



TOWN OF
QUEEN CREEK
ARIZONA

FY 21-22 Year to Date Financial Report

Operating Budget to Actual Performance
Fiscal Year to Date through January 2022

Issued March 3, 2022

Executive Summary

The Town's budget-to-actual performance for FY 21-22 through January shows favorable variances for both revenues and expenses. Actual revenues are performing well with receipts exceeding expectations by \$8.6M, or 17%. This is the result of Sales Tax, Construction Sales Tax, and Building/Engineering Revenues all performing better than expected due to continued residential and commercial growth throughout the Town. The FY 21-22 budget anticipated a moderation (but not a significant slowdown), in the Town's rate of growth. For example, the adopted budget projected 1,331 single-family permits for the fiscal year, compared to a record 2,223 permits issued last fiscal year. Additionally, average monthly home closings are currently running 10% lower than the prior year but still at a strong pace of 131 closings per month.

Total expenses to date are \$4.0M or 9% less than budget. The favorable variance is driven by savings in staff vacancies and various supplies and materials that remain on back-order due to nationwide supply-chain issues. The revised budget includes expenditure budget adjustments that have been approved by the Town Council since the beginning of the fiscal year.

The revised Operating Budget anticipated that expenses (before transfers) would exceed revenues by \$6.4M through January. However, actual results to date are better than expected resulting in revenues exceeding expenses by \$19.0M, an improvement of \$12.6M or 197%.

The Operating Budget remains financially sound with healthy reserve balances, including \$25.5M in operating reserves and \$45.7M in pension reserves. Of note, the pension reserves are fully funded, representing 100% of the Town's estimated unfunded pension liabilities as of June 30, 2021, per the Town's Pension Funding Policy.

With these positive results, staff is currently revising revenue estimates for FY 21-22 in conjunction with preparing revenue forecasts for the next fiscal year's budget adoption cycle. Staff will present these revised estimates to the Town Council on February 2, 2022.

Operating Budget

The Operating Budget includes the Town's activity in the General, Streets (HURF), Emergency Services and Horseshoe Park Equestrian Center funds. The schedule below is a summary of the FY 21-22 Operating Budget results year to date. This year's budgeted revenues are expected to exceed expenses by \$12.5M, with additional amounts being transferred out to other funds to cover the non-growth share of debt payments and capital improvements. To date, \$870K has been transferred from the EMS Fund toward the cost of a replacement fire truck that was approved in the FY21-22 budget, and \$5.4M has been transferred from the Operating Budget to cover scheduled debt service payments.

The revised expense budget reflects \$3.5M that was carried forward from the previous fiscal year to provide spending authority for various projects and equipment needs, nearly half of which was for starting up the police department. Other recent budget adjustments have taken \$3.2M from contingency funds to provide budget authority for additional police software, equipment, and staffing, as well as to accommodate advance purchase orders for long-lead items such as vehicles and heavy equipment. The revised budget anticipates the Town will use \$369K of fund balance by the end of the fiscal year; however, with current supply chain issues and these long-lead items not expected to arrive until next fiscal year, actual results will likely not require use of any fund balance by the end of this fiscal year.

The Town's Operating fund balance is expected to end the fiscal year at \$91.3M. Of the total fund balance, \$45.7M is reserved for pension funding and \$25.5M is reserved for operations based on the Town's 25% Reserve Policy. Notably, both pension reserves are fully funded, representing 100% of the Town's estimated unfunded pension liabilities as of June 30, 2021. The remaining fund balance of \$20.1M is available to fund future operating and capital needs.

Summary FY 21-22 Operating Budget

	FY 21-22 Total Adopted Budget	FY 21-22 Total Revised Budget	FY 21-22 Year-to-Date Budget	FY 21-22 Year-to-Date Actual
Revenues	\$ 95,823,650	\$ 95,823,650	\$ 49,513,310	\$ 58,130,327
Expenses	76,565,289	83,320,101	43,102,028	39,118,624
Operating Results	\$ 19,258,361	\$ 12,503,549	\$ 6,411,282	\$ 19,011,702
Transfers Out:				
Debt Service	\$ 8,026,251	\$ 8,016,251	\$ 5,364,334	\$ 5,364,334
CIP	4,856,300	4,856,300	870,295	870,295
Net Transfers Out	\$ (12,882,551)	\$ (12,872,551)	\$ (6,234,629)	\$ (6,234,629)
Net Operating Results	\$ 6,375,810	\$ (369,002)	\$ 176,652	\$ 12,777,073
Beginning Fund Balance	\$ 81,365,269	\$ 91,672,388		
Ending Fund Balance	\$ 87,741,079	\$ 91,303,386		
25% Revenue Reserve	\$ 25,512,450	\$ 25,512,450		
MSCO Unfunded Pension Liability Reserve	25,232,142	26,334,929		
ASRS Unfunded Pension Liability Reserve	18,503,805	19,409,088		
Available Fund Balance	18,492,682	20,046,919		
Total Fund Balance	\$ 87,741,079	\$ 91,303,386		

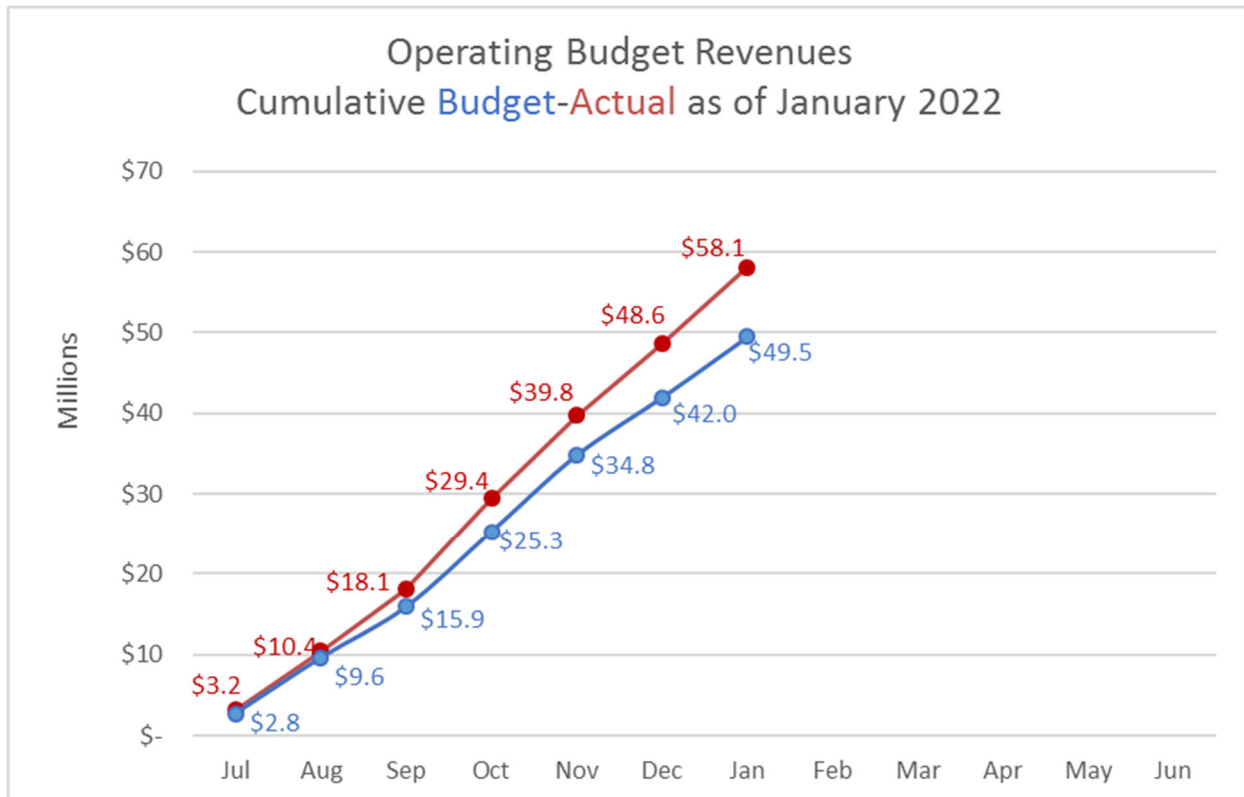
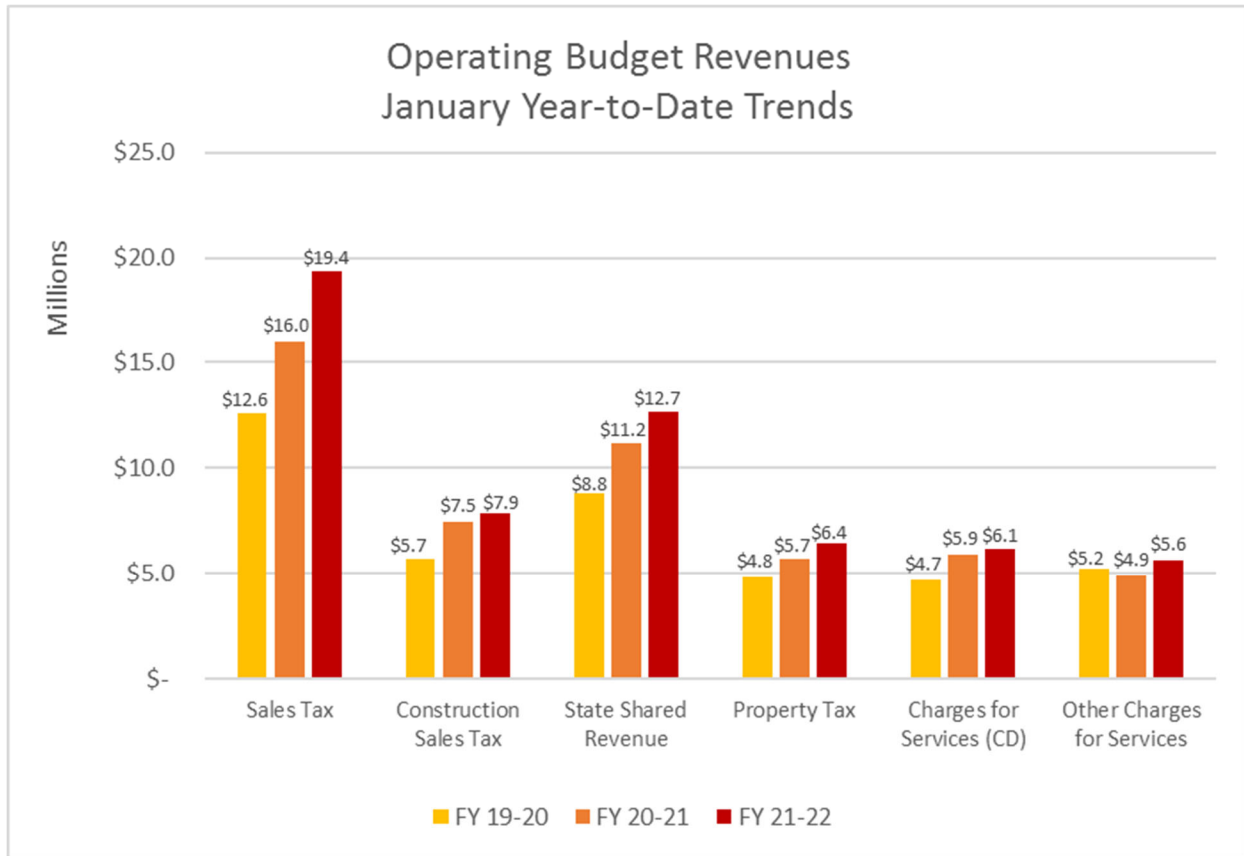
The remainder of this report focuses on revenues and expenses only. It does not include transfers, debt service, or infrastructure funding transfers.

