



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 January 2019

Issued February 26, 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 \$3.5M, or 11% year-to-date. This is the result of Construction Sales Tax Revenues continuing to perform 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 \$2.8M, 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 most were unfilled at the beginning of the year. As of January, only 0.4 positions have not been filled from the total 24.4 new positions allocated. Currently, in the Operating Funds there are 6.4 total vacant positions, including the 0.4 listed above. 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 will be adjusted accordingly.

Based on the Revised Budget, the Town expected revenues to exceed expenses by \$1.5M as of January 31, 2019. However, both revenues and expenses performed better than anticipated resulting in revenues exceeding expenses by \$7.8M for the first half of the year, an improvement of \$6.3M. 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 reserved 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	\$ 31,355,700	\$ 34,831,645
Expenses	\$ 47,404,269	\$ 49,947,749	\$ 29,853,126	\$ 27,055,768
Operating Result	\$ 9,327,783	\$ 10,010,962	\$ 1,502,574	\$ 7,775,877
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	1,502,574	\$ 7,775,877
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.

**January 2019 Results**

	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> <u>Favorable/(Unfavorable)</u>	<u>% Variance</u>
<b>Revenues</b>				
Sales Tax	\$ 2,119,289	\$ 2,040,893	\$ (78,396)	(4%)
Construction Sales Tax	488,716	591,402	102,686	21%
State Shared Revenue	1,095,090	1,266,788	171,698	16%
Property Tax	70,100	99,723	29,623	42%
Charges for Services (CD)*	452,829	440,203	(12,626)	(3%)
Other Charges for Services	568,125	587,251	19,126	3%
<b>Total Revenues</b>	<b>\$ 4,794,149</b>	<b>\$ 5,026,260</b>	<b>\$ 232,111</b>	<b>5%</b>

<b>Expenditures</b>				
Salaries & Benefits	\$ 2,778,210	\$ 2,748,894	\$ 29,316	1%
Supplies & Services	757,553	1,018,112	(260,559)	(34%)
Maricopa County Sheriff	634,671	538,842	95,829	15%
Capital Outlay	4,330	89,672	(85,342)	(1971%)
<b>Total Expenditures</b>	<b>\$ 4,174,764</b>	<b>\$ 4,395,520</b>	<b>\$ (220,756)</b>	<b>(5%)</b>

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

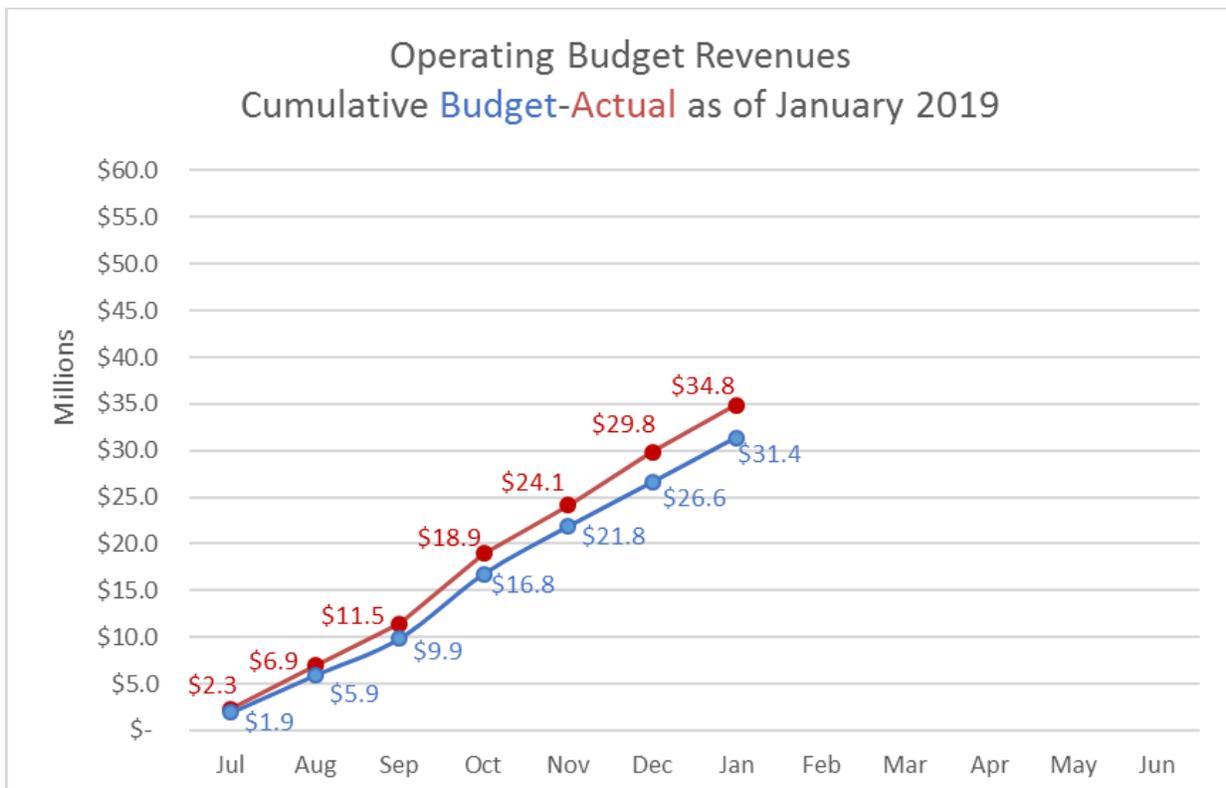
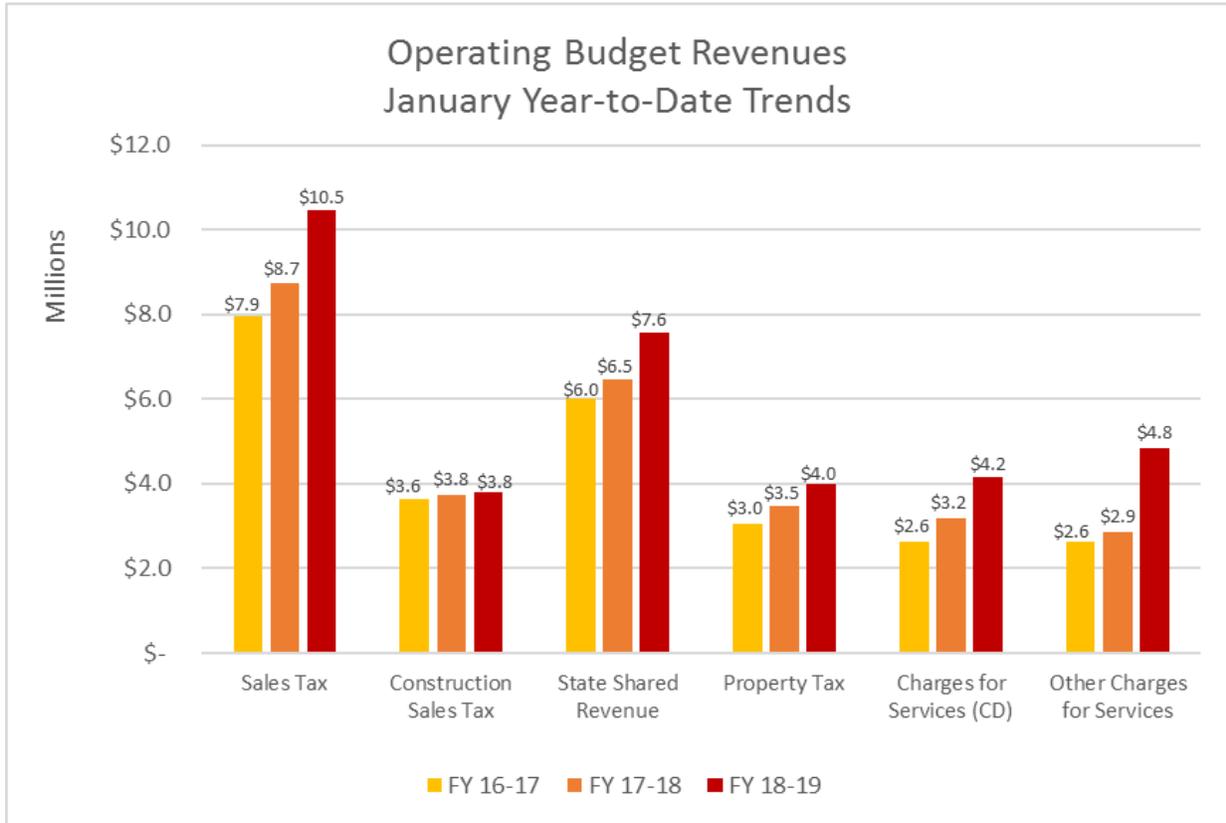
**January 2019 Year-to-Date Results**

