

LA MESA

JEWEL OF THE HILLS

Budget Monitoring Report Quarter ending March 31, 2023



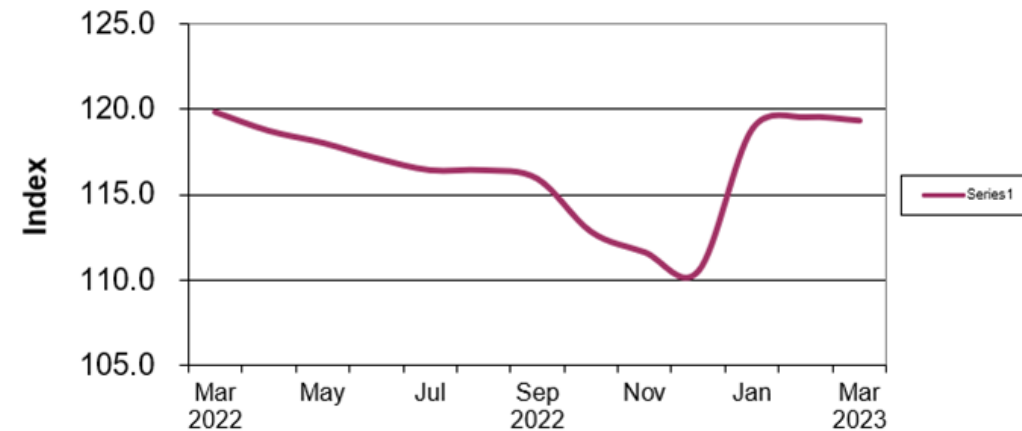
Economic Outlook March 2023



National Economy

- “The US LEI fell to it’s lowest level since November 2020, consistent with worsening economic conditions ahead” (Conference Board)
- Talk of a global recession in 2023 will greatly impact the US

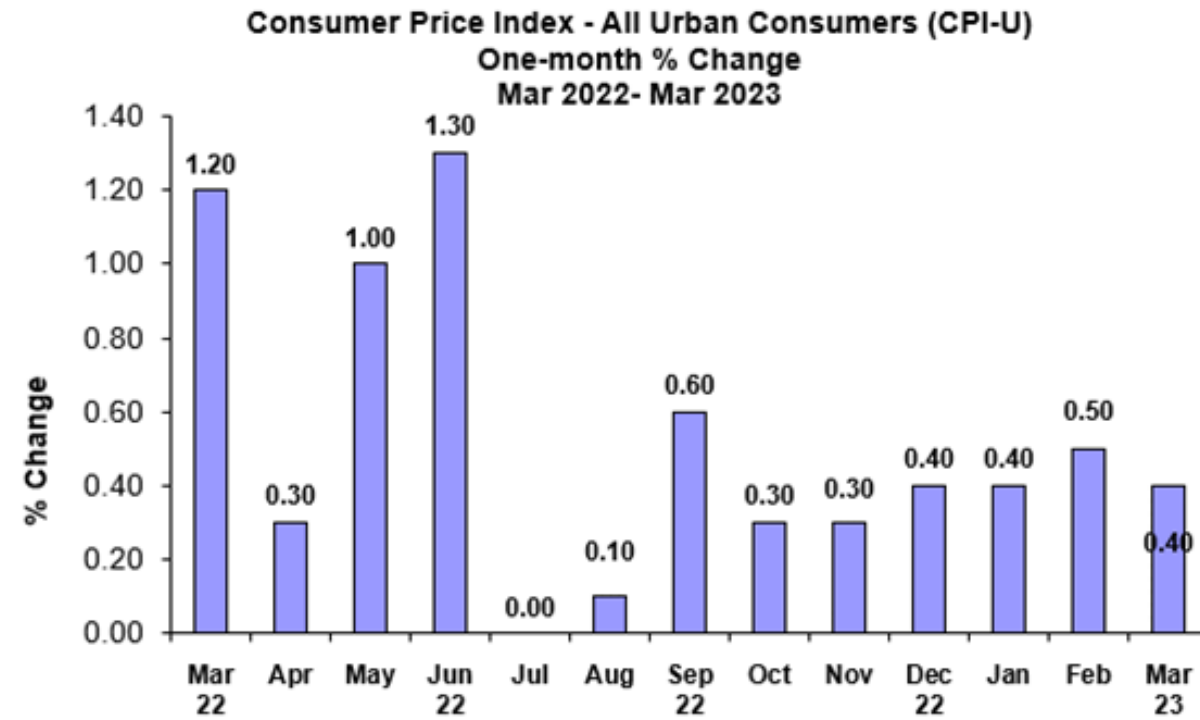
The Conference Board
U.S. Leading Economic Index
Mar 2022- Mar 2023



