Memorandum  
City of Lawrence  
Finance Department  

To: Dave Corliss, City Manager  
From: Ed Mullins, Finance Director  
Date: January 31, 2012  
Subject: Sales Tax and Franchise Fees Distributions  

Sales Tax  

The City of Lawrence has recently received its January sales tax distribution. The distribution is the result of retail sales from mid-November to mid-December. The distribution of $2,681,711.37 is $140,000 more than the prior year distribution for the same month. It also includes $4,842.57 from the Free State Transportation Development District and $7,542.92 from the Oread District. The distribution also includes other amounts that will be paid to the Oread Tax Increment Financing District.

The city has now received the 2011 distributions. The 2011 revenue was $30,835,169 compared to the budget of $30,090,000. The January 2012 distribution is counted as 2011 revenue because the sales took place in 2011. A summary of the latest city sales/use tax distribution is shown in the table below.

<table>
<thead>
<tr>
<th>Sales/Use Tax</th>
<th>Budget</th>
<th>Month</th>
<th>Year to Date</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>City 1%</td>
<td>13,880,266</td>
<td>1,227,270</td>
<td>1,227,270</td>
<td>8.8%</td>
</tr>
<tr>
<td>Infrastructure .3%</td>
<td>4,164,079</td>
<td>368,181</td>
<td>368,181</td>
<td>8.8%</td>
</tr>
<tr>
<td>Transit .2%</td>
<td>2,776,053</td>
<td>245,454</td>
<td>245,454</td>
<td>8.8%</td>
</tr>
<tr>
<td>Transit Eq. .05%</td>
<td>694,013</td>
<td>61,363</td>
<td>61,363</td>
<td>8.8%</td>
</tr>
<tr>
<td>County 1%</td>
<td>9,041,050</td>
<td>767,058</td>
<td>767,058</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

A spreadsheet showing total monthly sales tax distributions since 2001 is attached. Additional sales tax information is provided in the tables and graphs below.
City of Lawrence  1.55% Sales Tax by NAICS

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Description</th>
<th>Amount</th>
<th>Percent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Utilities</td>
<td>98,103.93</td>
<td>5.66%</td>
<td>5.03%</td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>38,486.04</td>
<td>2.22%</td>
<td>1.71%</td>
</tr>
<tr>
<td>31-33</td>
<td>Manufacturing</td>
<td>28,963.43</td>
<td>1.67%</td>
<td>1.45%</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
<td>77,188.10</td>
<td>4.45%</td>
<td>4.19%</td>
</tr>
<tr>
<td>44-49</td>
<td>Retail Trade and Transportation</td>
<td>1,026,454.73</td>
<td>59.20%</td>
<td>61.34%</td>
</tr>
<tr>
<td>51-62</td>
<td>Information and Professional Services</td>
<td>136,879.72</td>
<td>7.90%</td>
<td>8.36%</td>
</tr>
<tr>
<td>71-72</td>
<td>Accommodation and Food Services</td>
<td>221,051.69</td>
<td>12.75%</td>
<td>12.16%</td>
</tr>
<tr>
<td>81-99</td>
<td>Services and Other</td>
<td>106,623.05</td>
<td>6.15%</td>
<td>5.77%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,733,750.69</td>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

City of Lawrence  Monthly sales/use tax budget variance

<table>
<thead>
<tr>
<th>Month</th>
<th>1% City Sales/Use</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>County Sales/Use</th>
<th>Budget</th>
<th>Over (Under)</th>
<th>.55% City Sales/Use</th>
<th>Budget</th>
<th>Over (Under)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1,227,270</td>
<td>1,120,880</td>
<td>106,390</td>
<td>767,058</td>
<td>738,586</td>
<td>28,472</td>
<td>674,998</td>
<td>616,483</td>
<td>58,515</td>
</tr>
<tr>
<td>February</td>
<td>0</td>
<td>1,250,569</td>
<td></td>
<td></td>
<td>805,642</td>
<td></td>
<td>687,813</td>
<td></td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>0</td>
<td>1,187,463</td>
<td>948,084</td>
<td></td>
<td>774,126</td>
<td></td>
<td>653,105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>0</td>
<td>1,154,754</td>
<td>1,197,423</td>
<td></td>
<td>617,929</td>
<td></td>
<td>521,446</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>0</td>
<td>1,154,946</td>
<td>773,079</td>
<td></td>
<td>755,243</td>
<td></td>
<td>635,115</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>0</td>
<td>1,154,946</td>
<td>746,466</td>
<td></td>
<td>774,126</td>
<td></td>
<td>635,220</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>0</td>
<td>1,197,423</td>
<td>773,079</td>
<td></td>
<td>617,929</td>
<td></td>
<td>658,583</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>0</td>
<td>1,070,212</td>
<td>704,267</td>
<td></td>
<td>755,243</td>
<td></td>
<td>588,617</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>0</td>
<td>1,107,604</td>
<td>728,037</td>
<td></td>
<td>774,126</td>
<td></td>
<td>609,182</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>0</td>
<td>1,246,994</td>
<td>813,318</td>
<td></td>
<td>813,318</td>
<td></td>
<td>685,847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>0</td>
<td>1,201,507</td>
<td>779,850</td>
<td></td>
<td>813,318</td>
<td></td>
<td>660,829</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>0</td>
<td>1,239,830</td>
<td>804,508</td>
<td></td>
<td>813,318</td>
<td></td>
<td>681,907</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,227,270</td>
<td>13,880,266</td>
<td>106,390</td>
<td>767,058</td>
<td>9,041,050</td>
<td>28,472</td>
<td>674,998</td>
<td>7,634,147</td>
<td>58,515</td>
</tr>
</tbody>
</table>
Franchise Fees

The City of Lawrence receives franchise fees for electricity, natural gas, telephone and cable television services. A table showing franchise fee revenue for the last ten years is shown in the table below. Similarly to the sales tax, the January distribution represents prior year revenue.

<table>
<thead>
<tr>
<th>Franchise Fees</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
</table>

A table showing 2012 franchise fee revenue by utility as a percent of budget is shown in the table below. The amount received for electricity and natural gas is seasonal with electric franchise fees higher in the summer and natural gas franchise fees higher in the winter. There is also a one month delay in the collection of the fee and the payment to the city.

<table>
<thead>
<tr>
<th>Franchise</th>
<th>2012 Budget</th>
<th>Year to Date</th>
<th>Percent of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>4,166,000</td>
<td>324,391</td>
<td>7.8%</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>938,000</td>
<td>100,313</td>
<td>10.7%</td>
</tr>
<tr>
<td>Telephone</td>
<td>448,000</td>
<td>14,370</td>
<td>3.2%</td>
</tr>
<tr>
<td>Cable Television</td>
<td>848,000</td>
<td>54,703</td>
<td>6.5%</td>
</tr>
<tr>
<td>Total</td>
<td>6,400,000</td>
<td>493,777</td>
<td>7.7%</td>
</tr>
</tbody>
</table>