

Attachment 1
Core Revenue Report
February 2021

The following tables include the FY20/21 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	59.8%

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	1,720,215	46.71%

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. The reduction in TOT in December and January may have resulted from temporary COVID-19 restrictions.

Lodging Period	2019/20	2020/21	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	216,516	(266,152)
December	366,647	90,066	(276,581)
January	372,094	109,118	(262,976)

February 2021 TOT payments are anticipated to be received in late March 2021.

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 changed its tax collection methodology. The State now 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. This new methodology contributes to higher advance payments, with a lower true-up amount.

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	3,661,000	2,008,735	54.87%

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

Tax Return Period	2019/20	2020/21	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	297,095	343,188	46,093
November Advance	323,622	333,869	10,247
December Advance	496,186	302,359	(190,827)

February 2021 payments are anticipated to be received in late April 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.