



Fiscal Year 2022-23 First Quarter Report General Fund Revenues

Fiscal Year 2022-23 - First Quarter Report

General Fund Revenues



Overview

This financial report provides an overview of the City's General Fund revenues for the first quarter of the fiscal year (FY) 2022-23 (July 1, 2022, through September 30, 2022). General Fund expenditures, major enterprise operating funds revenues and expenditures, and revenues in other selected funds will be included beginning with the second quarter report.

General Fund revenues through the first quarter of FY2022-23 are trending to end the year modestly above estimates. Sales tax (Bradley Burns and Measure B) revenue growth is leveling off compared to prior years but is still forecast to end the year on budget. Based on the most recent estimates from the County Assessor and Auditor-Controller, Property Tax revenues are forecast to end the year above estimates by \$1.6 million. With the passage of Measure C in November 2022, the City's Transient Occupancy Tax, also known as Hotel Tax, staff forecast that this revenue will exceed estimates by approximately \$2 million. Building permits, plan check fees and engineering inspection fees continued with the upward trend from FY2021-22 while recreation programs revenues are returning to pre-pandemic levels.

General Fund operating revenues collected through the first quarter are 8 percent of the budget. This expected collection rate is in line with prior years due to the timing associated with receiving some of the more significant tax revenue sources. The table and graph included in this report show cumulative General Fund operating revenue through the first quarter and a revenue budget to actual comparison. Following the table and graph are additional details on each of the City's major revenue streams.

The following factors should be taken into consideration when analyzing this information:

Sales and Use Tax is the largest General Fund revenue source. The City only receives one month of sales tax revenues in the first quarter of each fiscal year due to the California Department of Tax and Fee Administration (CDTFA) processing timelines. First quarter revenues are derived from taxable sales through July 2022, received in September.

Property Tax is the second largest General Fund revenue source, but most of this tax is received from the County Assessor and Auditor-Controller in the third (mid-January) and fourth (mid-May) quarters. This distribution schedule is why no actual property tax revenues appear in the following table and graph.

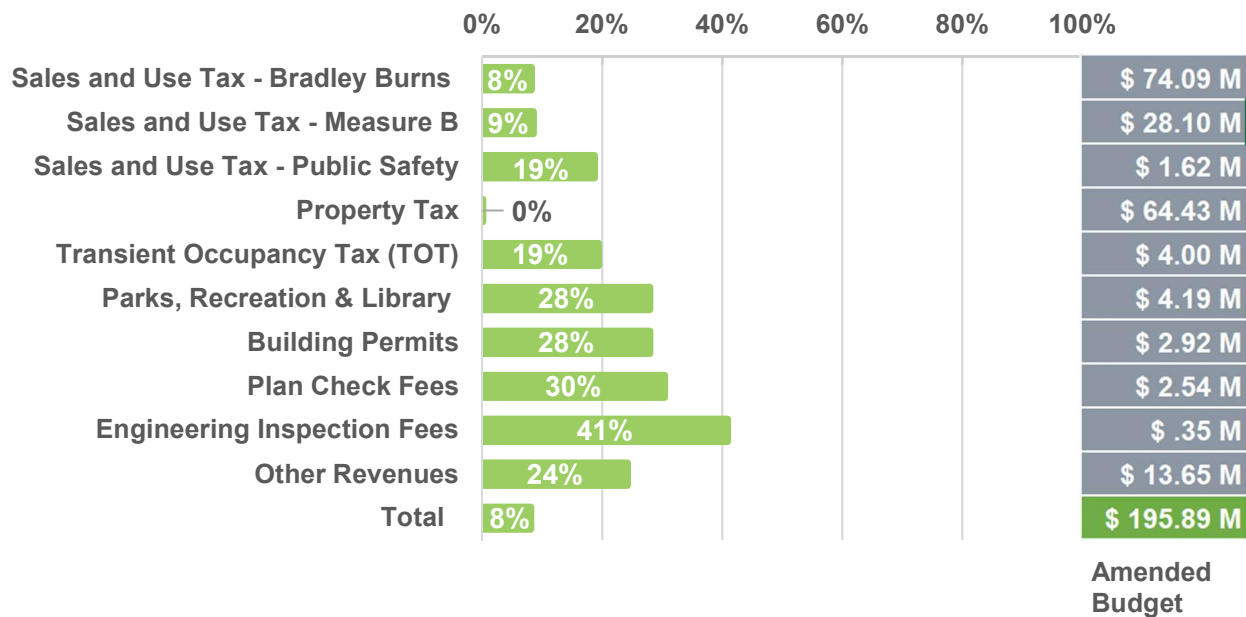
Transient Occupancy Tax (TOT) (also known as hotel tax) is derived from payments received through August; therefore, the following charts only reflect two months of TOT revenues.