January 2022 Year-to-Date Results

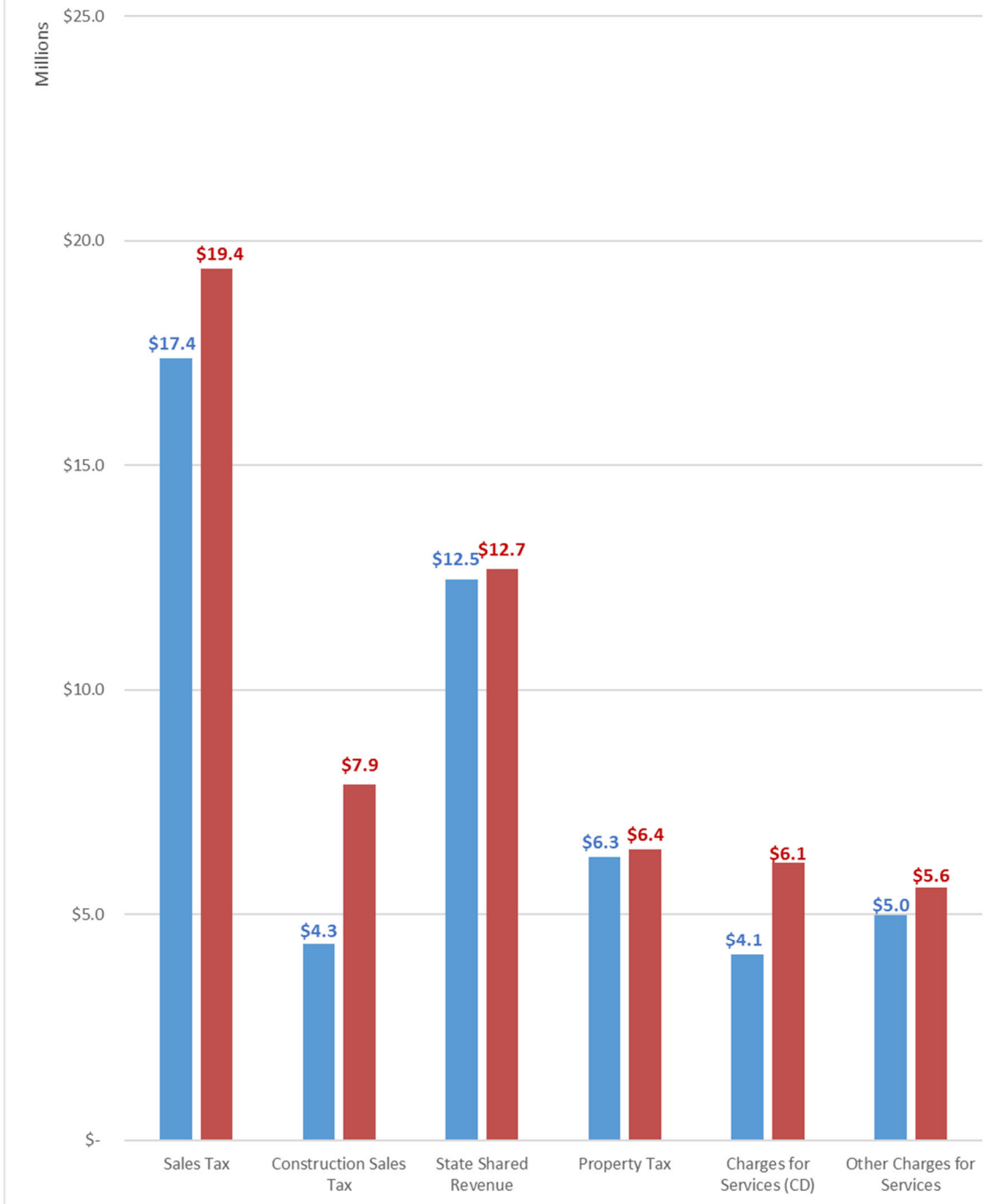
	<u>YTD</u>	<u>YTD</u>	<u>\$ Variance</u>	<u>% Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	
Revenues				
Sales Tax	\$ 17,384,340	\$ 19,382,198	\$ 1,997,858	11%
Construction Sales Tax	4,319,600	7,881,259	3,561,659	82%
State Shared Revenue	12,452,460	12,684,428	231,968	2%
Property Tax	6,273,810	6,441,809	167,999	3%
Charges for Services (CD)*	4,095,480	6,146,072	2,050,592	50%
Other Charges for Services	4,987,620	5,594,561	606,941	12%
Total Revenues	\$ 49,513,310	\$ 58,130,327	\$ 8,617,017	17%
Expenditures				
Salaries & Benefits	\$ 23,346,643	\$ 22,845,816	\$ 500,827	2%
Supplies & Services	13,801,738	11,295,212	2,506,527	18%
Maricopa County Sheriff	3,925,000	3,084,934	840,066	21%
Capital Outlay	2,028,647	1,892,662	135,985	7%
Total Expenditures	\$ 43,102,028	\$ 39,118,624	\$ 3,983,404	9%

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

Revenue Analysis



Operating Revenue FYTD January: +\$8.6M (+17%)
\$49.5M FY21-22 Budget to \$58.1M FY21-22 Actual



Overall, actual revenues are showing a 17% favorable variance compared to the revised budget. The variances of the Revenue Categories are explained below.

Sales Tax

Sales tax revenue for FY 21-22 is currently \$2.0M or 11% above budget. This positive performance is attributed to the Town's fast-growing population, growth in e-commerce from more residents shopping online rather than at stores in other cities, and new businesses that continue to open in Queen Creek. Please refer to the Sales Tax Report (Appendix 1) for additional information on sales tax activity.

Construction Sales Tax

Construction sales tax revenue is currently \$3.6M or 82% above budget, reflecting a continuation of the strong residential and commercial construction activity that the Town has seen over the last three years. Construction sales tax is paid at the time a home or nonresidential project is completed. Though new home construction remains strong, recent data show a slight drop in the rolling 12-month average number of single-family home closings in the Town. Through December 2021, the monthly average was 131 closings compared to 145 closings for the previous 12-month period. This is a decrease of 14 homes or 10% per month and likely reflects the current supply-chain issues affecting builders' ability to complete homes on schedule for their customers. Please refer to the Sales Tax Report (Appendix 1) for additional information on construction sales tax activity.

