

**Budget Monitoring Report
Quarter Ending 6/30/09
and
Cash Flow Report
Month Ending 6/30/09**



**La Mesa City Council
August 11, 2009**

Economy

- Positive economic readings during the quarter has led the majority of economists to predict that the recession will come to an end during the third quarter of 2009
- However, they expect a U-shaped recovery rather than a V-shaped recovery
- Let's take a look at the major economic indicators...

U.S. Consumer Confidence Index



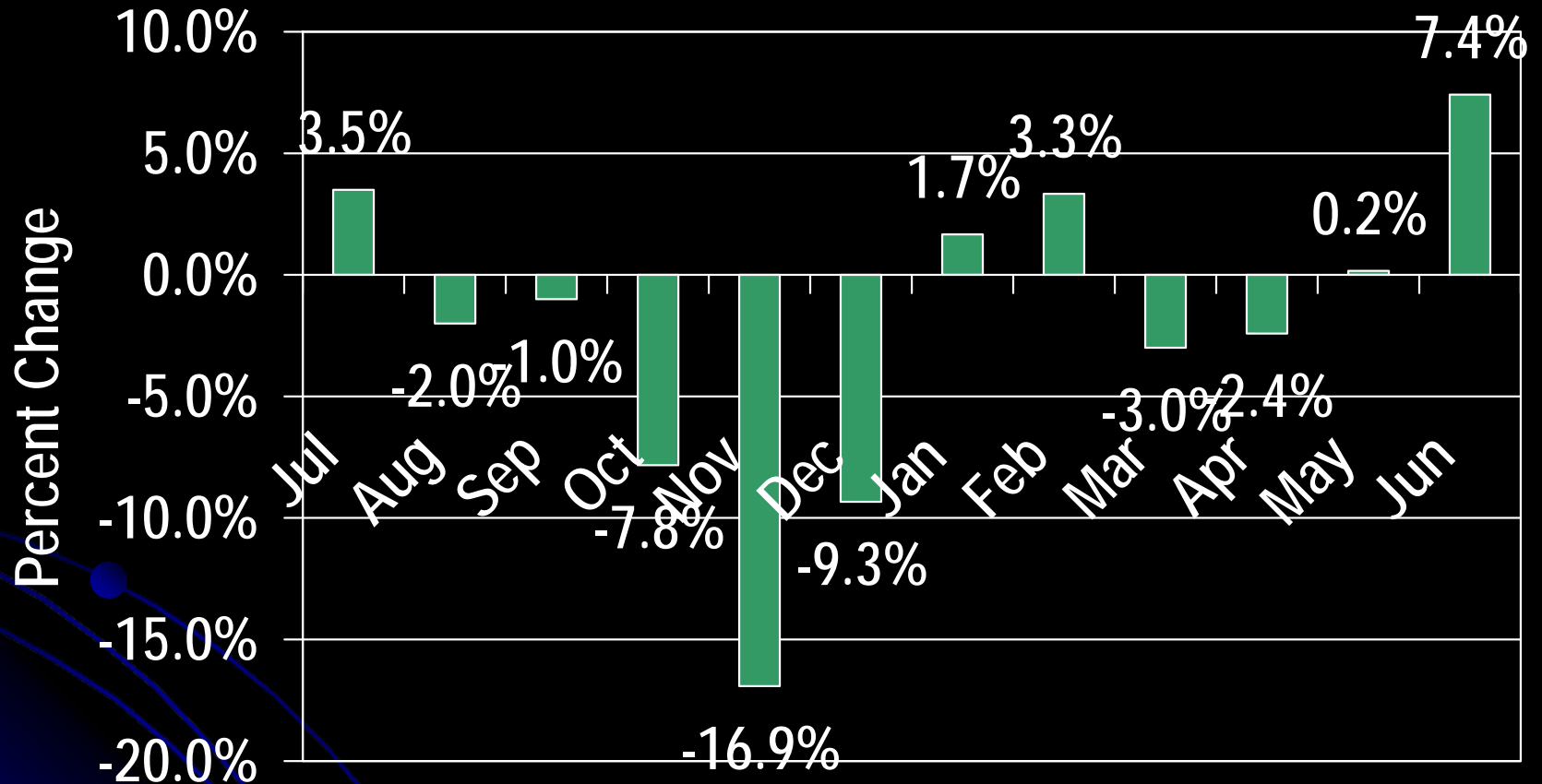
Source: The Conference Board

U.S. Consumer Price Index - Total



Source: U.S. Department of Labor (Seasonally Adjusted)

