



Informational Memo

Management Services - Memo No. 20-041

Date: February 20, 2020

To: Mayor and Council

Thru: Marsha Reed, City Manager *MR*
Dawn Lang, Management Services Director *DL*
Matt Dunbar, Budget Manager *MD*

From: Janet Northrup, Sr. Budget & Research Analyst *JN*

Subject: Fiscal Year (FY) 2019-20 Year-End General Fund Revenue Summary, Sales Tax Collection Report, and Expenditure Reports through January 2020

Attached is the FY 2019-20 General Fund Revenue and Expenditure Reports for the period ending January 31, 2020.

Included as attachments to this memo are:

Attachment 1 – General Fund Revenue Summary;
Attachment 2 – Local Sales Tax Revenue Five-Year Comparison;
Attachment 3 – Local Sales Tax Revenue by Class;
Attachment 4 – Local Sales Tax Revenue Month-by-Month Comparison to Prior Year; and
Attachment 5 – General Fund Expenditure Summary.

The General Fund Revenue Summary gives a budget to actual comparison of revenues through January 2020. This month reflects an 8.8% increase in total General Fund revenues from the budgeted revenues received to date based on historical trends. The individual revenue categories all show the variances between budget and revenues in excess of the historical trend, except one revenue category, Other Revenues, recording revenues under historical trend (-48%).

Collections in State and Local Transaction Privilege Tax (TPT) or Sales Tax shown in this report reflect December sales taxes received in January, and includes the full impact of the holiday season. Overall collections in TPT and Licenses & Permits remain healthy as a result of strong consumer confidence leading to high retail spending and continued development in Chandler and its related economic impacts. Most of these increases are

considered one-time, since once the developments are completed, the related Permit and Local TPT collections cease.

The Local TPT collections for the month of January 2020 compared to the same month prior year are 3.7% less. This is mainly due to the Contracting category, which tells us new development is slowing down. This is the second month since October of 2017 that has seen a decrease from the same month in the prior year. The Local TPT collections through January 2020, year to date, reflect an overall increase of 10.1% above historical trend, and a 4.2% increase compared to the same period last year.

The largest TPT category, Retail/Manufactured Buildings/Jet Fuel, is 7.7% higher year to date than one year earlier. Contracting reflects a 12.3% decrease and Tangible Personal Property Rentals reflect a 6.2% increase from the prior year, mainly due to various major construction projects such as Intel, downtown construction, and various multi-family residential projects throughout the City. The 18.3% increase in Hotels/Motels reflects expected strong seasonal tourism activity in addition to the opening of new hotels. The 11.3% increase in Real Property Rentals reflects increases in rentals on the market as well as rental rates. The decrease of 50.3% in Publishing was due to a correction made at the State level from prior period collections. Other TPT categories are -2.1% to 14.3% lower or higher than the prior year through January.

The FY 2019-20 General Fund Expenditure Summary report reflects the percent of adjusted budget expended and encumbered through January 2020. This report then compares this spending percentage to the prior fiscal year. Overall department spending, including an increased one-time Public Safety Personnel Retirement System (PSPRS) unfunded liability payment (+\$20.7M over prior year), resulted in 60.2% spending through January 2020, compared to 58.7% for the same period last year.

Should you have any questions regarding this information, please contact Dawn Lang at x2255 or Matt Dunbar at x2256.

Attachments: FY 2019-20 General Fund Monthly Revenue and Expenditure Reports

cc: Debra Stapleton, Assistant City Manager
Joshua H. Wright, Assistant City Manager

