

Memo of Interest

To: Honorable Mayor and Council
From: Scott McCarty, Finance Director
Through: John Kross, Town Manager
Date: 11/4/2021
Re: Operating Budget Financial Report – 1st Quarter FY 2021-22

Attached for your review is the FY 2021-22 Operating Budget financial report through September 2021. The Operating Budget includes activity in the General Fund, the Streets Fund (Highway User Revenue Fund), the Emergency Management Services Fund (EMS), and the Horseshoe Park and Equestrian Center Fund (HPEC). This report will also be available on the Town's website on the Finance Department Reports and Documents page.

The Operating Budget results through September 2021 continue to reflect strong development activity in the Town and positive growth rates in our major revenue sources.

For more information, please contact Dan Olsen at dan.olsen@queencreekaz.gov.



TOWN OF
QUEEN CREEK
ARIZONA

FY 21-22 Year to Date Financial Report

Operating Budget to Actual Performance
Fiscal Year to Date through September 2021

Issued October 29, 2021

Executive Summary

The Town's budget-to-actual performance for FY 21-22 through September 2021 shows favorable variances for both revenues and expenses. Actual revenues are performing well with receipts exceeding expectations by \$2.1M, or 13%. 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 5% lower than the prior year but still at a strong pace of 134 closings per month.

Total expenses to date are \$2.6M or 14% less than budget. The favorable variance is driven by savings in software, staff vacancies, and vehicles 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 \$1.9M through September. However, actual results for the first quarter are better than expected resulting in revenues exceeding expenses by \$2.7M, an improvement of \$4.6M or 236%.

The Operating Budget remains financially sound with healthy reserve balances, including \$22.5M 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 at a future Council meeting.

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 \$15.8M, with additional amounts being transferred out to other funds to cover the non-growth share of debt payments and capital improvements. To date, \$804K has been transferred from the EMS Fund toward the cost of a replacement fire truck that was approved in the FY21-22 budget.

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 \$539K from contingency funds to provide budget authority for additional police software, equipment, and staffing. The revised budget anticipates the Town will add \$2.9M to fund balance by the end of the fiscal year.

The Town's Operating fund balance is expected to end the fiscal year at \$95.1M. Of the total fund balance, \$45.7M is reserved for pension funding and \$22.5M 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 \$23.8M 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	\$ 16,031,040	\$ 18,074,122
Expenses	76,565,289	80,022,045	17,975,815	15,422,454
Operating Results	\$ 19,258,361	\$ 15,801,605	\$ (1,944,775)	\$ 2,651,668
Transfers Out:				
Debt Service	\$ 8,026,251	\$ 8,016,251	\$ -	\$ -
CIP	4,856,300	4,856,300	803,834	803,834
Net Transfers Out	\$ (12,882,551)	\$ (12,872,551)	\$ (803,834)	\$ (803,834)
Net Operating Results	\$ 6,375,810	\$ 2,929,054	\$ (2,748,609)	\$ 1,847,835
Beginning Fund Balance	\$ 81,365,269	\$ 92,161,012		
Ending Fund Balance	\$ 87,741,079	\$ 95,090,066		
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	23,833,599		
Total Fund Balance	\$ 87,741,079	\$ 95,090,066		

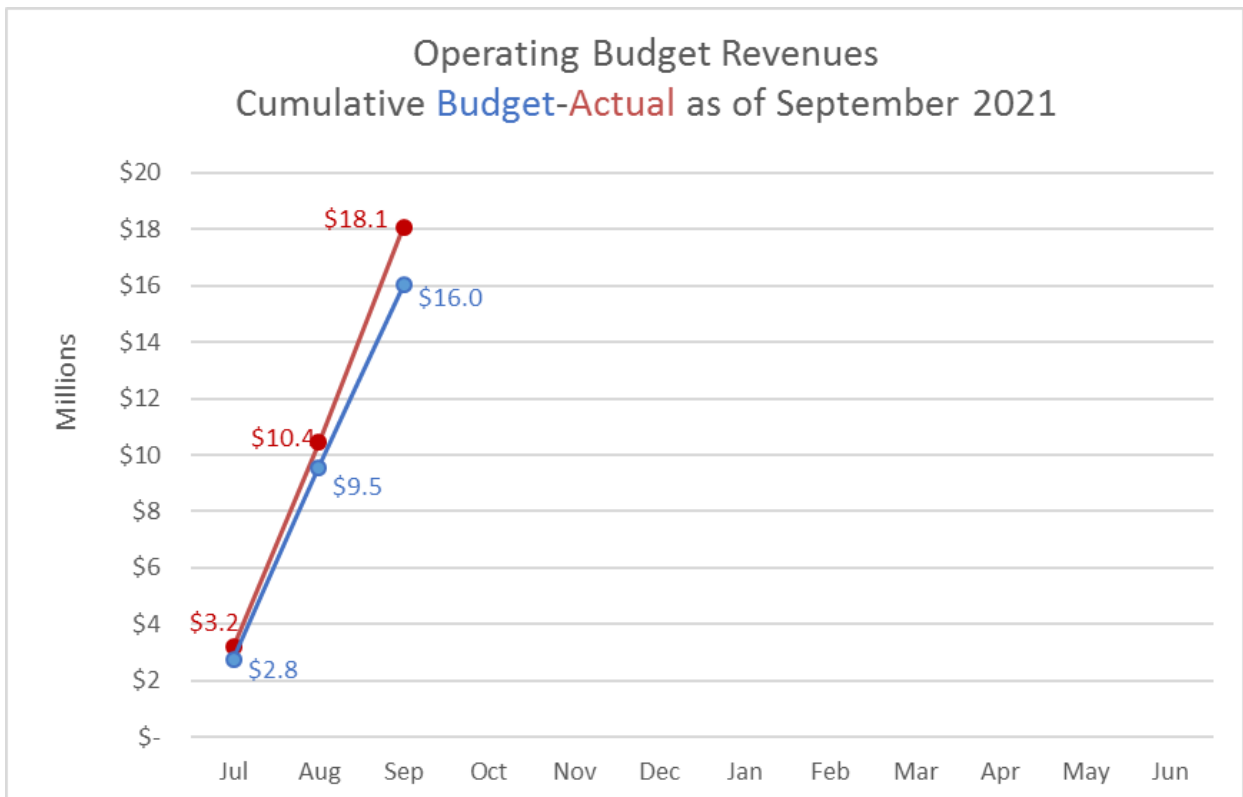
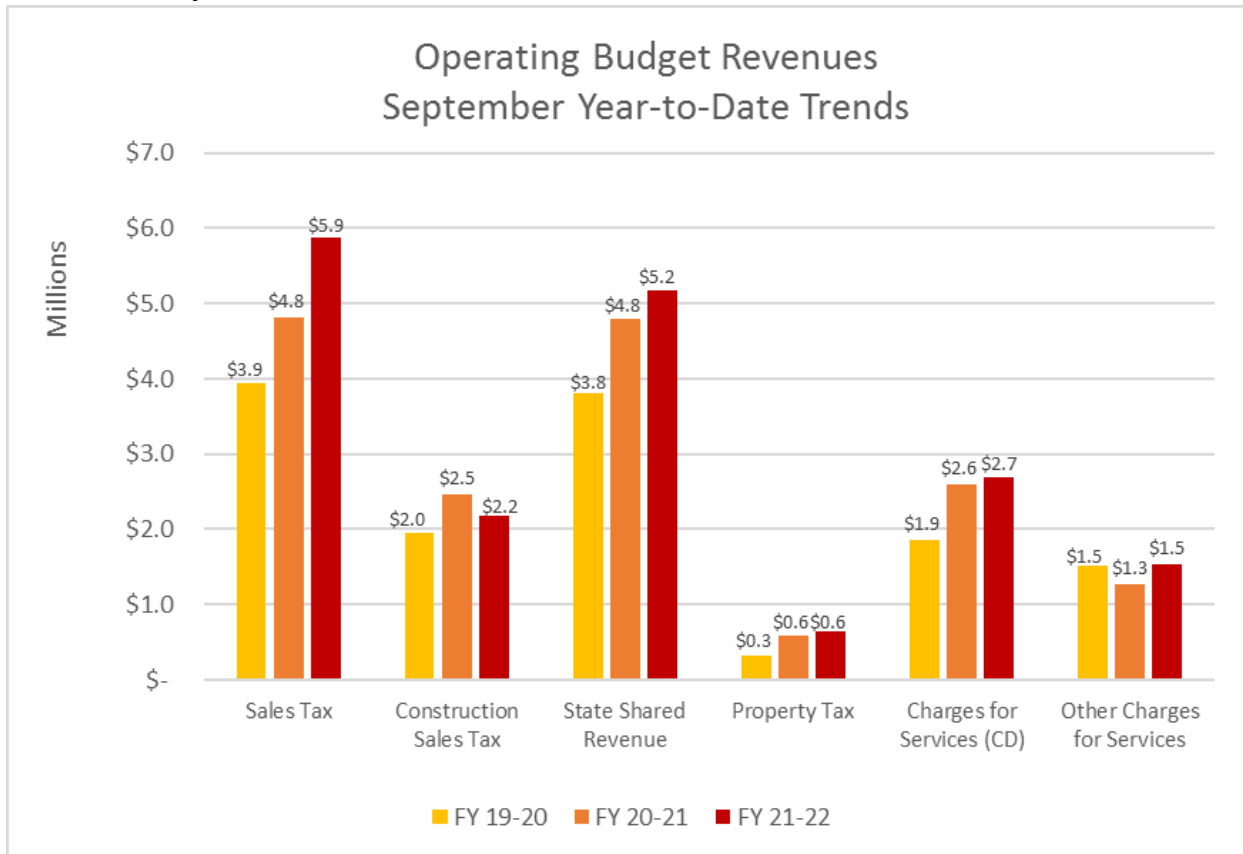
The remainder of this report focuses on revenues and expenses only. It does not include transfers, debt service, or infrastructure funding transfers.

