



TOWN OF
QUEEN CREEK
ARIZONA

FY 18-19 Year to Date Financial Report

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

Issued January 24, 2019

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 \$2.9M, or 11% 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. The budget for Sales Tax Revenue was revised in December, increasing by \$2.3M across the Operating Funds for FY 18-19.

Actual expenses are less than budget by \$3.0M, or 12%, 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 most were unfilled at the beginning of the year. As of December, only 0.4 have not been filled. Currently, in the Operating Funds there are 6.9 total vacant positions. The budget for Maricopa County Sheriff's Office includes funding for additional deputies that have not yet been hired which is resulting in a favorable variance that grows each month. The large favorable variance in Capital Outlay is the 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 Revised Budget, the Town expected expenses to exceed revenues by \$1.1M as of December 31, 2018. However, both revenues and expenses performed better than anticipated resulting in revenues exceeding expenses by \$7.0M for the first half of the year, an improvement of \$5.8M. 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 \$10.0M 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 \$38.8M, 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	\$ 59,958,711	\$ 26,775,248	\$ 29,699,938
Expenses	\$ 47,404,269	\$ 49,947,749	\$ 25,678,362	\$ 22,651,310
Operating Result	\$ 9,327,783	\$ 10,010,962	\$ 1,096,886	\$ 7,048,628
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)	\$ 624,727	1,096,886	\$ 7,048,628
Beginning Fund Balance	\$ 30,873,722	\$ 38,162,545		
Ending Fund Balance	\$ 30,815,270	\$ 38,787,272		
MSCO Unfunded Pension Liability Reserve	\$ 14,124,962	\$ 19,318,394		
ASRS Unfunded Pension Liability Reserve	\$ -	\$ 2,778,570		
25% Revenue Reserve	\$ 16,690,308	\$ 16,690,308		
Available Fund Balance	\$ -	\$ -		
Total Fund Balance	\$ 30,815,270	\$ 38,787,272		

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

December 2018 Results

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> <u>Favorable/(Unfavorable)</u>	<u>% Variance</u>
Revenues				
Sales Tax	\$ 1,715,845	\$ 1,853,045	\$ 137,200	8%
Construction Sales Tax	445,368	800,933	355,565	80%
State Shared Revenue	1,008,800	1,094,039	85,239	8%
Property Tax	291,700	244,679	(47,021)	(16%)
Charges for Services (CD)*	288,062	400,684	112,622	39%
Other Charges for Services	1,047,714	1,170,234	122,520	12%
Total Revenues	\$ 4,797,489	\$ 5,563,614	\$ 766,125	16%
Expenditures				
Salaries & Benefits	\$ 1,721,680	\$ 1,680,831	\$ 40,849	2%
Supplies & Services	2,391,209	1,453,730	937,478	39%
Maricopa County Sheriff	650,027	551,138	98,889	15%
Capital Outlay	596,930	324,730	272,200	46%
Total Expenditures	\$ 5,359,846	\$ 4,010,430	\$ 1,349,416	25%

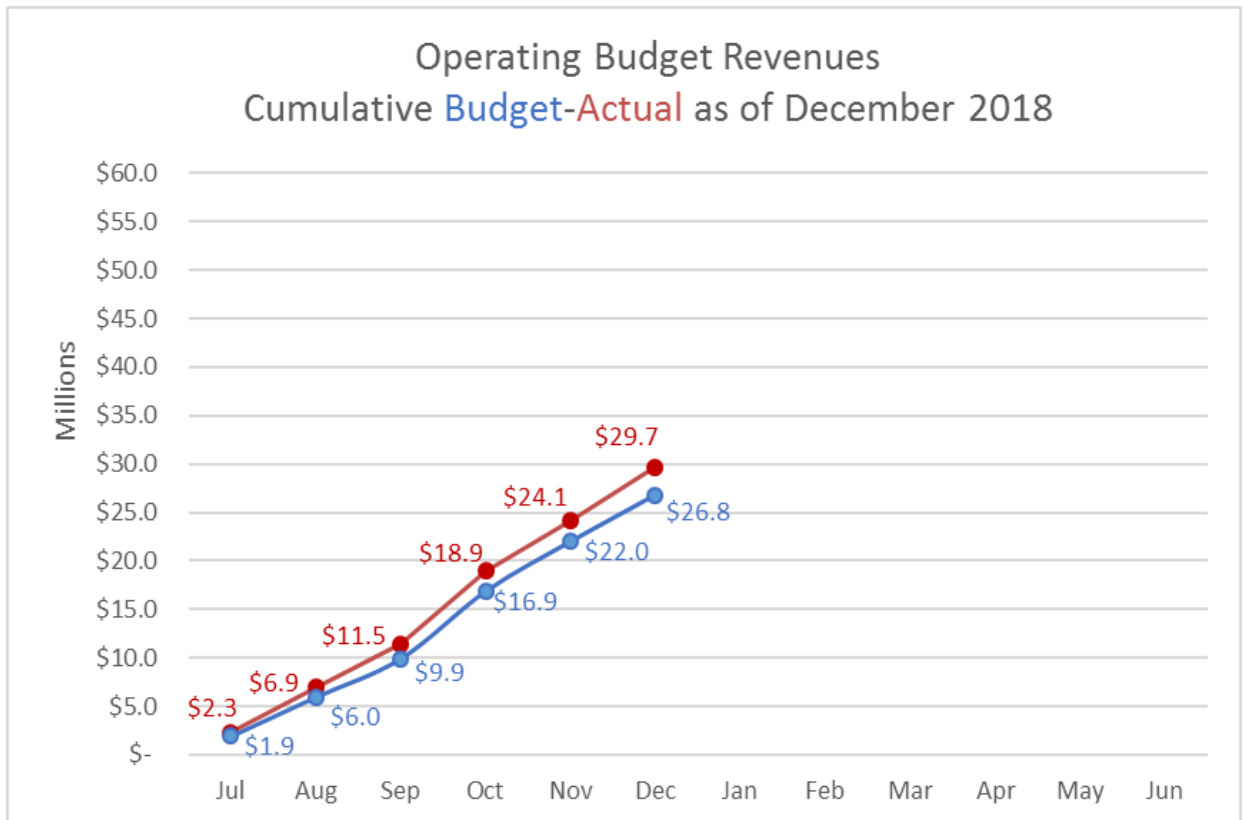
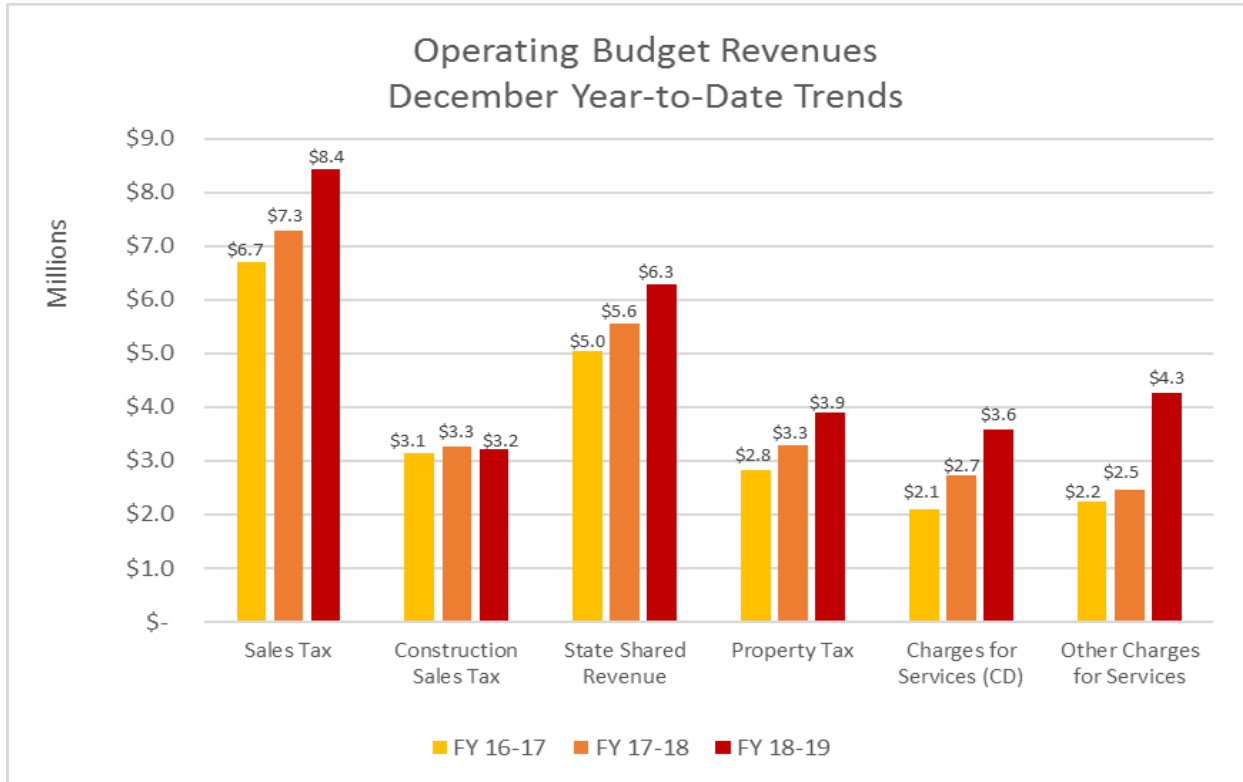
* Consists of Community Development Charges for Services including permits, planning and engineering fees