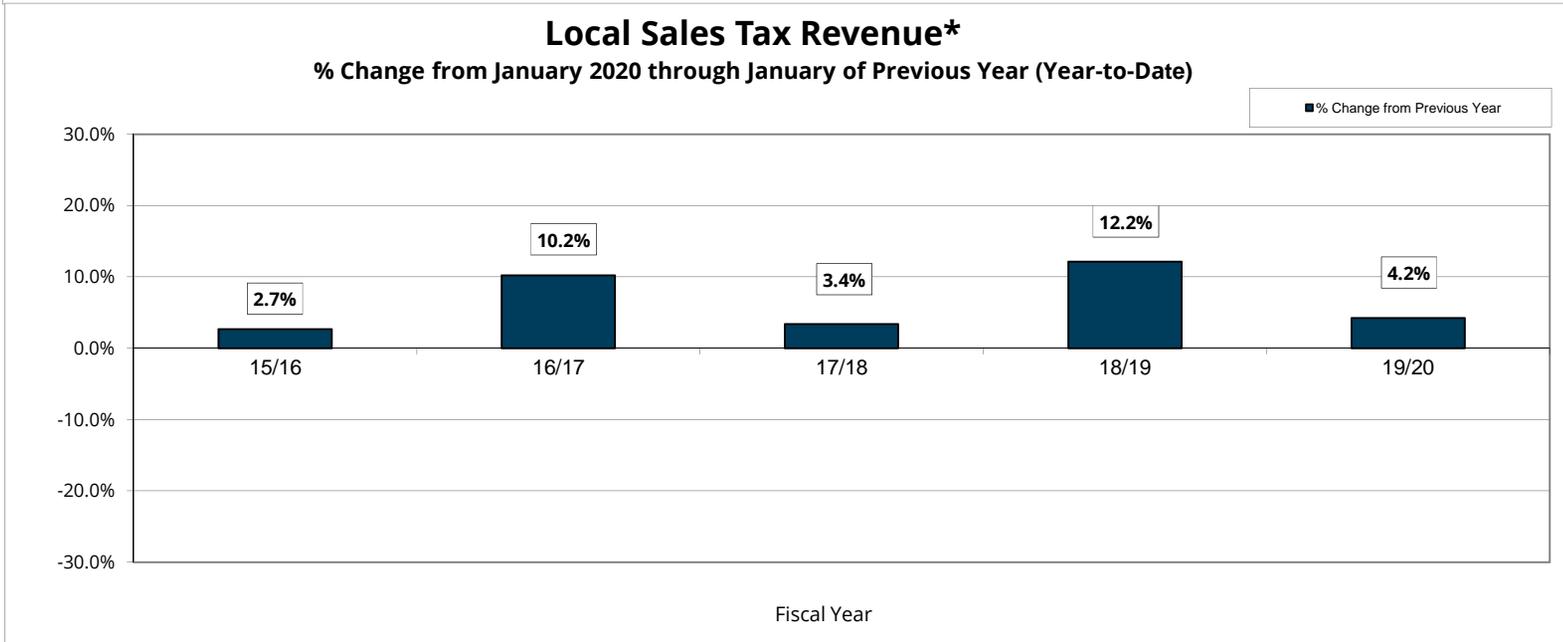
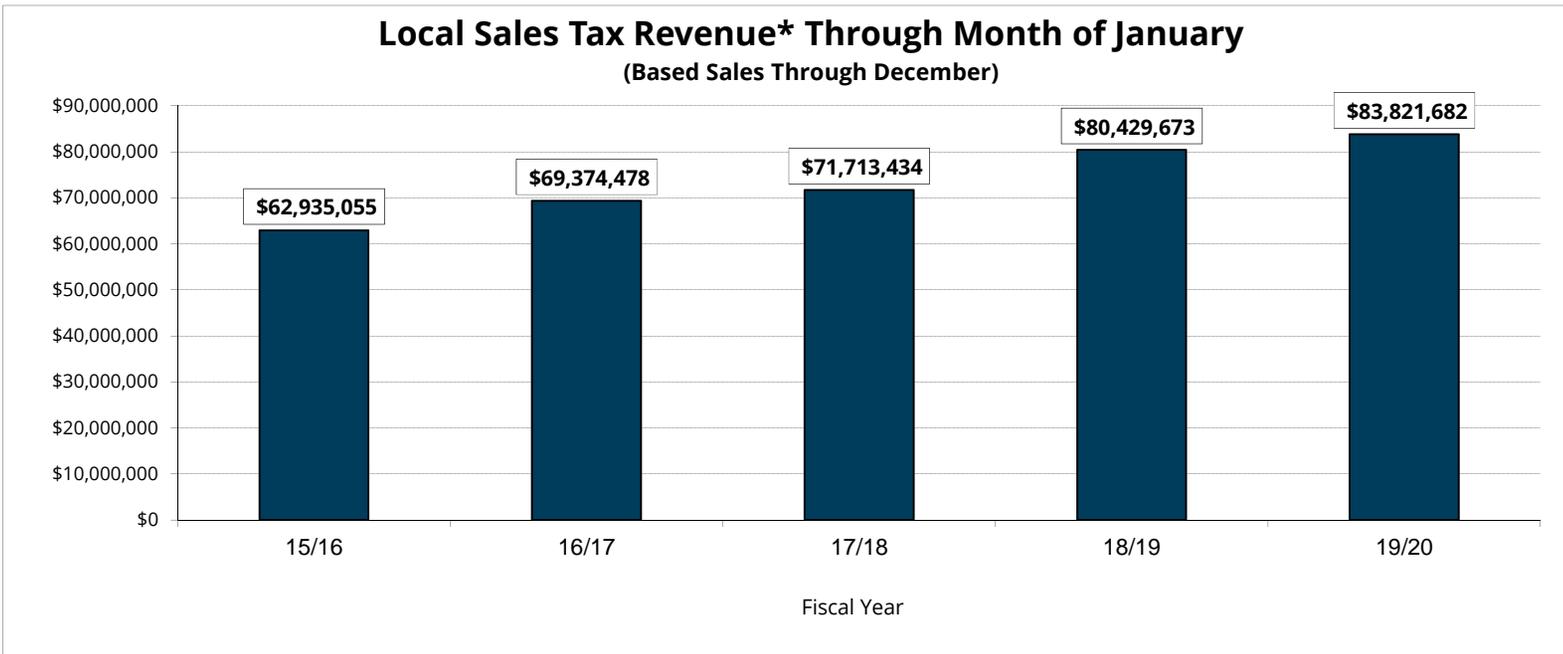
General Fund Revenue Summary

