



2009-2010 Budget Monitoring Report

Quarter Ending June 30, 2010

The Finance Department produces the quarterly Budget Monitoring Report using month-end financial information from the City's financial system, input from staff in City departments, and relevant information from local, regional, and national sources (e.g., newspapers, economists, League of California Cities, etc.).

If you are new to this report, we suggest that you start by first reviewing the Reader's Guide located at the end of the document for information on the organization and layout of the report.

Please contact Sarah Waller-Bullock at (619) 667-1122 if you have any questions, comments, or suggestions.

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EXECUTIVE SUMMARY

ECONOMY

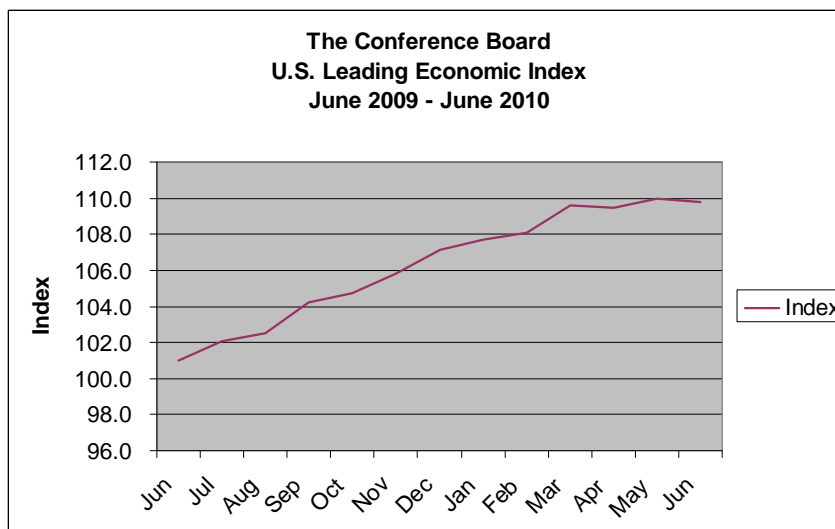
- During the past quarter, economic forecasts were generally mixed, with slight improvements in consumer spending, unemployment rates, and consumer price indices offset by a continued stagnant housing market, long-term unemployment, and tight lending practices. Economic gains experienced in the first three quarters of the fiscal year appear to have stagnated at their current levels.

NATIONAL ECONOMIC INDICATORS AND FORECASTS

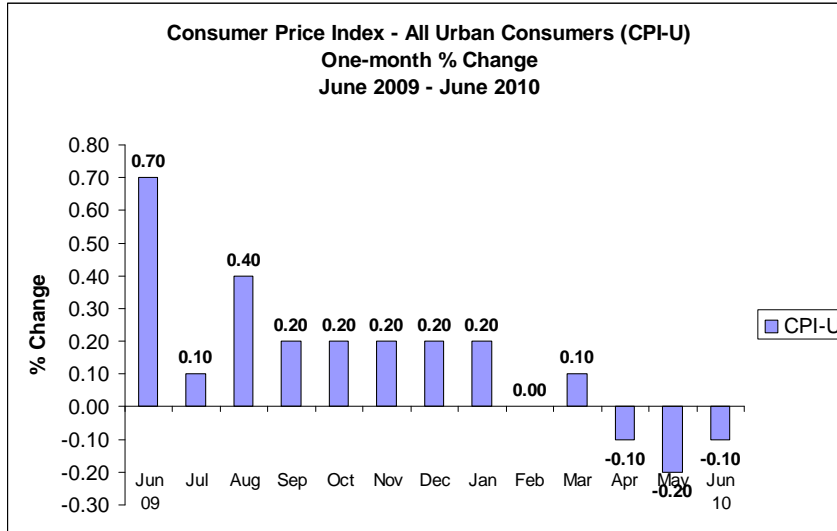
- ✓ In the Federal Reserve’s Semiannual Monetary Policy Report to Congress on July 21, 2010, Ben Bernanke projected “moderate economic growth, a gradual decline in the unemployment rate, and subdued inflation over the next several years.” Specifically, the Federal Reserve and the Federal Open Market Committee forecast a gradual decline in the unemployment rate to between 7 and 7½ percent by the end of 2012, and greater than normal uncertainty about the outlook for growth and unemployment. Inflation was projected to average about 1 percent in 2010 and to remain low through 2012. Financial conditions, specifically the large volume of troubled loans still on the books of many banks and generally tight lending standards, contributed to the weaker economic outlook.
- ✓ The Conference Board’s Leading Economic Index reflects the mixed economic news with stagnant growth over the past quarter following ten months of increases. This flattening over the past three months points to “slower growth through the fall of 2010”.

