



TOWN OF  
**QUEEN CREEK**  
ARIZONA

# FY 18-19 Year to Date Financial Report

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Operating Budget to Actual Performance  
Fiscal Year to Date through November 2018

Issued December 20, 2018

## ***Executive Summary***

The Town's budget to actual performance is favorable for both revenues and expenses. Actual revenues have performed well with receipts exceeding expectations by \$3.4M, or 16% year-to-date. This is the result of Sales Tax Revenues (both General and Construction) performing well and Community Development, Engineering and Building Permit Revenue performing better than expected due to continued residential and commercial growth.

Actual expenses are less than budget by \$1.7M, or 9%, year-to-date. A majority of the variance is the result of salary savings related to 24.4 new positions in the FY 18-19 Operating Budget, of which a majority were unfilled at the beginning of the year. As of November, only 0.4 have not been filled. The unfavorable variance in Supplies and Services is related to the Fulton Development Agreement for Ironwood Crossing, which was not included in the adopted budget. The budget will be revised at mid-year to account for these payments. This is offset by a large favorable variance in Capital Outlay that is a result of carry-over budgets being rolled from FY 17-18 to FY 18-19 now that the prior year has been closed. Those budgets will be monitored to evaluate when expenses are likely to occur and the budget spreads adjusted accordingly.

Based on the Adopted Budget, the Town expected expenses to exceed revenues by \$0.5M as of November 30, 2018. However, both revenues and expenses performed better than anticipated resulting in revenues exceeding expenses by \$5.6M for the first five months of the year, an improvement of \$5.1M. The overall operating result was favorable and the Town's financial performance exceeded expectations and continues to perform well.

## Operating Budget

The Operating Budget includes the Town's activity from the General, Streets (HURF), Emergency Services and Horseshoe Park Equestrian Center Funds. The following schedule is a summary of the FY 18-19 Operating Budget. Revenues are expected to exceed expenses by \$9.3M for the year, with this surplus being transferred out to other funds to cover the non-growth share of Debt payments and the Capital program. The ending fund balance is expected to be \$38.1M, of which \$21.4M is reserved for pension funding and \$16.7M is for the 25% reserve policy.

### Summary FY 18-19 Operating Budget

	<u>FY 18-19</u>	<u>FY 18-19</u>	<u>FY 18-19</u>	<u>FY 18-19</u>
	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Year-to-Date</u>	<u>Year-to-Date</u>
			<u>Budget</u>	<u>Actual</u>
Revenues	\$ 56,732,052	\$ 56,732,052	\$ 20,777,483	\$ 24,196,467
Expenses	\$ 47,404,269	\$ 47,404,269	\$ 20,318,516	\$ 18,591,017
Operating Result	\$ 9,327,783	\$ 9,327,783	\$ 458,967	\$ 5,605,450
Transfers Out				
Events/Grants Match/Other	\$ 97,700	\$ 97,700	\$ -	\$ -
Debt Service	4,020,583	4,020,583	-	-
CIP	5,267,952	5,267,952	-	-
Transfers Out	\$ (9,386,235)	\$ (9,386,235)	-	-
Net Fund Balance Activity	\$ (58,452)	\$ (58,452)	458,967	\$ 5,605,450
Beginning Fund Balance	\$ 30,873,722	\$ 38,162,545		
Ending Fund Balance	\$ 30,815,270	\$ 38,104,093		
MSCO Unfunded Pension Liability Reserve	\$ 14,124,962	\$ 19,318,394		
ASRS Unfunded Pension Liability Reserve	\$ -	\$ 2,095,391		
25% Revenue Reserve	\$ 16,690,308	\$ 16,690,308		
Available Fund Balance	\$ -	\$ -		
Total Fund Balance	\$ 30,815,270	\$ 38,104,093		

The remainder of the report focuses on revenues and expenses only. It does not include transfers, debt service or infrastructure funding transfers.

### November 2018 Results

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> <u>Favorable/(Unfavorable)</u>	<u>% Variance</u>
<b>Revenues</b>				
Sales Tax	\$ 1,596,009	\$ 1,664,156	\$ 68,147	4%
Construction Sales Tax	361,374	470,196	108,822	30%
State Shared Revenue	1,018,610	1,115,663	97,053	10%
Property Tax	714,600	622,472	(92,128)	(13%)
Charges for Services (CD)*	224,500	350,459	125,959	56%
Other Charges for Services	938,060	988,728	50,668	5%
<b>Total Revenues</b>	<b>\$ 4,853,153</b>	<b>\$ 5,211,673</b>	<b>\$ 358,520</b>	<b>7%</b>
<b>Expenditures</b>				
Salaries & Benefits	\$ 1,819,724	\$ 1,689,352	\$ 130,372	7%
Supplies & Services	918,095	1,104,523	(186,428)	(20%)
Maricopa County Sheriff	635,856	569,699	66,157	10%
Capital Outlay	195,870	228,639	(32,769)	(17%)
<b>Total Expenditures</b>	<b>\$ 3,569,545</b>	<b>\$ 3,592,214</b>	<b>\$ (22,669)</b>	<b>(1%)</b>

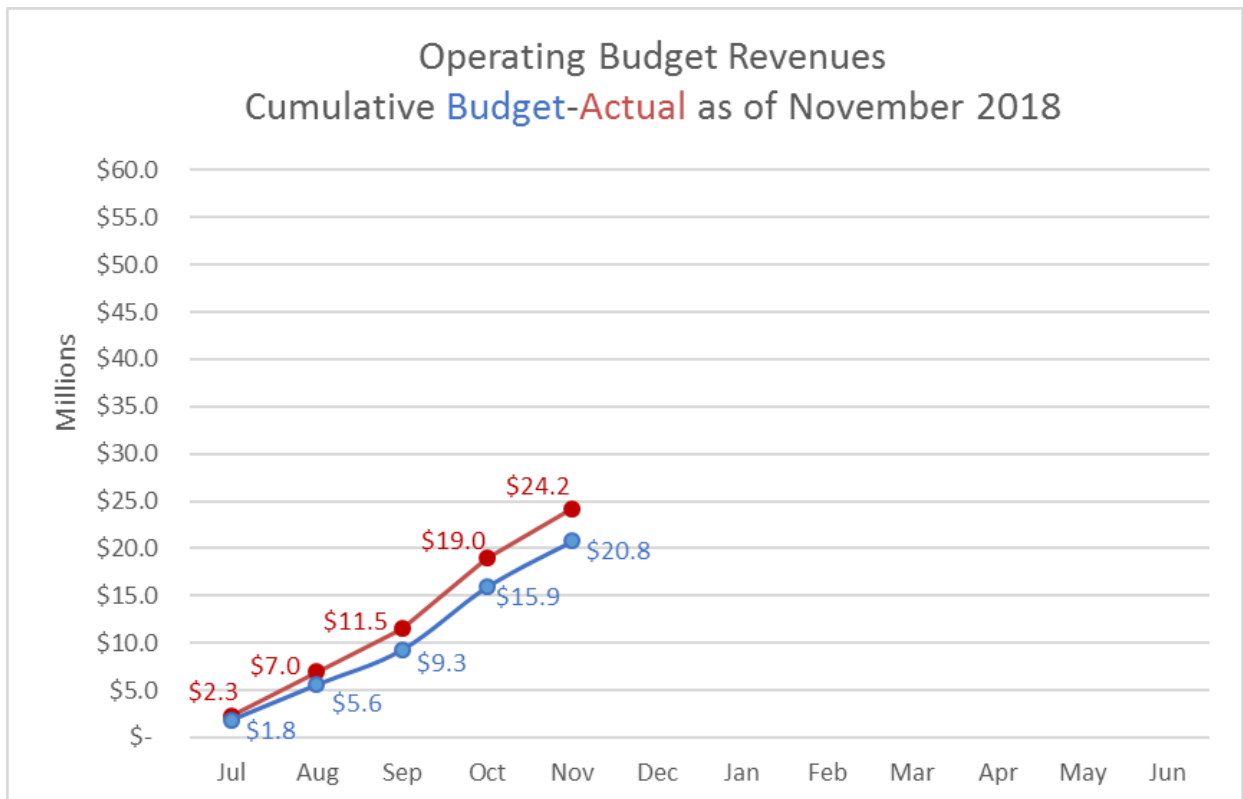
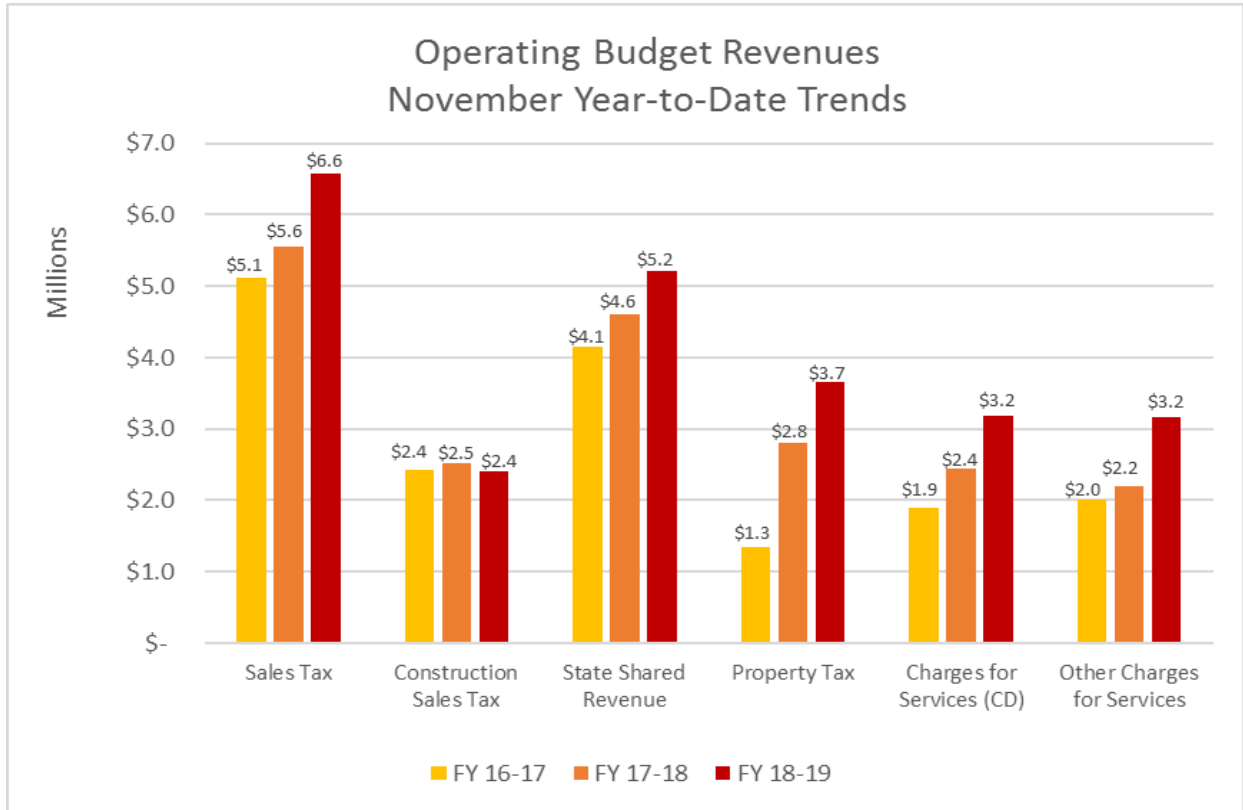
\* Consists of Community Development Charges for Services including permits, planning and engineering fees

