



CITY COUNCIL AGENDA STATEMENT



February 19, 2019

File ID: 18-0586

TITLE

- A. QUARTERLY FINANCIAL REPORT FOR THE QUARTER ENDING DECEMBER 31, 2018

- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA MAKING VARIOUS AMENDMENTS TO THE FISCAL YEAR 2018/2019 BUDGET TO ADJUST FOR VARIANCES AND APPROPRIATING FUNDS THEREFOR (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council accept the report and adopt the resolution.

SUMMARY

The Finance Department, in collaboration with City departments, prepares quarterly financial reports for the General Fund that reflect budget to actual comparisons, projected revenues and expenditures, and highlight major variances that may require additional action or changes as of December 31, 2018. The quarterly financial reports are in compliance with Section 504 (f) of the City Charter, which requires that quarterly financial reports be filed by the Director of Finance through the City Manager.

In preparing the quarterly financial projections, staff has identified various budget changes that are needed to reflect actual revenues and expenditures or address changes in budgetary needs. For government entities, a budget creates a legal framework for spending during the fiscal year. After the budget is approved by the City Council, there are circumstances which arise that could require adjustments to the approved budget. Council Policy 220-02 "Financial Reporting and Transfer Authority" was established in January of 1996 and allows for budget transfers and adjustments to be completed. This report discusses budget adjustments that staff recommends in the General Fund as well as various other funds to address identified fiscal issues.

In addition to the Fiscal Year 2018/2019 budget recommendations for City funds, this report includes an update on Measure P actual revenues and expenditures as of December 31, 2018.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that filing of the quarterly financial status report is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change to the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the actions proposed are not subject to CEQA.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The Second Quarter Report is developed using six months of recorded (July 2018 through December 2018) activity for Fiscal Year 2018/2019 as of December 31, 2018. The data in this report is the most current data available; however, the data and projections are subject to change.

This report will provide summary information for the following areas:

- Major General Fund Revenues
- Adjustments to General Fund Expenditures
- Adjustments to non-General Fund funds
- Update to the Measure P Fund

Attachment A – Quarterly Financial Report provides additional information for the financial outlook for the General Fund for the current fiscal year including City revenues and expenditures; and a summary of the Long Term Financial Plan (LTFP) covering FY 2020 – FY 2029.

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

General Fund Overview

The City’s FY 2019 financial outlook improved as of the end of the second quarter as overall General Fund revenues are projected to exceed projected expenditures by approximately \$2.4 million. The projected improvement is primarily due to an anticipated positive correction from the State of California related to the amount of sales tax allocated to the City; an improved projection for Measure P revenues; a positive adjustment to the Property Tax In-Lieu Vehicle License Fee based upon updated information from the County of San Diego; and increased reimbursements from the State Government for deployment of the City’s Fire Department Strike Team for assisting other jurisdictions responding to emergency situations (wildfires/storms). The increase in the aforementioned revenues is mitigated by increases in Fire Department personnel expenses and transfers to the established Measure A funds (Measure A funds are intended to solely support public safety needs and are transferred to specific funds for tracking and monitoring). Additional information on General Fund revenue and expenditures are provided in the attachment to this report.

Major General Fund Revenues

The City’s major General Fund revenues, which make up approximately 76% of the City’s General Fund revenues, are projected to be over the FY 2019 Amended Budget (Amended Budget) amounts by approximately \$2.6 million. The increased revenue projections are primarily due to an increased projection for the City’s Sales Tax Revenue (\$1.0 million), increased collection of revenues related to the Measure P Sales Tax (\$1.2 million) and the increased projection for Property Tax in Lieu of Vehicle License Fee (\$0.4 million). All other Major revenues are anticipated to meet their projected revenue year-end estimates. Table 1: Fiscal Year 2018/2019 Major General Fund Revenue Projections summarizes the revenue projections.

Table 1 - Fiscal Year 2018/2019 Major General Fund Revenue Projections

Revenue Category	FY 2019 Amended Budget	FY 2019 Projected Budget	Variance
Property Tax	\$ 35,301,977	\$ 35,312,736	\$ 10,759
Sales Tax	\$ 33,698,020	\$ 34,674,606	\$ 976,586
Measure P Sales Tax	\$ 18,085,000	\$ 19,299,000	\$ 1,214,000
Measure A Sales Tax ¹	\$ 13,430,000	\$ 13,430,000	\$ -
PT in lieu of Motor Vehicle License Fee (VLF) ²	\$ 21,886,241	\$ 22,333,660	\$ 447,419
Franchise Fees	\$ 11,691,843	\$ 11,691,843	\$ -
Utility Users Taxes	\$ 5,605,396	\$ 5,605,396	\$ -
Transient Occupancy Tax	\$ 4,102,798	\$ 4,102,798	\$ -
Total	\$ 143,801,275	\$ 146,450,039	\$ 2,648,764

¹Measure A Sales Tax approved by Chula Vista votes in June 2018 and tax commenced on October 1, 2018. Figure represents revenue projections for three quarters of the fiscal year.

²Property Tax in Lieu of Vehicle License Fees was previously accounted for as Motor Vehicle License fees (VLF) in the State Revenue category. VLF was replaced by a backfill from property taxes following the permanent reduction of the VLF rate from 2% to 0.65% in 2004.

The remaining General Fund revenues (not represented in Table 1) are anticipated to exceed the Amended Budget by approximately \$2.1 million. The projected increase in revenue is due to increased reimbursements for the City's Fire Department Strike Team (\$1.6 million) and an increase (\$0.5 million) in transfers into the General Fund for services provided by City staff.

All the General Fund revenue categories are shown in Attachment A. The overall General Fund revenues are projected to exceed the Amended Budget by approximately \$4.7 million.

Major General Fund Expenditures

The City's major General Fund expenditure categories, which make up approximately 78% of the City's FY 2019 Projected Budget expenditures, are projected to exceed the Amended Budget by \$1.2 million. The increase in expenditures is primarily due to increase personnel costs for the fire department and a slight increase in the Supplies and Services expense category. The increase costs for the fire department personnel are primarily related to the deployment of the Fire Department Strike Team.

