



**CITY OF  
LA MESA**

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*JEWEL of the HILLS*

# Budget Monitoring Report Quarter Ending June 30, 2010

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La Mesa City Council  
July 27, 2010

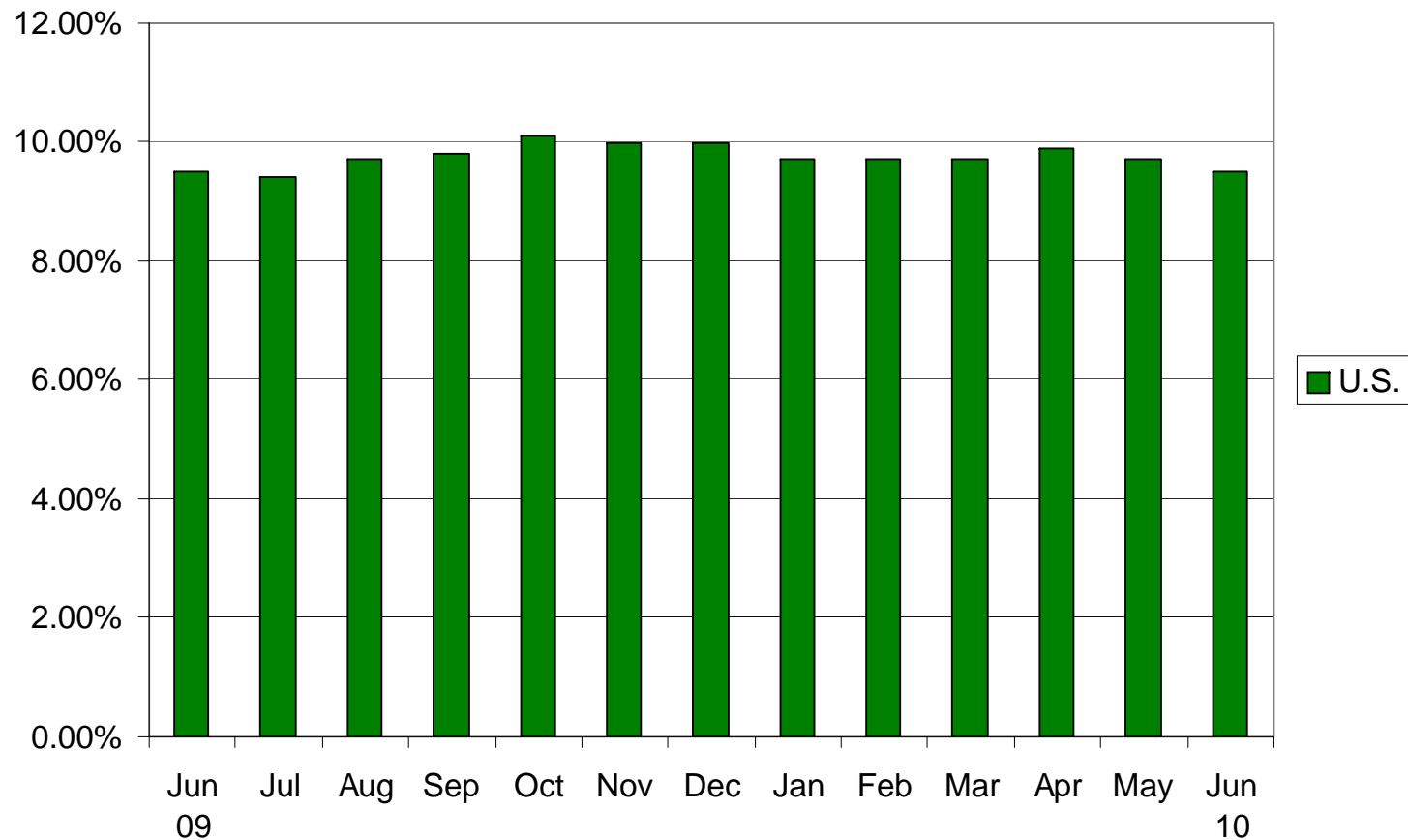
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# Economic Outlook

