

LA MESA

JEWEL OF THE HILLS

Budget Monitoring Report Quarter ending March 31, 2022

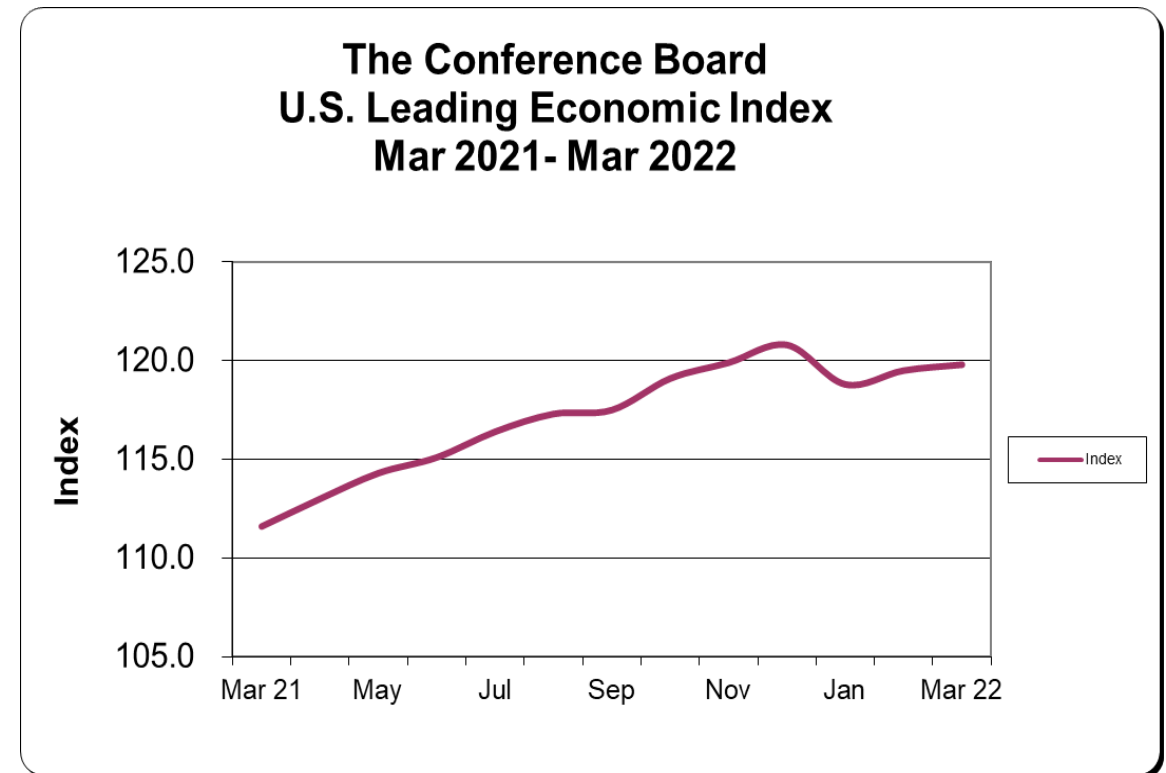


Economic Outlook March 2022



National Economy

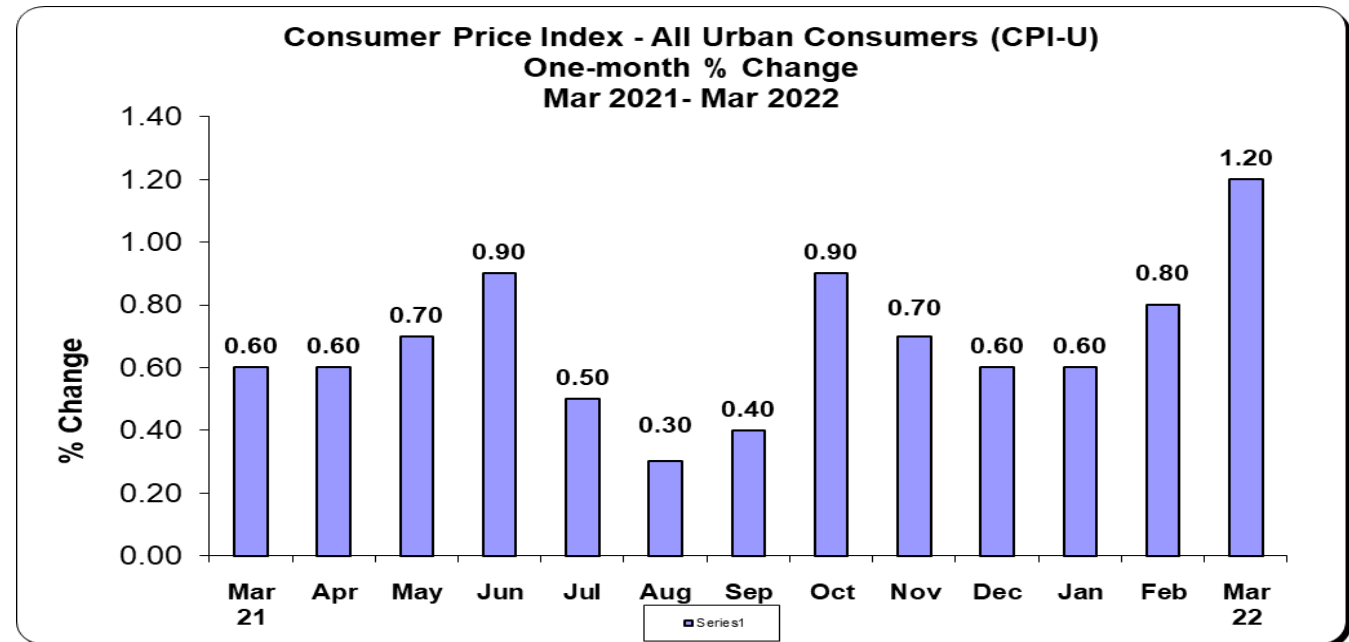
- The Conference Board Leading Economic Index decreased 1 percentage point between January and March
- When compared to the same time period in 2021, the LEI has increased 8.2 percent
- “After a decrease of 2 percentage points from December to January, the LEI has rebounded 1 percentage point in February and March, despite the war in Ukraine, volatile stock prices, and weakening business and consumer expect” (Conference Board)



Consumer Price Index March 2021-March 2022



- The CPI for All Urban Consumers (CPI-U) increased 1.2 percent in March
- Over the last 12 months, all items index increased 8.5 percent before seasonal adjustment
- Gasoline index rose 18.3 percent in March and accounted for over half the all items monthly increase



