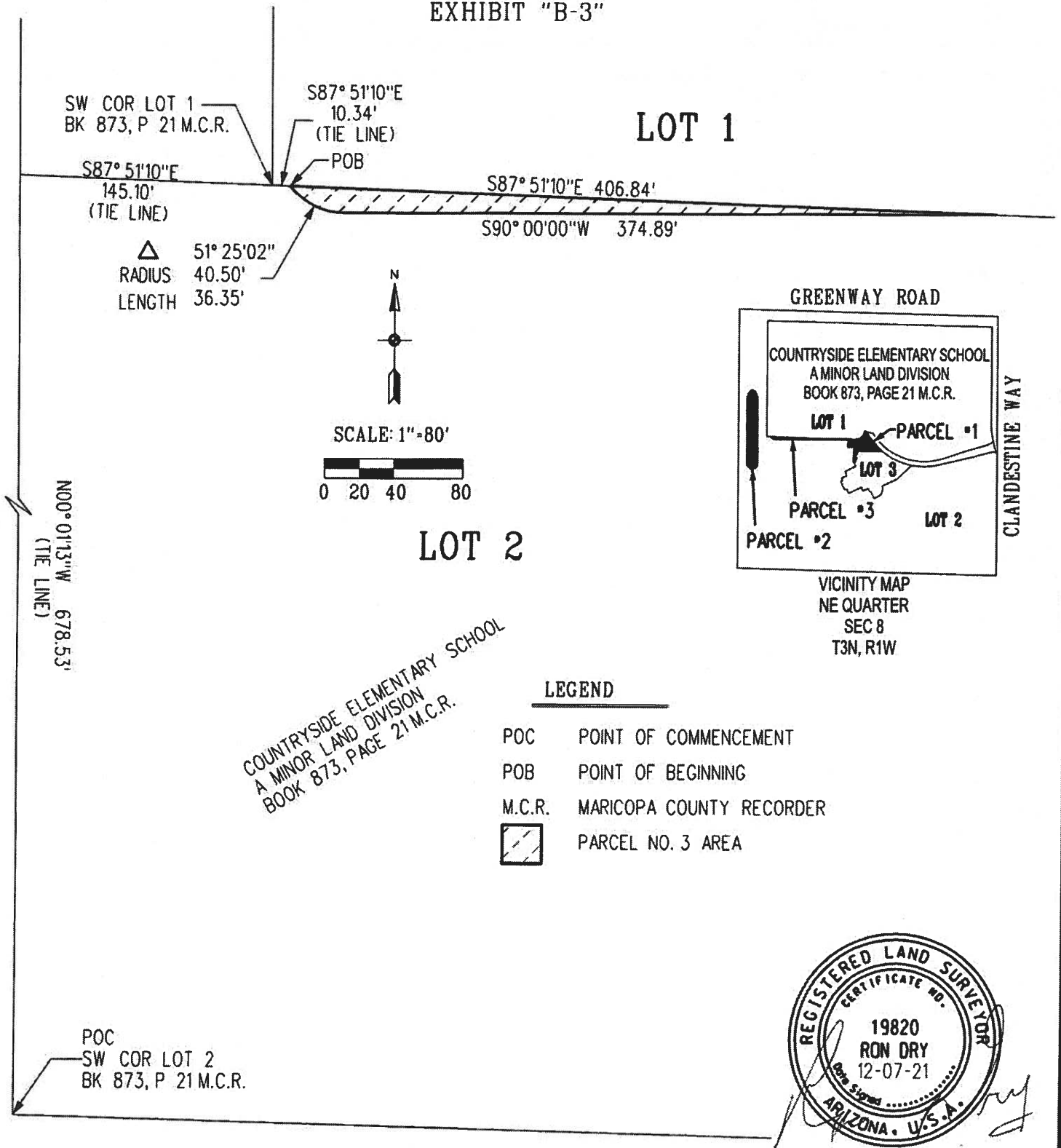
PROJECT # 21042

DRAWN BY RCD

DATE 12-07-21

SHEET 2 OF 3

EXHIBIT "B-3"



PARCEL NO. 3



CITY OF SURPRISE
LAND SURVEY DEPARTMENT

PROJECT # 21042

DRAWN BY RCD

DATE 12-07-21

SHEET 3 OF 3



W Greenway Rd

W Greenway Rd

W Greenway Rd

Pl

W Gr

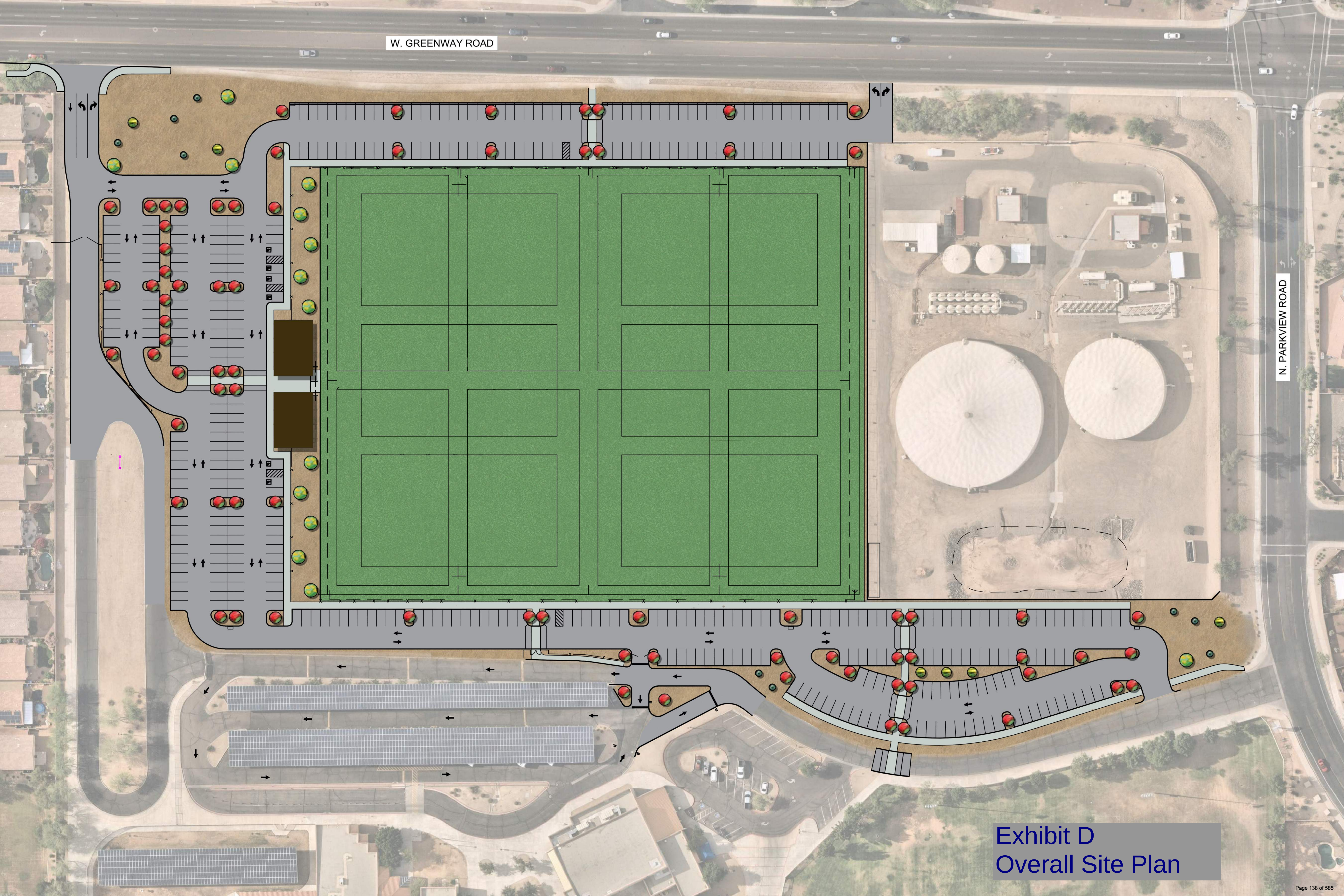
W Ac

N Parkview Pl

Zealot Church

Countryside
Elementary School

Exhibit C
Overall Site Plan



W. GREENWAY ROAD

N. PARKVIEW ROAD

Exhibit D
Overall Site Plan



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022 Contact Person: Lloyd Abrams
Submitting Department: Community Development District: District 1
Staff Recommendations: None

Consent: Yes Regular: No Public Hearing: No Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of vacating the City of Surprise's interest in a portion of certain public roadways within Section 22, Township 4 North, Range 3 West, generally located west of the Beardsley Road alignment and west of 227th Avenue; Resolution # 2022-24.

Motion:

I move to approve Resolution #2022-24.

Background:

The unnamed roads were dedicated to Maricopa County in 1957 and 1958 by the Lane Title and Trust Company. When the City annexed this area, the rights to the easement were assumed by the City. Rancho Vista Development has requested the City to vacate the 11.11 acres of these roads to accommodate the newly designed development. The City determined that the area requested to be vacated would not impact any future right of way needs as the area will be developed into the Rancho Vista Community.

Objective Analysis:

Approval of this item will allow the City to be further developed in this area.

Policy Compliant:

Approval of this item is policy compliant. The proposed abandonment will advance the goals and policies of the Surprise General Plan and the City Council's Strategic Plan.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact:

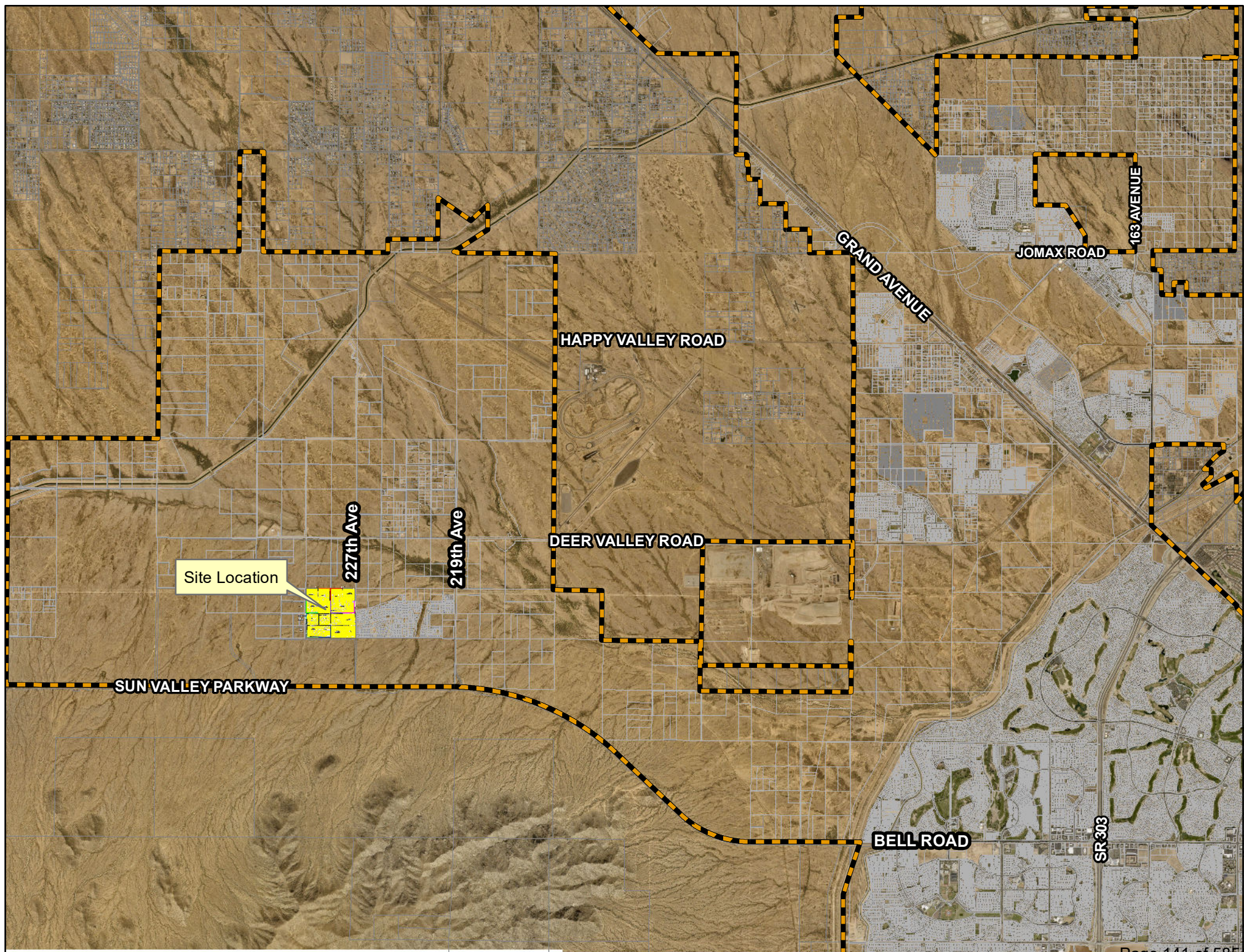
There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

1. Rancho Vista Roadway Abandonment Location map
 2. 22.03.29 EVR Resolution 2022-24 abandonment of roads for Rancho Vista_
-



RESOLUTION #2022-24

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, VACATING ITS INTEREST IN A PORTION OF A PUBLIC ROADWAY WITHIN SECTION 22, TOWNSHIP 4 NORTH, RANGE 3 WEST, GENERALLY LOCATED NORTH OF THE BEARDSLEY ROAD ALIGNMENT AND WEST OF 227th AVENUE.

WHEREAS, the roadway for portions of unnamed roads being vacated were dedicated in Dockets 2200 page 509, 2197 page 302, 2306 page 462, 2308 page 421, 2380 page 546, 2401 page 314, 2409 page 161, 2382 page 189, 2380 page 545, and 2308 page 422 records of Maricopa County, Arizona;

WHEREAS, upon annexation of Section 22, Township 4 North, Range 3 West into the City of Surprise in 1989 by Ordinance No. 89-05, the City assumed all interests in public roadways within this section, which included the portions of the unnamed roads being vacated;

WHEREAS, the portion of roadways being vacated is located within what is now known as Rancho Vista, the final plat for which was approved by the City Council on February 1, 2022, but which has yet to be recorded with Maricopa County, Arizona;

WHEREAS, the developer of Rancho Vista has proposed, and the City has approved, vacation of these portions of unnamed roadway;

WHEREAS, the portions of the unnamed roads being vacated are no longer needed;

WHEREAS, pursuant to ARS § 28-7205, the governing body of a city may resolve that a roadway be vacated;

WHEREAS, pursuant to ARS § 28-7215, if the governing body of a city determines that a public roadway has no public use or market value, the governing body may vacate the public roadway without compensation if the person taking the public roadway assumes the maintenance and liability of the property being vacated;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. The City of Surprise hereby declares that the portions of unnamed road, as legally described in *Exhibit A* and depicted on *Exhibit B* (the “Property”), is no longer needed for a public roadway and due to its size and fractured nature it has no market value to the City.

Section 2. The City of Surprise acknowledges that 92 Acres Associates LLC is the abutting landowner of the Property, and that pursuant to ARS § 28-7205, title to the Property will vest in them, upon the vacation of the City’s interest in the Property.

Section 3. The City of Surprise acknowledges that 92 Acres Associates, LLC shall assume the maintenance and liability of the Property upon the vacation of the City’s interest in the Property.

Section 4. The City of Surprise hereby declares that it is vacating, without any additional compensation, any and all right, title, and interest it has in the Property shall vest in 92 Acres Associates LLC.

APPROVED AND ADOPTED this _____ day of _____ 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

EXHIBIT A

Doc 2380 Pg 546 – North 40 feet and the East 30 feet of the Northeast Quarter of the Northwest Quarter of the Southeast Quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2409, Pg 161 - – North 40 feet and the West 30 feet of the Northwest Quarter of the Northeast Quarter of the Southeast Quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2200 Pg. 509 – West 40 feet and the South 30 feet of the Southwest quarter of the Northwest quarter of the Southeast quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2308 Pg. 421 – East 65 feet and the South 30 feet of the Southeast quarter of the Northeast quarter of the Southeast quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2383 Pg. 189 – North 30 feet and the West 40 feet of the Northwest quarter of the Southwest quarter of the Southeast quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2380 Pg. 545 – North 30 feet and the West 30 feet of the Northeast quarter of the Southwest quarter of the Southeast quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2401 Pg. 314 – West 30 feet and the North 30 feet of the Northwest quarter of the Southeast quarter of the Southeast quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

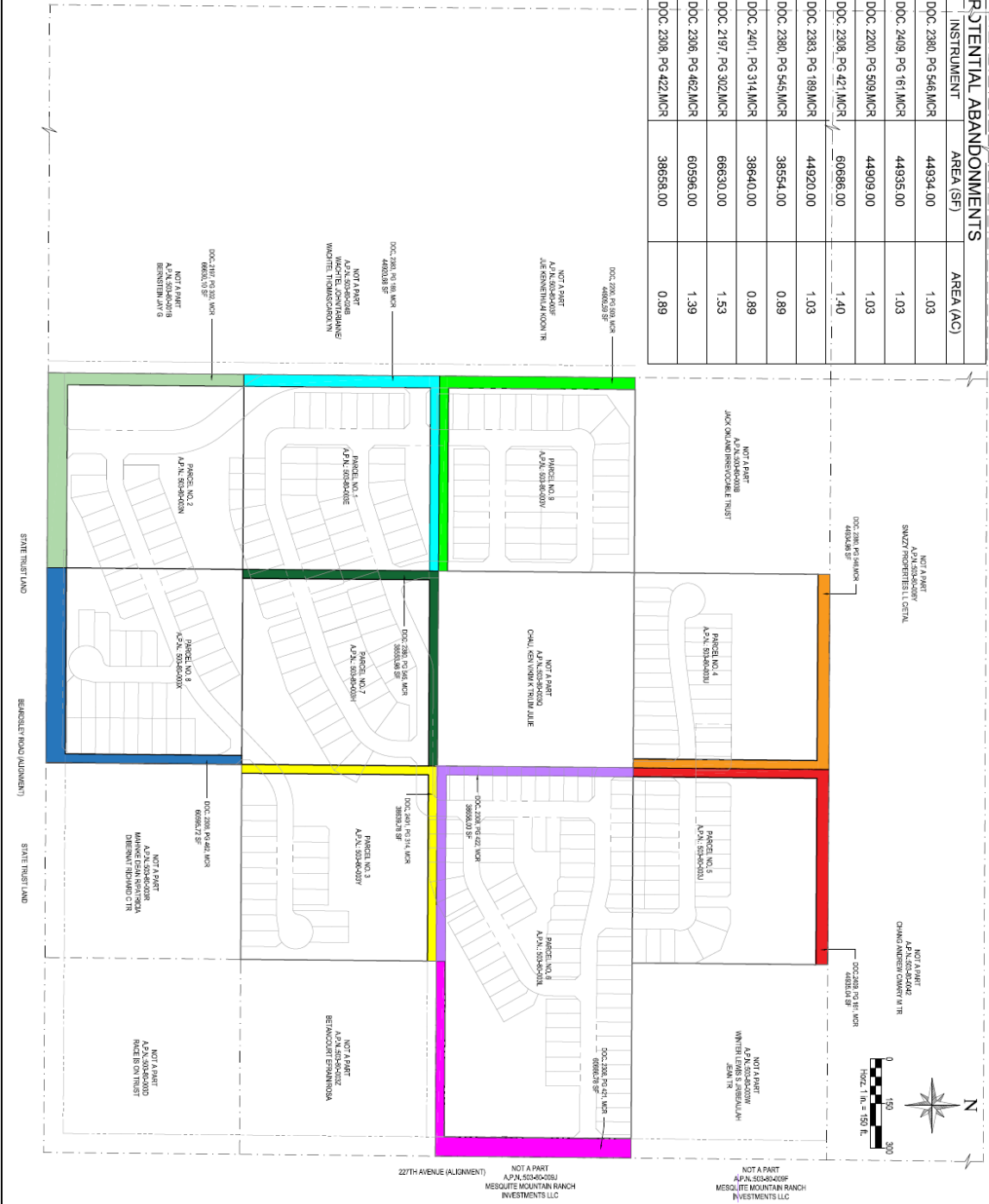
Doc 2197 Pg. 302 – West 40 feet and the South 65 feet of the Southwest quarter of the Southwest quarter of the Southeast quarter of the Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2306 Pg. 462 – East 30 feet and the South 65 feet of the Southeast quarter of the Southwest quarter of the Southeast quarter of Section 22, Township 4, North, Range 3 West of the Gila and Salt River Base and Meridian.

Doc 2308 Pg. 422 – West 30 feet and the South 30 feet of the Southwest quarter of the Northeast quarter of the Southeast quarter of Section 22, Township 4 North, Range 3 West of the Gila and Salt River Base and Meridian.

EXHIBIT B

POTENTIAL ABANDONMENTS		
ID	INSTRUMENT	AREA (AC)
1	DOC. 2380, PG 546/MCR	44934.00
2	DOC. 2409, PG 161/MCR	44935.00
3	DOC. 2200, PG 599/MCR	44909.00
4	DOC. 2308, PG 421/MCR	60686.00
5	DOC. 2383, PG 189/MCR	44920.00
6	DOC. 2380, PG 545/MCR	38554.00
7	DOC. 2401, PG 314/MCR	38640.00
8	DOC. 2197, PG 302/MCR	66630.00
9	DOC. 2306, PG 462/MCR	60596.00
10	DOC. 2308, PG 422/MCR	38658.00



WOOD PATEL

WOOD PATEL & ASSOCIATES, INC.

10100 N. 10TH AVENUE, SUITE 100

SCOTTSDALE, AZ 85258

TEL: 480.344.1100

FAX: 480.344.1101

WWW.WOODPATEL.COM

RANCHO VISTA

ABANDONMENT EXHIBIT

SURPRISE, AZ

NOT FOR CONSTRUCTION OR RECORDING

SCALE: HORIZONTAL - 1" = 100'

SCALE: VERTICAL - 1" = 100'

DATE: 01/10/2023

DRAWN BY: J. WOOD

CHECKED BY: J. WOOD

1 OF 1

REV	DESCRIPTION	DATE
1	VERSION / REVISION TEXT	01/10/2023



CITY OF SURPRISE
Regular City Council Meeting

Council Meeting Date: April 5, 2022 Contact Person: Trever Fleetham
Submitting Department: Community Development District: District 1
Staff Recommendations: None

Consent: No Regular: No Public Hearing: Yes Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to a rezone from Rural Residential (RR) to Community Commercial (C-2) for approximately 10.66 gross acres generally located west of the intersection of Grand Avenue and Happy Valley Road; Ordinance #2022-09.

Motion:

I move to approve Ordinance #2022-09.

Background:

The subject request involves a rezone from Rural Residential (RR) to Community Commercial (C-2) for approximately 10.66 gross acres generally located on the south side of Grand Avenue and west of Happy Valley Road.

Objective Analysis:

The applicant wishes to rezone the subject properties from Rural Residential (RR) to Community Commercial (C-2) in order to expand the marketability of the respective properties and facilitate commercial development. At this time, the applicant has not identified any specific type of commercial development; therefore, making it a speculative rezone. As such, staff is unable to confirm compliance with the Land Development Ordinances, and other applicable development standards.

Policy Compliant:

The requested Rezone is consistent with the Surprise General Plan 2035.

Financial Impact:

While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact:

There is no anticipated budget impact related to this item.

FTE Impact:

This item does not have an impact on current staff levels.

ATTACHMENTS:

1. 00 - FS21-619 Grand Ave & Happy Valley Rezone - Staff Report - 040522 PZ
 2. 000 - FS21-619 Grand Ave & Happy Valley Rezone - Action Agenda 040522 CC
 3. 01 - FS21-619 Grand Ave & Happy Valley Rezone - Vicinity Map
 4. 02 - FS21-619 Grand Ave & Happy Valley Rezone - Existing Zoning Map
 5. 03 - FS21-619 Grand Ave & Happy Valley Rezone - Proposed Zoning Map
 6. 04 - FS21-619 Grand Ave & Happy Valley Rezone - Zoning Document
 7. 05 - FS21-619 Grand Ave & Happy Valley Rezone - Affidavit of Site Posting
 8. 06 - FS21-619 Grand Ave & Happy Valley Rezone - Citizen Participation Report Redacted
 9. FS21-619 Grand Ave & Happy Valley Rezone Presentation
-

REZONE

REPORT TO THE CITY COUNCIL

Case: FS21-619

Project Name: Grand Ave & Happy Valley Rezone

Council District: 1 – Acacia

Meeting Date: April 5, 2022

Planner: Trever Fleetham, AICP

Owner: Tung Tran

Applicant: Tung Tran

Request: Rezone approximately 10.66 gross acres from Rural Residential (RR) to Community Commercial (C-2)

Site Location: Generally located on the south side of Grand Avenue and west of Happy Valley Road

Site Size: 10.66 acres (approx.)

General Plan Conformance: The proposal is consistent with the Surprise General Plan 2035

Support/Opposition: See Citizen Participation Report

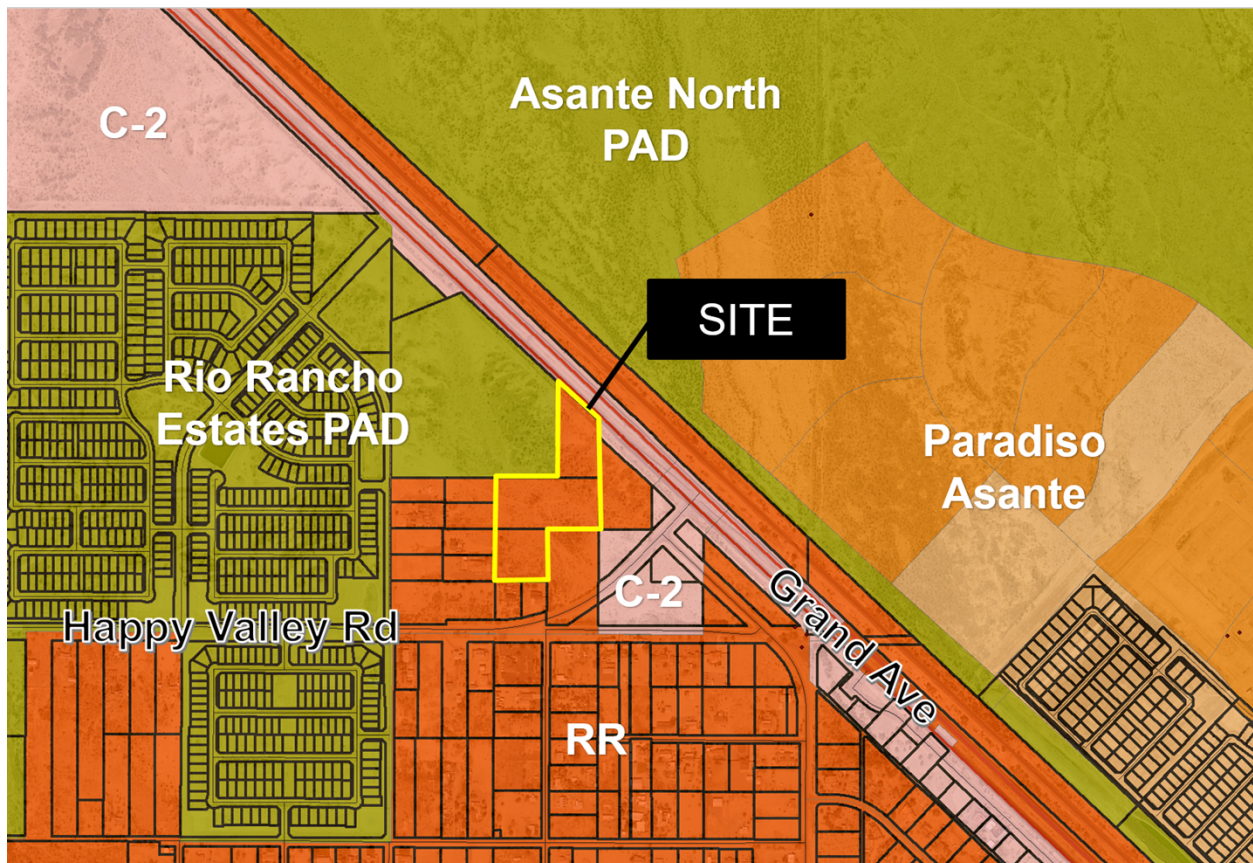
Commission

Recommendation: As of the writing of this staff report, this item has not gone before the Planning & Zoning Commission. It is scheduled for the March 17, 2022 Planning & Zoning Commission meeting, after which the Commission's recommendation will be incorporated into the presentation for City Council.

Project Description:

Tung Tran requests approval of a rezone from Rural Residential (RR) to Community Commercial (C-2) for approximately 10.66 acres generally located on the south side of Grand Avenue and west of Happy Valley Road. Parcels included are APN's 503-73-040J, 503-73-040M, and 503-73-040T. At this time, the applicant has not identified any specific type of commercial development; therefore, making it a speculative rezone.

Surrounding Land Zoning:



Background:

December 8, 2007: The Mayor and City Council approved Ordinance 07-52, annexing the subject properties.

May 13, 2021: A Concept Review meeting was held for the current proposal under Case CR21-192.

August 11, 2021: The applicant submitted for a rezone under Case FS21-619, the subject case.

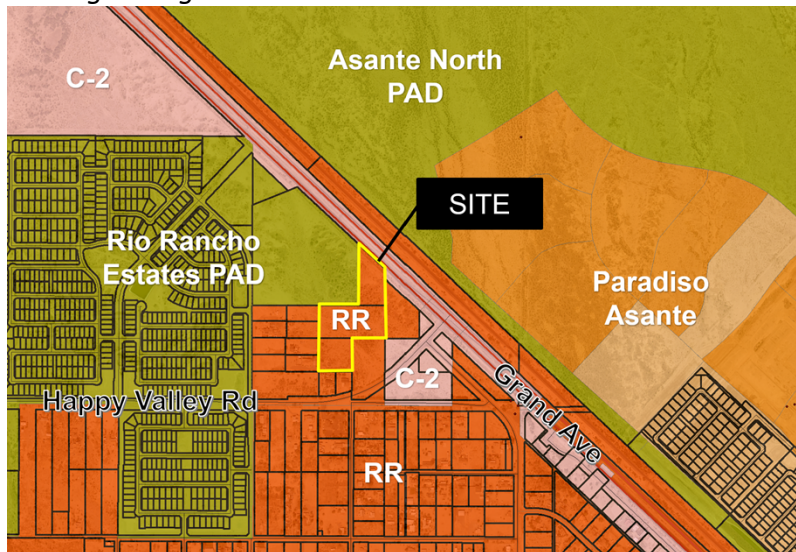
January 5, 2022: The applicant held a Citizen Participation Meeting for the subject case.

March 17, 2022: The Planning and Zoning Commission held a public hearing on the subject case, FS21-619.

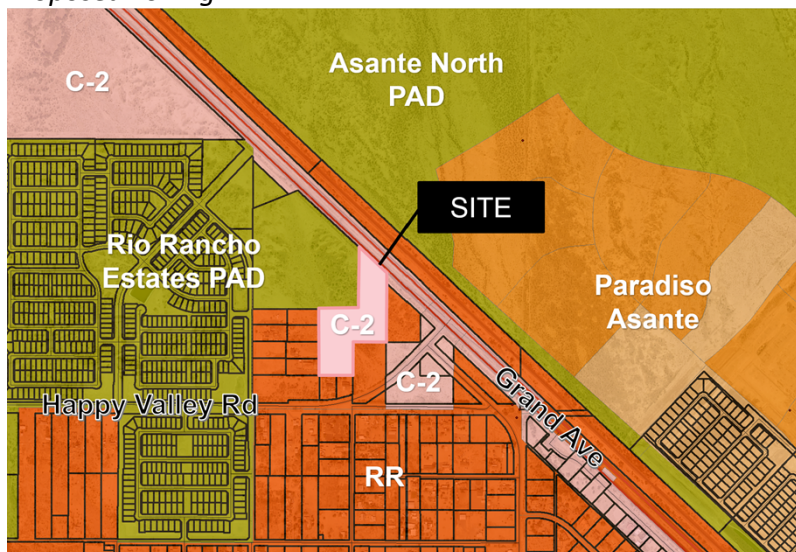
Analysis and Discussion:

The applicant wishes to rezone the subject properties from Rural Residential (RR) to Community Commercial (C-2) in order to expand the marketability of the respective properties and facilitate commercial development. At this time, the applicant has not identified any specific type of commercial development; therefore, making it a speculative rezone. As such, staff is unable to confirm compliance with the Land Development Ordinances, and other applicable development standards.

Existing Zoning



Proposed Zoning



Conformance with Adopted Plans:

The Surprise General Plan 2035 shows the subject properties as lying within the Neighborhood Character Area, as well as the Transit Oriented Development Overlay. As such, the subject request is consistent with the Surprise General Plan 2035.

Reviewing Agencies:

In addition to the standard city reviewing agencies, who indicate no objections to the requests, Luke Air Force Base, Maricopa Water District, and Maricopa County Department of Transportation, and Arizona Department of Transportation were included in the routing of this case. These agencies also indicate no objections.

Citizen Participation:

The applicant held a Citizen Participation Meeting on January 5th, 2022 at 6 p.m. at the Asante Preparatory Academy. One resident was in attendance and had multiple questions and concerns. The summary of this meeting is included in the attached Citizen Participation Report.

Staff also received a phone call on December 12, 2021 from a nearby property owner who had questions but no definitive support/opposition.

Summary:

At this time, the applicant has not identified any specific type of commercial development; therefore, making it a speculative rezone. As such, staff is unable to confirm compliance with the Land Development Ordinances, and other applicable development standards, and therefore did not provide a recommendation to the Commission.

Findings:

- The proposed rezone is consistent with the Surprise General Plan 2035
- Staff is unable to confirm compliance with the criteria set forth in the Surprise Municipal Code
- The reviewing agencies have indicated no objections to the request

Commission Recommendation:

As of the writing of this staff report, this item has not gone before the Planning & Zoning Commission. It is scheduled for the March 17, 2022 Planning & Zoning Commission meeting, after which the Commission's recommendation will be incorporated into the presentation for City Council.

Possible Motions:

Move to approve the Rezone subject to the following stipulations 'a' through 'b':

- 113
- 114 a. Prior to the City recording a final plat or approving a site plan or building permit within
- 115 the property, the applicant shall provide the City with a Notice of Payment from Austin
- 116 Ranch LLC., that the Sewer Buy-in Fee, as applicable, all as described in the Austin Ranch
- 117 Supplemental Development Agreement (Citrus Road South Sewer Overlay Agreement),
- 118 has been paid.
- 119
- 120 b. Non-compliance with the stipulations of approval of this case will be treated as a violation
- 121 in accordance with the provisions of Article XIV of the Surprise Unified Development
- 122 Code.
- 123

124 Move to deny the subject Rezone.

125 **Attachments:**

126 00 Staff Report

127 01 Vicinity Map

128 02 Existing Site Zoning

129 03 Proposed Site Zoning

130 04 Zoning Document

131 05 Affidavit of Site Posting

132 06 Citizen Outreach Report

133 PPT



CITY OF SURPRISE
COUNCIL AGENDA ACTION FORM

Title (Include File#, RFLS# & Res or Ordinance#): Grand Ave & Happy Valley Rezone, FS21-619, RFLS #8135, ORD #2022-09	
Scheduled Meeting Type: ☐ P&Z ☒ Council Meeting ☐ Council Work Session	Agenda Category: ☒ Public Hearing ☐ Regular (No Public Hearing) ☐ Consent
Scheduled Meeting Date: 04-05-22	Contact Person: (Presenter Name) Trever Fleetham, AICP
District #: ☒ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ Internal ☐ Citywide	Staff Recommendation: ☒ None ☐ Approve ☐ Deny ☐ Continue ☐ Table ☐ No Action
Public Engagement Plan Required? ☒ Yes ☐ No If your item requires a public engagement piece <u>you will need to complete the Public Engagement Form.</u> Make sure to include what district(s) is/are affected by your agenda item.	

Agenda Wording: Consideration and action regarding a rezone from Rural Residential (RR) to Community Commercial (C-2) for approximately 10.66 gross acres generally located west of the intersection of Grand Avenue and Happy Valley Road. Case FS21-619.

Motion Options:

1. Move to approve Ordinance #2022-09.
2. Move to deny Ordinance #2022-09.
3. Move to refer case FS21-619 (Ordinance #2022-09) back to the Planning & Zoning Commission for additional Consideration.

Background Information: The subject request involves a rezone from Rural Residential (RR) to Community Commercial (C-2) for approximately 10.66 gross acres generally located on the south side of Grand Avenue and west of Happy Valley Road.

Objective Analysis: The applicant wishes to rezone the subject properties from Rural Residential (RR) to Community Commercial (C-2) in order to expand the marketability of the respective properties and facilitate commercial development. At this time, the applicant has not identified any specific type of commercial development; therefore, making it a speculative rezone. As such, staff is unable to confirm compliance with the Land Development Ordinances, and other applicable development standards.

Policy Compliant: The requested rezone is consistent with the Surprise General Plan 2035.

Financial Impact Statement: While this item does not have an immediate or direct financial impact, ongoing development activity in the City will inevitably have a future financial impact as additional resources are needed to provide city services.

Budget Impact: There is no anticipated budget impact related to this item.

FTE Impact: This item does not have an impact on current staff levels.

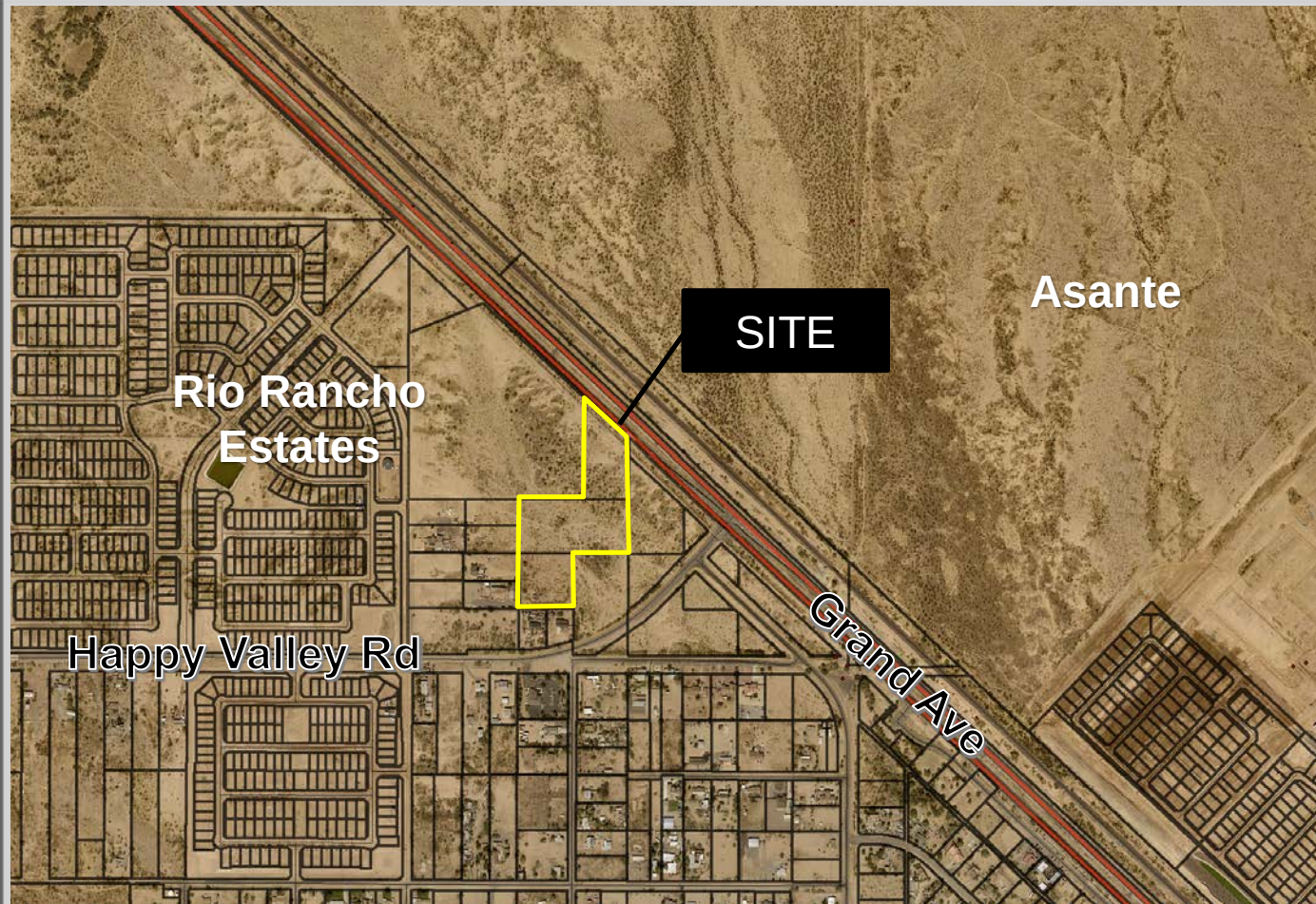
Attachments:

- 00 Staff Report
- 01 Vicinity Map
- 02 Existing Site Zoning
- 03 Proposed Site Zoning
- 04 Zoning Document
- 05 Affidavit of Site Posting
- 06 Citizen Outreach Report
- PPT

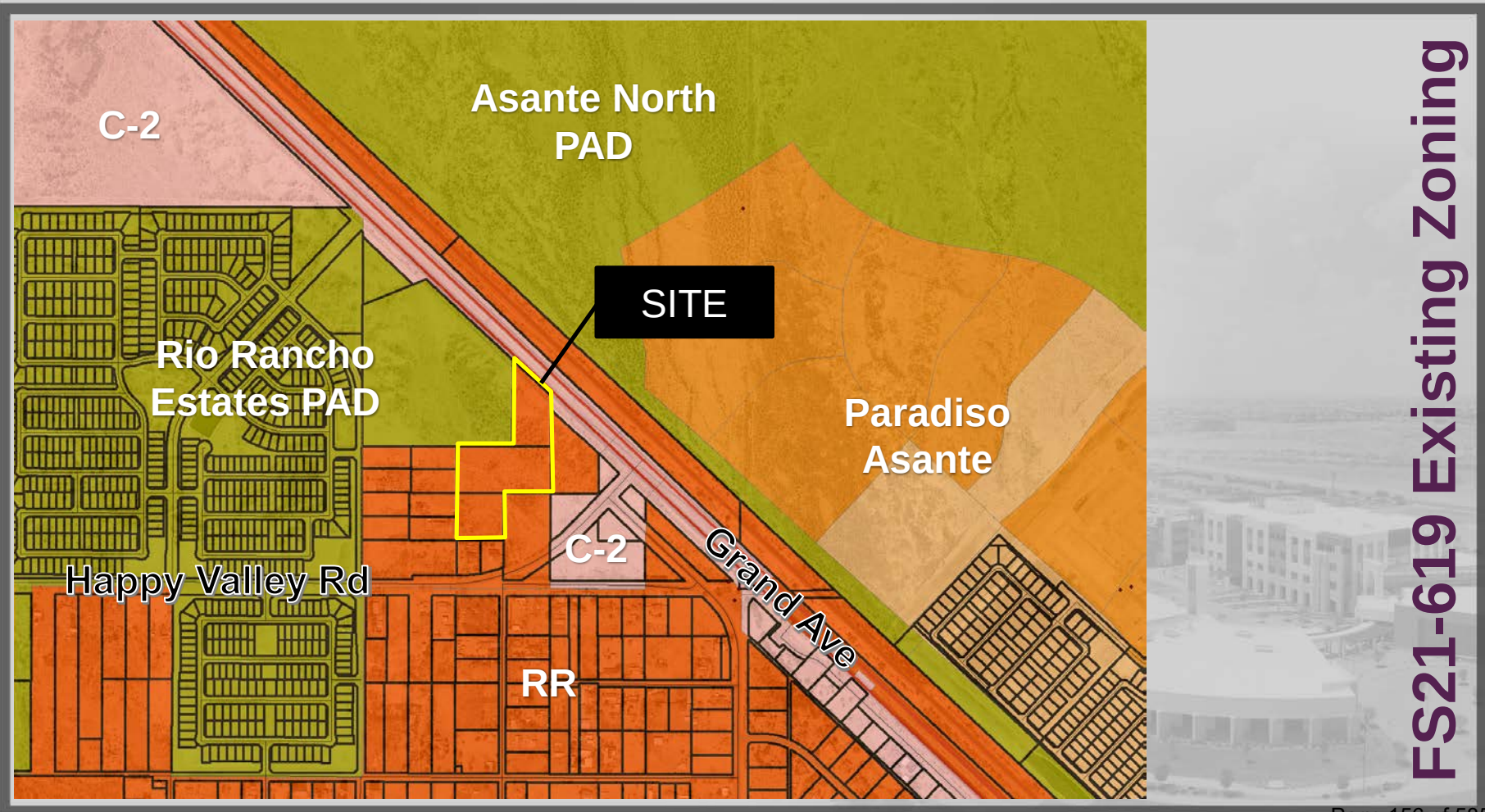
Meeting Requirements: ☒ PowerPoint ☐ Overhead ☐ Flip Chart ☐ White Board
☐ Easel

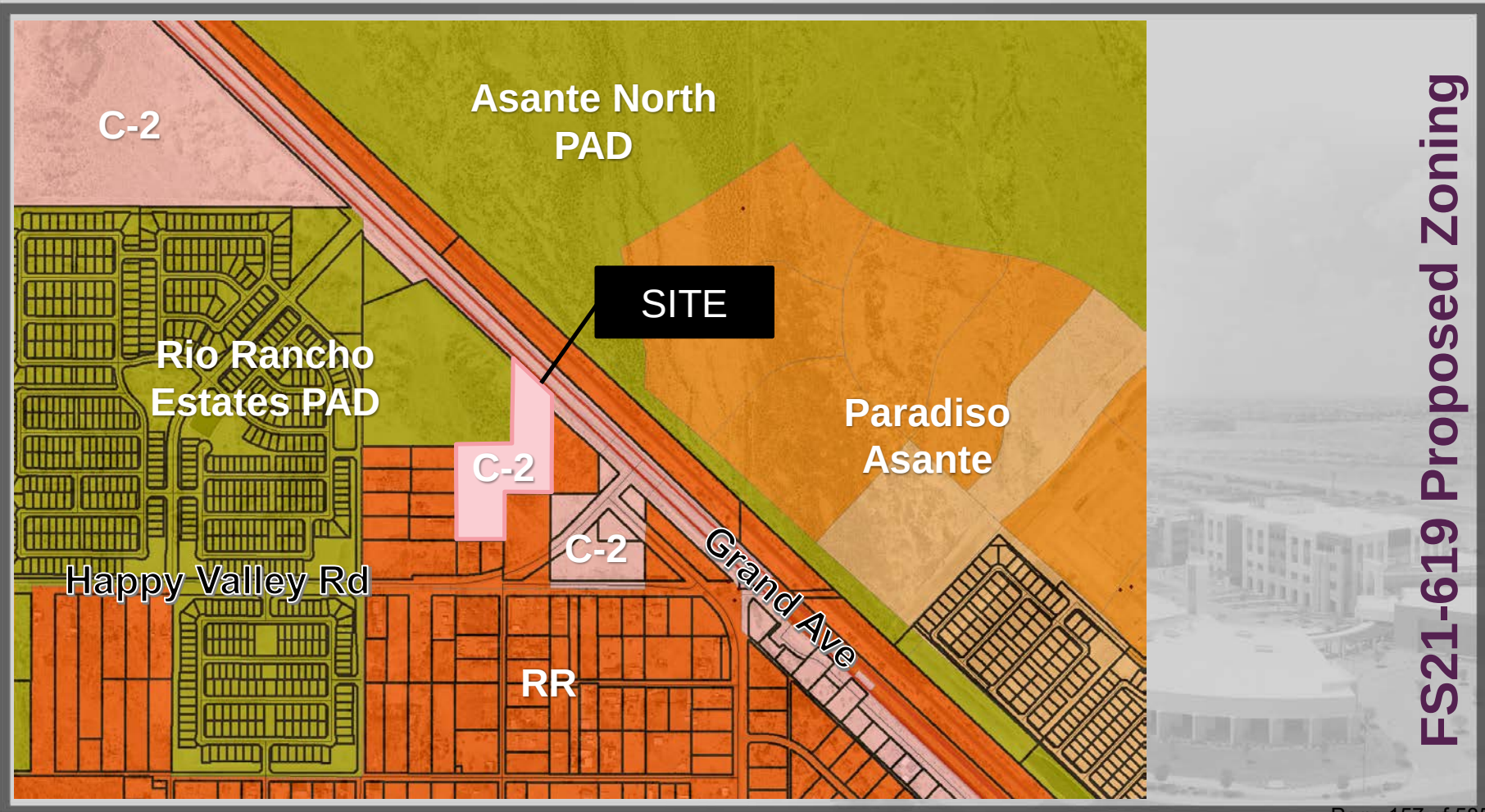
Presentation Speaker Names (spelling and titles for TV captions):

Trever Fleetham, AICP



FS21-619 Vicinity Map





US 60/GRAND AVE AND HAPPY VALLEY ROAD REZONING

Case # FS21-619

Zone Change from RR (Rural Residential) to C-2

10.66 Gross Acres

Southwest of US 60/Grand Ave and Happy Valley Road Surprise, Arizona

Prepared by: Tung Minh Tran

Submitted To: City of Surprise, Arizona

Revised: November 29, 2021

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Applicant/Owner:

Tung Minh Tran

johntran789@yahoo.com

17942 W. San Juan Ave

Litchfield Park, Arizona 85340

(909) 524-7374

Location and Introductions:

A Vicinity Map is shown on page 4 illustrating the properties located southwest of US 60/Grand Ave and Happy Valley Road.

Tung Minh Tran proposes that the properties shown in **Exhibit A** be rezoned to C-2. The subject properties are also adjacent to another parcel that is zoned C-2 along with other parcels with RR and PAD zoning. The subject properties are within the Neighborhood Character Area of the Surprise General Plan 2035 with a TOD (Transit Oriented Development) overlay. This proposal is purely speculative in nature and the applicant/owner does not intend to develop or build any structures on the subject properties. The applicant/owner wishes to cooperate with City of Surprise in following the Surprise General Plan 2035.

Exhibit B depicts a map of existing zoning of the subject properties and the adjacent PAD, RR and C-2 parcels. The adjacent land uses are as follows:

North

- | | | |
|-----------------|-----------|-------------|
| • A T & S F R/R | RR parcel | 12.33 Acres |
|-----------------|-----------|-------------|

East

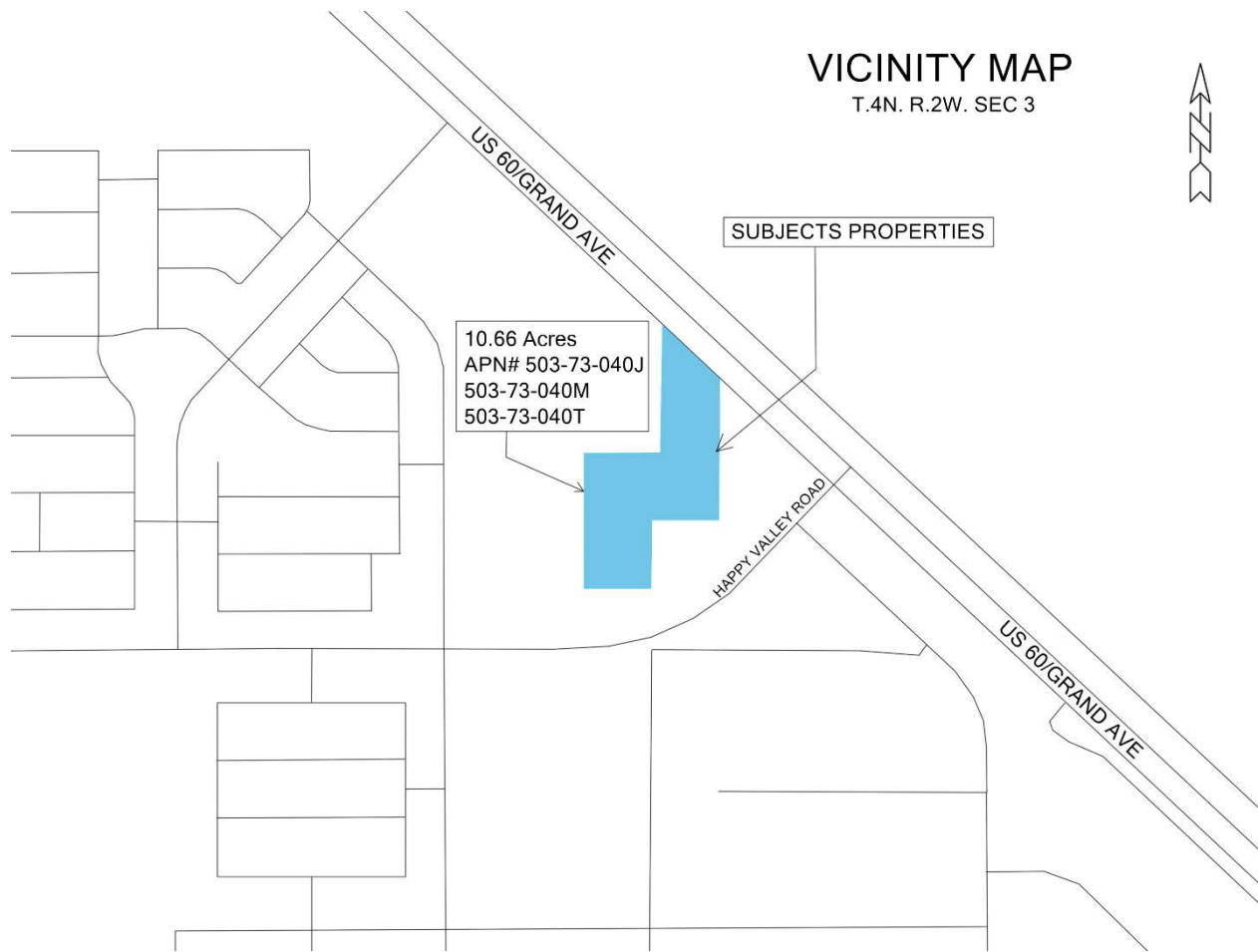
- | | | |
|---|-----------|------------|
| • Price Jon J TR/Wolfswinkel D TR/AEED S/S TR | RR parcel | 3.18 Acres |
|---|-----------|------------|

South

- | | | |
|---------------------------|------------|------------|
| • US & CA Investments LLC | C-2 Parcel | 1.37 Acres |
|---------------------------|------------|------------|

West

- | | | |
|--------------------|------------|-------------|
| • Summer Winds LLC | PAD parcel | 20.42 Acres |
|--------------------|------------|-------------|



Description of Request:

Applicant requests approval of a Zone Change (Case # FS21-619) for 10.66 gross acres from RR to C-2. **See Exhibit B for current zoning for subject properties and surrounding parcels. See Exhibit E, Exhibit F and Exhibit G for legal description of the subject properties.** The subject properties are within the Neighborhood Character Area of the Surprise General Plan 2035 with a TOD (transit Oriented Development) overlay. It is the intent of this rezoning request to provide an area for small business to locate along the US 60/Grand Ave corridor. Considering that the adjacent parcels are zoned either PAD or they are already C-2 it would fit the local zoning for this request. There is a housing development being constructed on the adjacent property north of the subject properties this area is within the TOD. It would not only benefit the city to approve this request but also the residents that will live within the new housing development. With the potential to open small convenience store, banks, restaurants, or fast-food establishments it would be of great conveniences to the residents to utilize.

If Surprise approves this request it would both conform to the Surprise General Plan 2035 and assist in advancing future developments. With the rezoning request approved many small businesses that fits the TOD guidelines will be attracted to the local area. With the local area having high foot traffic that would benefit not only the establishments in the area, but the residents as will since they will not have to travel far to purchase their daily necessities.

The results of the subject properties Zone Change would be:

- Subjects will be in conformance with the adopted Surprise General Plan 2035
- The future development will occur in a manner that is consistent with the surrounding PAD and C-2 parcels
- The Zone Change will be able to integrate and align with adjacent parcels

Conformance with the adopted Surprise General Plan 2035

As stated on the 37th page of the Surprise General Plan 2035 a Neighborhood Character Area can have a mix of small commercial businesses that orients itself with the surrounding residence. Shown on the 47th page of the Surprise General Plan 2035 there is the potential to have full-service grocery stores, drug stores, personal services, and convenience uses. The Zone Change will assist with the high density within the area which the Surprise General Plan 2035 is expecting to be 2-8 DU/AC. Having nearby services will allow the population to grow evenly along the planned area. This Zone Change is consistent with the Surprise General Plan 2035.

Ingress/Egress/Access:

The ingress/egress/access to the subject properties will be:

1. South of the parcel 503-73-040T towards Happy Valley Road. Refer to the second page of **Exhibit D**
2. From the southeast corner of 503-73-040M is a 30' easement from the parcel towards Happy Valley Road. Reference Docket 3673-page 304 parcel no. 1
3. From the center of the western border of 503-73-040T is a 20' easement for ingress/egress towards Happy Valley Road. Reference document 90-291997.
4. From the southeast corner of 503-73-040T is a 20' easement from the parcel towards Happy Valley Road. Reference document 90-89211
5. North of the parcel 503-73-040J towards US 60/Grand Ave there will be a 60' Access according to ADOT.

Transportation Planning and Traffic Engineering

1. Dedicate 60' of access along North of 503-73-040J for construction of road towards US 60/Grand per ADOT.

Drainage and Solutions

Future developers, builders or owners who intend to perform any work on the properties shall be the ones responsible for grading and the construction for any drainage that the city requires.

Exhibit A

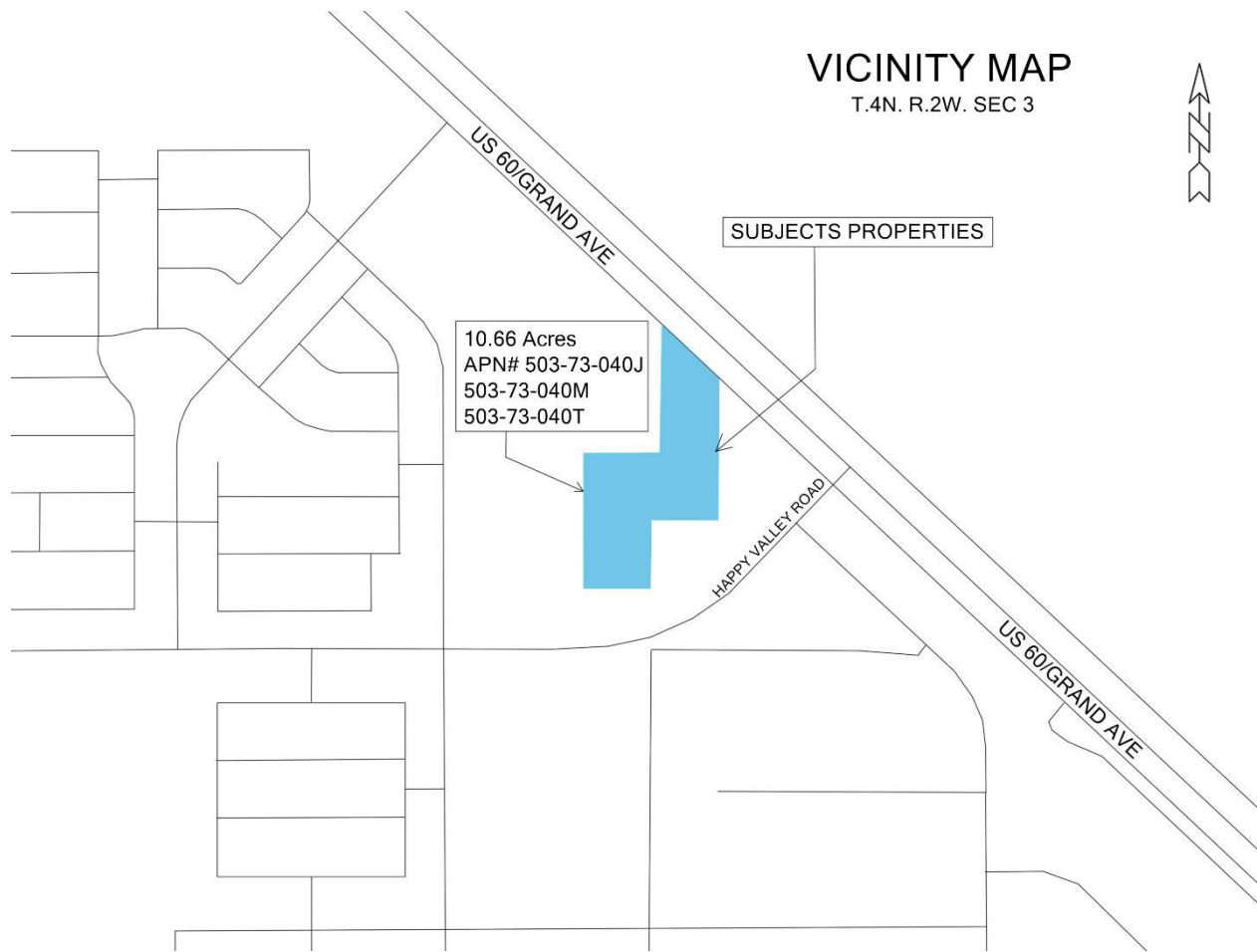


Exhibit B

Existing Zoning Map

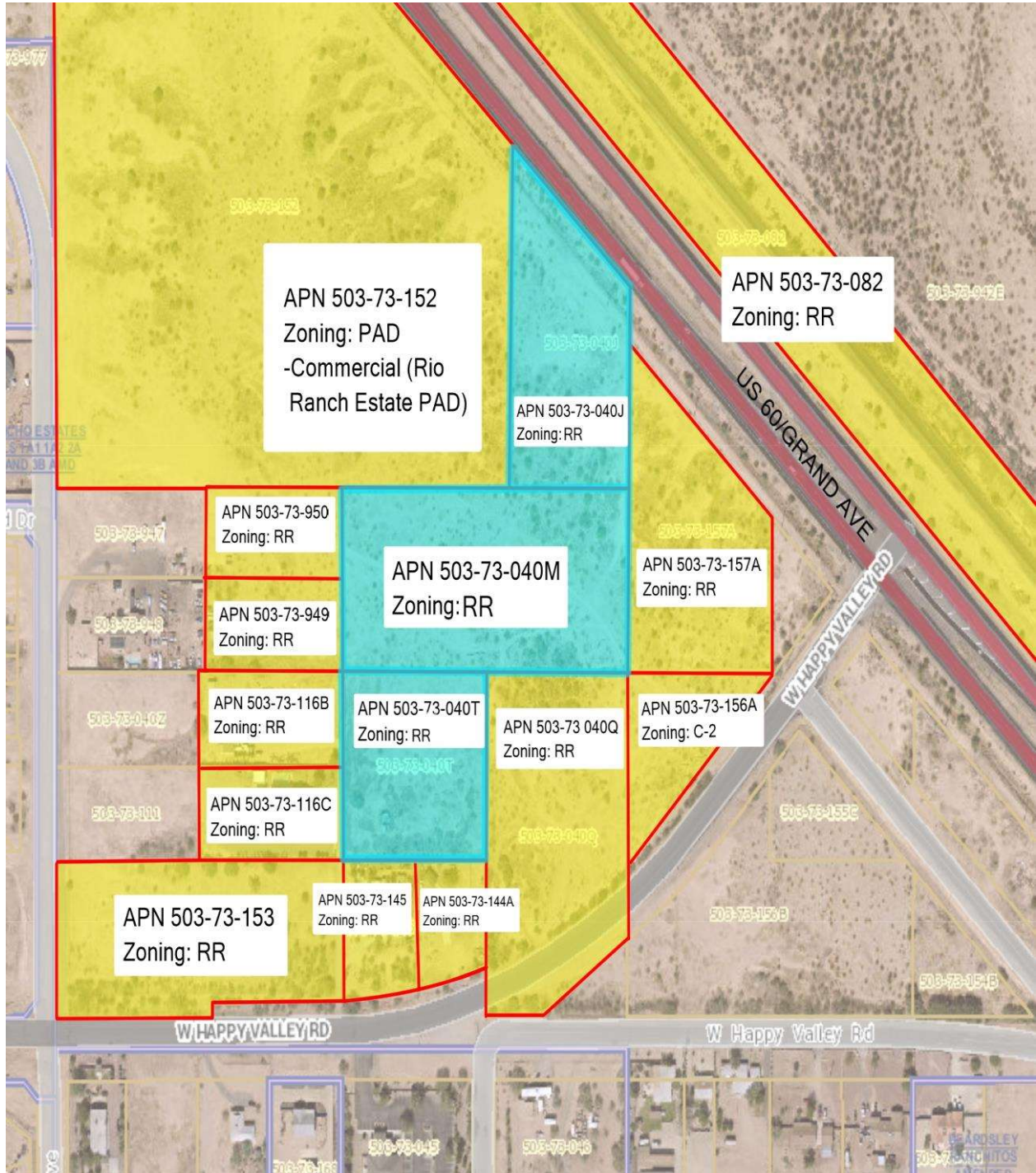
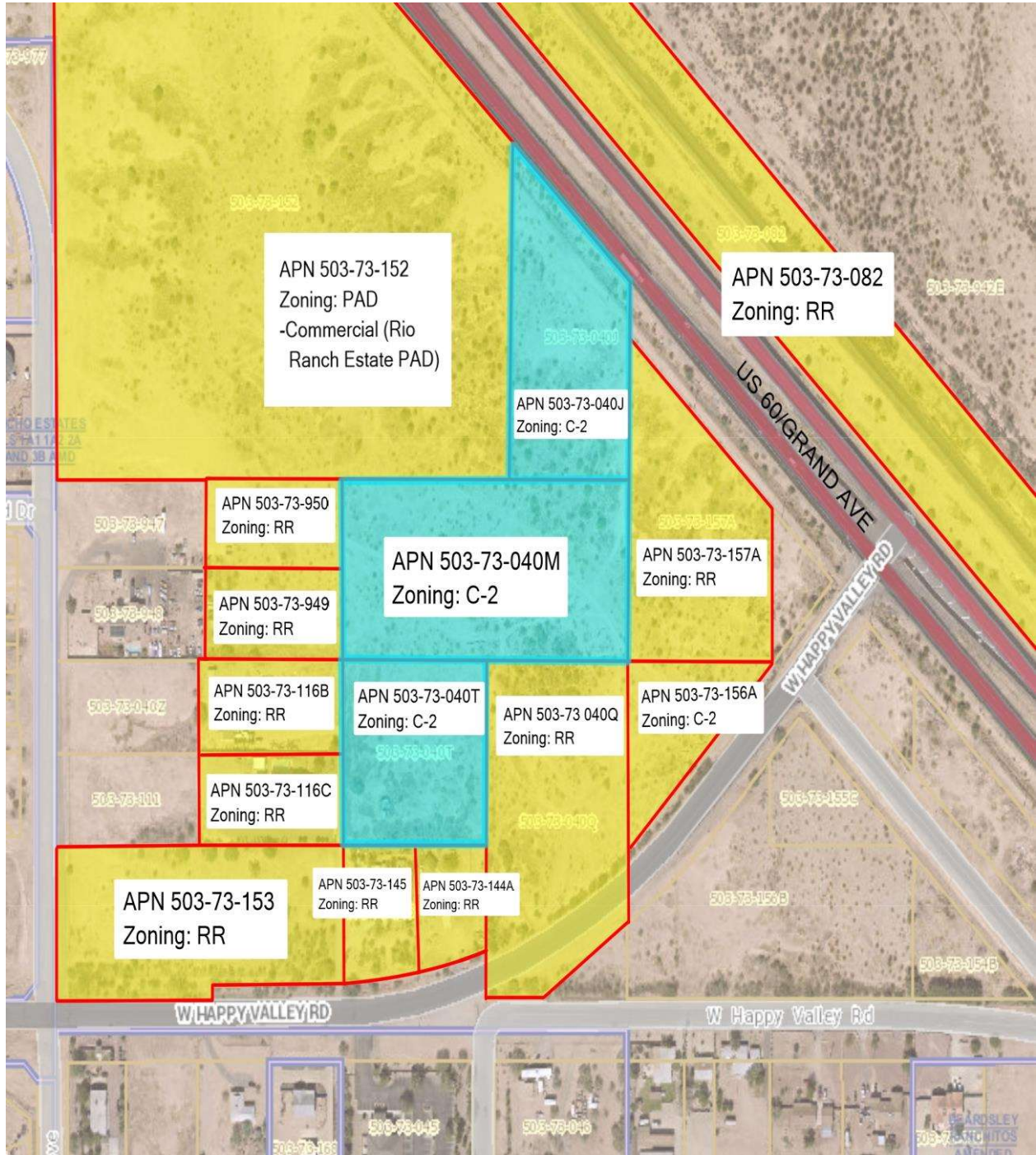


Exhibit C

Proposed Zoning Map



ADOT Access Map

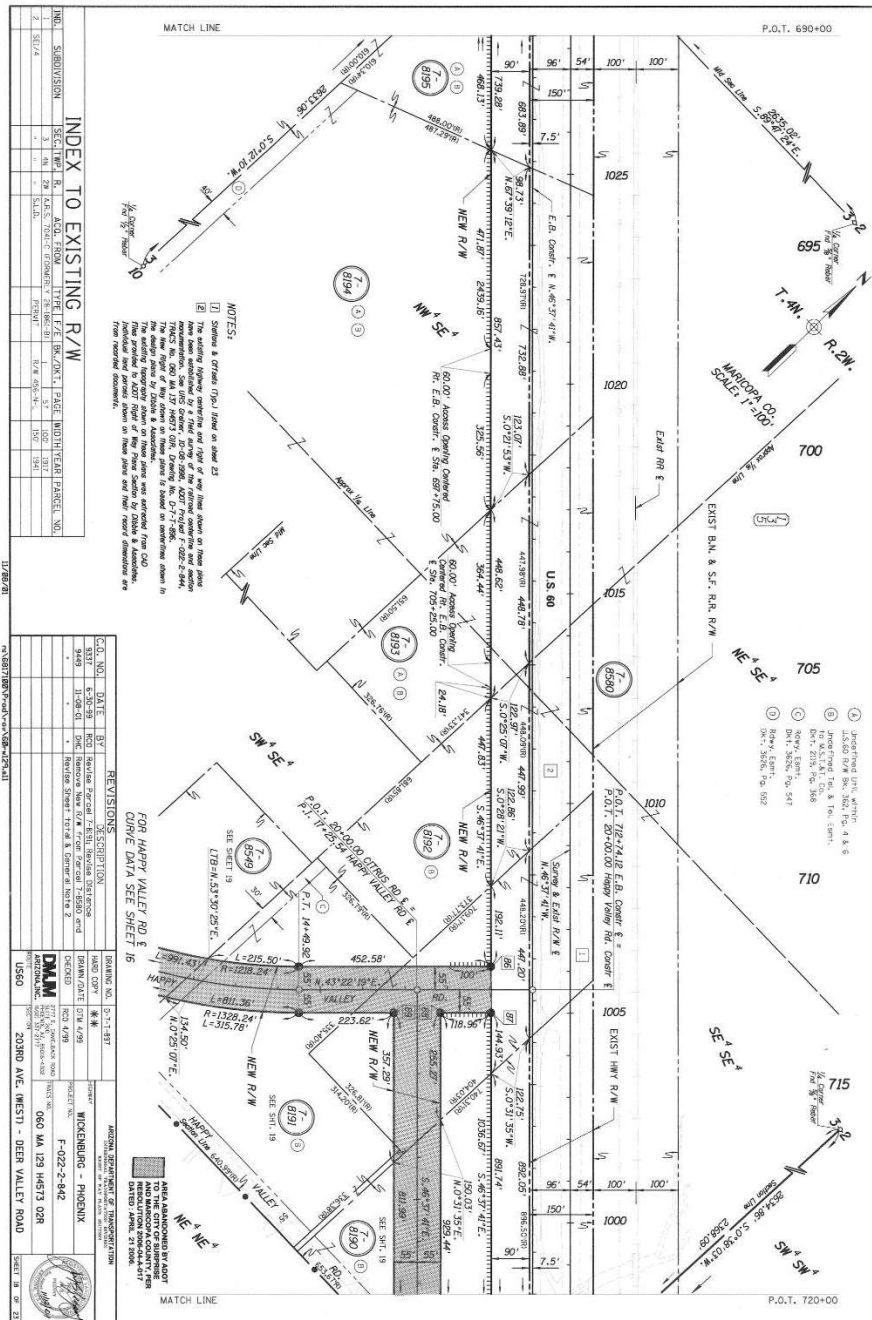




Exhibit E

Legal Description 503-73-040J

LEGAL DESCRIPTION

THAT PART OF THE EAST HALF OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 3, TOWNSHIP 4 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, LYING SOUTH OF THE PRESENT U. S. HIGHWAY 60, 70 AND 89 (ALSO KNOWN AS GRAND AVENUE) RIGHT-OF-WAY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON SAID RIGHT-OF-WAY LINE WHICH BEARS NORTH 0 DEGREES 32 MINUTES WEST 134.40 FEET AND NORTH 47 DEGREES 20 MINUTES WEST 1792.79 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 3;

THENCE CONTINUE NORTH 47 DEGREES 20 MINUTES WEST ALONG SAID RIGHT-OF-WAY LINE 447.98 FEET TO A POINT WHICH BEARS SOUTH 47 DEGREES 20 MINUTES EAST 1343.93 FEET FROM THE INTERSECTION OF THE NORTH-SOUTH MIDLINE OF SAID SECTION 3 AND SAID RIGHT-OF-WAY LINE;

THENCE SOUTH 0 DEGREES 30 MINUTES 45 SECONDS EAST ALONG THE WEST LINE OF SAID EAST HALF OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER 651.50 FEET TO A POINT;

THENCE NORTH 89 DEGREES 20 MINUTES 45 SECONDS EAST 326.76 FEET TO THE EAST LINE OF THE WEST HALF OF SAID SOUTHEAST QUARTER OF SECTION 3;

THENCE NORTH 0 DEGREES 31 MINUTES 00 SECONDS WEST ALONG SAID EAST LINE 347.33 FEET TO SAID HIGHWAY RIGHT-OF-WAY LINE AND TO THE POINT OF BEGINNING;

EXCEPT THAT PORTION CONVEYED TO STATE OF ARIZONA, IN WARRANTY DEED, IN RECORDING NO. 99-1059991 AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A 1/2" REBAR, MARKING THE SOUTHEAST CORNER OF SAID SECTION 3, BEING SOUTH 0°38'03" WEST 2634.86 FEET FROM A 5/8" REBAR, MARKING THE EAST QUARTER CORNER OF SAID SECTION 3;

THENCE ALONG THE EAST LINE OF SAID SECTION 3, NORTH 0°38'03" EAST 136.06 FEET TO THE EXISTING SOUTHWESTERLY RIGHT OF WAY LINE OF U.S. HIGHWAY 60 (WICKENBURG - PHOENIX HIGHWAY);

THENCE ALONG SAID EXISTING SOUTHWESTERLY RIGHT OF WAY LINE, NORTH 46°37'41" WEST 1787.24 FEET TO THE EAST LINE OF THE ABOVE DESCRIBED PROPERTY AND THE POINT OF BEGINNING;

THENCE ALONG SAID EAST LINE, SOUTH 0°25'07" WEST 122.97 FEET TO A LINE PARALLEL WITH AND 90.00 FEET SOUTHEASTERLY OF SAID EXISTING SOUTHWESTERLY RIGHT OF WAY LINE;

THENCE ALONG SAID PARALLEL LINE, NORTH 46°37'41" WEST 24.18 FEET TO A POINT HEREINAFTER CALLED POINT "A";

THENCE CONTINUING ALONG SAID PARALLEL LINE, NORTH 46°37'41" WEST 60.00 FEET TO A POINT HEREINAFTER CALLED POINT "B";

THENCE CONTINUING ALONG SAID PARALLEL LINE, NORTH 46°37'41" WEST 364.44 FEET TO THE WEST LINE OF THE ABOVE DESCRIBED PROPERTY;

THENCE ALONG SAID WEST LINE, NORTH 0°21 '53" EAST 123.07 FEET TO SAID EXISTING SOUTHWESTERLY RIGHT OF WAY LINE;

THENCE ALONG SAID EXISTING SOUTHWESTERLY RIGHT OF WAY LINE, SOUTH 46°37'41" EAST 448.78 FEET TO THE POINT OF BEGINNING;

THERE SHALL BE NO RIGHT OR EASEMENT OF ACCESS TO THE LIMITED ACCESS HIGHWAY TO BE CONSTRUCTED OVER AND UPON THE RIGHT OF WAY DESCRIBED ABOVE, PROVIDED HOWEVER, THAT ACCESS SHALL BE PERMITTED TO SAID U.S. HIGHWAY 60 BETWEEN THE ABOVE SAID POINT "A" AND POINT "B".