Consumer Price Index March 2022-March 2023



- The CPI for All Urban Consumers (CPI-U) rose 0.1 percent in March
- Over the last 12 months, all items index increased 5 percent before seasonal adjustment.
- The shelter index was the largest contributor for the overall index increase.
- Energy index decreased 3.5 percent.



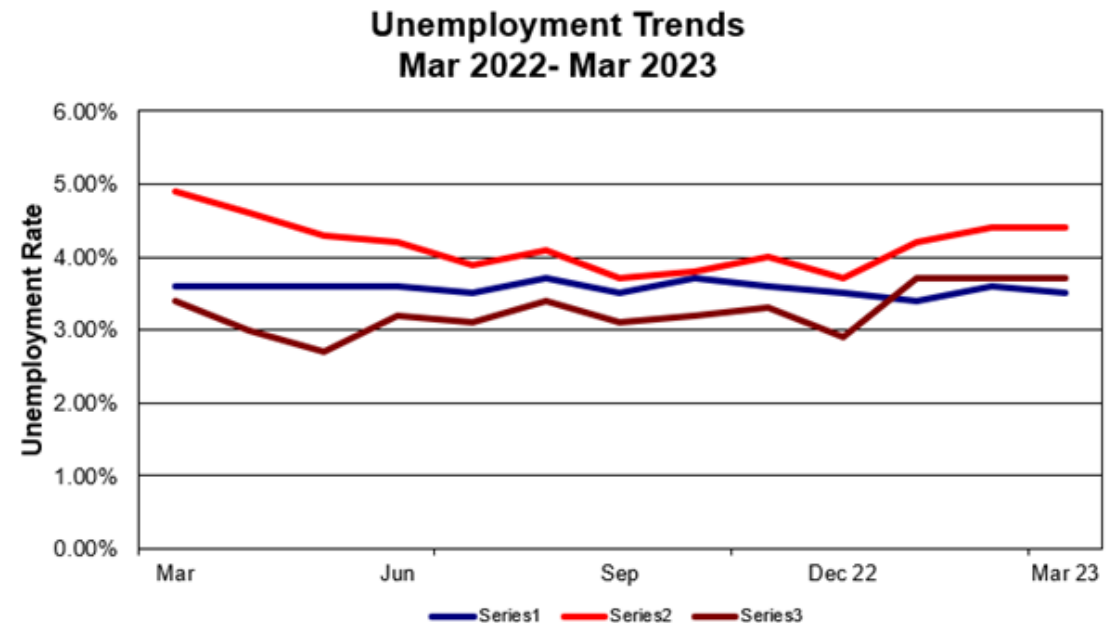
Source: U.S. Bureau of Labor Statistics

State/Local Economic Outlook

Unemployment



- Federal unemployment rate has remained at 3.5 percent consistently for the last 12 months
- California unemployment rate was 4.4 percent at the end of March, increasing .6 percent
- The County of San Diego and the City of La Mesa saw unemployment rates slightly increase in the first quarter, ending at 3.7 and 3.8 percent respectively.
- Overall, the State's labor force has fallen by 229,600 workers or a 1.2 percent decline.

