



Informational Memo

Management Services - Memo No. 23-045

Date: March 14, 2023

To: Mayor and Council

Thru: Dawn Lang, Acting City Manager *DLL*

From: Matt Dunbar, Assistant Director of Budget & Policy *MD*

Subject: Fiscal Year (FY) 2022-23 General Fund Revenue Summary, Sales Tax Collection Report, and Expenditure Reports through February 2023

Attached is the FY 2022-23 General Fund Revenue and Expenditure Reports for period ending February 28, 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 February 2023. This month reflects an 18.6% increase in total General Fund revenues from the budgeted revenues we would have anticipated being received to date based on historical trends, and a 19.2% increase over the same period of the prior year. As a reminder, the FY 2022-23 Adopted Budget was developed without building in the revenue impacts of the large industrial development currently underway in Chandler. This activity has generated additional one-time revenue in the current year in numerous categories. This is being reviewed for what portion can be deemed sustainable to formulate the FY 2023-24 budget.

Collections in State and Local Transaction Privilege Tax (TPT) or Sales Tax (Attachments 1-4) shown in this report reflect January TPT reported/received in February. Overall, year to date (YTD) collections in Local TPT, Voter Authorized Local Revenues (VALR), also known as State Shared Sales Tax Revenue, and Urban Revenue Sharing all came in above budget reflecting

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continued strong spending from increased development activity and tourism, as well as inflation related increases. 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 February 2023, reflect an overall increase of 15.9% above budget, and a 17.8% increase compared to prior year actuals. Also, when comparing the TPT collections received in February 2023 to the same month in the prior year, collections are up 20.0%.

Finally, the FY 2022-23 General Fund Expenditure Summary (Attachment 5) report reflects the percent of adjusted budget expended and encumbered through February 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 \$50M, resulted in 65.7% spending through February 2023, compared to 65.9% 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 2022-23 General Fund Monthly Revenue and Expenditure Reports through February 2023

