



# FY 2019-20 TRUTH IN TAXATION PUBLIC HEARING AND FINAL BUDGET PUBLIC HEARING

Town Council Meeting

May 15, 2019



# TONIGHT'S ACTIONS

# PROPERTY TAXES

1. Conduct Truth in Taxation Public Hearing For Property Tax Levy Increase
2. Consider a Motion to Increase the Property Tax Levy and Set June 5 to Adopt the Property Tax Revenue Amount and Levy Rate (Roll Call Vote Required)



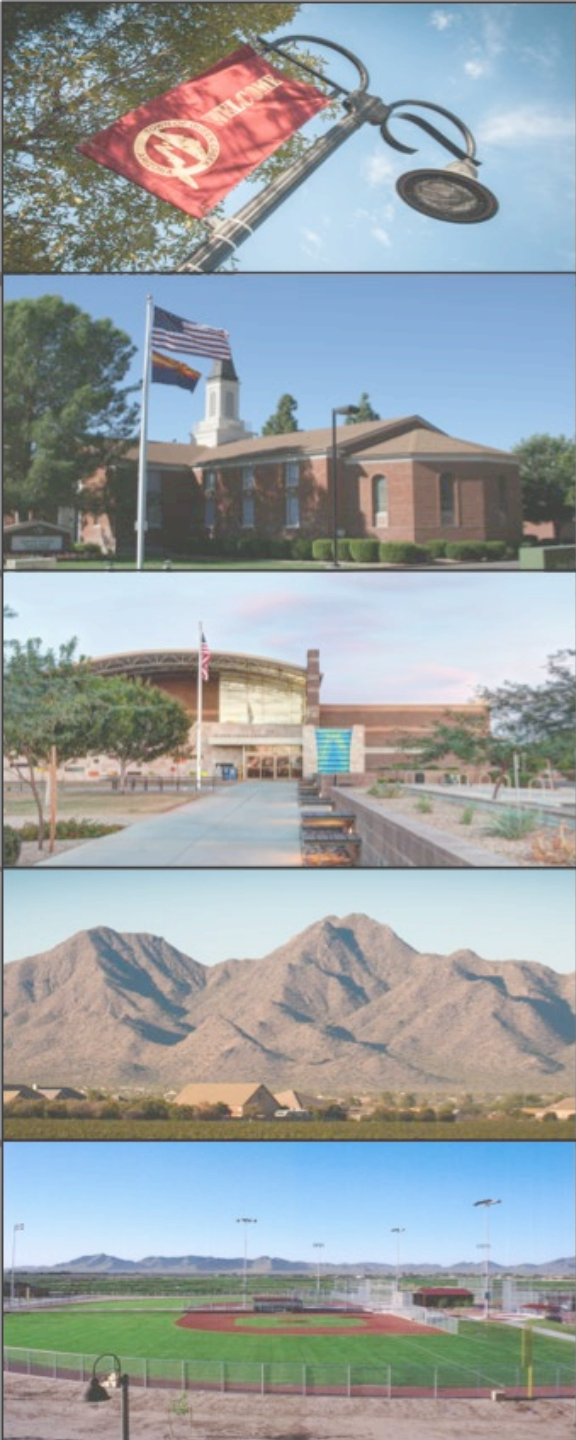


# FY 19-20 FINAL BUDGET

1. Conduct Public Hearing on FY 19-20 Final Budget
2. Consider Approval of Resolution #1260-19 Adopting the FY 19-20 Final Budget (Special Meeting Required)



# EMS FUND OVERVIEW



# EMS FUND OVERVIEW

- The FY 2019-20 Budget Forecast Expenses are \$21.2M
  - Fire: \$12.9M
  - Public Safety (Sheriff): \$8.3M
- Property Tax is The Largest Dedicated Funding Source at \$8.3M (Covers 39% of Expenses)
- Over the Next 5 Years, Annual Costs are Expected to Increase by ~\$8M for Additional Fire and MCSO Staffing

# EMS FUND OVERVIEW

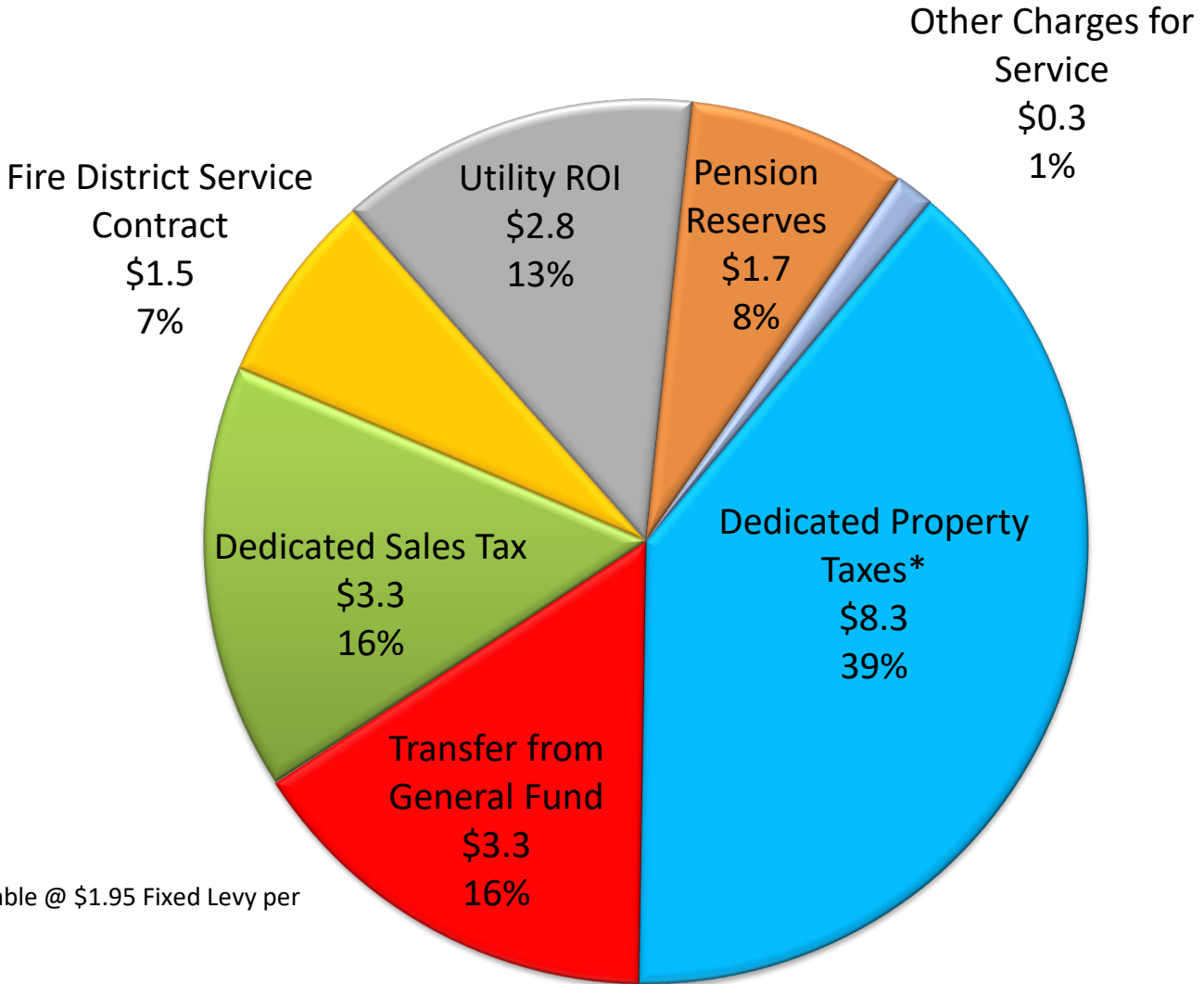
(CONCLUDED)