U.S. Consumer Price Index - Energy



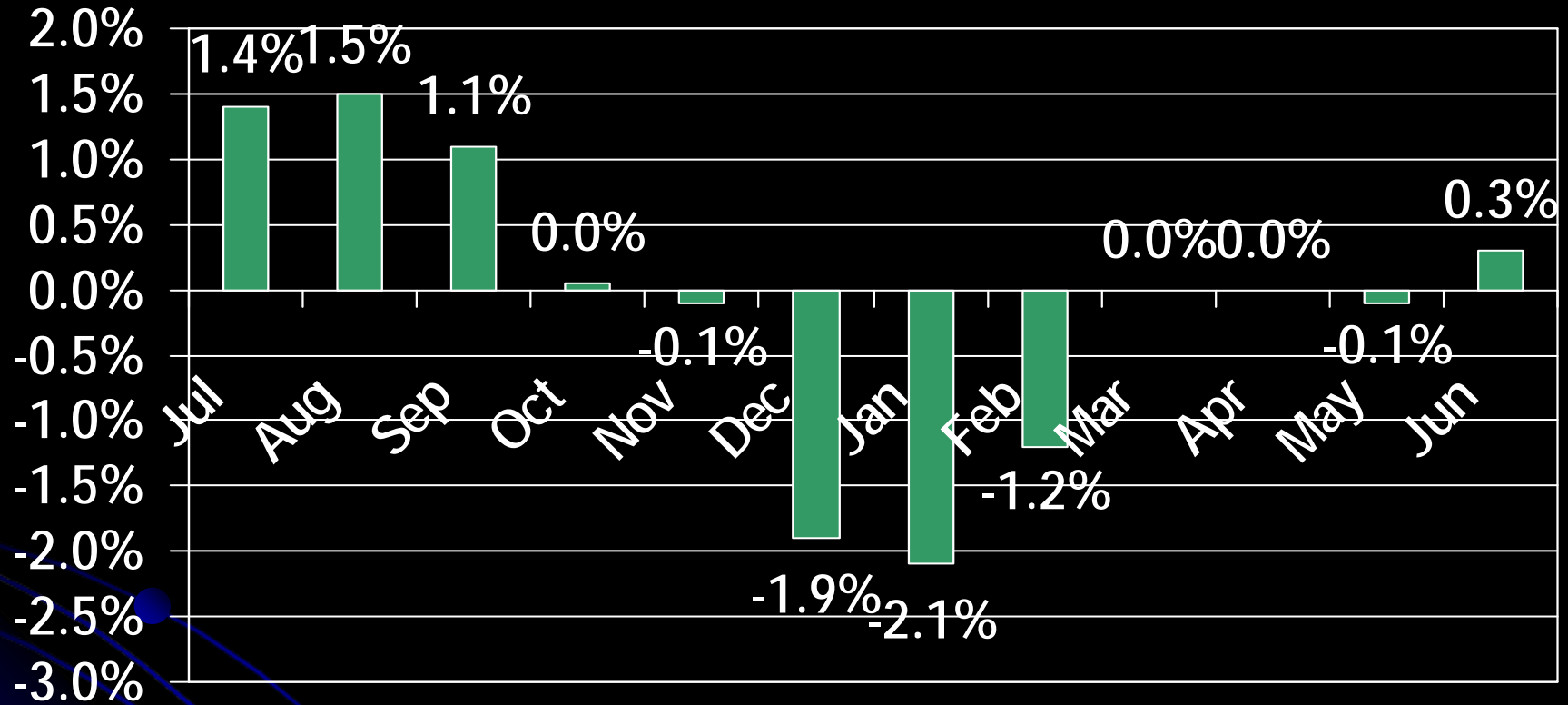
Source: U.S. Department of Labor (Seasonally Adjusted)

U.S. Consumer Price Index - Core



Source: U.S. Department of Labor (Seasonally Adjusted)

