



Informational Memo

Management Services - Memo No. 20-051

Date: April 16, 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 March 2020

Attached is the FY 2019-20 General Fund Revenue and Expenditure Reports for the period ending March 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 March 2020. This month reflects a 7.6% increase in total General Fund revenues from the budgeted revenues received to date based on historical trends. The majority of the individual revenue categories all show the variances between budget and revenues in excess of the historical trend, except for three revenue categories recording revenues under historical trends; Other Revenues (-13.2%), Charges for Services (-3.5%), and Fines & Forfeitures (-1.8%). These reductions show small initial COVID-19 revenue impacts and refunds from some scheduled events. Significant COVID-19 impacts will begin to be reflected in next month's report, as the last half of March will show revenue decreases in many categories especially Transaction Privilege Tax (TPT) or Sales Tax. An additional attachment (COVID-19 Revenue Impact Analysis) will be included next month to analyze the anticipated impacts of COVID-19.

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Collections in State and Local TPT shown in this report reflect February sales taxes received in March. Overall collections in TPT and Licenses & Permits remained healthy through February as a result of strong consumer confidence leading to high retail spending. Continued development in Chandler and its related economic impact is starting to slow as anticipated, however most of these increases were 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 March 2020 compared to the same month prior year are 4.3% higher. The Local TPT collections through March 2020, year to date, reflect an overall increase of 8.9% above historical trend, and a 4.3% increase compared to the same period last year.

The largest TPT category, Retail/Manufactured Buildings/Jet Fuel, is 8.9% higher year to date than one year earlier. Contracting reflects a 14.1% decrease, mainly due to the completion or near completion of various major construction projects such as Intel, downtown construction, and various multi-family residential projects throughout the City. The 15.3% increase in Hotels/Motels reflects expected strong seasonal tourism activity in addition to the opening of new hotels, although this category is expected to show significant COVID-19 impacts next month. The 11.0% increase in Real Property Rentals reflects increases in rentals on the market as well as rental rates. The decrease of 37.7% in Publishing was due to a correction made at the State level from prior period collections. Other TPT categories are -6.9% to 12.1% lower or higher than the prior year through March.

The FY 2019-20 General Fund Expenditure Summary report reflects the percent of adjusted budget expended and encumbered through March 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 70.9% spending through March 2020, compared to 71.5% 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

