CHANDLER
arizona

Informational Memo

Management Services - Memo No. 24-055

Date: January 12, 2024

To: Mayor and Council

Thru: Joshua H. Wright, City Manager JHW
Dawn Lang, Deputy City Manager/CFO DLL

From: Matt Dunbar, Assistant Director Budget & Policy MD

Subject: Fiscal Year (FY) 2023-24 General Fund Revenue Summary, Sales Tax Collection Report, and Expenditure Reports through December 2023

Attached is the FY 20232-24 General Fund Revenue and Expenditure Reports for period ending December 30, 2023.

Included with this memo are the following attachments:

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
Attachment 5 – General Fund Expenditure Summary

The General Fund Revenue Summary (Attachment 1) gives a budget to actual comparison of revenues through December 2023. This month reflects a 6.7% increase in total General Fund revenues from the budgeted revenues we would have anticipated being received to date based on historical trends, and a 9.6% increase over the same period of the prior year.

Collections in State and Local Transaction Privilege Tax (TPT) or Sales Tax (Attachments 1-4) shown in this report reflect November TPT reported/received in December. The State is reporting under collection in State Income Tax with the transition to a flat tax, which will have a direct impact on Urban Revenue Sharing as the City updates the forecast. Current Urban Revenue Sharing reflects taxes collected at the State two years prior, so are anticipated to come in within budget. Overall, year to date (YTD) collections in Local TPT, State Shared Revenue, and Urban Revenue Sharing all came in above budget as a result of continued spending and development in our local economy. It is important to note, that fluctuations related to development/contracting are considered one-time, as once the developments are completed, the related permit and local TPT collections cease. The Local TPT collections through December 2023, reflect an overall increase of 4.8% above budget, and a 2.1% increase compared to prior year actuals. Also, when comparing the TPT collections received in December 2023 to the same month in the prior year, collections are down 2.3%.

Finally, the FY 2023-24 General Fund Expenditure Summary (Attachment 5) report reflects the percent of adjusted budget expended and encumbered through December 2023. 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 of $73M, resulted in 58.3% spending through December 2023, compared to 54.7% for the same period last year. The difference coming primarily from the increased PSPRS payment amount, which was $23M more than the prior year payment of $50M.

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

Attachments: FY 2023-24 General Fund Monthly Revenue and Expenditure Reports through December 2023