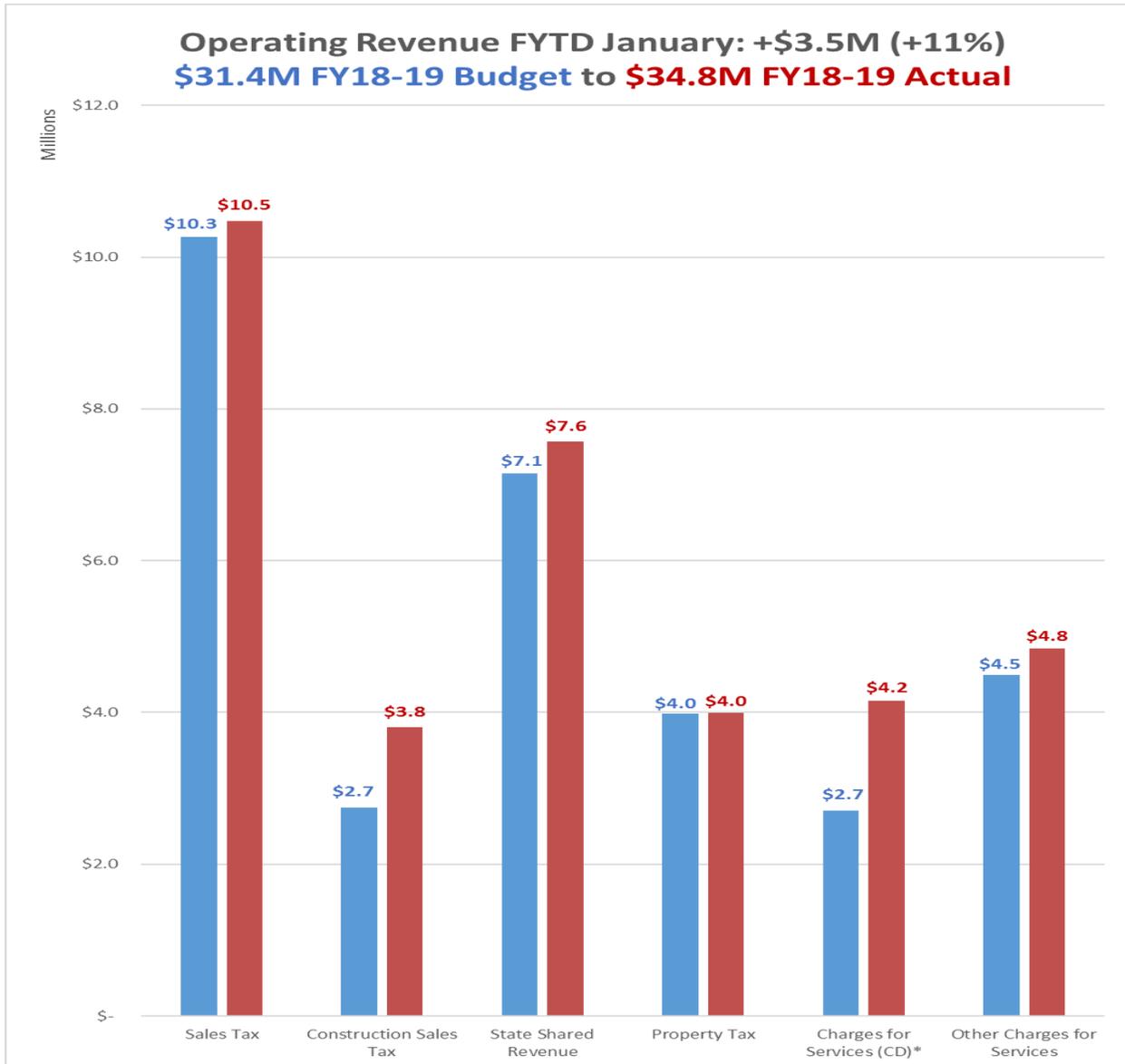
	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u> <u>Favorable/(Unfavorable)</u>	<u>% Variance</u>
<b>Revenues</b>				
Sales Tax	\$ 10,268,299	\$ 10,475,324	\$ 207,025	2%
Construction Sales Tax	2,746,238	3,800,022	1,053,784	38%
State Shared Revenue	7,144,856	7,565,890	421,034	6%
Property Tax	3,988,000	3,996,315	8,315	0%
Charges for Services (CD)*	2,710,712	4,151,651	1,440,939	53%
Other Charges for Services	4,497,595	4,842,443	344,848	8%
<b>Total Revenues</b>	<b>\$ 31,355,700</b>	<b>\$ 34,831,645</b>	<b>\$ 3,475,945</b>	<b>11%</b>

<b>Expenditures</b>				
Salaries & Benefits	\$ 14,726,878	\$ 13,802,173	\$ 924,705	6%
Supplies & Services	8,163,550	8,240,436	(76,886)	(1%)
Maricopa County Sheriff	4,372,551	3,808,181	564,370	13%
Capital Outlay	2,590,147	1,204,978	1,385,169	53%
<b>Total Expenditures</b>	<b>\$ 29,853,126</b>	<b>\$ 27,055,768</b>	<b>\$ 2,797,358</b>	<b>9%</b>

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

## Revenue Analysis





Overall, there is an 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. Please refer to the Sales Tax Report (Appendix 1) for additional information on this revenue. As of January 31, 2019, six months of sales tax revenues have been received, and receipts now include the holiday shopping season.

**Construction Sales Tax:**

Construction Sales Tax Revenue has a favorable variance of \$1.1M or 38%, 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 January 31, 2019, six months of sales tax revenues have been received.

**State Shared Revenue:**

State Shared Revenue is favorable by \$0.4M or 6% year-to-date while performing better than expected. This is related to both HURF and State Shared Sales Tax exceeding what had been budgeted in recent months. These sources specifically can increase or decrease by period while other State Shared sources remain steady.

