



**CITY OF CHULA VISTA, CALIFORNIA**  
**2016 MEASURE P SALES TAX FUND** REPORT ON COMPLIANCE WITH THE  
FOR THE YEAR ENDED JUNE 30, 2019 INFRASTRUCTURE, FACILITIES AND  
EQUIPMENT EXPENDITURE PLAN

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on YOU



CITY OF CHULA VISTA, CALIFORNIA  
2016 MEASURE P SALES TAX FUND

REPORT ON COMPLIANCE WITH THE  
INFASTRUCTURE, FACILITIES AND EQUIPMENT EXPENDITURE PLAN

FOR THE YEAR ENDED JUNE 30, 2019

CITY OF CHULA VISTA  
2016 MEASURE P SALES TAX FUND

JUNE 30, 2019

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH APPLICABLE REQUIREMENT AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Honorable Mayor and Members of the City Council  
City of Chula Vista, California

### **Report on Compliance**

We have audited the compliance of the 2016 Measure P Sales Tax Fund of the City of Chula Vista, California (the "City") with the types of compliance requirements described in *Ordinance No. 3371 (the Ordinance)* and the *Infrastructure, Facilities and Equipment Expenditure Plan (the Spending Plan)* for the year ending June 30, 2019.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of the Ordinance and the Spending Plan.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance with the requirements described in the Ordinance and the Spending Plan based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred above that could have a direct and material effect on the 2016 Measure P Sales Tax Fund of the City. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the 2016 Measure P Sales Tax Fund of the City. However, our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion***

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to the 2016 Measure P Sales Tax Fund for the year ending June 30, 2019.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal controls over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.





To the Honorable Mayor and Members of the City Council  
City of Chula Vista, California

Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance of the Ordinance and the Spending Plan on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of the Ordinance and the Spending Plan will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Ordinance and the Spending Plan. Accordingly, this communication is not suitable for any other purpose.

*Lance, Soll & Lughard, LLP*

Brea, California  
March 25, 2020

CITY OF CHULA VISTA  
SCHEDULES OF 2016 MEASURE P SALES TAX FUND

BALANCE SHEET  
JUNE 30, 2019

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**Assets:**

|                             |                             |
|-----------------------------|-----------------------------|
| Pooled cash and investments | \$ 25,623,022               |
| Accounts receivable         | 1,997                       |
| Accrued interest receivable | 489,052                     |
| Prepaid Expenses            | 170,238                     |
| Restricted assets:          |                             |
| Cash and investments        | <u>38,298,041</u>           |
| <b>Total Assets</b>         | <b><u>\$ 64,582,350</u></b> |

**Liabilities:**

|                          |                         |
|--------------------------|-------------------------|
| Current liabilities:     |                         |
| Accounts Payable         | <u>\$ 2,453,648</u>     |
| <b>Total Liabilities</b> | <b><u>2,453,648</u></b> |

**Fund Balance:**

|   |                             |
|---|-----------------------------|
| Assigned for Measure P Sales Tax          | <u>62,128,702</u>           |
| <b>Total Fund Balance</b>                 | <b><u>62,128,702</u></b>    |
| <b>Total Liabilities and Fund Balance</b> | <b><u>\$ 64,582,350</u></b> |

CITY OF CHULA VISTA  
SCHEDULES OF 2016 MEASURE P SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
JUNE 30, 2019

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**Revenues:**

|                           |                          |
|---------------------------|--------------------------|
| Local sales and use tax   | \$ 20,016,492            |
| Use of money and property | 1,711,588                |
| Miscellaneous             | 152,440                  |
| <b>Total Revenues</b>     | <b><u>21,880,520</u></b> |

**Expenditures:**

|   |                          |
|---|--------------------------|
| Contracted services                       | 7,450                    |
| Equipment and shared infrastructure costs | 504,863                  |
| Capital outlay                            | 19,712,435               |
| Debt service:                             |                          |
| Principal retirement                      | 5,741,612                |
| Interest and fiscal charges               | 2,860,514                |
| <b>Total Expenditures</b>                 | <b><u>28,826,874</u></b> |

|  |                                    |
|--|------------------------------------|
| Excess (Deficiency) of Revenues<br>Over (under) Expenditures | <u>(6,946,354)</u>                 |
| Net Change in Fund Balance                                   | (6,946,354)                        |
| Fund Balance at Beginning of Year                            | <u>69,075,056</u>                  |
| <b>Fund Balance at End of Year</b>                           | <b><u><u>\$ 62,128,702</u></u></b> |