c: Tadd Wille, Assistant City Manager
Andy Bass, Deputy City Manager

General Fund Revenue Summary

FY 2023-24 Year-To-Date Actuals Through December 2023

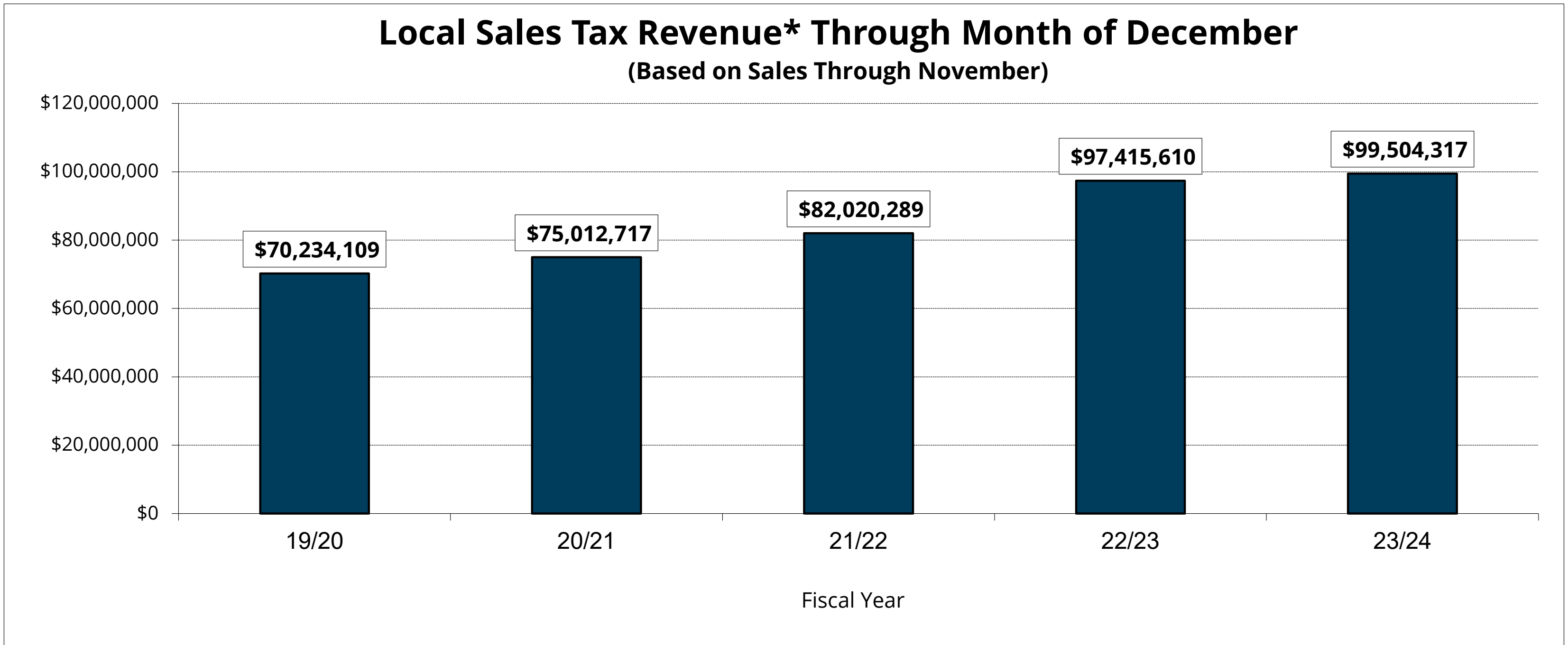
	Budget		Actuals			Comparison to Prior Year Actuals		
General Fund Revenues	**FY 2023-24 Adopted Budget**	**FY 2023-24 Budget Prorated Based on Historical Trend**	**FY 2023-24 Actual Revenue**	**+ or - of Actual to Budget**	**% Change of Actual to Budget**	**FY 2022-23 Actual Revenues for Same Period**	**Difference + or - from FY 2022-23 to FY 2023-24**	**% Change of Actuals to Same Period FY 2022-23**
Local Sales Tax Collections	$ 194,950,000	$ 94,955,271	**$ 99,504,317**	$ 4,549,046	4.8%	$ 97,415,610	$ 2,088,707	2.1%
Local Sales Tax Fees, Audit Assessments, Penalties, Interest	1,908,400	905,033	**3,315,987**	2,410,954	266.4%	1,973,856	1,342,131	68.0%
Total Local Sales Tax Revenue	$ 196,858,400	$ 95,860,304	**$ 102,820,304**	$ 6,960,000	7.3%	$ 99,389,466	$ 3,430,838	3.5%
Franchise Fees	3,471,000	768,117	**734,426**	(33,691)	-4.4%	751,542	(17,116)	-2.3%
Primary Property Taxes	8,731,611	4,527,594	**4,505,750**	(21,844)	-0.5%	4,517,173	(11,423)	-0.3%
State Shared Sales Tax Revenue	39,000,000	17,150,003	**19,287,490**	2,137,487	12.5%	18,289,786	997,704	5.5%
Vehicle License Tax	13,000,000	5,845,497	**6,222,980**	377,483	6.5%	5,989,963	233,017	3.9%
Urban Revenue Sharing	74,000,000	36,902,407	**37,193,019**	290,612	0.8%	26,506,809	10,686,210	40.3%
Smart and Safe	1,100,000	-	**717,994**	717,994	0.0%	-	717,994	0.0%
Public Safety State Allocation*	-	-	**1,125,000**	1,125,000	0.0%	-	1,125,000	0.0%
Licenses & Permits	6,864,900	2,568,520	**1,512,973**	(1,055,547)	-41.1%	3,591,786	(2,078,813)	-57.9%
Charges for Services	13,932,139	5,494,017	**6,699,762**	1,205,745	21.9%	6,136,763	562,999	9.2%
Fines & Forfeitures	3,549,850	1,673,819	**1,998,420**	324,601	19.4%	1,909,048	89,372	4.7%
Interest & Investments	3,818,000	1,415,266	**1,418,991**	3,725	0.3%	896,532	522,459	58.3%
Other Revenues	1,753,200	876,600	**703,270**	(173,330)	-19.8%	543,706	159,564	29.3%
Indirect Cost	7,978,182	3,989,091	**3,989,091**	(0)	0.0%	3,932,312	56,779	1.4%
Total General Fund Revenues	**$ 374,057,282**	**$ 177,071,235**	**$ 188,929,470**	**$ 11,858,235**	**6.7%**	**$ 172,454,886**	**$ 16,474,584**	**9.6%**
Prior Month	**$ 374,057,282**	**$ 146,124,382**	**$ 157,619,041**	**$ 11,494,659**	**7.9%**	**$ 142,714,168**	**$ 14,904,874**	**10.4%**
Change from Prior Month	**$ -**	**$ 30,946,853**	**$ 31,310,429**	**$ 363,576**	**-1.2%**	**$ 29,740,718**	**$ 1,569,712**	**-0.9%**