**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 \$1.4M or 53%, as presented in the following schedule:

**January 2019 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	\$ 152,490	\$ 181,910	\$ 29,420	19%
Engineering Revenue	391,740	758,266	366,526	94%
Building Permit Revenue	2,166,482	3,211,475	1,044,993	48%
<b>Total Charges for Services (CD)</b>	<b>\$ 2,710,712</b>	<b>\$ 4,151,651</b>	<b>\$ 1,440,939</b>	<b>53%</b>

Development services revenues continue to exceed the 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
<b>Total</b>			<b>\$87K</b>

**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
<b>Total</b>			<b>\$602K</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	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
<b>Total</b>		<b>\$2.4M</b>

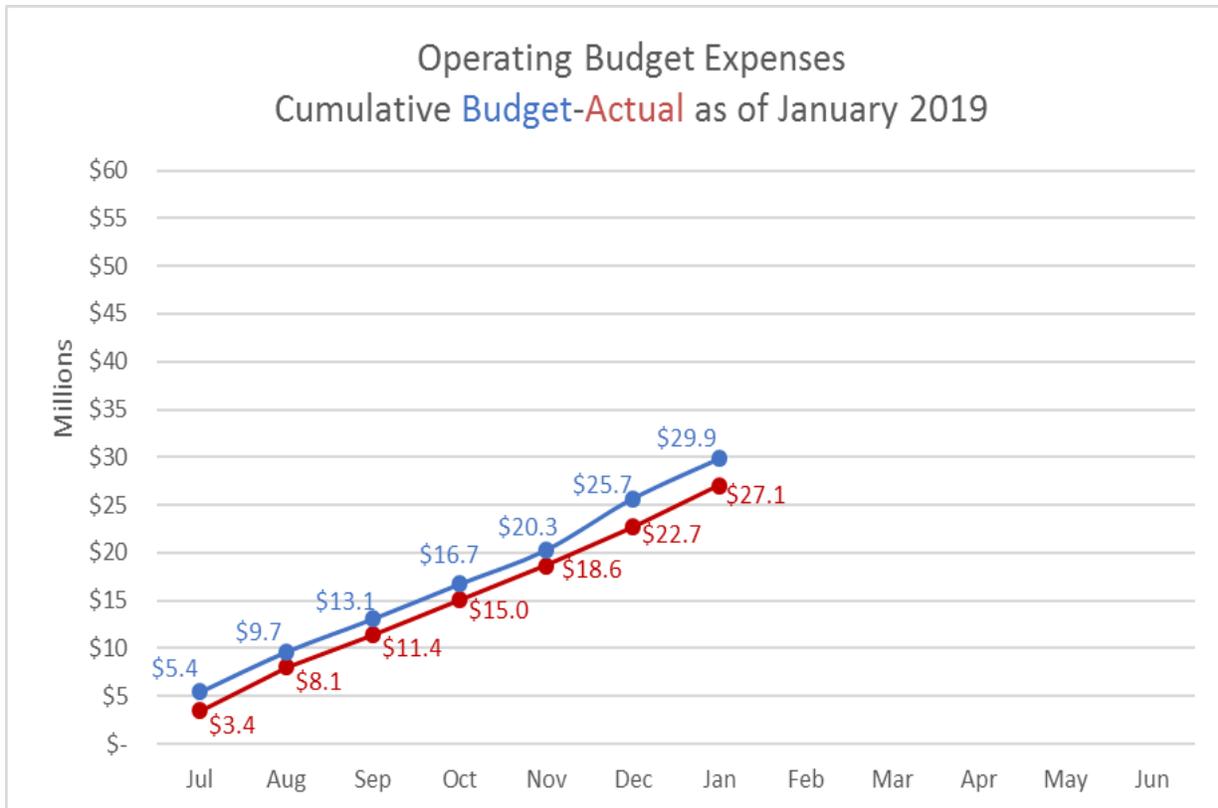
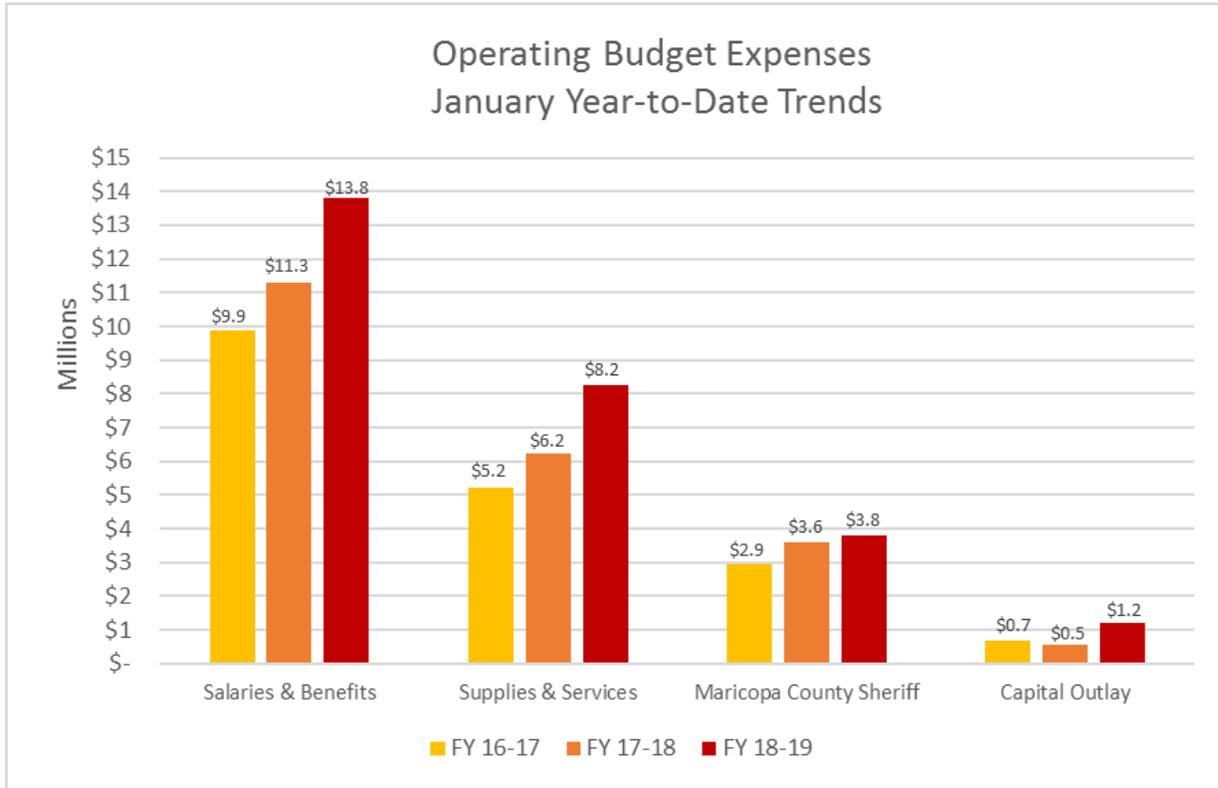
**Charges for Services (CD) cont'd:**