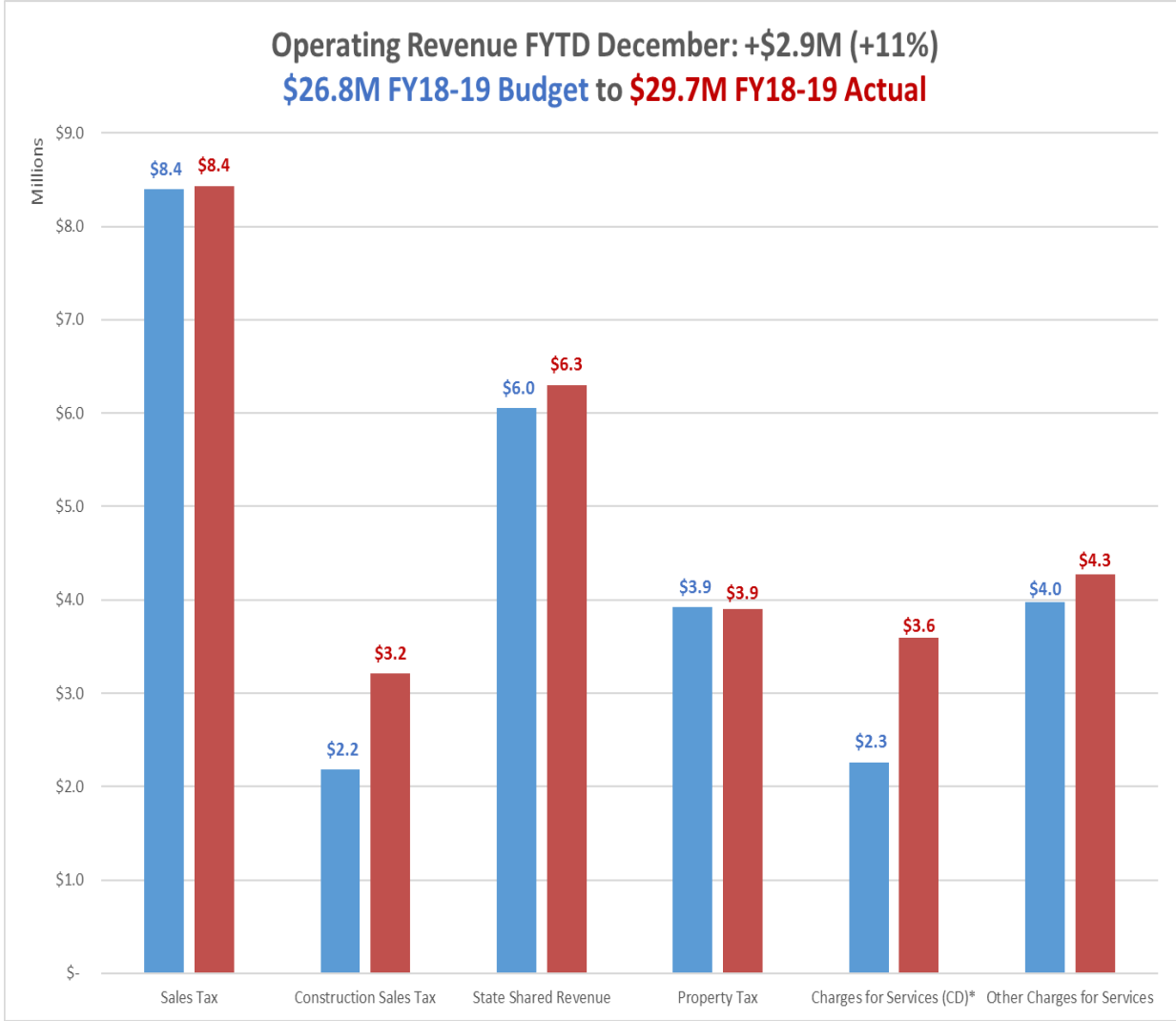
December 2018 Year-to-Date Results

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> <u>Favorable/(Unfavorable)</u>	<u>% Variance</u>
Revenues				
Sales Tax	\$ 8,393,380	\$ 8,434,432	\$ 41,052	0%
Construction Sales Tax	2,178,604	3,208,619	1,030,015	47%
State Shared Revenue	6,049,766	6,299,102	249,336	4%
Property Tax	3,917,900	3,896,592	(21,308)	(1%)
Charges for Services (CD)*	2,257,883	3,592,164	1,334,281	59%
Other Charges for Services	3,977,715	4,269,028	291,313	7%
Total Revenues	\$ 26,775,248	\$ 29,699,938	\$ 2,924,690	11%
Expenditures				
Salaries & Benefits	\$ 11,948,668	\$ 11,051,833	\$ 896,835	8%
Supplies & Services	7,405,997	7,210,096	195,901	3%
Maricopa County Sheriff	3,737,880	3,274,075	463,805	12%
Capital Outlay	2,585,817	1,115,306	1,470,511	57%
Total Expenditures	\$ 25,678,362	\$ 22,651,310	\$ 3,027,052	12%

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

Revenue Analysis





Overall, there is a 11% favorable variance between budgeted and actual revenues year-to-date. The variances of the Revenue Categories are explained below:

Sales Tax:

Sales Tax Revenue is on target with budget. In December, the budget was revised due to current and forecasted, ongoing favorable results. Please refer to the Sales Tax Report (Appendix 1) for additional information on this revenue. As of December 31, 2018, five months of sales tax revenues have been received.

Construction Sales Tax:

Construction Sales Tax Revenue has a favorable variance of \$1.0M or 47%, year-to-date and is related to ongoing residential and commercial construction activity performing better than anticipated due to continued growth. In December, the budget was revised due to current and forecasted, ongoing favorable results. Please refer to the Sales Tax Report (Appendix 1) for additional information on this revenue. As of December 31, 2018, five months of sales tax revenues have been received.

State Shared Revenue:

State Shared Revenue is favorable by \$0.2M or 4% year-to-date and is performing on target, as expected.

Property Tax:

Actual Property Tax Revenue is on target with budget.

Charges for Services (CD):

Charges for Services (CD) accounts for planning, engineering and building permit revenues. Revenue is favorable by \$1.3M or 59%. The detail is presented in the following schedule:

December 2018 YTD Community Development Detailed Revenues

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Charges for Services (CD)			Favorable/(Unfavorable)	
Planning Revenue	\$ 122,110	\$ 163,095	\$ 40,985	34%
Engineering Revenue	303,705	687,303	383,598	126%
Building Permit Revenue	<u>1,832,068</u>	<u>2,741,766</u>	<u>909,698</u>	<u>50%</u>
Total Charges for Services (CD)	\$ 2,257,883	\$ 3,592,164	\$ 1,334,281	59%

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.