TITLE NO.: AZ-FWSX-IMP-N/A-1-21-80210593

TOGETHER WITH ANY UNDERLYING INTEREST IN AND TO THAT PORTION OF SAID U.S. HIGHWAY 60 WHICH LIES WITHIN THE WEST HALF OF THE SOUTHEAST QUARTER (W1/2SE1/4) OF SAID SECTION 3.

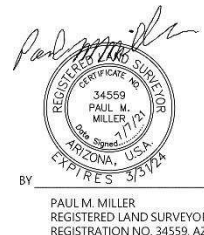


Exhibit F

Legal Description 503-73-040M

LEGAL DESCRIPTION

THAT PART OF THE SOUTHEAST QUARTER OF SECTION THREE (3), TOWNSHIP FOUR (4) NORTH RANGE TWO (2) WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, LYING SOUTH OF THE PRESENT U.S. HIGHWAY 60, 70 AND 89 RIGHT-OF-WAY (ALSO KNOWN AS GRAND AVENUE) DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION THREE (3);

THENCE NORTH 0 DEGREES 32 MINUTES WEST ALONG THE EAST LINE OF SAID SECTION THREE (3), A DISTANCE OF 134.40 FEET;

THENCE NORTH 47 DEGREES 20 MINUTES WEST ALONG THE RIGHT-OF-WAY OF SAID U. S. HIGHWAY, A DISTANCE OF 1,792.79 FEET;

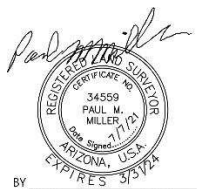
THENCE SOUTH 0 DEGREES 31 MINUTES EAST 347.33 FEET TO THE TRUE POINT OF BEGINNING OF THE PARCEL OF LAND DESCRIBED HEREIN;

THENCE SOUTH 89 DEGREES 20 MINUTES 45 SECONDS WEST 653.52 FEET;

THENCE SOUTH 0 DEGREES 31 MINUTES 30 SECONDS EAST 332.77 FEET;

THENCE NORTH 89 DEGREES 35 MINUTES 40 SECONDS EAST 653.58 FEET;

THENCE NORTH 0 DEGREES 31 MINUTES 334.52 FEET TO THE TRUE POINT OF BEGINNING.



BY

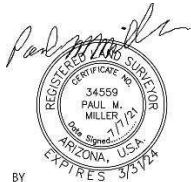
PAUL M. MILLER
REGISTERED LAND SURVEYOR
REGISTRATION NO. 34559, AZ.

Exhibit G

Legal Description 503-73-040T

LEGAL DESCRIPTION

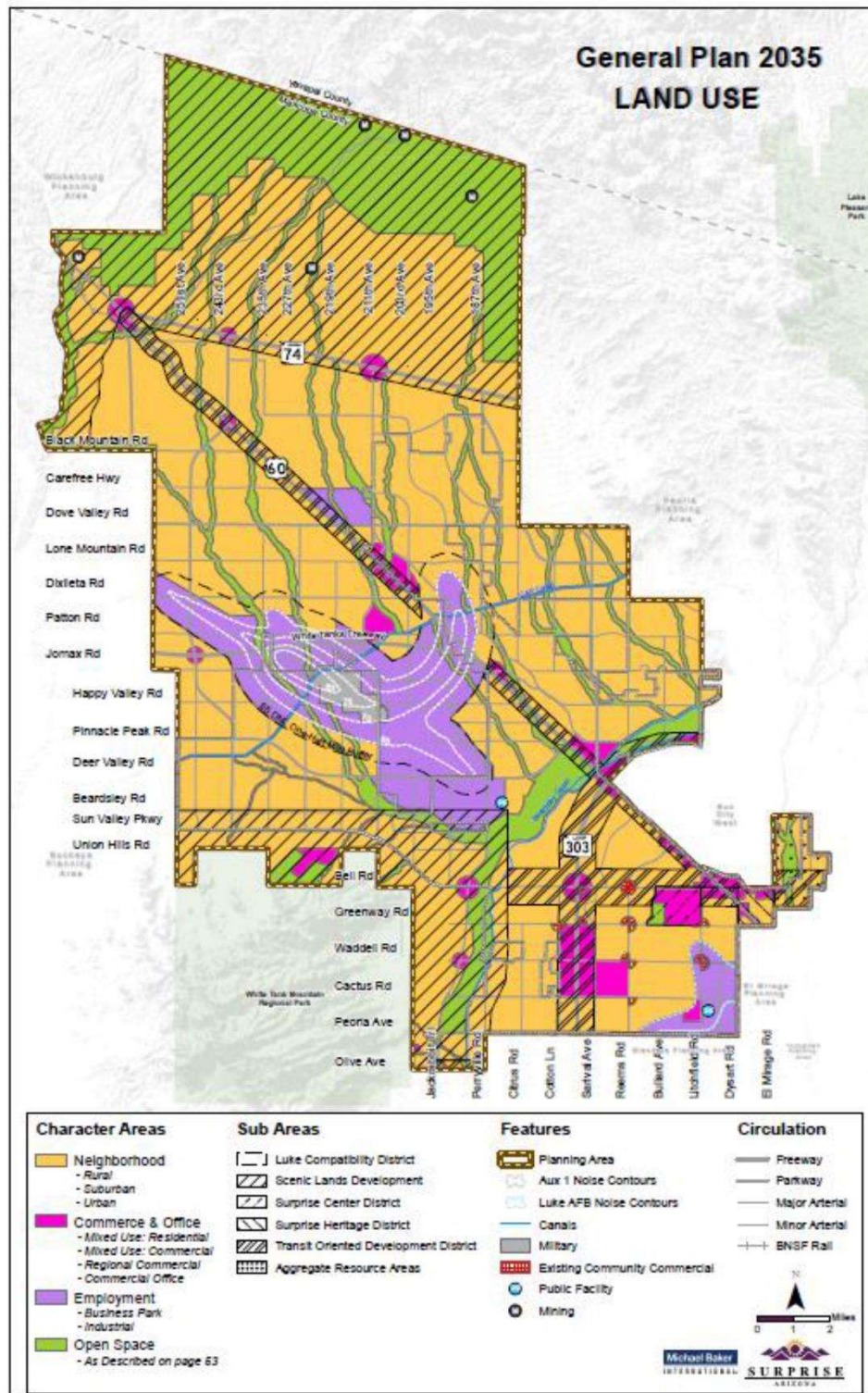
THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 3 IN TOWNSHIP 4 NORTH, RANGE 2 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.



BY

PAUL M. MILLER
REGISTERED LAND SURVEYOR
REGISTRATION NO. 34559, AZ.

Surprise General Plan 2035



AFFIDAVIT OF POSTING

Case Number FS21-619
Project Name: US-60 / GRAND AVE. AND HAPPY VALLEY ROAD REZONING
Project Location: US-60 / GRAND AVE. AND HAPPY VALLEY ROAD
~~Date Site Posted:~~ LOCATION AND DATE UPDATE: FEB. / 24 / 2022

In order to assist in providing adequate notice to interested parties, the applicant for any type of public hearing shall erect two (2) signs providing notice of the date, time, and place of the scheduled hearing(s). These signs must be erected not less than fifteen (15) calendar days prior to the date of the first hearing. The signs shall also include the description of the request as contained on the formal development application. The size and format of this sign shall meet requirements established by the city (see example).

Such notice shall be clearly legible and placed at a prominent location on the site, generally adjacent and perpendicular to the public right-of-way. It shall be the responsibility of the applicant to erect and to maintain the sign on the subject property, as well as the information on the sign, until final disposition of the case.

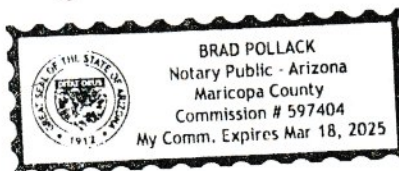
I confirm that the site has been posted as required, for the case noted above. Photographs of the site posting, and any subsequent changes/updates made to the sign, have also been submitted.

Tung Jean Feb / 25 / 2022
Owner/Applicant Signature Date

This instrument was acknowledged before me this 25 day of Feb,
2022 by Tung Jean

[Signature]
Notary Public

My Commission Expires:



of Public Hearing City of Surprise

Planning and Zoning

Date: MARCH 17/2022

Time: 6:00 PM

Location: 16000 N. CIVIL CENTER PLAZA
SURPRISE, AZ 85374

City Council

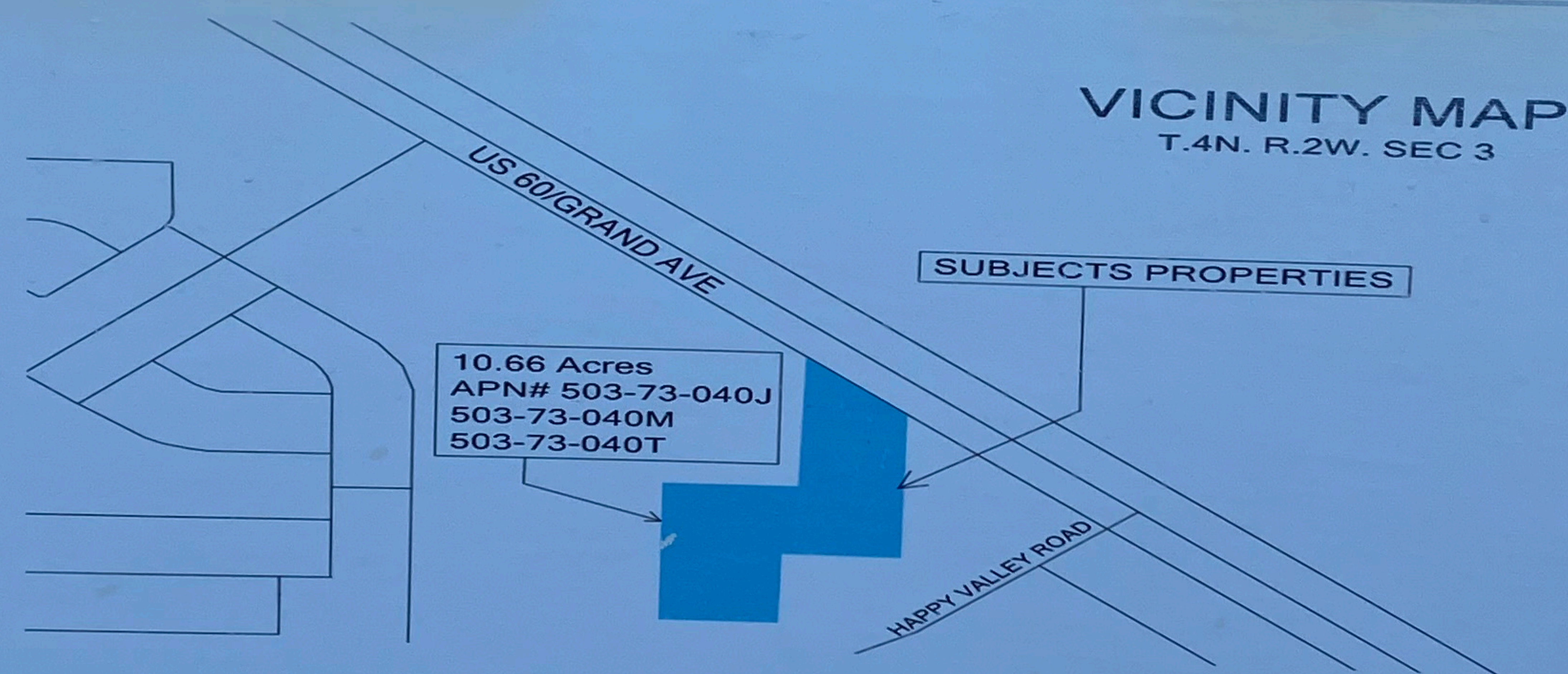
Date: APRIL 05, 2022

Time: 6:00 PM

Location: 16000 N CIVIL CENTER PLAZA
SURPRISE AZ 85374

Dr
387

ng Minh Tran
ge from RR to C-2
040M, 040T
owner has no intent on
ange is SPECULATIVE in



more information, call:
623-222-3011

Surpriseaz.gov

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: January 05, 2022

Time: 6:00PM

Location: 23251 N. 166th Dr
Surprise AZ, 85387

Planning and Zoning

Date: MARCH 17/2022

Time: 6:00 PM

Location: 16000 N. CIVIC CENTER PLAZA
SURPRISE, AZ 85374

City Council

Date: APRIL 05, 2022

Time: 6:00 PM

Location: 16000 N CIVIC CENTER PLAZA
SURPRISE AZ 85374

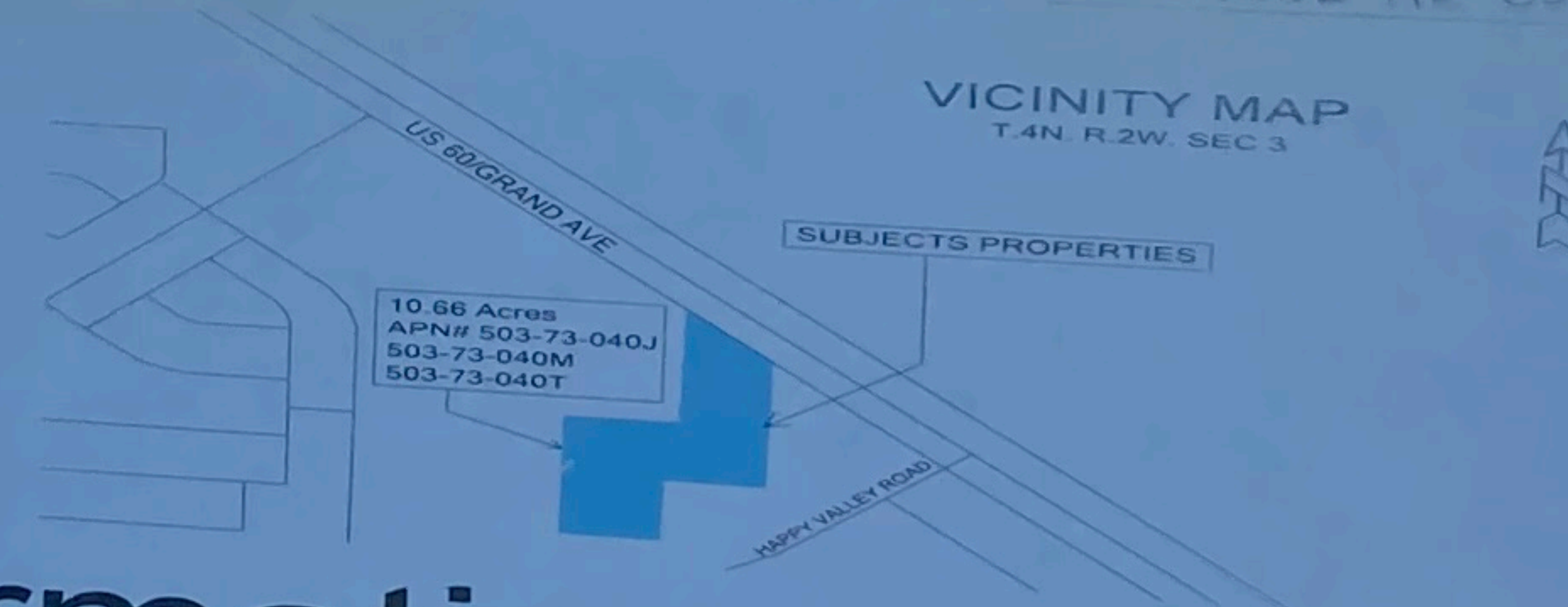
Case #: FS21-619

Individual/ Owner: Tung Minh Tran

Requests: Zone change from RR to C-2

APN #: 503-73-040J, 040M, 040T

NOTES : Individual/Owner has no intent on
building this zone change is SPECULATIVE in
nature



For more information, call:
623-222-3011

Surpriseaz.gov

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: January 05, 2022

Time: 6:00PM

Location: 23251 N. 166th Dr
Surprise AZ, 85387

Planning and Zoning

Date: March / 17 / 2022

Time: 6:00 PM

Location: 16000N. CIVIC CENTER PLAZA
SURPRISE. AZ 85374

City Council

Date: APRIL / 05 / 2022

Time: 6:00 PM

Location: 16000N. CIVIC CENTER PLAZA
SURPRISE. AZ 85374

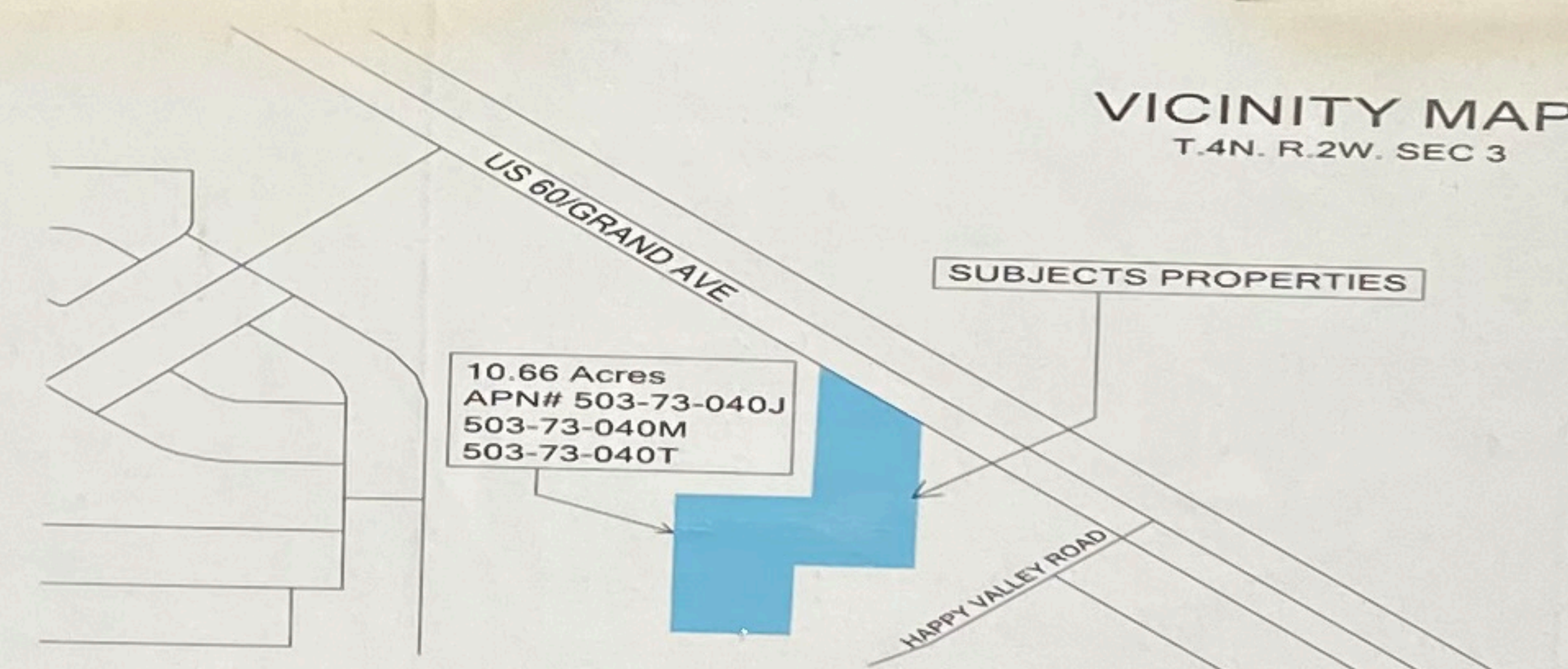
Case #: FS21-619

Individual/ Owner: Tung Minh Tran

Requests: Zone change from RR to C-2

APN #: 503-73-040J, 040M, 040T

NOTES : Individual/Owner has no intent on building this zone change is SPECULATIVE in nature



For more information, call:
623-222-3011

Surpriseaz.gov

Notice of Public Hearing

City of Surprise

Neighborhood Meeting

Date: January 05, 2022

Time: 6:00PM

Location: 23251 N. 166th Dr
Surprise AZ, 85387

Planning and Zoning

Date: March/17/2022

Time: 6:00 PM

Location: 16000 N CIVIC CENTER PLAZA
SURPRISE AZ, 85374

City Council

Date: APRIL/05/2022

Time: 6:00 PM

Location: 16000 N CIVIC CENTER PLAZA
SURPRISE AZ 85374

Case #: FS21-619

Individual/ Owner: Tung Minh Tran

Requests: Zone change from RR to C-2

APN #: 503-73-040J, 040M, 040T

NOTES : Individual/Owner has no intent on
building this zone change is SPECULATIVE in
nature



For more information, call:

623-222-3011

Surpriseaz.gov

Tung Minh Tran
Zoning Case FS21-619
Citizens Participation Plan
January 5, 2022

Background

The City of Surprise requires that the applicant (Tung Minh Tran) performs a citizen participation plan to continue with the zone change application. The goal of the citizen participation review is to:

Ensure that the applicant receives and understand the input given by the surrounding citizens so that the applicant may be able to utilize the information given to the applicant to mitigate any real or perceived concerns the surrounding community may have.

Ensure that the surrounding property owners and the community has an adequate understanding about the process and the potential impact it may have while allowing the chance to work with the applicant to resolve any concerns during the process of the zone change.

This also allows the citizens and community to have an open form of communication with the applicant while allowing the applicant the chance to meet with any interested citizens and property owners, city staff and any officials throughout the application review process.

The primary goal of the citizen review process is not to complete a consensus on all application but rather to encourage the applicant to be good neighbors, taking the input of the surrounding community and its citizens.

Tung Minh Tran Citizen Participation Plan & Report

The area the applicant is applying for a zone change has 10.66 gross acres of vacant land is identified as Assessor Tax Parcel 503-73-040J, 040M and 040T. the purpose of the zone change is to follow the City's General Plan 2035 which shows that the properties are located within the TOD (Transit Oriented Development) Zone which is intended to be used as a commercial area.

We met the City's notification requirements, which are:

- Notice of the citizen review meeting shall be provided by the Planning and Zoning Division in the form of a public notice to the following, where applicable:
 - The notice shall be published at least once in a newspaper of general circulation published or circulated in the municipality at least 15 days prior to the meeting date
City initiated
 - For the applications involving rezoning, subdividing, planned unit developments, site plans with uses permitted on a conditional basis, and

legislative matters, all real property owners within a 300 feet radius, the city shall send copies of the notice by mail, no less than 7 days prior to meeting
City initiated

Site Posting

The site was posted on December 19, 2021, to alert any interested citizens and stakeholders of the applicants upcoming meeting held on January 5, 2021. The photographs of the signs and affidavit are attached at **Tab 1**. The signs do not have the anticipated Planning and Zoning Commission and the City Council hearings date and will be updated as the applicant is informed.

Participation Report

After the notices were sent by staff and the site was posted, the applicant received several phone calls of concern regarding the rezoning case. We held the meeting at the Asante Prep. Academy School located 23251 N. 166th Drive in Surprise at 6:00PM. During the meeting there were a total of 1 attendee. The sign-in sheet is attached to **Tab 2**. City Staff Lloyd Abrams and Trever Fleetham. The discussion topics included:

- What would be built on the properties and its uses
- Traffic and roadways were the over-riding concern of the attendee
- Connections and access for the surrounding communities

Specific Discussion:

Only 1 attendee was present during the meeting name Ward Cure. The applicant did come into contact with several other citizens that lives on adjacent properties. Two individuals contacted the applicant by phone and were in support of the zone change claiming that it would increase their property value. Another adjacent property owner came into contact with the applicant while the applicant was posting the site and inquire about the zone change. Unfortunately they were unable to attend the meeting as such only Ward Cure was able to attend in person. Ward Cure voiced his concern for the change stated that his drive way will be obstructed by a road. We explained to him that the zone change was purely speculative and that if any road were to be built it would not block him, in fact it will give a ease of access since the road will be used by everyone on the west side of the subject properties.

Another point of concern by Ward Cure was the heavier flow of traffic that he thought would occur in the future. We explained to him that again this zone change was purely speculative in nature and that we don't intend to build and that his concern was unnecessary since the speculative road would mainly be used by locals.

Ward Cure also questioned about the use for the property assuming that the area was going to be a heavily commercial area. The applicant once again explain that the are of the residents will have a setback or buffer zone from the property as per Surprise ordinance which was reenforced by the city staff whom were present.

The final concern of Ward Cure was that he was going to have difficulty in regards to the easement he has to his property. The applicant and City staffs assured him that his access to his property was not going to be hindered but even potentially improved since there could a road built to allow the locals access to the future buildings in the area of the zone change. The applicant offered his contact information so that if Ward Cure had any other concerns he could get in contact with the applicant.

After our discussion, we believed that the participants we able to express their concerns, questions and input on the matter throughout the meeting thus the meeting ended. Smaller discussions occurred between Ward Cure and the City Staff. Afterward the City staff had a small discussion with the applicant about what would be the next step in the zone change process.

There has been no signs of contact since the meeting from Ward Cure or any of the other property owners with the week that followed. We have committed to work through many of the discussion points during the meeting and we will continue to follow up on any future comments if requested by the city. We have been working cooperatively with the City staff on the rezone request and will continue to work throughout the review process. If any citizens do reach out to us we will provide updates to the City staff with an amended report.

Tab 1





AFFIDAVIT OF POSTING

Case Number: FS21-619
Project Name: ZONE CHANGE
Project Location: HAPPY VALLEY AND US 60/GRAND AVE
Date Site Posted: DECEMBER 19, 2021

In order to assist in providing adequate notice to interested parties, the applicant for any type of public hearing shall erect two (2) signs providing notice of the date, time, and place of the scheduled hearing(s). These signs must be erected not less than fifteen (15) calendar days prior to the date of the first hearing. The signs shall also include the description of the request as contained on the formal development application. The size and format of this sign shall meet requirements established by the city (see example).

Such notice shall be clearly legible and placed at a prominent location on the site, generally adjacent and perpendicular to the public right-of-way. It shall be the responsibility of the applicant to erect and to maintain the sign on the subject property, as well as the information on the sign, until final disposition of the case.

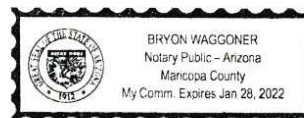
I confirm that the site has been posted as required, for the case noted above. Photographs of the site posting, and any subsequent changes/updates made to the sign, have also been submitted.

Tung Tran Dec 20/2021
Owner/Applicant Signature Date

This instrument was acknowledged before me this 20 day of December,
20 21 by Tung Tran

[Signature]
Notary Public

My Commission Expires: Jan 28 2022



Tab 2



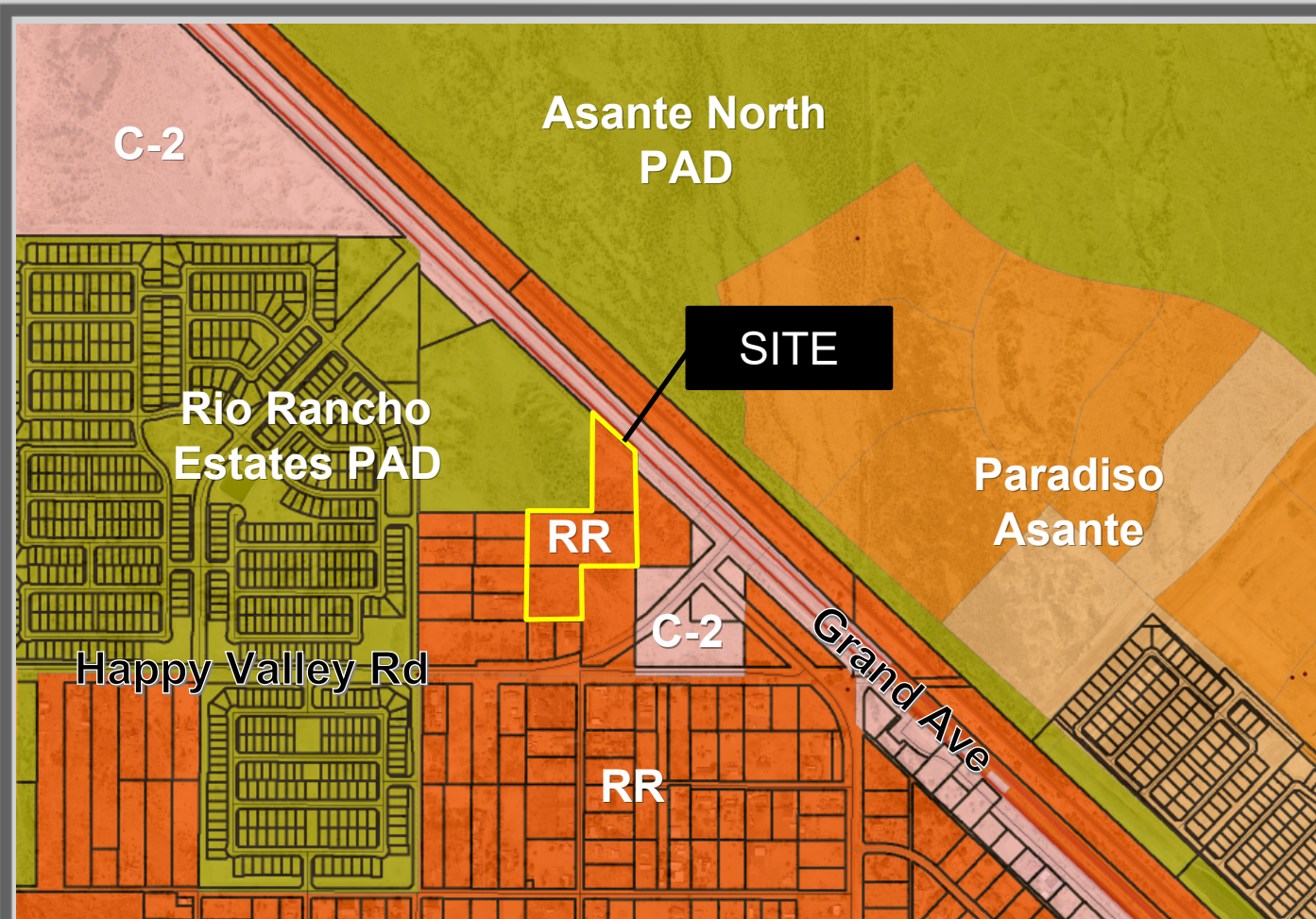
S U R P R I S E
A R I Z O N A

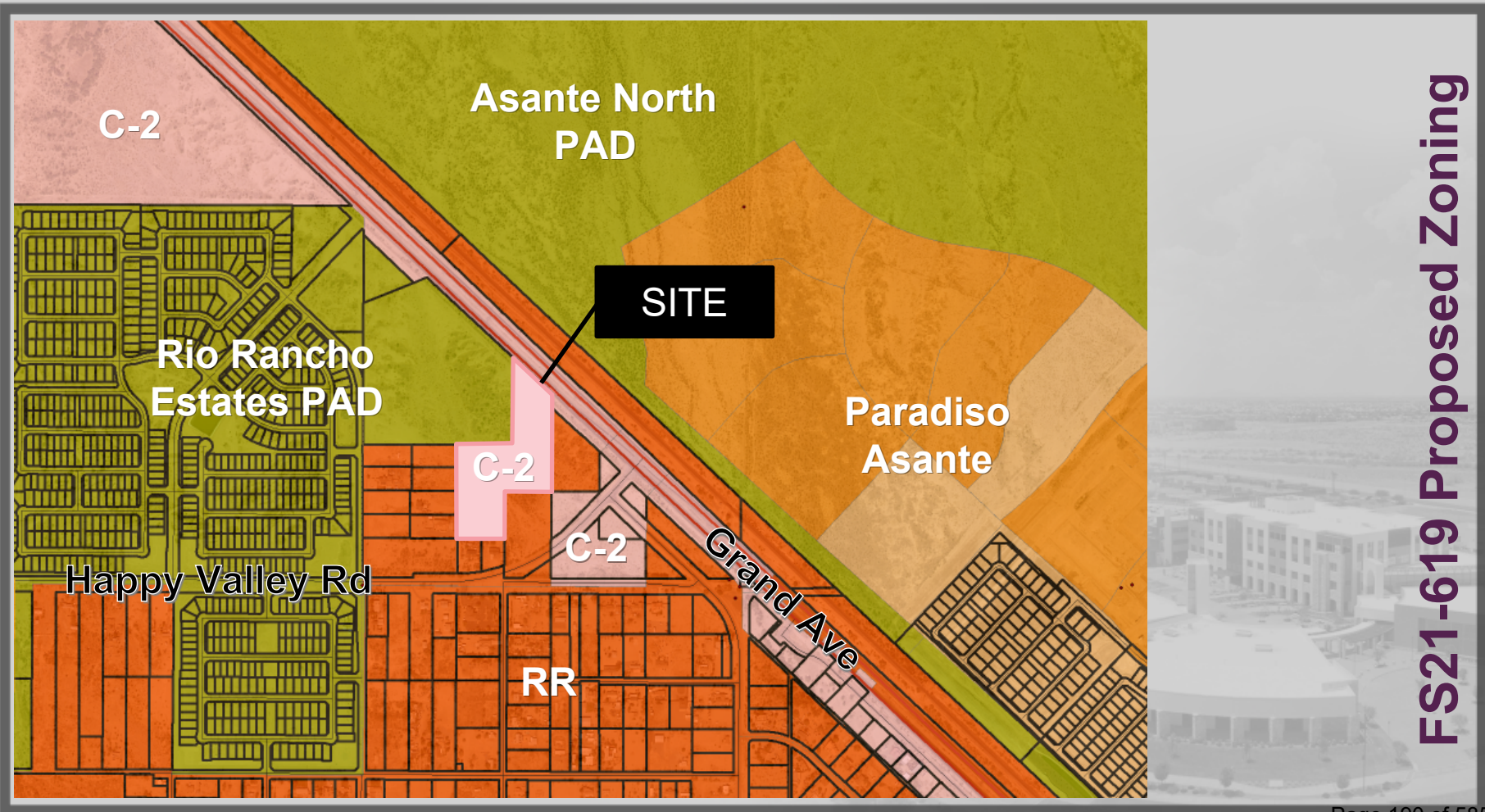
FS21-619
Grand Ave & Happy Valley
Rezone

City Council
April 5, 2022



FS21-619 Vicinity Map





Outreach

- Citizen Participation Meeting 1/5/22
 - 1 member of public in attendance
 - Traffic/access concerns
- Staff received phone call on 12/12/21
 - Questions only

Recommendations

- Commission recommended Denial
 - Due to method in which public outreach was conducted and potential impacts to traffic circulation in the area
- Applicant wishes to address Commission's concerns with additional outreach and conceptual site planning
- Staff recommends Council send item back to the Commission for additional consideration

Motion Options

- **Approval subject to stipulations ‘a’ and ‘b’**
- **Denial**
- **Refer item back to the Commission for additional consideration**



SURPRISE
ARIZONA

**QUESTIONS OR
COMMENTS?**

Thank You



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022 Contact Person: Tiffany Copp, Assistant Director
Submitting Department: Community Development District: Citywide
Staff Recommendations: None

Consent: No Regular: No Public Hearing: Yes Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to continuing the potential adoption of the Property Maintenance Ordinance (PMO) beyond April 19, 2022.

Motion:

I move to postpone indefinitely City Council's further consideration of the Property Maintenance Ordinance.

Background:

In 2007 City Council adopted the 2006 International Property Maintenance Code (IPMC) as published by the International Code Council (Ordinance 07-38), governing the appearance and safety of all residential and non-residential structures and premises within the City. The 2006 IPMC is substantively sufficient for the City's purposes of maintaining the appearance and safety of residential and non-residential structures within its jurisdiction. However, the IPMC may not be published by the City.

In an effort to increase transparency, City staff drafted a Property Maintenance Ordinance (PMO) that could be published as part of the Surprise Municipality Code to facilitate the community's access to the ordinance that guides the City's expectations regarding property maintenance and enforcement, as well as to replace the 2006 IPMC. During this process, concerns pertaining to uniform enforcement of a new PMO have been raised by certain rural residents.

Despite City staff's best efforts to respond to these community concerns over numerous months, at the February 15, 2022 Council Meeting, City Council directed City staff to continue those efforts and decided to continue the potential adoption of the PMO until the April 19, 2022, City Council meeting.

Since that February 15, 2022, City Council meeting, the City Manager's Office, City Attorney's Office, and Community Development Department have engaged in further discussions and intend to perform additional research to ensure all viable and legal options and alternative PMO forms (if any) are explored before additional consideration by City Council is requested. Therefore, a continuance beyond April 19, 2022, is necessary.

Objective Analysis:

Continuing the adoption of the PMO beyond April 19, 2022, will not negatively impact the City's ability to maintain the appearance and safety of structures, which are currently enforced under the 2006 IPMC. The City will continue to enforce those standards in the interim.

Policy Compliant:

Subject to federal and state laws, adoption of City ordinances, rules, and regulations pertaining to health and safety is within the complete discretion of City Council.

Financial Impact:

N/A.

Budget Impact:

N/A.

FTE Impact:

N/A.

ATTACHMENTS:

1. 22.01.25 Ord 2022-05 Property Maintenance jtm final.pdf
-

ORDINANCE # 2022-05

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING CHAPTER 105, ARTICLE II, SEC. 105-19(H), AND ADDING CHAPTER 34, ARTICLE IX, , SECTIONS 401 THROUGH 409, *CITY OF SURPRISE PROPERTY MAINTENANCE ORDINANCE*; INCLUDING SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND REPEALING CONFLICTING ORDINANCES.

WHEREAS, the Mayor and Council have deemed it necessary, in order to protect the public health, safety, and welfare of both public and private property, to adopt certain rules and regulations regarding the repair and maintenance of all buildings, structures, or premises;

WHEREAS, in 2007 the Mayor and City Council adopted the 2006 International Property Maintenance Code ("2006 IPMC");

WHEREAS, the 2006 IPMC sets forth the laws, rules, and regulations that establish minimum standards for the condition and maintenance of all residential and nonresidential structures and buildings, as well as all vacant and improved lots and lands;

WHEREAS, the 2006 IPMC is subject to certain copyright laws, and its current public availability within the City of Surprise is limited to three paper copies maintained in the Office of the City Clerk;

WHEREAS, the Mayor and Council deem it preferable to have a Property Maintenance Ordinance that is more easily accessed by residents, citizens and members of the public, and is otherwise available to search, review, and inspect online; and

WHEREAS, the Property Maintenance Ordinance ("PMO") is intended to replace, in its entirety, the 2006 IPMC.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. Chapter 105, Article II, Sec. 105-19 is amended as follows:

Sec. 105-19. - Construction codes. The following codes and appendices as published by the International Code Council **AND/OR THE CITY OF SURPRISE FOR ITS PROPERTY MAINTENANCE ORDINANCE AS SET FORTH IN SEC. 105-19(H) BELOW**, and the *amendments* to those codes, as adopted by ordinance, are hereby adopted as amended and declared to be public records. At least three (3) copies of each code and its corresponding *amendments*, if any, shall be filed in the city clerk's *office* and

kept available for public use and inspection, **WITH THE EXCEPTION OF THE SURPRISE PROPERTY MAINTENANCE ORDINANCE WHICH SHALL BE MADE AVAILABLE ONLINE AT WWW.SURPRISEAZ.GOV.**

...

H. ~~2006 International Property Maintenance Code~~**2022 SURPRISE PROPERTY MAINTENANCE ORDINANCE.**

Section 2. Chapter 34, Article IX, Sections 401 through 419, Property Maintenance Ordinance, of the Surprise Municipal Code is hereby added as set forth in the attached Exhibit A, and incorporated by this reference.

Section 3. All ordinances, resolutions or codes in conflict with the provisions of this Ordinance or Code adopted by this Ordinance are repealed.

Section 4. If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of these amendments to the municipal code adopted herein is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision will not be read to affect the validity of the remaining portions thereof.

Section 5. This ordinance will become effective at the time and manner prescribed by law.

PASSED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

EXHIBIT A
PROPERTY MAINTENANCE ORDINANCE

Surprise Municipal Code
Chapter 34, Offenses and Miscellaneous Provisions
Article IX, PROPERTY MAINTENANCE CODE

34-401 - Title

34-402 - Intent and Scope

34-403 - Conflict of Ordinances and Severability

34-404 - Definitions

34-405 - Authority and Enforcement

34-406 - Liability

34-407 - Violation Notice

34-408 - Civil Citation

34-409 - Criminal Complaint

34-410 - Inspection Warrants

34-411 - Abatement and Demolition

34-412 - Condemnation

34- 413 - Building Systems

34-414 - Interior Maintenance

34-415 - Exterior Maintenance

34-416 - Exterior Premises and Land Maintenance

34-417 - Landscape Maintenance

34-418 - Vehicles

34-419 - Safety

34-401 Title

This chapter shall be known as the “The Property Maintenance Code of the City of Surprise, Arizona.” Within this text, the following terms, whether capitalized or not, shall be synonymous with the Property Maintenance Code of the City of Surprise: “this PM code,” “Surprise Property Maintenance Code,” “this ordinance,” and “The Property Maintenance Ordinance.”

34-402 Intent and Scope

- (A) The purpose of this PM code is to promote the health, safety, and welfare of the residents of Surprise Arizona, and to protect neighborhoods against hazardous blighting and deteriorating influences or conditions that contribute to the downgrading of neighborhood property values, by establishing minimum standards for the condition and maintenance of all residential and nonresidential buildings, structures and vacant and improved lands.
- (B) This PM code shall apply to all buildings, structures, and lands within the City of Surprise.
- (C) This PM code shall be fairly, sensibly, and reasonably applied to promote the maintenance of all existing buildings and land within the jurisdiction of the City of Surprise.
- (D) This PM code shall not require changes in existing buildings and utilities when alterations were installed and have been maintained in accordance with the City of Surprise Adopted Codes in effect at the time of construction or alteration. This section does not apply when the building has been determined to be an imminent hazard, unsafe, unhealthy, blighted or deteriorated, or when the building has been moved to another location.

34-403 Conflict of Ordinances and Severability

- (A) In any case where a provision of this PM code is found to be in conflict with a provision of any zoning, Adopted Codes, safety or health ordinance or code existing on the effective date of this PM code, the provision of the zoning, Adopted Code, safety or health ordinance or code shall prevail.
- (B) Nothing in this PM code shall be construed to repeal, abrogate, annul, or in any way impair or interfere with existing provisions of other laws, codes or ordinances, except those specifically repealed by this PM code, which shall remain in full force and effect.
- (C) If any section, subsection, paragraph, sentence, clause, or phrase of this PM code should be declared invalid for any reason whatsoever, such decision shall not affect the remaining portions of this PM code, which shall remain in full force and effect; and to this end, the provisions of this PM code are hereby declared to be severable.

Abatement: Action taken by the City Code Official or designee to correct, repair, clear, demolish or remove any blighted condition(s) or violation(s) of this PM code or any of the Adopted Codes.

Abatement (Court Ordered): An order, in writing, signed by a judge of a court of competent jurisdiction, authorizing any employee, representative, or contractor of the City to enter onto any affected property to abate specified conditions.

Adopted Codes: Any of the provisions of the construction codes including but not limited to the building, residential, mechanical, electrical, plumbing, residential, fuel gas, energy conservation, or fire code, as adopted and amended by the City.

Animal Waste: Household pet waste and/or waste from stables, kennels, pet pens, chicken coops, and veterinary establishments, or other establishments of a similar nature.

Architectural Pool: A constructed or excavated exterior area designed to contain a regular supply of water, other than a swimming pool.

Bathroom: A room containing plumbing fixtures including a bathtub or shower.

Blight: Unsightly conditions including but not limited to damage, tattered, faded, cracking, peeling, rusting or any other condition of disrepair, deterioration, or lack of maintenance.

Building: Any structure or dwelling having a roof that is supported by poles, columns, and/or walls, that is utilized or intended to be used for the housing and/or enclosure of persons, animals, or personal property.

Code Official: The City Manager or authorized designee in charge of the administration and enforcement of this PM code.

Condemn: To adjudge unfit for human occupancy.

Construction Materials: Any material commonly used in construction or landscaping including, but not limited to, asphalt, concrete, plaster, tile, rocks, bricks, sand, dirt, lumber, blocks, or other similar materials.

Debris: Substance or material of little or no apparent value including, but not limited to, deteriorated lumber, old newspapers, cardboard material, scrap metal, vehicle parts, discarded furniture parts, stoves, sinks, cabinets, household fixtures, refrigerators, abandoned, broken or neglected equipment, or the scattered remains of items.

Defendant: A person or group, company or institution, against whom a civil or criminal action is brought.

Deterioration or disrepair: The condition or appearance of a building, structure, or parts thereof be characterized by holes, breaks, rot, crumbling, cracking, peeling, rusting, any other evidence of physical decay or neglect, excessive use or lack of maintenance, or be incapable of performing the task for which it was designed and in the manner it was intended.

Driveway: An unobstructed private way directly connecting a public or private street with vehicle parking, loading, or maneuvering areas.

Dust-Proof Surface: An area completely covered by (1) concrete, asphalt, cement, or sealed aggregate pavement; (2) crushed rock or gravel no smaller than one-quarter inch and no larger than three-quarters-inch maintained to minimum depth of two (2) inches; or (3) another stabilization material or method approved by the City. Dust-proof surface does not include areas of grass, lawn, compacted dirt, or hard-packed dirt.

Dwelling: A single unit as a whole building or portion thereof, providing complete independent living facilities for one (1) or more persons including permanent provisions for living, sleeping, eating, cooking and sanitation.

Excavation: A swimming pool, architectural pool, pond, shaft, test hole, well, pit, trench, or other condition resulting from the removal or absence of earthen material resulting in a cavity or opening that is more than four (4) inches in any lateral dimension and more than three (3) feet in depth, excluding active sand or gravel mines being operated in compliance with City and State laws. City approved retention basins are not considered excavations for purposes of this PM code.

Exterior Surfaces: Outside walls, roofs, fixtures, fences, gates, and attachments to a building or structure, including, but not limited to, doors, windows, gutters, down spouts, lights, antennas, satellite dishes, porches, posts, railings, garages, eaves, trims, patios, and chimneys.

Exterior Property: The open space on the premises and on adjoining property under the control of the responsible party of such premises.

Fences (Includes retaining walls and screen walls): An artificially constructed barrier of wood, stone, masonry, metal or combination of materials erected to screen, separate, protect, confine, or enclose; not including landscaping or other natural growth. The term fence shall include all walls, except those as part of building.

Fixture(s): Something that is fixed or attached to a building or structure as a permanent appendage or as a structural part.

Garbage: An accumulation of spoiled, decaying, or discarded animal or vegetable material resulting from the handling, preparation, cooking, or consumption of food for humans or animals, as well as other organic waste material subject to rapid decomposition.

Graffiti: Any drawing or inscription that degrades the appearance of property which is carved, etched, drawn or painted on a surface in a place that can be seen by the public.

Hazard: Any condition that presents a risk to the safety of any person or adversely affects or jeopardizes the health or well-being of any person or endangers property. Such conditions include, but are not limited to, occupancy without adequate water or sanitation facilities, accumulation of human or animal waste, presence of medical or biological waste, sharps, gaseous or combustible materials, radioactive waste, dangerous or corrosive chemicals or liquids, flammable or explosive materials, friable asbestos, offal or decay matter.

Imminent Hazard/ Danger: A hazard on or condition of real property that creates an immediate or unreasonable risk of death or injury to any person or an immediate or unreasonable risk of loss of or damage to property.

Incongruous Materials, Colors, and Finishes: Exterior surfaces that are not matching, and are inconsistent, incompatible, and discordant with the adjacent exterior surfaces.

Infestation: A proliferation of unpleasant, damaging, or unhealthful insects, rodents, reptiles, or pests.

Inoperable Vehicle: A motor vehicle or any major portion thereof that is unlicensed and is incapable of movement under its own power and will remain so without major repair, including but not limited to repair of the differential, transmission, head, engine block, or oil pan.

Inspection Warrant: An order in writing, signed by a judge of a court of competent jurisdiction, directed to a state, county or local official, authorizing entry into private property to inspect for violations of the Surprise Municipal Code or other relevant laws and regulations.

Judge: A City of Surprise Municipal Court Judge.

Municipal Court: The City of Surprise Municipal Court.

Occupant: A person, persons, or legal entity that, through rights of ownership or tenancy, has possession or the use and enjoyment of the subject real property. Any individual living or sleeping on premises, in a building or structure, or having possession or custody of a space on or within a premise, building or structure.

Owner: Any person, group of persons, firm or firms, corporation or corporations, or any other legal entity having legal title to or sufficient proprietary interest in the property.

Persons: Includes any individual or group of individuals, corporations, partnerships, associations, or any other organized group of persons, including state and local governments and agencies thereof.

Private Property: Land owned by any person other than the United States, the State of Arizona, a county, a city, a school district, or a special district.

Premises: A lot, plot, or parcel of land including any buildings thereon.

Responsible Party: An owner, occupant, lessor, lessee, manager, licensee, or other person having control over a structure or parcel of land; and in the case where demolition of a structure is proposed as a means of abatement, an lienholder whose lien interest is recorded in the official records of the Maricopa County Recorder's Office.

Right-of-Way (ROW): A designated or otherwise legally established strip of land occupied or intended to be occupied by a street, crosswalk, railroad, road, electric transmission line, oil or gas pipeline, water main, sanitary or storm sewer main, trees, or for another special use.

Sound Condition: Free from decay or defects and capable of performing the task for which it was designed and in the manner it was intended.

Structure: That which is built or constructed, an edifice or building of any kind or any piece of work artificially built up or composed of parts joined together in some definite manner.

Tenant: A person, corporation, partnership or group, whether or not the legal owner of record, occupying a building or portion thereof as a unit.

Toilet Room: A room containing a water closet or urinal but not a bathtub or shower.

Trash/Litter: Decaying or non-decaying solid and semi-solid wastes, including, but not limited to both combustible and noncombustible wastes, such as paper, trash, cardboard, waste material, cans, yard clippings, wood, metal, glass, bedding, debris, scrap paving material, discarded appliances, discarded furniture, dry vegetation, weeds, dead trees and branches, vegetation, and trees which may harbor insect or rodent infestations or may become a fire hazard, piles of earth mixed with any of the above, or any foreign objects.

Unlawful Structure: An unlawful structure is one found in whole or in part to be occupied by more persons than permitted under the Surprise Municipal Code, or which was erected, altered or occupied contrary to law.

Unsafe Equipment: Unsafe equipment including electrical wiring or device, flammable liquid containers or other equipment on the premises or within the structure that is in such disrepair or condition that such equipment is a hazard to life, health, property, or safety of the public or occupants of the premises or structure.

Unsafe/ Unfit Structure: A structure that is found to be dangerous to the life, health, property, or safety of the public or the occupants of the structure by not providing minimum safeguards to protect or warn occupants, in the event of fire, or because such

structure contains unsafe equipment or is so damaged, decayed, dilapidated, structurally unsafe, or of such faulty construction or unstable foundation, that partial or complete collapse is possible.

Utility Service: Those services required for plumbing and electrical systems, heating and cooling systems, ventilation systems and fixtures, and appliances to properly operate, including water service, sewer service, electric service, and gas service.

Vehicle: Every device by which any person or property is or may be transported or drawn; including, but not limited to, automobiles, motor homes, travel trailers, utility trailers, or watercraft. Devices moved by human power or used exclusively upon stationary rails or tracks are exempt.

Vehicle Cover: A vehicle cover placed on any vehicle that is visible from any public street or sidewalk must be properly maintained and made exclusively for covering vehicles. A proper cover does not include bed linen, paper, cardboard, plastic sheeting, tarps, or any other item or material not manufactured specifically as a vehicle cover. The use of a vehicle cover on any abandoned or inoperable vehicle as defined in this PM code is limited to a vehicle that is stored in a carport.

Vehicle Parts: Any part(s), component(s), or accessory of a vehicle.

Weed: A useless and troublesome plant generally accepted as having no value and frequently of uncontrolled growth. This shall include all grasses, annual plants and vegetation, other than cultivated trees, shrubs, flowers or gardens.

Yard: An open area of a residential lot that is at grade level between the dwelling and the adjoining lot lines, except as otherwise provided in this PM code.

1. **Yard, Front:** A yard extending between two (2) side lot lines and the depth of which is the distance between the street and the primary building.
2. **Yard, Rear:** A yard extending between two (2) side lot lines and the depth of which is the distance between the rear lot line and the primary building.
3. **Yard, Side:** A yard extending between the fence return or front yard and rear yard and the depth of which is the distance between the side lot line and the primary building. The required side yard area is the area of the side yard that is bound by the front and rear yards and side lot lines.
4. **Yard, Street Side:** A side yard which is along the side lot line that abuts a street.

Zoning Ordinance: The adopted Land Development Ordinance of the City of Surprise, Arizona.

34-405 Authority and Enforcement

- (A) The Code Official shall have authority, as necessary in the interest of public health, safety and general welfare, to adopt and promulgate rules and procedures, to interpret and implement the provisions of this PM code, and to secure the intent thereof.

1. The City's Code Enforcement Division shall be charged with the administration and enforcement of this PM code.
 2. The Code Official shall keep official records of all enforcement actions in accordance with applicable State laws.
- (B) In determining compliance with this PM code and the Adopted Codes, interior and exterior inspections of private property, yards, or vacant land may be conducted. Interior inspections and the inspection of fenced yards having an expectation of privacy shall be conducted in accordance with applicable law, including as follows:
1. With approval of the responsible party of the home where the violation exists or is believed to exist;
 2. From the second story of a neighboring property, with the consent of the responsible party for that property, and where the violation can be seen in plain view from a window, balcony, patio or the like;
 3. By court order;
 4. Any other method permitted by law.
- (C) The City may proceed either civilly or criminally against any person who is found to be responsible for causing, permitting, or facilitating any violation of any provision of this PM code or for failing to perform any act or duty required by this PM code.
1. Each day a violation of any provision of this PM code or the failure to perform any act or duty required by this PM code continues shall constitute a separate violation or offense.
 2. Violations of this PM code are in addition to any other violation enumerated within the Surprise Municipal Code or other applicable law and in no way limit the penalties, actions or procedures, which may be taken by the City for any violation of this PM code, which is also a violation of any other provision of the Surprise Municipal Code or any other applicable law.
 3. The remedies specified herein are cumulative and the City may proceed under these or any other remedies authorized by law.
 4. When two (2) or more persons have liability to the City or are responsible for a violation of this PM code, their responsibility shall be joint and several.

34-406 Liability

- (A) Persons charged with the enforcement of this PM code, acting in good faith and without malice, and within the authority of their official capacity, shall be indemnified by the City in accordance with Chapter 4 of the Surprise Municipal Code.
- (B) No person shall obstruct, impede, or interfere with any officer, employee, or authorized representative of the City who is lawfully engaged in the enforcement or execution of the provisions of this PM code.
1. Any person who violates the requirements of this provision shall be guilty of a class 1 misdemeanor and shall be subject to the penalties in Sec. 2-238 of the Surprise Municipal Code, or any other penalties as appropriate and authorized by law.

- (A) Upon inspection, if the City finds facts or circumstances which give at least reasonable cause to believe that a violation of this PM code, or any other section of the Surprise Municipal Code or the Adopted Codes exists, the City may notify the responsible party through the issuance of a Violation Notice, that voluntary correction of the observed violations is warranted. A Violation Notice shall include:
1. Identification of the property in violation.
 2. Statement of violations in sufficient detail to allow the responsible party to identify and correct the violation(s).
 3. Expiration date; the date by which corrections should be made to bring the property into compliance.
 4. Address and phone number of a City representative to contact.
 5. If the notice includes possible abatement action, it shall also state the City's intent to abate if voluntary compliance is not achieved. The notice shall include a cost estimate to correct the violation(s), and the authority to assess a lien against the property for the costs to correct the violations, should the violation not be corrected within the time provided for voluntary compliance.
 6. If the notice includes possible removal or demolition, it shall also state the City's intent to remove or demolish the structure or equipment if voluntary compliance is not achieved. The notice shall include a cost estimate for the removal or demolition, and the authority to assess a lien against the property for the costs to correct the violations, should the violation not be corrected within the time provided for voluntary compliance. Such notice shall be recorded with the Maricopa County Recorder's Office.
 7. The potential for civil or criminal penalties for failing to correct the violation.
 8. If the violation is accompanied by a Notice of Condemnation it shall comply with Sec. 34-412 of this PM code.
- (B) Nothing within the PM code shall preclude the City from giving additional verbal or written notice at its discretion. If the City does elect to give any additional notice in any instance, it shall not be obligated to give such additional notice thereafter in the same or similar situations.
- (C) Nothing in this PM code shall require the issuance of a Violation Notice prior to the commencement of civil or criminal proceedings. The Code Official shall approve commencement of any proceeding in which a Violation Notice is not issued prior to commencement.
- (D) A Violation Notice shall be deemed properly served by any of the following means:
1. Personal service.
 2. Mailing a copy by first class, certified, or registered mail, return receipt requested, to the last known address.
 3. Posting the Violation Notice on or about the entrance of the premises where the violations exist.
 4. Publishing the Violation Notice one-time in a newspaper of general circulation in the City of Surprise.

- (E) The City may record a Violation Notice with the Maricopa County Recorder. A recorded Violation Notice shall run with the land and shall constitute notice, for all purposes of this PM code, to all person or entities acquiring an interest in the property. Failure to record a Violation Notice shall not affect the validity of the notice as to persons who receive the notice. When the property is brought into compliance, a release of the recorded notice will be subsequently filed with the Maricopa County Recorder.
- (F) It shall be unlawful for any responsible party who has received a Violation Notice to sell, transfer, mortgage, lease or otherwise dispose of such property until the provisions of this chapter have been complied with, or until such responsible party first furnishes the grantee, transferee, mortgagee, or lessee a true copy of any notice issued by the Code Official, and furnishes to the Code Official a signed and notarized statement from the grantee, transferee, mortgagee, or lessee acknowledging the receipt of such notice and fully accepting the responsibility without condition for making the corrections or repairs required by such notice.
- (G) Nothing in this section shall prevent the City from taking immediate action to protect the public from an imminent hazard to health or safety as otherwise provided by law.

34-408 Civil Citation

- (A) Should a violation continue past the time provided for voluntary compliance in the Violation Notice, a civil citation may be issued by the Code Official, unless submission to the City of Surprise Prosecutor for criminal charging is warranted.
- (B) The civil citation shall name the responsible party or parties for the property in violation as the “defendant” and include the following information:
 1. The date, time and location where the violation(s) were observed.
 2. A reference to all section(s) of this PM code or other chapters of the Surprise Municipal Code, or the Adopted Codes, which have been violated.
 3. The date and time to appear in the Surprise Municipal Court.
 4. Notice that if the defendant fails to appear in court, a default judgement may be entered against them.
- (C) The civil citation shall be deemed properly served by any of the following means:
 1. Personal service.
 2. Mailing a copy by first class, certified, or registered mail, return receipt requested, to the last known address. Proof of certified, registered or return receipt service shall be filed with the Surprise Municipal Court upon receipt.
 3. Any means allowed by the Arizona Rules of Civil Procedure.

34-409 Criminal Complaint

- (A) The Code Official or designee may seek the issuance of a criminal complaint by the Surprise City Prosecutor for the prosecution of any criminal offense as set forth

in this PM code or any other section(s) or chapters of the Surprise Municipal Code, or the Adopted Codes.

- (B) Every criminal action or proceeding under this PM code shall be designated a misdemeanor and commenced and prosecuted in accordance with the laws of the State of Arizona relating to misdemeanors and the Arizona Rules of Criminal Procedure.

34-410 Inspection Warrants

- (A) The Code Official or designee may seek the issuance of an inspection warrant by a judge if denied access to any property, building, or structure that the City would otherwise have the authority to inspect for public health and safety reasons.
- (B) An affidavit for an inspection warrant shall be submitted to the judge establishing probable cause that a violation of this PM code or another section or chapter of the Surprise Municipal Code or Adopted Codes exists, and that the proposed inspection is reasonable and necessary. Evidence which may establish probable cause includes:
 - 1. Previous inspections have shown violations and the present inspection is necessary to determine whether those violations have been abated.
 - 2. Complaints have been received by the City's Code Official or the Code Enforcement Division from persons who, by status or position, have personal knowledge of the violations of law occurring on the subject property, building, or structure.
- (C) Execution of inspection warrants granted under this PM code shall be coordinated with a sworn peace officer and in accordance with the Arizona Revised Statutes.
- (D) In executing an inspection warrant on occupied property, the person authorized to execute the warrant shall present the person's credentials, authority, and purpose to a responsible party in possession of and physically present at the property designated in the warrant and show the person the warrant or a copy thereof upon request. A copy of the warrant shall be left with the person in possession of the property and physically present at the time the property being inspected.
- (E) In executing an inspection warrant on property known to be uninhabited, the person authorized to execute the warrant need not inform anyone of the person's authority and purpose, but may promptly enter the designated property if it is at the time uninhabited or not in the possession of any person, or at the time reasonably believed to be in such condition. In such case, a copy of the inspection warrant shall be conspicuously posted on the property.
- (F) Any person who willfully refuses to permit an inspection lawfully authorized pursuant to this section is guilty of a misdemeanor.

- (G) An inspection warrant must be executed and returned to the court which issued it within five (5) calendar days of its date unless there has been a showing of need for additional time and the court has ordered otherwise.

34-411 Abatement and Demolition

- (A) If a responsible party is served a Violation Notice and fails to comply with such notice by the date provided for voluntary compliance, the City may abate the condition(s) as described in the notice.
- (B) No person shall allow or cause to remain on any property any damaged or dilapidated building, structure or equipment that is unreasonable to repair, contributes to blight or constitutes a hazard to public health or safety, or such structures may be ordered removed or demolished by the Code Official.
- (C) Notwithstanding any other provision of this PM code if, in the opinion of the Code Official, the conditions at a property constitute an imminent hazard, the Code Official may order immediate abatement of the hazard without notice. Such abatement of an imminent hazard shall be limited to the minimum work necessary to remove the hazard.
- (D) When the City has effected an abatement, removal or demolition of any violation, the actual cost of such abatement, removal or demolition, including administrative and other incidental costs in connection with the enforcement action, shall become an assessment upon the building or real property from which such violation was corrected. The responsible party for such property shall be liable for the payment of same.
1. A lien or assessment shall be placed on the property until paid.
 2. Such liens or assessments shall be prior and superior to all other liens, obligations, mortgages, or other encumbrances, except liens for general taxes.
 3. The City may pursue any or all means for recovery of cost if the lien or assessment is not paid. In the event it is necessary to enforce the lien or assessment by sale, the sale shall be made from a judgment of foreclosure and order of sale. The City shall have the right to enforce the lien or assessment in the Superior Court of Maricopa County at any time after recording, but failure to enforce the lien or assessment shall not affect its validity. The recorded lien or assessment shall be prima facie evidence of the truth of all matters recited therein, and of the regularity of all proceedings prior to the recording.
 4. If the lien or assessment is paid, the lien or assessment shall be removed by the City.
 5. Prior liens or assessments, for the purposes provided for in this PM code, shall not be a bar to a subsequent liens or assessments and any number of liens or assessments on the same parcel may be enforced in the same action.

6. Any liens or assessments filed with the Maricopa County Recorder pursuant to previous provisions of this PM code or any similar code or ordinance shall remain in effect under the same terms and conditions that existed at the time of recording.
- (E) In accordance with applicable law, the City may dispose of any material of value resulting from an abatement, removal or demolition, in any manner, including but not limited to sale or destruction. The sale or destruction of such property shall comply with the City of Surprise Procurement Code.
- (F) In addition to any other abatement procedure provided in this PM code, the Code Official or designee may apply to the Surprise Municipal Court for an order permitting the City to abate any condition that constitutes a violation of this PM code and which the City has been denied access to or been otherwise unable abate, or which the owner or responsible party has demonstrated an unwillingness to abate.

34-412 Condemnation

- (A) When a structure, premises or equipment is found by the Code Official to be unfit for human occupancy, unsafe, or unlawful, such structure, equipment or premises shall be condemned pursuant to the provisions of this section and the responsible party shall be issued a Violation Notice.
- (B) If a structure, premises or equipment is vacant and unfit for human occupancy, but does not present an imminent hazard, the Code Official is authorized to post a Notice of Condemnation on the structure, premises or equipment and order it closed up and secured by the responsible party, so as not to be a hazard to public health or safety.
- (C) When, in the opinion of the Code Official, there is imminent danger of failure or collapse of a structure or premises which endangers life, or when any parts thereof have fallen or failed, or when there is actual or potential danger because of explosives, explosive fumes or vapors, or the presence of toxic fumes, gases or materials, or operation of defective or dangerous equipment, the Code Official is hereby authorized to post a Notice of Condemnation at each entrance to such structure and require the occupants to vacate the premises immediately and to order it to remain vacant. The property may then be abated pursuant to the provisions of Sec. 34-411 of this PM code.
1. A structure condemned and ordered vacated or to remain vacant under the provisions of this section shall not be leased, rented, or occupied, until it has been inspected and deemed fit for occupancy by the City.
 2. The City may pay the cost and expense for the abatement of a hazard from any appropriation made available for that purpose.
 3. A lien shall be recorded with the Maricopa County Recorder's Office and shall address the same costs and procedures identified elsewhere in this PM code.

- (D) Notices of Condemnation shall contain the following language and information:
1. **CONDEMNED Occupancy/Use Has Been Prohibited by the Code Official.**
 2. The date by which the structure or equipment is to be closed up and secured.
 3. Notice that the responsible party's failure to comply with the notice shall cause the Code Official to close up and/or secure the structure, premises or equipment through any available means and the cost thereof shall become a lien upon such real estate through the procedures identified elsewhere in this PM code, and which may be collected through any recourse as prescribed by law.
 4. Notice that any temporary securement of vacant structures must be done in accordance with City specifications.
- (E) Any person occupying or using a condemned structure, premises or equipment and/or any responsible party for the premises who knowingly or intentionally occupies or permits the occupancy or use of a condemned structure, premises or equipment, shall be guilty of a misdemeanor.
- (F) The Code Official shall remove the Notice of Condemnation whenever all the condition(s) or defect(s) upon which the condemnation action was based have been eliminated.
1. Any person who defaces or removes a Notice of Condemnation without the approval of the Code Official shall be guilty of a misdemeanor.

34-413 Building Systems

- (A) All systems within the interior of every building or structure, including but not limited to plumbing, electrical, heating, cooling, ventilation and mechanical systems, fixtures, appliances and equipment, including fire detection and suppression equipment and systems, shall be properly installed in conformance to the Adopted Codes in effect at the time of installation and shall be maintained as approved, in a state of good repair, free from hazards, and capable of performing their intended function.
1. Every dwelling or dwelling unit where heating systems are installed shall have heating systems capable of safely heating all habitable rooms, bathrooms and flushing toilet rooms to a temperature of at least seventy (70) degrees Fahrenheit at a distance three (3) feet above floor level in the center of the room. Required heating shall be provided by permanently installed heating facilities.
 2. Every dwelling or dwelling unit where cooling systems are installed shall have cooling systems capable of safely cooling all habitable rooms, bathrooms and flushing toilet rooms to a temperature no greater than eighty-six (86) degrees Fahrenheit, if cooled by evaporative cooling, or eighty-two (82) degrees Fahrenheit, if cooled by air conditioning. Temperature measurements shall be taken at a distance three (3) feet above the floor in the center of the room. Required cooling shall be provided by permanently installed cooling facilities.

- (B) Pipes, ducts, conductors, fans, or blowers shall not discharge gases, steam, vapor, hot air, grease, smoke, odors, or other gaseous or particulate wastes directly upon abutting or adjacent public or private property, or that of another tenant.
- (C) All utility service connections to or within every building or structure shall be of the appropriate size and use required for the building or structure and shall be maintained in good repair and functioning for the proper operation of all systems and appliances within the building or structure, in compliance with the Adopted Codes.

34-414 Interior Maintenance

- (A) The interior of every building or structure shall be maintained in good repair, structurally sound, and in a safe and sanitary condition free from any accumulation of garbage, food waste, human or animal waste, infestation, or material generally considered trash, rubbish, or litter, graffiti or blight.
 - 1. The responsible party of a structure, dwelling or dwelling unit shall maintain, in a clean and sanitary condition, the shared or public areas of the structure, dwelling or dwelling unit, or the parts thereof which they occupy or control.
- (B) All interior surfaces, including but not limited to walls, doors, cabinets, windows, ceilings, stairs, railings, floors and all other appurtenances shall be maintained in good repair and in a safe and structurally sound condition.
 - 1. Peeling, chipping, flaking, or abraded paint shall be repaired, removed, or covered.
 - 2. Paint applied to interior surfaces must be lead-free.
 - 3. Cracked or loose plaster, decayed wood, and other defective surface conditions shall be corrected.
- (C) All buildings, dwellings or dwelling units shall have an adequate potable water supply in accordance with City of Surprise Land Development Ordinance 108-2.8.
- (D) All premises containing dwellings or dwelling units shall be provided with one or more bathrooms equipped with a toilet, sink, and either a bathtub or shower, as prescribed by the Adopted Codes, and maintained in a state of good repair and capable of performing their intended function.
- (E) Each sink, lavatory, bathtub, or shower or fixture shall be equipped with water from an approved water supply in amounts and pressure necessary for their normal operation, and consisting of running cold water and running heated water provided through a properly regulated mixing valve.
 - 1. Said fixtures shall be installed and maintained to provide a supply of water sufficient in volume and pressure such that the fixtures function safely and properly, free from defects and leaks and will perform their intended functions.
- (F) When a structure is equipped with an indoor cooking area, it must be provided with a sink separate and apart from any bathroom sink or lavatory.

- (G) Water heating facilities shall be properly installed per manufacturer standards, maintained in good repair and in a hazard-free condition, and capable of providing a supply of water in sufficient volume at every required sink, lavatory, bathtub or shower, and laundry facility, if provided, at a temperature of not less than one hundred ten (110) degrees.

34-415 Exterior Maintenance

- (A) The exterior of every building or structure, including accessory structures such as detached garages, fences and walls, shall be maintained in good repair, structurally sound, and in a safe and sanitary condition free from any accumulation of garbage, food waste, human or animal waste, or material generally considered trash, rubbish, or litter, graffiti or blight.
- (B) All exposed exterior surfaces of any building or structure shall be maintained in good repair and impervious to moisture and weather elements and shall be free of broken, rotted, split, curled, buckled or missing coverings or materials and shall not otherwise present a deteriorated appearance, including but not limited to the following:
1. All exterior surfaces shall be protected by paint or other protective treatment; except such surfaces naturally resistant to rust, rot or decay.
 2. Paint applied to exterior surfaces shall be free of loose, cracked, scaling, chipping, or peeling paint in such amounts as to present a deteriorated appearance.
 3. The maintenance, repair, replacement, completion or use of materials, colors, or finishes shall be consistent with the predominant materials, colors, or finishes of an exposed exterior surface and free from any incongruous materials, colors or finishes.
 4. Roof drains, gutter and downspouts shall be maintained free from obstructions and shall not discharge in a manner that creates any hazard to public health or safety.
 5. Window screens shall be free from excessive tears or holes or bent or broken frames.
 6. All glazing materials shall be maintained free from cracks and holes.
 7. Leaning fences or walls and/or fences or walls that are missing slats or blocks, or which exhibit rot, damage, graffiti, peeling paint, deterioration of paint or materials, or an otherwise blighted appearance are prohibited.
 8. Overhang extensions including, but not limited to, tarps, marquees, signs, metal awnings, fire escapes, standpipes and exhaust ducts shall be maintained in good repair and be properly anchored and kept in sound condition.
 9. Exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather-coating materials, such as paint or similar surface treatment.
 10. Roof coverings shall be substantially free from broken, rotted, split, or curled materials and shall not otherwise present a deteriorated or blighted appearance.