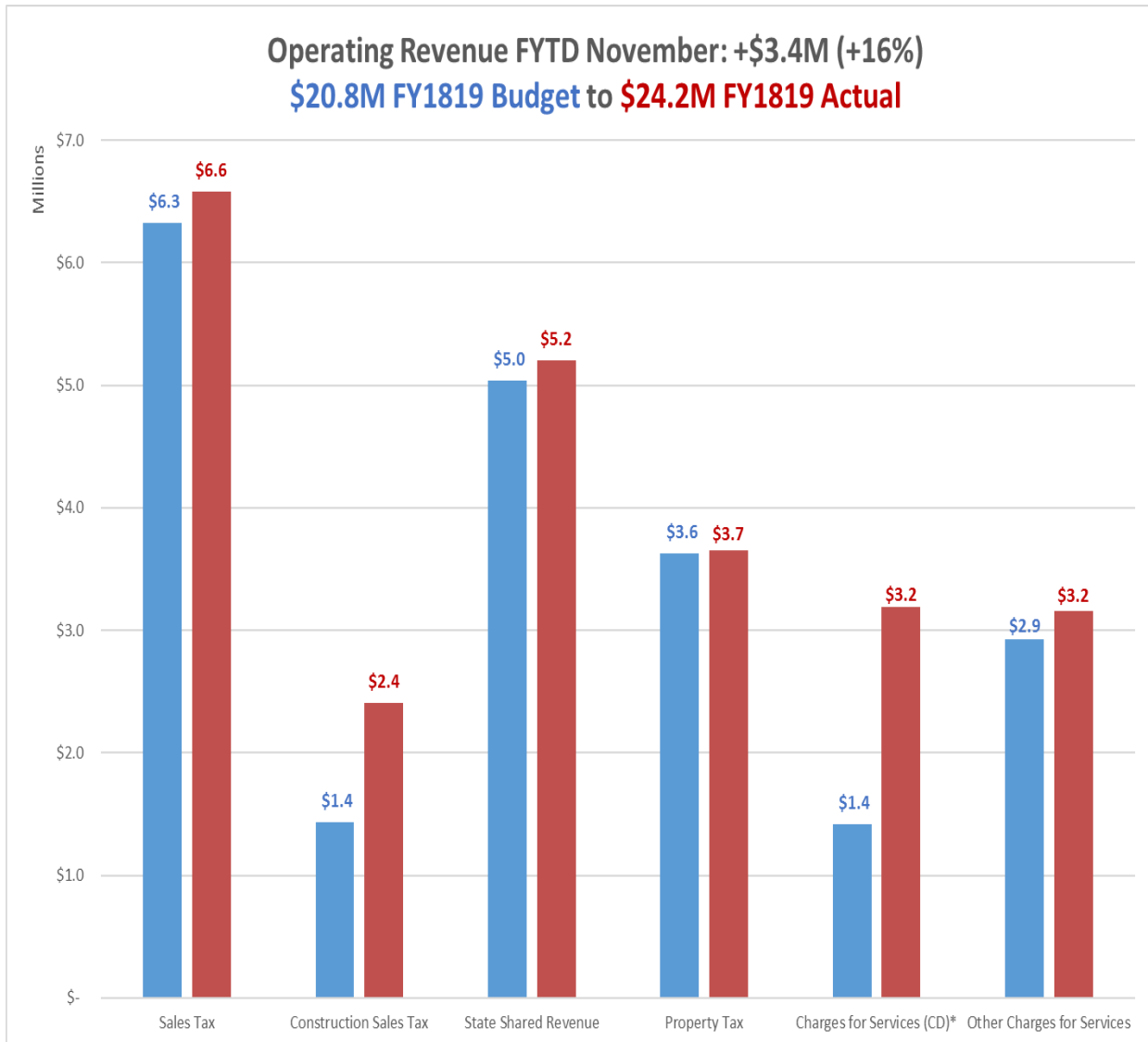
### November 2018 Year-to-Date Results

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> <u>Favorable/(Unfavorable)</u>	<u>% Variance</u>
<b>Revenues</b>				
Sales Tax	\$ 6,326,213	\$ 6,581,387	\$ 255,174	4%
Construction Sales Tax	1,432,403	2,407,687	975,284	68%
State Shared Revenue	5,040,966	5,205,063	164,097	3%
Property Tax	3,626,200	3,651,913	25,713	1%
Charges for Services (CD)*	1,421,700	3,191,495	1,769,795	124%
Other Charges for Services	2,930,001	3,158,922	228,921	8%
<b>Total Revenues</b>	<b>\$ 20,777,483</b>	<b>\$ 24,196,467</b>	<b>\$ 3,418,984</b>	<b>16%</b>
<b>Expenditures</b>				
Salaries & Benefits	\$ 10,226,988	\$ 9,332,884	\$ 894,104	9%
Supplies & Services	5,014,788	5,747,627	(732,838)	(15%)
Maricopa County Sheriff	3,087,853	2,722,937	364,916	12%
Capital Outlay	1,988,887	787,569	1,201,318	60%
<b>Total Expenditures</b>	<b>\$ 20,318,516</b>	<b>\$ 18,591,017</b>	<b>\$ 1,727,499</b>	<b>9%</b>

\*Consists of Community Development Charges for Services including permits, planning and engineering fees

## Revenue Analysis





Overall, there is a 16% favorable variance between budgeted and actual revenues year-to-date. The variances of the Revenue Categories are explained below:

**Sales Tax:**

Sales Tax Revenue has a favorable variance of \$0.3M or 4%, year-to-date and is related to strong performance in restaurants, communications, and utilities, along with meeting expectations in other categories. Please refer to the Sales Tax Report (Appendix 1) for additional information on this revenue. As of November 30, 2018, four months of sales tax revenues have been received.

**Construction Sales Tax:**

Construction Sales Tax Revenue has a favorable variance of \$1.0M or 68%, year-to-date and is related to ongoing residential and commercial construction activity performing better than anticipated due to continued growth. Please refer to the Sales Tax Report (Appendix 1) for additional information on this revenue. As of November 30, 2018, four months of sales tax revenues have been received.

**State Shared Revenue:**

State Shared Revenue is favorable by \$0.2M or 3% year-to-date and is directly on target.

**Property Tax:**

Property Tax Revenue is favorable by \$30K, or 1%. There was a change in how Property Tax funds were being distributed at the County which resulted in October receipts being both booked and received in the same month this fiscal year, the lag which previously existed no longer exists. As expected a large influx of payments occurred in both October and November.

**Charges for Services (CD):**

Charges for Services (CD) accounts for planning, engineering and building permit revenues. Revenue is favorable by \$1.8M or 124%. The detail is presented in the following schedule:

**November 2018 YTD Community Development Detailed Revenues**

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> Favorable/(Unfavorable)	<u>% Variance</u>
Charges for Services (CD)				
Planning Revenue	\$ 109,020	\$ 156,370	\$ 47,350	43%
Engineering Revenue	182,840	630,330	447,490	245%
Building Permit Revenue	1,129,840	2,404,796	1,274,956	113%
<b>Total Charges for Services (CD)</b>	<b>\$ 1,421,700</b>	<b>\$ 3,191,495</b>	<b>\$ 1,769,795</b>	<b>124%</b>

Development services revenues are exceeding budget across all divisions. In each area, revenues are driven by a handful of high-dollar permits in addition to various, lower-dollar activity. Planning revenues are mostly the result of residential development permitting. The following table displays major Planning division permits issued thus far this year.

<u>Planning Project</u>	<u>Permit Description</u>	<u>Project Type</u>	<u>YTD Revenue</u>
Empire Pointe	Preliminary Plat/PAD	Single Family Residential	\$35K
Legado	Preliminary Plat	Single Family Residential	\$12K
Madera West	Preliminary Plat	Single Family Residential	\$9K
Orangewood	Preliminary Plat/PAD	Single Family Residential	\$9K
Ranchos Legante	Preliminary Plat/PAD	Single Family Residential	\$6K
Casteel HS - Phy Ed Building	General Plan Amendment	School	\$6K
Rancho Legante	Rezone	Single Family Residential	\$6K
<b>Total</b>			<b>\$83K</b>

Year-to-date Engineering division revenues in FY 18-19 are influenced by major residential subdivision development permitting activity. The following table displays major Engineering permitting activity driving revenues.