State-Shared Revenue

State-Shared Revenue is \$232K or 2% above the revised budget. The State of Arizona as a whole is seeing better-than-expected performance in sales tax activity. When combined with Queen Creek's population growth, this has increased the Town's share of state tax distributions compared to prior years. In recent months, statewide HURF and Vehicle License Tax are coming in lower than expected partially due to the continued effects of the COVID-19 pandemic.

Property Tax

Property tax revenue to date is \$168K or 3% above budget. The Town receives the majority of its property tax distributions in October and November, and the remainder in April and May, due to Arizona's statutes that allow property owners to pay their annual property taxes in two installments.

Charges for Services – Community Development (CD)

Charges for Services-CD accounts for planning, engineering and building permit revenues. Fiscal year 21-22 CD revenue to date is favorable by \$2.1M or 50%, as presented in the following schedule:

January 2022 YTD Community Development Detailed Revenues

Charges for Services (CD)	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Planning Revenue	\$ 81,560	\$ 155,893	\$ 74,333	91%
Engineering Revenue	247,600	1,031,946	784,346	317%
Building Permit Revenue	<u>3,766,320</u>	<u>4,958,233</u>	<u>1,191,913</u>	<u>32%</u>
Total Charges for Services (CD)	\$ 4,095,480	\$ 6,146,072	\$ 2,050,592	50%

Similar to construction sales tax, CD revenue is tied to new and proposed development activity in the town for new subdivisions, commercial developments, and annexations. Engineering revenue is particularly strong through January due to reviews of several commercial developments and multi-family plans that have recently been submitted. The FY 21-22 budget was developed with an estimate of 1,331 new single-family permits. This amount is lower than the record 2,223 permits issued last fiscal year as we expect the pace of new development to moderate, but development activity is still expected to remain strong.

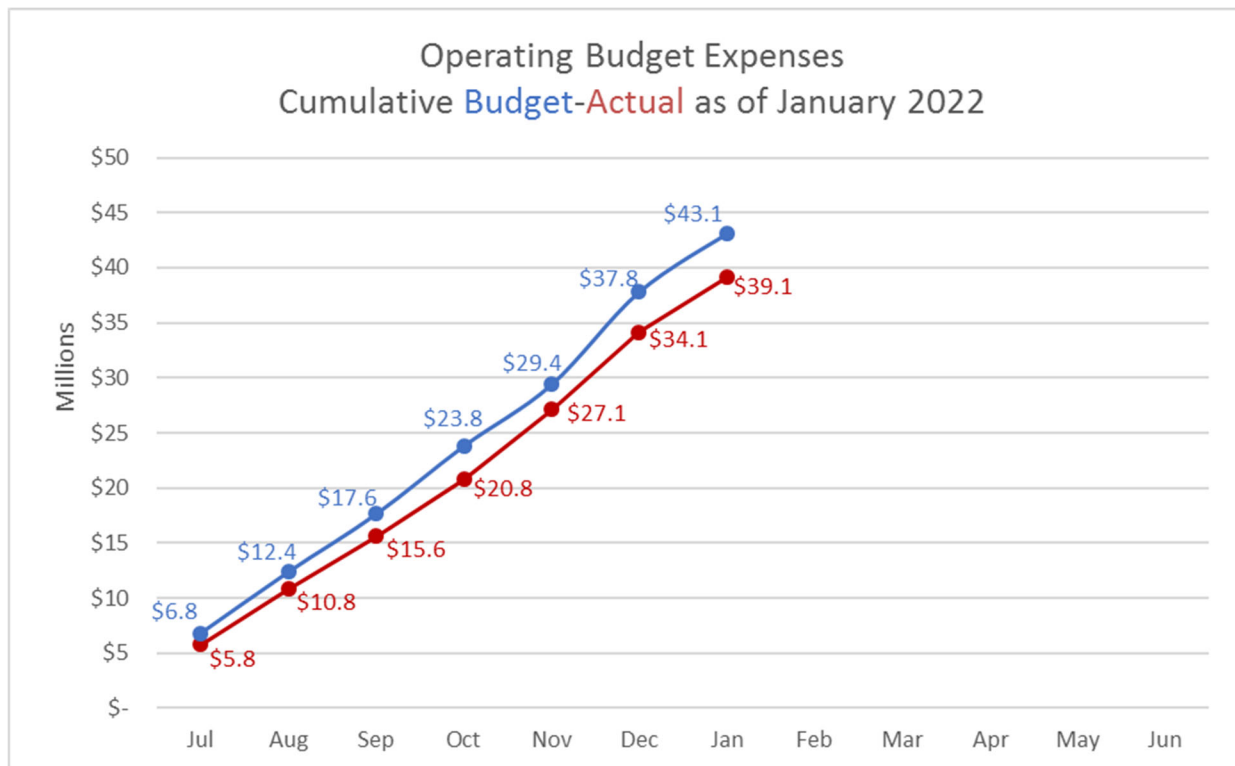
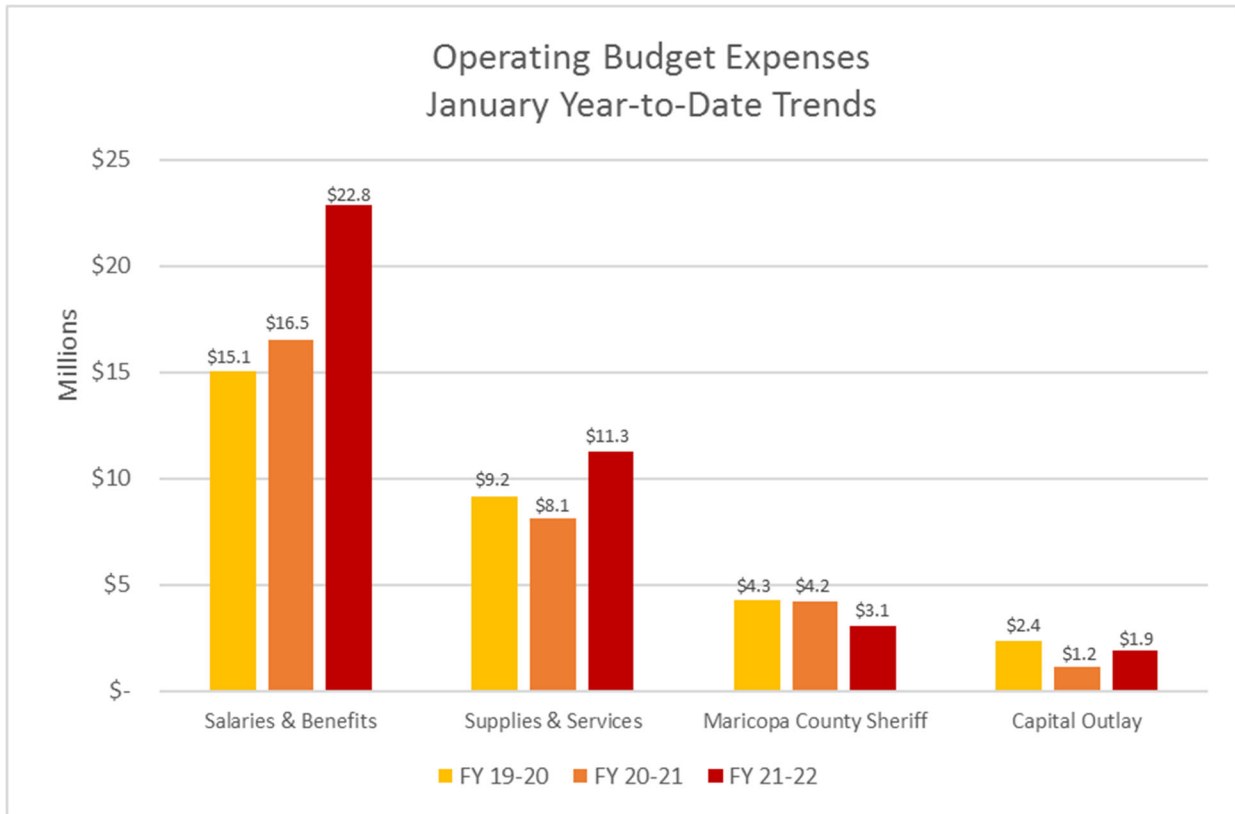
Other Charges for Services

