



Informational Memo

Management Services - Memo No. 23-039

Date: February 16, 2023

To: Mayor and Council

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

From: Matt Dunbar, Budget & Policy Officer *MD*

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

Attached is the FY 2022-23 General Fund Revenue and Expenditure Reports for period ending January 31, 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 January 2023. This month reflects a 17.5% increase in total General Fund revenues from the budgeted revenues we would have anticipated being received to date based on historical trends, and an 17.7% 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 will be reviewed for what portion can be deemed sustainable when formulating 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 holiday sales for December TPT reported/received in January. 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

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budget because of continued strong spending from increased development activity and tourism, as well as the related inflation impacts. This reflects the strong State revenues from this activity as well. It is important to note, that fluctuations related to development/contracting are considered one-time, since once the developments are completed, the related permit and local TPT collections eventually cease. The Local TPT collections through January 2023, reflect an overall increase of 15.0% above budget, and an 17.5% increase compared to prior year actuals. Also, when comparing the TPT collections received in January 2023 to the same month in the prior year, collections are up 11.7%.

Finally, the FY 2022-23 General Fund Expenditure Summary (Attachment 5) report reflects the percent of adjusted budget expended and encumbered through January 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 60.4% spending through January 2023, compared to 60.3% 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
January 2023

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

General Fund Revenue Summary

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

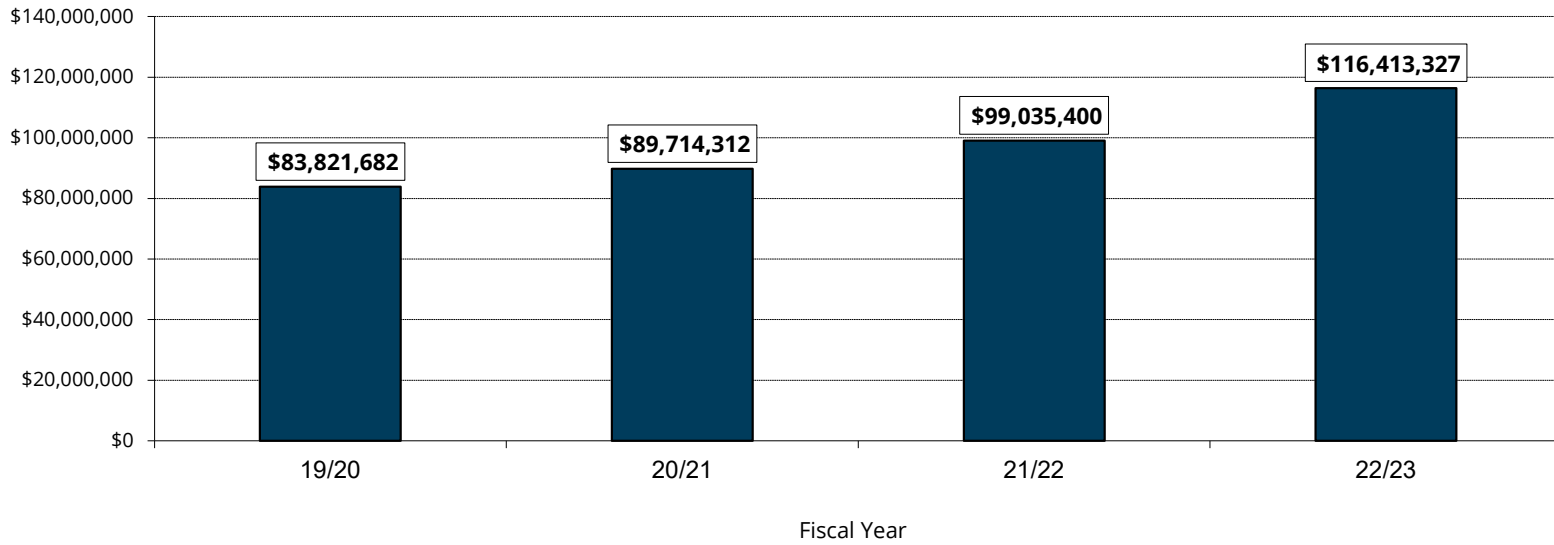