As of the end of the second quarter, the expenditure percentages for the major expense categories are slightly statistically elevated which may be due to the seasonal/cyclical nature of specific staffing needs within certain City departments such as Parks and Recreation. The major expense categories are shown in the following table and additional information related to departmental expenditures is provided in the attachment.

Table 2 - Fiscal Year 2018/2019 General Fund Major Expenditure Projections

Revenue Category	FY 2019 Amended Budget	FY 2019 Projected Budget	Projected Budget Expended to date	Projected Budget Expended (%)
Personnel Services	\$ 128,335,059	\$ 129,468,551	\$ 78,126,913	60.3%
Supplies and Services	\$ 14,041,561	\$ 14,112,190	\$ 6,971,128	49.4%
Utilities	\$ 4,783,376	\$ 4,783,376	\$ 2,957,206	61.8%
Total	\$ 147,159,996	\$ 148,364,117	\$ 88,055,247	59.4%

The remaining General Fund expenditure categories (not represented in Table 2) are anticipated to exceed the Amended Budget by approximately \$1.2 million. This increase is primarily due to the increased transfers of Measure A revenues from the General Fund to the established Measure A funds. Overall, total projected expenditures are anticipated to increase by \$2.4 million over the Amended Budget. Staff continues to monitor expenses for potential impacts to current and future budgets.

One item of note is the assumed investment returns from the City’s pension system (California Public Employees’ Retirement System - CalPERs). One of the factors which influence the City’s annual pension contribution (payment) is the annual investment return rate from the CalPERs investment portfolio. In calculating the City’s pension contribution, CalPERs assumes a 7.25% return rate on their investments for the current fiscal year. However, in the current financial environment, CalPERs investments may not reach their return rate target. This would create a negative impact (increased contribution amount) on the projected future pension payments for the City. Staff will continue to monitor this issue and will make any necessary adjustments to the pension payment projections as more information is made available.

General Fund Adjustments

At the conclusion of the second quarter of FY 2019, the proposed adjustments are minor inter- and intra-Department transfers or are appropriations associated with offsetting revenue. The proposed adjustments are anticipated to result in a net decrease of General Fund costs of approximately \$50,000. The following chart provides a summary of the proposed budgetary adjustments.

Table 3 - General Fund Adjustments Summary - 2nd Quarter Fiscal Year 2018-19

DEPARTMENT	Footnote	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
GENERAL FUND							
City Clerk	1	\$ -	\$ -	\$ 6,742	\$ 6,742	\$ (6,742)	\$ -
Fire Department	2	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000	\$ (1,649,744)	\$ (49,744)
Information Technology	3	\$ -	\$ 50,000	\$ (50,000)	\$ -	\$ -	\$ -
Library Department	4	\$ -	\$ 11,629	\$ -	\$ 11,629	\$ (11,629)	\$ -
Non-Departmental	5	\$ -	\$ 59,404	\$ -	\$ 59,404	\$ (59,404)	\$ -
Parks and Recreation	6	\$ 10,000	\$ (10,000)	\$ -	\$ -	\$ -	\$ -
Public Works Department	7	\$ -	\$ 19,000	\$ -	\$ 19,000	\$ (19,000)	\$ -
TOTAL OTHER FUNDS		\$ 1,610,000	\$ 130,033	\$ (43,258)	\$ 1,696,775	\$(1,746,519)	\$ (49,744)

General Fund Adjustments Footnotes

- 1 - City Clerk Department - Appropriate \$6,742 in revenue and expenses for refunds of overpayments related to the last election.
- 2 - Fire Department - Appropriate \$49,744 in additional revenues from the ALS Fund for the new AMR service contract; and, appropriate revenues and expenses of \$1.6M for Fire Strike Team deployments.
- 3 - Information Technology Department - Reallocate Measure A Support budget of \$50k from Other Expenses to Supplies and Services for equipment purchases.
- 4 - Library Department - Appropriate \$11,629 in revenue and expenses for unbudgeted grant and donations.
- 5 - Non-Departmental - Appropriate \$59,404 in revenues and expenses for repairs related to the flooding in Building C at the City Hall campus.
- 6 - Parks and Recreation Department - Reallocate \$10,000 from Supplies and Services to Personnel (Hourly) for Park Maintenance expenses.
- 7 - Public Works Department - Appropriate \$19,000 in revenue and expenses for an Emergency Storm Drain repair at Josselyn Avenue.

The significant adjustments to the General Fund Expenditures are described below.

- Appropriation of \$1.6 million in revenues and expenditures for the Fire Department related to

Strike Team Deployments at the beginning of the fiscal year. There were a high-volume of fires throughout the State where City personnel were deployed to battle these fires. Staff is requesting appropriation increases for reimbursements from the State to cover the costs these deployments.

- Appropriation of \$59,404 in revenue and expenses in Non-Departmental for the repair of damage caused by a broken pipe in the basement of Building C at the City Hall campus. Revenues are from the insurance claim to make the repairs to the facility.

Other Funds Adjustments

The following recommended adjustments are for funds outside of the General Fund. The proposed adjustments, displayed in Table 4, have a net cost of approximately \$0.3 million, which are entirely funded with fund balances or current year available revenues. A brief discussion follows the table on the major proposed adjustments.

