



MEMORANDUM

Management Services Memo No. 17-033

DATE: NOVEMBER 17, 2016

TO: MAYOR AND COUNCIL

THRU: MARSHA REED, CITY MANAGER *MR*
DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*

FROM: GREG WESTRUM, BUDGET MANAGER *GW*

SUBJECT: FISCAL YEAR (FY) 2016-17 MONTHLY REVENUE SUMMARY, SALES TAX COLLECTION REPORT AND GENERAL FUND EXPENDITURE REPORTS THROUGH OCTOBER 2016

Attached is the FY 2016-17 General Fund Monthly Revenue and Expenditure Reports for the period ending October 2016. Included in this report 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 Monthly Revenue Summary gives a budget to actual comparison of revenues through October 2016. This month reflects a 12.5% increase in total General Fund revenues from the budgeted revenue received to date based on historical trends. Most revenue categories are recording revenues in excess of historical trend. The two exceptions are Primary Property Tax (-16.7%) and Fines and Forfeitures (-25.1%). Primary Property Tax revenues are inconsistent from month to month because taxes are billed twice a year by the County for homeowner property tax payments (October and March). We anticipate Primary Property Tax revenues will be very close to budget by year end. Revenues for Fines and Forfeitures are lower than budget based on historical trend as the result of the transition of the Photo Red light program to a new contractor. The transition is now complete and revenues should be stable through the remainder of the year.

Local transaction privilege (sales) tax through October 2016 reflects an increase of 15.0% over historical trend, and an increase of 10.6% compared to the same period last year. The largest category, Retail/Manufactured Buildings/Jet Fuel is 11.5% higher than one year earlier, along

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with increases in categories such as Restaurants & Bars (+8.8%), Hotels/Motels (+26.0%), Contracting (+38.6%), and Use Tax (+88.7%) categories. The increase in Hotels/Motels and Restaurants & Bars is consistent with the construction of new hotels and new restaurants in the City over the past year. Increases in Contracting and Use Tax are somewhat surprising and will be watched closely to see if they level out over the course of the year.

The FY 2016-17 General Fund Expenditure Summary report reflects the percent of adjusted budget expended and encumbered through October 2016, then compares this spending percent to the prior fiscal year. Spending of 35.2% has occurred through October 2016, compared to 36.4% for the same period last year.

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

cc: Nachie Marquez, Assistant City Manager

CITY OF CHANDLER REVENUE SUMMARY

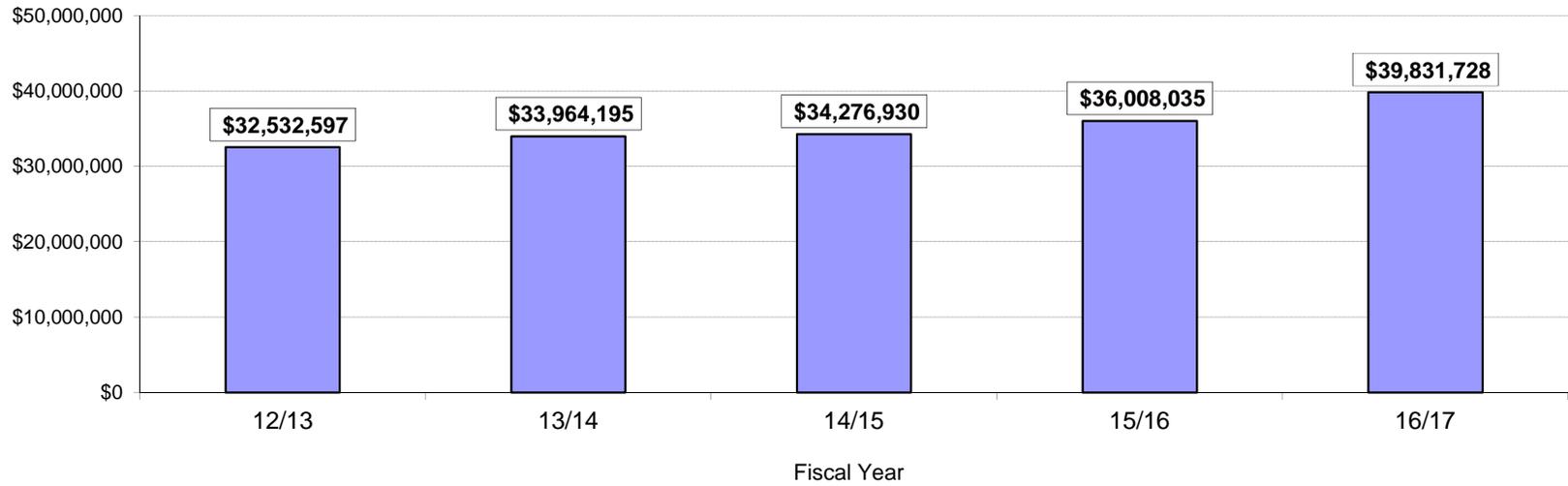
FY 2016-17 Year-To-Date Actuals Through October 2016