FY 2019-20 Year-To-Date Actuals Through January 2020

General Fund Revenues	Budget		Actuals			Comparison to Prior Year Actuals		
	FY 2019-20 Adopted Budget	FY 2019-20 Budget Prorated Based on Historical Trend	FY 2019-20 Actual Revenue	+ or - of Actual to Budget Based on Historical Trend	% Change of Actual to Budget Based on Historical Trend	FY 2018-19 Actual Revenues for Same Period	Difference + or - from FY 2018-19 to FY 2019-20	% Change of Actuals to Same Period FY 2018-19
Local Sales Tax Collections	\$ 133,000,000	\$ 76,120,671	\$ 83,821,682	\$ 7,701,011	10.1%	\$ 80,429,673	\$ 3,392,009	4.2%
Local Sales Tax Fees, Audit Assessments, Penalties, Interest	1,832,100	1,025,938	1,160,434	134,496	13.1%	600,422	560,012	93.3%
Total Local Sales Tax Revenue	\$ 134,832,100	\$ 77,146,609	\$ 84,982,116	\$ 7,835,507	10.2%	\$ 81,030,095	\$ 3,952,021	4.9%
Franchise Fees	3,300,000	1,249,121	1,965,186	716,065	57.3%	1,018,023	947,163	93.0%
Primary Property Taxes	7,821,800	4,342,755	4,462,489	119,734	2.8%	4,288,219	174,270	4.1%
State Shared Sales Taxes	25,000,000	12,348,652	13,972,393	1,623,741	13.1%	12,995,954	976,439	7.5%
Vehicle License Tax	11,300,000	5,974,654	6,069,713	95,059	1.6%	5,906,971	162,742	2.8%
Urban Revenue Sharing	31,500,000	18,378,099	19,398,843	1,020,744	5.6%	17,904,592	1,494,251	8.3%
Licenses & Permits	6,905,500	3,591,911	3,677,506	85,595	2.4%	4,938,518	(1,261,012)	-25.5%
Charges for Services	12,369,250	6,051,680	6,235,365	183,685	3.0%	6,687,939	(452,574)	-6.8%
Fines & Forfeitures	3,763,650	2,096,942	2,161,804	64,862	3.1%	2,247,244	(85,440)	-3.8%
Interest & Investments	3,259,000	1,415,796	2,128,994	713,198	50.4%	1,303,223	825,771	63.4%
Other Revenues	1,367,883	797,932	414,674	(383,258)	-48.0%	1,581,071	(1,166,397)	-73.8%
Indirect Cost	7,551,592	4,405,095	4,405,095	(0)	0.0%	4,323,378	81,717	1.9%
Total General Fund Revenues	\$ 248,970,775	\$ 137,799,246	\$ 149,874,178	\$ 12,074,932	8.8%	\$ 144,225,227	\$ 5,648,950	3.9%
Prior Month	\$ 248,970,775	\$ 116,654,487	\$ 125,993,308	\$ 9,338,821	8.0%	\$ 121,935,653	\$ 4,057,656	3.3%
Change from Prior Month	\$ -	\$ 21,144,759	\$ 23,880,869	\$ 2,736,110	0.8%	\$ 22,289,574	\$ 1,591,293	0.6%