11. Roof drainage shall be adequate to prevent dampness or deterioration in the walls or interior portion of the structure.
 12. Roof water shall not be discharged in a manner that creates a hazard to public health or safety.
- (C) Except for privacy windscreens manufactured specifically for chain link fences, and appropriately attached to lawfully erected chain link fences, the visible use or display of tarps, plastic sheeting, or other similar materials as flexible or inflexible screening, fencing or wall covering is prohibited. Permanently boarded window or door openings on an occupied structure are prohibited but the temporary boarding prior to repairs is acceptable so long as it conforms to the City's specifications.

34-416 Exterior Premises and Land Maintenance

- (A) All exterior premises and lands, whether improved or unimproved, shall be maintained in a safe and sanitary condition free from any accumulation of garbage, human waste, animal waste, vegetation or food waste, hazardous waste, infestation, or any material generally considered trash, rubbish, litter, graffiti or blight.
- (B) Animal waste shall be removed from kennels, pens, stables, yards and other enclosures at least twice weekly and from the property at least once each week or more frequently if conditions necessitate.
- (C) No person shall cause, allow, or permit personal property which he owns, leases, rents, or controls to be abandoned on a public right-of-way, street, alley, or on any public or private real property within the City. Items placed by or approved by the City are exempt from this subsection.
1. Any person who violates this section shall be liable for all costs incurred by the City to remediate such violations in addition to any other penalties permitted by this PM code.
- (D) No person shall place and/or store any items in public view, such as furniture, except furniture designed and placed for outdoor use, equipment, appliances, construction or landscape materials, debris, or any other similar materials which are visible from beyond the boundaries of the property, and which contribute to a blighted condition. For purposes of this subsection only, the storage of personal property does not include items neatly and safely stored in the side or rear yards.
- (E) It is unlawful for any responsible party in charge of any construction or demolition site to cause, to maintain or permit the accumulation of any litter or debris on the site before, during, or after completion of the project, except in a designated contained area, or to allow any such litter or debris to become windblown, and carried or deposited upon any alley, street, public place, or adjacent property.

- (F) Vacant lots or lands which have been subject to dumping, trespass or the operation of vehicles on a non-dust controlled property shall be subject to the requirements of Surprise Municipal Code 34-111.
- (G) All property shall be graded and maintained to prevent the erosion of soil and to prevent the accumulation of stagnant water thereon, or within any structure located thereon, which may cause a hazardous or unhealthy condition, breed insects, or which is causing damage to foundations or foundation walls.
 - 1. No person shall allow any swimming pool, architectural pool, pond, or spa to remain or be maintained in a condition that may breed insects or result in insect or other infestation, is polluted or stagnant, or creates a blighting condition.
 - 2. Architectural pools that contain fish must be maintained to provide for the health of the fish. Dead fish must be removed immediately.
 - 3. Approved retention areas and reservoirs serving their intended and constructed purpose shall be the exception.
- (H) Excavations, pits, wells, holes and other similar conditions shall be maintained in a secure manner so as to not be a hazard to public health and safety.

34-417 Landscape Maintenance

- (A) No person shall allow or permit to remain on any property that they own or control, any landscaping conditions which contribute to visual blight, including, but not limited to:
 - 1. Vegetation that is substantially dead or damaged, to include palm trees with an excessive accumulation of dead or dry fronds, which could result in insect or other infestations or result in other conditions that are likely to become a hazard to public health or safety.
 - 2. All noxious weeds and/or weeds in excess of six (6) inches in height.
 - 3. Any tree whose limbs hang lower than fifteen (15) feet above any public street or seven (7) feet above any public sidewalk.
- (B) Grass or yard clippings, tree trimmings, or items of a similar nature shall not be placed or deposited onto public property or onto the property of another without permission.
- (C) All sidewalks, walkways, stairs, driveways, parking spaces and similar areas shall be maintained and kept in a state of good repair and free from any deteriorated, blighted or hazardous conditions.

34-418 Vehicles

- (A) All vehicles are prohibited from parking on any surface that is not considered an improved or dust-proof surface intended for the parking of vehicles.

- (B) No person shall place or store any inoperable vehicle or vehicle parts in public view unless the following applies:
 - 1. The vehicle is undergoing repair and is owned and titled to the owner or occupant of the residence; and
 - 2. The total period during which the vehicle is inoperable does not exceed fifteen days; or
 - 3. The vehicle is placed in a garage or carport and, if in a carport, is covered with a vehicle cover intended for the use of covering a vehicle.
- (C) The painting of vehicles is prohibited except within an approved spray booth.
- (D) Disposal of automotive liquids on any property or in any trash container is prohibited.
- (E) Automotive liquids shall not be permitted to accumulate or otherwise cause a blighted appearance upon driveways or sidewalks.
 - 1. Automotive liquids that have accumulated or caused a blighted condition shall be removed in a manner that does not causes the discharge of the automotive liquids into the City's storm drains, pursuant to Surprise Municipal Code 58-491.
- (F) The display of one (1) vehicle for sale is permitted at a residential property when the vehicle is titled to the owner or occupant of the property, is parked on an improved or dust-proof parking surface, and is not being sold in connection with any automobile sales business.
 - 1. No more than three (3) vehicles may be displayed for sale at the same residence within a twelve (12) month period, and only one (1) may be for sale at a time.
- (G) No person shall park or permit to be parked any vehicle for the purpose of sale upon any property or vacant property, except property previously approved or zoned for the sale of vehicles.

34-419 Safety

- (A) All buildings or structures shall have an unobstructed path of travel to allow occupants to safely egress from doors, windows or other emergency escape openings from any point within the building to a public way, in accordance with the Adopted Codes.
- (B) Any condition which could hamper or obstruct the safe and expedient access or passage of public safety personnel into, out of, or within the vicinity of any structure or premises is prohibited.

- (C) All systems, device or equipment to detect, suppress or control a fire or actuate an alarm shall be maintained in good repair and in an operable condition at all times.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Andrea Davis, DIRECTOR -
FINANCE

Submitting Department: Finance

District: Internal

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Presentation and discussion pertaining to the fiscal year 2021 annual audit and Annual Comprehensive Financial Report, and associated reports.

Motion:

None; discussion only.

Background:

The City is subject to an annual audit performed by external auditors. Each year the auditors issue an opinion on the City of Surprise Annual Comprehensive Financial Report (ACFR), Single Audit Report, Annual Expenditure Limitation (AELR) Report, and Highway User Revenue Fund (HURF) Report, and provide letters related to the outcome of the audit such as the Management Letter and the Communication with Governance.

The city received an unmodified opinion, which is the 'clean' opinion and the goal of all cities.

Objective Analysis:

A "clean" or unmodified opinion is the goal of all cities.

Policy Compliant:

The reports have met the requirements of external regulators and are compliant with City policy.

Financial Impact:

There is no financial impact as these reports are for informational purposes only.

Budget Impact:

There is no budget impact as these reports are for informational purposes only.

FTE Impact:

The number of full time equivalents (FTE) is not impacted by this item.

ATTACHMENTS:

1. City of Surprise Communication to Governance 21
 2. City of Surprise HURF Report 21
 3. City of Surprise Management Letter 21
 4. City of Surprise SA 21
 5. FY21 City of Surprise ACFR
 6. General Rep Single Audit 21 Surprise City - signed
 7. FY21 City of Surprise ACFR General Rep Letter
 8. FY21 City of Surprise AELR
 9. GRL ELR Examination 21 Surprise City - signed
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January 27, 2022

To the Honorable Mayor and Members of the Town Council
City of Surprise, Arizona

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and remaining fund information of City of Surprise, Arizona (City) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter provided to you during the planning phase of the audit. Professional standards also require that we communicate to you the following matters related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Surprise, Arizona are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time management estimates those assets will provide some economic benefit in the future.
- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.
- The assumptions used in the actuarial valuations of the pension are based on historical trends and industry standards.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. During the course of the audit we did not identify any misstatements which require communication.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain written representations from management, which are included in the management representation letter provided to us at the conclusion of the audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants regarding auditing and accounting matters.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management throughout the course of the year. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention as the City's auditors.

Compliance with Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm, have complied with all relevant ethical requirements regarding independence. Heinfeld, Meech & Co., P.C. continually assesses client relationships to comply with relevant ethical requirements, including independence, integrity, and objectivity, and policies and procedures related to the acceptance and continuance of client relationships and specific engagements. Our firm follows the "Independence Rule" of the AICPA Code of Professional Conduct and the rules of state boards of accountancy and applicable regulatory agencies. It is the policy of the firm that all employees be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, U.S. Government Accountability Office (GAO), and applicable state boards of accountancy.

Responsibility for Fraud

It is important for both management and the members of the governing body to recognize their role in preventing, deterring, and detecting fraud. One common misconception is that the auditors are responsible for detecting fraud. Auditors are required to plan and perform an audit to obtain reasonable assurance that the financial statements do not include material misstatements caused by fraud. Unfortunately most frauds which occur in an organization do not meet this threshold.

The attached document prepared by the Association of Certified Fraud Examiners (ACFE) is provided as a courtesy to test the effectiveness of the fraud prevention measures of your organization. Some of these steps may already be in place, others may not. Not even the most well-designed internal controls or procedures can prevent and detect all forms of fraud. However, an awareness of fraud related

factors, as well as the active involvement by management and the members of the governing body in setting the proper “tone at the top”, increases the likelihood that fraud will be prevented, deterred and detected.

Additional Reports Issued

In addition to the auditor’s report on the financial statements we will also issue the following documents related to this audit. These reports are typically issued within 60 days of the date of this letter.

- Single Audit Reporting Package
- Examination report on the Annual Expenditure Limitation Report

Other Important Communications Related to the Audit

Attached to this letter are a copy of the signed engagement letter provided to us at the initiation of the audit, and a copy of the management representation letter provided to us at the conclusion of the audit. If there are any questions on the purpose or content of these letters please contact the engagement partner identified in the attached engagement letter.

Restriction on Use

This information is intended solely for the use of the members of the City Council and management of City of Surprise, Arizona and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

Fraud Prevention Checklist

The most cost-effective way to limit fraud losses is to prevent fraud from occurring. This checklist is designed to help organizations test the effectiveness of their fraud prevention measures.

1. Is ongoing anti-fraud training provided to all employees of the organization?

- Do employees understand what constitutes fraud?
- Have the costs of fraud to the company and everyone in it — including lost profits, adverse publicity, job loss and decreased morale and productivity — been made clear to employees?
- Do employees know where to seek advice when faced with uncertain ethical decisions, and do they believe that they can speak freely?
- Has a policy of zero-tolerance for fraud been communicated to employees through words and actions?

2. Is an effective fraud reporting mechanism in place?

- Have employees been taught how to communicate concerns about known or potential wrongdoing?
- Is there an anonymous reporting channel available to employees, such as a third-party hotline?
- Do employees trust that they can report suspicious activity anonymously and/or confidentially and without fear of reprisal?
- Has it been made clear to employees that reports of suspicious activity will be promptly and thoroughly evaluated?
- Do reporting policies and mechanisms extend to vendors, customers and other outside parties?

3. To increase employees' perception of detection, are the following proactive measures taken and publicized to employees?

- Is possible fraudulent conduct aggressively sought out, rather than dealt with passively?
- Does the organization send the message that it actively seeks out fraudulent conduct through fraud assessment questioning by auditors?
- Are surprise fraud audits performed in addition to regularly scheduled audits?
- Is continuous auditing software used to detect fraud and, if so, has the use of such software been made known throughout the organization?

- 4. Is the management climate/tone at the top one of honesty and integrity?**
 - Are employees surveyed to determine the extent to which they believe management acts with honesty and integrity?
 - Are performance goals realistic?
 - Have fraud prevention goals been incorporated into the performance measures against which managers are evaluated and which are used to determine performance-related compensation?
 - Has the organization established, implemented and tested a process for oversight of fraud risks by the board of directors or others charged with governance (e.g., the audit committee)?
- 5. Are fraud risk assessments performed to proactively identify and mitigate the company's vulnerabilities to internal and external fraud?**
- 6. Are strong anti-fraud controls in place and operating effectively, including the following?**
 - Proper separation of duties
 - Use of authorizations
 - Physical safeguards
 - Job rotations
 - Mandatory vacations
- 7. Does the internal audit department, if one exists, have adequate resources and authority to operate effectively and without undue influence from senior management?**
- 8. Does the hiring policy include the following (where permitted by law)?**
 - Past employment verification
 - Criminal and civil background checks
 - Credit checks
 - Drug screening
 - Education verification
 - References check
- 9. Are employee support programs in place to assist employees struggling with addictions, mental/ emotional health, family or financial problems?**
- 10. Is an open-door policy in place that allows employees to speak freely about pressures, providing management the opportunity to alleviate such pressures before they become acute?**
- 11. Are anonymous surveys conducted to assess employee morale?**

September 1, 2021

Honorable Mayor, Members of the City Council, and Management
City of Surprise
16000 N. Civic Center Plaza
Surprise, AZ 85374

We are pleased to confirm our understanding of the services we are to provide for the City of Surprise, Arizona (City).

We will examine the Annual Expenditure Limitation Report (AELR) of the City for the year ended June 30, 2021. The objectives of our examination are to (1) obtain reasonable assurance about whether the AELR is free from material misstatement; and (2) to express an opinion as to whether the AELR is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System.

Our examination will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include examining, on a test basis, your records and other procedures to obtain evidence necessary to enable us to express our opinion. We will issue a written report upon completion of our examination. Our report will be addressed to the Auditor General of the State of Arizona, Honorable Mayor, Members of the City Council, and Management of the City. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

We will plan and perform the examination to obtain reasonable assurance about whether the AELR is free from material misstatement, based on the Uniform Expenditure Reporting System. Our engagement will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, or known and suspected fraud or noncompliance with laws or regulations, or internal control deficiencies that may exist. However, we will inform you of any known and suspected fraud and noncompliance with laws or regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention unless clearly trivial.

We understand that you will provide us with the information required for our examination and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria, but the responsibility for the subject matter remains with you.

You are responsible for the presentation of AELR in accordance with the Uniform Expenditure Reporting System and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are responsible for, and agree to provide us with, a written assertion about whether the AELR is presented in accordance with the Uniform Expenditure Reporting System. Failure to provide such an assertion will result in our withdrawal from the engagement. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the measurement, evaluation, or disclosure of the subject matter; (2) additional information that we may request for the purpose of the examination; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

At the conclusion of the engagement, you agree to provide us with certain written representations in the form of a representation letter.

Brittney Williams is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

The documentation for this engagement is the property of Heinfeld, Meech & Co., P.C. and constitutes confidential information. However, subject to applicable laws and regulations, documentation will be made available upon request to governmental agencies pursuant to authority given to them by law or regulation. We will notify you of any such request. If requested, access to such engagement documentation will be provided under the supervision of Heinfeld, Meech & Co., P.C., personnel. Furthermore, upon request, we may provide copies of selected documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

The documentation for this engagement will be retained for a minimum of five (5) years after the report release date, or for any additional period requested by a regulator, oversight agency, or pass-through entity. Upon expiration of the five year period, or any additional period, we will commence the process of destroying the contents of our engagement files.

Any disagreement, controversy, or claim (“dispute”) that may arise from any aspect of our services, including this engagement or any prior engagement, will be submitted to mediation. The parties will engage in the mediation process in good faith once a written request to mediate has been given by any party. Any mediation initiated as a result of this engagement shall be administered by The American Arbitration Association, according to its mediation rules before resorting to litigation. The results of any such mediation shall be binding only upon agreement of each party to be bound. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally.

Our fee for these services will be at the amount outlined in our proposal. Our fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the examination. We exercised care in estimating the fee and believe it accurately indicates the scope of the work. Subsequent review of documentation and additional meetings will be billed at the hourly rates indicated below. Our fee does not include factors beyond our control, such as consultation and assistance in correcting errors in City prepared information, or rescheduling when the City is not prepared. Not completing the requested information on time will jeopardize meeting the applicable filing deadlines. Additional fees incurred for factors beyond our control will be billed at the following hourly rates: Partner - \$270; Manager - \$215; Senior - \$155; Staff - \$110. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona

cc: Teresa Butterbredt, Assistant Director of Finance
Andrea Davis, Finance Director

RESPONSE:

This letter correctly sets forth the understanding of City of Surprise, Arizona.

By: *Teresa Butterbredt*
[Teresa Butterbredt \(Sep 1, 2021 08:13 PDT\)](#)

Title: Assistant Finance Director

Date: 09/01/2021

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Rd., Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Surprise, Arizona, which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the disclosures (collectively the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. The effects of all known actual or possible litigation, claims, and assessments have been evaluated, and if necessary, have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.
15. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. If applicable, we have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
23. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

26. We have appropriately disclosed all information for conduit debt obligations in accordance with U.S. GAAP.
27. We have identified and disclosed to you all instances of identified fraud and suspected fraud that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances of identified noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
29. We have identified and disclosed to you all instances of identified abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
31. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
33. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
34. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
35. The financial statements include all fiduciary activities required by U.S. GAAP.
36. The financial statements properly classify all funds and activities in accordance with U.S. GAAP.
37. All funds that meet the quantitative criteria for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.
38. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

39. Investments are properly valued.
40. With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
41. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
42. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.
43. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
44. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.
45. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
46. Special and extraordinary items, if any, are appropriately classified and reported.
47. Deposits and investment securities are properly classified as to risk and are properly disclosed.
48. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
49. We have identified and disclosed to you all programs, agreements, and transactions that result in a tax abatement for financial reporting purposes. Tax abatement agreements and programs have been properly disclosed in the notes to the financial statements.
50. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
51. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

52. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
53. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
54. With respect to the supplementary information presented, such as the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards.
- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
55. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, if any.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information

- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Andrea Davis

Andrea Davis (Jan 25, 2022 10:51 MST)

Andrea Davis, Chief Financial Officer
City of Surprise, Arizona

01/25/2022

Date

Jon Gake

Jon Gake (Jan 24, 2022 12:32 MST)

Jon Gake, Accounting Manager
City of Surprise, Arizona

01/24/2022

Date

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and Members of the City Council
City of Surprise, Arizona

We have examined the City of Surprise, Arizona's (City) compliance as to whether highway user revenue fund monies received by the City of Surprise, Arizona pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Surprise, Arizona, were used solely for authorized transportation purposes during the year ended June 30, 2021. Management is responsible for the City of Surprise, Arizona's compliance with those requirements. Our responsibility is to express an opinion on the City of Surprise, Arizona's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about the City of Surprise, Arizona's compliance with the requirements referred to above, in all material respects. An examination involves performing procedures to obtain evidence about the City of Surprise, Arizona's compliance with the requirements referred to above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance of the report, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Surprise, Arizona's compliance with specified requirements.

In our opinion, the City of Surprise, Arizona complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2021.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 25, 2022

City of Surprise, Arizona
Management Letter
Year Ended June 30, 2021

Honorable Mayor, Members of the City Council and Management
City of Surprise, Arizona

Members of the City Council and Management:

In planning and conducting our single audit of the City of Surprise, Arizona for the year ended June 30, 2021, we performed the following as required by *Government Auditing Standards* (GAS) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance):

- Considered the City's internal control over financial reporting,
- Tested internal controls over major Federal programs, and
- Tested compliance with certain provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the City's financial statements and major federal programs.

Any audit findings that are required to be reported by GAS and Uniform Guidance have been included in the City's Single Audit Reporting Package for the year ended June 30, 2021. However, during our audit we noted certain immaterial matters that are opportunities for strengthening internal controls and instances of noncompliance with laws and regulations that did not meet that reporting criteria. Management should address these items to ensure that it fulfills its responsibility to establish and maintain adequate internal controls and comply with laws, regulations, contracts, and grant agreements. Those items and our related recommendations are briefly described in the accompanying summary. The items discussed in the accompanying summary are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified.

This information is intended for the City of Surprise, Arizona's City Council and Management and is not intended to be and should not be used by anyone other than the specified party. However, this information is a matter of public record, and its distribution is not limited.

We have already discussed these items and suggestions with City personnel and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

January 25, 2022

**CITY OF SURPRISE, ARIZONA
MANAGEMENT LETTER
YEAR ENDED JUNE 30, 2021**

Financial Reporting

During the course of the audit immaterial audit adjustments were recommended to properly state the financial statements. A summary of the adjustments are listed below.

- The restricted net position for capital projects in the water fund was understated by \$2.5 million.
- The restricted net position for debt service in the sewer fund was overstated by \$3.0 million.
- The City improperly reported restrictions of net position for system repair and replacement in the ambulance fund and sanitation fund in the amount of \$38,190 and \$212,846, respectively.
- The City did not account for the recognition of unavailable revenue in the restricted net position balances.
- Several errors were made in recording deferred outflows of resources for contributions subsequent to the measurement date for the public safety pension plans. The errors included not properly accounting for prepaid contributions to the plans, clerical errors on the spreadsheet associated with the fire insurance premium tax and including OPEB contributions in the calculation. The net effect of all errors was approximately \$11,000.

It is recommended that the City take note of these adjustments and add them to the year-end adjustments checklist. Additionally, it is recommended that the review procedures are thoroughly performed prior to providing the financial statements to the audit team.

City of Surprise, Arizona
Single Audit Reporting Package
Year Ended June 30, 2021

**CITY OF SURPRISE, ARIZONA
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2021**

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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Surprise, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Surprise, Arizona, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Surprise, Arizona's basic financial statements, and have issued our report thereon dated January 25, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Surprise, Arizona's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Surprise, Arizona's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Surprise, Arizona's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 25, 2022

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Surprise, Arizona

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Surprise, Arizona's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Surprise, Arizona's major federal programs for the year ended June 30, 2021. City of Surprise, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Surprise, Arizona complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Surprise, Arizona's compliance based on our audit.

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Surprise, Arizona as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Surprise, Arizona's basic financial statements. We issued our report thereon dated January 25, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
January 25, 2022

CITY OF SURPRISE, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 7/1/2020 - 6/30/2021

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Total Amount Provided to Sub-Recipients</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	NEIGHBORHOOD STABILIZATION PROGRAM NSP1				\$625,341	\$1,904,277	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,904,277
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	2019 COMMUNITY DEVELOPMENT BLOCK GRANT			\$83,646	\$946,453	\$1,904,277	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,904,277
COVID-19 COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID 19 - COMMUNITY DEV BLOCK GRANT - CARES ACT				\$279,135	\$1,904,277	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,904,277
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	NEIGHBORHOOD STABILIZATION PROGRAM NSP1 PRG INCOME				\$50,973	\$1,904,277	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,904,277
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COMMUNITY DEVELOPMENT BLOCK GRANT - PROGRAM INCOME				\$2,375	\$1,904,277	CDBG - ENTITLEMENT GRANTS CLUSTER	\$1,904,277
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		MARICOPA COUNTY / THE MARICOPA HOME CONSORTIUM	C-22-17-046-3-01		\$90,600	\$217,306	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		MARICOPA COUNTY / THE MARICOPA HOME CONSORTIUM	C-22-17-046-3-02		\$42,291	\$217,306	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		MARICOPA COUNTY / THE MARICOPA HOME CONSORTIUM	C-22-17-046-3-03		\$38,694	\$217,306	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		MARICOPA COUNTY / THE MARICOPA HOME CONSORTIUM	C-22-17-046-3-04		\$45,721	\$217,306	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					\$83,646	\$2,121,583			
DEPARTMENT OF JUSTICE									
LAW ENFORCEMENT ASSISTANCE, NARCOTICS AND DANGEROUS DRUGS TRAINING	16.004	FY21 DEA TASK FORCE				\$34,789	\$38,560	N/A	\$0
LAW ENFORCEMENT ASSISTANCE, NARCOTICS AND DANGEROUS DRUGS TRAINING	16.004	FY20 DEA TASK FORCE				\$3,771	\$38,560	N/A	\$0
COVID-19 CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING PROGRAM	16.034	COVID-19				\$32,220	\$32,220	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	VOCA-2021-SPD-00158		\$109,391	\$178,913	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY	VOCA-2018-CSPO-00293		\$34,342	\$178,913	N/A	\$0
CRIME VICTIM ASSISTANCE	16.575		ARIZONA DEPARTMENT OF PUBLIC SAFETY			\$35,180	\$178,913	N/A	\$0
PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	16.710	2018-212 2016UMWX0122		2018-212		\$44,101	\$44,101	N/A	\$0
EQUITABLE SHARING PROGRAM	16.922	AZ0072700				\$110,015	\$110,015	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE						\$403,809			
DEPARTMENT OF TRANSPORTATION									
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	SUR-O(233)D		\$8,390	\$25,170	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$25,170
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	SUR-O(232)D		\$8,390	\$25,170	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$25,170
HIGHWAY PLANNING AND CONSTRUCTION	20.205		ARIZONA DEPARTMENT OF TRANSPORTATION	SUR-O(234)D		\$8,390	\$25,170	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$25,170
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-PTS-067		\$12,079	\$37,293	HIGHWAY SAFETY CLUSTER	\$127,849
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-MC-003		\$7,722	\$37,293	HIGHWAY SAFETY CLUSTER	\$127,849

STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-AI-009	\$10,940	\$37,293	HIGHWAY SAFETY CLUSTER	\$127,849
STATE AND COMMUNITY HIGHWAY SAFETY	20.600		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2020-PTS-061	\$6,552	\$37,293	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-405B-007	\$8,180	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-II-006	\$30,111	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-405D-039	\$5,451	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2020-405H-017	\$6,758	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-405H-019	\$7,635	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-405B-008	\$1,531	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2020-405B-009	\$5,487	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616	2020-COIT-024	ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2020-COIT-024	\$4,000	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616	2021-COIT-024	ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2021-COIT-024	\$4,000	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		ARIZONA GOVERNORS OFFICE OF HIGHWAY SAFETY	2020-II-006	\$17,403	\$90,556	HIGHWAY SAFETY CLUSTER	\$127,849
TOTAL DEPARTMENT OF TRANSPORTATION					\$153,019			
DEPARTMENT OF TREASURY								
COVID-19 CORONAVIRUS RELIEF FUND	21.019	COVID-19 - ERMT-20-008	EXECUTIVE OFFICE OF THE STATE OF ARIZONA	ERMT-20-008	\$7,232,419	\$7,232,419	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					\$7,232,419			
DEPARTMENT OF HEALTH AND HUMAN SERVICES								
SPECIAL PROGRAMS FOR THE AGING, TITLE III, PART C, NUTRITION SERVICES	93.045		AREA AGENCY ON AGING, REGION ONE	2021-36-SUR	\$133,475	\$133,475	AGING CLUSTER	\$133,475
COVID-19 PROVIDER RELIEF FUND	93.498	COVID-19	UNITED HEALTH GROUP	E00002	\$14,820	\$14,820	N/A	\$0
COMMUNITY SERVICES BLOCK GRANT	93.569		MARICOPA COUNTY HUMAN SERVICES	C-22-19-038-3-01	\$100,000	\$100,000	N/A	\$0
SOCIAL SERVICES BLOCK GRANT	93.667		MARICOPA COUNTY HUMAN SERVICES	C-22-16-043-3-03	\$393,115	\$393,115	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$641,410			
DEPARTMENT OF HOMELAND SECURITY								
COVID-19 DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	COVID-19 - CV-037			\$82,174	\$82,174	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	2008822-01	\$27,165	\$90,112	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	190822-01	\$8,806	\$90,112	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	200823-01	\$14,014	\$90,112	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067		ARIZONA DEPARTMENT OF HOMELAND SECURITY	190821-01	\$20,501	\$90,112	N/A	\$0
HOMELAND SECURITY GRANT PROGRAM	97.067	190213-01	ARIZONA DEPARTMENT OF HOMELAND SECURITY	190213-01	\$19,626	\$90,112	N/A	\$0
STAFFING FOR ADEQUATE FIRE AND EMERGENCY RESPONSE (SAFER)	97.083		ARIZONA DEPARTMENT OF HOMELAND SECURITY	EMW-2018-FH-00377	\$541,588	\$541,588	N/A	\$0
TOTAL DEPARTMENT OF HOMELAND SECURITY					\$713,874			
TOTAL EXPENDITURE OF FEDERAL AWARDS					\$83,646	\$11,266,114		

Please Note:

Italicized award lines indicate pass-through funding

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

CITY OF SURPRISE, ARIZONA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of City of Surprise, Arizona under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Indirect Cost Rate

The auditee did not use the de minimis indirect cost rate.

Assistance Listing Numbers

The program titles and Assistance Listing numbers were obtained from the federal or pass-through grantor or through sam.gov. If the three-digit Assistance Listing extension is unknown, there is a U followed by a two-digit number in the Assistance Listing extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

**CITY OF SURPRISE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: Yes
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

Assistance Listing Number
21.019

Name of Federal Program or Cluster
COVID 19 – Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: Yes

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No

**CITY OF SURPRISE, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Finding Number: FS-2021-001

Repeat Finding: No

Type of Finding: Significant Deficiency

Description: Non-Routine Cutoff Error

CRITERIA

The processing of non-routine transactions should be subject to increased levels of review to ensure transactions are recorded in accordance with generally accepted accounting principles.

CONDITION

The City did not properly accrue a \$1.5 million developer reimbursement.

CAUSE

Due to the unusual nature of the transaction, the City elected not to accrue the expense. The invoice was received in August 2021 and included developer reimbursement fees from multiple prior years through fiscal year 2021.

EFFECT

Cutoff errors and misreporting of non-routine transactions could result in material misstatements to the financial statements. This misstatement was corrected in the financial statements.

CONTEXT

Obligations were incurred over the course of several years to a developer pursuant to a developer agreement entered into in a previous year. The developer was eligible for reimbursement of impact fees for permits issued through March of 2021. After receiving approval from legal counsel in August of 2021 the City reimbursed the developer from water impact fee funds and recorded the expense in fiscal year 2022.

RECOMMENDATION

Management should consider adjusting approval workflows to ensure non-routine, material transactions are subject to additional levels of approval.

VIEWS OF RESPONSIBLE OFFICIALS

See Corrective Action Plan.

January 25, 2022

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The names of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

Sincerely,

Jon Gake
Accounting Manager

**CITY OF SURPRISE, ARIZONA
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021**

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding Number: FS-2021-001

Contact Person: Jon Gake, Accounting Manager

Anticipated Completion Date: 6/30/2022

Planned Corrective Action: The City concurs with the finding and will improve internal controls to ensure non-routine subsequent disbursements are properly accrued at year-end.



SURPRISE
ARIZONA

City of Surprise, Arizona

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



CITY OF SURPRISE, ARIZONA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the fiscal year ended
June 30, 2021

Prepared by:
Finance Department



SURPRISE

ARIZONA

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SURPRISE

ARIZONA



INTRODUCTORY SECTION

The Introductory Section is the first of three essential components of the City's Annual Comprehensive Financial Report (ACFR). The second essential component is the Financial Section, and the third is the Statistical Section. The Introductory Section provides general information on the City's structure and personnel as well as information useful in assessing the City's economic condition, with the letter of transmittal as the key element to formally introduce the ACFR to the intended readers.



SURPRISE

ARIZONA

January 25, 2022

Members of the City Council and City Manager:

In accordance with the requirements of Arizona Revised Statutes (A.R.S.) § 41-1279.07, I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Surprise, Arizona (the City), for the fiscal year ended June 30, 2021. These financial statements are prepared and presented in conformity with generally accepted accounting principles in the United States (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the operations of the various funds of the City. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information presented in this report based on internal controls established for this purpose. To provide a reasonable basis for making these representations, the City has established a framework of internal control that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

Heinfeld, Meech and Co., P.C., a firm of licensed certified public accountants, has audited the City of Surprise's financial statements pursuant to A.R.S § 9-481. The audit is intended to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, 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.

An unmodified audit opinion denotes that the financial statements are presented fairly and in conformity with GAAP. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Heinfeld, Meech and Co., P.C. was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Uniform Grant Guidance.

The single audit report is issued separately from this ACFR. Copies are available online and upon request from the City's Finance Department.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile

Surprise, located just 45 minutes west of downtown Phoenix along U.S. Route 60/State Highway 93, was founded on May 17, 1938 by Flora Mae Statler who purchased and subdivided the original town site. The former small farming village now encompasses 108 square miles, including urban and commercial developments, ranches, industrial sites, and business parks. Surprise has grown from 500 residents to a city of over 140,000 people, evolving from a small town government to a regional governmental entity.

Surprise operates under the Council/Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the Mayor and six Council Members. The Council is responsible, among other things, for passing ordinances, appointing committees, adopting the budget, and appointing the City Manager, the City Clerk, City Attorney, and the Presiding Judge. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for selecting department directors.

The Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three elected alternately every two years. The Mayor is elected at large every four years, while the other Council members are elected by district.

The City of Surprise provides a full range of services, including police and fire protection, roadway maintenance and construction, recreational and cultural activities, as well as general administrative services. Sanitation, water, stormwater, ground ambulance, and sewer services are provided to many of the residents through the City's enterprise funds. The City provides street lighting for existing and new areas through legally formed street lighting districts. The City accounts for a non-profit corporation formed under Arizona Revised Statute, Title 10, designed to facilitate the acquisition and improvement of City property, and a community facilities district designed to provide funding for the construction and acquisition of certain public infrastructure improvements. These last three activities essentially function as departments within the City and have been included as an integral part of the City's financial statements. Additional information on all three of these legally separate entities can be found in Note 1 section A. (1.A) in the Notes to the Financial Statements.

The annual budget is adopted by resolution and serves as the foundation for the City of Surprise's financial planning and control. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The budget preparation and adoption process is described in greater detail in the Notes to the Financial Statements. The budget is prepared by fund and by department and may be amended during the fiscal year in accordance with our budget amendment policy which can be found in the City's budget book.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City of Surprise operates.

Local Economy

FY2021 budget was set flat to the FY2020 budget due to the financial uncertainty of national shutdowns caused by the COVID-19 global pandemic. The budget was set to provide flexibility as we monitored the economic state of our city; we were planning for the worst, but hopeful for the best. The financial outlook was surprisingly better than anticipated, and the contingency we built into the budget was utilized to implement the pre-COVID budget. This allowed us to keep up with the growing needs of our city, adding public safety funding and setting aside one-time funds for Public Safety Pension debt, future land purchases, and park improvement and expansion projects. While the national shutdown impacted the city's non-essential amenities, we continued to provide essential services to our residents such as fire, police, and utilities. The economic position coming out of the global pandemic is one of optimism in Surprise as we adjust to the new normal.

Despite the global economic impacts of the pandemic, the City's year-end financial results were strong in both sales tax revenues, population growth, and commercial and residential development. The General Fund ended the year with sales tax exceeding budget by 32.3% or \$16M. In addition, the City received \$16.3 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in FY2020, and the City was able to continue utilizing those funds in FY2021. During FY21, the American Rescue Plan Act (ARPA) was signed into law to provide additional relief from COVID-19. The City was allocated \$15.5M and received the first half early in FY2022, and is expected to receive the second half in late FY2022 or early FY2023.

Throughout the year, the city experienced residential population growth and significant residential and commercial permit activity. The city continues to exceed the statewide average in population growth and the trend is expected to continue based on the availability of land within the city's planning area. This results in a greater number of consumers and a larger proportion of state shared revenues. The increase in commercial square footage allows for a greater capture of potential sales tax revenues from the increased consumer base. These have combined to result in a 28.0% increase in sales tax collections while state shared sales tax revenues increased by 14.9% over the previous year. The population and commercial square footage growth has been a factor in the improved economic performance for the city.

Further information on the history of City revenues and expenses can be found in the MD&A, pages 21 through 34, and the statistical section that begins on page 190, of this financial report.

Long-Term Financial Planning

The City continues to plan for investment in maintaining facilities, infrastructure, and equipment that allow for the continued delivery of high quality services to the residents of Surprise. The asset replacement policy was updated for FY2021, and new funds were created to allow departments to carry funding into future years for long-term planning. In addition, the policy dedicated 100% of construction sales tax to the General Capital Fund for asset replacement and capital projects.

During FY2021, the City established a Public Safety Pension Reserve dedicated for the Public Safety Personnel Retirement System (PSPRS) unfunded liability. Council approved a one-time funding of \$13M, and an update to the Comprehensive Financial Management Policies that provides ongoing pension reserve funding generated from year savings from both the police and fire departments.

Major Initiatives

On November 7, 2017, the voters of the City of Surprise approved three General Obligation Bond questions in the areas of Public Safety, Traffic Congestion Mitigation, and Pavement Preservation. The three questions represent ten capital improvement projects for a total authorized bond amount of \$59.5 million.

On May 15, 2018, the voters of the City of Surprise approved the acquisition of a local water company that operates in the City's northern planning area and future water service area. The acquisition will provide the City with the company's existing water infrastructure and grow the City's allocation of Colorado River water by more than 38%. The process for the acquisition of the water company has begun and is expected to be finalized within the next few years.

In fiscal year 2019, the City completed a five-year comprehensive utility rate study of the Water, Sewer, and Sanitation Funds. This study resulted in rates for the Water and Sewer funds remaining unchanged for next five fiscal years, 2020-2024. The study resulted in Sanitation Fund rates increasing from \$16.96 in fiscal year 2019 to \$23.70 in fiscal year 2024, an increase of 39.74%. In addition, the Development Impact Fee Study was updated. In conjunction with the study update, a 10-year land use assumptions and infrastructure improvements plan is developed and approved by the City Council laying out planned projects for which development fees may be used to fund. The infrastructure improvement plan includes necessary public services for Parks and Recreation, Police, Fire, Water System, Water Resources, and Wastewater (Sewer).

The City continues to work in partnership with Ottawa University Arizona and the surrounding landowners to develop the City Center. In the last year, this has seen the completion of the Residential Housing Facility and the O'Dell Center which includes athletic facilities for the University. Additionally, the Texas Rangers have completed construction on their team housing complex, Rangers' Village. The Kansas City Royals are slated to finish construction on their team housing complex, The Fountains at Surprise Center in January of 2022. Both projects are multi-story team complexes located at City Center near Surprise Stadium. Finally, the City continues to see development in the Entertainment District of City Center.

During fiscal year 2021, a number of projects were completed that strengthened the City's ability to provide services to the public. The construction of Fire Station 304 was completed in early FY21, this station will serve the City's northwestern area that is rapidly developing. In addition, the City finished construction on Fire Station 308, which is located in the City's robust Industrial Park.

The City also finished three major road improvement projects that will help to mitigate traffic congestion and increase mobility in the City. First, the widening on Litchfield Road from Cactus Road to Waddell Road was finished. This project provided much needed access to the City's Industrial Park and helped to spur continued development. Second, the widening on Waddell Road from Sarival Avenue to Reems Road was completed. Lastly, the widening of Greenway Road achieved substantial completion just before the end of the fiscal year. This project provided another fully developed east/west corridor in the City to help relieve traffic along Bell Road.

In addition to art, the City also dedicated funding for the construction of a new park. This project is currently under design, and will provide another dedicated location for the Parks Department to provide much needed programming for City residents. Finally, design is currently underway on the renovations

for the Surprise Community Park. Located in the heart of the City, this project is going to provide much needed improvements to the existing park and better serve the needs of the City's residents.

Relevant Financial Policies

The City of Surprise has adopted a comprehensive set of financial policies which are reviewed annually and updated as necessary.

During the fiscal year 2021, the City created or revised a number of policies and desk procedures. A few of those policies include, an accounts payable policy and vendor setup policy to mitigate fraud. Some of the desk procedures include, a Community Facilities District desk procedure to assist staff during application review, Public Safety Pension Funding, and Finance Administration of City Leases.

Budgetary Controls

The adopted level of budget control is appropriated by department within each fund. The Capital Improvement Plan (CIP) is appropriated by project.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Surprise for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

I want to thank and recognize the staff of the Finance Department for their efforts in preparing this report. I would also like to thank all City departments for their assistance throughout the past year and express my appreciation for the guidance and support from the City Manager's Office and Mayor and City Council in planning and conducting the financial operations of the City in a fiscally responsible manner.

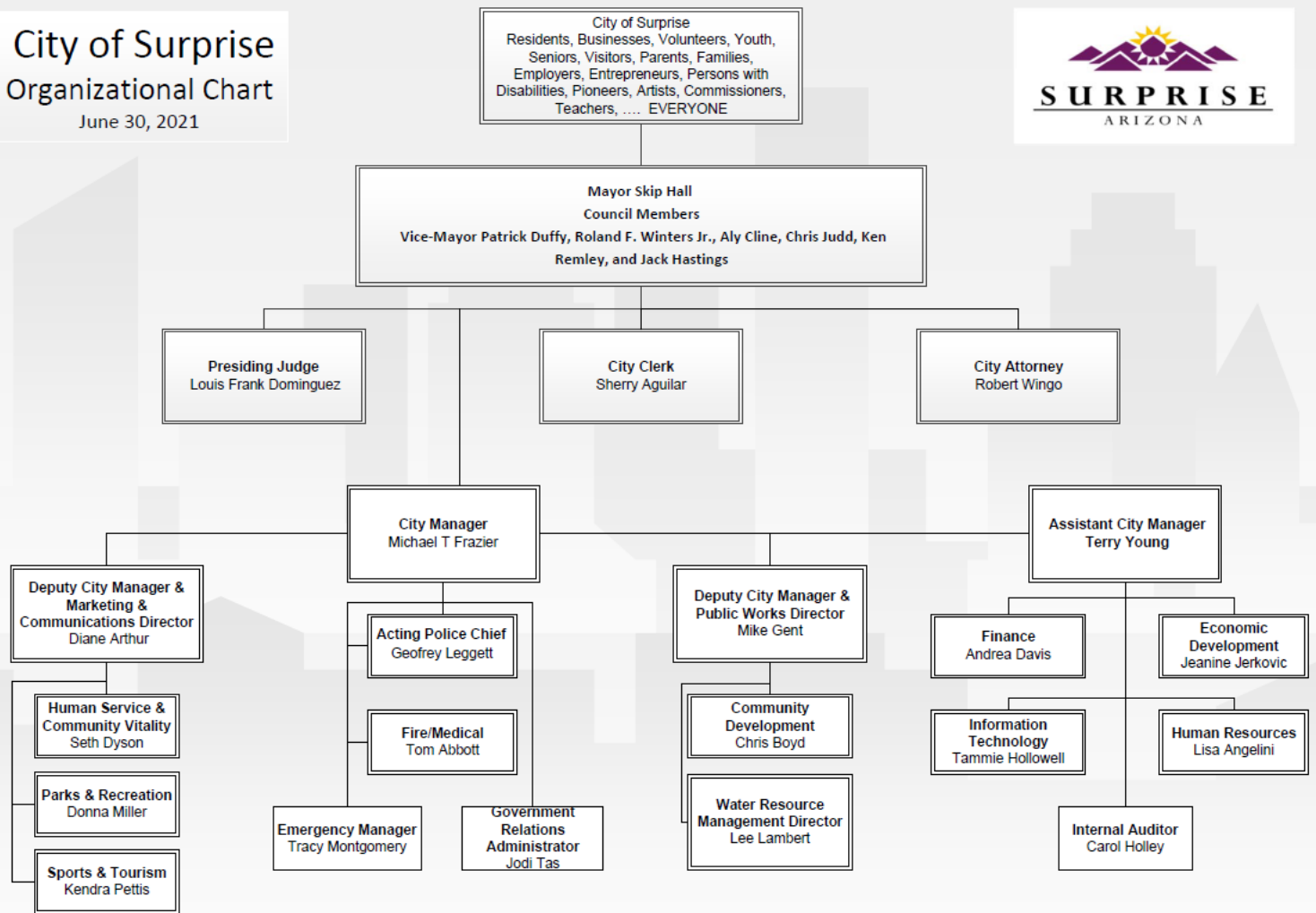
Respectfully submitted,



Andrea Davis
Chief Financial Officer

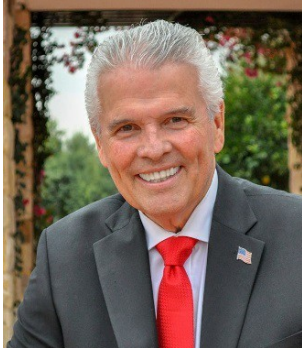
City of Surprise Organizational Chart

June 30, 2021



Mayor and City Council Members

MAYOR SKIP HALL – Mayor@surpriseaz.gov



Mayor Hall was elected to serve as Mayor in August 2020. His four-year term began on January 1, 2021 and ends on December 31, 2024.

He was first elected to the City Council in an April 2008 special election and re-elected to office in 2009 to a full term. Redistricting placed him in the newly- configured District 5, and on August 27, 2013, he was elected to the District 5 seat. He was re-elected to that seat in the August 2018 Primary Election and resigned that seat to fulfill the remaining two-year mayoral term. He was elected to serve as Mayor in August 2020. His term ends on December 31, 2024. He also served as Vice Mayor in 2011 and 2014.

Prior to serving in politics and serving three years on the City of Surprise Planning and Zoning Commission, Skip spent several decades working in various capacities in the Hospitality and Real Estate industries. For three years, he was the Vice President of a new home builder and prior to that, he served 10 years as the Senior Vice President of a hospitality company based in Japan. Most of his professional career was spent opening and operating several restaurants and hotels along the west coast.

He has been part of the united Council effort that helped pull Surprise back to fiscal health over the last several years, generating a budget surplus and placing the City's fiscal house in order. Councilman Hall also played a proactive supporting role with initiating a Surprise youth component and sponsors the Surprise Literacy Challenge annually.

His goals for the City include a 100-year water plan, working with transportation partners to expand east-west connections, developing a local circulator, expanding youth involvement in the community, increasing local veteran outreach and services, and attracting new businesses to Surprise.

He has served on a number of City Council Sub-Committees during his time on Council, as well as WESTMARC's Water & Energy Committee and the Valley Metro RPTA Board. Presently, Hall's regional service includes a position on the MAG Regional Council and involvement with the Kyl Center for Water Policy.

Hall is active with the City's Tourism Commission and in promoting the City to local, regional, and national organizations. Furthermore, he is active with the Surprise Regional Chamber of Commerce and the AZ TechCelerator to promote business growth. He serves on the Surprise Rotary Club and the Surprise Fraternal Order of Eagles. In addition, Councilman Hall is a member of the STEM Community of Practice with representatives of the Dysart Unified School District and the West Valley Veterans Success Project (VCP) Advisory Committee with several other state and local elected officials. He has also regularly volunteered his time with Radiant Church.

He grew up in Idaho and received a business degree from Seattle University. Skip is a Vietnam War Veteran and was awarded the Bronze Star for his outstanding service 1969-1970.

VICE MAYOR PATRICK DUFFY – Patrick.Duffy@surpriseaz.gov



Patrick Duffy was appointed by City Council in September 2017 to represent the residents of District 3 (D3).

Duffy replaced John Williams, who resigned from Council on August 15, 2017. Duffy is a Financial Advisor for Merrill Lynch and for the past 9 years he worked part-time as a City of Surprise Recreation Leader 3.

He has lived in Surprise for 12 years, four of them in D3. Duffy was a member of the Surprise Municipal Property Corporation Board and through his city service has been part of numerous Community and Recreation Services events including Spring Training support, Relay for Life events and Cal Ripken All-Star games. He holds a Bachelor of Arts in Political Science from Arizona State University.

Duffy's appointment expired December 31, 2018; and he was elected in the August 2018, and August 2020 Primary Elections. His four year term began January 1, 2021 and will expire December 31, 2024.

ROLAND WINTERS – Roland.Winters@surpriseaz.gov



Roland F. Winters Jr. was first elected to City Council in 2013 with a term beginning January 2014. He was re-elected in 2018 and began his new four-year term in January 2019.

Born and educated through high school in New Jersey, Roland earned a degree in Business Administration and Pre Law at Fullerton College in Fullerton, Ca. He earned a BA degree in Marketing Management from the University of California.

He worked thirty-five years at Hughes Air Craft Company in Fullerton, Ca. and also owned and operated a photo studio in Fullerton and Placentia, Ca.

He served on the State Board of Directors for Californians for Disability Rights.

Roland and his wife Carroll have four children – two sons and two daughters. David lives in Muncie, Indiana; Donald lives in Wildwood, Florida; Nancy lives in Gilbert, Arizona; and Jennifer lives at home. Roland and Carroll have seven grandchildren.

Winters currently serves on the City's Boards and Commissions Selection Committee. In addition, he serves on the Maricopa County Community Services Commission, Valley Metro RPTA Board and the Northwest Valley Connect Advisory Board.

Winters' goal for Surprise is to be a fully self-sustaining city where its residents can live, get educated, work and play.

ALY CLINE – Aly.Kline@surpriseaz.gov



Aly Kline was elected to serve a four year term as the District 2 (D2) Council member in August of 2020. She moved here in 2002 after looking at many various active living communities in many states.

In the last 11 years, she has been able to volunteer more than 19,000 hours within the City of Surprise. She has volunteered as a representative on the Disability Advisory Commission; as a volunteer coach for the City's Parks and Recreation Department for nine years and 18 teams; as a volunteer scorekeeper for the last 10 years for Cal Ripkin and Babe Ruth baseball tournaments; and participating in the leadership of the American Cancer Society Relay For Life of Surprise for five years, including Event Chair in 2013 and 2014.

She has also been a lifetime member, volunteer and board member of Friends of the Surprise Libraries Inc. for the past 10 years, serving as the volunteer President for the last eight years. I recently served on the Financial Advisory Committee and the Long Range Planning Committee for the Sun City Grand Homeowners Association.

Before she retired in 2008, she worked for 35 years in the financial services industry, managing staff and developing training for management and staff. She has a Certificate in Business Management from UCLA.

KEN REMLEY – Ken.Remley@surpriseaz.gov



Ken is a believer in strong leadership, partnership, and fiscal responsibility. His vision is to support initiatives that attract quality employers and good-paying jobs to Surprise, while maintaining cost-effective city services.

He was elected to District 4 in the August 2016 Primary Election and re-elected in August 2020.

Ken is a licensed mortgage loan officer and income tax preparer. He served as the treasurer for the Litchfield Manor Homeowners' Association for 10 years. He also served on the HOA's Budget, Landscaping, Architectural and Social Committees.

He is a Vietnam War Veteran, having served in the United States Navy. Ken holds a bachelor's degree in Business Administration-Accounting from Cal State Fullerton.

Ken and his wife Beverley have lived in Surprise since 2004. They have four children, nine grandchildren, and eight great-grandchildren.

JACK HASTINGS – Jack.Hastings@surpriseaz.gov



Jack Hastings was elected in August of 2020 to represent the residents of District 5 (D5).

Jack is a third-generation Surprise resident. He is engaged to his fiancée Olivia, and is getting married in October. Jack teaches US Civics in Surprise at Valley Vista, the high school he graduated from. He has a Bachelor's Degree from Arizona State University and earned his Master's Degree in Educational Leadership.

Councilman Hastings has helped pass balanced budgets on the Surprise City Council and currently serves on the Sports & Tourism and the Community Outreach, Partnerships & Grants Subcommittees. He serves as an ambassador to the Greater Phoenix Economic Council (GPEC) to help promote our city and bring jobs and businesses to Surprise. Councilman Hastings is a strong supporter of public safety and an outspoken advocate for our first responders.

CHRIS JUDD – Chris.Judd@surpriseaz.gov



Chris Judd was elected as the District 6 (DC6) Councilmember in the August 2018 Primary Election to serve a four-year term beginning January 1, 2019.

Chris is a native Arizonan and graduate of Arizona State University. He has been part of the Surprise business community since the mid-'90's, and he and his family of five have been coming home to Surprise for over a decade.

As an independent businessman and former owner and manager of local small businesses, Chris was very active with the Rotary Club of Surprise, and the Surprise Regional Chamber of Commerce. He served as the Rotary Club President in 2015-2016, and currently serves on the Board of Directors for the Rotary Club of Surprise Community Foundation.

Chris began working in Surprise in 1996, right out of college, and spent 14 years as General Manager of a local small manufacturing plant. There he learned about the many challenges that businesses- especially small businesses-face, and how difficult it can be to juggle all of the factors required to make a business successful, profitable, and a good place to work. He took that knowledge and experience, and applied it to a small business of his own, a Surprise-based trucking company that served local and long-haul clients.

Chris is employed by Liberty Mutual Insurance. He holds a professional designation as a Life Underwriter Training Council Fellowship from the College for Financial Planning, as well as a Bachelor of Science degree from ASU.

Chris and his wife Jenna have been married for over 20 years, and are most proud of the work they've done, and are doing, raising their three wonderful daughters. The family loves the great outdoors and they spend as much time as they can together, camping and hiking in and around the beautiful backcountry of Arizona's deserts, mountains, and forests.



City of Surprise Appointed Officials

City Manager	Michael T. Frazier
City Clerk	Sherry Aguilar
City Attorney	Robert Wingo
Presiding Judge	Louis Frank Dominguez



Government Finance Officers Association

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**City of Surprise
Arizona**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION – INDEPENDENT AUDITORS’ REPORT

The Financial Section is divided into five subsections. The first subsection is the Independent Auditors’ Report, which is the official written communication of the audit results provided by the independent auditors expressing their opinion on the City’s financial statements as to whether the financial statements are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

Financial Subsections

- ❖ Independent Auditor’s Report
- ❖ Management’s Discussion and Analysis
- ❖ Government Wide Financial Statements
- ❖ Fund Financial Statements
- ❖ Notes to the Financial Statements



SURPRISE

ARIZONA

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Surprise, Arizona

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Surprise, Arizona (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Surprise, Arizona, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2022, on our consideration of City of Surprise, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Surprise, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Surprise, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona

January 25, 2022



SURPRISE

ARIZONA



FINANCIAL SECTION - MANAGEMENT'S DISCUSSION AND ANALYSIS

The Financial Section is divided into five subsections. The second subsection is Management's Discussion and Analysis. This component of required supplementary information is used to introduce the basic financial statements and provide an analytical overview of the City's financial activities.



SURPRISE

ARIZONA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Surprise (City) is pleased to provide an overview of our financial activities for the fiscal year ended June 30, 2021. The intended purpose of Management's Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing a summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its impacts on our debt and operation. Amounts presented may reflect some minor differences due to rounding. This analysis is meant to be read in conjunction with the letter of transmittal.

FINANCIAL HIGHLIGHTS

- ❖ **Governmental Activities net position.** The City's net position increased 27.4% or \$133.2 million from \$485.2 million to \$618.4 million. This increase is attributable to an increase in sales taxes and intergovernmental revenues. Sales taxes increased due to continued economic and population growth.
- ❖ **Business-Type Activities net position.** The City's net position increased by 14.0% or \$48.9 million from \$348.4 million to \$397.3 million. Continued growth in the City accounts for the change, with \$31.9 million of the increase resulting from developer capital contributions.
- ❖ **Governmental Activities expenses** of \$177.3 million exceeded program revenues of \$149.7 million, a difference of \$27.6 million. The remaining \$27.6 million of expense represents the total burden each separate function places on the City, that is the total cost after deducting revenues charged or grants and contributions received specifically for these programs. This amount is covered by general governmental revenues net of transfers.
- ❖ **Business-Type Activities expenses** were \$57.3 million, while program revenues totaled \$107.3 million, a difference of \$50.0 million. The current year excess will be added to net position.
- ❖ **Component units.** The City includes two separate legal entities in its report: Marley Park Community Facilities District (CFD), and various Street Lighting Improvement Districts (SLID). Although legally separate, these "component units" are presented along with the City's financial statements (blended presentation). Blending component units is appropriate when they share a governing body with the primary government or when there is an exclusive benefit to the primary government. Each of the above mentioned component units meets these requirements. A more detailed description of these component units is available in Note 1.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 35-36 and 38-39) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 44. For government-wide financial statements, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The fiduciary statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 35. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities provide information about the City as a whole and about its activities in a way that helps answer this question. These statements use 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.

These two statements report the City's net position and/or changes in them. The City's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

The statement of net position and the statement of activities are divided into two kinds of activities:

- ❖ **Governmental activities** – Most of the City's basic services are reported here, including police, fire-medical, public works, parks and recreation, human services and community vitality, community development, economic development departments, and general administration.
- ❖ **Business-Type activities** – The City charges a fee to customers to help it cover all or most of the costs of certain services it provides. The City's ground ambulance services, water, sewer, sanitation, and stormwater systems are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 46 where the fund financial statements begin. These provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- ❖ **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. A description of the relationship

(or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is included in the reconciliations following the fund financial statements.

- ❖ **Proprietary Funds** – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City’s enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The City uses an internal service fund (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities, specifically the City’s Employee Healthcare Fund, the Risk Management Fund, and the Workers’ Compensation Fund.
- ❖ **Fiduciary Funds** – The City is the fiduciary for the Flexible Spending Account. All of the City’s fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position on pages 60-61.

These activities are excluded from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed Statement of Net Position as of June 30, 2021 and June 30, 2020.

City of Surprise’s Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 246.7	\$ 179.1	\$ 101.7	\$ 88.1	\$ 348.4	\$ 267.2
Capital assets, net	578.1	499.1	348.5	312.6	926.6	811.7
Total assets	824.8	678.2	450.2	400.7	1,275.0	1,078.9
DEFERRED OUTFLOWS OF RESOURCES	35.5	26.7	3.3	2.0	38.8	28.7
LIABILITIES						
Current liabilities	43.2	45.4	11.8	9.7	55.1	55.1
Long-term liabilities	194.6	167.5	44.0	43.7	238.6	211.2
Total liabilities	237.8	212.9	55.8	53.4	293.6	266.3
DEFERRED INFLOWS OF RESOURCES	4.1	6.8	0.3	0.9	4.5	7.7
NET POSITION						
Net investment in capital assets	503.0	435.2	320.3	282.4	823.3	717.6
Restricted	39.6	21.8	9.4	13.7	49.0	35.5
Unrestricted	75.8	28.2	67.6	52.3	143.4	80.5
Total net position	\$ 618.4	\$ 485.2	\$ 397.3	\$ 348.4	\$ 1,015.7	\$ 833.6

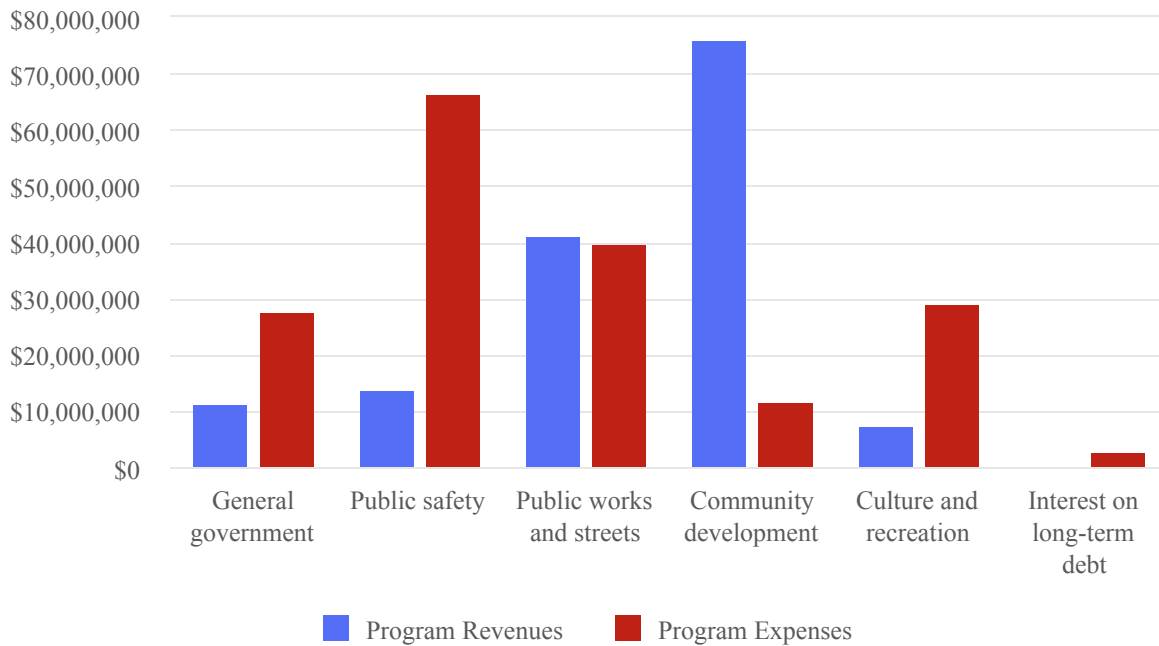
Net position is a good indicator of a city's overall financial standing. For fiscal year 2021, the City had total combined net position of \$1,015.7 million. This was an increase of \$182.1 million, or 21.8% over the prior year's net position of \$833.6 million. The increase is attributed to continued economic strength, population growth, and capital grants and contributions, including a wastewater treatment plant.

Not all of the \$1,015.7 million is available for the City to use without restraint. The largest portion of the City's total net position, \$823.3 million, or 81.1%, represents the City's net investment in capital assets. Of the remaining net position, \$49.0 million is restricted for various purposes with the remaining \$143.4 million unrestricted as to its use.

City of Surprise's Changes in Net Position (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues:						
Charges for services	\$ 34.8	\$ 27.4	\$ 60.4	\$ 53.6	\$ 95.2	\$ 81.0
Operating grants and contributions	22.7	21.5	—	0.1	22.7	21.6
Capital grants and contributions	92.2	42.2	46.9	15.0	139.1	57.2
General Revenues:						
Property taxes	17.7	17.0	—	—	17.7	17.0
Sales taxes	90.7	70.9	—	—	90.7	70.9
Franchise taxes	5.7	5.5	—	—	5.7	5.5
State shared revenues	44.1	38.4	—	—	44.1	38.4
Unrestricted investment earnings	0.2	3.4	0.1	1.6	0.3	5.0
Other	1.0	0.4	0.2	—	1.2	0.4
Total revenues	309.1	226.7	107.6	70.3	416.7	297.0
EXPENSES						
Program activities:						
Governmental activities:						
General government	27.7	30.7	—	—	27.7	30.7
Public Safety	66.4	60.0	—	—	66.4	60.0
Public works and streets	39.7	46.3	—	—	39.7	46.3
Community development	11.6	12.8	—	—	11.6	12.8
Culture and recreation	29.2	20.9	—	—	29.2	20.9
Interest on long-term debt	2.7	2.6	—	—	2.7	2.6
Business-type activities:						
Ground Ambulance Services	—	—	4.7	4.4	4.7	4.4
Sanitation	—	—	7.7	9.0	7.7	9.0
Sewer	—	—	24.7	19.4	24.7	19.4
Stormwater	—	—	1.2	1.2	1.2	1.2
Water	—	—	19.0	18.4	19.0	18.4
Total expenses	177.3	173.3	57.3	52.4	234.6	225.7
Excess before transfers	131.8	53.4	50.3	17.9	182.1	71.3
Transfers in (out)	1.4	1.1	(1.4)	(1.1)	—	—
Increase/(Decrease) in net position	133.2	54.5	48.9	16.8	182.1	71.3
Net position - beginning	485.2	430.7	348.4	331.6	833.6	762.3
Net position - ending	<u>\$ 618.4</u>	<u>\$ 485.2</u>	<u>\$ 397.3</u>	<u>\$ 348.4</u>	<u>\$ 1,015.7</u>	<u>\$ 833.6</u>

FY 2021 Governmental Activities Program Revenues and Expenses

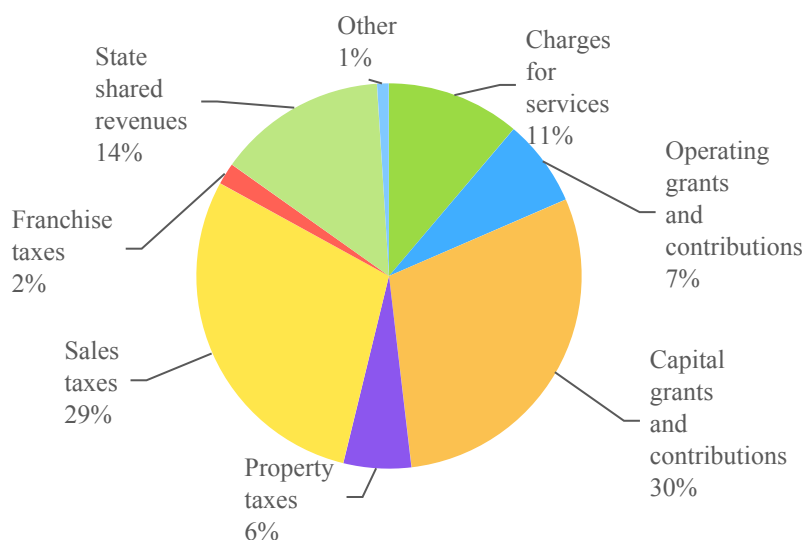


For fiscal year 2021, governmental activities program expenses exceeded program specific revenues by \$27.6 million. The remaining expenses were supported by general governmental revenues.

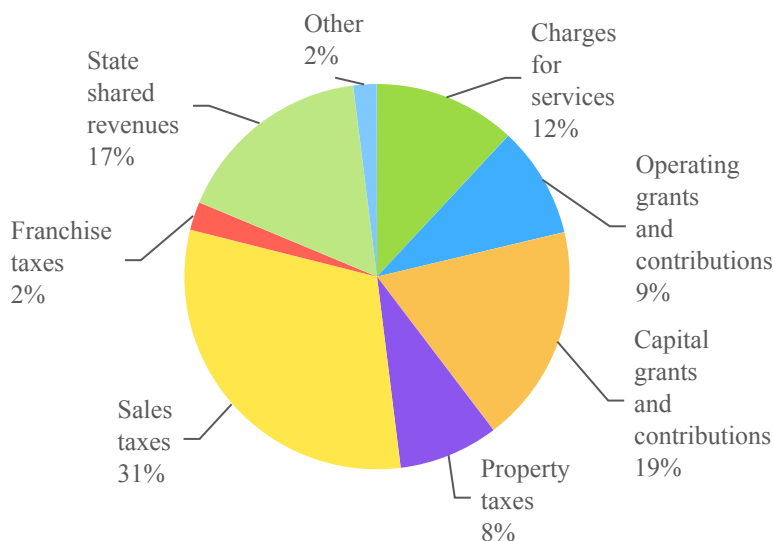
- ❖ Charges for services, operating grants and contributions, and capital grants and contributions account for 48.4% of total governmental revenues.
- ❖ Community oriented programs such as **Public Safety** (police, fire, and courts) and **Culture and Recreation** (parks, recreation, youth, and senior services) are subsidized by general governmental revenues. The City does not intend to charge for the total cost of these services directly.
 - Culture and Recreation often charges a fee for services it provides, but usually that fee does not cover the entire cost of the service.
- ❖ **Community Development** revenues come primarily from construction-related activities.
- ❖ **SLIDS** are Street Light Improvement Districts that charge a fee/tax to pay for the maintenance of light poles and the electricity used by neighborhood streetlights. Revenues and expenses for SLIDS are included in the public works and streets program.

Governmental Activities revenues for the fiscal year ended June 30, 2021 totaled \$309.1 million and have been identified by major revenue source in percentage format. The prior year percentages have also been provided for comparison.

FY 2021 Governmental Activities Revenues



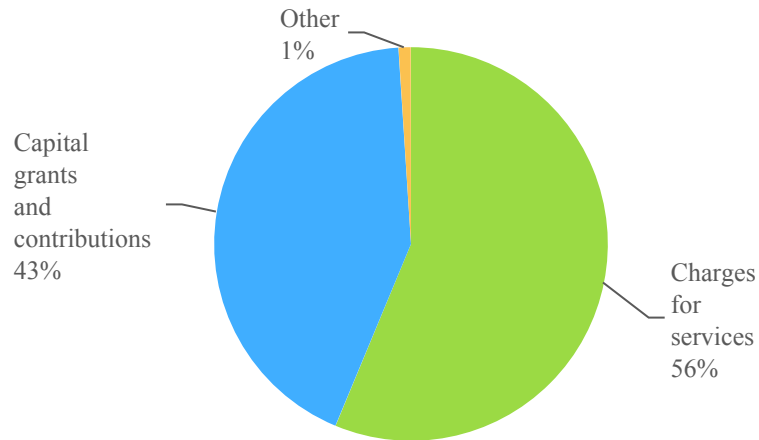
FY 2020 Governmental Activities Revenues



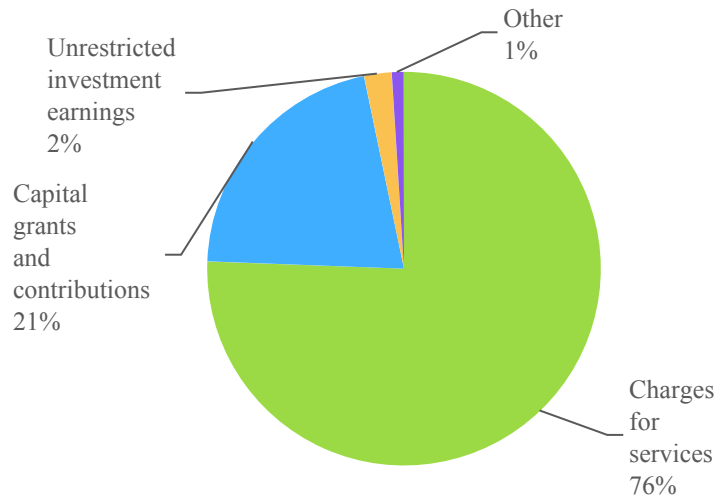
- ❖ The City's largest revenue source is capital grants and contributions at \$92.2 million, followed by sales tax revenue totaling \$90.7 million. Total governmental activities revenues increased \$82.4 million from the prior year as a result of the following changes in revenue: Charges for services increased \$7.4 million, local sales taxes increased \$19.8 million due to local economic and population growth, State shared revenues also increased \$5.7 million from continued state economic growth, and capital grants and contributions increased \$50.0 million from developer donated infrastructure.

Business-Type Activities revenues for the fiscal year ended June 30, 2021 totaling \$107.6 million are identified by major revenue source in percentage format. The prior year percentages have also been provided for comparison.

FY 2021 Business-Type Activities Revenues



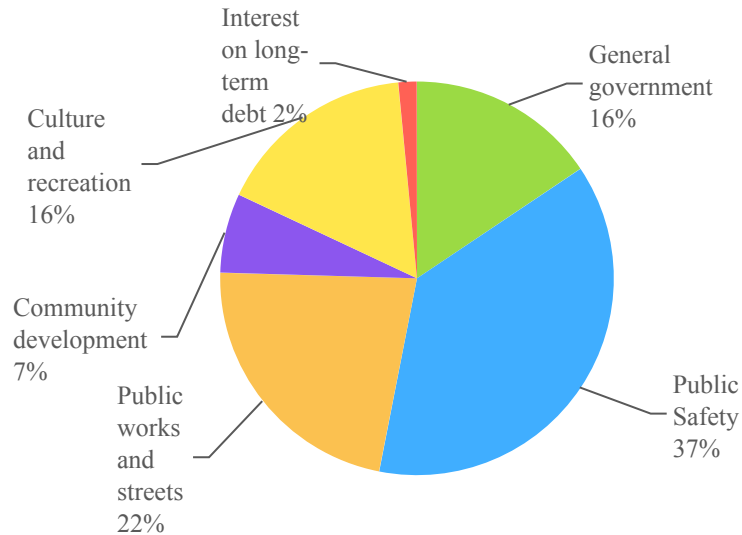
FY 2020 Business-Type Activities Revenues



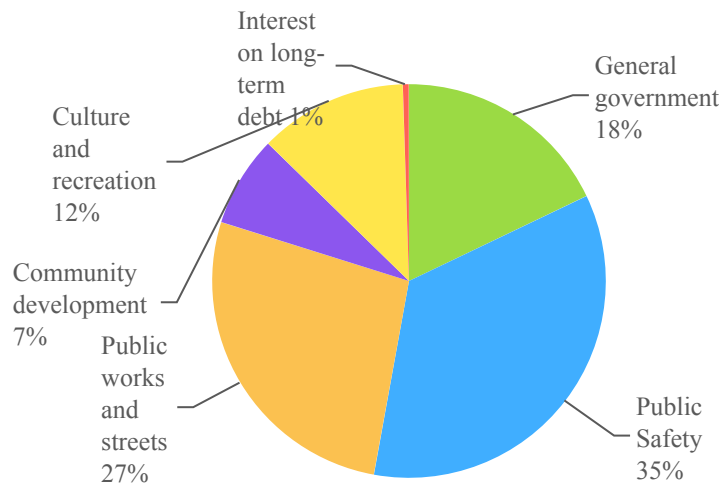
- ❖ Total Business-Type Activities revenues increased 53.1% or \$37.3 million from the prior fiscal year. Capital grants and contributions increased by 212.9% or \$31.9 million due to developer donated infrastructure, including a wastewater treatment plant. Charges for services increased by 12.7% or \$6.8 million from increase in customers due to population growth. In addition to growth, the sanitation fund had a \$2.70 rate increase effective July 1, 2020.

Governmental Activities expenses for the fiscal year ended June 30, 2021 totaled \$177.3 million and are identified by function in percentage format. The prior year percentages have also been provided for comparison.