	FY 18-19	FY 19-20 Budget*
Expenses	\$18.1M	\$21.2M
Dedicated Revenues	<u>\$15.5M</u>	<u>\$17.9M*</u>
General Fund Transfer	<u>\$2.6M</u>	<u>\$3.3M</u>

\*Assumes a maximum of \$8.3M from Primary Property Taxes

# FY 2019-20 FORECAST BUDGET

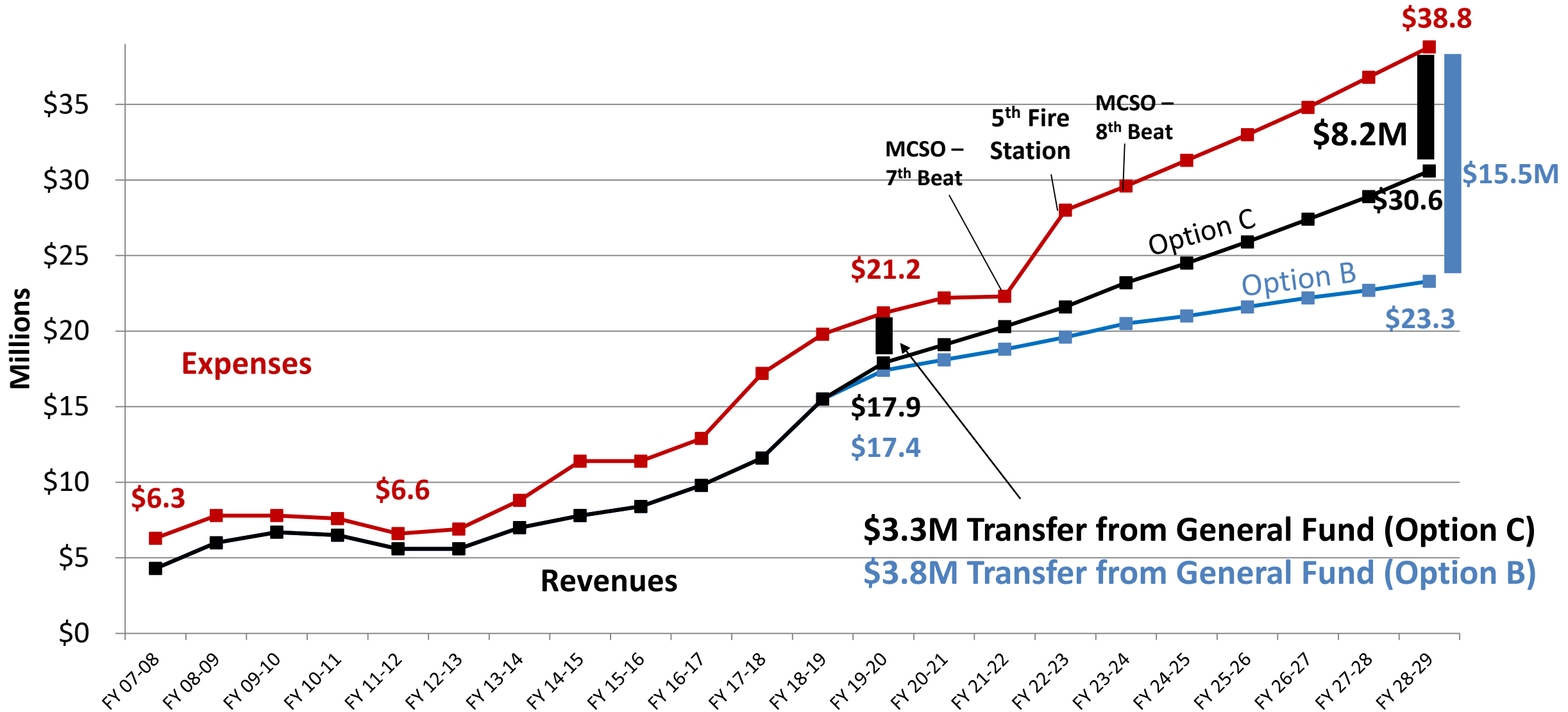
## EMS REVENUES: \$21.2M



\*Assumes Maximum Allowable @ \$1.95 Fixed Levy per \$100 Assessed Value



# EMS FUND REVENUES AND EXPENSES\*



\*Assumes no increases to the number of Fire Stations or Police Beats beyond FY 23-24



