

# **CITY OF CHICO**

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**Chico, California**



## **Annual Comprehensive Financial Report** **Year Ended June 30, 2021**

**Prepared by:**  
**Chico Finance Department**

**CITY OF CHICO, CALIFORNIA**  
 June 30, 2021  
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ADMINISTRATIVE  
SERVICES DEPARTMENT

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Chico, CA 95927 <http://www.ci.chico.ca.us>

December 1, 2021

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Chico:

The City of Chico (City) submits to you its Annual Financial Report (AFR) for the year ended June 30, 2021. The Administrative Services Department publishes the AFR to provide information about the City to its citizens, the investment community, the general public, and others who may have an interest in the financial well-being of the City. The data presented is designed to help readers assess our financial condition and understand the services we provide to the citizens of the City of Chico. This letter of transmittal is designed to be read with and complement the Management’s Discussion and Analysis (MD&A). The MD&A can be found immediately following the report of the independent auditor.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Chico. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and fairly represent the financial position and changes in financial position of the City. Disclosures necessary to enable the reader to gain an understanding of the City’s financial affairs have been included.

The City has a comprehensive internal control framework that is designed to protect the City’s assets from loss, theft, or misuse and compile sufficient reliable information for the preparation of the City’s financial statements. Because the cost of internal controls should not outweigh their benefits, the City’s internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The Charter of the City of Chico requires an annual audit to be conducted by an independent auditor employed by the City Council. The audit report is to be prepared in accordance with auditing standards generally accepted in the United States of America (GAAP) and submitted to the City Council on or before the first regular City Council meeting in February. CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has audited the attached financial statements. Based on the results of the audit, the City of Chico’s financial statements for the fiscal year ended June 30, 2021, received an unmodified (“clean”) opinion in the independent auditor’s report (which is presented as the first component of the financial section of this report).

**Profile of Chico**

The City of Chico was founded in 1860 by General John Bidwell, and incorporated on February 5, 1872, with a population of approximately 1,000 persons in an area of 6.6 square miles. The incorporated area of the City of Chico has grown to over 30 square miles, with a population of 110,364.

Chico is the largest city in Butte County, located in the Northern Sacramento Valley approximately 90 miles north of Sacramento, and serves as the commercial center for a three-county regional market area. Chico supports a diverse range of industries including agriculture, recreation, tourism, education, medical,

and manufacturing. Chico is also the home of the second oldest institution in the California State University system, enrolling over 16,000 students annually.

Residents and visitors alike can sample locally grown almonds, bicycle in Bidwell Park (one of the largest municipally owned parks in the United States), tour the historic Bidwell Mansion, and take in the beauty of the California State University, Chico campus without having to stray too far from Chico's quaint and thriving downtown business district. A municipal airport and industrial park are situated in northern Chico.

The City is governed by a charter and operates under a Council-Manager form of government. The City Council consists of seven members representing seven separate geographical districts, elected to staggered four-year terms. An election held each November in even numbered years chooses either three or four council members. The Council selects a mayor and vice mayor from among its members to serve two-year terms. The mayor presides over the Council meetings, which are held on the first and third Tuesdays of each month. The City Council appoints a City Manager to implement its policies and directives, a City Clerk to maintain public records and manage the elections process, and a City Attorney to serve as its legal counsel.

The City provides a broad range of services including: police and fire protection; construction and maintenance of streets and infrastructure; community development, including planning and zoning, building and safety, and housing activities; park and recreational activities; municipal airport; and general administrative services.

The budget serves as the foundation for financial planning and control for the City of Chico. Budgetary control is maintained to ensure compliance with legal provisions of the annual appropriated budget as approved and modified by the City Council. The City Charter requires the City Manager to present a proposed budget to the City Council by June 1 of each year. Budgetary control is at the department category level.

## **COVID-19**

The outbreak of coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization in early 2020. Governor Newsom declared a state of emergency in the State on March 4, 2020 and the Chico City Council declared a state of emergency in the City on March 25, 2020. On March 19, 2020 the Governor the Governor signed an Executive Order ordering the shut-down of all non-essential business and mandated that all employees, other than essential workers, remain at home. The pandemic has continued to effect the global, national, regional and local economies.

COVID-19 has had a major impact on City operations in terms of service delivery. Like many cities, Chico transitioned to largely a virtual environment for meetings. Based on the City's experience in providing services through this new model, the City has improved its online capabilities and provided staff with technology that allows them to be productive outside of the office. Going forward, the City understands that much of the technology improvements that were forced on the City in reacting to the pandemic (virtual meetings, working from home, etc.) will be incorporated into how service will be provided in the future. The City will continue to evaluate opportunities to incorporate technology advancements into delivering services to the public.

## **Chico's Economic Condition**

### ***Local Economy***

Aside from the COVID-19 effects, Chico's local economy continues to make steady positive progress and growth in the areas of economic development, housing market and employment.

One indicator of the local economy is the rate of unemployment. The unemployment rate for Chico increased from 5% as of June 2020 to 9% at June 2021 despite a rate of 11.6% statewide.

Another indicator of the local economy is community development. During the fiscal year, residential building permits were issued along with commercial building permits. This continues the strong building market that occurred during the year ended June 2012, when 346 residential building and 13 commercial building permits were issued.

The influences of the local economy impacts, including COVID-19, are evidenced by the following key City revenue sources, which increased during the fiscal year ended June 30, 2021 as follows:

- Sales Tax increased 7%
- Transient Occupancy Tax increased 2%

**Sales Tax**

Sales tax revenue, which accounts for over 40% of all General Fund revenue, experienced COVID-19 related losses in nearly all major industry groups except for building and construction, and food and drugs. Major industry groups changed as follows:

<b>INDUSTRY</b>	<b>PERCENTAGE INCREASE</b>
<b>AUTOS AND TRANSPORTATION</b>	21%
<b>BUILDING AND CONTRUCTION</b>	37%
<b>BUSINESS AND INDUSTRY</b>	-2%
<b>FOOD AND DRIGS</b>	4%
<b>GENERAL CONSUMER GOODS</b>	7%
<b>RESTAURANTS AND HOTELS</b>	-5%

**Property Tax**

Property tax revenue, which accounts for almost 21% of all General Fund revenue, increased 7% from the prior year. Property tax revenue is composed of numerous property related tax categories. Current secured property taxes increased 1%,. The local housing market is experiencing increased growth in construction of new homes and increased growth in the resale of existing homes. Indications are that the current level of growth will continue into the next year. Residual property tax revenue came into place following the dissolution of the City’s Redevelopment Agency. As the former Redevelopment Agency’s obligations are liquidated, the City receives a larger share of this property tax source. This year, the growth in residual property tax increased 13%.

***Long-term Financial Planning***

The City contracts with CalPERS to provide retirement benefits to retirees. The Unfunded Accrued Liability (UAL) associated with the retirement plan exceeds \$140,000,000 at June 30, 2021 and is reported on the attached financial statements. CalPERS has provided an estimated repayment schedule for over thirty years. City management has placed emphasis on planning for future repayments of the annual UAL. In fact, the annual UAL payment is paid in lump sum in July each year to reduce interest costs. These annual prepayments have resulted in over a \$1,500,000 interest savings over the last five years. In addition to prepayments, the City has created a Pension Stabilization Trust to help pay for future retirement payments. The City contracts with CalPERS to provide

**Roads**

The City’s roads are in disrepair. As such, this has caused an unrecorded liability for future road repair and replacement. The City continues to review options to fund these repairs including a potential general sales tax to go before the electorate in November 2022.

City management will continue to present Council with conservative budgets that provide consideration of City cash flows, and applicable fiscal controls that will ensure the City continues to improve financially.

### ***Relevant Financial Policies***

The City Council has adopted a number of fiscal policies (See Appendix C-10 of the City's Annual Budget for the complete set of fiscal policies) designed to preserve the fiscal integrity of the City's resources, some of which are listed below.

- **Operating Reserve** – The City Manager shall endeavor to present a Proposed Budget for the ensuing fiscal year which provides a balance in the General Fund to serve as an operating reserve in the amount of seven and one-half percent of the General Fund operating expenditures, or which the City Manager expects will reach seven and one-half percent by the time the books are closed at the end of the current fiscal year. These funds are available for allocation to cover unanticipated expenditures or major declines in revenue. This reserve is fully funded at June 30, 2021.
- **Emergency Reserve** – An Emergency Reserve has been established to help buffer the City from issues such as large fluctuations in revenues or catastrophic events. The desired level of this reserve is established at 20% of the General Fund operating expenditures. The reserve is fully funded at June 30, 2021.
- **Compensated Absence Reserve** – Compensated absences are defined as paid time off, such as vacation, sick leave and compensatory time off which becomes a City liability when the employee earns their right to the paid time off. This reserve is intended to accumulate funds to cover the City's liability with the intended target of reaching and maintaining a funding level of 50% of the City-wide liability. The balance in this reserve as of June 30, 2021 is \$1,500,000.
- **Replacement Funds** – The City maintains a number of internal replacement funds including a Technology Replacement Fund to accumulate funds for the replacement of technological equipment, a Fleet Replacement Fund for the replacement of the City's vehicle fleet, and a Facilities Maintenance Fund for the repair and maintenance of City-owned facilities. Annual contributions are made from the funds owning such equipment or vehicles, based on the estimated cost to replace the item at the end of its useful life. Although the replacement funds are underfunded, the net fund balances of all replacement funds were \$2,736,595 as of June 30, 2021.

### **The Future**

The future is hopeful! Despite the challenges of COVID-19, pension costs, capital infrastructure and resident sheltering challenges; the City is poised to grow and excel. The City is currently exploring the following:

- **Sales Tax** - A tax measure will be presented to the general public in November 2022. The purpose of the general sales tax is to provide resources to meet the City's financial needs over the next several years. Proceeds could be utilized to fund fire and police services, fund capital infrastructure include roads and maintain parks.
- **Broadband** – The City is working on a broadband master plan to address issues like the digital divide and provide fast, reliable and inexpensive internet services. The goal of the plan is to provide the City a roadmap to provide reliable fiber technology throughout the City that can be used for education, commerce, medical and safety over the next 40 years.
- **Capital Infrastructure** – the City continues to seek grants and possible sales tax revenue to repair or replace the existing aging roadway.

In addition to these projects, the City Council and City Staff continue to explore all opportunities to create the best Chico possible!

### **Awards and Acknowledgements**




The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chico for its Annual Financial Report for the fiscal year ended June 30, 2020. This was the seventeenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This Financial Report is the result of the cooperative effort of many people. We wish to convey our appreciation to the members of the Finance team who contributed to and assisted with the successful completion of the audit. We would also like to express our appreciation to all the City departments, who provided assistance and support, and to the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

  
Mark Orme  
City Manager

  
Scott Dowell  
Administrative Services Director

# *DIRECTORY OF CITY OFFICIALS*

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**Andrew Coolidge, Mayor**

**Kasey Reynolds, Vice-Mayor**

**Dale Bennett, Councilmember**

**Alex Brown, Councilmember**

**Sean Morgan, Councilmember**

**Mike O'Brien, Councilmember**

**Deepika Tandon, Councilmember**

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**Mark Orme**  
*City Manager*

**Debbie Presson**  
*City Clerk*

**Scott Dowell**  
*Administrative Services Director*

**Steve Standridge**  
*Fire Chief*

**Matt Madden**  
*Chief of Police*

**Leigh Ann Sutton**  
*Public Works Director-  
Engineering*

**Brendan Vieg**  
*Community Development Director*

**Erik Gustafson**  
*Public Works Director-  
Operations & Maintenance*

**Vincent C. Ewing**  
*City Attorney*



# Citizens of Chico

**BOARDS & COMMISSIONS**

- Airport Commission
- Architectural Review & Historic Preservation Board
- Arts Commission
- Bidwell Park & Playground Commission
- Planning Commission

## City Council

**COUNCIL COMMITTEES**

- Finance Committee
- Internal Affairs Committee

**City Attorney**

**City Manager  
Human Resources  
Risk**

**City Clerk**

**Administrative  
Services**

**Community  
Development**

**Fire**

**Police**

**Public Works**



Government Finance Officers Association

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in Financial  
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**City of Chico  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council  
City of Chico, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Chico, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedules of pension plan contributions, schedule of changes in the total OPEB liability and related ratios, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Chico's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California  
December 7, 2021

# Management's Discussion and Analysis

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As management of the City of Chico (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

## FINANCIAL HIGHLIGHTS

- The City had a net position at June 30, 2021 of \$536,067,533 (*net position*). Of this amount, \$438,209,363 is the *net investment in capital assets*.
- As of June 30, 2021, the City's governmental funds reported combined fund balances of \$158,968,764 an increase of \$16,729,092 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned and unassigned fund balance*. *Restricted* fund balances totaled \$116,669,087. *Committed* fund balances totaled \$12,328,685. *Assigned* fund balances totaled \$15,439,335 while *unassigned* fund balance reported a fund balance of \$14,356,997
- At June 30, 2021, the General Fund had a fund balance of \$39,432,758, an increase of \$9,535,425 from June 30, 2020.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components; (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. In addition to the basic financial statements, this report also includes required supplementary information and other supplementary information.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of City finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all City assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected revenues and unused vacation leave that has been earned).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, community development and community agencies. The business-type activities of the City include the sewer, parking, private development and airport.

One component unit is included in our basic financial statements and consists of a legally separate entity for which the City is financially accountable or receives a financial benefit— the Chico Urban Area Joint Powers Financing Authority. Based on the criteria of generally accepted accounting principles, the Chico Urban Area Joint Powers Financing Authority's governing board is composed of two members of the

## Management's Discussion and Analysis

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City of Chico Council and two members of the Butte County Board of Supervisors but is reported as a discretely presented component unit due to the significance of the economic resources the City receives from it.

Complete financial statements of the Chico Urban Area Joint Powers Financing Authority may be obtained from the Finance Department of the City of Chico at 411 Main Street, Chico, California 95928.

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds, proprietary funds and fiduciary funds.*

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintained several individual governmental funds at June 30, 2021. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, CDBG and HOME Housing Fund, Public Facilities Impact Fees, Capital Grants Fund, and the Low and Moderate Income Housing Asset Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* found elsewhere in this report.

**Proprietary funds** are generally used to account for activities for which the City charges a fee to either its external or internal customers. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains the following two types of proprietary funds:

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer, parking, private development and airport operations, which are considered to be major funds of the City.

*Internal service funds* are used to report activities that provide goods and services for certain City programs and activities. The City uses internal service funds to account for its self-insurance, central garage, municipal building maintenance, retirement funding and information services functions. Because these services benefit primarily governmental functions, they have been included within *governmental activities* in the government-wide financial statements. The City's five internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. These statements include one Private-purpose Trust Fund that



## Management's Discussion and Analysis

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includes the activity of the Successor Agency to the Chico Redevelopment Agency and three Custodial Funds that account for the assets held by the City as an agent for bonded assessment districts.

**Notes to Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** is presented in addition to the basic financial statements and accompanying notes. A Schedule of Changes in Net Pension Liability and Related Ratios is included along with a Schedule of Contributions relating to the CalPERS Retirement Plans. Budget Schedules for the General Fund and Major Special Revenue funds are also presented as required supplementary information.

**Other Information** includes the *combining and individual fund statements and schedules* referred to earlier. Specifically included is information for the Capital Grants Fund budget, nonmajor governmental funds and internal service funds and Custodial Funds. These statements and schedules are presented immediately following the required supplementary information.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$536,067,533 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$438,209,363, or 82%, reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These capital assets are used by the City to provide services to the citizens. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# Management's Discussion and Analysis

Governmental and Business-type Activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, are presented in the following table:

## Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Dollar Change
	2020	2021	2020	2021	2020	2021	
Current and other assets	\$ 177,133,987	\$ 203,446,276	\$ 43,033,695	\$ 52,349,955	\$ 220,167,682	\$ 255,796,231	\$ 35,628,549
Capital assets	<u>325,728,270</u>	<u>325,628,722</u>	<u>132,869,130</u>	<u>139,189,844</u>	<u>458,597,400</u>	<u>464,818,566</u>	<u>6,221,166</u>
Total assets	<u>502,862,257</u>	<u>529,074,998</u>	<u>175,902,825</u>	<u>191,539,799</u>	<u>678,765,082</u>	<u>720,614,797</u>	<u>41,849,715</u>
Deferred Outflows of Resources							
Deferred outflows related to pensions	<u>16,706,996</u>	<u>16,966,506</u>	<u>1,978,158</u>	<u>2,144,100</u>	<u>18,685,154</u>	<u>19,110,606</u>	<u>425,452</u>
Current and other liabilities	129,070,338	143,484,019	20,961,418	29,092,551	150,031,756	172,576,570	22,544,814
Long-term liabilities	<u>12,694,236</u>	<u>13,082,335</u>	<u>27,722,740</u>	<u>16,883,724</u>	<u>40,416,976</u>	<u>29,966,059</u>	<u>(10,450,917)</u>
Total liabilities	<u>141,764,574</u>	<u>156,566,354</u>	<u>48,684,158</u>	<u>45,976,275</u>	<u>190,448,732</u>	<u>202,542,629</u>	<u>12,093,897</u>
Deferred Inflows of Resources							
Deferred inflows related to pensions	<u>3,062,315</u>	<u>949,995</u>	<u>360,644</u>	<u>165,246</u>	<u>3,422,959</u>	<u>1,115,241</u>	<u>(2,307,718)</u>
Net position:							
Net investment							
in capital assets	323,202,614	323,630,848	105,602,949	114,578,515	428,805,563	438,209,363	9,403,800
Restricted	111,598,602	116,537,658	17,282,553	-	128,881,155	116,537,658	(12,343,497)
Unrestricted	<u>(60,058,852)</u>	<u>(51,643,351)</u>	<u>5,950,679</u>	<u>32,963,863</u>	<u>(54,108,173)</u>	<u>(18,679,488)</u>	<u>35,428,685</u>
Total net position	\$ <u><u>388,525,155</u></u>	\$ <u><u>388,525,155</u></u>	\$ <u><u>128,836,181</u></u>	\$ <u><u>147,542,378</u></u>	\$ <u><u>503,578,545</u></u>	\$ <u><u>536,067,533</u></u>	\$ <u><u>32,488,988</u></u>

**Governmental Activities.** Primary changes in governmental activities are summarized below:

**Assets.** Total assets increased by \$41,849,715. The primary causes of the increase was an increase in restricted and unrestricted cash of approximately \$22 million. Increased revenue in the taxes and proceeds from the American Rescue Plan account for most of the change.

**Deferred Outflows of Resources.** This classification balance, although similar to “assets,” is set apart because these items do not meet the technical definition of being a City asset on the date of these financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense.

The most significant deferred outflows of resources reported are related to the implementation of GASB Statement No. 68 and GASB No. 71 for net pension liability reporting. GASB No. 68 requires that contributions made to the retirement system subsequent to the measurement date be reported as deferred outflows of resources. Differences between projected and actual earnings on pension plan investments are also reported as deferred outflows and

## Management's Discussion and Analysis

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amortized over several years. The City has reported deferred outflows of resources for pension contributions and differences between actual and estimated earnings of pension plan investments totaling \$16,966,506 for governmental activities at June 30, 2021. The deferred outflows of resources will be reflected in the change in the net pension liability in the next fiscal year.

**Liabilities.** Governmental activities liabilities increased by \$5,520,027 primarily due to a increase in the net pension liability of \$6,930,759.

**Deferred Inflows of Resources.** Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of the City as of the date of the financial statements. When all the recognition criteria are met, the deferred inflows of resources will become revenue or an increase to net position.

Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes and can include the differences between actual and expected experience and changes in assumptions. The City has reported deferred inflows of resources for pensions totaling \$949,995 for government activities at June 30, 2021.

**Net Position.** Governmental activities net position increased \$32,488,988 due primarily to decrease in Grants and contributions not restricted to specific programs.

**Business-type Activities.** Primary changes in business-type activities are summarized below:

**Assets.** Total assets increased by \$15,636,973 due to an increase in restricted cash related to construction contracts.

**Deferred Outflows of Resources.** GASB Statement No. 68 requires that contributions made subsequent to the measurement date be reported as deferred outflows of resources. Differences between projected and actual earnings on pension plan investments are also reported as deferred outflows and amortized over several years. The City has reported deferred inflows of resources for pensions totaling \$2,144,100 for government activities at June 30, 2021.

**Liabilities.** Business-type activities liabilities decreased by \$2,107,883 primarily due to the payment of long-term debt related to the Sewer Fund.

**Deferred Inflows of Resources.** As discussed above, deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes and can include the differences between actual and expected experience and changes in assumptions. The City has reported deferred inflows of resources for deferred pensions totaling \$165,246 for business-type activities at June 30, 2021.

**Net Position.** Business-type activities net position increase of \$18,706,197 primarily due to an increase in cash of approximately \$3,668,392 that occurred to reflect the City's overall fiscal recovery operating procedures and an increase in donated sewer infrastructure.

The following table indicates the changes in net position for governmental and business-type activities for the year ended June 30:

# Management's Discussion and Analysis

## Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total		Dollar Change
	2020	2021	2020	2021	2020	2021	
<b>Program revenues:</b>							
Charges for services	\$ 14,401,771	\$ 13,501,962	\$ 22,604,403	\$ 24,172,344	\$ 37,006,174	\$ 37,674,306	668,132
Operating grants and contributions	9,676,693	9,060,513	-	-	9,676,693	9,060,513	(616,180)
Capital grants and contributions	5,789,588	8,423,875	11,405,256	11,223,156	17,194,844	19,647,031	2,452,187
<b>General revenues and Special Item:</b>							
Taxes	57,874,937	63,968,788	-	-	57,874,937	63,968,788	6,093,851
Grants and contributions not restricted to specific programs	14,110,492	2,072,665	-	-	14,110,492	2,072,665	(12,037,827)
Unrestricted investment earnings	1,567,671	928,992	812,271	360,576	2,379,942	1,289,568	(1,090,374)
Miscellaneous	714,380	781,732	-	-	714,380	781,732	67,352
Bond proceeds from private-							
<b>Total revenues</b>	<b>104,135,533</b>	<b>98,738,527</b>	<b>34,821,930</b>	<b>35,756,076</b>	<b>138,957,462</b>	<b>134,494,603</b>	<b>4,462,859</b>
<b>Expenses:</b>							
General government	7,182,153	18,655,283	-	-	7,182,153	18,655,283	11,473,130
Public safety	45,844,242	34,360,882	-	-	45,844,242	34,360,882	(11,483,360)
Public works	18,097,140	17,822,977	-	-	18,097,140	17,822,977	(274,163)
Parks and recreation	3,901,045	3,728,252	-	-	3,901,045	3,728,252	(172,793)
Arts and culture	28,346	-	-	-	28,346	-	(28,346)
Community development	2,679,356	8,361,864	-	-	2,679,356	8,361,864	5,682,508
Community agencies	10,249	3,508	-	-	10,249	3,508	(6,741)
Interest on long-term debt	46,027	80,732	-	-	46,027	80,732	34,705
Loss on disposition of							
Sewer	-	-	13,339,798	11,635,625	13,339,798	11,635,625	(1,704,173)
Parking	-	-	1,093,053	947,957	1,093,053	947,957	(145,096)
Private development	-	-	4,647,995	4,365,232	4,647,995	4,365,232	(282,763)
Airport	-	-	2,043,965	2,043,302	2,043,965	2,043,302	(663)
<b>Total expenses</b>	<b>77,788,558</b>	<b>83,013,498</b>	<b>21,124,811</b>	<b>18,992,116</b>	<b>98,913,369</b>	<b>102,005,614</b>	<b>3,092,245</b>
Increase (decrease) in net position before transfers	26,346,975	15,725,029	13,697,119	16,763,960	40,044,093	32,488,989	(7,555,104)
Special item-OPEB elimination	8,012,165	-	1,622,829	-	9,634,994	-	(9,634,994)
Transfers	125,478	(1,942,237)	(125,478)	1,942,237	-	-	-
<b>Change in net position</b>	<b>34,484,618</b>	<b>13,782,792</b>	<b>15,194,470</b>	<b>18,706,197</b>	<b>49,679,087</b>	<b>32,488,989</b>	<b>(17,190,098)</b>
<b>Net position, beginning of year</b>	<b>340,257,745</b>	<b>374,742,364</b>	<b>113,641,711</b>	<b>128,836,181</b>	<b>453,899,456</b>	<b>503,578,544</b>	<b>49,679,088</b>
<b>Net position, end of year</b>	<b>\$ 374,742,364</b>	<b>\$ 388,525,155</b>	<b>\$ 128,836,181</b>	<b>\$ 147,542,378</b>	<b>\$ 503,578,545</b>	<b>\$ 536,067,533</b>	<b>32,488,990</b>

**Governmental Activities.** Governmental activities increased the City's net position by \$32,488,990 due to an increase in charges for service as well as taxes.

# Management's Discussion and Analysis

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**Revenues.** Total revenues for governmental activities increased 21% from the prior year:

- **Taxes** increased \$6,093,851 due to increases in sales tax revenue and property tax revenue as the economy and housing market are moving in a modestly positive direction.
- **Capital grants and contributions** increased by \$(2,634,287) due primarily to completion of a large infrastructure project.
- **Intergovernmental Revenue** increased \$3,550,752 due primarily to CARES funding.

**Expenses.** Total expenses for governmental activities increased \$5,224,937 from the prior year:

- The increase in expenses is due to the City's new agreement with CARD to transfer Community Park Development Impact Fee funds collected by the City to CARD twice a year for the development of future community park facilities.

**Business-type Activities.** Business-type activities increased the City's net position by \$18,706,197. Charges for service revenues combined with expenses reductions also increased net position. The operations of individual enterprise funds are presented more thoroughly in the Proprietary Funds section.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are contained in the General, Special Revenue and Capital Projects Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, restricted, committed, assigned and unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2021, the City's governmental funds reported combined fund balances of \$158,968,764 an increase of \$16,729,092 compared to the prior year. The City reported \$116,669,087 of restricted fund balance, \$63,748,813 is composed of long-term loans receivable. By nature, restricted resources are restricted for specific purposes.

Nonspendable fund balance is composed of: \$174,660 in prepaid items.

Committed fund balance is composed of: \$1,513,524 for compensated absences, \$429,788 in donations and \$10,385,373 for emergency contingencies.

Total assigned fund balance is \$15,439,335. It is specifically assigned for equipment replacement of \$2,736,595 assigned for capital projects of \$8,615,075 remediation of \$501,024 and subsequent year's budget of \$3,586,641.

## Management's Discussion and Analysis

The changes in fund balance as of June 30, is presented in the following table:

### Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

	Major Funds				
	General	CDBG and HOME	Public Facilities	Capital	Low & Moderate
	Fund	Housing	Impact Fees	Grants	Income Housing Asset
Revenues	\$ 68,630,271	\$ 983,731	\$ 8,124,538	\$ 4,499,166	\$ 434,753
Expenditures	(55,452,372)	(932,403)	(7,602,570)	(3,945,708)	(384,851)
Other financing sources (uses), net	(3,642,474)	16,158	(78,058)	-	(11,491)
Change in fund balances	9,535,425	(67,486)	443,910	(553,458)	38,411
Fund balances (deficits), beginning of year	29,897,333	7,578,919	31,951,578	(1,387,792)	56,063,997
Fund balances (deficits), end of year	<u>\$ 39,432,758</u>	<u>\$ 7,646,405</u>	<u>\$ 32,395,488</u>	<u>\$ (834,334)</u>	<u>\$ 56,102,408</u>

	Nonmajor Funds		2021	2020
	Special Revenue	Capital Projects	Total	Total
	Funds	Funds	Governmental	Governmental
			Funds	Funds
Revenues	\$ 12,329,514	\$ 1,793,726	\$ 96,795,699	\$ 89,163,913
Expenditures	(6,749,769)	(3,637,866)	(78,705,539)	(69,174,692)
Other financing sources (uses), net	(1,924,409)	4,276,206	(1,364,068)	570,750
Change in fund balances	3,655,336	2,432,066	16,726,092	20,559,971
Fund balances (deficits), beginning of year	11,955,719	6,182,918	142,242,672	121,682,699
Fund balances (deficits), end of year	<u>\$ 15,611,055</u>	<u>\$ 8,614,984</u>	<u>\$ 158,968,764</u>	<u>\$ 142,242,670</u>

Revenues for governmental funds overall totaled \$ 96,795,699 an increase of 5.36% from the prior fiscal year, and expenditures for governmental funds totaled \$ 78,705,539 a negligible change from the prior year. Revenue increases were due primarily to increases in property and sales taxes. Expenditures are largely unchanged due to strong fiscal management.