Table 4 - Budget Transfers Summary - 2nd Quarter Fiscal Year 2018-19

DEPARTMENT	Footnote	PERSONNEL SERVICES	SUPPLIES & SERVICES	OTHER EXPENSES	OTHER CAPITAL	CIP BUDGET	INTERNAL SERVICE	TRANSFERS OUT	UTILITIES	TOTAL EXPENSE	TOTAL REVENUE	NET COST
OTHER FUNDS												
2016 Measure P Sales Tax	1	-	-	-	150,000	-	-	-	-	\$ 150,000	(150,000)	\$ -
Transportation Grants-Gas Tax	2	-	-	-	50,000	-	-	19,000	-	\$ 69,000	-	\$ 69,000
Transportation Sales Tax	3	-	-	18,832	-	-	-	-	-	\$ 18,832	-	\$ 18,832
Advanced Life Support Program	4	161,138	66,408	-	28,000	-	2,509	49,744	-	\$ 307,799	(319,030)	\$ (11,231)
Traffic Safety	5	-	-	-	27,000	-	-	-	-	\$ 27,000	-	\$ 27,000
Other Grants	6	-	20,000	-	-	-	-	-	-	\$ 20,000	(20,000)	\$ -
Local Grants	7	-	50,000	-	25,000	-	-	-	-	\$ 75,000	-	\$ 75,000
Federal Grants	8	-	50,000	-	650,000	-	-	-	-	\$ 700,000	(600,000)	\$ 100,000
CFD 11-M Rolling Hills McM	9	-	-	-	243	-	-	-	-	\$ 243	-	\$ 243
CFD 12-M Olay Ranch Village 7	10	-	-	-	2,770	-	-	-	-	\$ 2,770	-	\$ 2,770
CFD 12M Village 7 Olay Ranch	11	-	-	-	1,163	-	-	-	-	\$ 1,163	-	\$ 1,163
CFD 14M-B-EUC Millenia	12	-	(16,800)	16,000	-	-	-	-	800	\$ -	-	\$ -
CFD 18M Village 3 Olay Ranch	13	-	2,518	-	-	-	-	-	-	\$ 2,518	-	\$ 2,518
Open Space District #03	14	-	-	-	551	-	-	-	-	\$ 551	-	\$ 551
Open Space District #04	15	-	2,448	-	-	-	-	-	-	\$ 2,448	2,448	\$ 4,896
Open Space District #07	16	-	-	5,410	157	-	-	-	1,722	\$ 7,289	-	\$ 7,289
Open Space District #08	17	-	-	-	808	-	-	-	-	\$ 808	-	\$ 808
Open Space District #10	18	-	945	-	880	-	-	-	-	\$ 1,825	-	\$ 1,825
Open Space District #17	19	-	-	-	81	-	-	-	-	\$ 81	-	\$ 81
CFD 07M Eastlake Woods & Vista	20	-	-	-	2,652	-	-	-	-	\$ 2,652	-	\$ 2,652
CFD 08M Vg 6 McMillin & OR	21	-	-	-	1,970	-	-	-	-	\$ 1,970	-	\$ 1,970
CFD 09M ORVII Brookfield-Shea	22	-	-	-	2,744	-	-	-	-	\$ 2,744	-	\$ 2,744
CFD 99-2 Olay Ranch Vg 1 West	23	-	-	-	2,096	-	-	-	-	\$ 2,096	-	\$ 2,096
CFD 98-3 Sunbow 2	24	-	-	-	2,212	-	-	-	-	\$ 2,212	-	\$ 2,212
CFD 97-1 Olay Ranch	25	-	-	-	5,497	-	-	-	-	\$ 5,497	-	\$ 5,497
Sewer Income	26	-	-	-	-	(2,000,000)	-	-	-	\$ (2,000,000)	-	\$ (2,000,000)
Trunk Sewer Capital Reserve	27	-	-	350,000	-	-	-	-	-	\$ 350,000	(1,427,000)	\$ (1,077,000)
Sewer Service Revenue	26	-	-	-	-	2,000,000	-	-	-	\$ 2,000,000	-	\$ 2,000,000
Sewer DIFs	27	-	-	(350,000)	-	-	-	-	-	\$ (350,000)	1,427,000	\$ 1,077,000
Equipment Lease Fund	28	-	-	(244,400)	-	-	-	-	-	\$ (244,400)	-	\$ (244,400)
Public Facilities DIF	29	-	-	-	238,000	-	-	-	-	\$ 238,000	-	\$ 238,000
TOTAL OTHER FUNDS		\$ 161,138	\$ 175,519	\$ (204,158)	\$ 1,191,824	\$ -	\$ 2,509	\$ 68,744	\$ 2,522	\$ 1,398,098	\$ (1,086,582)	\$ 311,516

Footnotes

- 1 2016 Measure P Sales Tax - Appropriate \$150,000 in revenues and expenses for Electric Vehicle Rebates.
- 2 Transportation Grants-Gas Tax - Appropriate \$69,000 from Fund Balance for Other Capital related to vehicle costs (\$50,000), and Transfers Out to reimburse the Public Works department (\$19,000).
- 3 Transportation Sales Tax - Appropriate \$18,832 in Other Expenses for the SANDAG Grant from Fund Balance.
- 4 Advanced Life Support Program - Appropriate \$319,030 in revenues and \$307,799 in expenditures for the new AMR Contract.
- 5 Traffic Safety - Appropriate \$27,000 in expenses from Fund Balance for Other Capital.
- 6 Other Grants - Appropriate \$20,000 in revenues and expenses for the Animal Care Facility Grant for Supplies and Services.
- 7 Local Grants - Appropriate \$75,000 from Fund Balance for Local Asset Seizure for Supplies and Services and Other Capital.
- 8 Federal Grants - Appropriate \$600,000 in revenues and \$700,000 in expenses for various Federal Grants (Dept of Justice Asset Seizures and Dept of Treasury Asset Seizures).
- 9-25 Various CFD & Open Space Districts - Appropriate \$36,867 in expenses for the purchase of an Open Space Vehicle for \$23,824, Other Expenses of \$21,410, Supplies & Services of (\$10,889), and Utilities of \$2,522.
- 26 Transfer appropriation of \$2M from the Sewer Income Fund to the Sewer Service Revenue Fund.
- 27 Transfer appropriations of \$1,077,000 in revenues and \$350,000 in expenses from the Trunk Service Revenue Fund to the Sewer DIFs Fund.
- 28 Equipment Lease Fund - Decrease \$244,400 in appropriations as a budget correction for vehicle lease related expenses.
- 29 Public Facilities DIF - Appropriate \$238,000 from Fund Balance for the outfitting of the new Millenia Fire Truck.