**Charges for Services (CD) cont'd:**

Engineering Project	Permit Description	Project Type	YTD Revenue
Harvest Queen Creek	Final Plat	Single Family Residential	\$169K
Spur Cross	Grading/Utilities	Single Family Residential	\$80K
Malone Parke Place	Final Plat	Single Family Residential	\$60K
Church Farm	Final Plat	Single Family Residential	\$50K
Victoria Heights	Fees Place Holder	Single Family Residential	\$48K
West Park Estates	Final Plat	Single Family Residential	\$47K
Hastings Farms	Paving	Single Family Residential	\$22K
Meridian Meetinghouse	Various	Subdivision Amenity	\$12K
Pecans Lights II	Final Plat	Single Family Residential	\$12K
Ovation	Fees Place Holder	Single Family Residential	\$12K
USA Youth Fitness Center	Utilities	Commercial	\$12K
Shops at Terravella	Improvement Plans	Commercial	\$12K
Sonoqui Creek Village	Paving	Single Family Residential	\$9K
Pecan Lakes	Grading/Utilities	Single Family Residential	\$4K
<b>Total</b>			<b>\$549K</b>

Building safety revenues are mainly generated by residential permitting activity (new homes, pools, spas, etc.) and to a lesser extent commercial and other types (schools, churches, etc.) of activity. Major year-to-date building safety permitting information is presented in the tables below:

Building Safety Residential Permitting	# Permits Issued YTD	YTD Revenue
Single Family Home Permits	453	\$1.6M
Ironwood Crossing - Fee Waiver	100	\$284K
Other Residential Permits (Walls/Gas/Electrical/ Pools, etc.)	525	\$196K
Whitewing @ Whisper Ranch	N/A-Plan Review Phase	\$13K
Village Greens (Multi-Unit)	N/A-Plan Review Phase	\$12K
Queen Creek Senior Living Facility (Multi-Unit)	N/A-Plan Review Phase	\$10K
<b>Total</b>		<b>\$2.12M</b>

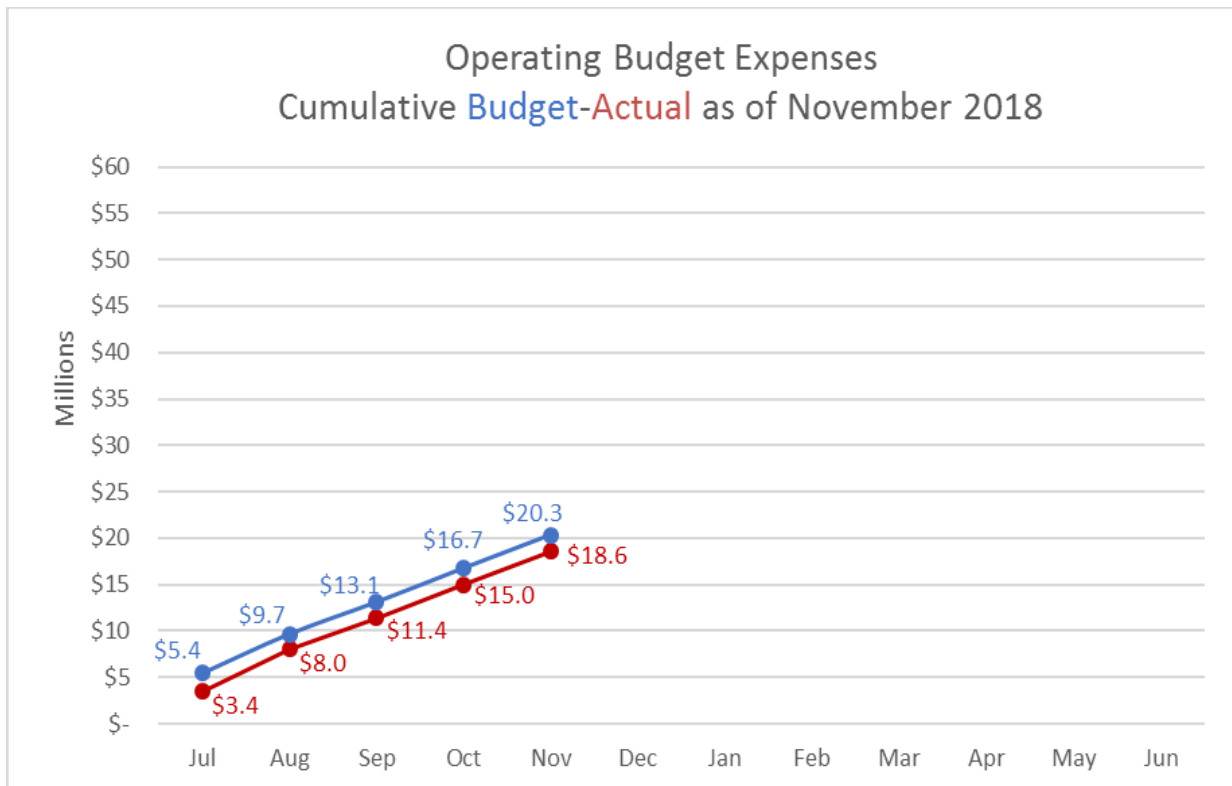
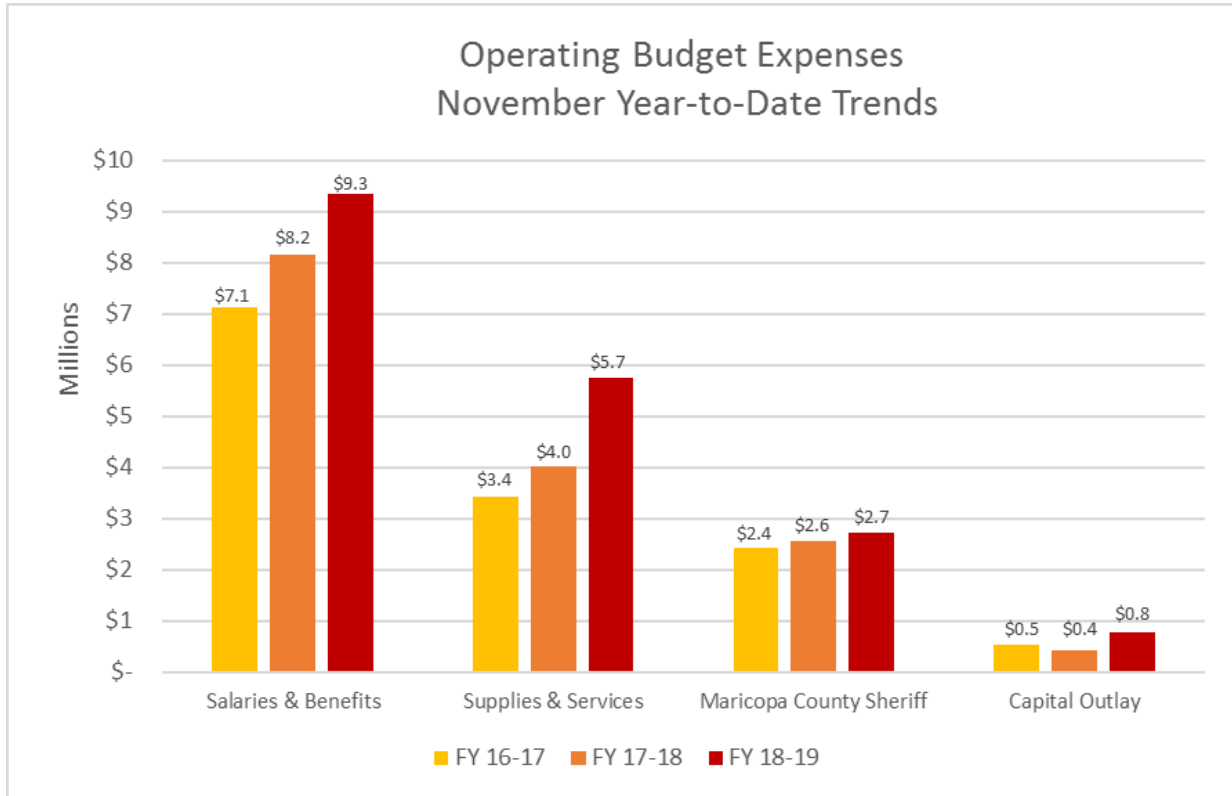
Building Safety Commercial/Other Permitting	Building Type	YTD Revenue
New Church Buildings	Church	\$32K
American Leadership Academy	School	\$31K
USA Youth Fitness Center	Commercial	\$23K
Hampton Inn Plan Review	Commercial	\$15K
Casteel HS Phy Ed Bldg K	School	\$12K
Target Re-Model	Commercial	\$11K
QC District - 4B Shell	Commercial	\$7K
Power Marketplace - Shells A/B	Commercial	\$6K
Caliber Collision	Commercial	\$5K
QC Station Shops w/ Drive-thru	Commercial	\$4K
Wienerschnitzel @ Heritage Square	Commercial	\$4K
<b>Total</b>		<b>\$150K</b>