FY 2021 Governmental Activities Expenses

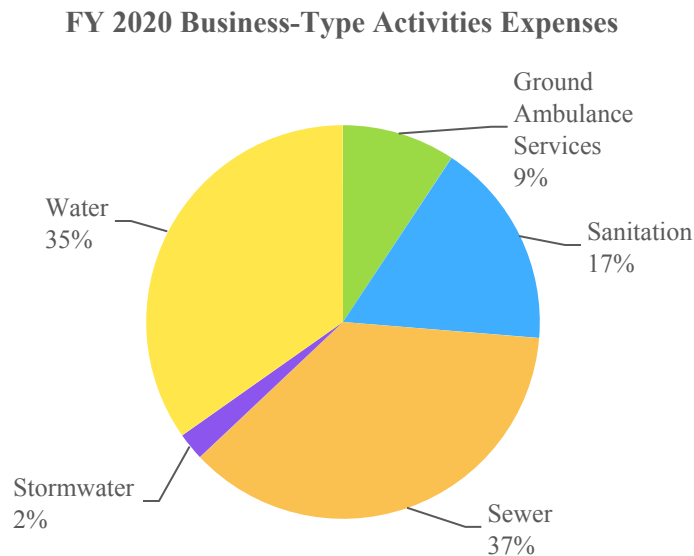
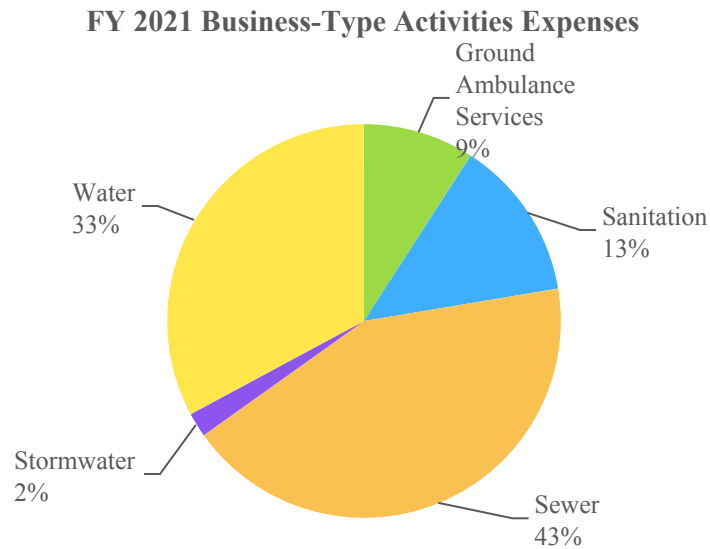


FY 2020 Governmental Activities Expenses



- ❖ Current year expenses increased by \$4.0 million or 2.3% as result of increases in personnel and services. The single largest expense for the City is the cost of personnel. Public safety has the largest workforce paid from governmental funds. As a result, public safety comprises the largest portion of program expenditures at \$66.4 million.

Business-Type Activities expenses for the fiscal year ended June 30, 2021 totaled \$57.3 million and are identified by function in percentage format. The prior year percentages have also been provided for comparison.



- ❖ Business-Type Activities expenses increased by \$4.9 million or 9.4% from the prior year. The Sewer Fund and Ground Ambulance Services Fund mainly contributed to the increase in expenses with the remaining increase spread evenly amongst the other programs. The increase in expenses was the result of personnel cost increases, increases in supplies, and developer reimbursements for sewer system expansion.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- ❖ **Total Governmental Funds** fund balance increased \$70.4 million from \$129.8 million to \$200.2 million. The increase was primarily due to increase in tax revenue. Of the total ending fund balance, \$4.0 million has been classified as nonspendable and is not available to meet future funding needs because it is not in spendable form or is legally or contractually required to be maintained intact. An additional \$39.6 million has been classified as restricted and consists of amounts restricted by external parties or as a result of the law. Of the remaining fund balance, \$14.4 million has been committed to recognize a specific council determined purpose which may not be used for another purpose without council's direction, but the purpose can be changed by council. There is \$55.6 million of fund balance which has been assigned to a specific purpose by the chief financial officer; these amounts may be used for other purposes than the currently assigned positions if the chief financial officer deems it necessary. Finally, there is an unassigned fund balance of \$86.6 million which can be used for any purpose.
 - The General Fund balance increased \$34.6 million. This change was the result of increases in property taxes, sales taxes, state shared revenues, intergovernmental revenues, and charges for services.
 - The General Capital Projects Fund balance increased \$24.8 million. This increase was due to issuance of debt and premium on debt issuance, offsetting a decrease to transfers in.
 - The General Government Development Fee Fund contains \$5.4 million in advances from other funds. The cash on hand in the fund is maintained to meet future debt service obligations in accordance with a settlement agreement. The advance will be repaid once sufficient resources are accumulated to meet future debt service obligations.
 - The Transportation Improvement Fund balance increased \$5.0 million from \$8.2 million to \$13.2 million. This increase is the result of increased construction sales taxes.
 - The Nonmajor Governmental Funds fund balance increased \$5.2 million. The increase was due to an increase in development fees, coupled with a decrease in capital outlay, as multiple large construction projects were completed in the prior year.
- ❖ **Proprietary Fund** financial statements provide similar information contained in the government-wide financial statements but in more detail. Their results are discussed previously in the review of business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

- ❖ The original General Fund budget for expenditures was \$118.9 million. Budget adjustments throughout the year resulted in total budgeted expenditures of \$131.0 million. Of the \$12.1 million budget increase, \$7.2 million was to account for the CARES Act funding.
- ❖ Actual General Fund expenditures totaling \$110.5 million was \$20.5 million less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets at Year-End Net of Depreciation (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements	\$ 146.6	\$ 86.9	\$ 5.3	\$ 4.8	\$ 151.9	\$ 91.7
Parks	8.6	8.6	—	—	8.6	8.6
Water rights	—	—	21.3	17.5	21.3	17.5
Construction in progress	16.6	25.0	4.5	3.5	21.1	28.5
Buildings and improvements	136.8	134.8	294.3	265.3	431.1	400.1
Improvements other than buildings	22.4	21.7	8.3	8.1	30.7	29.8
Equipment and vehicles	19.6	19.8	14.7	13.1	34.3	32.9
Intangibles	5.9	7.5	0.1	0.2	6.0	7.7
Infrastructure	221.6	194.8	—	—	221.6	194.8
Total capital assets, net	<u>\$ 578.1</u>	<u>\$ 499.1</u>	<u>\$ 348.5</u>	<u>\$ 312.5</u>	<u>\$ 926.6</u>	<u>\$ 811.6</u>

The capital assets of the Governmental Activities increased by \$79.0 million from the prior fiscal year, net of depreciation (\$104.3 million increase before depreciation).

- ❖ Changes to the Governmental Activities capital assets for fiscal year 2021 were the result of:
 - Current year depreciation expense of \$28.6 million.
 - Capital contributions made to the City by developers. The assets donated consisted of land, streets infrastructure and right-of-ways.
 - \$59.7 million – right-of-ways throughout the city
 - \$26.3 million – streets infrastructure throughout the city
- ❖ Governmental Activities construction in progress includes:
 - \$5.2 million – Fire Station 308
 - \$5.2 million – Public Safety Evidence & Readiness Center
 - \$4.1 million – Greenway Road and Cotton Lane
 - \$0.4 million – Regional Communications Tower #1

The capital assets of the Business-Type Activities funds increased by \$36.0 million from the prior fiscal year, net of depreciation (\$49.5 million increase before depreciation).

- ❖ Changes to the Business-Type Activities capital assets for fiscal year 2021 were the result of:
 - Current year depreciation expense of \$14.4 million.
 - Capital contributions made to the City by developers. The assets donated consisted of water, sewer, and stormwater utilities.
 - \$1.3 million – Stormwater improvements
 - \$10.5 million – Sewer lines
 - \$6.1 million – Water lines
- ❖ Business-Type Activities construction in progress includes:
 - \$1.0 million – Circle City Water Acquisition
 - \$1.0 million – South Plant Operations Building Remodel
 - \$0.9 million – SPA1 Recharge Expansion
- ❖ For more detailed information on Capital Assets, see Note 4 of this report.

Outstanding Debt at Year-End (in Millions)

	Governmental		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
General obligations	\$ 50.3	\$ 34.2	\$ —	\$ —	\$ 50.3	\$ 34.2
Pledged revenue obligations	18.3	21.2	2.4	3.2	20.7	24.4
Senior lien utility system revenue refunding obligations	—	—	25.8	27.0	25.8	27.0
Community facilities district bonds	18.9	19.4	—	—	18.9	19.4
Community facilities district notes	2.4	2.6	—	—	2.4	2.6
Total debt outstanding	<u>\$ 89.9</u>	<u>\$ 77.4</u>	<u>\$ 28.2</u>	<u>\$ 30.2</u>	<u>\$ 118.1</u>	<u>\$ 107.6</u>

❖ **Long-term debt**, including amounts due within one year, increased \$10.5 million this year from \$107.6 million to \$118.1 million.

❖ For more detailed information on long-term debt, see Note 7 of this report.

ECONOMIC FACTORS, RATES, AND NEXT YEAR'S BUDGET

FY2021 budget was set flat to the FY2020 budget due to the financial uncertainty of national shutdowns caused by the COVID-19 global pandemic. The budget was set to provide flexibility as we monitored the economic state of our city; we were planning for the worst, but hopeful for the best. The financial outlook was surprisingly better than anticipated, and the contingency we built into the budget was utilized to implement the pre-COVID budget. This allowed us to keep up with the growing needs of our city, adding public safety funding and setting aside one-time funds for Public Safety Pension debt, future land purchases, and park improvement and expansion projects. While the national shutdown impacted the city's non-essential amenities, we continued to provide essential services to our residents such as fire, police, and utilities. The economic position coming out of the global pandemic is one of optimism in Surprise as we adjust to the new normal.

Despite the global economic impacts of the pandemic, the City's year-end financial results were strong in both sales tax revenues, population growth, and commercial and residential development. The General Fund ended the year with sales tax exceeding budget by 32.3% or \$16 million. In addition, the City received \$16.3 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in FY2020, and the City was able to continue utilizing those funds in FY2021. During FY21, the American Rescue Plan Act (ARPA) was signed into law to provide additional relief from COVID-19. The City was allocated \$15.5 million and received the first half early in FY2022, and is expected to receive the second half in late FY2022 or early FY2023.

Throughout the year, the city experienced residential population growth and significant residential and commercial permit activity. The city continues to exceed the statewide average in population growth and the trend is expected to continue based on the availability of land within the city's planning area. This results in a greater number of consumers and a larger proportion of state shared revenues. The increase in commercial square footage allows for a greater capture of potential sales tax revenues from the increased consumer base. These have combined to result in a 28.0% increase in sales tax collections while state shared sales tax revenues increased by 14.9% over the previous year. The population and commercial square footage growth has been a factor in the improved economic performance for the city.

- ❖ **Revenues are expected to decrease slightly** – Sales tax revenues are estimated to increase due to a strengthening local economy, offset by decreases in other revenue categories.
- ❖ **Personnel increase** – For the FY2022 budget, city employees received merit/step increases of 2% and COLA increases of 1.5%. Further, increases in personnel costs are also attributable to the increase in the employer contribution rates to the City's pension plans (PSPRS and ASRS).
- ❖ **Next year's budget** – Total budgeted expenditures for the City's FY2022 is \$485.9 million, a \$70.4 million increase over the FY2021 adopted budget of \$415.5 million. The FY2021 adopted budget was decreased due to the unknown impacts of COVID-19.

FINANCIAL CONTACT

The financial report is designed to provide a general overview of the City of Surprise's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information, should be addressed to the City's Chief Financial Officer at: 16000 North Civic Center Plaza, Surprise, Arizona 85374.



FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Financial Section is divided into five subsections. The third subsection is comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. The first component is comprised of the government-wide financial statements. These financial statements incorporate all of the City's governmental and business-type activities. The business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are two basic government-wide financial statements: the statement of net position and the statement of activities.



SURPRISE

ARIZONA

City of Surprise, Arizona
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 199,037,171	\$ 71,107,568	\$ 270,144,739
Restricted cash and investments	34,529,635	12,520,709	47,050,344
Receivables (net of allowances)			
Accounts	365,050	9,395,439	9,760,489
Taxes and franchise fees	13,132,599	—	13,132,599
Grants	692,773	—	692,773
Intergovernmental	1,153,833	—	1,153,833
Other	1,323,796	90,339	1,414,135
Prepaid items and other assets	429,776	503,728	933,504
Inventory	1,487,373	1,274,403	2,761,776
Internal balances	(6,707,017)	6,707,017	—
Total current assets	245,444,989	101,599,203	347,044,192
Noncurrent assets:			
Equity interest in joint venture	969,335	—	969,335
Net other postemployment benefits asset	361,103	60,545	421,648
Capital assets, non-depreciable	171,824,427	31,093,577	202,918,004
Capital assets, depreciable	817,429,799	472,533,955	1,289,963,754
Accumulated depreciation	(411,196,402)	(155,132,966)	(566,329,368)
Total noncurrent assets	579,388,262	348,555,111	927,943,373
Total assets	824,833,251	450,154,314	1,274,987,565
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension related	34,679,609	3,075,007	37,754,616
Deferred outflows of resources - other postemployment benefits related	839,541	175,869	1,015,410
Total deferred outflows of resources	35,519,150	3,250,876	38,770,026
Total assets and deferred outflows of resources	860,352,401	453,405,190	1,313,757,591
LIABILITIES			
Current liabilities:			
Accounts payable	8,409,910	4,878,585	13,288,495
Accrued payroll and related taxes	4,278,228	615,729	4,893,957
Deposits	255,539	427,111	682,650
Unearned revenues	1,542,168	603,789	2,145,957
Contracts payable, due in less than one year	8,666,397	835,260	9,501,657
Claims payable	2,060,114	—	2,060,114
Other liabilities	29,682	—	29,682
Compensated absences payable, due in less than one year	3,176,635	424,574	3,601,209
Matured bond and loan interest payable	1,678,425	653,375	2,331,800
Matured bond and loans payable	6,429,038	1,645,962	8,075,000
Bonds, loans and payables due in less than one year	6,712,274	1,727,725	8,439,999
Total current liabilities	43,238,410	11,812,110	55,050,520
Noncurrent liabilities:			
Contracts payable, due in more than one year	—	1,690,078	1,690,078
Compensated absences payable, due in more than one year	5,182,929	692,726	5,875,655
Bonds, loans and payables due in more than one year	83,189,547	26,467,555	109,657,102
Net pension liability	105,963,687	15,047,516	121,011,203
Net other postemployment benefits liability	244,311	64,936	309,247
Total noncurrent liabilities	194,580,474	43,962,811	238,543,285
Total liabilities	\$ 237,818,884	\$ 55,774,921	\$ 293,593,805

See accompanying Notes to Financial Statements

City of Surprise, Arizona
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension related	\$ 3,075,563	\$ 219,780	\$ 3,295,343
Deferred inflows of resources - other postemployment benefits related	1,069,501	128,924	1,198,425
Total deferred inflows of resources	4,145,064	348,704	4,493,768
Total liabilities and deferred inflows of resources	241,963,948	56,123,625	298,087,573
NET POSITION			
Net investment in capital assets	502,976,390	320,299,739	823,276,129
Restricted for:			
Capital Projects	12,253,701	9,401,711	21,655,412
Court	376,034	—	376,034
Debt Service	331,700	23,466	355,166
Economic Development	19,574	—	19,574
Fire-Medical	9,566,504	—	9,566,504
Human Services and Community Vitality	34,173	—	34,173
Parks and recreation	5,659,993	—	5,659,993
Police	6,074,269	—	6,074,269
Public Works	675,031	—	675,031
Transportation	4,566,066	—	4,566,066
Unrestricted	75,855,018	67,556,649	143,411,667
Total net position	\$ 618,388,453	\$ 397,281,565	\$ 1,015,670,018



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City of Surprise, Arizona
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs Primary government:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General Government	\$ 27,692,032	\$ 8,125,797	\$ 91,082	\$ 3,129,161
Public Safety	66,442,651	1,754,361	9,427,762	2,764,507
Public works and streets	39,687,896	5,283,508	10,246,388	25,622,219
Community Development	11,564,452	16,185,099	109,340	59,653,587
Culture and recreation	29,248,928	3,480,856	2,835,217	998,975
Interest on long-term debt	2,695,568	—	—	—
Total governmental activities	177,331,527	34,829,621	22,709,789	92,168,449
Business-type activities:				
Ground Ambulance Services	4,696,823	4,541,588	14,820	—
Sanitation	7,669,633	12,271,547	—	—
Sewer	24,744,000	20,301,588	—	34,281,223
Stormwater	1,167,538	2,554,905	—	1,339,504
Water	19,000,628	20,727,214	—	11,314,779
Total business-type activities	57,278,622	60,396,842	14,820	46,935,506
Total primary government	\$ 234,610,149	\$ 95,226,463	\$ 22,724,609	\$ 139,103,955

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Unrestricted State shared revenues
- Unrestricted investment earnings
- Other
- Transfers
- Total general revenues and transfers
- Change in net position
- Net position - beginning
- Net position - ending

City of Surprise, Arizona
Statement of Activities
For the Year Ended June 30, 2021

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (16,345,992)	\$ —	\$ (16,345,992)
(52,496,021)	—	(52,496,021)
1,464,219	—	1,464,219
64,383,574	—	64,383,574
(21,933,880)	—	(21,933,880)
(2,695,568)	—	(2,695,568)
(27,623,668)	—	(27,623,668)
—	(140,415)	(140,415)
—	4,601,914	4,601,914
—	29,838,811	29,838,811
—	2,726,871	2,726,871
—	13,041,365	13,041,365
—	50,068,546	50,068,546
(27,623,668)	50,068,546	22,444,878
17,675,230	—	17,675,230
90,643,310	—	90,643,310
5,654,379	—	5,654,379
44,122,121	—	44,122,121
228,665	115,514	344,179
1,040,102	185,489	1,225,591
1,443,311	(1,443,311)	—
160,807,118	(1,142,308)	159,664,810
133,183,450	48,926,238	182,109,688
485,205,003	348,355,327	833,560,330
\$ 618,388,453	\$ 397,281,565	\$ 1,015,670,018

See accompanying Notes to Financial Statements



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FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS FUND FINANCIAL STATEMENTS

The Financial Section is divided into five subsections. The fourth subsection is also comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. The second component is comprised of the fund financial statements. These financial statements are presented on the basis of funds, in contrast to the government-wide financial statements.



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City of Surprise, Arizona
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	General Capital Projects Fund	General Government Development Fee Fund
ASSETS			
Cash and investments	\$ 100,125,922	\$ 39,545,995	\$ 1,093,285
Restricted cash and investments	10,055,085	14,820,387	—
Receivables (net of allowances)			
Accounts	365,050	—	—
Taxes and franchise fees	12,962,657	—	—
Grants	82,174	—	—
Intergovernmental	263,070	—	—
Due from other funds	397,281	—	—
Other	1,008,879	—	—
Prepaid items and other assets	409,221	3,637	—
Inventory	1,098,612	—	—
Advances to other funds	2,058,069	—	—
Total assets	<u>\$ 128,826,020</u>	<u>\$ 54,370,019</u>	<u>\$ 1,093,285</u>
LIABILITIES			
Accounts payable	\$ 2,533,337	\$ 3,259,620	\$ —
Accrued payroll and related taxes	4,008,818	—	—
Due to other funds	—	—	—
Deposits	202,862	—	—
Unearned revenue	1,116,877	—	—
Contracts payable	8,549,538	—	—
Other liabilities	29,682	—	—
Matured bond interest payable	—	—	—
Matured bonds and notes payable	—	—	—
Advances from other funds	—	—	5,366,279
Total liabilities	<u>16,441,114</u>	<u>3,259,620</u>	<u>5,366,279</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - unavailable revenue	257,489	—	—
Total deferred inflow of resources	<u>257,489</u>	<u>—</u>	<u>—</u>
Total liabilities and deferred inflows of resources	<u>16,698,603</u>	<u>3,259,620</u>	<u>5,366,279</u>
FUND BALANCES (DEFICITS)			
Nonspendable	3,565,902	3,637	—
Restricted	525,607	12,253,702	—
Committed	—	—	—
Assigned	16,732,161	38,853,060	—
Unassigned	91,303,747	—	(4,272,994)
Total fund balances (deficits)	<u>112,127,417</u>	<u>51,110,399</u>	<u>(4,272,994)</u>
Total liabilities, deferred inflows and fund balances (deficits)	<u>\$ 128,826,020</u>	<u>\$ 54,370,019</u>	<u>\$ 1,093,285</u>

Highway User Revenue Fund	Transportation Improvement Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 4,199,018	\$ 14,353,308	\$ —	\$ 22,991,919	\$ 182,309,447
45,459	99,024	7,165,027	2,344,653	34,529,635
—	—	—	—	365,050
—	—	101,067	68,875	13,132,599
—	—	—	610,599	692,773
890,763	—	—	—	1,153,833
—	—	—	—	397,281
—	—	—	146,657	1,155,536
1,502	—	—	11,427	425,787
378,723	—	—	10,038	1,487,373
—	—	—	—	2,058,069
<u>\$ 5,515,465</u>	<u>\$ 14,452,332</u>	<u>\$ 7,266,094</u>	<u>\$ 26,184,168</u>	<u>\$ 237,707,383</u>
\$ 499,646	\$ 1,136,940	\$ —	\$ 854,965	\$ 8,284,508
147,239	4,767	—	100,679	4,261,503
—	—	—	397,281	397,281
—	52,215	—	462	255,539
2,000	—	—	423,291	1,542,168
43,459	46,809	—	26,591	8,666,397
—	—	—	—	29,682
—	—	1,339,047	339,378	1,678,425
—	—	5,734,038	695,000	6,429,038
—	—	—	—	5,366,279
<u>692,344</u>	<u>1,240,731</u>	<u>7,073,085</u>	<u>2,837,647</u>	<u>36,910,820</u>
—	—	34,982	349,503	641,974
—	—	34,982	349,503	641,974
<u>692,344</u>	<u>1,240,731</u>	<u>7,108,067</u>	<u>3,187,150</u>	<u>37,552,794</u>
380,225	—	—	21,465	3,971,229
4,442,896	—	158,027	22,176,814	39,557,046
—	13,211,601	—	1,194,917	14,406,518
—	—	—	—	55,585,221
—	—	—	(396,178)	86,634,575
<u>4,823,121</u>	<u>13,211,601</u>	<u>158,027</u>	<u>22,997,018</u>	<u>200,154,589</u>
<u>\$ 5,515,465</u>	<u>\$ 14,452,332</u>	<u>\$ 7,266,094</u>	<u>\$ 26,184,168</u>	<u>\$ 237,707,383</u>

City of Surprise, Arizona
 Reconciliation of the Governmental Funds Balance Sheet Fund Balances
 to the Statement of Net Position
 June 30, 2021

Fund balances - total governmental funds		\$ 200,154,589
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	989,254,226	
Less accumulated depreciation	<u>(411,196,402)</u>	
		578,057,824
Some revenues will not be available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
		641,974
Internal Service Funds used by management to charge the costs of employee healthcare, risk management, and workers' compensation to individual funds are included in the statement of net position.		
Net position (adjusted for interfund activity)	11,298,925	
Net pension liability	(455,543)	
Deferred outflows	87,356	
Deferred inflows	(5,253)	
Compensated absences payable	(27,631)	
Net OPEB asset	1,892	
Net OPEB asset/liability deferred outflows	5,405	
Net OPEB asset/liability deferred inflows	(3,812)	
Net OPEB liability	<u>(2,013)</u>	
		10,899,326
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	34,592,253	
Deferred inflows of resources related to pensions	<u>(3,070,310)</u>	
		31,521,943
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	(84,370,952)	
Issuance premium (to be amortized as interest expense)	(5,530,869)	
Net pension liability	(105,508,144)	
Compensated absences payable	(8,331,933)	
Net OPEB asset	359,211	
Net OPEB liability	<u>(242,298)</u>	
		(203,624,985)
The equity interest in the joint venture, Regional Wireless Cooperative, is not a financial resource and, therefore, is not reported in the funds.		
		969,335
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	834,136	
Deferred inflows of resources related to OPEB	<u>(1,065,689)</u>	
		<u>(231,553)</u>
Net position of governmental activities		\$ 618,388,453



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City of Surprise, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General Fund	General Capital Projects Fund	General Government Development Fee	Highway User Revenue Fund
REVENUES				
Taxes	\$ 74,796,921	\$ 14,339,521	\$ —	\$ —
Licenses and permits	6,168,794	—	—	—
Intergovernmental revenues	44,699,113	—	—	9,822,481
Charges for services	22,705,823	—	—	12,750
Grants revenue	7,314,593	—	—	—
Fines	1,250,670	—	—	—
Rents	303,717	—	—	—
Development fees	—	—	694,000	—
Interest revenue	99,411	40,650	2,239	8,041
Donations	52,541	—	—	—
Indirect charges	6,348,174	—	—	—
Other revenue	649,130	111,544	—	84,936
Total revenues	<u>164,388,887</u>	<u>14,491,715</u>	<u>696,239</u>	<u>9,928,208</u>
EXPENDITURES				
Current:				
General Government	20,515,495	—	—	94,800
Public Safety	55,637,756	—	—	—
Public works and streets	7,746,380	—	—	6,835,877
Community Development	13,529,326	—	—	—
Culture and recreation	12,652,410	—	—	—
Debt service:				
Administrative charges	—	—	—	—
Principal retirement	—	—	—	—
Interest	—	—	—	—
Bond issuance costs	—	—	—	—
Capital outlay:				
General Government	9,339	1,330,434	—	—
Public Safety	97,060	12,628,942	—	—
Public works and streets	233,729	8,042,306	—	2,056,054
Community Development	92,184	78,344	—	—
Culture and recreation	3,308	2,488,065	—	—
Total expenditures	<u>110,516,987</u>	<u>24,568,091</u>	<u>—</u>	<u>8,986,731</u>
Excess (deficiency) of revenues over expenditures	<u>53,871,900</u>	<u>(10,076,376)</u>	<u>696,239</u>	<u>941,477</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	159,875	—	—	—
Transfers in	1,515,611	15,303,200	—	—
Transfers out	(21,213,754)	(38,900)	(367,221)	(105,213)
Issuance of debt	—	17,460,000	—	—
Premium on debt issuance	—	2,133,059	—	—
Total other financing sources (uses)	<u>(19,538,268)</u>	<u>34,857,359</u>	<u>(367,221)</u>	<u>(105,213)</u>
Net change in fund balances	34,333,632	24,780,983	329,018	836,264
Fund balances - beginning	77,519,410	26,329,416	(4,602,012)	3,999,671
Increase (decrease) in inventories	274,376	—	—	(12,814)
Fund balances (deficits) - ending	<u>\$ 112,127,418</u>	<u>\$ 51,110,399</u>	<u>\$ (4,272,994)</u>	<u>\$ 4,823,121</u>

Transportation Improvement Fund	Debt Service Fund	Total Nonmajor Funds	Total Governmental Funds
\$ 9,776,946	\$ 4,645,013	\$ 4,836,302	\$ 108,394,703
—	—	—	6,168,794
—	—	531,311	55,052,905
—	—	1,599,593	24,318,166
334,945	—	3,826,759	11,476,297
—	—	191,165	1,441,835
—	—	317,481	621,198
—	—	6,198,441	6,892,441
13,493	8,881	34,620	207,335
—	—	250	52,791
—	—	—	6,348,174
—	—	9,887	855,497
10,125,384	4,653,894	17,545,809	221,830,136
—	—	225,655	20,835,950
—	—	1,242,976	56,880,732
2,976,546	—	2,728,982	20,287,785
—	—	25,169	13,554,495
—	—	7,461,364	20,113,774
—	14,887	400	15,287
—	5,734,038	695,000	6,429,038
—	2,549,044	678,755	3,227,799
—	175,072	32,550	207,622
—	—	—	1,339,773
—	—	495,504	13,221,506
2,107,457	—	—	12,439,546
—	—	—	170,528
—	—	676,314	3,167,687
5,084,003	8,473,041	14,262,669	171,891,522
5,041,381	(3,819,147)	3,283,140	49,938,614
—	—	—	159,875
—	3,433,062	3,100,885	23,352,758
(34,700)	—	(1,223,925)	(22,983,713)
—	—	32,250	17,492,250
—	—	—	2,133,059
(34,700)	3,433,062	1,909,210	20,154,229
5,006,681	(386,085)	5,192,350	70,092,843
8,204,920	544,112	17,802,574	129,798,091
—	—	2,093	263,655
\$ 13,211,601	\$ 158,027	\$ 22,997,017	\$ 200,154,589

City of Surprise, Arizona

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 70,092,843
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Amounts reported for governmental activities in the statement of activities net position are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	22,504,014	
Less current year depreciation	<u>(28,640,760)</u>	(6,136,746)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Capital contributions	85,273,955	
Disposals of assets	<u>(197,264)</u>	85,076,691

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

136,543

Inventories are recorded using the purchases method in the governmental funds and an adjustment is made to record inventory using the consumption method for the statement of activities.

Change in inventory		263,655
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Governmental funds report City pension contributions as expenditures when made. However, in the statement of activities, pension expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and the investment experience.

Pension contributions	11,530,002	
Pension expense	<u>(16,919,489)</u>	(5,389,487)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. There is the same effect with premiums, discounts and similar items when debt is first issued. These items are current finance resources or uses to governmental funds, whereas, the amounts are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term liabilities and debt related items.

Amortization of issuance premium	707,702	
Principal Paid	6,429,037	
Issuance Premium	(2,133,059)	
Bond Proceeds	<u>(17,460,000)</u>	(12,456,320)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when the financial resources are available.

Increase in compensated absences		(70,747)
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City of Surprise, Arizona**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021**

Internal service funds are used by management to charge the costs of employee healthcare, risk management, and workers' compensation. The net revenue of certain activities of the internal services funds is reported in the statement of activities.

Change in net position for the internal service funds (adjusted for interfund activity)	305,838	
Transfers	<u>1,306,100</u>	1,611,938

Change in equity interest in joint venture		(82,581)
--	--	----------

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

OPEB contributions	273,192	
OPEB expense	<u>(135,531)</u>	137,661

Change in net position of governmental activities		<u><u>\$ 133,183,450</u></u>
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City of Surprise, Arizona
 Statement of Net Position
 Proprietary Funds
 June 30, 2021

	Business-Type Activities		
	Ground Ambulance Service Fund	Water Fund	Sewer Fund
ASSETS			
Current assets:			
Cash and investments	\$ 760,689	\$ 33,140,942	\$ 30,814,174
Restricted cash and investments	—	2,649,388	9,607,960
Receivables (net of allowances)			
Accounts	2,217,461	2,423,241	2,177,752
Other	—	74,345	15,994
Other assets	300	473,684	23,199
Inventory	—	529,052	692,430
Total current assets	<u>2,978,450</u>	<u>39,290,652</u>	<u>43,331,509</u>
Noncurrent assets:			
Advances to other funds	—	—	5,366,279
Net other postemployment benefits asset	11,079	14,667	18,906
Capital assets	1,909,483	153,236,663	330,040,944
Accumulated depreciation	(700,233)	(40,158,296)	(108,265,970)
Total noncurrent assets	<u>1,220,329</u>	<u>113,093,034</u>	<u>227,160,159</u>
Total assets	<u>4,198,779</u>	<u>152,383,686</u>	<u>270,491,668</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	791,380	677,110	872,818
Deferred outflows related to other postemployment benefits	34,594	41,889	53,996
Total deferred outflows of resources	<u>825,974</u>	<u>718,999</u>	<u>926,814</u>
Total assets and deferred outflows of resources	<u>\$ 5,024,753</u>	<u>\$ 153,102,685</u>	<u>\$ 271,418,482</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 37,900	\$ 3,535,608	\$ 895,235
Accrued payroll and related taxes	148,454	136,540	181,219
Deposits	—	103,621	246,501
Unearned revenue	—	57,106	412,819
Claims payable	—	—	—
Compensated absences payable, due in less than one year	35,870	122,981	174,564
Contracts payable	—	129,890	705,370
Matured bond interest payable	—	—	653,375
Matured bonds and loans payable	—	—	1,645,962
Bonds, loans and payables, due in less than one year	—	—	1,727,725
Advances from other funds	2,058,069	—	—
Total current liabilities	<u>2,280,293</u>	<u>4,085,746</u>	<u>6,642,770</u>
Noncurrent liabilities:			
Compensated absences payable, due in more than one year	58,524	200,654	284,815
Contracts payable, due in more than one year	—	1,690,078	—
Bonds, loans and payables, due in more than one year	—	—	26,467,555
Net pension liability	3,138,992	3,530,956	4,551,518
Net other postemployment benefits liability	12,326	15,599	20,108
Total noncurrent liabilities	<u>3,209,842</u>	<u>5,437,287</u>	<u>31,323,996</u>
Total liabilities	<u>5,490,135</u>	<u>9,523,033</u>	<u>37,966,766</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	82,464	40,715	52,483
Deferred inflows related to other postemployment benefits	29,268	29,549	38,089
Total deferred inflows of resources	<u>111,732</u>	<u>70,264</u>	<u>90,572</u>
Total liabilities and deferred inflows of resources	<u>5,601,867</u>	<u>9,593,297</u>	<u>38,057,338</u>
NET POSITION			
Net investment in capital assets	1,209,250	113,078,367	193,580,147
Restricted for:			
Capital projects	—	8,828,832	572,879
Debt service	—	—	23,466
Unrestricted	(1,786,364)	21,602,189	39,184,652
Total net position	<u>\$ (577,114)</u>	<u>\$ 143,509,388</u>	<u>\$ 233,361,144</u>
Difference between business-type adjustments to assets and liabilities			
Net position of business-type activities			

		Governmental Activities	
Sanitation Fund	Stormwater Fund	Total Enterprise Funds	Internal Service Funds
\$ 4,166,781	\$ 2,224,982	\$ 71,107,568	\$ 16,727,724
152,605	110,756	12,520,709	—
1,449,916	1,127,069	9,395,439	—
—	—	90,339	168,260
5,036	1,509	503,728	3,989
52,921	—	1,274,403	—
5,827,259	3,464,316	94,892,186	16,899,973
—	—	5,366,279	—
13,033	2,860	60,545	1,892
12,799,294	5,641,148	503,627,532	—
(5,703,180)	(305,287)	(155,132,966)	—
7,109,147	5,338,721	353,921,390	1,892
12,936,406	8,803,037	448,813,576	16,901,865
601,673	132,026	3,075,007	87,356
37,222	8,168	175,869	5,405
638,895	140,194	3,250,876	92,761
\$ 13,575,301	\$ 8,943,231	\$ 452,064,452	\$ 16,994,626
\$ 401,447	\$ 8,395	\$ 4,878,585	\$ 125,402
127,457	22,059	615,729	16,275
64,040	12,949	427,111	—
88,565	45,299	603,789	—
—	—	—	2,060,114
89,482	1,677	424,574	10,500
—	—	835,260	—
—	—	653,375	—
—	—	1,645,962	—
—	—	1,727,725	—
—	—	2,058,069	—
770,991	90,379	13,870,179	2,212,291
145,997	2,736	692,726	17,131
—	—	1,690,078	—
—	—	26,467,555	—
3,137,568	688,482	15,047,516	455,543
13,861	3,042	64,936	2,013
3,297,426	694,260	43,962,811	474,687
4,068,417	784,639	57,832,990	2,686,978
36,179	7,939	219,780	5,253
26,257	5,762	128,925	3,812
62,436	13,701	348,705	9,065
4,130,853	798,340	58,181,695	2,696,043
7,096,114	5,335,861	320,299,739	—
—	—	9,401,711	—
—	—	23,466	—
2,348,334	2,809,030	64,157,841	14,298,583
\$ 9,444,448	\$ 8,144,891	\$ 393,882,757	\$ 14,298,583
		3,398,808	
		\$ 397,281,565	

City of Surprise, Arizona
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities		
	Ground Ambulance Services Fund	Water Fund	Sewer Fund
OPERATING REVENUES			
Charges for services	\$ 4,525,346	\$ 20,618,963	\$ 19,975,046
Other revenue	31,062	351,184	305,955
Total operating revenues	4,556,408	20,970,147	20,281,001
OPERATING EXPENSES			
Costs of sales and services	4,448,392	11,207,794	10,362,789
Personnel services	—	—	—
Contractual services, materials & supplies	—	—	—
Insurance claims, premiums, and administrative expenses	—	—	—
Indirect costs	745,722	1,677,913	1,781,757
Depreciation	251,882	3,844,043	8,969,366
Total operating expenses	5,445,996	16,729,750	21,113,912
Operating income (loss)	(889,588)	4,240,397	(832,911)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	1,509	47,188	56,956
Developer reimbursement	—	(1,514,270)	(1,249,367)
Gain\ (Loss) on disposal of capital assets	—	(71,652)	28,860
Amortization on premium	—	—	309,604
Interest and fiscal charges	—	—	(1,308,698)
Total nonoperating revenues (expenses)	1,509	(1,538,734)	(2,162,645)
Income (loss) before contributions and transfers	(888,079)	2,701,663	(2,995,556)
Transfers in	—	1,274,478	—
Transfers out	(41,689)	(618,050)	(2,143,329)
Capital contributions	—	11,314,779	34,283,074
Change in net position	(929,768)	14,672,870	29,144,189
Total net position - beginning	352,654	128,836,518	204,216,955
Total net position - ending	\$ (577,114)	\$ 143,509,388	\$ 233,361,144

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

Business-Type Activities		Governmental Activities	
Sanitation Fund	Stormwater Fund	Total Enterprise Funds	Internal Service Funds
\$ 12,127,715	\$ 2,554,905	\$ 59,801,975	\$ 16,468,976
115,547	5,935	809,683	1,093,411
12,243,262	2,560,840	60,611,658	17,562,387
6,374,125	1,001,179	33,394,279	—
—	—	—	355,280
—	—	—	258,669
—	—	—	15,911,342
1,901,270	241,513	6,348,175	—
1,173,348	134,892	14,373,531	—
9,448,743	1,377,584	54,115,985	16,525,291
2,794,519	1,183,256	6,495,673	1,037,096
6,757	3,104	115,514	21,331
—	—	(2,763,637)	—
28,286	—	(14,506)	—
—	—	309,604	—
—	—	(1,308,698)	—
35,043	3,104	(3,661,723)	21,331
2,829,562	1,186,360	2,833,950	1,058,427
—	—	1,274,478	1,306,100
(127,798)	(18,757)	(2,949,623)	—
—	1,339,504	46,937,357	—
2,701,764	2,507,107	48,096,162	2,364,527
6,742,684	5,637,784	345,786,595	11,934,056
\$ 9,444,448	\$ 8,144,891	\$ 393,882,757	\$ 14,298,583
		830,076	
		\$ 48,926,238	

City of Surprise, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities			
	Ground Ambulance Services Fund	Water Fund	Sewer Fund	Sanitation Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 3,966,309	\$ 20,079,406	\$ 19,414,449	\$ 11,666,716
Cash receipts from interfund services provided	—	—	—	—
Payments to employees	(3,157,316)	(3,278,695)	(3,851,253)	(2,952,940)
Payments to suppliers	(1,318,508)	(8,162,931)	(8,177,784)	(5,495,045)
Payments for insurance claims and expenses	—	—	—	—
Other operating cash receipts	31,062	351,184	305,955	115,547
Net cash provided (used) by operating activities	(478,453)	8,988,964	7,691,367	3,334,278
CASH FLOWS FROM NONCAPITAL FINANCING				
Cash received from other governments	—	97,061	—	—
Cash received from other funds	733,586	—	627,042	—
Cash paid to other funds	(41,689)	(618,050)	(2,143,329)	(127,798)
Net cash provided (used) by noncapital financing activities	691,897	(520,989)	(1,516,287)	(127,798)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds received from development fees	—	5,076,531	2,595,690	—
Proceeds received from extension fees	—	—	87,737	—
Principal and interest paid on bonds, loans and payables	—	—	(2,923,119)	(2,406,165)
Sale/Acquisition of capital assets	—	(3,941,170)	(2,668,750)	28,286
Developer reimbursements	—	(1,654,759)	(942,401)	—
Net cash provided (used) by capital and related financing	—	(519,398)	(3,850,843)	(2,377,879)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from interest income/(loss)	1,509	47,188	56,958	6,757
Net cash provided (used) by investing activities	1,509	47,188	56,958	6,757
Net increase (decrease) in cash and cash equivalents	214,953	7,995,765	2,381,195	835,358
Balances - beginning of year	545,736	27,794,565	38,040,939	3,484,028
Balances - end of the year	\$ 760,689	\$ 35,790,330	\$ 40,422,134	\$ 4,319,386
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income/(loss)	\$ (889,588)	\$ 4,240,397	\$ (832,911)	\$ 2,794,519
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	251,882	3,844,043	8,969,366	1,173,348
Changes in assets and liabilities:				
Accounts receivable	(544,167)	(542,275)	(563,551)	(457,470)
Other receivables	—	(16,366)	77,263	—
Other assets	10,882	(182,661)	(20,680)	177
Inventory	39,511	(57,995)	(15,343)	42,437
Accounts payable	(43,176)	1,623,639	72,053	(108,196)
Accrued payroll and related taxes	27,549	16,022	40,599	23,024
Deposits	(50)	9,039	(44,588)	368
Unearned revenue	(14,820)	10,045	(29,721)	(3,897)
Compensated absences	—	2,251	57,849	(2,439)
Net pension liability	10,676	47,009	(13,763)	(124,296)
Claims payable	675,140	—	—	—
Net other postemployment asset/liability	(2,292)	(4,184)	(5,206)	(3,297)
Net cash provided (used) by operating activities	\$ (478,453)	\$ 8,988,964	\$ 7,691,367	\$ 3,334,278
Noncash investing, capital and financing activities				
Capital asset contributions from developers	\$ —	\$ 6,141,187	\$ 31,599,647	\$ —
Capital asset contributions to/from other funds/governmental activities	—	1,274,478	—	—
Increase in the fair market value of investments	—	(27,645)	(111,280)	(13,903)
Total noncash investing, capital and financing activities	\$ —	\$ 7,388,020	\$ 31,488,367	\$ (13,903)
Reconciliation to Statement of Net Position				
Cash and investments	\$ 760,689	\$ 33,140,942	\$ 30,814,174	\$ 4,166,781
Restricted cash and investments	—	2,649,388	9,607,960	152,605
Total cash and investments	\$ 760,689	\$ 35,790,330	\$ 40,422,134	\$ 4,319,386
Total cash	\$ 760,689	\$ 35,790,330	\$ 40,422,134	\$ 4,319,386

		Governmental Activities	
Stormwater Fund	Total Enterprise Funds	Internal Service Funds	
\$ 2,277,810	\$ 57,404,690	\$ 615,390	
—	—	15,963,575	
(625,405)	(13,865,609)	(414,854)	
(564,297)	(23,718,565)	(181,382)	
—	—	(15,982,356)	
5,935	809,683	1,694,248	
1,094,043	20,630,199	1,694,621	
—	97,061	—	
—	1,360,628	1,306,100	
(18,757)	(2,949,623)	—	
(18,757)	(1,491,934)	1,306,100	
—	7,672,221	—	
—	87,737	—	
(1,028,811)	(6,358,095)	—	
—	(6,581,634)	—	
—	(2,597,160)	—	
(1,028,811)	(7,776,931)	—	
3,104	115,516	21,331	
3,104	115,516	21,331	
49,579	11,476,850	3,022,052	
2,286,159	72,151,427	13,705,672	
\$ 2,335,738	\$ 83,628,277	\$ 16,727,724	
\$ 1,183,256	\$ 6,495,673	\$ 1,037,096	
134,892	14,373,531	—	
(299,828)	(2,407,291)	—	
—	60,897	710,826	
(1,363)	(193,645)	19,434	
—	8,610	—	
(59,073)	1,485,247	57,853	
(1,940)	105,254	(854)	
12,253	(22,978)	—	
10,480	(27,913)	—	
—	57,661	5,871	
(13,287)	(93,661)	(64,229)	
129,774	804,914	(71,014)	
(1,121)	(16,100)	(362)	
\$ 1,094,043	\$ 20,630,199	\$ 1,694,621	
\$ 1,339,504	\$ 39,080,338	\$ —	
—	1,274,478	—	
(8,636)	(161,464)	(41,965)	
\$ 1,330,868	\$ 40,193,352	\$ (41,965)	
\$ 2,224,982	\$ 71,107,568	\$ 16,727,724	
110,756	12,520,709	—	
\$ 2,335,738	\$ 83,628,277	\$ 16,727,724	
\$ 2,335,738	\$ 83,628,277	\$ 16,727,724	

City of Surprise, Arizona
 Statement of Fiduciary Net Position
 Fiduciary Fund
 June 30, 2021

	<u>Custodial Fund</u>
ASSETS	
Cash and investments	\$ 52,756
Total assets	<u>52,756</u>
LIABILITIES	
Accounts Payable	<u>30,000</u>
Total liabilities	<u>30,000</u>
NET POSITION	
Restricted for:	
Individuals	<u>22,756</u>
Total net position	<u><u>\$ 22,756</u></u>

City of Surprise, Arizona
 Statement of Changes in Fiduciary Net Position
 Fiduciary Fund
 For the Year Ended June 30, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Contributions:	
Employee contributions	\$ 456,360
Total contributions	<u>456,360</u>
Total additions	<u>456,360</u>
 DEDUCTIONS	
Claim settlement	<u>453,862</u>
Total deductions	<u>453,862</u>
Net increase (decrease) in fiduciary net position	2,498
 Net Position - beginning	<u>20,258</u>
Net Position - end of the year	<u>\$ 22,756</u>



SURPRISE

ARIZONA



Financial Section – Notes to the Financial Statements

The Financial Section is divided into five subsections. The fifth subsection is also comprised of the Basic Financial Statements that are the core of general-purpose external financial reporting for local governments and are separated into three components. In addition to the government-wide and fund financial statements, the third component, the notes to the basic financial statements, are an integral part of the financial statements and include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements.



SURPRISE

ARIZONA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Surprise, Arizona (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY

The City is located approximately 20 miles northwest of downtown Phoenix and was incorporated in 1960 under the provision of the Arizona Constitution. During 2003, the voters approved the Home Rule, an alternative expenditure limitation for budget years through June 30, 2007. City of Surprise voters approved an Alternative Expenditure Limitation (Permanent Base Adjustment) on November 7, 2006. The City is governed by an elected mayor, and a six-member council, and offers the following services: public safety (police, fire-medical, and court), highways and streets, sanitation, water, sewer, stormwater, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

COMPONENT UNITS

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. A primary government is considered financially accountable for another organization when it can impose its will or have a financial benefit or burden relationship. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The following entities are blended component units of the City:

Various Street Lighting Improvement Districts (SLIDs) are maintained by the City for developing areas, and the City's council is the board for the SLIDs. The SLID property tax assessment rates are approved by the City's council. The SLIDs are reported in a special revenue fund.

Marley Park Community Facilities District (CFD) is maintained by the City for a developing area. The CFD's board is the same as the City's council. CFD property tax rates are approved by the City's council. The CFD is reported in a special revenue fund.

For the fiscal year ended June 30, 2021, the City had no discretely presented component units. Separately issued financial statements are not prepared for any of the component units.

RELATED ORGANIZATIONS

A related organization is one for which the primary government is not financially accountable even though the primary government appoints a voting majority of the organization's governing board.

NOTES TO THE FINANCIAL STATEMENTS

EXCLUDED ORGANIZATIONS

Although there are schools located within the geographic boundaries of the City, school districts are separate from the municipalities in which they are located, with their own elected officials and taxing powers. Consequently, the report does not include the activities of the area school districts.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide 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 non-fiduciary activities of the primary government and its component units. The government-wide 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 grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

The government-wide statements of activities present a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with the service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the receipts of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenue, are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position is reported as restricted when constraints placed on net position is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Using a fund accounting system, amounts are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activity. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO THE FINANCIAL STATEMENTS

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end and on behalf of the government are also recognized as revenue. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Major governmental funds include the following:

The ***General Fund*** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The ***General Capital Projects Fund***, a capital projects fund, accounts for revenues and expenditures relating to the acquisition of capital items.

The ***General Government Development Fee Fund***, a special revenue fund, accounts for revenues and expenditures associated with general government development impact fees assessed to fund infrastructure and other expenditures for growth-related general government projects.

The ***Highway User Revenue Fund****, a special revenue fund, accounts for State shared highway user revenues consisting of state taxes collected on gasoline, vehicle registration, vehicle license tax, and a number of other additional transportation related fees and expenditures that are legally restricted to expenditures for transportation and the construction, repairs, and maintenance of public works and streets.

The ***Transportation Improvement Fund****, a special revenue fund, accounts for revenues and expenditures that are legally restricted to expenditures for existing roadway corridor improvements and the related costs of the construction of new roadways.

The ***Debt Service Fund***, a debt service fund, accounts for revenues and expenditures that are legally restricted for the payment of principal and interest on long-term debt of the City.

NOTES TO THE FINANCIAL STATEMENTS

Proprietary and Fiduciary Funds

All proprietary and custodial funds are accounted for on the flow of economic resources measurement focus and use of accrual basis of accounting. Under this method, revenues/additions are recorded when earned and expenses/deductions are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating 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. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Major proprietary funds include the following:

The ***Ground Ambulance Services Fund**** accounts for ground ambulance services provided to patients in need of emergency medical services within the City.

The ***Water Fund*** accounts for the provision of the water treatment and distribution to residential and commercial customers of the City.

The ***Sewer Fund*** accounts for sanitary sewer services provided to the residential and commercial customers of the City.

The ***Sanitation Fund**** accounts for trash collection services provided to the residential and some commercial customers of the City.

The ***Stormwater Fund**** accounts for stormwater management services provided to the residential and commercial customers of the City.

* These funds have not met the criterion which mandates they be reported separately as major funds. However, the City has chosen to present these funds as major funds.

In addition, the City reports the following fund types:

Internal service funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The funds account for transactions of the City's internal insurance activities which includes general insurance, health insurance programs, and workers' compensation.

Custodial fund (not included in government-wide statements) accounts for employee contributions to their flexible spending accounts.

C. DEPOSITS AND INVESTMENTS

Cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less, including amounts on deposit with the Local Government Investment Pool and invested with the Certificate of Deposit Account Registry Service (CDARS) program through Alliance Bank of Arizona.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Local Government Investment Pool. Investments are stated at fair value.

NOTES TO THE FINANCIAL STATEMENTS

D. RESTRICTED ASSETS

Restricted cash and investments reported in the statements are comprised of restricted deposits for development and construction agreements, for outstanding debt amounts and other contractual requirements.

E. RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Fund balance resulting from advances to other funds is shown as nonspendable and committed amounts.

All accounts receivables are shown net of allowance for un-collectibles when applicable.

F. INVENTORIES AND PREPAID ITEMS

Inventories consist of expendable supplies held for consumption. For the governmental funds inventories are reported using the purchases method, expenditures are incurred as inventory is purchased and an adjustment is made at year end directly to inventory and fund balance. For the proprietary funds and government wide statements inventories are reported using the consumption method, inventory is recorded when it is purchased and expensed as it is used. Inventory is valued using the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are reported using the consumption method in both government-wide and fund financial statements and are therefore recorded as prepaid items.

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, intangibles (e.g. software, rights such as water rights and facility use rights), and infrastructure assets (e.g., streets, traffic signals and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City’s policy defines capital assets as assets with an initial individual cost greater than \$10,000 and an estimated useful life of two or more years. Land, right-of-ways, and easements regardless of cost are capitalized. Donated (contributed) capital assets, works of art, historical treasures, and any capital assets the City may receive as part of a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Significant outlays for capital assets and improvements are capitalized as projects are constructed.

NOTES TO THE FINANCIAL STATEMENTS

Depreciation and amortization of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciated and amortized capital assets are as follows:

<u>Assets</u>	<u>Useful life</u> <u>(Years)</u>
Buildings	20-50
Improvements/Infrastructure	5-50
Machinery & Equipment	2-15
Intangibles (Software and Facility Use Rights)	5-30

H. DEFERRED OUTFLOWS OF RESOURCES

The City 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, other post employment benefits (OPEB), and bond refunding.

I. COMPENSATED ABSENCES

Vested or accumulated Paid Time Off (PTO) leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated PTO leave that is not expected to be liquidated with expendable available financial resources is reported in the government-wide statements. No expenditure is reported for these amounts in the governmental fund statements. Vested or accumulated PTO leave in proprietary funds and the government-wide statements is recorded as an expense and liability of those funds as the benefits accrue to employees. The internal service funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities schedule. For the governmental activities, the General Fund, Highway User Revenue Fund, Transportation Improvement Fund, the Employee Healthcare Fund, Worker's Compensation Fund, and the Risk Management Fund have been used in prior years to liquidate the compensated absences liability.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and the proprietary fund types in the 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 type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. POSTEMPLOYMENT BENEFITS

For purposes of measuring the net pension and other postemployment benefits (OPEB) assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/ deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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. For the governmental activities, the General Fund, Highway User Revenue Fund, Transportation Improvement Fund, the nonmajor funds - SPD Towing Fund, Grants Fund, Neighborhood Revitalization Fund, Municipal Court FARE Fund, Municipal Court JCEF Fund, and the Municipal Court MFTG Fund; the Employee Healthcare Fund, Worker's Compensation Fund, and the Risk Management Fund have been used in prior years to liquidate the Pension and OPEB liabilities.

L. DEFERRED INFLOWS OF RESOURCES

The City 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, other postemployment benefits (OPEB), and in connection with receivables for revenues that are not considered to be measurable and available to liquidate liabilities of the current period.

M. FUND BALANCE

In the fund financial statements, governmental funds report fund balance into classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purpose for which those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact.

Restricted fund balances are the portion of fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantors, laws and regulations of other governments, or enabling legislation.

Committed fund balances are self-imposed limitations by the highest level of decision making authority, namely Mayor and City Council, prior to the end of the reporting period. Mayor and City Council approval is required to commit resources or to rescind the commitment through a City Council ordinance. Only City Council can remove or change the constraints placed on committed fund balance through formal council ordinance.

Assigned fund balances are limitations imposed internally by management based on the intended use of the funds. The City Council has designated the authority to assign amounts to be used for specific purposes to the Chief Financial Officer (CFO). Approval of the CFO is necessary to establish, modify or rescind an assignment of fund balance.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

NOTES TO THE FINANCIAL STATEMENTS

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

N. MINIMUM FUND BALANCE

The minimum fund balances are not intended to be spent. The purpose of the minimum fund balance is to ensure the City has adequate resources to meet its needs. If the necessity arises to draw down a fund balance below the minimum requirements that have been set, a plan to replenish the minimum fund balance will be presented to the City Council for approval.

Minimum fund balance requirements will be evaluated annually for long-term adequacy and use requirements.

The City has formally adopted a minimum fund balance policy for the following governmental funds:

The General Fund will maintain a reserve equal to two months of budgeted personnel, supplies, and services for the General Fund, Ground Ambulance Fund, and Highway User Revenue Fund. This amount will be allocated across a three-part reserve as follows:

- i. Ten percent (10%) will be dedicated to an Emergency Reserve for unexpected, large-scale expenses resulting from events where immediate, remedial action must be taken to protect the health and safety of residents, all unassigned fund balance has been exhausted, and no amount previously appropriated by the City Council is otherwise available. Any use of the Emergency Reserve must be approved by the City Manager or designee. When this occurs, the City Manager shall provide a summary report to the City Council as soon as practical on the usage of these funds and have City Council approve any necessary budget amendments. At that time, the City Manager will also present a plan to restore the Emergency Reserve within the next fiscal year following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$2.2 million.
- ii. Sixty percent (60%) will be dedicated to an Operating Reserve for unexpected events such as failure of the state to remit revenues to the City, loss of state shared revenues, or other impairment of a significant funding source for the remainder of the fiscal year. The Operating Reserve may also be used for unexpected mandates or other events that cause the City to incur unplanned expenses. The Operating Reserve allows for the continuance of critical City services due to these unanticipated events and is done so after all unassigned fund balance has been exhausted and no amount previously appropriated by the City Council is otherwise available. Any use of the Operating Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan that projects to restore the Operating Reserve within two fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$12.9 million.
- iii. Thirty percent (30%) will be dedicated to a Stabilization Reserve to provide funding to offset reductions in revenues resulting from fluctuations in the economic cycle that cannot be otherwise absorbed by the operating budget. The reserve funds will provide time for the City to restructure its operations in a deliberate manner to ensure continuance of critical City activities and is used

NOTES TO THE FINANCIAL STATEMENTS

after all unassigned fund balance has been exhausted and no amount previously appropriated by the City Council is otherwise available. Any use of the Budget Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Budget Stabilization Reserve within the three fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$6.4 million.

General Capital Projects Fund - \$1.0 million

Transportation Improvement Fund - \$0.5 million

Tourism Fund - \$5,000

Sports & Tourism Fund - will have a minimum fund balance of \$600,000. Any excess fund balance remaining as of June 30 shall be remitted to the General Fund.

Street Light Improvement Districts Fund - SLIDs have a maximum levy limit of \$1.20 per \$100 of assessed valuation in accordance with A.R.S. 48-616. To the extent that the levy limit has not been exceeded, taxes will be levied at a rate that will approach an individual ending fund balance reserve of 5% of its budgeted annual expenses.

There is no effect on the presentation of fund balance on the face of the financial statements. The City is in compliance with its established minimum fund balance policies.

O. NET POSITION

The government-wide, proprietary and fiduciary fund financial statements present ending resources as net position. Net position is categorized to help signify their availability.

Net Investment in Capital Assets includes all capital assets of the City both depreciable and non-depreciable net of accumulated depreciation and outstanding debt balances attributable to the acquisition, construction or improvement of these assets. Net position in this category represents infrastructure of the City and is not available to meet the City's needs.

Restricted Net Position consists of amounts that have external restrictions imposed upon them by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Net position in this category represent amounts that are not available to meet the City's needs as they have been promised for other purposes.

Unrestricted Net Position represents amounts that have not been restricted for any project or other purpose. These amounts are available to meet any needs of the City. While unrestricted net position is technically available to be spent by the City it is important to remember that the City has established financial policies that would prevent this. There are certain self-imposed criteria, such as maintaining a minimum operating fund balance that would further reduce the amount the City is willing to spend.

NOTES TO THE FINANCIAL STATEMENTS

P. MINIMUM NET POSITION

Minimum net position is not intended to be spent. The purpose of the minimum net position balance is to ensure the City has adequate resources to meet its operational needs in the event of unusual and unforeseen circumstances.

The Ground Ambulance Service Fund will have a reserve as follows:

- i. The City will maintain an amount equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year for repair and replacement. For the year ended June 30, 2021 this balance totaled \$38,190.

The Water Fund will have a four-part reserve as follows:

- i. The City will maintain an Operating Reserve equal to the average of budgeted personnel, supplies, and services expenses over a three-month period for that year's Council Adopted Budget for the Water Fund. For the year ended June 30, 2021 this balance totaled \$3,319,100.
- ii. The City will maintain an Asset Reserve equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year. For the year ended June 30, 2021 this balance totaled \$2,488,661.
- iii. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total charges for services revenue. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$942,000.
- iv. The City will maintain a Resource Portfolio Reserve equal to fifteen percent (15%) of the total cost of delivery and capital charges for Municipal and Industrial plus the Phoenix Active Management Area (AMA) Underground Storage charges multiplied by the total amount of the City's Central Arizona Project (CAP) allocation. For the year ended June 30, 2021 this balance totaled \$399,800.

The Sewer Fund will have a three-part reserve as follows:

- i. The City will maintain an Operating Reserve equal to the average of budgeted personnel, supplies, and services expenses over a three-month period for that year's Council Adopted Budget for the Wastewater Fund. For the year ended June 30, 2021 this balance totaled \$3,013,600.
- ii. The City will maintain an Asset Reserve equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year. For the year ended June 30, 2021 this balance totaled \$5,916,051.

NOTES TO THE FINANCIAL STATEMENTS

iii. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total revenues collected through charges for services. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$993,000.

The Sanitation Fund will have a four-part reserve as follows:

- i. The City will maintain an Operating Reserve equal to the average of budgeted personnel, supplies, and services expenses over a three-month period for that year's Council Adopted Budget for the Sanitation Fund. For the year ended June 30, 2021 this balance totaled \$1,707,900.
- ii. The City will maintain an Asset Reserve equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year. For the year ended June 30, 2021 this balance totaled \$212,846.
- iii. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total revenues collected through charges for services. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$601,400.
- iv. As the Sanitation Fund has excess revenues, the City will maintain a phased Contingency Reserve equal to one-half percent (0.5%) beginning in FY2022 and increase to one percent (1%) for each subsequent year through FY2024. For the year ended June 30, 2021, this balance was \$0.

The Stormwater Fund will have a three-part reserve as follows:

- i. The City will maintain an amount equal to the average budgeted personnel, supplies, and services expenses over a two-month period for that year's Council Adopted Budget for the Stormwater Fund. For the year ended June 30, 2021 this balance totaled \$179,500.
- ii. The City will maintain an amount equal to two percent (2%) of tangible capital assets of the system as of June 30 from the previous fiscal year for repair and replacement. For the year ended June 30, 2021 this balance totaled \$65,455.
- iii. The City will maintain a Rate Stabilization Reserve equal to five percent (5%) of the total revenues collected through charges for services. Monies may be withdrawn from this reserve to supplement operating revenue shortfalls caused by various economic factors which may cause either reduced revenues or an unforeseen increase in expenses. Any use of the Rate Stabilization Reserve, and associated budget amendments, must be approved by the City Council and include a repayment plan, based on a multi-year financial projection, that plans to restore the Rate Stabilization Reserve within the four fiscal years following the fiscal year in which the event occurred. For the year ended June 30, 2021 this balance totaled \$173,000.

NOTES TO THE FINANCIAL STATEMENTS

The Risk Management Fund will maintain an amount that, together with purchased insurance policies, will adequately indemnify the City. The appropriate funding level will be set at three times the maximum annual loss of \$250,000 which is equal to \$750,000, which will be approved by the City Council.

The Employee Healthcare Trust Fund (“Trust Fund”) will maintain an amount at a level which, together with purchased insurance policies (individual and aggregate stop loss), will adequately indemnify the City. The City has established an Adverse Times Reserve. The purpose of this reserve is to address cash flow needs caused by periods in which claim payments exceed projections. The target amount of this reserve is at least twenty-five percent (25%) of expected annual claims. If, at any time prior to the end of the fiscal year, the Trust Fund’s target reserve is met and fully funded for the entire fiscal year based on the original budget projections approved by the City Council, the Finance Director shall document such funding and, after consulting with the City Manager, may conduct an evaluation of the claims incurred by the Trust Fund year to date, and if fiscally and financially prudent based on the claims incurred, transfer from the City’s various operating funds only that portion of the employer premium necessary to cover actual claims incurred, such that the Trust Fund revenues are equal to the Trust Fund expenses, and the Trust Fund account experiences a zero change in net position. At all times the City will continue to transfer and deposit into the Trust Fund 100% of the monthly employee premiums collected.

The Workers’ Compensation Fund will maintain an amount which, together with the purchased excess insurance policy, will adequately indemnify the City. The City has established an Adverse Times Reserve of \$3,000,000. The purpose of this reserve is to maintain the regulatory required reserve. For the year ended June 30, 2021, the balance was \$3,236,985 million.

The City is in compliance with its established minimum net position policies.

Q. PROPERTY TAX

A primary tax levy is limited to an increase of two percent over the previous year’s maximum allowable primary levy plus an increased dollar amount due to a net gain in property not taxed the previous year (Section 42-301, Arizona Revised Statutes). The two percent increase is based on the City’s “maximum allowable levy” for the prior year.

Property taxes are recognized as revenues in the year they are 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 year-end for which they are levied, are reported as unavailable revenues.

The County levies real property taxes on or before the third Monday in August, that become due and payable in two equal installments. The first installment is due on the first day of October, and becomes delinquent after the first business day in November. The second installment is due on the first day of March of the next year, and becomes delinquent after the first business day of May. The County also levies various personal property taxes during the year, which are due the second Monday of the month following receipt of the tax notice and becomes delinquent 30 days thereafter.

R. GRANT REVENUES

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

NOTES TO THE FINANCIAL STATEMENTS

S. INTEREST REVENUE

Investment revenue is composed of interest, dividends, and net changes in the fair value of applicable investments. Investment revenue is included in other local revenue in the governmental fund financial statements and in nonoperating revenues in the proprietary fund financial statements.

T. INTERFUND TRANSACTIONS

Interfund services provided or used are accounted for as revenues, expenditures or expenses. All other interfund transactions are reported as transfers.

U. ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Arizona Revised Statutes authorize the City to invest public monies in the State Treasurer's local government investment pools, the County Treasurer's investment pool, in obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City's investments.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure the City's deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the City's deposits were \$163,404,846 and the bank balance was \$159,667,144. At year end, \$500,000 of the City's deposits were covered by federal depository insurance. The remaining bank balance not covered by federal depository insurance \$159,167,144 was fully collateralized. The collateral is held in the pledging banks trust department in the name of the pledging bank.

A reconciliation of the bank balance to the City's deposit balance as of June 30, 2021 follows:

Cash in bank	\$ 159,667,144
<i>Reconciling items:</i>	
Outstanding checks	(1,320,988)
Deposits in transit	5,128,618
Other	(17,172)
	<u>\$ 163,457,602</u>
Less:	
Custodial Fund	52,756
Total City deposits	<u><u>\$ 163,404,846</u></u>

NOTES TO THE FINANCIAL STATEMENTS

The City's investments consisted of the following as of June 30, 2021:

Investment Type	Total Fair Value	Less than 1 year	1-2 years	2-3 years
U. S. government securities	\$ 78,342,370	\$ 12,252,595	\$ 32,120,648	\$ 33,969,127
Debt Securities	3,723,153	3,723,153	—	—
Government sponsored entity debt	44,850,680	5,222,230	21,150,737	18,477,713
Money market mutual funds	5,577,141	5,577,141	—	—
Local government investment pool	20,445,178	20,445,178	—	—
	<u>\$ 152,938,522</u>	<u>\$ 47,220,297</u>	<u>\$ 53,271,385</u>	<u>\$ 52,446,840</u>

The State Treasurer's pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant's position in the State Treasurer investment pools approximates the value of the participant's shares in the pool and the participants' shares are not identified with specific investments.

Total cash and investments for the City as of June 30, 2021, are as follows:

City's deposits	\$ 163,404,846
Cash on hand	4,350
City's investments	152,938,522
Cash held by trustee	847,365
Total	<u>\$ 317,195,083</u>

Interest Rate Risk. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City's investments in securities included \$48,573,833 of government sponsored entity debt. At June 30, 2021, these investments were rated by Standard and Poor's at AA+. The money market mutual funds and local government investment pool are not rated. The City's formal investment policy limits investment choices to the following:

- (1) Certificates of deposit in eligible depositories that must be insured or fully collateralized;
- (2) Interest bearing savings accounts in banks and savings and loan institutions doing business in the State of Arizona whose accounts are insured by federal deposit insurance for their industry, but only if deposits in excess of the insured amount are secured by the eligible depository to the same extent and in the same manner as required under Arizona Revised Statute 35-323 (A);
- (3) The pooled investment funds established by the State Treasurer pursuant to Arizona Revised Statute 35-326;
- (4) Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities;

NOTES TO THE FINANCIAL STATEMENTS

- (5) Bonds or other evidence of indebtedness of the State of Arizona or any of its counties, incorporated cities, towns, school districts, or special taxing districts, including registered warrants, substitute checks, and electronic funds transfers that bear interest pursuant to section Arizona Revised Statute 11-635;
- (6) Bonds, notes, evidences of indebtedness of any county, municipal district, municipal utility, or special taxing district within the State of Arizona that are payable from revenues, earnings, or a special tax specifically pledged for the payment of the principal and interest on the obligations that are rated “A” or the equivalent by a nationally recognized statistical rating organization; and
- (7) bonds, notes, or evidences of indebtedness issued by any county improvement district or municipal improvement district in the State of Arizona to finance local improvements authorized by law that are rated “A” or the equivalent by a nationally recognized statistical rating organization.

Custodial Credit Risk – Investments. All of the City’s security investments are held in the City’s name. The City’s investment in the State Treasurer’s investment pool represents a proportionate interest in the pool’s portfolio; however, the City’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The City’s investment policy places a limit on certain investment choices as follows:

- (1) Certificates of deposits have a 50% sector limit;
- (2) Bonds or other evidence of indebtedness of the State of Arizona or any of its counties, incorporated cities, towns, school districts, or special taxing districts, including registered warrants, substitute checks, and electronic funds transfers that bear interest pursuant to section Arizona Revised Statute 11-635 have a 40% sector limit and a 5% issuer limit;
- (3) Bonds, notes, evidences of indebtedness of any county, municipal district, municipal utility, or special taxing district within the State of Arizona that are payable from revenues, earnings, or a special tax specifically pledged for the payment of the principal and interest on the obligations that are rated “A” or the equivalent by a nationally recognized statistical rating organization have a 40% sector limit and a 5% issuer limit; and
- (4) Bonds, notes, or evidences of indebtedness issued by any county improvement district or municipal improvement district in the State of Arizona to finance local improvements authorized by law that are rated “A” or the equivalent by a nationally recognized statistical rating organization have a 40% sector limit and a 5% issuer limit. All other eligible investment choices do not have a concentration limit placed on them by the City’s investment policy.

The City’s current investments are in U.S. government securities, government sponsored entity debt, money market mutual funds and the local governmental investment pool which policy does not constrain.

Fair Value Measurements. The City uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

- Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Investments are measured as follows:

	Disclosure of Fair Value Inputs		
	FYE	Level 1	Level 2
Investments by Fair Value Level			
Debt Securities	\$ 3,723,153	\$ 3,723,153	\$ —
U. S. Treasury Notes	78,342,370	78,342,370	—
Federal Agency	44,850,680	—	44,850,680
Total investments by fair value level	<u>\$ 126,916,203</u>	<u>\$ 82,065,523</u>	<u>\$ 44,850,680</u>
Investments measured at net asset value			
LGIP	20,445,178		
Total investments measured at fair value	<u>\$ 147,361,381</u>		
Investments measured at amortized cost			
Money market funds	5,577,141		
Total investments	<u><u>\$ 152,938,522</u></u>		

NOTES TO THE FINANCIAL STATEMENTS

Cash Reconciliation to Financial Statements

The following reconciliations are provided to reconcile cash to the government wide and fund financial statements:

Government-wide Financial Statements

Total cash and investments	\$ 270,144,739
Total restricted cash and investments	47,050,344
Subtotal	<u>317,195,083</u>
Government-wide total cash and investments	317,195,083
Plus: Fiduciary Fund cash and cash equivalents	52,756
Total	<u><u>\$ 317,247,839</u></u>

Fund Financial Statements

<i>Governmental Funds</i>	
Cash and investments	\$ 182,309,447
Restricted cash and cash equivalents	34,529,635
<i>Enterprise Funds</i>	
Cash and investments	71,107,568
Restricted cash and cash equivalents	12,520,709
<i>Internal Service Fund</i>	
Cash and investments	16,727,724
<i>Fiduciary Fund</i>	
Cash and cash equivalents	52,756
Total	<u><u>\$ 317,247,839</u></u>

NOTE 3 – ACCOUNTS RECEIVABLE

The intergovernmental receivable of \$1,153,833, as reported in the statement of net position includes \$890,763 in highway user tax and \$263,070 in wildland fire reimbursements.

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 report unearned revenue recognition in connection with resources that have been received, but not yet earned.

The amounts reported in the governmental funds for the year ended June 30, 2021 are as follows:

ACFR Fund Name	Unearned	Unavailable
General Fund	\$ 1,116,877	\$ 257,489
Highway User Revenue Fund	2,000	—
Debt Service Fund	—	34,982
Nonmajor Governmental Funds	423,291	349,503
	<u>\$ 1,542,168</u>	<u>\$ 641,974</u>

NOTES TO THE FINANCIAL STATEMENTS

Proprietary funds also report unearned revenue in connection with resources that have been received, but not yet earned.

The amounts reported in the proprietary funds for the year ended June 30, 2021 are as follows:

ACFR Fund Name	Unearned
Water	\$ 57,106
Sewer	412,819
Sanitation	88,565
Stormwater	45,299
	<u>\$ 603,789</u>

NOTE 4 – CAPITAL ASSETS

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

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
Governmental activities:					
Not being depreciated:					
Land and land improvements	\$ 86,921,874	59,654,273	\$ —	\$ —	\$ 146,576,147
Parks	8,607,783	—	—	—	8,607,783
Construction in progress	25,031,669	19,114,706	—	(27,505,878)	16,640,497
Total Not Being Depreciated	<u>120,561,326</u>	<u>78,768,979</u>	<u>—</u>	<u>(27,505,878)</u>	<u>171,824,427</u>
Other capital assets:					
Buildings and improvements	221,517,003	3,812	—	9,594,775	231,115,590
Improvements other than buildings	32,729,166	—	—	1,946,550	34,675,716
Equipment and vehicles	55,892,880	3,381,413	(3,523,174)	969,913	56,721,032
Intangibles	11,415,102	72,578	—	76,214	11,563,894
Infrastructure	442,882,921	25,552,220	—	14,918,426	483,353,567
Total Other Capital Assets	<u>764,437,072</u>	<u>29,010,023</u>	<u>(3,523,174)</u>	<u>27,505,878</u>	<u>817,429,799</u>
Total Assets before Depreciation	<u>884,998,398</u>	<u>107,779,002</u>	<u>(3,523,174)</u>	<u>—</u>	<u>989,254,226</u>
Accumulated depreciation:					
Building and improvements	(86,670,629)	(7,672,427)	—	—	(94,343,056)
Improvements other than buildings	(11,004,885)	(1,272,501)	—	—	(12,277,386)
Equipment and vehicles	(36,115,805)	(4,293,153)	3,325,911	—	(37,083,047)
Intangibles	(3,958,570)	(1,673,544)	—	—	(5,632,114)
Infrastructure	(248,131,664)	(13,729,135)	—	—	(261,860,799)
Total Accumulated Depreciation	<u>(385,881,553)</u>	<u>(28,640,760)</u>	<u>3,325,911</u>	<u>—</u>	<u>(411,196,402)</u>
Net Capital Assets - Governmental Activities	<u>\$ 499,116,845</u>	<u>\$ 79,138,242</u>	<u>\$ (197,263)</u>	<u>\$ —</u>	<u>\$ 578,057,824</u>

Depreciation was charged by function as follows:

General government	\$ 1,772,438
Public safety	3,167,106
Public works and streets	17,703,612
Community development	40,175
Culture and recreation	5,957,429
Total governmental activities depreciation expense	<u>\$ 28,640,760</u>

NOTES TO THE FINANCIAL STATEMENTS

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
Business-type activities:					
Not being depreciated:					
Land	\$ 4,770,746	\$ 561,298	\$ —	\$ —	\$ 5,332,044
Water Rights	17,511,637	3,793,751	—	—	21,305,388
Construction in progress	3,465,526	2,443,902	—	(1,453,283)	4,456,145
Total not being depreciated	25,747,909	6,798,951	—	(1,453,283)	31,093,577
Other capital assets:					
Buildings and system	394,852,004	39,117,065	(115,923)	1,284,383	435,137,529
Improvements other than buildings	8,976,467	575,000	—	—	9,551,467
Vehicles and equipment	24,004,636	4,037,972	(917,641)	168,900	27,293,867
Intangibles	551,092	—	—	—	551,092
Total other capital assets	428,384,199	43,730,037	(1,033,564)	1,453,283	472,533,955
Total assets before depreciation	454,132,108	50,528,988	(1,033,564)	—	503,627,532
Accumulated depreciation:					
Buildings and system	(129,403,707)	(11,466,977)	5,796	—	(140,864,888)
Improvements other than buildings	(909,786)	(320,083)	—	—	(1,229,869)
Vehicles and equipment	(10,937,751)	(2,479,176)	855,698	—	(12,561,229)
Intangibles	(369,685)	(107,295)	—	—	(476,980)
Total accumulated depreciation	(141,620,929)	(14,373,531)	861,494	—	(155,132,966)
Net capital assets Business type activities	<u>\$312,511,179</u>	<u>\$ 36,155,457</u>	<u>\$ (172,070)</u>	<u>\$ —</u>	<u>\$348,494,566</u>

Depreciation was charged by function as follows:

Ground Ambulance	\$ 251,882
Water	3,844,043
Sewer	8,969,366
Sanitation	1,173,348
Stormwater	134,892
Total Depreciation Expense	<u>\$ 14,373,531</u>

NOTE 5 - DEVELOPER AGREEMENTS

The City of Surprise has entered into agreements with developers for infrastructure related to commercial and residential development. The developers construct the infrastructure and convey the assets to the City. Based on the terms of the agreements, over a designated period of time, the City pays the developers for the infrastructure with collections of impact fees and other specified revenues, up to the maximum amount per agreement. Commitments to reimburse developers under these agreements are not currently recognized until the requirements of the agreements are met. If the term of the agreement expires before the maximum amount has been repaid, the City has no further obligation to continue making payments under the agreement.