Note:

FY 2019-20 Actual excludes one-time Interfund Transfers-In of \$2,100,000 to the General Fund for Impact Fee loan repayments, which are used for General Capital Projects.



*Totals are for sales tax only, and exclude privilege license fees, audit assessments, interest, and penalties.

Sales Tax Revenue By Class

Through January Each Year (Year-to-Date)

Sales Tax Category	FY18-19 % of Total	% Chg Fm PY	FY 2019-20	% Chg Fm PY	FY 2018-19	% Chg Fm PY	FY 2017-18	% Chg Fm PY	FY 2016-17	% Chg Fm PY	FY 2015-16
Utilities	10.5%	-2.1%	\$ 9,450,729.49	8.0%	\$ 9,652,390.04	1.1%	\$ 8,941,490.83	-2.4%	\$ 8,846,291.81	6.3%	\$ 9,062,054.67
Telecommunications	1.6%	14.3%	1,398,283.11	-16.2%	1,223,793.56	-15.0%	1,460,527.92	-7.8%	1,718,066.19	-5.7%	1,864,132.91
Publishing / Advertising / Printing / Transportation	0.2%	-50.3%	56,761.09	-5.6%	114,123.92	13.7%	120,863.77	-30.6%	106,276.84	-1.7%	153,099.81
Restaurants & Bars	9.3%	6.2%	7,518,920.63	8.0%	7,077,888.54	3.2%	6,552,901.96	9.4%	6,351,684.07	4.5%	5,806,227.97
Amusements	0.9%	1.4%	690,971.47	13.5%	681,308.96	7.0%	600,187.88	3.1%	560,679.27	26.9%	543,947.80
Real Property Rentals	12.1%	11.3%	10,840,739.46	9.9%	9,736,261.53	10.1%	8,863,125.11	5.0%	8,046,520.04	12.8%	7,660,920.48
Tangible Personal Property Rentals	3.0%	6.2%	2,498,895.75	6.2%	2,352,731.34	4.4%	2,216,119.42	19.3%	2,121,896.47	-4.2%	1,778,496.25
Hotels / Motels	3.0%	18.3%	2,119,736.66	10.8%	1,792,096.39	6.2%	1,617,645.09	20.4%	1,523,575.57	4.1%	1,265,923.17
Contracting	12.0%	-12.3%	8,540,582.24	43.0%	9,739,476.87	0.0%	6,812,271.97	37.7%	6,813,294.21	-11.5%	4,947,222.56
Retail / Manufactured Buildings / Jet Fuel	43.5%	7.7%	37,692,014.68	9.0%	34,987,766.71	0.7%	32,084,494.54	9.2%	31,870,370.08	1.9%	29,181,893.06
Use Tax	3.9%	-1.9%	3,014,047.30	25.7%	3,071,835.31	72.6%	2,443,805.50	111.9%	1,415,823.30	20.3%	668,136.67
Total Sales Tax Revenue	100.0%	4.2%	\$ 83,821,681.88	12.2%	\$ 80,429,673.17	3.4%	\$ 71,713,433.99	10.2%	\$ 69,374,477.85	2.7%	\$ 62,932,055.35