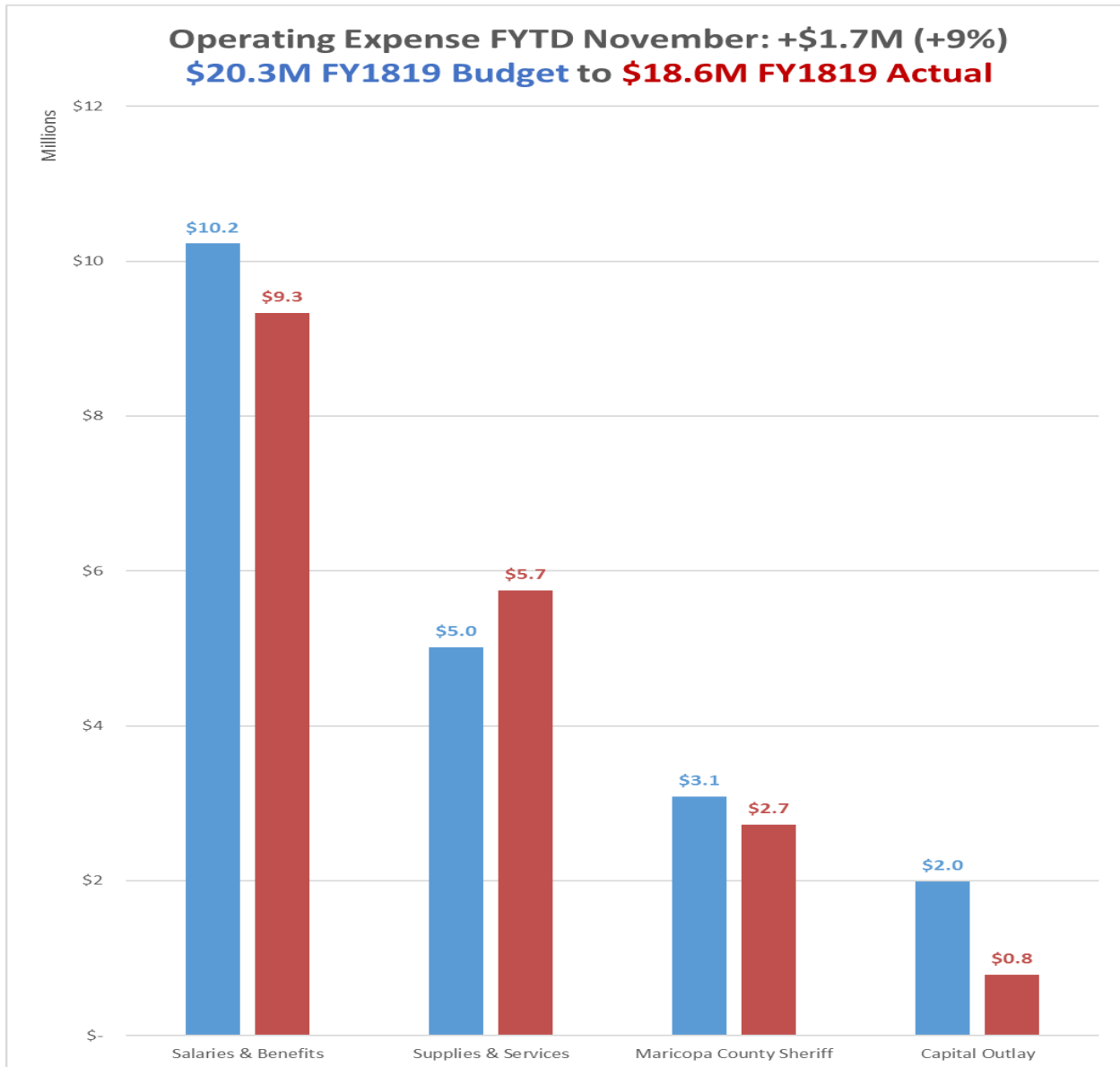


**Other Charges for Services:**

Other Charges for Services comprises a number of different sources and is favorable by \$0.2M or 8%. With the nature of this revenue being a large number of smaller accounts, variances can fluctuate from period to period. Also included in FY 18-19 is Utility ROI, Utility Franchise Fee and Utility In-Lieu Property Tax all from the Town's Water and Sewer utility operations, which are new, ongoing charges that comprise \$1.3M of the \$3.2M total, received year-to-date.

## Expense Analysis





Total expenses year to date through November reflect a favorable variance of 9%.

**Salaries and Benefits:**

Salaries and Benefits through November are favorable by \$0.9M or 9%. The largest contributor to this favorable variance is vacant positions. The Town Council approved the hiring of 24.4 FTE included within the Operating Funds, of which only 0.4 still remain vacant. Exclusive of the new positions, there are an additional 8.86 vacant positions as of November, most of which are either being recruited or will be recruited for in the near future. The savings to date is largely related to 14 new firefighter positions, all of which were hired 10/1/2018. While there were accumulated savings year-to-date for these and other positions, ongoing savings will not continue once new staff has been hired.

**Supplies and Services:**

Supplies and Services is unfavorable by (\$0.7M) or (15%) as of November. The unfavorable variance is driven by the Fulton Homes development agreement payments which alone is unfavorable by (\$0.9M). The development agreement requires a series of payments to be made as permits are issued; these expenses were not included in the Adopted Budget. The budget will be adjusted mid-year. These payments also created a year-over-year variance while comparing actuals between prior and current year. Mansel Carter Park was not open until September with portions of the budget built to accommodate the entire year, such as utility usage, specifically water and even with this buffer, water usage exceeds what was expected. Most other Town Supplies and Services expenses have occurred as planned with minimal budget impacts.

**Maricopa County Sheriff:**

Maricopa County Sheriff costs are favorable by \$0.4M or 12%, year-to-date. This is related to the placeholder for additional personnel at the Sheriff's Office to support traffic patrol. Not knowing when these new staff would be brought online, the budget was spread evenly across the year. When additional information regarding this activity becomes available, budget realignment will occur.

**Capital Outlay:**

The favorable variance in Capital Outlay is \$1.2M or 60%, year-to-date. With the closing of the prior fiscal year, all unspent, one-time Capital Outlay budgets were rolled forward into the new-year. A majority of these one-time projects are not yet complete and further analysis will occur to fine tune the budgets in the upcoming periods. The day to day expenses in this category are meeting expectations and are expected to continue with minimal variances into future periods.



TOWN OF  
**QUEEN CREEK**  
ARIZONA

# FY 18-19 Year to Date Sales Tax Report

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FY 18-19 Business Activity through October 2018\*

Issued December 2018

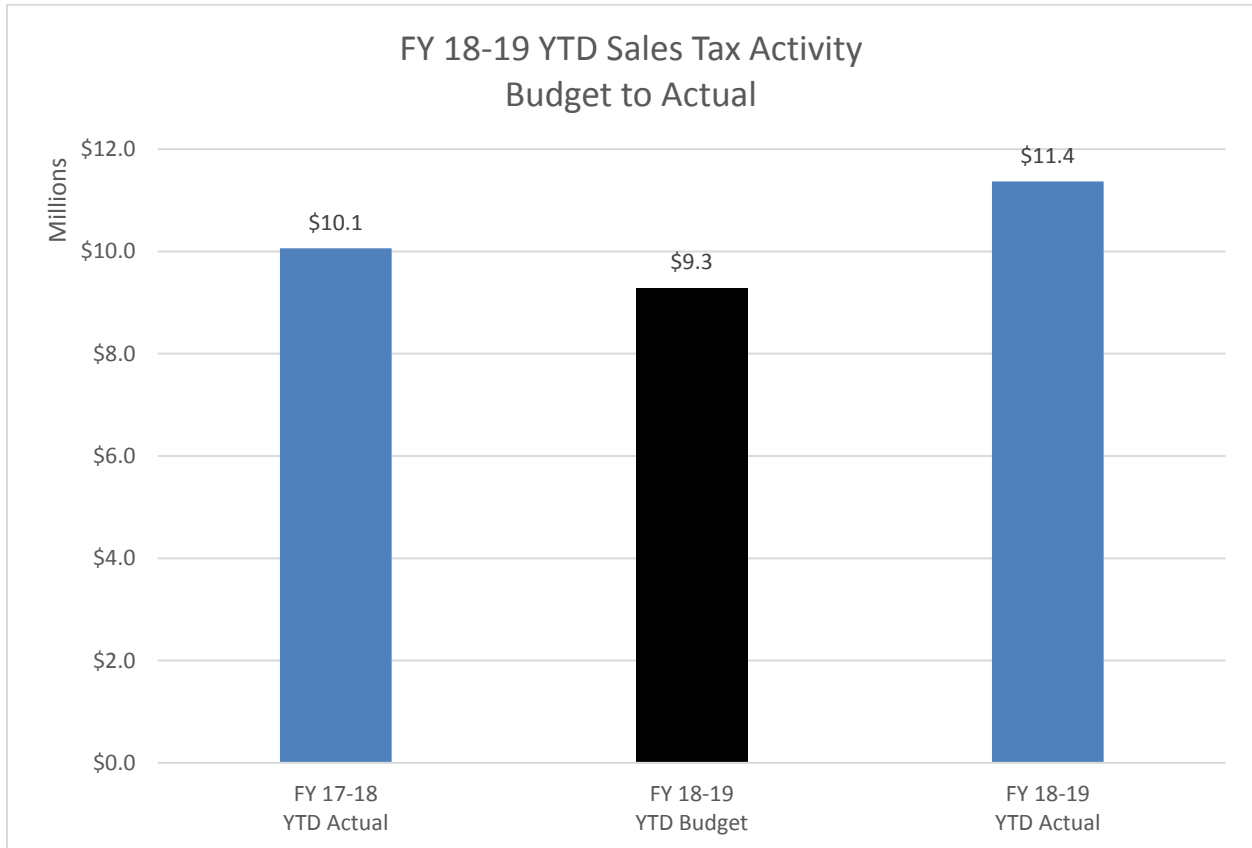
This report contains information regarding the actual revenue collections from the Town's 2.0% sales tax reflected in the General Fund, 0.25% dedicated EMS sales tax, 0.25% Town Center dedicated sales tax and the 2.0% Construction Contracting sales tax dedicated to infrastructure improvements.

\*Sales tax activity revenue generated in October is received by the Town in November and included with the November Financial Report.

## YEAR-TO-DATE FY 18-19 SALES TAX ACTIVITY

### OVERALL PERFORMANCE SUMMARY:

The October 2018 sales tax revenue year-to-date total of \$11.4M exceeds the budget by 22%, or \$2.1M. Relative to the same period in FY 17-18, FY 18-19 actuals are 13%, or \$1.3M higher than the previous year.