General Fund revenue increased \$4,743,317 due to an increase in Intergovernmental revenues of 7.42% due primarily to reimbursements for assistance provided to fight the numerous wildfires that occurred during the year. Current year General Fund expenditures increased 2020 by \$5,741,690. Increases in wages and benefits accounts for increase.

CDBG & HOME Housing fund increased by \$67,486 primarily due to interest earnings.

Revenue in the Capital Grants Fund exceeded expenditures by \$(553,458) due to timing of receipts for reimbursements of 2020-2021 expenditures.

The Low and Moderate Income Housing Asset Fund's change in fund balance consists mostly of loans receivable received from the Successor Agency to the Chico Redevelopment Agency. Otherwise, there is very little activity.

## Management's Discussion and Analysis

occurring within this Fund as the revenue is considered restricted as most of it is composed of long-term loan receivables.

Public Facility Impact Fee funds have been consolidated into one reporting fund. It is reported as a Major Capital Projects Fund. Fund balance in this fund fluctuates with building activity within the City limits.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations of proprietary funds for the current fiscal year:

	Sewer	Parking	Private Development	Airport	Total
Operating revenues	\$ 18,055,204	\$ 373,192	\$ 5,098,969	\$ 618,438	\$ 24,145,803
Operating expenses	11,245,802	947,957	4,365,232	2,043,302	19,688,391
Operating income (loss)	6,809,402	(574,765)	733,737	(1,424,864)	4,457,412
Nonoperating revenues (expenses), net	(91,081)	20,853	35,621	31,901	(2,706)
Income (loss) before contributions and transfers	6,718,321	-	-	-	5,632,223
Contributions and transfers	7,996,101	73	758,883	14,251,491	24,062,646
Change in net position	\$ 14,684,422	\$ (553,839)	\$ 1,528,241	\$ 3,047,373	\$ 18,706,197

- Sewer Fund revenues increased over the prior year due to increased Water Pollution Control Plant capacity development fees collected.
- Parking Fund revenues decreased by \$(573,503) over the prior year as the City halted collection of Parking fees due to the COVID pandemic.
- The Private Development Fund had an increase in net position of \$476,886. Operations in the fund reflected additional activity in the building industry in Chico during the year ended June 30, 2021.
- Airport Fund operating revenues decreased \$(522,166) primarily due to additional rental charges for airport related facilities. The City is working to revitalize the airport and its industrial park.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Budget to actual information for the General Fund is presented as part of required supplementary information in this report. The City Council amended the budget several times during the period. These amendments, generally, were to adjust for actual beginning balances and carryovers after closing the prior fiscal year and for new sources and uses realized during the fiscal year.

Overall, actual revenue was over budgeted revenue by \$4,124,691. Property tax revenues was over budget by \$534,906 while sales and use taxes revenue exceeded budget by \$2,426,531. Other taxes including transient and occupancy taxes (TOT) exceeded budget by \$1,919,690.

Overall, budgeted expenditures were under budget by \$23,295,879. Most departments recognized actual expenditures under budget.

## Management's Discussion and Analysis

Amendments to the public works budget were made for capital projects initiated during the year. Fire and Police had increases in the original budget to account for increases in wages and benefits.

In spite of City Council budgetary amendments, variances between actual amounts and the final budget occur. Generally, all of the variances were positive (i.e., actual revenue exceeded budgeted revenue and actual expenditures were less than budgeted expenditures) due to the fact that a conservative budgetary approach was utilized.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The City's investment in capital assets for its governmental and business-type activities as of **June 30, 2021** amounted to \$464,818,566 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. Total current year depreciation expense was \$18,328,979.

Capital assets, net of depreciation, for the governmental and business-type activities are presented on the next page to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities	
	2020	2021	2020	2021
Land	\$31,456,230	\$31,561,925	\$2,154,341	\$2,154,341
Buildings	9,030,354	8,529,383	4,691,860	4,187,118
Improvements	6,782,299	8,319,818	109,114,940	107,734,478
Equipment	9,885,915	8,955,391	599,585	492,863
Infrastructure	242,636,661	242,601,613	-	-
Construction in progress	25,936,810	25,660,592	16,308,401	24,621,042
Total, Net	\$325,728,269	\$325,628,722	\$132,869,127	\$139,189,842

	Total		Total	
	2020	2021	Dollar Change	Percentage Change
Land	\$33,610,571	\$33,716,266	\$105,695.00	0%
Buildings	13,722,214	12,716,501	(1,005,713)	-7%
Improvements	115,897,239	116,054,296	157,057	0%
Equipment	10,485,500	9,448,253	(1,037,247)	-10%
Infrastructure	242,636,661	242,601,613	(35,048)	0%
Construction in progress	42,245,211	50,281,634	8,036,423	19%
Total, Net	\$458,597,396	\$464,818,563	\$6,221,167	



# Management's Discussion and Analysis

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Major capital asset events during the current fiscal year included the following:

- Buildings – Decrease is due primarily to depreciation expense. No significant capitalized construction to building category occurred.
- Improvements – Decrease is due primarily to depreciation expense.
- Equipment – Increases reflect acquisitions of safety radios and upgraded software for several departments.
- Infrastructure – Increased as several large street projects were completed.
- Construction in progress (CIP) – Increase is due to initiation of projects not yet completed and transferred to appropriated capital accounts.

Additional information on the City's capital assets can be found in Note 5 of this report.

## **Long-term liabilities**

At June 30, 2021, the City had total long-term liabilities outstanding of \$35,134,126 an overall decrease of \$6,740,593 from June 30, 2020. Additional information related to the City's long-term liabilities can be found in Note 6 of this report.

## **Economic Factors and Next Year's Budget**

The fiscal year 2022 budget was approved on June 1, 2021, with a total Operating Budget of \$98,533,966, which is a \$2,354,530 increase from the prior fiscal year's Council adopted budget. The adopted Capital Improvement Budget totaled \$44,354,1386. Total General Fund revenue and transfers in total of \$64,471,002, which is higher than budgeted expenditures and transfers out of \$60,530,039. The City has also assigned fund balance from June 30, 2021 of \$3,586,641 to cover expenditures in the fiscal year 2020-2021 budget.

During this time of economic uncertainty, brought on by the coronavirus pandemic and the associated economic fallout, the fiscal year 2021-22 budget continues the City's record of strong fiscal management. This fiscal year budget maintains a well-resourced City government, which is prepared to respond to the needs of our residents. The City does not currently anticipate any significant cash flow or liquidity issues in the near term because of COVID-19 but continues to monitor that risk. This City cannot predict the extent to which consequences arising from COVID-19 will impact financial conditions, operations, reserves and liquidity, but management is dedicated to monitor the unfolding impacts to ensure residents at all income levels a safe place to live and work.

## **Local Revenue Base**

Governor Newsom declared a state of emergency in the State on March 4, 2020 and on March 19, 2020 the Governor signed an Executive Order ordering the shut-down of all non-essential business and mandated that all employees, other than essential workers, remain at home. The Chico City Council declared a state of emergency in the City on March 25, 2020.

The sudden cessation of business activity, travel and tourism resulting from the pandemic had a devastating impact on the retail and hospitality sectors in Chico. Many restaurants and retail businesses closed, and the hotel occupancy rates dropped. Employment declined in the City as many employees were laid off. Noted related decreases in tax revenue include:

- Sales tax revenue decreased 3%
- Transient occupancy tax decreased 16%

Other key economic factors reflect slow but steady growth for the City. The City is seeing a continued increase in local construction as evidenced by an increase in building permits issued, planning fees, and sales of new and existing homes.

## Management's Discussion and Analysis

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It is not possible to predict the impact of the pandemic on property tax revenue. The Commercial real estate sector could sustain losses in value from the pandemic as tenants evaluate density and remote work. A loss in value would result in lost property taxes.

### **Subsequent Economic Impacts of American Rescue Plan Act Funds**

The City of Chico was awarded \$22 million in American Rescue Plan Act of 2021 funds. Half of the funds were received in May of 2021 and half is expected in May of 2022. The deadline for spending the funds is December 31, 2024.

Eligible uses include:

- Revenue recovery
- Broadband/fiber projects
- Water and sewer infrastructure
- Assistance for individuals, businesses and non-profits

The City's executive leadership is analyzing and prioritizing different options for using the funds.

### **Requests for Information**

Questions concerning any of the information provided in this report or requests for additional financial information may be requested as follows:

**US Mail:**

City of Chico  
Administrative Services Director  
P.O. Box 3420  
Chico, California 95927

or

**Phone:**

(530) 879-7300

or

**Email:**

scott.dowell@chicoca.gov

***GOVERNMENT-WIDE FINANCIAL  
STATEMENTS***

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Chico Urban Area Joint Powers Financing Authority
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 111,918,143	\$ 46,234,470	\$ 158,152,613	\$ -
Restricted cash and investments	2,463,206	-	2,463,206	1,516,271
Receivables:				
Interest	11,702,372	-	11,702,372	103,385
Property taxes	600,721	-	600,721	-
Accounts	2,268,897	2,841,752	5,110,649	-
Intergovernmental	12,268,812	3,273,733	15,542,545	-
Loans	62,001,013	-	62,001,013	-
Prepaid	175,967	-	175,967	-
Other assets	47,145	-	47,145	-
Noncurrent Assets:				
Capital assets:				
Nondepreciable	57,222,517	26,775,384	83,997,901	-
Depreciable, net	268,406,205	112,414,460	380,820,665	-
Total assets	<u>529,074,998</u>	<u>191,539,799</u>	<u>720,614,797</u>	<u>1,619,656</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	16,966,506	2,144,100	19,110,606	-
Total deferred outflows of resources	<u>16,966,506</u>	<u>2,144,100</u>	<u>19,110,606</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	3,716,984	3,424,664	7,141,648	-
Accrued salaries and benefits	1,126,488	166,165	1,292,653	-
Intergovernmental payable	1,846,889	-	1,846,889	-
Interest payable	-	70,717	70,717	-
Deposits	28,823	20,042	48,865	-
Unearned revenue	11,763,212	568,593	12,331,805	-
Other accrued liabilities	26,154	-	26,154	-
Long-term liabilities:				
Due within one year	3,664,087	1,669,680	5,333,767	-
Due in more than one year	9,418,248	20,382,111	29,800,359	23,059,478
Due in more than one year net pension liability	124,975,469	19,674,303	144,649,772	-
Total liabilities	<u>156,566,354</u>	<u>45,976,275</u>	<u>202,542,629</u>	<u>23,059,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	949,995	165,246	1,115,241	-
Total deferred inflows of resources	<u>949,995</u>	<u>165,246</u>	<u>1,115,241</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	323,630,848	114,578,515	438,209,363	-
Restricted for:				
Capital projects	45,528,856	-	45,528,856	-
Housing	63,748,813	-	63,748,813	-
Maintenance districts	4,378,909	-	4,378,909	-
Other government programs	2,493,124	-	2,493,124	-
Public safety	387,956	-	387,956	-
Unrestricted (deficit)	<u>(51,643,351)</u>	<u>32,963,863</u>	<u>(18,679,488)</u>	<u>(21,439,822)</u>
Total net position (deficit)	<u>\$ 388,525,155</u>	<u>\$ 147,542,378</u>	<u>\$ 536,067,533</u>	<u>\$ (21,439,822)</u>

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Primary Government</u>									Component Unit Chico Urban Area Joint Powers Financing Authority	
	Program Revenues						Net (Expense) Revenue and Changes in Net Position				
	Direct	Indirect	Total	Charges for	Operating	Capital	Governmental	Business-type	Total		
	Expenses	Expenses	Expenses	Services	Grants and Contributions	Grants and Contributions					
<b>FUNCTIONS/PROGRAMS:</b>											
<b>Primary government:</b>											
Governmental activities:											
General government	\$ 20,637,578	\$ (1,982,295)	\$ 18,655,283	\$ 771,917	\$ 2,631,508	\$ -	\$ (15,231,858)	\$ -	\$ (15,231,858)		
Public safety	34,352,274	8,608	34,360,882	1,211,681	764,446	-	(32,384,755)	-	(32,384,755)		
Public works	17,370,281	452,696	17,822,977	11,449,454	4,535,700	8,423,875	6,586,052	-	6,586,052		
Parks and recreation	3,451,644	276,608	3,728,252	4,144	-	-	(3,724,108)	-	(3,724,108)		
Community development	8,265,519	96,345	8,361,864	64,766	1,128,859	-	(7,168,239)	-	(7,168,239)		
Community agencies	3,508	-	3,508	-	-	-	(3,508)	-	(3,508)		
Interest on long-term debt	80,732	-	80,732	-	-	-	(80,732)	-	(80,732)		
<b>Total governmental activities</b>	<b>84,161,536</b>	<b>(1,148,038)</b>	<b>83,013,498</b>	<b>13,501,962</b>	<b>9,060,513</b>	<b>8,423,875</b>	<b>(52,007,148)</b>	<b>-</b>	<b>(52,007,148)</b>		
Business-type activities:											
Sewer	11,191,382	444,243	11,635,625	18,055,204	-	8,121,524	-	14,541,103	14,541,103		
Parking	830,964	116,993	947,957	373,192	-	-	-	(574,765)	(574,765)		
Private development	4,076,825	288,407	4,365,232	5,102,540	-	-	-	737,308	737,308		
Airport	1,883,759	159,543	2,043,302	641,408	-	3,101,632	-	1,699,738	1,699,738		
<b>Total business-type activities</b>	<b>17,982,930</b>	<b>1,009,186</b>	<b>18,992,116</b>	<b>24,172,344</b>	<b>-</b>	<b>11,223,156</b>	<b>-</b>	<b>16,403,384</b>	<b>16,403,384</b>		
<b>Total primary government</b>	<b>\$ 102,144,446</b>	<b>\$ (138,852)</b>	<b>\$ 102,005,614</b>	<b>\$ 37,674,306</b>	<b>\$ 18,342,265</b>	<b>\$ 19,647,031</b>	<b>(52,007,148)</b>	<b>16,403,384</b>	<b>(35,623,764)</b>		
<b>Component unit:</b>											
Chico Urban Area Joint											
Powers Financing Authority	\$ 8,434,532	\$ -	\$ 8,434,532	\$ -	\$ -	\$ 1,900,000				\$ (6,534,532)	

General revenues:

Taxes:

Property taxes	19,896,013	-	19,896,013	-
Sales and use tax	28,176,531	-	28,176,531	-
Transient Occupancy Tax	3,063,513	-	3,063,513	-
Utility users tax	8,119,022	-	8,119,022	-
Franchise fees	3,875,540	-	3,875,540	-
Other taxes	838,169	-	838,169	-
Grants and contributions not restricted to specific programs	2,072,665	-	2,072,665	-
Unrestricted investment earnings	928,992	360,576	1,289,568	59,016
Miscellaneous	781,732	-	781,732	-
Transfers	(1,942,237)	1,942,237	-	-
<b>Total general revenues, transfers</b>	<b>65,809,940</b>	<b>2,302,813</b>	<b>68,112,753</b>	<b>(6,475,516)</b>
Change in net position	13,782,792	18,706,197	32,488,989	(6,475,516)
Net position (deficit), beginning of year	374,742,363	128,836,181	503,578,544	(14,964,306)
Net position (deficit), end of year	\$ 388,525,155	\$ 147,542,378	\$ 536,067,533	\$ (21,439,822)

See accompanying notes to the financial statements.

***FUND FINANCIAL STATEMENTS***

## FUND FINANCIAL STATEMENTS

### **Governmental Fund Types**

Governmental funds consist of the General Fund, special revenue funds and capital projects funds.

Major Governmental Funds include:

- **General**  
The City's primary operating fund. Accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **CDBG and HOME Housing**  
Accounts for the Community Development Block Grant (CDBG) annual federal grant program and the State and Federal HOME grant programs. The CDBG program provides for development of viable urban community by providing a suitable living environment and expansion of economic opportunities, principally for low and moderate income residents. The HOME program provides for the development of affordable housing and mortgage subsidy programs and housing rehabilitation to benefit low income households. Use of CDBG and HOME funding is restricted per federal guidelines.
- **Capital Grants**  
Accounts for receipts and disbursements of a variety of governmental fund capital grants.
- **Low and Moderate Income Housing Asset Fund**  
The Low and Moderate Income Housing Special Revenue Fund accounts for all activities resulting from the elimination of the Redevelopment Agency's low and moderate income housing function. Primarily, this Fund utilizes program income from loan payments restricted for the development and assistance for low-income households. Use of Housing Funds is restricted according to the provisions contained in California State Assembly Bill 1X26 and California State Assembly Bill 1484.

### **Proprietary Fund Types**

Proprietary funds consist of the enterprise funds and the internal service funds.

Major enterprise funds include:

- **Sewer**  
Accounts for sanitary sewer collection system and Water Pollution Control Plant operations including major repair and replacement of the City's Water Pollution Control Plant facilities.
- **Parking**  
Accounts for parking facilities operations and improvements and debt service on the 1994 Parking Revenue Bonds issued to finance the downtown parking structure.
- **Private Development**  
Accounts for private development planning and building inspection and subdivision planning and inspection.
- **Airport**  
Accounts for airport operations and improvements.

## **FUND FINANCIAL STATEMENTS** (Continued)

### **Fiduciary Fund Type**

Fiduciary funds include:

- **Private-purpose Trust Fund**  
Accounts for the assets, liabilities and activities of the Successor Agency to the Chico Redevelopment Agency.
  
- **Custodial Fund**  
Accounts for assets held in an agency capacity for parties outside the City. The resources of this fund cannot be used to support the City's own programs. The Fund accounts for assets held by the City as an agent for bonded assessment districts.



**CITY OF CHICO, CALIFORNIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	CDBG & HOME Housing	Public Facilities Impact Fees	Capital Grants	Low & Moderate Income Housing Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$ 41,958,485	\$ 766,455	\$ 34,287,877	\$ -	\$ 2,802,341	\$ 23,015,973	\$ 102,831,131
Restricted cash and investments	2,039,030	-	-	-	-	124,176	2,163,206
Receivables:							
Interest	210,364	943,476	-	-	10,548,433	99	11,702,372
Property taxes	573,107	-	-	-	-	27,614	600,721
Accounts	2,026,095	-	-	-	-	51,269	2,077,364
Intergovernmental	6,749,239	319,638	-	3,582,660	-	1,617,275	12,268,812
Loans	-	7,415,182	-	-	54,562,354	23,477	62,001,013
Prepaid items	174,660	-	-	-	-	-	174,660
Advances to other funds	-	-	42,205	-	-	-	42,205
<b>Total assets</b>	<b>\$ 53,730,980</b>	<b>\$ 9,444,751</b>	<b>\$ 34,330,082</b>	<b>\$ 3,582,660</b>	<b>\$ 67,913,128</b>	<b>\$ 24,859,883</b>	<b>\$ 193,861,484</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 1,097,031	\$ 817,711	\$ 114,383	\$ 229,842	\$ 613,709	\$ 396,947	\$ 3,269,623
Accrued salaries and benefits	939,944	10,481	-	-	4,824	101,841	1,057,090
Deposits	8,823	-	-	-	20,000	-	28,823
Intergovernmental payable	-	26,678	1,820,211	-	-	-	1,846,889
Due to other funds	-	-	-	2,639,923	-	-	2,639,923
Unearned revenue	11,050,317	-	-	712,895	-	-	11,763,212
Other accrued liabilities	26,154	-	-	-	-	-	26,154
Advances from other funds	-	-	-	-	-	42,205	42,205
<b>Total liabilities</b>	<b>13,122,269</b>	<b>854,870</b>	<b>1,934,594</b>	<b>3,582,660</b>	<b>638,533</b>	<b>540,993</b>	<b>20,763,919</b>
Deferred inflows of resources:							
Unavailable housing loan interest revenue	-	943,476	-	-	10,548,433	-	11,491,909
Unavailable revenue	1,175,953	-	-	834,334	623,754	92,851	2,726,892
<b>Total deferred inflows of resources</b>	<b>1,175,953</b>	<b>943,476</b>	<b>-</b>	<b>834,334</b>	<b>11,172,187</b>	<b>92,851</b>	<b>14,218,801</b>
Fund balances (deficit):							
Nonspendable	174,660	-	-	-	-	-	174,660
Restricted	2,250,032	7,646,405	32,395,488	-	56,102,408	18,274,754	116,669,087
Committed	12,328,685	-	-	-	-	-	12,328,685
Assigned	9,488,050	-	-	-	-	5,951,285	15,439,335
Unassigned	15,191,331	-	-	(834,334)	-	-	14,356,997
<b>Total fund balances (deficit)</b>	<b>39,432,758</b>	<b>7,646,405</b>	<b>32,395,488</b>	<b>(834,334)</b>	<b>56,102,408</b>	<b>24,226,039</b>	<b>158,968,764</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 53,730,980</b>	<b>\$ 9,444,751</b>	<b>\$ 34,330,082</b>	<b>\$ 3,582,660</b>	<b>\$ 67,913,128</b>	<b>\$ 24,859,883</b>	<b>\$ 193,861,484</b>

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2021

Total fund balances (deficit) - total governmental funds	\$	158,968,764
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		325,575,711
<p>Deferred outflows of resources reported in the Statement of Net Position Related to Pension</p>		16,021,204
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the fund.</p>		14,218,801
<p>Interest payable on long-term debt does not require current financial resources, therefore,, interest payable is not reported as a liability in</p>		
<p>Deferred inflows of resources reported in the Statement of Net Position Related to Pension</p>		(877,141)
<p>Internal service funds are used by management to charge the costs of activities to individual funds. The asset and liabilities of internal service funds are included in governmental activities in the statement of net position.</p>		(3,746,658)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
<p>Net pension liability</p>	(116,301,348)	
<p>Capital leases payable</p>	(1,997,874)	
<p>Compensated absences</p>	(3,336,304)	
	(121,635,526)	
Net position of governmental activities	\$	388,525,155

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	CDBG & HOME Housing	Public Facilities Impact Fees	Capital Grants	Low & Moderate Income Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Property taxes	\$ 19,876,543	\$ -	\$ -	\$ -	\$ 19,470	\$ -	\$ 19,896,013
Sales and use taxes	28,176,531	-	-	-	-	-	28,176,531
Other taxes	15,896,244	-	-	-	-	-	15,896,244
Licenses and permits	90,651	-	-	-	-	-	90,651
Intergovernmental	2,607,092	906,405	-	4,499,166	-	10,010,125	18,022,788
Charges for services	242,382	-	7,805,496	-	2,193	3,708,095	11,758,166
Fines, forfeitures, and penalties	468,792	-	-	-	-	23,239	492,031
Use of money and property	708,195	77,326	319,042	-	405,521	171,459	1,681,543
Miscellaneous	563,841	-	-	-	7,569	210,322	781,732
<b>Total revenues</b>	<b>68,630,271</b>	<b>983,731</b>	<b>8,124,538</b>	<b>4,499,166</b>	<b>434,753</b>	<b>14,123,240</b>	<b>96,795,699</b>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government	4,062,111	-	-	430,703	-	1,270,895	5,763,709
Public safety	41,307,605	-	-	-	-	881,584	42,189,189
Public works	4,151,854	-	-	-	-	4,147,736	8,299,590
Parks and recreation	3,219,385	-	-	-	-	124,311	3,343,696
Community development	1,237,961	932,403	5,789,225	-	384,851	-	8,344,440
Community agencies	3,508	-	-	-	-	-	3,508
<b>Capital outlay:</b>							
Capital outlay - Operations	922,667	-	1,754,405	3,515,005	-	3,960,816	10,152,893
<b>Debt service:</b>							
Principal retirement	470,475	-	57,307	-	-	-	527,782
Interest and fiscal charges	76,806	-	1,633	-	-	2,293	80,732
<b>Total expenditures</b>	<b>55,452,372</b>	<b>932,403</b>	<b>7,602,570</b>	<b>3,945,708</b>	<b>384,851</b>	<b>10,387,635</b>	<b>78,705,539</b>
Excess (deficiency) of revenues over (under) expenditures	13,177,899	51,328	521,968	553,458	49,902	3,735,605	18,090,160
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	3,017,249	16,158	1,204	-	4,667	4,521,227	7,560,505
Transfers out	(6,659,723)	-	(79,262)	-	(16,158)	(2,169,430)	(8,924,573)
<b>Total other financing sources (uses)</b>	<b>(3,642,474)</b>	<b>16,158</b>	<b>(78,058)</b>	<b>-</b>	<b>(11,491)</b>	<b>2,351,797</b>	<b>(1,364,068)</b>
Net change in fund balances	9,535,425	67,486	443,910	553,458	38,411	6,087,402	16,762,092
Fund balances (deficit), beginning of year	29,897,333	7,578,919	31,951,578	(1,387,792)	56,063,997	18,138,637	142,242,672
Fund balances (deficit), end of year	\$ 39,432,758	\$ 7,646,405	\$ 32,395,488	\$ (834,334)	\$ 56,102,408	\$ 24,226,039	\$ 158,968,764

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 16,729,092

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	10,152,893	
Depreciation expense	<u>(12,323,365)</u>	(2,170,472)

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations, etc.) was to increase (decrease) net position:

Capital Contributions	<u>2,072,665</u>	2,072,665
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unavailable revenues		(129,254)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal retirement		527,782
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in net pension liability	(4,689,729)	
Change in compensated absences	47,907	(4,641,822)

Special Item related to OPEB elimination that was not included in the governmental activity funds.		145,538
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Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of internal service funds is reported with governmental activities.