September 2021 Year-to-Date Results

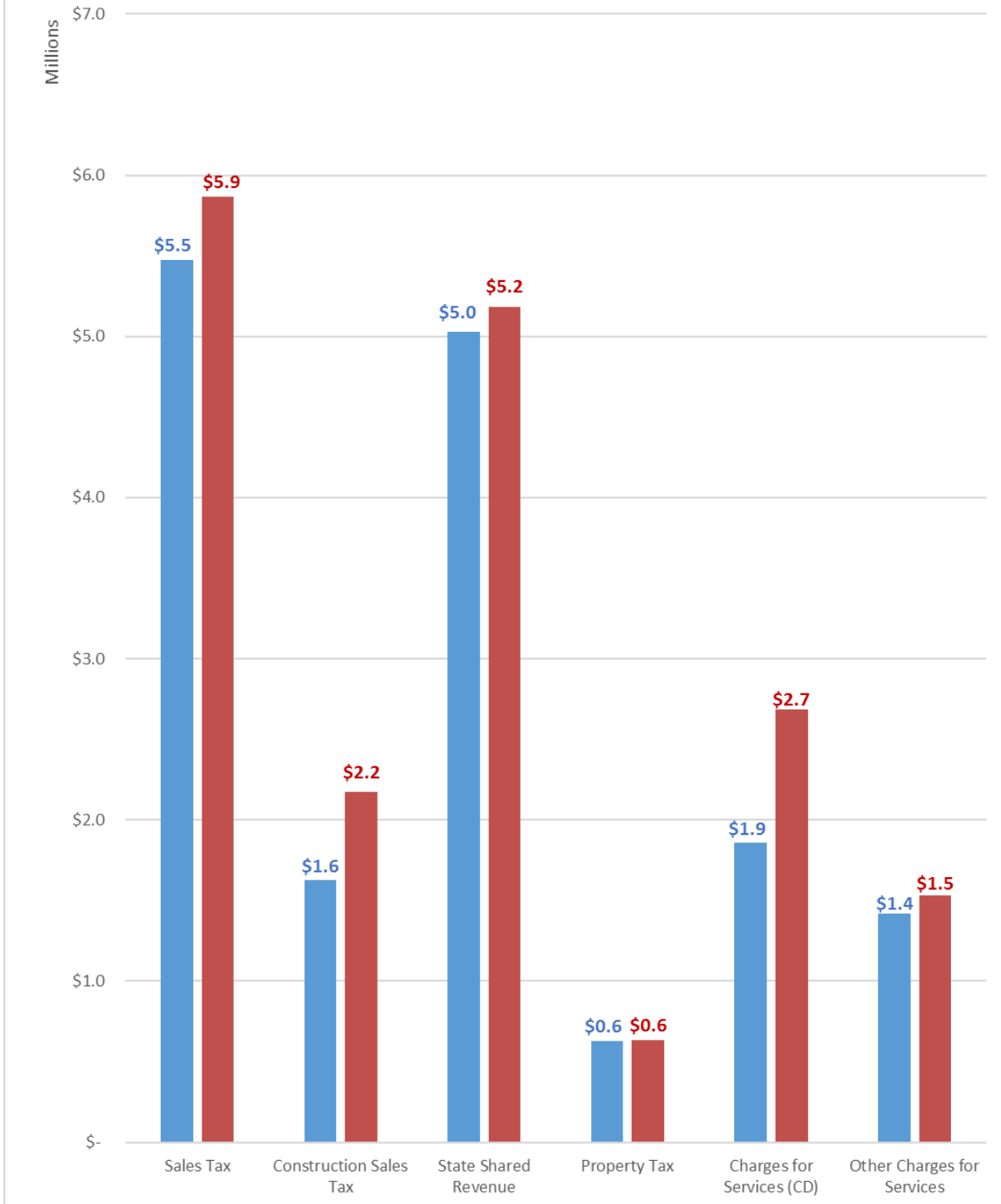
	<u>YTD</u>	<u>YTD</u>	<u>\$ Variance</u>	<u>% Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	
Revenues				
Sales Tax	\$ 5,476,170	\$ 5,868,445	\$ 392,275	7%
Construction Sales Tax	1,625,410	2,171,330	545,920	34%
State Shared Revenue	5,025,400	5,181,428	156,028	3%
Property Tax	625,870	635,200	9,330	1%
Charges for Services (CD)*	1,858,590	2,687,126	828,536	45%
Other Charges for Services	1,419,600	1,530,592	110,992	8%
Total Revenues	\$ 16,031,040	\$ 18,074,122	\$ 2,043,082	13%
Expenditures				
Salaries & Benefits	\$ 9,831,255	\$ 9,258,447	\$ 572,808	6%
Supplies & Services	5,525,900	3,996,103	1,529,797	28%
Maricopa County Sheriff	1,962,500	1,873,390	89,110	5%
Capital Outlay	656,160	294,513	361,647	55%
Total Expenditures	\$ 17,975,815	\$ 15,422,454	\$ 2,553,361	14%

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

Revenue Analysis



Operating Revenue FYTD September: +\$2.1M (+13%)
\$16.0M FY21-22 Budget to \$18.1M FY21-22 Actual



Overall, actual revenues are showing a 13% 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 \$392K or 7% 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 \$546K or 34% 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, with 134 closings thru September 2021 compared to 139 closings for the previous 12-month period. This is a decrease of 5 homes or 4% 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 \$156K or 3% above the revised budget. The State of Arizona as a whole is seeing better-than-expected performance in sales tax activity and HURF revenue. When combined with Queen Creek's population growth, this has increased the Town's share of state tax distributions.