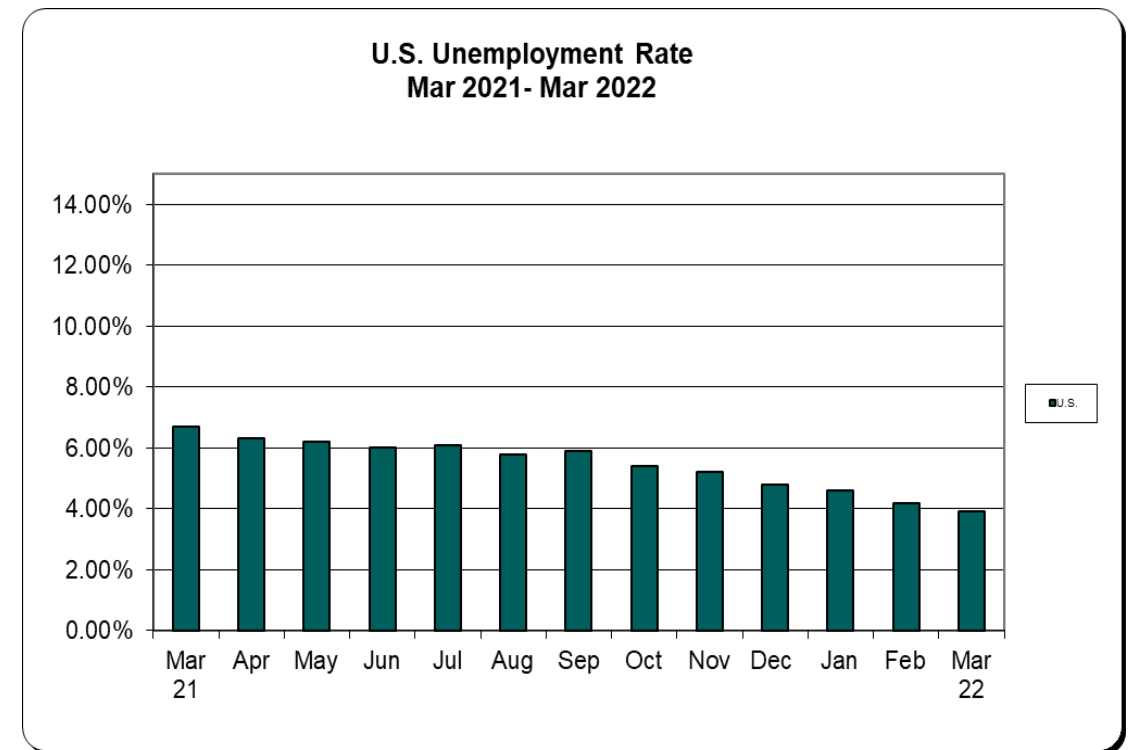
Source: U.S. Bureau of Labor Statistics

State/Local Economic Outlook

Unemployment



- Federal unemployment rate has had little change at 3.6 percent
- The County of San Diego and the City of La Mesa saw unemployment rates drop in the third quarter, ending at 3.4 percent and 3.2 percent respectively
- “The strong job gains relative to the nation will continue, since California has more ground to recover compared to the rest of the country”, said Taner Osman, Research Manager at Beacon Economics and the Center for Economic Forecasting

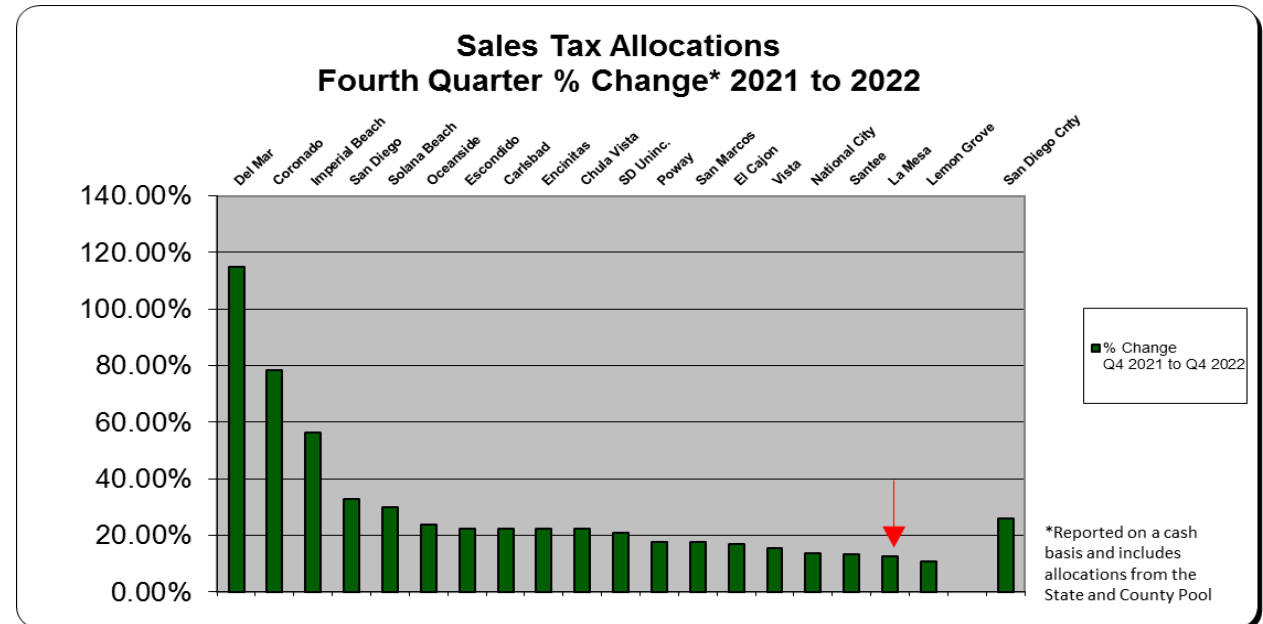


Source: State of California, U.S. Department of Labor

Sales Tax Revenues Fourth Quarter 2021



- Reported sales tax revenues after adjustments for the fourth quarter 2021 were 12.4 percent above the same period in 2020
- Reflects sales that occurred between October through December 2021
- Largest factor was a 19 percent surge in general consumer goods due to the holiday season. Casual dining improved 60 percent as people got out of the house again to connect to people after months of closures.