General Fund Revenues	Budget		Actuals			Comparison to Prior Year Actuals		
	FY 2022-23 Adopted Budget	FY 2022-23 Budget Prorated Based on Historical Trend	FY 2022-23 Actual Revenue	+ or - of Actual to Budget	% Change of Actual to Budget	FY 2021-22 Actual Revenues for Same Period	Difference + or - from FY 2021-22 to FY 2022-23	% Change of Actuals to Same Period FY 2021-22
Local Sales Tax Collections	\$ 173,200,000	\$ 101,216,688	\$ 116,413,327	\$ 15,196,639	15.0%	\$ 99,035,400	\$ 17,377,927	17.5%
Local Sales Tax Fees, Audit Assessments, Penalties, Interest	1,748,400	1,053,733	2,865,639	1,811,906	172.0%	2,265,363	600,276	26.5%
Total Local Sales Tax Revenue	\$ 174,948,400	\$ 102,270,421	\$ 119,278,966	\$ 17,008,546	16.6%	\$ 101,300,763	\$ 17,978,203	17.7%
Franchise Fees	3,451,000	1,389,046	1,783,752	394,706	28.4%	1,738,883	44,869	2.6%
Primary Property Taxes	8,663,078	4,899,308	4,904,323	5,015	0.1%	4,889,975	14,348	0.3%
Voter Authorized Local Revenue	32,000,000	16,665,721	21,246,571	4,580,850	27.5%	20,466,009	780,562	3.8%
Vehicle License Tax	13,500,000	7,296,535	6,990,564	(305,971)	-4.2%	6,338,392	652,172	10.3%
Urban Revenue Sharing	42,720,000	24,870,328	30,924,611	6,054,283	24.3%	20,845,176	10,079,435	48.4%
Smart and Safe*	605,000	-	707,435	707,435	0.0%	611,479	95,956	15.7%
Licenses & Permits	6,718,500	3,405,055	4,194,016	788,961	23.2%	3,888,760	305,256	7.8%
Charges for Services	13,133,500	6,343,511	7,232,165	888,654	14.0%	6,282,221	949,944	15.1%
Fines & Forfeitures	3,413,800	1,935,129	2,321,644	386,515	20.0%	1,799,433	522,211	29.0%
Interest & Investments	2,317,000	1,066,217	1,132,323	66,106	6.2%	909,631	222,692	24.5%
Other Revenues	1,558,000	908,833	1,074,206	165,373	18.2%	1,811,176	(736,970)	-40.7%
Indirect Cost	7,864,624	4,587,697	4,587,697	(0)	0.0%	4,403,342	184,355	4.2%
Total General Fund Revenues	\$ 310,892,902	\$ 175,637,801	\$ 206,378,273	\$ 30,740,472	17.5%	\$ 175,285,240	\$ 31,093,033	17.7%
Prior Month	\$ 310,892,902	\$ 147,541,947	\$ 172,454,886	\$ 24,912,939	16.9%	\$ 145,419,466	\$ 27,035,420	18.6%
Change from Prior Month	\$ -	\$ 28,095,854	\$ 33,923,387	\$ 5,827,533	0.6%	\$ 29,865,774	\$ 4,057,613	-0.9%