(in Millions of \$)				FY 18-19 YTD Budget-To-Actual		FY 17-18 YTD Actual to FY 18-19 YTD Actual	
	FY 17-18 YTD Actual	FY 18-19 YTD Budget	FY 18-19 YTD Actual	\$ Variance	% Variance	\$ Variance	% Variance
Sales Category							
Construction	\$ 4,144,540	\$ 2,702,646	\$ 4,547,853	\$ 1,845,207	68%	\$ 403,313	10%
Retail Trade	3,330,470	4,187,488	4,142,146	(45,342)	(1%)	811,676	24%
Communications & Utilities	830,911	659,778	723,253	63,476	10%	(107,657)	(13%)
Restaurant & Bar	789,551	847,681	959,643	111,961	13%	170,092	22%
Real Estate, Rental & Leasing	522,303	511,552	580,615	69,064	14%	58,312	11%
All Others**	446,104	376,444	417,318	40,874	11%	(28,786)	(6%)
<b>Totals</b>	<b>\$ 10,063,877</b>	<b>\$ 9,285,588</b>	<b>\$ 11,370,827</b>	<b>\$ 2,085,239</b>	<b>22%</b>	<b>\$ 1,306,950</b>	<b>13%</b>

\*\*All Others includes transportation, wholesale trade, finance and insurance, services, arts and entertainment, and other categories.

Note: In FY 18-19 reporting categories are based on Arizona Department of Revenue Business Code classifications. FY 17-18 actuals are also displayed using the ADOR business code classifications for accurate year over year comparisons.

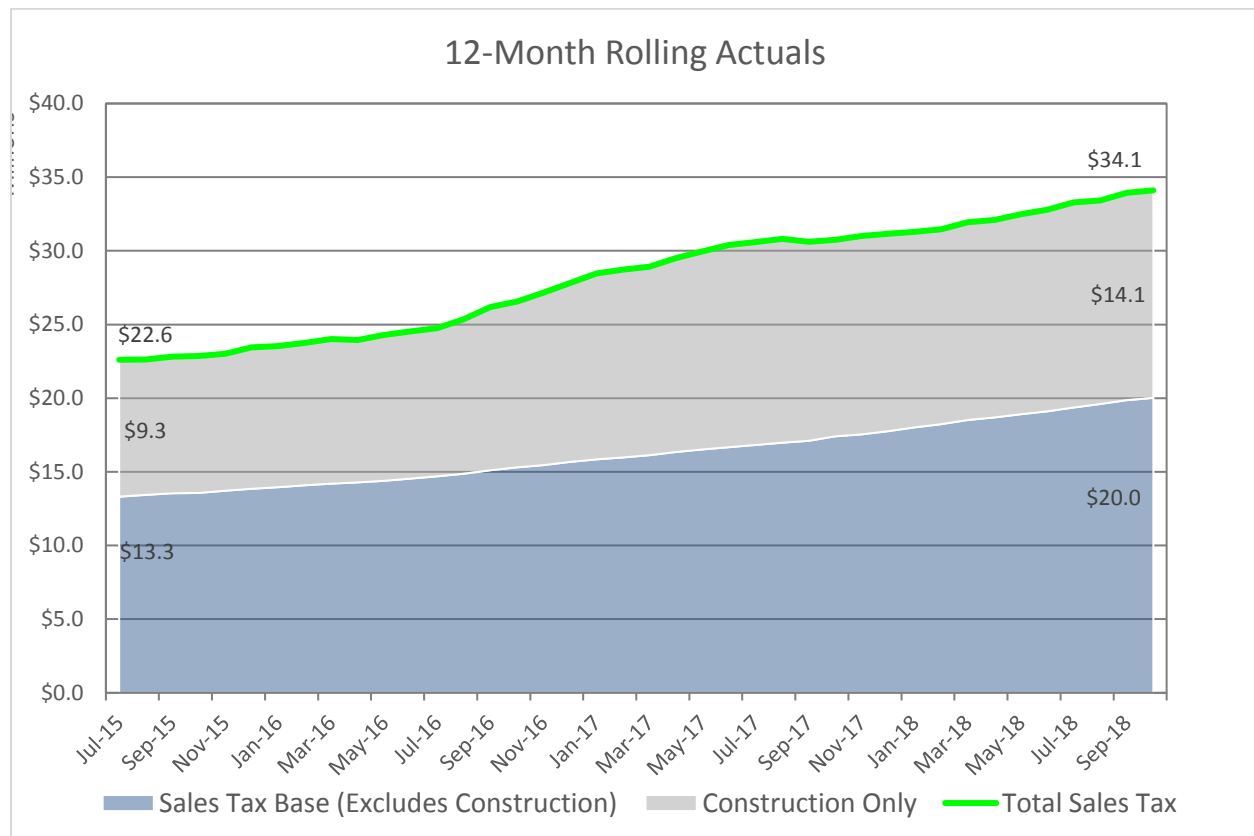
## ANALYSIS

The positive budget-to-actual sales tax revenue variance stems from strong performance in construction contracting (68% above budget), real estate, rental & leasing (14% above budget), and restaurant/bar performance (13% above budget). *Note: Year-by-year trend analysis for Retail and Construction categories are in the appendix of this report.*

Town of Queen Creek sales tax collections are positively impacted by the high incomes of Town households. Per the 2016 American Communities Supplemental Survey data provided by the US Census, Queen Creek’s median household income of \$95,712 is the highest in the region for full-service cities and towns. Additionally, taxable spending from an estimated 100K+ population from Eastmark master-planned community (Mesa) and unincorporated San Tan Valley has a significant impact on the Town’s sales tax revenues. A recent study from Elliot Pollack & Company estimates that as of FY 17-18, about 37% of sales tax collections in the retail category and about 46% in the restaurant and bar category are from non-Queen Creek resident spending in the Town.

## HISTORICAL 12 MONTH ROLLING PERIODS

The following section contains a 12-month rolling historical actuals chart for the sales tax base (everything except construction) and separately for construction contracting sales tax revenues. Together, these categories comprise the total monthly revenue collections for sales tax. This chart is useful to identify the overall data trends since 2015. Of particular note is the continued growth of the sales tax base over time, which signifies the Town’s commercial sectors are growing, diversifying and maturing since 2015.



## YEAR-TO-DATE ANALYSIS BY CATEGORY

### CONSTRUCTION CONTRACTING:

Construction sales tax is collected on all construction activity; commercial, new residential and major residential remodels. It also includes landscaping, painting, flooring installation, siding, roofing, concrete, plumbing, heating, framing, drywall, infrastructure, masonry, finish carpentry, etc. Speculative construction activity (developing land for sale as a building site) is also included in this category.

**October 2018 Actuals: \$0.9M**

**FY 18-19 YTD Actuals: \$4.5M**

**FY 18-19 YTD Budget to Actual Variance of \$1.8M or 68%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$0.4M or 10%**

FY 18-19 collections exceed the current year budget and the prior fiscal year actuals through October activity. Performance in construction contracting ties mostly to new home sales and in particular, the large-scale homebuilders. Known major homebuilders accounted for 47% of construction contracting sales tax revenues for the month of October. In recent months, homebuilders had accounted for about 65% of construction sales tax revenues; as a result, this metric will be monitored closely. Sales tax paid by homebuilders ties to the sale of a new home, which is dependent on permit completions. The following schedule displays new single-family home (NSF) permits issued and home completions over a rolling 12-month period for the current fiscal year against the previous fiscal year according to Queen Creek's Development Services Department:

12-Month Rolling NSF Home Permits	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total	Mo. Avg
FY 17-18 TOQC NSF Permits Issued	77	60	85	50	110	82	66	92	80	86	39	55	882	74
FY 18-19 TOQC NSF Permits Issued	51	55	79	70	92	108	101	181	167	148	70	97	1219	102
12-Month Rolling NSF Home Completions	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Total	Mo. Avg
FY 17-18 TOQC NSF Completions	87	99	94	73	122	89	98	95	102	79	74	71	1083	90
FY 18-19 TOQC NSF Completions	78	69	48	56	63	72	84	83	92	88	74	79	886	74

The Town utilizes RL Brown Housing Reports, an independent source of housing market information, to track monthly home sales, which are an indicator of construction sales tax receipts for the month. RL Brown's data indicates that Queen Creek had 71 new home sales close in the month of October. The average sales price for these homes was \$395K, the average square footage per home was 2,723, and the average sale price per square foot was about \$152. The following table shows the monthly closings by builder, average sale price and estimated gross revenue for the month of October.

Builder	# Closings	Avg Sales Price	Est. Gross Revenue
FULTON HOMES	23	\$ 361,284	\$ 8,309,539
WILLIAM LYON HOMES	17	\$ 324,235	\$ 5,511,994
CALATLANTIC HOMES	8	\$ 451,305	\$ 3,610,436
RICHMOND AMERICAN	5	\$ 622,353	\$ 3,111,766
TOLL BROTHERS	2	\$ 1,014,564	\$ 2,029,128
MERITAGE HOMES	6	\$ 255,744	\$ 1,534,465
GEHAN HOMES	2	\$ 417,930	\$ 835,859
SHEA HOMES	2	\$ 402,654	\$ 805,308
NEWPORT HOMES	3	\$ 257,623	\$ 772,870
VIP HOMES	1	\$ 650,476	\$ 650,476
LENNAR HOMES	1	\$ 479,990	\$ 479,990
MISC CUSTOM	1	\$ 408,000	\$ 408,000
<b>Grand Total</b>	<b>71</b>	<b>\$ 395,209</b>	<b>\$ 28,059,831</b>



## RETAIL TRADE:

Retail trade includes large department stores, auto dealers, grocery stores, supercenters, automotive repairs, discount stores, home furnishings, drug stores, jewelry and other vendors typically selling merchandise in small quantities to the public.

**October 2018 Actuals: \$1.1M**

**FY 18-19 YTD Actuals: \$4.1M**

**FY 18-19 YTD Budget to Actual Variance of \$(45K) or (1%)**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$0.8M or 24%**

The retail category is slightly below budgeted levels and appreciably above previous fiscal year figures. The minor negative variance relative to the budget is not concerning. Compared to the previous fiscal year, new businesses continue to open, but more influentially, retail anchors in the major retail centers in the Town are performing well. The higher-dollar entities drive revenue in this class. In October, the top 20 payers of 1,520 total payers in the retail category delivered 69% of the revenue. The top 10 payers in the category account for 58% of the total.

## COMMUNICATIONS/UTILITIES:

This category includes businesses that provide telecommunications (internet, telephone, cellular service, cable/satellite television, etc.) and electricity, gas, or water services.

