



Overview

This financial report summarizes the City's General Fund financial position for Fiscal Year (FY) 2021-2022 through December 31, 2021, and provides projections for the remainder of the fiscal year ending on June 30, 2022. 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 General Fund financial outlook is projected to have expenditures exceed revenues by \$0.2 million (fund deficit). The factors contributing to this financial position are addressed within this report.

American Rescue Plan Act of 2021

The City of Chula Vista will receive just over \$57.5 million in American Rescue Plan Act of 2021 (ARPA) funding for responding to the impacts of COVID-19. This funding is to be obligated by the end of 2024 and expended by the end of 2026. Staff has carefully evaluated the allowable uses of ARPA funds and prioritize projects in order to protect usage of General Fund resources. Of the total ARPA budget, \$28.8 million is appropriated in FY2022 to support infrastructure projects, operational support, and economic development activities. Approximately \$14.0 million will support the provision of government services via various department-led projects in various funds including the General Fund. Additionally, ten (10) positions have been added to support these projects in the General Fund.

Revenues

The following table shows the Fiscal Year 2021-2022 General Fund Revised Budget revenues and the year-end Projected Budget revenues. The Projected Budget includes all of the changes in the projections included in this report. Overall, General Fund revenues are projected to increase by approximately \$9.2 million above the Revised Budget amounts. The increase in revenue from the City's Sales Tax projection as well as for Measure A and Measure P is based on updated information provided by HdL, the City's outside sales tax consultant. HdL updated the projections for the City of FY 2022 based upon prior trends and

information collected from multiple sources. 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 City anticipates an additional \$1.1 million in revenues for the Motor Vehicle License Fee (VLF) based on information from the County of San Diego. The proposed projections adjustments are shown within the respective revenue categories in the following table.

Fiscal Year 2021/2022 Major General Fund Revenue Projections

Revenue Category	FY 2022 Revised Budget	FY 2022 Projected Actuals	Variance
Property Taxes	39,433,546	39,433,546	-
Sales Tax	39,717,123	42,859,459	3,142,336
Measure P Sales Tax	23,042,000	25,702,243	2,660,243
Measure A Sales Tax	23,042,000	25,719,709	2,677,709
PT in lieu of Motor Vehicle License Fee (VLF)	24,886,300	25,981,110	1,094,810
Franchise Fees	12,901,132	12,901,132	-
Utility Users Tax	3,800,000	3,800,000	-
Transient Occupancy Taxes	4,942,189	4,942,189	-
Development Revenue	2,008,833	2,091,906	83,073
Licenses and Permits	1,581,670	1,335,543	(246,127)
Fines, Forfeitures, Penalties	999,830	630,583	(369,247)
Use of Money & Property	3,312,678	3,480,131	167,453
Other Local Taxes	2,671,161	2,671,161	-
Police Grants	830,440	727,856	(102,584)
Revenue from Other Agencies	852,655	811,546	(41,110)
Charges for Services	7,884,486	8,552,185	667,699
Interfund Reimbursements	9,842,397	9,568,411	(273,986)
Other Revenue	3,824,387	3,548,770	(275,617)
Transfers In	17,200,193	17,200,193	-
TOTAL REVENUES	\$ 222,773,020	\$ 231,957,672	\$ 9,184,652

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 2021-2022 General Fund Revised Budget expenditures and actual expenditures by department as of December 31, 2021. In total, departments have expended approximately \$85.0 million or 38% of the General Fund Revised Budget after 50% of the fiscal year (6 months). Overall, departmental expenditures are on trend to be consistent with the total Revised Budget as of the end of the second quarter.



Quarterly Financial Report

Second Quarter FY 2022 Ending December 31, 2021

Prepared – February 2022

General Fund Expenditures as of 12/31/2021

Department	FY 2022 Revised Budget	Expended as of 12/31/2021	% Expended
City Council	1,518,216	598,731	39.4%
Boards & Commissions	58,536	36,158	61.8%
City Clerk	1,251,343	452,558	36.2%
City Attorney	3,107,127	1,185,975	38.2%
Administration	2,473,469	1,025,975	41.5%
Information Technology	3,737,145	1,613,907	43.2%
Human Resources	2,774,869	1,396,819	50.3%
Finance	3,886,067	1,525,156	39.2%
Non-Departmental	78,703,124	19,966,527	25.4%
Animal Care Facility	2,752,905	1,233,908	44.8%
Economic Development	2,107,287	688,168	32.7%
Development Services	2,559,946	1,118,397	43.7%
Engineering/Capital Project	9,901,339	3,768,412	38.1%
Police	52,023,815	23,417,775	45.0%
Fire	29,786,584	15,456,828	51.9%
Public Works	12,159,457	5,131,865	42.2%
Parks and Recreation	11,002,662	4,986,374	45.3%
Library	3,948,772	1,390,627	35.2%
TOTAL EXPENDITURE BUDGET	\$ 223,752,663	\$ 84,994,157	38.0%

General Fund Projections by Department as of 12/31/2021

Department	FY 2022 Revised Budget	FY 2022 Projected Actuals	Variance
City Council	1,518,216	1,428,216	90,000
Boards & Commissions	58,536	58,536	-
City Clerk	1,251,343	1,385,656	(134,313)
City Attorney	3,107,127	2,814,595	292,532
Administration	2,473,469	2,302,188	171,281
Information Technology	3,737,145	3,562,217	174,928
Human Resources	2,774,869	2,787,990	(13,121)
Finance	3,886,067	3,719,427	166,640
Non-Departmental	78,703,124	85,513,643	(6,810,519)
Animal Care Facility	2,752,905	2,727,181	25,724
Economic Development	2,107,287	2,051,022	56,265
Planning & Building	2,559,946	2,497,231	62,715
Engineering/Capital Projects	9,901,339	9,354,304	547,035
Police	52,023,815	50,844,506	1,179,309
Fire	29,786,584	34,858,552	(5,071,967)
Public Works	12,159,457	11,907,693	251,764
Parks and Recreation	11,002,662	10,961,989	40,673
Library	3,948,772	3,410,086	538,687
TOTAL EXPENDITURES	\$ 223,752,663	\$ 232,185,031	\$ (8,432,368)

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 through June 30, 2022. The Projected Budget is anticipated to exceed the Revised Budget by approximately \$8.4 million. The primary driver of the projected higher budget is due to the increase of transfers out from the General Fund to the following funds: Measure P and Measure A Funds and the Section 115 Trust fund. 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 projected actuals.

In review of specific departmental expenses, the Fire Department is projecting to be over budget by year-end primarily due to increased overtime costs. Strike Team and Fire Academy expenditures of approximately \$2.2 million is included as a budget adjustment request. Staff will address any overtime overages as a year-end adjustment. For all other departments, staff will continue to monitor expenses to determine if future budget amendments would be necessary.

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 budget deficiencies.

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.