Development agreements related to water system infrastructure will be reimbursed using water system impact fees. Total water system infrastructure value conveyed is \$25,629,990. Depending on the terms of the specific agreement, this value is eligible for reimbursement during the next twelve years. Once an agreement expires, water system fees are no longer eligible for developer reimbursement. As of June 30, 2021, \$17,245,637 had expired or been reimbursed, leaving a potential remaining balance of \$8,384,353.

NOTES TO THE FINANCIAL STATEMENTS

Development agreements related to wastewater system infrastructure will be reimbursed using specified sales tax revenues. The total net value reimbursable for wastewater system infrastructure is \$15,348,976. Depending on the terms of the specific agreements, this value is eligible for reimbursement over the next twenty-nine years. Once the agreements expire, the remaining unpaid balance of these infrastructure costs is no longer subject to repayment. As of June 30, 2021, \$451,520 had expired or been reimbursed, leaving a potential remaining balance of \$14,897,456.

Infrastructure installed in connection with development agreements related to transportation will be reimbursed using a portion of sales tax collections as prescribed in the agreements. The total net reimbursable value for this infrastructure is \$71,728,513 at June 30, 2021. Depending on the terms of the specific agreements, this value is eligible for reimbursement over the next twenty-nine years. Once the agreements expire, no further developer reimbursement of the unpaid balance is required. As of June 30, 2021, \$3,954,189 had expired or been reimbursed, leaving a potential remaining balance of \$67,774,324.

Development agreements related to park infrastructure will be reimbursed using park impact fees. Total park infrastructure value conveyed is \$4,777,882. Depending on the terms of the specific agreement, this value is eligible for reimbursement through November 2030. Once an agreement expires, park impact fees are no longer eligible for developer reimbursement. As of June 30, 2021, the City has reimbursed \$799,697 leaving a potential balance remaining of \$3,978,185.

In addition, the City has entered into a number of developer agreements for infrastructure that has not yet been conveyed to the City. The total cost to be incurred under these agreements is currently undeterminable.

Tax Abatements

The City of Surprise participates in two tax abatement programs, foreign trade zones and a sales tax incentive program.

Foreign Trade Zones

The City of Surprise provides property tax abatements in any area of the City deemed to be foreign trade zone in accordance with Section 44-6501, Arizona Revised Statutes. The State of Arizona, any county, city or town within the state or a public or private corporation or any combination thereof can apply to the foreign trade zones board, United States Department of Commerce, for the right to establish, operate and maintain a foreign trade zone and subzones. For tax purposes, property in foreign trade zones is classified as class six property in accordance with Section 42-12006, Arizona Revised Statutes. The change in tax classification is administered by the County who levies and collects property taxes on the City's behalf. The property would otherwise be class one property. Class six foreign trade zones have a property tax assessment ratio of six percent compared to class one properties which have an assessment ratio of 18 percent. For fiscal year 2021, \$29,811 of property taxes were abated by this program.

NOTES TO THE FINANCIAL STATEMENTS

Sales Tax Incentive Program

The City of Surprise administers a sales tax (transaction privilege tax) incentive program in accordance with Ariz. Rev. Stat. § 42-6010. The City has entered into agreements with specific businesses to return a portion of the sales tax generated by the business and paid to the Arizona State Department of Revenue. The City will return up to 50% of the sales tax generated by the business. The amount of taxes paid and returned is determined by the City's review of the monthly reports received from the Arizona State Department of Revenue. The exact amount of taxes abated during fiscal year 2021 cannot be disclosed in accordance with Ariz. Rev. Stat. § 42-2002.

In addition, the City has entered into a development agreement to reimburse developers for the construction of public infrastructure that will benefit the community. These reimbursements are paid over time from collections within a defined area. For the fiscal year ended June 30, 2021, the city reimbursed \$6,933,222.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – SIGNIFICANT COMMITMENTS

The City of Surprise has active construction projects as of June 30, 2021. At year end, the City commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment	Funding Source
Advanced Metering Infrastructure	\$ 5,836,935	\$ 37,954	Water Utility Capital
Art - Fire Station 308	33,600	46,400	Public Safety Election 2017
Bell Road Landscaping	22,216	127,226	General Capital Projects Fund
Cactus & Cotton Intersection Improvement	378,465	44,270	Stormwater Capital
Camino Permit Intake Platform	93,976	325,265	General Capital Projects Fund
Circle City Water Acquisition	1,039,020	300,000	Water Utility Capital
Desert Oasis Facility Security	95,056	13,751	Water Utility Capital
Fire Station 308	144,264	544,038	Fire/EMS Dev Fee 2020
Fire Station 308	4,961,252	1,970,123	Public Safety Election 2017
Greenway Rd Cotton Ln-Sarival	3,501,580	6,343	Traffic Election 2017
Greenway Rd Cotton Ln-Sarival	602,577	1,415,985	Transportation Improvement
Improv - Regional Communication Tower #1	435,240	1,396,552	General Capital Projects Fund
Improv - Regional Communication Tower #1	53,568	174,569	Sewer Utility Capital
Improv - Regional Communication Tower #1	53,568	174,569	Water Utility Capital
Infrastructure - SPA 2 Influent Line	430,328	356,496	Sewer Utility Capital
Plant Capacity Increase / Enhancement	—	1,420,450	Sewer Utility Capital
Police Training Facility	46,078	822,852	Public Safety Election 2017
Public Safety Evidence & Readiness	—	498,176	Fire/EMS Dev Fee 2020
Public Safety Evidence & Readiness	—	1,063,400	Police Development Fee
Public Safety Evidence & Readiness	5,147,342	5,621,685	Public Safety Election 2017
Reems Rd Flooding Control Cactus & Waddell	48,933	359,344	Stormwater Capital
SCADA Integration/Enhancement	127,473	60,027	Sewer Utility Capital
South Plant Ops Bldg Remodel	216,693	2,221,972	Sewer Utility Capital
South Plant Ops Bldg Remodel	298,590	1,026,500	Water Utility Capital
South Plant Ops Bldg Remodel	500,000	650,000	Wtr Sys SPA 1 Dev Fee 2014 Law
SPA1 Recharge Expansion	730,838	7,138	Sewer Utility Capital
Traffic Signal - Waddell & La Cometa	114,227	331,328	Transportation Improvement
Xeriscape Garden	27,939	3,500	Water Resource Management CIP
Xeriscape Garden	39,955	928,607	Water Utility Capital
	<u>\$ 24,979,713</u>	<u>\$ 21,948,520</u>	

NOTE 7 - LONG-TERM DEBT & OTHER PAYABLES

PLEDGED REVENUE OBLIGATIONS

In 2015, the City of Surprise issued Pledged Revenue Obligations and Pledged Revenue Refunding Obligations secured by a pledge on excise tax revenues and state shared revenues. A portion of the issuance was for the purpose of refunding the former MPC Series 2003 Bonds, and the remainder was for the construction of stadium improvements.

The issuance requires excise tax and state shared revenues to be maintained at a minimum of 3.0 times the combined debt service requirement payable. The debt service coverage ratio at June 30, 2021 (revenues to debt service payable) is 37.7.

The Pledged Revenue Obligations, Series 2015, were issued in the amount of \$17,385,000, and have an outstanding principal balance at June 30, 2021 of \$11,725,000. Proceeds of these obligations are designated for the construction of stadium improvements. The obligations are payable solely from pledged revenues and are payable through 2030. Principal and interest payments and pledged revenues for the current year were \$1,581,050 and \$159,728,822, respectively. Next year's principal and interest payments of \$1,584,800 constitute approximately 1.0% of the current year pledged revenue.

The Pledged Revenue Refunding Obligations, Series 2015, were issued in the amount of \$19,280,000 and have an outstanding principal balance at June 30, 2021 of \$7,220,002. The proceeds of these obligations were used to refund (extinguish the debt) of the former MPC Series 2003 Bonds and pay costs of issuance. The refunding obligations are payable solely from pledged revenue and mature in 2024. Principal and interest payable and pledged revenues for the current year were \$2,655,250 and \$159,728,822, respectively. Next year's principal and interest payments totaling \$2,651,000 constitute approximately 1.7% of current year pledged revenue.

In August 2018, the City of Surprise issued Senior Lien Utility System Revenue Refunding Obligations, Series 2018, secured by a pledge of revenues of the system, which are revenues (including any unrestricted fund balances of the System) remaining after deducting operation expenses. A portion of the proceeds of the obligations, together with other legally available funds of the City, were placed in a trust fund which fully defeased the City of Surprise Municipal Property Corporation Wastewater Development Impact Fee and Subordinate Lien Wastewater Revenue Bonds, Series 2007, on October 1, 2018.

The Senior Lien Utility System Revenue Refunding Obligations, Series 2018, were issued in the amount of \$25,255,000, and have an outstanding principal balance at June 30, 2021 of \$22,305,000. The refunding obligations have interest rates that range between 4%-5%, are payable solely from pledged revenue, and mature in 2036. Principal and interest payable and pledged revenues for the current year were \$2,149,500 and \$17,691,238, respectively. Current year pledged revenue equals approximately 823 percent of next year's principal and interest payments, which total \$2,150,250.

The issuance requires pledged revenues to be at least 175 percent of the Parity Lien Test Debt Service. Parity Lien Test Debt Service is the highest aggregate Principal Requirement and Interest Requirement of all Series 2018 Senior Lien Utility System obligations and additional Utility System obligations then outstanding, to fall due and payable in the current or any future Bond Year. At June 30, 2021 the Parity Lien Test Debt Service is \$2,952,713 and pledged revenues are \$17,691,238. The current year ratio is 599 percent of the Parity Lien Test Debt Service.

The issuance also requires the City to establish and maintain rates, fees, and charges for all services supplied by the System, to provide Pledged Revenues fully sufficient to produce pledged revenue in each fiscal year equal to at least 125 percent of the Principal Requirement and Interest Requirement on all Series 2018 Senior Lien Utility System Obligations and Additional Utility Obligations then outstanding

NOTES TO THE FINANCIAL STATEMENTS

for the corresponding Bond Year. At June 30, 2021 pledged revenue equals 599 percent of the Principal Requirement and Interest Requirement.

GENERAL OBLIGATIONS

The City of Surprise has two issues of General Obligation Bonds, secured by secondary property taxes, which are currently outstanding. The Bonds are issued pursuant to the Arizona Constitution and laws of the State of Arizona, including particularly Title 35, Chapter 3, Article 3, Arizona Revised Statutes, and a vote of the qualified electors of the City at an election held on November 7, 2017 (the "Election"), and a resolution authorizing issuance of the Bonds adopted by the Mayor and Council of the City on April 3, 2018 (the "Bond Resolution"). The Bonds were issued for the purpose of paying for certain facilities improvements including a Fire Station, an Evidence and Readiness Center, a Public Works Operations Facility, and road projects including improvements to Greenway, Litchfield, and Waddell Roads, and the costs of issuance of the Bonds.

Series 2018 of the General Obligation Bonds were issued in May 2018 in the amount of \$37,730,000. These bonds have coupon rates ranging from 3%-5% with final maturity occurring in 2038, and a principal balance at June 30, 2021 of \$31,145,000.

The Series 2020 General Obligation Bonds were issued in September 2020 in the amount of \$17,460,000, and represent the second and last installment of general obligation bonds approved at the Election. The Bonds carry interest rates ranging from 2% to 4%, have a final maturity in 2038, and have a remaining principal balance at June 30, 2021 of \$15,480,000.

COMMUNITY FACILITIES DISTRICT BONDS AND NOTES

Community Facilities District (CFD) Bonds and Notes are special purpose government entity debt which the City Council may issue under Arizona law to (among other things) acquire and improve public infrastructure.

In October 2016, Marley Park Community Facilities District defeased certain general obligation bonds related to the Series 2006, 2007 and 2008 Bond Series' through a new issuance of Marley Park Series 2016 general obligation bonds. The new bonds were issued in the original amount of \$11,365,000 of which \$4,800,000 was new issuance and \$6,565,000 was in refunding obligations for the purpose of accomplishing the aforementioned defeasance.

In October 2017, Marley Park Community Facilities District directly borrowed \$3,000,000 in new general obligation notes. These new note funds were used for the cost of issuance as well as the acquisition of capital assets. These notes have an interest rate of 2.690% with final maturity occurring in 2032. The notes contain a gross up provision in the event they become taxable due to actions or omissions of the District. In such a case the taxable rate would be 4.14% and would be effective as of the date of a final determination of the Internal Revenue Service or a court of competent jurisdiction, or an opinion of a nationally recognized bond counsel selected by the lender.

In October 2019, Marley Park Community Facilities District issued \$8,470,000 in new general obligation bonds. The proceeds were used for the cost of issuance as well as the acquisition of capital assets. The bonds carry interest rates from 3% to 4% with final maturity occurring in 2044.

At June 30, 2021, there remained \$55,020,000 in authorized but unissued debt authority. Such debt could be issued in future years, when and if qualifying infrastructure costs are incurred and presented for acceptance by the District.

NOTES TO THE FINANCIAL STATEMENTS

Long-term debt as of June 30, 2021 is comprised of the following:

Classified in Governmental Activities on the Government-wide Financial Statements:

	Long-Term Debt Outstanding
City of Surprise General and Revenue Obligations	
2015, Pledged Revenue Obligation (issued June 23, 2015) due in annual installments of \$1,025,000 to \$1,505,000 through July 1, 2030; interest at 3 percent to 5 percent. Original issue amount \$17,385,000.	\$ 11,725,000
2015, Pledged Revenue Refunding Obligation (issued June 23, 2015) due in annual installments of \$2,185,000 to \$2,525,000 through July 1, 2024; interest at 3 percent to 5 percent. Original issue amount \$19,280,000. 69.75 percent of this issue pertains to governmental activities.	5,035,952
Total 2015 Pledged Revenue Obligation	16,760,952
2015, Pledged Revenue Revenue Obligations, Issuance Premium	1,586,560
2018, General Obligation Bonds, (issued May 9, 2018) due in annual installments of \$1,205,000 to \$2,400,000 through July 1, 2038; interest at 3 percent to 5 percent. Original issue amount of \$37,730,000.	31,145,000
2018, General Obligation Bonds, Issuance Premium	1,863,499
2020, General Obligation Bonds, (issued September 30, 2020) due in annual installments of \$260,000 to \$3,010,000 through July 1, 2028; interest at 2 percent to 4 percent. Original issue amount of \$17,460,000.	15,480,000
2020, General Obligation Bonds, Issuance Premium	1,816,451
Total General and Revenue Obligations	\$ 68,652,462
	Long-Term Debt Outstanding
Community Facilities District General Obligation Bonds and Notes	
2016 Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds, due in annual installments of \$385,000 to \$665,000 through July 15, 2041; interest from 2 to 4%. Original issue amount \$11,365,000 of which \$4,800,000 was new issuance and \$6,565,000 was refunding obligations.	\$ 10,345,000
2016 Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds, Issuance Premium	226,553
2017 Marley Park Community Facilities District General Obligation Notes, directly placed borrowing, due in annual installments of \$185,000 to \$245,000 through July 15, 2032; interest at 2.690%. Original issue amount \$3,000,000.	2,390,000
2019 Marley Park Community Facilities District General Obligation Bonds, due in annual installments of \$50,000 to \$1,260,000 through July 15, 2044; interest from 3% to 4%. Original issue amount \$8,470,000.	8,250,000
2019 Marley Park Community Facilities District General Obligation Bonds, Issuance Premium	37,806
Total Community Facilities Districts General Obligation Bonds and Notes Outstanding	21,249,359
Total Bonds and Notes Payable Recorded in Governmental Activities	\$ 89,901,821

NOTES TO THE FINANCIAL STATEMENTS

Classified in Business-type Activities on the Government-wide Financial Statements:

Revenue Obligations	Long-Term Debt Outstanding
2015, Pledged Revenue Refunding Obligation (issued June 23, 2015) due in annual installments of \$2,185,000 to \$2,525,000 through July 1, 2024; interest at 3% to 5%. Original issue amount \$19,280,000. 30.25% of this issue pertains to business-type activities.	\$ 2,184,050
2015, Pledged Revenue Refunding Obligation, Issuance Premium	234,458
2018, Senior Lien Utility System Revenue Refunding Obligations (issued August 7, 2018) due in installments of \$985,000 to \$2,045,000 through July 1, 2036; interest from 4% to 5%. Original issue amount \$25,255,000.	22,305,000
2018, Senior Lien Utility System Revenue Refunding Obligations, Issuance Premium	3,471,772
Total Bonds Payable Recorded in Business-type Activities	28,195,280
Total Long-Term Bonds Payable	\$ 118,097,101

NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance July 1, 2021	Due within 1 Year
Governmental activities					
Bonds and Notes payable:					
City of Surprise, Series 2015 Pledged revenue obligations \$28,701,375 (\$36,665,000 issued)	\$ 19,309,989	\$ —	\$ (2,549,037)	\$ 16,760,952	\$ 2,677,274
City of Surprise, Series 2018 General obligations \$37,730,000	32,350,000	—	(1,205,000)	31,145,000	1,265,000
City of Surprise, Series 2020 General obligations \$17,460,000	—	17,460,000	(1,980,000)	15,480,000	2,135,000
For issuance premium 2015	1,882,979	—	(296,419)	1,586,560	—
For issuance premium 2018	1,935,598	—	(72,099)	1,863,499	—
For issuance premium 2020	—	2,133,059	(316,608)	1,816,451	—
Community Facilities District	—	—	—	—	—
Series 2016 Bonds \$11,365,000 issued	10,730,000	—	(385,000)	10,345,000	395,000
Series 2017 Direct Placement Note, \$3,000,000 issued	2,575,000	—	(185,000)	2,390,000	190,000
Series 2019 Bonds, \$8,470,000 issued	8,375,000	—	(125,000)	8,250,000	50,000
For issuance premium 2016	247,486	—	(20,933)	226,553	—
For issuance premium 2019	39,449	—	(1,643)	37,806	—
Total bonds and notes payable	77,445,501	19,593,059	(7,136,739)	\$ 89,901,821	6,712,274
Net pension liabilities	89,185,194	27,366,210	(10,587,717)	105,963,687	—
Net OPEB liabilities	197,600	363,341	(316,630)	244,311	—
Compensated absences payable	8,424,441	5,047,001	(5,111,878)	8,359,564	3,176,635
Total governmental activities long-term liabilities	\$ 175,252,736	\$ 52,369,611	\$ (23,152,964)	\$ 204,469,383	\$ 9,888,909
Business-type activities					
City of Surprise, Series 2015 Pledged revenue obligations \$5,278,625 (\$36,665,000 issued)	\$ 2,845,014	\$ —	\$ (660,964)	\$ 2,184,050	\$ 692,725
Senior Lien Utility System Revenue Refunding Obligations, Series 2018	23,290,000	—	(985,000)	22,305,000	1,035,000
For issuance premium 2015	312,609	—	(78,151)	234,458	—
For issuance premium 2018	3,703,224	—	(231,452)	3,471,772	—
Total bonds payable	30,150,847	—	(1,955,567)	28,195,280	1,727,725
Net pension liabilities	12,525,486	3,641,191	(1,119,161)	15,047,516	—
Net OPEB liabilities	55,825	52,731	(43,620)	64,936	—
Compensated absences payable	1,062,250	750,237	(695,187)	1,117,300	424,574
Contracts and developer payable	2,358,861	835,259	(668,782)	2,525,338	835,260
Total business-type activities long-term liabilities	\$ 46,153,269	\$ 5,279,418	\$ (4,482,317)	\$ 46,950,370	\$ 2,987,559

NOTES TO THE FINANCIAL STATEMENTS

At June 30, 2021, the City's outstanding bonds had the following ratings:

Description	Fitch Rating	Standard & Poor's Rating
City of Surprise, Arizona, Pledged Revenue and Revenue Refunding Obligations SERIES 2015	AA+	AA+
City of Surprise, Arizona, General Obligation Bonds SERIES 2018	Not rated	AA
City of Surprise, Arizona, General Obligation Bonds SERIES 2020	Not rated	AA
City of Surprise, Arizona, Senior Lien Utility System Revenue Refunding Obligations SERIES 2018	Not rated	AA+
Marley Park Community Facilities District General Obligation Bonds SERIES 2019*	Not rated	AA
Marley Park Community Facilities District General Obligation Bonds SERIES 2017	Not rated	Not rated
Marley Park Community Facilities District General Obligation and General Obligation Refunding Bonds SERIES 2016*	Not rated	AA

* Insured by Building America Mutual

NOTES TO THE FINANCIAL STATEMENTS

The following is a summary of debt service requirements for the year ended June 30, 2021. Deferred amounts are not included:

Year Ended June 30	Governmental Activities					
	Refunding/Stadium Imp 2015		GO Bonds 2018		GO Bonds 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,677,274	\$ 756,598	\$ 1,265,000	\$ 1,211,794	\$ 2,135,000	\$ 482,400
2023	2,812,487	622,734	1,330,000	1,148,544	2,280,000	439,700
2024	2,951,188	482,109	1,395,000	1,082,044	2,425,000	394,100
2025	1,250,000	334,550	1,465,000	1,012,294	2,580,000	345,600
2026	1,310,000	272,050	1,540,000	939,044	2,790,000	242,400
2027-2031	5,760,000	569,800	8,870,000	3,532,770	3,270,000	141,200
2032-2036	—	—	10,560,000	1,838,157	—	—
2037-2041	—	—	4,720,000	240,300	—	—
2042-2044	—	—	—	—	—	—
Total	\$ 16,760,949	\$ 3,037,841	\$ 31,145,000	\$ 11,004,947	\$ 15,480,000	\$ 2,045,400

Year Ended June 30	Governmental Activities					
	Marley Park CFD 2016		Marley Park CFD 2017 Direct Placement		Marley Park CFD 2019	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 395,000	\$ 340,987	\$ 190,000	\$ 64,291	\$ 50,000	\$ 257,050
2023	405,000	329,138	195,000	59,180	55,000	255,550
2024	415,000	316,987	200,000	53,934	60,000	253,900
2025	425,000	304,538	205,000	48,555	65,000	252,100
2026	435,000	296,037	210,000	43,040	65,000	250,150
2027-2031	2,380,000	1,276,375	1,145,000	126,968	355,000	1,219,900
2032-2036	2,750,000	779,063	245,000	6,591	1,630,000	1,083,900
2037-2041	3,140,000	300,156	—	—	2,295,000	762,300
2042-2044	—	—	—	—	3,675,000	222,600
Total	\$ 10,345,000	\$ 3,943,281	\$ 2,390,000	\$ 402,559	\$ 8,250,000	\$ 4,557,450

Year Ended June 30	Governmental Activities	
	Total	
	Principal	Interest
2022	\$ 6,712,274	\$ 3,113,120
2023	7,077,487	2,854,846
2024	7,446,188	2,583,074
2025	5,990,000	2,297,637
2026	6,350,000	2,042,721
2027-2031	21,780,000	6,867,013
2032-2036	15,185,000	3,707,711
2037-2041	10,155,000	1,302,756
2042-2044	3,675,000	222,600
Total	\$ 84,370,949	\$ 24,991,478

NOTES TO THE FINANCIAL STATEMENTS

Business-Type Activities						
Year Ended June 30	Refunding/Stadium Imp 2015		Sr. Lien Utility System Revenue Refunding 2018		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 692,725	\$ 109,203	\$ 1,035,000	\$ 1,115,250	\$ 1,727,725	\$ 1,224,453
2023	727,513	74,566	1,085,000	1,063,500	1,812,513	1,138,066
2024	763,812	38,190	1,140,000	1,009,250	1,903,812	1,047,440
2025	—	—	1,195,000	952,250	1,195,000	952,250
2026	—	—	1,255,000	892,500	1,255,000	892,500
2027-2031	—	—	7,290,000	3,455,250	7,290,000	3,455,250
2032-2036	—	—	9,305,000	1,440,750	9,305,000	1,440,750
Total	\$ 2,184,050	\$ 221,959	\$ 22,305,000	\$ 9,928,750	\$ 24,489,050	\$ 10,150,709

Contracts Payable

General Government Activities

A balance of \$8,666,397 is owed based on improvements and deposits paid toward improvements made by developers per development agreements for various infrastructure items the City will own, and amounts owed to contractors for the retainage of on-going projects.

Business Type Activities

A balance of \$2,525,338 is owed based on improvements made by developers per development agreements for various equipment and infrastructure items the City will own and amounts owed to contractors for the retainage of on-going projects.

Legal Debt Limit

The Arizona Constitution provides that the general obligation bonded indebtedness for a city may not exceed twenty percent of the net assessed full cash value of the taxable property of the city for projects for purposes of water, wastewater, artificial light, open space preserves, parks and recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities. Outstanding general obligation bonded indebtedness for all other purposes may not exceed six percent of the City's net assessed full cash value of the taxable property of the city. The following summarizes the City of Surprise, Arizona's legal general obligation bonded debt borrowing capacity at June 30, 2021:

20% Limitation		6% Limitation	
20% Constitutional Limit	\$ 319,294,035	6% Constitutional Limit	\$ 95,788,210
Less General Obligation 20% Bonds Outstanding	(46,625,000)	Less General Obligation 6% Bonds Outstanding	—
Reduction for Excess Premium	(3,679,950)	Reduction for Excess Premium	—
Available 20% Limitation Borrowing Capacity	<u>\$ 268,989,085</u>	Available 6% Limitation Borrowing Capacity	<u>\$ 95,788,210</u>

NOTES TO THE FINANCIAL STATEMENTS

OPERATING LEASES

The City leases copiers, trash compactors, and land under certain cancellable and non-cancelable operating leases expiring at various dates. Operating leases do not give rise to property rights or lease obligations (long-term debt), and therefore the results of the lease agreements are not reflected in the City's statement of net position. Lease expense for the fiscal year ended June 30, 2021 was \$68,283.

The following is a schedule of the future minimum lease payments on the non-cancelable operating leases:

Year Ending June 30:	
2022	\$ 72,662
2023	47,052
2024	<u>4,690</u>
Total minimum payments required	<u>\$ 124,404</u>

Operating Lease Revenue

The City leases various City-owned properties and buildings under cancellable long-term lease agreements. The carrying value of leased assets is \$8,971,463 (cost of \$13,149,588 less accumulated depreciation of \$4,178,125). The lease properties and building are included as capital assets in the government-wide financial statements. Operating lease revenues for fiscal year 2021 were \$499,690.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to the Arizona State Retirement System (ASRS), the Public Safety Personnel Retirement System (PSPRS) for police officers and firefighters, and the Elected Officials Retirement Plan (EORP) for elected officials and judges. The plans are component units of the State of Arizona.

At June 30, 2021, the City reported the following aggregate amounts related to pensions and other postemployment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental activities	Business-type activities	Total
Net OPEB asset	\$ 361,103	\$ 60,545	\$ 421,648
Net pension liabilities	105,963,687	15,047,516	121,011,203
Net OPEB liabilities	244,311	64,936	309,247
Deferred outflows of resources related to pensions	34,679,609	3,075,007	37,754,616
Deferred outflows of resources related to OPEB	839,541	175,869	1,015,410
Deferred inflows of resources related to pensions	3,075,563	219,780	3,295,343
Deferred inflows of resources related to OPEB	1,069,501	128,924	1,198,425
Pension expense	16,919,489	1,904,180	18,823,669
OPEB expense	135,531	40,603	176,134
Pension contributions	11,530,002	1,190,316	12,720,318
OPEB contributions	273,192	56,706	329,898

The City reported accrued payroll and employee benefits of \$530,104 for outstanding pension and OPEB contribution amounts payable to all plans for the year ended June 30, 2021. Also, the City reported \$13,050,216 of pension and OPEB expenditures in the governmental funds related to all plans to which it contributes.

Arizona State Retirement System

Plan description — City employees not covered by the other pension plans described below participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

Arizona State Retirement System

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction equal to 10% based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

Contributions — In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2021, statute required active ASRS members to contribute at the actuarially determined rate of 12.22 percent (12.04 percent for retirement and 0.18 percent for long-term disability) of the members' annual covered payroll, and statute required the City to contribute at the actuarially determined rate of 12.22 percent (11.65 percent for retirement, 0.39 percent for health insurance premium benefit, and 0.18 percent for long-term disability) of the active members' annual covered payroll.

In addition, the City was required by statute to contribute at the actuarially determined rate of 10.21 percent (10.14 percent for retirement and 0.07 percent for long-term disability) of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the ASRS would typically fill. The City's contributions to the pension, health insurance premium benefit, and long-

NOTES TO THE FINANCIAL STATEMENTS

term disability plans for the year ended June 30, 2021, were \$4,940,338, \$172,796, and \$76,187, respectively.

During fiscal year 2021, the City paid for ASRS pension and OPEB contributions as follows: 73% from the general fund, 22% from enterprise funds, and 5% from other funds.

Liability/(Asset) — At June 30, 2021, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (asset) liability
Pension	\$ 65,171,972
Health insurance premium benefit	(270,717)
Long-term disability	287,923

The net asset and net liabilities were measured as of June 30, 2020. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2019, to the measurement date of June 30, 2020.

The City's proportion of the net asset or net liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2020. The City's proportions measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

ASRS	Proportion	Increase (decrease) from
	June 30, 2020	June 30, 2019
Pension	0.38%	—%
Health insurance premium benefit	0.38%	(0.01)%
Long-term disability	0.38%	(0.01)%

Expense — For the year ended June 30, 2021, the City recognized the following pension and OPEB expense.

ASRS	Pension/OPEB expense
Pension	\$ 6,908,757
Health insurance premium benefit	77,598
Long-term disability	91,352

NOTES TO THE FINANCIAL STATEMENTS

Deferred outflows/inflows of resources — At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 589,593	\$ —
Changes in assumptions or other inputs	—	—
Difference between projected and actual investment earnings	6,285,913	—
Changes in proportion and differences between City contributions and proportionate share of contributions	681,797	751,495
City contributions subsequent to the measurement date	4,940,338	—
Total	<u>\$ 12,497,641</u>	<u>\$ 751,495</u>

	Health insurance premium benefit	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ —	\$ 533,429
Changes in assumptions or other inputs	150,083	—
Difference between projected and actual investment earnings	276,992	—
Changes in proportion and differences between City contributions and proportionate share of contributions	981	232
City contributions subsequent to the measurement date	172,796	—
Total	<u>\$ 600,852</u>	<u>\$ 533,661</u>

	Long-term disability	
	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 25,055	\$ 7,414
Changes in assumptions or other inputs	31,022	—
Difference between projected and actual investment earnings	31,699	—
Changes in proportion and differences between City contributions and proportionate share of contributions	8,343	4,316
City contributions subsequent to the measurement date	76,187	—
Total	<u>\$ 172,306</u>	<u>\$ 11,730</u>

NOTES TO THE FINANCIAL STATEMENTS

The amounts reported as deferred outflows of resources related to ASRS pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	Pension	Health insurance premium benefit	Long-term disability
2022	\$ 1,016,388	\$ (57,363)	\$ 13,977
2023	1,571,538	1,237	19,123
2024	2,273,682	14,028	20,066
2025	1,944,200	(14,625)	18,107
2026	—	(48,882)	9,896
Thereafter	—	—	3,221

Actuarial assumptions — The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7–7.2% for pensions/not applicable for OPEB
Inflation	2.3%
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rates	2012 GLDT for long-term disability
Healthcare cost trend rate	Not applicable

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

NOTES TO THE FINANCIAL STATEMENTS

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

ASRS Asset Class	Target Asset Allocation	Long-term expected geometric real rate of return
Equity	50%	6.39%
Credit	20%	5.44%
Interest rate sensitive bonds	10%	0.22%
Real estate	20%	5.85%
Total	100%	

Discount rate — At June 30, 2019, the discount rate used to measure the ASRS total pension/OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the City's proportionate share of the ASRS net pension/OPEB (asset) liability to changes in the discount rate — The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

ASRS City's proportionate share of the	1% Decrease (6.5%)	Current discount rate (7.5%)	1% Increase (8.5%)
Net pension liability	\$ 89,121,788	\$ 65,171,972	\$ 45,151,157
Net health insurance premium benefit liability (asset)	355,209	(270,717)	(803,401)
Net long-term disability liability	314,365	287,923	262,258

Plan fiduciary net position — Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report. The report is available on the ASRS website at www.azasrs.gov.

Public Safety Personnel Retirement System

Plan descriptions — City police employees and City firefighters who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became

NOTES TO THE FINANCIAL STATEMENTS

members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-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. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPRS plans. The report is available on the PSPRS website at www.psprs.com.

Benefits provided — The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit based on initial membership date as follows:

PSPRS	Initial membership date:	
	Before January 1, 2012 (Tier 1)	On or after January 1, 2012 and before July 1, 2017 (Tier 2)
Retirement and disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor benefit		
Retired members	80% to 100% of retired member's pension benefit	
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

NOTES TO THE FINANCIAL STATEMENTS

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

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

Employees covered by benefit terms — At June 30, 2021, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police		PSPRS Fire	
	Pension	Health	Pension	Health
Inactive employees or beneficiaries currently receiving benefits	50	50	15	15
Inactive employees entitled to but not yet receiving benefits	25	8	10	8
Active employees	107	107	111	1,111
Total	182	165	136	1,134

Contributions — 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. Contribution rates for the year ended June 30, 2021, are indicated below. Rates are a percentage of active members' annual covered payroll.

Contribution rates	PSPRS			
	Police		Fire	
	Tier 1 & 2	Tier 3	Tier 1 & 2	Tier 3
Active members - pension	7.65% - 11.65%	9.21%	7.65% - 11.65%	9.21%
Active members - Health benefit	0.00%	0.14%	0.00%	0.14%
City				
Pension	32.54%	9.21%	24.78%	9.21%
Health insurance premium benefit	0.32%	0.14%	0.32%	0.14%

In addition, statute required the City to contribute at the actuarially determined rate indicated below of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

	Tier 1 & 2 PSPRS	
	Police	Fire
Alternative contribution rate- Pension and Health	17.72 %	8.91 %

NOTES TO THE FINANCIAL STATEMENTS

The City's contributions to the plans for the year ended June 30, 2021, were:

	PSPRS Police	PSPRS Fire
Contributions made		
Pension	\$ 4,094,704	\$ 3,569,521
Health Insurance premium benefit	40,791	40,124

During fiscal year 2021, the City paid for PSPRS pension and OPEB contributions primarily from the General Fund.

Liability — At June 30, 2021, the City reported the following net pension/OPEB liabilities/(assets):

	Net pension liability	Net OPEB liability/(asset)
PSPRS Police	\$ 34,373,744	\$ (150,932)
PSPRS Fire	19,719,546	21,324

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

Actuarial assumptions — The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

PSPRS

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.3%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustment	1.75% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	Not applicable

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

NOTES TO THE FINANCIAL STATEMENTS

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.3% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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:

PSPRS Asset class	Target allocation	Long-term expected geometric real rate of return
U.S. Public Equity	23%	4.93%
International Public Equity	15%	6.09%
Global Private Equity	18%	8.42%
Other Assets (Capital Appreciation)	7%	5.61%
Core Bonds	2%	0.22%
Private Credit	22%	5.31%
Diversifying Strategies	12%	3.22%
Cash Mellon	1%	(0.60)%
Total	100%	

Discount rate — At June 30, 2020, the discount rate used to measure the PSPRS total pension/OPEB liability was 7.3%. The projection of cash flows used to determine the discount rate 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability (asset).

NOTES TO THE FINANCIAL STATEMENTS

Changes in the net pension/OPEB liability (asset) – The following tables present changes in the City’s net pension/OPEB liability (asset) for the PSPRS – Police and PSPRS – Fire plans as follows:

PSPRS - Police - Pension	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2020	\$ 74,766,358	\$ 44,930,566	\$ 29,835,792
Adjustment to Beginning of Year	—	3	(3)
Changes for the year:			
Service cost	2,500,116	—	2,500,116
Interest on the total pension liability	5,548,786	—	5,548,786
Changes of benefit terms	—	—	—
Difference between expected and actual experience of the total pension liability	1,718,866	—	1,718,866
Changes of assumptions	—	—	—
Contributions—employer	—	3,698,985	(3,698,985)
Contributions—employee	—	972,696	(972,696)
Net investment income	—	607,678	(607,678)
Benefit payments, including refunds of employee contributions	(2,511,403)	(2,511,403)	—
Administrative expense	—	(49,546)	49,546
Other changes	—	—	—
Net changes	7,256,365	2,718,410	4,537,955
Balances at June 30, 2021	\$ 82,022,723	\$ 47,648,979	\$ 34,373,744

NOTES TO THE FINANCIAL STATEMENTS

PSPRS - Police - Health insurance premium benefit	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (asset) (a) – (b)
Balances at June 30, 2020	\$ 1,099,087	\$ 1,234,735	\$ (135,648)
Adjustment to Beginning of Year	—	—	—
Changes for the year:			
Service cost	47,355	—	47,355
Interest on the total OPEB liability	83,812	—	83,812
Difference between expected and actual experience of the total OPEB liability	(97,685)	—	(97,685)
Changes of assumptions	—	—	—
Contributions—employer	—	34,570	(34,570)
Contributions—employee	—	—	—
Net investment income	—	15,453	(15,453)
Benefit payments, including refunds of employee contributions	(27,706)	(27,706)	—
OPEB plan administrative expense	—	(1,257)	1,257
Other changes	—	—	—
Net changes	5,776	21,060	(15,284)
Balances at June 30, 2021	\$ 1,104,863	\$ 1,255,795	\$ (150,932)

PSPRS - Fire - Pension	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a) – (b)
Balances at June 30, 2020	\$ 63,464,250	\$ 48,925,283	\$ 14,538,967
Adjustment to Beginning of Year	—	2	(2)
Changes for the year:			
Service cost	2,585,747	—	2,585,747
Interest on the total pension liability	4,775,536	—	4,775,536
Difference between expected and actual experience of the total pension liability	2,107,451	—	2,107,451
Changes of assumptions	—	—	—
Contributions—employer	—	2,592,924	(2,592,924)
Contributions—employee	—	1,086,498	(1,086,498)
Net investment income	—	662,772	(662,772)
Benefit payments, including refunds of employee contributions	(1,263,395)	(1,263,395)	—
Administrative expense	—	(54,041)	54,041
Other changes	—	—	—
Net changes	8,205,339	3,024,758	5,180,581
Balances at June 30, 2021	\$ 71,669,589	\$ 51,950,043	\$ 19,719,546

NOTES TO THE FINANCIAL STATEMENTS

PSPRS - Fire - Health insurance premium benefit	Total OPEB liability	Plan fiduciary net position	Net OPEB liability (asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 945,143	\$ 1,002,681	\$ (57,538)
Adjustment to Beginning of Year	—	—	—
Changes for the year:			
Service cost	42,441	—	42,441
Interest on the total OPEB liability	72,508	—	72,508
Difference between expected and actual experience of the total OPEB liability	11,259	—	11,259
Changes of assumptions	—	—	—
Contributions—employer	—	35,723	(35,723)
Net investment income	—	12,652	(12,652)
Benefit payments, including refunds of employee contributions	(15,486)	(15,486)	—
OPEB plan administrative expense	—	(1,029)	1,029
Other changes	—	—	—
Net changes	110,722	31,860	78,862
Balances at June 30, 2021	\$ 1,055,865	\$ 1,034,541	\$ 21,324

Sensitivity of the City's net pension/OPEB liability/(asset) to changes in the discount rate — The following table presents the City's net pension/OPEB liabilities (assets) calculated using the discount rate of 7.3%, as well as what the City's net pension/OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.3%) or 1 percentage point higher (8.3%) than the current rate:

	1% Decrease (6.3%)	Current discount rate (7.3%)	1% Increase (8.3%)
PSPRS Police			
Net pension liability	\$ 47,314,708	\$ 34,373,744	\$ 23,979,732
Net OPEB liability (asset)	(9,113)	(150,932)	(269,474)
PSPRS Fire			
Net pension liability	\$ 31,817,231	\$ 19,719,546	\$ 9,973,756
Net OPEB liability (asset)	159,732	21,324	(94,844)

Plan fiduciary net position — Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports. These reports are available on the PSPRS website at www.psprs.com.

Expense — For the year ended June 30, 2021, the City recognized the following pension and OPEB expense:

	Pension expense	OPEB expense
PSPRS Police	\$ 7,300,878	\$ (7,609)
PSPRS Fire	4,636,270	14,793

NOTES TO THE FINANCIAL STATEMENTS

Deferred outflows/inflows of resources — At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Police - Pension	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 4,005,966	\$ 381,432
Changes in assumptions or other inputs	2,764,660	—
Net difference between projected and actual earnings on pension plan investments	2,442,530	—
City contributions subsequent to the measurement date	4,094,703	—
Total	\$ 13,307,859	\$ 381,432

PSPRS - Police - Health insurance premium benefit	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ —	\$ 330,985
Changes in assumptions or other inputs	18,174	48,959
Net difference between projected and actual earnings on OPEB plan investments	67,238	—
City contributions subsequent to the measurement date	40,791	—
Total	\$ 126,203	\$ 379,944

PSPRS - Fire - Pension	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 2,974,481	\$ 2,160,983
Changes in assumptions or other inputs	2,446,898	—
Net difference between projected and actual earnings on pension plan investments	2,707,300	—
City contributions subsequent to the measurement date	3,569,520	—
Total	\$ 11,698,199	\$ 2,160,983

PSPRS - Fire - Health insurance premium benefit	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 10,135	\$ 198,330
Changes in assumptions or other inputs	10,503	74,760
Net difference between projected and actual earnings on OPEB plan investments	55,288	—
City contributions subsequent to the measurement date	40,124	—
Total	\$ 116,050	\$ 273,090

NOTES TO THE FINANCIAL STATEMENTS

The amounts reported as deferred outflows of resources related to pensions and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase in the net asset or a reduction of the net liability (asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized as expenses as follows:

Year ending June 30	PSPRS			
	Police		Fire	
	Pension	Health	Pension	Health
2022	\$ 2,672,130	\$ (57,271)	\$ 1,069,504	\$ (22,973)
2023	2,144,257	(49,228)	1,338,916	(16,714)
2024	1,536,706	(50,124)	1,299,447	(17,483)
2025	1,163,971	(39,219)	1,101,458	(21,154)
2026	622,570	(45,775)	376,448	(33,403)
Thereafter	692,090	(52,915)	781,923	(85,438)

PSPDCRP plan—City police and fire employees who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2021, active PSPDCRP members were required by statute to contribute at least 9% of the members' annual covered payroll, and the City was required by statute to contribute 9% of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the City's contributions each year as set forth in statute. The plan retains nonvested City contributions when forfeited because of employment terminations. For the year ended June 30, 2021, the City recognized pension expense of \$86,452.

Elected Officials Retirement Plan

Plan description — Elected officials and judges participate in the Elected Officials Retirement Plan (EORP), ASRS, or the Elected Officials Defined Contribution Retirement System (EODCRS). EORP administers a cost-sharing multiple-employer defined benefit pension plan and a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan for elected officials and judges who were members of the plan on December 31, 2013. The EORP pension and OPEB plans were closed to new members as of January 1, 2014. The PSPRS Board of Trustees governs the EORP according to the provisions of A.R.S. Title 38, Chapter 5, Article 3. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for the EORP plans. The report is available on PSPRS's website at www.psprs.com. The EORP OPEB is immaterial to the financial statements of the City; therefore, it is not included in financial statements or presented here in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Benefits provided — The EORP provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average yearly compensation, and service credit as follows:

EORP	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012
Retirement and disability		
Years of service and age required to receive benefit	20 years, any age 10 years, age 62 5 years, age 65 5 years, any age* any years and age if disabled	10 years, age 62 5 years, age 65 any years and age if disabled
Final average salary is based on	Highest 36 consecutive months of last 10 years	Highest 60 consecutive months of last 10 years
Benefit percent		
Normal retirement	4% per year of service, not to exceed 80%	3% per year of service, not to exceed 75%
Disability retirement	80% with 10 or more years of service 40% with 5 to 10 years of service 20% with less than 5 years of service	75% with 10 or more years of service 37.5% with 5 to 10 years of service 18.75% with less than 5 years of service
Survivor benefit		
Retired members	75% of retired member's benefit	50% of retired member's benefit
Active members and other inactive members	75% of disability retirement benefit	50% of disability retirement benefit

* With reduced benefits of 0.25% for each month early retirement precedes the member's normal retirement age, with a maximum reduction of 30%.

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 8 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with 5 to 7 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

NOTES TO THE FINANCIAL STATEMENTS

Contributions — State statutes establish active member and employer contribution requirements. Statute also appropriates \$5 million annually through fiscal year 2043 for the EORP from the State of Arizona to supplement the normal cost plus an amount to amortize the unfunded accrued liability and designates a portion of certain court fees for the EORP. For the year ended June 30, 2021, statute required active EORP members to contribute 7% or 13% of the members' annual covered payroll and the City to contribute at the actuarially determined rate of 61.43% of all active EORP members' annual covered payroll. Also, statute required the City to contribute 49.39% to EORP of the annual covered payroll of elected officials and judges who were ASRS members and 55.43% to EORP of the annual covered payroll of elected officials and judges who were EODCRS members, in addition to the City's required contributions to ASRS and EODCRS for these elected officials and judges. The City's contributions to the pension and health insurance premium benefit plans for the year ended June 30, 2021, were \$115,754 and \$223, respectively.

During fiscal year 2021, the City paid for EORP pension contributions as follows: 100% from the General Fund.

Liability — At June 30, 2021, the City reported a liability for its proportionate share of the EORP's net pension liability that reflected a reduction for the City's proportionate share of the State's appropriation for EORP. The amount the City recognized as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the EORP net pension liability	\$ 1,745,940
State's proportionate share of the EORP net pension liability associated with the City	165,938
Total	<u><u>\$ 1,911,878</u></u>

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

The City's proportion of the net pension liability was based on the City's required contributions to the pension plan relative to the total of all participating employers' required contributions for the year ended June 30, 2020. The City's proportion measured as of June 30, 2020, and the change from its proportions measured as of June 30, 2019, were:

EORP	Proportion June 30, 2020	Increase (decrease) from June 30, 2019
Pension	0.258673%	0.03%

Expense — For the year ended June 30, 2021, the City recognized pension expense for EORP of (\$22,235) and revenue of \$45,653 for the City's proportionate share of the State's appropriation to EORP and the designated court fees.

NOTES TO THE FINANCIAL STATEMENTS

Deferred outflows/inflows of resources — At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

EORP - Pension	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ —	\$ 1,433
Changes of assumptions or other inputs	—	—
Net difference between projected and actual earnings on plan investments	33,646	—
Changes in proportion and differences between City contributions and proportionate share of contributions	101,517	—
City contributions subsequent to the measurement date	115,754	—
Total	<u>\$ 250,917</u>	<u>\$ 1,433</u>

The amounts reported as deferred outflows of resources related to EORP pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to EORP pensions will be recognized as expenses as follows:

Year ending June 30	Pension
2022	\$ 104,692
2023	10,844
2024	10,609
2025	7,585
2026	—

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

Actuarial Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.3%
Wage Inflation	3.75%
Price Inflation	2.5%
Cost of Living Adjustment	1.75%
Mortality rate	PUBG-2010 Tables

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

The long-term expected rate of return on EORP plan investments was determined to be 7.3% 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.

NOTES TO THE FINANCIAL STATEMENTS

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

EORP

Asset class	Target allocation	Long-term expected geometric real rate of return
U. S. Public Equity	23%	4.93%
International Public Equity	15%	6.09%
Global Private Equity	18%	8.42%
Other Assets (Capital Appreciation)	7%	5.61%
Core Bonds	2%	0.22%
Private Credit	22%	5.31%
Diversifying Strategies	12%	3.22%
Cash-Mellon	1%	(0.60)%
Total	100%	

Discount rates — At June 30, 2020, the discount rate used to measure the EORP total pension liability was 7.3%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, employer contributions will be made at the actuarially determined rates, and State contributions will be made as currently required by statute. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the EORP net pension liability to changes in the discount rate The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.3%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.3%) or 1 percentage point higher (8.3%) than the current rate:

EORP	1% Decrease	Current discount rate	1% Increase
Rate - pension	6.3 %	7.3 %	8.3 %
City's proportionate share of the net pension liability	\$ 1,991,753	\$ 1,745,940	\$ 1,535,761

Plan fiduciary net position — Detailed information about the plan's fiduciary net position is available in the separately issued EORP financial report.

EODCRS plan — Elected officials and judges who are not members of EORP or ASRS participate in the EODCRS and the Elected Officials Defined Contribution Retirement System Disability Program (EODCDP). The EODCRS is a defined contribution pension plan. The EODCDP is a cost-sharing multiple-employer defined benefit disability (OPEB) plan for EODCRS members. The PSPRS Board of Trustees governs the EODCRS and EODCDP according to the provisions of A.R.S. Title 38, Chapter 5, Articles 3.1 and 3.2. Benefit terms, including contribution requirements, are established by State statute. The EODCDP is not further disclosed because of its relative insignificance to the City's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021, active EODCRS members were required by statute to contribute 8% of the members' annual covered payroll, and the City was required by statute to contribute 6% of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the City's contributions to the individual employee account and the earnings on those contributions. For the year ended June 30, 2021, the City recognized pension expense of \$5,476.

Deferred Compensation Plans

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. A governing board (committee) makes decisions about investment options available within each Plan. In fiscal year 2021, the City contributed to the 457 plan on behalf of eligible employees in an amount equal to a percentage of base annual salary. The City contributed \$709,476 for the year ended June 30, 2021. The deferred compensation is not available to participants until termination, retirement, death, or an unforeseeable emergency.

The City's fiduciary responsibility for the plan is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that Section 457 plan assets be held in trust for employees; therefore, employee assets held in Section 457 plan assets are held in trust for employees. Employee assets held in Section 457 plans are not the property of the City and are not subject to claims of the City's general creditors. Therefore, the Deferred Compensation Custodial Fund is not included in the City's Financial Statements.

Defined Contribution Other Postemployment Plans

The City also offers a Post-Employment Health Plan (PEHP). The PEHP is a defined contribution plan designed to allow the City and employees to set aside money during the course of employment with the City, for the payment of qualified medical expenses incurred post-employment. The Post-Employment Health Plan consists of two sub-accounts that can accept contributions. One account accepts fixed contributions from the City and the other accepts earned and unused personal time off (vacation and sick leave). After voluntary termination of employment with the City, employees are provided with the option to be paid for all, or a portion of, earned and unused personal time off, or move earned and unused personal time off into their PEHP account.

The City is contributing \$25 per pay period to the plan for members of the Surprise Police Employees Association and the Northwest Valley Fire Fighters Association Local 4361. Employees are not required to contribute in order to receive the City's contribution.

Further, eligible employees that are Tier 1 members of the Public Safety Personnel Retirement System (PSPRS), who enter the Deferred Retirement Option Plan (DROP) are eligible for an additional benefit. Upon the employee's acceptance by the local board and PSPRS to the DROP program the City will contribute eight percent of total PSPRS eligible earnings, per pay period, to the employee's PEHP. If for any reason an employee terminates participation in DROP, this additional benefit shall cease.

The City contributed \$521,017 for the year ended June 30, 2021.

The City's fiduciary responsibility for the plan is that of exercising "due care" in selecting a third-party administrator. Federal legislation requires that post-employment health plan assets be held in trust for employees; therefore, employee assets held in post-employment plan assets are held in trust for

NOTES TO THE FINANCIAL STATEMENTS

employees. Employee assets held in post-employment health plans are not the property of the City and are not subject to claims of the City's general creditors. Therefore, the Deferred Compensation Custodial Fund is not included in the City's Financial Statements.

NOTE 9 - RISK MANAGEMENT

Risk Management Fund

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Thus, the City participates in the Arizona Municipal Risk Retention Pool (AMRRP), which provides a comprehensive municipal coverage program including property, general liability, public officials' liability, automobile liability and physical damage, bonds and crime. The basic coverage program is standard for all participants and deemed to be appropriate by the governing board of the AMRRP. Individual limits are determined by the Council and staff members.

The limit for basic coverage is \$2 million per occurrence and \$13 million under an umbrella policy for a total of \$15 million on a claim made basis. The AMRRP is structured such that member premiums are based on actuarial review that will provide adequate reserves to allow the Pool to meet its expected financial obligation. The Pool has the authority to assess its members' additional premiums should reserves and annual premiums be insufficient to meet the Pool's obligations. The City can be assessed up to the amount of the current year's contribution. The City's obligation is to file claims timely. The AMRRP is responsible for investigating claims, settling claims and billing the City for any deductible portion. The City's loss has not exceeded its coverage in any of the last three years, and the deductible portion has not been material to the City's financial position.

As of June 30, 2021, unpaid claims were as follows:

	Risk Management Fund	
	2020	2021
Beginning unpaid claims	\$ 147,533	\$ 117,564
Claims incurred and changes in estimates	180,407	854,618
Payments made	(210,376)	(727,100)
Ending unpaid claims	<u>\$ 117,564</u>	<u>\$ 245,082</u>

Employee Healthcare Fund

The City has established the Employee Healthcare Fund to account for the costs of claims incurred by the City through a self-insurance program. The City is self-insured for individual health claims up to \$250,000. Commercial stop loss insurance is in place for claims in excess of the individual limit as well as aggregate insurance for claims in excess of 125% of the City's total actuarially projected claims.

The claims liability includes an estimated amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors. Claims that have been incurred but not reported make up \$864,183 of the total claims payable reported. The remaining \$647,188 is made up of outstanding claims at year end. The City's loss has not exceeded its coverage over the last year.

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2021, unpaid claims were as follows:

	Employee Healthcare Fund	
	2020	2021
Beginning unpaid claims	\$ 1,445,621	\$ 1,810,817
Claims incurred and changes in estimates	11,170,957	12,271,613
Payments made	(10,805,761)	(12,571,059)
Ending unpaid claims	<u>\$ 1,810,817</u>	<u>\$ 1,511,371</u>

Worker's Compensation Fund

Following in-depth analysis including an actuarial study to determine feasibility, the Mayor and City Council approved establishing a Workers' Compensation Fund on January 3, 2017; to administer a self-insured workers' compensation program. The City sought and gained authority to self-insure/self-administer workplace injury claims through the Industrial Commission of Arizona (ICA), effective July 1, 2017. The program assumed responsibility for all new workplace injury/exposures deemed commendable, while leaving liability of prior claims with the previous insurance carrier.

The program assumes first-dollar losses up to the established self-insured retention (SIR) levels of two categories of employees. The first category, General Employee Population, carries a self-insured retention level of \$500,000 per occurrence. Public Safety Population assumes a self-insured retention of \$1,000,000 per occurrence. Should a claim exceed the respective SIR, the excess carrier assumes liability up to statutory limits. All claims below the SIR are managed in-house and resolved via funds established for claims settlement. Expenses within the program are reported regularly to the Workers' Compensation Trust Board, as prescribed by Arizona Revised Statute.

Excess insurance premiums are calculated following underwriting evaluation to include actuarial study and loss history. Being a newly designated self-administered program, the City has been assigned an experience modifier of 1.0, which designates an insurance premium of \$0.28 per \$100 of payroll. These premiums are assigned to each department based on industry hazard codes and total payroll.

The Workers' Compensation fund currently has an established reserve of \$3,000,000, which exceeds the required amount designated by the Industrial Commission of Arizona. The funds held in this reserve account are maintained by the City following approval from both City Council and the ICA for exemption from posting security for outstanding workers' compensation claims, per Arizona Administrative Code R20-5-114.

The claims liability includes an estimated amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends and other economic and social factors. Claims that have been incurred but not reported make up \$281,650 of the total claims payable reported. The remaining \$22,011 is made up of outstanding claims at year end. The City's loss has not exceeded its coverage over the last year.

NOTES TO THE FINANCIAL STATEMENTS

As of June 30, 2021, unpaid claims were as follows:

	Workers' Compensation Fund	
	2020	2021
Beginning unpaid claims	\$ 171,335	\$ 202,747
Claims incurred and changes in estimates	379,262	660,908
Payments made	(347,850)	(559,994)
Ending unpaid claims	<u>\$ 202,747</u>	<u>\$ 303,661</u>

NOTE 10 - CONTINGENT LIABILITIES

The City is a defendant in various lawsuits that are incidental to the ordinary course of its operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the City's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 11 - INTERFUND BORROWING AND TRANSFERS

As of June 30, 2021, interfund balances were as follows:

Due to/from other funds:

Due from	Due to General Fund
Non-Major Governmental Funds	
Grants	\$ 363,492
Marley Park Community Facility District	33,789

At year end, the Grants Fund and Marley Park Community Facility District Fund, non-major governmental funds, had negative cash balances in the pooled cash account. The short-term negative cash balances were eliminated by interfund borrowing with the General Fund and are expected to be paid within one year.

NOTES TO THE FINANCIAL STATEMENTS

Advances to/from other funds:

Advances to	Advances from		
	General Fund	Sewer Fund	Total
General Government Development Fee Fund	\$ —	\$ 5,366,279	\$ 5,366,279
Ground Ambulance Services Fund	2,058,069	—	2,058,069
Total	\$ 2,058,069	\$ 5,366,279	\$ 7,424,348

As of June 30, 2021, the City had several long-term loans outstanding. The loans relate to expenditures for projects to be funded by impact fees and to establish ground ambulance services within the City. These loans will be repaid as impact fees are collected in future years and through charges for services for ground ambulance services.

Interfund Transfers:

Transfers Out	Transfers in						Total
	General Fund	General Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Water Fund	Internal Service Funds	
General Fund	\$ —	\$ 15,303,200	\$ 1,852,836	\$ 3,100,885	\$ —	\$ 956,833	\$ 21,213,754
General Capital Projects Fund	38,900	—	—	—	—	—	38,900
General Government Development Fee Fund	—	—	367,221	—	—	—	367,221
Highway User Revenue Fund	—	—	—	—	—	105,213	105,213
Transportation Improvement Fund	33,400	—	—	—	—	1,300	34,700
Non-Major Governmental Funds	—	—	1,213,005	—	—	10,920	1,223,925
Ground Ambulance Services Fund	1,736	—	—	—	—	39,953	41,689
Water Fund	578,270	—	—	—	—	39,780	618,050
Sewer Fund	816,850	—	—	—	1,274,478	52,001	2,143,329
Sanitation Fund	39,225	—	—	—	—	88,573	127,798
Stormwater Fund	7,230	—	—	—	—	11,527	18,757
Total	\$ 1,515,611	\$ 15,303,200	\$ 3,433,062	\$ 3,100,885	\$ 1,274,478	\$ 1,306,100	\$ 25,933,336

Transfers between funds were used to (1) record payments in lieu of franchise fees from the enterprise funds to the General Fund (2) record payments in lieu of property taxes from the enterprise funds to the General Fund and Debt Service Fund (3) to support as needed replacement of vehicles and maintenance, construction or purchase of city assets (4) move amounts for debt service payments (5) to fund municipal arts projects, and (6) to transfer water rights (capital assets) generated by the Sewer Fund to the Water Fund to be used for water services.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – FUND BALANCE CLASSIFICATION

The fund balance classification of the governmental funds as of June 30, 2021, were as follows:

	General Fund	General Capital Projects Fund	General Govt Development Fee Fund	Highway User Revenue Fund	Transportation Improvement Fund	Debt Service Fund	Non-Major Governmental Fund	Total
Fund balance								
Nonspendable:								
Advance to other funds	\$ 2,058,069	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,058,069
Inventory	1,098,612	—	—	378,723	—	—	11,427	1,488,762
Prepays	409,221	3,638	—	1,502	—	—	10,038	424,399
Total Nonspendable	3,565,902	3,638	—	380,225	—	—	21,465	3,971,230
Restricted:								
Court	—	—	—	—	—	—	376,034	376,034
Debt Service	—	—	—	—	—	158,027	173,673	331,700
Economic Development	19,574	—	—	—	—	—	—	19,574
Fire and Medical	9,370	—	—	—	—	—	9,557,134	9,566,504
Human Services and Community Vitality	34,173	—	—	—	—	—	—	34,173
Parks and recreation	365,822	—	—	—	—	—	5,294,171	5,659,993
Police	96,668	—	—	—	—	—	5,977,601	6,074,269
Public works	—	—	—	—	—	—	675,031	675,031
Transportation	—	—	—	4,442,896	—	—	123,170	4,566,066
Unspent Bond Proceeds - Public Safety	—	10,803,510	—	—	—	—	—	10,803,510
Unspent Bond Proceeds - Traffic Mitigation	—	686,320	—	—	—	—	—	686,320
Unspent Bond Proceeds - Pavement Preservation	—	763,871	—	—	—	—	—	763,871
Total Restricted	525,607	12,253,701	—	4,442,896	—	158,027	22,176,814	39,557,045
Committed:								
Transportation	—	—	—	—	13,211,601	—	—	13,211,601
Tourism	—	—	—	—	—	—	1,194,917	1,194,917
Total Committed	—	—	—	—	13,211,601	—	1,194,917	14,406,518
Assigned:								
Construction projects	—	34,111,297	—	—	—	—	—	34,111,297
FS Package Replacement Reserve	—	105,439	—	—	—	—	—	105,439
Vehicle Replacement	—	3,046,354	—	—	—	—	—	3,046,354
IT Asset Replacement	—	1,011,442	—	—	—	—	—	1,011,442
Parks and recreation	—	509,423	—	—	—	—	—	509,423
PSPRS Funding	16,125,600	—	—	—	—	—	—	16,125,600
Public Safety	12,421	—	—	—	—	—	—	12,421
Wildland Vehicle Replacement	355,195	—	—	—	—	—	—	355,195
Other	238,945	69,105	—	—	—	—	—	308,050
Total Assigned	16,732,161	38,853,060	—	—	—	—	—	55,585,221
Unassigned:								
Unassigned or negative fund balance	\$ 91,303,747	\$ —	\$ (4,272,994)	\$ —	\$ —	\$ —	\$ (396,178)	86,634,575
Total	<u>\$112,127,417</u>	<u>\$ 51,110,399</u>	<u>\$ (4,272,994)</u>	<u>\$ 4,823,121</u>	<u>\$ 13,211,601</u>	<u>\$ 158,027</u>	<u>\$ 22,997,018</u>	<u>\$200,154,589</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 – DEFICIT FUND BALANCES

As of June 30, 2021, the following individual governmental funds reported deficits in fund balances:

Fund	Deficit
Major Funds:	
General Government Development Fee Fund	\$ 4,272,994
Non-Major Governmental Funds	
Grants Fund	293,193
Neighborhood Revitalization Fund	102,310
Proprietary Funds:	
Ground Ambulance Services Fund	577,114

Deficits arose due to project and grant expenditures incurred in current and prior years exceeding impact fee and available grant revenues. The deficit fund balances are expected to be funded with future development impact fees, ambulance revenues, and grant revenues received.

NOTE 14 – BUDGET BASIS OF ACCOUNTING

The City records expenditures for prepaid items as an expenditure in the period goods or services are received; however, on the budgetary basis of accounting the expenditure is recorded in the period of the actual cash outlay.

NOTE 15 – JOINT VENTURE

The City currently participates with nineteen cities, towns and fire districts in the Regional Wireless Cooperative (RWC) agreement for the administration, operation, management, construction, and maintenance of a regional public safety communications network. The RWC is an Arizona joint venture, multi-jurisdictional organization throughout the Phoenix Metropolitan Region. The City of Phoenix is both the Network Managing Member and the Administrative Managing Member. As the Network Managing Member, the City of Phoenix operates and maintains the network. As the Administrative Managing Member, the City of Phoenix is responsible for accounting, budgeting, procurement and contracting for the RWC.

The City has an ongoing financial responsibility as a result of the agreement to participate in the cost to construct, operate and maintain the network. The City's share of costs is determined based on the proportionate number of subscriber units in use at the time of assessment. The equity interest for the City at June 30, 2021, was \$969,335.

Separate financial statements may be obtained from RWC Director's Office, 200 W. Washington Street, 14th Floor, Phoenix, Arizona 85003.



SURPRISE

ARIZONA



REQUIRED SUPPLEMENTARY INFORMATION



SURPRISE

ARIZONA

Required supplementary information

Schedule of the City's proportionate share of the net pension/OPEB liability (asset)
Cost-sharing plans

Arizona State Retirement System - Pension		Reporting fiscal year (measurement date)						
		2021	2020	2019	2018	2017	2016	2016
		(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2015)
City's proportion of the net pension liability	0.38%	0.38%	0.37%	0.36%	0.35%	0.32%	0.29%	Information not available
City's proportionate share of the net pension liability	\$65,171,972	\$55,824,084	\$51,433,226	\$56,257,015	\$56,796,968	\$50,841,272	\$42,980,167	
City's covered payroll	\$42,439,245	\$38,971,217	\$37,581,388	\$35,238,842	\$32,932,534	\$30,121,665	\$26,536,195	
City's proportionate share of the net pension liability as a percentage of its covered payroll	153.57%	143.24%	136.86%	159.64%	172.46%	168.79%	161.97%	
Plan fiduciary net position as a percentage of the total pension liability	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%	
Arizona State Retirement System - Health insurance premium benefit		Reporting fiscal year (measurement date)						
		2021	2020	2019	2018	2017 through 2012		
		(2020)	(2019)	(2018)	(2017)			
City's proportion of the net OPEB (asset)	0.38 %	0.39 %	0.38 %	0.37 %	Information not available			
City's proportionate share of the net OPEB (asset)	\$ (270,717)	\$ (108,422)	\$ (135,084)	\$ (199,174)				
City's covered payroll	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842				
City's proportionate share of the net OPEB (asset) as a percentage of its covered payroll	-0.64%	-0.28%	-0.36%	-0.57%				
Plan fiduciary net position as a percentage of the total OPEB liability	104.33%	101.62%	102.20%	103.57%				
Arizona State Retirement System - Long-term disability		Reporting fiscal year (measurement date)						
		2021	2020	2019	2018	2017 through 2012		
		(2020)	(2019)	(2018)	(2017)			
City's proportion of the net OPEB liability	0.38%	0.39%	0.37%	0.36%	Information not available			
City's proportionate share of the net OPEB liability	\$ 287,923	\$ 253,425	\$ 193,112	\$ 131,344				
City's covered payroll	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842				
City's proportionate share of the net OPEB liability) as a percentage of its covered payroll	0.68%	0.65%	0.51%	0.37%				
Plan fiduciary net position as a percentage of the total OPEB liability	68.01%	72.85%	77.83%	84.44%				
Elected Official Retirement Plan - Pension		Reporting fiscal year (measurement date)						
		2021	2020	2019	2018	2017	2016	2015
		(2020)	(2019)	(2018)	(2017)	(2016)	(2015)	(2014)
City's proportion of the net pension liability	0.26%	0.23%	0.29%	0.17%	0.19%	0.16%	0.22%	Information not available
City's proportionate share of the net pension liability	\$1,745,940	\$1,511,837	\$1,849,518	\$2,034,660	\$1,829,709	\$1,276,030	\$1,505,462	
State's proportionate share of the net pension liability associated with the city	\$ 165,938	\$ 142,097	\$ (90,103)	\$ 213,700	\$ 100,812	\$ 107,037	\$ 136,820	
Total	\$1,911,878	\$1,653,934	\$1,759,415	\$2,248,360	\$1,930,521	\$1,383,067	\$1,642,282	
City's covered payroll	\$ 206,644	\$ 176,123	\$ 150,767	\$ 154,566	\$ 155,470	\$ 155,470	\$ 154,983	
City's proportionate share of the net pension liability as a percentage of its covered payroll	925.20%	939.08%	1166.98%	1454.63%	1241.73%	889.60%	1059.65%	
Plan fiduciary net position as a percentage of the total pension liability	29.80%	30.14%	30.36%	19.66%	23.42%	28.32%	31.91%	

See accompanying notes to this schedule.

Required supplementary information
Schedule of changes in the City's net pension/OPEB liability (asset) and related ratios
Agent plans

PSPRS - Police - Pension	Reporting fiscal year (measurement date)							2014 through 2012
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability								Information not available
Service cost	\$ 2,500,116	\$ 2,625,724	\$ 2,432,053	\$ 2,580,430	\$ 2,064,206	\$ 1,663,042	\$ 1,565,018	
Interest on the total pension liability	5,548,786	4,977,350	4,564,294	4,152,228	3,530,011	2,833,422	2,300,961	
Changes of benefit terms	—	—	—	431,035	4,507,117	—	241,790	
Differences between expected and actual experience in the measurement of the pension liability	1,718,866	1,469,073	(615,366)	884,245	144,478	5,574,308	1,218,340	
Changes of assumptions or other inputs	—	2,103,228	—	950,588	2,249,172	—	2,469,394	
Benefit payments, including refunds of employee contributions	(2,511,403)	(2,089,561)	(2,328,125)	(2,887,339)	(1,829,352)	(965,851)	(1,157,301)	
Net change in total pension liability	\$ 7,256,365	\$ 9,085,814	\$ 4,052,856	\$ 6,111,187	\$ 10,665,632	\$ 9,104,921	\$ 6,638,202	
Total pension liability-beginning	74,766,358	65,680,544	61,627,688	55,516,501	44,850,869	35,745,948	29,107,746	
Total pension liability-ending (a)	\$ 82,022,723	\$ 74,766,358	\$ 65,680,544	\$ 61,627,688	\$ 55,516,501	\$ 44,850,869	\$ 35,745,948	
Plan fiduciary net position								
Contributions-employer	\$ 3,698,985	\$ 4,065,062	\$ 3,608,348	\$ 2,601,364	\$ 2,303,420	\$ 1,729,946	\$ 1,359,213	
Contributions-employee	972,696	1,015,880	1,121,032	1,376,163	1,496,064	1,196,870	977,373	
Net investment income	607,678	2,315,207	2,508,024	3,589,391	168,147	951,951	2,875,527	
Benefit payments, including refunds of employee contributions	(2,511,403)	(2,089,561)	(2,328,125)	(2,887,339)	(1,829,352)	(965,851)	(1,157,301)	
Pension plan administrative expense	(49,546)	(41,215)	(38,871)	(32,160)	(24,595)	(23,613)	—	
Other changes	—	—	20,867	36,754	138,888	210,447	(462,996)	
Net change in plan fiduciary net position	\$ 2,718,410	\$ 5,265,373	\$ 4,891,275	\$ 4,684,173	\$ 2,252,572	\$ 3,099,750	\$ 3,591,816	
Plan fiduciary net position-beginning	44,930,566	39,693,746	34,802,471	30,118,298	27,865,726	24,765,976	21,174,160	
Adjustment to Beginning of Year	3	(28,553)	—	—	—	—	—	
Plan fiduciary net position-ending (b)	\$ 47,648,979	\$ 44,930,566	\$ 39,693,746	\$ 34,802,471	\$ 30,118,298	\$ 27,865,726	\$ 24,765,976	
City's net pension (asset) liability-ending (a) - (b)	\$ 34,373,744	\$ 29,835,792	\$ 25,986,798	\$ 26,825,217	\$ 25,398,203	\$ 16,985,143	\$ 10,979,972	
Plan fiduciary net position as a percentage of the total pension liability	58.09%	60.09%	60.43%	56.47%	54.25%	62.13%	69.28%	
Covered payroll	\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882	\$ 11,159,388	\$ 10,682,880	\$ 8,730,979	
City's net pension (asset) liability as a percentage of covered payroll	264.63%	228.34%	210.83%	227.91%	227.59%	158.99%	125.76%	

See accompanying notes to this schedule.

