

# FINANCE, ECONOMIC DEVELOPMENT, TECHNOLOGY COMMITTEE

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**Presented By:  
David Cavazos  
City Manager**

**January 27, 2015**





# AGENDA

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- **2<sup>nd</sup> Quarter Total General Fund Revenues & Expenditures- Projections vs. Actuals**
- **2<sup>nd</sup> Quarter General Fund Major Revenues- Projections vs. Actuals**
- **2<sup>nd</sup> Quarter Newsletter**










# 2<sup>ND</sup> QUARTER 2014-15 PROJECTIONS VS. ACTUALS TOTAL GENERAL FUND

GENERAL FUND	FY 2014-2015 2nd QUARTER PROJECTED	FY 2014-2015 2nd QUARTER ACTUALS	VARIANCE		
Total Revenues*	\$ 67,968,279	\$ 70,390,642	\$ 2,422,363		3.6%
Total Expenditures*	\$ 103,370,062	\$ 101,078,470	\$ (2,291,592)		-2.2%

\*From July 1, 2014 to December 31, 2014



# 2<sup>ND</sup> QUARTER 2014-15 GF MAJOR REVENUES PROJECTIONS VS. ACTUALS

REVENUE SOURCE	FY 2014-2015 2nd QUARTER PROJECTED	FY 2014-2015 2nd QUARTER ACTUALS	VARIANCE		
Property Tax*	\$ 14,908,195	\$ 16,108,583	\$ 1,200,388		8.1%
UUT*	10,251,432	11,658,103	1,406,671		13.7%
Sales Tax*	11,404,170	11,252,814	(151,356)		-1.3%
Hotel Visitors Tax*	3,402,742	3,774,813	372,071		10.9%
Business License*	2,310,695	2,418,032	107,337		4.6%
Property Tax In-Lieu of VLF*	203,498	150,097	(53,401)		-26.2%
<b>TOTAL*</b>	<b>\$ 42,480,732</b>	<b>\$ 45,362,442</b>	<b>\$ 2,881,710</b>		<b>6.8%</b>

\*From July 1, 2014 to December 31, 2014



CITY OF SANTA ANA

2ND QUARTER NEWSLETTER

Quarter Results

The second quarter of fiscal year 2014-15 ended on December 31, 2014 with total cumulative General Fund (GF) revenues of \$70.4M, which is approximately \$2.4M over current budget projections and \$1.5M higher when compared on a year-over-year basis. The revenues generated by the top 6 major sources exceeded the projected amount (by \$2.9M). The table below illustrates a breakdown of the major revenues with their projected and actual monetary values.

To date, total GF Expenditures amounted to \$101M, which is approx. \$2.3M less than anticipated. This trend has been observed for a couple of quarters now and staff anticipates that it will continue due to innovative and efficient improvements in operations.

Financial Outlook

As of November 30, 2014, California's General Fund revenues exceeded \$1.6 billion over its Budget Forecast. The two major sources of revenues included personal income tax and corporation tax, which amounted to \$1.4 billion above projections. Sales tax statewide is experiencing a small decline of 1.3 percent, but is expected to improve. The City of Santa Ana has not been affected by the slow growth in sales tax experienced statewide (a slight decrease of 1.3%). However, staff will continue to monitor all revenues and all expenditures in order to ensure that the finances are in alignment with projections. It should also be noted that holiday sales for the City will be reflected in the 3rd quarter update.

Additionally, gas prices have plummeted over the last 90 days; although this in effect generates additional disposable income for the consumer, a negative corresponding impact may occur due to a newly imposed price increase on gas (a result of legislation [ABS2] and requires the State to expand its cap-and-trade program to include gasoline and diesel fuels) that went into effect January 1, 2015. Its effect on the economy locally and statewide has yet to be determined as gasoline prices



continue to fall.

Statewide, California's unemployment rate has dropped to 7.2 percent in November 2014, showing a significant improvement from the 8.4 percent in prior year. Locally, Santa Ana's unemployment rate is at 8.1 percent, its lowest since the economic downturn in 2008.

Nationally, the economy has increased by 5 percent and is expected to continue to grow in 2015. Lower gas prices, increased business investment spending, and job growth are main contributors to this strong economic improvement. Economists believe that this trend will accelerate because businesses are more confident in hiring, which will lead the job market back to recovery (National Unemployment rate: 5.8%).

On a global scale, certain nations are in or are in danger of heading into an economic downturn. How this could affect the U.S. economy is yet to be determined. Staff will remain cautious and aware of potential impacts that can alter the course of its finances and reflect them in future updates, if required.

2ND QUARTER GENERAL FUND RESULTS  
PROJECTED VS. ACTUALS

REVENUE SOURCE	FY 2014-2015	FY 2014-15	VARIANCE	
	2ND QUARTER PROJECTED	2ND QUARTER ACTUALS		
Property Tax	\$14,908,195	\$16,108,583	\$1,200,388	↑ 8.1%
UUT	10,251,432	11,658,103	1,406,671	↑ 13.7%
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<b>TOTAL</b>	<b>\$42,480,732</b>	<b>\$45,362,442</b>	<b>\$2,881,710</b>	<b>↑ 6.8%</b>



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2<sup>ND</sup> QUARTER  
NEWSLETTER