

LA MESA

JEWEL OF THE HILLS

Budget Monitoring Report
Quarter ending June 30, 2019



CITY OF
LA MESA
JEWEL of the HILLS

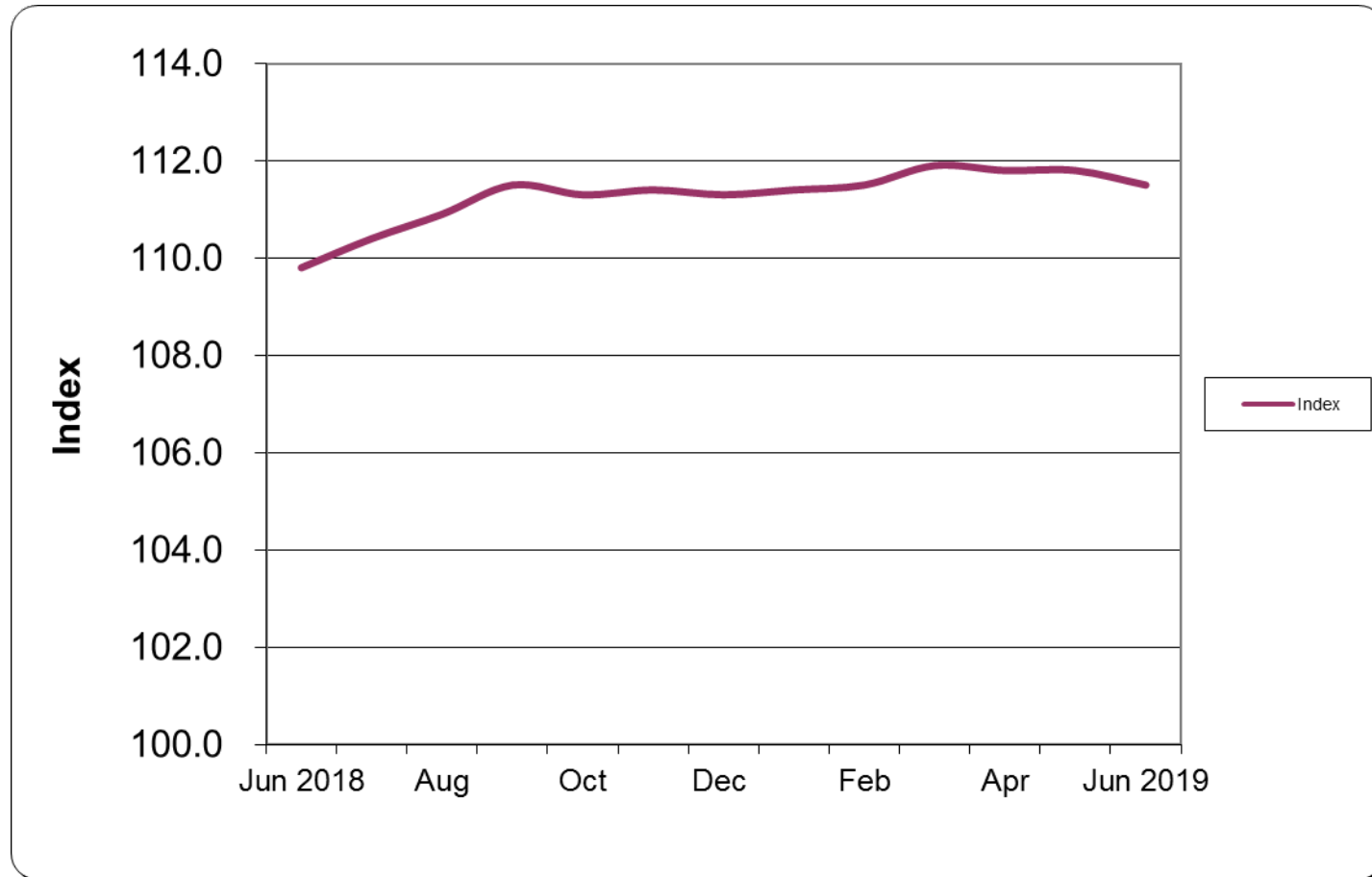
Economic Outlook



- **National Economy**

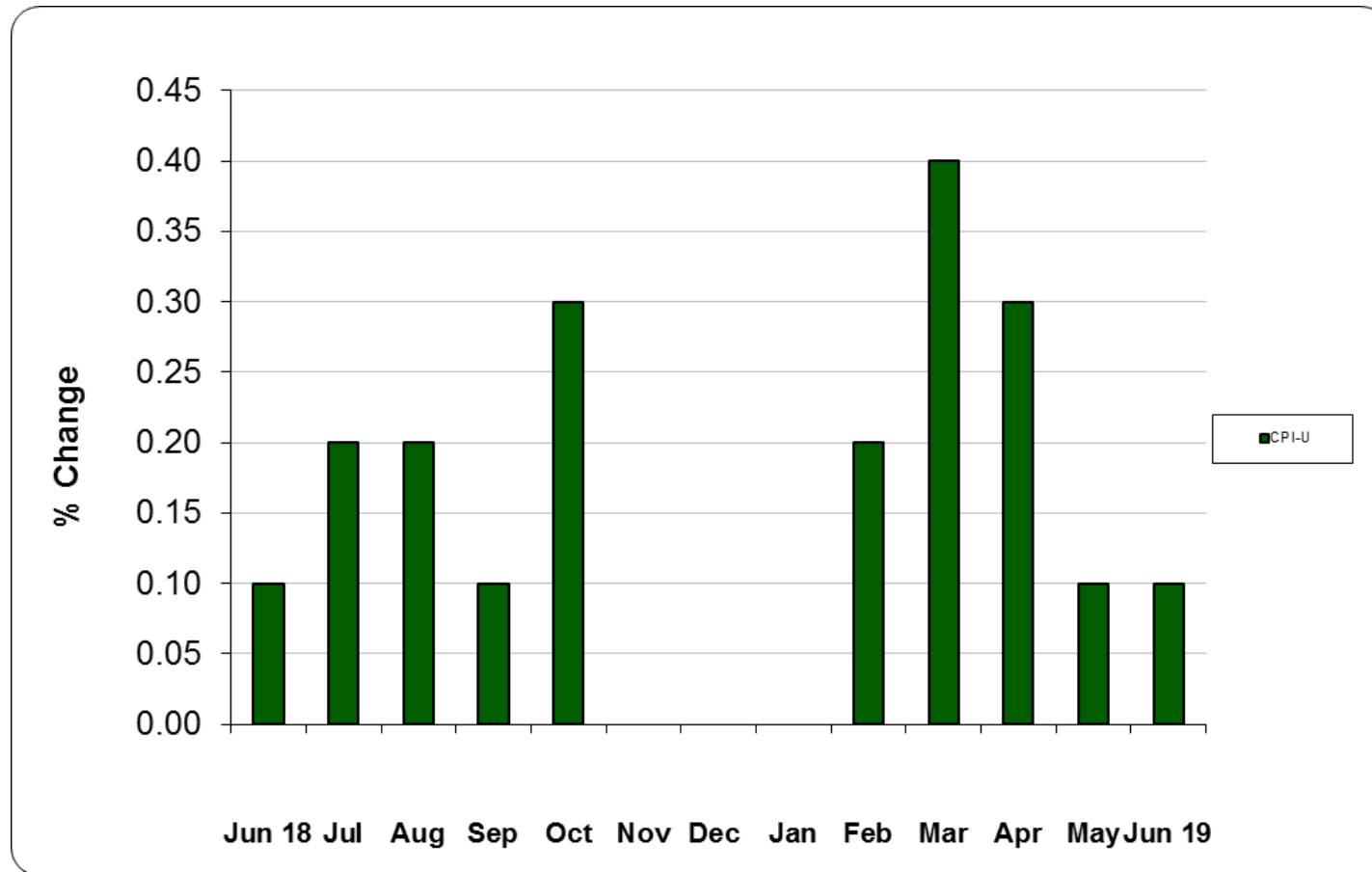
- The economy continued to grow through the current quarter at a similar pace experienced over the past year
- Economic indicators are mostly positive through June
- Consensus among economic forecasts projecting growth in the economy through the end of 2019

