



Budget Monitoring Report Quarter Ending 6/30/06

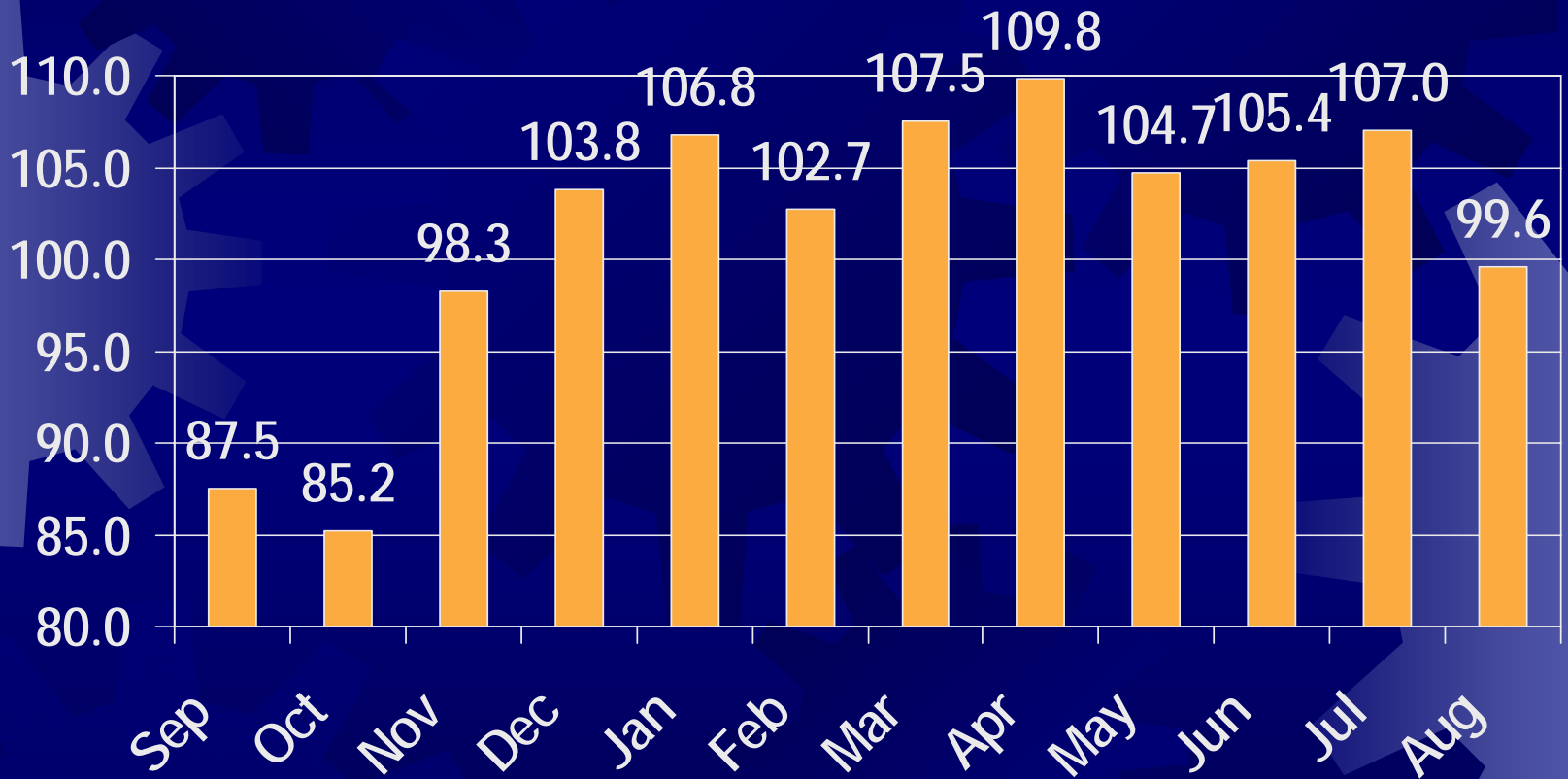
La Mesa City Council
September 12, 2006



Economy

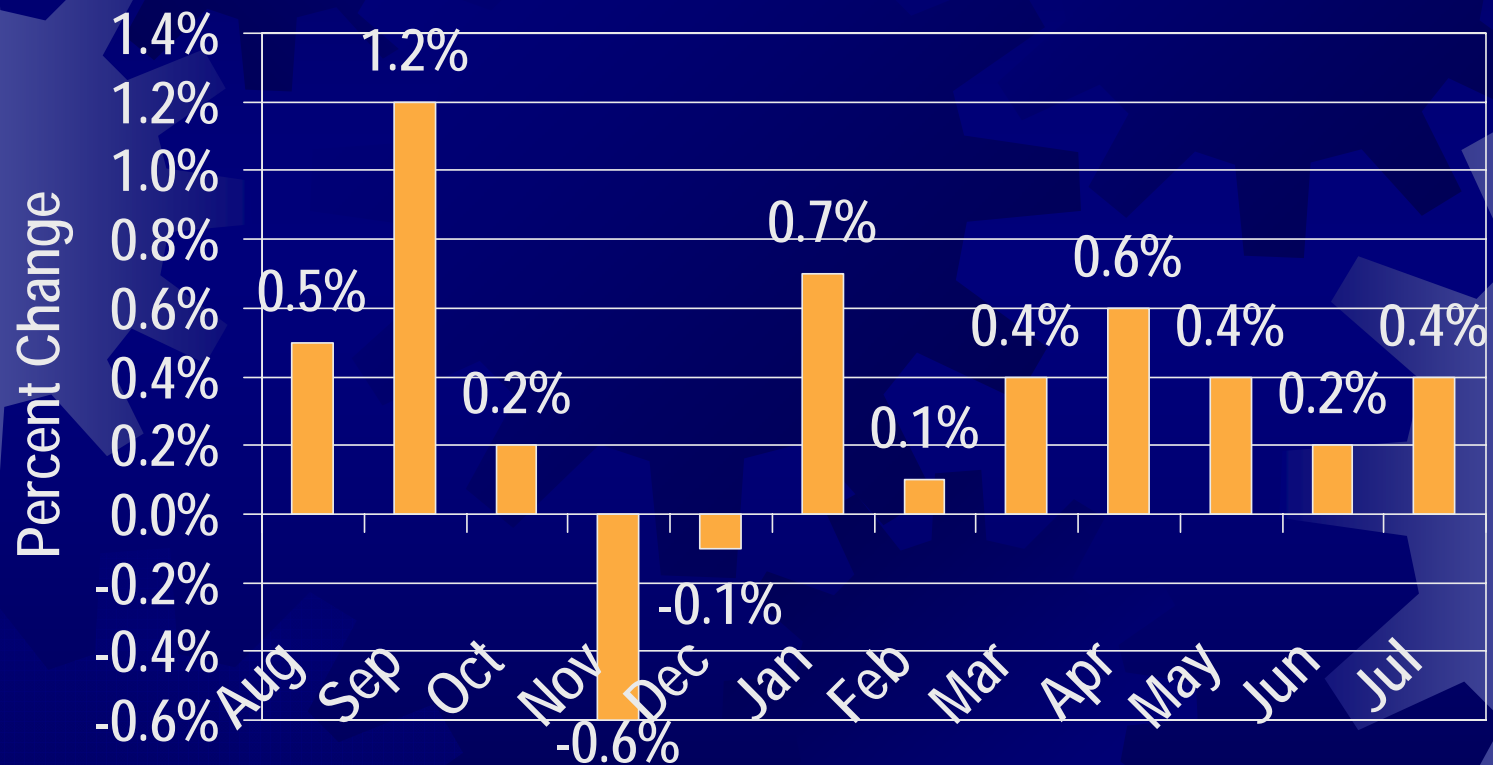
- ★ National economic news was mixed during the quarter.