# PRIMARY PROPERTY TAXES

# CURRENT PROPERTY TAX ALLOCATION IN QUEEN CREEK (MARICOPA COUNTY)



Higher  
Government

4¢ State  
10¢ County

**14¢**



Municipal  
Government

15¢ Town – QC

**15¢**

\$1.95 per  
\$100 AV for  
EMS



Education

55¢ Local School District  
11¢ Community College

**66¢**



County-Wide  
Special Districts

2¢ Healthcare  
1¢ Flood Control  
1¢ CAWCD  
1¢ Other – Library, Fire

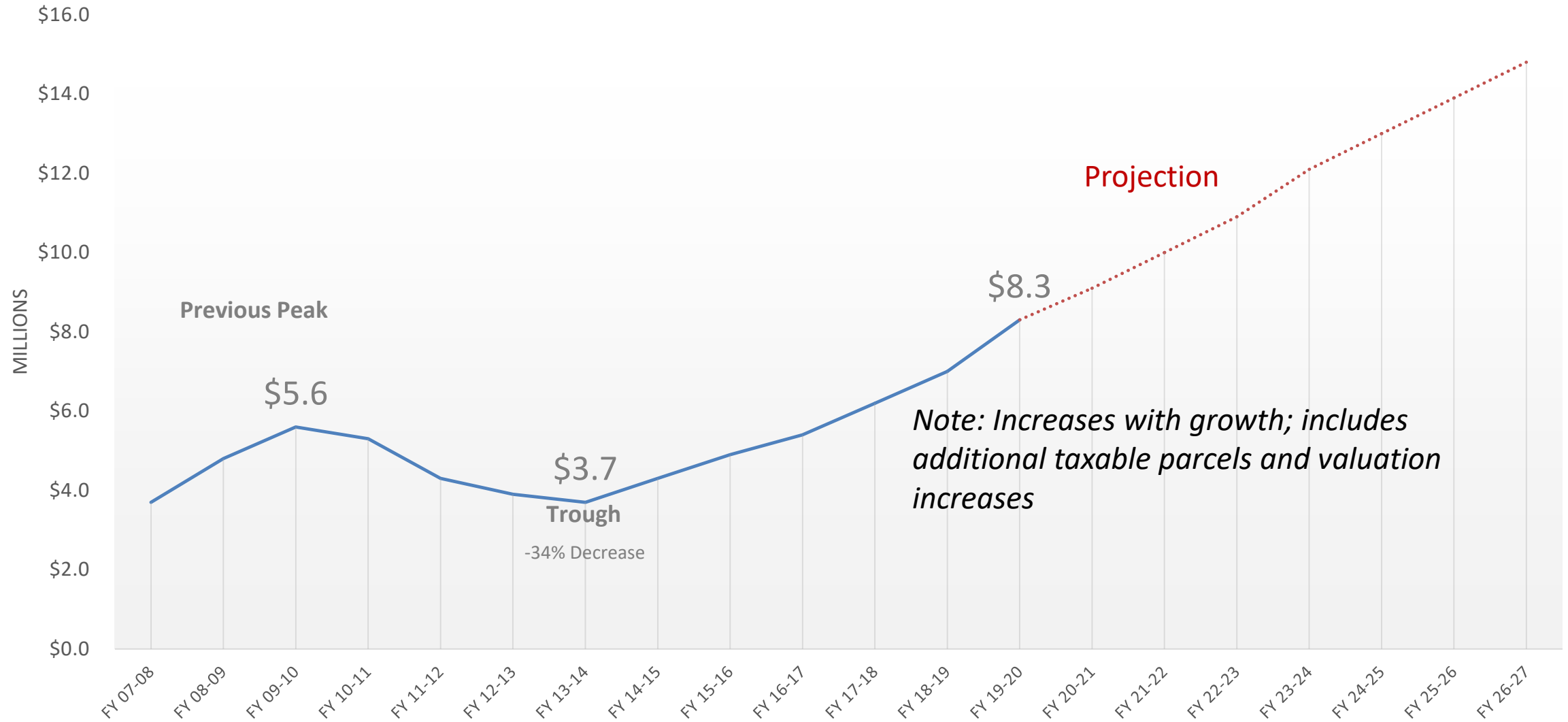
**5¢**



# QC PROPERTY TAX HISTORY

- 2007 Voter Approved Primary Property Tax
  - Dedicated for Public Safety
  - Created to Provide a Stable Revenue Source to Pay for Public Safety
  - “Not to Exceed to \$1.95 Levy”
- QC Does Not Have a Secondary Property Tax (Voter Approved for Capital)

# PROPERTY TAX REVENUES @ \$1.95 PER \$100 AV



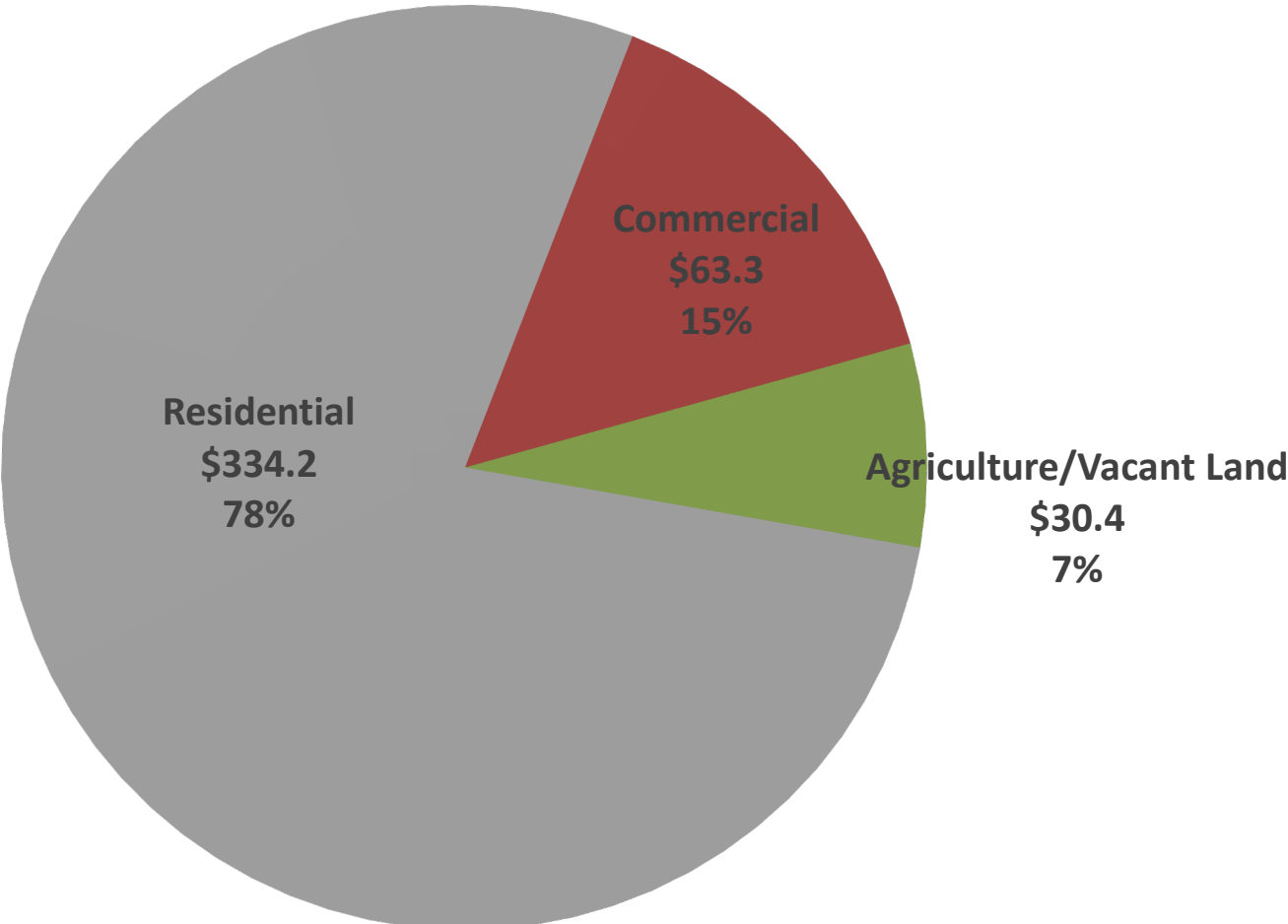
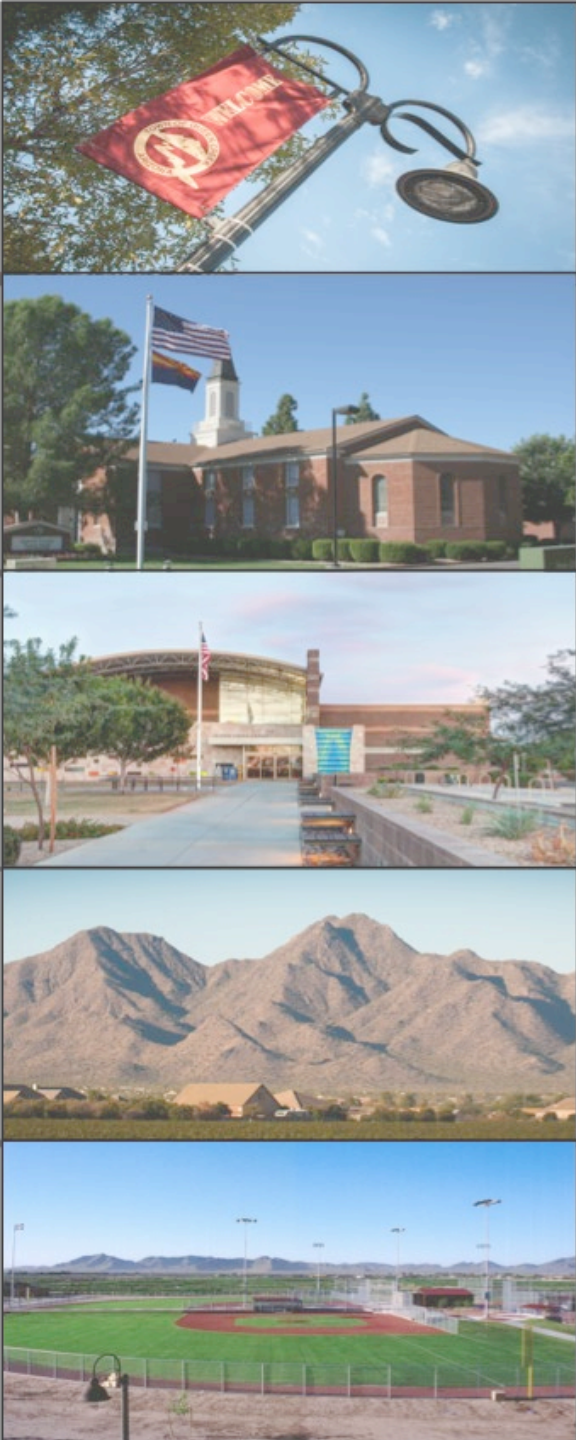
# HOW IS PROPERTY TAX CALCULATED?