Other revenues, including reimbursements from the State, property transfer tax, business license tax, and other fees, are tracking on budget through the end of the first quarter.

Budget to Cumulative Revenue Comparison

Revenue Type	Amended Budget	Cumulative Revenues	Balance Remaining	% of Budget
Sales and Use Tax - Bradley Burns	\$ 74,091,000	\$ 6,070,293	\$ (68,020,707)	8%
Sales and Use Tax - Measure B	28,100,000	2,393,796	(25,706,204)	9%
Sales and Use Tax - State Aid for Public Safety	1,622,000	303,189	(1,318,811)	19%
Property Tax	64,429,000	19,858	(64,409,142)	0%
Transient Occupancy Tax (TOT)	4,000,000	774,319	(3,225,681)	19%
Parks, Recreation & Library Programs	4,188,040	1,169,268	(3,018,772)	28%
Building Permits	2,920,836	815,370	(2,105,466)	28%
Plan Check Fees	2,537,000	769,992	(1,767,008)	30%
Engineering Inspection Fees	353,196	144,286	(208,910)	41%
Other Revenues	13,650,324	3,301,272	(10,349,052)	24%
Total	\$ 195,891,396	\$ 15,761,643	\$(180,129,753)	8%

Cumulative Percentage of Revenue Collected



Bradley Burns and Measure B Sales Tax

The City's Bradley Burns and Measure B Sales Tax revenues through the first quarter are 8 percent and 9 percent of the budget. Sales tax revenue received through the first quarter is derived from taxable sales through July 2022.

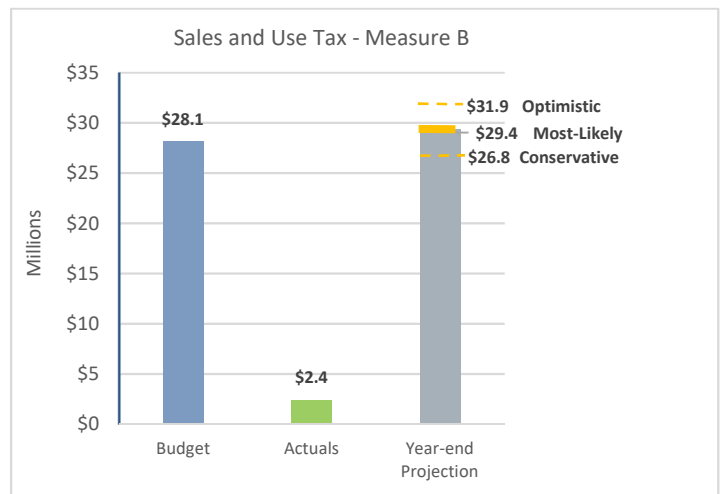
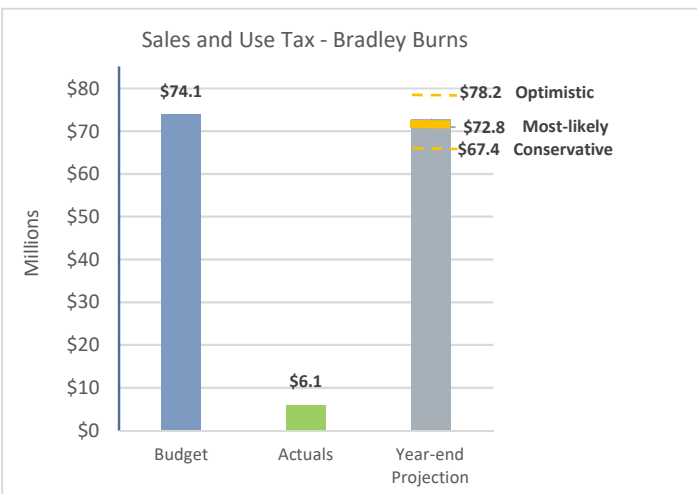
To date, the City has received Bradley Burns and Measure B Sales Tax distributions from taxable sales through October. These amounts total \$23,479,562 in Bradley Burns Sales Tax and \$9,840,473 in Measure B Sales Tax. When developing the FY2022-23 budget, staff estimated that sales and use tax would end the year between the City sales tax consultant's