- ★ Let's take a look at the major indicators...

U.S. Consumer Confidence Index



Source: The Conference Board

U.S. Consumer Price Index - Total



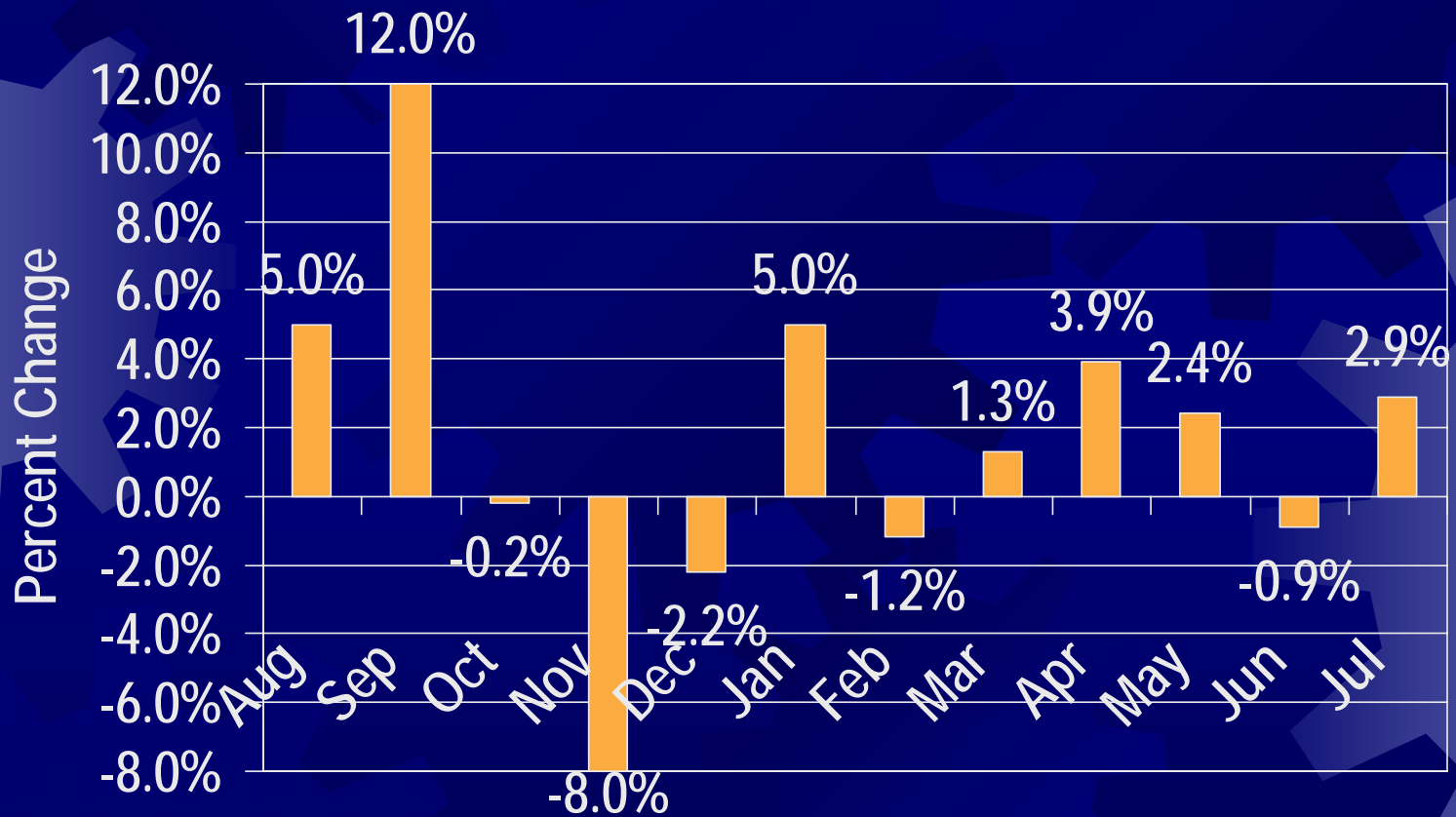
Source: U.S. Department of Labor (Seasonally Adjusted)