Property Tax

Property tax revenue to date is \$9K or 1% 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 (CD)

Charges for Services (CD) accounts for planning, engineering and building permit revenues. Fiscal year 21-22 CD Revenue to date is favorable by \$829K or 45%, as presented in the following schedule:

September 2021 YTD Community Development Detailed Revenues

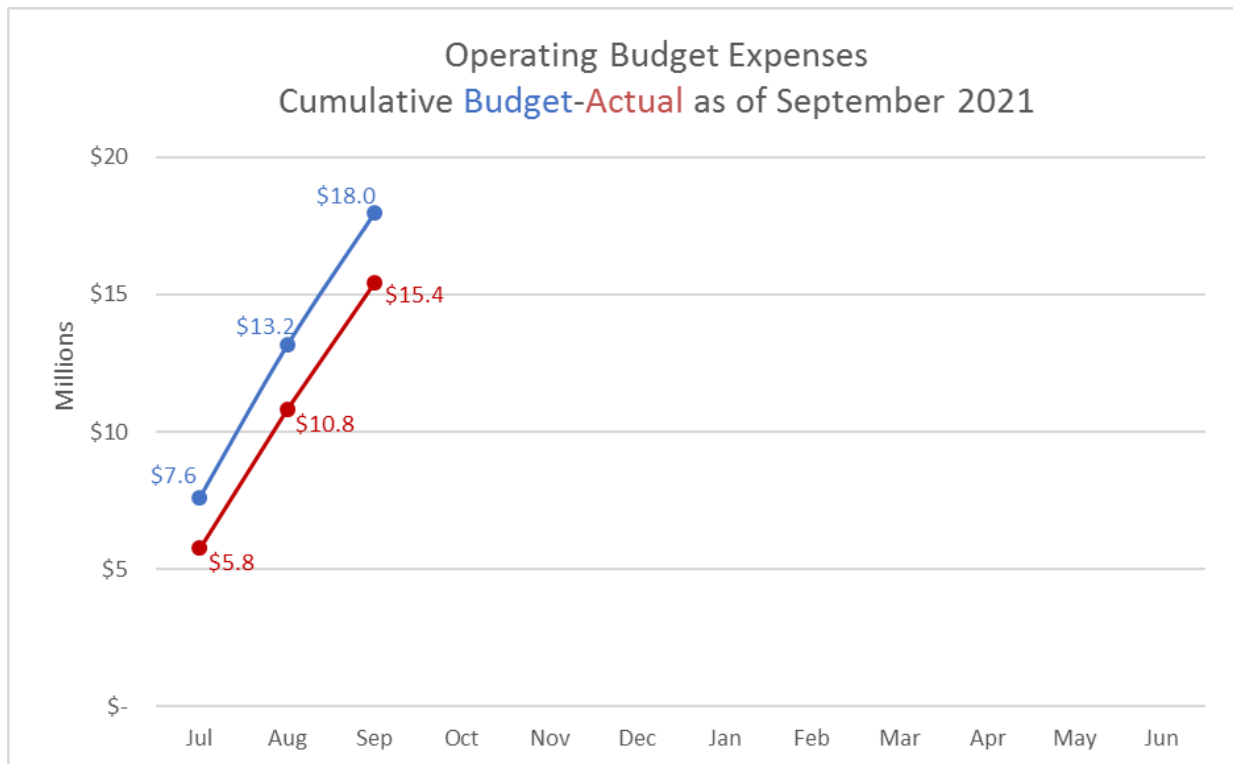
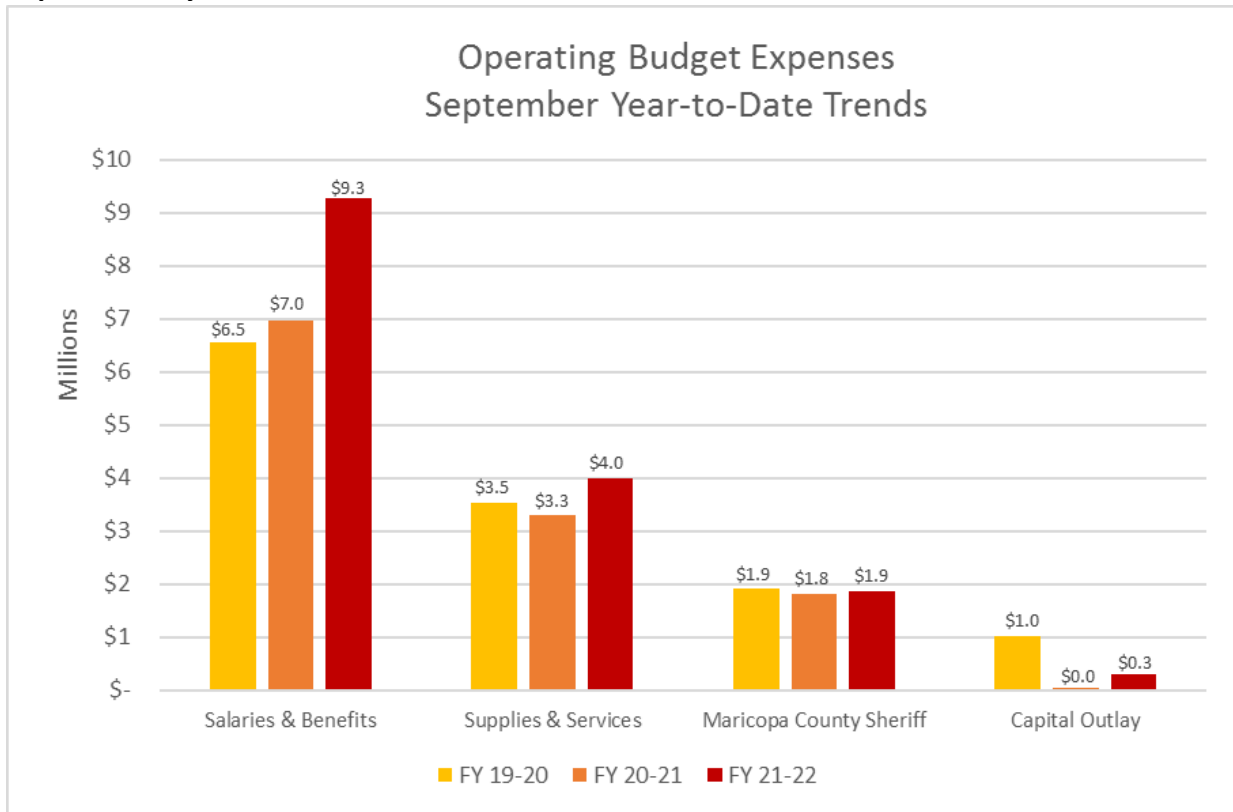
Charges for Services (CD)	<u>Budget</u>	<u>Actual</u>	<u>\$ Variance</u>	<u>% Variance</u>
Planning Revenue	\$ 42,420	\$ 86,063	\$ 43,643	103%
Engineering Revenue	111,970	473,245	361,275	323%
Building Permit Revenue	1,704,200	2,127,819	423,619	25%
Total Charges for Services (CD)	\$ 1,858,590	\$ 2,687,126	\$ 828,536	45%

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 September due to reviews of several commercial development 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.

