



Administrative Services Department Finance Division

**Comprehensive Annual Finance Report (CAFR)
– June 30, 2015**

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Chico Comprehensive Annual Financial Report June 30, 2015

- City's Financial Statements Received "Clean" Audit Opinions.
- "Clean" Audit Opinions do not Equal Fiscal Health.
- Comparison of Financial Statements Show the Progress the City has made.
- Presentation will Focus on Significant Areas of the Financial Statements.



Chico Comprehensive Annual Financial Report June 30, 2015

- **General Fund**
 - Balance Sheet and “Income Statement”
 - Schedule of Budget to Actuals
- **Interfund Receivables and Payables**
- **Interfund Transfers**
- **Deficit Funds**
- **Pension Liability**



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- **General Fund:**
 - Includes Budget Funds:
 - 001 – General Fund
 - 002 – Park Fund
 - 003 – Emergency Reserve Fund (Balance \$0)
 - 004 – General Fund Deficit
 - 006 – Compensated Absence Reserve
 - 010 – City Treasury Fund
 - 050 – Donation Fund
 - 315 – General Plan Reserve Fund
 - 920 – Holding Fund
 - 936 – Payroll Holding Fund



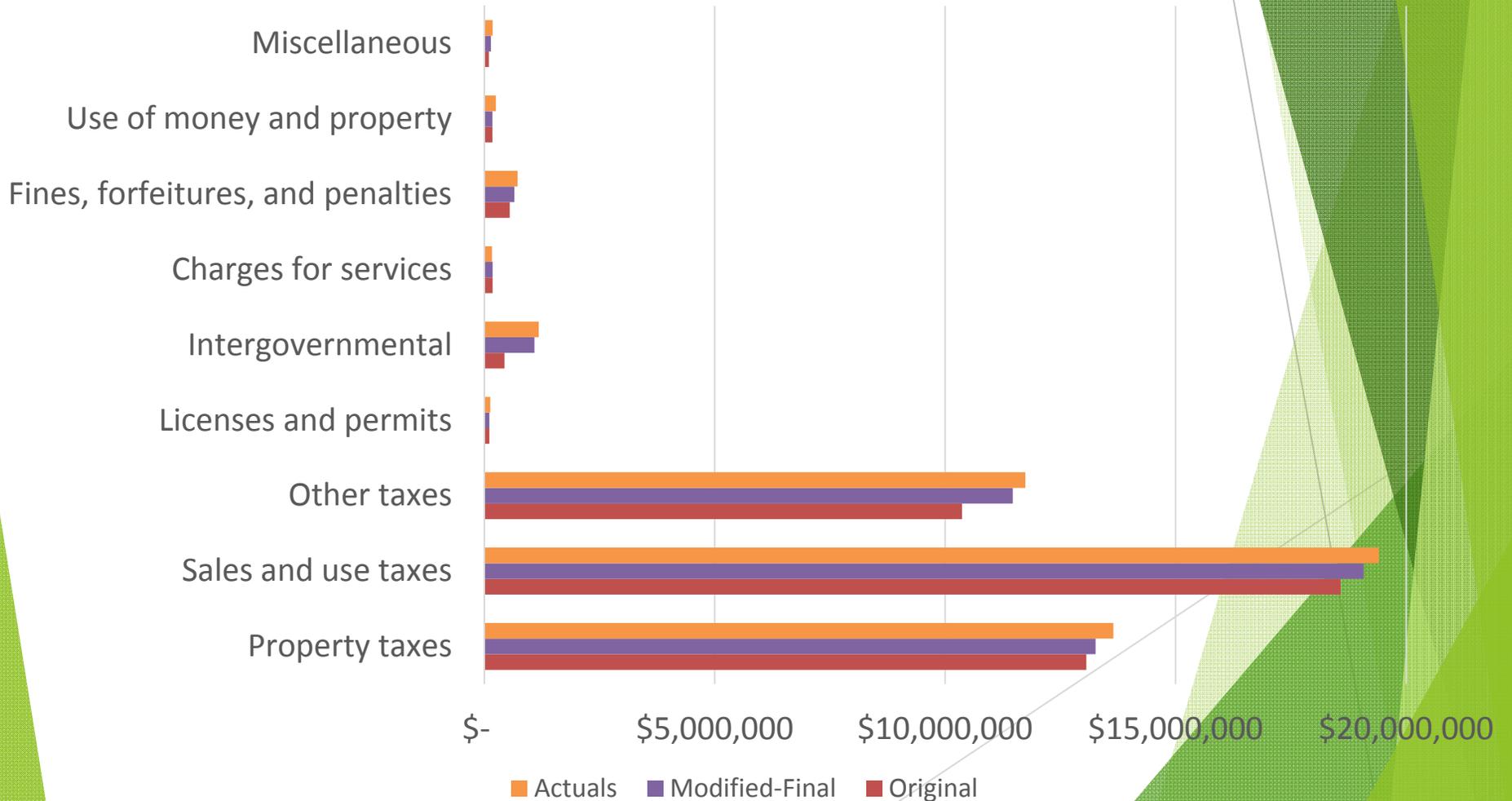
Chico Comprehensive Annual Financial Report June 30, 2015