U.S. Consumer Price Index - Core



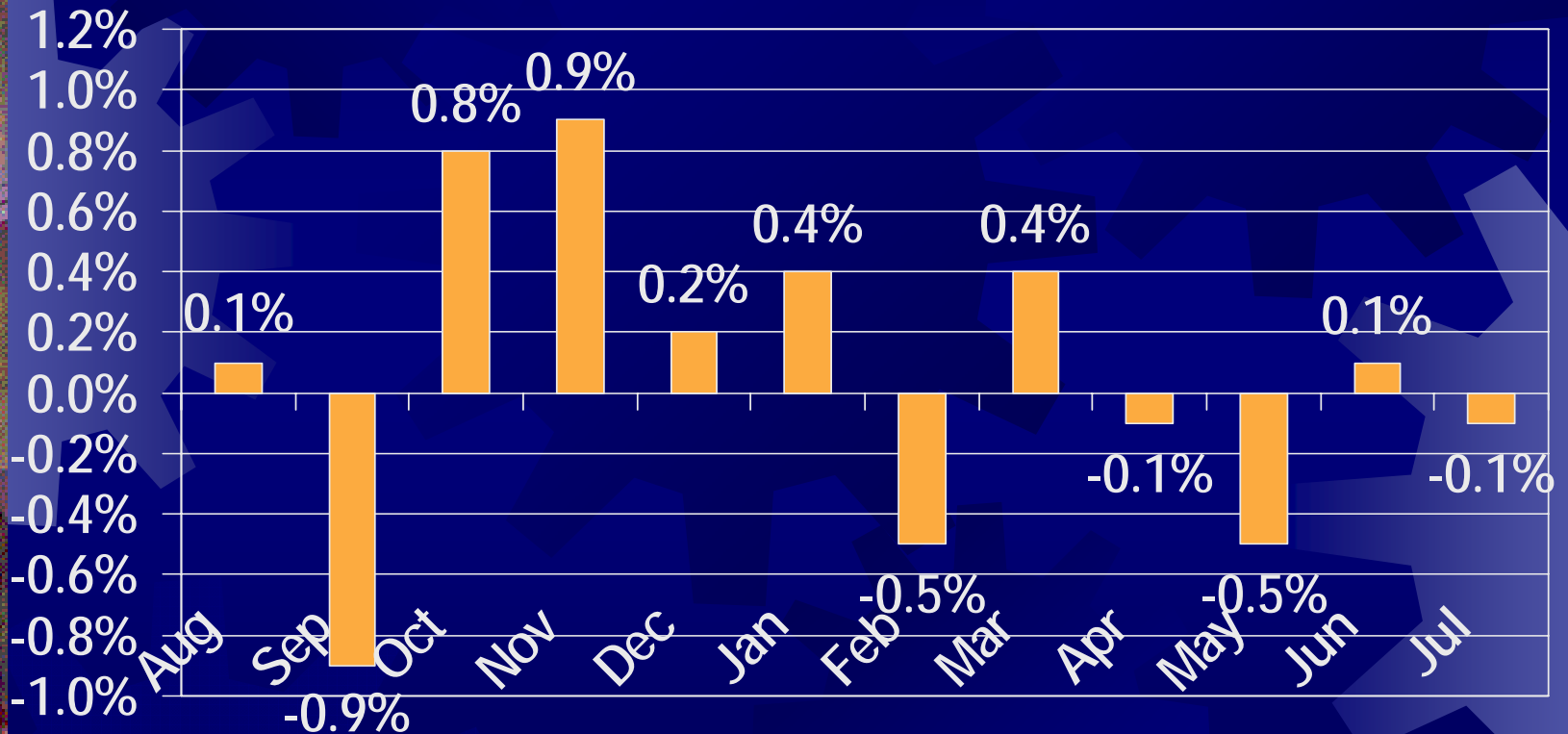
Source: U.S. Department of Labor (Seasonally Adjusted)

