

revenue at year-end. As shown in the table, revenues are anticipated to be higher by \$192,000. The top five revenues are highlighted in the table below. Projections are determined by a number of factors that include historical trends, revenue received, anticipated business growth, or consulting with tax revenue experts.

Table 1

FY 2018-19				
General Fund Revenue	Budget	Projected	Over/ (Under)	% of Budget
1. Property Tax	\$ 4,523,300	\$ 4,519,300	\$ (4,000)	99.9%
2. Sales Tax	2,156,800	2,169,000	12,200	100.6%
3. Cannabis Tax	700,000	750,000	50,000	107.1%
4. Franchise Fees	548,900	539,800	(9,100)	98.3%
5. Transient Occupancy Tax	387,600	449,200	61,600	115.9%
*All Other Revenue	1,891,100	1,972,400	81,300	104.3%
Total General Fund REVENUES	\$ 10,207,700	\$ 10,399,700	\$ 192,000	101.9%

*Other revenue incl Utility Users Tax, Licenses and Permits, Services Charges, and other miscellaneous; does not include transfers in.

Property Tax is estimated to be on track with budget, showing a small variance of \$4,000. The County of San Luis Obispo has estimated a 6.4% increase in property tax revenue from the prior year, which falls in line with the City's budgeted numbers.

Sales Tax is estimated to be slightly higher than budget, or a projected \$12,200 increase. The projection is based on a 2.5% increase from the prior year actuals.

Cannabis Tax is estimated to be \$50,000 higher than budgeted. This number is based on revenues received through the second quarter ending December 31, 2018 along with expectations for continued revenue growth and new businesses anticipated to open in the second half of the fiscal year

Franchise Fees are projected to end the year approximately \$9,100 lower than budgeted based on amounts received through the second quarter ending December 31, 2018.

Transient Occupancy Tax (TOT) for the first half of the 2018-19 fiscal year is approximately 10% higher than the first half of the prior fiscal year. Staff estimates that with the approved 2% rate increase from 10% to 12% with passage of Measure L-18 in November 2018 along with the 10% increase in revenue from the prior year, revenues will be approximately \$61,600 higher than budgeted.

Other Revenue includes other taxes, utility users tax, licenses and permits, service charges and other miscellaneous revenues. A notable change in this revenue category is an increase of \$90,000 in business tax certificate (BTC) revenue from passage of Measure M-18 in November 2018 which allowed the BTC rate to be based on square footage of a business instead of a flat fee.

Table 2 highlights the General Fund revenues for the last three fiscal years. The last two columns show that total General Fund revenues for 2018-19 are estimated to be \$1.45 million higher from FY 2017-18, or a 16.2% increase. Approximately \$733,700 or 51% of this increase comes from the new cannabis tax while property tax revenue is projected to increase by \$271,800 (6.4%) over the prior fiscal year. As the Council is aware, revenue projections are estimates based on information at the time and will continually change as more information becomes available.

Table 2

General Fund Revenue	2016-17	2017-18	2018-19	FY 19 VS FY 18	
	Actual	Actual	Projected	\$ Increase/ (Decrease)	% Increase/ (Decrease)
1. Property Tax	\$4,074,300	\$4,247,500	\$ 4,519,300	\$ 271,800	6.4%
2. Sales Tax	2,136,400	2,116,100	2,169,000	52,900	2.5%
3. Cannabis Tax	-	16,300	750,000	733,700	4501.2%
4. Franchise Fees	542,900	529,200	539,800	10,600	2.0%
5. Transient Occupancy Tax	368,700	371,200	449,200	78,000	21.0%
All Other Revenue	1,782,600	1,667,700	1,972,400	304,700	18.3%
Total General Fund REVENUES	\$8,904,900	\$8,948,000	\$10,399,700	\$1,451,700	16.2%

General Fund Expenditures

Table 3 shows that GF expenditures are projected to end the year lower than anticipated primarily due to salary savings from vacant positions. These projections are best estimates based on historical trends, current data, and information from the departments and will continue to change as the year continues. These projections are shown below in Table 3 followed by further explanation:

Table 3

Department	FY 2018-19 Budget	Projected End of Year	Over/ (Under) Budget	% of Budget
Non-Departmental	\$ 2,888,401	\$ 2,950,008	\$ 61,607	102.1%
City Management	1,059,570	1,019,414	(40,156)	96.2%
Administrative Services	568,333	634,660	66,327	111.7%
Community Development	954,200	942,041	(12,159)	98.7%
Public Works	1,143,110	1,210,153	67,043	105.9%
Parks and Recreation	428,400	429,515	1,115	100.3%
Police	4,099,299	3,893,979	(205,320)	95.0%
Capital Improvement Projects (CIP)	88,750	88,750	-	100.0%
Transfers Out	150,000	150,000	-	100.0%
Total General Fund Expenditures	\$11,380,063	\$11,318,520	\$(61,543)	99.5%

Key variances include:

- Non-Departmental is projected to be over budget by \$62,000 mainly due to the CalPERS annual unfunded liability payment coming in higher than anticipated.
- City Management is estimated to be under budget by \$40,000 due to savings in various operational expenditures.
- Administrative Services that is projected to be over budget by \$66,000 mainly due to a one-time payment of accrued benefits to staff that left the City.
- Public Works which is estimated to be over budget by \$67,000 in the General Fund mainly due to more staff time being charged to General Fund projects and services and less to Enterprise Funds than what was budgeted.
- Police is anticipating to be \$205,000 under budget mainly due to salary savings from vacant positions.

Following any input provided by the Council, staff will incorporate these year-end projections as part of the 2019-20 budget development process and update the projections as needed in developing 2019-20 Proposed Budget.

FISCAL IMPACT

There is no fiscal impact from receiving this report.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.