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

General Fund Revenue Summary

FY 2022-23 Year-To-Date Actuals Through February 2023

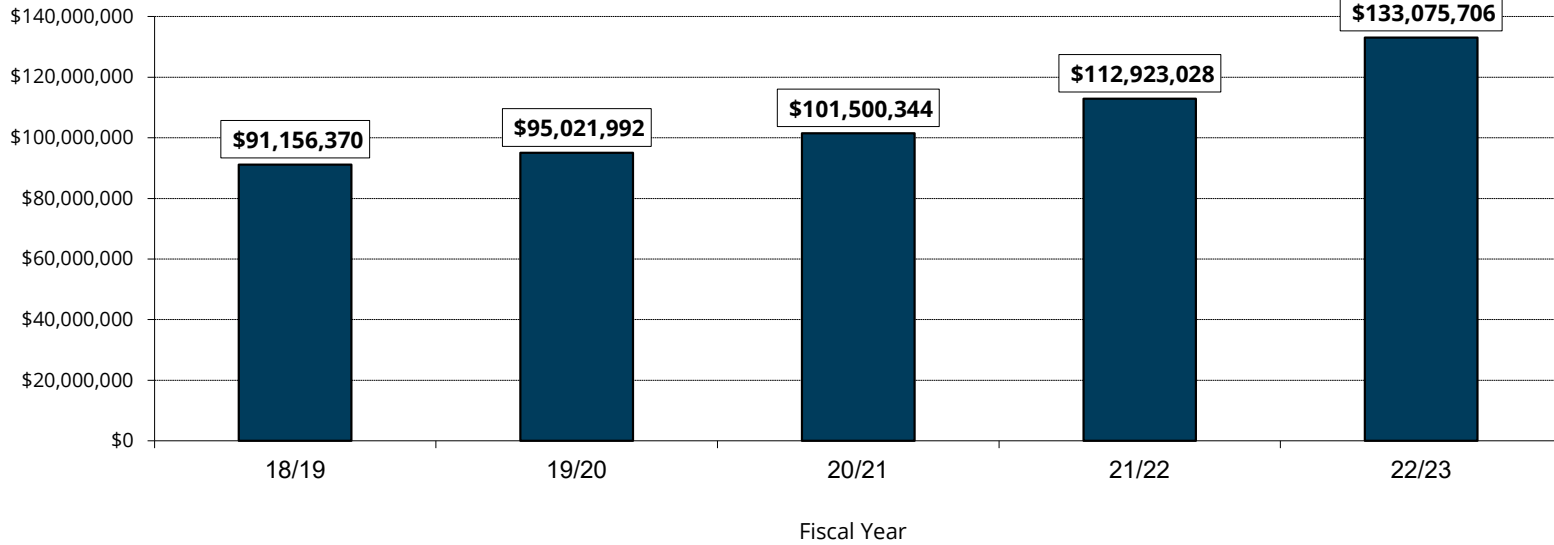
General Fund Revenues	Budget		Actuals			Comparison to Prior Year Actuals		
	FY 2022-23 Adopted Budget	FY 2022-23 Budget Prorated Based on Historical Trend	FY 2022-23 Actual Revenue	+ or - of Actual to Budget	% Change of Actual to Budget	FY 2021-22 Actual Revenues for Same Period	Difference + or - from FY 2021-22 to FY 2022-23	% Change of Actuals to Same Period FY 2021-22
Local Sales Tax Collections	\$ 173,200,000	\$ 114,846,395	\$ 133,075,706	\$ 18,229,311	15.9%	\$ 112,923,028	\$ 20,152,678	17.8%
Local Sales Tax Fees, Audit Assessments, Penalties, Interest	1,748,400	1,180,196	3,262,174	2,081,978	176.4%	2,456,972	805,202	32.8%
Total Local Sales Tax Revenue	\$ 174,948,400	\$ 116,026,591	\$ 136,337,880	\$ 20,311,289	17.5%	\$ 115,380,000	\$ 20,957,880	18.2%
Franchise Fees	3,451,000	2,061,130	2,313,151	252,021	12.2%	2,343,408	(30,257)	-1.3%
Primary Property Taxes	8,663,078	5,067,329	5,120,202	52,873	1.0%	5,055,688	64,514	1.3%
Voter Authorized Local Revenue	32,000,000	19,535,712	25,248,048	5,712,336	29.2%	23,156,426	2,091,622	9.0%
Vehicle License Tax	13,500,000	8,396,348	8,177,524	(218,824)	-2.6%	7,325,290	852,234	11.6%
Urban Revenue Sharing	42,720,000	28,440,262	35,342,412	6,902,150	24.3%	23,878,352	11,464,060	48.0%
Smart and Safe*	605,000	-	707,435	707,435	0.0%	611,479	95,956	15.7%
Licenses & Permits	6,718,500	4,209,221	6,152,163	1,942,942	46.2%	4,446,829	1,705,334	38.3%
Charges for Services	13,133,500	7,341,560	8,043,313	701,753	9.6%	7,375,010	668,303	9.1%
Fines & Forfeitures	3,413,800	2,224,480	2,678,670	454,190	20.4%	2,104,022	574,648	27.3%
Interest & Investments	2,317,000	1,239,659	1,383,583	143,924	11.6%	1,040,633	342,950	33.0%
Other Revenues	1,558,000	1,038,667	1,499,499	460,832	44.4%	2,144,565	(645,066)	-30.1%
Indirect Cost	7,864,624	5,243,083	5,243,083	(0)	0.0%	5,032,391	210,692	4.2%
Total General Fund Revenues	\$ 310,892,902	\$ 200,824,042	\$ 238,246,963	\$ 37,422,921	18.6%	\$ 199,894,093	\$ 38,352,870	19.2%
Prior Month	\$ 310,892,902	\$ 175,637,801	\$ 206,378,273	\$ 30,740,472	17.5%	\$ 175,285,240	\$ 31,093,033	17.7%
Change from Prior Month	\$ -	\$ 25,186,241	\$ 31,868,690	\$ 6,682,449	1.1%	\$ 24,608,853	\$ 7,259,837	1.4%

Note:

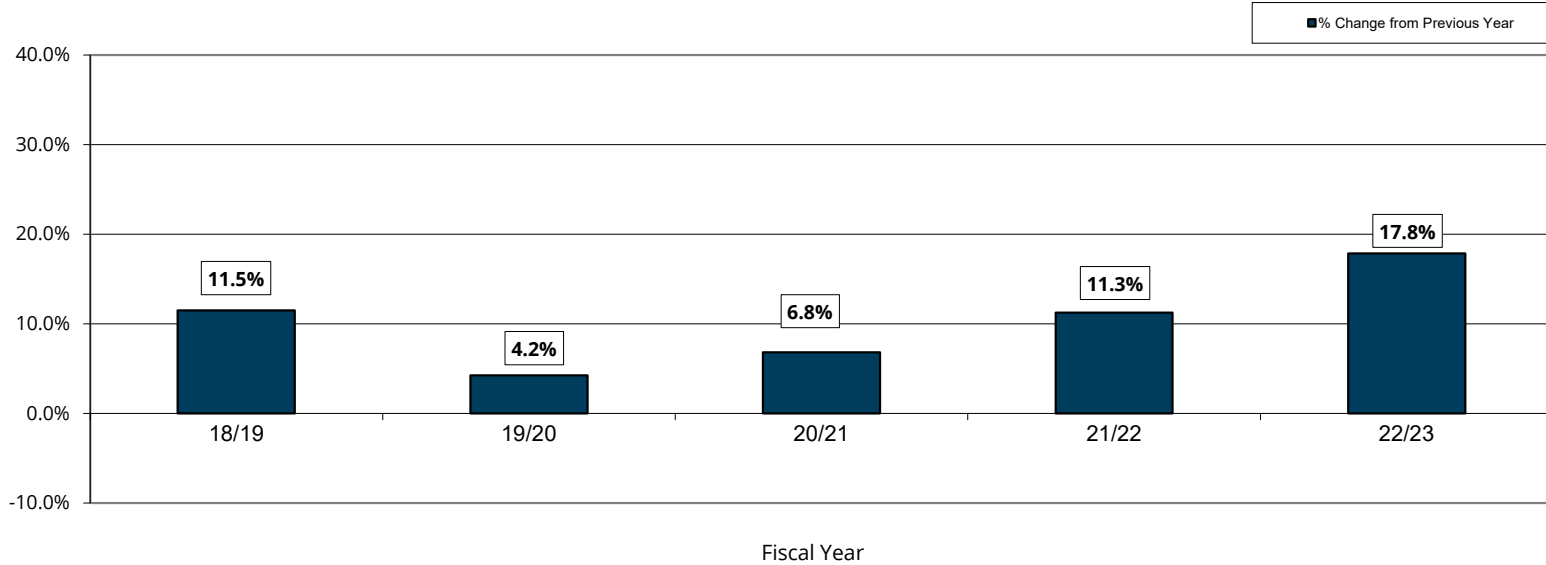
FY 2022-23 Adopted Budget excludes one-time Interfund Transfers-In of \$1,250,000 to the General Fund 101 for Impact Fee loan repayments, which are used to fund General Capital Projects in Fund 401.

*Smart and Safe is a new revenue line established this FY to delineate the revenues from Prop 207 which allows for adult use of recreational marijuana. These funds are received in December and June of each year.

Local Sales Tax Revenue* Through Month of February (Based on Sales Through January)



Local Sales Tax Revenue* % Change from February 2023 through February of Previous Year (Year-to-Date)



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

Sales Tax Revenue By Class

Through February Each Year (Year-to-Date)