U.S. Consumer Price Index - Energy



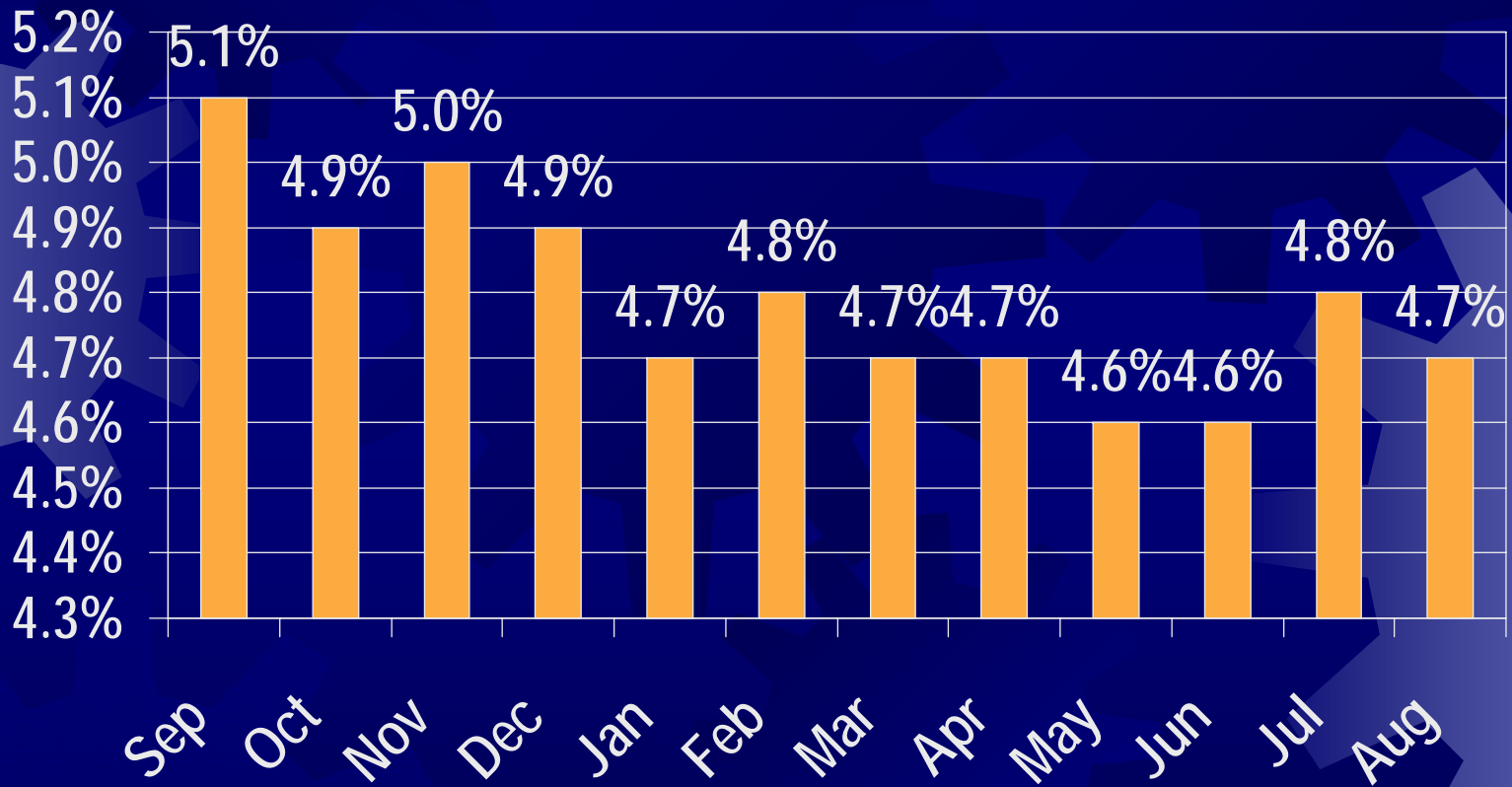
Source: U.S. Department of Labor (Seasonally Adjusted)

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)