Required supplementary information
Schedule of changes in the City's net pension/OPEB liability (asset) and related ratios
Agent plans

PSPRS - Police - OPEB

	Reporting fiscal year (measurement date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
Total OPEB liability					Information not available
Service cost	\$ 47,355	\$ 33,493	\$ 34,574	\$ 37,056	
Interest on the total pension liability	83,812	88,366	87,925	94,154	
Changes of benefit terms	—	—	—	6,912	
Differences between expected and actual experience of the total OPEB liability	(97,685)	(194,295)	(105,683)	(68,029)	
Changes of assumptions or other inputs	—	24,230	—	(107,363)	
Benefit payments, including refunds of employee contributions	(27,706)	(26,693)	(27,446)	(29,932)	
Net change in total pension liability	\$ 5,776	\$ (74,899)	\$ (10,630)	\$ (67,202)	
Total OPEB liability-beginning	\$ 1,099,087	\$ 1,173,986	\$ 1,184,616	\$ 1,251,818	
Total OPEB liability-ending (a)	\$ 1,104,863	\$ 1,099,087	\$ 1,173,986	\$ 1,184,616	
Plan fiduciary net position					
Contributions-employer	\$ 34,570	\$ 42,535	\$ 26,730	\$ 55,927	
Contributions-employee	—	—	—	—	
Net investment income	15,453	61,524	73,735	110,362	
Benefit payments, including refunds of employee contributions	(27,706)	(26,693)	(27,446)	(29,932)	
OPEB plan administrative expense	(1,257)	(1,062)	(1,122)	(976)	
Other changes	—	—	1	—	
Net change in plan fiduciary net position	\$ 21,060	\$ 76,304	\$ 71,898	\$ 135,381	
Plan fiduciary net position-beginning	1,234,735	1,158,431	1,057,981	922,600	
Plan fiduciary net position-ending (b)	\$ 1,255,795	\$ 1,234,735	\$ 1,129,879	\$ 1,057,981	
City's net OPEB (asset) liability-ending (a) - (b)	\$ (150,932)	\$ (135,648)	\$ 44,107	\$ 126,635	
Plan fiduciary net position as a percentage of the total OPEB liability	113.66%	112.34%	96.24%	89.31%	
Covered payroll	\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882	
City's net OPEB (asset) liability as a percentage of covered payroll	-1.16%	-1.04%	0.36%	1.08%	

See accompanying notes to this schedule.

Required supplementary information
Schedule of changes in the City's net pension/OPEB liability (asset) and related ratios
Agent plans

PSPRS - Fire - Pension

	Reporting fiscal year (measurement date)							
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2012
Total pension liability								Information not available
Service cost	\$ 2,585,747	\$ 2,703,787	\$ 2,629,254	\$ 2,540,844	\$ 1,944,045	\$ 1,709,096	\$ 1,635,304	
Interest on the total pension liability	4,775,536	4,299,178	3,959,756	3,537,634	2,858,919	2,480,922	2,170,938	
Changes of benefit terms	—	—	—	324,839	4,813,386	—	25,204	
Differences between expected and actual experience in the measurement of the pension liability	2,107,451	223,172	(2,685,396)	721,498	(428,646)	991,201	122,957	
Changes of assumptions or other inputs	—	1,224,623	—	36,178	2,042,866	—	1,068,570	
Benefit payments, including refunds of employee contributions	(1,263,395)	(759,444)	(652,543)	(1,074,336)	(485,385)	(481,494)	(1,740,565)	
Net change in total pension liability	\$ 8,205,339	\$ 7,691,316	\$ 3,251,071	\$ 6,086,657	\$ 10,745,185	\$ 4,699,725	\$ 3,282,408	
Total pension liability-beginning	63,464,250	55,772,934	52,521,863	46,435,206	35,690,021	30,990,296	27,707,888	
Total pension liability-ending (a)	\$ 71,669,589	\$ 63,464,250	\$ 55,772,934	\$ 52,521,863	\$ 46,435,206	\$ 35,690,021	\$ 30,990,296	
Plan fiduciary net position								
Contributions-employer	\$ 2,592,924	\$ 3,232,317	\$ 3,149,148	\$ 1,828,952	\$ 1,773,960	\$ 1,394,750	\$ 1,298,311	
Contributions-employee	1,086,498	955,090	1,036,287	1,340,153	1,188,041	1,085,819	916,860	
Net investment income	662,772	2,477,023	2,659,343	3,742,608	170,022	956,696	2,973,644	
Benefit payments, including refunds of employee contributions	(1,263,395)	(759,444)	(652,543)	(1,074,336)	(485,385)	(481,494)	(1,740,565)	
Pension plan administrative expense	(54,041)	(44,033)	(41,175)	(33,516)	(24,864)	(23,732)	—	
Other changes	—	—	147,401	141,131	30,036	23,521	(491,977)	
Net change in plan fiduciary net position	\$ 3,024,758	\$ 5,860,953	\$ 6,298,461	\$ 5,944,992	\$ 2,651,810	\$ 2,955,560	\$ 2,956,273	
Plan fiduciary net position-beginning	48,925,283	43,082,800	36,784,339	30,839,347	28,187,537	25,231,977	22,275,704	
Adjustment to Beginning of Year	2	(18,470)	—	—	—	—	—	
Plan fiduciary net position-ending (b)	\$ 51,950,043	\$ 48,925,283	\$ 43,082,800	\$ 36,784,339	\$ 30,839,347	\$ 28,187,537	\$ 25,231,977	
City's net pension (asset) liability-ending (a) - (b)	\$ 19,719,546	\$ 14,538,967	\$ 12,690,134	\$ 15,737,524	\$ 15,595,859	\$ 7,502,484	\$ 5,758,319	
Plan fiduciary net position as a percentage of the total pension liability	72.49%	77.09%	77.25%	70.04%	66.41%	78.98%	81.42%	
Covered payroll	\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060	\$ 10,648,460	\$ 9,802,389	\$ 8,942,409	
City's net pension (asset) liability as a percentage of covered payroll	167.99%	123.55%	110.02%	139.32%	146.46%	76.54%	64.39%	

See accompanying notes to this schedule.

Required supplementary information

Schedule of changes in the City's net pension/OPEB liability (asset) and related ratios

Agent plans

PSPRS - Fire - OPEB	Reporting fiscal year (measurement date)				
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 through 2012
Total OPEB liability					Information not available
Service cost	\$ 42,441	\$ 28,223	\$ 28,223	\$ 28,898	
Interest on the total pension liability	72,508	78,968	72,743	78,136	
Changes of benefit terms	—	—	—	8	
Differences between expected and actual experience of the total OPEB liability	11,259	(206,517)	(17,297)	(28,004)	
Changes of assumptions or other inputs	—	12,836	—	(124,948)	
Benefit payments, including refunds of employee contributions	(15,486)	(14,571)	(12,727)	(12,382)	
Net change in total pension liability	\$ 110,722	\$ (101,061)	\$ 70,942	\$ (58,292)	
Total OPEB liability-beginning	945,143	1,046,204	975,262	1,033,554	
Total OPEB liability-ending (a)	<u>\$ 1,055,865</u>	<u>\$ 945,143</u>	<u>\$ 1,046,204</u>	<u>\$ 975,262</u>	
Plan fiduciary net position					
Contributions-employer	\$ 35,723	\$ 34,300	\$ 29,385	\$ 40,649	
Contributions-employee	—	—	—	—	
Net investment income	12,652	50,072	58,948	86,787	
Benefit payments, including refunds of employee contributions	(15,486)	(14,571)	(12,727)	(12,382)	
OPEB plan administrative expense	(1,029)	(864)	(897)	(769)	
Other changes	—	—	1	—	
Net change in plan fiduciary net position	\$ 31,860	\$ 68,937	\$ 74,710	\$ 114,285	
Plan fiduciary net position-beginning	1,002,681	915,274	840,564	726,279	
Adjust to Beginning of Year	—	18,470	—	—	
Plan fiduciary net position-ending (b)	<u>\$ 1,034,541</u>	<u>\$ 1,002,681</u>	<u>\$ 915,274</u>	<u>\$ 840,564</u>	
City's net OPEB (asset) liability-ending (a) - (b)	<u>\$ 21,324</u>	<u>\$ (57,538)</u>	<u>\$ 130,930</u>	<u>\$ 134,698</u>	
Plan fiduciary net position as a percentage of the total OPEB liability	97.98%	106.09%	87.49%	86.19%	
Covered payroll	\$11,738,436	\$11,767,811	\$11,534,304	\$11,296,060	
City's net OPEB (asset) liability as a percentage of covered payroll	0.18%	-0.49%	1.14%	1.19%	

See accompanying notes to this schedule.

Required supplementary information
Schedule of City pension/OPEB contributions

Arizona State Retirement System - Pension

	Reporting fiscal year							
	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 4,940,338	\$ 4,678,053	\$ 4,349,366	\$ 4,084,163	\$ 3,773,263	\$ 3,569,994	\$ 3,259,073	\$ 2,801,701
City's contributions in relation to the statutorily required contribution	4,940,338	4,678,053	4,349,366	4,084,163	3,773,263	3,569,994	3,259,073	2,801,701
City's contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 42,528,059	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842	\$ 32,932,534	\$ 30,121,665	\$ 26,536,195
City's contributions as a percentage of covered payroll	11.62%	11.02%	11.16%	10.87%	10.71%	10.84%	10.82%	10.56%

Reporting fiscal years 2013 through 2012 information not available.

Arizona State Retirement System - Health insurance premium benefit

	Reporting fiscal year				
	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 172,796	\$ 191,599	\$ 178,575	\$ 164,581	\$ 196,952
City's contributions in relation to the statutorily required contribution	172,796	191,599	178,575	164,581	196,952
City's contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 42,528,059	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842
City's contributions as a percentage of covered payroll	0.41%	0.45%	0.46%	0.44%	0.56%

Reporting fiscal years 2016 through 2012 information not available.

Arizona State Retirement System - Long-term disability

	Reporting fiscal year				
	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 76,187	\$ 69,064	\$ 62,149	\$ 61,374	\$ 49,278
City's contributions in relation to the statutorily required contribution	76,187	69,064	62,149	61,374	49,278
City's contribution deficiency	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 42,528,059	\$ 42,439,245	\$ 38,971,217	\$ 37,581,388	\$ 35,238,842
City's contributions as a percentage of covered payroll	0.18%	0.16%	0.16%	0.16%	0.14%

Reporting fiscal years 2016 through 2012 information not available.

See accompanying notes to this schedule.

Required supplementary information
Schedule of City pension/OPEB contributions

Elected Official Retirement Plan - Pension

	Reporting fiscal year							
	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 115,754	\$ 117,327	\$ 101,371	\$ 66,206	\$ 34,133	\$ 36,535	\$ 35,199	\$ 47,836
City's contributions in relation to the statutorily required contribution	115,754	117,327	101,371	66,206	34,133	36,535	35,199	47,836
City's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 205,523	\$ 206,644	\$ 176,123	\$ 150,767	\$ 154,566	\$ 155,470	\$ 155,470	\$ 154,983
City's contributions as a percentage of covered payroll	56.32%	56.78%	57.56%	43.91%	22.08%	23.50%	22.64%	30.87%

Reporting fiscal years 2013 through 2012 information not available.

The City was not required and did not contribute to the EORP health insurance premium benefit plan for fiscal years 2021, 2020, 2019, 2018, or 2017. Information for fiscal years 2016 through 2012 is not available.

PSPRS - Police - Pension

	Reporting fiscal year							
	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$4,094,704	\$3,850,896	\$3,977,387	\$5,056,552	\$2,598,440	\$2,301,028	\$1,753,988	\$1,359,213
City's contributions in relation to the actuarially determined contribution	4,094,704	3,850,896	3,977,387	5,056,552	2,598,440	2,301,028	1,753,988	1,359,213
City's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$13,066,287	\$12,989,361	\$13,066,419	\$12,326,006	\$11,769,882	\$11,159,388	\$10,682,880	\$ 8,730,979
City's contributions as a percentage of covered payroll	31.34 %	29.65 %	30.44 %	41.02 %	22.08 %	20.62 %	16.42 %	15.57 %

Reporting fiscal years 2013 through 2012 information not available.

PSPRS - Police - OPEB

	Reporting fiscal year				
	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 40,791	\$ 37,796	\$ 44,365	\$ 79,382	\$ 58,849
City's contributions in relation to the actuarially determined contribution	40,791	37,796	44,365	79,382	58,849
City's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 13,066,287	\$ 12,989,361	\$ 13,066,419	\$ 12,326,006	\$ 11,769,882
City's contributions as a percentage of covered payroll	0.31%	0.29%	0.34%	0.64%	0.50%

Reporting fiscal years 2016 through 2012 information not available.

See accompanying notes to this schedule.

Required supplementary information
Schedule of City pension/OPEB contributions

PSPRS - Fire - Pension

	Reporting fiscal year							
	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 3,569,521	\$ 3,060,602	\$ 2,977,137	\$ 4,499,428	\$ 1,832,987	\$ 1,716,087	\$ 1,417,546	\$ 1,298,311
City's contributions in relation to the actuarially determined contribution	3,569,521	3,060,602	2,977,137	4,499,428	1,832,987	1,716,087	1,417,546	1,298,311
City's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 13,277,038	\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060	\$ 10,648,460	\$ 9,802,389	\$ 8,492,409
City's contributions as a percentage of covered payroll	26.88%	26.07%	25.30%	39.01%	16.23%	16.12%	14.46%	15.29%

Reporting fiscal years 2013 through 2012 information not available.

PSPRS - Fire - OPEB

	Reporting fiscal year				
	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 40,124	\$ 36,517	\$ 35,366	\$ 77,072	\$ 40,740
City's contributions in relation to the actuarially determined contribution	40,124	36,517	35,366	77,072	40,740
City's contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll	\$ 13,277,038	\$ 11,738,436	\$ 11,767,811	\$ 11,534,304	\$ 11,296,060
City's contributions as a percentage of covered payroll	0.30%	0.31%	0.30%	0.67%	0.36%

Reporting fiscal years 2016 through 2012 information not available.

See accompanying notes to this schedule.

Required supplementary information
Schedule of City pension/OPEB contributions

Note 1 – Actuarially determined contribution rates

Actuarially determined contribution rates are calculated as of June 30 each year for ASRS which is 12 months prior to the beginning of the fiscal year in which contributions are reported. Actuarial determined contribution rates for PSPRS are calculated as of June 30, 2 years prior to the beginning of the fiscal year in which contributions are reported. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent-of-pay, Closed
Remaining amortization period as of the 2017 actuarial valuation	20 years; if the actuarial value of assets exceeded the actuarial accrued liability, the excess was amortized over an open period of 20 years and applied as a credit to reduce normal cost which otherwise would be payable.
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	In the 2017 actuarial valuation, the investment rate of return was decreased from 7.5% to 7.4%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017 actuarial valuation, projected salary increases were decreased from 4.0%–8.0% to 3.5%–7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%–8.5% to 4.0%–8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%–9.0% to 4.5%–8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased from 4% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0%. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%.
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2017 actuarial valuation, changed to RP-2014 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females).

See accompanying notes to this schedule.

Note 2 – Factors that affect trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS and EORP changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS and EORP also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. EORP-required contributions are not based on actuarial valuations, and therefore, these changes did not affect them. Also, the City refunded excess employee contributions to PSPRS and EORP members. PSPRS and EORP provided the City the option to reduce its actual employer contributions for the refunded amounts; however, the City elected not to reduce its actual employer contributions for the refunded amounts.

The fiscal year 2020 (measurement date 2019) pension liabilities for EORP reflects the replacement of the permanent benefit increase (PBI) for retirees based on investment returns with a cost of living adjustment based on inflation. Also, the EORP liability and required pension contributions for fiscal year 2020 reflect a statutory change that requires the employer contribution rate to be actuarially determined. This change increased the discount rate used to calculate the liability thereby reducing the total pension liability.

The actuarial assumptions used in the June 30, 2019, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The ASRS Board adopted the experience study recommended changes which were applied to the June 30, 2017, actuarial valuation.

The actuarial assumptions used in the June 30, 2020, valuation for PSPRS were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study and recommended changes which were applied to the June 30, 2017 actuarial valuation. The total liabilities as of June 30, 2020 reflect changes of actuarial assumptions to decrease the investment rate of return from 7.4% to 7.3% and update the mortality rates.



SURPRISE

ARIZONA

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 58,894,200	\$ 58,894,200	\$ 74,796,921	\$ 15,902,721
Licenses and permits	5,902,700	5,902,700	6,168,794	266,094
Intergovernmental revenues	38,141,100	38,141,100	44,699,113	6,558,013
Charges for services	10,849,900	10,861,400	22,705,823	11,844,423
Grants	—	7,232,500	7,314,593	82,093
Fines	1,416,300	1,416,300	1,250,670	(165,630)
Rents	288,000	288,000	303,717	15,717
Interest revenue(loss)	477,500	477,500	99,411	(378,089)
Donations	142,500	142,500	52,541	(89,959)
Indirect charges	6,348,500	6,348,500	6,348,174	(326)
Other revenue	388,300	388,300	649,130	260,830
Total revenues	122,849,000	130,093,000	164,388,887	34,295,887
EXPENDITURES				
Current:				
General Government				
City council	671,900	682,500	390,863	291,637
City manager	3,331,700	3,382,900	3,180,338	202,562
City attorney	2,350,900	2,463,500	2,289,477	174,023
City clerk	835,500	903,500	618,774	284,726
Finance	4,424,700	5,027,600	4,493,571	534,029
Human resources	2,600,300	2,659,000	2,375,908	283,092
Information technology	5,755,700	6,285,900	5,859,964	425,936
General operations	6,959,200	8,699,200	1,306,600	7,392,600
Total general government	26,929,900	30,104,100	20,515,495	9,588,605
Public Safety				
Police	29,868,800	35,393,400	29,347,889	6,045,511
Fire-Medical	22,813,900	28,004,000	23,770,404	4,233,596
Court	2,598,600	2,666,500	2,519,463	147,037
Total public safety	55,281,300	66,063,900	55,637,756	10,426,144
Community Development				
Economic development	1,471,600	2,076,600	8,652,652	(6,576,052)
Community development	4,685,800	5,591,600	4,876,674	714,926
Total community development	6,157,400	7,668,200	13,529,326	(5,861,126)
Culture and Recreation				
Human services and community vitality	2,482,200	2,798,300	2,086,857	711,443
Parks and recreation	12,429,000	12,867,600	10,564,953	2,302,647
Sports and Tourism	193,800	193,800	600	193,200
Total culture and recreation	15,105,000	15,859,700	12,652,410	3,207,290
Public Works and Streets				
Public works and streets	8,631,100	8,725,300	7,746,380	978,920
Total public works and streets	8,631,100	8,725,300	7,746,380	978,920
Contingency				
Contingency	6,616,100	1,437,100	—	1,437,100
Total contingency	6,616,100	1,437,100	—	1,437,100
Total current	118,720,800	129,858,300	110,081,367	19,776,933

Capital outlay:

General Government				
City manager	11,000	—	—	—
Information technology	10,000	10,000	9,339	661
Public Safety				
Police	106,300	433,300	97,060	336,240
Fire-medical	—	165,000	—	165,000
Public works and streets				
Public works and streets	60,000	320,600	233,729	86,871
Community Development		—		
Economic development	—	143,500	92,184	51,316
Culture and recreation				
Human services and community vitality	—	34,700	3,308	31,392
Total capital outlay	<u>187,300</u>	<u>1,107,100</u>	<u>435,620</u>	<u>671,480</u>
Total expenditures	<u>118,908,100</u>	<u>130,965,400</u>	<u>110,516,987</u>	<u>20,448,413</u>
Excess (deficiency) of revenues over expenditures	<u>3,940,900</u>	<u>(872,400)</u>	<u>53,871,900</u>	<u>54,744,300</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	77,100	77,100	159,875	82,775
Transfers in	1,517,300	1,517,300	1,515,611	(1,689)
Transfers out	<u>(7,727,500)</u>	<u>(14,298,200)</u>	<u>(21,213,754)</u>	<u>(6,915,554)</u>
Total other financing sources (uses)	<u>(6,133,100)</u>	<u>(12,703,800)</u>	<u>(19,538,268)</u>	<u>(6,834,468)</u>
Net change in fund balances	<u>\$ (2,192,200)</u>	<u>\$ (13,576,200)</u>	<u>\$ 34,333,632</u>	<u>\$ 47,909,832</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

General Government Development Fee Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Development fees	\$ 475,400	\$ 475,400	\$ 694,000	\$ 218,600
Interest revenue	—	—	2,239	2,239
Total revenues	475,400	475,400	696,239	220,839
EXPENDITURES				
Current:				
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
Excess (deficiency) of revenues over	475,400	475,400	696,239	220,839
OTHER FINANCING SOURCES (USES)				
Transfers out	(367,300)	(367,300)	(367,221)	79
Total other financing sources (uses)	(367,300)	(367,300)	(367,221)	79
Net change in fund balances	\$ 108,100	\$ 108,100	\$ 329,018	\$ 220,918

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Highway User Revenue Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental revenues	\$ 8,560,000	\$ 8,560,000	\$ 9,822,481	\$ 1,262,481
Charges for services	8,000	8,000	12,750	4,750
Interest revenue	—	—	8,041	8,041
Other revenue	1,500	1,500	84,936	83,436
Total revenues	8,569,500	8,569,500	9,928,208	1,358,708
EXPENDITURES				
Current:				
General Government	94,800	94,800	94,800	—
Public Works and Streets				
Public works and streets	8,626,300	7,931,800	6,835,877	1,095,923
Contingency				
Contingency	660,500	1,563,300	—	1,563,300
Total current	9,381,600	9,589,900	6,930,677	2,659,223
Capital outlay:				
Public Works and Streets				
Public works and streets	3,369,600	3,249,800	2,056,054	1,193,746
Total capital outlay	3,369,600	3,249,800	2,056,054	1,193,746
Total expenditures	12,751,200	12,839,700	8,986,731	3,852,969
Excess (deficiency) of revenues over	(4,181,700)	(4,270,200)	941,477	5,211,677
OTHER FINANCING SOURCES (USES)				
Transfers out	(121,400)	(121,400)	(105,213)	16,187
Total other financing sources (uses)	(121,400)	(121,400)	(105,213)	16,187
Net change in fund balances	\$ (4,303,100)	\$ (4,391,600)	\$ 836,264	\$ 5,227,864

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Transportation Improvement Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 3,101,900	\$ 3,101,900	\$ 9,776,946	\$ 6,675,046
Grants revenue	250,000	250,000	334,945	84,945
Interest revenue	107,800	107,800	13,493	(94,307)
Total revenues	3,459,700	3,459,700	10,125,384	6,665,684
EXPENDITURES				
Current:				
Public Works and Streets				
Public works and streets	4,623,200	3,238,500	2,976,546	261,954
Contingency				
Contingency	1,002,900	2,845,500	—	2,845,500
Total current	5,626,100	6,084,000	2,976,546	3,107,454
Capital outlay:				
Public works and streets				
Public works and streets	6,190,800	4,892,900	2,107,457	2,785,443
Community Development	560,600	550,000	—	550,000
Total capital outlay	6,751,400	5,442,900	2,107,457	3,335,443
Total expenditures	12,377,500	11,526,900	5,084,003	6,442,897
Excess (deficiency) of revenues over	(8,917,800)	(8,067,200)	5,041,381	13,108,581
OTHER FINANCING SOURCES (USES)				
Transfers out	(34,900)	(34,900)	(34,700)	200
Total other financing sources (uses)	(34,900)	(34,900)	(34,700)	200
Net change in fund balances	\$ (8,952,700)	\$ (8,102,100)	\$ 5,006,681	\$ 13,108,781

Note to Required Supplementary Information

Note 1 – BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds with the following exceptions: (1) Capital Projects, the Grants, and Neighborhood Revitalization Funds adopt project-length budgets which normally extend beyond the fiscal year (2) Compensated absences are expended when paid, (3) Capital outlays within the enterprise funds are expended on a budget basis, (4) Bad debt expense represents revenue the City won't receive, rather than an actual cash outlay, and (5) Prepaid items and inventory are expended when paid not when the goods or services are received or used.

Prior to the third Monday in July, the City Manager submits to the City Council, and Council adopts a tentative budget for the fiscal year commencing on July 1. The tentative budget includes a schedule of the estimated expenditures and revenues. The proposed budget sets the maximum limit. The tentative budget is then published once a week for two consecutive weeks in a local newspaper. Finally, the City holds a public hearing on the budget and convenes a special meeting to adopt the final proposed budget on or before the 14th day before the tax levy is adopted.

The annual budget is adopted by resolution and serves as the foundation for the City of Surprise's financial planning and control. It has been programmed to allow as much flexibility as possible while still establishing useful guidelines. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. The City budget is adopted by department within each fund and by project in the capital funds. In addition, the full-time equivalent (FTE) position count is adopted by department within each fund. Changes to the adopted budget must be made in accordance with the City's Budget Amendment Policy. This policy specifies the approval levels required for various types of budget amendments. During the fiscal year, amendment requests are submitted to the Finance Department for preparation and processing. Changes can be made pursuant to the policy only if funds are unencumbered and available.



SURPRISE

ARIZONA



**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



SURPRISE

ARIZONA

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

General Capital Projects Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 6,396,000	\$ 6,396,000	\$ 14,339,521	\$ 7,943,521
Licenses and permits	—	—	—	—
Interest revenue	601,500	601,500	40,650	(560,850)
Other revenue	—	—	111,544	111,544
Total revenues	6,997,500	6,997,500	14,491,715	7,494,215
EXPENDITURES				
Current:				
General Government	—	—	—	—
Community Development	—	—	—	—
Culture and recreation	—	—	—	—
Total current	—	—	—	—
Capital outlay:				
General Government				
City manager	750,600	82,300	51,435	30,865
Information technology	1,847,200	4,290,800	1,269,149	3,021,651
General operations	35,400	35,400	9,850	25,550
Public Safety				
Police	10,166,200	10,227,300	4,668,498	5,558,802
Fire-Medical	14,235,500	13,577,500	7,960,444	5,617,056
Public works and streets				
Public works and streets	17,785,600	12,707,000	8,042,306	4,664,694
Community Development				
Economic development	405,200	369,200	9,568	359,632
Community development	1,029,000	1,297,600	68,776	1,228,824
Culture and recreation				
Human services and community vitality	7,000	459,400	190,468	268,932
Parks and recreation	1,718,900	5,682,400	1,004,875	4,677,525
Sports and Tourism	480,100	1,677,000	1,292,722	384,278
Contingency				
Contingency	7,650,100	12,700,600	—	12,700,600
Total capital outlay	56,110,800	63,106,500	24,568,091	38,538,409
Total expenditures	56,110,800	63,106,500	24,568,091	38,538,409
Excess (deficiency) of revenues over expenditures	(49,113,300)	(56,109,000)	(10,076,376)	46,032,624
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,000	8,070,700	15,303,200	7,232,500
Transfers out	(38,900)	(38,900)	(38,900)	—
Issuance of debt	20,700,000	20,700,000	17,460,000	(3,240,000)
Premium on issuance of debt	—	—	2,133,059	2,133,059
Total other financing sources (uses)	22,161,100	28,731,800	34,857,359	6,125,559
Net change in fund balances	\$ (26,952,200)	\$ (27,377,200)	\$ 24,780,983	\$ 52,158,183

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Debt Service Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance With Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 4,669,500	\$ 4,669,500	\$ 4,645,013	\$ (24,487)
Interest revenue	—	—	8,881	8,881
Total revenues	4,669,500	4,669,500	4,653,894	(15,606)
EXPENDITURES				
Debt service:				
Administrative charges	—	—	14,887	(14,887)
Principal retirement	5,349,100	5,349,100	5,734,038	(384,938)
Interest	2,937,100	2,937,100	2,549,044	388,056
Bond issuance costs	4,000	179,500	175,072	4,428
Total debt service	8,290,200	8,465,700	8,473,041	(7,341)
Total expenditures	8,290,200	8,465,700	8,473,041	(7,341)
Excess (deficiency) of revenues over expenditures	(3,620,700)	(3,796,200)	(3,819,147)	(22,947)
OTHER FINANCING SOURCES (USES)				
Transfers in	3,435,200	3,435,200	3,433,062	(2,138)
Total other financing sources (uses)	3,435,200	3,435,200	3,433,062	(2,138)
Net change in fund balances	\$ (185,500)	\$ (361,000)	\$ (386,085)	\$ (25,085)



SURPRISE

ARIZONA

NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

- ❖ Special Revenue Funds – These funds account for specific non-capital revenues that are restricted in their allowable use.
 - *Grants Fund* - this fund has been established to account for revenues and expenditures from the various grants received by the City.
 - *LTAF II/ALF Fund* - This fund has been established to account for revenues and expenditures received by the City from the state of Arizona. These funds are a portion of lottery money collected and can be used to fund transit operations, facilities, and equipment purchases.
 - *Municipal Court Enhancement Fund* - Established in FY2003, this fund tracks revenue associated with fines dedicated to Municipal Court technology improvements. City policy restricts the use of these funds.
 - *Municipal Court FARE fund* - This fund is used to discretely track funds received by the City that are restricted to use on projects which enhance the fine collections process. FARE - Fare/fees and restitution enforcement.
 - *Municipal Court JCEF Fund* - This fund is used to discretely track funds received by the City that are restricted to use on technology improvements in the Municipal Court. JCEF - Judicial court enhancement fund.
 - *Municipal Court MFTG Fund* - This fund is used to discretely track funds received by the City that are restricted to use on projects which aid in the processing of criminal cases. MFTG - Municipal fill the gap.
 - *Neighborhood Revitalization Fund* - This fund is used to track all revenues and expenditures associated with the City's neighborhood revitalization program. This program is funded through a combination of federal, state and local funds. City policy, grant agreements, and contractual obligations restrict the use of these funds.
 - *Net Premium Seating Fund* - This fund was established to account for the revenues and expenditures for a ticket surcharge on the sale of spring training tickets for premium seats.
 - *Proposition 400 Fund* - This fund is used to track all revenues and expenditures for the county-wide half-cent sales tax to be used for regional transportation improvements.
 - *SB1398 Fines Fund* - This fund was established to account for funds the City receives from the state of Arizona for penalties charged on certain violations. These revenues are limited to the purchase of officer safety equipment.
 - *SPD DEA Fund* - This fund is used to discreetly track funds received from the participation on DEA task forces in the Greater Phoenix area. The use of these funds is limited to approval by the disbursing program manager and is generally related to purchase and maintenance of department equipment not included in the general budget. SPD - Surprise Police Department. DEA - Drug Enforcement Activity.
 - *SPD RICO Fund* - This fund is used to discretely track funds received from participation in the Maricopa County Attorney's Office Anti-Racketeering Influenced and Corrupt Organizations (RICO) task force.
 - *SPD Towing Fund* - This fund is used to track activity in the Police Department for vehicle impounds. The use of these funds is limited to administrative management of the vehicle impound program.
 - *Sports & Tourism Fund* - This fund is used to track all revenues and expenditures from a \$1 per ticket surcharge on the sale of spring training tickets. These revenues are limited to operational improvements to stadium facilities.

- *Smart & Safe Police Fund* - This fund is used to track Police revenues and expenditures related to Prop 207.
- *Smart & Safe Fire-Medical Fund* - This fund is used to track Fire revenues and expenditures related to Prop 207.
- *Tourism Fund* - This fund is used to track all revenues and expenditures associated with the City's 2.52% bed tax. The funds are used to support tourism within the City. City policy and state statute restrict the use of these funds.
- *163rd Avenue Roadway Development Impact Fee Fund* - This fund was established to account for development impact fees which are assessed to the service area identified as the 163rd Avenue Roadway.
- *Fire Development Fee Fund* - This fund was established to account for the inflow of Fire and EMS development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction, financing and furnishing of new capital or one-time items directly related to the increased demand on Fire and EMS services caused by growth.
- *Parks and Recreation Development Fee Fund* - This fund was established to account for the inflow of parks and recreation development fees levied on new residential construction. This fee can only be used for the purchase, construction, financing and furnishing of new items directly related to the increased demand on parks and recreation services caused by growth.
- *Police Development Fee Fund* - This fund was established to account for the inflow of police development fees levied on new residential and commercial construction. This fee can only be used for the purchase, construction financing and furnishing of new capital or one-time items directly related to the increased demand of police services caused by growth.
- *Street Lighting District Fund* – Eighty-four Street Light Improvement Districts (SLIDs) have been established by ordinance to provide a centralized location for the collection of taxes from properties located in the district. These proceeds are legally restricted to the payment of electricity to operate the street lights within the district.
- *Marley Park Community Facility District Fund* – This fund was established to provide a location to process operating expenditures and for the collection of the related portion of the property taxes from properties located in the district. These proceeds are legally restricted to the payment of operations and debt service within the district.

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Grants Fund	LTAF II/ALF Fund	Municipal Court Enhancement Fund	Municipal Court FARE Fund	Municipal Court JCEF Fund
ASSETS					
Cash and investments	\$ —	\$ 150,610	\$ 236,719	\$ 18,708	\$ 81,902
Restricted cash and investments	—	—	—	—	—
Receivables (net of allowances)					
Taxes and franchise fees	—	—	—	—	—
Grants	411,169	—	—	—	—
Other	—	—	—	—	—
Prepaid items and other assets	675	—	—	—	—
Inventory	—	—	—	—	—
Total assets	<u>\$ 411,844</u>	<u>\$ 150,610</u>	<u>\$ 236,719</u>	<u>\$ 18,708</u>	<u>\$ 81,902</u>
LIABILITIES					
Accounts payable	\$ 40,931	\$ 142,152	\$ —	\$ —	\$ —
Accrued payroll and related taxes -	—	—	—	—	—
Due to other fund	363,492	—	—	—	—
Deposits -	—	—	—	—	—
Unearned revenue	47,693	—	—	—	—
Contracts payable	—	—	—	—	—
Matured bond interest payable -	—	—	—	—	—
Matured bonds payable -	—	—	—	—	—
Total liabilities	<u>452,116</u>	<u>142,152</u>	<u>—</u>	<u>—</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows - Unavailable revenue	252,921	—	—	—	—
Total deferred inflow of resources	<u>252,921</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and deferred inflows of resources	<u>705,037</u>	<u>142,152</u>	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES (DEFICITS)					
Nonspendable	675	—	—	—	—
Restricted	—	8,458	236,719	18,708	81,902
Committed	—	—	—	—	—
Unassigned	(293,868)	—	—	—	—
Total fund balances (deficits)	<u>(293,193)</u>	<u>8,458</u>	<u>236,719</u>	<u>18,708</u>	<u>81,902</u>
Total liabilities and fund balances (deficits)	<u>\$ 411,844</u>	<u>\$ 150,610</u>	<u>\$ 236,719</u>	<u>\$ 18,708</u>	<u>\$ 81,902</u>

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2021

Municipal Court MFTG Fund	Neighborhood Revitalization Fund	Net Premium Seating Fund	Proposition 400 Fund	SB1398 Fines Fund	SPD DEA Fund	SPD RICO Fund	SPD Towing Fund
\$ 38,705	\$ —	\$ 133,340	\$ 395	\$ 28,779	\$ —	\$ —	\$ 78,545
—	249,411	—	—	—	16,870	881,510	—
—	—	—	—	—	—	—	—
—	199,430	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	749	—
—	—	—	—	—	—	—	—
<u>\$ 38,705</u>	<u>\$ 448,841</u>	<u>\$ 133,340</u>	<u>\$ 395</u>	<u>\$ 28,779</u>	<u>\$ 16,870</u>	<u>\$ 882,259</u>	<u>\$ 78,545</u>
\$ —	\$ 104,581	\$ —	\$ —	\$ —	\$ —	\$ 10,140	\$ 22
—	—	—	—	—	—	—	1,598
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	375,598	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>—</u>	<u>480,179</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,140</u>	<u>1,620</u>
—	70,972	—	—	—	—	—	—
<u>—</u>	<u>70,972</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
—	551,151	—	—	—	—	10,140	1,620
—	—	—	—	—	—	749	—
38,705	—	—	395	28,779	16,870	871,370	76,925
—	—	133,340	—	—	—	—	—
—	(102,310)	—	—	—	—	—	—
<u>38,705</u>	<u>(102,310)</u>	<u>133,340</u>	<u>395</u>	<u>28,779</u>	<u>16,870</u>	<u>872,119</u>	<u>76,925</u>
<u>\$ 38,705</u>	<u>\$ 448,841</u>	<u>\$ 133,340</u>	<u>\$ 395</u>	<u>\$ 28,779</u>	<u>\$ 16,870</u>	<u>\$ 882,259</u>	<u>\$ 78,545</u>

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2021

	Sports & Tourism Fund	Smart & Safe Police Fund	Smart & Safe Fire- Medical Fund	Tourism Fund
ASSETS				
Cash and investments	\$ 671,909	\$ 65,514	\$ 47,561	\$ 1,070,357
Restricted cash and	—	—	—	—
Receivables (net of				
Taxes and franchise fees	—	—	—	—
Grants	—	—	—	—
Other	114,407	—	—	—
Prepaid items and other assets	10,003	—	—	—
Inventory	10,038	—	—	—
Total assets	<u>\$ 806,357</u>	<u>\$ 65,514</u>	<u>\$ 47,561</u>	<u>\$ 1,070,357</u>
LIABILITIES				
Accounts payable	\$ 121,400	\$ —	\$ —	\$ 8,780
Accrued payroll and related	99,081	—	—	—
Due to other funds	—	—	—	—
Deposits	—	—	—	—
Unearned revenue	—	—	—	—
Contracts payable	—	—	—	—
Matured bond interest payable	—	—	—	—
Matured bonds payable	—	—	—	—
Total liabilities	<u>220,481</u>	<u>—</u>	<u>—</u>	<u>8,780</u>
DEFERRED INFLOWS OF				
Deferred Inflows - Unavailable	—	—	—	—
Total deferred inflow of	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities and				
deferred inflows of	<u>220,481</u>	<u>—</u>	<u>—</u>	<u>8,780</u>
FUND BALANCES				
Nonspendable	20,041	—	—	—
Restricted	565,835	65,514	47,561	—
Committed	—	—	—	1,061,577
Unassigned	—	—	—	—
Total fund balances	<u>585,876</u>	<u>65,514</u>	<u>47,561</u>	<u>1,061,577</u>
Total liabilities and fund				
balances (deficits)	<u>\$ 806,357</u>	<u>\$ 65,514</u>	<u>\$ 47,561</u>	<u>\$ 1,070,357</u>

City of Surprise, Arizona
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2021

163rd Ave Development Fee Fund	Fire Development Fee Fund	Parks and Recreation Development Fee Fund	Police Development Fee Fund	Street Lighting Districts Fund
\$ 114,317	\$ 9,566,129	\$ 4,735,007	\$ 4,918,143	\$ 891,032
—	—	—	—	—
—	—	—	—	48,577
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
<u>\$ 114,317</u>	<u>\$ 9,566,129</u>	<u>\$ 4,735,007</u>	<u>\$ 4,918,143</u>	<u>\$ 939,609</u>
\$ —	\$ 56,556	\$ —	\$ —	\$ 244,875
—	—	—	—	—
—	—	—	—	—
—	—	—	—	462
—	—	—	—	—
—	—	26,591	—	—
—	—	—	—	—
—	—	—	—	—
<u>—</u>	<u>56,556</u>	<u>26,591</u>	<u>—</u>	<u>245,337</u>
—	—	—	—	19,241
—	—	—	—	19,241
<u>—</u>	<u>56,556</u>	<u>26,591</u>	<u>—</u>	<u>264,578</u>
—	—	—	—	—
114,317	9,509,573	4,708,416	4,918,143	675,031
—	—	—	—	—
—	—	—	—	—
<u>114,317</u>	<u>9,509,573</u>	<u>4,708,416</u>	<u>4,918,143</u>	<u>675,031</u>
<u>\$ 114,317</u>	<u>\$ 9,566,129</u>	<u>\$ 4,735,007</u>	<u>\$ 4,918,143</u>	<u>\$ 939,609</u>

City of Surprise, Arizona
 Combining Balance Sheet
 Nonmajor Special Revenue Funds (Continued)
 June 30, 2021

	Marley Park Community Facility District Fund	Total Nonmajor Special Revenue Funds
ASSETS		
Cash and investments	\$ 144,247	\$ 22,991,919
Restricted cash and investments	1,196,862	2,344,653
Receivables (net of allowances)		
Taxes and franchise fees	20,298	68,875
Grants	—	610,599
Other	32,250	146,657
Prepaid items and other assets	—	11,427
Inventory	—	10,038
Total assets	<u>\$ 1,393,657</u>	<u>\$ 26,184,168</u>
LIABILITIES		
Accounts payable	\$ 125,528	\$ 854,965
Accrued payroll and related taxes	—	100,679
Due to other funds	33,789	397,281
Deposits	—	462
Unearned revenue	—	423,291
Contracts payable	—	26,591
Matured bond interest payable	339,378	339,378
Matured bonds and notes payable	695,000	695,000
Total liabilities	<u>1,193,695</u>	<u>2,837,647</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Unavailable revenue	6,369	349,503
Total deferred inflow of resources	<u>6,369</u>	<u>349,503</u>
Total liabilities and deferred inflows of resources	<u>1,200,064</u>	<u>3,187,150</u>
FUND BALANCES (DEFICITS)		
Nonspendable	—	21,465
Restricted	193,593	22,176,814
Committed	—	1,194,917
Unassigned	—	(396,178)
Total fund balances (deficits)	<u>193,593</u>	<u>22,997,018</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,393,657</u>	<u>\$ 26,184,168</u>



SURPRISE

ARIZONA

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Grants Fund	LTAF II/ALF Fund	Municipal Court Enhancement Fund	Municipal Court FARE Fund	Municipal Court JCEF Fund
REVENUES					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —
Intergovernmental revenues	—	347,127	—	1,792	—
Charges for services	—	—	—	—	—
Grants revenue	1,702,193	—	—	—	—
Fines	—	—	58,091	—	16,598
Rents	—	—	—	—	—
Development fees	—	—	—	—	—
Interest revenue	—	—	284	32	112
Donations	—	—	—	—	—
Other revenue	—	—	—	—	—
Total revenues	1,702,193	347,127	58,375	1,824	16,710
EXPENDITURES					
Current:					
General Government	37,150	—	—	—	—
Public Safety	1,052,096	—	—	—	—
Public works and streets	—	339,166	—	—	—
Community Development	25,169	—	—	—	—
Culture and recreation	633,589	—	—	—	—
Debt service:					
Administrative charges	—	—	—	—	—
Principal retirement	—	—	—	—	—
Interest	—	—	—	—	—
Bond issuance costs	—	—	—	—	—
Capital outlay:					
Public Safety	52,437	—	—	—	—
Culture and recreation	—	—	—	—	—
Total expenditures	1,800,441	339,166	—	—	—
Excess (deficiency) of revenues over expenditures	(98,248)	7,961	58,375	1,824	16,710
OTHER FINANCING SOURCES (USES)					
Transfers in	—	—	—	—	—
Transfers out	—	—	—	—	—
Issuance of debt	—	—	—	—	—
Total other financing sources (uses)	—	—	—	—	—
Net change in fund balance	(98,248)	7,961	58,375	1,824	16,710
Fund balances - beginning, as restated	(194,945)	497	178,344	16,884	65,192
Increase / (Decrease) in inventories	—	—	—	—	—
Fund balances - ending	\$ (293,193)	\$ 8,458	\$ 236,719	\$ 18,708	\$ 81,902

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

Municipal Court MFTG Fund	Neighborhood Revitalization Fund	Net Premium Seating Fund	Proposition 400 Fund	SB1398 Fines Fund	SPD DEA Fund	SPD RICO Fund	SPD Towing Fund
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
9,038	—	—	—	—	—	—	—
—	—	11,091	—	—	—	—	22,200
—	2,124,566	—	—	—	—	—	—
—	—	—	—	15,069	—	101,407	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
51	—	488	—	50	34	8,258	204
—	—	—	—	—	—	—	—
—	—	—	—	—	—	708	—
9,089	2,124,566	11,579	—	15,119	34	110,373	22,404
—	—	—	—	—	—	—	—
—	—	—	—	15,900	—	135,978	39,002
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	1,445,270	75,651	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	88,293	—
—	676,314	—	—	—	—	—	—
—	2,121,584	75,651	—	15,900	—	224,271	39,002
9,089	2,982	(64,072)	—	(781)	34	(113,898)	(16,598)
—	—	136,998	—	—	—	—	—
—	—	—	—	—	—	—	(173)
—	—	—	—	—	—	—	—
9,089	2,982	72,926	—	(781)	34	(113,898)	(16,771)
29,616	(105,292)	60,414	395	29,560	16,836	986,017	93,696
—	—	—	—	—	—	—	—
\$ 38,705	\$ (102,310)	\$ 133,340	\$ 395	\$ 28,779	\$ 16,870	\$ 872,119	\$ 76,925

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

	Sports & Tourism Fund	Smart & Safe Police Fund	Smart & Safe Fire-Medical Fund	Tourism Fund
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ 764,120
Intergovernmental revenues	—	65,514	47,561	60,279
Charges for services	1,557,582	—	—	—
Grants revenue	—	—	—	—
Fines	—	—	—	—
Rents	317,481	—	—	—
Development fees	—	—	—	—
Interest revenue	906	—	—	610
Donations	250	—	—	—
Other revenue	3,071	—	—	—
Total revenues	<u>1,879,290</u>	<u>65,514</u>	<u>47,561</u>	<u>825,009</u>
EXPENDITURES				
Current:				
General Government	—	—	—	—
Public Safety	—	—	—	—
Public works and streets	—	—	—	—
Community Development	—	—	—	—
Culture and recreation	5,139,747	—	—	41,263
Debt service:				
Administrative charges	—	—	—	—
Principal retirement	—	—	—	—
Interest	—	—	—	—
Bond issuance costs	—	—	—	—
Capital outlay:				
Public Safety	—	—	—	—
Culture and recreation	—	—	—	—
Total expenditures	<u>5,139,747</u>	<u>—</u>	<u>—</u>	<u>41,263</u>
Excess (deficiency) of revenues over expenditures	<u>(3,260,457)</u>	<u>65,514</u>	<u>47,561</u>	<u>783,746</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,963,887	—	—	—
Transfers out	(10,747)	—	—	(573,090)
Issuance of debt	—	—	—	—
Total other financing sources (uses)	<u>2,953,140</u>	<u>—</u>	<u>—</u>	<u>(573,090)</u>
Net change in fund balances	<u>(307,317)</u>	<u>65,514</u>	<u>47,561</u>	<u>210,656</u>
Fund balances - beginning, as restated	<u>891,099</u>	<u>—</u>	<u>—</u>	<u>850,921</u>
Increase / (Decrease) in inventories	<u>2,093</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - ending	<u>\$ 585,875</u>	<u>\$ 65,514</u>	<u>\$ 47,561</u>	<u>\$ 1,061,577</u>

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2021

163rd Ave Development Fee Fund	Fire Development Fee Fund	Parks and Recreation Development Fee Fund	Police Development Fee Fund	Street Lighting Districts Fund
\$ —	\$ —	\$ —	\$ —	\$ 2,612,651
—	—	—	—	—
—	—	—	—	8,720
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	2,485,479	2,473,480	1,239,482	—
222	12,503	3,539	6,860	467
—	—	—	—	—
—	2,036	2,036	2,036	—
222	2,500,018	2,479,055	1,248,378	2,621,838
—	22,878	77,155	22,878	65,594
—	—	—	—	—
—	—	—	—	2,389,816
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	200,460	—	154,314	—
—	—	—	—	—
—	223,338	77,155	177,192	2,455,410
222	2,276,680	2,401,900	1,071,186	166,428
—	—	—	—	—
—	(66,912)	(437,586)	(135,417)	—
—	—	—	—	—
—	(66,912)	(437,586)	(135,417)	—
222	2,209,768	1,964,314	935,769	166,428
114,095	7,299,805	2,744,102	3,982,374	508,603
—	—	—	—	—
\$ 114,317	\$ 9,509,573	\$ 4,708,416	\$ 4,918,143	\$ 675,031

City of Surprise, Arizona
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Marley Park Community Facility District Fund	Total Nonmajor Special Revenue Funds
REVENUES		
Taxes	\$ 1,459,531	\$ 4,836,302
Intergovernmental revenues	—	531,311
Charges for services	—	1,599,593
Grants revenue	—	3,826,759
Fines	—	191,165
Rents	—	317,481
Development fees	—	6,198,441
Interest revenue	—	34,620
Donations	—	250
Other revenue	—	9,887
Total revenues	<u>1,459,531</u>	<u>17,545,809</u>
EXPENDITURES		
Current:		
General Government	—	225,655
Public Safety	—	1,242,976
Public works and streets	—	2,728,982
Community Development	—	25,169
Culture and recreation	125,844	7,461,364
Debt service:		
Administrative charges	400	400
Principal retirement	695,000	695,000
Interest	678,755	678,755
Bond issuance costs	32,550	32,550
Capital outlay:		
Public Safety	—	495,504
Culture and recreation	—	676,314
Total expenditures	<u>1,532,549</u>	<u>14,262,669</u>
Excess (deficiency) of revenues over expenditures	<u>(73,018)</u>	<u>3,283,140</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	—	3,100,885
Transfers out	—	(1,223,925)
Issuance of debt	32,250	32,250
Premium on debt issuance	—	—
Total other financing sources (uses)	<u>32,250</u>	<u>5,192,350</u>
Net change in fund balances	<u>(40,768)</u>	
Fund balances - beginning, as restated	234,361	17,802,574
Increase / (Decrease) in inventories	—	2,093
Fund balances - ending	<u>\$ 193,593</u>	<u>\$ 22,997,017</u>

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and changes in Fund Balances - Budget to Actual

Grants Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Grants revenue	\$ 26,585,000	\$ 18,216,900	\$ 1,702,193	\$ (16,514,707)
Total revenues	26,585,000	18,216,900	1,702,193	(16,514,707)
EXPENDITURES				
Current:				
General Government				
City manager	—	18,200	—	18,200
City attorney	86,800	94,500	36,442	58,058
Parks and recreation	—	800	708	92
Public Safety				
City manager	—	1,000	—	1,000
Police	450,900	851,900	431,563	420,337
Fire-Medical	683,400	731,200	620,533	110,667
Community Development				
Community development	203,500	181,200	25,169	156,031
Culture and recreation				
Human services and community vitality	58,400	712,400	633,589	78,811
Contingency				
Contingency	25,000,000	332,000	—	332,000
Total current	26,483,000	2,923,200	1,748,004	1,175,196
Capital Outlay:				
Public Safety				
Police	96,900	50,300	32,811	17,489
Fire-medical	20,000	20,000	19,626	374
Total capital outlay	116,900	70,300	52,437	17,863
Total expenditures	26,599,900	2,993,500	1,800,441	1,193,059
Excess (deficiency) of revenues over expenditures	(14,900)	15,223,400	(98,248)	(15,321,648)
Net change in fund balances	\$ (14,900)	\$ 15,223,400	\$ (98,248)	\$ (15,321,648)

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

LTAF II/ALF Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental revenues	\$ 369,100	\$ 369,100	\$ 347,127	\$ (21,973)
Interest revenue	—	—	—	—
Total revenues	369,100	369,100	347,127	(21,973)
EXPENDITURES				
Current:				
Public Works and Streets				
Public works and streets	355,000	355,000	339,166	15,834
Contingency	14,300	14,300	—	14,300
Total current	369,300	369,300	339,166	30,134
Total expenditures	369,300	369,300	339,166	30,134
revenues over expenditures	(200)	(200)	7,961	8,161
Net change in fund balances	\$ (200)	\$ (200)	\$ 7,961	\$ 8,161

City of Surprise, Arizona

Schedule of Revenues, Expenditure, and Changes in Fund Balances - Budget to Actual

Municipal Court Enhancement Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 85,800	\$ 85,800	\$ 58,091	\$ (27,709)
Interest revenue	—	—	284	284
Total revenues	85,800	85,800	58,375	(27,425)
EXPENDITURES				
Current:				
Public Safety				
Court	40,000	40,000	—	40,000
Contingency				
Contingency	—	—	—	—
Total current	40,000	40,000	—	40,000
Total expenditures	40,000	40,000	—	40,000
Excess (deficiency) of revenues over expenditures	45,800	45,800	58,375	12,575
Net change in fund balances	\$ 45,800	\$ 45,800	\$ 58,375	\$ 12,575

City of Surprise, Arizona

Schedule of Revenues, Expenditure, and Changes in Fund Balances - Budget to Actual

Municipal Court FARE Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 5,500	\$ 5,500	\$ 1,792	\$ (3,708)
Interest revenue	—	—	32	32
Total revenues	5,500	5,500	1,824	(3,676)
EXPENDITURES				
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
expenditures	5,500	5,500	1,824	(3,676)
Net change in fund balances	\$ 5,500	\$ 5,500	\$ 1,824	\$ (3,676)

City of Surprise, ArizonaSchedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
Municipal Court JCEF Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 20,000	\$ 20,000	\$ 16,598	\$ (3,402)
Interest revenue	—	—	112	112
Total revenues	20,000	20,000	16,710	(3,290)
EXPENDITURES				
Current:				
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
expenditures	20,000	20,000	16,710	(3,290)
Net change in fund balances	\$ 20,000	\$ 20,000	\$ 16,710	\$ (3,290)

City of Surprise, ArizonaSchedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
Municipal Court MFTG Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 6,500	\$ 6,500	\$ 9,038	\$ 2,538
Interest revenue	—	—	51	51
Total revenues	6,500	6,500	9,089	2,589
EXPENDITURES				
Current:				
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
expenditures	6,500	6,500	9,089	2,589
Net change in fund balances	\$ 6,500	\$ 6,500	\$ 9,089	\$ 2,589

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Neighborhood Revitalization Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Grants revenue	\$ 3,430,100	\$ 4,311,700	\$ 2,124,566	\$ (2,187,134)
Total revenues	3,430,100	4,311,700	2,124,566	(2,187,134)
EXPENDITURES				
Current:				
Culture and Recreation				
Human services and community vitality	3,439,300	4,290,200	1,445,270	2,844,930
Total current	3,439,300	4,290,200	1,445,270	2,844,930
Capital outlay:				
Culture and Recreation				
Human services and community vitality	—	—	676,314	(676,314)
Total capital outlay	—	—	676,314	(676,314)
Total expenditures	3,439,300	4,290,200	2,121,584	2,168,616
Excess (deficiency) of revenues over expenditures	(9,200)	21,500	2,982	(18,518)
Net change in fund balances	\$ (9,200)	\$ 21,500	\$ 2,982	\$ (18,518)

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Net Premium Seating Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 26,400	\$ 26,400	\$ 11,091	\$ (15,309)
Interest revenue	3,600	3,600	488	(3,112)
Total revenues	30,000	30,000	11,579	(18,421)
EXPENDITURES				
Current:				
Culture and Recreation				
Sports and Tourism	165,000	165,000	75,651	89,349
Contingency	—	—	—	—
Total current	165,000	165,000	75,651	89,349
Total expenditures	165,000	165,000	75,651	89,349
Excess (deficiency) of revenues over expenditures	(135,000)	(135,000)	(64,072)	70,928
OTHER FINANCING SOURCES (USES)				
Transfers in	125,800	125,800	136,998	11,198
Total other financing sources (uses)	125,800	125,800	136,998	11,198
Net change in fund balances	\$ (9,200)	\$ (9,200)	\$ 72,926	\$ 82,126

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SB1398 Fines Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines	\$ 15,900	\$ 15,900	\$ 15,069	\$ (831)
Interest revenue	—	—	50	50
Total revenues	15,900	15,900	15,119	(781)
EXPENDITURES				
Current:				
Public Safety				
Police	15,900	15,900	15,900	—
Contingency				
Contingency	—	—	—	—
Total current	15,900	15,900	15,900	—
Total expenditures	15,900	15,900	15,900	—
Excess (deficiency) of revenues over expenditures	—	—	(781)	(781)
Net change in fund balances	\$ —	\$ —	\$ (781)	\$ (781)

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SPD DEA Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ —	\$ —	\$ 34	\$ 34
Total revenues	—	—	34	34
EXPENDITURES				
Current:				
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	34	34
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	—	—	—	—
Net change in fund balances	\$ —	\$ —	\$ 34	\$ 34

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SPD RICO Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Fines	\$ 245,000	\$ 245,000	\$ 101,407	\$ (143,593)
Interest revenue	—	—	8,258	\$ 8,258
Other revenue	—	—	708	708
Total revenues	245,000	245,000	110,373	(134,627)
EXPENDITURES				
Current:				
Public Safety				
Police	510,800	390,800	135,978	254,822
Contingency	—	—	—	—
Total current	510,800	390,800	135,978	254,822
Capital outlay:				
Public Safety				
Police	—	120,000	88,293	31,707
Total capital outlay	—	120,000	88,293	31,707
Total expenditures	510,800	510,800	224,271	286,529
Excess (deficiency) of revenues over expenditures	(265,800)	(265,800)	(113,898)	151,902
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Total other financing sources (uses)	—	—	—	—
Net change in fund balances	\$ (265,800)	\$ (265,800)	\$ (113,898)	\$ 151,902

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

SPD Towing Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 62,500	\$ 62,500	\$ 22,200	\$ (40,300)
Interest revenue	—	—	204	204
Total revenues	62,500	62,500	22,404	(40,096)
EXPENDITURES				
Current:				
Public Safety				
Police	114,300	115,500	39,002	76,498
Contingency				
Contingency	1,200	—	—	—
Total current	115,500	115,500	39,002	76,498
Capital outlay:				
Public Safety				
Police	—	—	—	—
Total capital outlay	—	—	—	—
Total expenditures	115,500	115,500	39,002	76,498
Excess (deficiency) of revenues over expenditures	(53,000)	(53,000)	(16,598)	36,402
OTHER FINANCING SOURCES (USES)				
Transfers out	(200)	(200)	(173)	27
Total other financing sources (uses)	(200)	(200)	(173)	27
Net change in fund balances	\$ (53,200)	\$ (53,200)	\$ (16,771)	\$ 36,429

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Sports & Tourism Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 2,914,400	\$ 2,914,400	\$ 1,557,582	\$ (1,356,818)
Rents	263,900	263,900	317,481	53,581
Interest revenue	—	—	906	906
Donations	4,000	4,000	250	(3,750)
Other Revenue	—	—	3,071	3,071
Total revenues	3,182,300	3,182,300	1,879,290	(1,303,010)
EXPENDITURES				
Current:				
General Government	1,150,200	1,183,500	—	1,183,500
Sports and Tourism	5,004,500	5,102,100	5,139,747	(37,647)
Contingency	656,300	600,000	—	600,000
Total current	6,811,000	6,885,600	5,139,747	1,745,853
Total expenditures	6,811,000	6,885,600	5,139,747	1,745,853
Excess (deficiency) of revenues over expenditures	(3,628,700)	(3,703,300)	(3,260,457)	442,843
OTHER FINANCING SOURCES				
Transfers in	3,041,100	3,041,100	2,963,887	(77,213)
Transfers out	(12,400)	(12,400)	(10,747)	1,653
Total other financing sources (uses)	3,028,700	3,028,700	2,953,140	(75,560)
Net change in fund balances	\$ (600,000)	\$ (674,600)	\$ (307,317)	\$ 367,283

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Smart & Safe Police Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Intergovernmental revenues	—	—	65,514	65,514
Charges for Services	—	—	—	—
Interest revenue	—	—	—	—
Total revenues	—	—	65,514	65,514
EXPENDITURES				
Current:				
Culture and Recreation				
Sports and Tourism	—	—	—	—
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
Excess (deficiency) of revenues over	—	—	65,514	65,514
OTHER FINANCING SOURCES (USES)				
Transfers out	—	—	—	—
Total other financing sources (uses)	—	—	—	—
Net change in fund balances	\$ —	\$ —	\$ 65,514	\$ 65,514

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Smart & Safe Fire-Medical Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ —	\$ —	\$ —	\$ —
Intergovernmental revenues	—	—	47,561	47,561
Charges for Services	—	—	—	—
Interest revenue	—	—	—	—
Total revenues	—	—	47,561	47,561
EXPENDITURES				
Current:				
Culture and Recreation				
Sports and Tourism	—	—	—	—
Contingency				
Contingency	—	—	—	—
Total current	—	—	—	—
Total expenditures	—	—	—	—
Excess (deficiency) of revenues over expenditures	—	—	47,561	47,561
OTHER FINANCING SOURCES (USES)				
Transfers out	—	—	—	—
Total other financing sources (uses)	—	—	—	—
Net change in fund balances	\$ —	\$ —	\$ 47,561	\$ 47,561

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Tourism Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 605,400	\$ 655,400	\$ 764,120	\$ 108,720
Intergovernmental revenues	106,800	106,800	60,279	(46,521)
Charges for Services	—	—	—	—
Interest revenue	—	—	610	610
Total revenues	712,200	762,200	825,009	62,809
EXPENDITURES				
Current:				
Culture and Recreation				
Sports and Tourism	106,800	156,800	41,263	115,537
Contingency				
Contingency	5,000	5,000	—	5,000
Total current	111,800	161,800	41,263	120,537
Total expenditures	111,800	161,800	41,263	120,537
Excess (deficiency) of revenues over	600,400	600,400	783,746	183,346
OTHER FINANCING SOURCES (USES)				
Transfers out	(464,400)	(464,400)	(573,090)	(108,690)
Total other financing sources (uses)	(464,400)	(464,400)	(573,090)	(108,690)
Net change in fund balances	\$ 136,000	\$ 136,000	\$ 210,656	\$ 74,656

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
163rd Ave Development Fee Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest revenue	\$ 2,000	\$ 2,000	\$ 222	\$ (1,778)
Total revenues	2,000	2,000	222	(1,778)
EXPENDITURES				
Capital outlay:				
Public works and streets	115,500	115,500	—	115,500
Total capital outlay	115,500	115,500	—	115,500
Total expenditures	115,500	115,500	—	115,500
Excess (deficiency) of revenues over expenditures	(113,500)	(113,500)	222	113,722
Net change in fund balances	\$ (113,500)	\$ (113,500)	\$ 222	\$ 113,722

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Fire Development Fee Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Development fees	\$ 1,237,700	\$ 1,237,700	\$ 2,485,479	\$ 1,247,779
Other revenue	—	—	2,036	2,036
Interest revenue	—	—	12,503	12,503
Total revenues	1,237,700	1,237,700	2,500,018	1,262,318
EXPENDITURES				
Current				
General operations	29,300	29,300	22,878	6,422
Fire-medical	262,000	350,000	—	350,000
Contingency	500,000	—	—	—
Debt Service				
Fire-medical	—	—	—	—
Capital outlay				
Fire-medical	—	1,696,300	200,460	1,495,840
Total expenditures	791,300	2,075,600	223,338	1,852,262
Excess (deficiency) of revenues over expenditures	446,400	(837,900)	2,276,680	3,114,580
OTHER FINANCING SOURCES (USES)				
Transfers In	—	—	—	—
Transfers Out	(66,900)	(66,900)	(66,912)	(12)
Total other financing sources (uses)	(66,900)	(66,900)	(66,912)	(12)
Net change in fund balances	\$ 379,500	\$ (904,800)	\$ 2,209,768	\$ 3,114,568

City of Surprise, Arizona**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual****Parks and Recreation Development Fee Fund**

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Development fees	\$ 2,090,300	\$ 2,090,300	\$ 2,473,480	\$ 383,180
Other revenue	—	—	2,036	2,036
Interest revenue	—	—	3,539	3,539
Total revenues	2,090,300	2,090,300	2,479,055	388,755
EXPENDITURES				
Current:				
General Government				
General operations	279,300	279,300	77,155	202,145
Community Development				
Economic development	59,800	59,800	—	59,800
Culture and Recreation				
Culture and recreation	—	—	—	—
Contingency	—	—	—	—
Total current	339,100	339,100	77,155	261,945
Capital outlay:				
Parks and Recreation	13,800	13,800	—	13,800
Total capital outlay	13,800	13,800	—	13,800
Total expenditures	352,900	352,900	77,155	275,745
Excess (deficiency) of revenues over expenditures	1,737,400	1,737,400	2,401,900	664,500
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	(437,600)	(437,600)	(437,586)	14
Total other financing sources (uses)	(437,600)	(437,600)	(437,586)	14
Net change in fund balances	\$ 1,299,800	\$ 1,299,800	\$ 1,964,314	\$ 664,514

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Police Development Fee Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Development fees	\$ 756,600	\$ 756,600	\$ 1,239,482	\$ 482,882
Other revenue	—	—	2,036	2,036
Interest revenue	—	—	6,860	6,860
Total revenues	756,600	756,600	1,248,378	491,778
EXPENDITURES				
Current:				
General Government				
General operations	27,800	27,800	22,878	4,922
Contingency				
Contingency	—	—	—	—
Total current	27,800	27,800	22,878	4,922
Public Safety				
Police	50,000	1,309,000	154,314	1,154,686
Total capital outlay	50,000	1,309,000	154,314	1,154,686
Total expenditures	77,800	1,336,800	177,192	1,159,608
Excess (deficiency) of revenues over expenditures	678,800	(580,200)	1,071,186	1,651,386
OTHER FINANCING SOURCES (USES)				
Transfers in	—	—	—	—
Transfers out	(135,400)	(135,400)	(135,417)	(17)
Total other financing sources (uses)	(135,400)	(135,400)	(135,417)	(17)
Net change in fund balances	\$ 543,400	\$ (715,600)	\$ 935,769	\$ 1,651,369

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual

Street Lighting Districts Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 2,646,300	\$ 2,646,300	\$ 2,612,651	\$ (33,649)
Charges for services	—	—	8,720	8,720
Interest revenue	—	—	467	467
Total revenues	2,646,300	2,646,300	2,621,838	(24,462)
EXPENDITURES				
Current:				
General Government				
General operations	—	—	65,594	(65,594)
Public Works and Streets				
Public works and streets	2,962,900	2,962,900	2,389,816	573,084
Total current	2,962,900	2,962,900	2,455,410	507,490
Total expenditures	2,962,900	2,962,900	2,455,410	507,490
Excess (deficiency) of revenues over expenditures	(316,600)	(316,600)	166,428	483,028
Net change in fund balances	\$ (316,600)	\$ (316,600)	\$ 166,428	\$ 483,028

City of Surprise, Arizona

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual
Marley Park Community Facility District Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,481,600	\$ 1,481,600	\$ 1,459,531	\$ (22,069)
Other revenue	—	—	—	—
Total revenues	1,481,600	1,481,600	1,459,531	(22,069)
EXPENDITURES				
Current:				
Culture and Recreation				
Parks and recreation	127,800	127,800	125,844	1,956
Contingency	100,000	100,000	—	100,000
Total current	227,800	227,800	125,844	101,956
Debt service:				
Administrative charges	4,000	4,000	400	3,600
Principal retirement	695,000	695,000	695,000	—
Interest	678,800	678,800	678,755	45
Bond issuance costs	—	—	32,550	(32,550)
Total debt service	1,377,800	1,377,800	1,406,705	(28,905)
Capital outlay:				
General Government				
General operations	—	—	—	—
Total capital outlay	—	—	—	—
Total expenditures	1,605,600	1,605,600	1,532,549	73,051
Excess (deficiency) of revenues over expenditures	(124,000)	(124,000)	(73,018)	50,982
OTHER FINANCING SOURCES (USES)				
Issuance of debt	—	—	32,250	32,250
Premium on debt issuance	—	—	—	—
Total other financing sources (uses)	—	—	32,250	32,250
Net change in fund balances	\$ (124,000)	\$ (124,000)	\$ (40,768)	\$ 83,232

- ❖ Internal Service Funds – These funds are used to track those transactions relating to the City’s internal insurance activities.
 - *Risk Management Fund* – This fund was created to provide general insurance coverage as well as risk management, loss control, and safety programs city-wide.
 - *Employee Healthcare Trust Fund* – This fund was created to provide health insurance claims, plan administration, stop loss premiums, and fund reserves.
 - *Workers’ Compensation Fund* – This fund was created to account for expenses incurred for worker’s compensation claims, administration, coverage, and fund reserves.

City of Surprise, Arizona
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Risk Management Fund	Employee Healthcare Trust	Workers' Compensation Fund	Total Internal Service funds
ASSETS				
Current assets:				
Cash and investments	\$ 4,643,315	\$ 8,463,001	\$ 3,621,408	\$ 16,727,724
Receivables (net of allowances)				
Other	—	168,260	—	168,260
Other assets	1,626	2,363	—	3,989
Total current assets	4,644,941	8,633,624	3,621,408	16,899,973
Noncurrent assets:				
Net other postemployment benefits asset	1,049	464	379	1,892
Total noncurrent assets	1,049	464	379	1,892
Total assets	4,645,990	8,634,088	3,621,787	16,901,865
RESOURCES				
Deferred outflows related to pensions	48,428	21,430	17,498	87,356
Deferred outflows related to other postemployment benefits	2,996	1,326	1,083	5,405
Total deferred outflows of resources	51,424	22,756	18,581	92,761
Total assets and deferred outflows of resources	<u>\$ 4,697,414</u>	<u>\$ 8,656,844</u>	<u>\$ 3,640,368</u>	<u>\$ 16,994,626</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 16,556	\$ 107,315	\$ 1,531	\$ 125,402
Accrued payroll and related taxes	10,841	4,534	900	16,275
Claims payable	245,082	1,511,371	303,661	2,060,114
Compensated absences payable, due in less than one year	4,801	4,246	1,453	10,500
Total current liabilities	277,280	1,627,466	307,545	2,212,291
Noncurrent liabilities:				
Compensated absences payable, due in more than one year	7,833	6,928	2,370	17,131
Net pension liability	252,541	111,753	91,249	455,543
Net other postemployment benefits liability	1,116	494	403	2,013
Total noncurrent liabilities	261,490	119,175	94,022	474,687
Total liabilities	538,770	1,746,641	401,567	2,686,978
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	2,912	1,289	1,052	5,253
Deferred inflows related to other postemployment benefits	2,113	935	764	3,812
Total deferred inflows of resources	5,025	2,224	1,816	9,065
Total liabilities and deferred inflows of resources	543,795	1,748,865	403,383	2,696,043
NET POSITION				
Unrestricted	4,153,619	6,907,979	3,236,985	14,298,583
Total net position	<u>\$ 4,153,619</u>	<u>\$ 6,907,979</u>	<u>\$ 3,236,985</u>	<u>\$ 14,298,583</u>

City of Surprise, Arizona

Combining Statement of Revenues, Expenditures, and Changes in Net Position

Internal Service Funds

For the Year Ended June 30, 2021

	Risk Management Fund	Employee Healthcare Trust	Workers' Compensation Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 2,280,550	\$ 12,979,017	\$ 1,209,409	\$ 16,468,976
Other revenue	1,086,156	5,691	1,564	1,093,411
Total operating revenues	3,366,706	12,984,708	1,210,973	17,562,387
OPERATING EXPENSES				
Personnel services	205,540	99,316	50,424	355,280
Contractual services, materials & supplies	29,179	111,068	118,422	258,669
Insurance claims, premiums, and administrative expenses	2,466,309	12,574,605	870,428	15,911,342
Total operating expenses	2,701,028	12,784,989	1,039,274	16,525,291
Operating income (loss)	665,678	199,719	171,699	1,037,096
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	6,457	9,980	4,894	21,331
Total nonoperating revenues (expenses)	6,457	9,980	4,894	21,331
Income (loss) before contributions and transfers	672,135	209,699	176,593	1,058,427
Transfers in	2,000	—	1,304,100	1,306,100
Change in net position	674,135	209,699	1,480,693	2,364,527
Total net position - beginning	3,479,484	6,698,280	1,756,292	11,934,056
Total net position - ending	\$ 4,153,619	\$ 6,907,979	\$ 3,236,985	\$ 14,298,583

City of Surprise, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Risk Management Fund	Employee Healthcare Trust	Workers' Compensation Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ —	\$ 609,317	\$ 6,073	\$ 615,390
Cash receipts from interfund services provided	2,280,550	12,479,689	1,203,336	15,963,575
Payments to employees	(256,510)	(102,470)	(55,874)	(414,854)
Payments to suppliers	(14,781)	(60,676)	(105,925)	(181,382)
Payments for insurance claims and expenses	(2,338,791)	(12,874,051)	(769,514)	(15,982,356)
Other receipts	1,686,993	5,691	1,564	1,694,248
Net cash provided (used) by operating activities	1,357,461	57,500	279,660	1,694,621
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash received from other funds	2,000	—	1,304,100	1,306,100
Net cash provided (used) by noncapital financing activities	2,000	—	1,304,100	1,306,100
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash received from interest income	6,457	9,980	4,894	21,331
Net cash provided (used) by investing activities	6,457	9,980	4,894	21,331
Net increase (decrease) in cash and cash equivalents	1,365,918	67,480	1,588,654	3,022,052
Balances - beginning of year	3,277,397	8,395,521	2,032,754	13,705,672
Balances - end of the year	\$ 4,643,315	\$ 8,463,001	\$ 3,621,408	\$ 16,727,724
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ 665,678	\$ 199,719	\$ 171,699	\$ 1,037,096
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities:				
Other receivables	600,837	109,989	—	710,826
Other assets	181	948	18,305	19,434
Accounts payable	14,217	49,444	(5,808)	57,853
Accrued payroll and related taxes	835	698	(2,387)	(854)
Compensated absences	5,321	5,158	(4,608)	5,871
Net pension liability	(56,979)	(8,904)	1,654	(64,229)
Claims payable	127,518	(299,446)	100,914	(71,014)
Net other postemployment asset/liability	(147)	(106)	(109)	(362)
Net cash provided (used) by operating activities	\$ 1,357,461	\$ 57,500	\$ 279,660	\$ 1,694,621
Noncash investing, capital and financing				
Increase in the fair market value of investments	\$ (13,911)	\$ (16,354)	\$ (11,700)	\$ (41,965)
Total noncash investing, capital and financing activities	\$ (13,911)	\$ (16,354)	\$ (11,700)	\$ (41,965)



STATISTICAL SECTION

This section provides detailed information, for purposes of providing a context for comprehending the information presented in the financial statements, not disclosures and required supplementary information, and gaining a better understanding of the financial shape of the City of Surprise, Arizona.

Contents:

Financial Trends:

These schedules contain trend information to help the reader understand how the City'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 sources, transaction privilege (sales) tax and property taxes.

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 of demographic and economic indicators help the reader understand the environment that 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.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Reports for the relevant year.