Planning Project	Permit Description	Project Type	YTD Revenue
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
Signal Health Care Imagery	Site Plan	Commercial	\$2K
Spur Cross	Design Review	Single Family Residential	\$2K
Total			\$87K

Charges for Services (CD) cont'd:

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.

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
Rock Point Church	Final Plat	Church	\$23K
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
Aldi Grocery Store	Improvement Plans	Commercial	\$12K
Casteel HS Volleyball Courts	Utilities	Schools	\$10K
Sonoqui Creek Village	Paving	Single Family Residential	\$9K
Spur Cross	Utilities	Single Family Residential	\$8K
Pecan Lakes	Grading/Utilities	Single Family Residential	\$4K
Total			\$602K

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	542	\$1.8M
Ironwood Crossing - Fee Waiver	124	\$354K
Other Residential Permits (Walls/Gas/Electrical/Pool, etc.)	584	\$211K
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
Total		\$2.4M

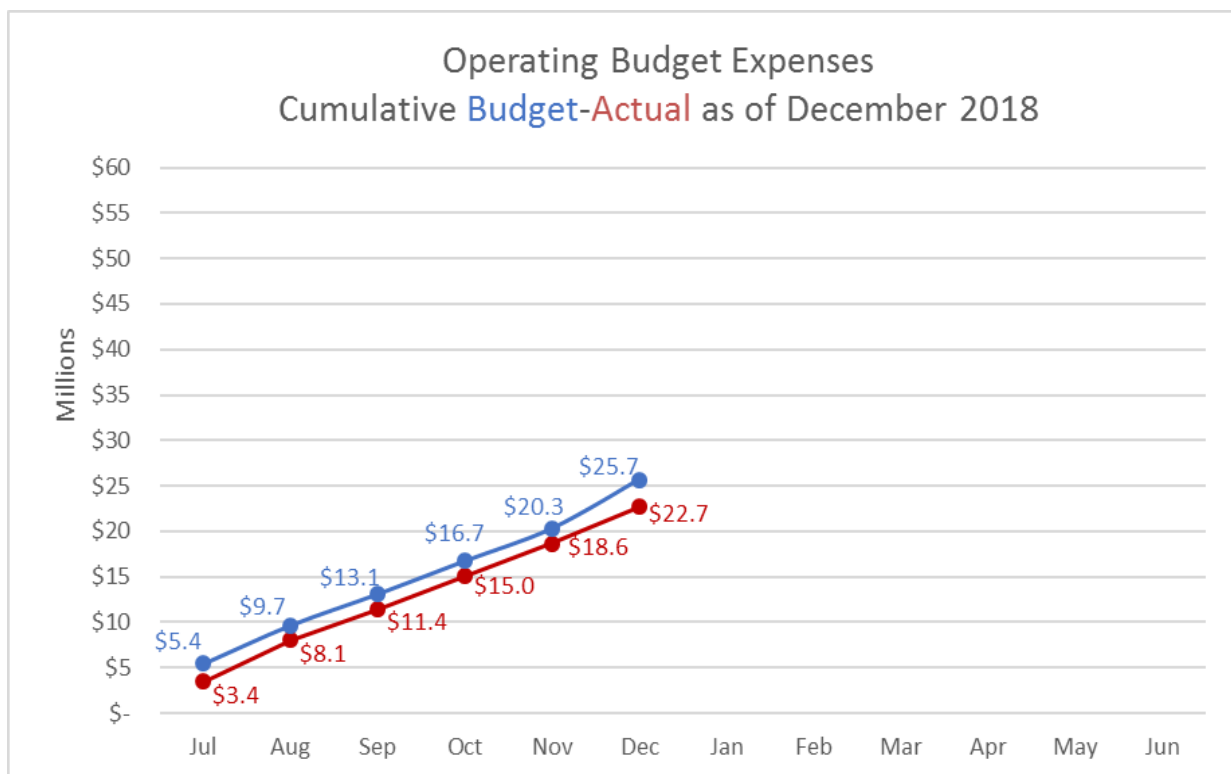
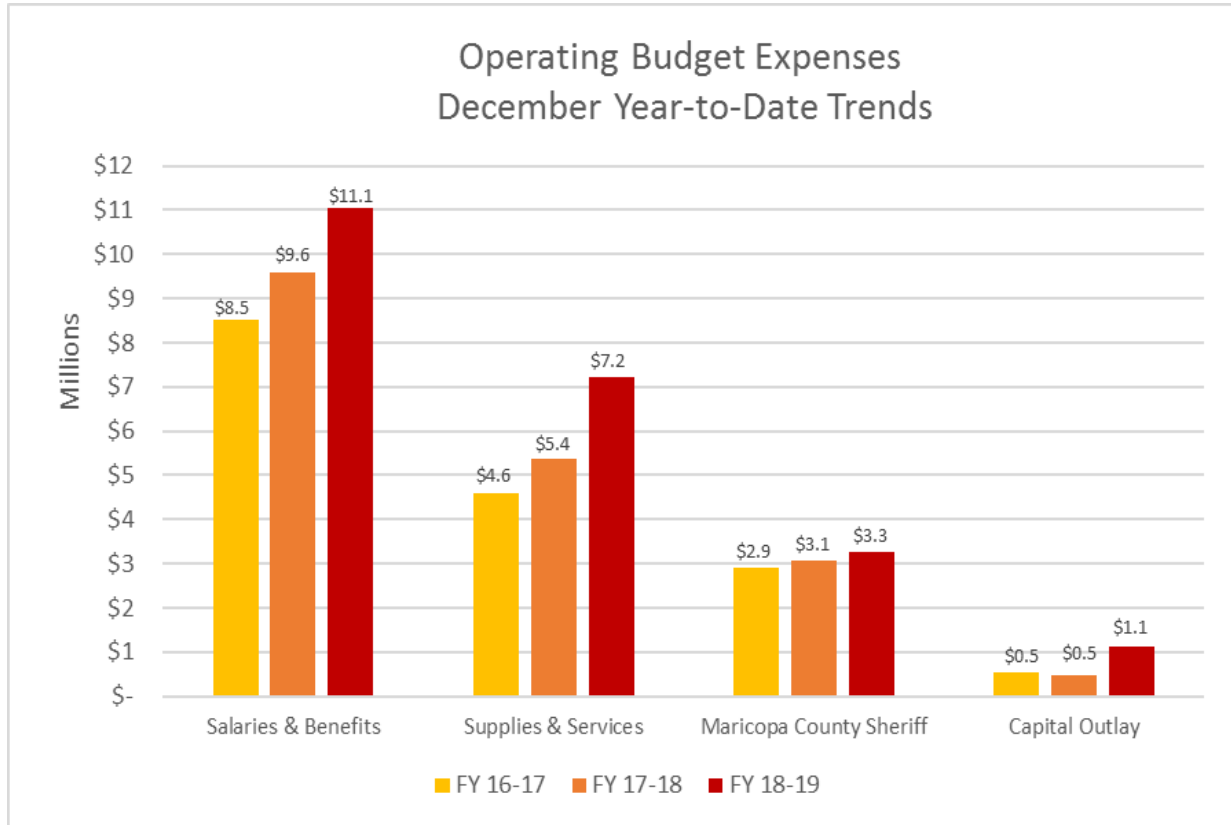
Charges for Services (CD) cont'd:

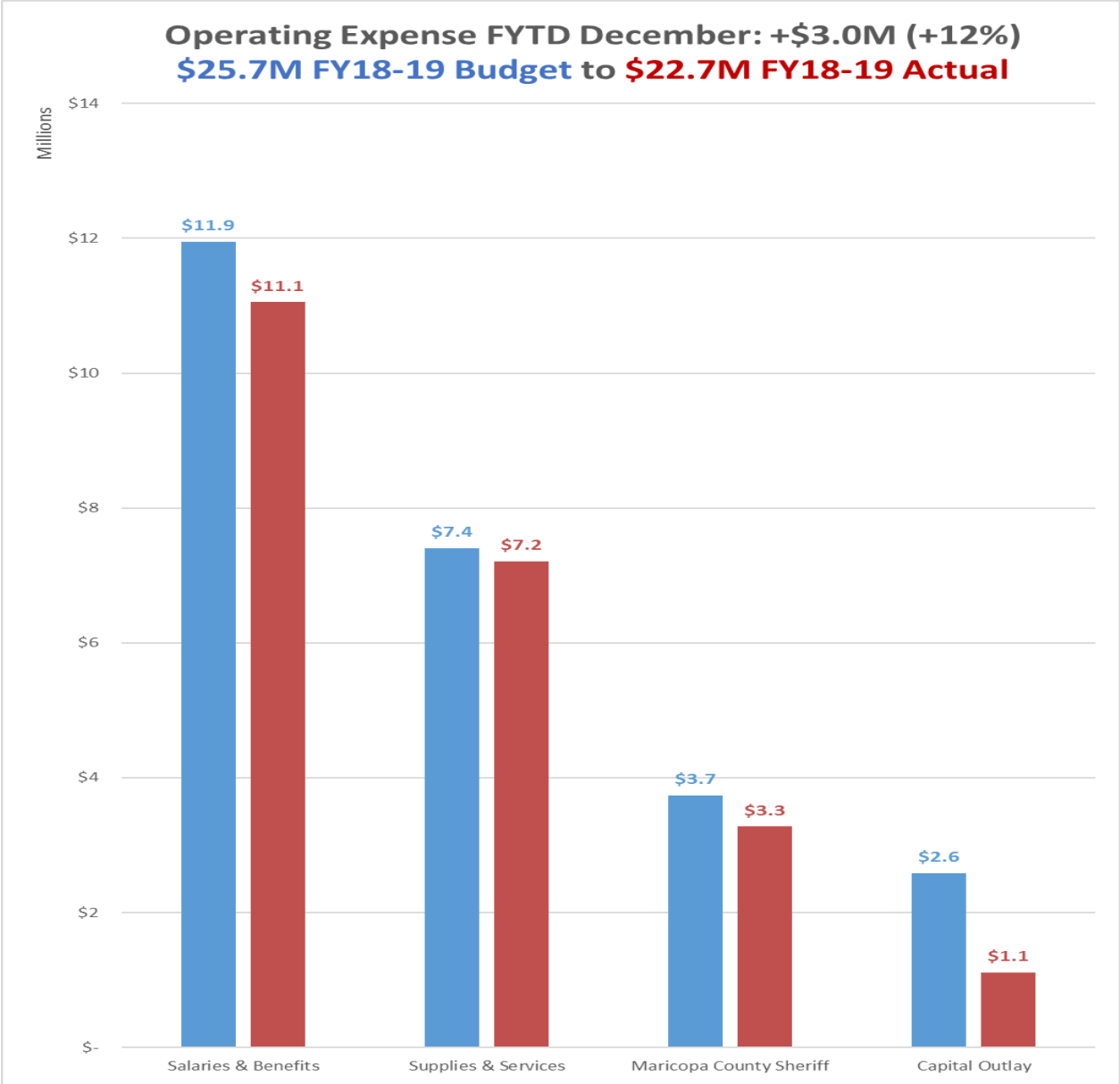
Building Safety Commercial/Other Permitting	Building Type	YTD Revenue
New Church Buildings	Church	\$32K
American Leadership Academy	School	\$31K
USA Youth Fitness Center	Commercial	\$23K
Hampton Inn Plan Review	Commercial	\$15K
Casteel HS Phy Ed Bldg K	School	\$12K
Target Re-Model	Commercial	\$11K
Casteel HS Volley Ball Courts	School	\$10K
QC District - 4B Shell	Commercial	\$7K
Power Marketplace - Shells A/B	Commercial	\$6K
Caliber Collision	Commercial	\$5K
Aldi	Commercial	\$5K
QC Station Shops w/ Drive-thru	Commercial	\$4K
Palette Collective Salon Suites	Commercial	\$4K
Wienerschnitzel @ Heritage Square	Commercial	\$4K
Total		\$169K

Other Charges for Services:

Other Charges for Services comprises a number of different sources and is favorable by \$0.3M or 7%. 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 \$1.4M of the \$4.3M total, received year-to-date.

Expense Analysis





Total expenses year to date through December reflect a favorable variance of 12%.

Salaries and Benefits:

Salaries and Benefits through December are favorable by \$0.9M or 8%. 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 6.5 vacant positions as of December, 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 now that new staff has been hired.

Supplies and Services:

Supplies and Services is favorable by \$0.2M or 3% as of December. There were a number of large unfavorable variances in the months leading up to December but mid-year budget adjustments occurred this month. These adjustment smoothed some of the large items that were driving the variance leaving a blue print for the remainder of the year which should closer match expenditures. Most Town Supplies and Services expenses have occurred as planned with minimal budget impacts.

Maricopa County Sheriff:

Maricopa County Sheriff costs are favorable by \$0.5M 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 \$1.5M or 57%, 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

FY 18-19 Business Activity through November 2018*

Issued January 2019

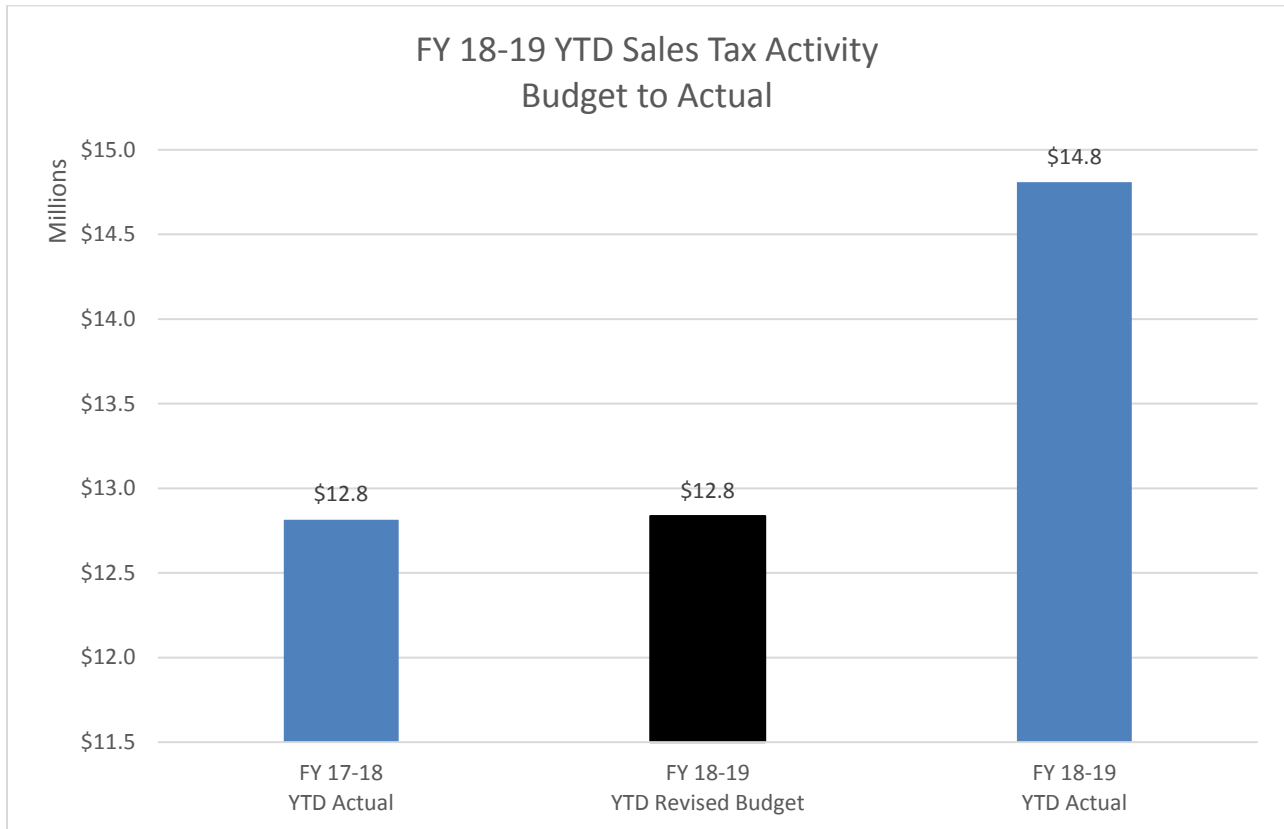
This report contains information regarding the actual revenue collections from the Town's 2.0% sales tax reflected in the General Fund, 0.25% dedicated EMS sales tax, 0.25% Town Center dedicated sales tax and the 2.0% Construction Contracting sales tax dedicated to infrastructure improvements.