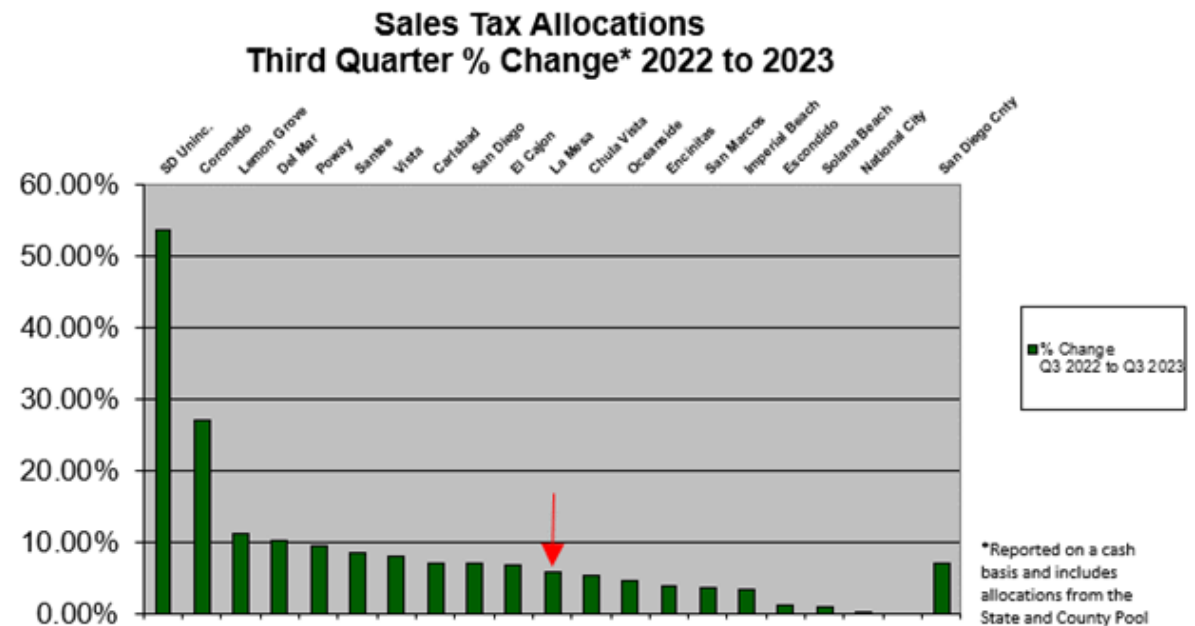


Source: State of California, U.S. Department of Labor

Sales Tax Revenues Fourth Quarter 2022 (October-December)



- Receipts from October-December were 9 percent above the same period in 2021
- Holiday shopping and dining was strong during this period.
- Cannabis revenues continue to lift the food/drug group
- City's allocation of County Pool decreased 2 percent due to restructuring of allocation amounts.



Source: Hinderliter de Llamas and Associates

General Fund Performance

All Revenues thru March 2023



- Property taxes are slightly higher than the same time from last year
- Sales tax, including Prop L. are trending higher.
- Cannabis tax has exceeded budget in the third quarter (Jan-Mar 2023)
- Other revenue sources are cyclical and will not be at 75 percent at the half year mark