U.S. Leading Economic Index June 2018 – June 2019



Source: The Conference Board

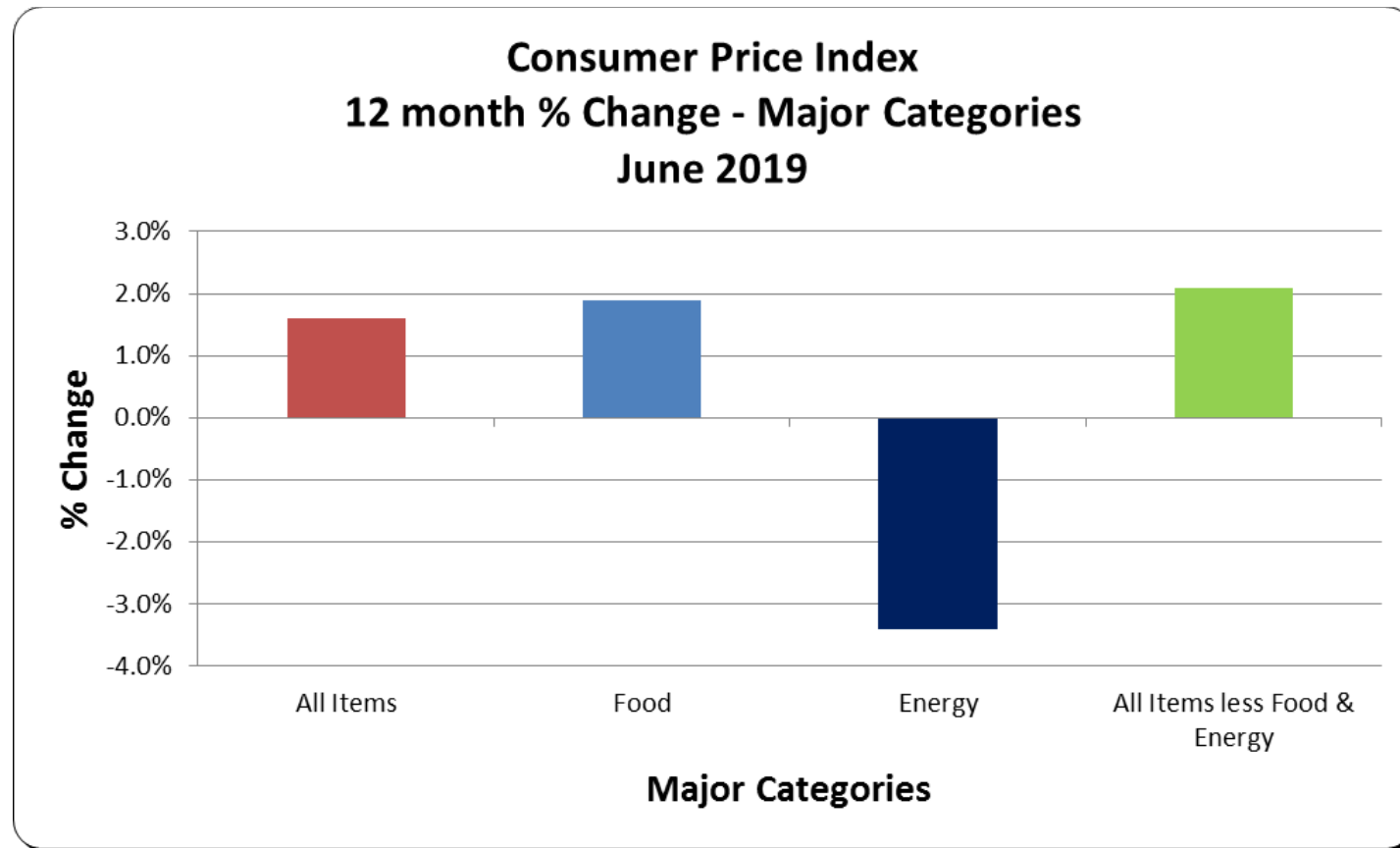
Consumer Price Index June 2018 – June 2019