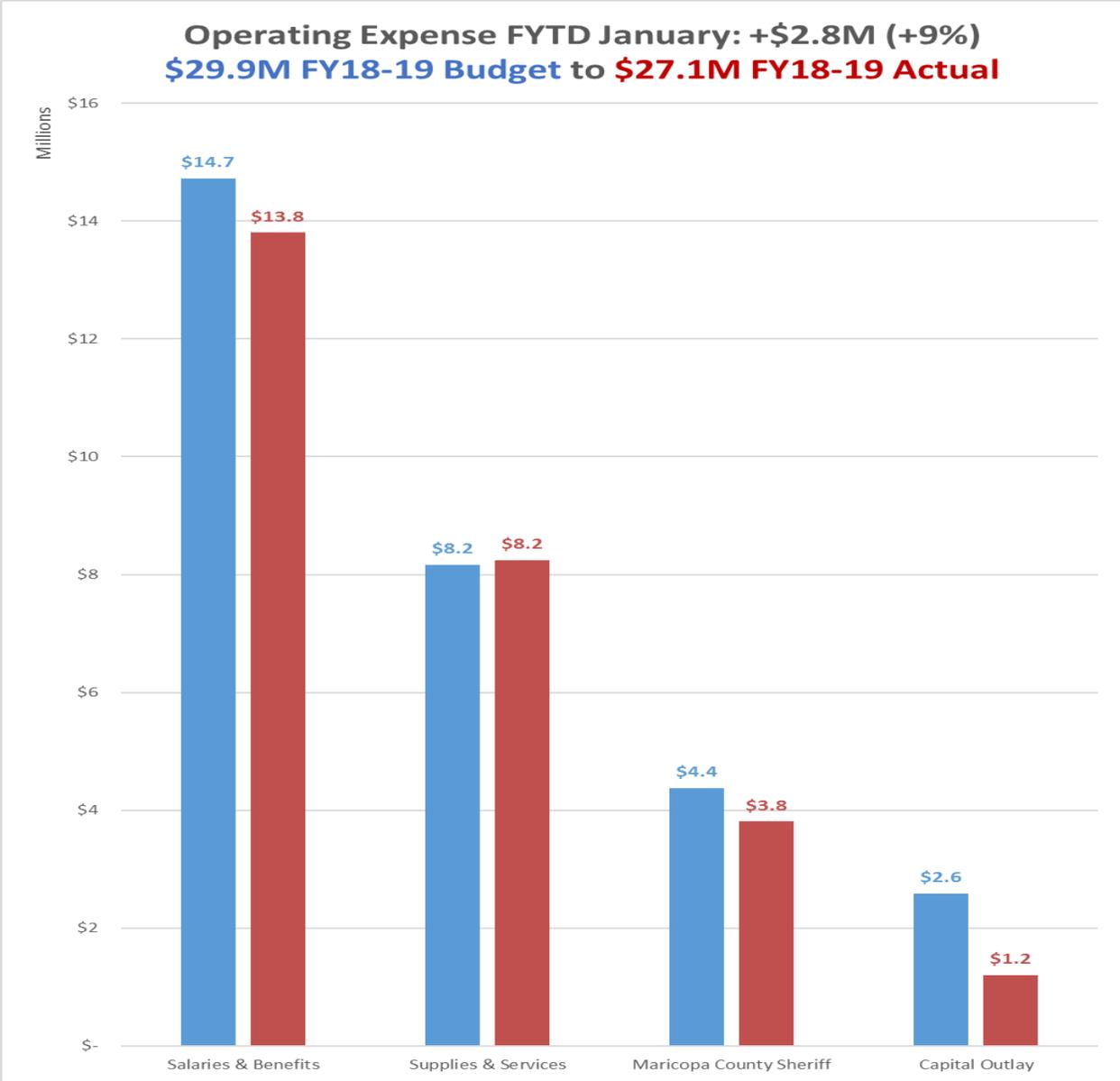
<b>Building Safety Commercial/Other Permitting</b>	<b>Building Type</b>	<b>YTD Revenue</b>
New Church Buildings	Church	\$32K
American Leadership Academy	School	\$31K
USA Youth Fitness Center	Commercial	\$23K
Hampton Inn Plan Review	Commercial	\$15K
Casteel HS Phy Ed Bldg K	School	\$12K
Target Re-Model	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
<b>Total</b>		<b>\$169K</b>

**Other Charges for Services:**

Other Charges for Services comprises a number of different sources and is favorable by \$0.3M 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 \$1.5M of the \$4.8M total, received year-to-date.

## Expense Analysis





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

**Salaries and Benefits:**

Salaries and Benefits through January are favorable by \$0.9M or 6%. 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 6.0 vacant positions as of January, 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 on target at (\$0.1)M or (1%) as of January. There were a number of large unfavorable variances in the months leading up to January but mid-year budget adjustments occurred recently. These adjustments 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 \$0.6M or 13%, 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 \$1.4M or 53%, 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 December 2018\*

Issued February 2019

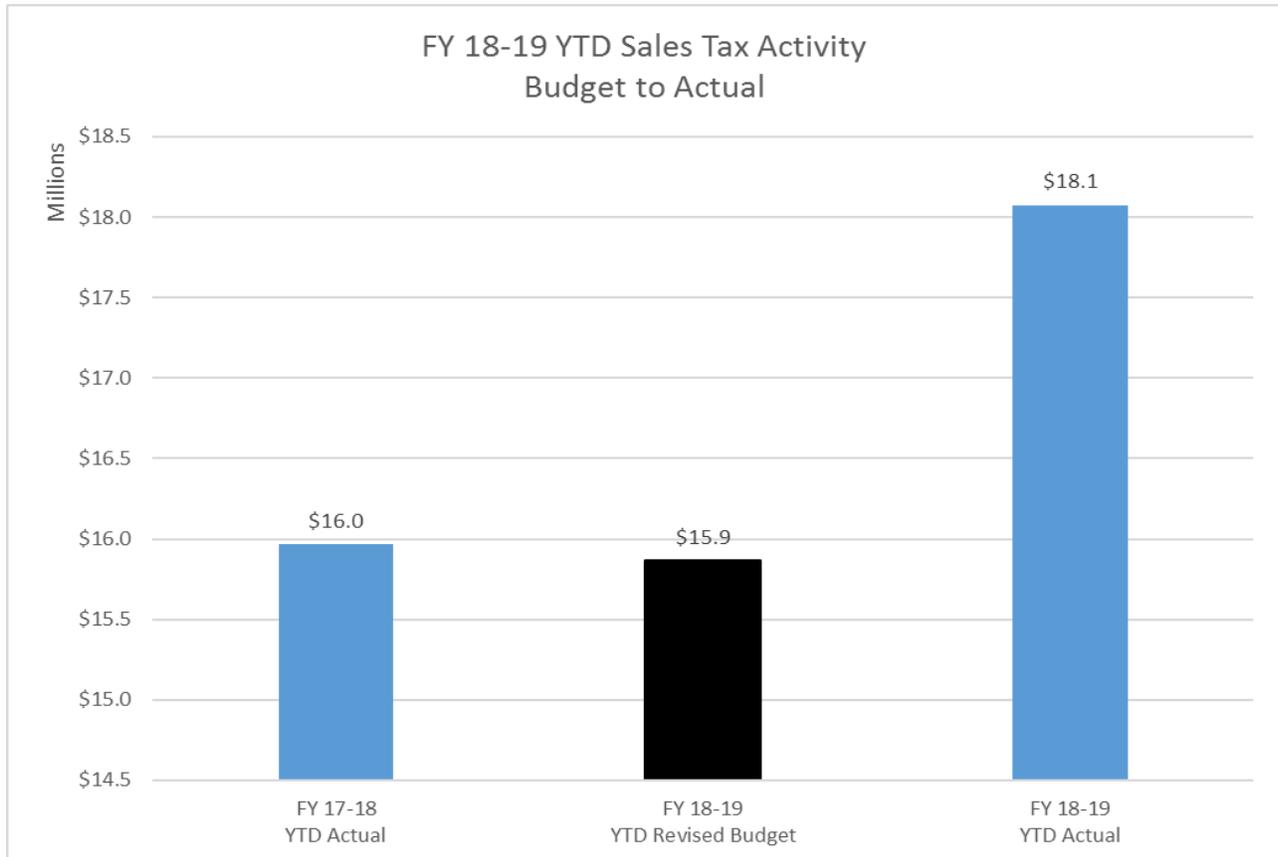
This report contains information regarding the actual revenue collections from the Town's 2.0% sales tax reflected in the General Fund, 0.25% dedicated EMS sales tax, 0.25% Town Center dedicated sales tax and the 2.0% Construction Contracting sales tax dedicated to infrastructure improvements.