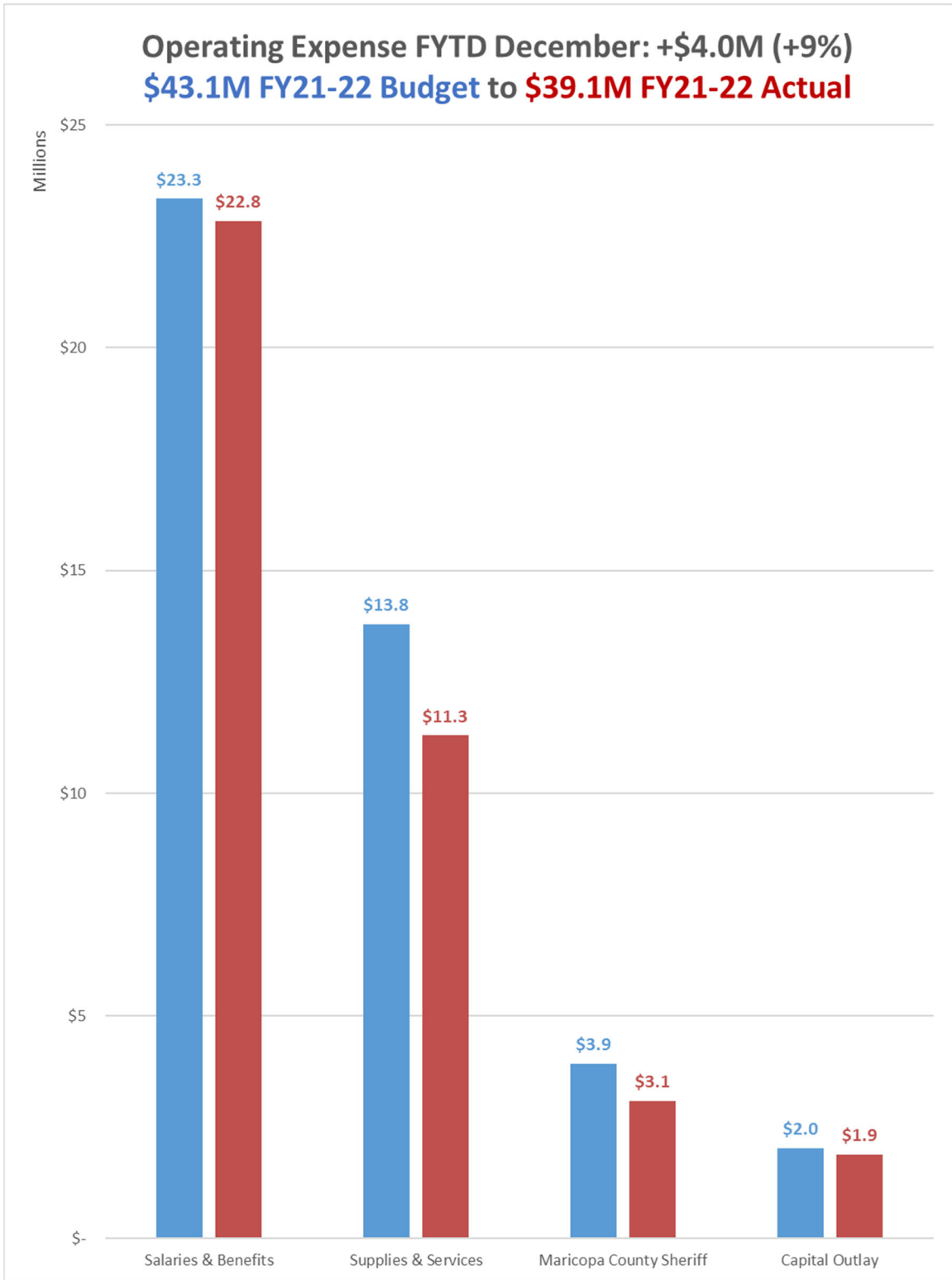
Other Charges for Services is comprised of a number of different sources and is currently showing a \$607K or 12% positive variance. The largest revenue group in this category is Utility ROI and Utility Franchise Fees from the Town's Water and Sewer utility operations, which together account for \$2.0M or 35% of the Other revenue category. Departmental Support Revenue accounts for an additional \$952K or 17% of the total revenue in this category. Revenues from the Town's Recreation and HPEC activities make up \$905K or 16% of Other revenue and are currently running \$354K or 64% above budget estimates due to stronger than expected demand for recreation classes and rentals of Town facilities, and from popular events at HPEC that have generated higher than expected revenues. Additionally, the Town has received \$144K more in investment income to date than expected due to maturity of older investments that were purchased prior to the drop in interest rates caused by the COVID-19 pandemic. Finally, the Town has received \$167K in insurance recovery funds related to storm damage claims through the Town's insurance provider.

Revenue Budget Adjustments

Given the continued strong performance of the Town's sales tax and CD revenue categories, staff is revising the budget estimates for the current fiscal year and will submit a revenue budget adjustment recommendation to the Town Council in February 2022.

Expense Analysis





The year-to-date expenditures for FY 21-22 reflect a favorable variance of 9%. The variances of the Expenditure Categories are explained below.

Salaries and Benefits

Salaries and Benefits expenses to date are \$501K or 2% below budget. This variance is partly due to turnover in staff positions. As they happen, vacancies are evaluated on a case-by-case basis to determine if the position needs to be filled right away or if the Town can delay hiring a replacement. At the end of January, the Town had 16 vacancies related to staff turnover in the Operating Budget. Additionally, five of the FY 21-22 budget's new positions were still vacant at the end of January, of which four are in the Police Department and one is in Information Technology.

Supplies and Services

Supplies and Services expenses are \$2.5M or 18% below budget so far this year. This savings is currently coming from several categories including software; software support; credit card fees; employee uniforms, safety supplies, and personal protective equipment; and maintenance and repairs of facilities and vehicles. Also, national and global supply-chain disruptions are affecting the Town's ability to acquire needed supplies and materials on time in areas such as traffic, public safety, and street & facilities maintenance. Staff is working with vendors to find solutions to these issues, but economists and business analysts expect these disruptions to continue well into the summer of 2022, which means the operating budget will continue to show large variances in supplies and services budgets in the coming months.

Maricopa County Sheriff

Maricopa County Sheriff costs are showing a favorable variance of \$840K or 21%. With the MCSO contract officially ending on January 10, 2022, MCSO administration has determined to send one final invoice to include all of December through the end of the contract period, rather than two separate invoices for December and January. The final bill will also include adjustments and credits for vacant positions and various equipment items that have transitioned over to the Queen Creek Police Department, in accordance with the Town's contract and close-out terms. The Town expects to receive and pay this final invoice from MCSO in February.

Capital Outlay

Capital Outlay expenses to date show a favorable variance of \$136K or 7%. The budgets in this category are for one-time purchases related to major equipment and special projects. Similar to Supplies and Services, vendors for capital items continue to struggle with supply-chain issues due to lingering effects of the COVID-19 pandemic, which means the timing of delivery for items such as vehicles and related equipment remains uncertain.



TOWN OF
QUEEN CREEK
ARIZONA

FY 21-22 Year to Date Sales Tax Report

FY 21-22 Business Activity through December 2021*

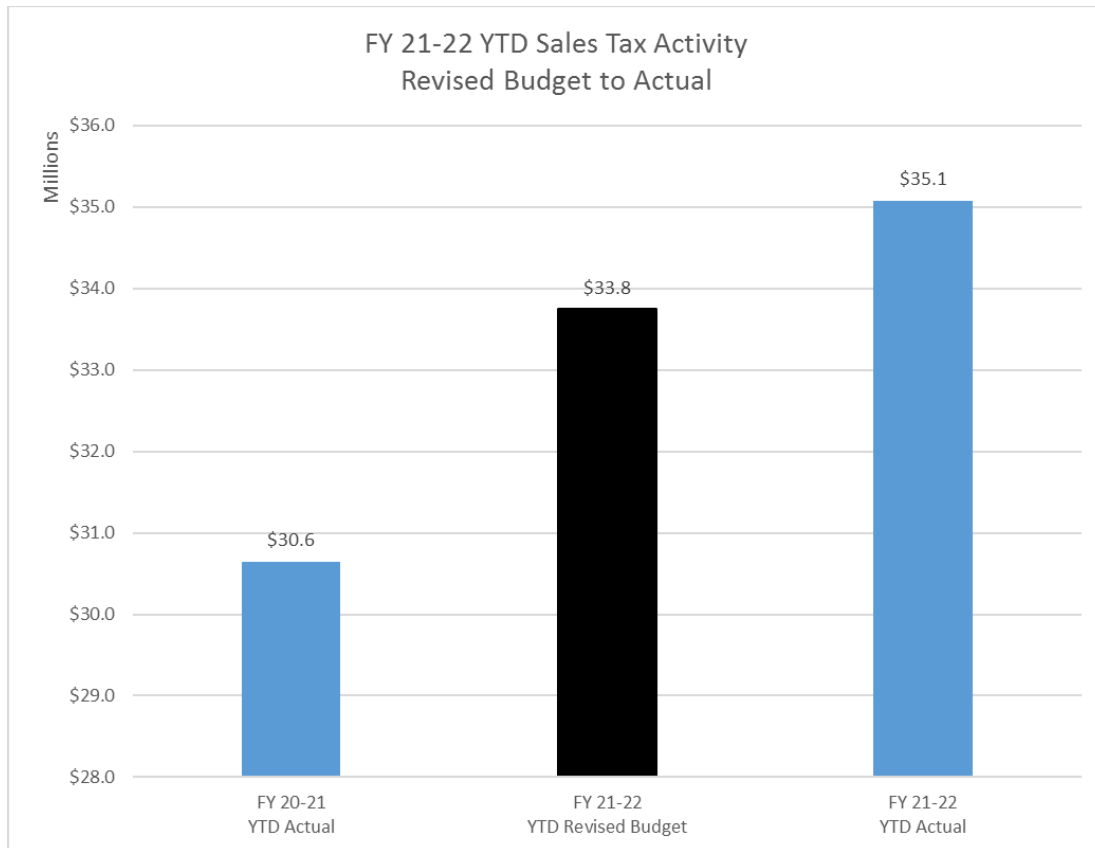
Issued March 2022

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.