- National Economy

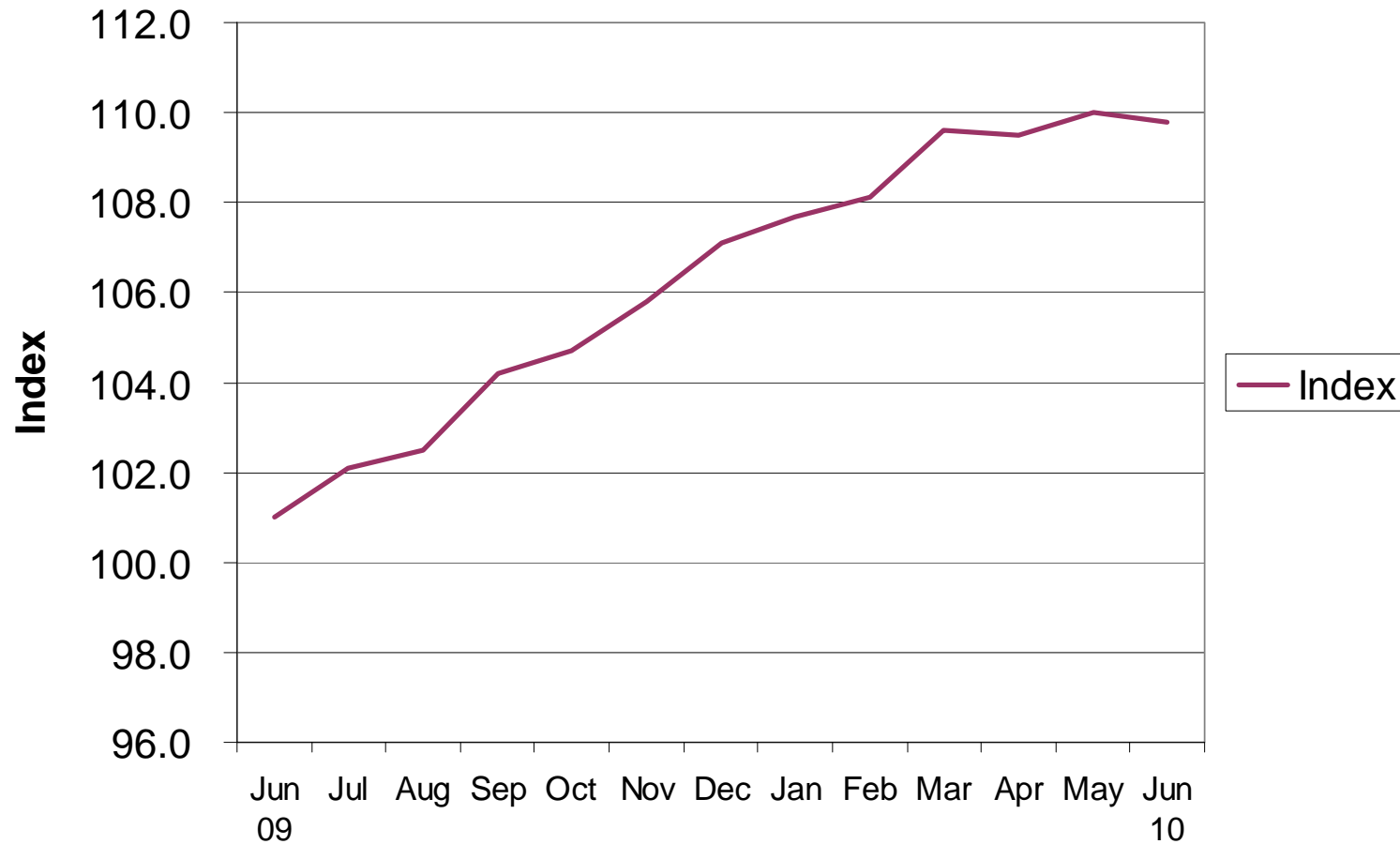
- Outlook is mixed with improvements in some areas offset by little or no improvement in others
  - Unemployment remains at very high levels
  - U.S. Leading Economic Index tapered off after ten months of increases
  - Inflation remains at extremely low levels
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# U.S. Unemployment Rate June 2009 – June 2010