Note:

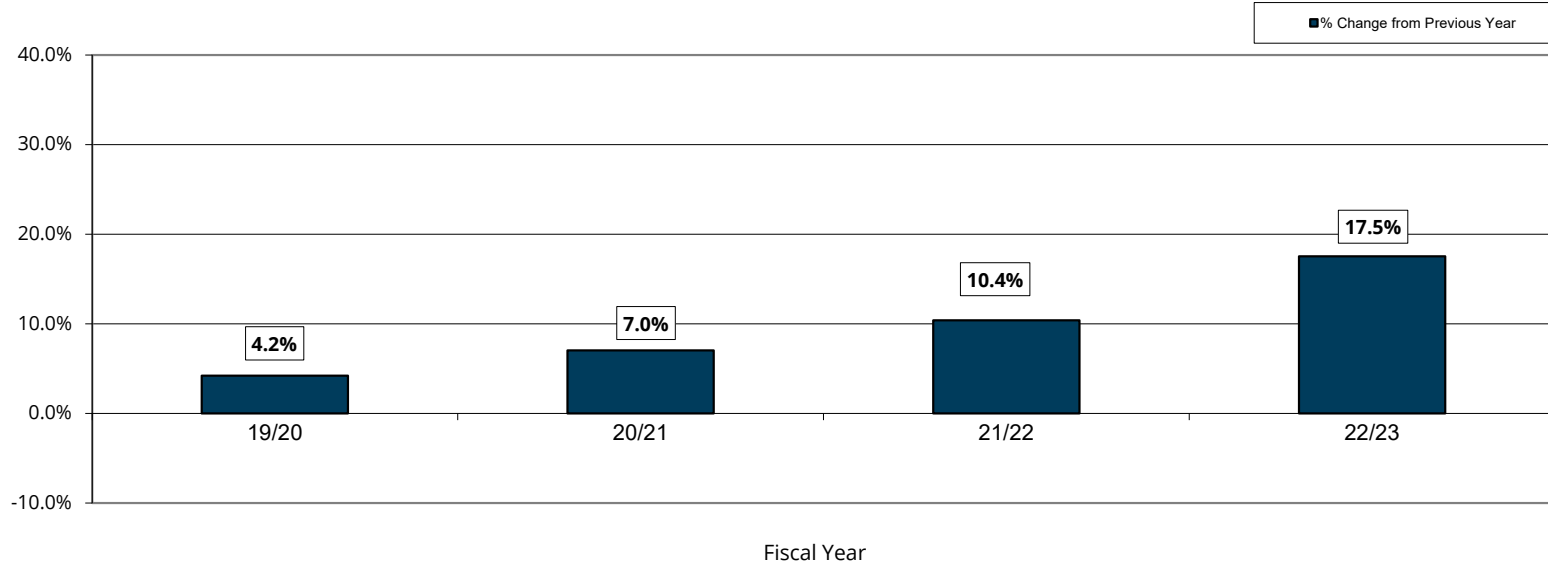
FY 2022-23 Adopted Budget excludes one-time Interfund Transfers-In of \$1,250,000 to the General Fund 101 for Impact Fee loan repayments, which are used to fund General Capital Projects in Fund 401.

*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 January (Based on Sales Through December)



Local Sales Tax Revenue* % Change from January 2023 through January 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 January 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%	6.0%	\$ 10,930,534	0.7%	\$ 10,308,972	8.4%	\$ 10,240,782	-2.1%	\$ 9,450,729	8.0%	\$ 9,652,390
Telecommunications	0.9%	-2.4%	\$ 925,537	-14.0%	\$ 948,003	-21.2%	\$ 1,101,791	14.3%	\$ 1,398,283	-16.2%	\$ 1,223,794
Publishing / Advertising / Printing / Transportation	0.1%	13.4%	\$ 133,378	-1.5%	\$ 117,668	110.4%	\$ 119,409	-50.3%	\$ 56,761	-5.6%	\$ 114,124
Restaurants & Bars	9.3%	9.7%	\$ 9,817,111	30.9%	\$ 8,945,026	-9.1%	\$ 6,834,524	6.2%	\$ 7,518,921	8.0%	\$ 7,077,889
Amusements	0.8%	27.1%	\$ 821,857	84.3%	\$ 646,831	-49.2%	\$ 351,031	1.4%	\$ 690,971	13.5%	\$ 681,309
Real Property Rentals	11.9%	12.7%	\$ 13,561,239	9.2%	\$ 12,036,770	1.7%	\$ 11,025,278	11.3%	\$ 10,840,739	9.9%	\$ 9,736,262
Tangible Personal Property Rentals	2.4%	16.3%	\$ 2,829,370	11.5%	\$ 2,433,023	-12.7%	\$ 2,182,312	6.2%	\$ 2,498,896	6.2%	\$ 2,352,731
Hotels / Motels	3.3%	24.5%	\$ 3,133,682	77.4%	\$ 2,517,187	-33.1%	\$ 1,418,997	18.3%	\$ 2,119,737	10.8%	\$ 1,792,096
Contracting	9.9%	82.2%	\$ 15,337,563	-3.5%	\$ 8,418,045	2.2%	\$ 8,726,077	-12.3%	\$ 8,540,582	43.0%	\$ 9,739,477
Retail / Manufactured Buildings / Jet Fuel	48.6%	12.6%	\$ 54,736,404	12.1%	\$ 48,632,639	15.1%	\$ 43,399,549	7.7%	\$ 37,692,015	9.0%	\$ 34,987,767
Use Tax	3.9%	3.9%	\$ 4,186,653	-6.6%	\$ 4,031,236	43.1%	\$ 4,314,561	-1.9%	\$ 3,014,047	25.7%	\$ 3,071,835
Total Sales Tax Revenue*	100.0%	17.5%	\$ 116,413,327	10.4%	\$ 99,035,400	7.0%	\$ 89,714,312	4.2%	\$ 83,821,682	12.2%	\$ 80,429,673