The Conference Board
U.S. Leading Economic Index
(2004 = 100)

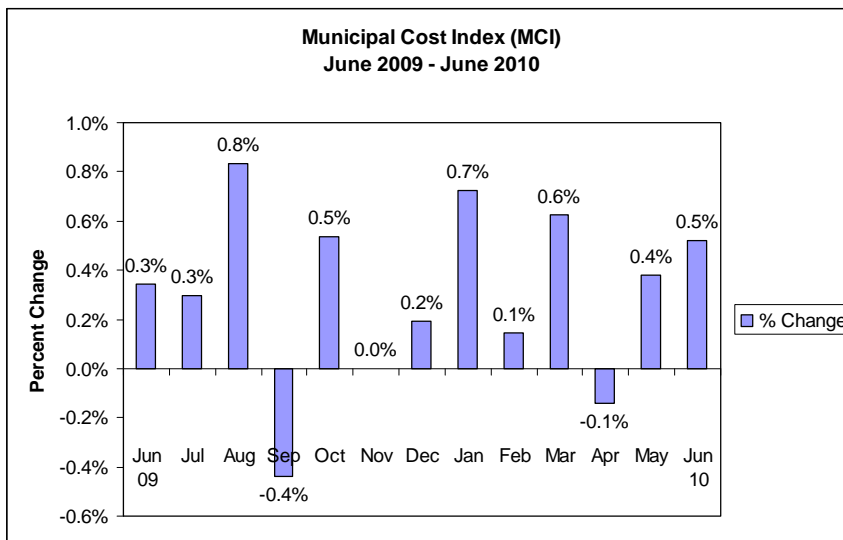
	2009						2010						
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Index	101.0	102.1	102.5	104.2	104.7	105.8	107.1	107.7	108.1	109.6	109.5	110.0	109.8
Percent Change	0.8%	1.0%	0.4%	1.1%	0.5%	1.1%	1.2%	0.6%	0.4%	1.4%	-0.1%	0.5%	-0.2%



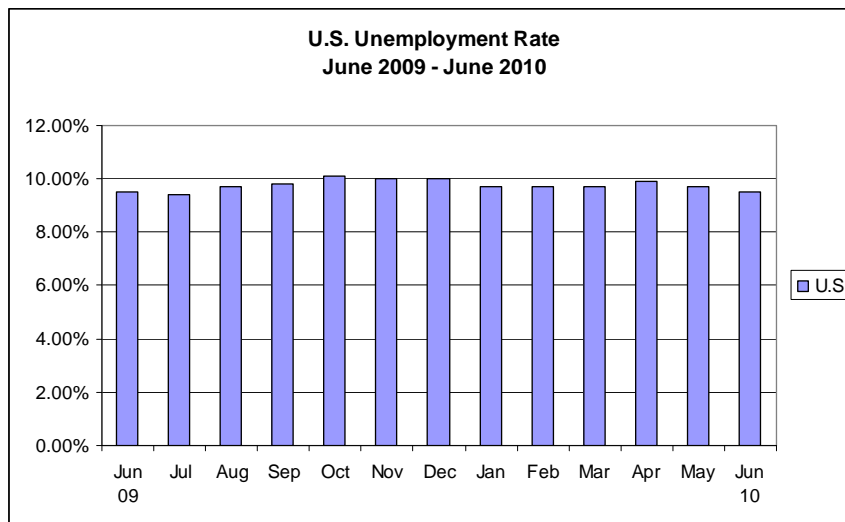
- ✓ The Consumer Price Index experienced moderate declines throughout the quarter, with April declining 0.1 percent, May declining 0.2 percent, and June declining by an additional 0.1 percent. Over the last 12 months, the index has increased 1.1 percent before seasonal adjustments.



- ✓ The Municipal Cost Index decreased slightly in April, followed by increases in May and June. Overall, the index has increased by 3.4 percent for the previous twelve months. This index, as published by *American City & County* magazine since 1978, measures changes in the cost of providing services to residents of cities and counties and includes components for cost of materials and supplies, wages, and contracted services. This index typically lags the Consumer Price Index by one to two months.



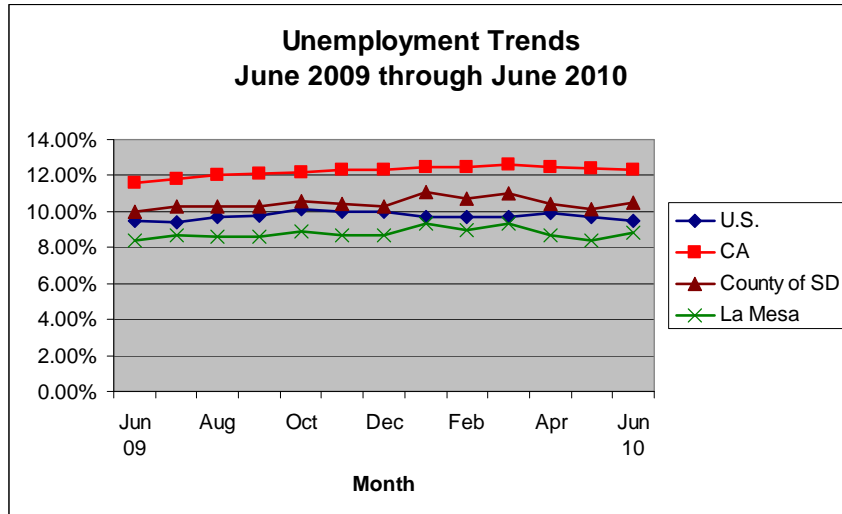
- ✓ After increasing to 9.9 percent in April, the seasonally adjusted U.S. unemployment rate steadily decreased to 9.7 percent in May and 9.5 percent in June. This decline is less a result of growth in the economy and more a result of reductions in the number of persons actively seeking work. From January through June, private payrolls expanded at an average of 100,000 jobs per month, far below what is needed to materially reduce the unemployment rate. As Ben Bernanke reported to Congress last week, “a significant amount of time will be required to restore the nearly 8-½ million jobs that were lost over 2008 and 2009.”