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

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

OVERALL PERFORMANCE SUMMARY:

The November 2018 sales tax revenue year-to-date total of \$14.8M exceeds the revised budget by 15%, or \$2.0M. Relative to the same period in FY 17-18, FY 18-19 actuals are 16%, or \$2.0M higher than the previous year.



Sales Category	FY 17-18 YTD Actual	FY 18-19 YTD Revised Budget	FY 18-19 YTD Actual	FY 18-19 YTD Revised Budget-To-Actual		FY 17-18 YTD Actual to FY 18-19 YTD Actual	
				\$ Variance	% Variance	\$ Variance	% Variance
Construction	\$ 5,338,080	\$ 4,259,475	\$ 6,060,725	\$ 1,801,251	42%	\$ 722,645	14%
Retail Trade	4,285,940	5,347,141	5,397,818	50,677	1%	1,111,879	26%
Communications & Utilities	968,996	804,490	826,968	22,478	3%	(142,028)	(15%)
Restaurant & Bar	976,813	1,185,057	1,219,193	34,135	3%	242,380	25%
Real Estate, Rental & Leasing	657,351	710,643	753,448	42,805	6%	96,097	15%
All Others**	587,170	529,174	551,078	21,905	4%	(36,092)	(6%)
Totals	\$ 12,814,350	\$ 12,835,980	\$ 14,809,231	\$ 1,973,251	15%	\$ 1,994,881	16%

**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.

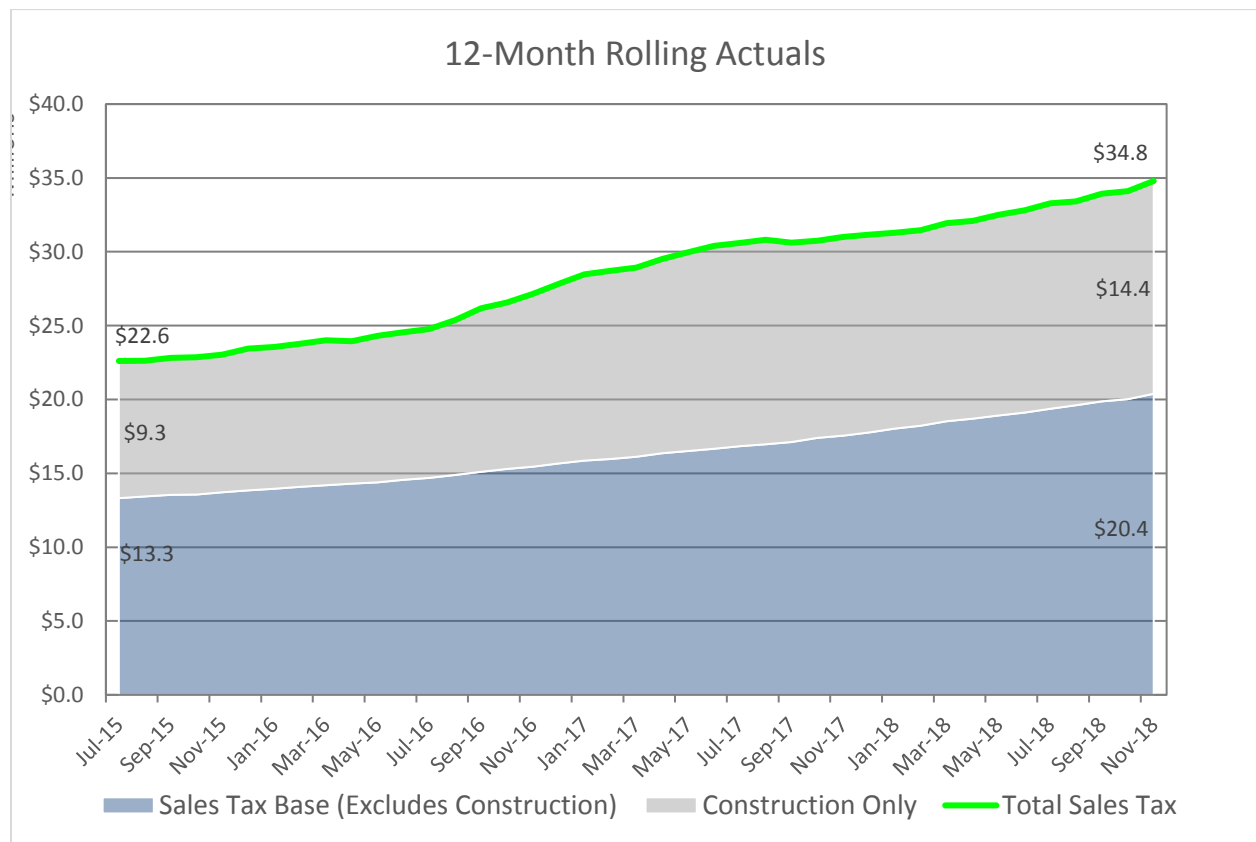
ANALYSIS

The positive budget-to-actual sales tax revenue variance stems largely from strong performance in construction contracting (42% 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.

November 2018 Actuals: \$1.5M

FY 18-19 YTD Actuals: \$6.1M

FY 18-19 YTD Revised Budget to Actual Variance of \$1.8M or 42%

FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$0.7M or 14%

FY 18-19 collections exceed the current year budget and the prior fiscal year actuals through November activity. Construction Contracting sales tax revenue for November business activity is the highest monthly sales tax figure ever for this business class. The budget for this category has been revised higher by \$1.9M because of strong revenue generation year-to-date. Performance in construction contracting ties mostly to new home sales and in particular, the large-scale homebuilders. Known major homebuilders accounted for 81% of construction contracting sales tax revenues for the month of November. 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	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total	Mo. Avg
FY 17-18 TOQC NSF Permits Issued	60	85	50	110	82	66	92	80	86	39	55	51	856	71
FY 18-19 TOQC NSF Permits Issued	55	79	70	92	108	101	181	167	148	70	97	113	1281	107
12-Month Rolling NSF Home Completions	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total	Mo. Avg
FY 17-18 TOQC NSF Completions	99	94	73	122	89	98	95	102	79	74	71	78	1074	90
FY 18-19 TOQC NSF Completions	69	48	56	63	72	84	83	92	88	74	79	103	911	76

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 92 new home sales close in the month of November. The average sales price for these homes was \$391K, the average square footage per home was 2,611, and the average sale price per square foot was about \$150. The following table shows the monthly closings by builder, average sale price and estimated gross revenue for the month of November.