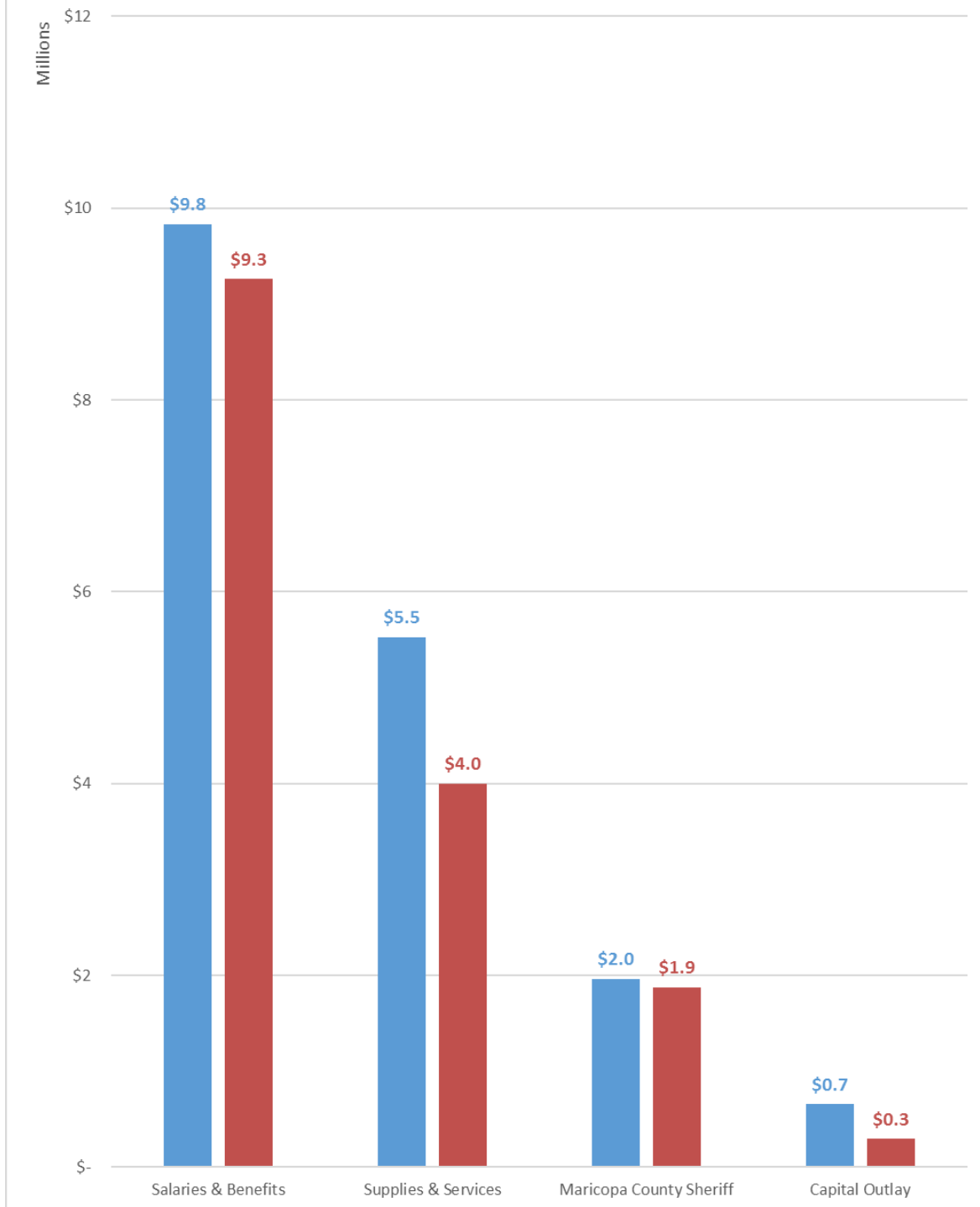
Other Charges for Services

Other Charges for Services is comprised of a number of different sources and is currently showing a \$111K or 8% 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 \$694K or 45% of the Other revenue category. Departmental Support Revenue accounts for an additional \$372K or 24% of the total revenue in this category. Finally, Recreation and HPEC revenue make up \$220K or 14% of Other revenue.

Expense Analysis



Operating Expense FYTD September: +\$2.6M (+14%)
\$18.0M FY21-22 Budget to \$15.4M FY21-22 Actual



The year-to-date expenditures for FY 21-22 reflect a favorable variance of \$2.6M or 14%. The variances of the Expenditure Categories are explained below.

Salaries and Benefits

Salaries and Benefits expenses to date are \$573K or 6% below budget. This variance is partly due to vacancies 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 September, the Town had 9 vacancies related to staff turnover in the Operating Budget. Additionally, 23 of the FY 21-22 budget's approved new positions are still vacant at the end of September, of which 22 are in the Police Department and one is for Information Technology.

Supplies and Services

Supplies and Services expenses are \$1.5M or 28% below budget so far this year. Most of this savings is currently coming from software and software support budgets as the Town's FY 21-22 budget included funding for several new software applications that are still in various stages of development. Also, national and global supply-chain disruptions are beginning to hamper 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 into the summer of 2022, which means the operating budget may 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 \$89K or 5%. The MCSO budget for FY 21-22 already included an estimate of personnel vacancies for which the Town receives a credit on a regular basis. These monthly credits have been slightly higher than expected.

Capital Outlay

Capital Outlay expenses to date show a favorable variance of \$362K or 55%. 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
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FY 21-22 Year to Date Sales Tax Report