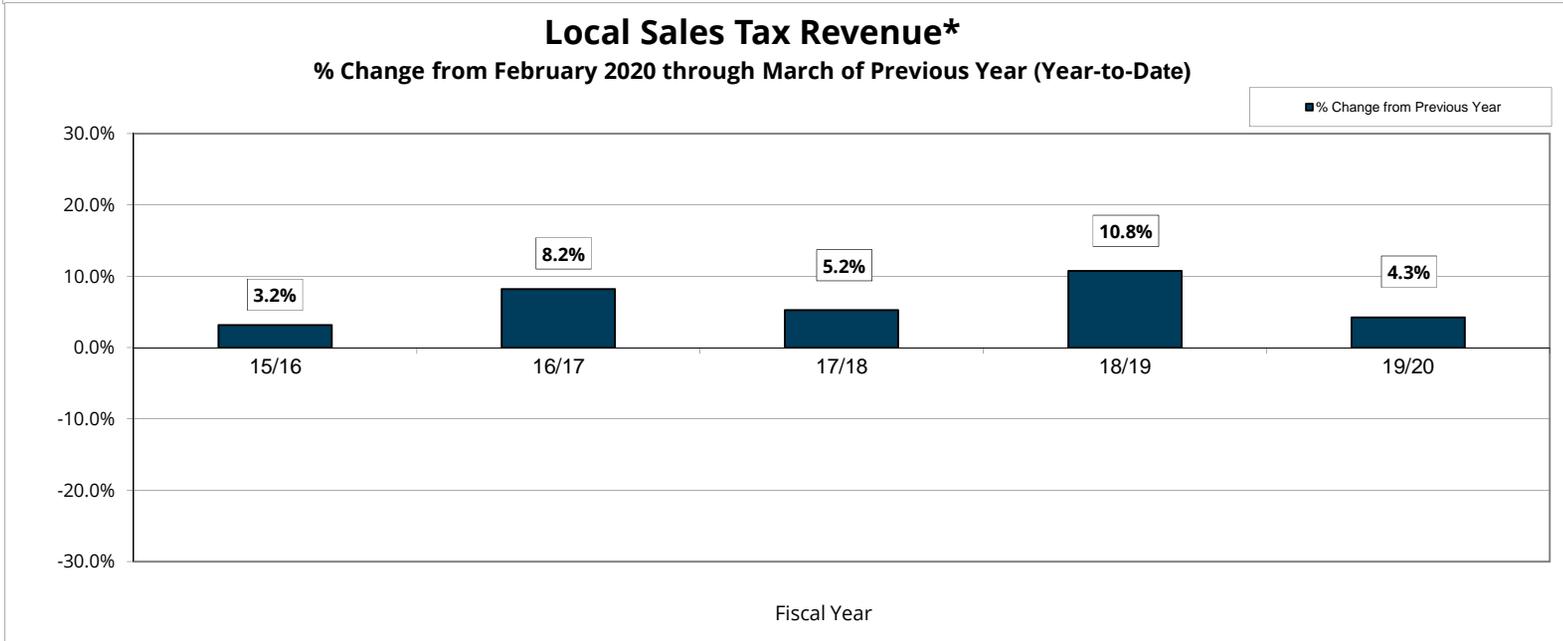
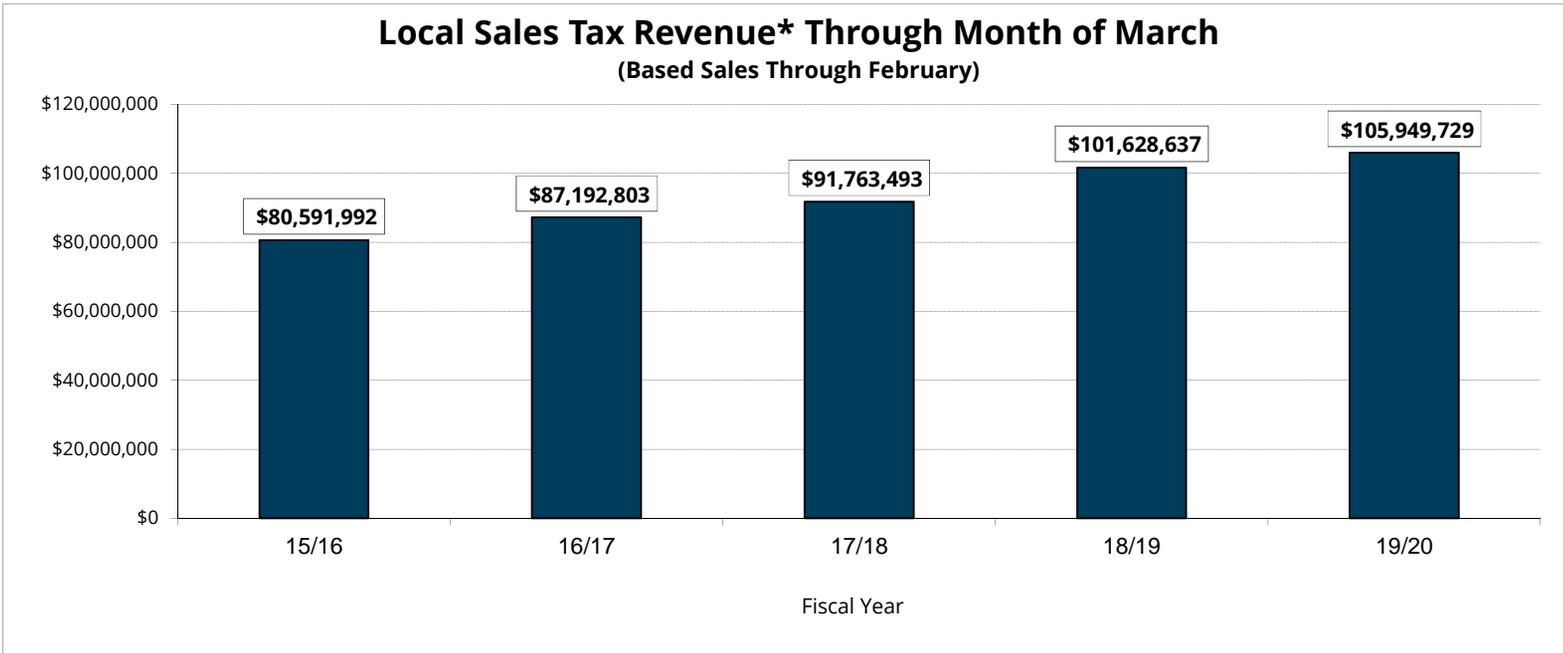
General Fund Revenue Summary