SURPRISE

ARIZONA



SURPRISE

ARIZONA

City of Surprise, Arizona
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment of capital assets	\$ 445,035,827	\$ 428,076,477	\$ 413,717,047	\$ 409,274,827
Restricted	27,011,749	28,105,434	29,650,958	27,948,361
Unrestricted	4,750,944	19,164,721	25,538,922	(18,482,747)
Total governmental activities net position	<u>\$ 476,798,520</u>	<u>\$ 475,346,632</u>	<u>\$ 468,906,927</u>	<u>\$ 418,740,441</u>
Business-type activities				
Net investment of capital assets	\$ 269,712,138	\$ 262,605,698	\$ 263,420,571	\$ 264,678,599
Restricted	6,673,158	6,867,426	6,895,582	5,381,403
Unrestricted	54,053,088	60,409,577	57,257,700	44,564,505
Total business-type activities net position	<u>\$ 330,438,384</u>	<u>\$ 329,882,701</u>	<u>\$ 327,573,853</u>	<u>\$ 314,624,507</u>
Primary government				
Net investment of capital assets	\$ 714,747,965	\$ 690,682,175	\$ 677,137,618	\$ 673,953,426
Restricted	33,684,907	34,972,860	36,546,540	33,329,764
Unrestricted	58,804,032	79,574,298	82,796,622	26,081,758
Total primary government net position	<u>\$ 807,236,904</u>	<u>\$ 805,229,333</u>	<u>\$ 796,480,780</u>	<u>\$ 733,364,948</u>

Source: City financial records

	2016	2017	2018	2019	2020	2021
\$	405,111,110	\$ 392,458,485	\$ 393,984,378	\$ 399,420,150	\$ 435,144,710	\$ 502,976,390
	22,743,525	24,613,341	67,683,440	29,462,370	21,821,951	39,557,045
	(16,896,594)	(27,479,276)	(57,592,973)	1,815,847	28,238,342	75,855,018
\$	<u>410,958,041</u>	<u>\$ 389,592,550</u>	<u>\$ 404,074,845</u>	<u>\$ 430,698,367</u>	<u>\$ 485,205,003</u>	<u>\$ 618,388,453</u>
\$	270,081,565	\$ 279,249,380	\$ 277,989,957	\$ 274,750,943	\$ 282,360,332	\$ 320,299,739
	13,039,887	12,326,207	14,365,125	12,932,109	13,735,679	9,425,177
	29,979,759	22,570,204	31,396,601	43,938,146	52,259,316	67,556,649
\$	<u>313,101,211</u>	<u>\$ 314,145,791</u>	<u>\$ 323,751,683</u>	<u>\$ 331,621,198</u>	<u>\$ 348,355,327</u>	<u>\$ 397,281,565</u>
\$	675,192,675	\$ 671,707,865	\$ 671,974,335	\$ 674,171,093	\$ 717,505,042	\$ 823,276,129
	35,783,412	36,939,548	82,048,565	42,394,479	35,557,630	48,982,222
	13,083,165	(4,909,072)	(26,196,372)	45,753,993	80,497,658	143,411,667
\$	<u>724,059,252</u>	<u>\$ 703,738,341</u>	<u>\$ 727,826,528</u>	<u>\$ 762,319,565</u>	<u>\$ 833,560,330</u>	<u>\$ 1,015,670,018</u>

City of Surprise, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental Activities:				
General government	\$ 17,438,582	\$ 14,958,702	\$ 16,079,202	\$ 21,038,892
Public safety	39,628,843	39,096,150	40,931,709	44,415,505
Public works & streets	29,415,043	33,710,624	34,988,682	35,141,030
Community development	7,401,566	7,668,373	8,388,639	5,205,925
Culture and recreation	16,189,568	16,285,289	17,228,719	21,863,417
Interest	1,594,060	1,505,313	1,378,709	1,635,320
Total governmental activities expenses	111,667,662	113,224,451	118,995,660	129,300,089
Business-type Activities:				
Ground ambulance services	—	—	—	—
Sanitation	6,047,844	5,934,789	7,144,521	7,883,309
Sewer	19,325,017	18,717,547	20,072,400	20,360,031
Stormwater	—	—	—	—
Water	10,792,041	10,849,653	10,546,378	10,619,858
Total business-type activities	36,164,902	35,501,989	37,763,299	38,863,198
Total primary government expenses	\$ 147,832,564	\$ 148,726,440	\$ 156,758,959	\$ 168,163,287
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	\$ 6,435,843	\$ 6,313,245	\$ 8,494,212	\$ 5,301,697
Public safety	3,096,058	2,922,055	1,306,553	2,963,326
Public works & streets	3,238,179	792,288	499,338	507,198
Community development	1,622,594	2,003,777	1,697,315	2,005,421
Culture and recreation	5,307,491	4,837,786	4,917,918	5,313,203
Operating grants and contributions	8,207,130	10,139,981	9,833,470	9,908,788
Capital grants and contributions	32,449,260	5,925,348	2,877,937	11,561,202
Total governmental activities program revenues	60,356,555	32,934,480	29,626,743	37,560,835
Business-type activities:				
Charges for services:				
Ground ambulance services	—	—	—	—
Sanitation	6,700,961	6,862,696	7,000,935	6,952,296
Sewer	15,481,721	15,904,030	16,046,564	17,950,085
Stormwater	—	—	—	—
Water	10,047,169	10,073,124	9,987,819	10,814,903
Operating grants and contributions	—	—	—	—
Capital grants and contributions	14,502,214	4,427,857	3,270,131	129,722
Total business-type activities program revenues	46,732,065	37,267,707	36,305,449	35,847,006
Total primary government program revenues	\$ 107,088,620	\$ 70,202,187	\$ 65,932,192	\$ 73,407,841

	2016	2017	2018	2019	2020	2021
\$	18,906,430	\$ 27,733,034	\$ 24,693,086	\$ 18,847,192	\$ 30,683,840	\$ 27,692,032
	47,273,449	64,148,194	51,157,392	60,235,535	60,035,327	66,442,651
	38,670,796	41,540,981	37,661,923	41,578,280	46,270,405	39,687,896
	10,235,430	12,326,274	12,345,202	12,382,036	12,764,778	11,564,452
	25,690,406	22,555,794	26,471,045	24,970,626	20,925,306	29,248,928
	1,472,910	1,381,807	1,927,016	2,473,876	2,635,766	2,695,568
	142,249,421	169,686,084	154,255,664	160,487,545	173,315,422	177,331,527
	—	—	3,141,623	3,375,334	4,407,898	4,696,823
	7,972,061	9,034,441	8,557,348	8,657,107	9,077,490	7,669,633
	20,399,067	19,519,303	20,039,173	19,340,045	19,418,478	24,744,000
	—	187,744	775,651	1,363,889	1,209,576	1,167,538
	11,823,538	15,013,661	10,926,918	11,690,946	18,376,477	19,000,628
	40,194,666	43,755,149	43,440,713	44,427,321	52,489,919	57,278,622
\$	182,444,087	\$ 213,441,233	\$ 197,696,377	\$ 204,914,866	\$ 225,805,341	\$ 234,610,149
\$	5,041,335	\$ 5,863,856	\$ 7,171,091	\$ 6,744,068	\$ 6,729,339	\$ 8,125,797
	3,778,584	3,600,402	2,801,908	1,948,725	1,581,814	1,754,361
	853,321	1,445,873	2,252,924	4,100,847	3,570,832	5,283,508
	2,552,293	3,770,393	7,384,028	9,901,258	12,206,567	16,185,099
	5,894,021	5,586,303	5,507,476	5,590,198	3,311,464	3,480,856
	11,178,339	12,097,958	12,530,903	11,555,218	21,503,712	22,709,789
	11,558,409	14,356,832	25,485,790	22,468,016	42,184,054	92,168,449
	40,856,302	46,721,617	63,134,120	62,308,330	91,087,782	149,707,859
	—	—	2,974,704	3,284,354	3,946,881	4,541,588
	7,099,896	7,525,140	7,485,027	7,859,915	10,380,560	12,271,547
	16,151,096	17,190,499	17,345,559	17,612,146	19,142,098	20,301,588
	—	1,282,788	1,834,202	1,987,661	1,934,275	2,554,905
	12,195,621	14,048,726	14,227,502	16,125,842	18,226,759	20,727,214
	—	—	—	—	60,647	14,820
	3,107,265	5,788,132	9,682,391	5,509,692	15,030,201	46,935,506
	38,553,878	45,835,285	53,549,385	52,379,610	68,721,421	107,347,168
\$	79,410,180	\$ 92,556,902	\$ 116,683,505	\$ 114,687,940	\$ 159,809,203	\$ 257,055,027

City of Surprise, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Net revenue/expense:				
Governmental activities	\$ (51,311,107)	\$ (80,289,971)	\$ (89,368,917)	\$ (91,739,254)
Business-type activities	10,567,163	1,765,718	(1,457,850)	(3,016,192)
Total primary government net expense	<u>\$ (40,743,944)</u>	<u>\$ (78,524,253)</u>	<u>\$ (90,826,767)</u>	<u>\$ (94,755,446)</u>
<u>General Revenues and Other Changes in Net Position</u>				
Governmental activities:				
Taxes				
Property taxes	\$ 6,112,789	\$ 9,274,735	\$ 9,401,277	\$ 9,713,903
Sales taxes	33,266,049	37,836,088	39,685,844	42,111,177
Franchise taxes	4,547,621	4,732,649	5,159,956	5,249,320
Unrestricted State shared revenue	23,434,911	25,983,982	26,722,541	29,879,804
Unrestricted investment earnings	304,846	164,984	329,637	400,260
Other	297,016	562,787	482,776	1,146,649
Transfers	968,148	1,068,522	1,147,181	1,132,145
Total governmental activities	<u>68,931,380</u>	<u>79,623,747</u>	<u>82,929,212</u>	<u>89,633,258</u>
Business-type activities:				
Unrestricted investment earnings	331,127	150,350	296,183	253,407
Other	—	—	—	—
Transfers	(968,148)	(1,068,522)	(1,147,181)	(1,132,145)
Total business-type activities	<u>(637,021)</u>	<u>(918,172)</u>	<u>(850,998)</u>	<u>(878,738)</u>
Total primary government	<u>\$ 68,294,359</u>	<u>\$ 78,705,575</u>	<u>\$ 82,078,214</u>	<u>\$ 88,754,520</u>
<u>Change in Net Position</u>				
Governmental activities	\$ 17,620,273	\$ (666,224)	\$ (6,439,705)	\$ (2,105,996)
Business-type activities	9,930,142	847,546	(2,308,848)	(3,894,930)
Prior period adjustments	—	—	—	—
Total primary government	<u>\$ 27,550,415</u>	<u>\$ 181,322</u>	<u>\$ (8,748,553)</u>	<u>\$ (6,000,926)</u>

Source: City financial records

Note 1: GASB Statement No. 68 was implemented in fiscal year 2015. Prior years' financial statements were not restated.

Note 2: GASB Statement No. 75 was implemented in fiscal year 2018. Prior years' financial statements were not restated.

2016	2017	2018	2019	2020	2021
\$ (101,393,119)	\$ (122,964,467)	\$ (91,121,544)	\$ (98,179,215)	\$ (82,227,640)	\$ (27,623,668)
(1,640,788)	2,080,136	10,108,672	7,952,289	16,231,502	50,068,546
\$ (103,033,907)	\$ (120,884,331)	\$ (81,012,872)	\$ (90,226,926)	\$ (65,996,138)	\$ 22,444,878

\$ 9,962,925	\$ 10,441,730	\$ 10,813,317	\$ 16,143,232	\$ 17,015,618	\$ 17,675,230
46,807,817	49,416,383	54,419,572	61,596,634	70,904,612	90,643,310
5,062,719	5,674,974	5,643,876	5,609,625	5,514,602	5,654,379
30,560,635	31,755,661	35,032,519	35,899,596	38,379,519	44,122,121
607,602	26,274	324,501	3,494,962	3,403,862	228,665
407,445	3,129,094	(753,721)	517,587	418,161	1,040,102
201,576	1,154,860	1,355,582	1,541,101	1,097,902	1,443,311
93,610,719	101,598,976	106,835,646	124,802,737	136,734,276	160,807,118

319,068	119,304	141,108	1,458,327	1,556,564	115,514
—	—	—	—	43,965	185,489
(201,576)	(1,154,860)	(1,355,582)	(1,541,101)	(1,097,902)	(1,443,311)
117,492	(1,035,556)	(1,214,474)	(82,774)	502,627	(1,142,308)
\$ 93,728,211	\$ 100,563,420	\$ 105,621,172	\$ 124,719,963	\$ 137,236,903	\$ 159,664,810

\$ (7,782,400)	\$ (21,365,491)	\$ 15,714,102	\$ 26,623,522	\$ 54,506,636	\$ 133,183,450
(1,523,296)	1,044,580	8,894,198	7,869,515	16,734,129	48,926,238
—	—	(520,113)	—	—	—
\$ (9,305,696)	\$ (20,320,911)	\$ 24,088,187	\$ 34,493,037	\$ 71,240,765	\$ 182,109,688

City of Surprise, Arizona
Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016
General fund					
Nonspendable	\$ 637,513	\$ 626,565	\$ 821,009	\$ 1,313,505	\$ 1,287,510
Restricted	79,170	77,439	66,385	—	—
Committed	—	—	—	—	—
Assigned	317,343	327,182	360,030	578,518	542,821
Unassigned	4,459,773	17,166,622	26,849,205	34,324,717	37,385,696
Total general fund	\$ 5,493,799	\$ 18,197,808	\$ 28,096,629	\$ 36,216,740	\$ 39,216,027
All other governmental funds					
Nonspendable	\$ 106,844	\$ 134,673	\$ 206,294	\$ 195,374	\$ 368,126
Restricted	26,932,579	28,027,995	29,584,573	46,848,361	23,064,256
Committed	7,915,957	7,266,032	47,607,527	42,241,616	40,246,190
Assigned	42,460,372	44,505,144	1,173,198	1,209,403	469,830
Unassigned	(50,409,260)	(49,901,573)	(50,029,315)	(49,288,936)	(47,671,784)
Total all other governmental funds	\$ 27,006,492	\$ 30,032,271	\$ 28,542,277	\$ 41,205,818	\$ 16,476,618

Source: City financial records

	2017	2018	2019	2020	2021
\$	1,262,361	\$ 1,602,598	\$ 2,197,168	\$ 2,563,831	\$ 3,565,902
	501,278	480,554	454,024	491,526	525,607
	—	—	—	—	—
	338,555	338,167	393,622	490,732	16,732,161
	38,436,548	41,763,040	42,252,127	73,973,321	91,303,747
\$	40,538,742	\$ 44,184,359	\$ 45,296,941	\$ 77,519,410	\$ 112,127,417
\$	618,466	\$ 638,371	\$ 664,672	\$ 415,537	\$ 405,327
	24,112,063	67,202,886	61,562,397	29,864,806	39,031,439
	40,005,619	3,483,301	6,446,528	9,115,539	14,406,518
	1,109,942	2,912,343	19,690,585	17,786,146	38,853,060
	(46,064,773)	(8,258,667)	(5,888,966)	(4,903,347)	(4,669,172)
\$	19,781,317	\$ 65,978,234	\$ 82,475,216	\$ 52,278,681	\$ 88,027,172

City of Surprise, Arizona
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 42,290,109	\$ 47,442,186	\$ 48,262,126	\$ 52,178,522	\$ 56,908,903
Licenses and permits	4,586,621	4,771,649	5,197,956	4,975,398	5,121,719
Intergovernmental revenues	30,476,028	33,441,035	35,923,296	37,947,604	39,209,688
Charges for services	7,052,487	7,943,039	7,896,783	9,241,853	11,363,453
Grants revenue	1,626,534	2,443,199	2,131,707	1,659,609	3,060,620
Fines	1,870,202	1,986,692	1,498,451	1,768,671	1,214,978
Rents	580,820	584,972	606,679	549,400	630,514
Development fees	2,415,290	2,240,664	1,790,461	2,224,125	3,297,082
Interest revenue	278,177	149,655	307,139	400,260	607,602
Donations	257,372	344,589	148,062	245,671	228,316
Indirect charges	3,660,700	3,660,700	4,682,772	4,682,772	4,884,443
Other revenue	1,175,823	960,297	482,776	1,155,192	392,199
Total revenues	96,270,163	105,968,677	108,928,208	117,029,077	126,919,517
Expenditures					
Current					
General government	12,627,722	11,925,890	13,674,046	20,291,986	16,306,183
Public safety	35,592,854	35,984,984	38,018,470	41,862,877	44,433,546
Public works and streets	14,706,512	15,350,181	16,784,098	17,314,612	20,492,467
Community development	7,336,377	7,605,656	8,344,991	5,074,395	10,080,446
Culture and recreation	13,421,538	13,210,175	14,912,746	19,301,123	18,416,339
Capital outlay	5,177,828	3,215,160	6,409,054	8,604,468	36,511,052
Debt Service					
Principal	2,449,900	2,533,138	2,661,713	2,786,800	2,361,425
Interest	1,594,060	1,505,313	1,378,709	1,245,447	1,749,568
Other charges	—	—	—	389,873	19,762
Total expenditures	92,906,791	91,330,497	102,183,827	116,871,581	150,370,788
Excess of revenues over (under) expenses	3,363,372	14,638,180	6,744,381	157,496	(23,451,271)
Other financing sources (uses)					
Proceeds from sale of assets	—	33,035	240,830	226,080	336,821
Transfers in (out)	968,148	1,068,522	4,803,747	1,132,145	1,150,009
From bonding	—	—	(3,656,566)	19,320,205	—
Insurance recoveries	—	—	—	—	—
Payments to refunded bond escrow agent	—	—	—	—	—
Total other financing sources (uses)	968,148	1,101,557	1,388,011	20,678,430	1,486,830
Net change in fund balances	\$ 4,331,520	\$ 15,739,737	\$ 8,132,392	\$ 20,835,926	\$ (21,964,441)
Debt service as a percentage of noncapital expenditures	4.6 %	4.6 %	4.2 %	4.1 %	3.6 %

Source: City financial records

	2017	2018	2019	2020	2021
\$	59,749,360	\$ 65,257,328	\$ 77,739,476	\$ 87,768,923	\$ 108,394,703
	5,811,255	5,817,956	5,991,243	5,944,921	6,168,794
	40,430,400	44,773,004	45,774,226	48,421,077	55,052,905
	13,127,359	15,186,099	19,189,262	18,680,847	24,318,166
	1,856,830	2,691,930	1,581,233	11,165,982	11,476,297
	1,052,366	2,281,998	1,788,745	1,340,263	1,441,835
	621,033	601,628	724,073	620,862	621,198
	4,413,714	5,306,365	6,482,159	5,321,641	6,892,441
	24,449	310,038	3,299,929	3,169,797	207,335
	160,706	183,307	125,872	103,910	52,791
	4,768,960	5,249,200	5,481,600	5,591,100	6,348,174
	2,908,665	522,745	726,564	670,836	855,497
	134,925,097	148,181,598	168,904,382	188,800,159	221,830,136
	16,675,593	16,965,220	17,358,137	18,294,432	20,835,950
	47,036,287	51,471,894	51,993,630	53,778,182	56,880,732
	20,116,384	19,858,787	20,580,186	20,721,301	20,287,785
	12,225,155	11,890,816	12,141,786	12,024,962	13,554,495
	17,998,257	19,540,944	19,613,758	19,275,188	20,113,774
	17,501,271	18,067,055	22,824,600	62,975,337	30,339,040
	2,613,738	2,776,050	5,352,900	6,003,700	6,429,038
	1,587,151	1,578,092	3,271,455	3,015,280	3,227,799
	724,982	472,877	4,851	453,307	222,909
	136,478,818	142,621,735	153,141,303	196,541,689	171,891,522
	(1,553,721)	5,559,863	15,763,079	(7,741,530)	49,938,614
	368,156	136,426	276,091	205,824	159,875
	354,860	974,136	1,607,973	951,667	369,045
	11,696,218	43,211,107	—	8,511,093	19,625,309
	—	—	—	7,249	—
	(6,500,617)	—	—	—	—
	5,918,617	44,321,669	1,884,064	9,675,833	20,154,229
\$	4,364,896	\$ 49,881,532	\$ 17,647,143	\$ 1,934,303	\$ 70,092,843
	4.1 %	3.3 %	6.2 %	6.1 %	7.5 %

City of Surprise, Arizona
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise & Business Licenses	Total
2012	\$ 6,112,789	\$ 33,266,049	\$ 4,547,621	\$ 43,926,459
2013	9,274,735	37,836,088	4,732,649	51,843,472
2014	9,401,277	39,685,844	5,159,956	54,247,077
2015	9,713,903	42,111,177	5,249,320	57,074,400
2016	9,962,925	46,807,817	5,062,719	61,833,461
2017	10,441,730	49,416,383	5,674,974	65,533,087
2018	10,813,317	54,419,572	5,643,876	70,876,765
2019	16,143,232	61,596,634	5,609,625	83,349,491
2020	17,015,618	70,904,612	5,514,602	93,434,832
2021	17,675,230	90,643,310	5,654,379	113,972,919

Source: City financial records



SURPRISE

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City of Surprise, Arizona
Major Sources of Municipal Sales Tax
Last Ten Fiscal Years

	2012	2013	2014	2015
<u>Description of Payers Business</u>				
Construction	\$ 4,936,286	\$ 7,071,711	\$ 5,702,652	\$ 5,318,361
Retail trade	12,588,859	13,831,839	15,319,378	17,897,576
Communications and utilities	4,813,827	5,053,313	5,230,594	5,379,741
Restaurant and bar	4,254,798	4,877,292	5,262,786	5,600,500
Real estate, rental and leasing	3,160,567	3,610,593	3,872,029	4,077,066
Other	3,278,980	3,488,295	3,439,338	4,188,861
Total	\$ 33,033,317	\$ 37,933,043	\$ 38,826,777	\$ 42,462,105

Source: City of Surprise "Sales, Use, and Bed Tax Report" as of June 30, 2021.

When NAICS reporting began, many businesses checked the "Other" category due to uncertainty. This problem is being remedied and therefore, the "Other" category will decrease as more businesses will be classified under their proper category.

State and local laws prohibit the disclosure of individual taxpayer information.

	2016	2017	2018	2019	2020	2021
\$	8,429,076	\$ 7,444,202	\$ 9,424,657	\$ 13,938,324	\$ 17,529,115	\$ 24,116,467
	18,608,256	20,578,048	24,170,542	25,309,922	30,133,931	39,817,504
	5,609,855	5,682,238	5,010,541	4,873,454	4,804,402	5,218,205
	5,933,745	6,543,214	7,673,195	8,226,189	8,368,795	9,966,480
	4,246,757	4,790,722	4,858,025	5,495,101	6,013,853	6,798,088
	4,109,905	4,377,959	3,282,612	3,753,644	4,054,516	4,726,567
\$	46,937,594	\$ 49,416,383	\$ 54,419,572	\$ 61,596,634	\$ 70,904,612	\$ 90,643,311

City of Surprise, Arizona
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

		Real Property		Exemptions	Total			Ratio of Total
		Assessed Value	Assessed Value				Estimated	Assessed Value
Fiscal Year		Residential Property	Commercial Property	Real Property	Net Assessed Valuation	Direct Tax Rate	Actual Taxable Full Cash Value	to Total Estimated Actual Value
2012	P	653,425,523	390,774,648	(112,327,444)	931,872,727	0.6700	8,729,697,453	10.67%
2012	S	653,862,821	414,853,720	(131,986,535)	936,730,006	—	8,883,000,424	10.55%
2013	P	613,827,446	355,335,651	(117,175,984)	851,987,113	0.7383	8,131,671,314	10.48%
2013	S	614,117,003	369,093,201	(128,526,531)	854,683,673	—	8,219,696,417	10.40%
2014	P	590,891,318	352,740,031	(120,457,469)	823,173,880	0.7783	7,921,310,783	10.39%
2014	S	592,539,973	366,349,440	(128,753,963)	830,135,450	—	8,021,860,448	10.35%
2015	P	635,011,041	351,426,277	(128,356,166)	858,081,152	0.7591	8,378,359,740	10.24%
2015	S	674,517,543	367,445,212	(137,241,712)	904,721,043	—	8,871,516,138	10.20%
2016	P	659,032,840	359,978,533	(129,767,780)	889,243,593	0.7591	8,723,777,883	10.19%
2016	S	775,338,584	403,053,294	(146,482,133)	1,031,909,745	—	10,151,951,511	10.16%
2017	P	703,447,546	353,382,997	(127,933,738)	928,896,805	0.7591	9,188,106,400	10.11%
2017	S	832,582,676	418,393,201	(151,461,223)	1,099,514,654	—	10,888,981,453	10.10%
2018	P	742,214,719	372,303,716	(136,482,015)	978,036,420	0.7591	9,704,804,426	10.08%
2018	S	883,909,865	470,218,102	(164,602,354)	1,189,525,613	—	11,739,266,942	10.13%
2019	P	786,977,862	394,591,418	(132,661,610)	1,048,907,670	0.7591	10,275,630,683	10.21%
2019	S	979,109,102	501,184,044	(163,680,703)	1,316,612,443	0.4200	12,872,480,509	10.23%
2020	P	844,245,064	406,984,939	(141,141,959)	1,110,088,044	0.7591	10,927,509,235	10.16%
2020	S	1,064,787,961	529,620,552	(185,022,186)	1,409,386,327	0.3880	13,911,798,083	10.13%
2021	P	911,365,696	443,779,946	(149,135,143)	1,206,010,499	0.7591	11,823,893,218	10.20%
2021	S	1,192,185,322	601,386,798	(197,101,947)	1,596,470,173	0.3880	15,624,599,329	10.22%

Source: Maricopa County Assessor's Office State Abstract

Direct Tax Rate is From the Maricopa County Finance Department's "Tax Levy Book for the City of Surprise" for the applicable tax year.



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City of Surprise, Arizona
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Surprise			Overlapping Rates				
				Maricopa County				
	Operating (Primary) Tax Rate	Debt Service (Secondary) Tax Rate	Total City Tax Rate	Operating Tax Rate	Debt Service Tax Rate	County Library	Flood Control	Total County Tax Rate
2012	0.6700	—	0.6700	1.2407	—	0.0492	—	1.2899
2013	0.7383	—	0.7383	1.2407	—	0.0492	—	1.2899
2014	0.7783	—	0.7783	1.2807	—	0.0492	—	1.3299
2015	0.7591	—	0.7591	1.3209	—	0.0556	—	1.3765
2016	0.7591	—	0.7591	1.4009	—	0.0556	—	1.4565
2017	0.7591	—	0.7591	1.4009	—	0.0556	—	1.4565
2018	0.7591	—	0.7591	1.4009	—	0.0556	0.1792	1.6357
2019	0.7591	0.4200	1.1791	1.4009	—	0.0556	0.1792	1.6357
2020	0.7591	0.3880	1.1471	1.4009	—	0.0556	0.1792	1.6357
2021	0.7591	0.3880	1.1471	1.4009	—	0.0556	0.1792	1.6357

Source: Maricopa County Finance Department's "Maricopa County 2021 Tax Levy" report.

Note: Prior to fiscal year 2018, the Maricopa County Flood Control District tax rate was included in the other column.

Overlapping Rates				
Dysart School District				
Operating Tax Rate	Debt Service Tax Rate	Total School District Tax Rate	Other	Total Direct & Overlapping Rates
3.4104	2.5820	5.9924	1.6440	9.5963
4.6547	2.7317	7.3864	1.8351	11.2497
4.3492	2.9538	7.3030	1.6356	11.0468
3.9957	2.7750	6.7707	1.7472	10.6535
3.0640	2.9085	5.9725	1.7120	9.9001
4.1562	2.8032	6.9594	2.5181	11.6931
4.1562	2.8032	6.9594	2.5104	11.8646
4.1089	2.7859	6.8948	2.4330	12.1426
3.9117	2.6680	6.5797	2.4218	11.7843
3.8251	2.6201	6.4452	2.3408	11.5688

City of Surprise, Arizona
Principal Property Taxpayers
June 30, 2021 and 2012

Taxpayer	2021			2012		
	Assessed Valuation	Rank	Percentage of Total	Assessed Valuation	Rank	Percentage of Total
Arizona Public Service Company	\$ 31,961,882	1	2.65%	\$ 22,329,140	1	2.40%
SFI Grand Vista LLC	10,260,986	2	0.85%			
Southwest Gas Corporation (T&D)	7,232,263	3	0.60%	5,953,817	2	0.64%
Toll Prasada LLC	4,696,301	4	0.39%			
EPCOR (Agua Fria Water Division)	4,617,793	5	0.38%			
CCD Real Estate Holdings LLC	3,501,114	6	0.29%	4,261,805	3	0.46%
DG Industrial Portfolio I Property Owner LP	3,368,612	7	0.28%			
Wal Mart Stores Inc	3,161,826	8	0.26%			
BFM IV AZ Harmony at Surprise SPE LLC	3,072,240	9	0.25%			
LAACO Ltd.	2,950,949	10	0.24%			
Surprise Holdings LLC				4,034,041	4	0.43%
Mci Communications Services Inc				3,840,649	5	0.41%
Karlin Surprise LLC				3,675,182	6	0.39%
Surprise Towne Center Holdings LLC				2,834,021	7	0.30%
Roskamp/Sun Health Management Services LLP				2,783,839	8	0.30%
Aawc: Agua Fria Water Division				2,754,531	9	0.30%
Dco Realty Surprise LLC				2,715,290	10	0.29%
Total	<u>\$ 74,823,966</u>		<u>6.19%</u>	<u>\$ 22,637,553</u>		<u>5.92%</u>
Total Net Limited Assessed Valuation	1,206,010,499			931,872,727		

Source: Maricopa County Assessor's Office

City of Surprise, Arizona
Primary Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Tax Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percentage of Levy		Tax Collections	Percentage of Levy
2012	\$ 6,200,706	\$ 6,021,059	97.1%	\$ 118,638	\$ 6,139,697	99.0%
2013	6,295,546	6,159,818	97.8%	95,673	6,255,491	99.4%
2014	6,350,356	6,249,156	98.4%	69,251	6,318,407	99.5%
2015	6,509,332	6,425,856	98.7%	62,517	6,488,373	99.7%
2016	6,754,752	6,661,068	98.6%	39,168	6,700,236	99.3%
2017	7,037,842	6,947,745	98.7%	53,915	7,001,660	99.7%
2018	7,424,272	7,321,178	98.6%	64,283	7,385,461	99.7%
2019	7,962,251	7,862,533	98.7%	(20,976)	7,841,557	99.7%
2020	8,426,674	8,293,892	98.4%	105,969	8,399,861	99.7%
2021	9,154,803	9,037,554	98.7%	—	9,037,554	98.7%

Source: Maricopa County Treasurer's Office "Secured Levy Report" through June 30, 2021.

City of Surprise, Arizona
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			
	General Obligation Bonds	Special (CFD) Assessment Bonds and Notes	Municipal Property Corp. Bonds	Pledged Revenue Obligations
2012	\$ —	\$ 7,745,000	\$ 22,229,325	\$ —
2013	—	7,545,000	19,896,188	—
2014	—	7,335,000	17,444,474	—
2015	—	7,115,000	—	30,832,800
2016	—	6,885,000	—	31,770,034
2017	—	12,105,285	—	29,249,876
2018	40,211,105	14,619,352	—	24,166,587
2019	37,322,019	14,143,419	—	23,963,088
2020	34,285,598	21,966,935	—	21,192,968
2021	50,304,950	21,249,359	—	18,347,512

Source: City financial records

Business-Type Activities						
Municipal						
Property Corp.	Utility Revenue	Pledged Revenue	Total Primary	Percentage		
Bonds	Obligations	Obligations	Government	of Personal	Income	Per Capita
\$ 60,315,675	\$ —	\$ —	\$ 90,290,000	3.4%		755
59,303,813	—	—	86,745,001	3.3%		713
53,565,524	—	—	78,344,998	3.0%		633
39,365,000	—	5,832,000	83,144,800	3.1%		658
37,585,000	—	5,903,844	82,143,878	3.0%		640
35,720,000	—	5,249,430	82,324,591	2.8%		620
33,770,000	—	4,103,413	116,870,457	3.9%		872
—	28,164,675	3,877,076	107,470,277	3.4%		778
—	26,993,224	3,157,623	107,596,348	3.2%		760
—	25,776,772	2,418,508	118,097,101	3.2%		798

City of Surprise, Arizona
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2012	\$ —	\$ —	\$ —	0.000%	—
2013	—	—	—	0.000%	—
2014	—	—	—	0.000%	—
2015	—	—	—	0.000%	—
2016	—	—	—	0.000%	—
2017	—	—	—	0.000%	—
2018	37,730,000	5,857	37,724,143	3.171%	281
2019	35,215,000	483,319	34,731,681	2.638%	251
2020	32,350,000	544,112	31,805,888	2.257%	225
2021	46,625,000	158,771	46,466,229	0.393%	314

Source: City financial records

City of Surprise, Arizona
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

Overlapping Jurisdiction	General Obligation and Pledged Revenue Bonded Debt	Proportion Applicable to the City	
		Approximate Percent	Net Debt Amount
State of Arizona	None	1.72 %	None
Maricopa County	None	2.63 %	None
Maricopa County Community College District	\$ 250,065,000	2.63 %	\$ 4,858,006
Maricopa County Special Health Care District	657,695,000	2.63 %	16,850,279
Western Maricopa Education Center	144,220,000	7.14 %	9,295,923
Dysart Unified School District No. 89	97,086,000	78.12 %	75,843,583
Peoria Unified School District No. 11	185,125,000	0.38 %	703,475
Nadaburg Unified School District No. 81	—	30.33 %	—
Wickenburg Unified School District No. 9	6,800,000	1.68 %	114,240
Subtotal, overlapping debt	<u>\$ 1,340,991,000</u>		<u>\$ 107,665,506</u>
City of Surprise	\$ 68,652,462	100.00 %	\$ 68,652,462
Marley Park Community Facilities District	21,249,359	100.00 %	21,249,359
Subtotal, direct debt	<u>\$ 89,901,821</u>		<u>\$ 89,901,821</u>
Total Direct and Overlapping General Obligation and Pledged Revenue Bonded Debt			<u><u>\$ 197,567,327</u></u>

Source: The various jurisdictions

Proportion applicable to City of Surprise, Arizona is computed on the ratio of net limited property valuation for fiscal year 2021/2022.

Excludes various other non-property tax supported debt such as Public Finance Corporation lease revenue bonds, Stadium District revenue bonds, Stadium District loans, Housing Authority loans and capital leases.

Includes: Excise Tax Revenue obligations for City of Surprise

City of Surprise, Arizona
Legal Debt Margin Information Unrestricted and Restricted
Last Ten Fiscal Years

Unrestricted

	2012	2013	2014	2015
Debt limit 6%	\$ 56,203,800	\$ 51,281,020	\$ 49,298,862	\$ 54,283,263
Unrestricted legal debt margin	\$ 56,203,800	\$ 51,281,020	\$ 49,298,862	\$ 54,283,263
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00 %

Restricted

	2012	2013	2014	2015
Debt limit 20%	\$ 187,346,001	\$ 170,936,735	\$ 164,329,540	\$ 180,944,209
Total net debt applicable to limit	—	—	—	—
Restricted legal debt margin	\$ 187,346,001	\$ 170,936,735	\$ 164,329,540	\$ 180,944,209
Total net debt applicable to the limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00 %

2016	2017	2018	2019	2020	2021
\$ 61,914,585	\$ 65,970,879	\$ 71,371,537	\$ 78,996,747	\$ 84,563,180	\$ 95,788,210
\$ 61,914,585	\$ 65,970,879	\$ 71,371,537	\$ 78,996,747	\$ 84,563,180	\$ 95,788,210
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

2016	2017	2018	2019	2020	2021
\$206,381,949	\$219,902,931	\$237,905,123	\$263,322,489	\$281,877,265	\$319,294,035
—	—	39,987,500	37,322,019	34,285,598	50,304,950
\$206,381,949	\$219,902,931	\$197,917,623	\$226,000,470	\$247,591,667	\$268,989,085
0.00 %	0.00 %	16.81 %	14.17 %	12.16 %	15.76 %

City of Surprise, Arizona
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income	Median Household Income	Median Age	Unemployment Rate
2012	119,530	\$ 2,624,633,827	\$ 62,141	35.9	4.3%
2013	121,629	2,608,232,906	60,687	36.8	5.0%
2014	123,797	2,623,490,276	59,973	36.0	5.4%
2015	126,275	2,684,147,318	58,455	37.0	9.8%
2016	128,422	2,779,842,369	59,094	38.7	9.4%
2017	132,677	2,911,895,653	59,916	39.0	4.5%
2018	134,085	2,997,757,500	61,035	39.9	4.6%
2019	138,161	3,184,636,354	62,927	41.3	3.7%
2020	141,664	3,381,255,033	65,160	41.2	5.4%
2021	147,965	3,743,919,200	69,076	41.4	6.8%

Sources: Office of Economic Opportunity
Maricopa Association of Governments
US Department of Labor, Bureau of Labor Statistics
US Census Bureau

City of Surprise, Arizona
Principal Employers
June 30, 2021 and Nine Years Prior

Employer	2021 ¹			2012 ²		
	Employees	Rank	% of Total	Employees	Rank	% of Total
Dysart School District (Surprise Schools Only)	1,610	1	7.54%	1,654	1	13.79%
City of Surprise	1,230	2	5.76%	867	2	7.23%
Wal-Mart	860	3	4.03%	549	4	4.58%
Fry's Food Store	560	4	2.62%	549	3	4.58%
Rousseau Farming Company	340	5	1.59%			
Home Depot	280	6	1.31%	166	9	1.38%
McDonald's	270	7	1.27%			
Maricopa County	220	8	1.03%	202	5	1.68%
Safeway Food Store	180	9	0.84%	188	8	1.57%
Sun City Grand Community Assoc. Inc.	170	10	0.80%			
Crescent Crown				200	6	1.67%
Kohl's Department Store				195	7	1.63%
Sam's Club				134	10	1.12%
Total	<u>5,720</u>		26.79%	<u>4,704</u>		39.23%
Total City Employment	21,340			11,990		

Sources:

¹ Maricopa Association of Governments, as of June 30, 2021

² Emsi

City of Surprise, Arizona
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
General government	118	123	123	136	134	140	142	146	150	150
Public safety:										
Police:										
Officer	132	133	134	130	139	158	159	159	155	154
Civilians	49	49	48	54	49	43	42	45	55	55
Fire:										
Firefighters and officers	112	111	111	113	113	128	127	126	132	138
Civilians	6	7	7	7	8	8	7	7	7	9
Public works and streets:										
All others	87	83	83	83	84	84	80	84	90	92
Community development	36	40	40	43	40	41	41	42	43	43
Economic development	—	—	—	—	8	8	8	7	9	9
Parks and recreation	97	110	110	122	118	117	116	120	105	84
Sports and tourism	—	—	—	—	—	—	—	—	18	39
Human service and community vitality	—	—	—	—	9	15	16	18	24	25
Water	29	25	25	24	29	33	36	35	42	43
Sanitation	34	31	31	32	33	35	37	37	41	41
Sewer	36	36	36	37	39	50	45	45	47	49
Stormwater	—	—	—	—	—	—	6	5	6	6
Ground ambulance services	—	—	—	—	—	—	19	26	32	32
Total	736	748	748	781	804	861	881	902	956	969

Source: Fiscal year 2021 Adopted Budget



SURPRISE

ARIZONA

City of Surprise, Arizona
Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015
Public safety:				
Police:				
Calls - incidents responded to	42,010	39,866	37,566	38,191
Citations issued	7,856	9,673	7,020	7,524
Officers per 1,000 residents	1.1	1.1	1.1	1.1
Fire-Medical:				
Number of responses	12,313	13,649	14,004	15,750
Inspections	1,122	1,184	1,411	1,885
Public works and streets:				
Sq. ft. of buildings to maintain	830,431	830,271	830,271	830,271
Vehicles/equipment maintained per month	494	403	392	405
Number of street lights repaired	291	300	377	43
Street miles maintained	539	607	607	627
Community development:				
Building safety inspections performed	13,257	20,150	18,220	15,624
Annual new residential starts	395	554	385	417
Parks and recreation:				
Organized recreation program participants	185,232	191,648	192,300	178,186
Special events/open facility participants	256,674	269,823	278,980	321,214
Sports and Tourism				
Special events/open facility participants	N/A	N/A	N/A	N/A
Water:				
Water service connections	14,329	14,570	14,740	14,971
Water main breaks	N/A	N/A	N/A	N/A
Average daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A
Sewer:				
Sewage treated (million gallons per day)	7.6	8.1	8.1	8.4
Sewer service connections	44,583	45,802	45,984	44,923
Sanitation:				
Refuse collected (tons/annually)	30,289	29,400	30,583	33,351
Number of routes	33	33	32	32
Total services	32,357	32,975	33,321	32,683
Stormwater:				
Customers	—	—	—	—

Sources: Various government departments
N/A - This information is not available.

2016	2017	2018	2019	2020	2021
39,511	40,909	41,806	40,541	42,306	41,430
5,971	6,358	5,136	8,602	6,350	6,098
1.0	1.0	1.0	1.0	1.0	1.0
16,896	16,546	17,435	10,865	18,195	19,493
2,745	2,407	1,810	1,595	2,391	1,781
855,774	855,774	855,774	855,774	973,187	1,016,276
334	375	397	415	425	353
44	38	79	52	71	68
627	627	627	629	630	665
20,320	22,407	31,063	34,598	45,750	51,542
486	600	1,288	1,303	2,076	2,856
160,535	163,580	162,012	141,189	85,362	70,873
307,475	306,714	343,868	120,114	78,548	22,935
N/A	N/A	N/A	253,823	240,065	143,728
15,362	15,499	16,331	16,729	17,886	19,705
N/A	N/A	4	2	6	15
N/A	N/A	7,322	7,416	7,402	7,776
8.4	8.4	8.4	9	9	9.1
47,273	48,196	50,303	48,451	53,164	55,796
32,787	33,671	34,979	36,757	48,905	56,781
56	56	57	59	55	58
35,366	36,421	36,657	35,510	39,676	41,212
—	49,429	50,594	47,235	51,199	54,177

City of Surprise, Arizona
Capital Asset Statistics by Function
Last Ten Years

Function	2012	2013	2014	2015
Public safety:				
Police:				
Stations	2	2	2	2
Patrol units	64	63	63	68
Fire:				
Fire stations	7	7	7	7
Fire engines and ladder trucks	11	11	12	12
Ambulances	0	0	0	0
Public works and streets:				
Street miles	539	607	607	627
Street lighting improvement districts	103	101	101	107
Traffic Signals	45	51	51	50
Bridges	19	19	19	19
Community development:				
Inspection vehicles	12	12	10	10
Parks and recreation:				
Parks acreage	393	393	393	393
Parks	12	12	12	12
Swimming pools	2	2	2	2
Softball fields	11	11	11	11
Baseball fields	21	21	21	21
Libraries	2	2	2	2
Water:				
Well Production Maximum Daily Capacity (millions of gallons)	31.0	31	31	32
Sewer:				
Sewer treatment plants	2	2	2	2
Maximum daily treatment capacity	18.3	18.3	18.3	18.3
Sanitation:				
Collection trucks	26	26	26	26

Sources: Various government departments

2016	2017	2018	2019	2020	2021
2	2	2	2	2	2
72	90	73	87	87	87
7	7	7	7	7	7
12	12	13	13	13	13
1	3	4	5	5	5
627	627	627	629	630	665
107	123	132	146	155	156
50	50	50	52	58	61
19	19	19	19	21	21
10	11	11	11	11	13
393	393	393	393	393	393
12	12	12	12	12	12
2	2	2	2	2	2
11	11	11	11	11	11
21	21	21	21	21	21
2	2	2	2	3	3
32	33	33	33	34	30
2	2	2	2	2	3
18.3	18.3	18.3	18.3	18.3	20.1
27	27	27	27	27	28



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City of Surprise, Arizona

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Rd., Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Surprise, Arizona, which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the disclosures (collectively the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. The effects of all known actual or possible litigation, claims, and assessments have been evaluated, and if necessary, have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.
15. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. If applicable, we have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
23. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

26. We have appropriately disclosed all information for conduit debt obligations in accordance with U.S. GAAP.
27. We have identified and disclosed to you all instances of identified fraud and suspected fraud that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances of identified noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
29. We have identified and disclosed to you all instances of identified abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
31. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
33. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
34. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
35. The financial statements include all fiduciary activities required by U.S. GAAP.
36. The financial statements properly classify all funds and activities in accordance with U.S. GAAP.
37. All funds that meet the quantitative criteria for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.
38. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

39. Investments are properly valued.
40. With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
41. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
42. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.
43. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
44. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.
45. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
46. Special and extraordinary items, if any, are appropriately classified and reported.
47. Deposits and investment securities are properly classified as to risk and are properly disclosed.
48. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
49. We have identified and disclosed to you all programs, agreements, and transactions that result in a tax abatement for financial reporting purposes. Tax abatement agreements and programs have been properly disclosed in the notes to the financial statements.
50. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
51. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

52. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
53. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
54. With respect to the supplementary information presented, such as the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards.
- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
55. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, if any.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information

- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Andrea Davis

Andrea Davis (Jan 25, 2022 10:51 MST)

Andrea Davis, Chief Financial Officer
City of Surprise, Arizona

01/25/2022

Date

Jon Gake

Jon Gake (Jan 24, 2022 12:32 MST)

Jon Gake, Accounting Manager
City of Surprise, Arizona

01/24/2022

Date

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Rd., Suite 300
Scottsdale, AZ 85257

This representation letter is provided in connection with your audit of the financial statements of City of Surprise, Arizona, which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the period then ended, and the disclosures (collectively the “financial statements”), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. The effects of all known actual or possible litigation, claims, and assessments have been evaluated, and if necessary, have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the City and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, grantors, regulators, or others.
15. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. If applicable, we have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified and communicated to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
23. If applicable, we have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
24. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred outflows/inflows of resources, and fund balance or net position.
25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

26. We have appropriately disclosed all information for conduit debt obligations in accordance with U.S. GAAP.
27. We have identified and disclosed to you all instances of identified fraud and suspected fraud that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
28. We have identified and disclosed to you all instances of identified noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
29. We have identified and disclosed to you all instances of identified abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
30. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
31. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
32. The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
33. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
34. If applicable, the financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
35. The financial statements include all fiduciary activities required by U.S. GAAP.
36. The financial statements properly classify all funds and activities in accordance with U.S. GAAP.
37. All funds that meet the quantitative criteria for presentation as a major fund are identified and presented as such and all other funds that are presented as a major fund are particularly important to financial statement users.
38. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

39. Investments are properly valued.
40. With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
41. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
42. All payroll information and the individual employment data have been properly submitted to the state retirement systems, and the employer contributions have been properly submitted to the retirement systems.
43. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
44. Revenues are appropriately classified in the statement of activities within program revenues, and general revenues.
45. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
46. Special and extraordinary items, if any, are appropriately classified and reported.
47. Deposits and investment securities are properly classified as to risk and are properly disclosed.
48. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
49. We have identified and disclosed to you all programs, agreements, and transactions that result in a tax abatement for financial reporting purposes. Tax abatement agreements and programs have been properly disclosed in the notes to the financial statements.
50. We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
51. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

52. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
53. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
54. With respect to the supplementary information presented, such as the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards.
- a. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
55. With respect to federal award programs:
- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA).
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards, if any.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR Part 200, Subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t. If applicable, we have monitored subrecipients to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u. If applicable, we have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v. If applicable, we have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w. We have charged costs to federal awards in accordance with applicable cost principles.
- x. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information

- z. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb. If applicable, we have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

We understand that at the conclusion of the audit Heinfeld, Meech & Co, P.C. will submit to the City Council a communication to those charged with governance that will include a copy of this representation letter and a copy of the engagement letter.

Andrea Davis

Andrea Davis (Jan 25, 2022 10:51 MST)

Andrea Davis, Chief Financial Officer
City of Surprise, Arizona

01/25/2022

Date

Jon Gake

Jon Gake (Jan 24, 2022 12:32 MST)

Jon Gake, Accounting Manager
City of Surprise, Arizona

01/24/2022

Date



City of Surprise, Arizona
Annual Expenditure Limitation Report
For the Fiscal Year Ended June 30, 2021

City of Surprise, Arizona
Annual Expenditure Limitation Report
Year ended June 30, 2021

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INDEPENDENT ACCOUNTANT'S REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of the City of Surprise, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Surprise, Arizona for the year ended June 30, 2021, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
March 16, 2022

City of Surprise, Arizona
Annual Expenditure Limitation Report—Part I
Year ended June 30, 2021

1. Economic Estimates Commission expenditure limitation	\$ <u>1,143,825,592</u>
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>193,285,185</u>
3. Amount under the expenditure limitation	\$ <u><u>950,540,407</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of chief financial officer: Andrea Davis

Name and title: Andrea Davis, CFO

Telephone number: 623-222-1853

Date: 3/16/2022

See accompanying notes to report.

City of Surprise, Arizona
Annual Expenditure Limitation Report—Part II
Year ended June 30, 2021

Description	Governmental funds	Enterprise funds	Internal service funds	Total
A. Amounts reported on the Reconciliation, line D	\$ 167,854,644	\$ 55,562,185	\$ 16,301,353	\$ 239,718,182
B. Less exclusions claimed:				
Debt proceeds	175,072	-	-	175,072
Debt service requirements (see Note 2)	8,283,082	2,954,662	-	11,237,744
Dividends, interest, and gains on the sale or redemption of investment securities (see Note 3)	958,866	361,144	63,296	1,383,306
Grants and aid from the federal government (see Note 4)	11,249,667	16,447	-	11,266,114
Amounts received from the State of Arizona (see Note 5)	339,166	-	-	339,166
Quasi-external interfund transactions (see Note 6)	-	-	12,816,241	12,816,241
Highway user revenues in excess of those received in fiscal year 1979-80 (see Note 7)	8,924,300	-	-	8,924,300
Refunds, reimbursements, and other recoveries (see Note 8)	106,672	168,525	15,857	291,055
Total exclusions claimed	<u>30,036,825</u>	<u>3,500,778</u>	<u>12,895,394</u>	<u>46,432,997</u>
C. Amounts subject to the expenditure limitation	<u>\$ 137,817,819</u>	<u>\$ 52,061,407</u>	<u>\$ 3,405,959</u>	<u>\$ 193,285,185</u>

See accompanying notes to report.

City of Surprise, Arizona
Annual Expenditure Limitation Report—Reconciliation
Year ended June 30, 2021

Description	Governmental funds	Enterprise funds	Internal service funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 171,891,522	\$ 58,202,826	\$ 16,525,291	\$ 246,619,639
B. Subtractions:				
Items not requiring use of current financial resources:				
Depreciation	-	14,373,531	-	14,373,531
Loss on disposal of capital assets	-	14,506	-	14,506
Bad debt expense (Note 9)	3,266	859,260	-	862,526
Pension and other postemployment benefits (OPEB) expense (see Note 10)	45,653	1,591,440	49,738	1,686,831
Claims incurred but not reported (IBNR) (see Note 11)		-	1,145,833	1,145,833
Expenditures of separate legal entities established under Arizona Revised Statutes (see Note 12)	3,987,959	-	-	3,987,959
Total subtractions	<u>4,036,878</u>	<u>16,838,737</u>	<u>1,195,571</u>	<u>22,071,186</u>
C. Additions:				
Principal payments on long-term debt (see Note 2)	-	1,645,964	-	1,645,964
Capital asset acquisitions (see Note 13)	-	11,391,545	-	11,391,545
Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR (see Note 11)	-	-	935,360	935,360
Pension and OPEB contributions paid in the current year (see Note 10)	-	1,160,587	36,273	1,196,860
Total additions	<u>-</u>	<u>14,198,096</u>	<u>971,633</u>	<u>15,169,729</u>
D. Amounts reported on Part II, line A	<u>\$ 167,854,644</u>	<u>\$ 55,562,185</u>	<u>\$ 16,301,353</u>	<u>\$ 239,718,182</u>

See accompanying notes to report.

City of Surprise, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2021

Note 1 - Summary of significant accounting policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the Uniform Expenditure Reporting System (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; and the statement of cash flows for the proprietary funds.

Note 2

The exclusion claimed for debt service requirements on bonded indebtedness of \$8,283,082 in the governmental funds consists of principal and interest payments of \$5,734,038 and \$2,549,044, respectively. The exclusion claimed for debt service requirements on bonded indebtedness of \$2,954,662 in the enterprise funds consists of principal and interest payments of \$1,645,964 and \$1,306,750, respectively, and \$1,948 in miscellaneous administrative expenses.

Note 3

The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities in the governmental, enterprise and internal service funds includes investment earnings expended of \$958,866, \$361,144, and \$63,296, respectively, which are recorded as Interest Revenue in the fund financial statements.

Note 4

The following schedule presents revenues from which exclusions have been claimed for grants and aid from the federal government in the governmental and enterprise funds.

Federal Agency		
U.S. Department of Housing and Urban Development	\$	2,121,583
U.S. Department of Justice		403,809
U.S. Department of Transportation		153,019
U.S. Department of the Treasury		7,232,419
U.S. Department of Health and Human Services		641,410
U.S. Department of Homeland Security		713,874
Total	\$	<u>11,266,114</u>

Note 5

The exclusion claimed for amounts received from the State of Arizona in the governmental funds consist of intergovernmental revenues received in the following funds:

Governmental Fund		
Local Transportation Assistance II / Arizona Lottery	\$	<u>339,166</u>
	\$	<u>339,166</u>

City of Surprise, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2021

Note 6

There are certain transactions that are recorded between the City's funds as if the transaction was with an entity external to the City. The Employee Healthcare Fund charged other funds \$9,599,042 in order to meet the costs of providing health insurance claims coverage, plan administration, stop loss premiums and reserves. The Risk Management Fund charged other funds \$2,276,800 to provide risk management, loss control and safety programs citywide. The Worker's Compensation Fund charged other funds \$1,203,336 in order to meet the costs of providing worker's compensation claims coverage, plan administration, stop loss premiums and reserves. Excludable revenues expended in the current fiscal year for the Risk Management Fund totaled \$2,445,043, which is comprised of current revenues of \$2,276,800 and prior year carryforward balance of \$168,243 resulting in a current year carryforward balance of zero. Excludable revenues expended in the current fiscal year for the Worker's Compensation Fund totaled \$772,156, which is less than current year revenues by \$431,180 increasing the carryforward balance to \$1,065,553.

Note 7

Highway user revenues for the current fiscal year were \$9,822,481 which is \$9,760,050 more than the highway user revenues received by the City in fiscal year 1980. Excludable revenues expended in the current fiscal year totaled \$8,924,300, which is less than current excludable revenues by \$835,750, increasing the carryforward balance to \$4,063,736.

Note 8

The exclusions claimed for refunds, reimbursements, and other recoveries includes recovery of prior year expenses of \$36,336, \$5,897, and \$15,857 in the governmental, enterprise and internal service funds, respectively; miscellaneous refunds and reimbursements of \$69,261 and \$162,628 in the governmental and enterprise funds, respectively; and insurance recoveries of \$1,075 in the governmental funds.

Note 9

The subtraction of \$3,266 and \$859,260 of bad debt expense in the governmental and enterprise funds, respectively, are reported as an offset to revenue under Charges for Services.

Note 10

The \$1,591,440 and \$49,738 subtraction amounts for pension and other post employment benefit (OPEB) expense in the enterprise funds and internal service funds, respectively, consists of changes in the net pension and OPEB assets and liabilities, and changes in deferred inflows and outflows related to pensions and OPEB recognized in the current year in the enterprise funds and internal service funds. The \$1,160,587 and \$36,273 addition amounts for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the enterprise funds and internal service funds.

	Enterprise funds	Internal service funds
Subtractions - Pension/OPEB Expense		
Pension expense	\$ 1,551,707	\$ 48,497
OPEB expense	<u>39,732</u>	<u>1,242</u>
Total	1,591,440	49,738
Additions - Pension/OPEB Contributions		
Pension contributions	\$ 1,104,902	\$ 34,532
OPEB contributions	<u>55,685</u>	<u>1,740</u>
Total	1,160,587	36,273

City of Surprise, Arizona
Notes to Annual Expenditure Limitation Report
Year ended June 30, 2021

The subtraction of \$45,653 for pension expense in the governmental funds consists of nonemployer contributions to the Elected Officials Retirement Plan (EORP) that was reported as a revenue and an offsetting expenditure in the governmental funds. Consequently, this expenditure has been subtracted on the reconciliation.

Note 11

The subtraction of \$1,145,833 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the internal service funds. The addition of \$935,360 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the internal service funds.

Note 12

The subtraction in the governmental funds of \$3,987,959 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the City's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the governmental funds category in the fund financial statements:

Street Lighting Districts Fund		
General government		\$ 65,594
Public works and streets		2,389,816
	Subtotal	<u>\$ 2,455,410</u>
Marley Park Community Facility District Fund		
Culture and recreation		\$ 125,844
Principal payments on debt		695,000
Interest payments on debt and other charges		711,705
	Subtotal	<u>\$ 1,532,549</u>
Total separate legal entities		<u><u>\$ 3,987,959</u></u>

Note 13

The addition of \$11,391,545 for the acquisition of capital assets in the enterprise funds is comprised of total capital asset increases of \$50,528,988 less \$39,137,443 in capital contributions.

Heinfeld, Meech & Co., P.C.
1365 N. Scottsdale Rd., Suite 300
Scottsdale, AZ 85257

In connection with your examination of the Annual Expenditure Limitation Report (AELR) for the year ended June 30, 2021, for the purpose of expressing an opinion about whether the AELR is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System, we confirm, to the best of our knowledge and belief, as of the date of our signature, the following representations made to you during your examination.

1. The AELR for the year ended June 30, 2021 is presented in accordance with the Uniform Expenditure Reporting System.
2. We are responsible for the AELR and for our assertion that it is presented in accordance with the Uniform Expenditure Reporting System.
3. We have provided you with all relevant information and access to information and personnel in connection with your examination of the AELR.
4. We have disclosed to you all deficiencies in internal control relevant to the engagement of which we are aware.
5. We have disclosed to you knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the AELR.
6. All relevant matters are reflected in the measurement and/or evaluation of the AELR.
7. We believe that significant assumptions used in making any material estimates are reasonable.
8. We have disclosed to you all known matters that may contradict the AELR, and we have disclosed to you all communications from regulatory agencies, received through the date of your report affecting the AELR.

9. We have disclosed to you all events subsequent to June 30, 2021 that would have a material effect on the AELR.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Andrea Davis

Andrea Davis, Finance Director
City of Surprise, Arizona

03/16/2022

Date



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Donna Meuse, Human Resources
Director, Andrea Davis, DIRECTOR - FINANCE

Submitting Department: Finance

District: Internal

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action by City Council determining, in accordance with A.R.S. § 9-481(H), that the City of Surprise has complied with A.R.S. § 41-1494, an Arizona law which prohibits a state agency, including cities, from requiring, or expending public funds on, certain training, orientation or therapy; Resolution #2022-25.

Motion:

I move to approve Resolution #2022-25.

Background:

In 2021 the Arizona Legislature enacted HB 2906 which requires the governing body of a city to demonstrate annual compliance with A.R.S. § 41-1494 which prohibits a city, town, county, or political subdivision from requiring employees to engage in training, orientation or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex. Similarly, a city may not expend public money on same.

Objective Analysis:

The Human Resources Director of the City of Surprise has verified that the City of Surprise has not required any employee to engage in training, orientation or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex as defined by A.R.S. § 41-1494.

Policy Compliant:

The City is compliant with A.R.S. § 41-1494.

Financial Impact:

There is no financial impact as no public monies have been expended for this purpose.

Budget Impact:

There is no budget impact on this item.

FTE Impact:

The number of full time equivalents (FTE) is not impacted by this item.

ATTACHMENTS:

1. 22.02.24 Reso 2022-25 Compliance ARS 41-1494
 2. 3.8.2022 - Acknowledgement of Compliance with ARS 14-1494
-

RESOLUTION # 2022-25

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA DETERMINING COMPLIANCE WITH A.R.S. § 41-1494 REGARDING TRAINING, ORIENTATION, THERAPY, BLAME, AND JUDGEMENT, IN ACCORDANCE WITH A.R.S. § 9-481 (H).

WHEREAS, the Arizona Legislature enacted HB 2906 in 2021 and said legislation became effective on or about September 29, 2021;

WHEREAS, pursuant to HB 2906, newly enacted A.R.S. § 41-1494 prohibits a city, town, county, or political subdivision from certain actions regarding training, orientation, therapy, blame, and judgement;

WHEREAS, HB 2906 also adopted subsection H of A.R.S. § 9-481 requiring the governing body of a city to demonstrate compliance with A.R.S. § 41-1494;

WHEREAS, the Human Resources Director of the City of Surprise has verified that the City of Surprise has not required any employee to engage in training, orientation or therapy that presents any form of blame or judgment on the basis of race, ethnicity or sex as defined by A.R.S. § 41-1494; and

WHEREAS, because no training, orientation or therapy prohibited by A.R.S. § 41-1494 has been required, no public monies have been expended for this purpose.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. The City Council hereby finds that the City of Surprise has complied with the provisions of HB 2906 (2021) as applicable to the City.

Section 2. The City Council further finds that the City of Surprise does not require and does not intend to require employees to engage in any training, orientation, or therapy that presents any form of blame or judgement on the basis of race, ethnicity, or sex as proscribed in A.R.S. § 41-1494.

Section 3. The City Council further finds that the City of Surprise does not use and does not intend to use public monies for training, orientation, or therapy that presents any form of blame or judgement on the basis of race, ethnicity, or sex as proscribed in A.R.S. § 41-1494.

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

Memorandum

From: Donna Meuse, Director of Human Resources

Date: March 8, 2022

Re: Acknowledgement of Compliance with ARS 14-1494

The City of Surprise offers a variety of training programs in support of city policy and in compliance with state and federal law. As the Human Resources Director for the City of Surprise, I am familiar with mandated city-wide training. In compliance with ARS 14-1494, the City does not require employees to engage in any trainings, orientations, or therapies that present any form of blame or judgment on the basis of race, ethnicity, or sex. In addition to city-wide training presented by the Human Resources Department, I have confirmed that department specific trainings developed and delivered by the Police Department, the Fire Medical Department, and the Risk Management Division of the City Attorney's Office do not include training that violates the prohibition as defined by ARS 14-1494.



Donna Meuse



Date



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Seth Dyson, DIRECTOR - HSCV

Submitting Department: Human Svcs and Comm
Vitality

District: Internal

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of an Intergovernmental Agreement with Maricopa County to receive funding in the amount of \$18,000,000 to build a general administration building for City of Surprise services to include a multi-generational Community Resource Center, Project G51730A; Resolution #2022-30.

Motion:

I move to approve Resolution #2022-30.

Background:

Resident input from the City of Surprise Community Needs Assessment and the [Parks & Recreation Master Plan](#), highlighted the opportunity and need for increased wellness, recreation, crisis resources and programming. Creating additional space and programming for youth, library services, senior services and community-based groups to meet and provide services from is a high priority. Resources and programs to combat the effects of poverty, hunger, housing, crisis and employment are vital social determinants of health and play critical roles in the well-being and resiliency of a community. The City of Surprise and Maricopa County have partnered to address the needs identified by our residents.

The parties desire to enter into an intergovernmental agreement in order to facilitate the design and construction of a general administration building for the City of Surprise that includes a regional multi-generational Community Resource Center. The term of the agreement is April 1, 2022 through December 31, 2025, with one (1) six-month term extension, provided that compliance with all terms and conditions of the agreement have been met.

Objective Analysis:

This action will allow Human Service & Community Vitality to design and build a general administration building which includes a regional multi-generational Community Resource Center.

Policy Compliant:

This item is compliant with City and Council policies.

Financial Impact:

This one-time grant will allow expenditures up to \$18,000,000 in the Grants Fund. All expenditures pursuant to the IGA are on a reimbursement basis. Additionally, the approval of this item will commit expenditures up to \$5,046,000 in Fiscal Year 2023 one-time American Rescue Plan Act Grant funding to be spent on the Community Resource Center. The General Capital Fund will also commit \$3,354,000 in fiscal year 2023 toward this project.

Budget Impact:

The funding for the agreement will be included in the FY2023 budget, no funding is necessary for FY2022.

FTE Impact:

N/A

ATTACHMENTS:

1. RES 2022-30 Maricopa County CRC IGA
 2. Maricopa County CRC IGA
 3. HSCV Staff Report - Community Center Project
-

RESOLUTION # 2022-30

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH MARICOPA COUNTY IN THE AMOUNT OF \$18,000,000 TO BUILD A GENERAL ADMINISTRATION BUILDING FOR CITY OF SURPRISE SERVICES TO INCLUDE A MULTI-GENERATIONAL COMMUNITY RESOURCE CENTER, PROJECT G51730A, AND ACCEPTING GRANT FUNDING FROM MARICOPA COUNTY VIA THE DEPARTMENT OF TREASURY STATE AND LOCAL FISCAL RECOVERY FUNDS.

WHEREAS, pursuant to Arizona Revised Statute §11-951, *et seq.*, the City of Surprise has the authority to enter into intergovernmental agreements with other governmental entities for the purposes set forth within;

WHEREAS, the City of Surprise and Maricopa County desire to enter into an intergovernmental agreement in order to facilitate the design and construction of a general administration building for the City of Surprise that includes a multi-generational Community Resource Center; and;

WHEREAS, the term of the agreement is April 1, 2022 through December 31, 2025, with one (1) six-month term extension, provided that compliance with all terms and conditions of the agreement have been met;

WHEREAS, the County shall provide the City with \$18,000,000 in Catalog of Federal Domestic Assistance (CFDA) 21.027, American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds provided to the County through the U.S. Department of Treasury. Funding expenditures are a minimum of \$16,200,000 to be spent on procuring and building the community resource center; and a maximum amount of \$1,800,000 of funds for administrative costs; and

WHEREAS, all expenditures pursuant to the intergovernmental agreement are on a reimbursement basis, up to \$18,000,000;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows.

Section 1. The Intergovernmental Agreement between the City of Surprise and Maricopa County, attached as Exhibit A, is approved.

Section 2. The City Manager, or his designee, is hereby authorized to execute and submit all documents and other necessary or desirable instruments in connection with said agreement.

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2022-30
Exhibit A

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF SURPRISE AND MARICOPA COUNTY

INTERGOVERNMENTAL AGREEMENT
FOR SERVICES BETWEEN
MARICOPA COUNTY
ADMINISTERED BY ITS
HUMAN SERVICES DEPARTMENT
AND
THE CITY OF SURPRISE

Agreement Amount: \$18,000,000
Agreement Start Date: April 6, 2022
Agreement Termination Date: December 31, 2025
Agreement Number: _____
CFDA Number: 21.027 State and Local Fiscal Recovery Funds
DUNS #: 021648936

1.0 PARTIES

This financial Intergovernmental Agreement (“Agreement”) is between the City of Surprise (“Subrecipient”) and Maricopa County (“County”) administered by its Human Services Department, (“Department”), The County and the Subrecipient collectively are referred to as the “Parties” and individually as the “Party.”

2.0 PURPOSE

The County shall provide Subrecipient with U.S. Department of Treasury State and Local Fiscal Recovery Funds to build a general administration building for City of Surprise services to include a multi-generational Community Resource Center (“CRC”). Services provided in the building will help to strengthen the immediate and long-term health and economic resilience of residents in the northwest valley, fostering a stronger, more inclusive and equitable recovery for the northwest valley.

3.0 TERM OF AGREEMENT

- 3.1 The term of this Agreement is from April 6, 2022, through December 31, 2025.
- 3.2 This Agreement may be extended for one (1) six-month term, provided the Subrecipient is in compliance with the terms and conditions of this Agreement and the extension is contained in an Amendment as provided in Section 4.0 below.
- 3.3 This Agreement shall be effective upon approval and signature by both Parties.

4.0 AMENDMENTS

Any changes to this Agreement shall be effective only in a written amendment signed by both Parties.

5.0 ADMINISTRATIVE CHANGE ORDERS

- 5.1 The Chairman of the Board of Supervisors is authorized upon the recommendation of the Human Services Department Director and Legal Counsel to make changes within the general scope of the Agreement on behalf of the County through Administrative Change Orders. Administrative Change Orders will be effective upon approval and fully execution by both the Chairman of the Board of Supervisors and the City. Administrative Change Orders may address any of the following areas:
 - 5.1.1 Modifications to the project timeline if the last day of the project timeline is within the Agreement term;

- 5.1.2 Modifications to Budget line items if the Agreement Amount remains unchanged;
- 5.1.3 Modifications required by federal, state, or County regulations, ordinances, or policies; and/or
- 5.1.4 Modifications to Administrative requirements such as changes in reporting periods, frequency of reports, or report formats required by the U.S. Department of Treasury or local regulations, policies, or requirements.

6.0 FUNDING

- 6.1 The County shall provide the Subrecipient with \$18,000,000 in Catalog of Federal Domestic Assistance (CFDA) 21.027, American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds provided to the County through the U.S. Department of Treasury.
- 6.2 Funding expenditures are:
 - 6.2.1 A minimum of \$16,200,000 to be spent on procuring and building the CRC; and
 - 6.2.2 A maximum amount of \$1,800,000 of funds for administrative costs.

7.0 AVAILABILITY OF FUNDS

- 7.1 This Agreement and the Parties' obligations under it shall become effective when funds assigned for the purpose of compensating the Subrecipient are available to the County for disbursement. The County shall be the sole authority in determining the availability of funds under this Agreement, and the County shall keep the Subrecipient fully informed as to the availability of funds.
- 7.2 If any action is taken by any federal, state, local agency, or any other agency or instrumentality other than the Parties to amend, suspend, or terminate its fiscal obligation under or provided in connection with this Agreement, then the Parties may amend, suspend, or terminate this Agreement. In the event of termination, the Parties shall be liable for payment only for services rendered prior to the effective date of the termination, provided that such services were performed in accordance with the provisions of this Agreement. Furthermore, upon termination Subrecipient shall be released from all pending responsibilities and have no further obligation to perform under the Agreement unless expressly provided for herein as an obligation that survives termination. The Parties shall give written notice of their intent to suspend performance or intent to terminate this Agreement under this section at least ten (10) calendar days in advance.

8.0 RESPONSIBILITIES OF ORGANIZATIONS

- 8.1 The County Shall be responsible for all of the following:
 - 8.1.1 Review invoiced costs related to purchase and construction of the CRC and all other costs associated with this project on a monthly basis.
 - 8.1.2 Respond to questions from the Subrecipient in a timely manner.
 - 8.1.3 Provide technical assistance and training to Subrecipient staff and volunteers as necessary to ensure proper administration services under this Agreement.
 - 8.1.4 Report to the U.S. Department of Treasury on the Subrecipient's use of funds.
- 8.2 The Subrecipient shall, subject to the County providing Subrecipient \$18,000,000 in Catalog of Federal Domestic Assistance (CFDA) 21.027, American Rescue Plan Act

Coronavirus State and Local Fiscal Recovery Funds, be responsible for all of the following:

- 8.2.1 In response to the global pandemic, establish a multi-generational CRC in Surprise to strengthen the immediate and long-term health and economic resilience of residents in the northwest valley.
- 8.2.2 Construct a CRC at the corners of Hollyhock St. and W. Santa Fe Drive in Surprise, Arizona.
- 8.2.3 Seek qualified design and construction teams to provide a space feasibility study, estimates, on-site and off-site design and build for the new CRC. The County understands and acknowledges that the Subrecipient may be subject to certain laws, rules, and regulations regarding public improvements and that the Subrecipient will comply with all such laws, rules, and regulations to the extent applicable.
- 8.2.4 Submit to County all invoiced costs related to purchase and construction of the general services building and all other costs associated with this project on a monthly basis.
- 8.2.5 Comply with applicable state and local zoning, fire, environmental, health, and safety standards and regulations.
- 8.2.6 Maintain a sufficient number of qualified and trained staff to provide services under this Agreement:
- 8.2.7 Submit to County reports required related to project on a quarterly basis.
 - 8.2.7.1 Current quarter expenditures;
 - 8.2.7.2 Updates on project timelines;
 - 8.2.7.3 Anticipated delays or issues;
 - 8.2.7.4 Any recent significant disruptions or issues;
 - 8.2.7.5 Other information the Department should be award of;
 - 8.2.7.6 Quarterly Reports will be due no later than 30 days after the end of the reporting quarter.
- 8.2.8 Ensure compliance with federal, state, and County requirements as they relate to the federal American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund requirements.

9.0 COMPENSATION

- 9.1 The County shall provide financial assistance in an amount not to exceed the amount listed on page 1 of this Agreement and subject to the terms of this Agreement and availability of funds.
- 9.2 The Agreement is on a cost reimbursement basis.
- 9.3 The County shall reimburse the Subrecipient on a net 0 payments standard.

10.0 METHOD OF PAYMENT

- 10.1 The Subrecipient shall not submit an invoice prior to June 1, 2022.
- 10.2 The Subrecipient shall submit invoices for project activities to hsdfinance@maricopa.gov.
- 10.3 Payment by the County is not to be construed as final in the event that the Department of Treasury disallows payment for the activity or any portion thereof. Funds not expended in implementing this activity or upon completion of the activity shall be returned to the ARPA unprogrammed funds account.

11.0 DISALLOWED COSTS

- 11.1 The cost principles set forth in the Code of Federal Regulations, 48 C.F.R., Chapter 1, Subchapter E, Part 31 including later amendments and editions on file with the Arizona Secretary of State and incorporated by this reference, shall be used to determine the allowability of incurred costs for the purpose of reimbursing costs under Agreement provisions that provide for the reimbursement of costs. Those costs that are specifically defined as unallowable in 48 C.F.R., Chapter 1, Subchapter E, Part 31 therein will not be submitted for reimbursement by the Subrecipient and may not be reimbursed with County funds.
- 11.2 The Subrecipient shall follow cost principles as outlined in Office of Management and Budget (OMB) Uniform Guidance, 2 C.F.R. §§ 200, *et seq.*

12.0 FINAL REIMBURSEMENT UPON AGREEMENT TERMINATION

- 12.1 Prior to termination of this Agreement, at the date identified on page 1 of this Agreement, or as may be amended, the Subrecipient shall submit the final reimbursement request.
 - 12.1.1 This request shall be submitted no later than 30 calendar days after the termination date except as noted immediately below.
 - 12.1.2 If the termination date is between June 10 and June 30, then the final reimbursement request shall be submitted by July 10th.
 - 12.1.3 The final progress report, and any other required reports that may be applicable, such as the program income report, shall be submitted with the final reimbursement request.