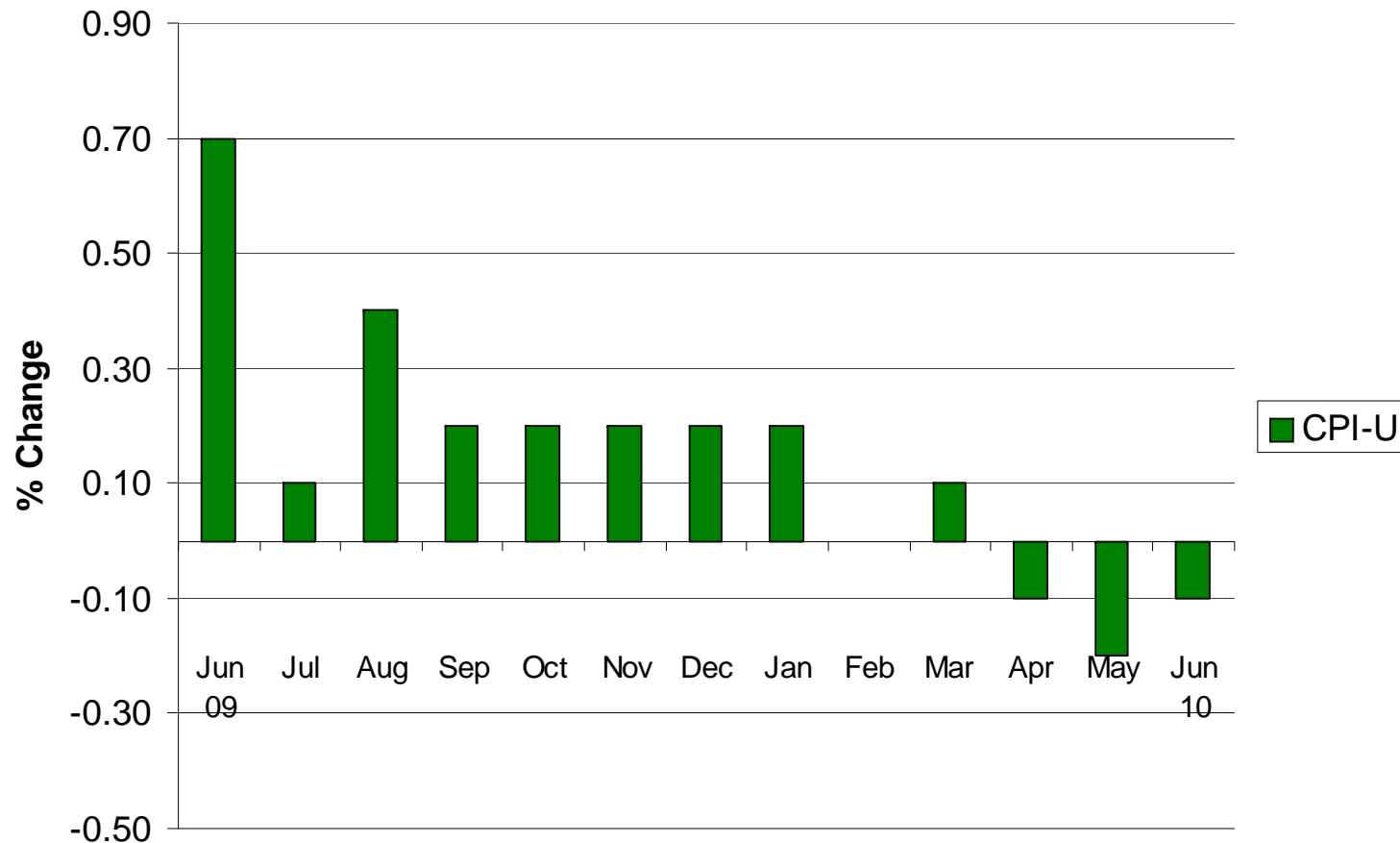
Source: U.S. Bureau of Labor Statistics (Seasonally Adjusted)

