Memorandum
City of Lawrence
Finance Department

To: Dave Corliss, City Manager
From: Ed Mullins, Finance Director
Date: April 28, 2011
Subject: Sales Tax Distribution

The City of Lawrence has recently received its April sales tax distribution. The distribution is the result of retail sales from mid-February to mid-March. The distribution of $2,102,538 is $181,000 less than the prior year distribution for the same month. It also includes $2,345 from the Free State Transportation Development District and $6,340 from the Oread District. The distribution also includes other amounts that will be paid to the Oread Tax Increment Financing District.

Based upon trend projection of sales tax receipts over recent years, the 2011 overall sales and use tax distribution is estimated at $30,000,000. This amount is $90,000 below the 2011 budget. It is recommended that a conservative forecast be used due to increasing energy and fuel costs, as well as relatively high unemployment. For 2011 sales taxes to equal the current year budget, sales tax distributions will need to increase by 2.0% over 2010 revenue. 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>13,852,260</td>
<td>961,217</td>
<td>4,569,428</td>
<td>33.0%</td>
</tr>
<tr>
<td>Infrastructure .3%</td>
<td>4,155,675</td>
<td>288,365</td>
<td>1,370,828</td>
<td>33.0%</td>
</tr>
<tr>
<td>Transit .2%</td>
<td>2,770,450</td>
<td>192,243</td>
<td>913,885</td>
<td>33.0%</td>
</tr>
<tr>
<td>Transit Eq. .05%</td>
<td>692,615</td>
<td>48,061</td>
<td>228,471</td>
<td>33.0%</td>
</tr>
<tr>
<td>County 1%</td>
<td>8,619,000</td>
<td>603,965</td>
<td>2,869,930</td>
<td>33.3%</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 Jan 1.55% Sales Tax by NAICS

<table>
<thead>
<tr>
<th>NAICS</th>
<th>Description</th>
<th>April 2011</th>
<th>2006-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Utilities</td>
<td>147,127.97</td>
<td>10.66%</td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>17,663.98</td>
<td>1.28%</td>
</tr>
<tr>
<td>31-33</td>
<td>Manufacturing</td>
<td>13,581.08</td>
<td>0.98%</td>
</tr>
<tr>
<td>42</td>
<td>Wholesale Trade</td>
<td>53,857.21</td>
<td>3.90%</td>
</tr>
<tr>
<td>44-49</td>
<td>Retail Trade and Transportation</td>
<td>732,483.31</td>
<td>53.08%</td>
</tr>
<tr>
<td>51-62</td>
<td>Information and Professional Services</td>
<td>127,581.70</td>
<td>9.24%</td>
</tr>
<tr>
<td>71-72</td>
<td>Accommodation and Food Services</td>
<td>216,413.16</td>
<td>15.68%</td>
</tr>
<tr>
<td>81-99</td>
<td>Services and Other</td>
<td>71,380.56</td>
<td>5.17%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>1,380,088.97</strong></td>
<td><strong>100.00%</strong></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>1,136,407</td>
<td>1,098,457</td>
<td>37,950</td>
<td>721,896</td>
<td>686,315</td>
<td>35,581</td>
<td>625,023</td>
<td>604,202</td>
<td>20,821</td>
</tr>
<tr>
<td>February</td>
<td>1,267,892</td>
<td>1,201,154</td>
<td>66,738</td>
<td>787,436</td>
<td>748,581</td>
<td>38,855</td>
<td>697,339</td>
<td>658,890</td>
<td>38,449</td>
</tr>
<tr>
<td>March</td>
<td>1,203,912</td>
<td>1,170,041</td>
<td>33,871</td>
<td>756,633</td>
<td>722,324</td>
<td>34,309</td>
<td>662,152</td>
<td>644,259</td>
<td>17,893</td>
</tr>
<tr>
<td>April</td>
<td>961,217</td>
<td>1,077,677</td>
<td>(116,460)</td>
<td>603,965</td>
<td>665,435</td>
<td>(61,470)</td>
<td>528,669</td>
<td>591,805</td>
<td>(63,136)</td>
</tr>
<tr>
<td>May</td>
<td>1,165,140</td>
<td>1,165,140</td>
<td>0</td>
<td>720,793</td>
<td>642,141</td>
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<tr>
<td>June</td>
<td>1,166,083</td>
<td>1,166,083</td>
<td>0</td>
<td>733,187</td>
<td>640,518</td>
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<tr>
<td>July</td>
<td>1,068,103</td>
<td>1,068,103</td>
<td>0</td>
<td>659,149</td>
<td>589,582</td>
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<tr>
<td>August</td>
<td>1,193,278</td>
<td>1,193,278</td>
<td>0</td>
<td>742,034</td>
<td>658,865</td>
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<tr>
<td>September</td>
<td>1,131,054</td>
<td>1,131,054</td>
<td>0</td>
<td>704,781</td>
<td>622,889</td>
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<td></td>
<td></td>
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<tr>
<td>October</td>
<td>1,262,642</td>
<td>1,262,642</td>
<td>0</td>
<td>790,907</td>
<td>689,071</td>
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<tr>
<td>November</td>
<td>1,129,491</td>
<td>1,129,491</td>
<td>0</td>
<td>710,800</td>
<td>619,748</td>
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<tr>
<td>December</td>
<td>1,189,140</td>
<td>1,189,140</td>
<td>0</td>
<td>734,694</td>
<td>656,770</td>
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<tr>
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<td>4,569,428</td>
<td>13,852,260</td>
<td>22,099</td>
<td>2,265,965</td>
<td>8,619,000</td>
<td>47,275</td>
<td>1,984,514</td>
<td>7,618,740</td>
<td>14,027</td>
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City of Lawrence

