

CITY OF CHICO

Chico, California



Comprehensive Annual Financial Report

Year Ended June 30, 2020

Prepared by:

Chico Finance Department

CITY OF CHICO, CALIFORNIA

June 30, 2020

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ADMINISTRATIVE
SERVICES DEPARTMENT

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P.O. Box 3420 Fax (530) 895-4656
Chico, CA 95927 <http://www.ci.chico.ca.us>

December 4, 2020

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 Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020. The Administrative Services Department publishes the CAFR 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, 2020, 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 110,326.

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 17,000 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, 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 City Council also governs the Chico Parking Authority. This agency is reported as a blended component unit in the attached financial statements. In addition, two members of the City Council serve on the board of the Chico Urban Area Joint Powers Financing Authority, which provides services exclusively to the City and thus is reported as a discretely presented component unit.

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 category level.

COVID-19

The outbreak of coronavirus disease (COVID-19) has been declared a pandemic by the World Health Organization. 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. In March, the Governor signed an Executive Order requiring the shut-down of all non-essential business and mandated that all employees, other than essential workers, remain at home.

The sudden cessation of business activity, travel and tourism resulting from the pandemic, and the government's response to it, had a devastating impact on the retail and hospitality sectors in Chico. Many restaurants and retail businesses closed, and the hotel occupancy rate dropped.

The unemployment rate has climbed from 5% as of June 30, 2019 to 9% as of June 30, 2020.

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 and the housing market.

During the fiscal year, 346 residential building permits were issued along with 13 commercial building permits. This continues the strong building market that occurred during the year ended June 2019, when 348 residential building and 125 commercial building permits were issued.

While there are clearly positive indications that the local economy is moving forward, the lingering question is whether or not the level of economic growth is sufficient to provide the revenue necessary to meet increasing City costs. The City will continue to partner with the private sector in order to further economic development and find new ways to attract businesses as well as finding new ways to provide City services more effectively and efficiently.

The influence of the local economy impacts, including COVID-19, are evidenced by the following key City revenue sources as discussed below:

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 during the quarter ending June 30, 2020:

INDUSTRY	PERCENTAGE CHANGES
AUTOS AND TRANSPORTATION	-7%
BUILDING AND CONSTRUCTION	15%
BUSINESS AND INDUSTRY	-10%
FOOD AND DRUGS	6%
GENERAL CONSUMER GOODS	-30%
RESTAURANTS AND HOTELS	-37%

Transient Occupancy Tax

In the fiscal year ending June 30, 2019, the Camp Fire resulted in the hotels being full for many months following the fire. That resulted in additional transient occupancy tax to the City. For the fiscal year ending June 30, 2020, many of the Camp Fire survivors found permanent housing and no longer required hotel stays. The combination of Camp Fire survivors finding permanent housing and the effects of COVID-19 travel restrictions caused a reduction in transient occupancy tax.

Property Tax

Property tax revenue, which accounts for almost 30% of all General Fund revenue, increased 11% from the prior year. Current secured property taxes increased as a result of increases in property values, annexations and the completion of some large apartment complexes. The local housing market is experiencing increased growth in construction of new homes and increased growth in the resale of existing homes. It is indicated that the current level of growth will continue into the next year. Residual property tax revenue occurred 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 10%.

Long-term Financial Planning

The largest financial challenge the City of Chico faces is the pending increases in the CalPERS retirement contributions. Current projections from CalPERS estimate that our annual unfunded actuarial liability payments will increase from approximately \$10,000,000 in 2019-20 to \$15,000,000 in 2029-30. These increases exceed projected City revenue growth during that time frame. As such, City management is actively working with CalPERS to mitigate these large increases, but is also focusing on what can be done locally to tackle this challenge. Starting in August 2018, the City created and began funding a Pension Stabilization Trust to help fund future unfunded actuarial liability payments.

In light of the CalPERS retirement contribution increases, City management will continue to present Council with conservative budgets that provide consideration of City cash flows and plan for the continued pension contributions.

Relevant Financial Policies

The City Council has adopted several fiscal policies (See Appendix C-9 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, 2020.
- **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, 2020.
- **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, 2020 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 \$2,176,205 as of June 30, 2020.

The Future

The City must look to the future in determining how to prepare and respond to the needs and realities facing many local governments in California. Specifically, the projected pensions costs and increasing need to invest in capital infrastructure is expected to majorly impact services in most California cities, including the City of Chico.

Since 2013-14, the City has been resolute and successful in turning the City from certain demise. However today, we see the impending impact coming from rising pension costs and aging infrastructure. Thus, the City is focusing on making decisions today that are intended to strengthen its ability to deal with the issues of tomorrow. The City continues to make strategic investments in technology to improve reliability and longevity of critical systems and invest in capital replacement funds. At the department level, each department director continues to re-evaluate operations to ensure the City is focusing on the value-added activities that are necessary while eliminating waste, delay, and duplication of efforts.

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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the sixteenth 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

Ann Schwab, Mayor

Alex Brown, Vice-Mayor

Scott Huber, Councilmember

Sean Morgan, Councilmember

Karl Ory, Councilmember

Kasey Reynolds, Councilmember

Randall Stone, Councilmember

Mark Orme
City Manager

Chris Constantin
Assistant City Manager

Andrew Jared
City Attorney

Debbie Presson
City Clerk

Scott Dowell
Administrative Services Director

Steve Standridge
Fire Chief

Matt Madden
Chief of Police

Brendan Ottoboni
*Public Works Director-
Engineering*

Brendan Vieg
Community Development Director

Erik Gustafson
*Public Works Director-
Operations & Maintenance*



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

**Assistant City
Manager**

**Administrative
Services**

**Community
Development**

Fire

Police

Public Works



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chico
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020, 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, 2020, 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 4, 2020 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 4, 2020

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Management's Discussion and Analysis

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, 2020. 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, 2020 of \$503,578,544 (*net position*). Of this amount, \$428,805,562 is the *net investment in capital assets*.
- As of June 30, 2020, the City's governmental funds reported combined fund balances of \$142,242,670 an increase of \$20,559,971 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned and unassigned fund balance*. *Restricted* fund balances totaled \$111,636,338. *Committed* fund balances totaled \$12,204,522. *Assigned* fund balances totaled \$15,541,344 while *unassigned* fund balance reported a fund balance of \$2,641,583.
- At June 30, 2020, the General Fund had a fund balance of \$29,897,333, an increase of \$9,613,479 from June 30, 2019.
- In March of 2020, the Governor of the State of California issued an emergency order declaring a state of emergency as a result of a global pandemic related to COVID-19. As a result, the City and its residents felt the financial and economic affects in addition to the health and welfare effects of the pandemic. It is estimated the City of Chico may have lost over \$3,700,000 in General Fund revenues under original projected revenues due to the pandemic. To counter these revenue losses, City management enacted a temporary hiring freeze, terminated temporary and season employees and adopted a 2020-2021 budget using a rollover budget from the 2019-2020 approved budget to reduce costs.

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

Management's Discussion and Analysis

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.

Component units are included in our basic financial statements and consists of legally separate entities for which the City is financially accountable or receives a financial benefit. The City has two component units – Chico Parking Authority and the Chico Urban Area Joint Powers Financing Authority. Based on the criteria of generally accepted accounting principles, the Chico Parking Authority is blended into the City's basic financial statements. The Parking Authority is substantially the same as the governing body of the City. The blended component unit is an integral part of the City's operations provides operational and capital benefits to the City. The Chico Urban Area Joint Powers Financing Authority's governing board is composed of two members of the 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, 2020. 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.

Management's Discussion and Analysis

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, 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 four 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 includes the activity of the Successor Agency to the Chico Redevelopment Agency and one Agency Fund that accounts 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. The schedule of funding progress related to the Schedule of Changes in Total OPEB Liability and Related Ratios is presented as required supplementary information. 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 combining statement of changes in assets/liabilities for Agency 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 \$503,578,544 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$428,805,562, or 85%, 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
	2019	2020	2019	2020	2019	2020	
Current and other assets	\$ 149,083,854	\$ 177,133,987	\$ 48,387,297	\$ 43,033,695	\$ 197,471,151	\$ 220,167,682	\$ 22,696,531
Capital assets	<u>315,477,206</u>	<u>325,728,269</u>	<u>118,216,285</u>	<u>132,869,130</u>	<u>433,693,491</u>	<u>458,597,399</u>	<u>24,903,908</u>
Total assets	<u>464,561,060</u>	<u>502,862,256</u>	<u>166,603,582</u>	<u>175,902,825</u>	<u>631,164,642</u>	<u>678,765,081</u>	<u>47,600,439</u>
Deferred Outflows of Resources							
Deferred outflows related to pensions & OPEB	<u>20,178,627</u>	<u>16,706,996</u>	<u>2,637,403</u>	<u>1,978,158</u>	<u>22,816,030</u>	<u>18,685,154</u>	<u>(4,130,876)</u>
Current and other liabilities	124,102,793	127,612,595	22,245,277	20,961,418	146,348,070	148,574,013	2,225,943
Long-term liabilities	<u>14,112,606</u>	<u>14,151,979</u>	<u>32,026,015</u>	<u>27,722,740</u>	<u>46,138,621</u>	<u>41,874,719</u>	<u>(4,263,902)</u>
Total liabilities	<u>138,215,399</u>	<u>141,764,574</u>	<u>54,271,292</u>	<u>48,684,158</u>	<u>192,486,691</u>	<u>190,448,732</u>	<u>(2,037,959)</u>
Deferred Inflows of Resources							
Deferred inflows related to pensions & OPEB	<u>6,266,539</u>	<u>3,062,315</u>	<u>1,327,984</u>	<u>360,644</u>	<u>7,594,523</u>	<u>3,422,959</u>	<u>(4,171,564)</u>
Net position:							
Net investment							
in capital assets	312,439,193	323,202,613	95,523,872	105,602,949	407,963,065	428,805,562	20,842,497
Restricted	98,770,815	111,598,602	15,310,919	17,282,553	114,081,734	128,881,155	14,799,421
Unrestricted	<u>(70,952,259)</u>	<u>(60,058,852)</u>	<u>2,806,918</u>	<u>5,950,679</u>	<u>(68,145,341)</u>	<u>(54,108,173)</u>	<u>14,037,168</u>
Total net position, as restated	<u>\$ 340,257,749</u>	<u>\$ 374,742,363</u>	<u>\$ 113,641,709</u>	<u>\$ 128,836,181</u>	<u>\$ 453,899,458</u>	<u>\$ 503,578,544</u>	<u>\$ 49,679,086</u>