The Property Taxes are the Result of Two Components:

1. Assessed Value (County Determined)
2. Revenue Amount (Town Council Determined)



# \$427.9M AV (BY PROPERTY CLASSIFICATION)



# FY 19-20 ASSESSED VALUE INCREASE (COMBINED PINAL AND MARICOPA COUNTIES)



	Assessed Value	% Change
FY 18-19	\$357.1M	
FY 19-20 Increases:		
Existing Property	\$24.3M	+6%
Ironwood Annexation*	\$27.1M	+6%
New Construction	<u>\$19.4M</u>	+5%
<b>FY 19-20 Increase</b>	<b>\$70.8M</b>	<b>+17%</b>
<b>FY 19-20</b>	<b>\$427.9M</b>	

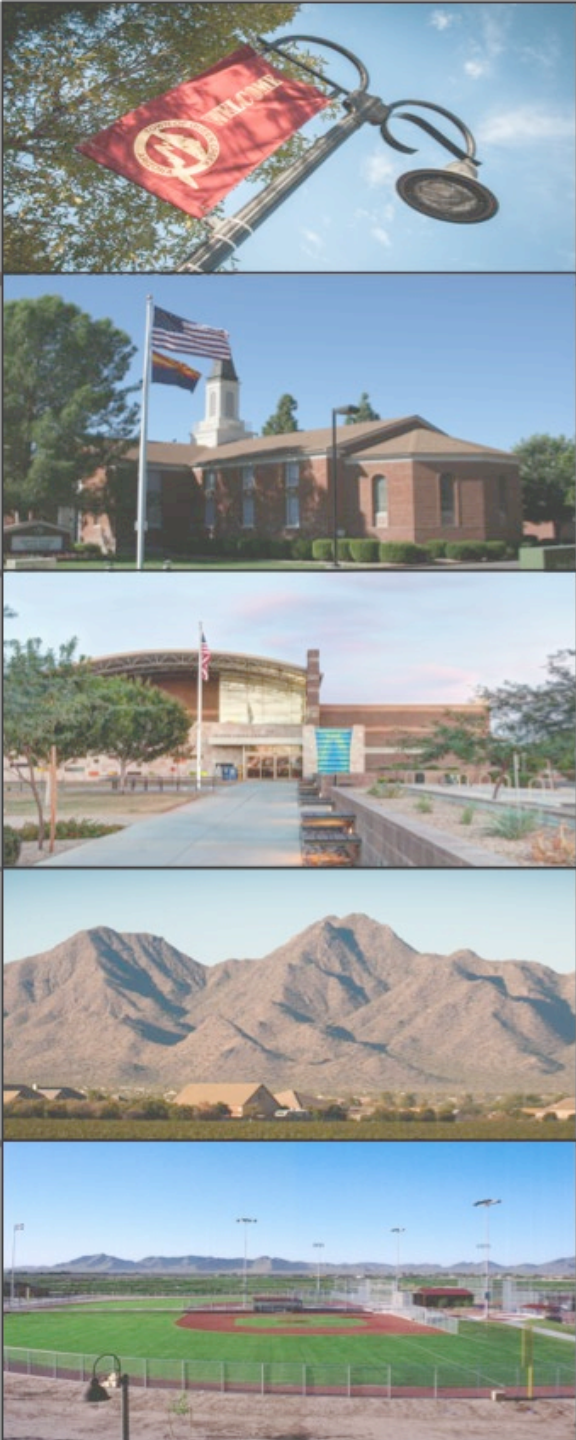
\* Considered New Construction for Levy Increase Purposes