Sales Tax Category	FY21-22 % of Total	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22	% Chg Fm PY	FY 2020-21	% Chg Fm PY	FY 2019-20	% Chg Fm PY	FY 2018-19
Utilities	9.0%	6.6%	\$ 12,127,573	1.2%	\$ 11,381,472	8.0%	\$ 11,243,549	-2.1%	\$ 10,408,333	7.4%	\$ 10,632,410
Telecommunications	0.9%	-1.3%	\$ 1,060,586	-12.4%	\$ 1,074,824	-22.8%	\$ 1,227,533	13.4%	\$ 1,589,292	-16.0%	\$ 1,401,908
Publishing / Advertising / Printing / Transportation	0.1%	12.0%	\$ 150,286	0.9%	\$ 134,205	78.3%	\$ 133,017	-42.5%	\$ 74,609	-6.5%	\$ 129,840
Restaurants & Bars	9.3%	10.5%	\$ 11,284,629	29.6%	\$ 10,209,963	-8.1%	\$ 7,880,107	4.9%	\$ 8,579,155	8.9%	\$ 8,177,653
Amusements	0.8%	25.3%	\$ 939,721	78.2%	\$ 749,732	-47.6%	\$ 420,627	1.1%	\$ 802,410	15.1%	\$ 793,646
Real Property Rentals	11.9%	12.7%	\$ 15,524,522	10.4%	\$ 13,772,065	1.6%	\$ 12,470,267	11.2%	\$ 12,278,277	9.9%	\$ 11,037,297
Tangible Personal Property Rentals	2.4%	19.1%	\$ 3,298,334	10.8%	\$ 2,769,550	-12.1%	\$ 2,500,668	4.5%	\$ 2,845,023	8.2%	\$ 2,723,210
Hotels / Motels	3.3%	25.3%	\$ 3,825,849	80.0%	\$ 3,053,847	-34.3%	\$ 1,696,297	17.4%	\$ 2,580,735	11.3%	\$ 2,198,650
Contracting	9.9%	85.4%	\$ 17,737,203	-4.2%	\$ 9,568,138	5.3%	\$ 9,987,649	-12.7%	\$ 9,482,606	42.9%	\$ 10,859,091
Retail / Manufactured Buildings / Jet Fuel	48.6%	12.1%	\$ 62,269,754	13.4%	\$ 55,558,373	13.8%	\$ 48,982,566	8.6%	\$ 43,058,626	7.4%	\$ 39,654,550
Use Tax	3.9%	4.4%	\$ 4,857,249	-6.2%	\$ 4,650,858	49.2%	\$ 4,958,063	-6.3%	\$ 3,322,926	27.1%	\$ 3,548,114
Total Sales Tax Revenue*	100.0%	17.8%	\$ 133,075,706	11.3%	\$ 112,923,027	6.8%	\$ 101,500,344	4.2%	\$ 95,021,992	11.5%	\$ 91,156,370

Sales Tax Revenue By Class

Through February (Month-over-Month)