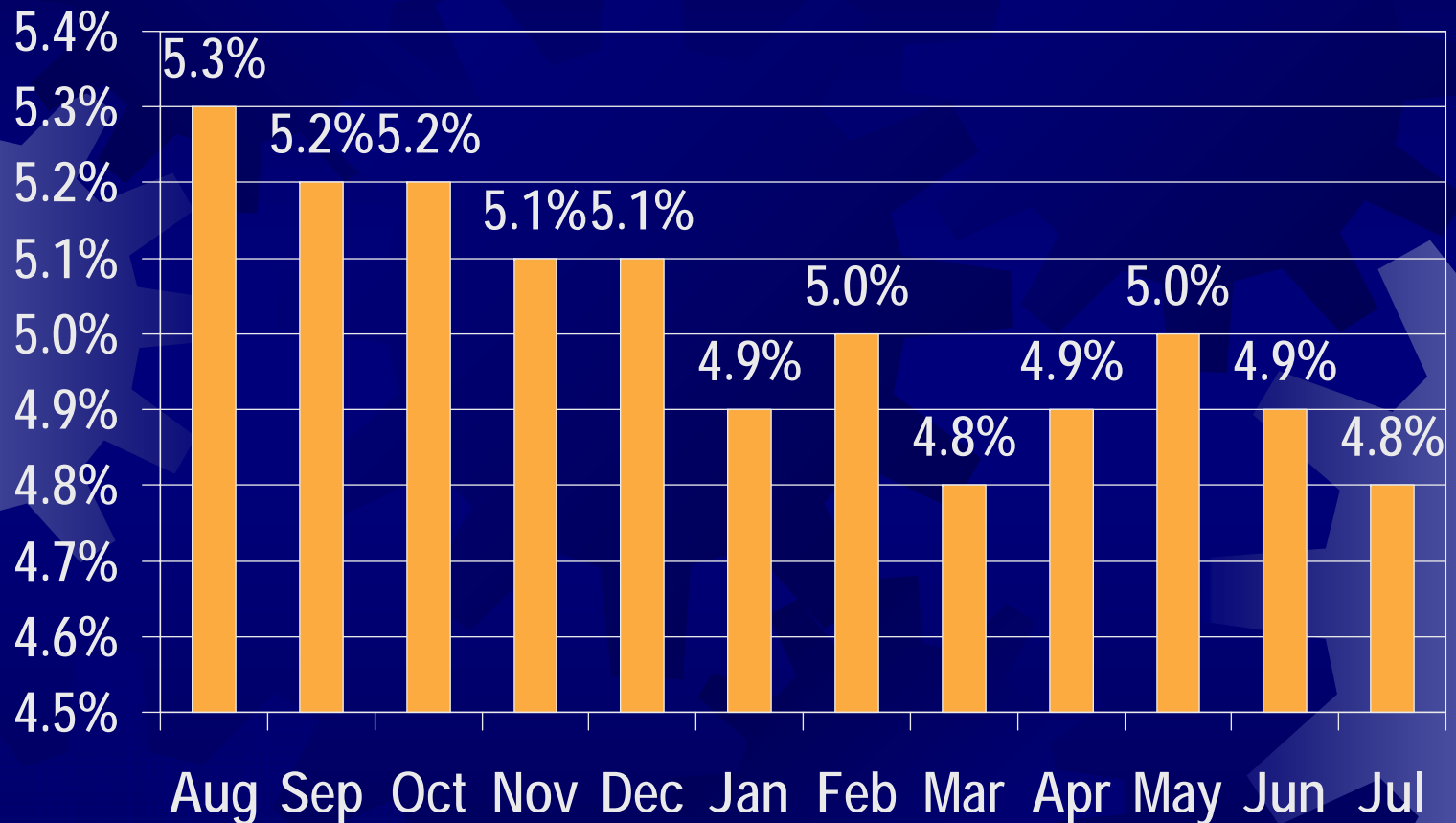
- ★ Federal Reserve raised interest rates 16th and 17th consecutive time then paused (Fed Funds Rate now at 5.25%)
- ★ Conference Board's quarterly CEO Confidence Measure declined to its lowest level in three years



Economy (Continued)

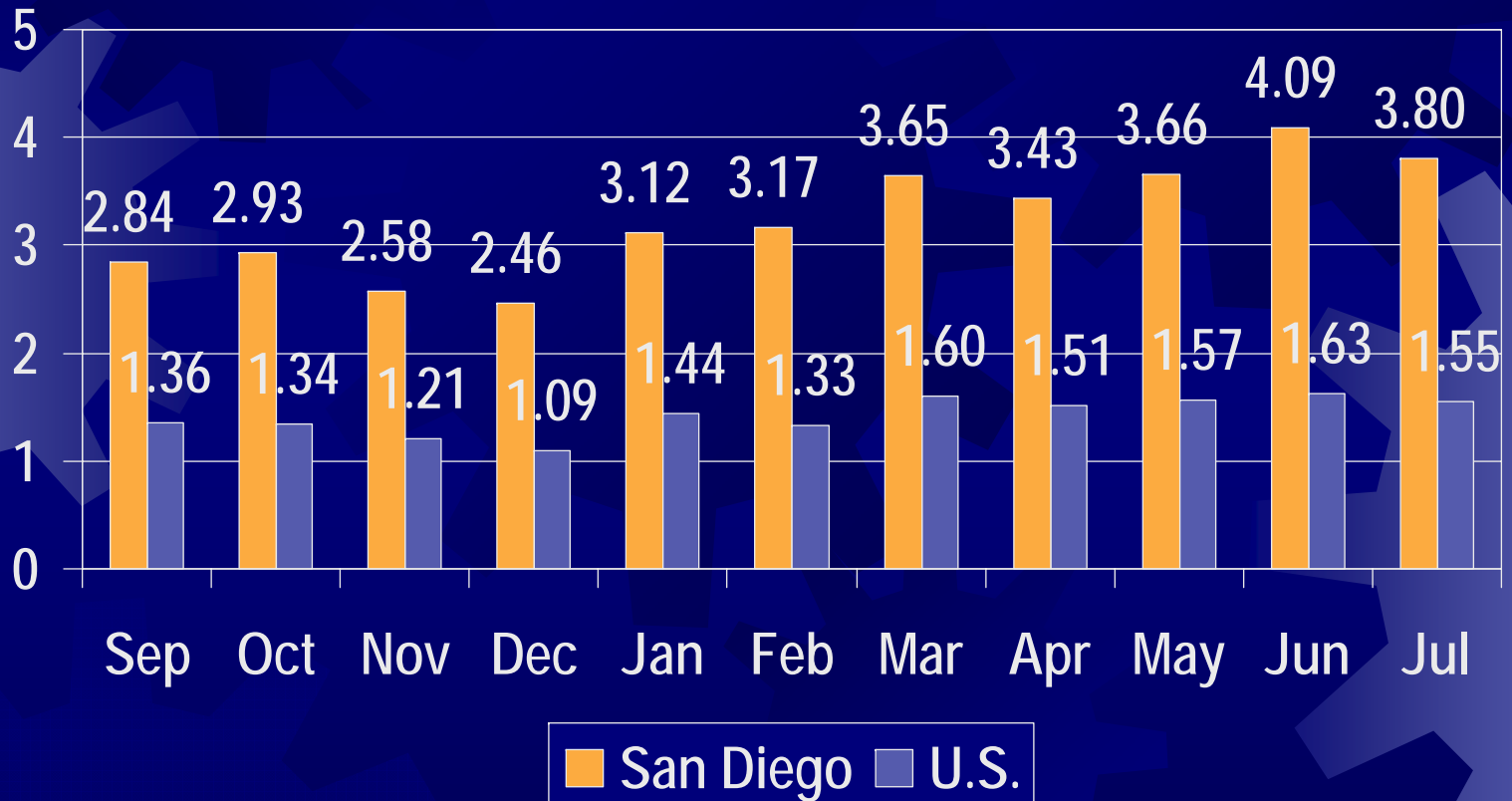
- ★ Looking at major State indicators...