		<u>1,252,263</u>
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Change in net position of governmental activities		<u>\$ 13,782,792</u>
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See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport	Total Enterprise Funds		
<b>ASSETS</b>							
<b>Current assets:</b>							
Cash and investments	\$ 37,013,203	\$ 2,165,923	\$ 4,790,700	\$ 2,264,644	\$ 46,234,470	\$ 9,087,012	
<b>Receivables:</b>							
Accounts	2,557,667	2,661	225,986	55,438	2,841,752	191,533	
Intergovernmental	6,905	-	-	3,266,828	3,273,733	-	
Due from other funds	-	-	-	-	-	2,639,923	
Inventories	-	-	-	-	-	47,145	
Prepaid expenses	-	-	-	-	-	1,307	
<b>Total current assets</b>	<b>39,577,775</b>	<b>2,168,584</b>	<b>5,016,686</b>	<b>5,586,910</b>	<b>52,349,955</b>	<b>11,966,920</b>	
<b>Noncurrent assets:</b>							
Cash and investments with agent	-	-	-	-	-	300,000	
<b>Capital assets:</b>							
Land and construction in progress	21,467,826	1,338,389	-	3,969,169	26,775,384	30,391	
Other capital assets, net of accumulated depreciation	96,607,280	1,374,679	-	14,432,501	112,414,460	22,620	
<b>Total noncurrent assets</b>	<b>118,075,106</b>	<b>2,713,068</b>	<b>-</b>	<b>18,401,670</b>	<b>139,189,844</b>	<b>353,011</b>	
<b>Total assets</b>	<b>157,652,881</b>	<b>4,881,652</b>	<b>5,016,686</b>	<b>23,988,580</b>	<b>191,539,799</b>	<b>12,319,931</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows related to pensions	924,118	166,560	924,118	129,304	2,144,100	945,302	
<b>Total deferred outflows of resources</b>	<b>924,118</b>	<b>166,560</b>	<b>924,118</b>	<b>129,304</b>	<b>2,144,100</b>	<b>945,302</b>	
<b>LIABILITIES</b>							
<b>Current liabilities:</b>							
Accounts payable	175,344	9,311	208,989	3,031,020	3,424,664	447,261	
Accrued salaries and benefits	76,569	9,129	73,167	7,300	166,165	69,398	
Interest payable	70,717	-	-	-	70,717	-	
Deposits	-	-	20,042	-	20,042	100	
Compensated absences - current portion	27,625	582	29,182	2,291	59,680	20,342	
Claims liability - current portion	-	-	-	-	-	2,177,493	
Revenue bonds payable - current portion	1,610,000	-	-	-	1,610,000	-	
Unearned revenue	-	-	568,593	-	568,593	-	
<b>Total current liabilities</b>	<b>1,960,255</b>	<b>19,022</b>	<b>899,973</b>	<b>3,040,611</b>	<b>5,919,861</b>	<b>2,714,594</b>	
<b>Noncurrent liabilities:</b>							
Revenue bonds payable, net	19,970,309	-	-	-	19,970,309	-	
Compensated absences	190,616	4,015	201,360	15,811	411,802	140,366	
Claims liability	-	-	-	-	-	5,409,956	
Net pension liability	8,479,725	1,528,361	8,479,725	1,186,492	19,674,303	8,674,121	
<b>Total noncurrent liabilities</b>	<b>28,640,650</b>	<b>1,532,376</b>	<b>8,681,085</b>	<b>1,202,303</b>	<b>40,056,414</b>	<b>14,224,443</b>	
<b>Total liabilities</b>	<b>30,600,905</b>	<b>1,551,398</b>	<b>9,581,058</b>	<b>4,242,914</b>	<b>45,976,275</b>	<b>16,939,037</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to pensions	71,222	12,837	71,222	9,965	165,246	72,854	
<b>Total deferred inflows of resources</b>	<b>71,222</b>	<b>12,837</b>	<b>71,222</b>	<b>9,965</b>	<b>165,246</b>	<b>72,854</b>	
<b>NET POSITION</b>							
Net investment in capital assets	96,494,797	2,713,068	-	15,370,650	114,578,515	53,011	
Unrestricted	31,410,075	770,909	(3,711,476)	4,494,355	32,963,863	(3,799,669)	
<b>Total net position (deficit)</b>	<b>\$ 127,904,872</b>	<b>\$ 3,483,977</b>	<b>\$ (3,711,476)</b>	<b>\$ 19,865,005</b>	<b>\$ 147,542,378</b>	<b>\$ (3,746,658)</b>	

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport	Total Enterprise Funds	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 18,054,928	\$ 373,192	\$ 2,684,281	\$ 72,862	\$ 21,185,263	\$ 19,297,326
Licenses and permits	-	-	2,414,688	-	2,414,688	30,075
Rental charges	276	-	-	545,576	545,852	-
Total operating revenues	18,055,204	373,192	5,098,969	618,438	24,145,803	19,327,401
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	2,548,214	287,441	2,647,959	244,559	5,728,173	2,668,477
Materials and supplies	877,556	30,703	17,144	7,701	933,104	517,592
Purchased services	1,129,890	119,984	740,436	147,235	2,137,545	3,199,576
Other expenses	2,096,423	355,944	959,693	318,739	3,730,799	11,203,333
Depreciation	4,593,719	153,885	-	1,325,068	6,072,672	1,740
Total operating expenses	11,245,802	947,957	4,365,232	2,043,302	18,602,293	17,590,718
Operating income (loss)	6,809,402	(574,765)	733,737	(1,424,864)	5,543,510	1,736,683
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	298,742	20,853	32,050	8,931	360,576	60,271
Interest expense	(389,823)	-	-	-	(389,823)	34,217
Miscellaneous revenue (expense)	-	-	3,571	22,970	26,541	(739)
Total nonoperating revenues (expenses)	(91,081)	20,853	35,621	31,901	(2,706)	93,749
Income (loss) before capital contributions and transfers	6,718,321	(553,912)	769,358	(1,392,963)	5,540,804	1,830,432
Capital contributions	8,121,524	-	-	3,101,632	11,223,156	-
Transfers in	15,792	3,673	945,740	1,405,495	2,370,700	149,030
Transfers out	(171,215)	(3,600)	(186,857)	(66,791)	(428,463)	(727,199)
Change in net position	14,684,422	(553,839)	1,528,241	3,047,373	18,706,197	1,252,263
Net position (deficit), beginning of year	113,220,450	4,037,816	(5,239,717)	16,817,632	128,836,181	(4,998,921)
Net position (deficit), end of year	\$ 127,904,872	\$ 3,483,977	\$ (3,711,476)	\$ 19,865,005	\$ 147,542,378	\$ (3,746,658)

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 17,995,261	\$ 373,192	\$ 5,188,601	\$ 643,776	\$ 24,200,830	\$ -
Receipts from interfund services provided	-	-	-	-	-	19,423,238
Payments to suppliers and claimants	(3,696,314)	(266,692)	(1,013,100)	2,768,829	(2,207,277)	(15,326,533)
Payments to employees	(2,467,202)	(295,894)	(2,601,454)	(237,614)	(5,602,164)	(2,614,383)
Payments for interfund services used	(789,922)	(234,374)	(660,531)	(223,239)	(1,908,066)	-
Net cash provided (used) by operating activities	11,041,823	(423,768)	913,516	2,951,752	14,483,323	1,482,322
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Interfund borrowings	-	-	-	-	-	(2,379,436)
Transfers in	15,792	3,673	945,740	1,405,495	2,370,700	149,030
Transfers out	(171,215)	(3,600)	(186,857)	(66,791)	(428,463)	(727,199)
Net cash provided (used) by noncapital financing activities	(155,423)	73	758,883	1,338,704	1,942,237	(2,957,605)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition and construction of capital assets	(1,187,283)	(5,208)	-	(3,079,371)	(4,271,862)	-
Proceeds from long-term debt	23,905,292	-	-	-	23,905,292	-
Principal paid on long-term debt	(29,591,164)	-	-	-	(29,591,164)	-
Interest paid	(643,595)	-	-	-	(643,595)	-
Capital grants received	-	-	-	129,310	129,310	-
Net cash used by capital and related financing activities	(7,516,750)	(5,208)	-	(2,950,061)	(10,472,019)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest paid	298,742	20,853	32,050	8,931	360,576	-
Net cash provided by investing activities	298,742	20,853	32,050	8,931	360,576	-
Net increase/(decrease) in cash and cash equivalents	3,668,392	(408,050)	1,704,449	1,349,326	6,314,117	(1,475,283)
CASH AND INVESTMENTS, beginning of year	33,344,811	2,573,973	3,086,251	915,318	39,920,353	10,862,295
CASH AND INVESTMENTS, end of year	\$ 37,013,203	\$ 2,165,923	\$ 4,790,700	\$ 2,264,644	\$ 46,234,470	\$ 9,387,012
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>						
Cash and investments	37,013,203	2,165,923	4,790,700	2,264,644	46,234,470	9,087,012
Cash and investments with agent	-	-	-	-	-	300,000
CASH AND INVESTMENTS, end of year	\$ 37,013,203	\$ 2,165,923	\$ 4,790,700	\$ 2,264,644	\$ 46,234,470	\$ 9,387,012

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ 6,809,402	\$ (574,765)	\$ 733,737	\$ (1,424,864)	\$ 5,543,510	\$ 1,736,683
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:						
Depreciation	4,593,719	153,885	-	1,325,068	6,072,672	1,740
OPEB expense	(31,902)	(5,750)	(31,902)	(4,463)	(74,017)	(32,632)
Pension expense	71,214	12,836	71,214	9,964	165,228	72,846
Miscellaneous revenues	-	-	3,571	22,970	26,541	93,749
Change in assets and liabilities:						
Accounts receivable	(63,869)	-	25,724	2,368	(35,777)	-
Intergovernmental receivables	3,926	-	-	-	3,926	2,088
Inventories	-	-	-	-	-	(5,126)
Deposits with others	2,030	-	-	-	2,030	-
Prepaid	-	-	-	-	-	114,934
Accounts payable	(384,397)	5,565	43,642	3,019,265	2,684,075	(12,031)
Accrued salaries and benefits	10,586	(561)	7,263	2,587	19,875	3,526
Compensated absences	31,114	(14,978)	(70)	(1,143)	14,923	10,354
Unearned revenue	-	-	115,914	-	115,914	-
Deposits	-	-	(55,577)	-	(55,577)	500
Claims liability	-	-	-	-	-	(504,309)
Total adjustments	4,232,421	150,997	179,779	4,376,616	8,939,813	(254,361)
Net cash provided (used) by operating activities	<u>\$ 11,041,823</u>	<u>\$ (423,768)</u>	<u>\$ 913,516</u>	<u>\$ 2,951,752</u>	<u>\$ 14,483,323</u>	<u>\$ 1,482,322</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Transfer of capital assets	\$ 8,121,524	\$ -	\$ -	\$ -	\$ 8,121,524	\$ -
Total noncash investing, capital and financing activities	<u>\$ 8,121,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,121,524</u>	<u>\$ -</u>

See accompanying notes to the financial statements.



**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**June 30, 2021**

	Private-purpose Trust Fund	Custodial Funds
<b>Assets</b>		
Restricted cash and investments	\$ 6,193,935	\$ 571,363
Receivables:		
Loans	540,819	26,484
Capital Assets - Land	<u>1,667,105</u>	<u>-</u>
 Total assets	 <u>8,401,859</u>	 <u>\$ 597,847</u>
<b>Liabilities</b>		
Accounts payable	\$ 472	\$ -
Special assessment deposits	-	597,847
Long-term liabilities:		
Due within one year	4,665,000	-
Due in more than one year	<u>53,360,000</u>	<u>-</u>
 Total liabilities	 <u>58,025,472</u>	 <u>597,847</u>
<b>Deferred Inflows of Resources</b>		
Deferred amount on bond refunding	<u>358,932</u>	
<b>Net Position</b>		
Total net position (deficit) held in trust	<u>\$ (49,982,545)</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Private-purpose Trust Fund	Custodial Funds
	<u>                    </u>	<u>                    </u>
<b>Additions:</b>		
Property taxes	\$ 8,192,808	\$ -
Sale of capital asset	66,300	-
Use of money and property	72,418	865
Reimbursements	-	37,083
Total additions	<u>8,331,526</u>	<u>37,948</u>
 <b>Deductions:</b>		
Obligations	1,900,000	5,187
Interest on bonds payable	1,773,357	1,433
Distribution of sales proceeds	66,300	-
City administrative expenses	145,680	31,328
Total deductions	<u>3,885,337</u>	<u>37,948</u>
 Change in net position	4,446,189	-
 Net position deficit - beginning	<u>(54,428,734)</u>	<u>-</u>
 Net position deficit - ending	<u>\$ (49,982,545)</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

***NOTES TO THE  
FINANCIAL STATEMENTS***

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. THE FINANCIAL REPORTING ENTITY**

The City of Chico, California (City) was incorporated on February 5, 1872 under the laws of the State of California. The City is a charter city and is governed by a seven member City Council. The City provides a full range of services including police and fire protection; sanitation; parking and transportation services; the construction and maintenance of highways, streets and infrastructure; and recreational activities and cultural events. The City's reporting entity includes all of the funds of the City, as well as the Chico Urban Area Joint Powers Financing Authority (JPFA) which is reported as a discretely presented component unit as the economic resources of the JPFA directly benefit the City and its inclusion is considered necessary to ensure complete financial reporting.

**B.**

**Discretely Presented Component Unit**

Chico Urban Area Joint Powers Financing Authority

In August 2005, the governing boards of the Chico Redevelopment Agency, which due to State Assembly Bill 1X 26 is now known as the Successor Agency to the Chico Redevelopment Agency, and the County of Butte, established a joint powers agency known as the Chico Urban Area Joint Powers Financing Authority (JPFA) to facilitate the financing, construction and installation of sewer facilities and improvements in the greater Chico urban area. The JPFA was formed pursuant to the provisions of the joint powers laws of the State of California, as set forth in Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (commencing with Government Code Section 6500). Subsequent to dissolution of the Chico Redevelopment Agency, the governing Board of the JPFA is composed of two members of the Butte County Board of Supervisors and two members of the Chico City Council. The JPFA is authorized to obtain state or federal loans for the purpose of financing the construction and installation of sewer facilities and improvements. The financial activity of the JPFA is included in the City of Chico's financial statements as a discretely presented component unit as the JPFA provides a financial benefit by contributing to the City's Sewer Enterprise Fund. Complete financial statements of the JPFA may be obtained from the Finance Department of the City of Chico at 411 Main Street, Chico, California 95928.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment earnings, and other items, which are excluded from program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **CDBG and HOME Housing Special Revenue Fund** accounts for the Community Development Block Grant (CDBG) annual federal grant program and the state and federal HOME grant programs. The CDBG program provides for the development of a viable urban community by providing a suitable living environment and expansion of economic opportunities, principally for low and moderate income residents. The HOME program provides for the development of affordable housing and mortgage subsidy programs and housing rehabilitation to benefit low-income households. Use of CDBG and HOME funding is restricted per federal guidelines.

The **Public Facilities Impact Fee Capital Projects Fund** accounts for the collection of and expenditures of fees imposed as a condition of new development within the City. Impact fees have been established for each of the following types of public facilities:

- Bikeway improvement
- Street facility improvement
- Storm drainage facility
- Sewer trunk line capacity
- Water Pollution Control Plant capacity
- Sewer lift stations
- Community parks
- Bidwell Park land acquisition
- Major maintenance equipment
- Administrative building
- Fire protection building and equipment
- Police protection building and equipment
- Neighborhood parks

The **Capital Grants Capital Projects Fund** accounts for the receipts and disbursements for a variety of governmental fund capital grants.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2021

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The **Low and Moderate Income Housing Asset Special Revenue Fund** accounts for all activities resulting from the elimination of the Redevelopment Agency’s low and moderate housing function. Primarily, this Fund utilizes program income from loan payments restricted for the development and assistance for low income households. New loans conveyed to the Fund from the Successor Agency are recorded as other transfers from the private-purpose trust fund. Use of these Housing Funds is restricted according to the provisions contained in California State Assembly Bill 1X26 and California State Assembly Bill 1484.

The City reports the following major proprietary funds:

The **Sewer Enterprise Fund** accounts for sanitary sewer collection system and Water Pollution Control Plant operations, including major repair and replacement of the City’s Water Pollution Control Plant facilities.

The **Parking Enterprise Fund** accounts for parking facilities operations and improvements.

The **Private Development Enterprise Fund** accounts for private development planning and building inspection and subdivision planning and inspection.

The **Airport Enterprise Fund** accounts for airport operations and improvements.

Additionally, the City reports the following fund types:

**Internal Service Funds** account for self insurance, central garage, municipal building maintenance, pension funding and information services provided to other departments or agencies of the City on a cost-reimbursement basis.

The **Private-purpose Trust Fund** is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund reports the assets, deferred inflows, liabilities, and activities of the Successor Agency of the City of Chico Redevelopment Agency (Successor Agency) and the Chico Public Financing Authority which is also included within the Successor Agency’s fiscal activity.

The **Custodial Fund** is custodial in nature and does not involve measurement of results of operations. The Fund accounts for assets held by the City as an agent for bonded assessment districts.

**C. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales tax true up payments, which the City considers to be available if they are collected within seven months of the

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, certain expenditures, such as principal, interest and compensated absences, are recorded as fund liabilities only when they become due and payable. The City includes certain indirect costs as program expenses, which are reported in the City's functional activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are exchange or exchange-like transactions between functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. Fiduciary funds report the Private Purpose Trust Funds and Custodial Funds.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY**

Cash and Investments

Cash and investments (including restricted assets) held in the City's investment pool are reported as cash and cash equivalents in the statements of cash flows of the proprietary fund types.

Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Restricted Cash and Investments

Restricted cash and investments represent amounts that are restricted for debt service, capital projects, and other amounts held in connection with the City's self-insurance programs.

Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

are reported as either "due from/due to other funds" (amounts due within one year) or "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances to other funds are offset by nonspendable fund balance in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All property taxes are collected and allocated by the County of Butte to the various taxing entities. Property taxes are determined annually as of March 1 and attach as an enforceable lien on real property as of January 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. The City participates in the County "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes to the City based on assessments, not on collections. Property tax is recognized when it is measurable and available. The City considers property tax as available if it is received within 60 days after year end.

Revenue from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year end; therefore, revenue from taxpayer-assessed taxes is accrued if it is received by August 31.

The City records its receivables as follows:

1. Interest receivable represents interest earned by the City's cash and investment pool at year end and available within the 60 day availability period. In addition, interest receivable also includes interest from loans receivable with the portion available within 60 days recorded as revenue and the portion not available within 60 days recorded as unavailable revenue or deferred inflows of resources.
2. Property taxes receivable represents property taxes received from Butte County within the 60 day availability period.
3. Accounts receivable represents amounts due from non-governmental entities for revenue earned and available at year end. These include transient occupancy taxes, franchise fees and utility user taxes.
4. Intergovernmental receivables represent amounts due from governmental entities for revenue earned and available at year end and within the 60 day availability period. These include sales taxes, grants, and other revenue from federal, state and county sources.

Grant and entitlement revenues are recorded as receivables in the funds when they are susceptible to accrual (i.e., when all eligibility requirements have been met). The corresponding governmental fund revenues are recorded when they become measurable and available, with the differences recorded as deferred inflows of resources. The corresponding proprietary fund grant revenues are recorded as nonoperating revenues when the receivables are recorded.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost using the first-in/first-out (FIFO) method. The cost is recorded as inventory when items are purchased and as expenses when the items are used.

Capital Assets



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital assets, which include land, easements, buildings, improvements, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as equipment with an initial individual cost of more than \$20,000 and all other capital assets with an initial individual cost of more than \$100,000 and an estimated useful life in excess of one year. In addition, the City capitalizes all capital assets with an individual cost of \$5,000 for all assets acquired with federal funds. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is recorded using the straight line method over the following estimated useful lives of the assets:

Buildings	30-40 years
Improvements other than buildings	20-50 years
Equipment, furniture and vehicles	3-30 years
Roadways	50 years
Bridges	30-50 years
Drainage	50 years

Capital leases are recorded as an asset and an obligation at an amount equal to the present value at the beginning of the lease term of future minimum lease payments during the lease term.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and compensatory time. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The City's liability for compensated absences is recorded in various governmental funds or proprietary funds as appropriate. For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; as these liabilities represent the matured value due to retirement or resignations; the long-term portion is recorded in the Statement of Net Position.

Compensated absences are liquidated by the fund that has recorded the liability only when matured. The long-term portion of governmental activities is liquidated primarily by the General Fund.

Long-Term Debt

In the government-wide financial statements, proprietary fund types and fiduciary fund types in the fund financial statements, long-term debt, along with other long-term obligations are reported as long-term liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are expensed in the period incurred.

Fund Balance

In the fund financial statements, the City's Governmental Funds report the following fund balances:

Non-spendable fund balances are not expected to be converted to cash within the next operating cycle and are typically comprised of long-term receivables, prepaid items and advances to other funds.

Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Restrictions are also recorded for long-term loans receivable that originate from funding sources that are externally restricted.

Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment through a City Resolution.

Assigned fund balances include amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. As contained in the City's budget policies, the City Council has authorized the City Manager to establish, modify, or rescind a fund balance assignment made within the confines of the budget policies.

Unassigned fund balance is the residual classification for the City's funds and includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that may report a positive unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Net Position

In the government-wide statements, the City's net position is classified in the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This category represents the net position of the City, which is not restricted or invested in capital assets net of related debt for any project or other purpose.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first followed by unrestricted resources as they are needed.

Reserve Policies

The City Council has established policies for operating reserves, emergency reserves and compensated

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

absence reserves. The operating reserve is targeted at seven and one-half percent of General Fund operating expenditures. The emergency reserve was established to help buffer the City from issues such as fluctuation in sales tax, changes in state laws that impact City finances and other catastrophic events. The desired level of the emergency reserve is twenty percent of General Fund operating expenditures. The compensated absence reserve is targeted at 50% of the citywide liability for leave payouts when employees separate from City employment. The City is not meeting the minimum operating or desired emergency reserve and compensated absence reserve levels.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualify for reporting in this category. It is the deferred outflows related to pensions reported in the government-wide statement of net position. This item represents pension contributions made subsequent to the measurement date and is discussed in Notes 12 and 13.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources. Deferred inflows related to pensions that are reflected in the statements of net position. These items are further discussed in Notes 12 and 13.

Two items, unavailable housing loan interest revenue and unavailable revenue, arise only under a modified accrual basis of accounting. Accordingly, these items are reported only in the governmental funds statement of net position and are discussed in Note 4. The Private Purpose Trust fund includes deferred inflow related to the deferred amount on refunding.

**E. PENSIONS**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees Retirement System (CalPERS) Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**F. OTHER SIGNIFICANT ACCOUNTING POLICIES**

Budgetary Data

The annual operating budget is adopted by the City Council on or before the first meeting in July each year on a basis consistent with accounting principles generally accepted in the United States of America. The appropriated budget is prepared by fund, department, function, and activity. The City Manager is authorized to transfer budget amounts up to \$50,000 between departments without City Council approval. Any budget transfers in excess of \$50,000 must be approved by City Council. All City governmental and proprietary funds have approved budgets.

Original appropriations are adjusted by supplemental appropriations and budget modifications approved during the year, creating the modified adopted budget.

Budgetary comparisons and reconciliations are included in Required Supplementary Information as Schedules of Revenue and Changes in Fund Balance – Budget and Actual, for the General Fund, CDBG and HOME

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Housing Fund, and the Low and Moderate Income Housing Asset Fund. In addition, a budgetary comparison and reconciliation is included in the Supplemental Budgetary Comparisons section as Schedules of Revenue and Changes in Fund Balance – Budget and Actual, for the Capital Grants Fund. Annual budgets are adopted on a budgetary basis.

Interfund Transactions

Interfund transactions between funds are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables or payables as appropriate, and are subject to elimination upon consolidation. The City transfers resources among funds in the course of normal operations. Services provided, deemed to be at market or near market rates, such as vehicle maintenance, are accounted for as revenues and expenditures/expenses. Transactions to reimburse a fund for expenditures/expenses initially made from it that are applicable to another fund are recorded as expenditures/expenses in the correct fund and as reductions of expenditures/expenses in the original fund. All other interfund transactions are reported as transfers.

**G. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. New standards applicable to the year ending June 30, 2021 are as follows:

GASB Statement No. 84 – Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirement of this Statement are effective for reporting periods beginning after December 15, 2020. The City implemented this statement.

The City is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB statements:

Statement No. 87, "Leases." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement has been implemented.

Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

Statement 92, "Omnibus 2020." The requirements of this Statement, The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

Statement 93, "Replacement of Interbank Offered Rates." The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2022.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**2. CASH AND INVESTMENTS**

At June 30, 2021, the City’s cash and investments at fair value were as follows:

Statement of Net Position				
	Primary	Discretely Presented	Fiduciary Fund Statement of	Total
	Government	Component Unit	Net Position	
Cash and investments	\$ 158,151,208	\$ -	\$ -	\$ 158,151,208
Restricted cash and investments	2,463,206	1,516,271	6,765,297	10,744,774
Imprest Cash	1,405	-	-	1,405
Total cash and investments	<u>\$ 160,615,819</u>	<u>\$ 1,516,271</u>	<u>\$ 6,765,297</u>	<u>\$ 168,897,387</u>

At June 30, 2021, the City’s cash and investments consist of the following:

Cash on Hand	\$ 1,405
Deposits with Financial Institutions	25,241,270
Investments	143,654,712
	<u>\$ 168,897,387</u>

Authorized Investments

The table below identifies the investment types that are authorized by the City’s investment policy and California Government Code Section 53601. The City’s investment policy is more restrictive than the California Government Code, as the City may not invest in derivatives or reverse repurchase agreements. The City’s investment policy limits the amount of funds invested in instruments with maturities over one year to 15%, unless adequate liquidity is available, yield appears favorable and the City Manager approves the investment in advance. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City rather than the general provisions of the City’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Rating
U.S. Treasury Securities	5 years	None	None	None
U.S. Agency Securities	5 years	None	None	None
Money Market Mutual Funds	N/A	20%	10%	AAA
Collateralized Bank Deposits	N/A	30%	None	None
State and Local Agency Bonds	5 years	None	5%	None
Repurchase Agreements	5 years	None	5%	None
Commercial Paper	270 days	25%	5%	A-1
Corporate Notes	5 years	30%	5%	A
Supranationals	5 years	30%	None	AA
Local Agency Investment Fund	N/A	None	None	None
Certificates of Deposit	5 years	None	5%	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustee are governed by the provisions of the debt agreements. These agreements specify that the eligible investments are those that are permitted by California Government Code Section 53601 at the time of the investment.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**2. CASH AND INVESTMENTS (Continued)**

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the City will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the City's bank deposits are insured by Federal Depository Insurance Corporation (FDIC). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. As of June 30, 2021, the City's balance in financial institutions was 25,241,270, which was covered by collateral held in the pledging bank's trust department in the name of the City of Chico.

Interest Rate

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City manages its exposure to interest rate risk by investing in the Local Agency Investment Fund (LAIF), which provides the necessary cash flow and liquidity needed for operations, as well as purchasing a combination of shorter term and longer-term investments so that a portion of the portfolio is maturing or coming close to maturing evenly over time. The City uses the segmented time distribution method for reporting its interest rate risk.

As of 2021, the City's investments distributed by maturity are as follows:

Investment Type	Total Fair Value	Remaining Maturity by Fair Value				
		Less than One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years
<b>With Fiscal Agent:</b>						
Money Market Mutual Funds	\$ 2,039,030	\$ 2,039,030	\$ -	\$ -	\$ -	\$ -
<b>With City Treasury:</b>						
Certificate of Deposit	17,121,803	5,811,230	3,373,474	2,609,173	3,335,024	1,992,902
Corporate	11,158,564	-	-	-	2,674,801	8,483,763
Supranational Corporate	2,963,603	-	-	-	-	2,963,603
State & Local Bond	7,732,984	-	-	-	5,747,109	1,985,875
Federal Agency	26,045,178	-	-	-	7,952,404	18,092,774
Money Market Mutual Funds	21,432,320	21,432,320	-	-	-	-
Caltrust Investments	50,105	50,105	-	-	-	-
Local Agency Investment Pool (LAIF)	55,111,124	55,111,124	-	-	-	-
<b>Total Investments</b>	<b>\$ 143,654,712</b>	<b>\$ 84,443,809</b>	<b>\$ 3,373,474</b>	<b>\$ 2,609,173</b>	<b>\$ 19,709,339</b>	<b>\$ 33,518,917</b>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**2. CASH AND INVESTMENTS (Continued)**

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City’s policy to purchase investments with the minimum ratings required by the California Government Code.

<u>S &amp; P Rating</u>	<u>Percentage of Investment Portfolio</u>
AAA	5.63%
AA+	35.31%
AA	3.08%
AA-	5.73%
A	3.31%
A-	3.37%
BBB+	6.48%
Not Rated	35.65%

The City invests funds in the State Treasurer’s Pooled Money Investment Account (PMIA) through the Local Agency Investment Fund (LAIF), a voluntary program created by statute in 1977. The PMIA has regulatory oversight from the Pooled Money Investment Board and an in-house Investment Committee. LAIF has oversight by the Local Agency Investment Advisory Board. The fair value of the City’s position in the pool is based upon the City’s pro-rata share of the fair value provided by LAIF for the entire pool.