Sales Tax Revenue By Class

Through January (Month-over-Month)

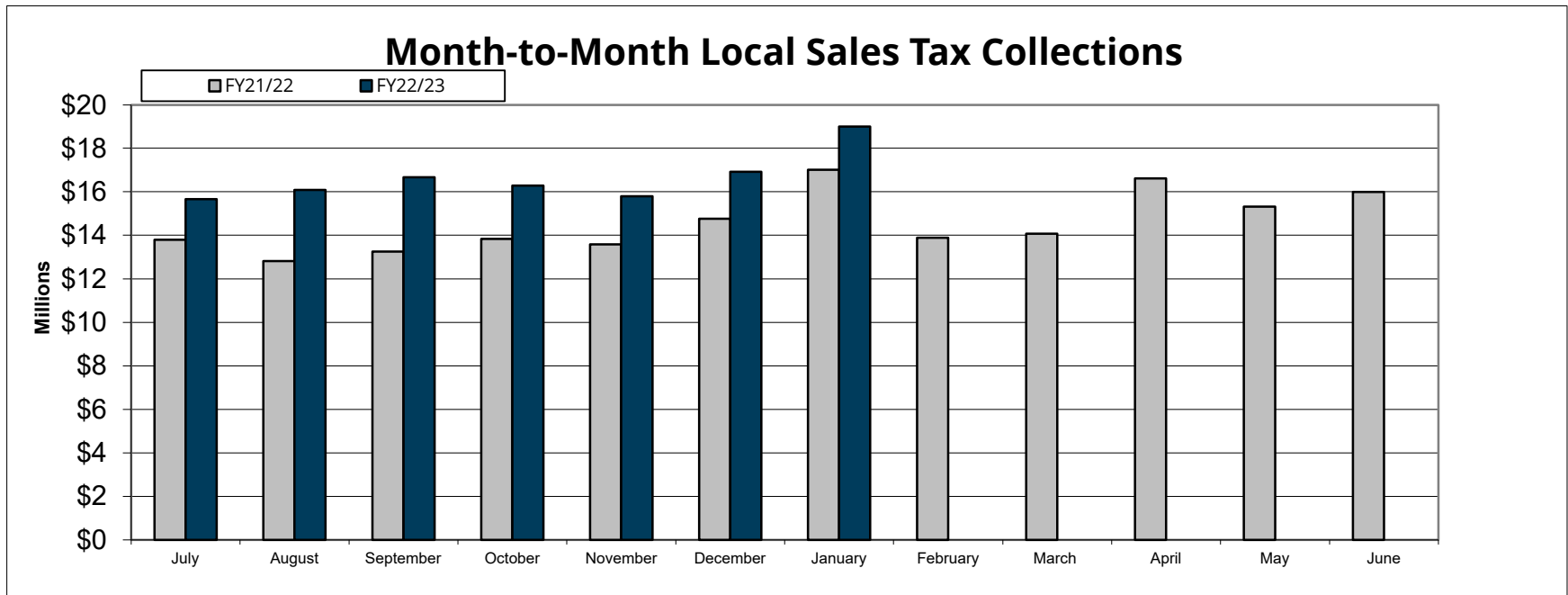
Sales Tax Category	% Chg Fm PY	FY 2022-23	% Chg Fm PY	FY 2021-22	% Chg Fm PY	FY 2020-21	% Chg Fm PY	FY 2019-20	% Chg Fm PY	FY 2018-19
Utilities	40.7%	\$ 1,118,837	-16.8%	\$ 795,250	4.0%	\$ 956,070	2.0%	\$ 918,929	32.8%	\$ 900,904
Telecommunications	-3.2%	\$ 129,117	-10.4%	\$ 133,397	-26.6%	\$ 148,932	88.1%	\$ 202,780	-45.8%	\$ 107,798
Publishing / Advertising / Printing / Transportation	5.6%	\$ 18,190	-2.1%	\$ 17,229	8.2%	\$ 17,602	-14.4%	\$ 16,275	-9.1%	\$ 19,009
Restaurants & Bars	6.2%	\$ 1,601,151	39.7%	\$ 1,507,248	-10.1%	\$ 1,078,669	7.3%	\$ 1,199,271	20.4%	\$ 1,117,740
Amusements	23.2%	\$ 150,657	78.7%	\$ 122,292	-36.9%	\$ 68,422	-6.2%	\$ 108,490	36.6%	\$ 115,639
Real Property Rentals	16.7%	\$ 2,408,106	11.7%	\$ 2,062,637	8.4%	\$ 1,845,763	3.4%	\$ 1,702,356	35.1%	\$ 1,646,548
Tangible Personal Property Rentals	20.0%	\$ 467,886	12.7%	\$ 389,979	-2.9%	\$ 345,940	2.2%	\$ 356,139	20.2%	\$ 348,589
Hotels / Motels	16.3%	\$ 469,538	108.7%	\$ 403,810	-43.4%	\$ 193,465	16.7%	\$ 341,637	-5.1%	\$ 292,628
Contracting	29.6%	\$ 2,070,928	41.9%	\$ 1,598,454	17.8%	\$ 1,126,295	-62.9%	\$ 956,030	116.4%	\$ 2,578,812
Retail / Manufactured Buildings / Jet Fuel	6.7%	\$ 9,813,042	16.5%	\$ 9,195,424	9.9%	\$ 7,896,066	11.1%	\$ 7,186,903	37.9%	\$ 6,470,674
Use Tax	-5.0%	\$ 750,265	-22.9%	\$ 789,390	71.1%	\$ 1,024,371	15.7%	\$ 598,762	-12.5%	\$ 517,688
Total Sales Tax Revenue*	11.7%	\$ 18,997,718	15.7%	\$ 17,015,111	8.2%	\$ 14,701,595	-3.7%	\$ 13,587,573	38.3%	\$ 14,116,030