FY 2019-20 Year-To-Date Actuals Through March 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	\$ 97,309,997	\$ 105,949,729	\$ 8,639,732	8.9%	\$ 101,628,637	\$ 4,321,092	4.3%
Local Sales Tax Fees, Audit Assessments, Penalties, Interest	1,832,100	1,326,560	1,420,008	93,448	7.0%	988,261	431,747	43.7%
Total Local Sales Tax Revenue	\$ 134,832,100	\$ 98,636,557	\$ 107,369,736	\$ 8,733,180	8.9%	\$ 102,616,898	\$ 4,752,839	4.6%
Franchise Fees	3,300,000	1,940,768	2,115,484	174,716	9.0%	1,736,141	379,343	21.8%
Primary Property Taxes	7,821,800	4,700,480	4,864,159	163,679	3.5%	4,678,533	185,626	4.0%
State Shared Sales Taxes	25,000,000	16,910,477	19,006,473	2,095,996	12.4%	17,868,258	1,138,215	6.4%
Vehicle License Tax	11,300,000	7,862,524	7,952,574	90,050	1.1%	7,633,762	318,812	4.2%
Urban Revenue Sharing	31,500,000	23,624,987	24,941,369	1,316,382	5.6%	23,020,248	1,921,121	8.3%
Licenses & Permits	6,905,500	4,754,310	5,341,452	587,142	12.3%	5,665,990	(324,538)	-5.7%
Charges for Services	12,369,250	8,396,581	8,102,712	(293,869)	-3.5%	9,193,615	(1,090,903)	-11.9%
Fines & Forfeitures	3,763,650	2,799,151	2,747,497	(51,654)	-1.8%	2,916,010	(168,513)	-5.8%
Interest & Investments	3,259,000	1,907,537	2,803,474	895,937	47.0%	1,816,274	987,200	54.4%
Other Revenues	1,367,883	1,025,912	890,754	(135,158)	-13.2%	1,678,615	(787,861)	-46.9%
Indirect Cost	7,551,592	5,663,694	5,663,694	(0)	0.0%	5,558,627	105,067	1.9%
Total General Fund Revenues	\$ 248,970,775	\$ 178,222,978	\$ 191,799,379	\$ 13,576,401	7.6%	\$ 184,382,971	\$ 7,416,408	4.0%
Prior Month	\$ 248,970,775	\$ 155,573,182	\$ 172,728,342	\$ 17,155,160	11.0%	\$ 164,353,641	\$ 8,374,701	5.1%
Change from Prior Month	\$ -	\$ 22,649,796	\$ 19,071,037	\$ (3,578,759)	-3.4%	\$ 20,029,330	\$ (958,293)	-1.1%