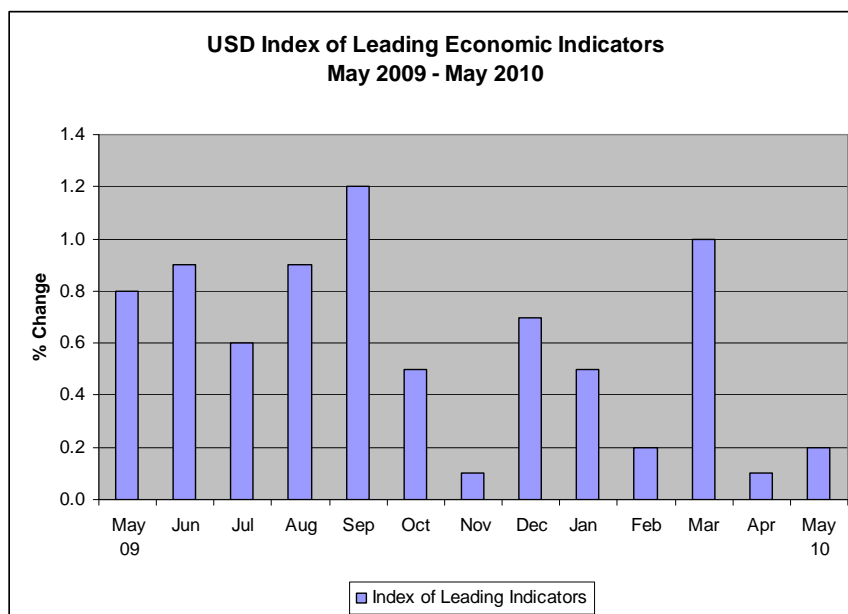
- ✓ As a result of the financial crisis, the Federal Reserve lowered the Federal Funds Rate in December 2008 to an all-time low range of 0.0 percent to 0.25 percent. The Fed is currently maintaining and will continue to maintain this low rate for an extended period of time.

STATE AND LOCAL ECONOMIC INDICATORS AND FORECASTS

- ✓ The State unemployment rate (seasonally adjusted) continues to be above 12 percent and above the national unemployment rate for 48 consecutive months. While the rate steadily decreased 0.1 percent each month since March, the total number of people unemployed remains at more than 2.2 million – down by 31,000 over the month, but up by 132,000 compared with June 2009.
- ✓ While the State’s unemployment has slightly decreased over the last quarter, San Diego County’s unadjusted unemployment rate dropped by 0.5 percent over the three-month period, with June’s unemployment rate reported at 10.5 percent as compared to 11.0 percent in March.
- ✓ La Mesa’s unadjusted unemployment rate followed the same trend as the County’s with a 0.5 percent decrease over the three-month period, ending at 8.8 percent in June as compared to 9.3 percent in March.
- ✓ When comparing the State and Local unemployment rates with the national rate, both the County of San Diego and the City of La Mesa fare better than the State as a whole. While the County’s unemployment rate continues to be slightly higher, La Mesa’s rate continues to be less than the national rate.



- ✓ The San Diego County Index of Leading Economic Indicators continues the increases experienced now for fifteen consecutive months after concluding a period in which it declined for 35 of 36 months. Although the index continues to increase, the percentage change experienced in April and May were considerably less than the increases seen in previous months. The University of San Diego’s economic forecast for the San Diego region is “slow to moderate growth for the rest of 2010 and into at least the first half of 2011.”



STATE BUDGET IMPACTS

- ✓ Once again, California State Legislators failed to adopt a fiscal year 2010-2011 budget by the June 30 deadline. The State will continue paying items protected by the federal government, the state constitution, and state statutes, but will delay payments to, among others, local governments. It is estimated that the State could run out of cash as soon as late summer and needs the approved budget in place in order to seek short-term cash flow loans.

- ✓ While the State's revenues for fiscal year 2009-2010 have improved slightly over expected levels, the sluggish economy continues to be a significant challenge to Legislators. Despite higher than anticipated revenues in fiscal year 2009-2010, the State faces an estimated \$19 billion deficit in fiscal year 2010-2011.
- ✓ Pension reform remains a key issue with both the state and local governments. The Governor recently reached tentative deals with six state workers' unions to reduce benefits and hike employee retirement fund contributions for new hires. He has also vowed to veto any budget for the current year that does not roll back retirement benefits to 1999 levels and require workers to contribute an additional 5 percent of pay toward retirement.
- ✓ The legislative changes to the sales taxes on gasoline (Gas Tax) were effective July 1, 2010. This legislation contains provisions for a swap of the State's portion of sales taxes on gasoline (Gas Tax) with a gasoline excise tax. In addition, the law increases the excise tax on gasoline and adds an annual index intended to ensure the new excise tax keeps pace with revenues that were expected from the sales tax. The law includes expressed legislative intent to fully replace the local streets and road funds that cities and counties would have received under Proposition 42 with the new higher motor vehicle excise tax rates. City staff will monitor these changes to ongoing revenues in order to determine whether the City receives an equivalent or reduction to previous fiscal years' revenues.
- ✓ Staff continues to closely monitor the State budget situation, key cash projections, and their likely impacts on La Mesa.