Appendix 1: Queen Creek Monthly Sales Tax Report

Builder	# Closings	Avg. Sales Price	Est. Gross Revenue
FULTON HOMES	31	\$ 355,454	\$ 11,019,072
WILLIAM LYON HOMES	28	\$ 311,834	\$ 8,731,352
CALATLANTIC HOMES	10	\$ 425,311	\$ 4,253,109
RICHMOND AMERICAN	7	\$ 495,038	\$ 3,465,268
LENNAR HOMES	4	\$ 464,193	\$ 1,856,773
VIP HOMES	2	\$ 670,603	\$ 1,341,205
ROSEWOOD HOMES	3	\$ 443,822	\$ 1,331,467
GEHAN HOMES	3	\$ 421,562	\$ 1,264,687
ELLIOTT HOMES	2	\$ 535,000	\$ 1,070,000
TOLL BROTHERS	1	\$ 836,912	\$ 836,912
MISC CUSTOM	1	\$ 804,000	\$ 804,000
Grand Total	92	\$ 391,020	\$ 35,973,845

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.

November 2018 Actuals: \$1.3M

FY 18-19 YTD Actuals: \$5.4M

FY 18-19 YTD Revised Budget to Actual Variance of \$51K or 1%

FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$1.1M or 26%

The retail category is nearly flat with the revised budget and appreciably above previous fiscal year figures. The budget for this category has been revised higher by \$0.9M because of strong revenue generation year-to-date. 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 November, the top 20 payers of 1,587 total payers in the retail category delivered 69% of the revenue. The top 10 payers in the category account for 59% 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.

November 2018 Actuals: \$0.1M

FY 18-19 YTD Actuals: \$0.8M

FY 18-19 YTD Revised Budget to Actual Variance of \$22K or 3%

FY 18-19 YTD Actual to FY 17-18 YTD Actual Decrease of \$(142K) or (15%)

Collections are roughly flat with the current year revised budget but trail prior year actuals.

RESTAURANTS & BARS:

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

November 2018 Actuals: \$0.3M

FY 18-19 YTD Actuals: \$1.2M

FY 18-19 YTD Revised Budget to Actual Variance of \$34K or 3%

FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$242K or 25%

This category is slightly exceeding the budget and previous year actual collections. The budget for this category has been revised higher by \$0.5M because of strong revenue generation year-to-date. 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.

November 2018 Actuals: \$0.2M

FY 18-19 YTD Actuals: \$0.8M

FY 18-19 YTD Revised Budget to Actual Variance of \$43K or 6%

FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$96K or 15%

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. Use tax is also included in this category.

November 2018 Actuals: \$0.1M

FY 18-19 YTD Actuals: \$0.6M

FY 18-19 YTD Revised Budget to Actual Variance of \$22K or 4%

FY 18-19 YTD Actual to FY 17-18 YTD Actual Comparison of \$(36K) or (6%)

This category is above the current year revised budget and slightly trailing the previous year actuals.

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:

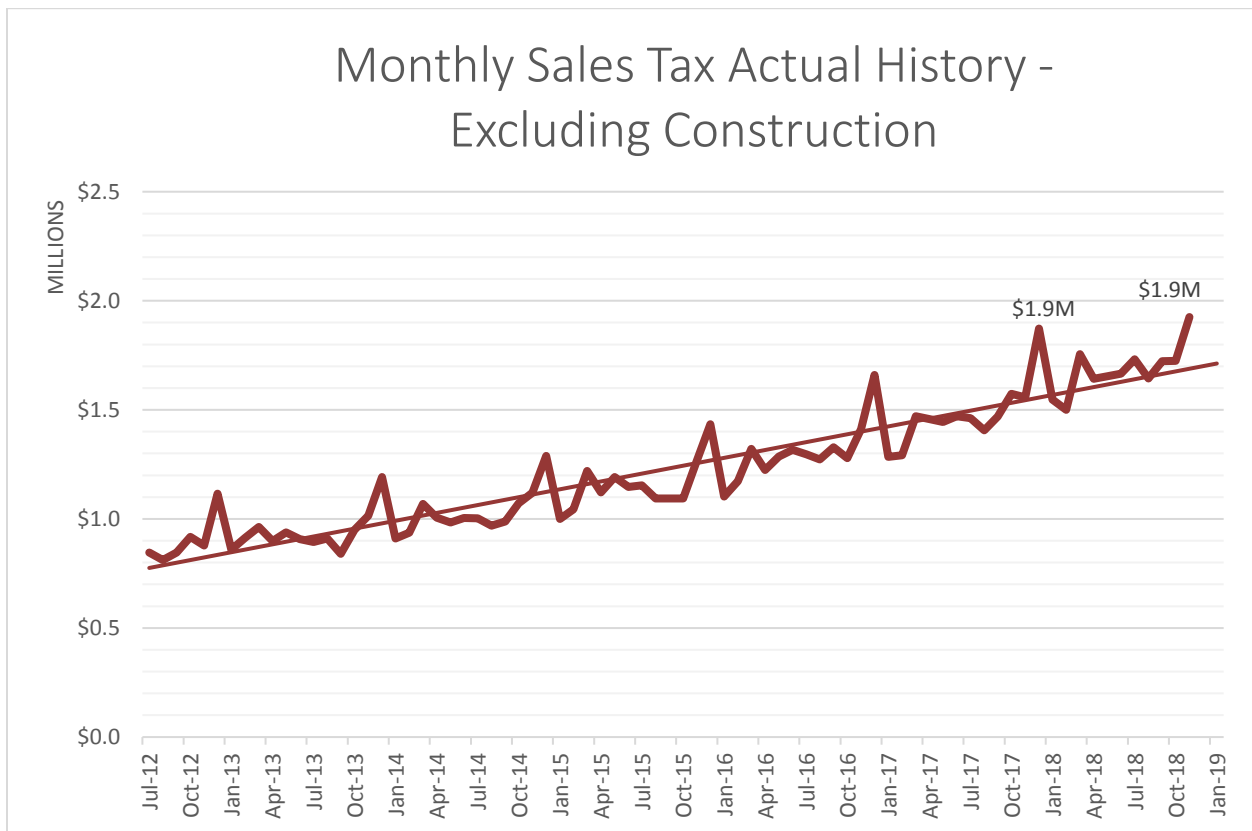
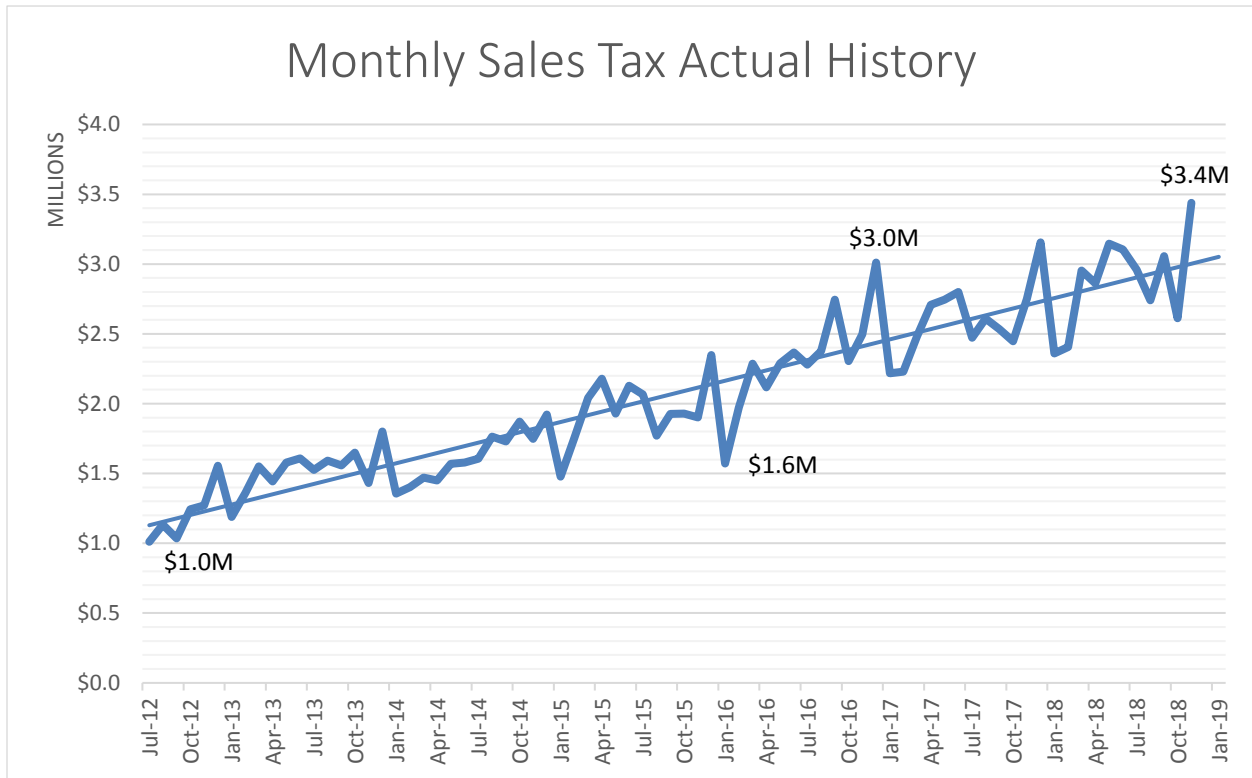
- 2.0% tax rate charged on all taxable activities within Town limits
 - Dedicated to the General Fund for general purpose government operations
- 0.25% tax rate charged on all taxable activities within Town limits
 - Dedicated to the Emergency Services (EMS) Fund to fund law enforcement and fire and 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