# FY 19-20 ASSESSED VALUE INCREASE (BY PROPERTY CLASSIFICATION)



Property Class	\$ Change in Assessed Value	% Change in Assessed Value
Residential	\$59.8M	22%
Commercial	\$5.5M	10%
Agriculture/Vacant	<u>\$5.5M</u>	<u>22%</u>
Total	\$70.8M	17%



# PROPERTY TAX FORMULA

$$\begin{array}{ccc} \text{Assessed Value (AV)} & \times & \text{Levy Rate (per \$100 AV)} \\ \$427.9\text{M} & & \$1.95 \\ & & = \\ & & \text{Annual Revenues} \\ & & \$8.3\text{M} \end{array}$$

Maricopa /  
Pinal  
County

“Math”

Town  
Council

# DISCUSS FINANCIAL IMPACTS

1. Aggregate Impact
2. Individual Parcel Impacts



# PROPERTY TAX AGGREGATE IMPACT

- **Option A**: Same Revenue as Current Year (\$7.0M)
  - \$1.3M Less than the Maximum (Includes Ironwood Crossing)
- **Option B**: Same Revenue as Current Year Plus New Construction (\$7.8M)
  - \$531K Less than the Maximum
- **Option C**: Maximum Revenue (\$8.3M)
  - \$1.3M Increase Over Current Year
    - \$906K Increase From New Construction (includes Ironwood Crossing)
    - \$474K Increase From Existing Properties



# PROPERTY TAX AGGREGATE IMPACT

## (CONCLUDED)

	Revenue	Increase From New Properties	Increase from Existing Properties	Total Increase from FY18-19	Levy Rate*	% of EMS Funded
FY 18-19 Amount	\$7.0M				\$1.95	
Options:						
A. Same <u>Revenue</u> as Current Year	\$7.0M -\$1.3M	-\$757K	+\$757K	\$0K	\$1.63	33%
B. Same <u>Revenue</u> as Current Year from Existing Properties plus New Construction Only	\$7.8M -\$0.5M	\$849K -\$57K	\$0K -\$474K	\$849K -\$531K	\$1.83	37%
C. Maximum Revenue Amount	\$8.3M	\$906K	\$474K	\$1.3M	\$1.95	39%

\* Ballot language stated "Under no circumstances shall the primary property tax rate exceed \$1.95 per \$100 of assessed valuation"

# INDIVIDUAL PARCEL IMPACTS

- Tax Amount is Unique for Each Parcel
- 22,632 Parcels of Land
  - 19,967 in Maricopa County
  - 2,665 in Pinal County
- Median Home
  - FY 19-20 Tax = \$432
  - Median Value Home is 3% Less Than FY 08-09 Peak
    - \$221K AV vs. \$227K AV
    - \$12 Lower Property Taxes

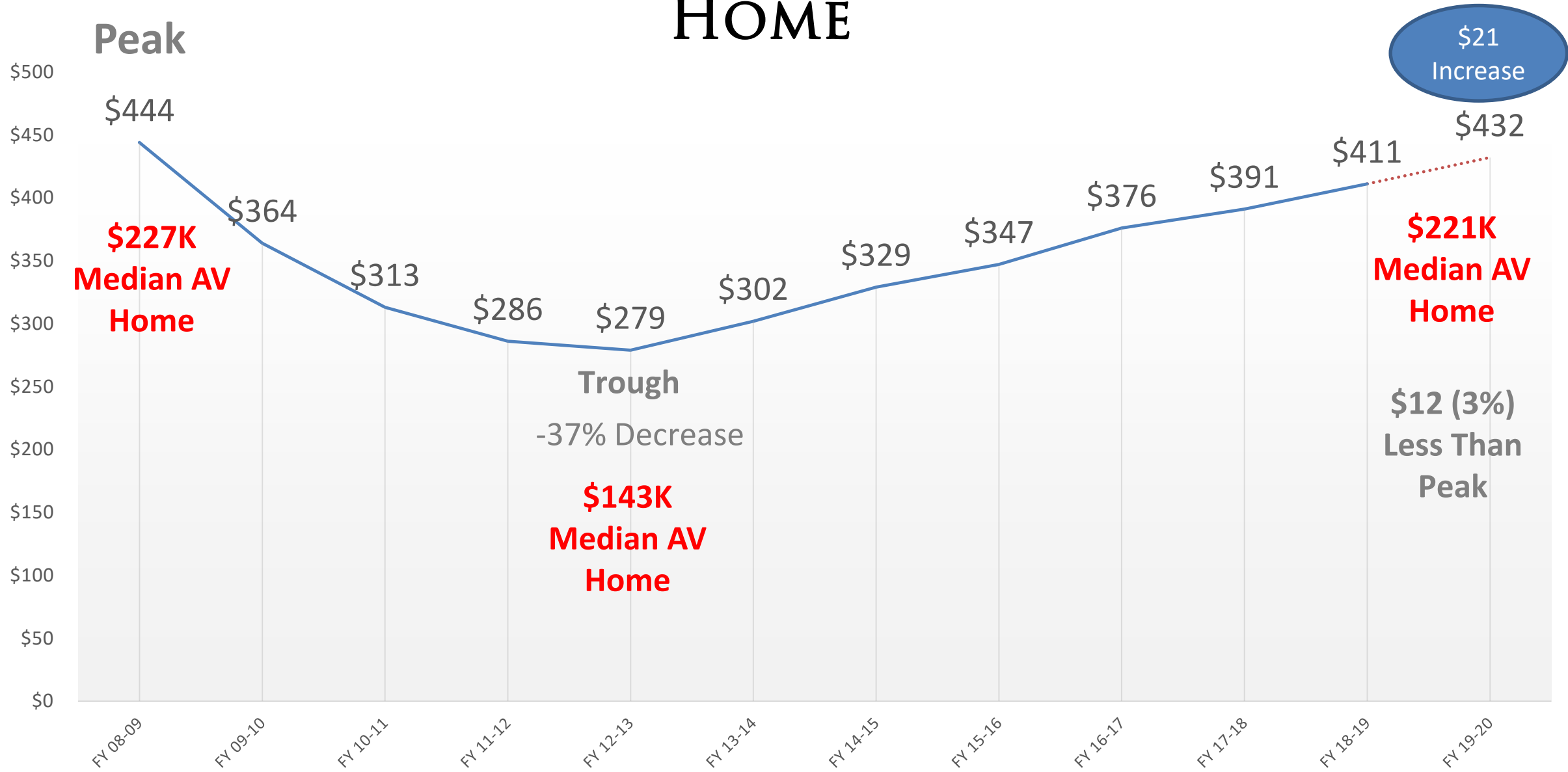


# QUEEN CREEK PROPERTY TAX EXAMPLE SINGLE-FAMILY HOME



	Amount
<b>A) Limited Property Value (LPV) FY 18-19 Median</b>	<b>\$221,466</b>
B) Residential Assessment Ratio	<u>10%</u>
C) Assessed Value at 10% of LPV (A x B)	\$22,147
D) Conversion to a “per \$100” AV (C/\$100)	<u>\$221</u>
E) Primary Rate per \$100 AV	\$1.95
<b>F) Property Tax (D x E)</b>	<b>\$432</b>

