

Attachment 1
Core Revenue Report
July 2020

The following tables include the FY 19/20 Amended Budget, COVID-19 Adjustments, and the current 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 last property tax payment for FY19/20 in June 2020 – with this payment, the City received 100% of the full budgeted amount in FY19/20. The following table presents FY19/20 budget, COVID-19 adjustments, and revenues received to date.

FY19/20	Adopted Budget	COVID-19 Projections	June Receipts	YTD Receipts	% of COVID-19 Projections
Property Tax	7,589,200	7,589,200	97,130	7,635,427	100.6

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 City received its last TOT payment for FY19/20 in July 2020 – with this payment, the City received 99.56% of the COVID-19 projected amount in FY19/20 which is consistent with the City’s initial projection of \$1.8 shortfall in TOT revenues. The following table presents FY19/20 budget, COVID-19 adjustments, and revenues received to date.

FY19/20	Adopted Budget	COVID-19 Projections	July Receipts	YTD Receipts*	% of COVID-19 Projections
Transient Occupancy tax	6,673,000	4,870,737	148,630	4,849,332	99.56

The City receives transient occupancy tax in the month following the stay. The following table shows a monthly breakdown of TOT revenues which declined sharply in March through June 2020 when compared to the same months last year.

Lodging Period	2019	2020	Net Difference
February	367,649	407,388	39,739
March	427,448	145,371	(282,077)
April	486,572	27,703	(458,869)
May	466,552	54,419	(412,133)
June	687,842	148,630	(539,212)

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. The City receives sales tax on a monthly basis; however two payments are advances, which are based on estimated sales, prior period tax receipts, adjustments, and current distributions. This is followed by a true-up within each quarter. Due to this methodology, the advance monthly tax contributions may not be representative of actual

performance. Similar to TOT, sales tax has also been impacted by COVID-19. Based on HdL forecast, the City initially projected a shortfall of about \$461,890 through the end of this fiscal year. The May 2020 sale tax advance came in much higher than anticipated. This brought the City sales tax revenues within \$59,000 or 98.6% of the COVID-19/Amended Budget projections. Staff will be working with HdL and the State to better understand the underlying data for May, as well as confirm whether the increased May payment may lead to a reduction in the projected June True-up.

The following table presents FY19/20 budget, COVID-19 adjustments, and revenues received to date. The revenues received in July; reflect an advance payment for May and contributions for prior periods. It should also be noted that in the prior year, the City received some sales tax payments that were related to the prior year. This resulted from validation processes and initial reporting challenges with the State’s new software system. This could be a partial contributing factor to some of the higher monthly revenues received in Fiscal Year 2019.

	FY19/20 Budget	COVID-19 Projections	July Receipts	YTD Receipts	% of COVID-19 Projections
Sales and Use Tax	4,199,000	3,737,110	398,892	3,685,228	98.61
<i>*YTD receipts include payments received through July 2020. June 2020 payments are anticipated to be received in August 2020 as the State pays the City two months in arrears.</i>					

The following table shows a monthly breakdown of sales tax revenues for January through May 2020 compared to the same months last year.

Quarterly Tax Return Period	2019	2020	Net Difference
January Advance	330,343	244,630	(85,713)
February Advance	333,268	269,161	(64,806)
March True-up	227,013	171,312	(55,701)
April Advance	352,427	241,956	(110,471)
May Advance	454,113	398,892	(55,221)
<i>June 2020 payments are anticipated to be received in August as the State pays the City two months in arrears.</i>			