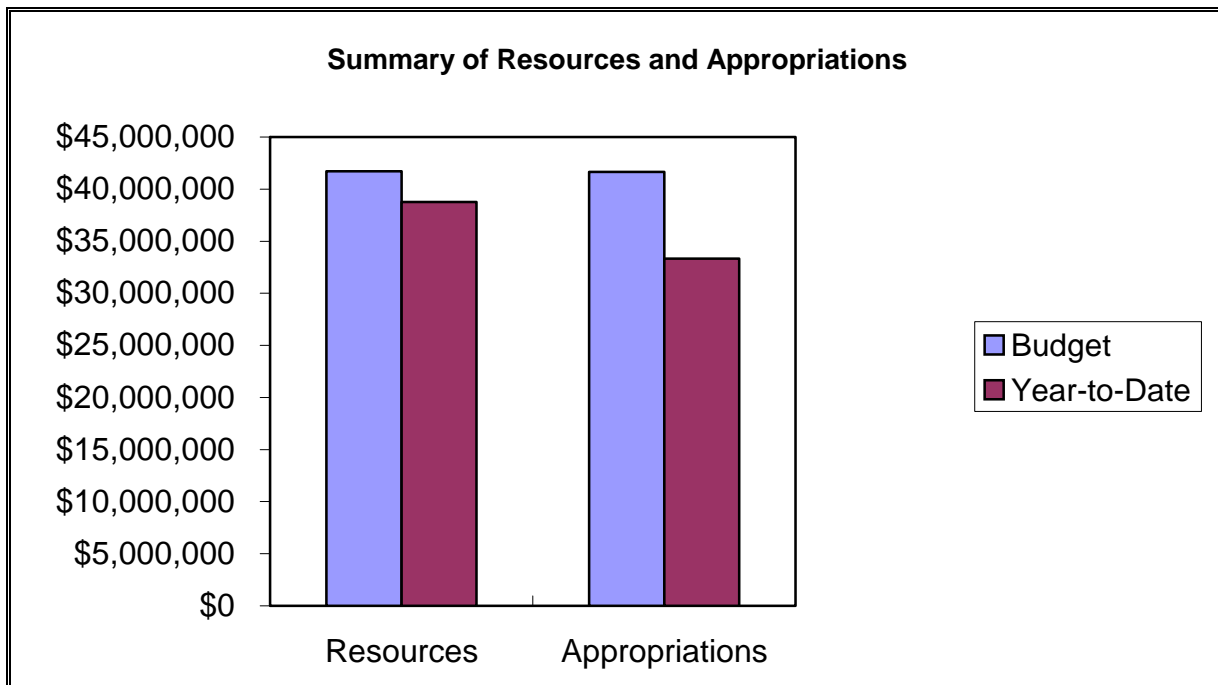
GENERAL FUND SUMMARY

- ✓ Beginning fund balance exceeded budget by \$95,290 or 1.3 percent primarily due to greater expenditure savings than anticipated in 2008-2009.
- ✓ General Fund resources are still projected to finish the year about \$100,000 below budget due to lower collections in most areas except property taxes. Property taxes will exceed budget because of La Mesa's participation in the Prop 1A securitization program. The program allowed the City to sell its property tax receivable due from the State at 100 percent face value. Both base sales tax and Proposition L sales tax collections are expected to meet the 2009-2010 targets.
- ✓ Preliminary estimates of General Fund department expenditures are running slightly below budget through the fourth quarter. Proposition L proceeds are being used to maintain vital City services that otherwise would have had to be reduced.
- ✓ The General Fund's ending fund balance (i.e., reserves) is projected to be about \$1,000,000 above budget. The increase in ending fund balance is due primarily to anticipated expenditure savings and the City's participation in the statewide Proposition 1A securitization program.

- ✓ The following page contains a table and graph displaying the General Fund resource and appropriation budgets and year-to-date (YTD) collections or expenditures for fiscal year 2009-2010. These are actual amounts collected and expended, and do not reflect the fiscal year-end accounting accruals. Additional detailed information can be found in the Resources or Appropriations sections of this report.

Summary of General Fund Resources and Appropriations			
Through 100% of Year (Preliminary Year End)	2009-2010 Budget (1)	YTD Collected/ Expended (2)	% of Budget Collected/ Expended
Resources			
Beginning Fund Balance	\$7,408,310	\$7,503,600	101.3%
Revenues	33,520,220	31,432,899	93.8%
Plus: Operating Transfers In	3,162,350	2,403,220	76.0%
Less: Operating Transfers Out	(2,365,700)	(2,578,900)	109.0%
Total Resources	<u>\$41,725,180</u>	<u>\$38,760,819</u>	92.9%
Appropriations			
Department Expenditures	\$36,642,220	\$33,319,137	90.9%
Ending Fund Balance	5,012,210	0	0.0%
Total Appropriations	<u>\$41,654,430</u>	<u>\$33,319,137</u>	80.0%