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

Assets. Total assets increased by \$38,301,196. The primary causes of the increase was an increase in restricted and unrestricted cash of approximately \$8,773,900 Increased revenue in the Public Facilities Impact Fees fund from several new large construction projects in the city along with increased grant funding during the year 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 and GASB No. 75 for OPEB liability reporting. GASB No. 68 and GASB No. 75 requires that contributions made to the retirement system subsequent to the measurement

Management's Discussion and Analysis

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 outflows of resources for pension contributions and differences between actual and estimated earnings of pension plan investments totaling \$16,571,533 and deferred outflows for contributions of \$135,463 for OPEB for governmental activities at June 30, 2020. 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 \$3,549,175 primarily due to a decrease in the net pension liability of \$117,806,161 and OPEB liability of \$213,073.

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 OPEB and 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 OPEB of \$100,560 and pensions totaling \$2,961,755 for governmental activities at June 30, 2020.

Net Position. Governmental activities net position increased \$34,484,614 due primarily to increase in OPEB and pension liability offset by GASB 75 restatement.

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

Assets. Total assets increased by \$9,299,243 due to an increase in restricted cash related to construction contracts.

Deferred Outflows of Resources. GASB Statement No. 68 and GASB No. 75 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 OPEB of \$56,275 and pensions totaling \$1,921,883 for governmental activities at June 30, 2020.

Liabilities. Business-type activities liabilities increased by \$5,587,134 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 OPEB of \$41,776 and deferred pensions totaling \$318,868 for business-type activities at June 30, 2020.

Net Position. Business-type activities net position increase of \$15,194,472 primarily due to an increase in restricted and unrestricted cash of approximately \$1,137,107 that occurred to reflect the City's overall fiscal recovery operating procedures and a decrease in long-term liabilities of \$ 4,303,275 offset by GASB 75 restatement.

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
	2019	2020	2019	2020	2019	2020	
Program revenues:							
Charges for services	\$ 8,782,846	\$ 14,401,771	\$ 21,189,162	\$ 22,604,403	\$ 29,972,008	\$ 37,006,174	7,034,166
Operating grants and contributions	5,536,995	9,676,693	2,266,256		7,803,251	18,493,600	10,690,349
Capital grants and contributions	6,714,357	5,789,588	77,051	11,405,256	6,791,408	8,377,937	1,586,529
General revenues and Special Item:							
Taxes	57,013,160	57,874,937	-	-	57,013,160	57,874,937	861,777
Grants and contributions not restricted to specific programs	5,627,242	14,110,492	-	-	5,627,242	14,110,492	8,483,250
Unrestricted investment earnings	1,161,700	1,567,671	793,227	812,271	1,954,927	2,379,942	425,015
Miscellaneous	1,180,286	714,380	-	-	1,180,286	714,380	(465,906)
Bond proceeds from private-							
Total revenues	86,016,586	104,135,533	24,325,696	34,821,930	110,342,282	138,957,462	28,615,180
Expenses:							
General government	5,160,003	7,182,153	-	-	5,160,003	7,182,153	2,022,150
Public safety	42,712,128	45,844,242	-	-	42,712,128	45,844,242	3,132,114
Public works	20,061,697	18,097,140	-	-	20,061,697	18,097,140	(1,964,557)
Parks and recreation	3,848,820	3,901,048	-	-	3,848,820	3,901,048	52,228
Arts and culture	27,132	28,346	-	-	27,132	28,346	1,214
Community development	2,206,592	2,679,356	-	-	2,206,592	2,679,356	472,764
Community agencies	2,292	10,249	-	-	2,292	10,249	7,957
Interest on long-term debt	139,836	46,027	-	-	139,836	46,027	(93,809)
Sewer	-	-	11,866,952	13,339,802	11,866,952	13,339,802	1,472,850
Parking	-	-	1,332,761	1,093,052	1,332,761	1,093,052	(239,709)
Private development	-	-	4,098,513	4,647,991	4,098,513	4,647,991	549,478
Airport	-	-	2,593,281	2,043,964	2,593,281	2,043,964	(549,317)
Total expenses	74,158,500	77,788,561	19,891,507	21,124,809	94,050,007	98,913,370	4,863,363
Increase (decrease) in net position before transfers	11,858,086	26,346,972	4,434,189	13,697,121	16,292,275	40,044,093	23,751,818
Special item-OPEB elimination	-	8,012,165	-	1,622,829	-	9,634,994	9,634,994
Transfers	(195,232)	125,478	195,232	(125,478)	-	-	-
Change in net position	11,662,854	34,484,615	4,629,421	15,194,472	16,292,275	49,679,087	33,386,812
Net position, beginning of year	328,594,891	340,257,745	109,012,290	113,641,711	437,607,181	453,899,456	16,292,275
Net position, beginning of year, as restated	328,594,891	340,257,745	109,012,290	113,641,711	437,607,181	453,899,456	16,292,275
Net position, end of year	\$ 340,257,745	\$ 374,742,361	\$ 113,641,711	\$ 128,836,183	\$ 453,899,456	\$ 503,578,544	49,679,088

Governmental Activities. Governmental activities increased the City's net position by \$34,484,614 due to an increase in charges for service as well as taxes.

Management's Discussion and Analysis

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

- Taxes increased \$861,777 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 \$924,769 due primarily to completion of a large infrastructure project.
- Charges for service increased \$5,681,925 due primarily to Community Development activity.

Expenses. Total expenses for governmental activities increased \$3,630,065 from the prior year:

- The modest increase in expenses is due to the City's overall fiscal recovery operating procedures and response to the COVID-19 pandemic.

Business-type Activities. Business-type activities increased the City's net position by \$15,194,472. 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, 2020, the City's governmental funds reported combined fund balances of \$142,242,670 an increase of \$20,559,971 compared to the prior year. While the City reported \$111,636,338 of restricted fund balance, \$63,642,915 is composed of long-term loans receivable. By nature, restricted resources are restricted for specific purposes.

Nonspendable fund balance is composed of: \$66,686 in prepaid items, \$106,346 of Deposits with Others and \$45,851 of Advances to Other Funds.

Committed fund balance is composed of: \$1,500,000 for compensated absences, \$383,504 in donations and \$10,321,018 for emergency contingencies.

Total assigned fund balance is \$15,541,344. It is specifically assigned for equipment replacement of \$1,500,000 assigned for capital projects of \$7,608,740 and subsequent year's budget of \$5,756,400.

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	\$ 63,886,955	\$ 586,133	\$ 10,106,578	\$ 1,593,615	\$ 401,054
Expenditures	(54,554,332)	(620,973)	(1,971,344)	(2,061,481)	(299,445)
Other financing sources (uses), net	280,856	29,244	362,685	-	(486,219)
Change in fund balances	9,613,479	5,596	8,497,919	467,866	(384,610)
Fund balances (deficits), beginning of year	20,283,854	7,584,514	23,453,660	(919,928)	56,448,607
Fund balances (deficits), end of year	<u>\$ 29,897,333</u>	<u>\$ 7,578,918</u>	<u>\$ 31,951,579</u>	<u>\$ (1,387,794)</u>	<u>\$ 56,063,997</u>

	Nonmajor Funds		2020	2019
	Special Revenue	Capital Projects	Total	Total
	Funds	Funds	Governmental	Governmental
			Funds	Funds
Revenues	\$ 10,795,115	\$ 1,794,463	\$ 89,163,913	\$ 82,637,983
Expenditures	(5,677,132)	(3,989,985)	(69,174,692)	(67,875,229)
Other financing sources (uses), net	(2,065,081)	2,449,265	570,750	504,695
Change in fund balances	3,052,902	253,743	20,559,971	15,267,449
Fund balances (deficits), beginning of year	8,902,817	5,929,175	121,682,699	106,415,250
Fund balances (deficits), end of year	<u>\$ 11,955,719</u>	<u>\$ 6,182,918</u>	<u>\$ 142,242,670</u>	<u>\$ 121,682,699</u>

Revenues for governmental funds overall totaled \$ 89,163,913 an increase of 7.90% from the prior fiscal year, and expenditures for governmental funds totaled \$ 69,174,692 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 \$9,862,968 due to an increase in Intergovernmental revenues of -18% due primarily to reimbursements for assistance provided to fight the numerous wildfires that occurred during the year. Current year General Fund expenditures increased 2019 by \$4,843,650. Increases in wages and benefits accounts for increase.