In accordance with authorized investment laws, LAIF invests in various structured notes and mortgage-backed securities, such as collateralized mortgage obligations. LAIF is not registered with the Security and Exchange Commission and is not rated.

Discretely Presented Component Unit

Restricted cash and investments held by the JPFA total \$1,516,271.



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**2. CASH AND INVESTMENTS (Continued)**

Restricted Cash and Investments

As of June 30, 2021 cash and investments that are restricted by legal or contractual requirements are comprised of the following:

Fair Value Measurements

Governmental Activities:

General Fund

	Amount	Totals
Restricted Section 115 Pension Trust	\$ 2,039,030	
Total General Fund		\$ 2,039,030

Non-major Governmental Funds

Restricted bond proceeds	124,176	
Total Non-major Governmental Funds		124,176

		2,363,206
Total primary governmental activities restricted cash and investments		2,363,206

Discretely Presented Component Unit:

Restricted for capital projects and debt service	1,516,271	
Total JPFA restricted cash and investments		1,516,271

Fiduciary Funds

Private-purpose Trust Fund

Restricted for Successor Agency Recognized Obligations	6,193,935	
Total Private-purpose Trust Fund		6,193,935

Restricted for debt service	571,362	
Total Custodial Funds		571,365
Total Fiduciary Fund restricted cash and investments		6,765,290

		\$ 10,644,777
Total restricted cash and investments		\$ 10,644,777

Statement No. 72 of the Governmental Accounting Standards Board (“GASB”) *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes investment valuation techniques used to measure fair value. The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 – Inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. CASH AND INVESTMENTS (Continued)**

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment. The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The City's Level 1 investments consist of mutual funds that have values calculated from the daily closing prices of all the underlying assets.

For a large portion of the City's portfolio, the City's custodians generally uses a multi-dimensional relational model. Inputs to their pricing models are based on observable market inputs in active markets. The inputs to the pricing models are typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others. The City's Level 2 investments primarily consist of investments in certificates of deposit that did not trade on the City's fiscal year end date.

The City did not have any Level 3 investments at June 30, 2021. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

Investments in money market funds and guaranteed investment contracts are reported at amortized cost. Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**2. CASH AND INVESTMENTS (Continued)**

As of June 30, 2021, the City has the following fair value measurements:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Total
Investments by fair value:			
Corporate Holdings	\$ -	\$ 11,158,564	\$ 11,158,564
Supranationals	-	2,963,603	2,963,603
State and Local Securities	-	7,732,984	7,732,984
Federal Agency Securities	26,045,178	-	26,045,178
Mutual Funds	23,471,350	-	23,471,350
Certificates of Deposit	17,121,803	-	17,121,803
Total investments measured at fair value	<u>\$ 66,638,331</u>	<u>\$ 21,855,152</u>	<u>\$ 88,493,483</u>
Investments measured at amortized costs or not subject to fair value hierarchy:			
CalTRUST Trust			50,105
Local Agency Investment Fund			55,111,124
Total investments measured at fair value			<u><u>\$ 143,654,712</u></u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**3. RECEIVABLES**

The following summarizes the City’s governmental activities receivables as of June 30, 2021:

	Interest	Property Taxes	Accounts	Inter- governmental	Loans	Total
Governmental activities:						
General Fund	\$ 210,364	\$ 573,107	\$ 2,026,095	\$ 6,749,239	\$ -	\$ 9,558,805
CDBG and HOME Housing Fund	943,476	-	-	319,638	7,415,182	8,678,296
Capital Grants Fund	-	-	-	3,582,660	-	3,582,660
Low and Moderate Income						
Housing Asset Fund	10,548,433	-	-	-	54,562,354	65,110,787
Other Nonmajor Governmental Funds	99	27,614	51,269	1,617,275	23,477	1,719,734
Internal Service Funds	-	-	191,533	-	-	191,533
	<u>11,702,372</u>	<u>600,721</u>	<u>2,268,897</u>	<u>12,268,812</u>	<u>62,001,013</u>	<u>88,841,815</u>
Total governmental activities	<u>\$ 11,702,372</u>	<u>\$ 600,721</u>	<u>\$ 2,268,897</u>	<u>\$ 12,268,812</u>	<u>\$ 62,001,013</u>	<u>\$ 88,841,815</u>

Loans Receivable

The loans receivable in the CDBG and HOME Housing Fund and Low and Moderate Income Housing Asset Fund of \$ 7,415,182 and \$ 54,562,354 consist of loans made for low and moderate income housing rehabilitation, property improvement and small business origination. The loans are collateralized by deeds of trust on the improved properties and bear annual interest at 0.0 - 7.5 percent. The City considers these long-term loans to be collectible, and the amounts are included in restricted fund balance. Due to the likelihood of collectability, the City has not recorded an allowance for uncollectible accounts. Related accrued interest is recorded as interest receivable and unavailable revenue.

The following summarizes the City’s business-type activities receivables as of June 30, 2021:

	Accounts	Inter- governmental	Total
Business-type activities:			
Sewer Fund	\$ 2,557,667	\$ 6,905	\$ 2,564,572
Parking Fund	2,661	-	2,661
Private Development Fund	225,986	-	225,986
Airport Fund	55,438	3,266,828	3,322,266
	<u>2,841,752</u>	<u>3,273,733</u>	<u>6,115,485</u>
Total business-type activities	<u>\$ 2,841,752</u>	<u>\$ 3,273,733</u>	<u>\$ 6,115,485</u>

Accounts receivable in the Sewer Fund is composed of \$ 2,557,667 in sewer service fees billed for services rendered on or before June 30, 2021 and received in the months of July and August of 2021 and \$ 6,905 in sewer development impact fees owed to the City as of June 30, 2021.

The intergovernmental receivable of \$3,266,828 in the Airport Fund represents a receivable for an Airport Improvement Program grant.

Accounts receivable in the Private Development fund are for services provided for community development services provided to developers.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**4. UNAVAILABLE REVENUE**

The City recognized deferred inflows of resources in the governmental fund statements. These items are an acquisition of fund balance by the City that is applicable to a future reporting period.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measureable and available to finance expenditures of the current period). Government funds report revenues not susceptible to accrual as deferred inflows of resources. The City has two items that are reportable on the government fund statements: the first item relates to housing loan interest receivable and the second relates to grant receivables and development impact fees receivables that are not available for revenue recognition.

Deferred inflows of resources balances for the year ended June 30, 2021 were as follows:

	Unavailable Housing Loan Revenue	Unavailable Revenue	Total
General Fund	\$ -	\$ 1,175,953	\$ 1,175,953
CDBG and HOME Housing Fund	943,476	-	943,476
Capital Grants Fund	-	834,334	834,334
Low and Moderate Income Housing Asset Fund	10,548,433	623,754	11,172,187
Other Nonmajor Governmental Funds	-	92,851	92,851
Total governmental funds	<u>\$ 11,491,909</u>	<u>\$ 2,726,892</u>	<u>\$ 14,218,801</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**5. CAPITAL ASSETS**

Capital assets for governmental activities for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 31,456,230	\$ 105,695	\$ -	\$ -	\$ 31,561,925
Construction in progress	<u>25,936,810</u>	<u>4,614,682</u>		<u>(4,890,901)</u>	<u>25,660,592</u>
Total capital assets, not being depreciated	<u>57,393,040</u>	<u>4,720,377</u>	<u>-</u>	<u>(4,890,901)</u>	<u>57,222,517</u>
Capital assets being depreciated:					
Buildings	22,360,645	-	-	-	22,360,645
Improvements other than buildings	20,951,927	1,285,185	-	781,912	23,019,024
Equipment, furniture and vehicles	23,574,384	446,684	(1,267,487)	186,497	22,940,078
Infrastructure	<u>399,782,032</u>	<u>5,773,310</u>	<u>-</u>	<u>3,922,492</u>	<u>409,477,834</u>
Total capital assets, being depreciated	<u>466,668,988</u>	<u>7,505,179</u>	<u>(1,267,487)</u>	<u>4,890,901</u>	<u>477,797,581</u>
Less accumulated depreciation for:					
Buildings	(13,330,291)	(500,970)	-	-	(13,831,262)
Improvements other than buildings	(14,169,628)	(529,579)	-	-	(14,699,206)
Equipment, furniture and vehicles	(13,688,469)	(1,548,907)	1,252,689	-	(13,984,687)
Infrastructure	<u>(157,145,371)</u>	<u>(9,730,850)</u>	<u>-</u>	<u>-</u>	<u>(166,876,221)</u>
Total accumulated depreciation	<u>(198,333,759)</u>	<u>(12,310,306)</u>	<u>1,252,689</u>	<u>-</u>	<u>(209,391,376)</u>
Total capital assets being depreciated, net	<u>268,335,229</u>	<u>(4,805,127)</u>	<u>(14,798)</u>	<u>4,890,901</u>	<u>268,406,205</u>
Governmental activities capital asset, net	<u>\$ 325,728,269</u>	<u>\$ (84,750)</u>	<u>\$ (14,798)</u>	<u>\$ -</u>	<u>\$ 325,628,722</u>

**Reconciliation of Governmental activities capital asset increases:**

Total capital assets, not being depreciated - increases	\$ 4,720,377
Total capital assets, being depreciated - increases	<u>7,505,179</u>
Governmental activities capital asset increases	<u>\$ 12,225,556</u>
Governmental Funds - capital outlay	\$ 10,152,893
Donations and contributed capital*	2,072,665
Transfer from Internal Service Fund	
Governmental activities capital asset increases	<u>\$ 12,225,556</u>

\*Donations and contributed capital represents infrastructure conveyed to the City as a result of completed subdivisions, easements and infrastructure donated through developer agreements.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. CAPITAL ASSETS (Continued)**

Capital assets for business-type activities for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,154,341	\$ -	\$ -	\$ -	\$ 2,154,341
Construction in progress	16,308,401	11,382,213	-	(3,069,572)	24,621,042
Total capital assets, not being depreciated:	18,462,742	11,382,213	-	(3,069,572)	26,775,383
Capital assets, being depreciated:					
Buildings	19,412,388	-	-	-	19,412,388
Improvements other than buildings	192,787,061	1,011,175	-	3,069,572	196,867,808
Equipment, furniture and vehicles	3,024,653	-	(40,345)	-	2,984,308
Total capital assets, being depreciated:	215,224,102	1,011,175	(40,345)	3,069,572	219,264,504
Less accumulated depreciation for:					
Buildings	(14,720,528)	(504,742)	-	-	(15,225,270)
Improvements other than buildings	(83,672,121)	(5,461,209)	-	-	(89,133,330)
Equipment, furniture and vehicles	(2,425,068)	(106,722)	40,345	-	(2,491,445)
Total accumulated depreciation	(100,817,717)	(6,072,674)	40,345	-	(106,850,046)
Total capital assets being depreciated, net	114,406,385	(5,061,499)	-	3,069,572	112,414,458
Business-type activities capital assets, net	\$ 132,869,127	\$ 6,320,714	\$ -	\$ -	\$ 139,189,842

**Reconciliation of Business-type activities capital asset increases:**

Total capital assets, not being depreciated - increases	\$ 11,382,213
Total capital assets, being depreciated - increases	1,011,175
Business-type activities capital asset increases	<u>\$ 12,393,388</u>
Business-type activities - capital outlay	\$ 3,576,481
Donations and contributed capital*	8,816,907
Business-type activities capital asset increases	<u>\$ 12,393,388</u>

\* Donations and contributed capital represent the conveyance of sewer infrastructure from the JPFA to the City's Sewer Fund as well as completed subdivisions, easements and infrastructure donated through developer agreements.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 414,763
Public safety	1,344,337
Public works	10,122,188
Parks and recreation	412,625
Community development	14,654
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,740</u>
Total depreciation expense - governmental activities	<u><u>\$ 12,310,307</u></u>
Business-type activities:	
Sewer	\$ 4,593,719
Parking	153,885
Airport	<u>1,325,068</u>
Total depreciation expense - business-type activities	<u><u>\$ 6,072,672</u></u>



**CITY OF CHICO**  
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**6. LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Direct Borrowings					
Capital leases-direct financing	\$ 2,525,656	\$ -	\$ (527,782)	\$ 1,997,874	\$ 443,788
Compensated absences	3,534,565	1,964,596	(2,002,149)	3,497,012	442,651
Self-insurance claims & settlements	8,091,758	2,530,000	(3,034,309)	7,587,449	2,777,648
Governmental activities long term liabilities	<u>\$ 14,151,979</u>	<u>\$ 4,494,596</u>	<u>\$ (5,564,240)</u>	<u>\$ 13,082,335</u>	<u>\$ 3,664,087</u>
<b>Business-type Activities:</b>					
Direct Borrowings					
Loans payable	\$ 27,266,181	\$ 19,735,000	\$ (29,151,181)	\$ 17,850,000	\$ 1,610,000
Compensated absences	456,559	255,117	(240,194)	471,482	59,680
Total before premium	27,722,740	19,990,117	(29,391,375)	18,321,482	1,669,680
Premium - net	-	4,170,292	(439,982)	3,730,309	-
Business-type activities long-term liabilities	<u>\$ 27,722,740</u>	<u>\$ 24,160,409</u>	<u>\$ (29,831,357)</u>	<u>\$ 22,051,791</u>	<u>\$ 1,669,680</u>

The City's outstanding capital leases from direct borrowings, secured by equipment, related to governmental activities of \$1,997,874 contain provisions that in an event of default, outstanding amounts become immediately due if the City is unable to make a payment, if the City is unable to pay the full balance all equipment is to be returned at the expense of the City.

The City's outstanding loans from direct borrowings related to business-type activities of \$17,850,000 contain a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due.

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Installments	Original Issue Amount	Outstanding at June 30, 2021
<b>Governmental Activities:</b>					
<u>Capital Leases</u>					
Oshkosh Capital	7/25/2024	2.46%	\$ 136,868	\$ 1,200,359	\$ 514,892
Oshkosh Capital	4/25/2025	2.80%	224,132	1,931,551	837,119
Motorola Solutions, Inc.	11/1/2025	4.06%	145,322	870,306	645,863
Total governmental activities capital lease				<u>4,002,216</u>	<u>1,997,874</u>
Total governmental activities				<u>\$ 4,002,216</u>	<u>\$ 1,997,874</u>
<b>Business-Type Activities:</b>					
<u>Loans Payable</u>					
Bank of America	12/1/2029	2.60%	\$ 2,276,673	\$ 33,613,142	\$ 17,850,000
Total business-type activities loans payable				<u>33,613,142</u>	<u>17,850,000</u>
Total business-type activities				<u>\$ 33,613,142</u>	<u>\$ 17,850,000</u>

**CITY OF CHICO**  
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**6. LONG-TERM LIABILITIES (Continued)**

Governmental Activities:

Direct financing

Capital Leases

Lease payable to Oshkosh Capital; for a Pierce Arrow XT Quint Aerial Truck for the Fire Department; interest at 2.46%; due in annual installments on July 25, in the amount of \$136,868, including interest, through July 25, 2024. Original lease amount was \$1,200,359. Payments to be made from General Fund.

	<u>Amount</u>	<u>Totals</u>
	\$ 514,892	

Lease payable to Oshkosh Capital; for three Pierce Velocity Pumpers for the Fire Department; interest at 2.80%; due in annual installments on April 22, in the amount of \$224,132, including interest, through April 25, 2025. Original lease amount was \$1,931,551. Payments to be made from General Fund.

837,119

Lease payable to Motorola, Inc, 130 All Band Digital Portable Radios for the police department. Interest is 4.060%, payments are in annual installments on November 1, in the amount of \$145,323. Original lease amount was \$870,305.76. Payments to be made from the General Fund.

645,863

Total governmental activities capital leases

\$ 1,997,874

Total governmental activities long-term liabilities

\$ 1,997,874

Business-Type Activities:

Direct borrowings

Loans Payable

Loan payable to the BofA Securities, Inc.; for the Sewer Revenue Refunding Bonds, Series 2020; interest at 5%; due in annual installments on December 1 and June 1, including interest, through December 1, 2029. Original loan amount was \$19,735,000.

	<u>Amount</u>	<u>Totals</u>
	\$ 17,850,000	

Total business-type activities loans payable

\$ 17,850,000

Total business-type activities long-term liabilities

\$ 17,850,000

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. LONG-TERM LIABILITIES (Continued)**

In September of 2020, the City entered into a Bond Purchase Agreement with Bank of America Securities to issue \$19,735,000 in Bonds. Proceeds from the sale of the Bonds were used to prepay, in full, amounts due to the California State Water Resources Control Board for the Sewer Fund, pursuant to a state revolving fund loan agreement from 2008 and to pay the costs of issuing the Bonds.

The refunding was undertaken to reduce total debt service payments by, approximately \$1,799,136 over the term and resulted in an economic gain of \$1,741,109.

Debt service requirements at June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Capital Leases from Direct Financing		Loans from Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 443,788	\$ 62,534	\$ 1,610,000	\$ 852,250
2023	457,343	48,979	1,695,000	727,250
2024	471,329	34,993	1,780,000	638,250
2025	485,760	20,562	1,870,000	544,750
2026	139,654	5,670	1,965,000	446,500
2027-2030	-	-	8,930,000	697,250
Total	\$ 1,997,874	\$ 172,738	\$ 17,850,000	\$ 3,906,249

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. LONG-TERM LIABILITIES (Continued)**

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreement are met.

	<u>Interest Rate</u>	<u>Present Value at June 30, 2021</u>
Governmental Activities:		
Fire Department Tiller Truck	2.46%	\$ 514,892
Fire Department Pumpers (3)	2.80%	837,119
Radios	4.06%	645,863
Total Capital Lease Obligations		<u>\$ 1,997,874</u>

Equipment and related accumulated amortization under capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 4,474,788
Less: accumulated depreciation	(1,040,108)
Net Value	<u>\$ 3,434,680</u>

As of June 30, 2020, capital lease annual amortization are as follows:

Year ending June 30:	<u>Governmental Activities</u>
2022	\$ 506,321
2023	506,322
2024	506,322
2025	506,322
2026	145,324
Total requirements	<u>2,170,612</u>
Less interest	(172,738)
Present value of remaining payments	<u>\$ 1,997,874</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. INTERFUND ACTIVITY**

Due From/To Other Funds

Amounts due from/to other funds at June 30, 2021

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	Capital Grants Fund	\$ 2,639,923
	Total Due From/Due	<u>\$ 2,639,923</u>

Due from/to other funds typically result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, or (4) revenue earned by the Fund is not received until just after the end of the fiscal year, normally 60 days. All of these due from/to balances are anticipated to be paid back completely within the next fiscal year.

Advances To/From Other Funds

Advances from /to other funds at June 30, 2021

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Public Infrastructure Impact Fees	Nonmajor Governmental Funds	\$ 42,205
	Subtotal	<u>42,205</u>
	Total Advances	<u>\$ 42,205</u>

All advances are due to cash deficits as listed for each payable fund. In addition, no formal borrowing arrangements exist. Finally, all payable funds may be unable to repay the advance within the next fiscal year.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. INTERFUND ACTIVITY (Continued)**

Transfers From/To Other Funds

The following is a schedule of interfund transfers from/to other funds as of June 30, 2021:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Low & Mod Income Housing Asset	\$ 4,667
	Nonmajor Governmental Funds	4,264,443
	Enterprise Funds	2,241,583
	Internal Service Funds	149,030
	Subtotal	<u>6,659,723</u>
Public Facilities Impact	Enterprise Funds	79,262
	Subtotal	<u>79,262</u>
Low & Mod Income Housing Asset Fund	CDBG and HOME Housing Fund	16,158
	Subtotal	<u>16,158</u>
Nonmajor Governmental	General Fund	2,169,430
	Subtotal	<u>2,169,430</u>
Enterprise Funds	General Fund	160,500
	Public Facilities Impact Fees	1,204
	Nonmajor Governmental Funds	216,904
	Enterprise Funds	49,855
	Subtotal	<u>428,463</u>
Internal Service Funds	General Fund	687,319
	Nonmajor Governmental Funds	39,880
	Subtotal	<u>727,199</u>
	Total Transfers	<u>\$ 10,080,235</u>

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenue.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. RESTRICTED NET POSITION/FUND BALANCES**

**A. FUND BALANCES**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned. The following is a detailed schedule of the Governmental Funds fund balance classifications as of June 30, 2021:

	General	CDBG & HOME Housing	Public Facilities Impact Fees	Capital Grants	Low & Moderate Income Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances (deficit):							
Nonspendable							
Prepaid items	\$ 174,660	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 174,660
	<u>174,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,660</u>
Restricted							
Capital projects	-	-	32,395,488	-	-	2,663,699	35,059,187
Housing	-	7,646,405	-	-	56,102,408	-	63,748,813
Transportation related projects	-	-	-	-	-	10,469,669	10,469,669
Maintenance districts	-	-	-	-	-	4,378,909	4,378,909
Other purposes	-	-	-	-	-	762,477	762,477
Police officer salary grant	211,002	-	-	-	-	-	211,002
Setion 115 Trust	2,039,030	-	-	-	-	-	2,039,030
	<u>2,250,032</u>	<u>7,646,405</u>	<u>32,395,488</u>	<u>-</u>	<u>56,102,408</u>	<u>18,274,754</u>	<u>116,669,087</u>
Committed							
Compensated absences	1,513,524	-	-	-	-	-	1,513,524
Donations	429,788	-	-	-	-	-	429,788
Emergency contingencies	10,385,373	-	-	-	-	-	10,385,373
	<u>12,328,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,328,685</u>
Assigned							
Equipment replacement	-	-	-	-	-	2,736,595	2,736,595
Capital projects	5,901,409	-	-	-	-	2,713,666	8,615,075
Remediation	-	-	-	-	-	501,024	501,024
Subsequent year budget	3,586,641	-	-	-	-	-	3,586,641
	<u>9,488,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,951,285</u>	<u>15,439,335</u>
Unassigned							
General Fund	15,191,331	-	-	-	-	-	15,191,331
Capital Projects Funds	-	-	-	(834,334)	-	-	(834,334)
	<u>15,191,331</u>	<u>-</u>	<u>-</u>	<u>(834,334)</u>	<u>-</u>	<u>-</u>	<u>14,356,997</u>
Total fund balances (deficit)	<u>\$ 39,432,758</u>	<u>\$ 7,646,405</u>	<u>\$ 32,395,488</u>	<u>\$ (834,334)</u>	<u>\$ 56,102,408</u>	<u>\$ 24,226,039</u>	<u>\$ 158,968,764</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. RESTRICTED NET POSITION/FUND BALANCES (Continued)**

**B. DEFICIT FUND EQUITY**

The General Fund departments listed below reported deficit fund balances or net position on June 30, 2021:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Private Development Fund	\$ (3,711,476)
Capital Grants Fund	(834,334)
Central Garage Fund	(2,340,956)
Municipal Building Maintenance Fund	(1,721,155)
Information Services Fund	(3,540,088)
Total Deficit Funds	<u>\$ (12,148,009)</u>

Private Development Fund

The Net Position of the Private Development Fund has a deficit largely due to the recording of the net pension liability under GASB No. 68.

Capital Grants Fund Deficit

The Capital Grants Capital Projects Fund deficit represents grant expenditures that had not been reimbursed by granting agencies within the 60-day period of availability for which corresponding revenues have not been recognized. The deficit amount is recorded as a deferred inflow of resources on the Fund’s Balance Sheet. Projects are invoiced at completion and expenditures are subject to audit by the granting agencies. Collection of reimbursements can take several years.

Central Garage, Municipal Building Maintenance, Self Insurance and Information Service Internal Service Funds

The Net Position of Internal Service Funds have a deficit largely due to the recording of the net pension liability under GASB No. 68. Actuarial estimates for future claims reserve contributed to a deficit in the Self Insurance Fund.

Other Deficits

The remaining fund deficits represent development impact fee funds that have constructed infrastructure projects prior to the collection of impact fees. These funds by their nature are created in a way that total fees collected/earned over the life of each fund should be adequate to cover total expenses. As a result, future revenue should cover the deficits over the life of each impact fee fund. However, failure by each fund to recover future revenue necessary to reduce each fund deficits may result in remaining deficits becoming an obligation of the General Fund.



**CITY OF CHICO**  
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**8. RESTRICTED NET POSITION/FUND BALANCES (Continued)**

**C. OTHER FUND DISCLOSURES**

The following funds had an excess of expenditures over appropriations on June 30, 2021:

<u>General Fund Department</u>	<u>Expenditures over Appropriations</u>
Community development department	67,707
Community Maintenance District Funds	77,843
Total Deficit Funds	<u>\$ 145,550</u>

**D. RESTRICTED COMPONENTS OF NET POSITION**

The restricted components of net position are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Restricted for Capital Projects		
Public Facility Impact Fees	\$ 32,395,488	
Bond Proceeds	124,275	
Public Infrastructure	4,590,841	
Transportation	5,878,828	
Public Infrastructure	2,539,424	
Total		\$ 45,528,856
Restricted for Housing		
Affordable housing loans	7,646,405	
CDBG housing loans	<u>56,102,408</u>	
Total		63,748,813
Restricted for Maintenance Districts		
Maintenance districts		4,378,909
Restricted for Other Government Programs		
Retirement Funding	2,042,842	
Telecommunications equipment	450,282	
Total		2,493,124
Restricted for Public Safety		
Grants and Donations	364,001	
Asset Forfeiture	23,955	
Total		<u>387,956</u>
Total restricted component of net position - governmental activities		<u>\$ 116,537,658</u>

**CITY OF CHICO**  
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**9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the general liability and workers' compensation liability funds (self-insurance funds) to account for and finance its uninsured risks of loss. Under this program, the general liability program provides coverage for up to a maximum of \$500,000 for each general liability claim, and the workers' compensation program provides coverage for up to a maximum of \$750,000 for each workers' compensation claim.

Workers' Compensation Insurance

The workers' compensation program provides coverage for up to a maximum of \$750,000 per occurrence. The City purchases excess insurance to cover losses over \$750,000 up to State statutory limits.

The claims liability reported in the self-insurance fund at June 30, 2021, is based on the requirements of GASB Statements No. 10 and No. 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The City's provision of \$5,595,194 for insurance losses through June 30, 2021 represents the estimated cost of settling self-insurance liability claims. The provision for insurance losses was established by an outside actuary using accepted actuarial methods. These methods consider case-basis reserves established by the City, the rate of loss development on older claims, the effects of IBNR claims and the effects of inflation and other economic factors to determine ultimate cost.

Changes in the workers' compensation claims liability are as follows:

	Claims Liability July 1	Current Year Claims and Changes in	Current Year Payments	Claims Liability June 30	Current Portion
2019-20	\$ 6,119,471	\$ 1,187,268	\$ (1,713,767)	\$ 5,592,972	\$ 1,318,521
2020-21	5,592,972	1,765,000	(1,762,778)	5,595,194	1,793,378

General Liability Insurance

The City is a member of the California Joint Powers Risk Management Authority (Authority) for liability insurance purposes. The Authority is comprised of California member cities and special districts organized under a joint powers agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of self-insurance and insurance for the pooling of losses and to purchase excess liability coverage. The Board of Directors consists of representatives from each member entity, with an Executive Committee consisting of the President and Vice President elected by the Directors every two years, and Executive Committee non-officer positions filled by a permanent rotation list every two years. Annual deposits are paid by member entities and may be adjusted retrospectively to cover costs. The City self-insures the first \$500,000 of each loss.