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

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

### OVERALL PERFORMANCE SUMMARY:

The December 2018 sales tax revenue year-to-date total of \$18.1M exceeds the revised budget by 14%, or \$2.2M. Relative to the same period in FY 17-18, FY 18-19 actuals are 13%, or \$2.1M 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	\$ 6,619,493	\$ 5,181,581	\$ 7,177,819	\$ 1,996,238	39%	\$ 558,325	8%
Retail Trade	5,501,649	6,766,388	6,863,140	96,752	1%	1,361,491	25%
Communications & Utilities	1,086,828	922,598	934,087	11,489	1%	(152,740)	(14%)
Restaurant & Bar	1,209,118	1,461,046	1,490,789	29,743	2%	281,671	23%
Real Estate, Rental & Leasing	790,080	877,979	915,729	37,750	4%	125,649	16%
All Others**	761,480	655,100	694,002	38,902	6%	(67,478)	(9%)
<b>Totals</b>	<b>\$ 15,968,648</b>	<b>\$ 15,864,692</b>	<b>\$ 18,075,566</b>	<b>\$ 2,210,874</b>	<b>14%</b>	<b>\$ 2,106,918</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.

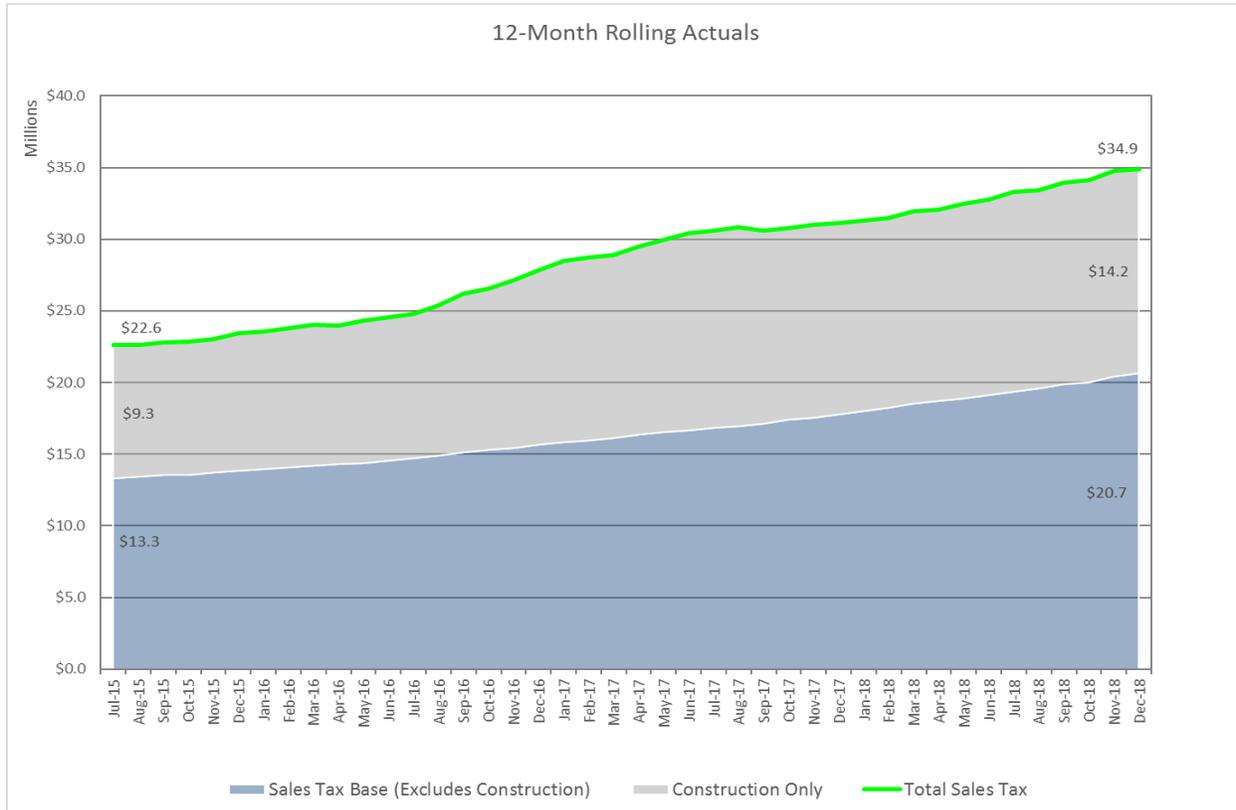
## ANALYSIS

The positive budget-to-actual sales tax revenue variance stems largely from strong performance in construction contracting (39% 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.

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

**FY 18-19 YTD Actuals: \$7.2M**

**FY 18-19 YTD Revised Budget to Actual Variance of \$2.0M or 39%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$0.6M or 8%**

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 the majority of construction contracting sales tax revenues for the month of December. 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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Mo. Avg
FY 17-18 TOQC NSF Permits Issued	85	50	110	82	66	92	80	86	39	55	51	55	851	71
FY 18-19 TOQC NSF Permits Issued	79	70	92	108	100	181	167	148	70	97	71	113	1296	108

12-Month Rolling NSF Home Completions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Mo. Avg
FY 17-18 TOQC NSF Completions	94	73	122	89	98	95	102	79	74	71	78	69	1044	87
FY 18-19 TOQC NSF Completions	48	56	63	72	84	83	92	88	74	79	103	82	924	77

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 64 new home sales close in the month of December with an average sales price of \$312K for these homes. The following table shows the monthly closings by builder, average sale price and estimated gross revenue for the month of December.

BUILDER	# CLOSINGS	AVG. SALES PRICE	EST. GROSS REVENUE
MERITAGE HOMES	28	\$ 255,278	\$ 7,147,795
FULTON HOMES	18	\$ 291,762	\$ 5,251,716
SHEA HOMES	8	\$ 416,685	\$ 3,333,482
MISC CUSTOM	6	\$ 506,563	\$ 3,039,375
BEAZER HOMES	3	\$ 311,531	\$ 934,594
TAYLOR MORRISON	1	\$ 245,453	\$ 245,453
<b>GRAND TOTAL</b>	<b>64</b>	<b>\$ 311,756</b>	<b>\$ 19,952,415</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.

**December 2018 Actuals: \$1.5M**

**FY 18-19 YTD Actuals: \$6.9M**

**FY 18-19 YTD Revised Budget to Actual Variance of \$0.1M or 1%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$1.4M or 25%**

The retail category is nearly flat with the revised budget to actual on meeting expectations. 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 December, the top 20 payers of 1,513 total payers in the retail category delivered 71% 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.