conservative and most-likely estimates. The latest sales tax data indicate some slowing in sales and use tax growth, which has resulted in our consultant shifting their estimates lower. The slower growth is related to a change in consumer behavior from taxable goods to other areas that were constrained during the pandemic such as services and travel and uncertainties around inflation, interest rates, and the potential for a slowdown or recession in 2023. Based on the consultant's latest analysis and forecast, sales and use tax revenues are forecast to end the year closer to their most-likely estimate. This adjustment in the forecast indicates that Bradley Burns may end the year under estimates by \$1.3 million, and Measure B will end the year above estimates by an equivalent amount. The following charts show the consultant's latest conservative, most likely, and optimistic scenarios and a budget versus forecast comparison.

Updated Consultant Forecast	Conservative	Most-Likely	Optimistic
Sales and Use Tax - Bradley Burns	\$ 67,428,400	\$ 72,816,810	\$ 78,205,300
Sales and Use Tax - Measure B	26,834,700	29,391,765	31,948,800
Total	\$ 94,263,100	\$102,208,575	\$110,154,100

Budget Versus Updated Forecast	Budget	Most-Likely	Variance
Sales and Use Tax - Bradley Burns	\$ 74,091,000	\$ 72,816,810	\$ (1,274,190)
Sales and Use Tax - Measure B	28,100,000	29,391,765	1,291,765
Total	\$102,191,000	\$102,208,575	\$ 17,575

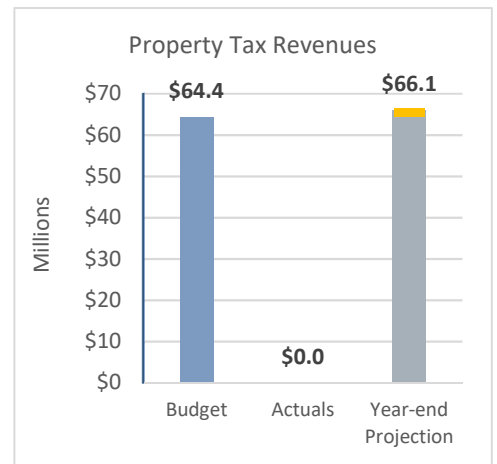
The provided graphs show Bradley Burns and Measure B Sales and Use Tax revenues for the month of July as compared to budget and the projected year-end results.



Additional Sales Tax Information: The City's sales tax consultant has prepared a detailed sales tax report and business activity. The report provides a list of the top 25 sales tax remitters, a summary of cash receipts, and sales tax data by economic category. A copy of the report is attached.