Municipal Cost Index



Source: American City & County Magazine

Index of Leading Economic Indicators



Source: The Conference Board

U.S. Unemployment Rate



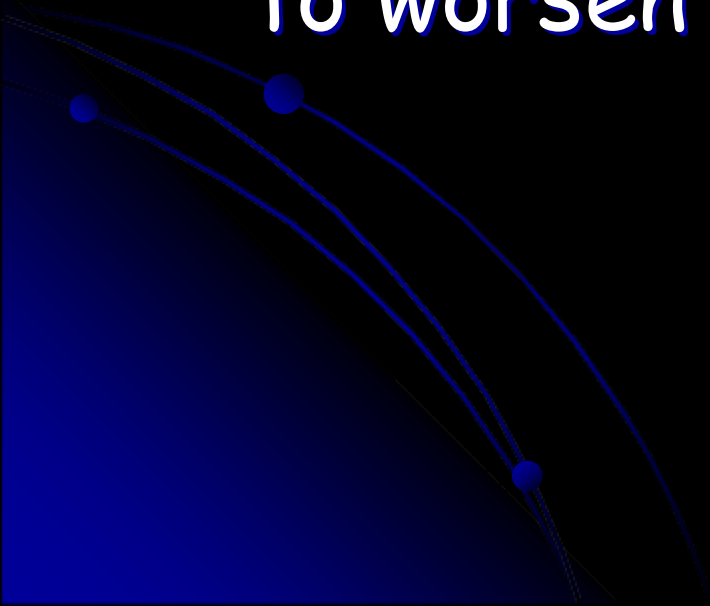
Source: U.S. Department of Labor (Seasonally Adjusted)

National Economy (Cont'd)

- The Federal Reserve has kept the Fed Funds Rate at a range of zero percent to 0.25% since December 2008
- Based on minimal changes in the core rate of inflation, economists project that the Fed will stand pat until at least mid-2010

Economy (Continued)

- State and regional economic news has also improved although the employment picture has continued to worsen

