

**Attachment 1**  
**Core Revenue Report**  
**July 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 two property tax payments for FY20/21 in December 2020 and April 2021. The last payment was received in June 2021. The following table presents FY20/21 budget, and revenues received to date.

| Property Tax | Amended Budget | YTD Receipts | % of Amended Budget |
|--------------|----------------|--------------|---------------------|
| FY20/21      | 8,123,294      | 8,191,673    | 100.8%              |

**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 | Amended Budget | YTD Receipts | % of Amended Budget |
|-------------------------|----------------|--------------|---------------------|
| FY20/21                 | 3,539,000      | 3,553,522    | 100.4%              |

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. Also noted is the decline in the March 2020 TOT, due to COVID-19 pandemic. The FY18/19 column was also added to show pre-pandemic TOT revenues for comparison purposes.

| Lodging Period  | 2018/19 | 2019/20   | 2020/21   | Net Difference |
|---|---------|-----------|-----------|----------------|
| July  |         | 839,162   | 289,435   | (549,727)      |
| August  |         | 807,047   | 340,019   | (467,028)      |
| September   |         | 608,652   | 327,958   | (280,694)      |
| October   |         | 588,842   | 347,103   | (241,739)      |
| November  |         | 485,652   | 216,516   | (269,136)      |
| December  |         | 364,933   | 90,066    | (274,867)      |
| January   |         | 372,122   | 109,118   | (263,004)      |
| February  | 385,453 | 409,906   | 205,512   | (204,394)      |
| March   | 426,391 | 145,558   | 334,004   | 188,446        |
| April   | 485,045 | 22,362    | 379,613   | 357,251        |
| May   | 461,126 | 56,465    | 428,612   | 372,147        |
| June  | 684,570 | 151,029   | 485,566   | 334,537        |
|   |         | 4,851,730 | 3,553,522 | (1,298,208)    |
| <i>July 2021 TOT Payments are anticipated to be received late August 2021</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 monthly; 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 | Amended Budget | YTD Receipts | % of Amended Budget |
|-------------------|----------------|--------------|---------------------|
| FY20/21           | 3,735,000      | 3,579,797    | 95.8%               |

The following table shows a monthly breakdown of sales tax revenues when compared to the same month last year. The FY 18/19 column was added to show pre-pandemic sales tax revenue for comparison purposes.

| Tax Return Period   | 2018/19 | 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 True-up  |         | 496,186   | 302,359   | (193,827)      |
| January Advance   | 330,343 | 244,631   | 281,830   | 37,199         |
| February Advance  | 333,268 | 322,132   | 339,550   | 17,418         |
| March True-up   | 227,013 | 171,312   | 239,864   | 68,552         |
| April Advance   | 352,427 | 241,956   | 314,606   | 72,650         |
| May Advance   | 334,173 | 398,893   | 395,212   | (3,681)        |
|   |         | 3,685,228 | 3,579,797 | (105,431)      |
| <b>June 2021 payments are anticipated to be received in late August as the State pays the City two months in arrears</b>  |         |           |           |                |
| <i>(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 remittance from the State is just below prior year</i> |         |           |           |                |