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

**FY 18-19 YTD Actuals: \$0.9M**

**FY 18-19 YTD Revised Budget to Actual Variance of \$11K or 1%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Decrease of \$(153K) or (14%)**

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.

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

**FY 18-19 YTD Actuals: \$1.5M**

**FY 18-19 YTD Revised Budget to Actual Variance of \$30K or 2%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$282K or 23%**

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

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

**FY 18-19 YTD Actuals: \$0.9M**

**FY 18-19 YTD Revised Budget to Actual Variance of \$38K or 4%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Increase of \$126K or 16%**

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.

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

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

**FY 18-19 YTD Revised Budget to Actual Variance of \$39K or 6%**

**FY 18-19 YTD Actual to FY 17-18 YTD Actual Comparison of \$(67K) or (9%)**

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:

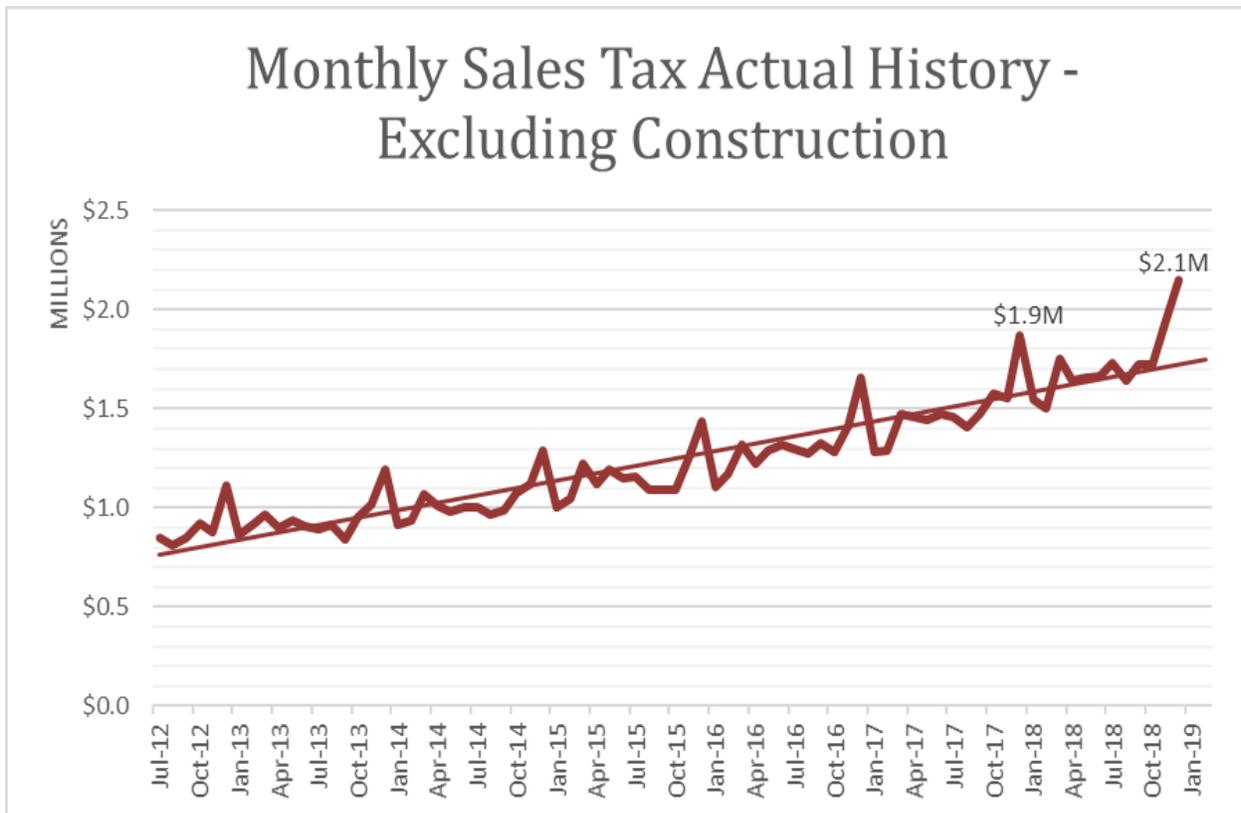
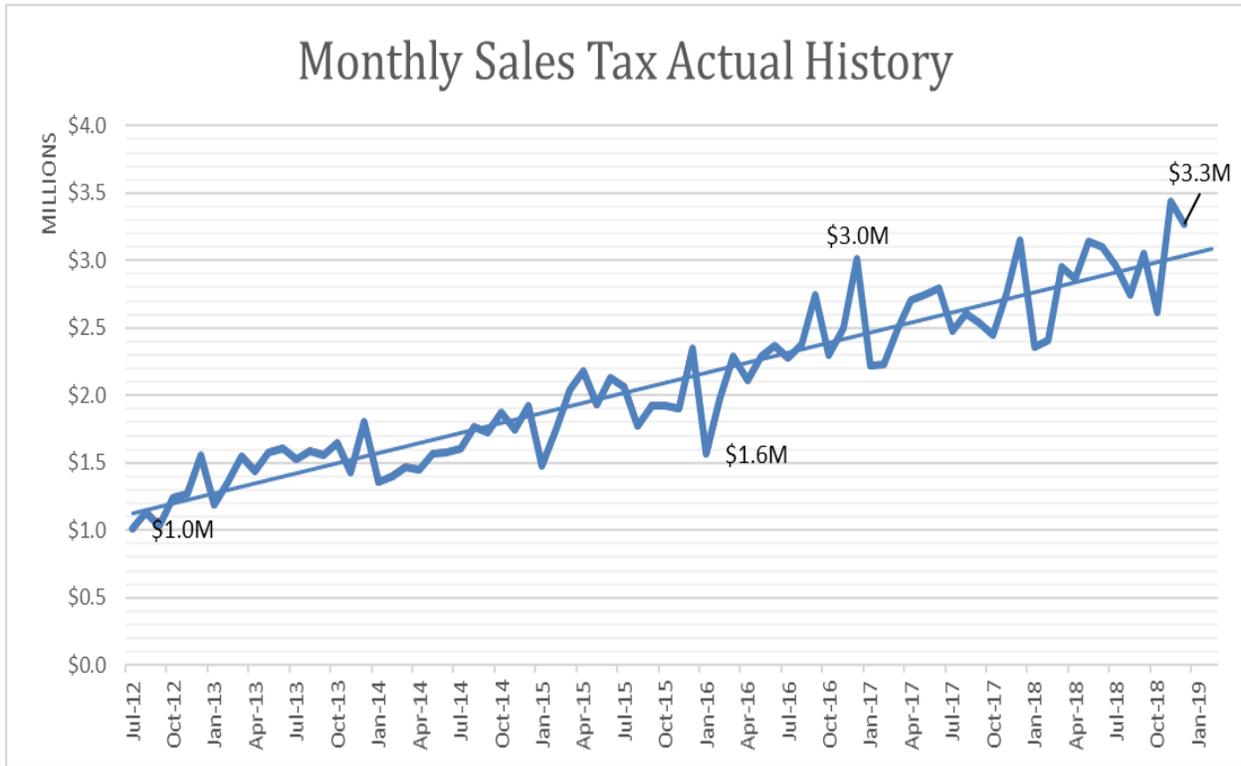
- 2.0% tax rate charged on all taxable activities within Town limits
  - Dedicated to the General Fund for general purpose government operations
- 0.25% tax rate charged on all taxable activities within Town limits
  - Dedicated to the Emergency Services (EMS) Fund to fund law enforcement and fire and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