| GENERAL FUND REVENUES | BUDGET | | ACTUALS | | | COMPARISON TO PRIOR YEAR ACTUALS | | |
|--|---------------------------|--|-------------------------------|--|---|--|---|---|
| | FY 2016-17 Adopted Budget | FY 2016-17 Budget Prorated Based on Historical Trend | FY 2016-17 Actual Revenue YTD | + or - of Actual to Budget Based on Historical Trend | % Change of Actual to Budget Based on Hist. Trend | FY 2015-16 Actual Revenues for Same Period | Difference + or (-) from FY 2015-16 to FY 2016-17 | % Change of Actuals to Same Period FY 2015-16 |
| Local Sales Tax Collections | \$ 105,300,000 | \$ 34,642,587 | \$ 39,831,728 | \$ 5,189,141 | 15.0% | \$ 36,008,035 | \$ 3,823,693 | 10.6% |
| Local Sales Tax Fees, Audit Assessments, Penalties, Interest | 2,091,000 | 610,466 | 431,578 | (178,888) | -29.3% | 730,110 | (298,532) | -40.9% |
| Total Local Sales Tax Revenue | 107,391,000 | 35,253,053 | 40,263,306 | 5,010,253 | 14.2% | 36,738,145 | 3,525,161 | 9.6% |
| Franchise Fees | 3,275,000 | 304,130 | 676,667 | 372,537 | 122.5% | 234,003 | 442,664 | 189.2% |
| Primary Property Taxes | 7,556,520 | 503,818 | 419,892 | (83,926) | -16.7% | 540,331 | (120,439) | -22.3% |
| State Shared Sales Taxes | 23,407,000 | 5,510,704 | 5,698,817 | 188,113 | 3.4% | 5,312,777 | 386,040 | 7.3% |
| Vehicle License Tax | 9,500,000 | 2,565,554 | 2,922,100 | 356,546 | 13.9% | 2,818,970 | 103,130 | 3.7% |
| Urban Revenue Sharing | 30,000,000 | 9,996,556 | 10,643,608 | 647,052 | 6.5% | 9,484,540 | 1,159,068 | 12.2% |
| Licenses & Permits | 4,921,000 | 1,153,359 | 2,378,717 | 1,225,358 | 106.2% | 2,230,189 | 148,528 | 6.7% |
| Charges for Services | 11,199,607 | 3,314,524 | 3,351,017 | 36,493 | 1.1% | 3,623,306 | (272,289) | -7.5% |
| Fines & Forfeitures | 3,501,900 | 1,125,498 | 843,028 | (282,470) | -25.1% | 1,078,268 | (235,240) | -21.8% |
| Interest & Investments | 1,222,000 | 193,171 | 396,974 | 203,803 | 105.5% | 261,796 | 135,178 | 51.6% |
| Other Revenues | 1,778,650 | 466,699 | 645,719 | 179,020 | 38.4% | 503,779 | 141,940 | 28.2% |
| Indirect Cost | 7,068,600 | 2,356,220 | 2,356,200 | (20) | 0.0% | 2,391,463 | (35,263) | -1.5% |
| TOTAL GENERAL FUND REVENUES | \$ 210,821,277 | \$ 62,743,288 | \$ 70,596,045 | \$ 7,852,759 | 12.5% | \$ 65,217,567 | \$ 5,378,478 | 8.2% |
| Prior Month | \$ 210,821,277 | \$ 45,875,879 | \$ 51,155,298 | \$ 5,279,419 | 11.5% | \$ 47,554,715 | \$ 3,600,583 | 7.6% |
| Change from Prior Month | \$ - | \$ 16,867,409 | \$ 19,440,747 | \$ 2,573,340 | 1.0% | \$ 17,662,852 | \$ 1,777,895 | 0.6% |

