

FY 2016-17 Q1 Projected vs. FY 2016-17 Q1 Actuals Top General Fund Revenue Sources

REVENUE SOURCE	FY 16-17 1ST QUARTER PROJECTED	2016-17 1ST QUARTER ACTUALS	VARIANCE
Sales Tax	\$4,341,123	\$5,675,493	\$1,334,370
Property Tax	\$759,506	\$786,539	27,033
UUT	4,722,600	4,532,924	(189,676)
Business License	581,616	567,270	(14,346)
Hotel Visitors Tax	1,873,063	2,321,512	448,449
TOTAL	\$12,277,908	\$13,883,738	1,605,830

*Preliminary Quarterly Results as of 10/20/2016

CITY OF SANTA ANA



Executive Summary

This report summarizes the City of Santa Ana's financial position for its General Fund from July 1 to September 30, 2016. It compares revenues for the first three months of FY 2016-17 with projected amounts and highlights any significant anomalies for the top six General Fund revenue sources. The report continues with a brief overview of the General Fund, including the Strategic Plan, expenditures and provides a highlight of programs included in the FY 2016-17 budget. Furthermore, the report provides a brief discussion of the City's financial outlook.

1ST Quarter Results

The first quarter of FY 2016-17 ended with total General Fund revenues of \$26.5 million, which is approximately two percent higher when compared to the first quarter of FY 2015-16.

Major Revenues

The General Fund's top 6 revenue sources represent approximately 70 percent of the total General Fund revenues and is inclusive of the following: Sales Tax, Property Tax, Property Tax In-Lieu of VLF, Utility

Users Tax, Business License, and Hotel Visitors Tax.

Sales Tax

Sales tax revenue through the first quarter is in the amount of \$5.6M and is currently projected to end the fiscal year at the budgeted amount of \$46.5M.

Property Tax

The majority of the property tax is collected in December and April as a result of the annual tax payment due dates of December 10 and April 10 established by the Orange County Tax Collector. Property tax revenue through the first quarter is moderately higher than projected.

Property Tax In-Lieu of VLF

Property Tax In-Lieu of Vehicle License Fees (VLF) are distributed from the Orange County Auditor-Controller in January and May. As such, revenue receipts have not been recognized in the first quarter but is still estimated to end the year at the budgeted level of \$30.1M.

Utility Users' Tax

The City's FY 2016-17 utility users tax rate is 5.5 percent for electricity, gas,

water, and telecommunication services. Year-to-date, approximately \$4.5M has been recognized and will meet year-end with projected amounts.

Business Licenses

Fees associated with business license tax renewals occur at the end of calendar year in December and the majority of revenues are received in the third quarter (January, February, and March). Year-to-date, approximately 5% of revenues have been received, but is anticipated to meet year-end budgeted amounts.

Hotel Visitors' Tax

Revenue receipts for this category typically remain constant throughout the months. Year-to-date, the City has received approximately \$2.3 million, which is 25% of the budgeted amount (\$9.4M).

Overall, revenue sources continue to show signs of moderate growth and indicate a positive outlook on the local economy. Moving forward, financial trends and indicators will be monitored closely to track fiscal improvement into the second quarter.

General Funds Expenditures

Through the first quarter of the fiscal year, approximately \$54.3 million, or 23.7% of the \$228.9 million of General Fund appropriations have been expended. All departmental expenditures remain within budget estimates, with the exception of the Fire Department due to the prepayment of contractual obligations to the Orange County Fire Authority for services provided within the City. While ending the first quarter below estimated amounts, expenditure trends will continue to be monitored closely to ensure fiscal sustainability by year-end.

Strategic Plan Fund

Beginning of fiscal year 2016-17 marks the third year of the City's Strategic Plan. As such, funding was appropriated to reflect City Council and community priorities to continue to provide exceptional services and programs. Through the first quarter 18.7% of the \$2.4 million was expended on many programs including but not limited to the Internship Program, the Youth Civic Enrichment, Health and Wellness, Year-Round Sport Activities, Promote & Market Santa Ana, and the Arts and Culture Master Plan.

FY 2016-17 General Fund Budget Highlights

The adoption of the 2016-17 budget, with consideration from the City Council as well as the residents, includes many programs to address the needs and concerns of the community.

Public Safety

- For the third consecutive year, the Police Department received the COPS grant, which provides funding for 10 police officers.
- The City has appropriated \$1.0 million to fund 6 police officers for the Community Policing and Prevention Programs.
- Provided funding of \$170K for additional community safety and protection of resources.
- Allocated resources to enhance security services at the Santa Ana Main Public Library.

Youth, Education, Recreation

- Extended hours for two community centers to facilitate mentorship support for youth participants and various recreational programs and activities.
- Funding for youth programs to enhance literacy, computer usage, and summer programs.

- Park Systems Enhancements that includes landscape maintenance, park monitoring, and tree-trimming services.


Economic Outlook

The unemployment rate as of the latest report in August of 2016 is 5.0%, which illustrates a continued decline when compared to August 2014 with an unemployment rate of 6.6%. The low unemployment rate is a signal of a stable economy and an increase in spending by the City's residents and visitor's in its retail and tourism sectors.

Furthermore, staff continues to leverage the positive economic climate of the city through a myriad of initiatives. Several of the initiatives include offering incentives to build four or five star rated hotels, and maintain support for the arrival of the Street Car, a Capital Project that is expected to spur economic development, create jobs, and generate additional revenue for the City.

As a result of the vibrant economic activity within the City, Downtown Santa Ana received recognition from the American Planning Association as one of the five "Great Neighborhoods" in the U.S. This special recognition is a reflection of the continued investment from the City's leadership to improve the quality of life for its community.

FY 2016-17 Q1 EXPENDITURES BY DEPARTMENT

	Year-to-Date	Total Budget	Year-to-Date % of Budget Expended
City Manager	566,645	2,647,520	21.4%
Non-Dept	3,205,866	17,434,530	18.4%
Clerk of the Council	215,923	976,761	22.1%
City Attorney's Office	641,891	2,878,925	22.3%
Personnel Department	276,053	1,405,042	19.6%
Finance & Management Services Agency	962,699	4,873,614	19.8%
Bowers Museum	365,408	1,475,890	24.8%
Parks and Recreation Services Agency	4,085,409	19,366,804	21.1%
Police Department	27,534,868	120,257,118	22.9%
Fire Department	13,154,033	41,765,144	31.5%
Planning & Building Agency	2,444,015	9,514,222	25.7%
Public Works Agency	723,606	5,908,755	12.2%
Community Development Agency	105,650	465,675	22.7%
TOTAL	54,282,066	228,970,000	 23.7%
PROJECTED	57,242,500	228,970,000	25.0%