General Fund Resources	Current Fiscal Year			Prior Year Comparison	
	2022 - 2023 Budget ¹	YTD Collected (unaudited)	% of Budget Collected	YTD Collected (unaudited)	% of Budget Collected
Through 75% of Fiscal Year					
Revenues:					
Taxes					
Property Tax	\$ 16,937,640.00	\$ 10,156,160.00	60.0%	\$ 9,402,104.00	55.5%
Former Tax Increment (RDA)	421,200.00	105,083.00	24.9%	-	0.0%
Sales	17,000,000.00	13,636,649.00	80.2%	9,948,631.00	58.5%
Proposition L	12,100,000.00	9,947,433.00	82.2%	7,091,660.00	58.6%
Cannabis Business Tax	2,000,000.00	2,299,958.57	115.0%	1,347,682.00	67.4%
Other	3,207,680.00	1,878,904.00	58.6%	1,624,999.00	50.7%
Subtotal Taxes	\$ 51,666,520.00	38,024,187.57	73.6%	29,415,076.00	56.9%
Licenses & permits	\$ 1,608,400.00	\$ 1,472,055.00	91.5%	\$ 1,590,051.00	98.9%
Fines, forfeitures & penalties	433,000.00	495,626.00	114.5%	303,216.00	70.0%
Use of money and property	1,766,140.00	1,738,069.00	98.4%	1,016,735.00	57.6%
Revenue from other agencies	1,479,650.00	1,396,906.00	94.4%	1,364,208.00	92.2%
Service charges	2,374,120.00	2,681,019.00	112.9%	1,705,570.00	71.8%
Other revenue	3,280,000.00	(15,945.00)	-0.5%	124,131.00	3.8%
Total Revenues	\$ 62,607,830.00	45,791,917.57	73.1%	35,518,987.00	6.0%
Other financing sources:					
Interfund transfers in	3,090,200.00	1,459,855.00	47.2%	1,703,191.00	55%
Interfund transfers out	(2,448,450.00)	(827,952.00)	33.8%	(813,600.00)	33%
Total other financing sources	641,750.00	631,903.00	98.5%	889,591.00	139%
Plus: Fund Balance at July 1	36,598,856.00	39,777,922.00	92%	36,580,133.00	100%
Total resources	\$ 99,848,436.00	\$ 86,201,742.57	86%	\$ 72,988,711.00	73%

¹ Budget reflects any amendments approved by the City Council through end of the quarter

General Fund Performance Expenditures thru March 2023



- Expenditures are slightly below expectations for the third quarter
- Expenses vary per quarter and are not expected to be at 75 percent

General Fund Expenditures			
Through 75% of Fiscal Year	2022-2023 Budget¹	YTD Encumbered/ Expended²	% of Budget
General Fund Department Expenditures			
Police	\$ 24,435,310.00	\$ 15,423,191.00	63.1%
Fire	14,224,510.00	9,388,315.00	66.0%
Public Works	11,153,190.00	5,951,257.00	53.4%
Administrative Services	8,701,590.00	7,552,181.00	86.8%
Community Development	2,530,710.00	1,727,835.00	68.3%
Community Services	2,103,650.00	1,331,684.00	63.3%
Total General Fund Expenditures	<u>\$ 63,148,960.00</u>	<u>\$ 41,374,463.00</u>	65.5%
¹ Budget reflects any amendments approved by the City Council through the end of the quarter			
² Includes expenditures encumbered through end of quarter reported			

General Fund Performance Reserves (Unaudited)



- General Fund reserves are projected to meet both the 15% Rainy Day and the 25% Cash Flow reserve targets

	Actuals			Final Budget FY 22-23	Revised Ending Fund Reserves (Forecast)
	FY 19-20	FY 20-21	FY 21-22		
Available Reserves at June 30	32,051,168.00	36,598,856.00	35,917,640.00	23,591,720.00	36,826,970.00
Reserves as % of Operating Expenditures	61.5%	69.6%	61.6%	40.4%	58.4%
Source of Revenues:					
Property Sale (Police Station)	3,050,000.00	3,050,000.00	3,050,000.00	3,050,000.00	3,050,000.00
Property Sale (Other land)	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00	4,000,000.00
Proposition L Revenues	8,741,926.00	10,900,549.00	11,900,000.00	10,301,000.00	12,100,000.00
Reserves from Operations	16,259,242.00	18,648,307.00	16,967,640.00	6,240,720.00	17,676,970.00
Total Ending General Fund Reserves	32,051,168.00	36,598,856.00	35,917,640.00	23,591,720.00	36,826,970.00

Going Forward



- Almost finished with FY24/25 budgets
- Balancing new finance system and moving forward
- FY22 audit is complete and in review with partners
- Beginning FY23 audit end of May
- Preparing for end of fiscal year

Budget Monitoring Report Quarter Ending December 31, 2022



Questions/Comments