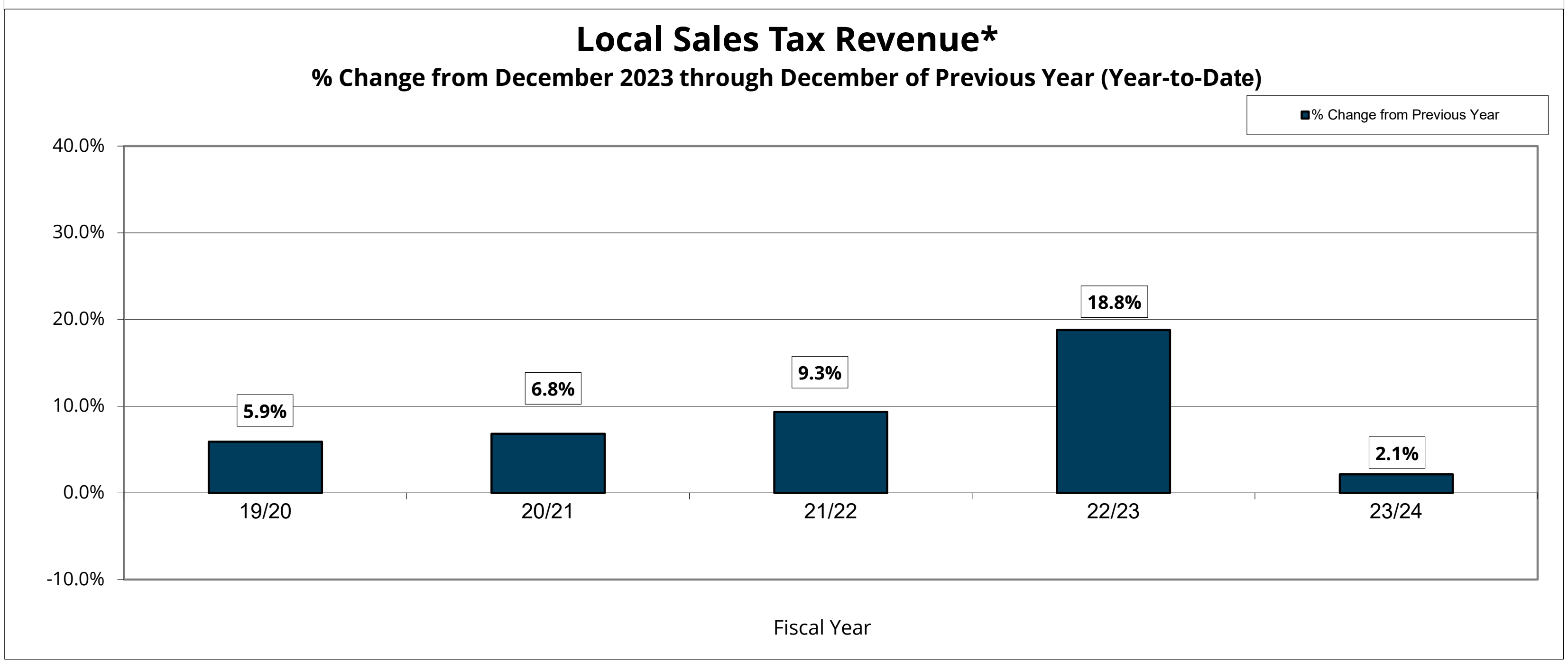
Note:

FY 2023-24 Adopted Budget excludes one-time Interfund Transfers-In of $700,000 to the General Fund 101 for Impact Fee loan repayments, which are used to fund General Capital Projects in Fund 401.

*Public Safety State Allocation is a new revenue line established this FY with an anticipated total to be received of $2,250,000.

Attachment 1





Totals are for sales tax only, and <u>exclude</u> privilege license fees, audit assessments, interest, and penalties.