**October 2018 Actuals: \$0.1M**

**FY 18-19 YTD Actuals: \$0.7M**

**FY 18-19 YTD Budget to Actual Variance of \$63K or 10%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Decrease of \$(0.1M) or (13%)**

Collections are exceeding the budget, but trail prior year figures. The variance against the prior fiscal year is caused by October 2017 communications/utility sales tax activity generating \$271K, an abnormally high figure. The typical monthly average for this category is about \$155K. This variance is expected to narrow over the course of the fiscal year. In comparison to the budget, continued population growth and an overall increase in water usage are driving some of the differential in this category.

## RESTAURANTS & BARS:

This industry is comprised of establishments serving customers by preparing meals, snacks, and beverages for immediate consumption.

**October 2018 Actuals: \$0.3M**

**FY 18-19 YTD Actuals: \$1.0M**

**FY 18-19 YTD Budget to Actual Variance of \$0.1M or 13%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$0.2M or 22%**

This category is exceeding budgeted and previous year collections. Performance in this category is tied to several new establishments opening in Queen Creek, continued solid performance from major vendors, and population growth.

### **RENTAL, REAL ESTATE & LEASES:**

This category consists of entities engaged in renting or leasing tangible and intangible assets as well as other establishments providing related services.

**October 2018 Actuals: \$0.2M**

**FY 18-19 YTD Actuals: \$0.6M**

**FY 18-19 YTD Budget to Actual Variance of \$69K or 14%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$58K or 11%**

Collections are above budgeted and prior year levels.

### **ALL OTHER CATEGORIES:**

The categories included here are transportation; manufacturing; wholesale trade; finance and insurance; services; arts and entertainment.

**October 2018 Actuals: \$0.1M**

**FY 18-19 YTD Actuals: \$0.4M**

**FY 18-19 YTD Budget to Actual Variance of \$41K or 11%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Decrease of \$(29K) or (6%)**

This category is above the current budget but trails prior year collections. Prior year collections spiked higher due to collections in the manufacturing category being higher than normal in October 2018. Latter months in the previous fiscal year were more typically around \$75K in collections, so it is expected current fiscal year revenues will eventually exceed prior year performance despite the current unfavorable variance.

**APPENDIX:**

**SALES TAX BACKGROUND INFORMATION:**

The Town of Queen Creek’s sales tax is the largest revenue source for Town operations. The Town of Queen Creek’s Transaction Privilege Tax (TPT) program is administered by the State of Arizona’s Department of Revenue (AZDOR). AZDOR issues TPT licenses to businesses, updates license data, provides support, collects tax dollars due, performs audits, and distributes the tax revenue to the Town.

**SALES TAX RATE DETAILS**

The Town of Queen Creek has the following sales tax rates:

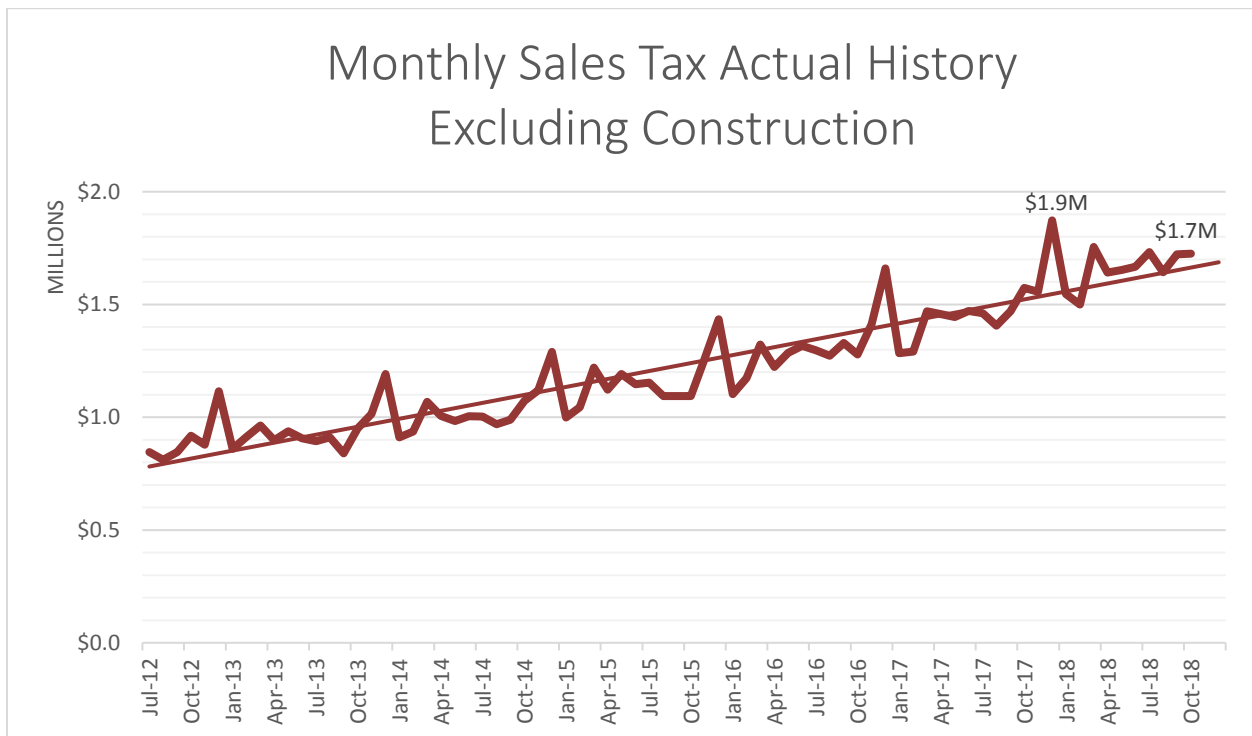
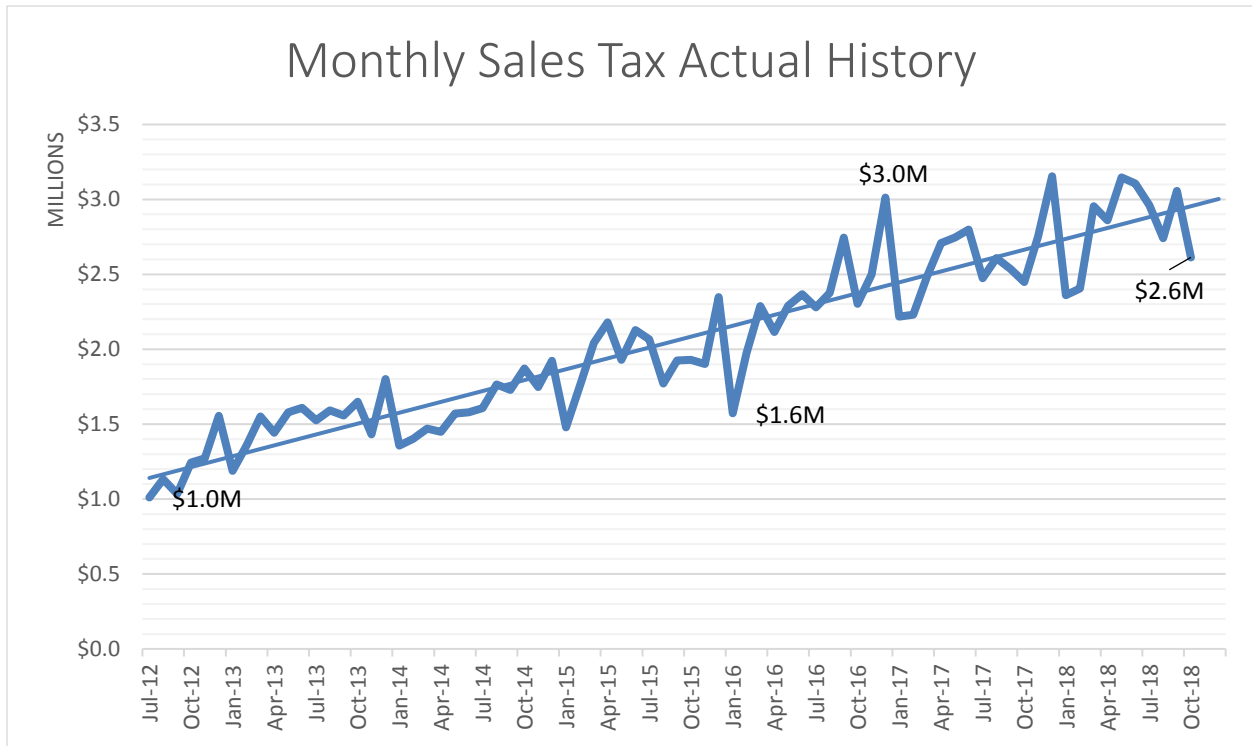
- 2.0% tax rate charged on all taxable activities within Town limits
  - Dedicated to the General Fund for general purpose government operations
- 0.25% tax rate charged on all taxable activities within Town limits
  - Dedicated to the Emergency Services (EMS) Fund to fund law enforcement and fire and medical services
- 0.25% special district rate – an additional tax rate charged on certain taxable activities occurring within certain major retail developments in Town Center: Queen Creek Marketplace, Cornerstone, and QC District
  - Dedicated to the Town Center Fund to fund infrastructure related improvements and other operations within the Town Center planning area
- 2.0% additional tax rate on construction contracting activities within Town limits
  - Dedicated to funding infrastructure improvements within Town limits