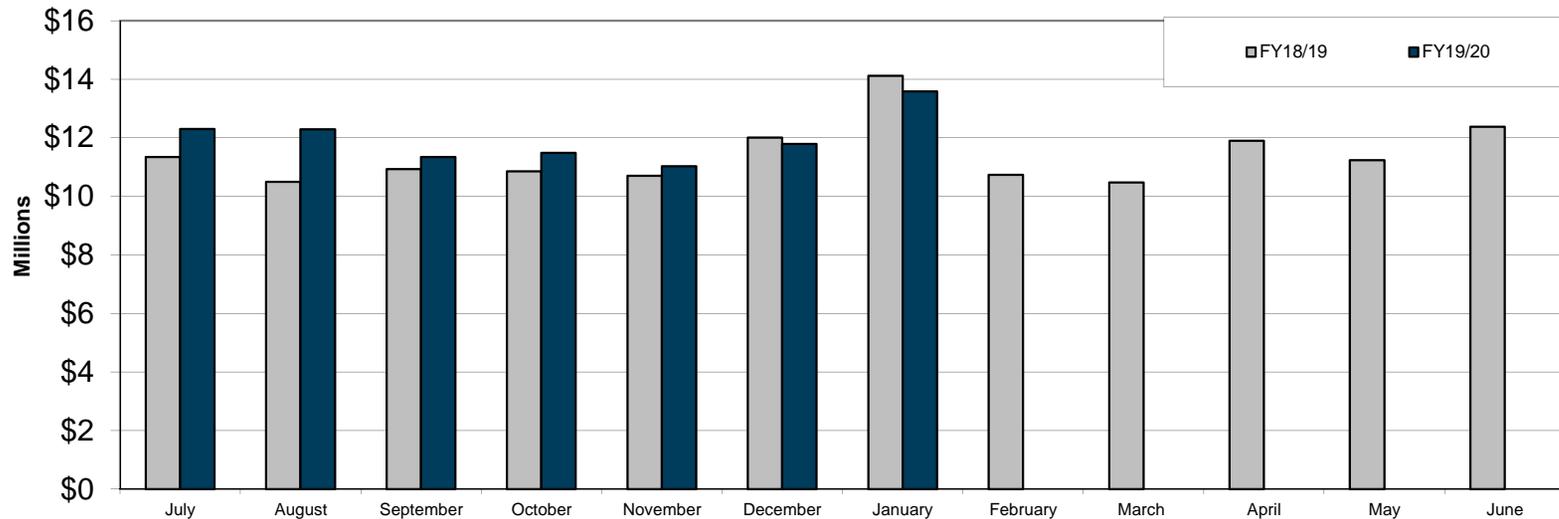
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Local Sales Tax Revenue

Monthly Actuals Compared to Prior Year

Local Sales Tax Collections *	Monthly Collections FY18/19	Monthly Collections FY19/20	\$ Difference + / (-) FY19/20 over FY18/19	% Difference + / (-) FY19/20 over FY18/19
July	\$ 11,336,169	\$ 12,302,360	\$ 966,190	8.5%
August	10,490,872	12,284,035	1,793,164	17.1%
September	10,926,950	11,345,516	418,566	3.8%
October	10,851,553	11,487,595	636,042	5.9%
November	10,703,487	11,022,244	318,758	3.0%
December	12,004,612	11,792,358	(212,254)	-1.8%
January	14,116,030	13,587,573	(528,457)	-3.7%
February	10,726,696			
March	10,472,268			
April	11,892,337			
May	11,235,476			
June	12,376,721			
Totals	\$ 80,429,673	\$ 83,821,682	\$ 3,392,009	4.2%

Month-to-Month Local Sales Tax Collections



*Totals are for sales tax only, and exclude privilege license fees, audit assessments, interest, and penalties.