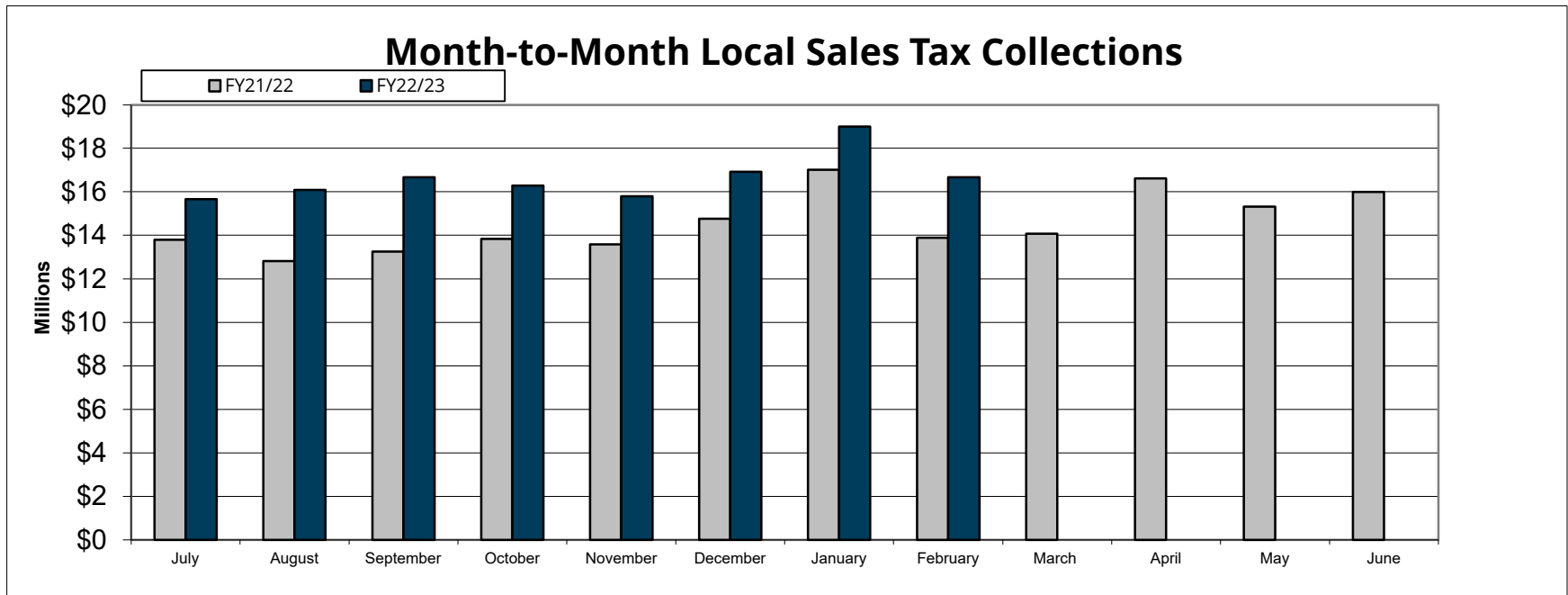
Sales Tax Category	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22	% Chg Fm PY	FY 2020-21	% Chg Fm PY	FY 2019-20	% Chg Fm PY	FY 2018-19
Utilities	11.6%	\$ 1,197,039	7.0%	\$ 1,072,500	4.7%	\$ 1,002,767	-2.3%	\$ 957,604	2.4%	\$ 980,020
Telecommunications	6.5%	\$ 135,049	0.9%	\$ 126,821	-34.2%	\$ 125,742	7.2%	\$ 191,009	-14.7%	\$ 178,114
Publishing / Advertising / Printing / Transportation	2.2%	\$ 16,909	21.5%	\$ 16,537	-23.8%	\$ 13,608	13.6%	\$ 17,848	-12.7%	\$ 15,716
Restaurants & Bars	16.0%	\$ 1,467,518	21.0%	\$ 1,264,937	-1.4%	\$ 1,045,583	-3.6%	\$ 1,060,234	14.9%	\$ 1,099,764
Amusements	14.5%	\$ 117,864	47.9%	\$ 102,901	-37.5%	\$ 69,596	-0.8%	\$ 111,439	26.1%	\$ 112,337
Real Property Rentals	13.1%	\$ 1,963,283	20.1%	\$ 1,735,295	0.5%	\$ 1,444,989	10.5%	\$ 1,437,537	10.5%	\$ 1,301,036
Tangible Personal Property Rentals	39.4%	\$ 468,964	5.7%	\$ 336,527	-8.0%	\$ 318,356	-6.6%	\$ 346,127	23.5%	\$ 370,478
Hotels / Motels	29.0%	\$ 692,167	93.5%	\$ 536,661	-39.8%	\$ 277,301	13.4%	\$ 460,999	13.7%	\$ 406,554
Contracting	108.6%	\$ 2,399,640	-8.8%	\$ 1,150,093	33.9%	\$ 1,261,571	-15.9%	\$ 942,024	42.6%	\$ 1,119,614
Retail / Manufactured Buildings / Jet Fuel	8.8%	\$ 7,533,351	24.1%	\$ 6,925,734	4.0%	\$ 5,583,017	15.0%	\$ 5,366,611	-3.6%	\$ 4,666,783
Use Tax	8.2%	\$ 670,596	-3.7%	\$ 619,623	108.3%	\$ 643,503	-35.1%	\$ 308,878	37.1%	\$ 476,279
Total Sales Tax Revenue*	20.0%	\$ 16,662,379	17.8%	\$ 13,887,628	5.2%	\$ 11,786,032	4.4%	\$ 11,200,310	6.9%	\$ 10,726,696