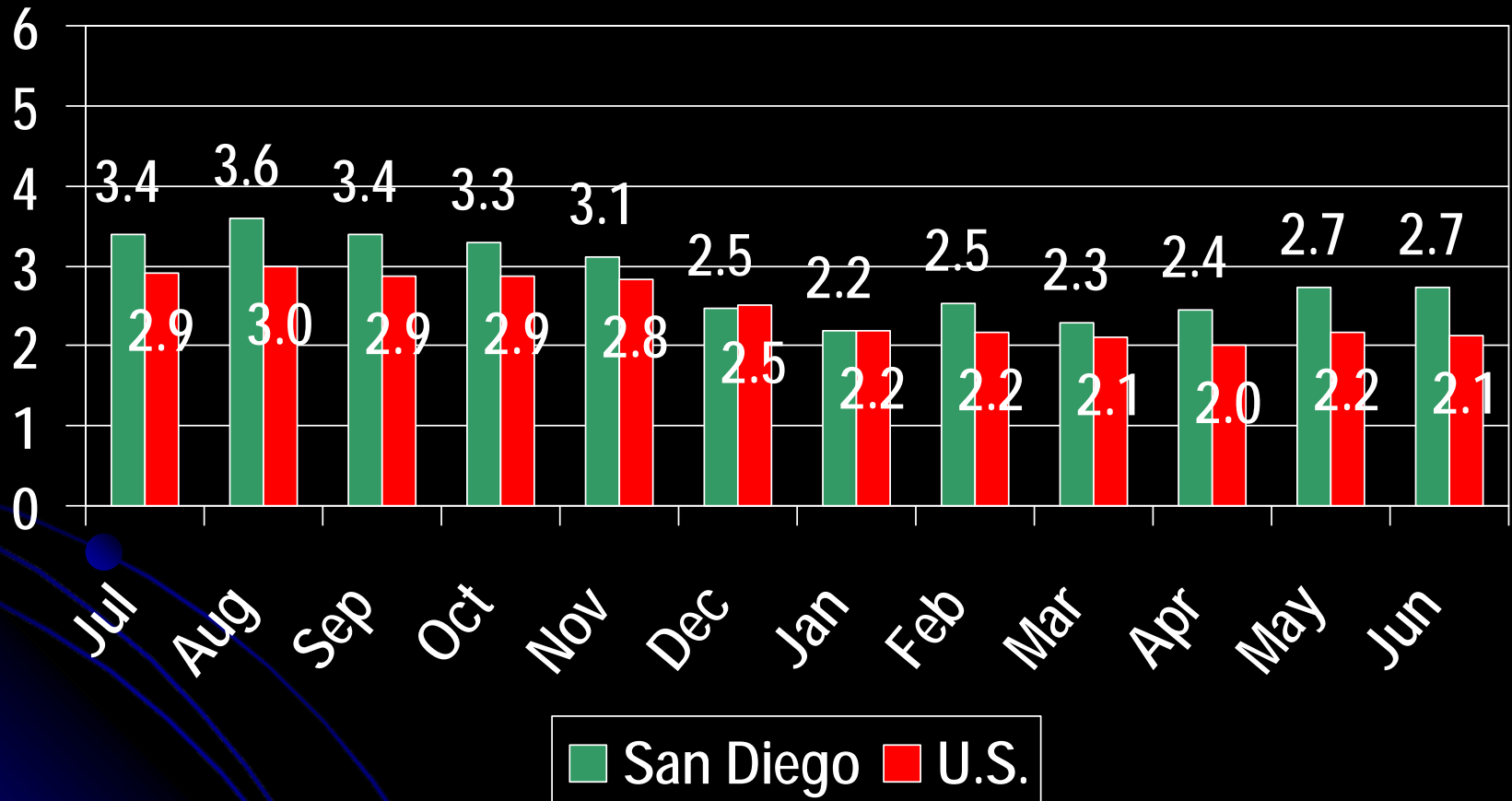


California Unemployment Rate



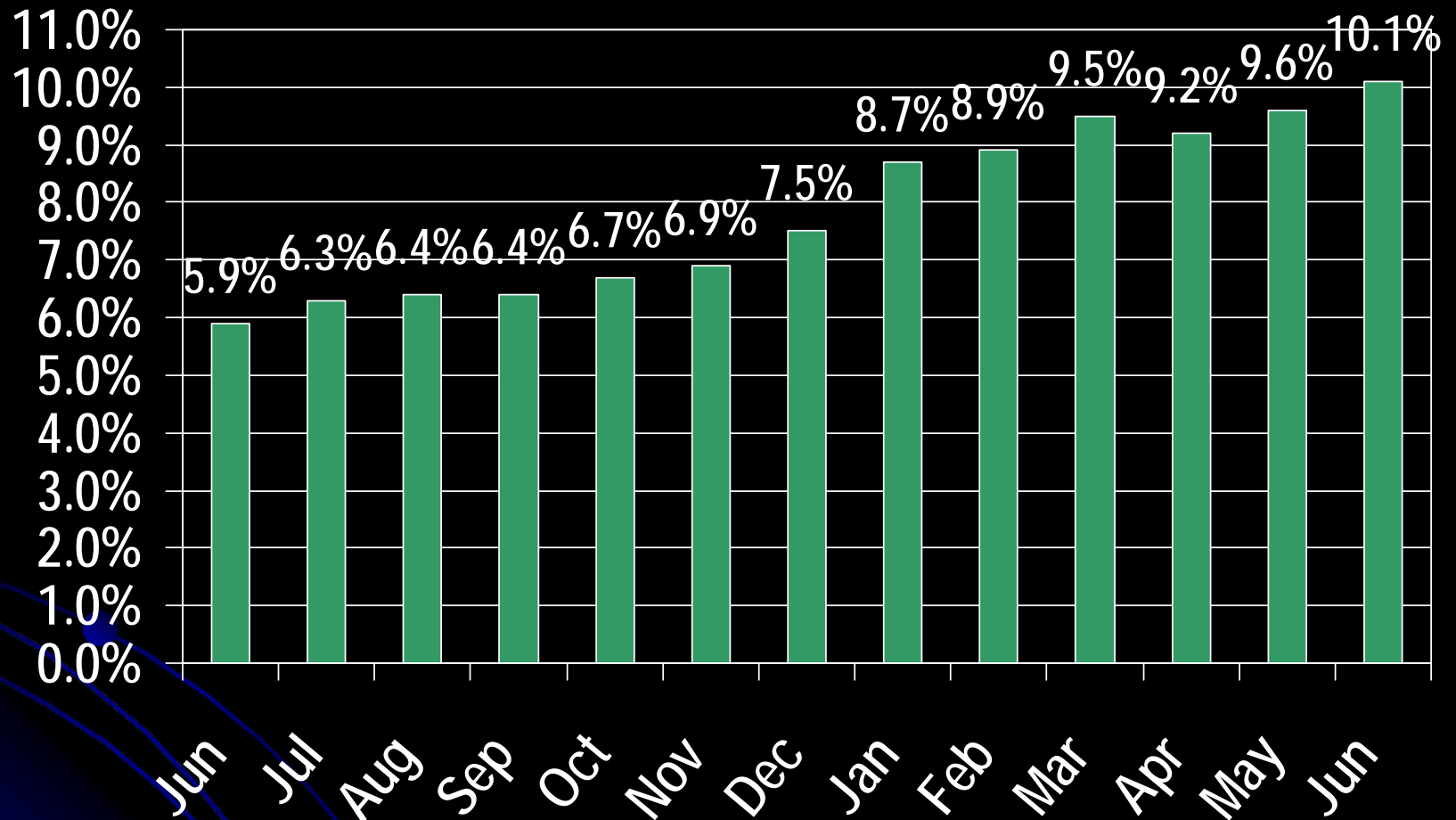
Source: California Employment Development Department (Seasonally Adjusted)