CDBG and HOME Housing Fund expenditures exceeded revenue and transfers exceeded expenditures by \$5,596. The excess of expenditures over revenue and transfers is due to the timing of draws of program revenue.

Expenditures in the Capital Grants Fund exceeded revenue by \$467,866 due to timing of receipts for reimbursements of 2019-2020 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 occurring within this Fund as the revenue is considered restricted as most of it is composed of long-term loan receivables.

Management's Discussion and Analysis

Public Facility Impact Fee funds have been consolidated into one reporting fund. It is reported as a Major Capital Projects Fund.

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	\$ 15,432,975	\$ 956,455	\$ 5,058,203	\$ 1,140,604	\$ 22,588,237
Operating expenses	12,661,475	1,093,052	4,647,991	2,043,964	20,446,482
Operating income (loss)	2,771,500	(136,597)	410,212	(903,360)	2,141,755
Nonoperating revenues	-	-	-	-	-
(expenses), net	(9,320)	61,549	67,393	2,618,837	2,738,459
Income (loss) before	-	-	-	-	-
contributions and transfers	2,762,180	-	-	-	2,762,180
Contributions and transfers	8,670,694	(15,224)	(62,658)	8,691,429	17,284,241
Change in net position	<u>\$ 12,257,983</u>	<u>\$ 19,665</u>	<u>\$ 1,051,355</u>	<u>\$ 1,865,469</u>	<u>\$ 15,194,472</u>

- Sewer Fund revenues increased over the prior year due to increased Water Pollution Control Plant capacity development fees collected.
- Parking Fund revenues decreased by \$91,164 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 \$1,051,355. Operations in the fund reflected additional activity in the building industry in Chico during the year ended June 30, 2020.
- Airport Fund operating revenues increased \$184,093 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 \$2,969,272. Property tax revenues was over budget by \$618,062 while sales and use taxes revenue exceeded budget by \$1,699,685. Other taxes including transient and occupancy taxes (TOT) exceeded budget by \$1,279,198.

Overall, budgeted expenditures were under budget by \$8,474,427. Most departments recognized actual expenditures under budget.

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.

Management's Discussion and Analysis

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, 2020** amounted to \$458,597,399 (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 \$18,128,592.

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	
	2019	2020	2019	2020
Land	\$31,456,230	\$31,456,230	\$2,154,341	\$2,154,341
Buildings	9,532,336	9,030,354	5,196,601	4,691,860
Improvements	7,284,001	6,782,299	112,300,962	109,114,943
Equipment	10,758,302	9,885,915	718,722	599,585
Infrastructure	238,019,303	242,636,661	-	-
Construction in progress	18,427,032	25,936,810	6,788,240	16,308,401
Total, Net	<u>\$315,477,204</u>	<u>\$325,728,269</u>	<u>\$127,158,866</u>	<u>\$132,869,130</u>

	Total		Total	
	2019	2020	Dollar Change	Percentage Change
Land	\$33,610,571	\$33,610,571	\$-	0%
Buildings	14,728,937	13,722,214	(1,006,723)	-7%
Improvements	119,584,963	115,897,242	(3,687,721)	-3%
Equipment	11,477,024	10,485,500	(991,524)	-9%
Infrastructure	238,019,303	242,636,661	4,617,358	2%
Construction in progress	25,215,272	42,245,211	17,029,939	68%
Total, Net	<u>\$442,636,070</u>	<u>\$458,597,399</u>	<u>\$15,961,329</u>	

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.

Management's Discussion and Analysis

- 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, 2020, the City had total long-term liabilities outstanding of \$41,874,719 an overall decrease of \$4,263,902 from June 30, 2019. 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

Due to the uncertainty of the effects of the COVID-19 pandemic financially on the City, the Chico City Council adopted a rollover 2019-2020 budget on June 2, 2020, with a total Operating Budget of \$96,179,436, which is a \$1,086,892 increase from the prior fiscal year's final modified budget. The adopted Capital Improvement Budget totaled \$56,667,726 which is approximately \$16,804,038 increase from the prior year. Total General Fund revenue and transfers in total of \$56,434,411, which is lower than budgeted expenditures and transfers out of \$60,303,993. The City has also assigned fund balance from June 30, 2020 of \$5,756,400 to cover expenditures in the fiscal year 2019-2020 budget.

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.

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.

Requests for Information

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

Management's Discussion and Analysis

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Chico Urban Area Joint Powers Financing Authority
ASSETS				
Current Assets:				
Cash and investments	\$ 89,843,874	\$ 22,637,800	\$ 112,481,674	\$ -
Restricted cash and investments	2,303,002	17,282,553	19,585,555	7,962,251
Receivables:				
Interest	11,505,386	-	11,505,386	132,921
Property taxes	677,168	-	677,168	-
Accounts	2,499,141	2,805,975	5,305,116	-
Intergovernmental	9,236,868	305,337	9,542,205	-
Loans	60,687,632	-	60,687,632	-
Deposits with others	155,970	2,030	158,000	-
Prepaid	182,927	-	182,927	-
Other assets	42,019	-	42,019	-
Noncurrent Assets:				
Capital assets:				
Nondepreciable	57,393,040	18,462,742	75,855,782	-
Depreciable, net	268,335,229	114,406,388	382,741,617	-
Total assets	<u>502,862,256</u>	<u>175,902,825</u>	<u>678,765,081</u>	<u>8,095,172</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to OPEB	135,463	56,275	191,738	-
Deferred outflows related to pensions	16,571,533	1,921,883	18,493,416	-
Total deferred outflows of resources	<u>16,706,996</u>	<u>1,978,158</u>	<u>18,685,154</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	7,905,290	740,589	8,645,879	-
Accrued salaries and benefits	956,983	146,290	1,103,273	-
Intergovernmental payable	71,141	-	71,141	-
Interest payable	-	324,489	324,489	-
Deposits	29,537	75,619	105,156	-
Unearned revenue	545,965	452,679	998,644	-
Other accrued liabilities	84,445	-	84,445	-
Long-term liabilities:				
Due within one year	3,100,875	4,527,593	7,628,468	-
Due in more than one year	11,051,104	23,195,147	34,246,251	23,059,478
Net OPEB obligation	213,073	88,516	301,589	-
Total pension liability	117,806,161	19,133,236	136,939,397	-
Total liabilities	<u>141,764,574</u>	<u>48,684,158</u>	<u>190,448,732</u>	<u>23,059,478</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to OPEB	100,560	41,776	142,336	-
Deferred inflows related to pensions	2,961,755	318,868	3,280,623	-
Total deferred inflows of resources	<u>3,062,315</u>	<u>360,644</u>	<u>3,422,959</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	323,202,613	105,602,949	428,805,562	-
Restricted for:				
Capital projects	41,312,134	17,282,553	58,594,687	-
Housing	63,642,915	-	63,642,915	-
Maintenance districts	4,002,016	-	4,002,016	-
Other government programs	2,378,383	-	2,378,383	-
Public safety	263,154	-	263,154	-
Unrestricted (deficit)	(60,058,852)	5,950,679	(54,108,173)	(14,964,306)
Total net position (deficit)	<u>\$ 374,742,363</u>	<u>\$ 128,836,181</u>	<u>\$ 503,578,544</u>	<u>\$ (14,964,306)</u>