FY 21-22 Business Activity through August 2021*

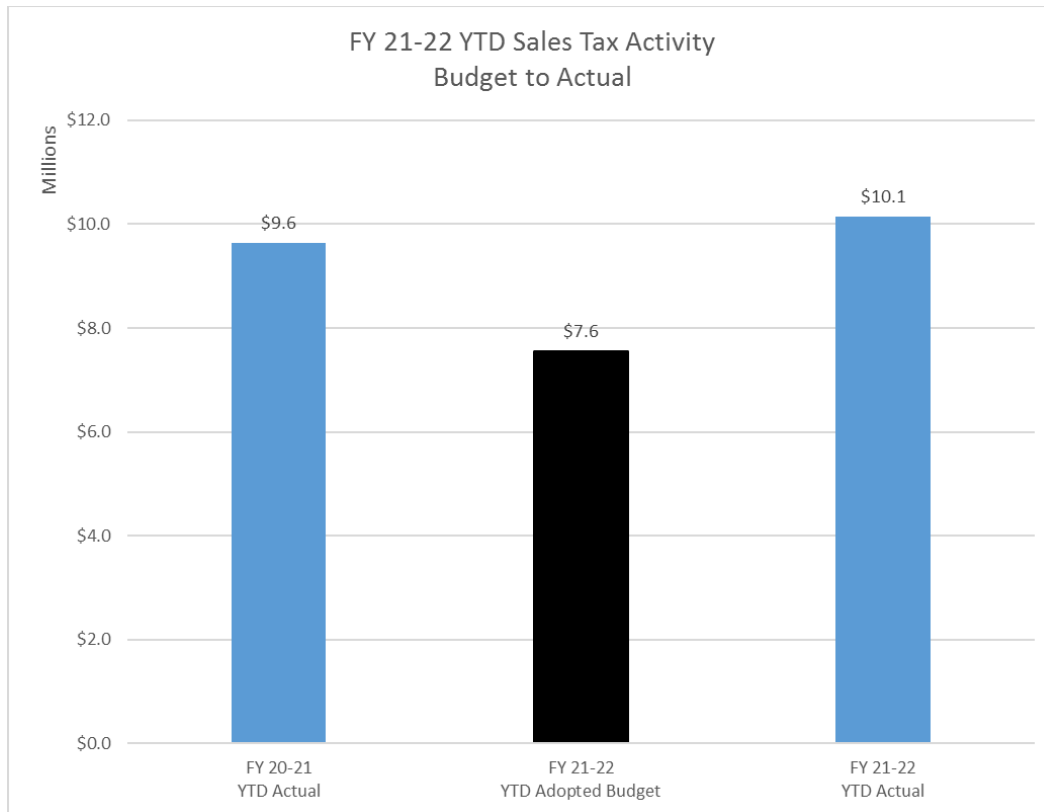
Issued October 2021

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 August 2021 sales tax revenue year-to-date total of \$10.1M exceeds the adopted budget by 34%, or \$2.6M. Relative to the same period in FY 20-21, FY 21-22 actuals are 5%, or \$500K higher than the previous year.



Sales Category	FY 20-21 YTD Actual	FY 21-22 YTD Adopted Budget-To-Actual				FY 20-21 YTD Actual to FY 21-22 YTD Actual	
		FY 21-22 YTD Adopted Budget	FY 21-22 YTD Actual	\$ Variance	% Variance	\$ Increase	% Increase
Construction	\$ 4,668,729	\$ 2,583,890	\$ 4,101,402	\$ 1,517,512	59%	\$ (567,327)	(12%)
Retail Trade	\$ 3,185,175	3,072,360	3,958,321	885,961	29%	773,146	24%
Communications & Utilities	\$ 499,843	674,631	502,334	(172,297)	(26%)	2,491	0%
Restaurant & Bar	\$ 656,181	629,392	806,043	176,651	28%	149,862	23%
Real Estate, Rental & Leasing	\$ 341,428	345,631	393,742	48,111	14%	52,314	15%
All Others**	\$ 277,639	246,650	381,786	135,136	55%	104,147	38%
Totals	\$ 9,628,994	\$ 7,552,554	\$ 10,143,628	\$ 2,591,074	34%	\$ 514,634	5%

**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.

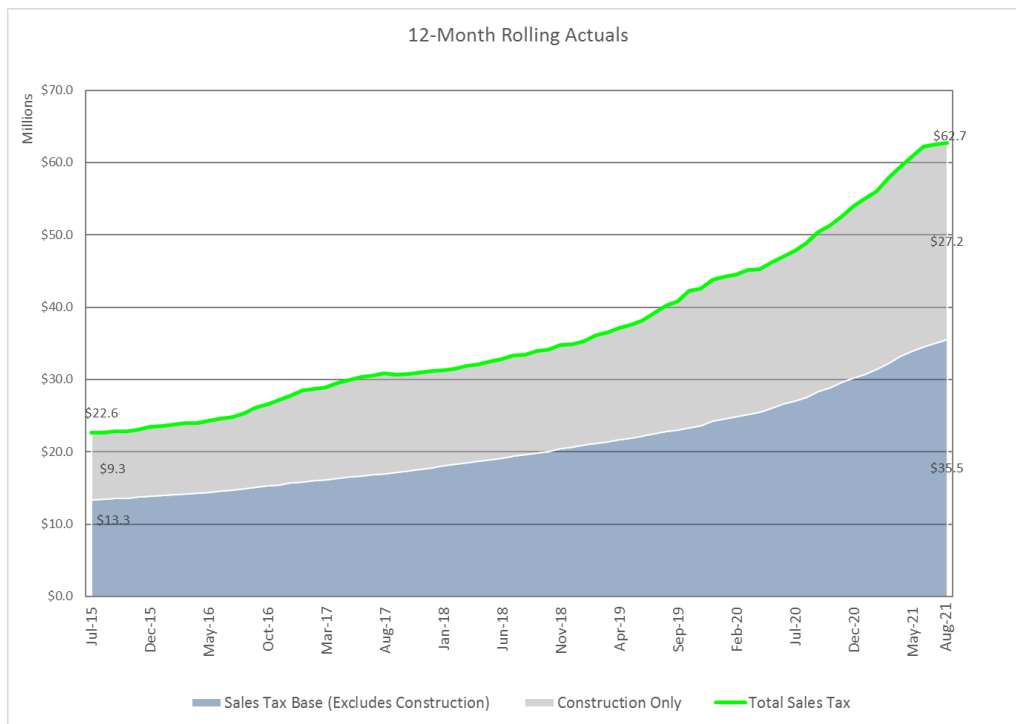
ANALYSIS

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. A recent study from Elliott Pollack & Company estimates that as of FY 18-19, about 27% of sales tax collections in the retail category and about 50% in the restaurant and bar category are from non-Queen Creek resident spending in the Town.

August 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.

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.

August 2021 Actuals: \$2.2M

FY 21-22 YTD Actuals: \$4.1M

FY 21-22 YTD Adopted Budget to Actual Variance of \$1.5M or 59%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Decrease of (\$567K) or (12%)

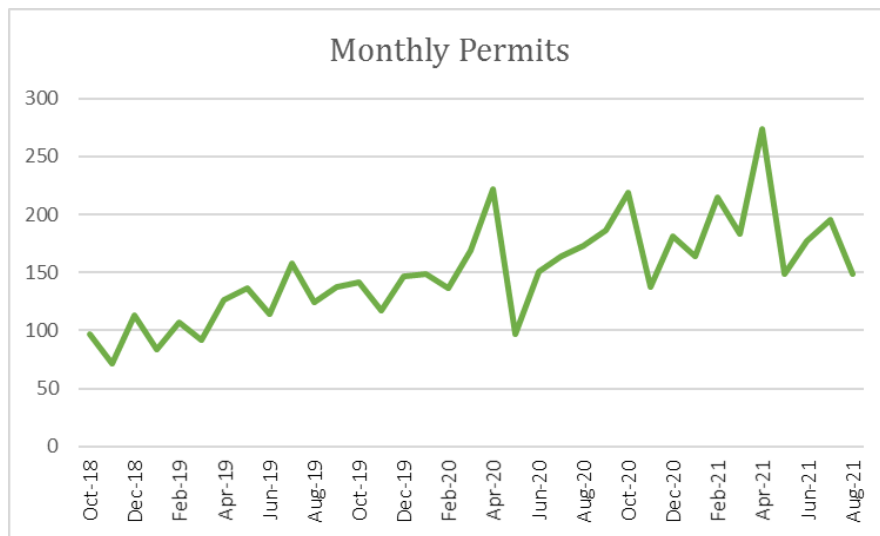
FY 21-22 collections exceed the FY 21-22 adopted budget, but were below the prior fiscal year actuals through August activity.

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 August. 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.