Monthly sales/use tax projection variance

<table>
<thead>
<tr>
<th>Month</th>
<th>1% City Sales/Use</th>
<th>Projection</th>
<th>Over (Under)</th>
<th>County Sales/Use</th>
<th>Projection</th>
<th>Over (Under)</th>
<th>.55% City Sales/Use</th>
<th>Projection</th>
<th>Over (Under)</th>
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</thead>
<tbody>
<tr>
<td>January</td>
<td>1,136,407</td>
<td>1,136,407</td>
<td>0</td>
<td>721,896</td>
<td>721,896</td>
<td>0</td>
<td>625,023</td>
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<tr>
<td>February</td>
<td>1,267,892</td>
<td>1,267,892</td>
<td>0</td>
<td>787,436</td>
<td>787,436</td>
<td>0</td>
<td>697,339</td>
<td>697,339</td>
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</tr>
<tr>
<td>March</td>
<td>1,203,912</td>
<td>1,203,912</td>
<td>0</td>
<td>756,633</td>
<td>756,633</td>
<td>0</td>
<td>662,152</td>
<td>662,152</td>
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<tr>
<td>April</td>
<td>961,217</td>
<td>1,042,115</td>
<td>(80,898)</td>
<td>603,965</td>
<td>670,068</td>
<td>(66,103)</td>
<td>528,669</td>
<td>573,163</td>
<td>(44,494)</td>
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<td>May</td>
<td>0</td>
<td>1,194,372</td>
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<td>732,230</td>
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<td>656,904</td>
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<td>June</td>
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<td>1,071,429</td>
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<td>763,215</td>
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<td>589,286</td>
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<tr>
<td>July</td>
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<td>744,072</td>
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<td>567,920</td>
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<tr>
<td>August</td>
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<td>1,151,740</td>
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<td>720,451</td>
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<td>633,457</td>
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<td>Month</td>
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<td>717,702</td>
<td>608,263</td>
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<td>1,232,965</td>
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<td>October</td>
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<td>575,929</td>
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<tr>
<td>November</td>
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<td>1,121,616</td>
<td>767,269</td>
<td>616,889</td>
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<tr>
<td>December</td>
<td>0</td>
<td>1,121,616</td>
<td>767,269</td>
<td>616,889</td>
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</table>

4,569,428 13,608,106 (80,898) 2,265,965 8,907,438 (66,103) 1,984,514 7,484,456 (44,494)