The significant adjustments to the Non - General Fund Expenditures are described below.

- Appropriation of \$0.6 million in revenues and \$0.7 million in expenses for various Federal Grants.

- Transfer the appropriation of \$2.0 million in revenue from the Sewer Income Fund to the Sewer Service Revenue Fund as a budgetary correction of funding sources.
- Transfer the appropriation of \$1.1 million in revenues and \$350,000 in expenses from the Trunk Service Revenue Fund to the Sewer DIFs Fund as a budgetary adjustment.

Measure P Fund Overview

In November 2016, Chula Vista voters approved Measure P, authorizing a ½ cent sales tax increase on retail sales within the City for ten years. The funding from the sales tax measure is to allow the City to make progress toward replacing and repairing failing City assets. In December 2016, the City Council adopted the expenditure plan for the Measure P funding. The expenditure plan identified critical deferred maintenance and infrastructure projects for which the Measure P funding was to be allocated toward.

The following table provides an update on the allocation and expenditures (unaudited) for the Measure P funds.

Measure P

Citywide Infrastructure, Facilities and Equipment Expenditure Plan 1/2 cent Sales Tax Revenues over 10 year period Summary Table as of 12/31/18

Total by Major Category	10-Year Timeframe	Unaudited Totals	Remaining Balance
REVENUES:			
Sales Tax Revenues	\$ 186,299,869	\$ 29,095,750	\$ 157,204,119
Investment Earnings	\$ -	\$ 1,293,576	\$ (1,293,576)
Miscellaneous	\$ -	\$ 150,502	\$ (150,502)
Total Revenues	\$186,299,869	\$ 30,539,828	\$ 155,760,041
EXPENDITURES:			
Fire Stations Repairs/Replacement	24,611,549	110,587	15,966,268
Fire Response Vehicles	19,847,580	4,670,328	882,252
Fire Safety Equipment	5,197,913	355,809	1,029,191
Total Fire Services	\$ 49,657,042	\$ 5,136,724	\$ 17,877,711
Police Response Vehicles	13,301,470	2,201,734	1,063,966
Public Safety Communication Systems	8,678,863	2,164,503	660,646
Police Facility Repairs	2,101,000	436,346	1,564,654
Police Equipment	611,145	159,719	27,665
Total Police Services	\$ 24,692,478	\$ 4,962,303	\$ 3,316,930
Streets	24,474,861	5,780,628	10,101,938
Other Public Infrastructure	14,154,295	942,202	8,457,798
Sports Fields and Courts	16,966,595	372,952	4,212,048
Non-Safety Vehicles	11,195,100	1,458,475	4,108,525
Recreation and Senior Centers	5,000,000	114,963	4,885,037
Civic Center and South Libraries	3,250,000	339,625	2,660,375
Other Public Facilities	6,036,000	228,500	5,307,500
Traffic Signal Systems	7,000,000	87,817	2,912,183
Park Infrastructure	10,307,740	683,611	6,616,389
Citywide Network Replacement	2,080,700	1,866,064	214,636
Citywide Telecommunications	2,000,000	1,518,704	481,296
Total Infrastructure	\$102,465,291	\$ 13,393,541	\$ 49,957,725
Total Proposed Allocations	\$176,814,811	\$ 23,492,567	\$ 71,152,367

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council of the City of Chula Vista members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(11), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City of Chula Vista City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action supports the Operational Excellence goal by communicating the City's projected financial position for the current fiscal year in an open and transparent manner. This transparency supports City Initiative 1.3.1. - "Foster public trust through an open and ethical government."

CURRENT-YEAR FISCAL IMPACT

The Second Quarter Monitoring Report presents updates to revenue and expenditure projections as of December 31, 2018. As a result of the revised projected revenues and expenditures within this report, the overall General Fund revenues are projected to exceed projected expenditures by approximately \$2.4 million. Actions within this report result in a net increase of General Fund budgeted revenues of approximately \$50,000. Staff will continue to monitor actual revenue receipts and expenditures to determine if any budget adjustments will be needed in the future.

Across the non-General Fund funds, multiple actions are recommended for the second quarter, leading to a net cost of approximately \$0.3 million to non-General Fund accounts. These costs are to be addressed with fund balances or revenues from current year services.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact related to this action for the General Fund.

ATTACHMENTS

1. FY2019 Second Quarter Financial Report

Staff Contact: David Bilby, Finance Department



Overview

This financial report summarizes the City’s General Fund financial position for Fiscal Year 2018-2019 through December 31, 2018, and projections for the remainder of the year ending on June 30, 2019. 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.

This report also includes information from the City’s long-term financial plan (LTFP). The LTFP is a forecast of ten future years based upon information available at the time and is updated annually to reflect the most current information available. The full LTFP can be found on the City’s website at <https://www.chulavistaca.gov/departments/finance/financial-reports>.

At the end of the second quarter, the City’s financial outlook is projected to improve as revised revenue projections are anticipated to exceed revised expenditure projections by \$2.4 million as the City is receiving one-time adjusted allocations in sale tax amounts and increased reimbursements from the deployment of fire department staff. Based on current projections, revenues are anticipated to increase by \$4.7 million and expenditures are projected to increase by \$ 2.3 million for a net positive difference of approximately \$2.4 million.

Revenues

The following table shows the FY 2019 General Fund Amended 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 \$4.7 million above the Amended Budget amounts. The primary drivers of the increase in revenue are due to:

(1) The State of California did not distribute all of the City’s Sales Tax revenue resulting in a decrease of actual sales tax receipts for FY 2018 by approximately \$1M. The City is now receiving FY 2018 Sales Tax during the current fiscal year. Based on information from the City’s sales tax consultant, the City is projecting an overall

increase of Sales Tax by the amount not distributed in FY 2018;

- (2) An increase of \$1.6 million in reimbursements from the Federal Government for deployment of the City’s Fire Department Strike Team to assist other jurisdiction in their dealing with emergency situations. The reimbursements for the deployment of the Fire Department Strike Team are difficult to estimate as deployment of staff is based upon emergency situations in other jurisdictions and varies from year to year. Based on deployment during the current fiscal year, staff is revising the projected reimbursement amounts for this fiscal year;
- (3) An increase of \$1.2 million is projected to be collected from the Measure P Sales Tax; however, this amount will be evaluated as more data becomes available;
- (4) And an increase of \$0.4 million to the Property Tax In-Lieu of Vehicle License Fees projection based on information provided by the County of San Diego after the development and adoption of the FY 2019 Budget.