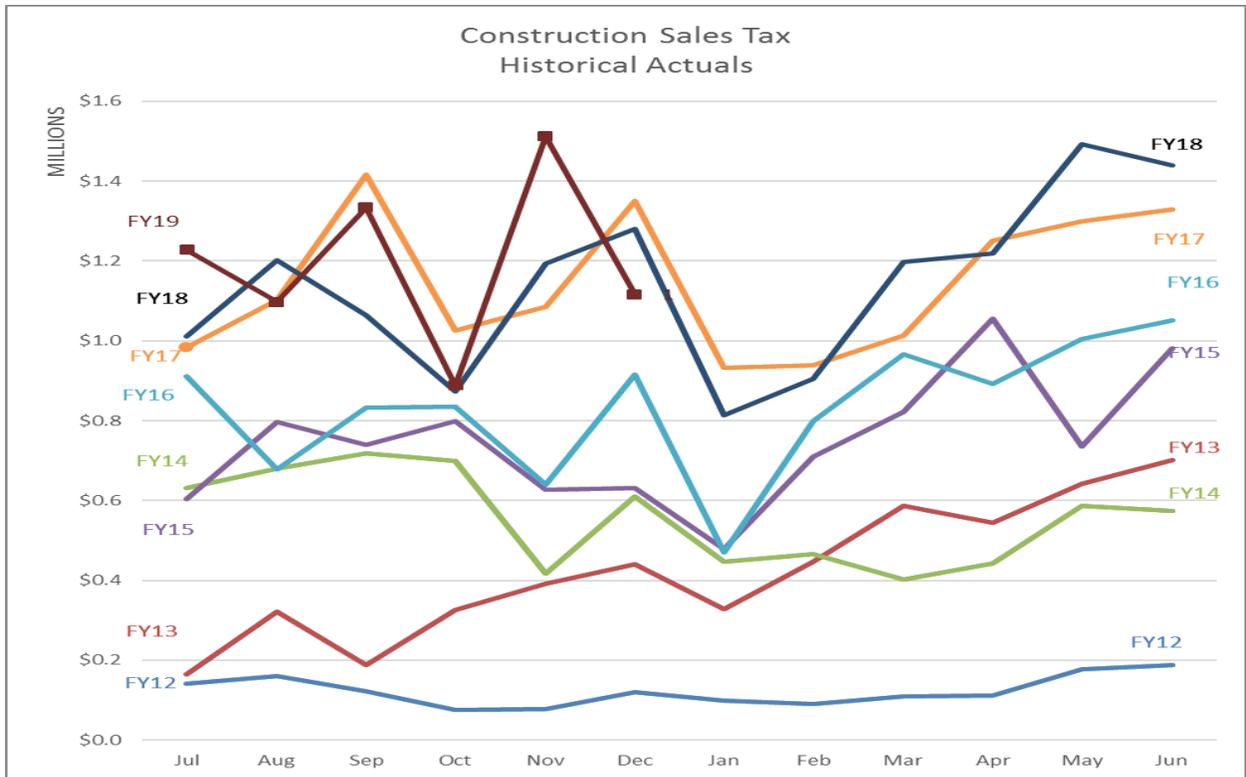
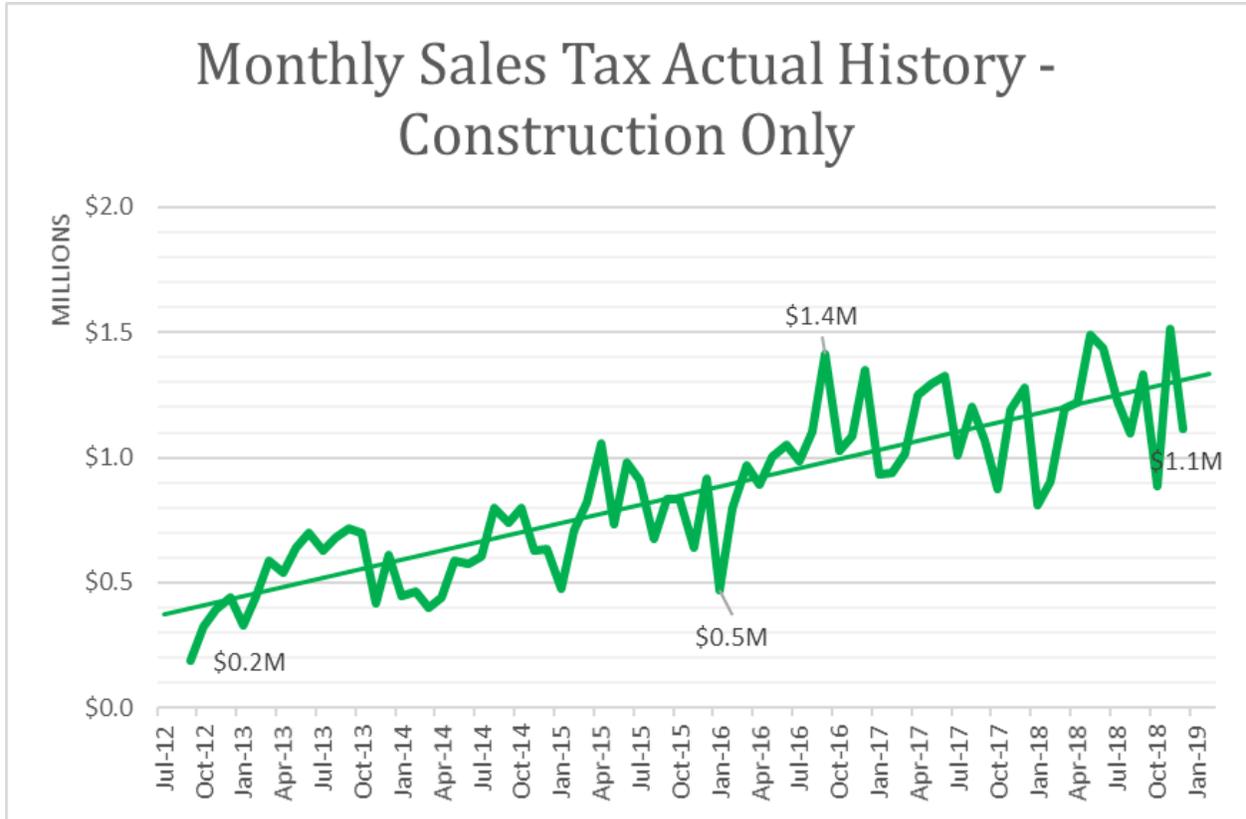
Sales Tax Rate Components					
Queen Creek Rate		Queen Creek Special District Rate (Town Center)		Construction Contracting Rate	
General Fund	2.00%	General Fund	2.00%	General Fund	2.00%
EMS	0.25%	EMS	0.25%	EMS	0.25%
		Town Center	0.25%	Construction Fund	2.00%
<b>Total Rate</b>	<b>2.25%</b>	<b>Total Rate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

Revenue by Fund	FY19 Actuals YTD	% of Total
General Fund	\$ 12,689,195	70.2%
EMS Fund	1,586,151	8.8%
Town Center Fund	422,424	2.3%
Construction Fund	3,377,797	18.7%
<b>Totals</b>	<b>\$ 18,075,567</b>	<b>100.0%</b>