All Urban Consumers
One-month Percentage
Change

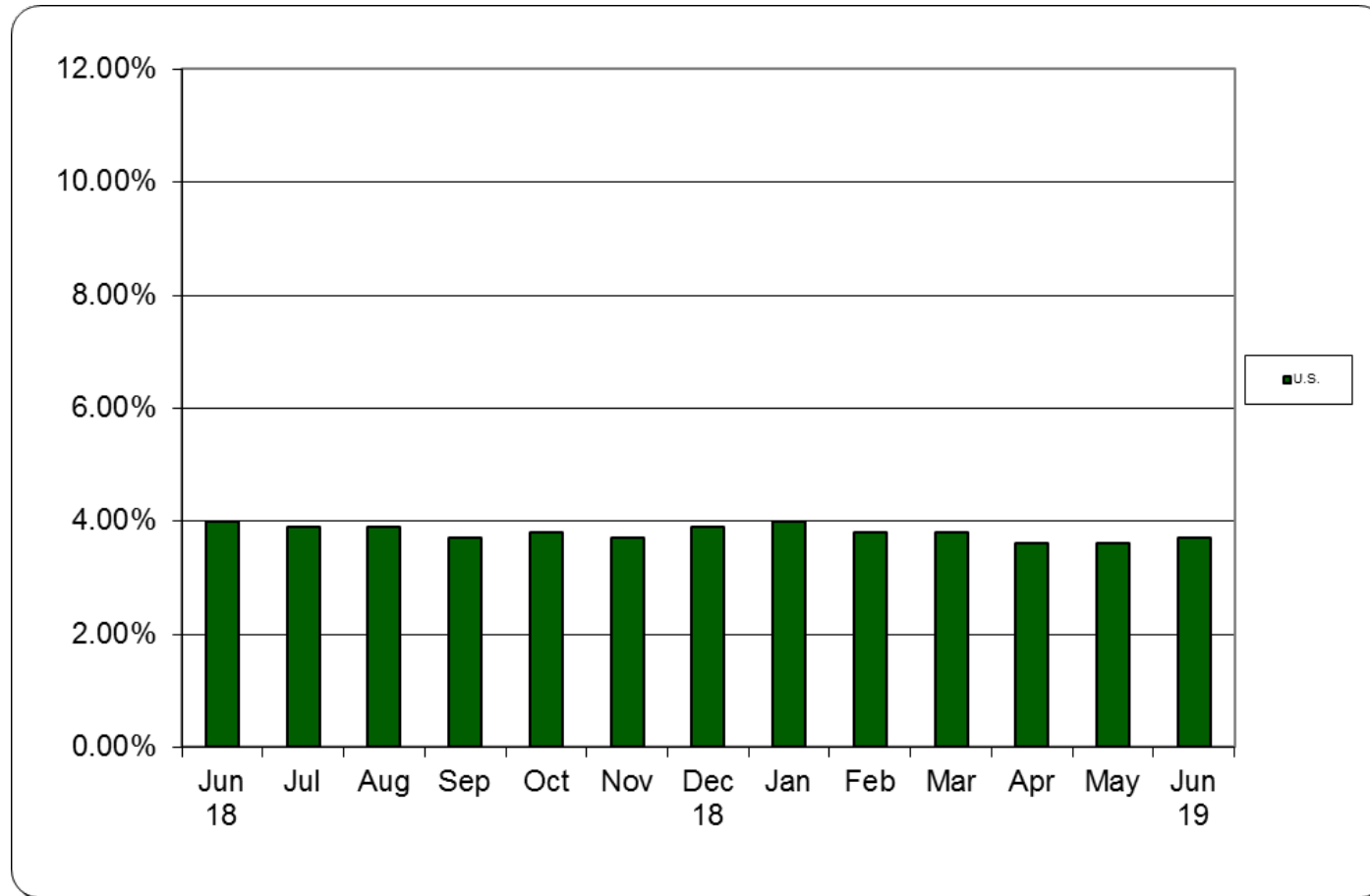
Source: U.S. Bureau of Labor Statistics

Consumer Price Index 12 Month % Change – June 2019



Source: U.S. Bureau of Labor Statistics

U.S. Unemployment Rate June 2018 – June 2019



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

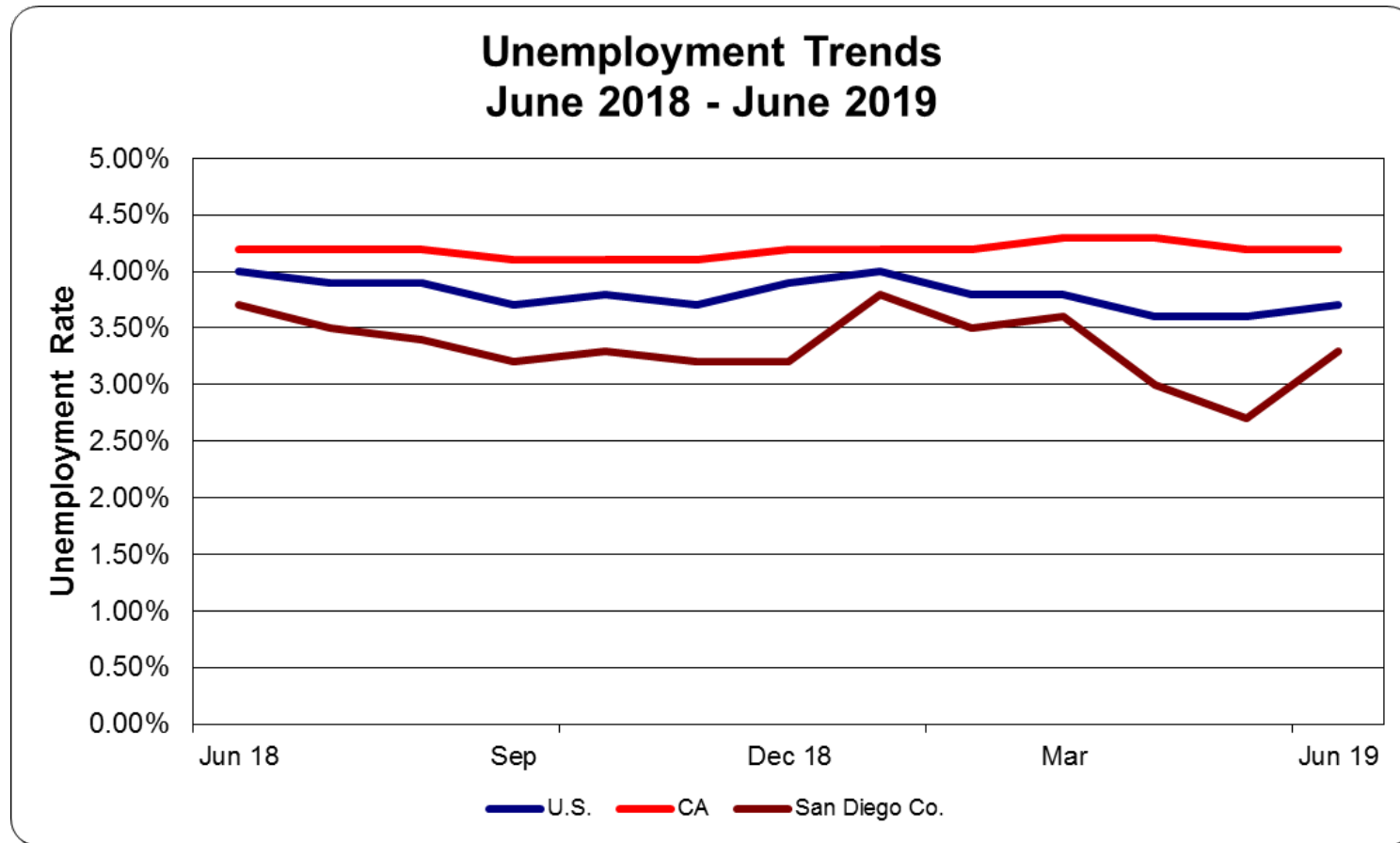
State/Local Economic Outlook

Unemployment



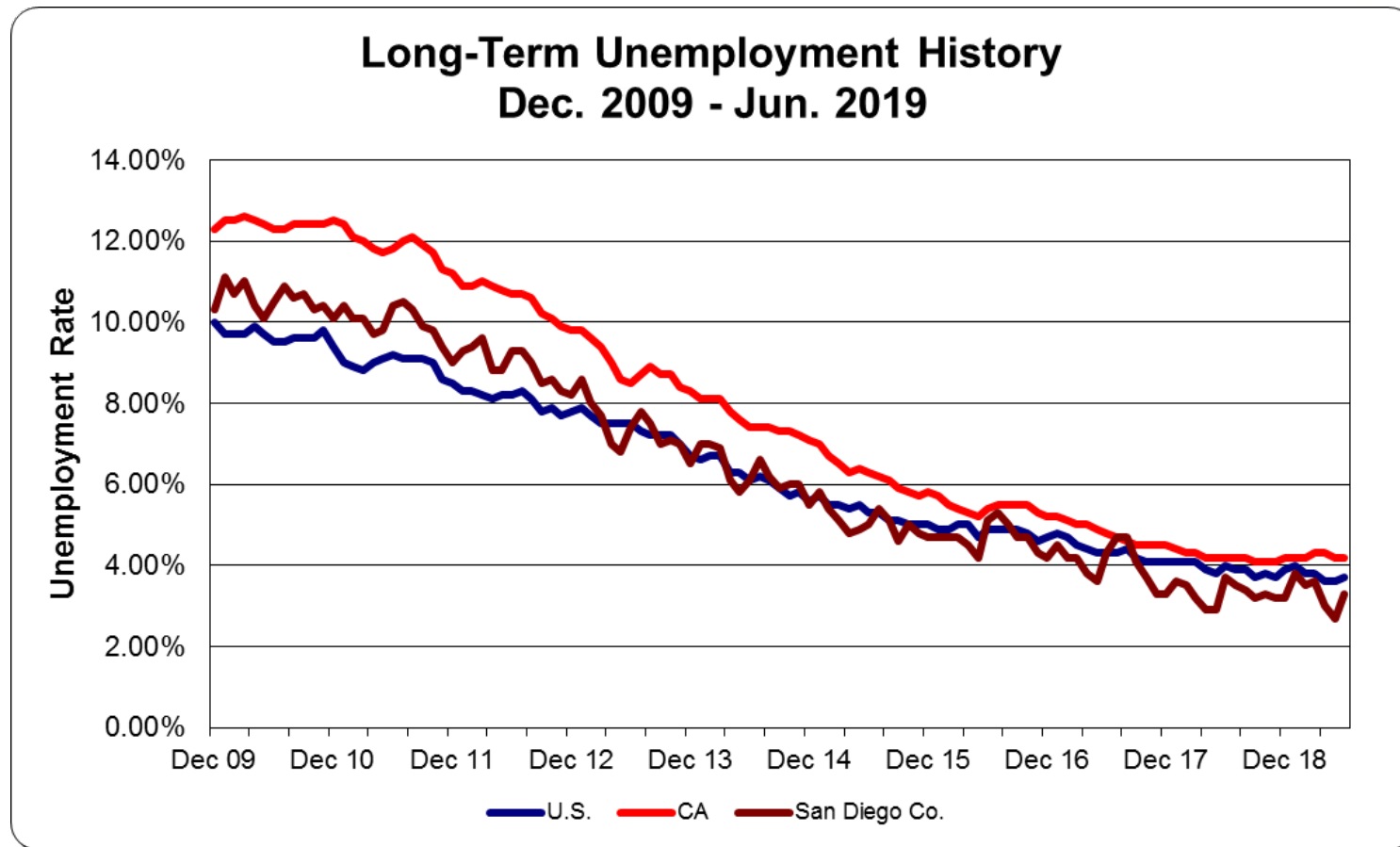
- State unemployment rates remained unchanged at 4.3 percent during March and April before decreasing slightly 4.2 percent in May and June
- The County of San Diego and the City of La Mesa unemployment rates both decreased to 3 percent in April before decreasing further to 2.7 percent in May and increasing in June to end the quarter at 3.3 percent
- According to Beacon Economics, the supply of labor in San Diego County has grown slowly in 2019 and actually declined year-over-year in the most recent data

Unemployment Comparison U.S./State/County



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

10-Year Unemployment Trends U.S./State/County



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

Local Economic Outlook



Beacon Economics Spring 2019 Forecast for the State and Region indicates:

- Continued growth through the end of 2019, although at a slower rate when compared to previous years
- Weaker than normal numbers in some economic data, but more in line with normal business cycles than an indication of possible recession
- Fundamental indicators such as consumer savings rate, wage growth, and debt levels all look positive
- Median price of home in San Diego County to increase but at a slower pace compared to the last few years