Participating entities share in loss occurrences in excess of \$500,000 or \$1,000,000 and up to \$5,000,000, and purchase insurance to provide additional coverage up to \$40,000,000. The auto/general liability program of the Authority provides coverage for comprehensive general liability, personal injury, employment practices liability (\$6,000,000 sublimit), contractual liability, errors and omissions, and auto liability. The City also participates in the Authority's auto physical damage program which provides property damage coverage for vehicles, with a

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. RISK MANAGEMENT (Continued)**

\$10,000 deductible for vehicles, and in the Authority’s property insurance program which provides property and boiler & machinery coverage with a \$25,000 deductible per occurrence.

Premium payments by member entities are planned to match expenses of insurance premiums for coverage in excess of the self-insured amount, estimated claims resulting from self-insurance programs and Authority operating expenses. Total premiums paid to the Authority during the year ended June 30, 2021, were \$500,942.

The claims liability reported in the Self Insurance Internal Service Fund at June 30, 2021, was also based on the requirements of GASB Statement No. 10, as described. The City’s provision of \$1,992,255 for insurance losses represents the estimated cost of settling self-insurance liability claims.

Changes in the claims liability are as follows:

	Claims Liability July 1	Current Year Claims and Changes in	Current Year Payments	Claims Liability June 30	Current Portion
2019-20	\$ 1,198,184	\$ 2,488,650	\$ (1,188,048)	\$ 2,498,786	\$ 638,875
2020-21	2,498,786	765,000	(1,271,531)	1,992,255	984,270

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**10. CONTINGENCIES AND COMMITMENTS**

Litigation

The City is a defendant in a number of lawsuits and has other claims pending, some of which seek substantial monetary damages. Some claims may not be covered under the City's excess liability insurance policy; however, management is of the opinion that the potential liability would not have a significant adverse effect on the City's financial position.

Grant Programs

The City participates in a number of federal and state-assisted grant programs. These programs are subject to financial and compliance audits by grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the City's management does not expect such amounts, if any, to be material.

Construction and Other Commitments

The City has commitments of \$11,874,708 in the Capital Grants Fund for contracts awarded but not completed as of June 30, 2021. The major contracts outstanding are \$4,750,890 for SH99/Eaton Road Rehabilitation, \$2,148,812 for Road Rehabilitation, \$447,000 for Annual Bikeway Improvements, \$4,515,043 for Airport Improvements and \$12,963 for Traffic Safety Improvements.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN**

Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2021 by individual plan are described in the following table:

	<u>Deferred Outflows- Pension</u>	<u>Net Pension Liability</u>	<u>Deferred Inflows- Pension</u>	<u>Pension Expense</u>
CALPERS Miscellaneous Agent Multiple Employer Plan	\$ 7,305,276	\$ (67,033,398)	\$ (563,017)	\$ 9,407,520
CALPERS Safety Agent Multiple Employer Plan	<u>11,805,330</u>	<u>(77,616,374)</u>	<u>(552,224)</u>	<u>8,589,906</u>
Total	<u>\$ 19,110,606</u>	<u>\$ (144,649,772)</u>	<u>\$ (1,115,241)</u>	<u>\$ 17,997,426</u>

General Information about the Pension Plans

**Plan Descriptions** – All qualified permanent probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple employer defined benefit pension plans administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and may be amended by City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic and PEPRAs safety CalPERS members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRAs CalPERS miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN (Continued)**

The Plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous</u>		
	<u>Classic</u>	<u>Classic</u>	<u>PEPRA - on or after January 1, 2013</u>
Hire Date			
Formula	2% @ 55	3% @ 60	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	60	62
Monthly benefits, as a % of annual salary	2.000%	3.000%	2.000%
Required employee contribution rates	8.000%	8.000%	6.750%
Required employer contribution rates	13.500%	13.500%	13.500%
	<u>Safety</u>		<u>PEPRA - on or after January 1, 2013</u>
	<u>Classic</u>		
Hire Date			
Formula	3% @ 50		2.7% @ 57
Benefit vesting schedule	5 years of service		5 years of service
Benefit payments	monthly for life		monthly for life
Retirement age	50		57
Monthly benefits, as a % of annual salary	3.000%		2.700%
Required employee contribution rates	9.000%		12.750%
Required employer contribution rates	22.420%		22.420%

**Employees Covered** – At June 30, 2021, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	366	237
Inactive employees entitled to but not yet receiving benefits	199	66
Active employees	202	155
Total	<u>767</u>	<u>458</u>

**Contributions** – Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. The total plan contributions are determined through CalPERS' annual actuarial valuations process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions by the City for the Miscellaneous Plan were \$5,299,890 and for the Safety Plan \$6,289,265.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN (Continued)**

**Net Pension Liability**

The City’s net pension liability for each plan was measured as of June 30, 2020 and the total pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. Pension liabilities are paid out of the operating funds based on a percentage of covered payroll.

*Actuarial Assumptions* – The total pension liability in the June 30, 2019 actuarial valuations was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.88%	2.88%
Projected Salary Increase	3.30% to 14.20%	3.30% to 14.20% (1)
Investment Rate of Return	7.250%	7.250%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a CalPERS experience study for the period of 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment, expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return on pension plan investments, CalPERS took into account both short term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical rates of the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for each Plan and are summarized in the table on the next page.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN (Continued)**

Asset Class	Assumed Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15%, unchanged from the June 30, 2020 measurement date. To determine whether the municipal bond rates should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS website under the GASB No. 68 section. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment, expense and inflation) are developed for each major asset class.



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN (Continued)**

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan for the measurement date of June 30, 2020 are as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Miscellaneous Plan:</b>			
<b>Balance at June 30, 2019</b>	<u>\$195,971,947</u>	<u>\$130,782,050</u>	<u>\$65,189,897</u>
<b>Changes in the year:</b>			
Service Cost	2,739,169	-	2,739,169
Interest on the total pension liability	13,661,442	-	13,661,442
Differences between actual and expected experience	(938,361)	-	(938,361)
Contribution - employer	-	5,721,757	(5,721,757)
Contribution - employee	-	1,550,839	(1,550,839)
Projected earnings on investments	-	6,530,524	(6,530,524)
Administrative expenses	-	(184,371)	184,371
Benefit payments, including refunds of employee contributions	(10,668,087)	(10,668,087)	-
<b>Net changes</b>	<u>4,794,163</u>	<u>2,950,662</u>	<u>1,843,501</u>
<b>Balance at June 30, 2020</b>	<u>\$200,766,110</u>	<u>\$133,732,712</u>	<u>\$67,033,398</u>
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Safety Plan:</b>			
<b>Balance at June 30, 2019</b>	<u>\$233,382,276</u>	<u>\$161,632,776</u>	<u>\$71,749,500</u>
<b>Changes in the year:</b>			
Service Cost	4,499,719	-	4,499,719
Interest on the total pension liability	16,551,359	-	16,551,359
Differences between actual and expected experience	1,473,679	-	1,473,679
Contribution - employer	-	7,052,348	(7,052,348)
Contribution - employee	-	1,760,356	(1,760,356)
Projected earnings on investments	-	8,073,042	(8,073,042)
Administrative expenses	-	(227,863)	227,863
Benefit payments, including refunds of employee contributions	(11,236,546)	(11,236,546)	-
<b>Net changes</b>	<u>11,288,211</u>	<u>5,421,337</u>	<u>5,866,874</u>
<b>Balance at June 30, 2020</b>	<u>\$244,670,487</u>	<u>\$167,054,113</u>	<u>\$77,616,374</u>
<b>Total of all plans</b>	<u>\$445,436,597</u>	<u>\$300,786,825</u>	<u>\$144,649,772</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 91,601,835	\$ 111,711,645	\$ 203,313,480
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 67,033,398	\$ 77,616,374	\$ 144,649,772
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 46,526,861	\$ 49,757,781	\$ 96,284,642

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plans’ fiduciary net position is available in the separately issued CalPERS financial reports.

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2021, the City recognized pension expense of \$ 17,997,426. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,123,997	\$ -
Differences between actual and expected experience	242,060	(563,017)
Net difference between projected and actual earnings on plan investments	939,219	-
Total	<u>\$ 7,305,276</u>	<u>\$ (563,017)</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**11. DEFINED BENEFIT PENSION PLAN (Continued)**

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,675,945	\$ -
Differences between actual and expected experience	1,617,896	(331,213)
Changes in assumption	1,155,418	(221,011)
Net difference between projected and actual earnings on plan investments	1,356,071	-
Total	<u>\$ 11,805,330</u>	<u>\$ (552,224)</u>
Total of all plans	<u>\$ 19,110,606</u>	<u>\$ (1,115,241)</u>

The amounts of \$6,123,998 for the Miscellaneous plan, and \$7,675,945 for the safety plan reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety	Total
2022	\$ (708,382)	\$ 666,499	\$ 666,499
2023	129,101	1,026,165	1,026,165
2024	660,071	1,208,229	1,208,229
2025	537,472	676,268	676,268
	<u>\$ 3,577,161</u>	<u>\$ 3,577,161</u>	<u>\$ 3,577,161</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**12. SUCCESSOR AGENCY TRUST FOR ASSETS AND OBLIGATIONS OF THE FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

Due to the dissolution of the City’s Redevelopment Agency, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The following components of this footnote document the Successor Agency’s capital assets and long-term liabilities as of June 30, 2021.

**CAPITAL ASSETS - LAND**

As of June 30, 2021, the Successor Agency owns six parcels of land with a cost of \$1,667,105. The land will be utilized for a public purpose at a time to be determined by the Successor Agency’s Oversight Board.

**LONG-TERM LIABILITIES**

As of June 30, 2021, the balances of the Successor Agency long-term obligations are presented below:

	Beginning Balance		Ending Balance	Due within
	June 30, 2020	Deductions	June 30, 2021	One Year
2017 Successor Agency to the Chico RDA Tax Allocation Refunding Bonds Series A	\$ 62,885,000	\$ (4,860,000)	\$ 58,025,000	\$ 4,665,000
2017 Successor Agency to the Chico RDA Tax Allocation Refunding Bonds Series B	2,145,000	(2,145,000)	-	-
Successor Agency long-term liabilities	<u>\$ 65,030,000</u>	<u>\$ (7,005,000)</u>	<u>\$ 58,025,000</u>	<u>\$ 4,665,000</u>

**Successor Agency Tax Allocation Refunding Bonds**

A deferred amount on refunding of \$475,793 was recognized with the issuance of the bonds. The unamortized balance at June 30, 2021 was \$358,932 and is reported as a deferred inflow of resources.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**12. SUCCESSOR AGENCY TRUST FOR ASSETS AND OBLIGATIONS OF THE FORMER REDEVELOPMENT AGENCY (Continued)**

**LONG-TERM LIABILITIES**

Successor Agency Long-term Liabilities

Direct Placements

Revenue Bonds

2017 Tax Allocation Refunding Bonds Series A (2017 TABS Series A) were issued in the amount of \$65,475,000 for the purpose of refunding the outstanding 2001 Tax Allocation Revenue Bonds, the 2005 Tax Allocation Bonds, and the 2007 Tax Allocation Refunding Bonds. Interest rates for the term of the 2017 TABS Series A is 2.82%. Payments are due in semi-annual installments on October 1 and April 1 through April 1, 2032.

Amount

Totals

\$58,025,000

Total Successor Agency long-term liabilities

\$58,025,000

The following is a schedule of total debt service requirements to maturity as of June 30, 2021 for the tax allocation bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	4,665,000	1,636,305	6,301,305
2023	4,795,000	1,504,752	6,299,752
2024	4,925,000	1,369,533	6,294,533
2025	4,830,000	1,230,648	6,060,648
2026	5,095,000	1,094,442	6,189,442
2027-2031	27,695,000	3,234,963	30,929,963
2032	6,020,000	169,764	6,189,764
Total	<u>\$ 58,025,000</u>	<u>\$ 10,240,407</u>	<u>\$ 68,265,407</u>

The Successor Agency’s outstanding bond debt from direct placements includes a priority pledge of “Tax Increment Revenues” allocated to the Successor Agency by the Butte County Auditor Controller. The Successor Agency is prohibited from entering any new enforceable obligations which are secured by a lien on this pledged collateral.

## **REQUIRED SUPPLEMENTARY INFORMATION**

- Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous
- Schedule of Changes in Net Pension Liability and Related Ratios – Safety
- Schedule of Contributions – Miscellaneous
- Schedule of Contributions – Safety
- Schedules of Changes in Net OPEB Liability and Related Ratios
- Schedules of Revenues, Expenditures, and Changes in Fund Balances, Budget to Actual, (General Fund and Major Special Revenue Funds):
  - General Fund
  - CDBG and HOME Housing Fund
  - Low and Moderate Income Housing Asset Fund
- Notes to Required Supplementary Information

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)**  
**CalPERS MISCELLANEOUS RETIREMENT PLAN**  
**LAST TEN YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>							
Service cost	\$2,739,169	\$2,764,446	\$2,702,893	\$2,762,977	\$2,352,654	\$2,441,836	\$3,139,806
Interest	13,661,442	13,311,689	12,817,844	12,410,522	12,292,564	12,098,168	11,852,134
Differences between expected & actual experience	(938,361)	933,660	792,512	(3,454,037)	(3,764,124)	(3,748,881)	-
Changes in assumptions	-	-	(1,220,368)	9,955,942	-	(2,850,219)	-
Benefit payments, including refunds of employee contributions	(10,668,087)	(9,798,874)	(9,357,597)	(8,680,046)	(8,251,225)	(8,129,122)	(7,723,542)
<b>Net change in total pension liability</b>	<b>4,794,163</b>	<b>7,210,921</b>	<b>5,735,284</b>	<b>12,995,358</b>	<b>2,629,869</b>	<b>(188,218)</b>	<b>7,268,398</b>
<b>Total pension liability -- beginning</b>	<b>195,971,947</b>	<b>188,761,026</b>	<b>183,025,742</b>	<b>170,030,384</b>	<b>167,400,515</b>	<b>167,588,733</b>	<b>160,320,335</b>
<b>Total pension liability -- ending (a)</b>	<b>\$200,766,110</b>	<b>\$195,971,947</b>	<b>\$188,761,026</b>	<b>\$183,025,742</b>	<b>\$170,030,384</b>	<b>\$167,400,515</b>	<b>\$167,588,733</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$5,721,757	\$5,289,597	\$4,892,157	\$4,835,288	\$3,774,160	\$3,273,509	\$3,326,062
Contributions - employee	1,550,839	1,452,949	1,211,601	1,042,124	960,903	950,096	991,678
Net investment income	6,530,524	8,254,467	10,107,344	12,216,475	574,677	2,533,100	17,333,730
Plan to plan resource movement	-	-	(293)	-	(3,366)	3,313	-
Benefit payments, including refunds of employee contributions	(10,668,087)	(9,798,874)	(9,357,597)	(8,680,046)	(8,251,225)	(8,129,122)	(7,723,542)
Administrative Expense	(184,371)	(89,683)	(185,995)	(162,567)	(68,942)	(127,469)	-
Miscellaneous income (expense)	-	293	(353,207)	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>2,950,662</b>	<b>5,108,749</b>	<b>6,314,010</b>	<b>9,251,274</b>	<b>(3,013,793)</b>	<b>(1,496,573)</b>	<b>13,927,928</b>
<b>Plan fiduciary net position -- beginning</b>	<b>130,782,050</b>	<b>125,673,301</b>	<b>119,359,291</b>	<b>110,108,017</b>	<b>113,121,810</b>	<b>114,618,383</b>	<b>100,690,455</b>
<b>Plan fiduciary net position -- ending (b)</b>	<b>\$133,732,712</b>	<b>\$130,782,050</b>	<b>\$125,673,301</b>	<b>\$119,359,291</b>	<b>\$110,108,017</b>	<b>\$113,121,810</b>	<b>\$114,618,383</b>
<b>Net pension liability -- ending (a) - (b)</b>	<b>\$67,033,398</b>	<b>\$65,189,897</b>	<b>\$63,087,725</b>	<b>\$63,666,451</b>	<b>\$59,922,367</b>	<b>\$54,278,705</b>	<b>\$52,970,350</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>66.61%</b>	<b>66.74%</b>	<b>66.58%</b>	<b>65.21%</b>	<b>64.76%</b>	<b>67.58%</b>	<b>68.39%</b>
<b>Covered payroll</b>	<b>\$13,794,306</b>	<b>\$13,266,370</b>	<b>\$12,101,584</b>	<b>\$12,743,802</b>	<b>\$12,095,926</b>	<b>\$11,927,104</b>	<b>\$14,799,933</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>485.95%</b>	<b>491.39%</b>	<b>521.32%</b>	<b>499.59%</b>	<b>495.39%</b>	<b>455.09%</b>	<b>357.91%</b>

**Notes to Schedule:**

\* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)**

**CalPERS SAFETY RETIREMENT PLAN**

**LAST TEN YEARS\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>							
Service cost	\$4,499,719	\$4,380,793	\$4,390,653	\$4,563,295	\$3,944,837	\$4,060,125	\$4,587,446
Interest	16,551,359	15,784,596	15,059,804	14,578,548	13,926,474	13,452,675	12,801,088
Differences between expected & actual experience	1,473,679	1,094,936	(1,573,264)	105,155	(2,584,243)	(602,213)	-
Changes in assumptions	-	-	(1,049,800)	12,709,578	-	(3,450,890)	-
Benefit payments, including refunds of employee contributions	(11,288,211)	(10,712,608)	(10,094,391)	(9,308,811)	(8,981,039)	(8,373,881)	(7,428,081)
<b>Net change in total pension liability</b>	<u>11,236,546</u>	<u>10,547,717</u>	<u>6,733,002</u>	<u>22,647,765</u>	<u>6,306,029</u>	<u>5,085,816</u>	<u>9,960,453</u>
<b>Total pension liability -- beginning</b>	<u>233,382,276</u>	<u>222,834,559</u>	<u>216,101,557</u>	<u>193,453,792</u>	<u>187,147,763</u>	<u>182,061,947</u>	<u>172,101,494</u>
<b>Total pension liability -- ending (a)</b>	<u>\$244,618,822</u>	<u>\$233,382,276</u>	<u>\$222,834,559</u>	<u>\$216,101,557</u>	<u>\$193,453,792</u>	<u>\$187,147,763</u>	<u>\$182,061,947</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$7,052,348	\$6,272,865	\$5,601,393	\$5,349,238	\$4,852,766	\$4,398,219	\$4,361,304
Contributions - employee	1,760,356	1,783,895	1,542,571	1,550,187	1,404,504	1,236,718	1,260,761
Net investment income	8,073,042	10,107,564	12,224,670	14,750,340	663,425	2,981,880	20,361,356
Plan to plan resource movement	-	-	(359)	-	3,366	(3,313)	-
Benefit payments, including refunds of employee contributions	(11,236,546)	(10,712,608)	(10,094,391)	(9,308,811)	(8,981,039)	(8,373,881)	(7,428,081)
Administrative Expense	(227,863)	(110,105)	(227,002)	(197,150)	(82,684)	(152,694)	-
Miscellaneous income (expense)	-	359	(431,079)	-	-	-	-
<b>Net change in fiduciary net position</b>	<u>5,421,337</u>	<u>7,341,970</u>	<u>8,615,803</u>	<u>12,143,804</u>	<u>(2,139,662)</u>	<u>86,929</u>	<u>18,555,340</u>
<b>Plan fiduciary net position -- beginning</b>	<u>161,632,777</u>	<u>154,290,807</u>	<u>145,675,004</u>	<u>133,531,200</u>	<u>135,670,862</u>	<u>135,583,933</u>	<u>117,028,593</u>
<b>Plan fiduciary net position -- ending (b)</b>	<u>167,054,114</u>	<u>161,632,777</u>	<u>154,290,807</u>	<u>145,675,004</u>	<u>133,531,200</u>	<u>135,670,862</u>	<u>135,583,933</u>
<b>Net pension liability -- ending (a) - (b)</b>	<u>\$77,564,708</u>	<u>\$71,749,499</u>	<u>\$68,543,752</u>	<u>\$70,426,553</u>	<u>\$59,922,592</u>	<u>\$51,476,901</u>	<u>\$46,478,014</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	68.29%	69.26%	69.24%	67.41%	69.02%	72.49%	74.47%
<b>Covered payroll</b>	\$14,054,746	\$13,801,250	\$13,938,580	\$14,048,439	\$14,048,202	\$14,089,826	\$15,179,163
<b>Net pension liability as a percentage of covered payroll</b>	551.88%	519.88%	491.76%	501.31%	426.55%	365.35%	306.20%

**Notes to Schedule:**

\* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.



**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF CONTRIBUTIONS (UNAUDITED)**  
**CalPERS MISCELLANEOUS RETIREMENT PLAN**  
**LAST TEN YEARS**

	Actuarially determined contributions	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered- payroll
<u>2021</u>					
Miscellaneous Plan	\$ 6,123,998	\$ 6,123,998	\$ -	\$ 13,226,312	46.30%
Safety Plan	7,675,945	7,675,945	-	14,339,448	53.53%
Total	<u>\$ 13,799,943</u>	<u>\$ 13,799,943</u>	<u>\$ -</u>	<u>\$ 27,565,760</u>	50.06%
<u>2020</u>					
Miscellaneous Plan	\$ 5,721,757	\$ 5,721,757	\$ -	\$ 13,794,306	41.48%
Safety Plan	7,052,348	7,052,348	-	14,054,746	50.18%
Total	<u>\$ 12,774,105</u>	<u>\$ 12,774,105</u>	<u>\$ -</u>	<u>\$ 27,849,052</u>	45.87%
<u>2019</u>					
Miscellaneous Plan	\$ 5,289,597	\$ 5,289,597	\$ -	\$ 13,266,370	39.87%
Safety Plan	6,272,865	6,272,865	-	13,801,250	45.45%
Total	<u>\$ 11,562,462</u>	<u>\$ 11,562,462</u>	<u>\$ -</u>	<u>\$ 27,067,620</u>	42.72%
<u>2018</u>					
Miscellaneous Plan	\$ 4,892,157	\$ 4,892,157	\$ -	\$ 12,101,584	40.43%
Safety Plan	5,601,393	5,601,393	-	13,938,580	40.19%
Total	<u>\$ 10,493,550</u>	<u>\$ 10,493,550</u>	<u>\$ -</u>	<u>\$ 26,040,164</u>	40.30%
<u>2017</u>					
Miscellaneous Plan	\$ 4,835,288	\$ 4,835,288	\$ -	\$ 12,743,802	37.94%
Safety Plan	5,349,238	5,349,238	-	14,048,439	38.08%
Total	<u>\$ 10,184,526</u>	<u>\$ 10,184,526</u>	<u>\$ -</u>	<u>\$ 26,792,241</u>	38.01%
<u>2016</u>					
Miscellaneous Plan	\$ 3,774,160	\$ 3,774,160	\$ -	\$ 12,095,926	31.20%
Safety Plan	4,852,766	4,852,766	-	14,048,202	34.54%
Total	<u>\$ 8,626,926</u>	<u>\$ 8,626,926</u>	<u>\$ -</u>	<u>\$ 26,144,128</u>	33.00%
<u>2015</u>					
Miscellaneous Plan	\$ 3,273,509	\$ 3,273,509	\$ -	\$ 11,927,104	27.45%
Safety Plan	4,398,219	4,398,219	-	14,089,826	31.22%
Total	<u>\$ 7,671,728</u>	<u>\$ 7,671,728</u>	<u>\$ -</u>	<u>\$ 26,016,930</u>	29.49%
<u>2014</u>					
Miscellaneous Plan	\$ 3,326,062	\$ 3,326,062	\$ -	\$ 14,799,933	22.47%
Safety Plan	4,361,304	4,361,304	-	15,179,163	28.73%
Total	<u>\$ 7,687,366</u>	<u>\$ 7,687,366</u>	<u>\$ -</u>	<u>\$ 29,979,096</u>	25.64%

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 17,976,397	\$ 19,341,637	\$ 19,876,543	\$ 534,906
Sales and use taxes	22,023,000	25,750,000	28,176,531	2,426,531
Other taxes	13,055,910	13,976,554	15,896,244	1,919,690
Licenses and permits	133,400	133,400	90,651	(42,749)
Intergovernmental	382,964	13,402,648	2,607,092	(10,795,556)
Charges for services	229,240	229,240	242,382	13,142
Fines, forfeitures, and penalties	337,000	337,000	468,792	131,792
Use of money and property	156,282	175,908	708,195	532,287
Miscellaneous	278,857	440,945	563,841	122,896
<b>Total revenues</b>	<b>54,573,050</b>	<b>73,787,332</b>	<b>68,630,271</b>	<b>(5,157,061)</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administrative services department	1,956,997	2,148,146	2,097,855	50,291
City attorney department	643,261	773,870	761,105	12,765
City clerk department	1,077,031	1,137,036	1,003,858	133,178
City manager department	2,410,041	2,542,613	2,190,091	352,522
Less - indirect costs	(1,990,798)	(1,990,798)	(1,990,798)	-
General government	4,096,532	4,610,867	4,062,111	548,756
Police department	27,561,743	28,069,745	26,538,925	1,530,820
Fire department	13,524,869	14,973,334	14,768,680	204,654
Public safety	41,086,612	43,043,079	41,307,605	1,735,474
Public works department	4,408,755	4,465,255	4,151,854	313,401
Parks department	3,262,639	3,385,877	3,219,385	166,492
Community development department	1,170,254	1,170,254	1,237,961	(67,707)
Community agencies	30,000	49,751	3,508	46,243
Capital outlay:				
Capital outlay - Operations	2,076,240	21,475,887	922,667	20,553,220
Debit Service:				
Principal retirement	470,475	470,475	470,475	-
Interest and fiscal charges	76,806	76,806	76,806	-
<b>Total expenditures</b>	<b>56,678,313</b>	<b>78,748,251</b>	<b>55,452,372</b>	<b>23,295,879</b>
Excess (deficiency) of revenues over (under) expenditures	(2,105,263)	(4,960,919)	13,177,899	18,138,818

*Continued on next page*

**CITY OF CHICO, CALIFORNIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

*Continued from previous page*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers in	2,307,047	3,025,731	3,017,249	(8,482)
Transfers out	(4,541,324)	(6,522,286)	(6,659,723)	(137,437)
Total other financing sources (uses)	(2,234,277)	(3,496,555)	(3,642,474)	(145,919)
Net change in fund balance	(4,339,540)	(8,457,474)	9,535,425	17,992,899
Fund balance, beginning of year	29,897,333	29,897,333	29,897,333	-
Fund balance, end of year	\$ 25,557,793	\$ 21,439,859	\$ 39,432,758	\$ 17,992,899

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CDBG AND HOME HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,828,672	\$ 37,772,982	\$ 906,405	\$ (36,866,577)
Use of money and property	-	15,000	77,326	62,326
Total revenues	<u>1,828,672</u>	<u>37,787,982</u>	<u>983,731</u>	<u>(36,804,251)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	315,418	315,418	932,403	(616,985)
Capital outlay	<u>1,691,536</u>	<u>38,239,978</u>	-	<u>38,239,978</u>
Total expenditures	<u>2,006,954</u>	<u>38,555,396</u>	<u>932,403</u>	<u>37,622,993</u>
Excess (deficiency) of revenues over (under) expenditures	(178,282)	(767,414)	51,328	818,742
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>47,195</u>	<u>47,195</u>	<u>16,158</u>	<u>(31,037)</u>
Total other financing sources (uses)	<u>47,195</u>	<u>47,195</u>	<u>16,158</u>	<u>(31,037)</u>
Net change in fund balance	(131,087)	(720,219)	67,486	787,705
Fund balance, beginning of year	<u>7,578,919</u>	<u>7,578,919</u>	<u>7,578,919</u>	-
Fund balance, end of year	<u>\$ 7,447,832</u>	<u>\$ 6,858,700</u>	<u>\$ 7,646,405</u>	<u>\$ 787,705</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LOW AND MODERATE INCOME HOUSING ASSET FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property taxes	\$ 18,253	\$ 18,253	\$ 19,470	\$ 1,217
Charges for services	-	-	2,193	2,193
Use of money and property	240,000	240,000	405,521	165,521
Miscellaneous	-	-	7,569	7,569
<b>Total revenues</b>	<u>258,253</u>	<u>258,253</u>	<u>434,753</u>	<u>176,500</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Community development	414,213	414,386	384,851	29,535
Capital outlay	75,000	1,740,000	-	1,740,000
<b>Total expenditures</b>	<u>489,213</u>	<u>2,154,386</u>	<u>384,851</u>	<u>1,769,535</u>
Excess (deficiency) of revenues over (under) expenditures	(230,960)	(1,896,133)	49,902	1,946,035
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	4,667	4,667	-
Transfers out	(47,195)	(47,195)	(16,158)	31,037
<b>Total other financing sources (uses)</b>	<u>(47,195)</u>	<u>(42,528)</u>	<u>(11,491)</u>	<u>31,037</u>
<b>Net change in fund balance</b>	<u>(278,155)</u>	<u>(1,938,661)</u>	<u>38,411</u>	<u>1,977,072</u>
Fund balance, beginning of year	<u>56,063,997</u>	<u>56,063,997</u>	<u>56,063,997</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 55,785,842</u>	<u>\$ 54,125,336</u>	<u>\$ 56,102,408</u>	<u>\$ 1,977,072</u>

**CITY OF CHICO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

The annual operating budget is adopted by the City Council on or before the first meeting in July each year on a basis consistent with accounting principles generally accepted in the United States of America as noted below. The appropriated budget is prepared by fund, function and activity. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revision that exceeds the appropriated expenditures on any fund requires approval by the City Council. The legal level of budgetary control is at the department level. Outside of the General Fund, all funds are one department.