San Diego MSA Online Help-Wanted Jobs Posted Per 100 People



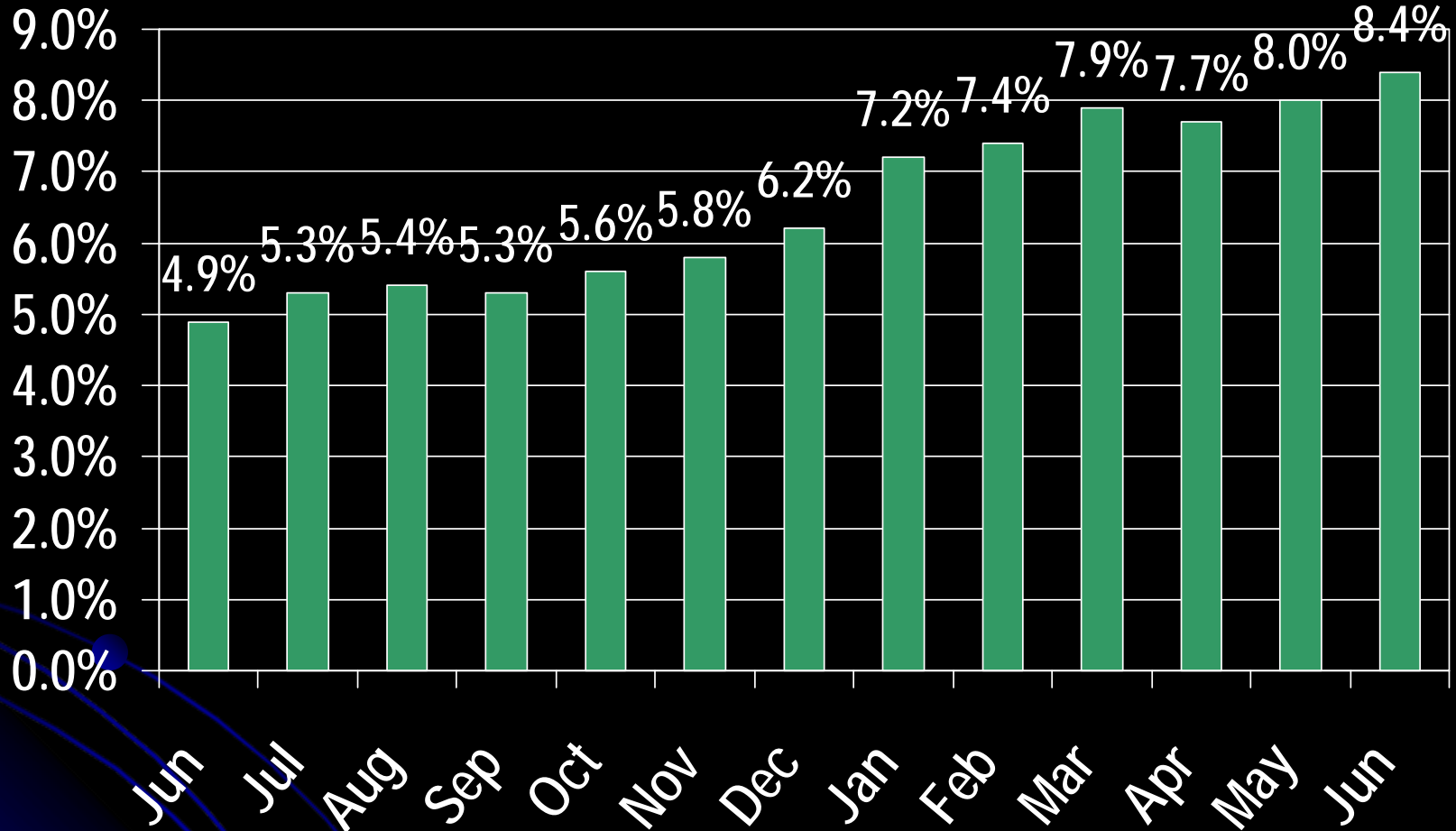
Source: The Conference Board

San Diego County Unemployment Rate



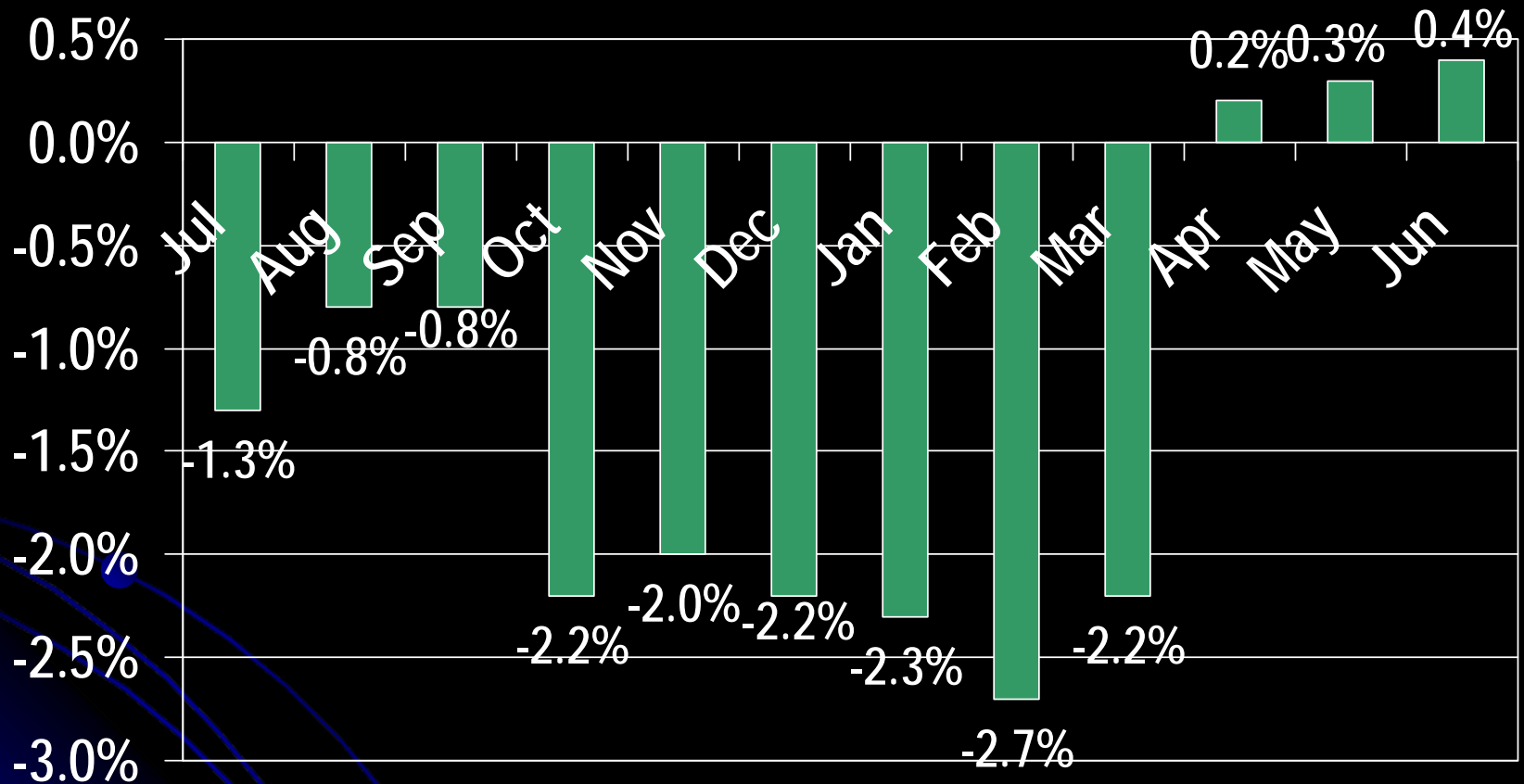
Source: California Employment Development Department (Not Adjusted)

La Mesa Unemployment Rate



Source: California Employment Development Department (Not Adjusted)

San Diego County Index of Leading Economic Indicators



Source: University of San Diego

State Budget "Balanced" For 2009-2010

- Governor signed revised 2009-2010 Budget on July 28
- Relies on accounting gimmicks, temporary spending cuts, one-time fixes, and borrowings and takeaways from local government
- La Mesa impacts:
 - Prop 1A (2004) property tax borrowing - \$1,046,000 to be repaid with interest by 6/30/13
 - RDA takeaway - \$1,081,000 this year and \$225,000 next year