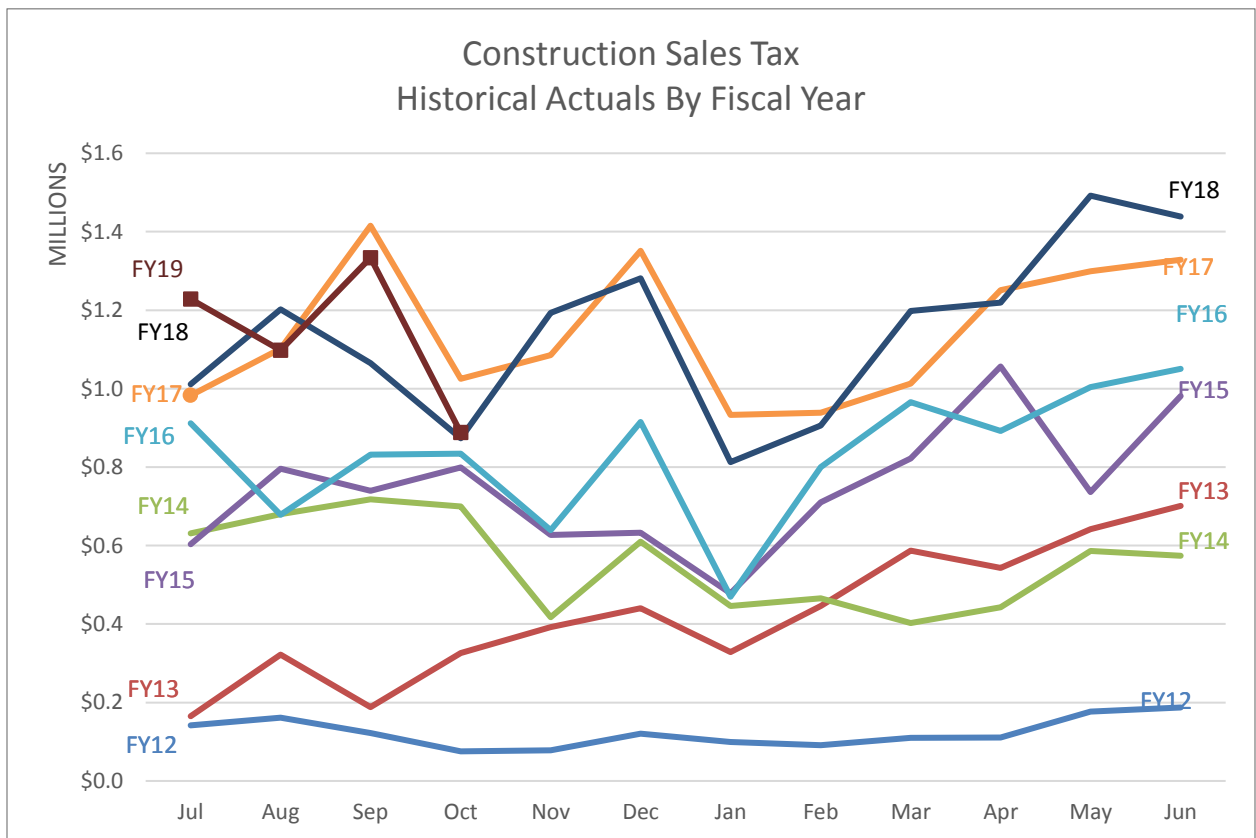
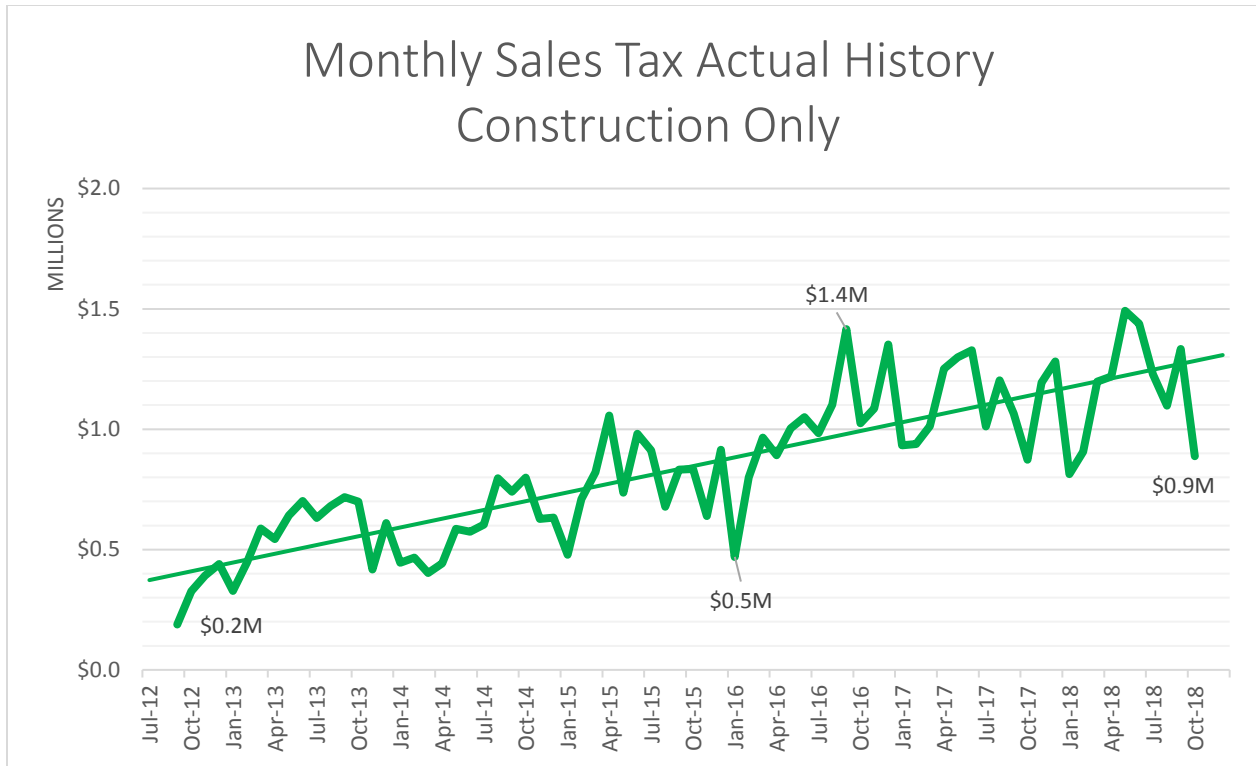
Sales Tax Rate Components					
Queen Creek Rate		Queen Creek Special District Rate (Town Center)		Construction Contracting Rate	
General Fund	2.00%	General Fund	2.00%	General Fund	2.00%
EMS	0.25%	EMS	0.25%	EMS	0.25%
		Town Center	0.25%	Construction Fund	2.00%
<b>Total Rate</b>	<b>2.25%</b>	<b>Total Rate</b>	<b>2.50%</b>	<b>Total Rate</b>	<b>4.25%</b>

Revenue by Fund	FY19 Actuals YTD	% of Total
General Fund	\$ 7,990,287	70.3%
EMS Fund	998,787	8.8%
Town Center Fund	241,589	2.1%
Construction Fund	2,140,166	18.8%
<b>Totals</b>	<b>\$ 11,370,829</b>	<b>100.0%</b>