YEAR-TO-DATE FY 21-22 SALES TAX ACTIVITY

OVERALL PERFORMANCE SUMMARY:

The December 2021 sales tax revenue year-to-date total of \$35.1M exceeds the revised budget by 4%, or \$1.3M. Relative to the same period in FY 20-21, FY 21-22 actuals are 14%, or \$4.4M higher than the previous year.



Sales Category	FY 20-21 YTD Actual	FY 21-22 YTD Revised Budget-To-Actual			FY 20-21 YTD Actual to FY 21-22 YTD Actual		
		FY 21-22 YTD Revised Budget	FY 21-22 YTD Actual	\$ Variance	% Variance	\$ Increase	% Increase
Construction	\$ 14,117,642	\$ 15,542,688	\$ 14,886,824	\$ (655,864)	(4%)	\$ 769,182	5%
Retail Trade	\$ 11,078,524	12,359,771	13,664,751	1,304,980	11%	2,586,227	23%
Communications & Utilities	\$ 1,157,947	1,189,374	1,184,901	(4,473)	(0%)	26,954	2%
Restaurant & Bar	\$ 2,072,781	2,282,214	2,555,007	272,793	12%	482,226	23%
Real Estate, Rental & Leasing	\$ 1,077,465	1,155,879	1,243,556	87,677	8%	166,091	15%
All Others**	\$ 1,143,635	1,220,490	1,544,427	323,937	27%	400,792	35%
Totals	\$ 30,647,993	\$ 33,750,416	\$ 35,079,465	\$ 1,329,049	4%	\$ 4,431,472	14%

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

Note: Reporting categories are based on Arizona Department of Revenue Business Code classifications.

ANALYSIS

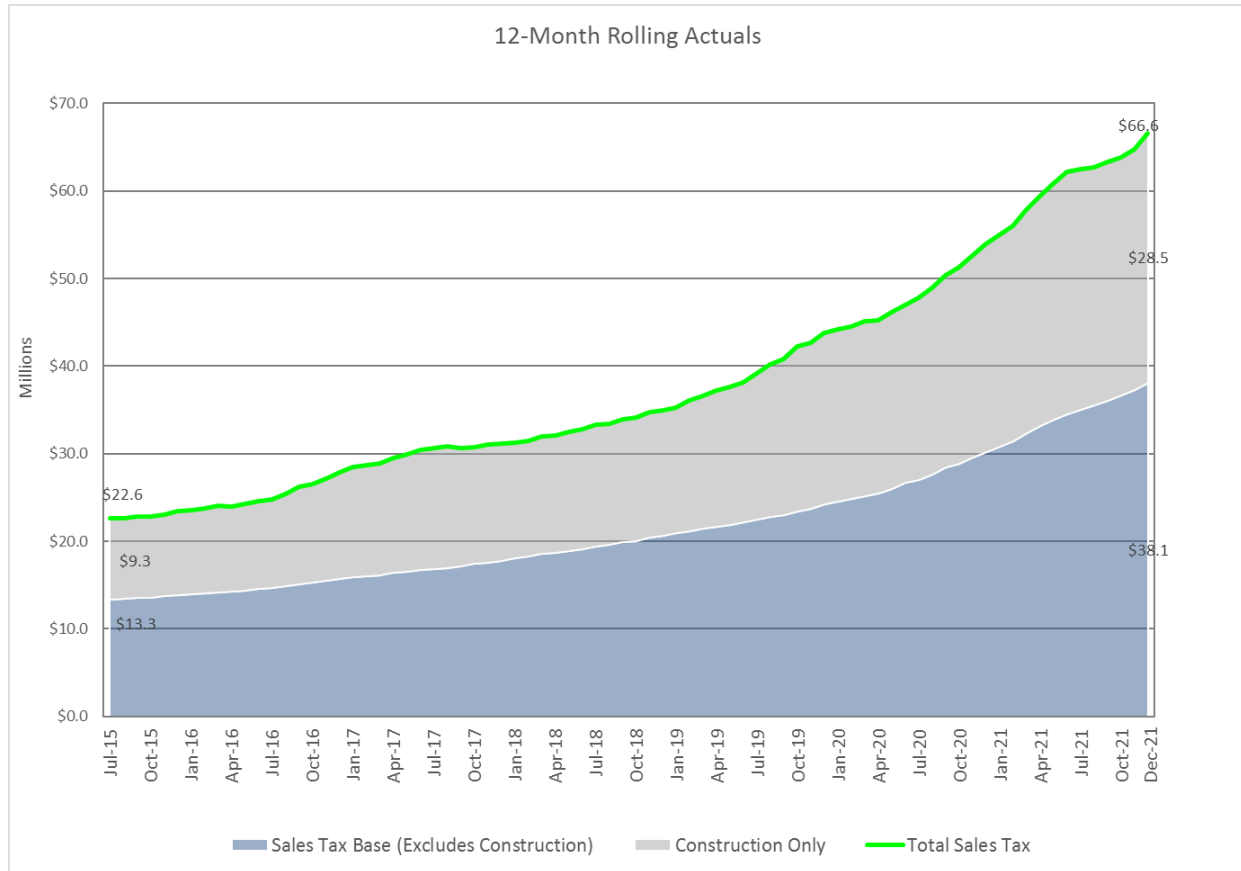
Town of Queen Creek sales tax collections are positively impacted by the high incomes of Town households. Per the 2019 American Communities Supplemental Survey data provided by the U.S. Census, Queen Creek's median household income is \$105,729, which is among the highest in the region for full-service 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. Based on a study from Elliott Pollack & Company, about 27% of sales tax collections in the retail category and about 50% in the restaurant and bar category as of FY 18-19 are from non-Queen Creek residents spending in the Town.

December sales tax collections in FY 21-22 were higher than in FY 20-21. The strong levels of sales tax collections can be attributed to the continuing growth in population due to development both within the Town and in surrounding areas, more individuals shopping closer to home, new businesses continuing to open, strong construction activity, and the Town's ability to collect sales taxes on e-commerce transactions. Additionally, many sales tax categories tend to experience increased collection levels during the month of December due to the holiday season.

In recent months, inflation levels have risen along with the price of goods. The higher prices of goods are anticipated to cause further increases in sales tax collections for the Town for the foreseeable future.

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 that the Town’s commercial sectors have continued to grow, diversify, and mature 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 2021 Actuals: \$3.5M

FY 21-22 YTD Actuals: \$14.9M

FY 21-22 YTD Revised Budget to Actual Variance of (\$656K) or (4%)

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$769K or 5%

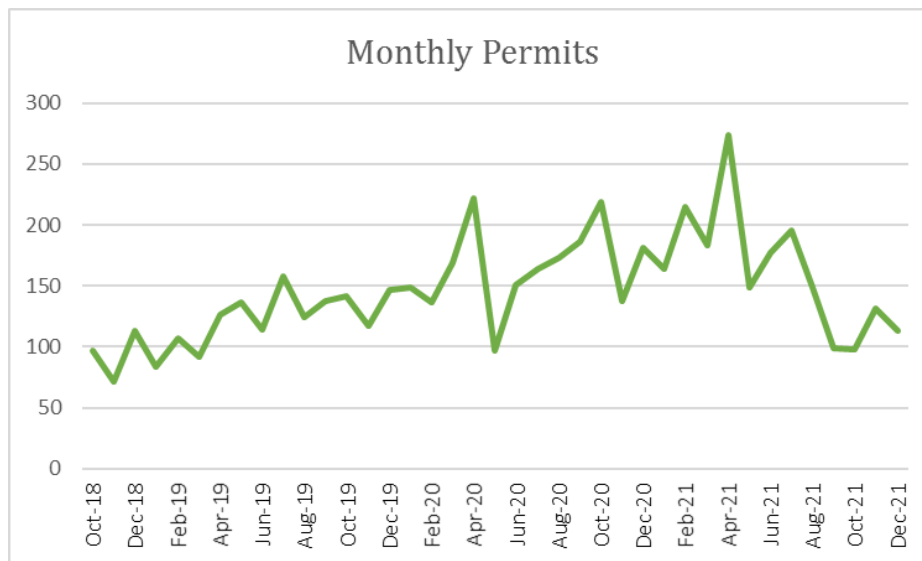
FY 21-22 collections are slightly below the FY 21-22 revised budget, but were slightly higher than the prior fiscal year actuals through December activity.

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. Homebuilders have been impacted by supply chain issues stemming from the COVID-19 pandemic, as well as increasing home prices throughout the greater Phoenix region. Despite these issues, construction in the Town is continuing at a strong pace.