General Fund Expenditure Summary Thru January 2020

Department	Adopted Budget	Adjusted Budget	Expenses & Encumbrances Thru Jan 2020	Percentage of Adjusted Budget Expended & Encumbered Thru Jan 2020	Percentage of Adjusted Budget Expended & Encumbered Thru Jan 2019	Over/Under Last Year's Percentage
City Clerk	\$ 749,869	\$ 1,180,676	\$ 441,402	37.4%	60.0%	-22.6%
City Manager and Organization Support ⁽¹⁾	16,972,444	19,387,746	10,461,174	54.0%	51.9%	2.1%
Communications & Public Affairs	2,574,476	2,966,099	1,502,697	50.7%	56.8%	-6.1%
Community Services	26,971,684	27,854,930	16,511,354	59.3%	60.1%	-0.8%
Cultural Development	3,650,576	3,863,620	2,240,716	58.0%	60.2%	-2.2%
Development Services	8,877,333	9,065,593	4,611,262	50.9%	52.6%	-1.7%
Fire	37,255,753	38,357,560	23,112,161	60.3%	60.2%	0.1%
Information Technology	11,662,825	12,666,371	6,184,316	48.8%	53.0%	-4.2%
Law	3,795,202	3,862,945	2,191,852	56.7%	56.9%	-0.2%
Magistrate	4,607,201	4,667,631	2,567,948	55.0%	55.2%	-0.2%
Management Services	8,137,020	8,327,144	4,797,300	57.6%	56.3%	1.3%
Mayor and Council	1,049,815	1,064,088	609,543	57.3%	55.7%	1.6%
Neighborhood Resources	4,013,933	4,263,575	2,583,152	60.6%	65.5%	-4.9%
Police	76,789,941	78,511,738	46,194,231	58.8%	60.9%	-2.1%
Public Works & Utilities	11,312,245	14,625,461	10,111,287	69.1%	55.7%	13.4%
Non-Departmental (Personnel Services and O&M)	40,072,980	37,989,566	27,686,520	72.9%	60.9%	12.0%
Subtotal Prior to Contingencies/Reserves	\$ 258,493,297	\$ 268,654,743	\$ 161,806,915	60.2%	58.7%	1.5%
Non-Departmental Reserves (Carryforward, Utility, Fuel & DT)	10,650,000	3,650,000	-	0.0%	0.0%	0.0%
Non-Departmental Contingencies (15% & Council)	37,345,700	35,276,618	-	0.0%	0.0%	0.0%
Total General Fund Expenditures	\$ 306,488,997	\$ 307,581,361	\$ 161,806,915	52.6%	50.7%	1.9%

⁽¹⁾ Organization Support includes Buildings & Facilities, Economic Development, Fleet Services, Human Resources and Transportation Policy.

Adopted Budget: Includes estimated reserves for encumbrance carryforward from the previous fiscal year and full Council approved reserve/contingency established in the budget.

Adjusted Budget: Includes movement of estimated reserves for encumbrance appropriation to Departments based on actual end-of-year encumbrances and Council approved contingency transfers. Reserves/Contingency appropriation cannot be spent from Reserve/Contingency line items; it must be moved to spendable lines within Departments.

NOTE: The total Adopted budget compared to the total Adjusted budget always equals when viewing all funds. When looking at the General Fund only, it is not uncommon for the amounts to differ. This is due to estimated carryforward appropriation, personnel adjustment appropriation or Council approved contingency transfers being moved to other funds, as directed by Council and authorized by the Budget Resolution.