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 March 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%	-2.0%	\$ 11,305,084.28	7.2%	\$ 11,534,576.28	1.8%	\$ 10,758,184.50	-2.8%	\$ 10,570,460.67	4.8%	\$ 10,871,146.40
Telecommunications	1.6%	11.8%	1,769,989.45	-14.9%	1,583,787.48	-15.5%	1,860,871.28	-8.2%	2,202,544.68	-7.1%	2,398,375.32
Publishing / Advertising / Printing / Transportation	0.2%	-37.7%	89,731.49	-6.7%	144,057.96	11.9%	154,328.34	-30.4%	137,943.02	-0.4%	198,247.31
Restaurants & Bars	9.3%	3.6%	9,558,950.71	8.0%	9,223,143.02	2.9%	8,537,375.14	7.0%	8,299,362.87	5.9%	7,757,070.68
Amusements	0.9%	0.2%	903,732.52	14.5%	901,575.83	5.9%	787,717.15	3.1%	744,122.20	15.3%	721,634.93
Real Property Rentals	12.1%	11.0%	13,715,570.36	6.3%	12,357,005.05	14.6%	11,627,767.53	4.2%	10,146,159.48	10.4%	9,737,254.36
Tangible Personal Property Rentals	3.0%	12.1%	3,411,745.32	7.8%	3,043,612.92	4.2%	2,822,847.79	18.5%	2,709,568.78	-3.9%	2,285,662.13
Hotels / Motels	3.0%	15.3%	3,126,069.14	10.2%	2,712,257.55	11.1%	2,461,231.64	17.2%	2,216,304.74	1.9%	1,890,830.77
Contracting	12.0%	-14.1%	10,435,553.90	42.6%	12,147,669.04	2.2%	8,517,322.37	34.9%	8,333,190.57	-9.1%	6,179,068.37
Retail / Manufactured Buildings / Jet Fuel	43.5%	8.9%	48,024,171.48	7.3%	44,104,922.24	3.9%	41,097,785.77	5.0%	39,540,974.88	3.6%	37,673,479.92
Use Tax	3.9%	-6.9%	3,609,130.05	23.5%	3,876,029.86	36.9%	3,138,061.94	160.7%	2,292,171.09	7.6%	879,221.55
Total Sales Tax Revenue	100.0%	4.3%	\$ 105,949,728.70	10.8%	\$ 101,628,637.23	5.2%	\$ 91,763,493.45	8.2%	\$ 87,192,802.98	3.2%	\$ 80,591,991.74

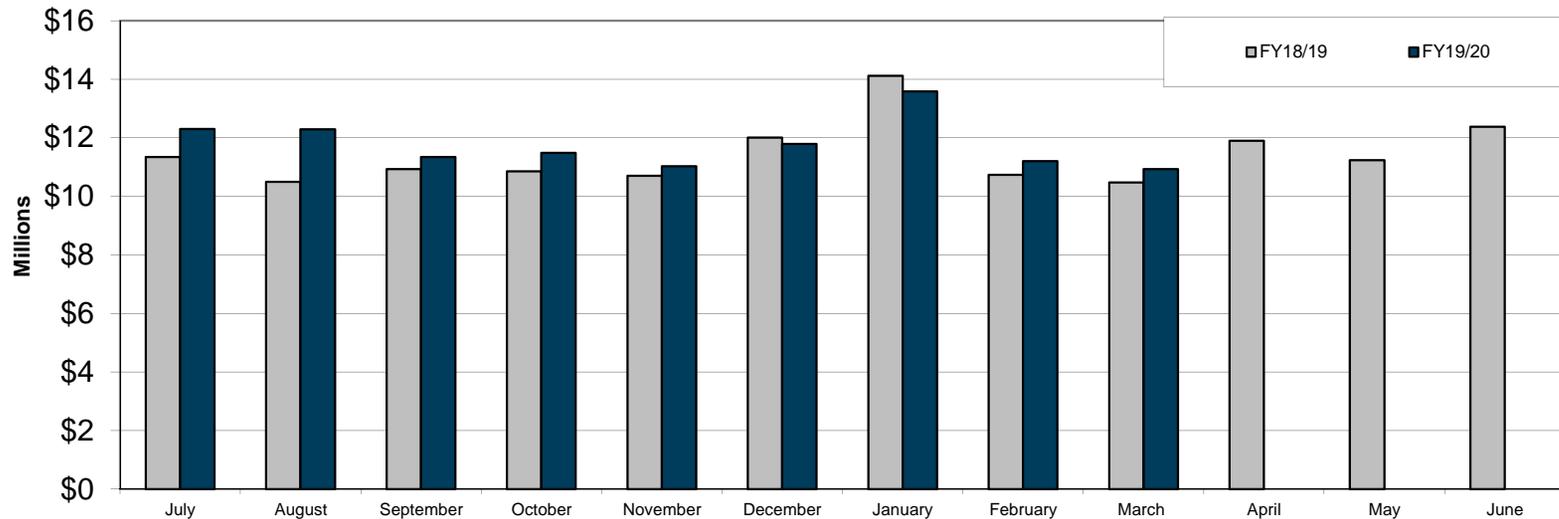
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Local Sales Tax Revenue