# U.S. Leading Economic Index June 2009 – June 2010



Source: The Conference Board

# Consumer Price Index – All Urban Consumers (CPI-U) One-month Percentage Change June 2009 – June 2010



Source: U.S. Bureau of Labor Statistics

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# Economic Outlook, cont.

- Federal Funds Rate: between 0% and 0.25% since December 2008
  - Semiannual Monetary Policy Report to Congress - July 21, 2010
    - Over the next several years:
      - Moderate economic growth
      - Gradual decline in the unemployment rate
      - Subdued inflation
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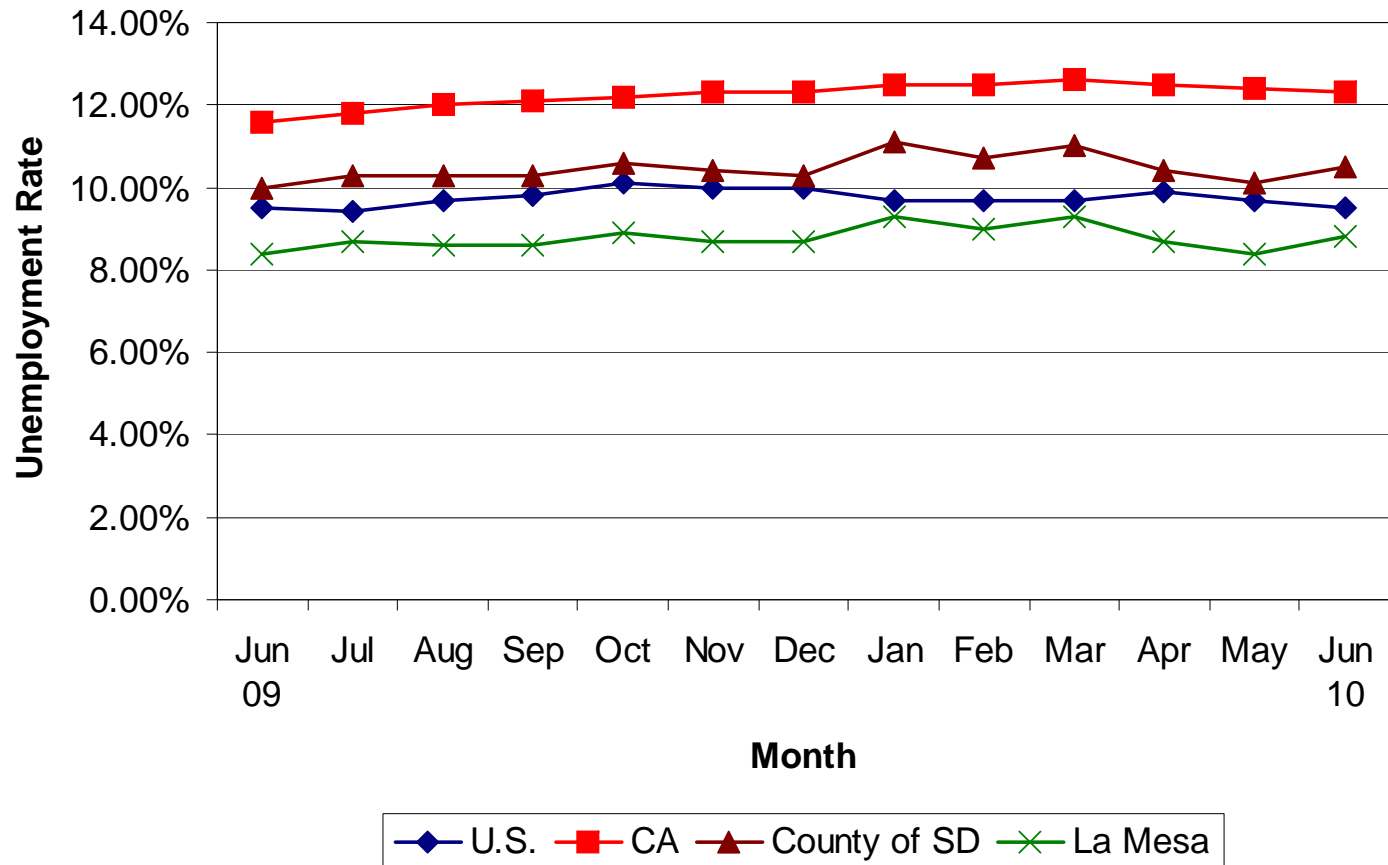
# State/Local Economic Outlook

