

FY 2016-2017 JULY TO SEPTEMBER

Quarterly Financial Report

Executive Summary

The City of Newport Beach Finance Department prepares quarterly financial reports for the City Council to review the status of revenues and expenditures for the City's funds. This report contains information on resources for the first quarter of the fiscal year, which is the period between July 1, 2016, and September 30, 2016.

Top "3" Revenues

In Fiscal Year 2016-2017 (FY17), the General Fund's top three revenue sources (Property Tax, Sales Tax, and Transient Occupancy Taxes) account for approximately 76 percent of all General Fund revenues. The first quarter General Fund top three revenues appear to be off to a slower start in comparison with last year; however, this is not believed to be an indication of how the year will progress but more an issue of timing.

Property Tax

Property tax is the top source of revenue for the City of Newport Beach. It represents almost half, 46.9 percent, of all General Fund revenues. FY17 property taxes as a whole are budgeted to come in at \$94 million, which is 2.7 percent, or \$2.5 million, higher than FY16 receipts. As the economy continues to improve it is expected that prior year penalties and interest receipts will continue their downward trend.

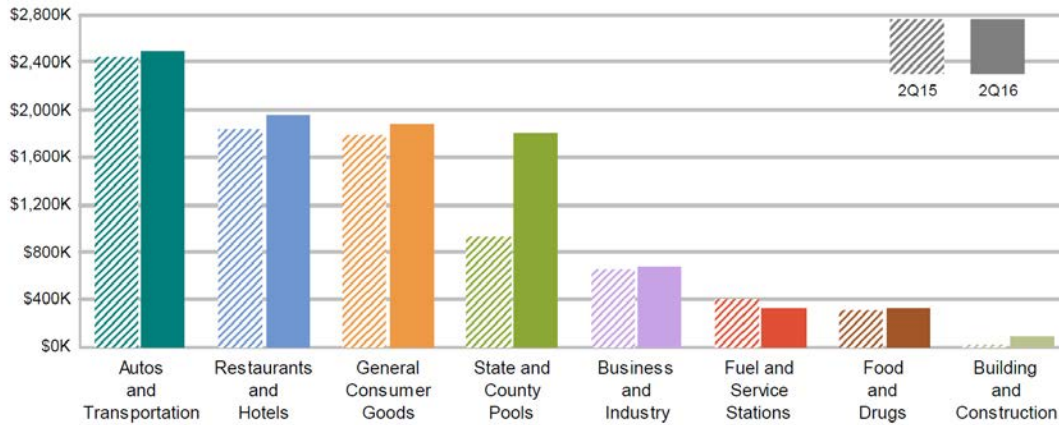
Property Taxes

	Budget 2016-17	YTD Q1 Actual 2016-17	Percent of 2016-17 Budget Realized	Prior Year Q1 Actual 2015-16	Year-over- Year Q1 Increase/ Decrease
Secured	\$ 77,624,778	\$ -	0.0%	\$ -	**
Unsecured	2,556,875	1,910,059	74.7%	1,688,685	13.1%
Prior Year Penalties & Interest	519,421	156,389	30.1%	181,077	-13.6%
Supplemental	1,497,095	102,559	6.9%	87,941	16.6%
In Lieu of VLF	8,529,968	-	0.0%	-	**
RDA Dissolution	447,347	-	-	-	**
All Other Property Taxes	2,809,860	416,978	14.8%	691,131	-39.7%
TOTAL	\$ 93,985,344	\$ 2,585,985	2.8%	\$ 2,648,834	-2.4%

Sales Tax

Year-over-year, nearly all major industry group categories are higher than the previous year as indicated in the chart below which depicts the most recent sales tax data available.

2Q15 Compared To 2Q16



Businesses collecting sales and use taxes periodically remit the amount collected to the State Board of Equalization (BOE). To compensate for the lag time between the sales period and the time the tax is remitted to the City, each quarter the BOE advances 90 percent of the net sales tax collections for the same quarter of the prior year. The amount of sales realized in the first quarter represents one advance payment from the BOE. A comparison of sales and use tax performance from the prior year reveals that the City realized an 29.3 percent increase quarter-over-quarter.

Sales Taxes

	Budget 2016-17	YTD Q1 Actual 2016-17	Percent of 2016-17 Budget Realized	Prior Year Q1 Actual 2015-16	Year-over- Year Q1 Increase/ Decrease
Sales and Use Tax	\$36,173,778	\$2,205,170	6.1%	\$1,704,873	29.3%
TOTAL	\$ 36,173,778	\$ 2,205,170	6.1%	\$ 1,704,873	29.3%

Transient Occupancy Taxes

Transient Occupancy Taxes (TOT) are budgeted at \$22 million for FY17 and the City has realized a 17.2 percent, or \$3.8 million, through the first quarter of the year. The budget is 4.4 percent higher than the prior year and first quarter revenues are showing a decrease over the same period in FY16. This should not be indicative of performance at this early stage in the fiscal year.

	Budget 2016-17	YTD Q1 Actual 2016-17	Percent of 2016-17 Budget Realized	Prior Year Q1 Actual 2015-16	Year-over- Year Q1 Increase/ Decrease
Transient Occupancy Taxes	\$22,001,307	\$3,784,210	17.2%	\$4,139,067	-8.6%

Expenditures

With expenditures at 18 percent of the amended budget, the General Fund is generally on-track. The table below summarizes operating expenditures for all funds by department through September 30, 2016.

Department	Budget 2016-17	YTD Q1 Actual 2016-17	Percent of 2016-17 Budget Expended	Prior Year Q1 Actual 2015-16	Year-Over-Year Q1 Increase/Decrease
City Council	\$1,199,121	\$211,146	17.6%	\$178,364	18.4%
City Clerk	970,067	175,221	18.1%	199,439	-12.1%
City Manager	13,170,291	1,691,667	12.8%	1,875,454	-9.8%
Human Resources	2,927,576	463,387	15.8%	560,389	-17.3%
City Attorney	2,434,088	402,066	16.5%	372,926	7.8%
Finance	8,035,282	1,514,072	18.8%	1,644,434	-7.9%
Police	57,902,243	11,788,845	20.4%	13,550,849	-13.0%
Fire	46,084,915	10,764,045	23.4%	11,825,479	-9.0%
Community Development	12,068,131	2,196,549	18.2%	2,401,743	-8.5%
Municipal Operations	62,158,709	8,902,777	14.3%	9,966,315	-10.7%
Library Services	8,356,732	1,916,845	22.9%	2,024,102	-5.3%
Recreation	13,082,648	3,157,783	24.1%	3,073,782	2.7%
Public Works	10,927,644	1,968,499	18.0%	2,026,641	-2.9%
Total	\$239,317,448	\$45,152,902	18.9%	\$49,699,916	-9.1%