Sales Tax Revenues First Quarter 2019

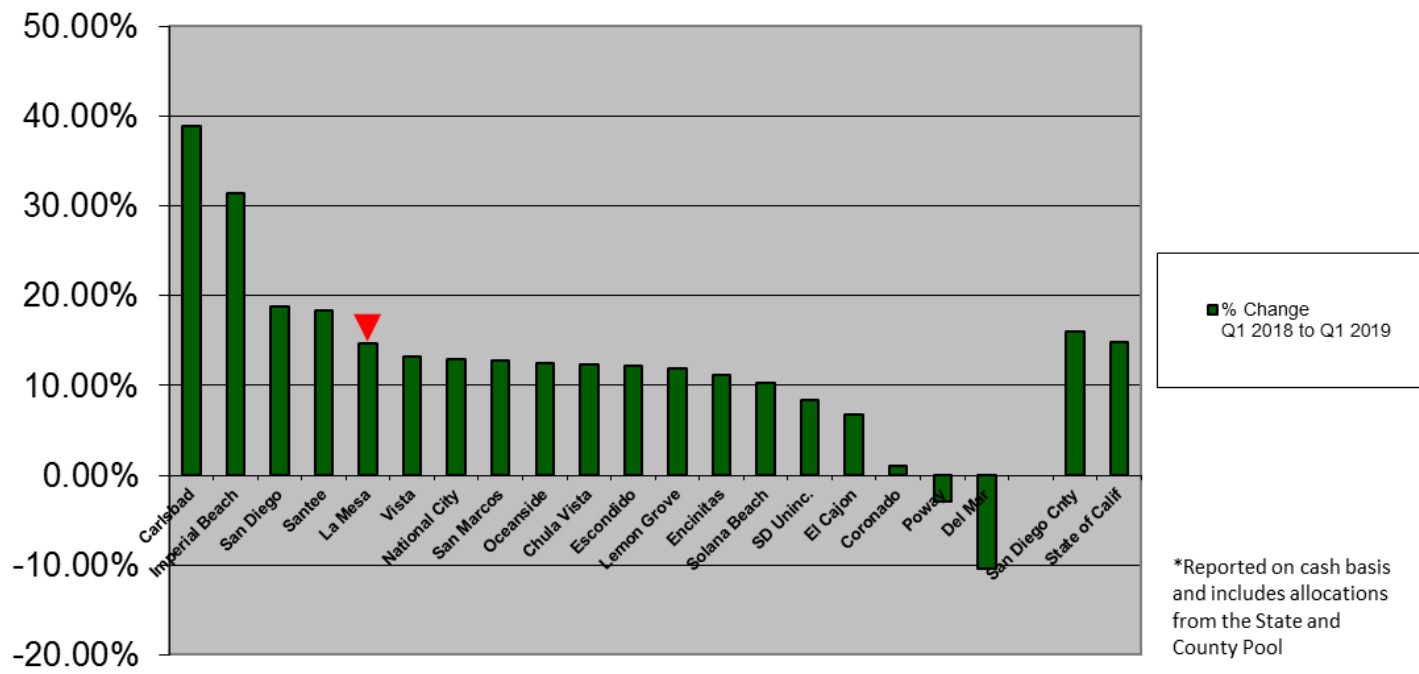


- Increases in Quarter 1 2019 sales tax revenues due to CDTFA underreporting issues that began in Q1 2018
- Actual Quarter 1 2019 sales tax revenues continue to be received at expected levels and in line with budgetary expectations
- Compared to other agencies, La Mesa's Q1 sales tax increase is just above the median

Sales Tax Revenues First Quarter 2019



**Sales Tax Allocations
First Quarter % Change* 2018 to 2019**



**Sales Tax Allocation Totals
First Quarter 2019
% Change
Q1 2018 to Q1 2019**

	Q1 2019
Carlsbad	38.84%
Imperial Beach	31.44%
San Diego	18.80%
Santee	18.32%
La Mesa	14.73%
Vista	13.15%
National City	12.87%
San Marcos	12.70%
Oceanside	12.44%
Chula Vista	12.27%
Escondido	12.22%
Lemon Grove	11.85%
Encinitas	11.21%
Solana Beach	10.35%
SD Uninc.	8.32%
El Cajon	6.77%
Coronado	1.01%
Poway	-2.89%
Del Mar	-10.35%
San Diego Cnty	16.04%
State of Calif	14.83%