13.0 TERMINATION

- 13.1 Under A.R.S. § 38-511, the Parties may cancel this Agreement without penalty or further obligation within three years after execution of this Agreement, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of one Party at any time while this Agreement or any extension of this Agreement is in effect, is or becomes an employee or agent of any other Party to this Agreement in any capacity or consultant to any other party to this Agreement with respect to the subject matter of this Agreement. Additionally, pursuant to A.R.S. § 38-511, either Party may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the one Party from the other Party to this Agreement arising as the result of this Agreement. A cancellation notice made under this Subparagraph shall be effective when the recipient receives a written notice of cancellation unless the notice specifies a later date.
- 13.2 Either Party may terminate this Agreement at any time by giving the other Party at least sixty (60) calendar days prior notice in writing (unless terminated by a Party under the Availability of Funds provision). The notice shall be given by either personal delivery or registered or certified mail, postage prepaid and return receipt requested, to the persons at the addresses set forth on page 1 of this Agreement. In the event of termination, the Parties shall be liable for payment only for services rendered prior to the effective date of the termination, provided that such services were performed in accordance with the provisions of this Agreement. Neither Party shall be liable for any incomplete or additional performance under the Agreement unless expressly stated herein as an obligation that survives termination.
- 13.4 In accordance with 2 C.F.R. §§ 200, *et seq.*, the County may suspend or terminate this Agreement if the Subrecipient violates any term or condition of this Agreement

or if the Subrecipient fails to maintain a good-faith effort to carry out the purpose of this Agreement.

- 13.5 The Parties may terminate this Agreement for convenience in accordance with 2 C.F.R. § 200. The Parties shall agree upon the termination conditions including the effective date of the termination. The Party initiating the termination shall notify the other Parties in writing stating the reasons for such termination.

14.0 NOTICES

Notifications and communications concerning this Agreement shall be directed to the following:

Subrecipient:
Bob Wingenroth, City Manager
(623) 222-1022
Bob.Wingenroth@surpriseaz.gov
16000 N Civic Center Plaza
Surprise, AZ 85374

Maricopa County
Human Services Department
Jacqueline Edwards, Director
(602)506-4812
Jaqueline.edwards@maricopa.gov
234 N. Central Avenue 3rd Floor
Phoenix, AZ 85004

15.0 EMPLOYMENT DISCLAIMER

- 15.1 This Agreement is not intended to constitute, create, give rise to, or otherwise recognize a joint venture agreement, partnership, or other formal business association or organization of any kind, and the rights and obligations of the Parties shall be only those expressly set forth in this Agreement.
- 15.2 The Subrecipient agrees that no individual performing under this Agreement on behalf of the Subrecipient may be considered a County agent, employee, or representative and that no rights of County civil service, County retirement, or County personnel rules shall accrue or apply to any such individual. The Subrecipient shall have total responsibility for all salaries, wages, bonuses, retirement, withholdings, workers' compensation, occupational disease compensation, unemployment compensation, other employee benefits, and all taxes and premiums appurtenant thereto concerning such individuals shall indemnify, defend and hold harmless the County with respect to the foregoing.
- 15.3 The County agrees that no individual performing under this Agreement on behalf of County may be considered a Subrecipient agent, employee, or representative and that no rights of Subrecipient civil service, Subrecipient retirement, or Subrecipient personnel rules shall accrue or apply to any such individual. The County shall have total responsibility for all salaries, wages, bonuses, retirement, withholdings, workers' compensation, occupational disease compensation, unemployment compensation, other employee benefits, and all taxes and premiums appurtenant thereto concerning such individuals and the County shall indemnify, defend and hold harmless the Subrecipient with respect to the foregoing.

16.0 GENERAL REQUIREMENTS

- 16.1 The terms of this Agreement shall be construed in accordance with Arizona law and the applicable laws and regulations of the American Rescue Plan Act. Any lawsuit arising out of this Agreement shall be brought in the appropriate court in Maricopa County, Arizona.
- 16.2 The Subrecipient shall, without limitation, obtain and maintain all licenses, permits and authority necessary to do business, render services and perform work under

this Agreement, and shall comply with all laws regarding unemployment insurance, disability insurance and worker's compensation.

- 16.3 Each Party is an independent contractor in the performance of work and the provision under this Agreement and is not to be considered an officer, employee, or agent of the other Party.
- 16.4 The Parties shall comply with the regulations prohibiting a conflict of interest. The Subrecipient shall not make any payments, either directly or indirectly, to any person, partnership, corporation, trust, or other organization that has a substantial interest in Subrecipient's organization or with which the Subrecipient (or any of its directors, officers, owners, trust certificate holders, or a relative thereof) has a substantial interest, unless the Subrecipient has made full written disclosure of the proposed payments to the County and has received written approval for the payments.
- 16.5 For purposes of this provision, the terms "substantial interest" and "relative" shall have the meanings prescribed by A.R.S. § 38-502.

17.0 ASSIGNMENT AND SUBCONTRACTING

- 17.1 No right, liability, obligation, or duty under this Agreement may be assigned, delegated, or subcontracted, in whole or in part, without the prior written approval of the other Party. The Subrecipient shall bear all liability under this Agreement, even if it is assigned, delegated, or subcontracted, in whole or in part, unless the County agrees otherwise.
- 17.2 In accordance with 2 C.F.R. §200.331, the Subrecipient may make a "Subaward" as a pass-through entity for the purpose of carrying out a portion of the federal award and General Funds. The Subrecipient will make determinations classifying recipients of federal funds as a Subrecipient.

18.0 DISPUTES

- 18.1 Except as may otherwise be provided for in this Agreement, the Parties may attempt to informally resolve any dispute arising out of this Agreement for a reasonable period of time, which shall not exceed one hundred twenty (120) calendar days. Disputes which are not resolved in that time period, shall be submitted in accordance with the following formal dispute resolution process.
- 18.2 If a dispute cannot be resolved informally, then the Subrecipient shall notify the Human Services Department in writing by mailing notice of the dispute to the Director within ten (10) business days from expiration of the informal dispute resolution process described in Subparagraph 19.1 above.
- 18.3 The Director shall respond in writing to the Subrecipient within fourteen (14) business days. The decision of the Director shall be final and conclusive.
- 18.4 In the event Subrecipient disagrees with the Director's decision, Subrecipient shall have every existing and future right or remedy available by law or in equity to resolve the dispute.

19.0 SEVERABILITY

Any provision of this Agreement that is determined to be invalid, void, or illegal by a court shall in no way affect, impair, or invalidate any other provision of this Agreement, and the remaining provisions shall remain in full force and effect.

20.0 STRICT COMPLIANCE

One Party's acceptance of the other Party's performance that is not in strict compliance with the terms of this Agreement shall not be deemed to waive the requirements of strict

compliance for all future performance. All changes in performance obligations under this Agreement shall be in writing and signed by both Parties.

21.0 SINGLE AUDIT ACT REQUIREMENTS

The Subrecipient is in receipt of federal funds through the County and is subject to the federal audit requirements of the Single Audit Act of 1984, as amended (Pub. L. No. 98-502) (codified at 31 U.S.C. § 7501, *et seq.*). The Subrecipient shall comply with 2 C.F.R. 200, Subpart F. Upon completion, such audits shall be made available for public inspection. Audits shall be submitted to the County within the twelve (12) months following the close of the fiscal year. The Subrecipient shall take corrective actions within six (6) months of the date of receipt of audit findings. The County shall consider sanctions as described in 2 C.F.R. § 200.505 if it is determined by HUD or the County that the Subrecipient is not in compliance with the audit requirements.

22.0 AUDIT DISALLOWANCES

- 22.1 The Subrecipient shall, upon written notice, reimburse the County for any payments made under this Agreement that are disallowed by a federal, state, or County audit in the amount of the disallowance. Court costs and attorney and expert fees incurred will be specifically identified as applicable to the recovery of the disallowed costs in question.
- 22.2 If the County determines that a cost for which payment has been made is a disallowed cost, then the County will notify the Subrecipient in writing of the disallowance and the required course of action, which shall be at the option of the County, either to adjust any future claim submitted by the Subrecipient by the amount of the disallowance or to require immediate repayment of the disallowed amount by the Subrecipient issuing a check payable to the County.

23.0 PROPERTY

- 23.1 Any County property furnished or leased pursuant to the terms of this Agreement shall be utilized, maintained, repaired, and accounted for in accordance with instructions furnished by the County, and title to all such property shall revert to the County upon the expiration or termination of this Agreement. The costs to repair such property are the responsibility of the Subrecipient within the limits budgeted in this Agreement.
- 23.2 Any Subrecipient property furnished or purchased pursuant to the terms of the Agreement shall be utilized, maintained, repaired, and accounted for by the Subrecipient. Repair costs of such property shall be the responsibility of the Subrecipient.

24.0 LIMITATION ON LIABILITY

- 24.1 The County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions shall not be liable for any act or omission by the Subrecipient or any and all of its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, or commissions occurring in the performance of this Agreement, nor shall the County and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions be liable for purchases or contracts made by the Subrecipient or any and all of its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, or commissions in connection with this Agreement.

24.2 The Subrecipient and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions shall not be liable for any act or omission by the County or any and all of its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, or commissions occurring in the performance of this Agreement, nor shall the Subrecipient and its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions be liable for purchases or contracts made by the County or any and all of its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, or commissions in connection with this Agreement.

25.0 GENERAL INDEMNIFICATION

Each Party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other Party and its officers, officials, employees, and agents (collectively, "Indemnitees") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney and expert fees) (collectively referred to as "Claims") either arising from or related to breach of this Agreement, but only to the extent that such Claims are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor and any and all of its agents, representatives, officials, officers, directors, employees, volunteers, departments, agencies, boards, committees, and commissions. The obligations under this Section 26 shall survive termination of this Agreement.

26.0 INSURANCE

Each Party is a public entity and shall provide the other Party a Certificate of Self-Insurance equal to:

General Aggregate	\$3,000,000
Each Occurrence Limit	\$1,000,000

27.0 OFFSHORE PERFORMANCE OF WORK PROHIBITED

Due to security and identity protection concerns, direct services under this Agreement shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or "overhead" services, redundant back-up services, or services that are incidental to the performance of the Agreement. The provision applies to work performed by Subrecipients or Subcontractors at all tiers.

28.0 TECHNICAL ASSISTANCE

The County will provide reasonable technical assistance to the Subrecipient to assist in complying with state and federal laws, and regulations, and accountability for diligent performance and compliance with the terms and conditions of this Agreement and all applicable laws, regulations, and standards. However, this assistance in no way relieves the Subrecipient of full responsibility and accountability for its actions and performance in compliance with the terms of this Agreement.

29.0 STAFF AND VOLUNTEER TRAINING

The County may make available to the Subrecipient the opportunity to participate in any applicable training activities conducted by the County.

30.0 CLEAN AIR ACT

If the total face value of this Agreement exceeds \$100,000, the Parties agree to comply with all regulations, standards and orders issued pursuant to the Clean Air Act of 1970, as amended (42 U.S.C. §§ 7401, *et seq.*), to the extent any are applicable by reason of performance of this Agreement.

31.0 LOBBYING

31.1 No federal appropriated funds have been paid or will be paid by or on behalf of the Subrecipient to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal agreement, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal agreement, grant, loan, or cooperative agreement.

31.2 If any funds, other than federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any federal agreement, grant, loan or cooperative agreement, then the Subrecipient shall complete and submit OMB Form-LLL, titled "Disclosure of Lobbying Activities," in accordance with its instructions and 31 U.S.C. § 1352.

32.0 RELIGIOUS ACTIVITIES

The Subrecipient warrants that none of its costs and none of the costs incurred by the Subrecipient or any of its Subcontractors will include any expense for any religious activities.

33.0 POLITICAL ACTIVITY PROHIBITED

None of the funds, materials, property, or services contributed by the County or the Subrecipient or any Subcontractor under this Agreement shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office.

34.0 COVENANT AGAINST CONTINGENT FEES

The Subrecipient warrants that no persons or entities have been employed or retained by it to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee. For breach or violation of this warranty, the County may immediately terminate this Agreement without liability.

35.0 RIGHTS IN DATA

The Parties shall each have the use of data and reports resulting from this Agreement without cost or other restriction, except as otherwise provided by law or applicable regulation. Each Party shall supply to the other Party, upon request, any available information that is relevant to this Agreement and to the performance under it, except to the extent prohibited by law.

36.0 COPYRIGHTS

If this Agreement results in a book or other written material, the author is free to copyright the work, but the Parties reserve a royalty-free, nonexclusive, perpetual and irrevocable license to reproduce, publish, and otherwise use and to authorize others to use, all copyrighted material and all material that may be copyrighted as a result of this Agreement.

37.0 AGREEMENT COMPLIANCE MONITORING/AUDITING

- 37.1 The County will annually monitor the Subrecipient's compliance for fiscal and programmatic performance under the terms and conditions of this Agreement and applicable regulations promulgated by the U.S. Department of Housing and Urban Development and Maricopa County. On-site visits for compliance monitoring may be made by the County or its grantor agencies (or by both the County and its grantor agencies) at any time during the Subrecipient's normal business hours, announced and/or unannounced. For auditing purposes, the County shall provide the Subrecipient with 30-days' advance notice of any proposed on-site visit. During an on-site visit(s), the Subrecipient shall reasonably make all of its records and accounts related to work performed or services provided under this Agreement available to the County for inspection and copying.
- 37.2 The County shall request information for fiscal monitoring/audit per Office of Management and Budget (OMB) Uniform Guidance 2 C.F.R. § 200, to include:
 - 37.2.1 Financial Management 2 C.F.R. § 200.302
 - 37.2.2 Internal Controls 2 C.F.R. § 200.303
 - 37.2.3 Bonds 2 C.F.R. § 200.304
 - 37.2.4 Payment and Financial Reporting 2 C.F.R. § 200.305
 - 37.2.5 Cost Sharing or Matching 2 C.F.R. § 200.306
 - 37.2.6 Program Income 2 C.F.R. § 200.307
 - 37.2.7 Revision of Budget and Program Plans 2 C.F.R. § 200.308
 - 37.2.8 Period of Performance 2 C.F.R. § 200.309
 - 37.2.9 Insurance Coverage 2 C.F.R. § 200.310
 - 37.2.10 Record Retention and Access 2 C.F.R. §§ 200.334 – 200.338
 - 37.2.11 Procurement Standards 2 C.F.R. § 200.318
 - 37.2.12 Indirect Costs 2 C.F.R. § 200.414
 - 37.2.13 Compensation-Personal Services 2 C.F.R. § 200.430
 - 37.2.14 Audit Requirements 2 C.F.R. §§ 200.501-200.517

38.0 CONTINGENCY RELATING TO OTHER AGREEMENTS AND GRANTS

- 38.1 The Subrecipient shall, during the term of this Agreement, within fifteen (15) business days from acceptance, inform the Director in writing of the award of any other agreement or grant, including any other agreement or grant awarded by the County, where the award may affect either the direct or indirect costs being paid or reimbursed under this Agreement. The Subrecipient's failure to notify the County of any such agreement shall be a breach of this Agreement and the County may immediately terminate this Agreement without liability.
- 38.2 The Director may request, and Subrecipient shall provide within a reasonable time, which shall not exceed ten (10) business days, a copy of all such other agreements or grants, when, in the opinion of the Director, the award of the agreement or grant may affect the costs being paid or reimbursed under this Agreement, except to the extent prohibited by law.
- 38.3 If the Director determines that the award to the Subrecipient of such other agreements or grants has affected the costs being paid or reimbursed under this Agreement, then the Director shall prepare an amendment to this Agreement effecting a cost adjustment. If the Subrecipient disputes the proposed cost adjustment, then the dispute shall be resolved pursuant to the "Disputes" paragraph of this Agreement.

39.0 MINIMUM WAGE REQUIREMENTS

The Subrecipient warrants that it shall pay all of its employees who are engaged in either performing work or providing services under the terms of this Agreement not less than the minimum wage specified under Section 206(a)(1) of the Fair Labor Standards Act of 1938, as amended (29 U.S.C. §§ 201, *et seq.*), by law and regulation, and, as applicable, Executive Order 13658, as amended, and as specified by Arizona law.

40.0 RECOGNITION OF COUNTY SUPPORT

The Subrecipient shall give recognition to the County and the funding source for its support when the Subrecipient publishes materials or releases public information that is paid for in whole or in part with funds received by the Subrecipient under this Agreement.

41.0 NONDISCRIMINATION, EQUAL OPPORTUNITY AND EQUAL ACCESS

The Subrecipient, in connection with any services or other activities under this Agreement, shall not in any way discriminate against any person on the grounds of race, color, religion, sex, national origin, age, disability, political affiliation or belief. The Subrecipient shall include this clause in all its Subcontracts.

42.0 DISABILITY REQUIREMENTS

The Subrecipient agrees that any electronic or information technology offered under this Agreement shall comply with A.R.S. §§41-2531 and 41-2532 and Section 508 of the Rehabilitation Act of 1973, which requires that employees and members of the public shall have access to and use of information technology that is comparable to the access and use by employees and members of the public who are not individuals with disabilities.

43.0 EQUAL EMPLOYMENT OPPORTUNITY

- 43.1 The Parties shall not discriminate against any employee or applicant for employment because of race, age, disability, color, religion, sex, sexual identity, gender identity, or national origin.
- 43.2 The Parties shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, age, disability, color, religion, sex sexual identity, gender identity, or national origin. Such action shall include, but is not limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 43.3 The Parties shall and shall cause their respective Subcontractors to comply with:
 - 43.3.1 Title VI and VII of the Civil Rights Act of 1964, as amended (42 U.S.C. §§ 2000a, *et seq.*);
 - 43.3.2 the Rehabilitation Act of 1973, as amended (29 U.S.C. §§ 701, *et seq.*);
 - 43.3.3 the Age Discrimination in Employment Act of 1967, as amended (29 U.S.C. §§ 621, *et seq.*);
 - 43.3.4 the Americans With Disabilities Act of 1990 (42 U.S.C. §§ 12101, *et seq.*); and
 - 43.3.5 Arizona Executive Order 2009-09, as amended, *et seq.* which mandates that all persons shall have equal access to employment opportunities.

44.0 UNIFORM ADMINISTRATIVE REQUIREMENTS

By entering into this Agreement, the Parties agree to comply with all applicable provisions of Title 2, Subtitle A, Chapter II, Part 200—UNIFORM ADMINISTRATIVE

REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS contained in Title 2 C.F.R. §§ 200, *et seq.*

45.0 FINANCIAL MANAGEMENT

The Subrecipient shall establish and maintain a separate, interest-bearing bank account for money provided under this Agreement, or shall establish an accounting system that assures the safeguarding and accountability of all money and assets provided under this Agreement. No part of the money deposited in the bank account shall be commingled with other funds or money belonging to the Subrecipient. All interest earned on the account shall be disbursed in a manner specified by the County in accordance with applicable State of Arizona and federal regulations. The Subrecipient shall provide a signed bank account agreement authorizing the County to obtain information about the account. If an accounting system is used, then it shall be in accordance with generally accepted accounting principles.

46.0 RETENTION OF RECORDS

46.1 This provision applies to all financial and programmatic records, supporting document, statistical records, and other records of the Subrecipient that are related to this Agreement.

46.2 The Subrecipient shall retain all records relevant to this Agreement for six (6) years after final payment or until after the resolution of any audit questions which could be more than six (6) years, whichever is longer, and the County, federal and state auditors and any other persons duly authorized by the County shall have full access to, and the right to examine, copy, and make use of any and all of the records.

47.0 ADEQUACY OF RECORDS

If the Subrecipient's books, records and other documents related to this Agreement are not sufficient to support and document that allowable services were provided to eligible participants as determined by a court of competent jurisdiction, then the Subrecipient shall reimburse the County for the services not supported and documented.

48.0 IMMIGRATION LAWS AND REGULATIONS

48.1 Federal Immigration and Nationality Act

48.1.1 The Parties understand and acknowledge the applicability of the Immigration Reform and Control Act of 1986 (IRCA). Each Party agrees to comply with the IRCA in performing under this Agreement and to permit the other Party to reasonably inspect personnel records to verify such compliance, to the extent required by law.

48.1.2 By entering into this Agreement, the Parties warrant compliance with the Federal Immigration and Nationality Act (FINA) and all other federal immigration laws and regulations related to the immigration status of its employees. The Subrecipient shall obtain statements from their subcontractors certifying compliance and shall furnish the statements to the County upon request. These warranties shall remain in effect through the term of the Agreement. The Subrecipient and their subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U.S. Department of Labor's Immigration and Control Act for all employees performing work under the Agreement. I-9 forms are available for download at USCIS.GOV.

48.1.3 The Subrecipient may request verification of compliance for any employee or Subcontractor performing work under the Agreement. Should the County suspect or find that the Subrecipient or any of its Subcontractors are not in

compliance, then the County may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the Agreement for default, and suspension or debarment (or both) of the Subrecipient. All costs necessary to verify compliance are the responsibility of the Subrecipient or its Subcontractor.

48.2 **Arizona Law:** Each Party warrants that it is in compliance with A.R.S. § 41-4401 (e-verify requirements) and further acknowledges that:

48.2.1 That the Parties and their respective Vendors, if any, warrant their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. § 23-214;

48.2.2 A breach of a warranty under this Subparagraph 46.2.2 shall be deemed a material breach of this Agreement and the non-breaching Party may immediately terminate this Agreement without liability; and

48.2.3 Each Party and any contracting government entity retain the legal right to inspect the papers and employment records of the other Party or their respective Vendor employees who works on this Agreement to ensure that such Party or Vendor is complying with the warranty provided under this Subparagraph 46.2.3 and that the Parties agree to make all papers and employment records of those employees available during normal working hours in order to facilitate such an inspection.

49.0 DRUG FREE WORKPLACE ACT

The Subrecipient shall comply with the Drug-Free Workplace Act of 1988 (41 U.S.C. §§ 701, *et seq.*), which requires that Subrecipients and grantees of federal funds must certify that they will provide drug-free workplaces. This certification is a precondition to receiving a grant or entering into this Agreement.

50.0 CERTIFICATION REGARDING DEBARMENT, SUSPENSION INELIGIBILITY AND VOLUNTARY EXCLUSION

50.1 The undersigned, by signing this Agreement, represents that he/she has the authority to bind the Subrecipient to the terms of this Certification. The Subrecipient, as the primary participant in accordance with 2 C.F.R. Part 180, certifies to the best of its knowledge and belief that it and its principals:

50.1.1 Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

50.1.2 Have not within a 3-year period preceding the Start Date of this Agreement, been convicted of or had a civil judgment rendered against them for (1) the commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, State, or local) transaction or contract under a public transaction; (2) the violation of any federal or State antitrust statutes or (3) the commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

50.1.3 Are not presently indicted or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with the commission of any of the offenses enumerated in Sub-subparagraph 51.1.2 above; and

50.1.4 Have not, within a three-year period preceding this Start Date of this Agreement, had one or more public transactions (federal, state, or local) terminated for cause or default.

- 50.2 The Subrecipient agrees to include, without modification, this clause in all lower tier covered transactions (i.e., transactions with Subcontractors) and in all solicitations for lower tier covered transactions related to this Agreement.

51.0 SUBRECIPIENT EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS:

- 51.1 The Subrecipient agrees that this Agreement and employees working on this Agreement will be subject to the whistleblower rights and remedies in the pilot program on the Subrecipient employee whistleblower protections established at 41 U.S.C. § 4712 by Section 828 of the National Defense Authorization Act for Fiscal Year 2013 (Pub. L. 112–239) and Section 3.908 of the Federal Acquisition Regulation;
- 51.2 The Subrecipient shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. § 4712, as described in Section 3.908 of the Federal Acquisition Regulation. Documentation of such employee notification must be kept on file by the Subrecipient and copies provided to County upon request; and
- 51.3 The Subrecipient shall insert the substance of this clause, including this Paragraph 50.0, in all subcontracts over the simplified acquisition threshold (\$250,000 as of June 2021).

52.0 WRITTEN CERTIFICATION PURSUANT TO A.R.S. § 35-393.01

If the Subrecipient engages in for-profit activity and has 10 or more employees, and if this Agreement has a value of \$100,000 or more, then the Subrecipient certifies it is not currently engaged in, and agrees for the duration of this Agreement not to engage in, a boycott of goods and services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.

53.0 SURVIVAL

The indemnification, hold harmless, defense, and non-liability provisions of this Agreement shall have full force and effect notwithstanding any other provisions in this Agreement and shall survive the termination or expiration of this Agreement.

54.0 DEFAULT AND REMEDIES FOR NONCOMPLIANCE

- 54.1 Notwithstanding anything to the contrary, this Section shall not be deleted or superseded by any other provision of this Agreement.
- 54.2 This Agreement may be immediately terminated by a Party if the other Party defaults by failing to perform any objective or breaches any obligation under this Agreement, or any event occurs that jeopardizes the other Party's ability to perform any of its obligations under this Agreement.
- 54.3 Failure to comply with the requirements of this Agreement and all the applicable federal, state, or local laws, rules, and regulations may result in suspension or termination of this Agreement, the return of unexpended funds (less just compensation for work satisfactorily completed that, to date, has not been paid), the reimbursement of funds improperly expended, or the recovery of funds improperly acquired. Noncompliance includes, but is not limited to:
- 54.3.1 Non-performance of any obligations required by this Agreement.
- 54.3.2 Noncompliance with any applicable federal, state, or local laws, rules, or regulations.
- 54.3.3 Unauthorized expenditure of funds.

- 54.3.4 Noncompliance with applicable financial record requirements, accounting principles, or standards established by OMB circulars and 2 C.F.R. §§ 200 *et seq.*
- 54.3.5 Noncompliance with recordkeeping, record retention, or reporting requirements.
- 54.4 Notwithstanding the suspension or termination of this Agreement, or the final determination of the proper disposition of funds, the each Party shall, without intent to limit or with restrictions, be subject to the following:
 - 54.4.1 Acknowledge that suspension or termination of this Agreement does not affect or terminate any rights against that Party at the time of suspension or termination, or that may accrue later. Nothing herein shall be construed to limit or terminate any right or remedy available under Agreement or rule.
 - 54.4.2 Waiver of a breach or default of any term, covenant, or condition of this Agreement or any federal, state, or local law, rule, or regulation shall not operate as a waiver of any subsequent breach of the same or any other term, covenant, condition, law, rule, or regulation.
- 54.5 Each Party shall, upon notice or with knowledge obtained by itself or others, take any and all proactive actions necessary, and provide any and all applicable remedies to address and correct any act by itself, and any and all of its agents, representatives, officers, officials, directors, employees, volunteers, successors, assigns, or Subcontractors that resulted in any wrongdoing (intentional or unintentional); misuse or misappropriation of funds; the incorrect or improper disposition of funds; any violation of any federal, state, or local law, rule, or regulation; or the breach of any certification or warranty provided in this Agreement.

55.0 ADMINISTRATIVE REQUIREMENTS

- 55.1 Accounting Standards - Each Party agrees to comply with this Agreement and to adhere to the accounting principles and procedures required to utilize adequate internal controls and maintain necessary source documentation for all costs incurred, as well as any applicable federal laws and regulations. Each Party further agrees to maintain an adequate accounting system that provides for appropriate grant accounting (including calculation of program income).
- 55.2 Repayment of Funds – The Subrecipient agrees to repay funds provided under this Agreement for noncompliance with the terms of this Agreement. Repayment shall be in accordance with the terms of this Agreement or the requirement of applicable laws and regulations, including continuing use compliance. The County may specify in writing, the terms of the repayment or alternative terms in lieu of repayment. However, in no case shall repayment or alternative terms be accomplished later than sixty (60) calendar days following the written determination of noncompliance by the County.
- 55.3 Documentation and Record Keeping - Each Party agrees to comply with this Agreement and the following record keeping requirements:
 - 55.3.1 Records to be maintained - Each Party shall maintain all financial records as required by 2 C.F.R. § 200, and OMB Circulars;
 - 55.3.2 DUNS Number and SAM Profile - All Subrecipients shall have a valid Dun and Bradstreet (DUNS) number and an active profile in the federal System for Award Management (SAM).
 - 55.3.2.1 To obtain a DUNS Number use this link:
<https://www.dnb.com/duns-number.html>

55.3.2.2 For additional information on System for Award Management (SAM) and, DUNS use this link:

<https://www.sam.gov/SAM/pages/public/generalInfo/aboutSAM.jsf>

- 55.3.3 Records Retention - The Parties shall retain all records pertinent to this Agreement for a period of six (6) years after all requirements have been met. In the event of litigation, a claim, or an audit is begun before the expiration of this retention period, said records shall be retained until all such action or audit findings involving the records have been resolved.
- 55.3.4 Disclosure - The Subrecipient understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the County's or the Subrecipient's responsibilities with respect to services provided under this Agreement, is prohibited unless written consent is obtained from such person receiving service.
- 55.3.5 Property Records - The Subrecipient shall maintain property and equipment inventory records that clearly identify properties and equipment purchased, improved, or sold. Properties and equipment retained shall continue to meet eligibility criteria and shall conform to the use of property and equipment.

Signatures contained on following page

IN WITNESS, the Parties have approved and signed this Agreement:

APPROVED BY:
THE CITY OF SURPRISE

APPROVED BY:
MARICOPA COUNTY

Skip Hall, Mayor Date

Bill Gates, Chairman Date
Board of Supervisors

Attested to:

Attested to:

City Clerk

Juanita Garza, Clerk of the Board

Date

Date

IN ACCORDANCE WITH A.R.S. §§ 9-240 and 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO THE CITY OF SURPRISE UNDER THE LAWS OF THE STATE OF ARIZONA. APPROVED AS TO FORM:

IN ACCORDANCE WITH A.R.S. §§ 11-201, 11-251, AND 11-952, THIS AGREEMENT HAS BEEN REVIEWED BY THE UNDERSIGNED ATTORNEY WHO HAS DETERMINED THIS AGREEMENT IS PROPER IN FORM AND WITHIN THE POWERS AND AUTHORITY GRANTED TO MARICOPA COUNTY UNDER THE LAWS OF THE STATE OF ARIZONA. APPROVED AS TO FORM:

City Attorney Date

Deputy County Attorney Date



HUMAN SERVICE AND COMMUNITY VITALITY

Date: April 5, 2022

To: Mayor and City Council Members

From: Seth Dyson, Human Service and Community Vitality Director

Re: Northwest Regional Community Resource Center Project

Introduction

The City of Surprise and Maricopa County are joining forces to establish a new multigenerational community resource center in Surprise by using American Rescue Plan Act (ARPA) funds to strengthen community resiliency through programs and resources. This intergovernmental agreement provides \$18m in ARPA funds to Surprise from Maricopa County to make this project possible.

Background

In response to the global pandemic, the American Rescue Plan Act (ARPA) was enacted. The U.S. Department of Treasury encouraged ARPA recipients to consider funding uses that foster strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes. ARPA funds allow for local governments have the resources needed to fight the pandemic, sustain and strengthen the economic recovery, maintain vital public services, and make investments that support long-term growth, opportunity, and equity.

In total, Maricopa County will receive \$871m in ARPA funding. The first tranche of \$435m has been directed to the local area, with \$140m already spent in areas of public health, family support, business support, affordable housing, workforce development and rent/mortgage. The City of Surprise received \$15.5m in ARPA funding, a portion of which was allocated to fund the Community Resource Center.

Project

A new regional, multigenerational community resource center will be constructed on city-owned land next to the Villanueva Recreation Center. This project meets ARPA eligibility by offering community health, wellness and resiliency programs and its location in a qualified census tract.

The city intends to move the Senior Center, Resource Center and Hollyhock Library operations to the new facility and expand programming specifically for youth. The center is expected to be around 38k square feet and could include neighborhood amenities, depending on design and space availability. This project will be adjacent to the proposed 99 units of affordable senior housing that the Housing Authority of Maricopa County and Gorman &

Company are working to develop. Community outreach and neighborhood meetings will take place as the project evolves.

The project is expected to be completed by 2025.



City-owned land



Community Center Concept

Cost

Total cost for the project is estimated to be \$26.4m.

- Maricopa County ARPA - \$18,000,000
- City of Surprise ARPA - \$5,046,000
- City of Surprise General Capital Fund - \$3,354,000

Recommendation

Council approval of the intergovernmental agreement between Maricopa County and the City of Surprise to establish a new regional community resource center.



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Kendra Pettis, DIR -
SPORTS/TOURISM

Submitting Department: Sports and Tourism

District: Citywide

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of an amendment to Fiscal Year 2022 Budget by moving budget authority of \$50,000 from Contingency to services within the Tourism Fund to establish a budget for Perfect Game Baseball Tournaments through December 2022; Resolution #2022-32.

Motion:

I move to approve the Resolution #2022-32.

Background:

In 2018, the City Council approved a Tourism Strategic Plan with a focus area of hosting sporting events that attract visitors from outside the city limits and supports the economic vitality of the community.

Perfect Game was founded in 1995 and has grown to become the world's largest elite youth baseball platform and scouting service. Perfect Game hosted 13 events in Surprise in 2021, attracting over 66,000 visitors from all over the nation.

Objective Analysis:

The objective of partnering with Perfect Game is to be able to bring regional and national tournaments to Surprise which attract visitors, increases room nights and tourism generated revenues. In addition, the partnership enhances the city's brand as a sports tourism destination.

Policy Compliant:

This item is compliant with the Tourism Strategic Plan and City policies.

Financial Impact:

This action will allow for the expenditure of up to \$50,000 which will be paid on a reimbursement basis for tourism activity associated with this program through December 2022. This program's tourism activity is anticipated to generate revenues within the Tourism Fund.

Budget Impact:

This action will allow for the movement of budget authority from the Contingency Fund to services within the Tourism Fund. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure limit.

FTE Impact:

There would be no FTE impact associated with this item.

ATTACHMENTS:

1. Perfect Game Council Presentation 04_05_22
 2. Res 2022-32 Bdgt Amnd Perfect Game Tournament_Final
-



PERFECT GAME BASEBALL EVENTS TOURISM FUND APPLICATION



Council Meeting
April 5, 2022



PERFECT GAME

WHO IS PERFECT GAME?



PERFECT GAME

PERFECT GAME

Founded in 1995, Perfect Game (PG) has grown to become the world's largest elite youth baseball platform and scouting service.

1,369 MLB PLAYERS	250K+ COLLEGE COMMITS	12,626 PLAYERS DRAFTED
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2020 BY THE NUMBERS

1,300 EVENTS	445,000 PLAYERS
37,000 TEAMS	225,000 HOTEL ROOMS

1 MILLION+ REACH **400K+** **393.4K** **253.8K** **92.9K** **25.1K**

CHRISTIAN YELICH **GERNIT COLE** **JAVIER BAEZ** **FRANCISCO LINDOR** **CARLOS CORREA**

- Founded in 1995, Perfect Game has grown to become one of the world's largest elite youth baseball platforms and scouting services

Introductions:

- Brad Clement: Perfect Game CEO
- Ben Ford: VP National & International Development

2021 PERFECT GAME EVENT RECAP

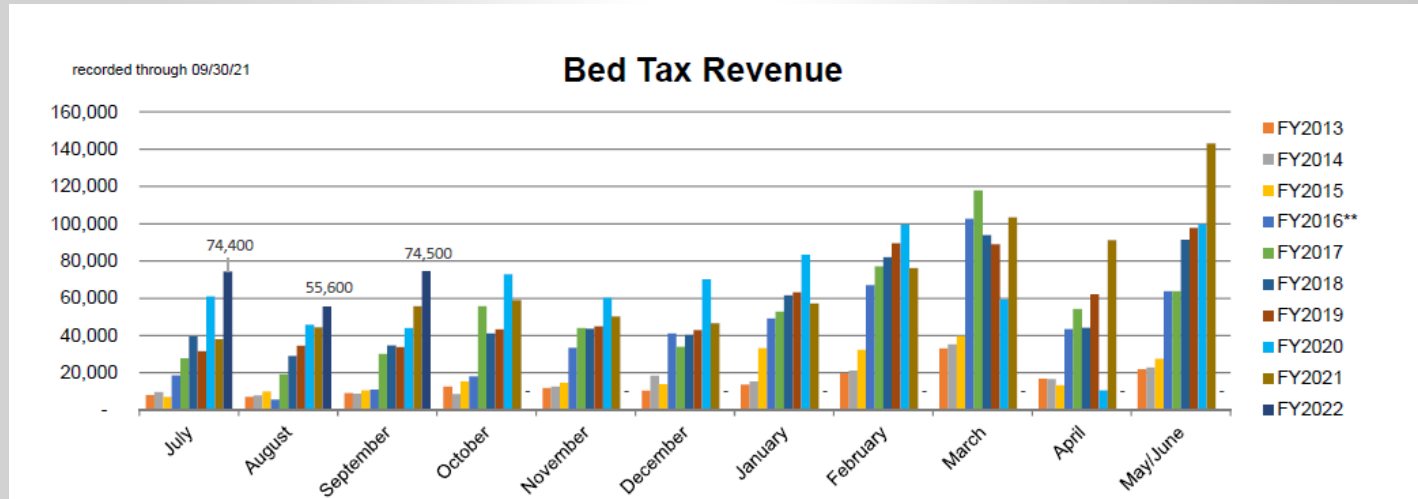
Event	Dates	# of Games	Total Attendance
Perfect Game Showcase	April 17-18	8	221
Perfect Game Mountain West Elite Championships 13U	May 7-9	30	2,700
Perfect Game Mountain West Elite Championships 14U	May 14-16	32	2,880
Perfect Game Sunshine Southwest Showcase	May 22-23	18	631
Perfect Game West Memorial Day Classic	May 28-30	24	2,160
Perfect Game WWBA West National Championship 15U-17U	July 9-16	113	11,300
Perfect Game WWBA West National Championship 14U-16U	July 16-23	135	13,500
Perfect Game 17U World Series	July 27-31	92	9,200
Perfect Game 2021 WWBA West Qualifier	Sept. 3-6	13	1,300
Perfect Game 15U Fall National Championship	Sept. 10-13	67	6,700
Perfect Game 17U Fall National Championship	Sept. 17-20	86	8,600
Perfect Game Fall National Championship	Sept. 24-26	68	6,800
Perfect Game Southwest Prospect Showcase	Oct. 30-31		241
Totals	13 Events	686	66,233



BED TAX REVENUE INCREASES

Increased Transient Lodging Sales Tax Revenue in correlation to PG Tournaments:

- May 2021 (4 Tournaments) = 97% increase from 2020, 74% increase from 2019
- July 2021 (3 Tournaments) = 100% increase from 2020, 24% increase from 2019
- September 2021 (4 Tournaments) = 35% increase from 2020, 74% increase from 2019



PROPOSED PERFECT GAME EVENT CALENDAR

- April 9-10: Showcase
- May 14-15: Showcase
- May 27-30: Tournament
- July 8-14: Tournament
- July 15-22: Tournament
- July 27-Aug 1: Tournament
- Sept 2-5: Tournament
- Sept 9-12: Tournament
- Sept 16-19: Tournament Plus JUCO showcase in Stadium
- Sept 23-26: Tournament
- Oct 29-30: Showcase

**Dates are tentative and based on availability, any PG tournament in Surprise would be eligible for reimbursement*

TOURISM FUND GUIDELINES

Category 1: Surprise Hotel Nights Generated	
100-300 room nights	Up to \$2500
301-599 room nights	Up to \$5000
600+ room nights	\$5000+
Category 2: Attendance	
1,000-3,000	Up to \$2500
3,001-5,000	Up to \$5000
5,000+	\$5000+
Category 3: Event Days	
1 day	Up to \$2500
2 days	Up to \$5000
3 days	\$5000+
Category 4: Seasonality (bonus for events between May-September)	
1 day	Up to \$2500
2 days	Up to \$5000
3 days	\$5000+
Category 5: Operating Budget	
Based off of submitted budget	Up to 50% of total projected expenditure budget

- Subcommittee and Council approved reimbursement categories and guidelines for Tourism Fund requests

TOURISM SUBCOMMITTEE RECOMMENDATION

- The Tourism Fund Subcommittee recommendation is the same reimbursement program that was approved in 2021; based solely off performance
- Up to \$5000 per tournament based off of room night performance standards
 - 100+ room nights = \$2500
 - 301+ room nights = \$5000
- Not to exceed \$50,000 total through Dec. 31, 2022
- Can only be used to reimburse:
 - Facility Use Fees
 - Hotel Reimbursements / Rebates



SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You

RESOLUTION # 2022-32

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2022 BUDGET BY MOVING BUDGET AUTHORITY IN THE AMOUNT OF \$50,000 WITHIN THE TOURISM FUND FROM CONTINGENCY TO SERVICES FOR PERFECT GAME BASEBALL EVENTS.

WHEREAS, the FY2022 City of Surprise Comprehensive Financial Management Policies (“Policy”), were adopted by Council Resolution #2021-49 on May 4, 2021;

WHEREAS, pursuant to the Policy, the City currently imposes a four and fifty-two hundredths percent (4.52%) transaction privilege tax on transient lodging, of which one percent (1.00%) is recorded in the General Fund and the remaining 3.52% is recorded in the City’s Tourism Fund;

WHEREAS, of the amount recorded in the Tourism Fund, the Mayor and Council designated that seventy-five percent (75%) be spent for sports tourism facility development and improvement, while twenty-five (25%) be spent on marketing, studies and special events;

WHEREAS, on December 3, 2019, the Mayor and Council adopted a “Strategic Plan” seeking to attract visitors to the City with new and enhanced event and entertainment opportunities;

WHEREAS, on March 3, 2022, pursuant to the Policy and the Strategic Plan, the Tourism Fund Sub-committee recommended to approve the allocation of tourism funds not to exceed \$50,000 for 2022 Perfect Game Baseball Events;

WHEREAS, the FY2022 budget was adopted by Council Resolution #2021-87 on June 1, 2021;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2021 through June 30, 2022.

SIGNATURES ON THE FOLLOWING PAGE

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2022-32**Exhibit A**

1. Appropriation- The allocations below represent a movement of budget authority in the amount of \$50,000 from contingency to services within the Tourism Fund to establish a budget for the Perfect Game Baseball Events. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Contingency	General Operations	Contingency	E	23,440,000	(50,000)	23,390,000
Tourism	Sports and Tourism	Services	E	542,500	50,000	592,500
Expense Total				23,982,500	-	23,982,500



CITY OF SURPRISE Regular City Council Meeting

Council Meeting Date: April 5, 2022

Contact Person: Kendra Pettis, DIR -
SPORTS/TOURISM

Submitting Department: Sports and Tourism

District: Citywide

Staff Recommendations: None

Consent: No

Regular: Yes

Public Hearing: No

Report/Discussion: No

Agenda Wording:

Consideration and action pertaining to approval of an amendment to Fiscal Year 2022 Budget by moving budget authority of \$25,000 from contingency to services within the Tourism Fund to support the Vista Center for the Arts programming for the 2022-2023 Season; Resolution #2022-33.

Motion:

I move to approve Resolution 2022-33.

Background:

In 2018, the City Council approved a Tourism Strategic Plan with a focus area of attracting events and entertainment to Surprise with a goal of building out year-round activities for both residents and visitors, as well as supporting the economic vitality of the community.

The Strategic Plan also included goals of creating partnerships with other organizations and facilities to enhance tourism-driven events within Surprise and promote the City as a tourist destination.

The Vista Center for the Arts is owned and operated by the Dysart Unified School District through the Community Education Department. The Vista's 21-22 season had over 30 show nights scheduled with each performance unique in its production to target a wide range of guests. The Vista anticipates attracting over 12,000 patrons visiting from outside our community as well as over 1,000,000 impressions through advertising. The requested funding would be utilized to reimburse marketing costs for the 2022-2023 season.

On March 3, 2022, the Tourism Fund Subcommittee recommended to approve the allocation of tourism funds not to exceed \$25,000 for reimbursement of marketing support of the 22-23 Vista season; \$15,000 will be available prior to the 2022-23 season and an additional \$10,000 will be available based on room night and attendance performance measures once the events are completed.

Objective Analysis:

The objective of partnering with the Vista and supporting their events through the Tourism Fund would be to enhance the marketing reach to attract more visitors to Surprise, showcase additional arts &

cultural events within the City, enhance the brand of the City and increase economic impact within the community.

The City does not currently operate any facilities that offer these types of performing arts events. This partnership would allow the City to market additional visitor amenities to a broader audience, without taking on the cost of hosting the event.

Policy Compliant:

This item is compliant with the Tourism Strategic Plan and City policies.

Financial Impact:

This action will allow for the expenditure of up to \$25,000 which will be paid on a reimbursement basis for regional and national marketing support. The tourism activity associated with The Vista's events are anticipated to generate additional tourism revenue within the city.

Budget Impact:

This action will allow for the movement of budget authority of \$25,000 within the Tourism Fund from contingency to services within the Tourism Fund. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure limit.

FTE Impact:

There would be no FTE impact associated with this item.

ATTACHMENTS:

1. The Vista Council Presentation 04_05_22
 2. COS Tourism Grant Application_The Vista
 3. Res 2022-33 Vista bdgt amnd_Final
-



THE VISTA CENTER FOR THE ARTS

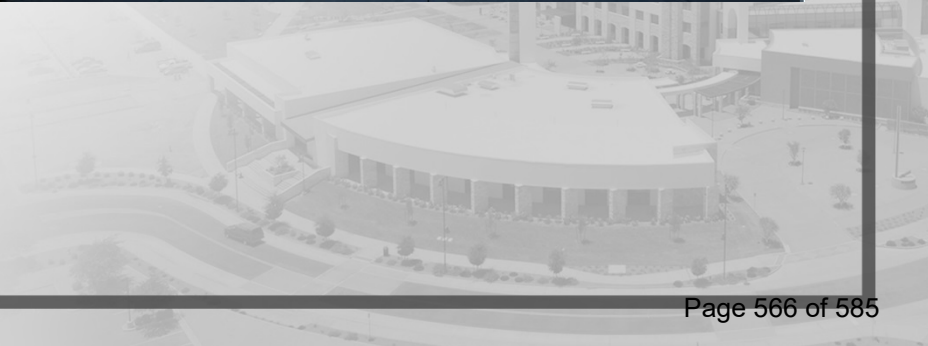
TOURISM FUND APPLICATION

Council Meeting
April 5, 2022

The Vista Background

Introduction: John Williams, Director

- Owned & Operated by DUSD through Community Education
- The 21-22 season had over 30 show nights
- Projected 12,000 patrons coming from outside the community
- 1,000,000 impressions through advertising



TOURISM FUND GUIDELINES

Category 1: Surprise Hotel Nights Generated	
100-300 room nights	Up to \$2500
301-599 room nights	Up to \$5000
600+ room nights	\$5000+
Category 2: Attendance	
1,000-3,000	Up to \$2500
3,001-5,000	Up to \$5000
5,000+	\$5000+
Category 3: Event Days	
1 day	Up to \$2500
2 days	Up to \$5000
3 days	\$5000+
Category 4: Seasonality (bonus for events between May-September)	
1 day	Up to \$2500
2 days	Up to \$5000
3 days	\$5000+
Category 5: Operating Budget	
Based off of submitted budget	Up to 50% of total projected expenditure budget

- Subcommittee and Council approved reimbursement categories and guidelines for Tourism Fund requests

TOURISM SUBCOMMITTEE RECOMMENDATION

- **Tourism Fund Subcommittee Recommendation: not to exceed \$25,000**
- **The Vista qualifies for \$15,000 based off of Categories 3-5 on the Fund Guidelines:**
 - Can be used for reimbursement of regional/national media contracts (radio, tv, social media, etc)
 - Can be used prior to events to market the 2022-23 season
 - All marketing must include “Surprise, Arizona” to be considered for the reimbursement
- **An additional \$10,000 will be available based on performance of Categories 1 & 2:**
 - Up to \$5000 based off of total room nights for the 2022-23 season
 - 100+ room nights = \$2500
 - 301+ room nights = \$5000
 - Up to \$5000 based off of total attendance throughout the 2022-23 season
 - 1,000+ in attendance = \$2500
 - 3,001+ in attendance = \$5000
 - Can be used for reimbursement of regional/national media contracts (radio, tv, social media, etc)
 - All marketing must include “Surprise, Arizona” to be considered for the reimbursement
 - The Vista will work with local hotels to promote ticket & hotel packages for events



SURPRISE
ARIZONA

QUESTIONS OR COMMENTS?

Thank You



Welcome to Surprise, AZ!



City of Surprise Tourism Grant Application

John Williams, Director: 623-300-8315

Front Office: 623-523-8888

www.TheVistaAZ.com

The Vista, Center for the Arts

15660 N. Parkview Place, Surprise AZ, 85374

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Dr. Quinn Kellis, Superintendant

623-876-7000 / super@dysart.org

Jim Dean, Assistant Superintendent

623-876-7014 / jim.dean@dysart.org

John Williams, Theatre Director:

623-300-8315 / john.williams@dysart.org

Maya Courtright, FOH / Marketing Manager:

408-833-3041 / Maya.Courtright@dysart.org

Rochelle Esquerra, Theatre Technician:

928-530-3358 / rochelle.esquerra@dysart.org

Kara Poling, Community Liaison

623-687-5654 / Kara.Poling@dysart.org

OVERVIEW

The Vista Center for the Arts is entering into its 1st full season of programming. The Vista is owned and operated by the Dysart Unified School District through the Community Education Department. Community Education operates without any general fund dollars, similar to an enterprise fund. All Community Education programs, including The Vista Center for the Arts, must be financially self-sustaining in order to continue the program or service.

Like so many industries, the performing arts, and events industry in general, have been devastated by the impact of COVID-19. The events industry was among the first to close down and undoubtedly has been the last to fully reopen. Throughout our country, the performing arts industry supports 11 million jobs and generates over \$1.75 trillion a year in direct, indirect and induced spending—greater than agriculture, broadcasting and telecommunications, auto manufacturing, truck and rail transportation, and computer systems design and related services.

The Performing Arts constitutes 4.2 percent of the national GDP. When shutdowns occurred in March of 2020, this vital aspect of the American economy essentially ceased to exist. The Dysart Unified School District leadership team understood this value when the venue was approved and construction completed in 2008. The Vista was, and remains, a state-of-the-art performing arts center offering a spacious lobby and 1,300 seat auditorium, largest of its kind west of the I-17.

While COVID-19 has slowed the grand opening for professional performances, we now look ahead with great promise at future performances. The Vista kicked things off in a partial season last spring that included comedians Bill Engvall and Jim Breuer, The Drifters, Ballet Folklorico De Los Angeles, Tribute to Bobby Darin, AZ Philharmonic, and magician Mike Super. The impact to Surprise, as the venue now fully reopens includes but is not limited to:

- Increased visibility as a leader in arts, culture, and entertainment.
- Increased job growth, positive economic impact, and improved quality of life for residents of the City of Surprise.
- Regional and national acts bring with it regional and national recognition to the City of Surprise.
- Increased exposure to local assets including but not limited to hotels, restaurants, and other small businesses throughout our community.

The following proposed application and business plan is for matching funds for our season performances and marketing expenses related to the Vista. In order to retain and attract national and international talent, while keeping ticket sale prices at a reasonable cost, yet continuing to ensure the financial sustainability of the venue, we are seeking grant and sponsorship support for the continued growth and development of this venue. To date OUAZ, Chasse Building, West Valley Symphony, Chef Peter's Bistro, Carrabba's, Innovative Screen Printing and Design, Midstate Energy, LV8, Sun Canyon, Orcutt-Winslow, and Core Construction have been critical sponsors and supporters of The Vista. We continue to build partnerships, grow sponsorships, and are now seeking the support of The City of Surprise through the COS Tourism Grant application process, to help offset these costs as we continue with our 21/22 season and begin building the 22/23 season at The Vista.



The Vista, Center for the Arts

15660 N. Parkview Place, Surprise AZ, 85374

623-523-8888 info@theVistaAZ.com www.TheVistaAZ.com

Project Description

The Vista Center for the Arts 21-22 season has over 30 show nights, with each performance unique in its production and overall economic impact to our community, with all grant funding providing support for marketing expenses and artist contract fees. All events hold a ticket capacity of 1,300 seats and shows are running at an average of 60% capacity or 780 attendees per show. The following is a breakdown of each event, including details in terms of where our patrons are coming from when they visit Surprise for a show! Over the course of the season we anticipate over 12,000 patrons coming into our community from outside our community, as well as over 1,000,000 impressions through advertising, both print and social media.

Country Music Festival Day 1 | SEP 10 & 11, 2021

In recognition of our public safety and military personnel, we have partnered with Debbie Lee and America's Mighty Warriors for a tribute weekend, raising funds for Gold Star families through America's Mighty Warriors, and remembering the sacrifices on that fateful day 20 years ago.

- Shooter Jennings
 - For nearly two decades, Shooter Jennings defied expectation while expanding the parameters of country, rock 'n' roll, and beyond.
- Kendell Marvel
 - Kendell Marvel wrote and recorded Solid Gold Sounds in a matter of days, but it took a lifetime in country music to get there.
- Lee Rocker (of the Stray Cats)
 - Lee Rocker made his mark singing, playing, standing on, spinning and rocking his giant upright bass in the legendary, Grammy-nominated music group The Stray Cats.
- Buddy Jewell
 - The first winner on the USA Network talent show Nashville Star, Jewell made his debut with the release of his self-titled album, which produced the singles "Help Pour Out the Rain" & "Sweet Southern Comfort".
- Chase Bryant
 - Bryant's band headlines Day 2, recognized as one of the great up and coming acts in Country today.
- Austin Burke
 - Phoenix native and recording artist of the hit singles "Sleepin'" and "Whole Lot in Love", Austin Burke was named the 2019 "artist to watch" by both Pandora and Country Swag.
- Jerrod Niemann
 - Major-label artist and prolific Nashville hitmaker, Jerrod Niemann put his heart on his sleeve with the patriotic anthem, "Old Glory" in honor of U.S. soldiers willing to sacrifice in the name of duty.
- Gabe Lee
 - Known for his ability to detail the intricacies of everyday life, the small distinctions that leave some on the fringe and others in the mainstream, and the particulars that stick around long after a lover leaves.
- Theatre attendance demographics: 41% Surprise residents; 35% west valley communities; 10% east valley communities; 10% outside Maricopa County; 4% out-of-state



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Generation Radio | SEP 24, 2021

- Made up of musical legends from Rascal Flatts, Journey, Tom Petty and the Heartbreakers, and Chicago, these artists come together to form a supergroup with the intent to bring 80's rock and classic music back to life.
- Theatre attendance demographics: 46% Surprise; 29% west valley residents; 6% east valley; 5% Phoenix; 11% beyond Maricopa County; 3% out-of-state

Lorrie Morgan | OCT 1, 2021

- Nashville native, Lorrie Morgan, made her debut on the Grand Ole Opry stage at age 13 and has sold over 8 million records, including 14 top ten hits, and has received multiple CMA awards. She was one of the youngest performers to be named a member of the Grand Ole Opry!
- Theatre attendance demographics: 46% Surprise; 27% west valley; 13% Phoenix; 10% east valley; 4% beyond east valley

Wicked Divas | OCT 16, 2021

- A concert of diva showstoppers featuring Broadway star Alli Mauzey and Emmy Award-winner Nicole Parker who previously starred as Glinda and Elphaba respectively in the Broadway cast of Wicked. Together they'll conjure up an exciting evening of program favorites from hit musicals including Gypsy, Ragtime, Titanic, Phantom of the Opera, Carmen and, of course, Wicked!
- Theatre attendance demographics: 46% Surprise residents; 31% west valley communities; 16% east valley communities; 5% outside Maricopa County; 2% out-of-state

The Doo Wop Project | OCT 24, 2021

- Featuring stars of Broadway's smash hits, Jersey Boys and Motown: The Musical, the Doo Wop Project brings unparalleled authenticity of sound and vocal excellence to the recreate—and in some cases entirely reimagine—some of the greatest music in American pop and rock history!
- 1100 seats sold for this show
- Theatre attendance demographics: 36% Surprise residents; 39% west valley communities; 16% east valley communities; 8% outside Maricopa County; 1% out-of-state



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AZ Philharmonic - Arizona Philharmonic is a professional orchestra with leading musicians from across the state. Select from five varied and compelling performances coming to The Vista.

- OCT 30 | Brandenburg & Beyond
 - Maestro Peter Bay returns to lead the Arizona Philharmonic for this fabulous concert. With the elegance of the Bach Brandenburg No. 3, the sublime of the Marcello Oboe Concerto, the war-cry of Biber's Battalia, the lightheartedness of Stravinsky's Brandenburg-inspired Dunbarton Oaks, and the clarity of Mozart's Symphony No. 29, this concert has it all.
- DEC 18 | We Wish You Christmas
 - Experience the wonder and hope of the holidays as Arizona Philharmonic presents We Wish You Christmas, featuring the beautiful vocal stylings of the three esteemed Arizona sopranos, accompanied by Arizona Philharmonic chamber musicians.
- JAN 8 | ¡Andalusia!
 - Maestro Peter Bay presents ¡Andalusia!, a dramatic exploration of the music of southern Spain.
- JAN 30 | Brahms Requiem
 - Dr. Joshua Harper returns to Arizona Philharmonic's podium with his acclaimed chorus Quartz Ensemble presenting a new, intimate and exciting rendition of Johannes Brahms' acclaimed Ein deutsches Requiem (A German Requiem).
 - The clarity of Quartz Ensemble's 12 voices is beautifully balanced with Arizona Philharmonic's double quintet plus timpani chamber orchestra. The orchestra size lies between Brahms' original two accompaniment options of full orchestra or two pianos.
- APR 1 | James D'León Piano Quintet
 - Internationally touring Steinway Artist James D'León curates and directs some of his favorite works for piano and strings. You will enjoy Mendelssohn's Piano Trio No. 1, a couple of Piazzolla tangos, and the Brahms Piano Quintet in f minor.
 - During the concert, D'León will offer personal insights into each of the works being performed.

The Legendary Count Basie Orchestra | NOV 13-14, 2021

- Count Basie was able to get many of the greatest instrumentalists and vocalists in jazz to be a part of his orchestra, including Billie Holiday, Lester Young, Sweets Edison, Joe Jones, Joe Williams, Snooky Young, Frank Foster, Thad Jones, Frank Wess, and Clark Terry amongst others. The orchestra has played many times for Kings, Queens, and other members of Royalty around the world. Appeared in movies, television shows, tv and radio commercials, won every respected jazz poll in the world and has 18 Grammy Awards, the most for any orchestra. Today, under the leadership of it's Director, Scotty Barnhart, The Count Basie Orchestra is traveling the world and continuing the excellent standards in swinging and shouting the blues with precision, and continuing to be "The Most Explosive Force In Jazz".
- Theatre attendance demographics: 36% Surprise residents; 31% west valley; 27% east valley; 6% beyond Maricopa County

West Valley Symphony November 21, 2021, December 19, 2021, January 16, 2022, February 13, 2022, March 6, 2022, April 3, 2022

- Led by Musical Director Cal Stewart Kellogg, West Valley Symphony laid its roots in 1968 as the Sun City Symphony, and has been entertaining crowds ever since.
- Theatre attendance demographics: 41% west valley residents; 40% Surprise residents; 10% Phoenix residents; 6% east valley residents; less than 1% beyond Maricopa County
- Historically, West Valley Symphony draws an average of 1100 per show

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Sara Evans | NOV 27, 2021



- Over the last two decades, Evans has carved a successful career anchored by her insightful songwriting and warm, evocative voice. She's earned recognition as the fifth most played female artist at country radio and continues to be a force on the road with tour dates crisscrossing the country. Ring in the holidays with songs such as "Silent Night," "Winter Wonderland," "I'll Be Home For Christmas" and "O Come All Ye Faithful." featured on her 2014 Christmas album, At Christmas.
- Total attendance for this event 1051
- Theatre attendance demographics: 51% Surprise residents; 26% west valley; 14% east valley; 9% beyond Maricopa County

Nochebuena: A Christmas Eve in Mexico | DEC 3, 2021

- Celebrate the holidays at home with this vibrant evening of music and dance featuring two of L.A.'s most acclaimed performance ensembles: Ballet Folklórico de Los Ángeles and Mariachi Garibaldi de Jaime Cuéllar.
- Christmas in Mexico isn't just a single day; it's a whole season of Christmas-related celebrations. Let Ballet Folklórico de Los Ángeles & Mariachi Garibaldi take you on a journey through the rich tradition and heritage of Christmas Eve in Mexico!
- Theatre attendance demographics: 38% Surprise residents; 42% west valley communities; 9% east valley communities; 11% outside Maricopa County
- Based on current sales trends, anticipate over 900 in attendance for this performance

A Christmas Carol - DEC 22-23, 2021

- Celebrate the true Spirit of Christmas with this brand new, original production. A Christmas Carol is delightful, thoroughly entertaining, and the perfect family holiday event. Filled with beloved music of the season, superb staging, and tremendous artistry.
- Theatre attendance demographics as of 12/1/21: 33% Surprise residents; 46% west valley communities; 12% east valley communities; 9% outside Maricopa county
- Based on current sales trends, anticipate over 2000 in attendance for these performances

Queens of Rock and Soul featuring: LaKisha Jones | JAN 15, 2022

- Join American Idol Finalist LaKisha Jones in a celebration of the great ladies of soul from Diana Ross, Donna Summer, Tina Turner, the legendary Aretha Franklin and the one and only Whitney Houston. "...from sound stages and concert halls across the country and around the world, she's got them standing in the aisles!"
- Participating in City of Surprise MLK Day of Service
- Theatre attendance demographics as of 12/1/21:
 - 49% Surprise residents;
 - 36% west valley communities;
 - 12% east valley communities;
 - 3% outside Maricopa County



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Ambrosia | JAN 22, 2022

- With 5 Grammy Nominations, 5 Hit Singles, and the admiration and respect of the musical community, Ambrosia has shown musical versatility to sold out concerts around the world.
- In the year 1970, four young musicians from the South Bay of Los Angeles, came together to create a new invigorating style of music. With three of the original members intact plus the addition of guitar ace Doug Jackson on electric guitar and backing vocals, Mary Harris contributing amazing keyboards and vocals, and the powerful and contemporary lead vocals and acoustic guitar of Ken Stacey... Ambrosia is exploring new musical territory and continuing to wow life-long fans and new converts alike!
- Theatre attendance demographics as of 12/1/21: 51% Surprise residents; 36% west valley communities; 12% east valley communities; 1% outside Maricopa County
- Based on current sales trends, anticipate over 1000 in attendance for this performance

Louie Anderson | JAN 29, 2022

- Iconic comedian and three-time Emmy Award® winner, Louie Anderson, is one of the country's most recognized and adored comics. Over the last 30 years he has been a best-selling author, star of his own standup specials, sitcoms, and recognized by Comedy Central as "One of 100 Greatest Stand-Up Comedians of All Time."
- Theatre attendance demographics as of 12/1/21:
 - 61% Surprise residents; 26% west valley communities;
 - 9% east valley communities;
 - 4% outside Maricopa county.
- Based on current sales trends, anticipate over 1000



Xavier Mortimer: The Dream Maker | FEB 19, 2022

- Award-winning magician Xavier Mortimer returns to The Vista, bringing comedy and enchantment together to create a dream world of magic you've never seen before.
- The most-followed magician on the Las Vegas Strip, with more than five billion views online, 10 million followers and numerous appearances on TV shows such as America's Got Talent, Masters of Illusion and Penn and Teller Fool Us, Xavier will be incorporating many of his viral online videos in the new show so people can see them live, up close and personal, with no CGI tricks, right in front of their eyes. Entering his fifth year headlining in Las Vegas, Xavier's "The Dream Maker," produced and directed by one of France's most acclaimed theater directors and television hosts, Alex Goude, delivers a dynamic and visual, family-friendly production that can be enjoyed by audiences from around the world.
- Xavier returns to the Vista after a performance in February 2020 when he drew in over 850 patrons for the first professional Vista performance.

Dinosaur World Live | FEB 27, 2022

- 2 Performances
- Using stunning puppetry to bring remarkably life-like dinosaurs to the stage, dare to experience the dangers and delights of Dinosaur World Live in this "roarsome" interactive show for the whole family!
- Tickets will go on sale in January, 2022

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BYU: International Folk Dance Ensemble | MAR 5, 2022

- 2 Performances
- Combining ethnic traditions with exquisite costuming, Brigham Young University's International Folk Dance Ensemble showcases the dance styles of the world.
- Tickets will go on sale, January 2022

The Hot Sardines | MAR 9, 2022

- Featured at both Newport and Montreal Jazz Festivals, to sold out venues from Chicago to London, The Hot Sardines prove joyful music can bring people together in a disconnected world.
- "Simply phenomenal." — THE TIMES (LONDON)
- "One of the best vocal albums of 2014." — JazzTimes
- "One of the best jazz bands in NY today." — Forbes
- Theatre attendance demographics as of 12/1/21:
 - 46% Surprise residents;
 - 34% west valley communities;
 - 14% east valley communities;
 - 6% outside Maricopa County



Rodney Marsalis Philadelphia Big Brass | MAR 12, 2022

- America's premier large brass ensemble reflects diversity in American culture and is dedicated to inspiring today's youth and the notion that music is a gift to be enjoyed by all.
- Performances range from solo trumpet, to brass quintet, to the full eleven-piece ensemble with percussion. In recent years the group has been invited to perform in performing arts centers around the world including China's National Center for the Performing Arts, Guangzhou Opera House, Tangelwood's Seiji Ozawa Hall, and prominent performing arts centers throughout the United States, South America, Asia, and Europe.
- Theatre attendance demographics as of 12/1/21: 61% Surprise residents; 33% west valley communities; 4% east valley communities; 2% outside Maricopa County

Madagascar The Musical | JUN 26, 2022

- 2 Performances
- Join Alex, Marty, Melman and Gloria as they bound out of the zoo and onto the stage in this live musical spectacular. This brand new Dreamworks musical will leave audiences with no choice but to "Move It, Move It!"
- Tickets will go on sale February, 2022.

Additional shows for the 21-22 season

- The Vista is coordinating 2 additional performances in the month of May, and will release the artists in the coming weeks.

The Vista, Center for the Arts

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Support for Surprise Strategic Goals

The Vista Center for the Arts will bring in unique events and entertainment opportunities to our community that include but are not limited to concerts, theatrical performances, family entertainment, comedy and more. These types of events will be an attraction for not only Surprise residents, but will draw beyond the region. In addition, all marketing for these events will showcase Surprise, as home to the largest performing arts center west of I-17. Marketing plan will include all of the following:

- Consistent contact and communication with audience members.
- Digital Advertising: Social Media, Email, Website, Paid search advertising, native advertising
- Display advertising.
- Print advertising.
- Broadcast advertising.

Economic Impact and Community Benefit

The Vista Center for The Arts Marketing plan has a tremendous impact on the attraction of regional and national media. As previously mentioned, the ancillary economic impact to the City of Surprise is significant for a venue of this size. Objectively The Vista performances have saw host to over 100 room nights for talent alone, including 42 room nights scheduled for The Count Basie Orchestra, as well as a number of band and crew for the Country Music Weekend, Wicked Divas, Lorrie Morgan, and Generation Radio. In addition, the Vista Center for the Arts is home to dozens of community users that include church organizations, dance company's, Arizona Winds Orchestra, Surprise Pops Band, Sun Health, and much much more. The Vista, Center for the Arts has become a centralized leader in our community for growing and supporting arts and culture.

The Vista Center for the Arts donates tickets to every show to a non-profit **Vet Tix**, supporting active, retired and veteran military men and women, and their families, providing an opportunity to visit Surprise, enjoying all the amenities our community has to offer. This, coupled with the partnership with America's Mighty Warriors, will be a staple of support for our Military families.

Marketing of the Vista alone has reached over a million impressions of Surprise, and will continue to do so this season and beyond. Since the unveiling of the 21/22 season calendar, the following marketing strategies have been implemented:

Phoenix New Times Campaign Recap:

- Total Print Impressions: 498,671
- Total Digital Impressions: 117,843

Phoenix Magazine Full page ads:

- 350,000 single readers
- 76,000 copies sold

The Vista Center for the Arts Facebook Advertising results:

- Total Impressions since July 1, 2021: 609,534

ABC 15 Advertising Campaign Sept, October:

- Total Impressions: 48,732

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The Vista advertising expenses to date, for this season alone, are as follows (July 1, 2021 - November 1, 2021):

Radio Advertising through Real Country, KFNX, iHeart Media, Spotify, and Univson

- \$11,438.90

Complete Print Shop, Vista Brochures, (80,000) and postage

- \$19,835.18

Social Media Advertising \$10,000.00; News Print Media \$

- \$9,217.00

Collateral Advertising Materials

- \$2,650.50

ABC 15

- \$26,617.50

Phoenix Magazine

- \$10,642.00

Proposed future advertising thru the remainder of the fiscal year:

ABC Advertising Campaign:

- Estimated total cost for the remainder of the season: \$41,000
- Social Media advertising, Sonoran Living Segments, TV Advertising, AdWords, banner ads, OTT
- To date:
 - 1,215,285 Impressions through all advertising
 - 10,358 clicks
 - 602 ticket sales

Independent News:

- 1 Full page Color Ad circulating in Surprise, Peoria, Glendale, Litchfield Park, Goodyear, Sun City, and Sun City West: \$3239

iHeart Radio Advertising:

- Targeted radio ads: \$4500

Phoenix Magazine:

- Holiday and Spring Publications: \$4500 remaining

Social Media Advertising:

- Facebook Ads: \$25000
- Spotify: \$2000
- Google Ad Words: \$5000

NBC Advertising Campaign:

- \$43,500 annually
- Social Media Advertising, banner ads, adwords, OTT
- Monthly anticipated results:
 - 90,000 Impressions on retargeting banner ads
 - 90,000 Impressions on 12News.com
 - 100,000 from AZ Midday Segment and commercials

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Application of funds for the City of Surprise Tourism Application

The Tourism grant funds through the City of Surprise would go directly to marketing expenses and contract fees for the Vista for the current 21/22 season. As we continue to grow our patron base, operating within a pandemic has afforded its own set of challenges. However, with the support of community partners like the City of Surprise, The Vista Center for the Arts will have a return on investment to our local community that far exceeds the grant funding requested in this application that will help support and grow our programming.

We are requesting financial support from the City of Surprise Tourism Grant equal to 15% of our total expense budget for the season, or \$175,000. This will help cover the 21-22 season expenses, which include contract fees, marketing and advertising expenses, backline and technical needs for shows, and other ancillary expenses required to ensure that every experience, for both talent and patrons, is an extraordinary experience in Surprise!

We look forward to collaborating with the City of Surprise in a leadership role for growing arts and culture in our community. We thank you for your support of not just The Vista, but the ARTS!! The ARTS are truly alive in Surprise!! community!! See you at the theatre!!

Sincerely,

John and the Vista Burgundy Brigade!!!!



ADDENDUM

Re: Hotel Room Nights for the 21/23 season

The Vista Center for the Arts has completed 27 performances over the span of 10 months. To date, 131 room nights have been reserved in the Surprise area alone. The largest return on investment for the local surprise theatres came from The Count Basie Orchestra whom reserved 24 rooms over the course of 3 nights. Next was the Country Music Festival that hosted 8 different artist groups, largest being Shooter Jennings band with 5 members, in the local area for 1-2 night stays.

While definitive data on hotel nights for patrons is not yet available, based on total attendance and the percentage of patrons that attended whom traveled from beyond Maricopa County, and in some cases across state lines, estimates an additional 190 room nights, for a grand total of 321 room nights to local Surprise hotels.

In addition to hotel room nights, the Vista preps all its artists and traveling guests with a menu of options from our local area from restaurants to gyms. Our mission is to ensure every guest has an extraordinary experience, not just at the theater, but within our community.

Based on upcoming performances and ticketing demographics, with the remaining performances, The Vista is estimated to produce an additional 100 room nights for patrons and artists alike. For the season this will equate to nearly 421 room nights spanning from February 2021 to April of 2022.

RESOLUTION # 2022-33

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SURPRISE, ARIZONA, AMENDING THE FISCAL YEAR 2022 BUDGET BY MOVING BUDGET AUTHORITY IN THE AMOUNT OF \$25,000 WITHIN THE TOURISM FUND FROM CONTINGENCY TO SERVICES FOR THE VISTA 2022-2023 EVENTS.

WHEREAS, the FY2022 City of Surprise Comprehensive Financial Management Policies (“Policy”), were adopted by Council Resolution #2021-49 on May 4, 2021;

WHEREAS, pursuant to the Policy, the City currently imposes a four and fifty-two hundredths percent (4.52%) transaction privilege tax on transient lodging, of which one percent (1.00%) is recorded in the General Fund and the remaining 3.52% is recorded in the City’s Tourism Fund;

WHEREAS, of the amount recorded in the Tourism Fund, the Mayor and Council designated that seventy-five percent (75%) be spent for sports tourism facility development and improvement, while twenty-five (25%) be spent on marketing, studies and special events;

WHEREAS, on December 3, 2019, the Mayor and Council adopted a “Strategic Plan” seeking to attract visitors to the City with new and enhanced event and entertainment opportunities;

WHEREAS, on March 3, 2022, pursuant to the Policy and the Strategic Plan, the Tourism Fund Sub-committee recommended to approve the allocation of tourism funds not to exceed \$25,000 for 2022-2023 The Vista Events;

WHEREAS, the FY2022 budget was adopted by Council Resolution #2021-87 on June 1, 2021;

WHEREAS, this action will necessitate a budget amendment; and

WHEREAS, the City of Surprise Administrative Policies requires the approval of the Mayor and Council for budget amendments of this nature.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Surprise, Arizona, as follows:

Section 1. That the statements and schedules attached as *Exhibit A* and incorporated by reference are adopted, amending the budget of the City of Surprise, Arizona for the fiscal year July 1, 2021 through June 30, 2022.

SIGNATURES ON THE FOLLOWING PAGE

APPROVED AND ADOPTED this ____ day of _____, 2022.

Skip Hall, Mayor

Attest:

Approved as to form:

Sherry Aguilar, City Clerk

Robert Wingo, City Attorney

RESOLUTION # 2022-33**Exhibit A**

1. Appropriation- The allocations below represent a movement of budget authority in the amount of \$25,000 from contingency to services within the Tourism Fund to establish a budget for The 2022-2023 Vista Events. This action represents a transfer of spending authority and does not increase or decrease the total adopted citywide expenditure budget.

Fund	Department	Project/Category	Rev/ Exp	Current Budget	Increase/ (Decrease)	Amended Budget
Contingency	General Operations	Contingency	E	23,440,000	(25,000)	23,415,000
Tourism	Sports and Tourism	Services	E	542,500	25,000	567,500
Expense Total				23,982,500	-	23,982,500