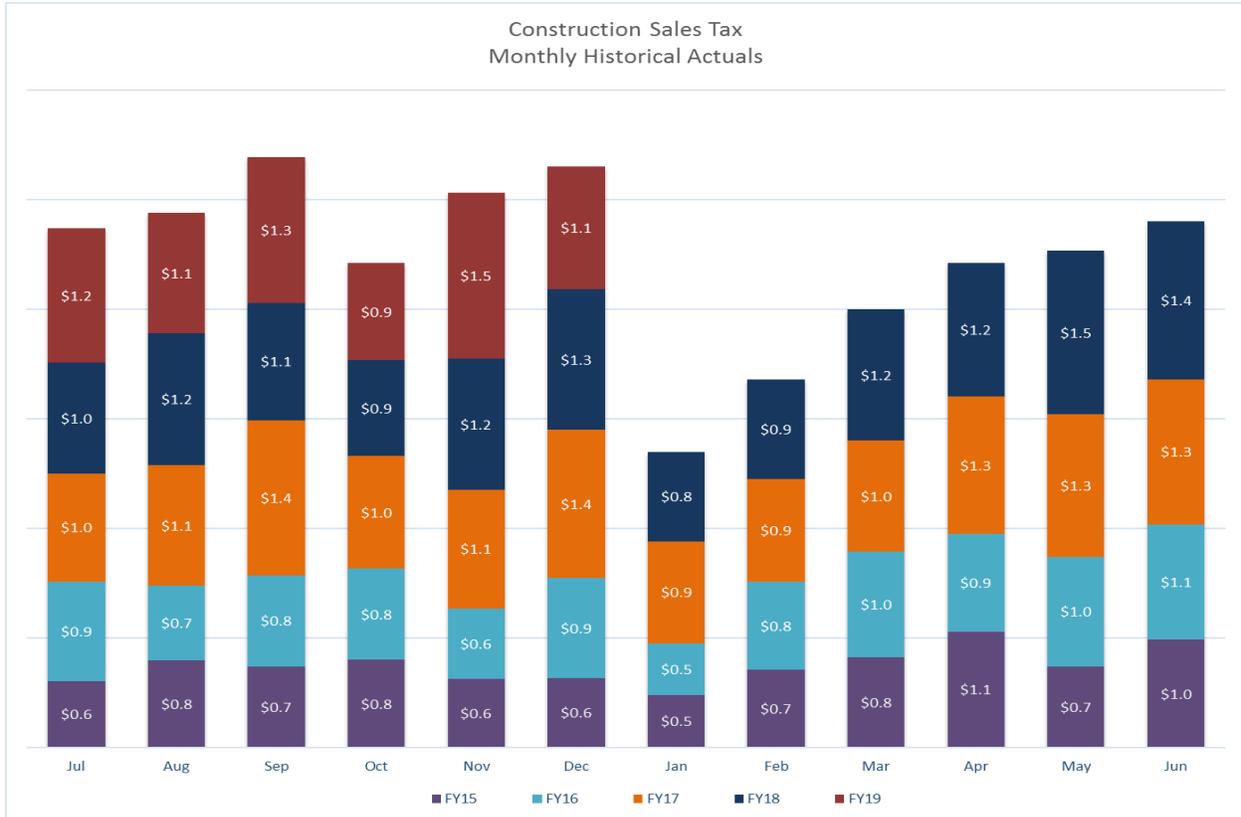
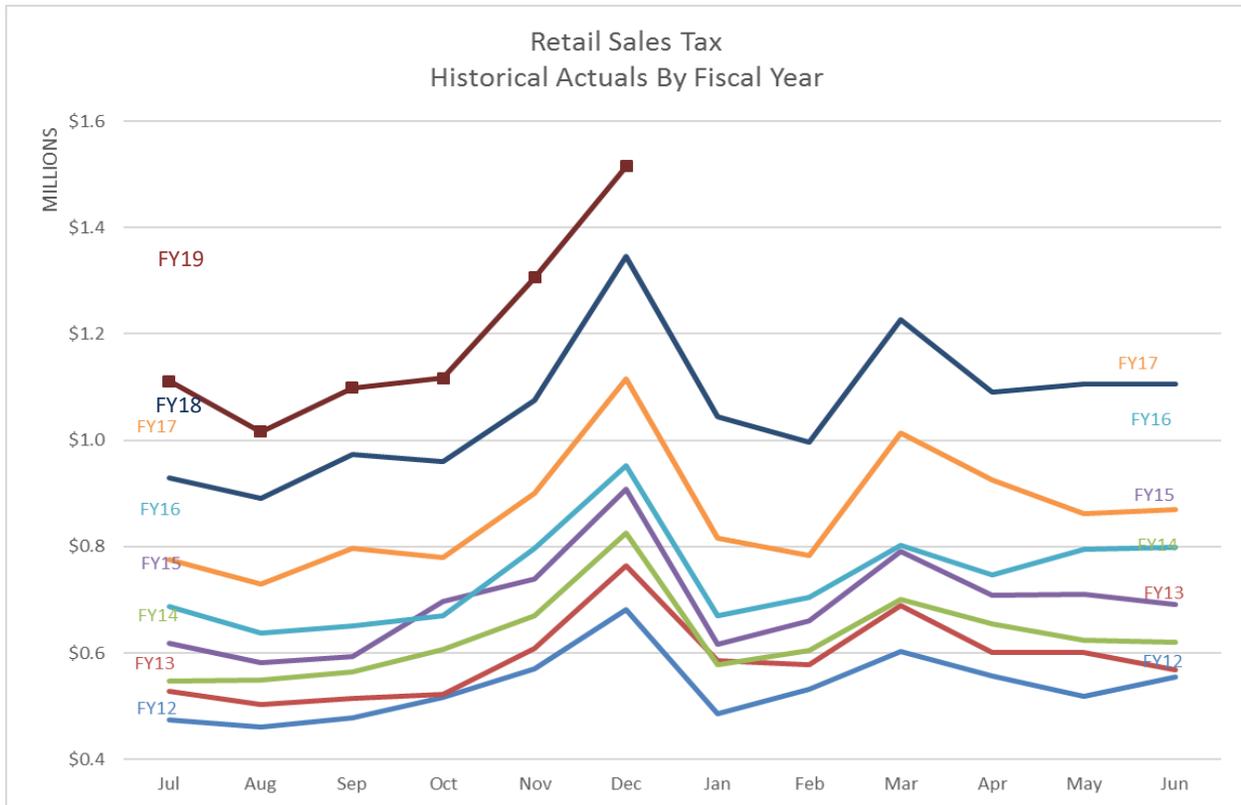
Operating Budget	Jul	Aug	Sept	Oct	Nov	Dec	YTD Total
General Fund	\$ 2,061,574	\$ 1,926,371	\$ 2,105,140	\$ 1,897,202	\$ 2,359,091	\$ 2,339,818	\$ 12,689,195
EMS Fund	\$ 257,698	240,797	263,142	237,150	294,886	292,477	1,586,151
<b>Total Operating Budget</b>	<b>\$ 2,319,272</b>	<b>\$ 2,167,168</b>	<b>\$ 2,368,282</b>	<b>\$ 2,134,352</b>	<b>\$ 2,653,978</b>	<b>\$ 2,632,295</b>	<b>\$ 14,275,346</b>

## 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
<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%	