General Fund Performance

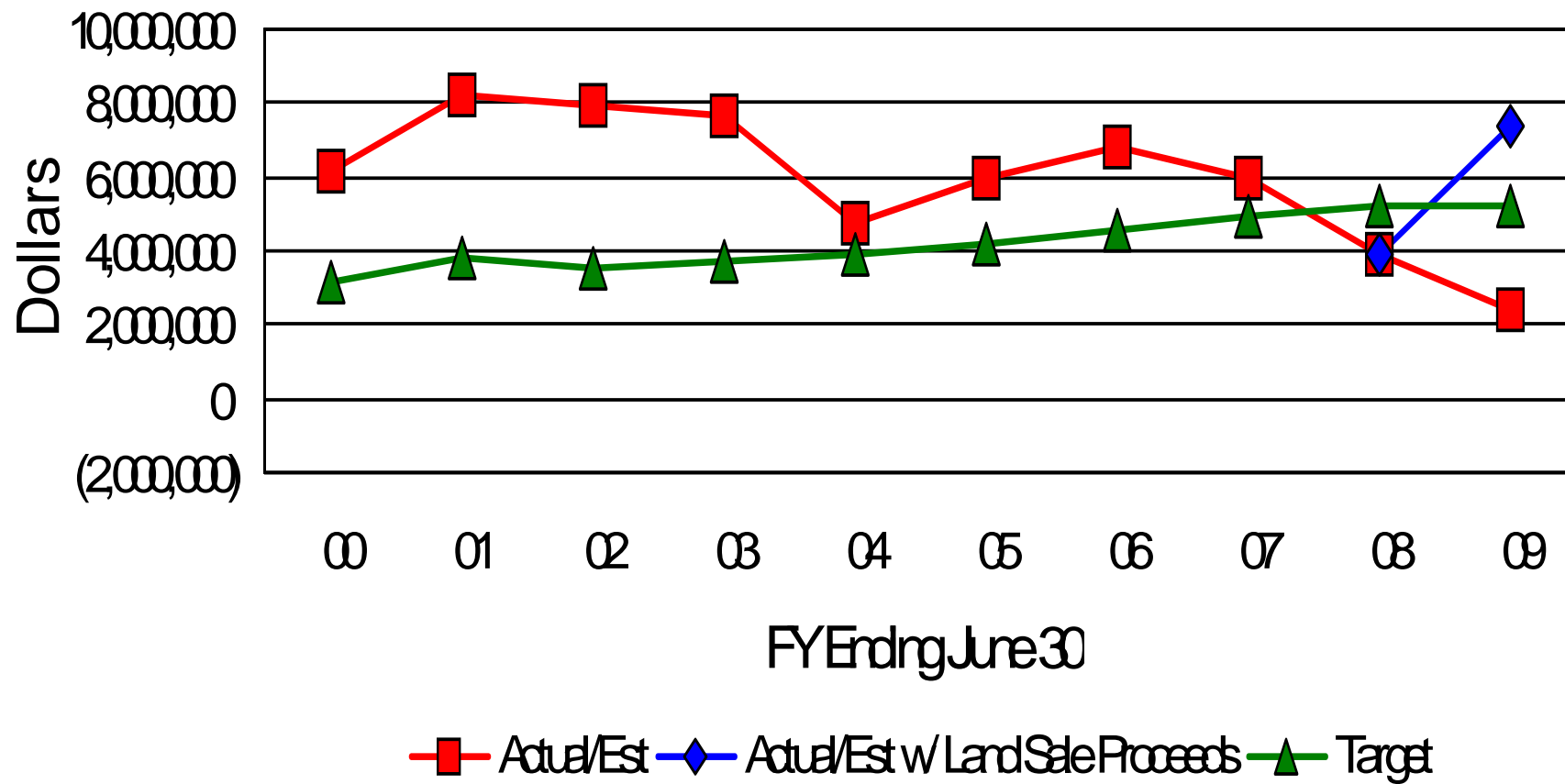
- Resources - \$4,055k over budget
 - Beginning fund balance - \$397k over
 - Property taxes - \$21k under
 - Base sales tax - \$1,102k under
 - Prop tax in lieu of sales tax - \$210 under
 - Prop L sales tax - \$1,305k over
 - Other taxes - \$42k under
 - Licenses and permits - \$215k under
 - Fines and forfeitures - \$33k under
 - Use of money & property - \$18k under
 - Revenue from other agencies - \$325k under
 - Charges for services - \$73k over
 - Other revenues - \$4,056k over
 - Net transfers - \$190k over

General Fund Performance (Cont'd)