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Primary Government</u>									Component Unit	
	Program Revenues						Net (Expense) Revenue and				Chico Urban Area Joint Powers Financing Authority
	Charges for						Changes in Net Position				
	Direct	Indirect	Total	Operating	Capital	Governmental	Business-type	Total			
Expenses	Expenses	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	Total			
FUNCTIONS/PROGRAMS:											
Primary government:											
Governmental activities:											
General government	\$ 9,091,766	\$ (1,909,613)	\$ 7,182,153	\$ 7,720,874	\$ 4,312,349	\$ -	\$ 4,851,070	\$ -	\$ 4,851,070		
Public safety	45,635,468	8,774	45,844,242	5,215,448	777,878	-	(39,850,916)	-	(39,850,916)		
Public works	17,693,669	403,471	18,097,140	1,389,036	3,189,574	5,789,588	(7,728,942)	-	(7,728,942)		
Parks and recreation	3,618,017	283,031	3,901,048	9,725	126,037	-	(3,765,286)	-	(3,765,286)		
Arts and culture	28,346	-	28,346	-	-	-	(28,346)	-	(28,346)		
Community development	2,589,254	90,102	2,679,356	66,688	1,270,855	-	(1,341,813)	-	(1,341,813)		
Community agencies	10,249	-	10,249	-	-	-	(10,249)	-	(10,249)		
Interest on long-term debt	46,027	-	46,027	-	-	-	(46,027)	-	(46,027)		
Total governmental activities	78,712,796	(1,124,235)	77,788,561	14,401,771	9,676,693	5,789,588	(47,920,509)	-	(47,920,509)		
Business-type activities:											
Sewer	12,897,989	441,813	13,339,802	15,432,975	-	8,816,907	-	10,910,080	10,910,080		
Parking	975,634	117,418	1,093,052	961,455	-	-	-	(131,597)	(131,597)		
Private development	4,375,620	272,371	4,647,991	5,061,245	-	-	-	413,254	413,254		
Airport	1,887,837	156,127	2,043,964	1,148,728	-	2,588,349	-	1,693,113	1,693,113		
Total business-type activities	20,137,080	987,729	21,124,809	22,604,403	-	11,405,256	-	12,884,850	12,884,850		
Total primary government	\$ 98,849,876	\$ (136,506)	\$ 98,913,370	\$ 37,006,174	\$ 9,676,693	\$ 17,194,844	(47,920,509)	12,884,850	(35,035,659)		
Component unit:											
Chico Urban Area Joint											
Powers Financing Authority	\$ 6,577,909	\$ -	\$ 6,577,909	\$ -	\$ -	\$ 1,900,000				\$ (4,677,909)	
General revenues:											
Taxes:											
Property taxes						18,616,363	-	18,616,363		-	
Sales and use tax						24,434,685	-	24,434,685		-	
Transient Occupancy Tax						2,999,570	-	2,999,570		-	
Utility users tax						7,317,102	-	7,317,102		-	
Franchise fees						3,737,299	-	3,737,299		-	
Other taxes						769,918	-	769,918		-	
Grants and contributions not restricted to specific programs						14,110,492	-	14,110,492		-	
Unrestricted investment earnings						1,567,671	812,271	2,379,942		213,219	
Miscellaneous						714,380	-	714,380		-	
Special item-OPEB elimination						8,012,165	1,622,829	9,634,994		-	
Transfers						125,478	(125,478)	-		-	
Total general revenues, transfers and special item						82,405,123	2,309,622	84,714,745		(4,464,690)	
Change in net position						34,484,614	15,194,472	49,679,086		(4,464,690)	
Net position (deficit), beginning of year						340,257,749	113,641,709	453,899,458		(10,499,616)	
Net position (deficit), end of year						\$ 374,742,363	\$ 128,836,181	\$ 503,578,544		\$ (14,964,306)	

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

CITY OF CHICO, CALIFORNIA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	CDBG & HOME Housing	Public Facilities Impact Fees	Capital Grants	Low & Moderate Income Housing Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 22,487,780	\$ 324,996	\$ 32,363,022	\$ 1,982,617	\$ 3,187,817	\$ 18,935,347	\$ 79,281,579
Restricted cash and investments	1,861,253	-	-	-	-	141,749	2,003,002
Receivables:							
Interest	317,146	1,029,054	-	-	10,158,615	571	11,505,386
Property taxes	637,588	-	-	-	-	39,580	677,168
Accounts	2,258,753	-	-	-	-	48,855	2,307,608
Intergovernmental	5,556,149	182,480	-	1,848,923	-	1,647,228	9,234,780
Loans	-	7,116,202	-	-	53,542,766	28,664	60,687,632
Deposits with others	1,015	-	106,346	8,159	-	40,450	155,970
Prepaid items	66,686	-	-	-	-	-	66,686
Advances to other funds	-	-	45,851	-	-	-	45,851
Total assets	\$ 33,186,370	\$ 8,652,732	\$ 32,515,219	\$ 3,839,699	\$ 66,889,198	\$ 20,882,444	\$ 165,965,662
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,213,514	\$ 39,281	563,640	\$ 3,314,102	\$ 17,387	\$ 2,298,075	\$7,445,999
Accrued salaries and benefits	794,990	5,479	-	-	5,445	85,197	891,111
Deposits	9,937	-	-	-	20,000	-	29,937
Intergovernmental payable	45,698	-	-	-	-	25,443	71,141
Due to other funds	-	-	-	-	-	260,487	260,487
Unearned revenue	20,368	-	-	525,597	-	-	545,965
Other accrued liabilities	84,446	-	-	-	-	-	84,446
Advances from other funds	-	-	-	-	-	45,851	45,851
Total liabilities	2,168,953	44,760	563,640	3,839,699	42,832	2,715,053	9,374,937
Deferred inflows of resources:							
Unavailable housing loan interest revenue	-	1,029,054	-	-	10,158,615	-	11,187,669
Unavailable revenue	1,120,084	-	-	1,387,794	623,754	28,754	3,160,386
Total deferred inflows of resources	1,120,084	1,029,054	-	1,387,794	10,782,369	28,754	14,348,055
Fund balances (deficit):							
Nonspendable	66,686	-	152,197	-	-	-	218,883
Restricted	2,229,286	7,578,918	31,799,382	-	56,063,997	13,964,755	111,636,338
Committed	12,204,522	-	-	-	-	-	12,204,522
Assigned	11,235,863	-	-	-	-	4,305,481	15,541,344
Unassigned	4,160,976	-	-	(1,387,794)	-	(131,599)	2,641,583
Total fund balances (deficit)	29,897,333	7,578,918	31,951,579	(1,387,794)	56,063,997	18,138,637	142,242,670
Total liabilities, deferred inflows of resources, and fund balances	\$ 33,186,370	\$ 8,652,732	\$ 32,515,219	\$ 3,839,699	\$ 66,889,198	\$ 20,882,444	\$ 165,965,662

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, 2020

Total fund balances (deficit) - total governmental funds	\$	142,242,670
<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>		325,673,518
<p>Deferred outflows of resources reported in the Statement of Net Position</p>		
Related to OPEB	110,652	
Related to Pension	<u>15,724,203</u>	15,834,855
<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>		14,348,055
<p>Deferred inflows of resources reported in the Statement of Net Position</p>		
Related to OPEB	(82,142)	
Related to Pension	<u>(2,821,170)</u>	(2,903,312)
<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>		(4,998,921)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Net pension liability	(109,370,587)	
Capital leases payable	(2,525,656)	
Other post employment benefits liability	(174,048)	
Compensated absences	<u>(3,384,211)</u>	(115,454,502)
Net position of governmental activities	<u>\$</u>	<u>374,742,363</u>

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, 2020

	General Fund	CDBG & HOME Housing	Public Facilities Impact Fees	Capital Grants	Low & Moderate Income Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Property taxes	\$ 18,616,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,616,363
Sales and use taxes	24,434,685	-	-	-	-	-	24,434,685
Other taxes	14,805,059	-	-	-	18,830	-	14,823,889
Licenses and permits	91,294	-	-	-	-	-	91,294
Intergovernmental	3,641,521	524,122	-	1,583,615	-	8,722,778	14,472,036
Charges for services	294,323	-	9,426,589	-	1,348	3,396,591	13,118,851
Fines, forfeitures, and penalties	699,712	-	-	-	-	31,138	730,850
Use of money and property	687,132	62,010	679,989	-	380,876	351,061	2,161,068
Miscellaneous	616,865	-	-	10,000	-	87,530	714,395
Total revenues	63,886,954	586,132	10,106,578	1,593,615	401,054	12,589,098	89,163,431
EXPENDITURES:							
Current:							
General government	4,218,076	-	-	291,580	-	1,126,288	5,635,944
Public safety	39,763,367	-	-	-	-	1,037,682	40,801,049
Public works	4,289,123	-	-	-	-	3,736,417	8,025,540
Parks and recreation	3,131,513	-	-	-	-	143,136	3,274,649
Arts and culture	28,346	-	-	-	-	-	28,346
Community development	1,311,905	620,973	268,950	-	299,445	-	2,501,273
Community agencies	10,249	-	-	-	-	-	10,249
Capital outlay:							
Capital outlay - Operations	1,254,472	-	1,643,454	1,769,901	-	3,620,651	8,288,478
Debt service:							
Principal retirement	458,182	-	54,175	-	-	-	512,357
Interest and fiscal charges	89,099	-	4,765	-	-	2,466	96,330
Total expenditures	54,554,332	620,973	1,971,344	2,061,481	299,445	9,666,640	69,174,215
Excess (deficiency) of revenues over (under) expenditures	9,332,622	(34,841)	8,135,234	(467,866)	101,609	2,922,458	19,989,216
OTHER FINANCING SOURCES (USES):							
Transfers in	2,712,253	29,244	456,975	-	-	2,710,056	5,908,528
Transfers out	(2,431,397)	-	(94,290)	-	(486,219)	(2,325,872)	(5,337,778)
Increase in obligations under							
Total other financing sources (uses)	280,856	29,244	362,685	-	(486,219)	384,184	570,750
Net change in fund balances	9,613,478	(5,597)	8,497,919	(467,866)	(384,610)	3,306,642	20,559,966
Fund balances (deficit), beginning of year	20,283,855	7,584,515	23,453,660	(919,928)	56,448,607	14,831,995	121,682,704
Fund balances (deficit), end of year	\$ 29,897,333	\$ 7,578,918	\$ 31,951,579	\$ (1,387,794)	\$ 56,063,997	\$ 18,138,637	\$ 142,242,670

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, 2020

Net change in fund balances - total governmental funds \$ 20,559,966

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	8,288,478	
Depreciation expense	<u>(12,171,277)</u>	(3,882,799)

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>14,110,492</u>	14,110,492
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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		861,659
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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		512,357
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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 interest payable	50,333	
Change in net pension liability	(6,287,167)	
Change in compensated absences	183,836	(6,052,998)

Special Item related to OPEB elimination that was not included in the governmental activity funds.