*Reported on cash basis and includes allocations from the State and County Pool

Source: Hinderliter de Llamas and Associates

General Fund Performance

Tax Revenues



- Overall revenues are expected to end the year at above budgetary expectations and higher than the last fiscal year
- Property tax and Property tax Increment revenues received through the fourth quarter are slightly above both budgetary amounts and total amounts received in the prior year
- Final Base sales tax and Proposition L sales tax revenues are anticipated to come in slightly higher than previously estimated

General Fund Performance Tax Revenues



General Fund Tax Revenues					
	<u>Current Fiscal Year</u>			<u>Prior Year Comparison</u>	
	2018-2019 Budget	YTD Collected	%	YTD Collected	%
Through 99% of Fiscal Year	Budget	Collected	Budget	Collected	Budget
Taxes					
Property Tax*	\$ 14,084,280	\$ 14,236,007	101.1%	\$ 13,440,900	100.5%
Sales Tax	12,987,000	11,085,335	85.4%	12,950,303	99.2%
Prop L	8,591,000	7,545,338	87.8%	8,916,466	104.3%
Other Taxes	3,361,700	3,082,914	91.7%	3,577,094	109.2%
Taxes received thru 06/30/19	<u>39,023,980</u>	<u>35,949,593</u>	92.1%	<u>38,884,763</u>	101.7%

*Property Tax includes former tax increment revenue received as a result of the dissolution of redevelopment

General Fund Performance Expenditures



- With 99% of the year complete and most expenditures recorded, the General Fund expenditures ended the year at just over 94 percent of budget
- Amounts include most General Fund operating expenses through the end of the fiscal year and are reflected in the estimated ending reserves

General Fund Performance Expenditures



General Fund Expenditures

Through 99% of Fiscal Year	2018-2019 Budget ¹	YTD Encumbered/ Expended ²	% of Budget
General Fund Department Expenditures			
Police	\$ 19,885,855	\$ 18,590,165	93.5%
Fire	11,422,840	10,922,496	95.6%
Public Works	9,184,470	9,204,726	100.2%
Administrative Services	7,410,530	6,536,169	88.2%
Community Development	2,491,985	2,346,830	94.2%
Community Services	1,772,300	1,579,342	89.1%
Total General Fund Expenditures	<u>\$ 52,167,980</u>	<u>\$ 49,179,728</u>	94.3%

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



- General Fund Reserves for the fiscal year ending June 30, 2019 are estimated to be \$28,963,601, or 57% of operating expenditures
- The projected fund balance has increased from \$25,606,795 as presented in the Financial Forecast
- General Fund reserves are projected to meet both the 15% Rainy Day and the 25% Cash Flow reserve targets
- Estimated General Fund Reserves for Fiscal Year 2018-2019 reflect the \$3 million contribution to the Section 115 Trust Fund and additional appropriations for negotiated salary and benefit increases

General Fund Performance Reserves



	Actuals			FY 18-19		Financial Forecast Est Expenditures	Projected Estimated Reserves
	FY 15-16	FY 16-17	FY 17-18	Mid-Biennium Budget	Revised Ending Reserves		
Available Reserves at June 30	29,395,841	29,696,208	31,578,785	27,584,491	24,587,935	25,606,795	28,963,601
Reserves as % of Operating Expenditures	63.1%	60.7%	65.3%	54.9%	47.9%	48.1%	57.0%
Source of Reserves:							
Property Sale (Police Station)	3,050,000	3,050,000	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	4,000,000	4,000,000
Proposition L Revenues	8,298,939	8,406,483	8,916,466	8,591,000	8,591,000	8,591,000	8,591,000
Reserves from Operations	14,046,901	14,239,724	15,612,320	11,943,491	8,946,935	9,965,795	13,322,601
Total Ending General Fund Reserves	29,395,841	29,696,208	31,578,785	27,584,491	24,587,935	25,606,795	28,963,601

Budget Monitoring Report Quarter Ending June 30, 2019



Questions/Comments