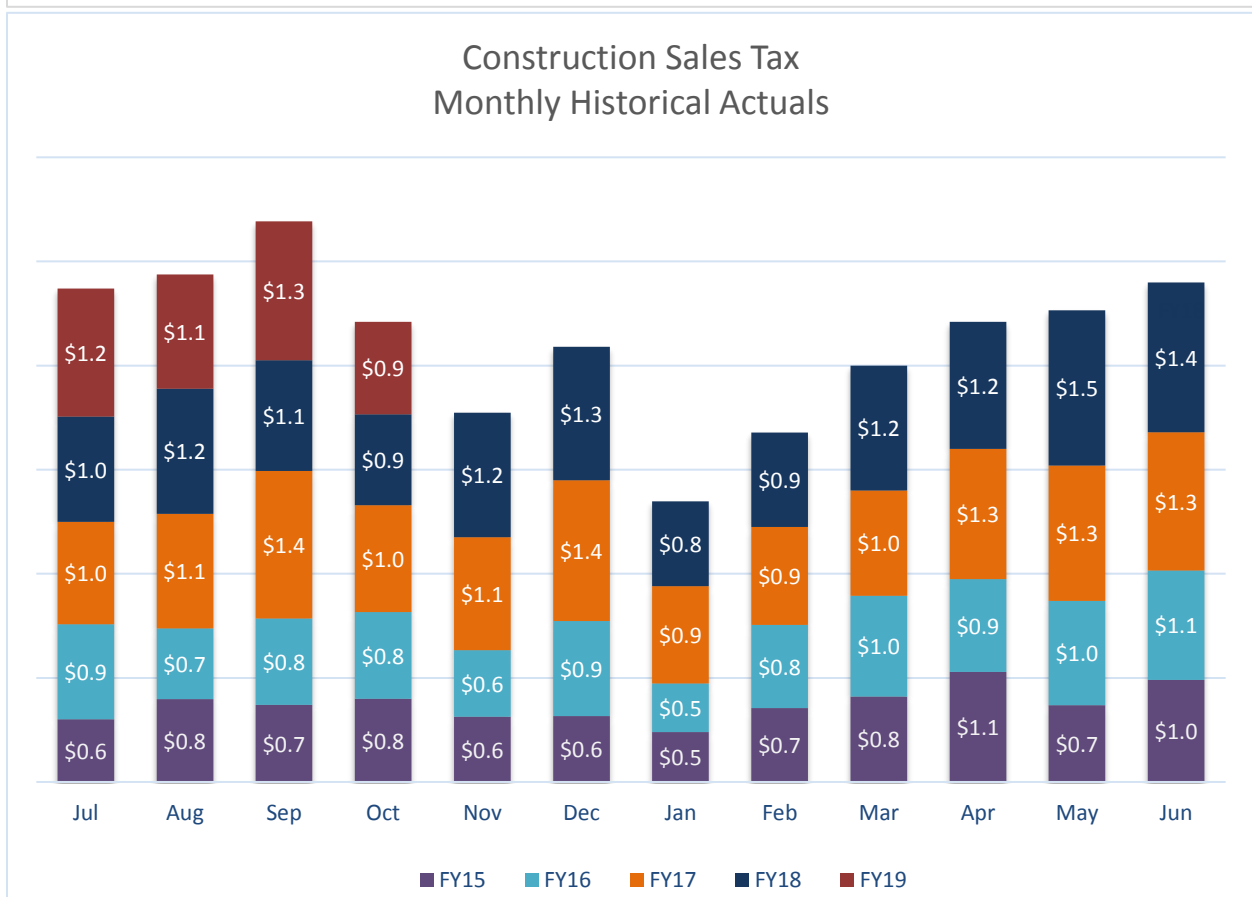
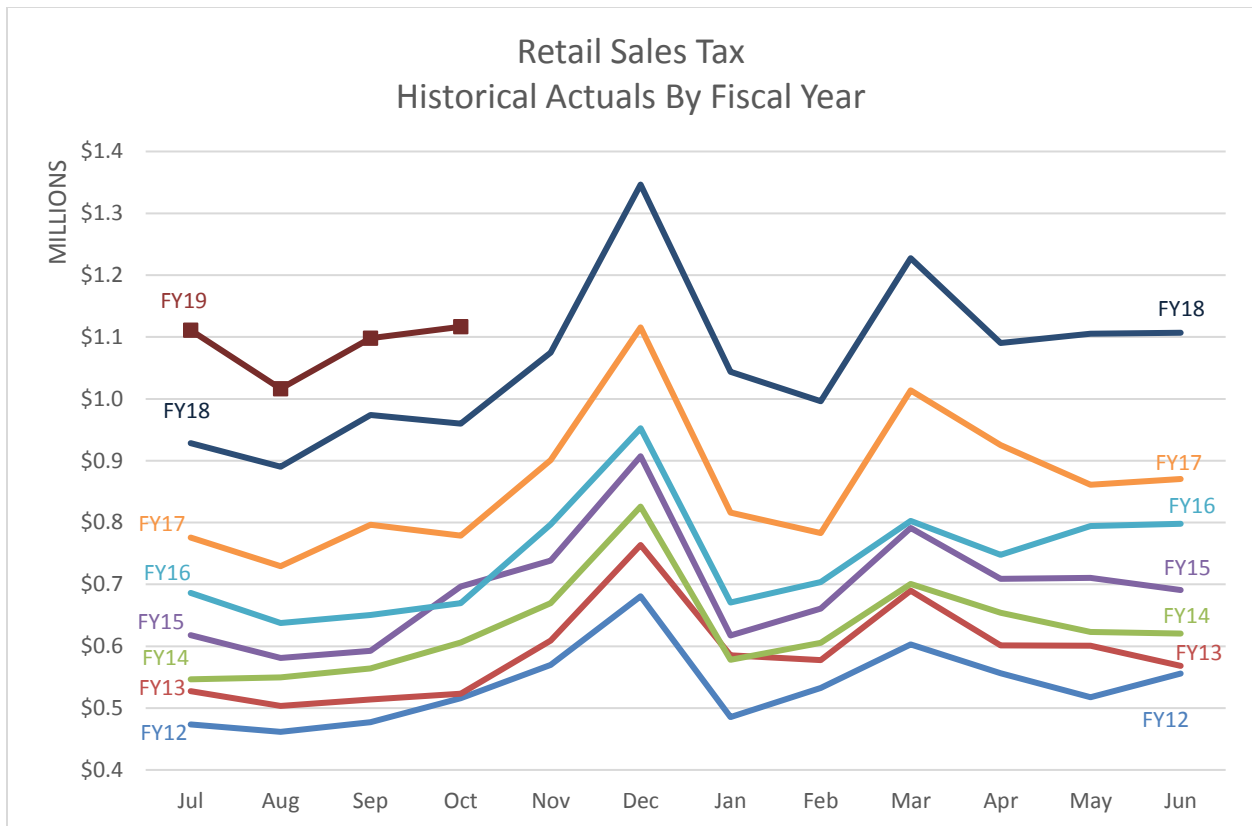
Operating Budget	Jul	Aug	Sept	Oct	Nov	Dec	YTD Total
General Fund	\$ 2,061,575	\$ 1,926,371	\$ 2,105,140	\$ 1,897,202	\$ -	\$ -	\$ 7,990,287
EMS Fund	\$ 257,698	240,797	263,142	237,150	-	-	998,787
<b>Total Operating Budget</b>	<b>\$ 2,319,273</b>	<b>\$ 2,167,168</b>	<b>\$ 2,368,282</b>	<b>\$ 2,134,352</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,989,074</b>

## Historical Performance

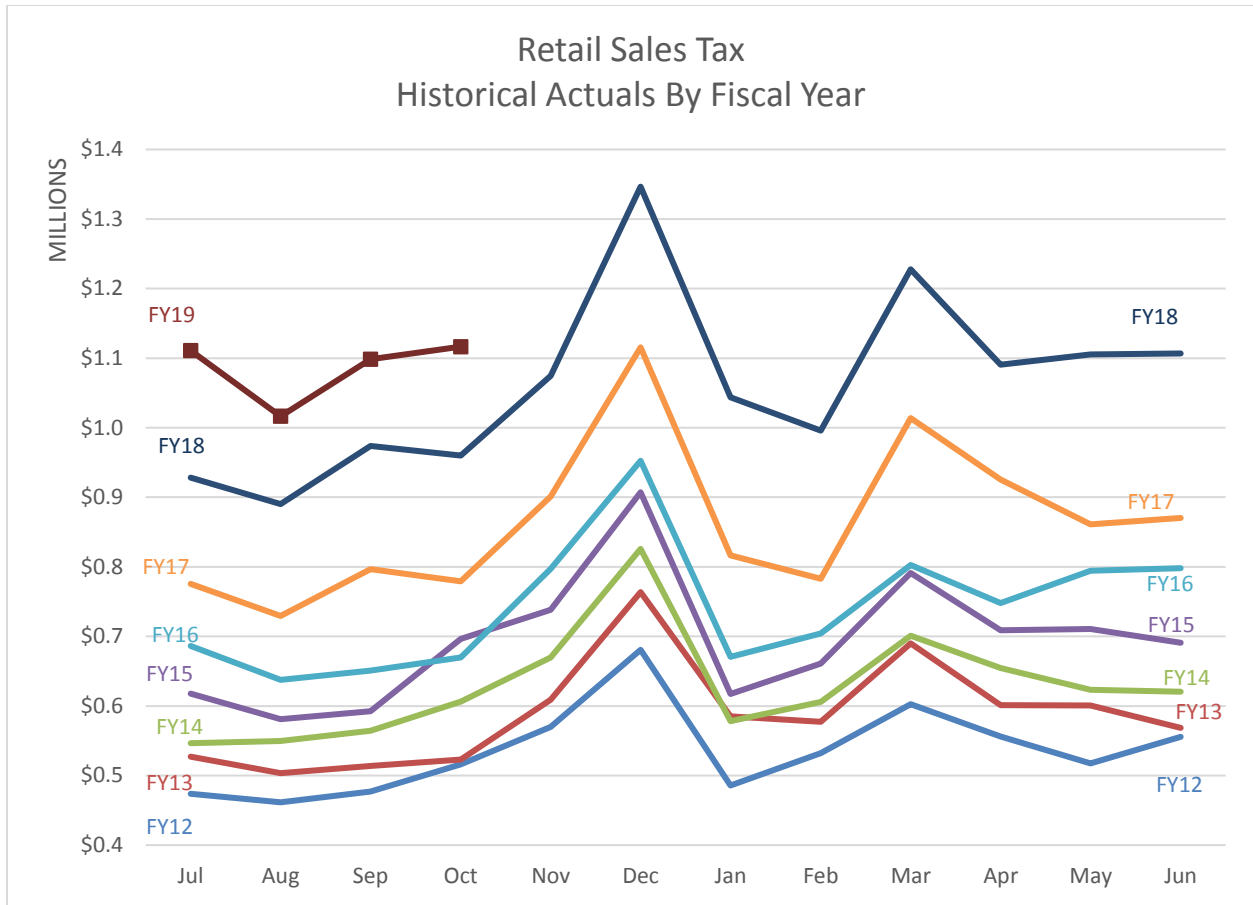




Appendix 1: Queen Creek Monthly Sales Tax Report



Appendix 1: Queen Creek Monthly Sales Tax Report



Note: In FY 18-19 reporting is revised to reflect ADOR business code categories. Overall TPT revenues are not impacted.

Appendix 1: Queen Creek Monthly Sales Tax Report

**TAX RATE CATEGORIES**

Town-wide Queen Creek Sales Tax Rates:

CITY/TOWN NAME	REGION CODE	BUSINESS CODE	TAX RATE	COUNTY
<b>QUEEN CREEK</b>	<b>QC</b>			<b>MAR/PNL</b>
Advertising		018	2.25%	
Amusements		012	2.25%	
Contracting – Prime		015	4.25%	
Contracting – Speculative Builders		016	4.25%	
Contracting – Owner Builder		037	4.25%	
Job Printing		010	2.25%	
Manufactured Buildings		027	2.25%	
Timbering and Other Extraction		020	2.25%	
Severance – Metal Mining		019	0.10%	
Publication		009	2.25%	
Hotels		044	2.25%	
Hotel/Motel (Additional Tax)		144	3.00%	
Residential Rental, Leasing, & Licensing for Use		045	2.25%	
Commercial Rental, Leasing, & Licensing for Use		213	2.25%	
Rental, Leasing, & Licensing for Use of		214	2.25%	
Restaurant and Bars		011	2.25%	
Retail Sales		017	2.25%	
Retail Sales Food for Home		062	2.25%	
MRRRA Amount		315	2.25%	
Communications		005	2.25%	
Transporting		006	2.25%	
Utilities		004	2.25%	
Use Tax Purchases		029	2.25%	
Use Tax From Inventory		030	2.25%	

Queen Creek Special District Tax Rates (Town Center):

CITY/TOWN NAME	REGION CODE	BUSINESS CODE	TAX RATE	COUNTY
<b>QUEEN CREEK SPECIAL DISTRICT</b>	<b>QD</b>			<b>MAR</b>
Amusements		012	2.5%	
Job Printing		010	2.5%	
Publication		009	2.5%	
Hotels		044	2.5%	
Restaurant and Bars		011	2.5%	
Retail Sales		017	2.5%	
Retail Sales for Food Home Consumption		062	2.5%	
MRRRA Amount		315	2.5%	
Communications		005	2.5%	
Utilities		004	2.5%	