8,041,911

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.

334,026

Change in net position of governmental activities		<u>\$ 34,484,614</u>
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See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and investments	\$ 16,062,258	\$ 2,573,973	\$ 3,086,251	\$ 915,318	\$ 22,637,800	\$ 10,562,295
Receivables:						
Accounts	2,493,798	2,661	251,710	57,806	2,805,975	191,533
Intergovernmental	10,831	-	-	294,506	305,337	2,088
Due from other funds	-	-	-	-	-	260,487
Deposit with others	2,030	-	-	-	2,030	-
Inventories	-	-	-	-	-	42,019
Prepaid expenses	-	-	-	-	-	116,241
Total current assets	<u>18,568,917</u>	<u>2,576,634</u>	<u>3,337,961</u>	<u>1,267,630</u>	<u>25,751,142</u>	<u>11,174,663</u>
Noncurrent assets:						
Restricted cash and investments	17,282,553	-	-	-	17,282,553	300,000
Capital assets:						
Land and construction in progress	13,412,143	1,333,180	-	3,717,419	18,462,742	30,391
Other capital assets, net of accumulated depreciation	99,947,875	1,528,565	-	12,929,948	114,406,388	24,360
Total noncurrent assets	<u>130,642,571</u>	<u>2,861,745</u>	<u>-</u>	<u>16,647,367</u>	<u>150,151,683</u>	<u>354,751</u>
Total assets	<u>149,211,488</u>	<u>5,438,379</u>	<u>3,337,961</u>	<u>17,914,997</u>	<u>175,902,825</u>	<u>11,529,414</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflow related to OPEB	24,255	4,371	24,255	3,394	56,275	24,811
Deferred outflows related to pensions	828,343	149,298	828,340	115,902	1,921,883	847,330
Total deferred outflows of resources	<u>852,598</u>	<u>153,669</u>	<u>852,595</u>	<u>119,296</u>	<u>1,978,158</u>	<u>872,141</u>
LIABILITIES						
Current liabilities:						
Accounts payable	559,741	3,746	165,347	11,755	740,589	458,892
Accrued salaries and benefits	65,983	9,690	65,904	4,713	146,290	65,872
Interest payable	324,489	-	-	-	324,489	-
Deposits	-	-	75,619	-	75,619	-
Compensated absences - current portion	20,984	2,195	26,654	2,158	51,991	22,813
Claims liability - current portion	-	-	-	-	-	2,177,493
Loan payable - current portion	4,475,602	-	-	-	4,475,602	-
Unearned revenue	-	-	452,679	-	452,679	-
Total current liabilities	<u>5,446,799</u>	<u>15,631</u>	<u>786,203</u>	<u>18,626</u>	<u>6,267,259</u>	<u>2,725,070</u>
Noncurrent liabilities:						
Loan payable	22,790,579	-	-	-	22,790,579	-
Compensated absences	166,143	17,380	203,958	17,087	404,568	127,541
Claims liability	-	-	-	-	-	5,914,265
Total OPEB liability	38,151	6,876	38,151	5,338	88,516	39,025
Net pension liability	8,246,524	1,486,330	8,246,521	1,153,861	19,133,236	8,435,572
Total noncurrent liabilities	<u>31,241,397</u>	<u>1,510,586</u>	<u>8,488,630</u>	<u>1,176,286</u>	<u>42,416,899</u>	<u>14,516,403</u>
Total liabilities	<u>36,688,196</u>	<u>1,526,217</u>	<u>9,274,833</u>	<u>1,194,912</u>	<u>48,684,158</u>	<u>17,241,473</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to OPEB	18,006	3,245	18,006	2,519	41,776	18,418
Deferred inflows related to pensions	137,434	24,770	137,434	19,230	318,868	140,585
Total deferred inflows of resources	<u>155,440</u>	<u>28,015</u>	<u>155,440</u>	<u>21,749</u>	<u>360,644</u>	<u>159,003</u>
NET POSITION						
Net investment in capital assets	86,093,837	2,861,745	-	16,647,367	105,602,949	54,751
Restricted for insurance	-	-	-	-	-	300,000
Restricted for capital projects	17,282,553	-	-	-	17,282,553	-
Unrestricted	9,844,060	1,176,071	(5,239,717)	170,265	5,950,679	(5,353,672)
Total net position (deficit)	<u>\$ 113,220,450</u>	<u>\$ 4,037,816</u>	<u>\$ (5,239,717)</u>	<u>\$ 16,817,632</u>	<u>\$ 128,836,181</u>	<u>\$ (4,998,921)</u>

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, 2020

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport		
OPERATING REVENUES:						
Charges for services	\$ 15,409,713	\$ 956,455	\$ 2,761,794	\$ 43,530	\$ 19,171,492	\$ 18,478,337
Licenses and permits	-	-	2,296,409	-	2,296,409	32,293
Rental charges	23,262	-	-	1,097,074	1,120,336	-
Total operating revenues	<u>15,432,975</u>	<u>956,455</u>	<u>5,058,203</u>	<u>1,140,604</u>	<u>22,588,237</u>	<u>18,510,630</u>
OPERATING EXPENSES:						
Salaries and benefits	2,890,889	485,458	2,953,863	386,025	6,716,235	2,922,064
Materials and supplies	881,149	17,848	21,463	30,273	950,733	438,231
Purchased services	972,942	152,656	794,818	92,409	2,012,825	3,691,747
Other expenses	3,365,158	251,855	877,847	314,519	4,809,379	11,510,270
Depreciation	4,551,337	185,235	-	1,220,738	5,957,310	2,753
Total operating expenses	<u>12,661,475</u>	<u>1,093,052</u>	<u>4,647,991</u>	<u>2,043,964</u>	<u>20,446,482</u>	<u>18,565,065</u>
Operating income (loss)	<u>2,771,500</u>	<u>(136,597)</u>	<u>410,212</u>	<u>(903,360)</u>	<u>2,141,755</u>	<u>(54,435)</u>
NONOPERATING REVENUES (EXPENSES):						
Intergovernmental	-	-	-	-	-	-
Interest income	669,007	56,549	64,351	22,364	812,271	129,543
Interest expense	(678,327)	-	-	-	(678,327)	32,444
Miscellaneous revenue (expense)	-	5,000	3,042	8,124	16,166	(2,595)
Total nonoperating revenues (expenses)	<u>(9,320)</u>	<u>61,549</u>	<u>67,393</u>	<u>30,488</u>	<u>2,738,459</u>	<u>159,392</u>
Income (loss) before capital contributions and transfers	2,762,180	(75,048)	477,605	(872,872)	2,291,865	104,957
Capital contributions	8,816,907	-	-	2,588,349	11,405,256	-
Transfers in	-	-	121,179	173,478	294,657	-
Transfers out	(146,213)	(15,224)	(183,837)	(74,861)	(420,135)	(445,272)
Special item OPEB Elimination	825,109	109,937	636,408	51,375	1,622,829	674,341
Change in net position	<u>12,257,983</u>	<u>19,665</u>	<u>1,051,355</u>	<u>1,865,469</u>	<u>15,194,472</u>	<u>334,026</u>
Net position (deficit), beginning of year	<u>100,962,467</u>	<u>4,018,151</u>	<u>(6,291,072)</u>	<u>14,952,163</u>	<u>113,641,709</u>	<u>(5,332,947)</u>
Net position (deficit), end of year	<u>\$ 113,220,450</u>	<u>\$ 4,037,816</u>	<u>\$ (5,239,717)</u>	<u>\$ 16,817,632</u>	<u>\$ 128,836,181</u>	<u>\$ (4,998,921)</u>

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 15,374,813	\$ 961,455	\$ 5,200,679	\$ 1,101,429	\$ 22,638,376	\$ -
Receipts from interfund services provided	-	-	-	-	-	18,655,738
Payments to suppliers and claimants	(5,544,324)	(212,341)	(1,120,035)	(235,390)	(7,112,090)	(15,006,199)
Payments to employees	(2,411,158)	(405,248)	(2,440,814)	(328,504)	(5,585,724)	(2,484,099)
Payments for interfund services used	(780,300)	(221,300)	(633,003)	(223,455)	(1,858,058)	-
Net cash provided (used) by operating activities	<u>6,639,031</u>	<u>122,566</u>	<u>1,006,827</u>	<u>314,080</u>	<u>8,082,504</u>	<u>1,165,440</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Interfund borrowings	-	-	-	-	-	1,154,336
Transfers in	-	-	121,179	173,478	294,657	-
Transfers out	(146,213)	(15,224)	(183,837)	(74,861)	(420,135)	(445,272)
Net cash provided (used) by noncapital financing activities	<u>(146,213)</u>	<u>(15,224)</u>	<u>(62,658)</u>	<u>98,617</u>	<u>(125,478)</u>	<u>709,064</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition and construction of capital assets	(1,530)	(15,182)	-	(2,833,955)	(2,850,667)	(26,098)
Principal paid on long-term debt	(4,368,813)	-	-	-	(4,368,813)	-
Interest paid	(740,372)	-	-	-	(740,372)	-
Intergovernmental receipts	-	-	-	2,325,104	2,325,104	-
Net cash used by capital and related financing activities	<u>(5,110,715)</u>	<u>(15,182)</u>	<u>-</u>	<u>(508,851)</u>	<u>(5,634,748)</u>	<u>(26,098)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest paid	669,007	56,549	64,351	22,364	812,271	-
Net cash provided by investing activities	<u>669,007</u>	<u>56,549</u>	<u>64,351</u>	<u>22,364</u>	<u>812,271</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	2,051,110	148,709	1,008,520	(73,790)	3,134,549	1,848,406
CASH AND INVESTMENTS, beginning of year	31,293,701	2,425,264	2,077,731	989,108	36,785,804	9,013,889
CASH AND INVESTMENTS, end of year	<u>\$ 33,344,811</u>	<u>\$ 2,573,973</u>	<u>\$ 3,086,251</u>	<u>\$ 915,318</u>	<u>\$ 39,920,353</u>	<u>\$ 10,862,295</u>
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and investments	16,062,258	2,573,973	3,086,251	915,318	22,637,800	10,562,295
Restricted cash and investments	17,282,553	-	-	-	17,282,553	300,000
CASH AND INVESTMENTS, end of year	<u>\$ 33,344,811</u>	<u>\$ 2,573,973</u>	<u>\$ 3,086,251</u>	<u>\$ 915,318</u>	<u>\$ 39,920,353</u>	<u>\$ 10,862,295</u>