- General Fund:
 - Balance Sheet and “Income Statement” (CAFR Pgs 25-26)
 - Fund Balance June 30, 2015 - \$4.2M
 - \$3.0M Assigned (Includes Fund 004 Deficit of \$0.5M)
 - \$1.0M Committed
 - \$0.2M Nonspendable
 - Fund Balance June 30, 2013 – Deficit <\$7.7M>
 - Schedule of Budget to Actuals (CAFR Pages 83-84)
 - Includes Council Adopted Budget and Modified Budget Compared to Actuals
 - Schedule Demonstrates that Revenue > Estimates and All Departments Had Budgetary Savings



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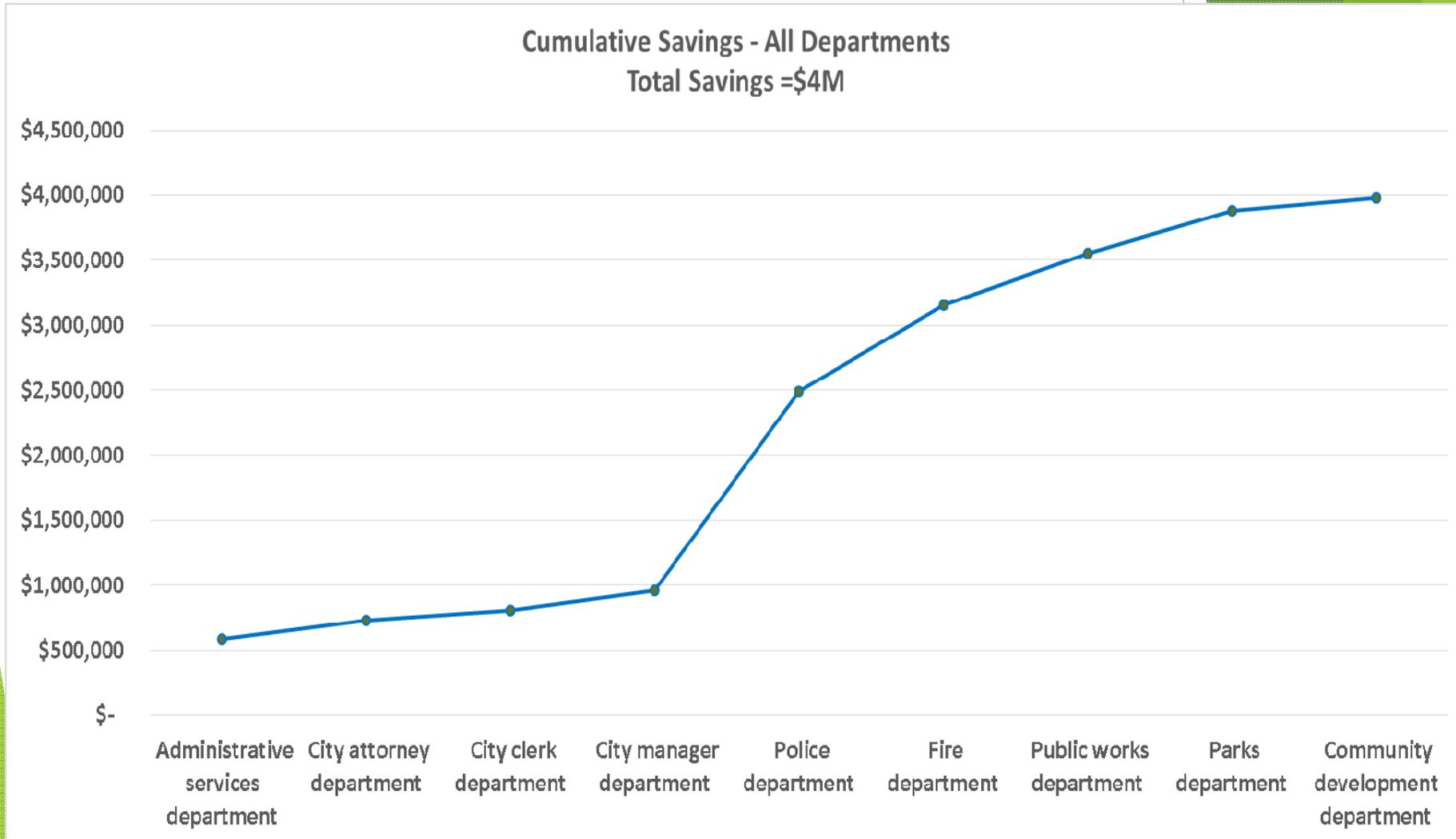
Schedule of Budget to Actuals - Revenue (CAFR Pages 83-84)