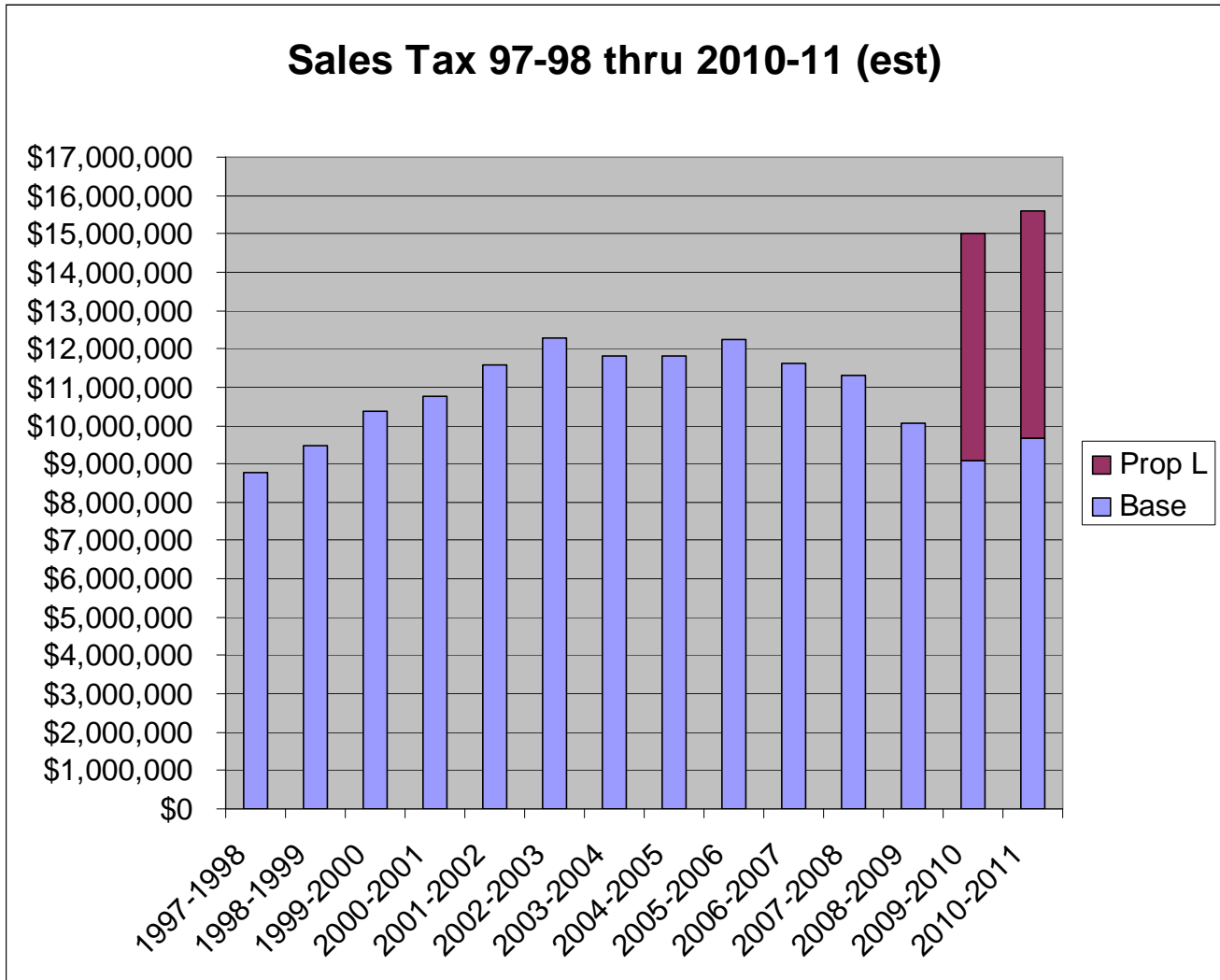
(1) Budget reflects any amendments approved by the City Council through end of quarter reported.
(2) Includes expenditures encumbered through end of quarter reported.



RESOURCES

General Fund Resources			
Through 100% of Year (Preliminary Year End)	2009-2010 Budget (1)	YTD Collected	% of Budget Collected
Beginning Fund Balance	\$7,408,310	\$7,503,600	101.3%
Revenues:			
Taxes			
Property	8,955,000	9,918,490	110.8%
Sales	9,095,000	8,287,055	91.1%
Proposition L	5,900,000	5,662,385	96.0%
Other	2,986,700	2,296,560	76.9%
Subtotal Taxes	26,936,700	26,164,489	97.1%
Licenses & Permits	860,400	822,447	95.6%
Fines, Forfeitures and Penalties	652,500	522,833	80.1%
Use of Money and Property	734,900	686,338	93.4%
Revenue from Other Agencies	1,426,320	915,693	64.2%
Service Charges	2,192,300	1,928,128	87.9%
Other Revenue	717,100	392,970	54.8%
Total Revenues	33,520,220	31,432,899	93.8%
Plus: Interfund Transfers In	3,162,350	2,403,220	76.0%
Less: Interfund Transfers Out	(2,365,700)	(2,578,900)	109.0%
Total Resources	\$41,725,180	\$38,760,819	92.9%

(1) Budget reflects any amendments approved by the City Council through end of quarter reported.



CURRENT HIGHLIGHTS

- Both the City’s base sales tax and Proposition L tax are projected to meet fiscal year 2009-2010 budget amounts. Monitoring sales tax collections is complicated by three factors:
 - ✓ Tax distributions from the State Board of Equalization (BOE) represent taxes collected by businesses in prior periods. Each quarter, the BOE makes distributions based on the amount collected for the same quarter in the prior year. The BOE then includes a “true up” payment in the following month. Therefore, the most accurate snapshots of how sales tax collections are doing can be seen in our month end numbers for March, June, September, and December.
 - ✓ Because La Mesa uses accrual basis of accounting, revenues are recorded in the fiscal year in which they were earned and not necessarily when they are received. Most tax revenues received by the City each July and August are actually earned in the prior fiscal year. Therefore, the amount of collections shown in the year-to-date collected column in the table in this section is smaller than one would ordinarily expect (note that other revenues are also accrued including property taxes, transient occupancy tax, and franchise fees).