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

Revenue Category	FY 2019 Amended Budget	FY 2019 Projected Budget	Variance
Property Taxes	\$ 35,301,977	\$ 35,312,736	\$ 10,759
Sales Tax	\$ 33,698,020	\$ 34,674,606	\$ 976,586
Measure P Sales Tax	\$ 18,085,000	\$ 19,299,000	\$ 1,214,000
Measure A Sales Tax	\$ 13,430,000	\$ 13,430,000	\$ -
PT in lieu of Motor Vehicle License Fee (VLF)	\$ 21,886,241	\$ 22,333,660	\$ 447,419
Franchise Fees	\$ 11,691,843	\$ 11,691,843	\$ -
Utility Users Tax	\$ 5,605,396	\$ 5,605,396	\$ -
Transient Occupancy Taxes	\$ 4,102,798	\$ 4,102,798	\$ -
Development Revenue	\$ 1,250,153	\$ 1,250,153	\$ -
License and Permits	\$ 1,448,143	\$ 1,448,444	\$ 301
Fines, Forfeitures, Penalties	\$ 1,241,423	\$ 1,241,423	\$ -
Use of Money & Property	\$ 2,953,166	\$ 2,953,166	\$ -
Other Local Taxes	\$ 2,598,193	\$ 2,598,193	\$ -
Police Grants	\$ 837,440	\$ 837,440	\$ -
Revenue from Other Agencies	\$ 1,327,635	\$ 1,338,964	\$ 11,329
Charges for Services	\$ 7,921,718	\$ 7,921,718	\$ -
Interfund Reimbursements	\$ 9,648,924	\$ 11,256,924	\$ 1,608,000
Other Revenue	\$ 2,006,965	\$ 2,007,265	\$ 300
Transfers In	\$ 13,709,581	\$ 14,180,142	\$ 470,561
TOTAL REVENUES	\$188,744,616	\$193,483,871	\$ 4,739,255

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 FY 2019 General Fund Adopted Budget expenditures and actual expenditures by department as of December 31, 2018. In total, departments have expended approximately \$96.3 million or 51% of the General Fund Revised Budget after 50% of the fiscal year has elapsed. Overall, departmental expenditures are tracking consistent with the total Revised Budget as of the end of the second quarter. The Fire Department expenditures are trending higher than budgeted due to increased personnel costs related to the deployment of their strike team. 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.

GENERAL FUND EXPENDITURES AS OF 12/31/2018

Department	FY 2019 Revised Budget	Expended as of 12/31/18	% Expended
City Council	\$ 1,626,561	\$ 878,260	54.0%
Boards & Commissions	\$ 27,783	\$ 10,453	37.6%
City Clerk	\$ 984,447	\$ 476,616	48.4%
City Attorney	\$ 3,163,225	\$ 1,655,331	52.3%
Administration	\$ 2,216,056	\$ 1,336,499	60.3%
Information Technology	\$ 3,817,967	\$ 2,069,289	54.2%
Human Resources	\$ 2,888,499	\$ 1,484,727	51.4%
Finance	\$ 3,987,938	\$ 2,132,445	53.5%
Non-Departmental	\$ 38,693,602	\$ 9,701,905	25.1%
Animal Care Facility	\$ 2,966,306	\$ 1,639,887	55.3%
Economic Development	\$ 2,128,750	\$ 1,289,960	60.6%
Planning & Building	\$ 2,900,096	\$ 1,570,590	54.2%
Engineering/Capital Project	\$ 8,953,842	\$ 4,679,003	52.3%
Police	\$ 56,625,786	\$ 32,756,228	57.8%
Fire	\$ 30,827,479	\$ 19,542,475	63.4%
Public Works	\$ 11,823,153	\$ 6,398,448	54.1%
Parks and Recreation	\$ 10,914,193	\$ 6,422,503	58.8%
Library	\$ 4,108,278	\$ 2,241,949	54.6%
TOTAL EXPENDITURE BUDGET	\$ 188,653,961	\$ 96,286,568	51.0%

The following table reflects the projected expenditures for June 30, 2018. The largest projected budget variances for the year-end are within the Fire Department and Non-Departmental. These variances are due to the increased expenses noted previous for the Fire Department Strike Team and additional transfers of Measure P funds from the General Fund. The transfer of funds will show as expenditures for the Non-Department budget. At the end of the fiscal

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

GENERAL FUND PROJECTIONS BY DEPARTMENT FOR JUNE 30, 2018

Department	FY 2019 Amended Budget*	FY 2019 Projected Budget	Variance
City Council	\$ 1,626,561	\$ 1,626,561	\$ -
Boards & Commissions	\$ 27,783	\$ 27,783	\$ -
City Clerk	\$ 984,447	\$ 991,189	\$ 6,742
City Attorney	\$ 3,163,225	\$ 3,163,225	\$ -
Administration	\$ 2,216,056	\$ 2,216,056	\$ -
Information Technology	\$ 3,817,967	\$ 3,817,967	\$ -
Human Resources	\$ 2,888,499	\$ 2,888,499	\$ -
Finance	\$ 3,987,938	\$ 3,987,938	\$ -
Non-Departmental	\$ 38,693,602	\$ 39,907,603	\$ 1,214,001
Animal Care Facility	\$ 2,966,306	\$ 2,966,306	\$ -
Economic Development	\$ 2,128,750	\$ 2,128,750	\$ -
Planning & Building	\$ 2,900,096	\$ 2,900,096	\$ -
Engineering/Capital Project	\$ 8,953,842	\$ 8,953,842	\$ -
Police	\$ 56,625,786	\$ 56,370,100	\$ (255,686)
Fire	\$ 30,827,479	\$ 32,206,659	\$ 1,379,180
Public Works	\$ 11,823,153	\$ 11,842,152	\$ 18,999
Parks and Recreation	\$ 10,914,193	\$ 10,914,193	\$ -
Library	\$ 4,108,278	\$ 4,119,907	\$ 11,629
TOTAL EXPENDITURE BUDGET	\$ 188,653,961	\$ 191,028,826	\$ 2,374,865

* Adopted budget plus any budget amendments occurring independent of the quarter update requested actions.