Original appropriations are adjusted by supplemental appropriations and budget modifications approved during the year, creating the modified adopted budget.

The General Fund does not budget for non-cash transfers including transfers of loans and transfers used to cover other Funds' fund balance deficits and capital lease transactions.

Budgetary comparisons and reconciliations are included in Required Supplementary Information as Schedules of Revenue and Changes in Fund Balance - Budget and Actual, for the General Fund, CDBG and HOME Housing Fund and the Low and Moderate Income Housing Asset Fund.

## **SUPPLEMENTAL BUDGETARY COMPARISONS**

Schedules of Revenues, Expenditures, and Changes in Fund Balances, Budget to Actual (Major Capital Projects Funds):

- Capital Grants Fund
- Public Facilities Impact Fee Funds

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 10,800,929	\$ 63,715,405	\$ 4,499,166	\$ (59,216,239)
Miscellaneous	-	10,000	-	(10,000)
Total revenues	<u>10,800,929</u>	<u>63,725,405</u>	<u>4,499,166</u>	<u>(59,226,239)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	1,134,821	430,703	704,118
Capital outlay	<u>10,800,928</u>	<u>63,472,435</u>	<u>3,515,005</u>	<u>59,957,430</u>
Total expenditures	<u>10,800,928</u>	<u>64,607,256</u>	<u>3,945,708</u>	<u>60,661,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>(881,851)</u>	<u>553,458</u>	<u>(119,887,787)</u>
Net change in fund balance	1	(881,851)	553,458	(119,887,787)
Fund balance, beginning of year	<u>(1,387,792)</u>	<u>(1,387,792)</u>	<u>(1,387,792)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,387,791)</u>	<u>\$ (2,269,643)</u>	<u>\$ (834,334)</u>	<u>\$ (119,887,787)</u>



**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
PUBLIC FACILITIES IMPACT FEE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 6,907,700	\$ 7,207,700	\$ 7,805,496	\$ 597,796
Use of money and property	-	-	319,042	319,042
Total revenues	6,907,700	7,207,700	8,124,538	916,838
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Community development	-	-	5,789,225	(5,789,225)
Capital outlay	6,774,008	23,807,519	1,754,405	22,053,114
<b>Debit Service:</b>				
Principal retirement	57,307	57,307	57,307	-
Interest and fiscal charges	1,633	1,633	1,633	-
Total expenditures	6,774,008	23,807,519	7,602,570	16,263,889
Excess (deficiency) of revenues over (under) expenditures	133,692	(16,599,819)	521,968	17,121,787
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	1,097	1,204	107
Transfers out	(69,077)	(107,196)	(79,262)	27,934
Total other financing sources (uses)	(69,077)	(106,099)	(78,058)	28,041
Net change in fund balance	64,615	(16,705,918)	443,910	17,149,828
Fund balance, beginning of year	31,951,578	31,951,578	31,951,578	-
Fund balance, end of year	\$ 32,016,193	\$ 15,245,660	\$ 32,395,488	\$ 17,149,828

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **Operating Grants**

Accounts for a variety of governmental operating grants, including law enforcement grants. These funds are restricted to be used only for the purpose of the grants.

#### **Community Maintenance Districts**

Accounts for maintenance and operation of specified public improvements. These funds are restricted to be used only for the maintenance districts.

#### **Transportation**

Accounts for Transportation Development Act (TDA) funding for the planning, development, construction and maintenance of street/road and bicycle/pedestrian projects. These funds are restricted to be used only for allowable TDA activities.

#### **Gas Tax**

Accounts for revenues and expenditures apportioned under the Streets and Highway Code, Sections 2103, 2105, 2106, 2107 and 2107.5 for administration, maintenance, and construction which is street-related and Transportation Congestion Relief monies. Also accounts for federal funds allocated for street maintenance and rehabilitation, and right-of-way acquisition, maintenance, construction, street sweeping, and improvement of street facilities, from the Transportation Equity Act for the 21<sup>st</sup> Century. All gas tax funds are restricted to be used only as allowed within the Streets and Highway Code and federal regulations.

#### **Other Special Revenue**

Accounts for comparatively smaller special revenue funds including traffic safety, asset forfeiture, private activity revenue bond reserve administration and assessment district administration fund. These funds are restricted to be used for allowable activities as listed.

### **CAPITAL PROJECTS FUNDS**

#### **Capital Improvements**

Accounts for various capital improvements - building/facility improvements, passenger facility charges, in lieu offsite improvements, Liberator Street remediation and sewer main installation.

#### **Bond Proceeds Fund**

Accounts for the transfer of bond proceeds from the 2001 Chico Public Financing Authority Tax Allocation Revenue Bonds and 2005 Chico Redevelopment Agency Tax Allocation Bond that are to be used by the City for purposes for which all bonds were sold. The transfer and use of the proceeds is allowed by provisions of AB 1484 (Redevelopment Dissolution).

#### **Fleet Replacement and Facility Maintenance**

Accounts for accumulation of reserves and expenditures for major equipment replacement and major building and facility maintenance.

#### **Remediation**

Accounts for transactions related to clean up of various remediation sites within the City.

**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and investments	\$ 14,233,902	\$ 8,782,071	\$ 23,015,973
Receivables:			
Interest	-	99	99
Taxes	27,614	-	27,614
Accounts	51,269	-	51,269
Intergovernmental	1,617,275	-	1,617,275
Loans	23,477	-	23,477
Restricted cash and investments	<u>-</u>	<u>124,176</u>	<u>124,176</u>
Total assets	<u>\$ 15,953,537</u>	<u>\$ 8,906,346</u>	<u>\$ 24,859,883</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 174,241	\$ 222,706	\$ 396,947
Accrued salaries and benefits	33,185	68,656	101,841
Advances from other funds	<u>42,205</u>	<u>-</u>	<u>42,205</u>
Total liabilities	<u>249,631</u>	<u>291,362</u>	<u>540,993</u>
Deferred inflows of resources:			
Deferred housing loan principal payments development impact fees and grants	<u>92,851</u>	<u>-</u>	<u>92,851</u>
Total deferred inflows of resources	<u>92,851</u>	<u>-</u>	<u>92,851</u>
Restricted	15,611,055	2,663,699	18,274,754
Assigned	<u>-</u>	<u>5,951,285</u>	<u>5,951,285</u>
Total fund balances	<u>15,611,055</u>	<u>8,614,984</u>	<u>24,226,039</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,953,537</u>	<u>\$ 8,906,346</u>	<u>\$ 24,859,883</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Intergovernmental	\$ 10,010,125	\$ -	\$ 10,010,125
Charges for services	2,045,361	1,662,734	3,708,095
Fines, forfeitures, and penalties	23,239	-	23,239
Use of money and property	118,449	53,010	171,459
Miscellaneous	132,340	77,982	210,322
<b>Total revenues</b>	<b>12,329,514</b>	<b>1,793,726</b>	<b>14,123,240</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
General government	374,736	896,159	1,270,895
Public safety	881,584	-	881,584
Public works	2,823,396	1,324,340	4,147,736
Parks and recreation	124,311	-	124,311
<b>Capital outlay:</b>			
Capital outlay - Operations	2,543,449	1,417,367	3,960,816
<b>Debt service:</b>			
Interest and fiscal charges	2,293	-	2,293
<b>Total expenditures</b>	<b>6,749,769</b>	<b>3,637,866</b>	<b>10,387,635</b>
Excess (deficiency) of revenues over (under) expenditures	5,579,745	(1,844,140)	3,735,605
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	245,021	4,276,206	4,521,227
Transfers out	(2,169,430)	-	(2,169,430)
<b>Total other financing sources (uses)</b>	<b>(1,924,409)</b>	<b>4,276,206</b>	<b>2,351,797</b>
Net change in fund balances	3,655,336	2,432,066	6,087,402
Fund balances, beginning of year	11,955,719	6,182,918	18,138,637
Fund balances, end of year	<u>\$ 15,611,055</u>	<u>\$ 8,614,984</u>	<u>\$ 24,226,039</u>

**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2021**

	Operating Grants	Community Maintenance Districts	Transportation	Gas Tax	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Cash and investments	\$ 194,657	\$ 4,493,990	\$ 4,618,125	\$ 4,388,706	\$ 538,424	\$ 14,233,902
Receivables:						
Taxes	-	27,614				27,614
Accounts	-	-	500	-	50,769	51,269
Intergovernmental	93,844	-	840	1,521,118	1,473	1,617,275
Loans	-	-	-	-	23,477	23,477
	<u>288,501</u>	<u>4,521,604</u>	<u>4,619,465</u>	<u>5,909,824</u>	<u>614,143</u>	<u>15,953,537</u>
Total assets	<u>\$ 288,501</u>	<u>\$ 4,521,604</u>	<u>\$ 4,619,465</u>	<u>\$ 5,909,824</u>	<u>\$ 614,143</u>	<u>\$ 15,953,537</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 21,482	\$ 100,490	\$ 18,573	\$ 30,996	\$ 2,700	\$ 174,241
Accrued salaries and benefits	21,169	-	10,051	-	1,965	33,185
Advances from other funds	-	42,205	-	-	-	42,205
	<u>42,651</u>	<u>142,695</u>	<u>28,624</u>	<u>30,996</u>	<u>4,665</u>	<u>249,631</u>
Total liabilities	<u>42,651</u>	<u>142,695</u>	<u>28,624</u>	<u>30,996</u>	<u>4,665</u>	<u>249,631</u>
Deferred inflows of resources:						
Unavailable revenue	92,851	-	-	-	-	92,851
	<u>92,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,851</u>
Total deferred inflows of resources	<u>92,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,851</u>
Fund balances:						
Restricted	152,999	4,378,909	4,590,841	5,878,828	609,478	15,611,055
	<u>152,999</u>	<u>4,378,909</u>	<u>4,590,841</u>	<u>5,878,828</u>	<u>609,478</u>	<u>15,611,055</u>
Total fund balances (deficit)	<u>152,999</u>	<u>4,378,909</u>	<u>4,590,841</u>	<u>5,878,828</u>	<u>609,478</u>	<u>15,611,055</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 288,501</u>	<u>\$ 4,521,604</u>	<u>\$ 4,619,465</u>	<u>\$ 5,909,824</u>	<u>\$ 614,143</u>	<u>\$ 15,953,537</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Operating Grants	Community Maintenance Districts	Transportation	Gas Tax	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>						
Intergovernmental	\$ 1,076,602	\$ -	\$ 3,195,956	\$ 5,737,567	\$ -	\$ 10,010,125
Charges for services	-	1,772,171	30	-	273,160	2,045,361
Fines, forfeitures, and penalties	-	-	-	-	23,239	23,239
Use of money and property	-	36,079	37,992	38,599	5,779	118,449
Miscellaneous	29,450	-	-	-	102,890	132,340
<b>Total revenues</b>	<b>1,106,052</b>	<b>1,808,250</b>	<b>3,233,978</b>	<b>5,776,166</b>	<b>405,068</b>	<b>12,329,514</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	4,750	-	-	-	369,986	374,736
Public safety	871,263	-	-	-	10,321	881,584
Public works	-	1,475,493	768,802	579,101	-	2,823,396
Parks and recreation	124,311	-	-	-	-	124,311
Capital outlay	5,463	-	666,349	1,859,379	12,258	2,543,449
<b>Debt service:</b>						
Interest	-	2,293	-	-	-	2,293
<b>Total expenditures</b>	<b>1,005,787</b>	<b>1,477,786</b>	<b>1,435,151</b>	<b>2,438,480</b>	<b>392,565</b>	<b>6,749,769</b>
Excess (deficiency) of revenues over (under) expenditures	100,265	330,464	1,798,827	3,337,686	12,503	5,579,745
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	184,333	46,429	38	-	14,221	245,021
Transfers out	-	-	(100,000)	(2,050,000)	(19,430)	(2,169,430)
<b>Total other financing sources (uses)</b>	<b>184,333</b>	<b>46,429</b>	<b>(99,962)</b>	<b>(2,050,000)</b>	<b>(5,209)</b>	<b>(1,924,409)</b>
Net change in fund balances	284,598	376,893	1,698,865	1,287,686	7,294	3,655,336
Fund balances, beginning of year	(131,599)	4,002,016	2,891,976	4,591,142	602,184	11,955,719
Fund balances, end of year	<u>\$ 152,999</u>	<u>\$ 4,378,909</u>	<u>\$ 4,590,841</u>	<u>\$ 5,878,828</u>	<u>\$ 609,478</u>	<u>\$ 15,611,055</u>

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**OPERATING GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,001,085	\$ 1,927,714	\$ 1,076,602	\$ (851,112)
Other	-	19,450	29,450	10,000
Total revenues	1,001,085	1,947,164	1,106,052	(841,112)
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	4,750	(4,750)
Public safety	1,086,056	1,423,954	871,263	552,691
Parks and recreation	45,526		124,311	(124,311)
Capital outlay	-	129,346	5,463	123,883
Total expenditures	1,131,582	1,553,300	1,005,787	547,513
Excess (deficiency) of revenues over (under) expenditures	(130,497)	393,864	100,265	(293,599)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	130,497	184,333	184,333	-
Total other financing sources (uses)	130,497	184,333	184,333	-
Net change in fund balance	-	578,197	284,598	(293,599)
Fund balance, beginning of year	(131,599)	(131,599)	(131,599)	-
Fund balance, end of year	\$ (131,599)	\$ 446,598	\$ 152,999	\$ (293,599)

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**COMMUNITY MAINTENANCE DISTRICTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,924,362	\$ 1,814,972	\$ 1,772,171	\$ (42,801)
Use of money and property	-	-	36,079	36,079
<b>Total revenues</b>	<b>1,924,362</b>	<b>1,814,972</b>	<b>1,808,250</b>	<b>(6,722)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	1,362,442	1,404,372	1,475,493	(71,121)
Debt Service				
Interest	2,293	2,293	2,293	-
<b>Total expenditures</b>	<b>1,364,735</b>	<b>1,406,665</b>	<b>1,477,786</b>	<b>(71,121)</b>
Excess (deficiency) of revenues over (under) expenditures	559,627	408,307	330,464	(77,843)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	36,297	46,429	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>36,297</b>	<b>46,429</b>	<b>-</b>
Net change in fund balance	559,627	444,604	376,893	(67,711)
Fund balance, beginning of year	4,002,016	4,002,016	4,002,016	-
Fund balance, end of year	<u>\$ 4,561,643</u>	<u>\$ 4,446,620</u>	<u>\$ 4,378,909</u>	<u>\$ (67,711)</u>



**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**TRANSPORTATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 2,364,166	\$ 3,193,856	\$ 3,195,956	\$ 2,100
Charges for services	-	-	30	30
Use of money and property	20,820	20,820	37,992	17,172
<b>Total revenues</b>	<b>2,384,986</b>	<b>3,214,676</b>	<b>3,233,978</b>	<b>19,302</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public works	581,934	731,934	768,802	(36,868)
Capital outlay	1,540,964	4,794,716	666,349	4,128,367
<b>Total expenditures</b>	<b>2,122,898</b>	<b>5,526,650</b>	<b>1,435,151</b>	<b>4,091,499</b>
Excess (deficiency) of revenues over (under) expenditures	262,088	(2,311,974)	1,798,827	4,110,801
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	38	38	-
Transfers out	(100,000)	(100,000)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(99,962)</b>	<b>(99,962)</b>	<b>-</b>
Net change in fund balance	162,088	(2,411,936)	1,698,865	4,110,801
Fund balance, beginning of year	2,891,976	2,891,976	2,891,976	-
Fund balance, end of year	<b>\$ 3,054,064</b>	<b>\$ 480,040</b>	<b>\$ 4,590,841</b>	<b>\$ 4,110,801</b>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GAS TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 5,730,481	\$ 5,749,013	\$ 5,737,567	\$ (11,446)
Use of money and property	-	-	38,599	38,599
<b>Total revenues</b>	<b>5,730,481</b>	<b>5,749,013</b>	<b>5,776,166</b>	<b>27,153</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	579,101	(579,101)
Capital outlay	2,816,050	6,014,797	1,859,379	4,155,418
<b>Total expenditures</b>	<b>2,816,050</b>	<b>6,014,797</b>	<b>2,438,480</b>	<b>3,576,317</b>
Excess (deficiency) of revenues over (under) expenditures	2,914,431	(265,784)	3,337,686	3,603,470
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(2,050,000)	(2,050,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,050,000)</b>	<b>(2,050,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>2,914,431</b>	<b>(2,315,784)</b>	<b>1,287,686</b>	<b>3,603,470</b>
Fund balance, beginning of year	4,591,142	4,591,142	4,591,142	-
<b>Fund balance, end of year</b>	<b>\$ 7,505,573</b>	<b>\$ 2,275,358</b>	<b>\$ 5,878,828</b>	<b>\$ 3,603,470</b>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
OTHER SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 150,000	\$ 150,000	\$ 273,160	\$ 123,160
Fines, forfeitures and penalties	23,239	20,000	23,239	3,239
Use of money and property	-	1,433	5,779	4,346
Miscellaneous	-	-	102,890	102,890
<b>Total revenues</b>	<u>173,239</u>	<u>171,433</u>	<u>405,068</u>	<u>233,635</u>
<b>EXPENDITURES:</b>				
Current:				
General government	196,282	206,282	369,986	(163,704)
Public safety	10,321	10,321	10,321	-
Capital outlay	176,800	229,391	12,258	217,133
<b>Total expenditures</b>	<u>383,403</u>	<u>445,994</u>	<u>392,565</u>	<u>53,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,164)</u>	<u>(274,561)</u>	<u>12,503</u>	<u>287,064</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	115,782	99,673	14,221	(85,452)
Transfers out	<u>(20,000)</u>	<u>(19,430)</u>	<u>(19,430)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>95,782</u>	<u>80,243</u>	<u>(5,209)</u>	<u>(85,452)</u>
<b>Net change in fund balance</b>	<u>(114,382)</u>	<u>(194,318)</u>	<u>7,294</u>	<u>201,612</u>
Fund balance, beginning of year	<u>602,184</u>	<u>602,184</u>	<u>602,184</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 487,802</u>	<u>\$ 407,866</u>	<u>\$ 609,478</u>	<u>\$ 201,612</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2021**

	Capital Improvements Fund	Bond Proceeds Fund	Fleet Replacement and Facility Maintenance	Remediation Fund	Public Infrastructure Replacement	Total Nonmajor Capital Projects Funds
<b>ASSETS</b>						
Cash and investments	\$ 2,827,679	\$ -	\$ 2,907,363	\$ 504,066	\$ 2,542,963	\$ 8,782,071
Receivables:						
Interest	-	99	-	-	-	99
Restricted cash and investments	-	124,176	-	-	-	124,176
Total assets	<u>\$ 2,827,679</u>	<u>\$ 124,275</u>	<u>\$ 2,907,363</u>	<u>\$ 504,066</u>	<u>\$ 2,542,963</u>	<u>\$ 8,906,346</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 45,357	\$ -	\$ 170,768	\$ 3,042	\$ 3,539	\$ 222,706
Accrued salaries and benefits	68,656	-	-	-	-	68,656
Total liabilities	<u>114,013</u>	<u>-</u>	<u>170,768</u>	<u>3,042</u>	<u>3,539</u>	<u>291,362</u>
Fund balances:						
Restricted	-	124,275	-	-	2,539,424	2,663,699
Assigned	2,713,666	-	2,736,595	501,024	-	5,951,285
Total fund balances (deficit)	<u>2,713,666</u>	<u>124,275</u>	<u>2,736,595</u>	<u>501,024</u>	<u>2,539,424</u>	<u>8,614,984</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,827,679</u>	<u>\$ 124,275</u>	<u>\$ 2,907,363</u>	<u>\$ 504,066</u>	<u>\$ 2,542,963</u>	<u>\$ 8,906,346</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Capital Improvements Fund	Bond Proceeds Fund	Fleet Replacement and Facility Maintenance	Remediation Fund	Public Infrastructure Replacement	Total Nonmajor Capital Projects Funds
<b>REVENUES:</b>						
Charges for services	\$ 1,662,734	\$ -	\$ -	\$ -	\$ -	\$ 1,662,734
Use of money and property	14,254	703	23,521	2	14,530	53,010
Miscellaneous	-	-	77,982	-	-	77,982
Total revenues	<u>1,676,988</u>	<u>703</u>	<u>101,503</u>	<u>2</u>	<u>14,530</u>	<u>1,793,726</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	-	-	896,159	-	-	896,159
Public works	1,094,222	1,103	-	84,077	144,938	1,324,340
<b>Capital outlay:</b>						
Capital outlay - Operations	-	17,646	754,002	-	645,719	1,417,367
Total expenditures	<u>1,094,222</u>	<u>18,749</u>	<u>1,650,161</u>	<u>84,077</u>	<u>790,657</u>	<u>3,637,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>582,766</u>	<u>(18,046)</u>	<u>(1,548,658)</u>	<u>(84,075)</u>	<u>(776,127)</u>	<u>(1,844,140)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,623	-	2,109,048	585,100	1,580,435	4,276,206
Total other financing sources (uses)	<u>1,623</u>	<u>-</u>	<u>2,109,048</u>	<u>585,100</u>	<u>1,580,435</u>	<u>4,276,206</u>
Net change in fund balances	584,389	(18,046)	560,390	501,025	804,308	2,432,066
Fund balances (deficit), beginning of year	<u>2,129,277</u>	<u>142,321</u>	<u>2,176,205</u>	<u>(1)</u>	<u>1,735,116</u>	<u>6,182,918</u>
Fund balances (deficit), end of year	<u>\$ 2,713,666</u>	<u>\$ 124,275</u>	<u>\$ 2,736,595</u>	<u>\$ 501,024</u>	<u>\$ 2,539,424</u>	<u>\$ 8,614,984</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL IMPROVEMENTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 800,000	\$ 800,000	\$ 1,662,734	\$ 862,734
Use of money and property	-	-	14,254	14,254
<b>Total revenues</b>	<u>800,000</u>	<u>800,000</u>	<u>1,676,988</u>	<u>876,988</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public works	2,930,664	3,256,127	1,094,222	2,161,905
<b>Total expenditures</b>	<u>2,930,664</u>	<u>3,256,127</u>	<u>1,094,222</u>	<u>2,161,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,130,664)</u>	<u>(2,456,127)</u>	<u>582,766</u>	<u>3,038,893</u>
Transfers in	-	1,623	1,623	-
Total other financing sources (uses)	-	1,623	1,623	-
Net change in fund balance	<u>(2,130,664)</u>	<u>(2,454,504)</u>	<u>584,389</u>	<u>3,038,893</u>
Fund balance, beginning of year	<u>2,129,277</u>	<u>2,129,277</u>	<u>2,129,277</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,387)</u>	<u>\$ (325,227)</u>	<u>\$ 2,713,666</u>	<u>\$ 3,038,893</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BOND PROCEEDS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 703	\$ 703
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703</u>	<u>\$ 703</u>
<b>EXPENDITURES:</b>				
Current:				
Public works			1,103	(1,103)
Capital outlay	-	81,707	17,646	64,061
Total expenditures	<u>-</u>	<u>81,707</u>	<u>18,749</u>	<u>62,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(81,707)</u>	<u>(18,046)</u>	<u>63,661</u>
Net change in fund balance	-	(81,707)	(18,046)	63,661
Fund balance, beginning of year	<u>142,321</u>	<u>142,321</u>	<u>142,321</u>	<u>-</u>
Fund balance, end of year	<u>\$ 142,321</u>	<u>\$ 60,614</u>	<u>\$ 124,275</u>	<u>\$ 63,661</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FLEET REPLACEMENT AND FACILITY MAINTENANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 23,521	\$ 23,521
Miscellaneous	20,000	20,000	77,982	57,982
<b>Total revenues</b>	<b>20,000</b>	<b>20,000</b>	<b>101,503</b>	<b>81,503</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	-	-	896,159	(896,159)
<b>Capital outlay:</b>				
Capital outlay	3,097,797	4,954,568	754,002	4,200,566
<b>Total expenditures</b>	<b>3,097,797</b>	<b>4,954,568</b>	<b>1,650,161</b>	<b>3,304,407</b>
Excess (deficiency) of revenues over (under) expenditures	(3,077,797)	(4,934,568)	(1,548,658)	3,385,910
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,935,104	3,048,726	2,109,048	(939,678)
<b>Total other financing sources (uses)</b>	<b>2,935,104</b>	<b>3,048,726</b>	<b>2,109,048</b>	<b>(939,678)</b>
<b>Net change in fund balance</b>	<b>(142,693)</b>	<b>(1,885,842)</b>	<b>560,390</b>	<b>2,446,232</b>
Fund balance, beginning of year	2,176,205	2,176,205	2,176,205	-
<b>Fund balance, end of year</b>	<b>\$ 2,033,512</b>	<b>\$ 290,363</b>	<b>\$ 2,736,595</b>	<b>\$ 2,446,232</b>



**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**REMEDIATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Total revenues	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	84,077	(84,077)
Capital outlay	<u>247,725</u>	<u>585,100</u>	<u>-</u>	<u>585,100</u>
Total expenditures	<u>247,725</u>	<u>585,100</u>	<u>84,077</u>	<u>501,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(247,725)</u>	<u>(585,100)</u>	<u>(84,075)</u>	<u>501,025</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>247,725</u>	<u>585,100</u>	<u>585,100</u>	<u>-</u>
Total other financing sources (uses)	<u>247,725</u>	<u>585,100</u>	<u>585,100</u>	<u>-</u>
Net change in fund balance	-	-	501,025	501,025
Fund balance, beginning of year	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 501,024</u>	<u>\$ 501,025</u>

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC INFRASTRUCTURE REPLACEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 14,530	\$ (14,530)
Total revenues	<u>-</u>	<u>-</u>	<u>14,530</u>	<u>(14,530)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	144,938	(144,938)
Capital outlay	<u>1,100,000</u>	<u>2,044,691</u>	<u>645,719</u>	<u>1,398,972</u>
Total expenditures	<u>1,100,000</u>	<u>2,044,691</u>	<u>790,657</u>	<u>1,254,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,100,000)</u>	<u>(2,044,691)</u>	<u>(776,127)</u>	<u>1,268,564</u>
Transfers in	<u>904,000</u>	<u>1,368,000</u>	<u>1,580,435</u>	<u>212,435</u>
Total other financing sources (uses)	<u>904,000</u>	<u>1,368,000</u>	<u>1,580,435</u>	<u>-</u>
Net change in fund balance	(196,000)	(676,691)	804,308.00	1,268,564
Fund balance, beginning of year	<u>1,735,116</u>	<u>1,735,116</u>	<u>1,735,116</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,539,116</u>	<u>\$ 1,058,425</u>	<u>\$ 2,539,424</u>	<u>\$ 1,268,564</u>

## **INTERNAL SERVICE FUNDS**

### **Self Insurance**

Accounts for liability, property and related insurance program activities; workers' compensation insurance program activities; and unemployment insurance reimbursement transactions to State Unemployment Insurance Fund.