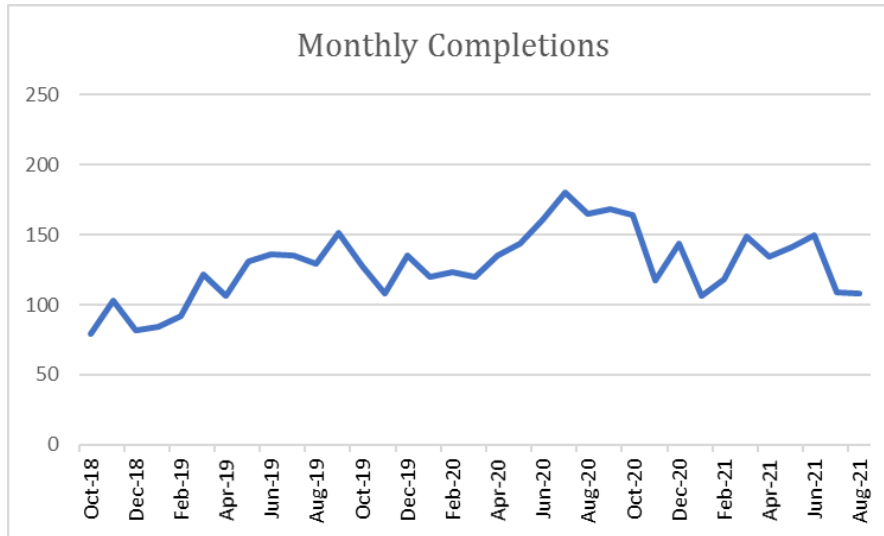
Sales tax paid by homebuilders ties to the sale of a new home, which is dependent on permit completions. The following schedule and graphs display new single-family home (NSF) permits issued and home completions over a rolling 12-month period for the current fiscal year against the previous fiscal year according to Queen Creek’s Development Services Department:

12-Month Rolling NSF Home Permits	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total	Mo. Avg.
FY 20-21 TOQC NSF Permits Issued	138	142	117	147	149	136	169	222	97	151	164	173	1,805	150
FY 21-22 TOQC NSF Permits Issued	186	219	138	181	164	215	183	274	149	177	196	149	2,231	186

12-Month Rolling NSF Home Completions	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total	Mo. Avg.
FY 20-21 TOQC NSF Completions	151	128	108	135	120	123	120	135	144	161	180	165	1,670	139
FY 21-22 TOQC NSF Completions	168	164	117	144	106	118	149	134	141	150	109	108	1,608	134



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 99 new home sales close in the month of August with an average sales price of \$589K for these homes. Overall, the Town made up 6.2% of total NSF permits issued in Maricopa County in August. The following table shows the monthly closings by builder, average sale price and estimated gross revenue for the month of August for permits issued within the Town.

BUILDER	# CLOSINGS	AVG. SALE PRICE	EST. GROSS REVENUE
TAYLOR MORRISON	18	\$ 499,154	\$ 8,984,773
LENNAR HOMES	16	\$ 447,499	\$ 7,159,990
WILLIAM LYON HOMES	13	\$ 445,543	\$ 5,792,053
RICHMOND AMERICAN	7	\$ 462,161	\$ 3,235,125
PULTE HOMES	6	\$ 492,301	\$ 2,953,805
MARACAY HOMES	6	\$ 790,170	\$ 4,741,021
ASHTON WOODS HOMES	6	\$ 547,681	\$ 3,286,085
BEAZER HOMES	5	\$ 397,484	\$ 1,987,418
LANDSEA HOMES	5	\$ 438,116	\$ 2,190,578
MATTAMY HOMES	4	\$ 499,871	\$ 1,999,484
DAVID WEEKLEY HOMES	4	\$ 692,591	\$ 2,770,362
PROVIDENCE HOMES	3	\$ 638,333	\$ 1,915,000
CRESLEIGH HOMES	2	\$ 462,913	\$ 925,826
VIP HOMES	1	\$ 958,319	\$ 958,319
MISC CUSTOM	1	\$ 925,135	\$ 925,135
TOLL BROTHERS	1	\$ 880,479	\$ 880,479
GEHAN HOMES	1	\$ 451,684	\$ 451,684
GRAND TOTAL	99	\$ 589,967	\$ 51,157,137

Appendix 1: Queen Creek Monthly Sales Tax Report

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.

August 2021 Actuals: \$2.0M

FY 21-22 YTD Actuals: \$4.0M

FY 21-22 YTD Adopted Budget to Actual Variance of \$886K or 29%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$773K or 24%

FY 21-22 YTD collections in the retail category exceeded the FY 21-22 adopted 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 August, the top 20 payers of 3,524 total payers in the retail category delivered 66% of the revenue. The top 10 payers in the category account for 56% of the total.

Of the total retail sales tax collections in August, \$327K is estimated to come from e-commerce transactions. August 2021 e-commerce sales tax collections are 33% higher than collections in August 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 due to the COVID-19 pandemic,

COMMUNICATIONS/UTILITIES:

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

August 2021 Actuals: \$247K

FY 21-22 YTD Actuals: \$500K

FY 21-22 YTD Adopted Budget to Actual Variance of (\$172K) or (26%)

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$2K or 0%

Year-to-date collections in the communications/utilities category are lower than the adopted FY 21-22 budget. The FY22 adopted budget in this category was based on YTD performance through October 2020. The revenues through October 2020 included summer utility usage that was slightly higher than prior years due to continued construction of new homes. Though the projection process accounts for a decline in revenue during the winter months, the budgeted decline was smaller than what we have seen during the winter months in 2020 and 2021, which has resulted in the negative variance between the adopted budget and actual collections. Year-to-date collections are matching 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.

August 2021 Actuals: \$393K

FY 21-22 YTD Actuals: \$806K

FY 21-22 YTD Adopted Budget to Actual Variance of \$176K or 28%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$150K or 23%

Appendix 1: Queen Creek Monthly Sales Tax Report

This category is above the current year adopted 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 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.

August 2021 Actuals: \$204K

FY 21-22 YTD Actuals: \$393K

FY 21-22 YTD Adopted Budget to Actual Variance of \$48K or 14%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$52K or 15%

This category's collections are above the adopted 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, manufacturing, wholesale trade, finance and insurance, services, and arts and entertainment. Use tax is also included in this category.

August 2021 Actuals: \$175K

FY 21-22 YTD Actuals: \$382K

FY 21-22 YTD Adopted Budget to Actual Variance of \$135K or 55%

FY 21-22 YTD Actual to FY 20-21 YTD Actual Increase of \$104K or 38%

This category is above the current year adopted budget and previous 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.

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:

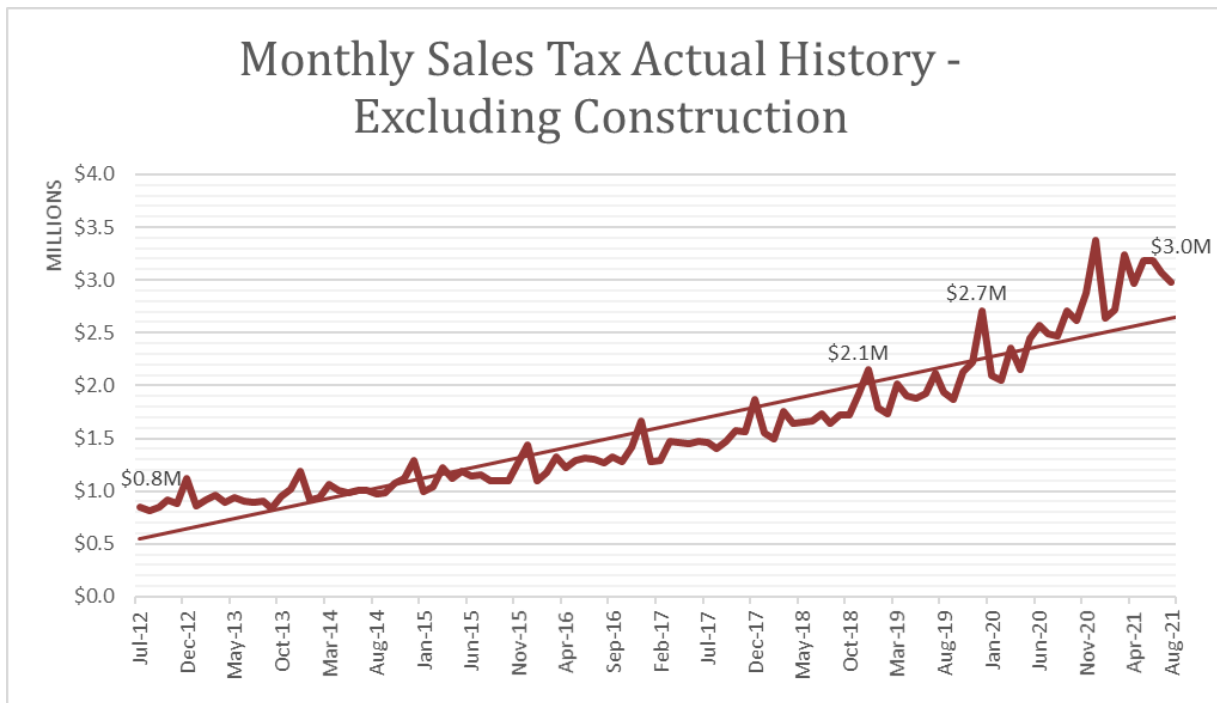
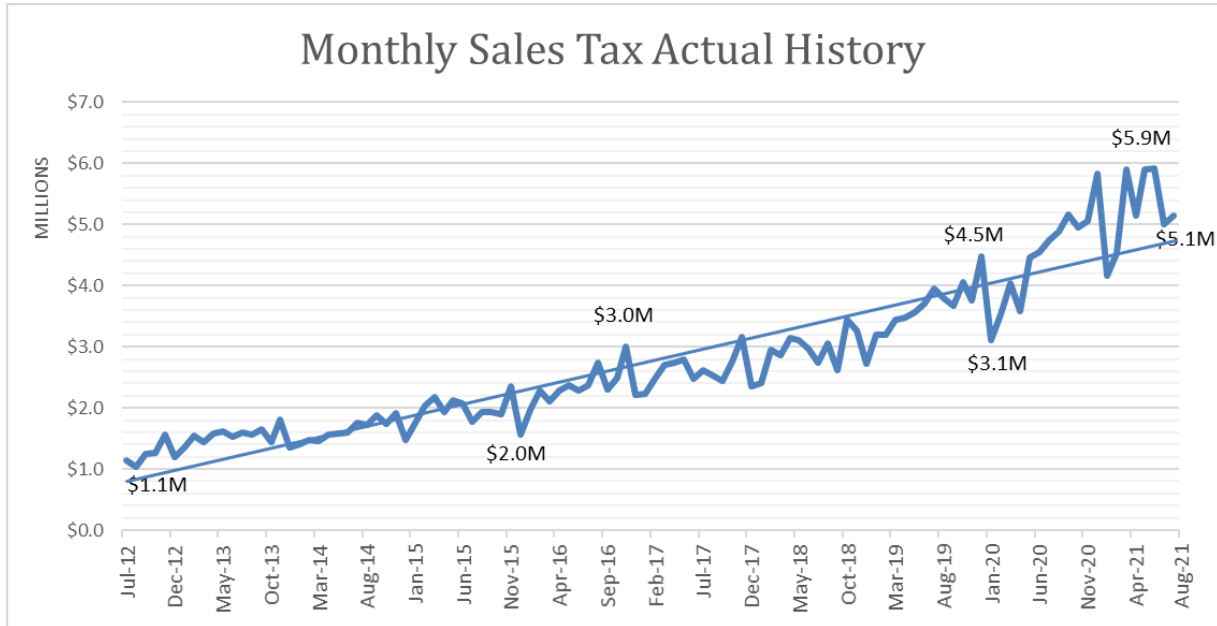
- 2.0% tax rate charged on all taxable activities within Town limits
 - Dedicated to the General Fund for general purpose government operations
- 0.25% tax rate charged on all taxable activities within Town limits
 - Dedicated to the Emergency Services (EMS) Fund to fund law enforcement and fire and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