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Schedule of Budget to Actuals - Expenditures (CAFR Pgs 83-84)





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Interfund Receivables and Payables

(Note F. Pages 57-58)

Amounts due from/to other funds at June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
Self-Insurance Internal Services Fund	General Fund	\$ 364,011
Non-Major Funds:		
Fleet Replacement and Facility Maintenance Fund	Operating Grants Special Revenue Fund	\$ 74,720
Capital Improvements Fund	Capital Grants	672,528
	Total Non-Major Funds from/to other funds	747,248
	Total due from/to other funds	\$ 1,111,259



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Interfund Receivables and Payables

(Note F. Pages 57-58)

Advances to/from other funds at June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
Non-Major Funds:		
Community Park Impact Fund	Bidwell Park Land Acquisition Impact Fee Fund	\$ 1,398,420
Police Protection Building and Equipment Impact Fee	Fire Protection Building and Equipment Impact	1,220,614
Fleet Replacement and Facility Maintenance Fund	Airport Enterprise Fund	752,993
Street Maintenance Impact Fee Fund	Administrative Building Impact Fee	932,808
Fund	Zone J Neighborhood Parks Impact Fee Fund	166,438
Zone I Neighborhood Parks Impact Fee Capital Projects	Community Maintenance Districts Special	
Fund	Revenue Fund	61,634
		<hr/>
	Total advances to/from other funds	\$ 4,532,907



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Interfund Receivables and Payables June 30, 2013

(Note E. Pages 57, 58 & 59 of 6/30/13 CAFR)
Total = \$33.4M

Amounts due from/to other funds at June 30, 2013 are as follows:

Total due from/to other funds	<u>\$ 2,594,475</u>
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Advances to/from other funds at June 30, 2013 are as follows:

Total advances to/from other funds	<u>\$ 17,763,750</u>
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Interfund loans receivable/payable at June 30, 2013 are as follows:

Total interfund loans receivable/payable	<u>\$ 13,100,891</u>
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Interfund Transfers (Note H. Page 60) From the General Fund

Transfers to/from other funds as of June 30, 2015 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
<u>General Fund:</u>	CDBG and HOME Housing Fund	\$ 93,005
	Operating Grants Non-Major Special Revenue Fund	104,102
	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	1,141,175
	Capital Improvements Fund	429,310
	Community Maintenance District Administration	102,504
	Private Development Enterprise Fund	214,197
	Airport Enterprise Fund	824,235
		<u>\$ 2,908,528</u>



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Interfund Transfers (Note H. Page 60)

From Nonmajor Gov't Funds

Transfers to/from other funds as of June 30, 2015 are as follows:

Transfer From	Transfer To	Amount
Nonmajor Governmental Funds:		
Gas Tax Special Revenue Fund	General Fund	1,968,536
Capital Improvement Fund	General Fund	834,000
Zone 1 - Neighborhood Park	General Fund	27
Bond Proceeds Capital Projects Fund	Airport Enterprise Fund	26,105
Fire Protection Building and Equipment	Private Development Enterprise Fund	39
Street Facility Improvement Impact Fee	Private Development Enterprise Fund	1,225
Bikeway Improvement Impact Fee Fund	Private Development Enterprise Fund	516
Community Park Impact Fee Fund	Private Development Enterprise Fund	123
Street Maintenance Impact Fee Fund	Private Development Enterprise Fund	15
Police Protection Building and Equipment	Private Development Enterprise Fund	44
Storm Drainage Facility Impact Fee Fund	Private Development Enterprise Fund	2,644
Linear Parks/Greenways Impact Fee Fund	Private Development Enterprise Fund	16
Zone A Neighborhood Park Impact Fee	Private Development Enterprise Fund	70
		\$ 2,833,360



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Interfund Transfers (Note H. Page 60)

From Proprietary Funds

Transfers to/from other funds as of June 30, 2015 are as follows:

Transfer From	Transfer To	Amount
<u>Proprietary Funds:</u>		
Sewer Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Private Development Enterprise Fund	98,465
Sewer Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Transportation Special Revenue Fund	2,997
Parking Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	3,600
Parking Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	33,368
Private Development Enterprise Fund	General Fund - Deficit	47,979
Private Development Enterprise Fund	General Fund - General Plan Reserve	60,000
Private Development Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	35,299
Airport Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	72,244
<u>Internal Services Funds:</u>		
Central Garage Internal Services Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	9,342
Municipal Building Maintenance Internal Services Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	5,393
		\$ 368,687



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Deficit Funds (Note G. Page 59)

At June 30, 2015, the Funds listed below reported deficit fund balances or net position:

<u>Fund</u>	<u>Deficit F/B</u>	<u>Pension Restatement</u>
Private Development Fund	\$ (6,596,486)	\$ (6,964,783)
Information Services Internal Service Fund	(3,378,740)	(3,293,773)
Central Garage Internal Service Fund	(2,162,887)	(2,105,763)
Bidwell Park Land Acquisition Impact Fee Fund	(1,398,420)	
Self Insurance Internal Service Fund	(1,234,404)	
Fire Protection Building and Equipment Impact Fee Fund	(1,220,614)	
Administrative Building Impact Fee Fund	(932,808)	
Municipal Building Maintenance Internal Service Fund	(796,688)	(776,993)
Capital Grants Fund	(694,757)	
Zone J Neighborhood Impact Fee Fund	(166,438)	
Total Deficit Funds	<u>\$ (18,582,242)</u>	<u>\$ (13,141,312)</u>



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Deficit Funds (Note F. Page 60)

June 30, 2013

At June 30, 2013, the Funds listed below reported deficit fund balances or net position:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ (7,665,659)
Capital Grants Fund	(1,933,118)
Fire Protection Building and Equipment Impact Fee Fund	(1,815,656)
Bidwell Park Land Acquisition Impact Fee Fund	(1,569,421)
Self Insurance Internal Service Fund	(1,397,410)
Administrative Building Impact Fee Fund	(1,105,031)
Street Facility Improvement Impact Fee Fund	(551,778)
Zone J Neighborhood Impact Fee Fund	(167,370)
Bikeway Improvement Impact Fee Fund	(145,889)
Transportation Special Revenue Fund	(63,996)
Operating Grants Special Revenue Fund	(60,117)
Information Services Internal Service Fund	(6,916)
Central Garage Internal Service Fund	(6,228)
Total Deficit Funds	\$ (16,488,589)



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PENSION LIABILITY



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NET PENSION LIABILITY

- History
- Government Accounting Standards Board (GASB)
- GASB #27
 - “Accounting for Pensions by State and Local Government Employers”
 - Effective years beginning after June 15, 1997.
- Required disclosure of unfunded pension liability information in a footnote to the financial statements.
- Contributions paid was recognized as expense (Pay as you go).
- City of Chico disclosed this data in 3 pages of footnotes and 2 pages of Required Supplemental Information for fiscal year ending 6/30/2014.



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NET PENSION LIABILITY

- New GASB Statements
- GASB #68
 - “Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27”
 - Effective for years beginning after June 15, 2014
- GASB #71
 - “Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB #68”
 - Effective for years beginning after June 15, 2014



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NET PENSION LIABILITY

- Actuarial Information
 - Defined benefit plans for Miscellaneous and Safety
 - Valuations prepared annually by CalPERS
 - Factors considered:
 - Employee metrics
 - Employee compensation
 - Investment returns
 - Contributions paid
 - Contribution rates established by CalPERS



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NET PENSION LIABILITY

- New Requirements:
 - Net Pension Liability now recorded on the books.
 - Reflected on the Statement of Position
 - City Wide (Page 19)
 - Proprietary Funds (Page 29)
 - Internal Service Funds (Page 136)
 - Does not affect the Fund Statements (Pages 25-28)
 - Note Disclosure on 6 pages (Pages 65-70)
 - Required Supplemental Information on four pages (Pages 78-81)
 - Pension expense is based on actuarial information rather than current year contributions paid (No longer pay as you go.)
 - Audit of participant and census data.