California Unemployment Rate



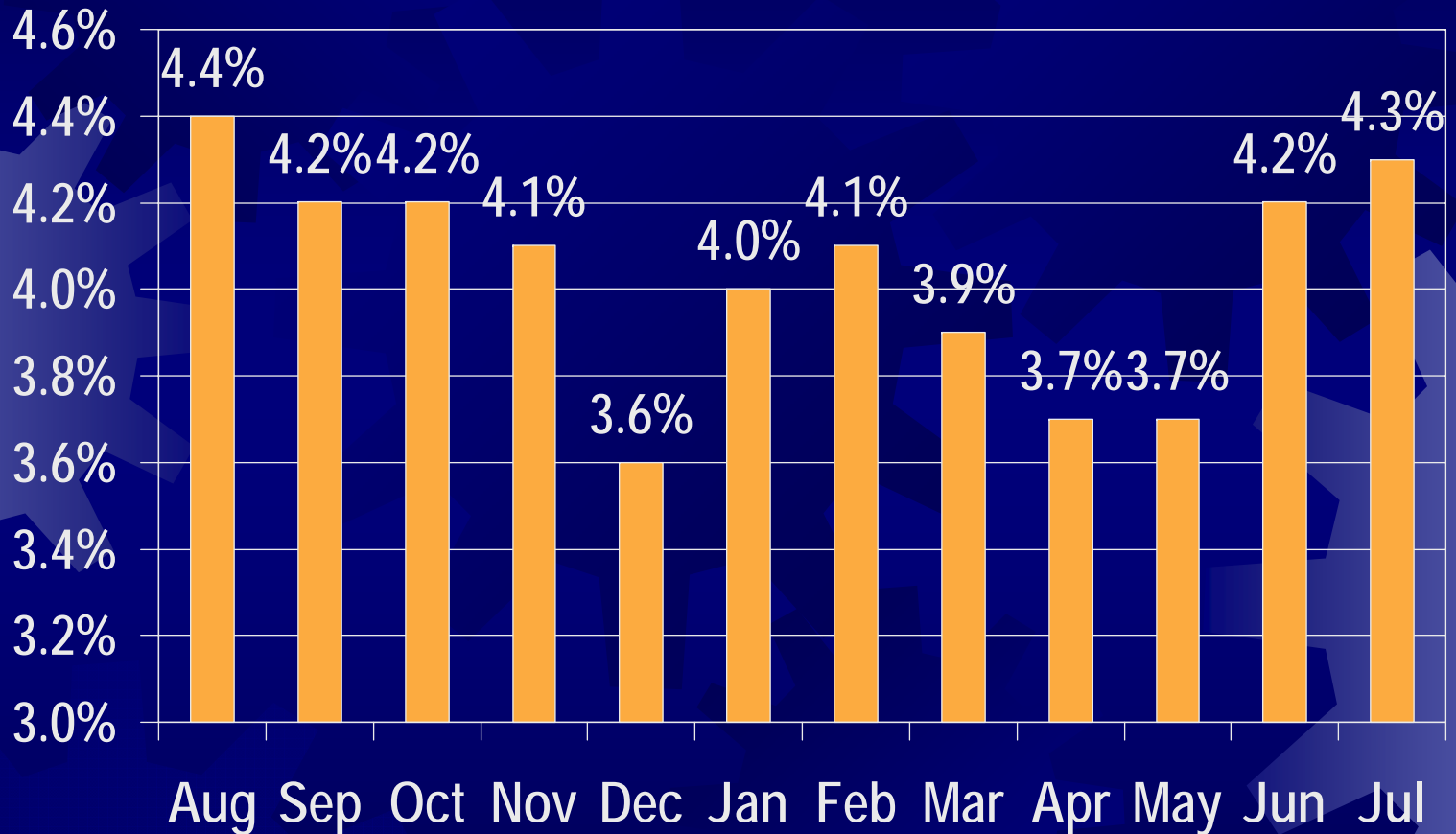
Source: California Employment Development Department (Seasonally Adjusted)