### **Central Garage**

Accounts for central garage operating costs which are subsequently distributed to user offices and departments.

### **Municipal Building Maintenance**

Accounts for municipal buildings operating costs which are subsequently distributed to user offices and departments.

### **Information Services**

Accounts for information and communications systems costs which are subsequently distributed to user offices and departments.

### **Retirement Funding**

Accounts for annual payments of CalPERS Unfunded Liability.

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2021**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 5,335,786	\$ 50,579	\$ 123,666	\$ 267,721	\$ 3,309,260	\$ 9,087,012
Receivables:						
Accounts	191,533	-	-	-	-	191,533
Due from other funds	2,639,923	-	-	-	-	2,639,923
Inventories	-	47,145	-	-	-	47,145
Prepaid items	1,307	-	-	-	-	1,307
Total current assets	<u>8,168,549</u>	<u>97,724</u>	<u>123,666</u>	<u>267,721</u>	<u>3,309,260</u>	<u>11,966,920</u>
Noncurrent assets:						
Cash and investments with agent	300,000	-	-	-	-	300,000
Land and construction in progress	-	30,391	-	-	-	30,391
Other capital assets, net of accumulated depreciation	-	22,620	-	-	-	22,620
Total noncurrent assets	<u>300,000</u>	<u>53,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,011</u>
Total assets	<u>8,468,549</u>	<u>150,735</u>	<u>123,666</u>	<u>267,721</u>	<u>3,309,260</u>	<u>12,319,931</u>
<b>DEFERRED OUTFLOWS OF</b>						
Deferred amounts related to pensions	-	290,750	208,200	446,352	-	945,302
Total deferred outflows of resources	<u>-</u>	<u>290,750</u>	<u>208,200</u>	<u>446,352</u>	<u>-</u>	<u>945,302</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	334,819	29,749	59,388	23,305	-	447,261
Accrued salaries and benefits	-	17,834	18,950	32,614	-	69,398
Deposits	-	100	-	-	-	100
Compensated absences - current	-	5,623	6,099	8,620	-	20,342
Claims liability - current portion	2,177,493	-	-	-	-	2,177,493
Total current liabilities	<u>2,512,312</u>	<u>53,306</u>	<u>84,437</u>	<u>64,539</u>	<u>-</u>	<u>2,714,594</u>
Noncurrent liabilities:						
Compensated absences	-	38,798	42,087	59,481	-	140,366
Claims liability	5,409,956	-	-	-	-	5,409,956
Net pension liability	-	2,667,929	1,910,451	4,095,741	-	8,674,121
Total noncurrent liabilities	<u>5,409,956</u>	<u>2,706,727</u>	<u>1,952,538</u>	<u>4,155,222</u>	<u>-</u>	<u>14,224,443</u>
Total liabilities	<u>7,922,268</u>	<u>2,760,033</u>	<u>2,036,975</u>	<u>4,219,761</u>	<u>-</u>	<u>16,939,037</u>
<b>DEFERRED INFLOWS OF</b>						
Deferred amounts related to pensions	-	22,408	16,046	34,400	-	72,854
Total deferred inflows of resources	<u>-</u>	<u>22,408</u>	<u>16,046</u>	<u>34,400</u>	<u>-</u>	<u>72,854</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	53,011	-	-	-	53,011
Unrestricted	546,281	(2,393,967)	(1,721,155)	(3,540,088)	3,309,260	(3,799,669)
Total net position (deficit)	<u>\$ 546,281</u>	<u>\$ (2,340,956)</u>	<u>\$ (1,721,155)</u>	<u>\$ (3,540,088)</u>	<u>\$ 3,309,260</u>	<u>\$ (3,746,658)</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>OPERATING REVENUES:</b>						
Charges for services - internal	\$ 3,226,443	\$ 1,819,401	\$ 1,579,223	\$ 2,209,593	\$ 10,462,666	\$ 19,297,326
Charges for services - external	-	30,075	-	-	-	30,075
Total operating revenues	<u>3,226,443</u>	<u>1,849,476</u>	<u>1,579,223</u>	<u>2,209,593</u>	<u>10,462,666</u>	<u>19,327,401</u>
Salaries and benefits	-	727,476	700,436	1,240,565	-	2,668,477
Materials and supplies	482	365,475	101,784	49,851	-	517,592
Purchased services	1,957,175	114,584	404,984	722,833	-	3,199,576
Other Expenses	456,301	601,251	354,732	239,114	9,551,935	11,203,333
Depreciation	-	1,740	-	-	-	1,740
Total operating expenses	<u>2,413,958</u>	<u>1,810,526</u>	<u>1,561,936</u>	<u>2,252,363</u>	<u>9,551,935</u>	<u>17,590,718</u>
Operating income (loss)	<u>812,485</u>	<u>38,950</u>	<u>17,287</u>	<u>(42,770)</u>	<u>910,731</u>	<u>1,736,683</u>
<b>NONOPERATING REVENUES</b>						
Investment earnings	74,054	-	-	-	(13,783)	60,271
Miscellaneous expense	32,128	2,089	-	-	-	34,217
Miscellaneous expense	-	-	-	(739)	-	(739)
Total nonoperating revenues	<u>106,182</u>	<u>2,089</u>	<u>-</u>	<u>(739)</u>	<u>(13,783)</u>	<u>93,749</u>
Income (loss) before transfers	918,667	41,039	17,287	(43,509)	896,948	1,830,432
Transfers in	14,238	5,494	63,129	66,169	-	149,030
Transfers out	<u>(687,319)</u>	<u>(10,824)</u>	<u>(29,056)</u>	<u>-</u>	<u>-</u>	<u>(727,199)</u>
Change in net position	<u>245,586</u>	<u>35,709</u>	<u>51,360</u>	<u>22,660</u>	<u>896,948</u>	<u>1,252,263</u>
Net position (deficit), beginning of year	<u>300,695</u>	<u>(2,376,665)</u>	<u>(1,772,515)</u>	<u>(3,562,748)</u>	<u>2,412,312</u>	<u>(4,998,921)</u>
Net position (deficit), end of year	<u>\$ 546,281</u>	<u>\$ (2,340,956)</u>	<u>\$ (1,721,155)</u>	<u>\$ (3,540,088)</u>	<u>\$ 3,309,260</u>	<u>\$ (3,746,658)</u>

**CITY OF CHICO, CALIFORNIA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from services provided	\$ 3,332,625	\$ 1,853,653	\$ 1,579,223	\$ 2,208,854	\$ 10,448,883	\$ 19,423,238
Payments to suppliers and claimants	(2,781,695)	(1,101,588)	(862,352)	(1,028,963)	(9,551,935)	(15,326,533)
Payments to employees	-	(706,641)	(702,429)	(1,205,313)	-	(2,614,383)
Net cash provided (used) by operating activities	<u>550,930</u>	<u>45,424</u>	<u>14,442</u>	<u>(25,422)</u>	<u>896,948</u>	<u>1,482,322</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Interfund borrowings	(2,379,436)	-	-	-	-	(2,379,436)
Transfers in	14,238	5,494	63,129	66,169	-	149,030
Transfers out	(687,319)	(10,824)	(29,056)	-	-	(727,199)
Net cash provided (used) by noncapital financing activities	<u>(3,052,517)</u>	<u>(5,330)</u>	<u>34,073</u>	<u>66,169</u>	<u>-</u>	<u>(2,957,605)</u>
Net increase (decrease) in cash and cash equivalents	(2,501,587)	40,094	48,515	40,747	896,948	(1,475,283)
Cash and cash equivalents, beginning of year	8,137,373	10,485	75,151	226,974	2,412,312	10,862,295
Cash and cash equivalents, end of year	<u>\$ 5,635,786</u>	<u>\$ 50,579</u>	<u>\$ 123,666</u>	<u>\$ 267,721</u>	<u>\$ 3,309,260</u>	<u>\$ 9,387,012</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>						
Cash and investments	\$ 5,335,786	\$ 50,579	\$ 123,666	\$ 267,721	\$ 3,309,260	\$ 9,087,012
Restricted cash and investments	300,000	-	-	-	-	300,000
CASH AND INVESTMENTS, end of year	<u>\$ 5,635,786</u>	<u>\$ 50,579</u>	<u>\$ 123,666</u>	<u>\$ 267,721</u>	<u>\$ 3,309,260</u>	<u>\$ 9,387,012</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>RECONCILIATION OF OPERATING INCOME</b>						
<b>(LOSS) TO NET CASH PROVIDED (USED)</b>						
<b>BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 812,485	\$ 38,950	\$ 17,287	\$ (42,770)	\$ 910,731	\$ 1,736,683
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	1,740	-	-	-	1,740
OPEB expense	-	(10,037)	(7,187)	(15,408)	-	(32,632)
Pension expense	-	22,405	16,044	34,397	-	72,846
Miscellaneous revenue	106,182	2,089	-	(739)	(13,783)	93,749
Intergovernmental receivable	-	2,088	-	-	-	2,088
Prepaid	(63)	-	-	114,997	-	114,934
Inventories	-	(5,126)	-	-	-	(5,126)
Accounts payable	136,335	(15,352)	(852)	(132,162)	-	(12,031)
Deposits	300	200	-	-	-	500
Accrued salaries and benefits	-	(50)	1,525	2,051	-	3,526
Compensated absences	-	8,517	(12,375)	14,212	-	10,354
Claims liability	(504,309)	-	-	-	-	(504,309)
Total adjustments	(261,555)	6,474	(2,845)	17,348	(13,783)	(254,361)
Net cash provided (used) by operating activities	<u>\$ 550,930</u>	<u>\$ 45,424</u>	<u>\$ 14,442</u>	<u>\$ (25,422)</u>	<u>\$ 896,948</u>	<u>\$ 1,482,322</u>

## STATISTICAL SECTION (UNAUDITED)

This part of the City of Chico's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents:</b>	<b>Page</b>
Financial Trends	100-104
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	105-109
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	110-113
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	114-118
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	119-120
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



**City of Chico, California**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Net investment in capital assets	\$ 310,074	\$ 305,769	\$ 306,134	\$ 311,705	\$ 313,120	\$ 314,106	\$ 311,573	\$ 312,439	\$ 323,203	\$ 323,631
Restricted	64,494	69,526	82,485	89,720	87,015	91,661	94,268	98,771	108,002	116,537
Unrestricted	(43,720)	(11,653)	(3,972)	(92,205)	(82,202)	(77,226)	(77,243)	(70,952)	(56,462)	(51,643)
Total governmental activities net position	<u>\$ 330,848</u>	<u>\$ 363,642</u>	<u>\$ 384,647</u>	<u>\$ 309,220</u>	<u>\$ 317,933</u>	<u>\$ 328,541</u>	<u>\$ 328,599</u>	<u>\$ 340,258</u>	<u>\$ 374,743</u>	<u>\$ 388,525</u>
Business-type activities										
Net investment in capital assets	\$ 114,359	\$ 75,135	\$ 79,617	\$ 85,684	\$ 85,451	\$ 90,874	\$ 94,581	\$ 95,524	\$ 105,603	\$ 114,578
Restricted	3,588	5,230	6,857	8,804	10,641	12,519	14,427	16,369	17,283	32,964
Unrestricted	(990)	12,553	12,621	(743)	1,786	3	4	1,749	5,951	
Total business-type activities net position	<u>\$ 116,957</u>	<u>\$ 92,918</u>	<u>\$ 99,095</u>	<u>\$ 93,745</u>	<u>\$ 97,878</u>	<u>\$ 103,396</u>	<u>\$ 109,012</u>	<u>\$ 113,642</u>	<u>\$ 128,836</u>	<u>\$ 147,542</u>
Primary government										
Net investment in capital assets	\$ 424,433	\$ 380,904	\$ 385,751	\$ 397,389	\$ 398,571	\$ 404,980	\$ 406,155	\$ 407,963	\$ 428,806	\$ 438,209
Restricted	68,082	74,756	89,342	98,524	97,656	104,180	108,695	115,140	125,285	116,538
Unrestricted	(44,710)	900	8,649	(92,948)	(80,416)	(77,223)	(77,243)	(69,203)	(50,511)	(18,679)
Total primary government net position	<u>\$ 447,805</u>	<u>\$ 456,560</u>	<u>\$ 483,742</u>	<u>\$ 402,965</u>	<u>\$ 415,811</u>	<u>\$ 431,936</u>	<u>\$ 437,607</u>	<u>\$ 453,899</u>	<u>\$ 503,579</u>	<u>\$ 536,068</u>

**City of Chico, California**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,341	\$ 2,667	\$ 2,636	\$ 3,218	\$ 3,972	\$ 4,577	\$ 5,059	\$ 5,160	\$ 7,182	\$ 18,655
Public safety	37,436	37,797	34,599	36,709	39,324	41,972	41,214	42,712	45,845	34,361
Public works	18,764	19,555	16,823	18,954	18,530	18,589	19,763	20,062	18,097	17,823
Parks and recreation	3,476	3,531	3,360	3,582	3,388	3,537	3,567	3,849	3,901	3,728
Arts and culture									28	
Community development	4,088	2,575	2,654	2,296	2,588	3,360	2,432	2,207	2,679	8,362
Community agencies	354	323	162	53	99	100	50	2	10	3
Redevelopment	5,187	-	-	-	-	-	-	-	-	-
Interest on long-term debt	2,424	3	3	3	85	80	82	140	46	81
<b>Total governmental activities expenses</b>	<b>74,070</b>	<b>66,451</b>	<b>60,237</b>	<b>64,815</b>	<b>67,986</b>	<b>72,215</b>	<b>72,167</b>	<b>74,131</b>	<b>77,788</b>	<b>83,013</b>
Business-type activities:										
Sewer	10,383	12,161	12,235	11,428	10,986	11,451	12,092	11,867	13,340	11,636
Parking	1,034	1,017	825	714	839	849	1,027	1,333	1,093	948
Private development	1,794	1,993	2,479	2,746	3,001	3,488	3,686	4,099	4,648	4,365
Airport	1,786	2,001	2,263	2,036	1,927	104,180	2,167	2,593	2,044	2,043
Waste management	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	<b>14,997</b>	<b>17,172</b>	<b>17,802</b>	<b>16,924</b>	<b>16,753</b>	<b>119,968</b>	<b>18,972</b>	<b>19,892</b>	<b>21,125</b>	<b>18,992</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	97	-	-	349	188	247	318	1,226	7,721	772
Public safety	1,283	1,139	962	1,163	1,118	1,176	1,395	1,592	5,215	1,212
Public works	1,934	3,439	5,641	8,674	9,462	8,715	8,288	5,894	1,389	11,449
Community development	5,793	2	17	1	94	215	237	16	67	65
Other activities	120	106	155	86	282	4,487	1,338	56	10	4
Operating grants and contributions	13,102	9,297	10,874	11,855	10,752	9,976	8,229	5,537	9,677	9,061
Capital grants and contributions	4,064	3,261	2,235	4,565	2,075	929	3,808	6,714	5,790	8,424
<b>Total governmental activities program revenues</b>	<b>26,393</b>	<b>17,244</b>	<b>19,884</b>	<b>26,693</b>	<b>23,971</b>	<b>25,745</b>	<b>23,612</b>	<b>21,034</b>	<b>29,869</b>	<b>30,987</b>
Business-type activities:										
Charges for services:										
Sewer	10,000	14,857	14,942	16,465	14,333	14,737	13,802	14,788	15,433	18,055
Private development	1,461	2,026	2,470	2,539	3,166	3,906	1,876	2,210	5,061	5,103
Other activities	1,525	1,496	1,506	1,453	1,633	1,745	3,923	4,191	2,110	1,015
Operating grants and contributions	130	318	303	-	270	3,252	2,649	2,266	8,817	-
Capital grants and contributions	10,655	8,713	4,535	7,352	812	1,942	292	77	2,588	11,223
<b>Total business-type activities program revenues</b>	<b>23,771</b>	<b>27,410</b>	<b>23,756</b>	<b>27,809</b>	<b>20,214</b>	<b>25,582</b>	<b>22,543</b>	<b>23,532</b>	<b>34,010</b>	<b>35,396</b>
<b>Total primary government program revenues</b>	<b>50,164</b>	<b>44,654</b>	<b>43,640</b>	<b>54,502</b>	<b>44,185</b>	<b>51,327</b>	<b>46,155</b>	<b>44,567</b>	<b>63,878</b>	<b>75,663</b>
Net (expenses)/revenue										
Governmental activities	(47,677)	(49,207)	(40,353)	(38,122)	(44,015)	(46,470)	(48,555)	(53,097)	(47,920)	(52,027)
Business-type activities	8,774	10,238	5,954	10,885	3,461	(94,385)	3,571	3,641	12,885	16,404
<b>Total primary government net expense</b>	<b>\$ (38,903)</b>	<b>\$ (38,969)</b>	<b>\$ (34,399)</b>	<b>\$ (27,237)</b>	<b>\$ (40,554)</b>	<b>\$ (140,855)</b>	<b>\$ (44,984)</b>	<b>\$ (49,456)</b>	<b>\$ (35,035)</b>	<b>\$ (35,623)</b>

**City of Chico, California**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual bases of accounting)**  
**(amounts expressed in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 25,998	\$ 11,604	\$ 12,327	\$ 13,649	\$ 14,564	\$ 15,169	\$ 15,410	\$ 16,750	\$ 18,616	\$ 19,896
Sales and use tax	12,367	12,783	13,945	14,597	17,320	21,134	21,832	25,173	24,435	28,177
Sales tax in-lieu	4,128	4,261	4,597	4,812	2,589	-	-	-	-	-
Utility users tax	6,655	6,241	6,305	6,203	6,552	6,895	7,052	7,200	7,317	8,119
Other taxes	3,976	4,078	4,324	5,536	4,836	5,200	6,332	7,890	7,507	7,777
Unrestricted grants and contributions	33	2,483	8,576	8,837	5,854	0	1,776	5,627	14,110	2,073
Unrestricted investment earnings	54	168	136	231	250	109	266	1,162	1,568	929
Miscellaneous	200	158	921	155	83	182	588	1,180	714	782
Extraordinary Gain due to dissolution of RDA	70,196	-	-	-	-	-	-	-	-	-
Loss on disposition of capital assets	-	(667)	(118)	(545)	-	-	-	-	-	-
Loans received from private-purpose trust fund	-	6,361	4,100	-	-	-	-	-	-	-
Bonds received from private-purpose trust fund	-	-	6,467	-	-	-	-	-	-	-
Special item	-	-	-	-	-	-	-	-	8,012	-
Transfers	200	(9,729)	(222)	(718)	(601)	(370)	(428)	(195)	125	(1,942)
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	70	149	322	793	812	361
Special item	-	-	-	-	-	-	-	-	1,623	-
Transfers	(200)	9,729	222	718	601	370	428	195	(125)	(1,942)
Total business-type activities	<u>(200)</u>	<u>9,729</u>	<u>222</u>	<u>718</u>	<u>671</u>	<u>519</u>	<u>750</u>	<u>988</u>	<u>2,310</u>	<u>2,303</u>
Total primary government	<u>\$ 123,607</u>	<u>\$ 47,470</u>	<u>\$ 61,580</u>	<u>\$ 53,475</u>	<u>\$ 52,118</u>	<u>\$ 48,838</u>	<u>\$ 750</u>	<u>\$ 65,775</u>	<u>\$ 84,715</u>	<u>\$ 68,113</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 76,129	\$ (11,467)	\$ 21,005	\$ 14,635	\$ 7,432	\$ 10,607	\$ 2,103	\$ 11,663	\$ 34,485	\$ 13,783
Business-type activities	8,574	19,968	6,177	11,603	4,133	8,409	4,321	4,629	15,194	18,706
	<u>\$ 84,703</u>	<u>\$ 8,501</u>	<u>\$ 27,182</u>	<u>\$ 26,235</u>	<u>\$ 11,565</u>	<u>\$ 19,016</u>	<u>\$ 6,423</u>	<u>\$ 16,292</u>	<u>\$ 49,679</u>	<u>\$ 32,489</u>

**City of Chico, California**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<b>Fiscal Year Ending June 30</b>									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>General Fund:</b>										
Nonspendable	\$ 1,088	\$ 554	\$ 52	\$ 236	\$ 243	\$ 224	\$ 235	\$ 64	\$ 67	\$ 175
Restricted	-	-	-	-	-	-	-	1,831	2,229	2,250
Committed	4,262	-	-	988	1,025	2,461	3,650	5,017	12,205	12,329
Assigned	-	-	-	2,980	678	3,837	4,576	5,602	11,236	9,488
Unassigned	-	(8,219)	(2,858)	-	4,643	2,454	3,835	7,770	4,161	15,191
<b>Total General Fund</b>	<u>\$ 5,350</u>	<u>\$ (7,665)</u>	<u>\$ (2,806)</u>	<u>\$ 4,204</u>	<u>\$ 6,589</u>	<u>\$ 8,976</u>	<u>\$ 12,296</u>	<u>\$ 20,284</u>	<u>\$ 29,898</u>	<u>\$ 39,433</u>
<b>All other Governmental funds:</b>										
Nonspendable	\$ 56,356 <sup>2</sup>	\$ 3,008	\$ 1,841	\$ 757	\$ 55	\$ 41	\$ -	\$ 5	\$ 152	\$ -
Restricted	5,411 <sup>2</sup>	70,020	82,397	84,034	87,431	92,390	94,714	99,757 <sup>3</sup>	109,407 <sup>3</sup>	114,419
Committed	2,924	-	-	-	-	-	3,650	-	-	-
Assigned	-	848	2,871	4,263	4,429	4,926	9,233	4,232	4,305	5,951
Unassigned	(2,333)	(7,871)	(4,985)	(4,413)	(3,527)	(6,560)	(1,416)	(2,594)	(1,519)	(834)
<b>Total other Governmental Funds</b>	<u>\$ 62,359</u>	<u>\$ 66,005</u>	<u>\$ 82,124</u>	<u>\$ 84,641</u>	<u>\$ 88,388</u>	<u>\$ 90,797</u>	<u>\$ 106,180</u>	<u>\$ 101,399</u>	<u>\$ 112,345</u>	<u>\$ 119,536</u>

(a) The City implemented GASB Statement No. 54 in the fiscal year ended June 30, 2011.

1 Changes were due primarily to the reclassification of the Redevelopment Agency Fund (blended component unit) to a

Major Special Revenue Fund in the City's Annual Comprehensive Financial Report.

2 Changes were due primarily to the reclassification of loans receivable previously reported as nonspendable but now reported as restricted fund balance.

3 Changes were due reclassification of individual Public Facilities Impact Fees to one fund.

**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>										
Property taxes	\$ 25,991	\$ 11,589	\$ 12,311	\$ 13,649	\$ 14,564	\$ 15,169	\$ 15,410	\$ 16,750	\$ 18,616	\$ 19,896
Sales and use taxes	16,502	17,044	18,542	19,408	19,908	21,134	21,832	25,174	24,435	28,177
Other taxes	10,517	10,198	10,509	11,739	11,389	12,095	13,383	15,089	14,824	15,896
Licenses and permits	121	136	133	131	108	91	147	139	91	91
Intergovernmental	15,993	10,831	12,215	14,951	12,817	10,137	11,261	15,450	14,472	18,025
Charges for services	7,327	3,118	5,619	7,994	6,875	9,083	8,811	6,118	13,119	11,758
Fines, forfeitures, and penalties	882	776	743	854	777	840	806	904	731	492
Use of money and property	502	426	361	528	728	814	989	1,834	2,161	1,682
Miscellaneous	414	360	1,138	247	216	524	348	1,180	714	782
Total revenues	<u>78,249</u>	<u>54,478</u>	<u>61,571</u>	<u>69,501</u>	<u>67,382</u>	<u>69,887</u>	<u>72,987</u>	<u>82,638</u>	<u>89,163</u>	<u>96,796</u>
<b>Expenditures</b>										
General government	1,762	2,278	2,232	2,397	3,692	4,265	4,615	4,456	5,636	5,764
Public safety	35,085	35,332	32,853	34,203	37,820	37,896	37,554	39,528	40,552	42,189
Public works	9,248	9,794	7,652	9,119	9,219	9,639	9,982	10,041	8,026	8,300
Parks and recreation	2,916	3,044	2,883	2,976	3,074	3,153	3,022	3,312	3,275	3,344
Arts and culture	-	-	-	-	-	-	-	27	28	-
Community development	4,050	2,468	2,589	2,228	2,657	3,189	2,393	2,131	2,501	8,344
Community agencies	350	323	162	53	99	100	50	2	10	4
Redevelopment	5,312	-	-	-	-	-	-	-	-	-
Contribution to other governments	-	-	-	-	-	-	-	-	-	-
Capital outlay	6,941	4,357	2,581	8,290	7,427	6,793	7,153	7,897	8,537	10,153
Principal retirement	2,793	-	-	-	279	384	381	392	512	528
Interest and fiscal charges	3,726	3	3	3	85	80	82	90	96	81
Total expenditures	<u>72,183</u>	<u>57,600</u>	<u>50,956</u>	<u>59,269</u>	<u>64,352</u>	<u>65,498</u>	<u>65,232</u>	<u>67,875</u>	<u>69,174</u>	<u>78,706</u>
Excess of revenues over (under) expenditures	6,066	(3,122)	10,616	10,232	3,030	4,389	138,219	14,763	19,989	18,090
<b>Other financing sources (uses)</b>										
Transfers in	5,834	6,424	5,864	5,038	5,620	4,692	4,624	6,596	5,909	7,561
Transfers out	(5,613)	(16,306)	(6,069)	(5,742)	(5,651)	(4,754)	(5,737)	(6,962)	(5,338)	(8,925)
Capital leases	-	-	-	-	3,132	473	-	870	-	-
Issuance of long-term debt	554	-	-	-	-	-	-	-	-	-
Extraordinary gain due to dissolution of RDA	41,849	-	-	-	-	-	-	-	-	-
Extraordinary loss due to dissolution of RDA	(79,156)	-	-	-	-	-	-	-	-	-
Loans received from private-purpose trust fund	-	6,361	4,100	-	-	-	-	-	-	-
Bond Proceeds from private purpose trust fund	-	-	6,467	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(36,532)</u>	<u>(3,521)</u>	<u>10,362</u>	<u>(704)</u>	<u>3,101</u>	<u>411</u>	<u>(1,113)</u>	<u>505</u>	<u>571</u>	<u>(1,364)</u>
Net change in fund balance	<u>\$ (30,466)</u>	<u>\$ (6,643)</u>	<u>\$ 20,977</u>	<u>\$ 9,528</u>	<u>\$ 6,131</u>	<u>\$ 4,799</u>	<u>\$ 137,106</u>	<u>\$ 15,267</u>	<u>\$ 20,560</u>	<u>\$ 16,726</u>
Debt service as a percentage of noncapital expenditures	10%	0%	0%	0%	1%	1%	1%	1%	1%	1%

1 - Decrease in debt service as a percentage of noncapital expenditures is due to the reclassification of loans into the City's Sewer Fund.