- ✓ Beginning in 2004-2005, the State implemented the “Triple Flip” which reduces sales tax distributions by one quarter in exchange for a like amount of property taxes which are distributed in January and May rather than monthly. These property taxes in lieu of sales taxes are shown as sales taxes in our financial reports.
- Sales tax collections representing transactions that took place in the first quarter of calendar year 2010 were relatively flat, 0.87 percent increase, when compared to the same quarter last year. Sale tax revenues in La Mesa continue to have relatively flat growth as compared to most other San Diego County cities. At the end of the fourth quarter of the calendar year, La Mesa was at the median, ranking ninth of the 18 cities in San Diego County, in sales tax revenue growth. Overall, all agencies, including the County, experienced a 2.65 percent increase in the first quarter when compared to the same time period last year.
- ✓ Of the major business groups, Autos and Transportation continues to show relatively strong growth, increasing 5.0 percent over the first quarter of calendar year 2009. Building and Construction continues to decline, reporting a 25.7 percent decrease from first quarter 2009 to first quarter 2010.
- ✓ As a result of the stabilizing economy, sales tax revenues are projected to be on budget for fiscal year 2009-2010.
- Proposition L sales tax collections have a somewhat different base than the rest of our sales tax collections. These collections include transactions that take place outside the City if the items are being delivered into the City (e.g., furniture or large appliances) and autos and other large vehicles purchased that are being registered in La Mesa. The time delay for the Proposition L sales tax is the same as described under the sales tax category. The collections during the fourth quarter of fiscal year 2009-2010, representing transactions that took place in the first quarter of calendar year 2010, continue to be on target with our budget expectations. We are working with our sales tax consultant HdL to make sure that businesses are correctly collecting and reporting this new tax.
- The other taxes category is expected to come in under budget by about \$185,000 due to lower than expected transient occupancy tax collections.
- All other revenue categories are currently projected to be down about \$475,000 for the fiscal year compared to budget. This projection is based upon trend line data and is a result of the continuing effects of a recessed economy. The other revenue categories include Licenses & Permits, Fines, Forfeits and Penalties, Use of Money & Property, Revenue from Other Agencies, Service Charges, and Other Revenue.

AS PREVIOUSLY REPORTED

- The beginning fund balance for FY 2009-10 has been adjusted upward by \$95,290 to \$7,503,600 (including FY 2009-10 amended budget adjustments) to match results from the City’s audited financial statement not released until late November 2009.

APPROPRIATIONS

General Fund Appropriations			
Through 100% of Year (Preliminary Year End)	2009-2010 Budget (1)	YTD Expended (2)	% of Budget Expended
General Fund Department Expenditures			
Police	\$13,432,090	12,957,406	96.5%
Fire	7,812,640	7,645,799	97.9%
Public Works	7,175,700	5,866,622	81.8%
Administrative Services	4,199,530	3,641,142	86.7%
Community Development	1,650,850	1,392,907	84.4%
Community Services	2,442,150	1,815,262	74.3%
Subtotal Expenditures	36,712,960	33,319,137	90.8%
Ending Fund Balance	5,012,710	0	0.0%
Total Appropriations	\$41,725,670	\$33,319,137	79.9%
(1) Budget reflects any amendments approved by the City Council through end of quarter reported. (2) Includes expenditures encumbered through end of quarter reported.			

CURRENT HIGHLIGHTS

- Department expenditures continue to run slightly below budget through the fourth quarter. The savings are a result of vacant positions as well as prudent use of maintenance and operating funds.
- Unrestricted Proposition L proceeds are being utilized to pay for ongoing vital City services that otherwise would have had to be reduced. These services cross departmental boundaries and it is estimated that without the passage of Proposition L, approximately 55 positions would have had to be eliminated.

RESERVES

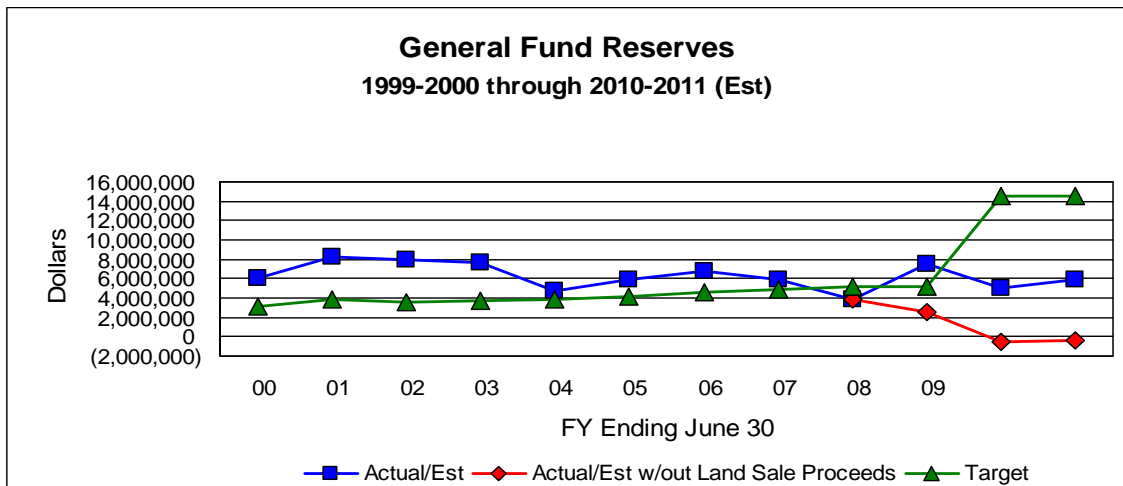
BACKGROUND

- The General Fund's reserve has been serving the dual purpose of acting as a buffer during an economic downturn and providing cash flow funding to even out the differences in timing between our revenues and expenditures. These reserves are one-time monies, once spent, are not available again unless replenished.