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NET PENSION LIABILITY

Plan Description	Net Unfunded Pension Liability at 6/30/2015 (Statement of Position – Page 19)
Miscellaneous	\$52,970,350
Safety	<u>\$46,478,015</u>
Total	\$99,448,365



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NET PENSION LIABILITY

- New Key Reporting Information
 - Plan provisions and benefits summary – Page 66
 - Employees covered – Page 66
 - Actuarial assumptions – Page 67
 - Changes in Net Pension Liability – Page 69
 - Sensitivity of the Net Pension Liability to Changes in Discount Rates – Page 70



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NET PENSION LIABILITY

CalPERS Rates

As of the Dec 2015 CalPERS Annual Valuation Report

Year	Miscellaneous Plan	Safety Plan
2011-12	23.3%	30.7%
2012-13	23.8%	31.0%
2013-14	26.3%	31.3%
2014-15	28.1%	32.9%
2015-16	31.2%	35.2%
2016-17	38.9%	39.0%
2017-18 (CalPERS Est)	41.4%	41.4%
2018-19 (CalPERS Est)	43.9%	43.9%
2019-20 (CalPERS Est)	46.4%	46.3%
2020-21 (CalPERS Est)	47.1%	47.0%
2021-22 (CalPERS Est)	47.8%	47.8%

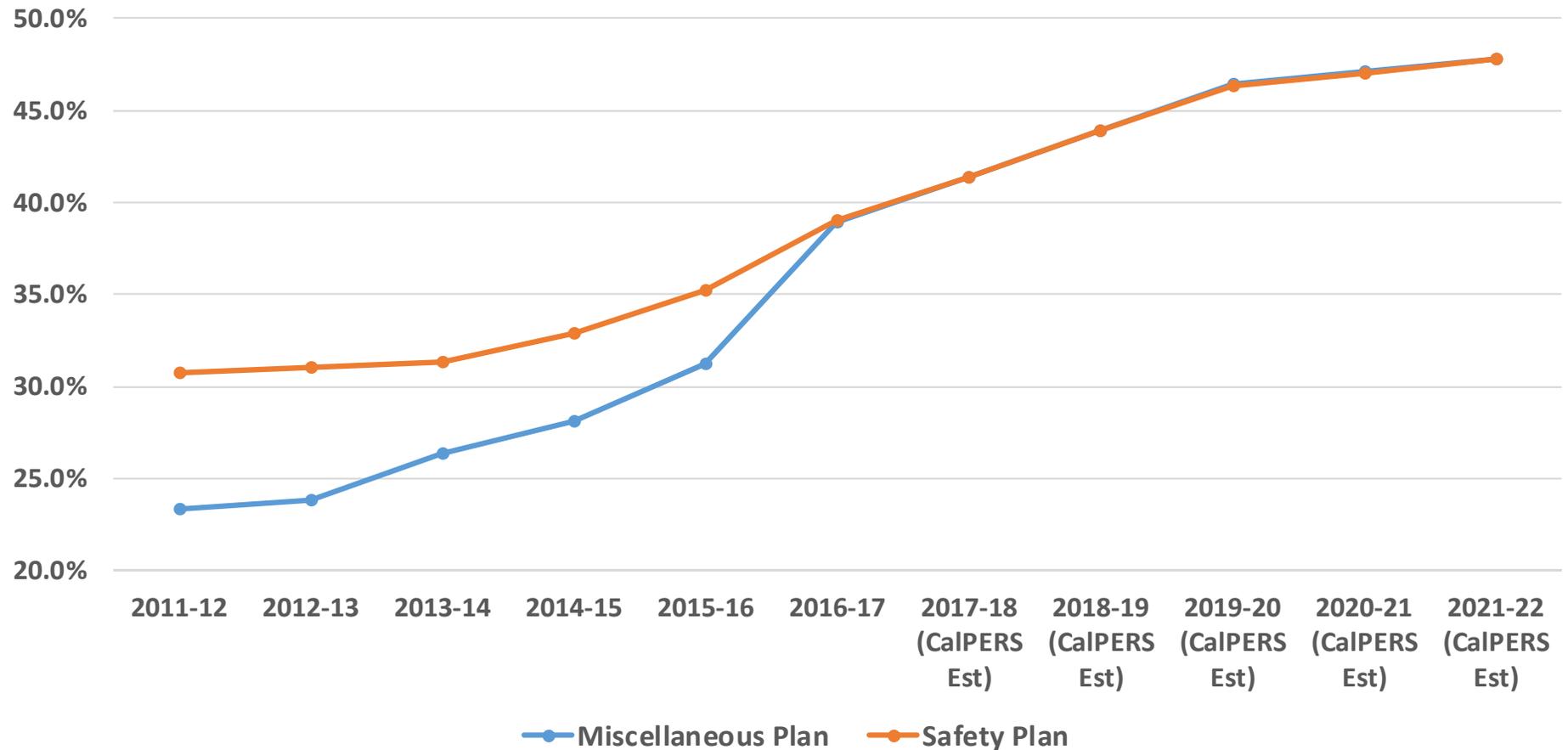


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NET PENSION LIABILITY

CalPERS Rates





QUESTIONS ??