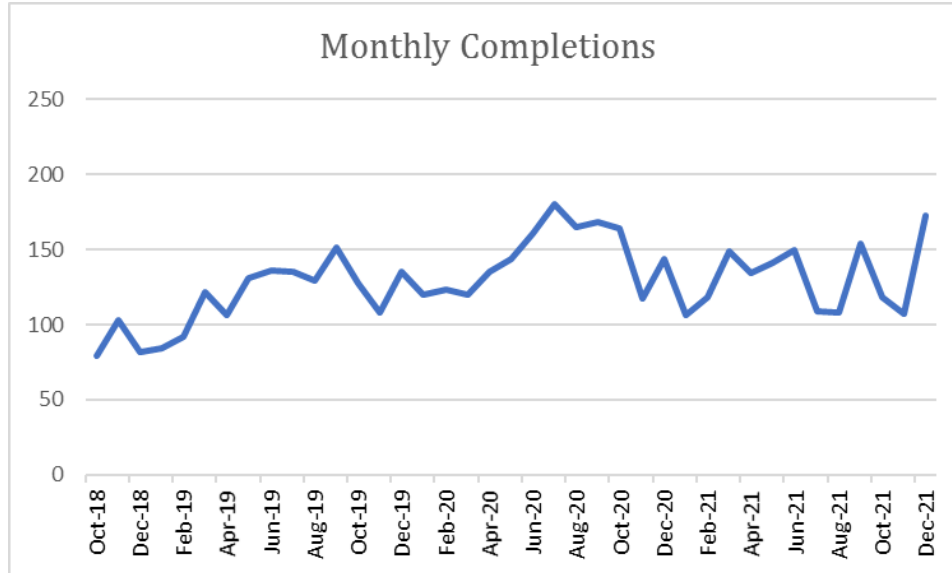
Sales tax paid by homebuilders ties to the sale of a new home, which is dependent on permit completions. The following schedule and graphs display new single-family home (NSF) permits issued and home completions over a rolling 12-month period for the current fiscal year against the previous fiscal year 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 20-21 TOQC NSF Permits Issued	149	136	169	222	97	151	164	173	186	219	138	181	1,985	165
FY 21-22 TOQC NSF Permits Issued	164	215	183	274	149	177	196	149	99	98	131	113	1,948	162

12-Month Rolling NSF Home Completions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Mo. Avg.
FY 20-21 TOQC NSF Completions	120	123	120	135	144	161	180	165	168	164	117	144	1,741	145
FY 21-22 TOQC NSF Completions	106	118	149	134	141	150	109	108	154	118	107	173	1,567	131



Appendix 1: Queen Creek Monthly Sales Tax Report



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 149 new home sales close in the month of December with an average sales price of \$598K for these homes. Overall, the Town made up 4.7% of total NSF permits issued in Maricopa County in December. The following table shows the monthly closings by builder, average sale price and estimated gross revenue for the month of December for permits issued within the Town.

BUILDER	# CLOSINGS	AVG. SALE PRICE	EST. GROSS REVENUE
WILLIAM LYON HOMES	45	\$ 488,219	\$ 21,969,872
TAYLOR MORRISON	31	\$ 629,799	\$ 19,523,767
PULTE HOMES	12	\$ 515,083	\$ 6,180,998
RICHMOND AMERICAN	9	\$ 624,427	\$ 5,619,847
TOLL BROTHERS	7	\$ 889,972	\$ 6,229,803
MERITAGE HOMES	7	\$ 565,547	\$ 3,958,830
BEAZER HOMES	6	\$ 409,030	\$ 2,454,180
MARACAY HOMES	6	\$ 853,797	\$ 5,122,784
DAVID WEEKLEY HOMES	4	\$ 890,535	\$ 3,562,139
GEHAN HOMES	4	\$ 462,215	\$ 1,848,860
LANDSEA HOMES	4	\$ 452,278	\$ 1,809,113
MISC CUSTOM	3	\$ 1,344,124	\$ 4,032,371
CRESLEIGH HOMES	3	\$ 437,914	\$ 1,313,742
ELLIOTT HOMES	2	\$ 829,860	\$ 1,659,720
FULTON HOMES	2	\$ 431,040	\$ 862,080
VIP HOMES	1	\$ 938,000	\$ 938,000
ASHTON WOODS HOMES	1	\$ 784,990	\$ 784,990
MATTAMY HOMES	1	\$ 469,084	\$ 469,084
LUXE HOMES	1	\$ 779,548	\$ 779,548
GRAND TOTAL	149	\$ 598,119	\$ 89,119,728

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. This category also includes use tax.

December 2021 Actuals: \$3.0M

FY 21-22 YTD Actuals: \$13.7M

FY 21-22 YTD Revised Budget to Actual Variance of \$1.3M or 11%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$2.6M or 23%

FY 21-22 YTD collections in the retail category exceeded the FY 21-22 revised budget and prior year actual collections. 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 4,743 total payers in the retail category delivered 64% of the revenue. The top 10 payers in the category account for 54% of the total.

Of the total retail sales tax collections in December, \$550K is estimated to come from e-commerce transactions. December 2021 e-commerce sales tax collections are 32% higher than collections in December 2020. This growth can be attributed to an increase in e-commerce reporters due to increased compliance with the Wayfair legislation passed in October 2019, as well as an increase in e-commerce sales overall.

COMMUNICATIONS/UTILITIES:

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

December 2021 Actuals: \$130K

FY 21-22 YTD Actuals: \$1.2M

FY 21-22 YTD Revised Budget to Actual Variance of (\$4K) or (0%)

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$27K or 2%

Year-to-date collections in the communications/utilities category are in line with the revised FY 21-22 budget and the prior year's YTD collections.

RESTAURANTS & BARS:

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

December 2021 Actuals: \$468K

FY 21-22 YTD Actuals: \$2.6M

FY 21-22 YTD Revised Budget to Actual Variance of \$273K or 12%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$482K or 23%

This category is above the current year revised budget and prior year actual collections. Performance in this category has been strong for existing restaurants and bars and new restaurants and bars continue to open in the Town. Some restaurant operations were impacted due to restrictions placed on many

Appendix 1: Queen Creek Monthly Sales Tax Report

restaurant and bar establishments in the summer of 2020 (FY21), but many of these restrictions have lifted and have resulted in increased revenues year-to-date in FY22.

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 2021 Actuals: \$241K

FY 21-22 YTD Actuals: \$1.2M

FY 21-22 YTD Revised Budget to Actual Variance of \$88K or 8%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$166K or 15%

This category's collections are above the revised budget and prior year collections. This can be attributed to the continued development of commercial and residential properties that have become available for rent to tenants this year. Additionally, an increase in rent prices may contribute to the year-over-year increase.

ALL OTHER CATEGORIES:

The categories included here are transportation, accommodations, manufacturing, wholesale trade, finance and insurance, services, and arts and entertainment. Use tax is also included in this category.

December 2021 Actuals: \$354K

FY 21-22 YTD Actuals: \$1.5M

FY 21-22 YTD Revised Budget to Actual Variance of \$323K or 27%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$401K or 35%

This category is above the current year revised budget and prior year actual collections. The arts and entertainment and services categories have performed better than anticipated due to the opening of new businesses in the Town and the relaxation of COVID-19 restrictions that were in place during the same period last year. Use tax collections are also higher year-to-date in FY22 than in FY21.

ATTACHMENT 1:

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:

