

CITY OF SANTA ANA

Third quarter update continues to demonstrate positive economic trends for the City. Most notably, General Fund (GF) revenues ended the quarter with 3.9% (or \$4.9M) higher revenue than anticipated. On a year-over year basis, 3rd quarter 2014 GF revenues increased by 3.2% when compared to the same quarter in 2013 (\$130M and \$126.2M respectively). GF Major Tax revenues, which equate to almost 70 percent of the City's revenue sources continue an overall positive trend (see below).

GF expenditures continue to improve as the City begins implementation of a strategic plan and a culture of innovation and efficiency. GF expenditures amounted to \$143.2M for the end of the 3rd quarter and are approximately \$5.1M lower than anticipated.

Both revenue and expenditures have improved and reflect a national and state trend of economic growth and improvement in employment levels. Based on the most recent Employment Development Department (EDD) data, Santa Ana's unemployment levels continue to drop. Santa Ana's unemployment rate is now 9.4% (from a high of 14.9%).

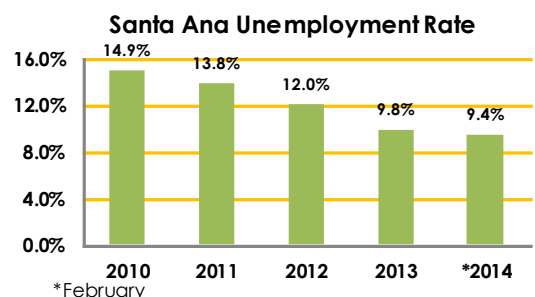
GF Major Tax Revenues FY2013-14 Variances vs. Projections

| | | | |
|--------------------------|---|------|--------|
| Sales Tax | ↑ | 6.3% | \$1.1M |
| Property Tax | ↑ | 4.5% | \$780K |
| Property Tax In-Lieu VLF | ↑ | 3.5% | \$453K |
| UUT | ↑ | 4.0% | \$655K |
| Business License | ↓ | 2.4% | \$179K |
| Hotel Visitors Tax | ↑ | 8.2% | \$408K |

BOTTOM LINE: WHAT THE NUMBERS MEAN

Overall, General Fund major revenue sources are up 3.2 percent when compared to third quarter of 2013 and will continue to exceed the forecast. As we enter the fourth quarter, business license revenue collection lag time will diminish and revenue will meet budget expectations. Our GF financial position is much improved and will allow the City to achieve its reserve levels and provide funding for the City's strategic plan.

Unemployment rate is a barometer of economic growth. Lower rates are indicative of an improved or positive economy.



2013/14 3rd Quarter Update

(July 2013 to March 2014)