City reports $4.3 million surplus and $83 million reduction in pension liability

The City of Costa Mesa announced a $4.3 million General Fund surplus for the fiscal year ending June 30, 2022, despite three years of an ongoing global pandemic and without the use of reserves.

On Tuesday, Feb. 7, the City Council was presented with the City's audited Annual Comprehensive Financial Report that also reflected a sharp decline of almost $83 million in the City's net pension liability.

"This positive financial report is a truly a team effort," Mayor John Stephens said. "I want to thank my City Council colleagues for their shared dedication to Costa Mesa's financial health. The City Manager and the Finance Director also deserve a lot of credit. This is the type of performance you can expect when you hire the right people, put them in the right positions and give them the freedom to do what they do best."

According to the report prepared by the City's Finance Department, the City showed revenues of $165.7 million compared to expenditures of $161.4 million. The surplus was attributed mostly to sales tax revenue increasing by $13.5 million year over year, and the transient occupancy tax (hotel tax) increasing by $4.1 million over the prior fiscal year, as travel restrictions implemented during the pandemic were lifted.

"I am excited about the outstanding financial results achieved for FY 2021-22," City Manager Lori Ann Farrell Harrison said.

“This outcome proves that Costa Mesa, under the leadership of the City Council, and under the direction of Carol Molina as the City’s Finance Director, is serious about its long-term financial sustainability. I could not be more proud.”

As of June 30, 2022, the City has a total General Fund Balance of reserves of $57.8 million. This exceeds the City Council’s adopted General Fund Reserve goal of $55.0 million by almost $3 million, a noteworthy achievement.

“This achievement is a result of a strong leadership team dedicated to outstanding public service while remaining financially prudent” Finance Director Molina said. “I would like to thank the City Council for their vision and commitment to sound financial practices that make strong fiscal results possible.”