Attachment 2

Sales Tax Revenue By Class

Through December Each Year (Year-to-Date) Revised

Sales Tax Category	FY22-23 % of Total	% Chg Fm PY	FY 2023-24	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22	% Chg Fm PY	FY 2020-21	% Chg Fm PY	FY 2019-20
Utilities	8.4%	8.2%	$ 10,620,487	3.1%	$ 9,811,697	2.5%	$ 9,513,722	8.8%	$ 9,284,712	-2.5%	$ 8,531,800
Telecommunications	0.9%	27.3%	$ 1,013,630	-2.2%	$ 796,420	-14.5%	$ 814,606	-20.3%	$ 952,859	7.1%	$ 1,195,503
Publishing / Advertising / Printing / Transportation	0.1%	-19.7%	$ 92,446	14.7%	$ 115,188	-1.3%	$ 100,439	151.5%	$ 101,807	-57.4%	$ 40,486
Restaurants & Bars	8.8%	5.4%	$ 8,658,209	10.5%	$ 8,215,960	29.2%	$ 7,437,778	-8.9%	$ 5,755,855	6.0%	$ 6,319,649
Amusements	0.7%	11.2%	$ 746,599	28.0%	$ 671,200	85.6%	$ 524,539	-51.5%	$ 282,610	3.0%	$ 582,481
Real Property Rentals	11.6%	8.9%	$ 12,150,388	11.8%	$ 11,153,133	8.7%	$ 9,974,133	0.5%	$ 9,179,515	13.0%	$ 9,138,383
Tangible Personal Property Rentals	2.6%	57.2%	$ 3,712,195	15.6%	$ 2,361,484	11.3%	$ 2,043,044	-14.3%	$ 1,836,372	6.9%	$ 2,142,757
Hotels / Motels	3.4%	-2.4%	$ 2,601,210	26.1%	$ 2,664,144	72.4%	$ 2,113,376	-31.1%	$ 1,225,532	18.6%	$ 1,778,099
Contracting	13.8%	-2.3%	$ 12,964,836	94.5%	$ 13,266,635	-10.3%	$ 6,819,591	0.2%	$ 7,599,783	5.9%	$ 7,584,552
Retail / Manufactured Buildings / Jet Fuel	46.1%	2.6%	$ 46,074,312	13.9%	$ 44,923,362	11.1%	$ 39,437,214	16.4%	$ 35,503,482	7.0%	$ 30,505,111
Use Tax	3.4%	-74.7%	$ 870,007	6.0%	$ 3,436,388	-1.5%	$ 3,241,846	36.2%	$ 3,290,190	-5.4%	$ 2,415,285
Total Sales Tax Revenue*	**100.0%**	**2.1%**	**$ 99,504,317**	**18.8%**	**$ 97,415,610**	**9.3%**	**$ 82,020,289**	**6.8%**	**$ 75,012,717**	**5.9%**	**$ 70,234,109**

Sales Tax Revenue By Class

Through December (Month-over-Month)

Sales Tax Category	% Chg Fm PY	FY 2023-24	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22	% Chg Fm PY	FY 2020-21	% Chg Fm PY	FY 2019-20
Utilities	14.2%	$ 1,291,270	-10.3%	$ 1,130,412	20.6%	$ 1,260,493	15.4%	$ 1,045,292	-42.3%	$ 906,110
Telecommunications	36.5%	$ 167,618	-6.8%	$ 122,779	-11.7%	$ 131,743	-23.5%	$ 149,280	7.8%	$ 195,072
Publishing / Advertising / Printing / Transportation	-35.4%	$ 15,074	22.5%	$ 23,321	-16.9%	$ 19,040	45.6%	$ 22,908	10.6%	$ 15,733
Restaurants & Bars	4.1%	$ 1,483,987	13.2%	$ 1,425,019	20.7%	$ 1,258,316	-9.4%	$ 1,042,367	15.1%	$ 1,151,049
Amusements	8.7%	$ 115,428	15.1%	$ 106,198	16.4%	$ 92,305	-27.6%	$ 79,271	18.5%	$ 109,462
Real Property Rentals	2.3%	$ 2,189,649	13.7%	$ 2,141,180	11.7%	$ 1,883,901	9.2%	$ 1,685,996	6.9%	$ 1,543,465
Tangible Personal Property Rentals	35.8%	$ 507,741	-0.3%	$ 373,786	40.6%	$ 375,021	-15.5%	$ 266,710	2.0%	$ 315,751
Hotels / Motels	-13.6%	$ 544,014	43.0%	$ 629,889	82.8%	$ 440,618	-37.3%	$ 241,093	48.4%	$ 384,540
Contracting	-42.5%	$ 1,630,901	116.9%	$ 2,835,997	-31.4%	$ 1,307,280	92.5%	$ 1,904,707	-4.2%	$ 989,589
Retail / Manufactured Buildings / Jet Fuel	5.1%	$ 8,024,739	4.5%	$ 7,637,797	14.1%	$ 7,309,798	11.6%	$ 6,405,692	24.7%	$ 5,739,932
Use Tax	12.8%	$ 557,503	-27.6%	$ 494,391	-1.4%	$ 683,300	56.9%	$ 693,001	27.0%	$ 441,655
Total Sales Tax Revenue*	**-2.3%**	**$ 16,527,924**	**14.6%**	**$ 16,920,770**	**9.1%**	**$ 14,761,816**	**14.8%**	**$ 13,536,318**	**8.7%**	**$ 11,792,358**