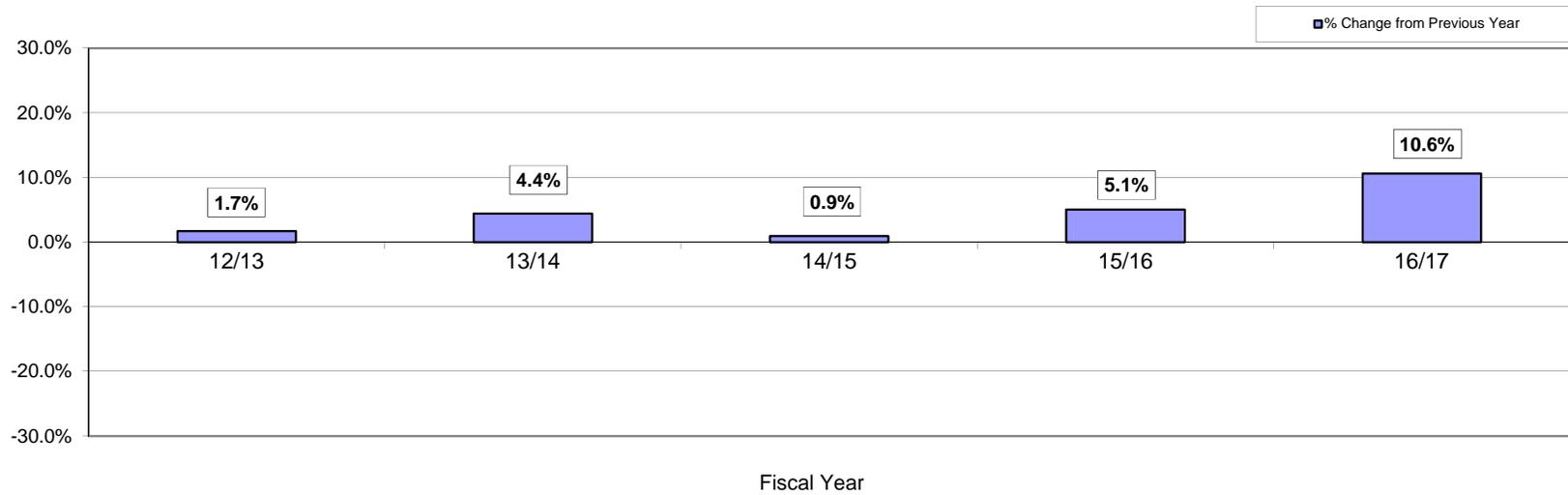
Note:

FY 2016-17 Adopted Budget excludes Interfund Transfers of \$800,000 to the General Fund for Impact Fee loan repayments.

Local Sales Tax Revenue* Through Month of October
 (Based on Retail Sales Through September)



Local Sales Tax Revenue*
 % Change from October through October 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 OCTOBER EACH YEAR (YEAR-TO-DATE)**