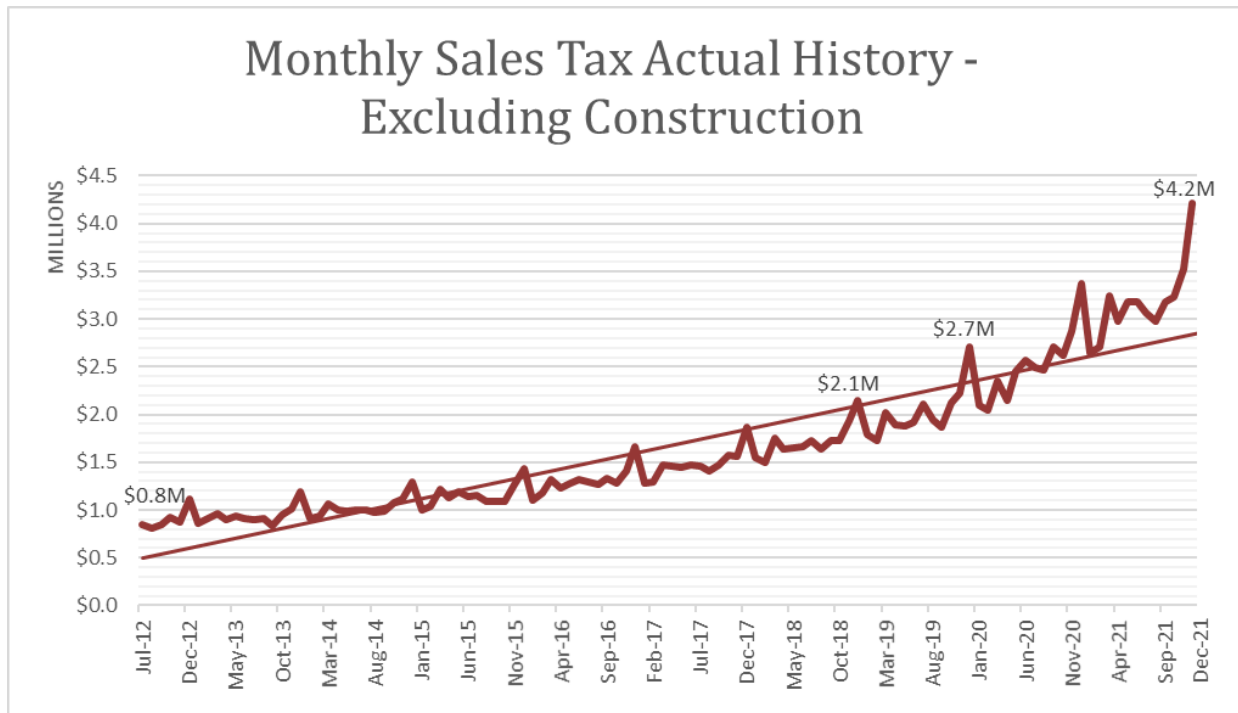
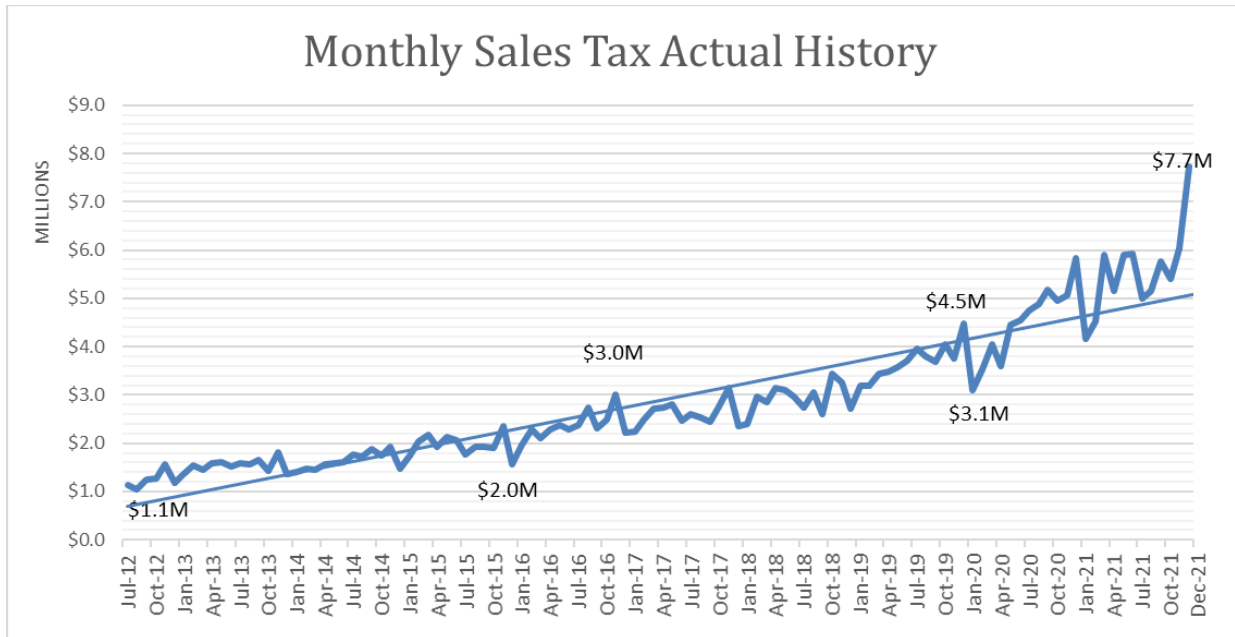
- 2.0% tax rate charged on all taxable activities within Town limits
 - Dedicated to the General Fund for general purpose government operations
- 0.25% tax rate charged on all taxable activities within Town limits
 - Dedicated to the Emergency Services (EMS) Fund to fund law enforcement and fire and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

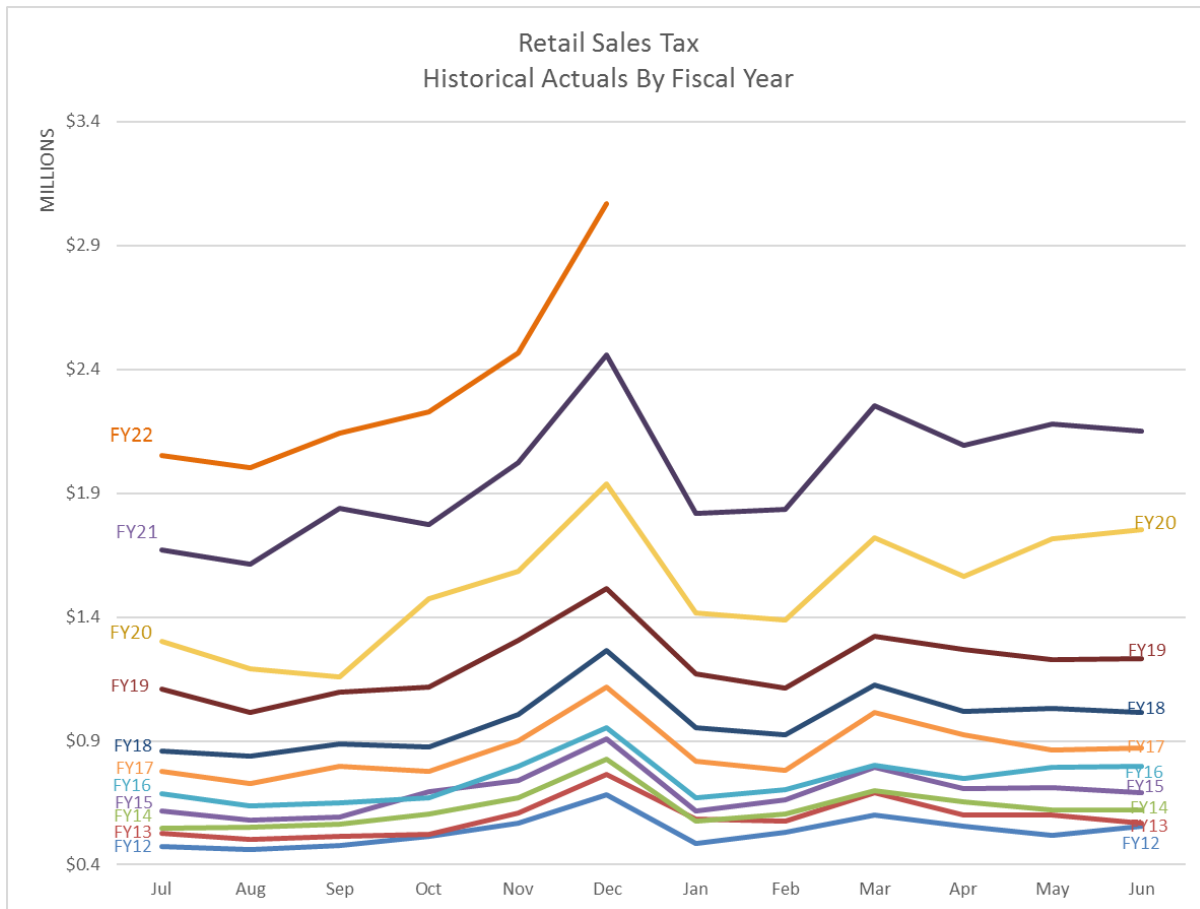
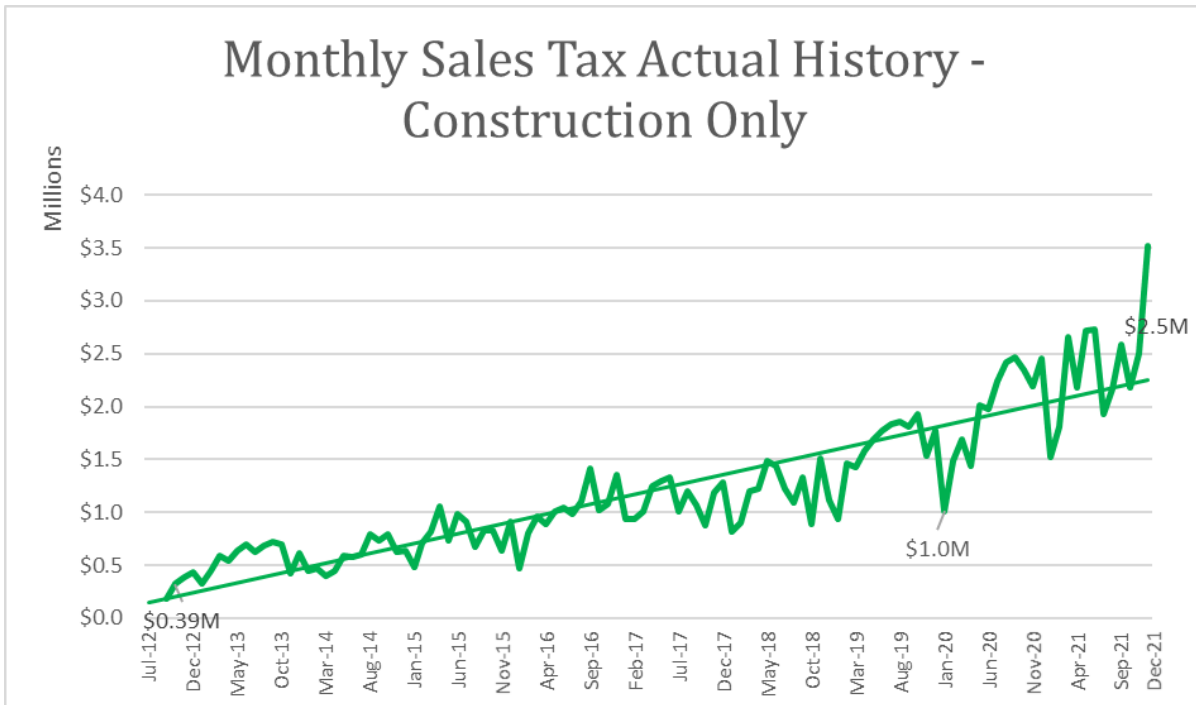
Sales Tax Rate Components					
Queen Creek Rate		Queen Creek Special District Rate (Town Center)		Construction Contracting Rate	
General Fund	2.00%	General Fund	2.00%	General Fund	2.00%
EMS	0.25%	EMS	0.25%	EMS	0.25%
		Town Center	0.25%	Construction Fund	2.00%
Total Rate	2.25%	Total Rate	2.50%	Total Rate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