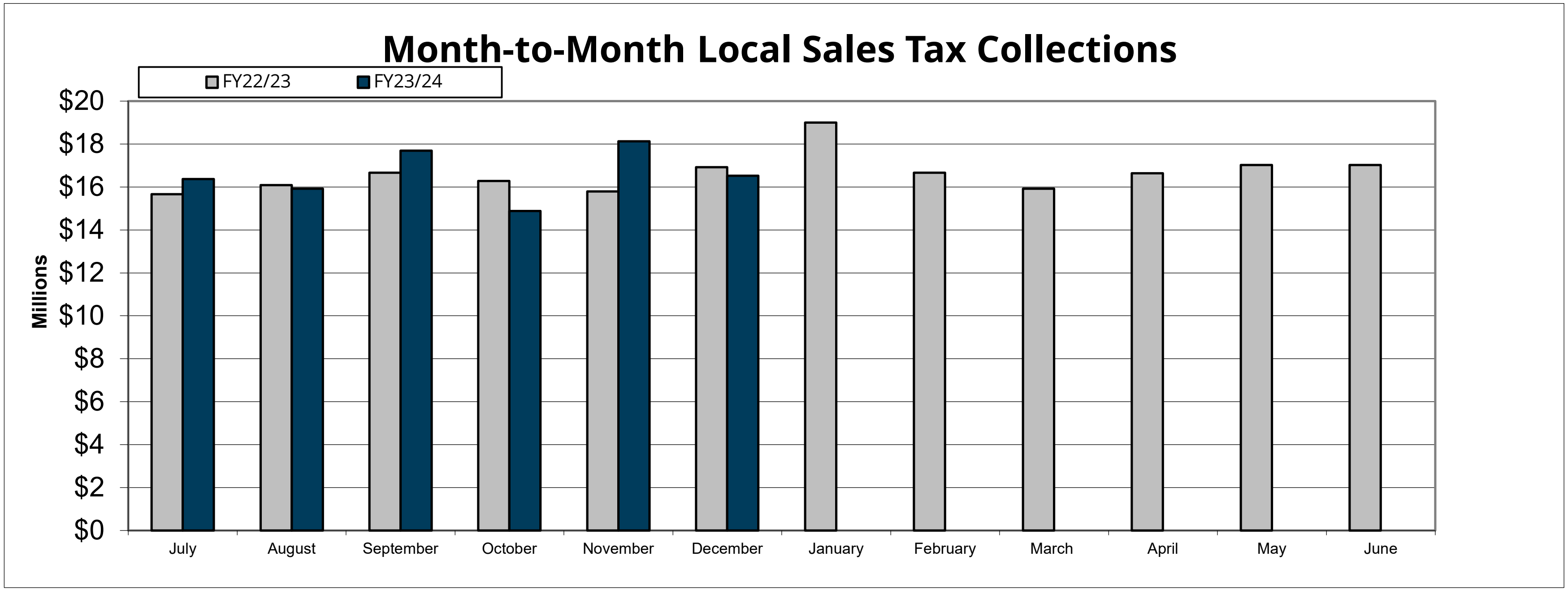
*Totals are for sales tax only, and exclude privilege license fees, audit assessments, interest, and penalties.