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.

LONG-TERM FINANCIAL PLAN UPDATE – FISCAL YEARS 2020 TO 2024

A focus of this financial report is to review the Long-Term Financial Plan (LTFP) and look beyond the current fiscal year at fiscal issues facing the City on the horizon.

The following table displays the updated financial projections for fiscal years 2020 through 2024. A more detailed table that includes all ten years is provided at the end of this report.



Long-Term Financial Plan FY 2020 - 2029

Description	Forecast	Forecast	Forecast	Forecast	Forecast
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenue Projections (millions)					
MAJOR DISCRETIONARY REVENUES	\$ 151.22	\$ 154.03	\$ 156.91	\$ 159.87	\$ 162.90
OTHER REVENUES	\$ 43.84	\$ 43.42	\$ 43.25	\$ 43.53	\$ 43.80
NEW DEVELOPMENT REVENUES	\$ 3.12	\$ 4.24	\$ 5.22	\$ 6.21	\$ 7.18
TOTAL REVENUES	\$ 198.18	\$ 201.69	\$ 205.39	\$ 209.60	\$ 213.88
Year-over-Year Change	5.37%	1.77%	1.83%	2.05%	2.04%
Expenditure Projections (millions)					
PERSONNEL SERVICES EXPENDITURES	\$ 134.76	\$ 138.99	\$ 143.50	\$ 148.14	\$ 152.05
OTHER EXPENDITURES	\$ 67.20	\$ 68.09	\$ 69.83	\$ 69.05	\$ 70.25
NEW DEVELOPMENT EXPENDITURES	\$ 2.01	\$ 2.14	\$ 2.88	\$ 2.99	\$ 3.11
TOTAL EXPENDITURES	\$ 203.97	\$ 209.22	\$ 216.21	\$ 220.18	\$ 225.41
Year-over-Year Change	8.45%	2.58%	3.34%	1.84%	2.38%
*Personnel expenses related to Millenia Station shown in					
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (5.79)	\$ (7.53)	\$ (10.82)	\$ (10.58)	\$ (11.53)
SURPLUS/(DEFICIT) AS % OF BUDGET	-2.84%	-3.60%	-5.00%	-4.80%	-5.11%
HIGH PRIORITY PROGRAMS					
Peace Officer Funding ¹	\$ 0.81	\$ 1.72	\$ 2.71	\$ 3.80	\$ 4.96
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (6.61)	\$ (9.25)	\$ (13.53)	\$ (14.38)	\$ (16.49)
SURPLUS/(DEFICIT) AS % OF BUDGET	-3.24%	-4.42%	-6.26%	-6.53%	-7.32%

(1) Figure represents City's goal of adding five additional peace officer positions each year to address anticipated growth in City's population. Positions not incorporated in the Intended Public Safety Expenditure Plan for Measure A Sale Tax Measure.

While no revenue shortfall is anticipated for Fiscal Year 2019, the current LTFP projects budget deficits beginning in FY 2020. Assuming no additional financial measures or policy changes to either increase revenues or reduce expenditures, FY 2020 projects a revenue shortfall of \$6.6 million, growing to a deficit of \$16.5 million in FY 2024 and \$30.0 million in FY 2029 (the last year of the LTFP).

For revenues, additional revenue sources or increasing growth in existing revenue sources will be needed. The City of Chula Vista continues to pursue development opportunities that have the potential to positively impact revenue for the City. These include the development of the Eastern Urban Center (Millenia) and the approval of the Bayfront Development Project. However, these large developments are still several years away from being built and occupied.

For expenditures, the most significant drivers of the long-term grow in expenses are related to the increase in public safety costs and the increasing costs associated with public employee salaries and benefits.

Fiscal Year 2019 Budget Balancing

The purpose of this review is to highlight the structural imbalances that the City will face next fiscal year, and to focus problem solving efforts toward a menu of viable options. These projections will continue to evolve as new information becomes

available. The projections within this report assume continued economic growth. Even a small or short-lived economic downturn will amplify the projected deficits shown in the LTFP.

SUMMARY AND NEXT STEPS

At the conclusion of the second quarter of fiscal year 2018-19, the current year budget is on track for revenues and expenditures, with minor modifications. Staff is watching expenditures and revenue projections to assess whether further modifications will be necessary later in the year.

The longer-term projections for the City's General Fund continue to pose serious challenges, because revenues are not projected to be sufficient to cover anticipated costs that are on the horizon. Because the City has limited abilities to impact near-term revenue, its staff and policy makers will need to focus their efforts on the cost side by finding savings, modifying service levels, cost cuts or cost delays in future years, even as efforts continue to address economic development opportunities throughout the City.