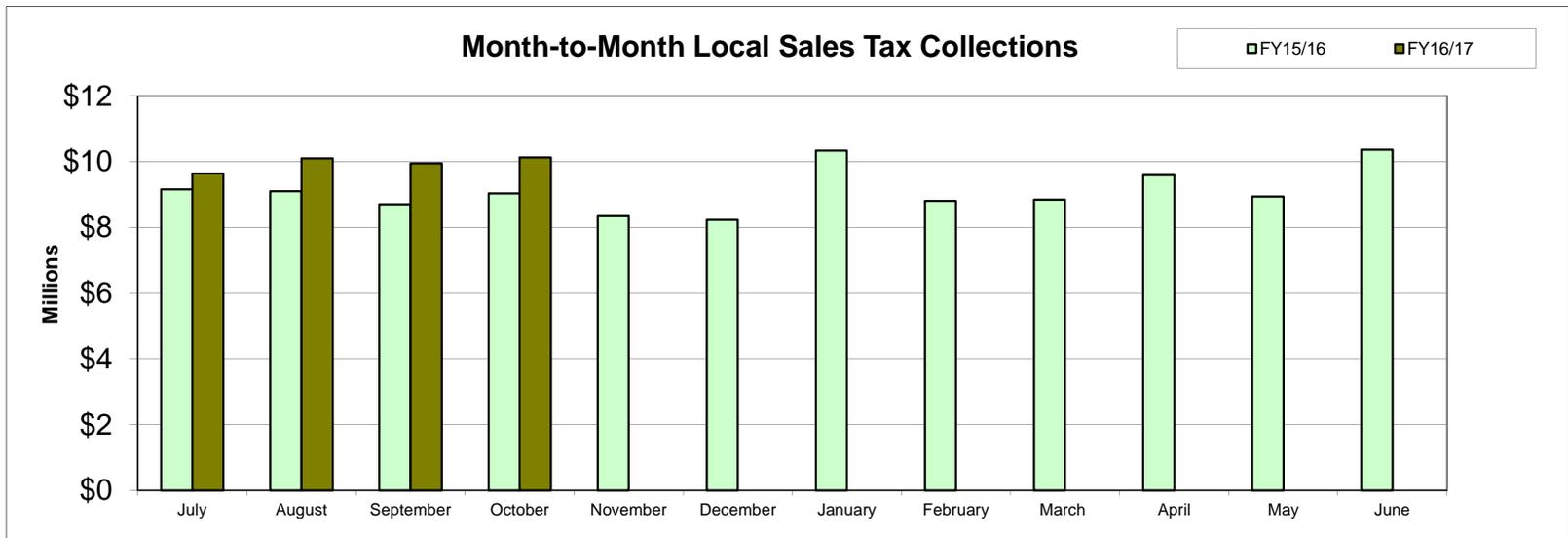
| Sales Tax Category | FY15-16 | % Chg | THRU OCT | % Chg | THRU OCT | % Chg | THRU OCT | % Chg | THRU OCT | % Chg | THRU OCT |
|--|---------------|--------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|
| | % of Total | fm PY | FY 2016-17 | fm PY | FY 2015-16 | fm PY | FY 2014-15 | fm PY | FY 2013-14 | fm PY | FY 2012-13 |
| Utilities | 12.6% | -2.3% | \$ 6,017,990.84 | 7.6% | \$ 6,161,543.75 | 4.4% | \$ 5,726,003.54 | 4.5% | \$ 5,483,704.53 | -3.5% | \$ 5,247,058.86 |
| Telecommunications | 3.0% | -9.6% | \$ 967,120.25 | -7.8% | 1,069,627.57 | -1.4% | 1,160,096.48 | -9.3% | 1,177,018.44 | 4.5% | 1,297,955.80 |
| Publishing / Advertising / Printing / Transportation | 0.2% | -39.6% | \$ 54,108.39 | 9.0% | 89,654.21 | -13.9% | 82,216.84 | -7.8% | 95,511.94 | -19.6% | 103,547.35 |
| Restaurants & Bars | 9.8% | 8.8% | \$ 3,547,630.14 | 4.4% | 3,259,234.46 | 4.3% | 3,120,969.28 | 9.4% | 2,992,314.18 | 0.1% | 2,734,687.36 |
| Amusements | 0.9% | -0.6% | \$ 310,977.71 | 33.1% | 312,996.90 | -4.1% | 235,239.82 | 17.8% | 245,305.39 | -6.1% | 208,290.90 |
| Real Property Rentals | 12.1% | 3.9% | \$ 4,583,449.65 | 11.9% | 4,410,013.46 | 5.2% | 3,940,585.80 | 3.1% | 3,744,699.92 | 4.4% | 3,632,559.39 |
| Tangible Personal Property Rentals | 2.9% | 23.6% | \$ 1,281,502.61 | -1.7% | 1,036,737.06 | 11.0% | 1,054,880.89 | 0.9% | 950,590.33 | 18.2% | 942,043.97 |
| Hotels / Motels | 2.7% | 26.0% | \$ 775,108.92 | -2.2% | 615,084.20 | 7.2% | 628,809.25 | 3.0% | 586,601.42 | -1.5% | 569,791.71 |
| Contracting | 8.1% | 38.6% | \$ 3,986,867.81 | -8.0% | 2,875,905.00 | -9.0% | 3,126,215.89 | -2.2% | 3,433,894.92 | -1.4% | 3,510,657.62 |
| Retail / Manufactured Buildings / Jet Fuel | 46.7% | 11.5% | \$ 17,645,653.04 | 5.8% | 15,826,729.55 | 0.9% | 14,954,016.62 | 7.5% | 14,826,978.22 | 2.6% | 13,788,472.33 |
| Use Tax | 1.0% | 88.7% | \$ 661,318.77 | 41.4% | 350,509.20 | -42.0% | 247,895.31 | -14.1% | 427,575.51 | 31.7% | 497,531.92 |
| TOTAL SALES TAX REVENUE | 100.0% | 10.6% | \$ 39,831,728.13 | 5.1% | \$ 36,008,035.36 | 0.9% | \$ 34,276,929.72 | 4.4% | \$ 33,964,194.80 | 1.7% | \$ 32,532,597.21 |