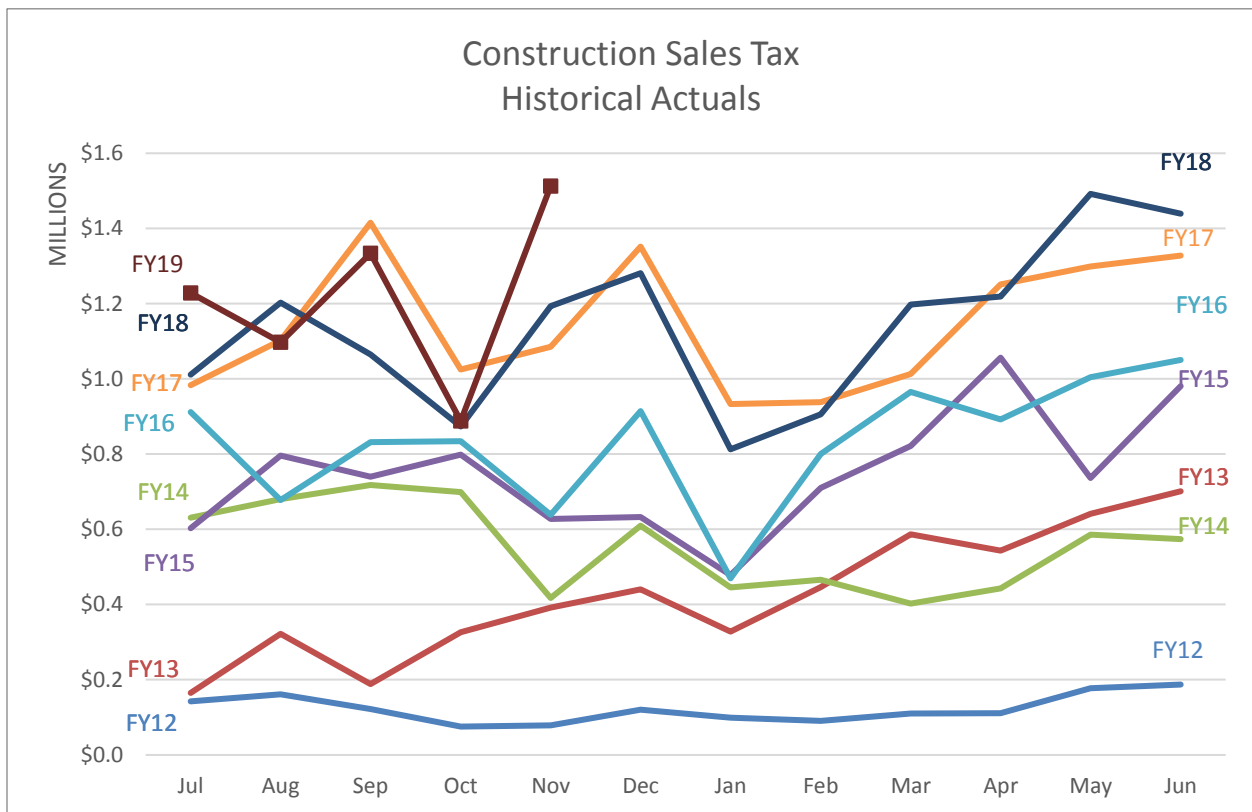
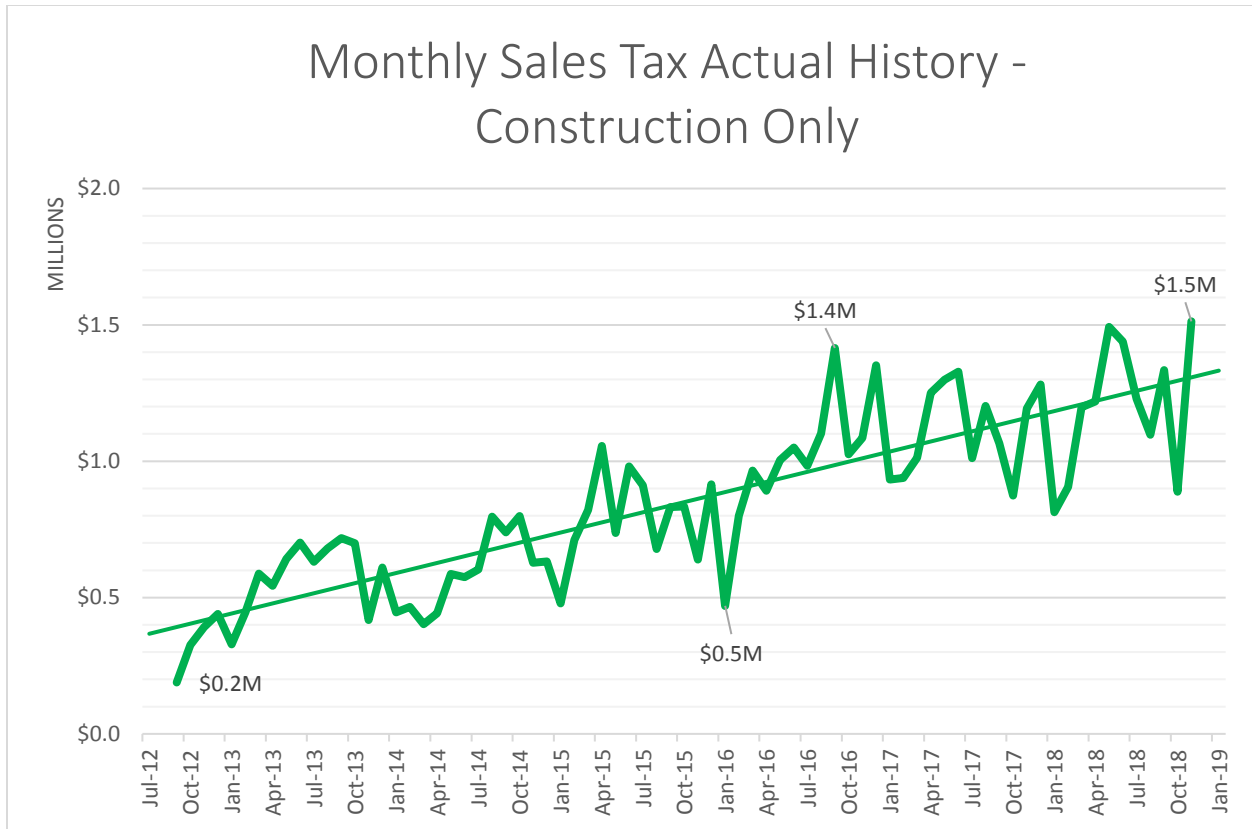
Sales Tax Rate Components					
Queen Creek Rate		Queen Creek Special District Rate (Town Center)		Construction Contracting Rate	
General Fund	2.00%	General Fund	2.00%	General Fund	2.00%
EMS	0.25%	EMS	0.25%	EMS	0.25%
		Town Center	0.25%	Construction Fund	2.00%
Total Rate	2.25%	Total Rate	2.50%	Total Rate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