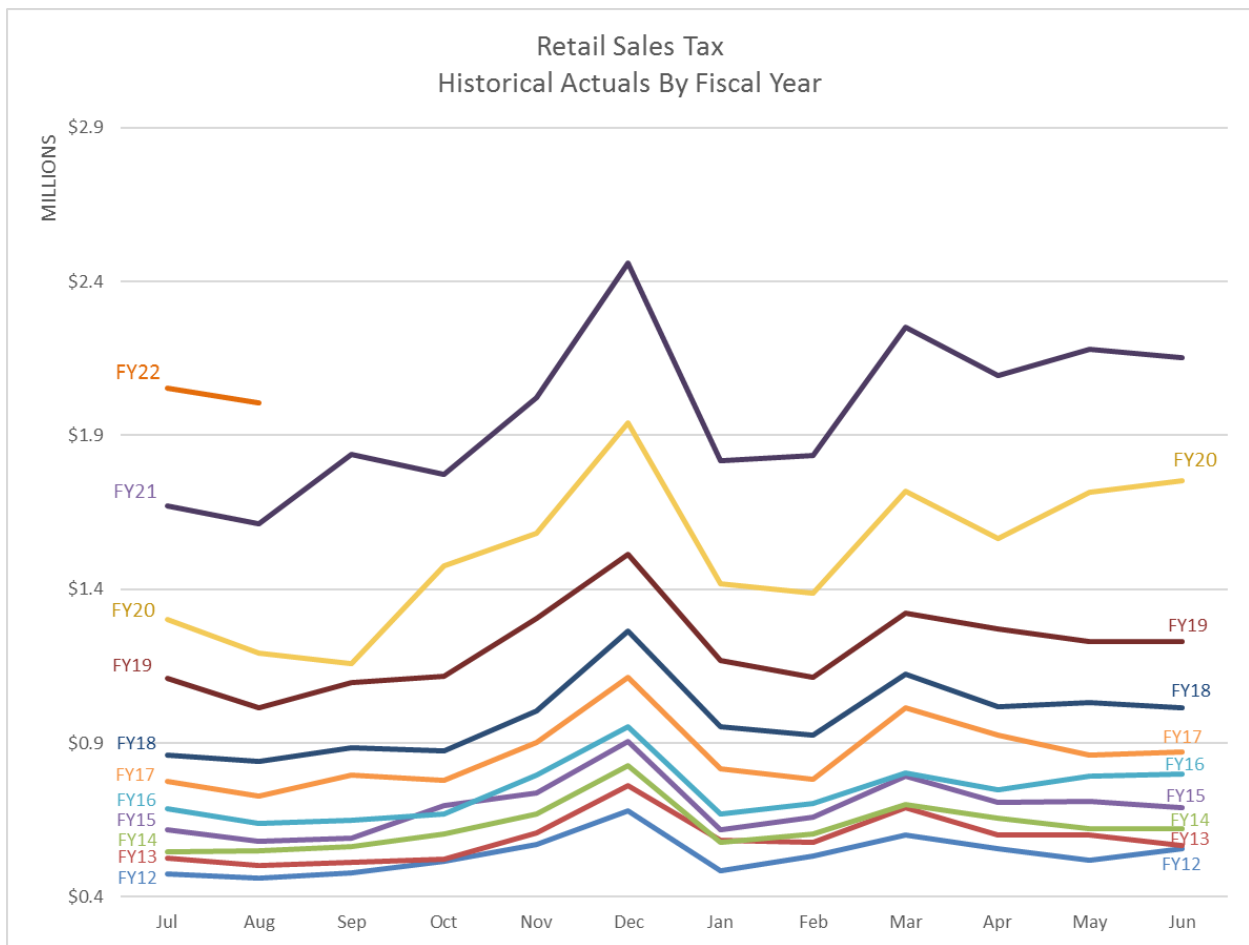
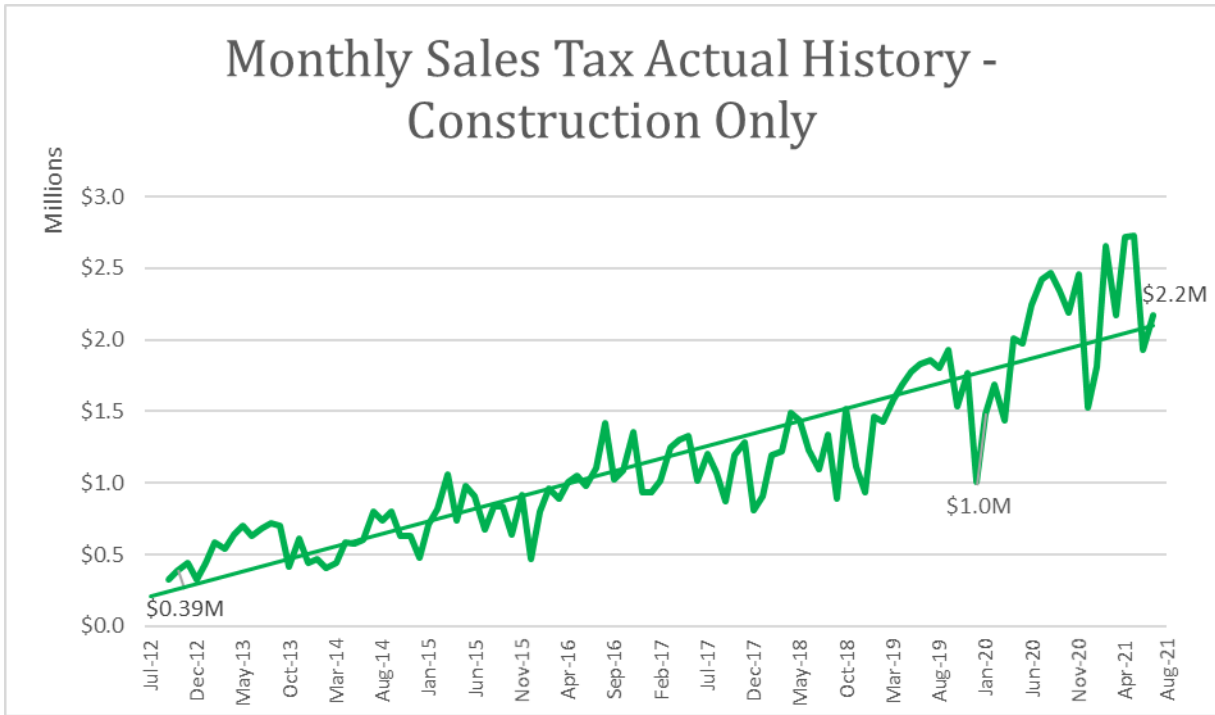
Revenue by Fund	YTD	% of Total
General Fund	\$ 7,134,000	70.3%
EMS Fund	891,750	8.8%
Town Center Fund	187,804	1.9%
Construction Fund	1,930,071	19.0%
Totals	\$ 10,143,626	100.0%

Operating Budget	Jul	Aug	FY21-22 YTD
General Fund	\$ 3,550,774	\$ 3,583,227	\$ 7,134,000
EMS Fund	\$ 443,847	\$ 447,903	\$ 891,750
Total Operating Budget	\$ 3,994,620	\$ 4,031,130	\$ 8,025,750

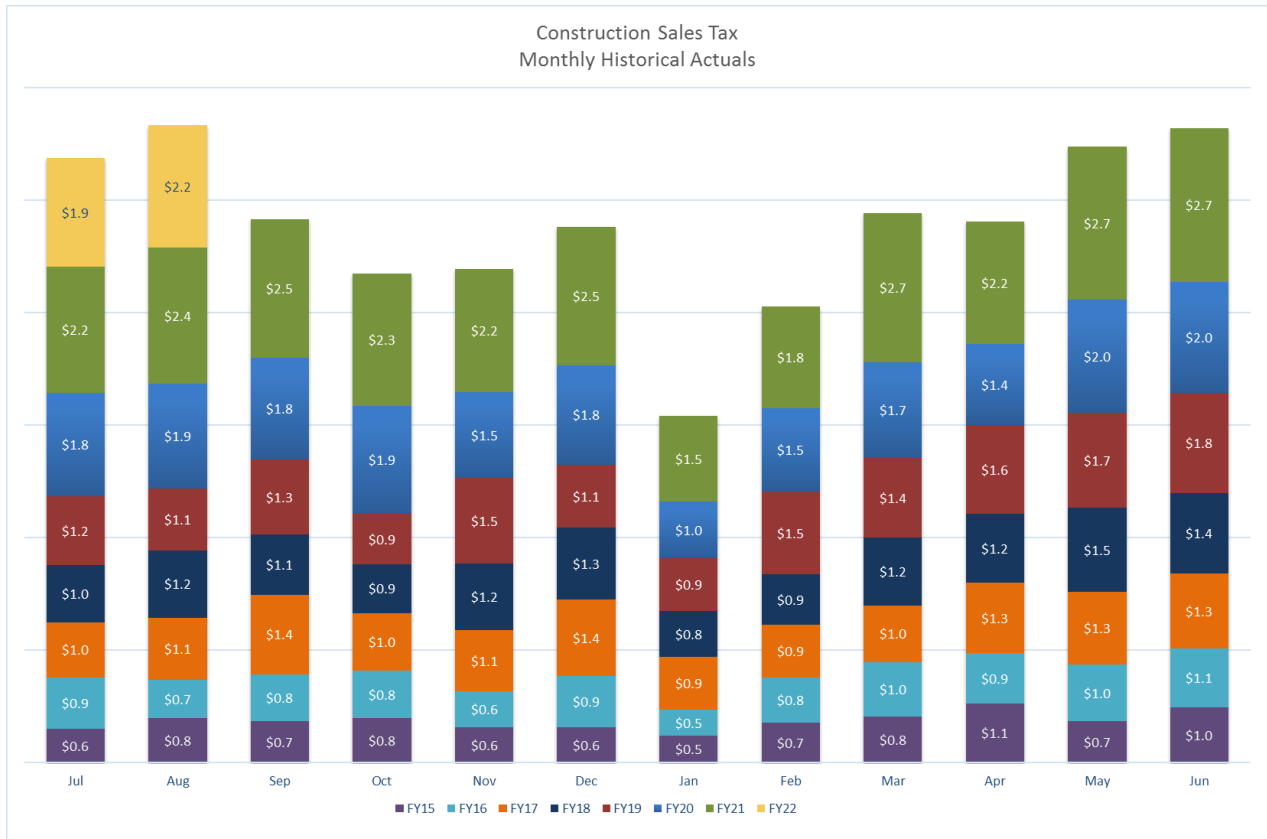
Historical Performance



Appendix 1: Queen Creek Monthly Sales Tax Report



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