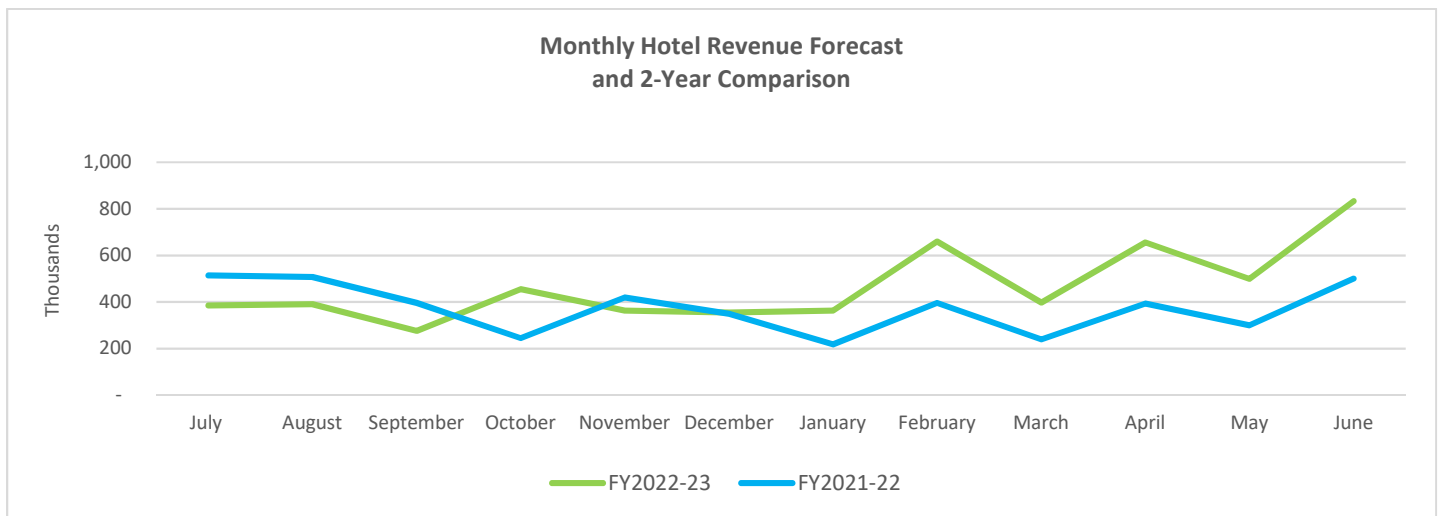
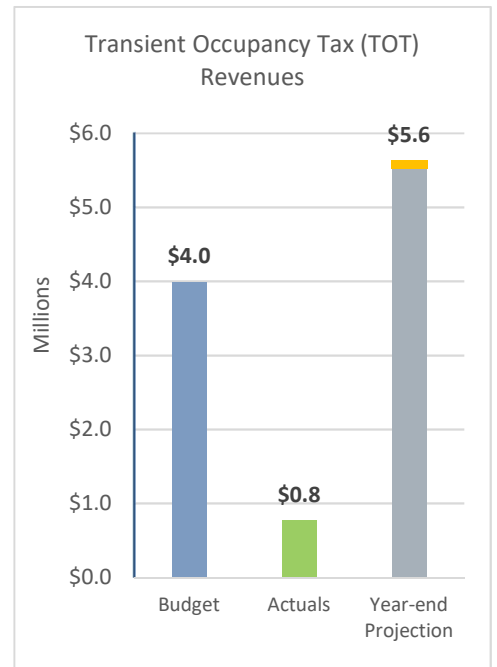
Secured, Unsecured and Supplemental Property Tax

Property tax revenue for FY2022-23 is based on the assessed valuation as of January 1, 2022. The City receives most of this funding in the third and fourth quarters of the fiscal year. Based on the information provided by the County Assessor and Auditor-Controller, and the City's property tax consultant, staff anticipates property tax collections of \$66 million, exceeding budget estimates by approximately \$1.6 million.



Transient Occupancy Tax (TOT)

Through the end of the first quarter, TOT revenues are at 19 percent of estimates (\$0.8 million for the months of July and August). TOT collected through October 2022 totals \$1.5 million, tracking 5 percent higher than budget estimates for the first four months of the fiscal year. On November 8, 2022, Roseville voters approved Measure C to increase the City's TOT rate from 6 percent to 10 percent. The 10 percent tax rate went into effect on January 1, 2023. Based on the final TOT revenue of nearly \$4.5 million in FY2021-22, the higher rate would have generated an additional \$2.9 million of tax revenue for the General Fund last year. Accounting for Measure C, and assuming current trends continue, staff project that the City will end the year at \$5.6 million (approximately \$1.6 million above estimates). The following graph shows monthly TOT revenues and projected results for FY2022-23 compared to hotel tax revenue received in FY2021-22.



Parks, Recreation & Library (PR&L) Programs

Parks, Recreation & Libraries (PRL) program revenues are slightly above 25 percent for the first quarter at 28 percent, as result of PRL revenues fluctuating throughout the year due to the seasonality of programming. Based on the current results, staff anticipates PRL is on track to meet its FY2022-23 revenue goals.

Building Permits, Plan Check Fees, Engineering Inspection Fees

Building permit revenues, plan check, and engineering inspection fees are trending higher than budget during the first quarter due to sustained increases in the City's development activity. Staff anticipates that overall revenues will remain higher than budgeted through the second quarter, leveling off in the second half of the fiscal year due to an expected slowdown in development.

Other Revenues

Other revenues include reimbursements from the State, development reimbursement activity, property transfer tax, business license tax, rental payments, animal licensing, passport processing, permit, franchise, and other fees. As of the end of the first quarter, revenues in this category are at 24 percent of budget estimates.