Revenue by Fund	YTD	% of Total
General Fund	\$ 24,221,718	69.0%
EMS Fund	3,027,715	8.6%
Town Center Fund	824,466	2.4%
Construction Fund	7,005,563	20.0%
Totals	\$ 35,079,462	100.0%

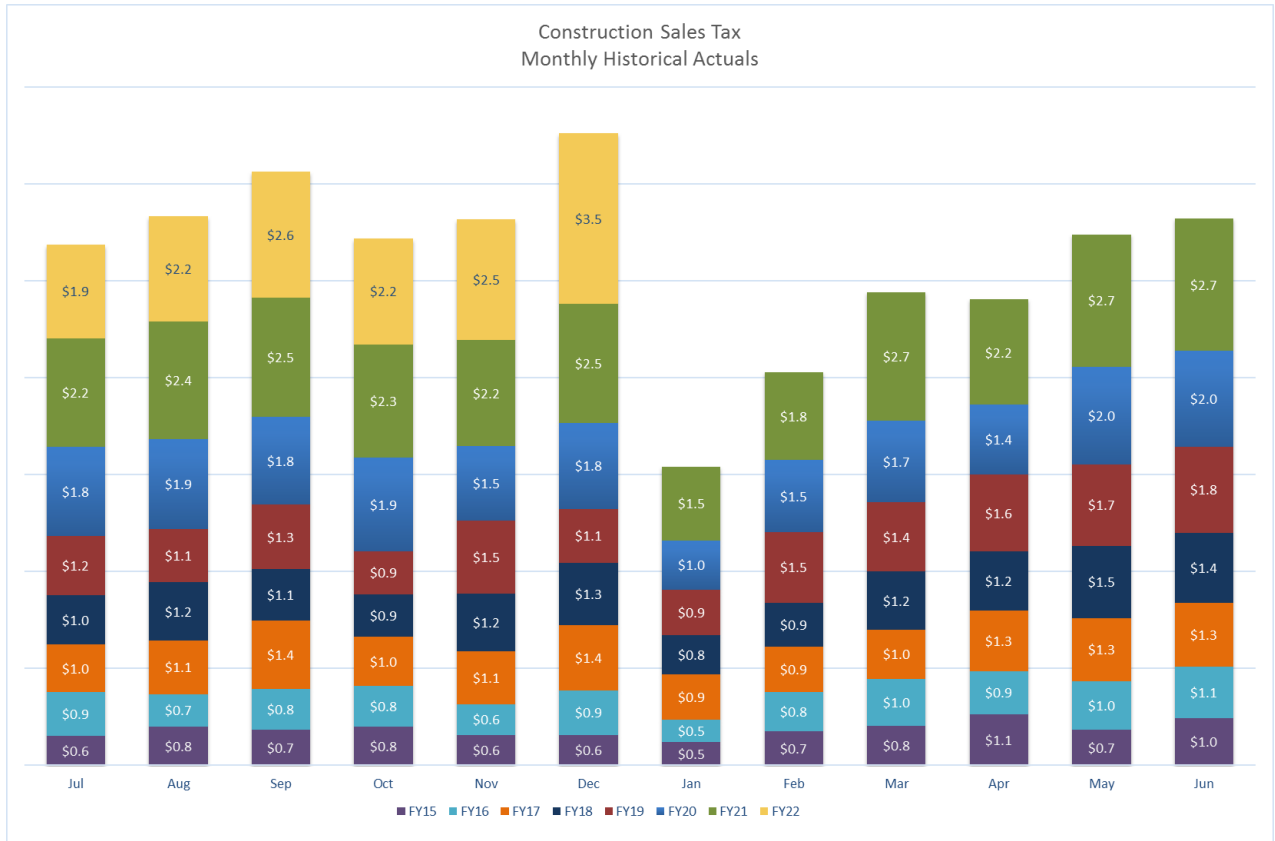
Operating Budget	Jul	Aug	Sept	Oct	Nov	Dec	FY21-22 YTD
General Fund	\$ 3,550,774	\$ 3,583,227	\$ 3,949,734	\$ 3,804,464	\$ 4,213,662	\$ 5,119,857	\$ 24,221,718
EMS Fund	\$ 443,847	\$ 447,903	\$ 493,717	\$ 475,558	\$ 526,708	\$ 639,982	\$ 3,027,715
Total Operating Budget	\$ 3,994,620	\$ 4,031,130	\$ 4,443,451	\$ 4,280,022	\$ 4,740,370	\$ 5,759,840	\$ 27,249,432

Historical Performance





Appendix 1: Queen Creek Monthly Sales Tax Report



Note: In FY 19-20 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:

BUSINESS CODE CATEGORY	REGION CODE	BUSINESS CODE	TAX RATE	REPORTING CATEGORY
Advertising	QC	018	2.25%	All Others
Amusements	QC	012	2.25%	All Others
Contracting-Prime	QC	015	4.25%	Construction Contracting
Contracting-Speculative Builders	QC	016	4.25%	Construction Contracting
Contracting – Owner Builder	QC	037	4.25%	Construction Contracting
Job Printing	QC	010	2.25%	All Others
Manufactured Buildings	QC	027	2.25%	Construction Contracting
Timbering & Other Extraction	QC	020	0.10%	All Others
Severance – Metal Mining	QC	019	2.25%	All Others
Publication	QC	009	2.25%	All Others
Hotels	QC	044	2.25%	All Others
Hotel/Motel (Additional Tax)	QC	144	3.00%	All Others
Residential Rental, Leasing & Licensing for Use	QC	045	2.25%	Rental, R.E. & Leases
Commercial Rental, Leasing & Licensing for Use	QC	213	2.25%	Rental, R.E. & Leases
Rental, Leasing & Licensing for Use	QC	214	2.25%	Rental, R.E. & Leases
Restaurants & Bars	QC	011	2.25%	Restaurants & Bars
Retail Sales	QC	017	2.25%	Retail Sales
Retail Sales Food for Home	QC	062	2.25%	Retail Sales
MRRA	QC	315	2.25%	All Others
Communications	QC	005	2.25%	Comm. & Utilities
Transporting	QC	006	2.25%	All Others
Utilities	QC	004	2.25%	Comm. & Utilities
Use Tax Purchases	QC	029	2.25%	All Others
Use Tax from Inventory	QC	030	2.25%	All Others
Retail Sales for Remote Sellers	QC	605	2.25%	Retail Sales
Retail Sales Food for Home Consumption Remote Sellers	QC	606	2.25%	Retail Sales
Marijuana Sales	QC	420	2.25%	Retail Sales
Medical Marijuana Sales	QC	203	2.25%	Retail Sales

Queen Creek Special District Tax Rates (Town Center):

BUSINESS CODE CATEGORY	REGION CODE	BUSINESS CODE	TAX RATE	REPORTING CATEGORY
Amusements	QD	012	2.50%	All Others
Job Printing	QD	010	2.50%	All Others
Publication	QD	009	2.50%	All Others
Hotels	QD	044	2.50%	All Others
Hotel/Motel (Additional Tax)	QD	144	3.00%	All Others
Restaurants & Bars	QD	011	2.50%	Restaurants & Bars
Retail Sales	QD	017	2.50%	Retail Sales
Retail Sales Food for Home	QD	062	2.50%	Retail Sales
MRRA	QD	315	2.50%	All Others
Communications	QD	005	2.50%	Comm. & Utilities
Utilities	QD	004	2.50%	Comm. & Utilities
Retail Sales for Remote Sellers	QD	605	2.50%	Retail Sales
Retail Sales Food for Home Consumption Remote Sellers	QD	606	2.50%	Retail Sales