- Even when the budget is balanced, reserves are used for cash flow purposes during the first half of the fiscal year to pay for ongoing services until revenue collections “catch up”. For example, property taxes are typically paid in two installments in the fall and spring while the cost of providing General Fund services is fairly even throughout the year.
- The City Council modified the City’s General Fund Reserve policy on June 23, 2009, adding a reserve target for cash flow purposes equal to 25 percent of General Fund operating expenses. This is in addition to the previously existing 15 percent rainy day reserve target.

GENERAL FUND RESERVE HISTORY

- General Fund reserves fell below target in fiscal year 2007-2008. As displayed in the following graph, for the first several years reserves increased largely due to temporary reductions in CalPERS retirement rates because of unusually high investment returns in the late 1990s. These savings were wisely carried forward year after year in the General Fund’s reserves rather than being allocated to one-time or ongoing needs. In recent years, retirement rates increased dramatically due to investment losses in the early part of this decade. These rate spikes caused the reserve balances to decrease. Higher retirement costs, coupled with other large cost increases (e.g., health insurance) and the effects of the recession, caused the reserve balance to drop below target.
- The following chart shows the history of the General Fund reserve levels in relation to target since 1999-2000.



- The actual reserve balance at the end of 2008-2009 includes the initial \$1 million payment from the Redevelopment Agency for the sale of the old Police Station site and \$4 million for the property sold at the northeast corner of Baltimore Drive and El Cajon Boulevard. The estimated actual reserve balances for 2009-2010 and 2010-2011 include these one-time amounts plus an additional \$600,000 for 2009-2010 and \$700,000 for 2010-2011 for the next two payments due on the sale of the old Police Station site. The General Fund Reserves chart shows the anticipated balance at the end of the year, both with and without these land sale proceeds.

- By looking at the General Fund’s monthly cash balance over the past several years, we can see the need for cash flow reserves. The following table displays the General Fund’s monthly cash balance based on the balance sheet cash account.

Monthly General Fund Cash Balance¹				
	2006-2007	2007-2008	2008-2009	2009-2010
July	3,712,287	3,393,364	1,576,344	4,497,839
August	3,257,149	2,548,095	104,940	3,849,992
September	3,261,262	1,143,550	(905,745)	2,569,426
October	2,216,715	(537,676)	(3,232,641)	422,223
November	2,047,132	(2,222,746)	(4,379,281)	(156,072)
December	1,191,127	(1,494,063)	(2,770,410)	1,362,193
January	4,525,565	1,467,985	721,476	4,429,740
February	4,078,700	974,021	18,328	4,046,597
March	3,117,560	(402,919)	(1,272,259)	3,413,959
April	3,633,550	(173,409)	(1,935,400)	3,297,873
May	6,616,978	3,229,553	5,025,684	7,505,252
June	6,162,966	4,000,008	6,924,656	6,508,132

(1) General Fund cash account from monthly balance sheet.

- By analyzing the cash balance information, we can clearly see the importance of reserves from a cash flow standpoint. Over the last two fiscal years, we had 11 months’ end with a negative cash balance. In fiscal year 2008-2009, six months ended with negative cash balances (i.e., September through December and March through April). In these months, the General Fund borrowed against the cash balance of other City funds. From an interest earnings standpoint, the City’s interest earnings calculations take these negative positions into account and reduce the General Fund’s allocation of yearly interest earnings accordingly (note that the interest earnings in the funds that are borrowed against are therefore not affected by these interfund loans). As seen in fiscal year 2009-2010, the cash balances are not ideal but the larger beginning reserves have somewhat mitigated the General cash outflow for the first nine months.
- The decline in the cash balance from June 30, 2009 to November 30, 2009 was \$7.1 million. This is approximately \$1.3 million less than the \$8.4 million declines in the cash balances between June 30, 2008 through November 30, 2008 and again between June 30, 2007 through November 30, 2007. The preservation of the General Fund’s cash balance is due to the sale of city property at the end of Fiscal Year 2008-2009, changes in employee retirement contributions that were effective in August 2009 and September 2009, and management actions to contain costs.
- The June 30, 2010 cash balance of \$6,508,132 is preliminary pending fiscal year end adjustments. The final amount is anticipated to be close to the ending cash balance of fiscal year 2008-2009.

CONCLUSIONS

- While the downward economic trends experienced in late 2008 through 2009 appear to have subsided, the recovery from this recession will be slow. Sales tax revenues appear to have stopped rapidly declining and started to slowly recover. Proposition L sales taxes are providing much needed revenues to fill the structural budget deficits caused by declining revenues. Assessed valuations appear to be stabilizing as foreclosures slow and housing prices remain steady.
- While reserve balances continue to be below target, stabilizing revenues and cost containment measures are preventing a further degradation in reserve levels. Even with sensible budgeting and improved economic conditions, it may take years to reach the Council's total reserve goals of 40 percent. Reserve goals have been set at 15 percent of General Fund operating expenses for "rainy day" purposes with an additional 25 percent of General Fund operating expenses set for cash flow purposes.
- Based on revenue and expenditure estimates and participation in the property tax securitization program, through the second quarter of the year, the General Fund's ending reserves are estimated to be almost \$1,000,000 higher than budgeted. This represents an improvement to the General Fund ending reserve, but still below the Council's goals.