- Expenditures
 - Budget reduced by 3% underexpenditure assumption - \$1.1 million
 - Additional savings - \$1,184k (includes \$102k requested to be carried forward in the 2009-2011 Final Budget)
- Ending reserves \$5.3 million above budget

General Fund Reserves

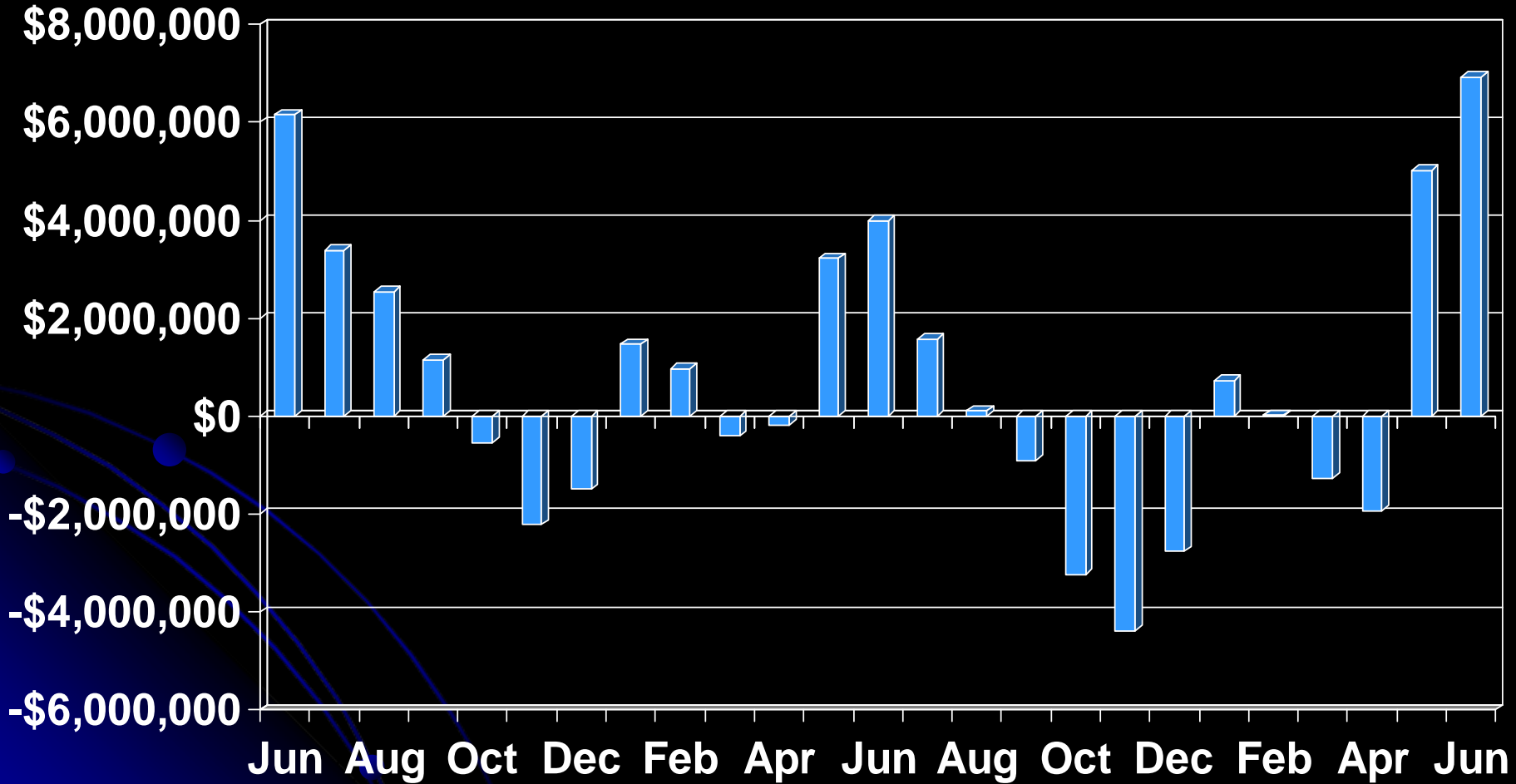
1999-2000 through 2010-2011 (Est)



Monthly Cash Balances

- General Fund reserves provide needed cash to make payments during the first half of the fiscal year when revenues typically trail expenditures
- Reserves should be sufficient in size to cover any cash flow shortages during the year

Monthly General Fund Cash Balance June 2007 to June 2009



Questions/Discussion