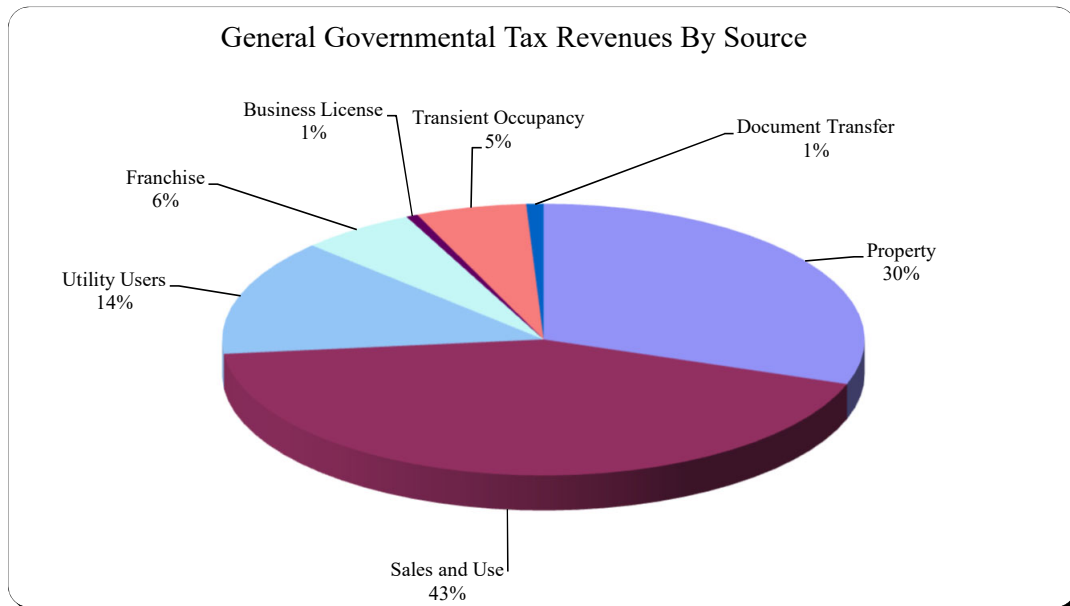
**City of Chico, California**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property	Sales and Use	Utility Users	Other Taxes				Total
				Franchise	Business License	Transient Occupancy	Document Transfer	
2012 (1)	25,991	16,502	6,655	1,293	515	1,970	197	53,123
2013 (2)	11,589	17,044	6,241	1,480	319	2,049	230	38,952
2014	12,311	18,542	6,305	1,548	311	2,219	245	41,481
2015	13,649	19,409	6,203	2,927	304	2,362	288	45,142
2016	14,564	19,909	6,553	1,877	295	2,522	312	46,032
2017	15,169	21,134	6,895	1,998	298	2,712	386	48,592
2018	15,410	21,832	7,052	2,943	296	2,835	441	50,810
2019	16,750	25,174	7,200	3,441	326	3,569	531	56,990
2020	18,616	24,435	7,317	3,737	292	3,000	454	57,851
2021	19,896	28,177	7,360	3,429	386	2,747	532	62,526

Notes: General Governmental Revenues includes General, Special Revenue, Debt Service and Capital Projects Funds.

- (1) Decrease was due to the dissolution of the City Redevelopment Agency on January 31, 2012
- (2) Decrease was due to the first full year subsequent to the dissolution of the City Redevelopment Agency

Source: City of Chico, Finance Department.



**City of Chico, California**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

**City of Chico**

<b>Fiscal Year</b>	<b>Secured Roll</b>	<b>Utility Roll</b>	<b>Unsecured Roll</b>	<b>Gross Assessed Value</b>	<b>Less Exemptions</b>	<b>Net Assessed Value</b>	<b>Total Direct Tax Rate %</b>
2012	7,140,144	969	485,354	7,626,467	623,104	7,003,363	1.0000
2013	7,051,026	969	474,665	7,526,660	674,431	6,852,229	1.0000
2014	7,300,487	969	474,173	7,775,629	740,734	7,034,895	1.0000
2015	7,506,597	766	496,210	8,003,573	660,197	7,343,376	1.0000
2016	7,974,709	766	497,516	8,472,991	703,805	7,769,186	1.0000
2017	8,334,966	766	527,595	8,863,327	738,780	8,124,547	1.0000
2018	8,805,532	662	560,997	9,367,191	768,498	8,598,694	1.0000
2019	9,336,796	1,057	579,295	9,917,149	803,824	9,113,324	1.0000
2020	9,319,927	527	571,141	9,891,595	1,041,111	9,891,594	1.0000
2021	10,752,282	527	654,294	11,407,103	854,124	10,552,979	1.0000

Source: Butte County Auditor/Controller's Office.

**City of Chico, California**  
**Property Tax Rates - Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of Chico			Overlapping Rates		Total Direct and Overlapping Rates %
	Basic Countywide Levy %	City %	Total Direct Tax Rate %	Chico Unified School District % (1)	Butte College % (2)	
2011	1.00	0.00	1.00	0.0415	0.0209	1.0624
2012	1.00	0.00	1.00	0.0211	0.0209	1.0420
2014	1.00	0.00	1.00	0.0401	0.0209	1.0610
2015	1.00	0.00	1.00	0.0451	0.0209	1.0660
2016	1.00	0.00	1.00	0.0291	0.0209	1.0500
2017	1.00	0.00	1.00	0.0817	0.0466	1.1283
2018	1.00	0.00	1.00	0.0874	0.0413	1.1287
2019	1.00	0.00	1.00	0.0616	0.0413	1.1029
2021	1.00	0.00	1.00	0.0843	0.0414	1.1256

On June 6, 1978, California voters approved an amendment to the Article XIII A of the California Constitution. The amendment, commonly known as Proposition 13, limits the taxing power of California public agencies. The California Legislature enacted legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) providing that local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted of \$1.00 per 100 of full assessed value.

- (1) Chico Unified School District: 1998 Series B, 2012 Chico Refunding and 2012 Measure E Series A.
- (2) Butte-Glenn Community College District: General obligation bonds, Refunded Series A and B, and Series B and C.

Source: Butte County Auditor/Controller's Office.



**City of Chico, California**  
**Principal Secured Property Taxpayers**  
**June 30, 2021**  
**Current Year and Nine Years Ago**  
**(amounts expressed in thousands)**

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Sierra Nevada Brewing Company	\$ 102,400	1	0.98	24,017	4	0.38
Merle A Webb and Sons LP	93,884	2	0.90			-
Amcal Chico LLC	58,376	3	0.56			-
MP Core Chico LLC	58,315	4	0.56			-
Chico Crossroads LP	43,322	5	0.42	28,914	2	0.46
North Chico LLC	41,384	6	0.40			-
Comcast	38,717	7	0.37			-
ECP TPB1 LLC	33,249	8	0.32			-
Chico Senior Living LP	31,950	9	0.31			-
Air Spray USA Inc	30,828	10	0.30			-
Chico Mall LP				\$ 55,583	1	0.88
Carwood Skypark LLC				24,535	3	0.39
California Water Service				23,181	5	0.37
Costco Wholesale				19,608	6	0.31
Evergreen Orchard LLC				18,541	7	0.29
Lowe's HIW				15,154	8	0.24
Gregory L. and Joan R. Webb				14,334	9	0.23
Walmart Real Estate Business Trust				14,047	10	0.22
Largest Secured Property Valuation	532,428			237,912		
Other Secured Taxpayers	9,896,278			6,064,619		
<b>Total Secured Property Valuation - Net of Exemptions</b>	<b>\$ 10,428,706</b>		<b>100.00%</b>	<b>\$ 6,302,531</b>		<b>100.00%</b>

Source: Butte County Auditor/Controller's Office.  
HdL's " 2017/18 Top Property Taxpayers - Secured."  
2009 Comprehensive Annual Financial Report Statistics Table 8

**City of Chico, California**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

Fiscal Year	Total Tax Levy		Percent of Levy			Total Tax Collections	Percent of Total Collections to Tax Levy
			Current Tax Collections	Collected (1)	Delinquent Tax Collections		
2012	\$ 25,991	(2)	\$ 25,991	100	-	25,991	100
2013	\$ 11,589	(3)	\$ 11,589	100	-	11,589	100
2014	\$ 12,311		\$ 12,311	100	-	12,311	100
2015	\$ 13,649		\$ 13,649	100	-	13,649	100
2016	\$ 14,564		\$ 14,564	100	-	14,564	100
2017	\$ 15,169		\$ 15,169	100	-	15,169	100
2018	\$ 15,410		\$ 15,410	100	-	15,410	100
2019	\$ 16,750		\$ 16,750	100	-	16,750	100
2020	\$ 18,616		\$ 18,616	100	-	18,616	100
2021	\$ 19,896		\$ 19,896	100	-	19,896	100

Source: Butte County Auditor/Controller's Office.  
City of Chico, Finance Department.

Note: Amounts shown are net of property tax administration fee. The amounts presented include City property taxes and former Chico Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and former Chico Redevelopment Agency that were passed through to other taxing agencies.

- (1) The City participates in the County "Teeter Plan" method of property tax distribution. Under the Teeter Plan, the County remits property taxes and assessments to the City based on levy, not on collections.
- (2) Tax levy decreased substantially in 2012 due to the dissolution of the City's Redevelopment Agency on January 31, 2012. Included tax increment for the first half of the fiscal year.
- (3) Tax levy decreased substantially in 2013 due to the dissolution of the City's Redevelopment Agency on January 31, 2012. No tax increment in the fiscal year.

**City of Chico, California**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands, except percentage of personal income)**

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>Revenue Bonds</b>	<b>Loans</b>	<b>Capital Leases</b>	<b>Revenue Bonds</b>	<b>Loans</b>			
2012	-	46,364	-	-	13,072	59,436	0.81	679
2013	-	-	-	-	55,746	55,746	0.76	636
2014	-	-	-	-	51,966	51,966	0.66	588
2015	-	-	-	-	48,093	48,093	0.58	537
2016	-	-	2,852	-	-	2,851	0.03	31
2017	-	-	2,568	-	40,063	42,631	0.47	457
2018	-	-	2,559	-	-	2,559	0.03	23
2019	-	-	3,038	-	31,635	34,673	0.35	314
2020	-	-	2,526	-	27,266	29,792	0.29	323
2021	-	-	1,998	-	31,635	33,633	0.32	364

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Revenue bonds are no longer an obligation of the City's, but rather of the Successor Agency to the Chico Redevelopment Agency due to the dissolution of the City Redevelopment Agency on January 31, 2012.

In 2013, existing loans were moved from Governmental Activities to Business-Type Activities to more accurately reflect the Funds responsible for the debt.

Source: City of Chico, Finance Department.  
U.S. Census Bureau.  
State of California, Department of Finance, Demographic Research Unit.

**City of Chico, California**  
**Direct and Overlapping Government Activities Debt**  
**June 30, 2021**  
**(amounts expressed in thousands)**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City *	City Share of Debt
Overlapping Debt Repaid with Property Tax:			
Chico Unified School District	\$ 159,750	75.58%	\$ 120,732
Butte-Glenn Community College District	136,445	45.87%	<u>62,590</u>
Subtotal, overlapping debt			183,322
City of Chico direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 183,322</u></u>

\* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the city's taxable assessed value and dividing it by the Chico Unified School District's and Butte-Glenn Community College District's taxable assessed value.

Chico Unified School District.  
Butte Community College.

**City of Chico, California**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Assessed Valuation (less other exemptions)	\$ 7,003,363	\$ 6,852,229	\$ 7,034,895	\$ 7,343,376	\$ 7,769,186	\$ 8,124,547	\$ 8,598,694	\$ 9,113,324	\$ 9,891,594	\$ 10,552,979
Debt Limit - 15 Percent of Assessed Valuation (1)	\$ 1,050,504	\$ 1,027,834	\$ 1,055,234	\$ 1,101,506	\$ 1,165,378	\$ 1,218,682	\$ 1,289,804	\$ 1,366,999	\$ 1,483,739	\$ 1,582,947
Amount of Debt Applicable to Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,050,504	\$ 1,027,834	\$ 1,055,234	\$ 1,101,506	\$ 1,165,378	\$ 1,218,682	\$ 1,289,804	\$ 1,366,999	\$ 1,483,739	\$ 1,582,947
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Butte County Auditor/Controller's Office.

(1) Section 43605 of the California Government Code provides that:

"A city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15 percent of the assessed value of all real and personal property of the city. Within the meaning of this section 'indebtedness' means bonded indebtedness of the city payable from the proceeds of taxes levied upon taxable property in the city."

**City of Chico, California  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

Fiscal Year	Parking Fund Bond (1)					Tax Allocation Bonds (2)		
	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service	% Coverage	Tax Increment	Debt Service Interest	% Coverage
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-

Source: City of Chico, Finance Department.

Note: (1) 1994 Parking Revenue Bonds:  
 - Operating Expenses exclude Depreciation and one-time non-recurring items.  
 - Parking Bonds were retired in August 2009.

(2) 2001, 2005 and 2007 Tax Allocation Bonds. Bonds were no longer an obligation of the City due to the dissolution of the Chico Redevelopment Agency on January 31, 2012.

**City of Chico, California  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>City of Chico</b>		<b>Chico Metropolitan Statistical Area</b>			
	<b>City of Chico Population (1)</b>	<b>City of Chico Unemploy- ment Rate (3)</b>	<b>Butte County Population (1)</b>	<b>Butte County Personal Income (thousands of dollars) (2)</b>	<b>Butte County Per Capita Personal Income (2)</b>	<b>Butte County Unemploy- ment Rate (3)</b>
2012	87,500	11.5	221,273	7,372,059	33,317	12.3
2013	87,671	9.3	221,485	7,347,286	33,173	10.0
2014	88,389	7.5	222,316	7,907,991	35,571	8.1
2015	89,634	5.7	224,323	8,250,752	36,781	6.9
2016	92,464	5.6	224,601	8,298,110	36,946	6.7
2017	93,383	5.3	226,404	9,009,925	39,796	6.3
2018	92,348	4.1	227,621	9,465,874	41,586	4.7
2019	112,111	3.6	226,466	9,925,500	43,828	5.0
2020	110,326	9.2	210,291	10,255,376	48,768	9.0
2021	111,490	4.5	202,669	10,490,209	51,760	5.0

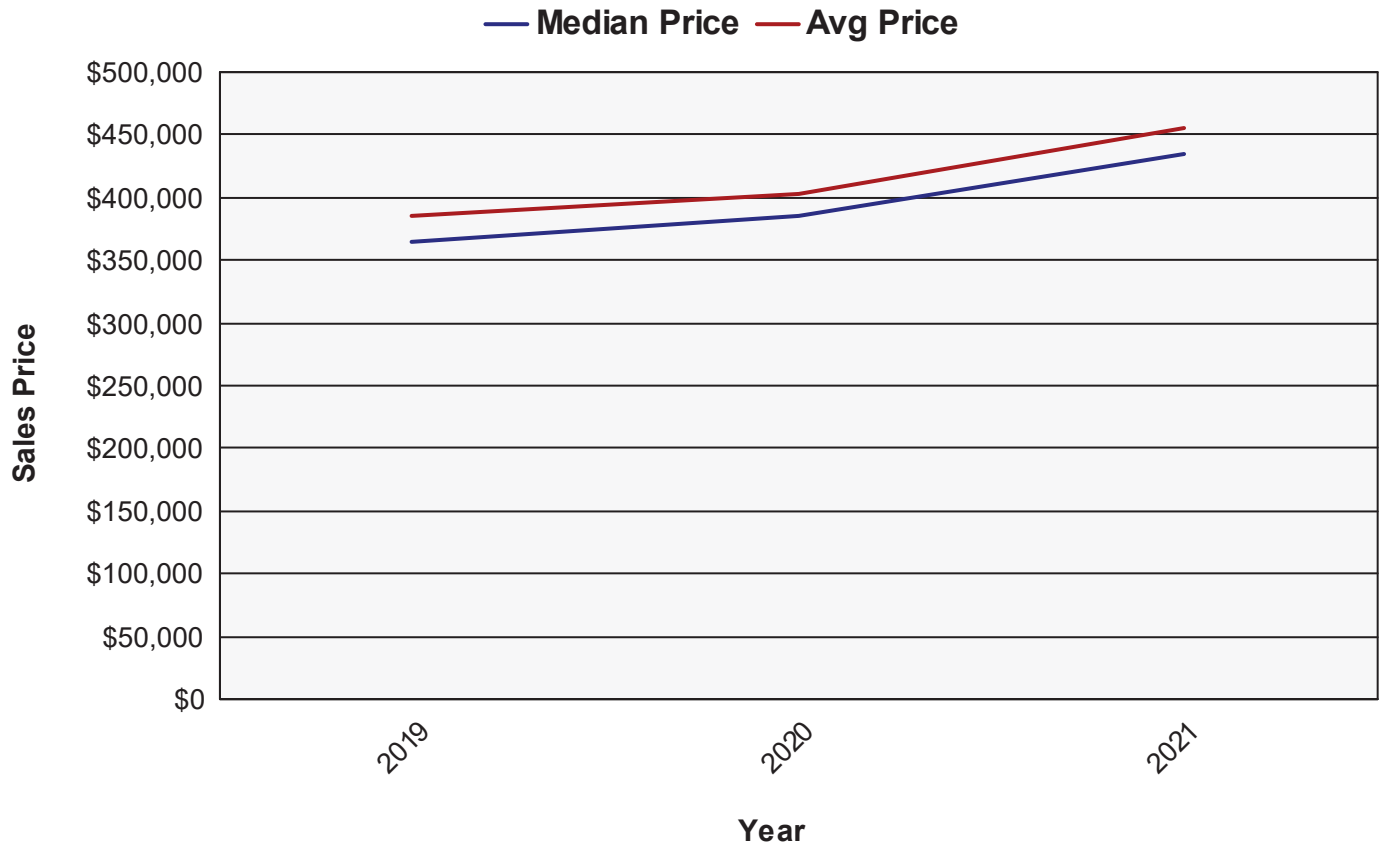
- (1) Source: State of California, Department of Finance, Demographic Research Unit.  
(2) Source: U.S. Department of Commerce - Bureau of Economic Analysis.  
(3) Source: Employment Development Department - Labor Market Information.

# THE CITY OF CHICO

## SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2019 - 7/31/2021)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2019	1,519	\$384,723	\$365,000	
2020	1,327	\$402,136	\$385,000	5.48%
2021	777	\$456,122	\$434,000	12.73%



\*Sales not included in the analysis are quitclaim deeds, trust transfers, timeshares, and partial sales.

Data Source: Butte County Recorder

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

Prepared On 9/17/2021 By MV



**City of Chico, California  
Principal Employers  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2020<sup>1</sup></u>			<u>2011<sup>2</sup></u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Enloe Medical Center	3,563	1	8.69%	2,275	1	5.10%
Chico Unified School District	1,494	2	3.64	1,400	3	3.14
California State University, Chico	1,106	3	2.70	1,825	2	4.09
Build.com	543	4	0.01			-
Sierra Nevada Brewery	485	5	1.18	325	6	0.73
United Health Care	425	6	0.01			-
City of Chico	369	7	0.90	402	4	0.90
Costco	350	8	0.85			-
Walmart	276	9	0.67	400	5	0.90
Lulu's Fashion Lounge	217	10	0.01			-
Sun Gard Bi-Tech			-	200	7	0.45
Aero Union Corporation			-	175	8	0.39
Chico Enterprise Record			-	150	9	0.34
Smuckers			-	125	10	0.28
<b>Total</b>	<b>8,828</b>		<b>21.53%</b>	<b>7,277</b>		<b>16.31%</b>

<sup>1</sup> No current data available for this statistic, therefore 2020 statistics are carried forward from 2019 except for City of Chico, which represents the actual 2020 amount.

<sup>2</sup> No current data available for this statistic, therefore 2011 statistics are carried from the Fiscal Year 2010 except the City of Chico, which represents the actual 2011 amount. All numbers are estimates except the City of Chico amounts.

Source: City of Chico staff.

City of Chico  
Taxable Sales by Category  
Last Ten Calendar Years  
(in thousands of dollars)  
Adjusted for Economic Data

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Apparel Stores	\$ 78,859	\$ 81,714	\$ 86,262	\$ 89,553	\$ 99,791	\$ 107,632	\$ 119,571	\$ 133,751	\$ 144,199	\$ 95,320
General Merchandise	253,650	255,407	253,744	256,841	260,410	258,559	264,131	272,557	283,108	255,297
Food Stores	66,577	69,397	69,032	70,633	70,758	72,465	73,581	76,863	82,268	89,689
Eating and Drinking Places	174,593	185,980	195,278	208,922	224,799	233,119	243,192	259,328	278,607	206,213
Building Materials	188,695	218,756	249,603	267,063	309,780	323,989	357,967	393,836	445,204	533,382
Auto Dealers and Supplies	162,485	179,016	197,372	216,129	237,427	249,327	268,474	279,649	284,736	280,835
Service Stations	148,345	158,714	152,012	148,133	121,206	104,258	118,721	140,011	156,977	98,756
Other Retail Stores	269,391	273,413	287,590	300,556	312,590	313,409	320,049	341,029	368,931	331,445
All Other Outlets	350,407	377,501	413,463	432,285	466,943	491,931	530,656	549,144	682,831	729,804
Total	<u>\$ 1,693,001</u>	<u>\$ 1,799,897</u>	<u>\$ 1,904,356</u>	<u>\$ 1,990,114</u>	<u>\$ 2,103,703</u>	<u>\$ 2,154,686</u>	<u>\$ 2,296,342</u>	<u>\$ 2,446,169</u>	<u>\$ 2,726,862</u>	<u>\$ 2,620,741</u>

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

**City of Chico, California**  
**Full-time and Part-time City of Chico Employees by Function**  
**Last Ten Fiscal Years**

Function	Full-time and Part-time Employees									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General government	45	42	29	29	31	30	30	31	31	37
Public safety										
Police	4 148 <sup>4</sup>	143 <sup>4</sup>	131 <sup>4</sup>	136 <sup>4</sup>	143 <sup>4</sup>	143 <sup>4</sup>	148 <sup>4</sup>	153 <sup>4</sup>	154 <sup>4</sup>	157
Fire	70	67	74	74	74	59	59	59	60	62
Public works	59	67 <sup>2</sup>	69	69	72	73	73	76	81	87
Parks and recreation	21	21	12	13	13	14	14	13	14	18
Community development	1 8 <sup>1</sup>	36 <sup>3</sup>	20	21	22	22	22	24	27	30
Sewer	16	0	0	0	0	0	0	0	0	0
Parking	2	0	0	0	0	0	0	0	0	0
Private development	24	0	0	0	0	0	0	0	0	0
Airport	0	0	0	0	0	2	0	0	2	2
<b>Total</b>	<b>393</b>	<b>376</b>	<b>334</b>	<b>342</b>	<b>355</b>	<b>343</b>	<b>346</b>	<b>356</b>	<b>369</b>	<b>393</b>

Note: Numbers shown reflect budgeted Full-Time Equivalent positions. Budget to actuals variance at any time is immaterial. The number of employees may not agree with the Principal Employers table due to timing and methodology differences. Employees per function are rounded to the nearest

- 1 - Represents a reclassification of three positions from Private Development to Community Development in Fiscal Year 2011-12.
- 2 - Functions for Sewer and Parking were moved to Public works in Fiscal Year 2012-13.
- 3 - Functions for Private development were moved to Community development in Fiscal Year 2012-13.
- 4 - Full Time (Contractual Services) for the Animal Shelter employees are not included.

Source: City of Chico, Annual Budgets.

**City of Chico, California  
Operating Indicators by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b>Fiscal Year <u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Police										
Calls for service*	129,790	132,143	132,030	126,577	131,077	135,013	126,669	128,699	129,340	112,423
Arrests*	5,272	4,762	4,965	5,150	4,696	6,243	7,120	9,386	9,280	5,671
Fire										
Service calls answered*	789	827	883	851	969	929	1,026	1,037	1,134	1,312
Medical emergencies*	8,498	8,969	8,919	9,390	9,696	9,537	8,751	8,428	5,365	4,868
Public works										
Street resurfacing (tons of asphalt)	683	1,070	491	1,092	1,196	1,401	550	323	575	627
Community development										
Annexation activity (net acreage)*	16,252	16,252	16,252	16,278	16,280	16,288	16,376	16,385	16,798	17,003
Code violation notices issued	260	355	361	434	441	175	214	120	462 <sup>2</sup>	123
Sewer										
Maximum daily treatment capacity (million gallons)	12	12	12	12	12	12	12	12	12	12
Parking										
Parking meter repairs	765	769	1,090	1,366	573 <sup>3</sup>	624	819	620	846	830
Private development										
Residential building permits*	117	211	226	242	317	306	401	348	311 <sup>4</sup>	335
Commercial building permits*	52	51	64	87	81	88	118	125	33 <sup>4</sup>	31
Airport										
Passengers per year (loading/unloading) <sup>1</sup>	41,832 <sup>1</sup>	37,813 <sup>1</sup>	39,246 <sup>1</sup>	16,825 <sup>1</sup>	0	0	0	0	0	0

The City of Chico's transit operations transferred over to Butte County Association of Governments (BCAG) July 1, 2005; therefore, the City of Chico has no transit operating indicators from 2006 through the present.

Note: Indicators are not available for general government, parks and recreation, community agencies,

Source: City of Chico departments.

1 - Represents passengers through December 2, 2014. Commercial air service terminated in its

2 - Represents actual letter notices generated and sent. This amount does not reflect the verbal

3 - Number of meter repairs is significantly lower due to transition to smart meters. It is anticipated to return to normal levels in future years.

4 - New Permit system - data tracked by calendar year.

\* These statistics only available on a calendar year basis.

**City of Chico, California**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Fiscal Year</b>									
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
<b>Police</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	24	24	24	24	25	25	25	28	33	33
<b>Fire</b>										
Fire stations	6	6	6	6	6	4	4	4	4	4
Fire hydrants*	3,299	3,322	3,357	3,834	3896	4030	4042	4,148	4,136	4,200
<b>Public works</b>										
Street (miles)**	257.9	258.3	289.2	296.3	293.8	300	300.8	303.7	312.2	318.4
Traffic signals	99	99	100	101	102	102	103	103	103	104
<b>Parks and recreation</b>										
Park acreage***	3751.2	3751.2	3679.0	3679.0	3836.0	3836.0	3836.0	3744.0	3744.0	3744.0
Sanitary sewer (miles)	213.4	213.8	214.6	216.2	217.3	219.32	220.33	221.97	226.64	222.62
Storm sewer (miles)	222.4	222.8	223.4	225.6	226.67	228.4	229.33	230.94	235.55	236.27
Parking lots	5	5	5	5	5	5	5	5	5	5
Parking structures	1	1	1	1	1	1	1	1	1	2
<b>Airport</b>										
Runway lengths 13L/31R (feet)	6724	6724	6724	6724	6724	6724	6724	6724	6724	6724
Runway lengths 13R/31L (feet)	3005	3005	3005	3000	3000	3000	3000	3000	3000	3000

The City of Chico's transit operations transferred over to Butte County Association of Governments (BCAG) July 1, 2005; therefore, the City of Chico has no transit Capital Asset indicators from 2006 to present.

Note: Indicators are not available for general government, community development, community agencies, redevelopment, private development and waste management functions.

Source: Various City of Chico departments.

\*Data available for calendar year only.

\*\* Based on inventory performed for City's Pavement Management Plan (no longer includes Upper Park Rd graded section) (2016).

\*\*\*Does not include greenways, open space or preserves.