- Mirrors the national economic outlook
  - State and County unemployment continues to exceed national average
  - Local leading economic indicators relatively flat over previous quarter
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# Unemployment Comparison

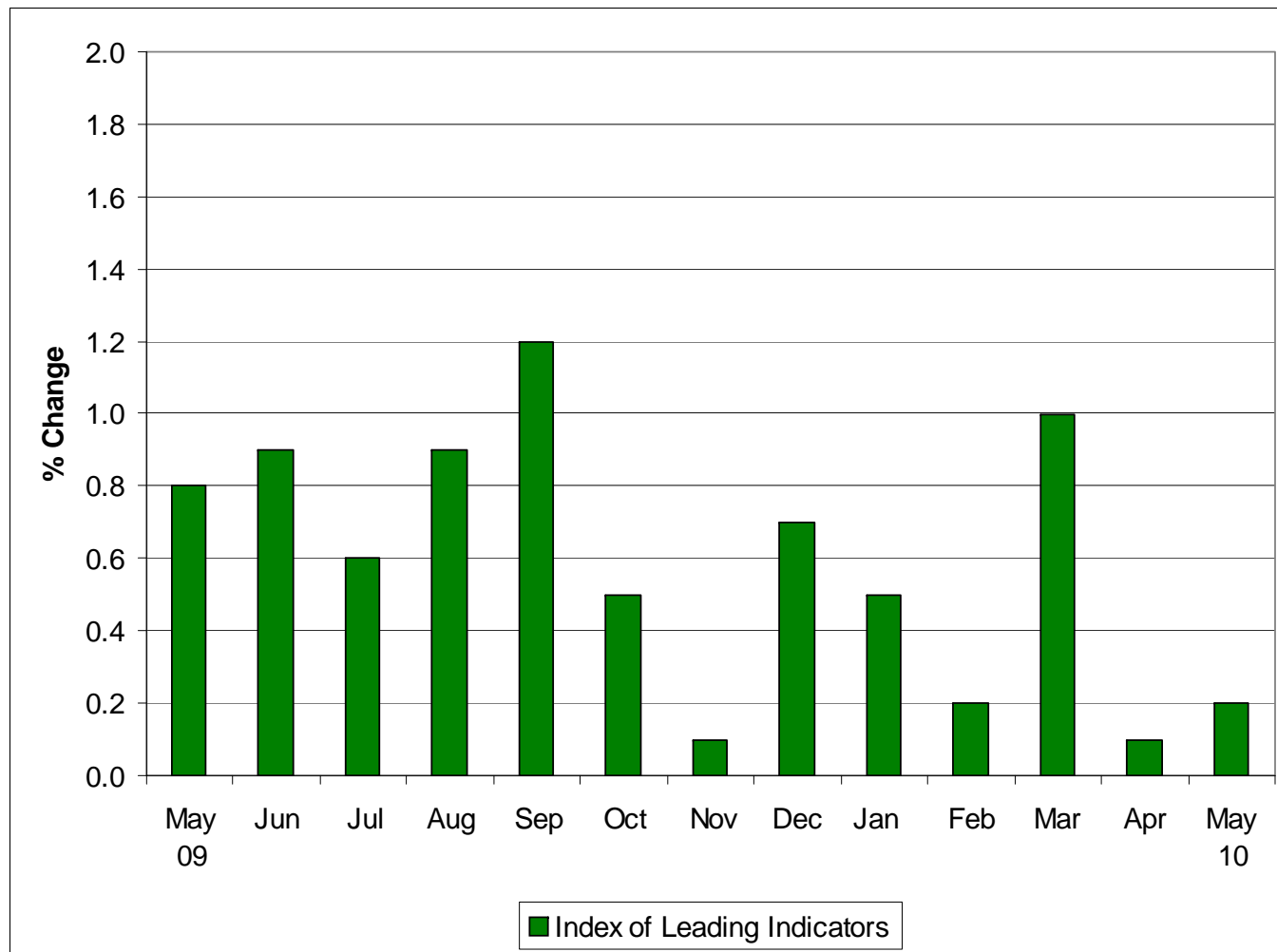
## U.S./State/County/City

### June 2009 – June 2010



Source: U.S. Bureau of Labor Statistics  
California Employment Development Department

# USD Index of Leading Economic Indicators May 2009 – May 2010



Source: University of San Diego

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# USD Economic Outlook

## May 2010

- Moderate gains in building permits and consumer confidence offset by declines in unemployment and local stock prices
  - Likely to see slow to moderate growth in the second half of 2010 and into at least the first half of 2011
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# State Budget

- Legislature has not yet adopted a 2010-2011 Budget (due by June 30, 2010)
  - Continue to pay mandated costs, but will delay payments to local governments
  - Estimated \$19 billion deficit for 2010-2011
  - Pension reform key issue with Governor Schwarzenegger
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# General Fund Performance

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	<u>26,936,700</u>	<u>26,164,489</u>	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	<u>33,520,220</u>	<u>31,432,899</u>	93.8%
Plus: Interfund Transfers In	3,162,350	2,403,220	76.0%
Less: Interfund Transfers Out	<u>(2,365,700)</u>	<u>(2,578,900)</u>	109.0%