# QC PROPERTY TAX PAID ON A MEDIAN VALUE HOME





# INDIVIDUAL PARCEL IMPACTS (CONTINUED)

- Property Taxes Paid by Each Parcel Could Increase, Decrease, or Have No Change from the Prior Year (See Next Slide)
  - The Individual Parcel Appreciation Increase is Limited by State Statute to 5% (Assuming Land Use Remains the Same)



# INDIVIDUAL PARCEL IMPACT (CONCLUDED)

		Option A	Option B	Option C
	~Median Home Value	Same Revenue as FY 18-19 \$1.63 Levy	Same Revenue as FY 18-19 (plus new construction only) \$1.83 Levy	Maximum Revenue \$1.95 Levy
FY 18-19	\$211K			\$411
Scenarios:				
AV +5% ("Most Likely")	\$221K	\$360 (-\$51)	\$404(-\$7)	\$432 (+\$21)
AV +6%	\$223K	\$363 (-\$48)	\$408 (-\$3)	\$436 (+\$24)

# MORE ON OPTIONS A AND B

- If the Property Tax Levy is Set at an Amount Less than the Maximum Amount, It Can be Returned to Maximum Amount
  - The Requirement to Do So Varies Based on the Amount of the Annual Increase

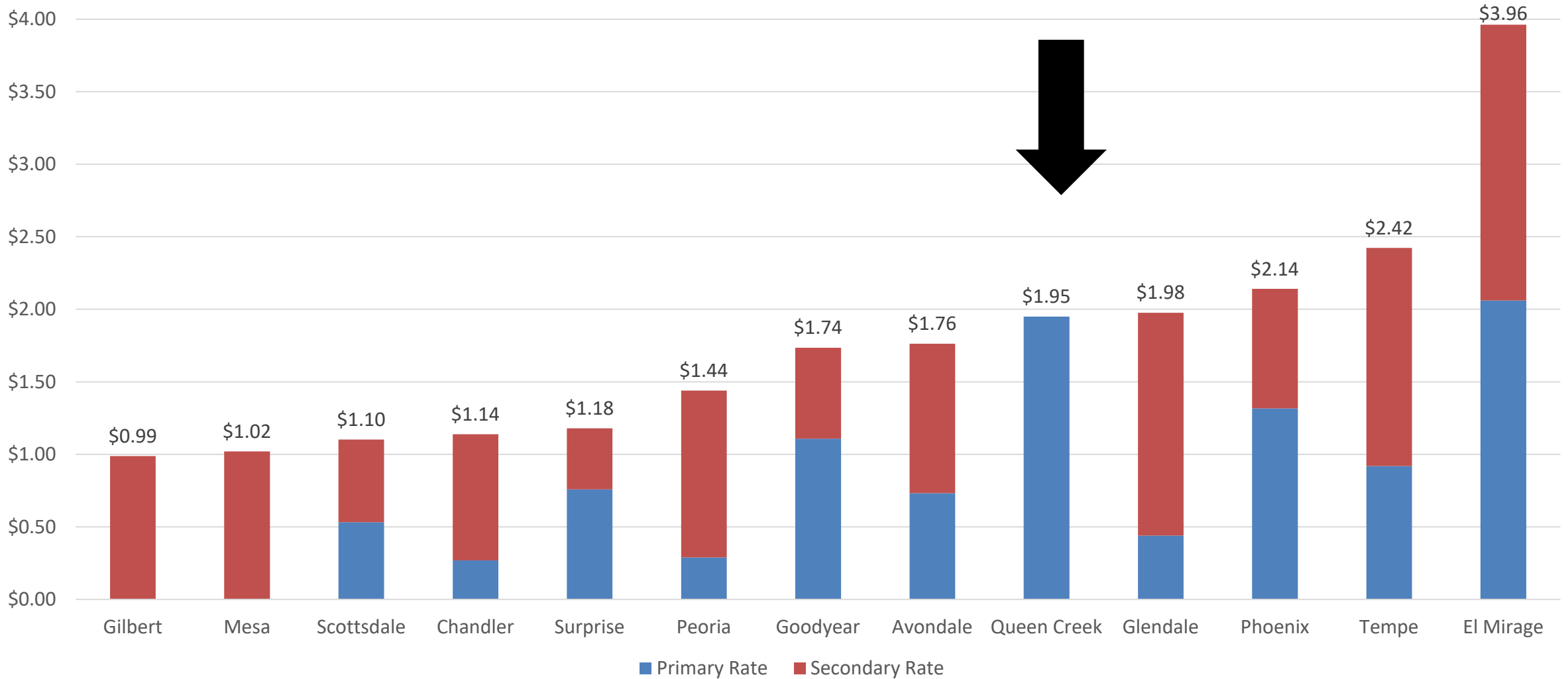


# OPTIONS TO RETURN TO MAXIMUM AMOUNT

1. Majority Roll Call Vote of the Town Council if the Annual Revenue (Levy) Increase is Less Than 15% for Existing Properties
2. Unanimous Roll Call Vote of the Town Council if the Annual Revenue (Levy) Increase is Equal to 15% or more for Existing Properties (A.R.S. 42-17107 Section A4)



# PROPERTY TAX COMPARISONS (FY18-19 RATES)\*



\*All cities are currently in the process of setting the FY 19-20 rates.  
Does not include Community Facility Districts.



