

# CITY OF SANTA ANA

December 31, 2013 marked the end of the 2nd quarter of fiscal year 2013-14. Total General Fund (GF) revenues received amounted to \$68.8M. This figure represents an estimated \$2.0M increase when compared to last fiscal year's 2nd quarter. GF Major Tax revenues, which equate to almost 70% of the City's overall revenue sources, continue to show signs of growth (see below).

GF total expenditures reached \$97.8M and is approximately \$600K higher than anticipated. In comparison to the 2nd Quarter of 2012, total expenditures have increased by \$4.1M or 4.4% due to labor and benefit costs associated with PERS, end of concessions such as furloughs, and filling of vacancies as adopted in the budget.

The State released its proposed fiscal year 2014-15 budget on January 9th reflecting a positive outlook and a projected \$6 Billion surplus. According to the Legislative Analyst Office, California is currently experiencing moderate economic growth and is anticipated to accelerate in 2014-15. Signs of an improved economy is favorable news to Santa Ana since the majority of our revenue sources are derived from taxes.

## GF Major Tax Revenues

FY2013-14 Variances vs. Projections		
Sales Tax		5.0% \$508K
Property Tax		4.3% \$632K
Property Tax In-Lieu VLF		155.8% \$204K
UUT		4.4% \$446K
Business License		6.0% \$137K
Hotel Visitors Tax		14.3% \$460K

## BOTTOM LINE: WHAT THE NUMBERS MEAN

Second quarter revenues combined with the receipt of Property Tax in Lieu of VLF and the Sales Tax "Triple-Flip" monies (as of January 10) account for 50% of the City's overall revenue.

Although current revenue trends are indicative of a positive outlook, Fed actions such as the extension of unemployment benefits and the increase of the debt ceiling (Feb. 7th) are reasons to be cautious.

These actions have the potential of changing the direction of the economy, which is the primary driver of the City's major tax revenue sources.

At this point, Santa Ana's fiscal position has improved. Financial trends and indicators will be monitored to track fiscal improvement into the third quarter.

2013/14 2nd Quarter Update

(October to December)