*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	-	(13,887,628)	-100.0%
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	\$ 99,035,399	\$ 116,413,327	\$ 17,377,928	17.5%



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

General Fund Expenditure Summary Thru January 2023

Department	Adopted Budget	Adjusted Budget	Expenses & Encumbrances Thru January 2023	Percentage of Adjusted Budget Expended & Encumbered Thru January 2023	Percentage of Adjusted Budget Expended & Encumbered Thru January 2022	Over/Under Last Year's Percentage
City Clerk	\$ 1,033,622	\$ 1,179,005	\$ 584,790	49.6%	61.0%	-11.4%
City Manager and Organization Support ⁽¹⁾	18,646,048	20,430,799	\$ 10,750,634	52.6%	55.8%	-3.2%
Communications & Public Affairs	2,682,072	3,149,778	\$ 1,602,015	50.9%	51.9%	-1.0%
Community Services	29,928,146	32,829,927	\$ 20,129,907	61.3%	60.4%	0.9%
Cultural Development	4,001,437	4,279,284	\$ 2,639,530	61.7%	58.4%	3.3%
Development Services	10,008,386	10,689,908	\$ 5,196,870	48.6%	50.8%	-2.2%
Fire	39,238,155	43,403,190	\$ 27,222,540	62.7%	62.2%	0.5%
Information Technology	16,084,234	17,991,924	\$ 8,595,244	47.8%	51.1%	-3.3%
Law	4,236,416	4,453,713	\$ 2,499,151	56.1%	59.7%	-3.6%
Magistrate	5,025,617	5,241,502	\$ 2,300,568	43.9%	46.6%	-2.7%
Management Services	7,486,762	7,868,149	\$ 3,736,670	47.5%	51.6%	-4.1%
Mayor and Council	1,184,388	1,213,509	\$ 634,501	52.3%	50.1%	2.2%
Neighborhood Resources	4,114,985	8,503,513	\$ 2,698,391	31.7%	58.9%	-27.2%
Police	83,324,801	93,201,421	\$ 53,204,238	57.1%	59.3%	-2.2%
Public Works & Utilities	10,314,947	11,897,302	\$ 6,908,713	58.1%	60.6%	-2.5%
Non-Departmental (Personnel Services and O&M)	78,553,795	66,026,572	\$ 51,949,735	78.7%	76.1%	2.6%
Subtotal Prior to Contingencies/Reserves	\$ 315,863,811	\$ 332,359,496	\$ 200,653,497	60.4%	60.3%	0.1%
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	\$ 372,094,076	\$ 200,653,497	53.9%	53.0%	0.9%

⁽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.