



Overview

This financial report summarizes the City’s General Fund financial position for Fiscal Year 2019-2020 through December 31, 2019, and projections for the remainder of the fiscal year ending on June 30, 2020. The purpose of this report is to provide the City Council, Management and the citizens of Chula Vista an update on the City’s fiscal status based on the most recent financial information.

At the end of the second quarter, the City’s financial outlook is projected to slightly improve as revised revenue projections are anticipated to exceed revised expenditure projections by \$1.1 million. The primary driver for the net increase is a positive adjustment to the City’s Sale Tax revenue projection based upon updated information from the City’s sale tax consultant. Based on current projections, revenues are anticipated to increase to \$203.1 million and expenditures are projected to increase to \$202.0 million for a net positive difference of approximately \$1.1 million.

Revenues

The following table shows the Fiscal Year 2019-2020 General Fund Revised Budget revenues and the year-end Projected Budget revenues. The Projected Budget includes all the change in projections included in this report. Overall, General Fund revenues are projected to increase by approximately \$3.5 million above the Revised Budget amounts. The increase in revenue due to an increase of \$1.4 million to the City’s Sales Tax projection. The adjusted projection is based on updated information provided by the HdL, the City’s outside sales tax consultant. HdL adjusted the projections for the City of FY 2020 based upon prior trends and information collected from multiple sources.

The proposed budgetary adjustments are shown within the respective revenue categories in the following table.

Fiscal Year 2019/2020 General Fund Revenue Projections

Revenue Category	FY 2020 Revised Budget	FY 2020 Projected Budget	Variance
Property Taxes	\$ 36,361,038	\$ 36,361,038	\$ -
Sales Tax	35,127,600	36,551,311	1,423,711
Measure P Sales Tax	18,266,000	19,828,000	1,562,000
Measure A Sales Tax	19,000,000	19,828,000	828,000
PT in lieu of Motor Vehicle License Fee (VLF)	23,787,402	23,787,402	-
Franchise Fees	11,925,678	11,925,678	-
Utility Users Tax	5,633,423	5,333,423	(300,000)
Transient Occupancy Taxes	4,357,922	4,357,922	-
Development Revenue	1,482,480	1,482,480	-
License and Permits	1,451,436	1,451,436	-
Fines, Forfeitures, Penalties	1,258,439	1,258,439	-
Use of Money & Property	3,101,227	3,101,227	-
Other Local Taxes	2,598,193	2,598,193	-
Police Grants	812,940	812,940	-
Revenue from Other Agencies	1,298,925	1,298,925	-
Charges for Services	6,956,535	6,956,535	-
Interfund Reimbursements	10,661,652	10,661,652	-
Other Revenue	1,468,865	1,468,865	-
Transfers In	14,084,667	14,084,667	-
TOTAL REVENUES	\$ 199,634,422	\$ 203,148,133	\$ 3,513,711

It should be noted that the revenue projections include increases to Measure P and Measure A revenue, however a corresponding transfer of these funds to the Measure P and Measure A Funds will result in a net zero impact to the General Fund.

The Finance Department will continue to monitor the City’s actual revenues and will provide any significant changes in subsequent quarterly budget monitoring reports.

Expenditures

The following table reflects the Fiscal Year 2019-2020 General Fund Revised Budget expenditures and actual expenditures by department as of December 31, 2019. In total, departments have expended approximately \$97.4 million or 49% of the General Fund Revised Budget after 50% of the fiscal year. Overall, departmental expenditures are tracking consistent with the total Revised Budget as of the end of the second quarter.



GENERAL FUND EXPENDITURES AS OF 12/31/2019

Department	FY 2020 Revised Budget	Expended as of 12/31/19	% Expended
City Council	\$ 1,567,036	782,902	50.0%
Boards & Commissions	11,841	4,000	33.8%
City Clerk	1,138,630	434,850	38.2%
City Attorney	3,202,191	1,668,992	52.1%
Administration	2,103,226	1,051,234	50.0%
Information Technology	3,785,242	1,832,308	48.4%
Human Resources	3,016,422	1,383,152	45.9%
Finance	3,957,280	1,802,800	45.6%
Non-Departmental	45,326,716	18,450,926	40.7%
Animal Care Facility	2,850,728	1,446,512	50.7%
Economic Development	2,151,067	1,159,715	53.9%
Planning & Building	2,857,795	1,500,434	52.5%
Engineering/Capital Project	9,109,268	4,248,937	46.6%
Police	58,292,886	31,393,504	53.9%
Fire	32,723,715	16,627,039	50.8%
Public Works	12,025,968	5,904,285	49.1%
Parks and Recreation	11,191,641	5,779,319	51.6%
Library	4,097,218	1,959,322	47.8%
TOTAL EXPENDITURE BUDGET	\$ 199,408,870	\$ 97,430,230	48.9%

At the end of the fiscal year, the Finance Department will be seeking to make transfers from other expenditure categories with projected savings and appropriate available revenues to fully utilize resources and mitigate any departmental deficiencies.

GENERAL FUND PROJECTIONS BY DEPARTMENT FOR DECEMBER 31, 2019

Department	FY 2020 Revised Budget	FY 2020 Projected Budget	Variance
City Council	\$ 1,567,036	\$ 1,530,910	\$ (36,126)
Boards & Commissions	11,841	11,841	-
City Clerk	1,138,630	1,100,980	(37,650)
City Attorney	3,202,191	3,100,911	(101,280)
Administration	2,103,226	2,023,348	(79,878)
Information Technology	3,785,242	3,806,122	20,880
Human Resources	3,016,422	2,799,706	(216,716)
Finance	3,957,280	3,776,636	(180,644)
Non-Departmental	45,326,716	48,023,733	2,697,017
Animal Care Facility	2,850,728	2,926,411	75,683
Economic Development	2,151,067	2,131,420	(19,647)
Development Services	2,857,795	2,762,213	(95,582)
Engineering/Capital Project	9,109,268	8,971,549	(137,719)
Police	58,292,886	58,617,469	324,583
Fire	32,723,715	33,478,003	754,288
Public Works	12,025,968	11,894,756	(131,212)
Parks and Recreation	11,191,641	11,304,532	112,891
Library	4,097,218	3,742,629	(354,589)
TOTAL EXPENDITURE BUDGET	\$ 199,408,870	\$ 202,003,169	\$ 2,594,299

Staff will continue to monitor department expenditures to identify any costs that might trend higher than anticipated and proposed future actions to address these trends as appropriate.

The next table reflects the projected expenditures for June 30, 2020. The Projected Budget is anticipated to exceed the Revised Budget by approximately \$2.6 million. The primary driver of the projected higher budget is due to the increase of \$2.4 million in transfers out of the General Fund to the Measure P and Measure A Funds. As noted previously, the projected increase in Measure P and Measure A revenues would require a corresponding transfer to the Measure P and Measure A Funds. The increase in these transfers is reflected in the Non-Departmental budget.

In review of the other departments, the Fire and Police Departments are projecting to be over budget by year-end primarily due to increased overtime. The Animal Care Facility is projected to be over budget due to addressing more animals than anticipated this year. Additional revenue from the fee associated with the additional animals will mitigate the fiscal impact of the additional expenses. For all departments, staff will continue to monitor expenses to determine if future budget amendments would be necessary.

Staff will continue to monitor General Fund expenses and look for potential cost saving measures in order to remain within budget during the current fiscal year.