Source: Hinderliter de Llamas and Associates

General Fund Performance

All Revenues



- General Fund revenues came in as expected through the third quarter of the fiscal year (January-March 2022)
- Property tax and sales tax are received in varying intervals not in line with the quarter
- Property taxes received are slightly higher compared to the previous year.
- Overall, general fund revenues are exceeding budget

General Fund Resources	Current Fiscal Year			Prior Year Comparison	
	Through 75% of Fiscal Year 2021-2022 Budget ¹	YTD Collected (unaudited)	% of Budget Collected	YTD Collected (unaudited)	% of Budget Collected
Revenues:					
Taxes					
Property Tax	\$ 15,691,510	\$ 9,402,104	59.9%	\$ 9,109,451	58.7%
Former Tax Increment (RDA)	343,600	-	0.0%	-	0.0%
Sales	14,145,000	9,948,631	70.3%	8,653,302	71.5%
Proposition L	9,974,000	7,091,660	71.1%	5,924,432	70.1%
Cannabis Business Tax	2,000,000	1,347,682	67.4%	1,112,079	222.4%
Other	3,206,700	1,624,999	50.7%	1,362,755	42.0%
Subtotal taxes	45,360,810	29,415,076	64.8%	26,162,018	65.1%
Licenses & permits	1,580,500	1,590,051	100.6%	1,215,709	89.4%
Fines, forfeitures & penalties	376,100	303,216	80.6%	191,440	44.8%
Use of money and property	1,365,920	1,016,735	74.4%	755,215	51.5%
Revenue from other agencies	1,258,120	1,364,208	108.4%	869,046	83.8%
Service charges	1,869,100	1,705,570	91.3%	803,098	35.0%
Other revenue	145,490	124,131	85.3%	100,178	68.1%
Total revenues	51,956,040	35,518,988	68.4%	30,096,704	64.1%
Other financing sources:					
Interfund transfers in	2,908,200	1,703,191	58.6%	1,828,700	66.4%
Interfund transfers out	(2,012,250)	(813,600)	40.4%	(481,450)	37.3%
Total other financing sources	895,950	889,591		1,347,250	
Plus: Fund Balance at July 1	31,208,810	31,208,810	100.0%	32,051,168	100.0%
Total resources	\$ 84,060,800	\$ 67,617,389	80.4%	\$ 63,495,123	78.9%

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

General Fund Performance Expenditures



General Fund Expenditures

Through 75% of Fiscal Year	2021-2022 Budget ¹	YTD Encumbered/ Expended ²	% of Budget
General Fund Department Expenditures			
Police	\$ 22,579,200	\$ 16,483,836	73.0%
Fire	13,533,020	10,355,896	76.5%
Public Works	10,345,500	7,357,426	71.1%
Administrative Services	7,974,070	5,764,361	72.3%
Community Development	2,675,110	1,588,588	59.4%
Community Services	1,999,410	1,384,188	69.2%
Total General Fund Expenditures	\$ 59,106,310	\$ 42,934,295	72.6%

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

- All departments are at or slightly below expectations
- Inflation remains a concern as we end the fiscal year and update the mid-biennium budget to be brought to council at the end of June

General Fund Performance Reserves



- Reserve estimates were not as severe as originally anticipated
- Ending reserves due to better than anticipated Sales Tax, Prop L Sales Tax, Property Tax, and recouping hard hit category losses with ARPA funding
- General Fund reserves are projected to meet both the 15% Rainy Day and the 25% Cash Flow reserve targets

	Actuals			Final Budget FY 21-22	Revised Ending Fund Reserves (Forecast)
	FY 18-19	FY 19-20	FY 20-21		
Available Reserves at June 30	31,499,284	32,051,168	36,598,856	26,930,800	35,917,640
Reserves as % of Operating Expenditures	60.4%	61.5%	69.6%	45.6%	61.6%
Source of Reserves:					
Property Sale (Police Station)	3,050,000	3,050,000	3,050,000	3,050,000	3,050,000
Property Sale (Other land)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Proposition L Revenues	8,940,142	8,741,926	8,673,000	8,673,000	8,673,000
Reserves from Operations	15,509,142	16,259,242	20,875,856	11,207,800	20,194,640
Total Ending General Fund Reserves	31,499,284	32,051,168	36,598,856	26,930,800	35,917,640

Going Forward



- Finance team is finalizing the Mid-Biennium budget to be presented for approval on June 28th
- Staff continues to work with Ad Hoc sub-committee on ARPA funding
- Inflation and the supply chain remains a concern as we go into the new fiscal year

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Questions/Comments