READER'S GUIDE

Managing a municipality the size of La Mesa is, in many ways, like managing a for profit corporation. Instead of focusing upon bottom-line profits, La Mesa managers must skillfully steward public dollars and ensure the effectiveness and efficiency of the City's operations. They must live within legislatively approved budgets that are reviewed by residents, business leaders, and others interested in the City.

Like private corporations, public entities report their financial condition on a regular basis. Corporations make reports to stockholders while public entities report to their "stakeholders" -- the individuals and organizations that have a "stake" in the entity's operations.

In addition to an annual financial report and biennial budget document, the City of La Mesa publishes a quarterly Budget Monitoring Report to provide stakeholders with current information about the City's financial condition and performance in the essential areas of the City's operations.

This report is designed to give the reader a sense of how well La Mesa is doing fiscally and what its current successes or challenges might be. It includes a high level overview of the City's financial condition followed by more detailed information on resources and expenditures for those readers who are interested in going beyond the bottom line.

This Reader's Guide has been developed to assist you in reviewing the City of La Mesa's quarterly Budget Monitoring Report. It highlights the type of information contained in each section and presents a glossary of commonly used budget terms.

Please contact Sarah Waller-Bullock at (619) 667-1122 if you have any questions, comments, or suggestions.

QUARTERLY BUDGET MONITORING REPORT ORGANIZATION

Executive Summary – A broad level overview of the City of La Mesa's current financial condition. It begins with comments on the economy, followed by a summary financial table and graph along with any comments highlighting resources and expenditures.

Resources – A more detailed discussion of revenue collections and other resources supporting the City's expenditures. Included in the discussion is a financial table showing the current year's budget, year-to-date collections, and calculated percent of budget collected. The discussion also includes comments on the significant factors and conditions affecting these items.

Appropriations – A more detailed discussion of expenditures and reserves. Included in the discussion is a financial table showing the current year's budget by department, year-to-date expenditures, and calculated percent of budget expended. The discussion also includes comments on the significant factors and conditions affecting these items.

The comments in the **Resources** and **Appropriations** sections will follow the following format:

“Current Highlights” – Important information being reported for the first time.

“As Previously Reported” – Relevant information that was reported in previous editions.

Reserves - Commentary on estimated ending fund balance and its relationship to reserve targets. Included is a graph displaying historical ending fund balance related to reserve targets and a table showing historical monthly cash balances.

FUNDS NOT REPORTED ON

This report focuses on the General Fund which provides the majority of government services. Other funds have been excluded from this report.

GLOSSARY

The following are definitions of some of the more common terms one may encounter in reviewing this document.

Accrual Basis – The basis of accounting under which revenues are recorded when they are earned and expenditures are recorded when they result in liabilities for benefits received.

Accrued Revenue – Revenue earned during the current accounting period but which is not collected until a subsequent accounting period.

Appropriation – Amount authorized for expenditure by the City Council.

Beginning Fund Balance – An account used to record resources available for expenditure in one fiscal year because of revenues collected in excess of the budget and/or expenditures less than the budget in the prior fiscal year.

Budget - A financial operating plan for a given period which displays the expenditures to provide services or to accomplish a purpose during that period together with the estimated sources of revenue (income) to pay for those expenditures. Once the fund totals shown in the budget are appropriated by the City Council, they become maximum spending limits.

Ending Fund Balance - An account used to record resources available at year end as a result of revenues collected in excess of the budget and/or expenditures less than the budget during the fiscal year. The City’s operating reserves are budgeted in the General Fund ending fund balance.

Expenditure – The payment for City obligations, goods, and services.

Fiscal Year – A twelve-month period designated as the operating year for accounting and budgeting purposes. The City of La Mesa’s fiscal year is July 1 through June 30.

Fund - Governmental accounting systems are organized and operated on a fund basis. A fund is an independent financial and accounting entity with a self-balancing set of accounts in which financial transactions relating to revenues, expenditures, assets, and liabilities are recorded. Funds are established to account for the use of restricted revenue sources and, normally, to carry on specific activities or pursue specific objectives.

General Fund – The financial and accounting entity that comprises typical operations of a municipality such as police, fire, public works, and other departments.

Grants – A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantor.

M&O (Maintenance and Operating) Costs – Expenditure category that represents amounts paid for supplies and other services and charges.

Proposition L – The La Mesa Vital City Services Measure which was passed by voters on November 4, 2008 authorizing a $\frac{3}{4}$ cent local transactions and use tax (commonly referred to as a sales tax). This general purpose tax became effective on April 1, 2009.

Reserve – An account used either to set aside budgeted revenues that are not required for expenditure in the current budget or to earmark revenues for a specific future purpose.

Resources - Total dollars available for appropriation, including estimated revenues, interfund transfers, and beginning fund balances.

Revenue - Sources of income received during the fiscal year, operating transfers from other funds, and other financing sources such as the proceeds derived from the sale of fixed assets.

Revenues from Other Agencies – Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Taxes – Compulsory charges levied by a government for financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Trust Funds – Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds. Examples are pension trust funds, nonexpendable trust funds, and expendable trust funds.