Revenue by Fund	FY19 Actuals	
	YTD	% of Total
General Fund	\$ 10,349,378	69.9%
EMS Fund	1,293,673	8.7%
Town Center Fund	314,075	2.1%
Construction Fund	2,852,106	19.3%
Totals	\$ 14,809,232	100.0%

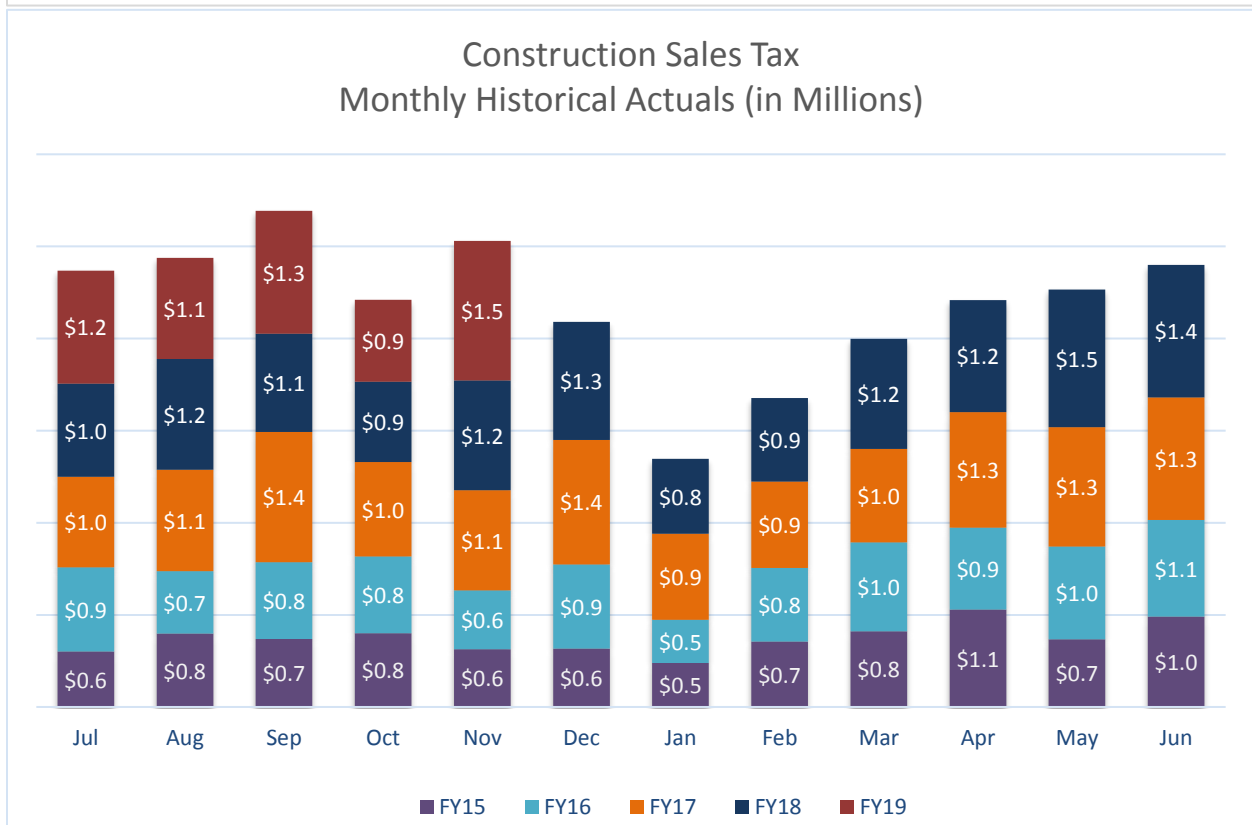
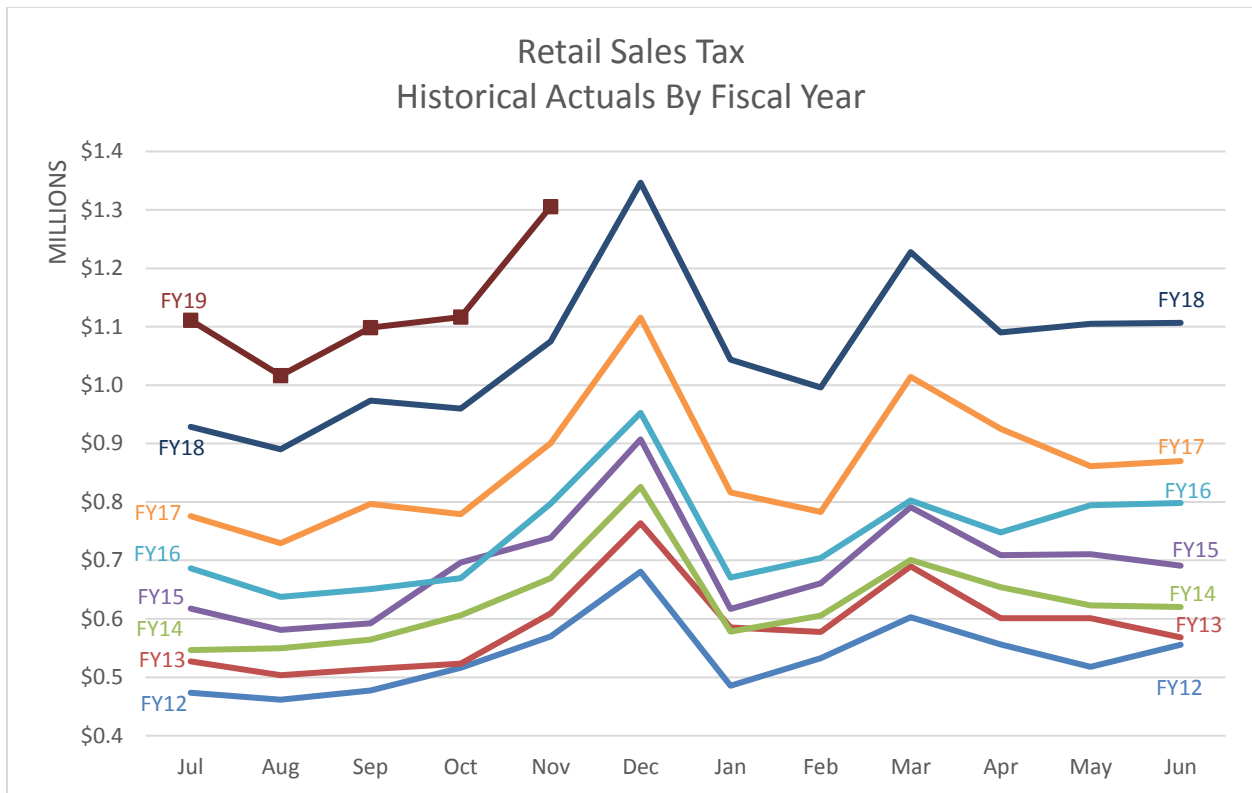
Operating Budget	Jul	Aug	Sept	Oct	Nov	Dec	YTD Total
General Fund	\$ 2,061,574	\$ 1,926,371	\$ 2,105,140	\$ 1,897,202	\$ 2,359,091	\$ -	\$ 10,349,378
EMS Fund	\$ 257,698	240,797	263,142	237,150	294,886	-	1,293,673
Total Operating Budget	\$ 2,319,272	\$ 2,167,168	\$ 2,368,282	\$ 2,134,352	\$ 2,653,978	\$ -	\$ 11,643,051

Historical Performance





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
QUEEN CREEK	QC			MAR/PNL
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
QUEEN CREEK SPECIAL DISTRICT	QD			MAR
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%	