# TONIGHT'S ACTIONS

# PROPERTY TAXES

1. Conduct Truth in Taxation Public Hearing For Property Tax Levy Increase
2. Recommended Motion (Roll Call Vote Required)
  - Motion to Approve the Property Tax Levy Increase of \$474,043 Dedicated for Public Safety and Set the Final Property Tax Levy Assessment Date for June 5, 2019



# LAST STEP

## June 5 Council Meeting

- Adopt FY 2019-20 Property Tax Assessments (Primary and Secondary for Street Light Improvement Districts) by Ordinance





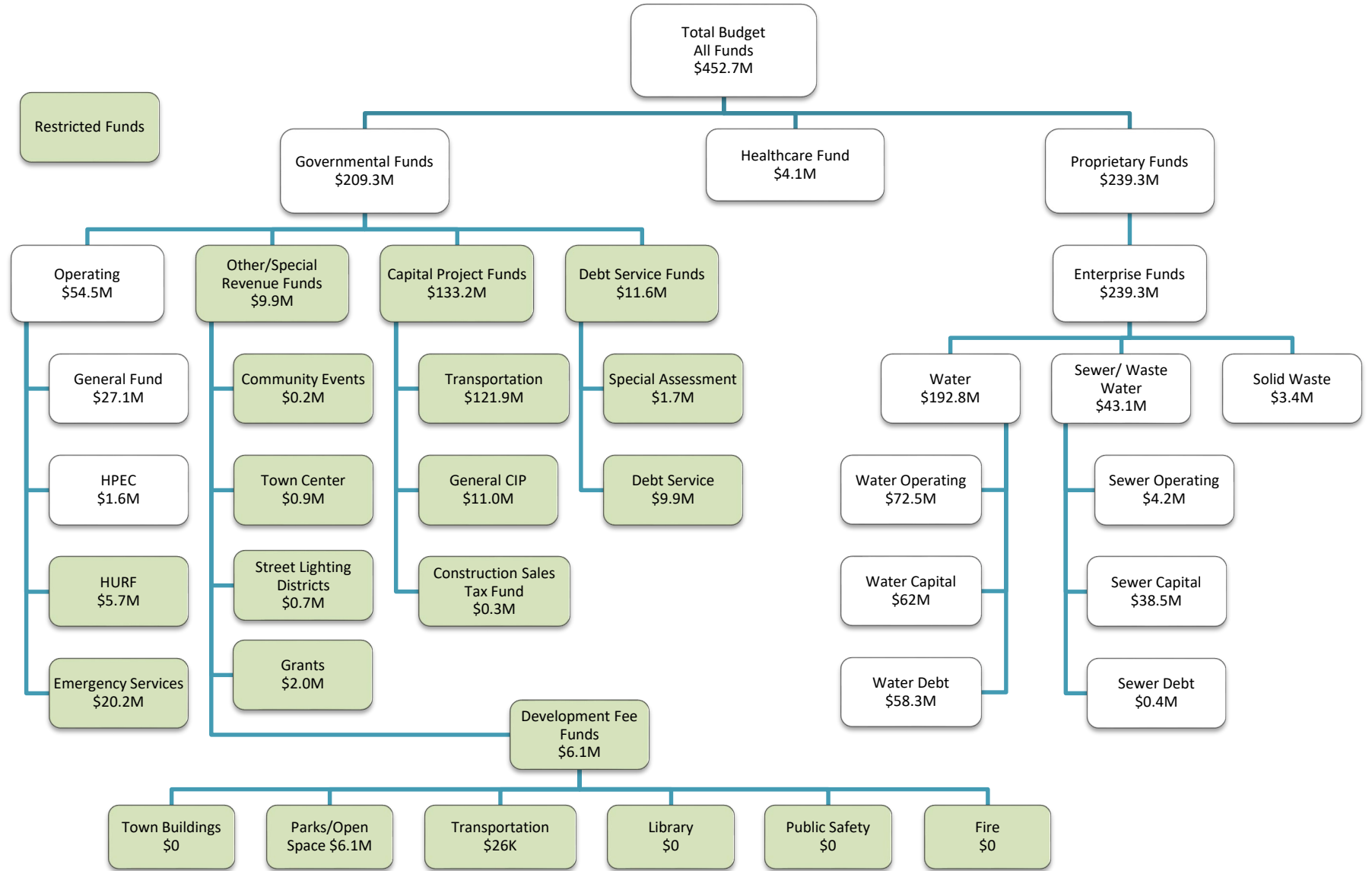


# FY 2019/20 FINAL BUDGET ADOPTION

Town Council Meeting

May 15, 2019

# BUDGET/FUND STRUCTURE : \$452.7M



\*does not include transfers - will not tie to total uses provided later in presentation

# FY 2019-20 FINAL BUDGET

(IN MILLIONS)



	FY 18/19 Revised	FY 19/20 Final	\$ Change	% Change
<b>Total Expenses</b>	<b>\$350.9</b>	<b>\$452.7</b>	<b>\$101.8</b>	<b>29%</b>

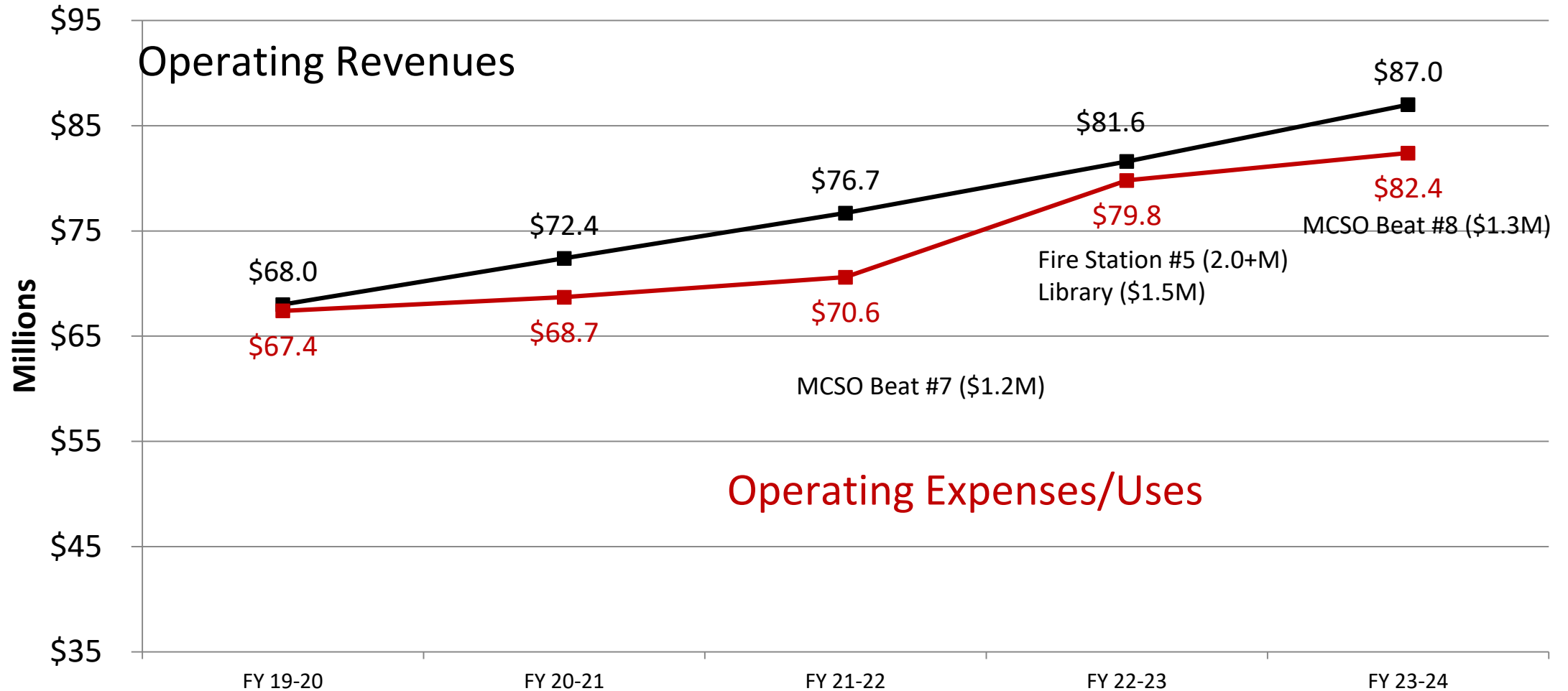
	FY 18/19 Revised	FY 19/20 Final	\$ Change	% Change
<b>Revenues</b>	<b>\$221.3</b>	<b>\$331.5*</b>	<b>\$110.2</b>	<b>50%</b>
<b>Use of Fund Balance</b>	<b><u>\$129.6</u></b>	<b><u>\$121.2</u></b>		
<b>Total Sources</b>	<b>\$350.9</b>	<b>\$452.7</b>		