Long-Term Financial Plan FY 2020 - 2029

Description	Forecast FY 2020	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029
Revenue Projections (millions)										
Property Taxes	\$ 36.36	\$ 37.45	\$ 38.57	\$ 39.72	\$ 40.91	\$ 42.13	\$ 43.39	\$ 44.69	\$ 46.03	\$ 47.40
Sales Tax	\$ 34.04	\$ 34.38	\$ 34.72	\$ 35.07	\$ 35.42	\$ 35.77	\$ 36.13	\$ 36.49	\$ 36.86	\$ 37.22
Measure P Sales Tax	\$ 18.27	\$ 18.45	\$ 18.63	\$ 18.82	\$ 19.01	\$ 19.20	\$ 19.39	\$ 14.69	\$ -	\$ -
Measure A Sales Tax ¹	\$ 18.27	\$ 18.45	\$ 18.63	\$ 18.82	\$ 19.01	\$ 19.20	\$ 19.39	\$ 19.58	\$ 19.78	\$ 19.98
Franchise Fees	\$ 11.93	\$ 12.16	\$ 12.41	\$ 12.66	\$ 12.91	\$ 13.17	\$ 13.43	\$ 13.70	\$ 13.97	\$ 14.25
Utility Users Taxes	\$ 5.63	\$ 5.66	\$ 5.69	\$ 5.72	\$ 5.75	\$ 5.78	\$ 5.81	\$ 5.83	\$ 5.86	\$ 5.89
Transient Occupancy Taxes	\$ 4.19	\$ 4.27	\$ 4.35	\$ 4.44	\$ 4.53	\$ 4.62	\$ 4.71	\$ 4.81	\$ 4.90	\$ 5.00
Motor Vehicle License Fees	\$ 22.54	\$ 23.22	\$ 23.92	\$ 24.63	\$ 25.37	\$ 26.13	\$ 26.92	\$ 27.73	\$ 28.56	\$ 29.41
MAJOR DISCRETIONARY REVENUES	\$ 151.22	\$ 154.03	\$ 156.91	\$ 159.87	\$ 162.90	\$ 166.00	\$ 169.16	\$ 167.51	\$ 155.96	\$ 159.17
Development Revenue	\$ 2.06	\$ 2.06	\$ 2.07	\$ 2.08	\$ 2.08	\$ 2.09	\$ 2.10	\$ 2.10	\$ 2.11	\$ 2.11
Licenses and Permits	\$ 1.48	\$ 1.51	\$ 1.54	\$ 1.57	\$ 1.60	\$ 1.63	\$ 1.66	\$ 1.70	\$ 1.73	\$ 1.77
Fines, Forfeitures & Penalties	\$ 1.27	\$ 1.29	\$ 1.32	\$ 1.34	\$ 1.37	\$ 1.40	\$ 1.43	\$ 1.46	\$ 1.48	\$ 1.51
Use of Money and Property	\$ 2.38	\$ 2.40	\$ 2.42	\$ 2.44	\$ 2.46	\$ 2.49	\$ 2.51	\$ 2.53	\$ 2.56	\$ 2.58
Other Local Taxes	\$ 2.62	\$ 2.65	\$ 2.68	\$ 2.70	\$ 2.73	\$ 2.76	\$ 2.79	\$ 2.81	\$ 2.84	\$ 2.87
Police Grants	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84	\$ 0.84
Other Agency Revenue	\$ 2.27	\$ 2.30	\$ 2.32	\$ 2.34	\$ 2.36	\$ 2.39	\$ 2.41	\$ 2.44	\$ 2.46	\$ 2.49
Charges for Services	\$ 7.24	\$ 7.27	\$ 7.31	\$ 7.35	\$ 7.38	\$ 7.42	\$ 7.46	\$ 7.50	\$ 7.53	\$ 7.57
Interfund Reimbursements	\$ 9.74	\$ 9.83	\$ 9.49	\$ 9.58	\$ 9.68	\$ 9.77	\$ 9.87	\$ 9.97	\$ 10.07	\$ 10.17
Other Revenues - Miscellaneous	\$ 1.07	\$ 1.08	\$ 1.08	\$ 1.09	\$ 1.09	\$ 1.10	\$ 1.10	\$ 1.11	\$ 1.12	\$ 1.12
Transfers From Other Funds	\$ 12.89	\$ 12.20	\$ 12.20	\$ 12.20	\$ 12.20	\$ 12.20	\$ 12.20	\$ 12.20	\$ 12.20	\$ 12.20
OTHER REVENUES	\$ 43.84	\$ 43.42	\$ 43.25	\$ 43.53	\$ 43.80	\$ 44.08	\$ 44.36	\$ 44.65	\$ 44.94	\$ 45.23
NEW DEVELOPMENT REVENUES										
Property Taxes - New Development	\$ 1.01	\$ 1.41	\$ 1.76	\$ 2.10	\$ 2.46	\$ 2.79	\$ 3.19	\$ 3.37	\$ 3.37	\$ 3.37
Sales Tax - New Development	\$ 0.32	\$ 0.45	\$ 0.59	\$ 0.74	\$ 0.85	\$ 0.96	\$ 1.06	\$ 1.16	\$ 1.17	\$ 1.18
Franchise Fees - New Development	\$ 0.28	\$ 0.36	\$ 0.45	\$ 0.54	\$ 0.63	\$ 0.72	\$ 0.80	\$ 0.88	\$ 0.90	\$ 0.91
Utility Users Taxes - New Development	\$ 0.10	\$ 0.14	\$ 0.17	\$ 0.20	\$ 0.23	\$ 0.26	\$ 0.29	\$ 0.29	\$ 0.29	\$ 0.30
Transient Occupancy Taxes - New Development	\$ 0.15	\$ 0.15	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.18	\$ 0.18
Motor Vehicle License Fees - New Development	\$ 0.70	\$ 0.97	\$ 1.21	\$ 1.45	\$ 1.69	\$ 1.92	\$ 2.20	\$ 2.32	\$ 2.39	\$ 2.46
Other Revenues - Miscellaneous - New Development	\$ 0.38	\$ 0.50	\$ 0.62	\$ 0.74	\$ 0.86	\$ 0.98	\$ 1.06	\$ 1.16	\$ 1.17	\$ 1.18
Other Local Taxes - New Development	\$ 0.19	\$ 0.26	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.33	\$ 0.35	\$ 0.30	\$ 0.30	\$ 0.31
NEW DEVELOPMENT REVENUES	\$ 3.12	\$ 4.24	\$ 5.22	\$ 6.21	\$ 7.18	\$ 8.12	\$ 9.10	\$ 9.65	\$ 9.77	\$ 9.89