See accompanying notes to the financial statements.

**CITY OF CHICO, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

	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)	\$ 2,771,500	\$ (136,597)	\$ 410,212	\$ (903,360)	\$ 2,141,755	\$ (54,435)
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:						
Depreciation	4,551,337	185,235	-	1,220,738	5,957,310	2,753
OPEB expense	(24,225)	(4,366)	(24,225)	(3,390)	(56,206)	(24,781)
Pension expense	466,020	83,994	466,021	65,206	1,081,241	476,704
Miscellaneous revenues	-	5,000	3,042	8,124	16,166	159,392
Change in assets and liabilities:						
Accounts receivable	(52,663)	-	(87,212)	(47,299)	(187,174)	(16,064)
Intergovernmental receivables	(5,499)	-	-	-	(5,499)	1,780
Inventories	-	-	-	-	-	16,539
Deposits with others	(2,030)	-	-	-	(2,030)	-
Prepaid	1,900	174	604	840	3,518	(40,795)
Accounts payable	(1,105,245)	(11,456)	(59,514)	(22,484)	(1,198,699)	(116,198)
Accrued salaries and benefits	17,143	1,621	23,086	(1,912)	39,938	24,579
Compensated absences	20,793	(1,039)	48,167	(2,383)	65,538	(38,537)
Unearned revenue	-	-	178,203	-	178,203	-
Deposits	-	-	48,443	-	48,443	400
Claims liability	-	-	-	-	-	774,103
Total adjustments	3,867,531	259,163	596,615	1,217,440	5,940,749	1,219,875
Net cash provided (used) by operating activities	<u>\$ 6,639,031</u>	<u>\$ 122,566</u>	<u>\$ 1,006,827</u>	<u>\$ 314,080</u>	<u>\$ 8,082,504</u>	<u>\$ 1,165,440</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Transfer of capital assets	\$ 8,816,907	\$ -	\$ -	\$ -	\$ 8,816,907	\$ -
Special item: OPEB elimination	825,109	109,937	636,408	51,375	1,622,829	-
Total noncash investing, capital and financing activities	<u>\$ 9,642,016</u>	<u>\$ 109,937</u>	<u>\$ 636,408</u>	<u>\$ 51,375</u>	<u>\$ 10,439,736</u>	<u>-</u>

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2020

	Private-purpose Trust Fund	Agency Funds
Assets		
Restricted cash and investments	\$ 6,552,527	\$ 602,590
Receivables:		
Loans	633,673	33,105
Capital Assets - Land	1,667,105	-
Total assets	8,853,305	\$ 635,695
Liabilities		
Accounts payable	\$ 4,718	\$ -
Special assessment deposits	-	635,695
Long-term liabilities:		
Due within one year	4,860,000	-
Due in more than one year	58,025,000	-
Total liabilities	62,889,718	\$ 635,695
Deferred Inflows of Resources		
Deferred amount on bond refunding	392,321	
Net Position		
Total net position (deficit) held in trust	\$ (54,428,734)	

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, 2020

	Private-purpose Trust Fund
Additions:	
Property taxes	\$ 8,414,543
Use of money and property	132,035
Total additions	8,546,578
Deductions:	
Redevelopment obligations	1,900,000
Interest on bonds payable	1,906,670
City administrative expenses	154,764
Total deductions	3,961,434
Change in net position	4,585,144
Net deficit - beginning	(59,013,878)
Net deficit - ending	\$ (54,428,734)

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, 2020

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 its component units. Component units are legally separate entities for which the City is financially accountable.

Due to the financial and operational relationships of the following entities, the City has two blended component units – Chico Public Financing Authority and Chico Parking Authority and one discretely presented component unit - Chico Urban Area Joint Powers Financing Authority. Based on generally accepted accounting principles, the Chico Public Financing Authority and the Chico Parking Authority are blended into the City's basic financial statements, as the governing bodies are substantially the same as the governing body of the City. In addition, the Chico Urban Area Joint Powers Financing Authority (JPFA) 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.

Blended Component Unit

Chico Parking Authority

The Chico Parking Authority was activated by a resolution of the Chico City Council on March 7, 1978, pursuant to the Parking Law of 1949 (Section 32500 et seq. of the Streets and Highways Code of the State of California). The Parking Authority has the power to acquire, construct, finance and lease parking facilities in the City. The Parking Authority is governed by the City Council. The operations of the Parking Authority are an integral part of the City's operations as the funds are used to enhance parking in downtown Chico. The financial activity of the Chico Parking Authority is included in the City's financial statements as a major enterprise fund.

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.

B. 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, 2020

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, 2020

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 **Agency Fund** is custodial in nature and does not involve measurement of results of operations. The Fund has no equity since all assets are due to individuals or entities at some future time. 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, 2020

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.

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 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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and Prepaid Items

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. Payments made for services that will benefit future accounting periods are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable.

Capital Assets

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

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized in the enterprise funds during the fiscal year ended June 30, 2020.

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 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

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 two items that qualify for reporting in this category. It is the deferred outflows related to OPEB and 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 four types of deferred inflows of resources. Two items are the deferred inflows related to pensions and OPEB that is 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. Pension liability is liquidated by the fund incurring the wage expense.

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 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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 are as follows:

GASB Statement No. 83 – Certain Asset Retirement Obligations. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City has determined that there is no material impact on the financial statements.

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City implemented this as of July 1, 2018.

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:

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 requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 87 – Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined its effect on the financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City has not determined its effect on the financial statements.

GASB Statement No. 90 – *Conduit Debt Obligations*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City has not determined its effect on the financial statements.

GASB Statement No. 91 – *Majority Equity Interests - an amendment of GASB Statements No. 14 and 61*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City has not determined its effect on the financial statements.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS

At June 30, 2020, the City’s cash and investments at fair value were as follows:

	Primary Government	Discretely Presented Component Unit	Fiduciary Fund Statement of Net Position	Total
Cash and investments	\$ 112,481,674	\$ -	\$ -	\$ 112,481,674
Restricted cash and investments	19,585,555	7,962,251	7,152,691	34,700,497
Total cash and investments	<u>\$ 132,067,229</u>	<u>\$ 7,962,251</u>	<u>\$ 7,152,691</u>	<u>\$ 147,182,171</u>

At June 30, 2020, the City’s cash and investments consist of the following:

Cash in bank, deposits and petty cash	\$ 34,200,063
Investments	112,982,108
Total cash and investments	<u>\$ 147,182,171</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, reverse repurchase agreements, or corporate bonds. 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
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	None	None	None
State of California and California Local Agency Bonds	5 years	15%	5%	None
Repurchase Agreements	5 years	None	5%	None
Local Agency Investment Fund	N/A	None	None	None
Certificates of Deposit	5 years	None	None	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.

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

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (Continued)

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, 2020, the City’s balance in financial institutions was \$34,350,901, 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 2020, the City’s investments distributed by maturity are as follows:

	<u>Maturity</u>			Fair Value
	Under 30 Days	31-365 Days	1-5 Years	
Investments held by fiscal agents:				
Money Market Mutual Funds	\$ 3,643	\$ -	\$ -	\$ 3,643
Section 115 Trust Mutual Funds	1,861,253	-	-	<u>1,861,253</u>
Total investments held by fiscal agents				<u>1,864,896</u>
Investments held in City treasury:				
Local Agency Investment Fund	81,423,967	-	-	81,423,967
Federal Agency Securities	-	-	3,807,117	3,807,117
Money Market Mutual Funds	2,088,445	-	-	2,088,445
Certificates of Deposit	-	7,827,704	15,969,979	<u>23,797,683</u>
Total investments held in City treasury				<u>111,117,212</u>
Total investments by maturity	<u>\$ 83,516,055</u>	<u>\$ 7,827,704</u>	<u>\$ 19,777,096</u>	<u>\$ 112,982,108</u>

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.