Quarterly Report on Sales Tax and Business Activity

Top 25 Sales Tax Remitters

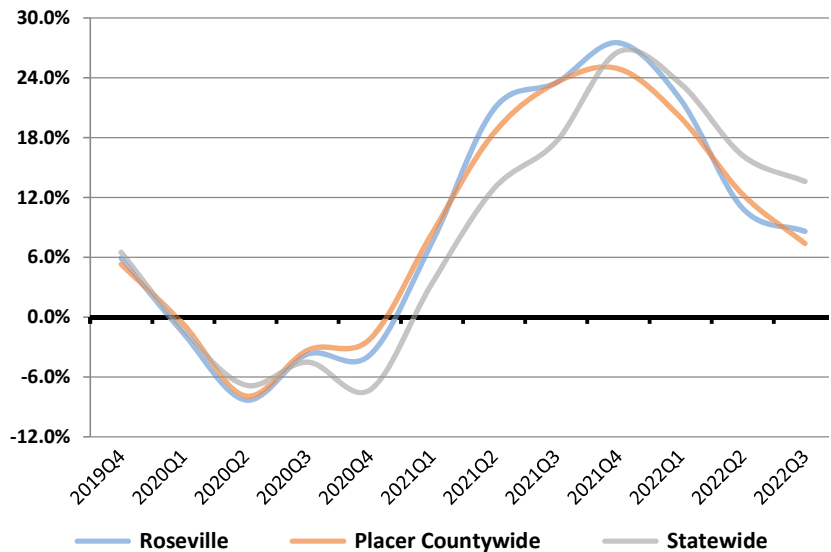
- ARCO AM/PM MINI MARTS
- AUTONATION CHRYSLER DODGE JEEP RAM ROSEVILLE
- AUTONATION HONDA
- BMW OF ROSEVILLE
- CARMAX AUTO SUPERSTORES
- CHEVRON SERVICE STATIONS
- COSTCO WHOLESALE
- FUTURE FORD
- FUTURE NISSAN
- GMC RELIABLE
- HOME DEPOT
- JOHN L SULLIVAN CHEVROLET
- LEXUS OF ROSEVILLE
- MACY'S DEPARTMENT STORE
- MCKESSON MEDICAL -SURGICAL
- NIELLO ACURA
- NORDSTROM DEPARTMENT STORE
- ROSEVILLE HYUNDAI
- ROSEVILLE KIA
- ROSEVILLE TOYOTA & SCION
- SAFEWAY SERVICE STATIONS
- SAM'S CLUB
- TARGET STORES
- VANDERBEEK MOTORS
- WAL MART STORES

3rd Quarter 2022 in Review

California sales tax cash receipts increased by 7.7% from the same quarter last year. In this jurisdiction sales tax cash receipts increased by 6.5% from the same quarter last year due to a increase of \$114,819,000 in Taxable Sales.

Cash Receipts	Quarter	Annual
Roseville	6.5%	8.6%
Placer Countywide Pool	-7.6%	2.8%
Placer Countywide	1.9%	7.4%
Sacramento Valley Region	5.5%	10.8%
Statewide	7.7%	13.6%

Annualized Percent Change in Sales Tax Cash Receipts



Business Activity

- General Retail (e.g., dept. stores, misc. retail)
- Food Products (e.g., markets and restaurants)
- Transportation (e.g., new & used autos, gas stations)
- Construction (e.g., retail & wholesale construction)
- Business To Business (e.g., IT, industrial equip. etc.)

	Roseville		California	
	Quarter	Annual	Quarter	Annual
TOTAL LOCAL BUSINESS ACTIVITY	1.0%	7.8%	5.3%	9.3%
COUNTYWIDE POOL ACTIVITY	-3.4%	4.2%	6.1%	6.6%

City of Roseville



News

- Economic Activity:** Real Gross Domestic Product (GDP) increased at an annual rate of 2.6% in the third quarter of 2022. U.S. inflation decelerated slightly to 7.7% in October of 2022, while California's headline inflation was 7.5% year over year as of August of 2022. (DIR, BEA, BLS, October Finance Bulletin)
- Employment:** The U.S. unemployment rate increased slightly by 0.1% to 3.7% in October of 2022, now 0.2% higher than its February of 2020 pre-pandemic rate of 3.5%. California's unemployment rate increased slightly to 4.0% in October of 2022, 0.1 percentage point higher than July of 2022 rate of 3.9%. (BLS)
- Personal Income:** U.S. personal income increased by 1.7% for the third quarter of 2022, compared to same quarter previous year. Personal consumption and expenditures increased by 4.2% , resulting in a 62.5% decrease in US personal savings for the third quarter of 2022, compared to same quarter previous year. (BEA)

Roseville

Annual Per Capita Sales Tax

Adjusted for Inflation

(Constant 2018 \$)