TOTAL REVENUES	\$ 198.18	\$ 201.69	\$ 205.39	\$ 209.60	\$ 213.88	\$ 218.19	\$ 222.63	\$ 221.81	\$ 210.66	\$ 214.28
Year-over-Year Change	5.37%	1.77%	1.83%	2.05%	2.04%	2.01%	2.03%	-0.37%	-5.03%	1.72%
Expenditure Projections (millions)										
Personnel Services	\$ 92.38	\$ 93.59	\$ 94.89	\$ 96.66	\$ 98.47	\$ 100.32	\$ 102.20	\$ 104.12	\$ 106.10	\$ 108.11
Retirement - PERS	\$ 29.54	\$ 33.51	\$ 36.19	\$ 38.50	\$ 40.02	\$ 41.76	\$ 43.51	\$ 45.32	\$ 47.22	\$ 49.20
Health Insurance	\$ 14.60	\$ 13.66	\$ 14.21	\$ 14.79	\$ 15.40	\$ 16.03	\$ 16.69	\$ 17.38	\$ 18.11	\$ 18.86
Salary Savings (On Going)	\$ (1.75)	\$ (1.77)	\$ (1.79)	\$ (1.81)	\$ (1.83)	\$ (1.85)	\$ (1.87)	\$ (1.89)	\$ (1.91)	\$ (1.93)
PERSONNEL SERVICES EXPENDITURES	\$ 134.76	\$ 138.99	\$ 143.50	\$ 148.14	\$ 152.05	\$ 156.26	\$ 160.53	\$ 164.94	\$ 169.51	\$ 174.24
Supplies and Services	\$ 14.84	\$ 15.96	\$ 17.07	\$ 15.47	\$ 15.90	\$ 15.88	\$ 16.01	\$ 16.35	\$ 16.69	\$ 17.04
Utilities	\$ 4.71	\$ 4.13	\$ 4.39	\$ 4.67	\$ 5.00	\$ 5.31	\$ 5.64	\$ 5.99	\$ 6.36	\$ 5.76
Other Expenses	\$ 0.90	\$ 0.93	\$ 0.93	\$ 0.95	\$ 0.97	\$ 0.99	\$ 1.02	\$ 1.03	\$ 1.05	\$ 1.07
Equipment (Capital not CIP)	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
Internal Services	\$ 3.02	\$ 3.08	\$ 3.14	\$ 3.20	\$ 3.26	\$ 3.33	\$ 3.40	\$ 3.46	\$ 3.53	\$ 3.60
Measure A Obligations	\$ 18.27	\$ 18.45	\$ 18.63	\$ 18.82	\$ 19.01	\$ 19.20	\$ 19.39	\$ 19.58	\$ 19.78	\$ 19.98
Transfers/Debt Service	\$ 25.24	\$ 25.33	\$ 25.45	\$ 25.72	\$ 25.89	\$ 26.06	\$ 26.24	\$ 21.29	\$ 6.70	\$ 6.80
OTHER EXPENDITURES	\$ 67.20	\$ 68.09	\$ 69.83	\$ 69.05	\$ 70.25	\$ 70.99	\$ 71.91	\$ 67.92	\$ 54.33	\$ 54.47
NEW DEVELOPMENT EXPENDITURES										
Millenia Parks Maintenance	\$ 0.35	\$ 0.40	\$ 0.41	\$ 0.42	\$ 0.42	\$ 0.43	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.46
Millenia Fire Station	\$ 1.66	\$ 1.74	\$ 1.83	\$ 1.91	\$ 1.99	\$ 2.08	\$ 2.16	\$ 2.25	\$ 2.32	\$ 2.36
Bayfront Fire Station	\$ -	\$ -	\$ 0.64	\$ 0.67	\$ 0.69	\$ 0.72	\$ 0.74	\$ 0.77	\$ 0.79	\$ 0.80
NEW DEVELOPMENT EXPENDITURES	\$ 2.01	\$ 2.14	\$ 2.88	\$ 2.99	\$ 3.11	\$ 3.23	\$ 3.34	\$ 3.47	\$ 3.57	\$ 3.62
TOTAL EXPENDITURES	\$ 203.97	\$ 209.22	\$ 216.21	\$ 220.18	\$ 225.41	\$ 230.48	\$ 235.78	\$ 236.33	\$ 227.41	\$ 232.33
Year-over-Year Change	8.45%	2.58%	3.34%	1.84%	2.38%	2.25%	2.30%	0.23%	-3.77%	2.16%
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (5.79)	\$ (7.53)	\$ (10.82)	\$ (10.58)	\$ (11.53)	\$ (12.29)	\$ (13.15)	\$ (14.52)	\$ (16.75)	\$ (18.05)
SURPLUS/(DEFICIT) AS % OF BUDGET	-2.84%	-3.60%	-5.00%	-4.80%	-5.11%	-5.33%	-5.58%	-6.14%	-7.37%	-7.77%
HIGH PRIORITY PROGRAMS										
Peace Officer Funding ²	\$ 0.81	\$ 1.72	\$ 2.71	\$ 3.80	\$ 4.96	\$ 6.24	\$ 7.59	\$ 9.05	\$ 10.52	\$ 11.98
TOTAL GENERAL FUND SURPLUS/(DEFICIT)	\$ (6.61)	\$ (9.25)	\$ (13.53)	\$ (14.38)	\$ (16.49)	\$ (18.53)	\$ (20.74)	\$ (23.57)	\$ (27.27)	\$ (30.02)
SURPLUS/(DEFICIT) AS % OF BUDGET	-3.24%	-4.42%	-6.26%	-6.53%	-7.32%	-8.04%	-8.80%	-9.97%	-11.99%	-12.92%

(1) Any revenues in excess of actual expenditures in any year will be carried forward to future years as an encumbrance and continue to be dedicated to Measure A obligations. Figures from IPS Expenditure Plan.

(2) Figure represents City's goal of adding five additional peace officer positions each year to address anticipated growth in City's population. Positions not incorporated in the Intended Public Safety Expenditure Plan for Measure A Sale Tax Measure.