\*Bond Proceeds of \$125M are included in FY 19/20 Revenues (\$50M in Refunding, \$50M for new water rights, and \$25M for Debt related to Signal Butte and Meridian).

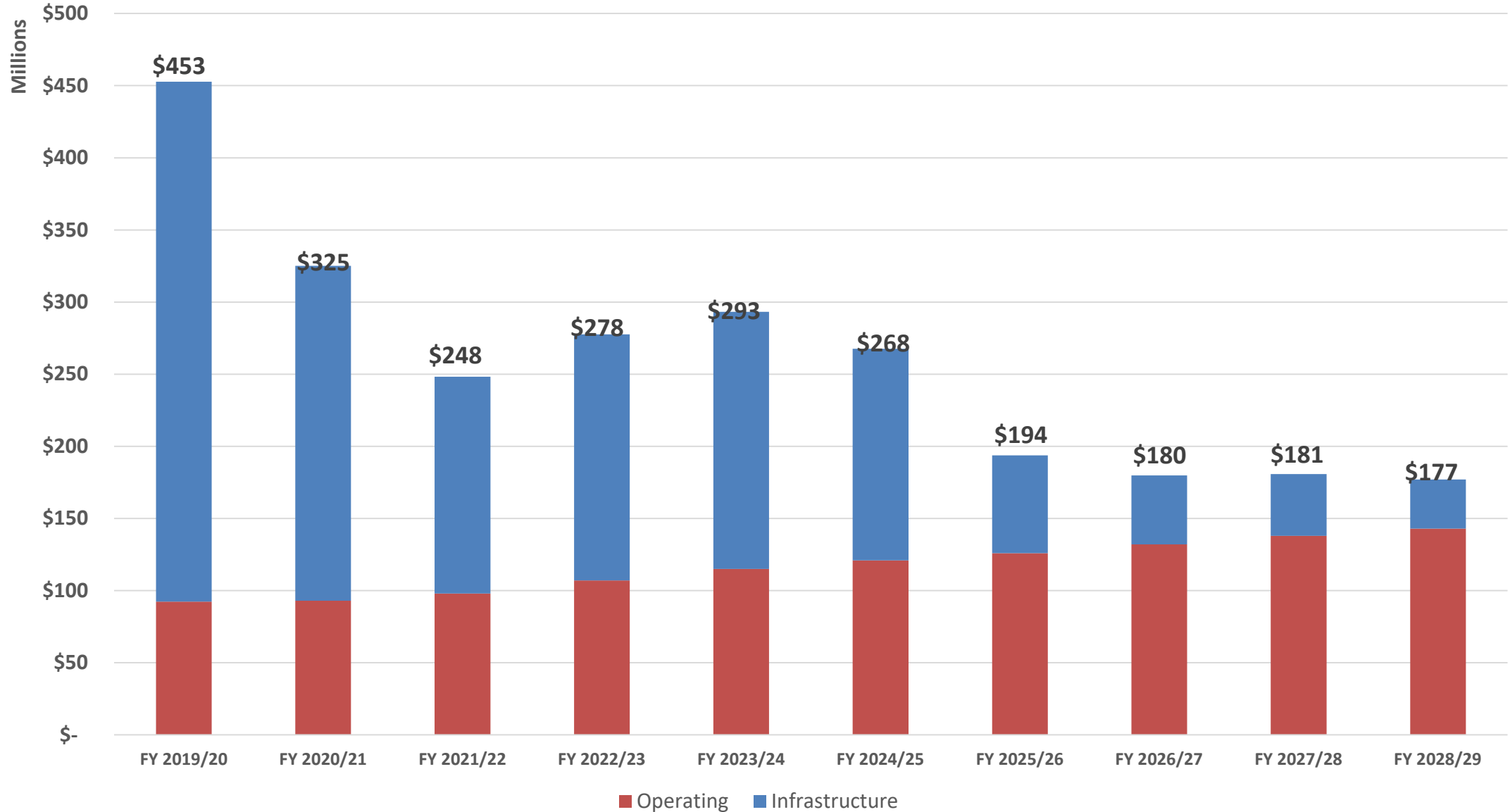
# FY 2019-20 OPERATING BUDGET ENDING RESERVES

	FY 19-20 Final Budget	
Sources	<b>\$68.0</b>	
Uses	<b>\$66.3</b>	
Additional 25% Reserves Funding	<b><u>\$ 1.1</u></b>	
Net FY 19-20	<b><u>\$ 0.6</u></b>	
Ending Fund Balance		<b>\$40.0</b>
Restrictions:		
25% Revenue Reserve Requirement	<b>\$17.6</b>	
MSCO Unfunded Pension Liability Reserve	<b>\$18.6</b>	
ASRS Unfunded Pension Liability Reserve	<b><u>\$ 3.8</u></b>	
Total Restrictions		<b><u>\$40.0</u></b>

# OPERATING BUDGET PROJECTION



# 10-YEAR BUDGET PROJECTION





# TONIGHT'S ACTIONS



# FY 2019-20 FINAL BUDGET

1. Conduct Public Hearing on FY 2019/20 Final Budget
2. Adjourn Regular Meeting
3. Convene Special Meeting
4. Consider Approval of Resolution #1260-19 Adopting the FY 2019-20 Final Budget





# COMMENTS AND QUESTIONS