Investments held in City treasury					
Fair Value					
S&P/Moody's Rating	Local Agency Investment Fund	Federal Agency Securities (FFCB)	Money Market Mutual Funds	Certificates of Deposit	Total
AA+/Aaa	\$ -	\$ 3,807,117	\$ -	\$ -	\$ 3,807,117
Not Rated	<u>81,423,967</u>	-	<u>3,953,341</u>	<u>23,797,683</u>	<u>109,174,991</u>
Total	<u>\$ 81,423,967</u>	<u>\$ 3,807,117</u>	<u>\$ 3,953,341</u>	<u>\$ 23,797,683</u>	<u>\$ 112,982,108</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

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 \$7,962,251. JPFA’s restricted cash includes \$10,453,803 held in LAIF. The JPFA’s remaining restricted cash of (\$2,491,552) is maintained in the City’s Treasury.

Restricted Cash and Investments

As of June 30, 2020 cash and investments that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities:

<u>General Fund</u>	<u>Amount</u>	<u>Totals</u>
Restricted Section 115 Pension Trust	\$ 1,861,253	
Total General Fund		\$ 1,861,253
<u>Non-major Governmental Funds</u>		
Restricted bond proceeds	141,749	
Total Non-major Governmental Funds		141,749
<u>Internal Service Funds</u>		
Insurance deposits	300,000	
Total Internal Service Funds		300,000
Total governmental activities restricted cash and investments		2,303,002
<u>Business-Type Activities:</u>		
Restricted for sewer capital projects - State Revolving Fund	17,282,553	
Total business-type activities restricted cash and investments		17,282,553
Total primary government restricted cash and investments		19,585,555
<u>Discretely Presented Component Unit:</u>		
Restricted for capital projects and debt service	7,962,251	
Total JPFA restricted cash and investments		7,962,251
<u>Fiduciary Funds</u>		
<u>Private-purpose Trust Fund</u>		
Restricted for Successor Agency Recognized Obligations	6,552,527	
Total Private-purpose Trust Fund		6,552,527
Restricted for debt service	600,164	
Total Agency Funds		600,164
Total Fiduciary Fund restricted cash and investments		7,152,691
Total restricted cash and investments		<u>\$ 34,700,497</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (Continued)

Fair Value Measurements

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.

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, 2020. 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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (Continued)

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.

As of June 30, 2020, the City has the following fair value measurements:

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Total
Investments by fair value:			
Certificates of Deposit	\$ -	\$ 23,797,683	\$ 23,797,683
Federal Securities	-	3,807,117	3,807,117
Mutual Funds	1,861,253	-	1,861,253
	<u>1,861,253</u>	<u>-</u>	<u>1,861,253</u>
Total investments measured at fair value	<u>\$ 1,861,253</u>	<u>\$ 27,604,800</u>	<u>\$ 29,466,053</u>
Investments measured at amortized costs or not subject to fair value hierarchy:			
Local Agency Investment Fund			81,423,967
Money Market			<u>2,092,088</u>
Total investments measured at fair value			<u>\$ 112,982,108</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

3. RECEIVABLES

The following summarizes the City’s governmental activities receivables as of June 30, 2020:

	Interest	Property Taxes	Accounts	Inter- governmental	Loans	Total
Governmental activities:						
General Fund	\$ 317,146	\$ 637,588	\$ 2,258,753	\$ 5,556,149	\$ -	\$ 8,769,636
CDBG and HOME Housing Fund	1,029,054	-	-	182,480	7,116,202	8,327,736
Public Facilities Impact Fees Fund	-	-	-	-	-	-
Capital Grants Fund	-	-	-	1,848,923	-	1,848,923
Low and Moderate Income					-	
Housing Asset Fund	10,158,615	-	-	-	53,542,766	63,701,381
Other Nonmajor Governmental Funds	571	39,580	48,855	1,647,228	28,664	1,764,898
Internal Service Funds	-	-	191,533	2,088	-	193,621
Total governmental activities	<u>\$ 11,505,386</u>	<u>\$ 677,168</u>	<u>\$ 2,499,141</u>	<u>\$ 9,236,868</u>	<u>\$ 60,687,632</u>	<u>\$ 84,606,195</u>

Loans Receivable

The loans receivable in the CDBG and HOME Housing Fund and Low and Moderate Income Housing Asset Fund of \$7,116,202 and \$53,542,766 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, 2020:

	Accounts	Intergovernmental	Total
Business-type activities:			
Sewer Fund	\$ 2,493,798	\$ 10,831	\$ 2,504,629
Parking Fund	2,661	-	2,661
Private Development Fund	251,710	-	251,710
Airport Fund	<u>57,806</u>	<u>294,506</u>	<u>352,312</u>
Total business-type activities	<u>\$ 2,805,975</u>	<u>\$ 305,337</u>	<u>\$ 3,111,312</u>

Accounts receivable in the Sewer Fund is composed of \$2,493,798 in sewer service fees billed for services rendered on or before June 30, 2020 and received in the months of July and August of 2020 and \$10,831 in sewer development impact fees owed to the City as of June 30, 2020.

The intergovernmental receivable of \$294,506 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, 2020

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, 2020 were as follows:

	Unavailable Housing Loan Revenue	Unavailable Revenue	Total
General Fund	\$ -	\$ 1,120,084	\$ 1,120,084
CDBG and HOME Housing Fund	1,029,054	-	1,029,054
Capital Grants Fund	-	1,387,794	1,387,794
Low and Moderate Income Housing Asset Fund	10,158,615	623,754	10,782,369
Other Nonmajor Governmental Funds	-	28,754	28,754
	<u>11,187,669</u>	<u>3,160,386</u>	<u>14,348,055</u>
Total governmental funds	<u>\$ 11,187,669</u>	<u>\$ 3,160,386</u>	<u>\$ 14,348,055</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CAPITAL ASSETS

Capital assets for governmental activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 31,456,230	\$ -	\$ -	\$ 31,456,230
Construction in progress	<u>18,427,032</u>	<u>7,509,778</u>		<u>25,936,810</u>
Total capital assets, not being depreciated	<u>49,883,262</u>	<u>7,509,778</u>	<u>-</u>	<u>57,393,040</u>
Capital assets being depreciated:				
Buildings	22,360,645	-	-	22,360,645
Improvements other than buildings	20,951,927	-	-	20,951,927
Equipment, furniture and vehicles	24,129,909	804,824	(1,360,351)	23,574,384
Infrastructure	<u>385,671,540</u>	<u>14,110,492</u>	<u>-</u>	<u>399,782,032</u>
Total capital assets, being depreciated	<u>453,114,021</u>	<u>14,915,316</u>	<u>(1,360,351)</u>	<u>466,668,988</u>
Less accumulated depreciation for:				
Buildings	(12,828,309)	(501,982)	-	(13,330,291)
Improvements other than buildings	(13,667,926)	(501,702)	-	(14,169,628)
Equipment, furniture and vehicles	(13,371,607)	(1,677,213)	1,360,351	(13,688,469)
Infrastructure	<u>(147,652,237)</u>	<u>(9,493,134)</u>	<u>-</u>	<u>(157,145,371)</u>
Total accumulated depreciation	<u>(187,520,079)</u>	<u>(12,174,031)</u>	<u>1,360,351</u>	<u>(198,333,759)</u>
Total capital assets being depreciated, net	<u>265,593,942</u>	<u>2,741,285</u>	<u>-</u>	<u>268,335,229</u>
Governmental activities capital asset, net	<u>\$ 315,477,204</u>	<u>\$ 10,251,063</u>	<u>\$ -</u>	<u>\$ 325,728,269</u>

Reconciliation of Governmental activities capital asset increases:

Total capital assets, not being depreciated - increases	\$ 7,509,778
Total capital assets, being depreciated - increases	<u>14,915,316</u>
Governmental activities capital asset increases	<u>\$ 22,425,094</u>
Governmental Funds - capital outlay	\$ 8,288,502
Donations and contributed capital*	14,110,492
Transfer from Internal Service Fund	<u>26,100</u>
Governmental activities capital asset increases	<u>\$ 22,425,094</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
FOR THE YEAR ENDED JUNE 30, 2020

5. CAPITAL ASSETS (Continued)

Capital assets for business-type activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,154,341	\$ -	\$ -	\$ 2,154,341
Construction in progress	6,788,240	10,002,411	(482,250)	16,308,401
Total capital assets, not being depreciated:	8,942,581	10,002,411	(482,250)	18,462,742
Capital assets, being depreciated:				
Buildings	19,412,388	-	-	19,412,388
Improvements other than buildings	190,639,648	2,147,417	-	192,787,065
Equipment, furniture and vehicles	3,102,380	-	(77,727)	3,024,653
Total capital assets, being depreciated:	213,154,416	2,147,417	(77,727)	215,224,106
Less accumulated depreciation for:				
Buildings	(14,215,787)	(504,741)	-	(14,720,528)
Improvements other than buildings	(78,338,686)	(5,333,436)	-	(83,672,122)
Equipment, furniture and vehicles	(2,383,658)	(119,137)	77,727	(2,425,068)
Total accumulated depreciation	(94,938,131)	(5,957,314)	77,727	(100,817,718)
Total capital assets being depreciated, net	118,216,285	(3,809,897)	-	114,406,388
Business-type activities capital assets, net	\$ 127,158,866	\$ 6,192,514	\$ (482,250)	\$ 132,869,130

