

**Attachment 1
Core Revenue Report
December 2020**

The following tables include the FY 20/21 budget and year to date revenues. The receipts represent funds received to date.

PROPERTY TAX

Property Tax is the first largest source of the General Fund revenue. The City typically receives property tax payments in December, April, and June. Unlike other tax revenues, property taxes have not been impacted by COVID-19. The City received its first property tax payment for FY20/21 in December 2020. Two additional payments are anticipated to be received in April and June 2021. The following table presents FY20/21 budget, and revenues received to date.

Property Tax	Adopted Budget	YTD Receipts	% of Adopted Budget
FY20/21	7,736,000	4,629,757	59.84%

TRANSIENT OCCUPANCY TAX (TOT)

Transient Occupancy Tax (TOT) is the General Fund's second largest source of revenue which the City receives on a monthly basis. Unlike property taxes, TOT has been significantly impacted by COVID-19. The following table presents FY20/21 budget and revenues received to date.

Transient Occupancy tax	Adopted Budget	YTD Receipts	% of Adopted Budget
FY20/21	3,682,000	1,523,962	41.38%

The City receives transient occupancy tax in the month following the stay. The following table shows a monthly breakdown of TOT revenues when compared to the same month last year.

Lodging Period	FY 18/19	FY 19/20	Net Difference
July	796,465	289,435	(507,030)
August	846,088	340,019	(506,069)
September	609,865	327,958	(281,907)
October	588,882	347,103	(241,779)
November	482,668	219,447	(263,221)
<i>December 2020 TOT payments are anticipated to be received in late January 2020.</i>			

SALES AND USE TAX

Sale and Use tax is the third largest source of the City's General Fund revenues. The City receives a 1% Bradley Burns Tax and a 1% Measure U Transactions and Use Tax.

In FY19/20, the City received sales tax on a monthly basis; however two payments were advances, which were based on estimated sales, prior period tax receipts, adjustments, and current distributions. This was followed by a true-up within each quarter. Due to this methodology, the advance monthly tax contributions were not truly representative of actual performance.

In FY20/21, the State has changed its tax collection methodology in which it calculates a factor for each agency based on how the agency's sales tax performed last year to the statewide total, and then applies that factor to the total statewide prepayments they received for that month. If statewide prepayments are tracking higher than the agency's local sales, this could inflate the two advances. Additionally, the

higher advances could also represent audit cases or late payments that they also processed during that month.

July and August advances came in higher (fairly consistent with same periods of last year); however, the September true up amount was significantly lower. This could be due to the State’s new method of tax collection or due to audit cases or late payments that inflated July and August advances. This trend could continue into the 4th quarter where the City may receive higher advances for October and November but a lower true-up amount for December 2020.

The impact of COVID-19 on the Sale and Use tax revenues has been less significant when compared to TOT. The following table presents FY20/21 budget and revenues received to date.

Sales and Use Tax	Adopted Budget	YTD Receipts	% of Adopted Budget
FY20/21	3,411,000	1,372,507	40.23%

The following table shows a monthly breakdown of sales tax revenues when compared to the same month last year.

Tax Return Period	FY 18/19	FY 19/20	Net Difference
July Advance	373,338	358,945	(14,393)
August Advance	439,453	427,105	(12,348)
September True-up	376,610	243,269	(133,341)
October Advance ⁽¹⁾	297,095	343,188	46,093

November 2020 payments are anticipated to be received in late January as the State pays the City two months in arrears.

(1) The October Fiscal Year 19/20 amount includes an annual sales tax payment of \$50,983. This represents an annual remittance for select businesses that are within the shared taxing jurisdictions of Monterey and Pacific Grove. The Fiscal Year 18/19 payment of \$52,971 was received in April. The timing difference associated with these payments contribute to a positive increase in Fiscal Year 19/20; however, the October remittances from the State are just below the prior year.