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

Local Sales Tax Revenue

Monthly Actuals Compared to Prior Year

Local Sales Tax Collections *	Monthly Collections FY21/22	Monthly Collections FY22/23	\$ Difference + / (-) FY22/23 over FY21/22	% Difference + / (-) FY22/23 over FY21/22
July	13,788,430	15,662,901	1,874,471	13.6%
August	12,815,247	16,086,953	3,271,706	25.5%
September	13,251,577	16,668,758	3,417,181	25.8%
October	13,827,187	16,286,090	2,458,903	17.8%
November	13,576,031	15,790,137	2,214,106	16.3%
December	14,761,816	16,920,770	2,158,954	14.6%
January	17,015,111	18,997,718	1,982,607	11.7%
February	13,887,628	16,662,379	2,774,750	20.0%
March	14,067,088	-	(14,067,088)	-100.0%
April	16,617,281	-	(16,617,281)	-100.0%
May	15,316,268	-	(15,316,268)	-100.0%
June	15,989,470	-	(15,989,470)	-100.0%
Totals	\$ 112,923,027	\$ 133,075,706	\$ 20,152,678	17.8%



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

General Fund Expenditure Summary Thru February 2023

Department	Adopted Budget	Adjusted Budget	Expenses & Encumbrances Thru February 2023	Percentage of Adjusted Budget Expended & Encumbered Thru February 2023	Percentage of Adjusted Budget Expended & Encumbered Thru February 2022	Over/Under Last Year's Percentage
City Clerk	\$ 1,033,622	\$ 1,179,005	\$ 634,322	53.8%	61.5%	-7.7%
City Manager and Organization Support ⁽¹⁾	18,646,048	20,435,145	11,778,071	57.6%	62.2%	-4.6%
Communications & Public Affairs	2,682,072	3,149,778	1,725,138	54.8%	57.6%	-2.8%
Community Services	29,928,146	32,829,927	22,084,473	67.3%	65.5%	1.8%
Cultural Development	4,001,437	4,279,284	2,913,331	68.1%	64.2%	3.9%
Development Services	10,008,386	10,689,908	5,993,612	56.1%	57.8%	-1.7%
Fire	39,238,155	44,245,210	30,619,764	69.2%	69.2%	0.0%
Information Technology	16,084,234	17,991,924	9,633,744	53.5%	55.1%	-1.6%
Law	4,236,416	4,453,713	2,867,242	64.4%	66.9%	-2.5%
Magistrate	5,025,617	5,241,502	2,656,130	50.7%	52.5%	-1.8%
Management Services	7,486,762	7,868,149	4,344,489	55.2%	58.2%	-3.0%
Mayor and Council	1,184,388	1,213,509	729,505	60.1%	56.8%	3.3%
Neighborhood Resources	4,114,985	8,503,513	3,024,022	35.6%	64.3%	-28.7%
Police	83,324,801	93,201,421	59,991,525	64.4%	66.5%	-2.1%
Public Works & Utilities	10,314,947	11,897,302	7,335,508	61.7%	63.6%	-1.9%
Non-Departmental (Personnel Services and O&M)	78,553,795	65,182,607	52,021,307	79.8%	77.1%	2.7%
Subtotal Prior to Contingencies/Reserves	\$ 315,863,811	\$ 332,361,897	\$ 218,352,183	65.7%	65.9%	-0.2%
Non-Departmental Reserves (Carryforward, Utility, Fuel & DT)	10,174,000	1,900,000	-	0.0%	0.0%	0.0%
Non-Departmental Contingencies (15% & Council)	45,879,300	37,834,580	-	0.0%	0.0%	0.0%
Total General Fund Expenditures	\$ 371,917,111	\$ 372,096,477	\$ 218,352,183	58.7%	58.0%	0.7%

⁽¹⁾ Organization Support includes Buildings and Facilities, Economic Development, Diversity, Equity & Inclusion, 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.