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	11,200,310	473,613	4.4%
March	10,472,268	10,927,737	455,469	4.3%
April	11,892,337			
May	11,235,476			
June	12,376,721			
Totals	\$ 101,628,637	\$ 105,949,729	\$ 4,321,091	4.3%

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 March 2020

Department	Adopted Budget	Adjusted Budget	Expenses & Encumbrances Thru Mar 2020	Percentage of Adjusted Budget Expended & Encumbered Thru Mar 2020	Percentage of Adjusted Budget Expended & Encumbered Thru Mar 2019	Over/Under Last Year's Percentage
City Clerk	\$ 749,869	\$ 1,180,676	\$ 580,377	49.2%	69.4%	-20.3%
City Manager and Organization Support ⁽¹⁾	16,972,444	19,387,746	12,406,774	64.0%	63.3%	0.7%
Communications & Public Affairs	2,574,476	2,966,099	1,896,235	63.9%	67.5%	-3.5%
Community Services	26,971,684	27,854,930	19,575,685	70.3%	71.7%	-1.4%
Cultural Development	3,650,576	3,863,620	2,780,704	72.0%	73.9%	-1.9%
Development Services	8,877,333	9,065,593	5,818,716	64.2%	66.7%	-2.5%
Fire	37,255,753	38,357,560	28,448,668	74.2%	74.6%	-0.4%
Information Technology	11,662,825	12,666,371	7,769,476	61.3%	65.5%	-4.2%
Law	3,795,202	3,862,945	2,763,199	71.5%	73.5%	-1.9%
Magistrate	4,607,201	4,667,631	3,236,924	69.3%	68.9%	0.4%
Management Services	8,137,020	8,327,144	5,858,963	70.4%	70.6%	-0.3%
Mayor and Council	1,049,815	1,064,088	730,050	68.6%	71.9%	-3.3%
Neighborhood Resources	4,013,933	4,263,575	2,904,102	68.1%	76.3%	-8.1%
Police	76,789,941	78,511,738	57,067,331	72.7%	75.5%	-2.8%
Public Works & Utilities	11,312,245	14,625,461	10,577,593	72.3%	62.6%	9.7%
Non-Departmental (Personnel Services and O&M)	40,072,980	37,989,566	27,933,922	73.5%	65.6%	7.9%
Subtotal Prior to Contingencies/Reserves	\$ 258,493,297	\$ 268,654,743	\$ 190,348,718	70.9%	71.5%	-0.7%
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	\$ 190,348,718	61.9%	61.8%	0.1%

⁽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.