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



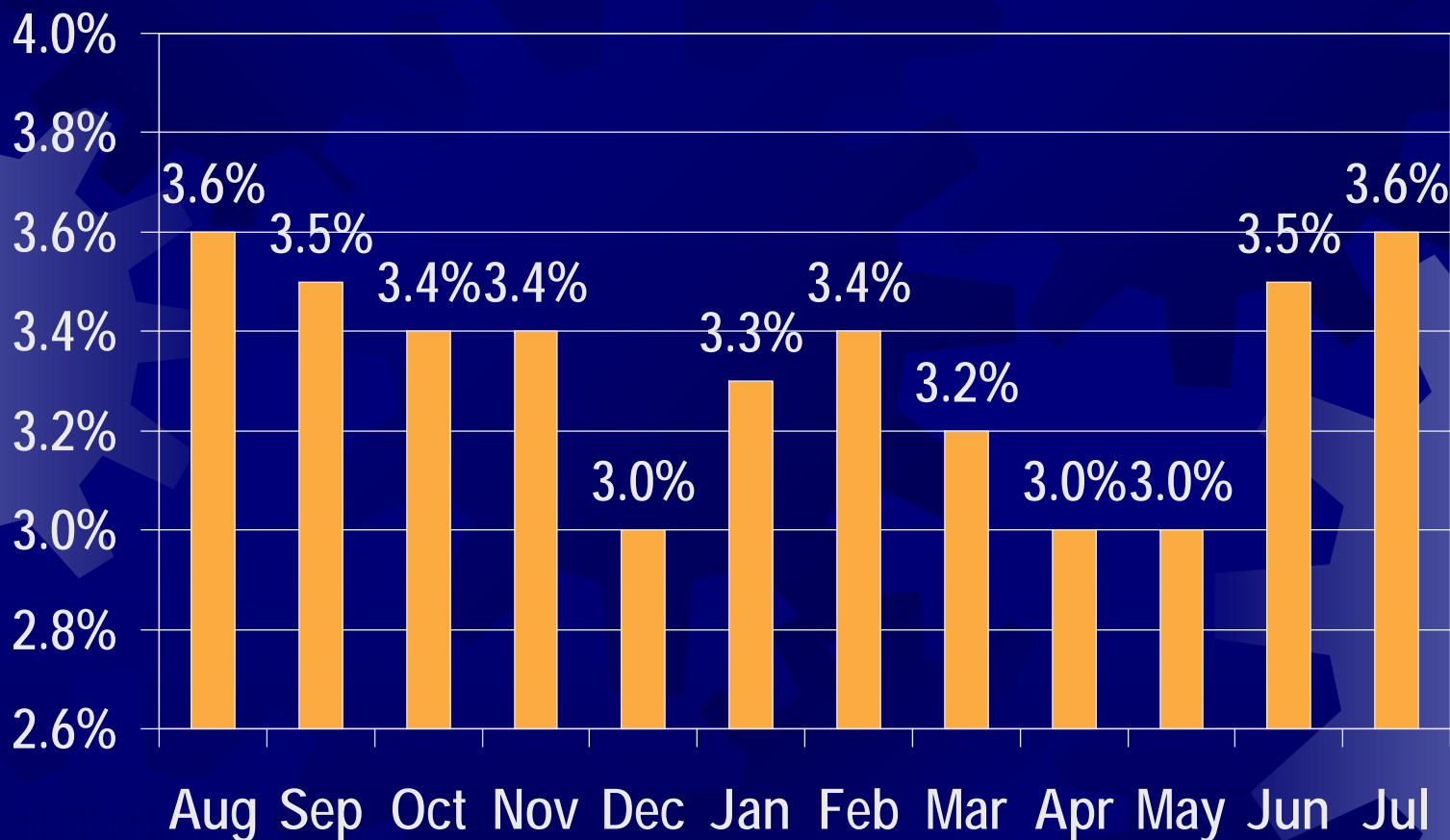
Source: The Conference Board

San Diego County Unemployment Rate



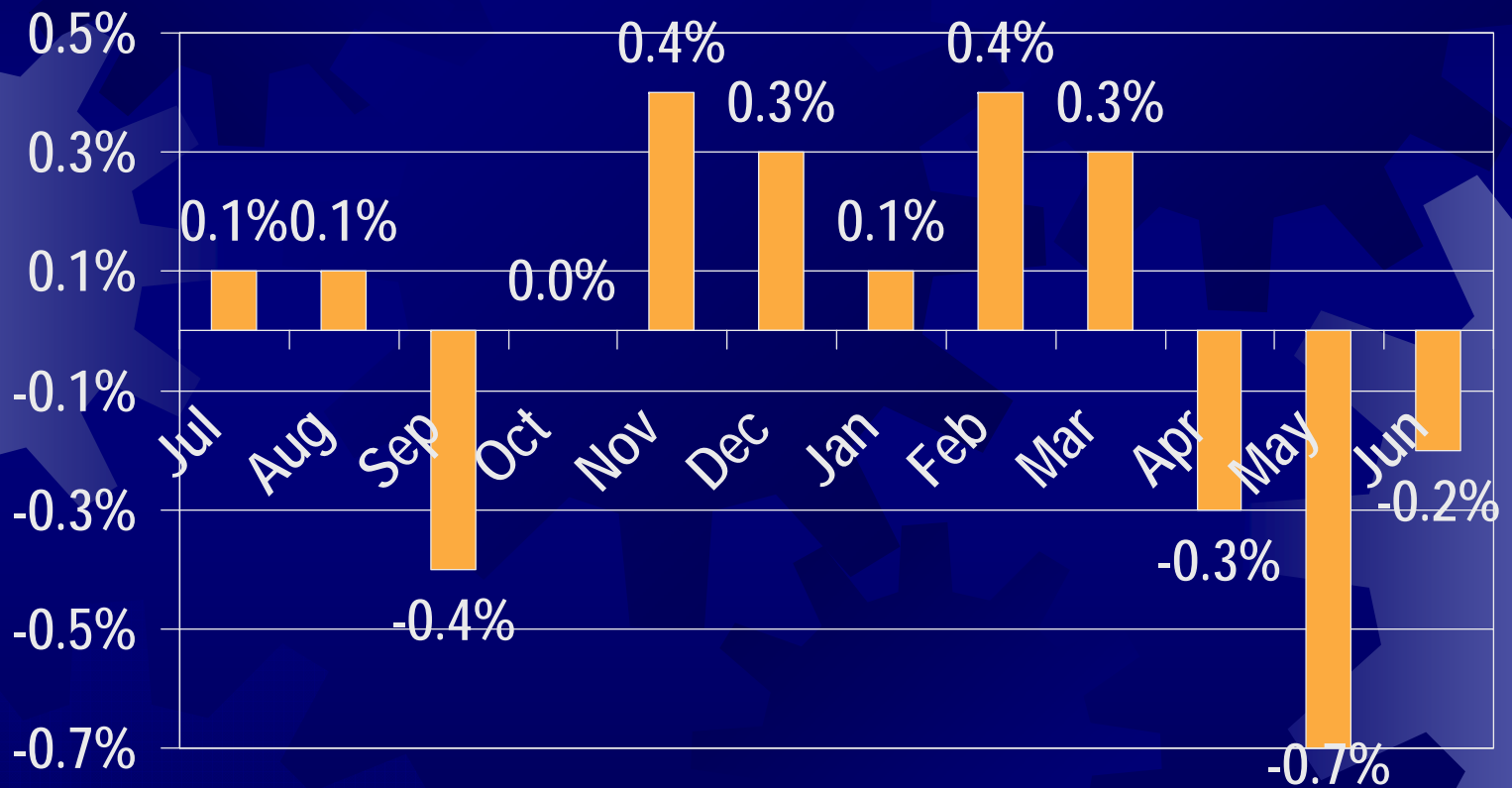
Source: California Employment Development Department (Not Adjusted)

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 Indicators (Cont'd)

- ☀ CPI for San Diego up 3.8% from July 2005 to June 2006
 - ☀ U.S. city average was 4.1%
 - ☀ Prior year increase was 3.3%
 - ☀ Fuel prices are largest contributor

State Budget Process

- ★ Governor released proposed budget on January 10
 - ★ Mostly favorable for Cities
 - ★ Met Prop 1A commitment
 - ★ Funded mandate reimbursement
 - ★ Funded Proposition 42
 - ★ Continued COPS funding
 - ★ Provided funds for booking fee relief

State Budget Process (Cont'd)

- ★ May Revise largely unchanged
- ★ Legislature passed budget 6/27
- ★ Governor signed budget 6/30
 - ★ Vetoed \$112 million (\$63 million in General Fund)
 - ★ Final budget \$127.9 billion (\$101.3 billion General Fund – a 9.2% increase)

State Budget Process (Cont'd)

- ✦ Additional positive impacts:
 - ✦ Early repayment of Proposition 42 loans
 - ✦ Additional funding for COPS
 - ✦ Promise to establish booking fee fund for 2007-2008
- ✦ Legislative analyst predicts shortfall between \$4.5 and \$5.0 billion next two years

State Budget Process (Cont'd)

- ☀ Number of bills sent to Governor
 - ☀ Largest impact from AB 2987
 - Abolishes local franchising for telecom services
 - Creates State franchise system
 - ☀ Congress considering national franchise agreement with telecom providers

General Fund Performance

- ★ Resources ended year \$0.7 million over budget:
 - Sales taxes -\$141k
 - Prop taxes +\$126k
 - Prop tax in-lieu of VLF +415k
 - Other taxes +\$92k
 - Licenses & Permits -\$680k
 - Service charges +\$438k
 - Other categories +\$401k

General Fund Performance (Cont'd)

- ✦ Expenditures ended the year \$1.2 million under budget:
 - ✦ Salary and benefit savings of \$0.9 million
 - ✦ Other expenditure accounts under by \$0.4 million
 - ✦ \$0.1 million carried forward to 06-07
- ✦ Ending reserves in line with Mid-Biennium Budget Update at \$1.9 million over budget



Questions???