<b>Total Resources</b>	<b><u>\$41,725,180</u></b>	<b><u>\$38,760,819</u></b>	<b>92.9%</b>

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

- Property tax will exceed budgeted amount
- Base Sales Tax and Prop L estimated to meet budgeted amounts
- All other revenues estimated to be below budgeted amounts

Note: Revenues reported prior to year-end accounting accruals

# General Fund Performance, cont.

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 (3)	5,012,710	6,335,230	126.4%
<b>Total Appropriations</b>	<b>\$41,725,670</b>	<b>\$39,654,367</b>	<b>95.0%</b>
(1) Budget reflects any amendments approved by the City Council through end of quarter reported.			
(2) Includes expenditures encumbered through end of quarter reported.			
(3) Ending Fund Balance is estimated based on FY 2010-2011 Budget Update			

Note: Expenditures reported prior to year-end accounting accruals

# General Fund Performance, cont.

<b>Monthly General Fund Cash Balance (1)</b>				
	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>
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.

Note: Cash balance for June preliminary pending fiscal year end adjustments

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# General Fund Performance, cont.

- Reserves

- Based on revenue and expenditure projections, reserves for Fiscal Year 2009-2010 estimated to be above budget, but well below the 40% target



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# **Budget Monitoring Report**

## **Quarter Ending June 30, 2010**

**Questions/Comments**

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