Attachment 3

Local Sales Tax Revenue

Monthly Actuals Compared to Prior Year

Local Sales Tax Collections *	Monthly Collections FY22/23	Monthly Collections FY23/24	$ Difference + / (-) FY23/24 over FY22/23	% Difference + / (-) FY23/24 over FY22/23
July	15,662,901	16,367,375	704,474	4.5%
August	16,086,953	15,915,687	(171,267)	-1.1%
September	16,668,758	17,693,076	1,024,318	6.1%
October	16,286,090	14,875,472	(1,410,617)	-8.7%
November	15,790,137	18,124,782	2,334,645	14.8%
December	16,920,770	16,527,924	(392,846)	-2.3%
January	18,997,718		(18,997,718)	-100.0%
February	16,662,379		(16,662,379)	-100.0%
March	15,926,597		(15,926,597)	-100.0%
April	16,637,632		(16,637,632)	-100.0%
May	17,023,794		(17,023,794)	-100.0%
June	17,019,863		(17,019,863)	-100.0%
Totals	$ 97,415,610	$ 99,504,317	$ 2,088,707	2.1%



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

Attachment 4

General Fund Expenditure Summary
Thru December 2023

Department	Adopted Budget	Adjusted Budget	Expenses & Encumbrances Thru December 2023	Percentage of Adjusted Budget Expended & Encumbered Thru December 2023	Percentage of Adjusted Budget Expended & Encumbered Thru December 2022	Over/Under Last Year's Percentage
City Clerk	$ 836,937	$ 1,077,546	$ 500,400	46.4%	**45.6%**	0.8%
City Manager and Organization Support[(1)]						
City Manager	2,053,320	2,116,505	1,024,003	48.4%	**48.2%**	0.2%
Diversity, Equity, and Inclusion	593,070	704,552	232,102	32.9%	**39.9%**	-7.0%
Human Resources	2,408,834	2,510,870	1,081,759	43.1%	**48.9%**	-5.8%
Buildings & Facilities	8,513,745	9,055,133	5,675,538	62.7%	**55.3%**	7.4%
Fleet Services	1,386,437	1,445,131	633,518	43.8%	**54.1%**	-10.3%
Economic Development	2,207,660	2,499,650	1,336,009	53.4%	**54.2%**	-0.8%
Transportation Policy	3,196,401	3,229,724	501,493	15.5%	**16.4%**	-0.9%
Cultural Development	4,542,297	4,771,774	2,483,607	52.0%	**54.3%**	-2.3%
Communications & Public Affairs	3,809,110	4,248,337	2,167,468	51.0%	**48.4%**	2.6%
Community Services	33,452,125	35,901,907	19,709,965	54.9%	**55.0%**	-0.1%
Development Services	10,980,344	11,432,340	4,720,200	41.3%	**41.9%**	-0.6%
Fire	44,819,411	47,605,390	24,806,143	52.1%	**55.3%**	-3.2%
Information Technology	21,304,000	24,153,471	11,919,426	49.3%	**42.5%**	6.8%
Law	4,687,089	4,815,857	2,361,917	49.0%	**48.5%**	0.5%
Magistrate	5,400,966	5,617,814	2,503,903	44.6%	**37.0%**	7.6%
Management Services	8,188,881	8,515,919	3,699,915	43.4%	**41.4%**	2.0%
Mayor and Council	1,262,159	1,298,899	506,933	39.0%	**41.9%**	-2.9%
Neighborhood Resources	6,700,823	10,195,105	4,285,543	42.0%	**27.1%**	14.9%
Police	92,895,766	101,210,735	51,990,968	51.4%	**48.6%**	2.8%
Public Works & Utilities	10,597,467	12,283,156	8,071,142	65.7%	**54.3%**	11.4%
Non-Departmental (Personnel Services and O&M)	99,431,981	91,661,906	74,850,284	81.7%	**78.1%**	3.6%
Subtotal Prior to Contingencies/Reserves	**$ 369,268,823**	**$ 386,351,721**	**$ 225,062,236**	**58.3%**	**54.7%**	**3.6%**
Non-Departmental Reserves (Carryforward, Utility, Fuel & DT)	16,124,552	3,430,000	-	0.0%	0.0%	0.0%
Non-Departmental Contingencies (15% & Council)	55,395,400	50,662,927	-	0.0%	0.0%	0.0%
Total General Fund Expenditures	**$ 440,788,775**	**$ 440,444,648**	**$ 225,062,236**	**51.1%**	**48.9%**	**2.2%**

[(1)] Organization Support includes Buildings and Facilities, Economic Development, Diversity, Equity & Inclusion, Fleet Services, Human Resources, Transportation Policy and Cultural Development.

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.

ATTACHMENT 5