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

CITY OF CHANDLER LOCAL SALES TAX REVENUE

Monthly Actuals Compared to Prior Year

| Local Sales Tax Collections * | Monthly Collections FY15/16 | Monthly Collections FY16/17 | \$ Difference + / (-) FY16/17 over FY15/16 | % Difference + / (-) FY16/17 over FY15/16 |
|-------------------------------|-----------------------------|-----------------------------|--|---|
| July | 9,159,604 | 9,639,550 | 479,946 | 5.2% |
| August | 9,107,351 | 10,101,975 | 994,624 | 10.9% |
| September | 8,703,199 | 9,954,563 | 1,251,364 | 14.4% |
| October | 9,037,881 | 10,135,640 | 1,097,759 | 12.1% |
| November | 8,350,897 | | | |
| December | 8,235,914 | | | |
| January | 10,337,210 | | | |
| February | 8,815,281 | | | |
| March | 8,844,656 | | | |
| April | 9,594,147 | | | |
| May | 8,947,728 | | | |
| June | 10,371,886 | | | |
| Totals | 36,008,035 | 39,831,728 | 3,823,693 | 10.6% |



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

CITY OF CHANDLER GENERAL FUND EXPENDITURE SUMMARY THROUGH OCTOBER 2016

| Department | Adopted Budget | Adjusted Budget | Expenses & Encumbrances Thru Oct 2016 | Percentage of Adjusted Budget Expended & Encumbered Thru Oct 2016 | Percentage of Adjusted Budget Expended & Encumbered Thru Oct 2015 | Over/Under Last Year's Percentage |
|--|-----------------------|-----------------------|---------------------------------------|---|---|-----------------------------------|
| City Clerk | \$ 826,714 | \$ 900,418 | \$ 330,203 | 36.7% | 37.5% | -0.8% |
| City Manager and Organization Support* | 37,752,673 | 39,337,941 | 14,895,384 | 37.9% | 37.7% | 0.2% |
| Communications & Public Affairs | 2,523,492 | 2,817,324 | 964,042 | 34.2% | 35.3% | -1.1% |
| Community Services** | 17,736,240 | 18,831,529 | 7,618,724 | 40.5% | 41.1% | -0.6% |
| Fire, Health & Medical*** | 32,718,525 | 34,127,649 | 11,822,846 | 34.6% | 34.4% | 0.2% |
| Law | 3,614,983 | 3,670,305 | 1,109,421 | 30.2% | 30.8% | -0.6% |
| Magistrate | 4,417,406 | 4,449,032 | 1,347,241 | 30.3% | 30.3% | 0.0% |
| Management Services | 7,375,173 | 7,586,375 | 2,498,994 | 32.9% | 35.4% | -2.5% |
| Mayor and Council | 878,151 | 897,526 | 273,187 | 30.4% | 32.3% | -1.9% |
| Police | 67,435,967 | 68,656,745 | 24,049,056 | 35.0% | 35.4% | -0.4% |
| Transportation & Development | 18,788,378 | 20,726,452 | 8,243,418 | 39.8% | 44.0% | -4.2% |
| Non-Departmental (Personnel Services and O&M) | 12,284,503 | 11,465,550 | 1,888,370 | 16.5% | 28.9% | -12.4% |
| Subtotal Prior to Contingencies/Reserves | \$ 206,352,205 | \$ 213,466,846 | \$ 75,040,886 | 35.2% | 36.4% | -1.2% |
| Non-Departmental Reserves (Carryforward, Utility, Fuel & DT) | 9,226,409 | 3,326,492 | - | 0.0% | 0.0% | 0.0% |
| Non-Departmental Contingencies (15% & Council) | 31,634,000 | 30,419,276 | - | 0.0% | 0.0% | 0.0% |
| TOTAL | \$ 247,212,614 | \$ 247,212,614 | \$ 75,040,886 | 30.4% | 32.4% | -2.0% |

* Organization Support includes Innovations, Building & Facilities, Code Enforcement, Community Development, Cultural Affairs, Economic Development, Fleet Services (moved from Fire, Health & Medical), Housing & Redevelopment, Human Resources, Information Technology, Neighborhood Resources, and Planning. Prior year spending percentages are adjusted as appropriate to have a true comparison.

** Community Services includes Aquatics, Parks Development & Operations, Recreation, Sports & Fitness Facilities, and Nature & Recreation Facilities. Prior year spending percentages are adjusted as appropriate to have a true comparison.

*** Fire, Health & Medical includes Administration, Health and Medical, Fire Operations, Prevention and Preparedness, and Fire Support Services. Fleet Services transferred to Organization Support. Prior year spending percentages are adjusted as appropriate to have a true comparison.

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, movement of personnel appropriation to Departments based on final negotiated Council approved contracts, 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.