Reconciliation of Business-type activities capital asset increases:

Total capital assets, not being depreciated - increases	\$ 10,002,411
Total capital assets, being depreciated - increases	2,147,417
Business-type activities capital asset increases	<u>\$ 12,149,828</u>
Business-type activities - capital outlay	\$ 3,332,921
Donations and contributed capital*	8,816,907
Business-type activities capital asset increases	<u>\$ 12,149,828</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
FOR THE YEAR ENDED JUNE 30, 2020

5. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 404,457
Public safety	1,461,059
Public works	9,882,379
Parks and recreation	405,618
Community development	17,765
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,753</u>
Total depreciation expense - governmental activities	<u><u>\$ 12,174,031</u></u>
Business-type activities:	
Sewer	\$ 4,551,341
Parking	185,235
Airport	<u>1,220,738</u>
Total depreciation expense - business-type activities	<u><u>\$ 5,957,314</u></u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2020, was as follows

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Direct Borrowings					
Capital leases-direct financing	\$ 3,038,013	\$ -	\$ (512,357)	\$ 2,525,656	\$ 527,782
Compensated absences	3,756,938	2,013,915	(2,236,288)	3,534,565	395,600
Self-insurance claims & settlements	7,317,655	3,675,918	(2,901,815)	8,091,758	2,177,493
Governmental activities long term liabilities	<u>\$ 14,112,606</u>	<u>\$ 5,689,833</u>	<u>\$ (5,650,460)</u>	<u>\$ 14,151,979</u>	<u>\$ 3,100,875</u>
Business-type Activities:					
Direct Borrowings					
Loans payable	\$ 31,634,994	\$ -	\$ (4,368,813)	\$ 27,266,181	\$ 4,475,602
Compensated absences	391,021	208,910	(143,372)	456,559	51,991
Business-type activities long-term liabilities	<u>\$ 32,026,015</u>	<u>\$ 208,910</u>	<u>\$ (4,512,185)</u>	<u>\$ 27,722,740</u>	<u>\$ 4,527,593</u>

The City's outstanding capital leases from direct borrowings, secured by equipment, related to governmental activities of \$2,525,656 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 \$27,266,181 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, 2020
Governmental Activities:					
<u>Capital Leases</u>					
Oshkosh Capital	7/25/2024	2.46%	\$ 136,868	\$ 1,200,359	\$ 635,863
Oshkosh Capital	4/25/2025	2.80%	224,132	1,931,551	1,032,345
Tymco, Inc	12/15/2021	2.85%	99,899	472,572	97,131
Motorola Solutions, Inc.	11/1/2025	4.06%	145,322	870,306	760,317
Total governmental activities capital lease				<u>4,474,788</u>	<u>2,525,656</u>
Total governmental activities				<u>\$ 4,474,788</u>	<u>\$ 2,525,656</u>
Business-Type Activities:					
<u>Loans Payable</u>					
State Revolving Fund Loan Program	10/20/2020	2.60%	\$ 2,276,673	\$ 33,613,142	\$ 2,218,981
State Revolving Fund Loan Program	12/31/2029	2.40%	2,642,146	40,624,861	23,244,181
State Revolving Fund Loan Program	2/26/2030	1.00%	190,366	3,422,120	1,803,019
Total business-type activities loans payable				<u>77,660,123</u>	<u>27,266,181</u>
Total business-type activities				<u>\$ 77,660,123</u>	<u>\$ 27,266,181</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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>
\$ 635,863	

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.

1,032,345

Lease payable to Tymco, Inc, for two Tymco model 600 Regenerative Air Sweepers for Public Works, interest at 2.85%; due in annual installments on December 15, in the amount of \$99,899. Original lease amount was \$472,572. Payments to be made 59% from General Fund and 41% from Street Maintenance Equipment Fund.

97,131

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.

760,317

Total governmental activities capital leases

\$ 2,525,656

Total governmental activities long-term liabilities

\$ 2,525,656

Business-Type Activities:

Direct borrowings

Loans Payable

Loan payable to the State Revolving Fund Loan Program; for the 2000 upgrade of the Water Pollution Control Plant; interest at 2.60%; due in annual installments on October 20, in the amount of \$2,276,673, including interest, through October 20, 2020. Original loan amount was \$33,613,142.

\$ 2,218,981

Loan payable to the State Revolving Fund Loan Program; for the 2008 upgrade and expansion of the Water Pollution Control Plant. Interest on the loan is 2.40%; due in annual installments on December 31, in the amount of \$2,642,146, including interest, through December 31, 2029. Original loan amount was \$40,624,861.

23,244,181

Loan payable to the State Revolving Fund Loan Program; for the 2009 replacement of the existing outfall and diffuser at the Water Pollution Control Plant. Interest on the loan is 1.00%; due in installments on February 26, in the amount of \$190,366, including interest, through February 26, 2030. Original loan amount was \$3,422,120.

1,803,019

Total business-type activities loans payable

\$ 27,266,181

Total business-type activities long-term liabilities

\$ 27,266,181

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. LONG-TERM LIABILITIES (Continued)

Debt service requirements at June 30, 2020 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
2021	\$ 527,782	\$ 78,439	\$ 4,475,604	\$ 633,584
2022	443,788	62,534	2,308,368	524,144
2023	457,343	48,979	2,361,332	471,180
2024	471,329	34,993	2,415,543	416,970
2025	485,760	20,562	2,471,030	361,482
2026-2029	139,654	5,670	13,234,304	928,259
Total	\$ 2,525,656	\$ 251,177	\$ 27,266,181	\$ 3,335,619

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.

	Interest Rate	Present Value at June 30, 2020
Governmental Activities:		
Fire Department Tiller Truck	2.46%	\$ 635,863
Fire Department Pumpers (3)	2.80%	1,032,345
Sweepers (2)	2.85%	97,131
Radios	4.06%	760,317
Total Capital Lease Obligations		\$ 2,525,656

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

	Governmental Activities
Equipment	\$ 4,474,788
Less: accumulated depreciation	(840,855)
Net Value	\$ 3,633,933

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

Year ending June 30:	Governmental Activities
2021	\$ 606,221
2022	506,322
2023	506,322
2024	506,322
2025	506,322
2026-2030	145,324
Total requirements	2,776,833
Less interest	(251,177)
Present value of remaining payments	\$ 2,525,656

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

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

7. INTERFUND ACTIVITY

Due From/To Other Funds

Amounts due from/to other funds at June 30, 2020

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	Nonmajor Governmental Funds	\$ 260,487
	Total Due From/Due	<u>\$ 260,487</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, 2020

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Public Infrastructure Impact Fees	Nonmajor Governmental Funds	\$ 45,851
	Subtotal	<u>45,851</u>
	Total Advances	<u>\$ 45,851</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
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 2,431,397
	Subtotal	<u>2,431,397</u>
Public Facilities Impact	Enterprise Funds	94,290
	Subtotal	<u>94,290</u>
Low & Mod Income Housing Asset Fund	CDBG and HOME Housing Fund	29,244
	Public Facilities Impact Fees	456,975
	Subtotal	<u>486,219</u>
Nonmajor Governmental	General Fund	2,152,394
	Enterprise Funds	173,478
	Subtotal	<u>2,325,872</u>
Enterprise Funds	General Fund	161,584
	Nonmajor Governmental Funds	231,662
	Enterprise Funds	26,889
	Subtotal	<u>420,135</u>
Internal Service Funds	General Fund	398,275
	Nonmajor Governmental Funds	46,997
	Subtotal	<u>445,272</u>
	Total Transfers	<u>\$ 6,203,185</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
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

	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							
Deposits with others	-	-	106,346	-	-	-	106,346
Prepaid items	\$ 66,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,686
Advances to other funds	-	-	45,851	-	-	-	45,851
	<u>66,686</u>	<u>-</u>	<u>152,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,883</u>
Restricted							
Capital projects	-	-	31,799,382	-	-	1,877,437	33,676,819
Housing	-	7,578,918	-	-	56,063,997	-	63,642,915
Transportation related projects	-	-	-	-	-	7,483,118	7,483,118
Maintenance districts	-	-	-	-	-	4,002,016	4,002,016
Other purposes	-	-	-	-	-	602,184	602,184
Police officer salary grant	368,033	-	-	-	-	-	368,033
Setion 115 Trust	1,861,253	-	-	-	-	-	1,861,253
	<u>2,229,286</u>	<u>7,578,918</u>	<u>31,799,382</u>	<u>-</u>	<u>56,063,997</u>	<u>13,964,755</u>	<u>111,636,338</u>
Committed							
Compensated absences	1,500,000	-	-	-	-	-	1,500,000
Donations	383,504	-	-	-	-	-	383,504
Emergency contingencies	10,321,018	-	-	-	-	-	10,321,018
	<u>12,204,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,204,522</u>
Assigned							
Equipment replacement	-	-	-	-	-	2,176,205	2,176,205
Capital projects	5,479,463	-	-	-	-	2,129,277	7,608,740
Remediation	-	-	-	-	-	(1)	(1)
Subsequent year budget	5,756,400	-	-	-	-	-	5,756,400
	<u>11,235,863</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,305,481</u>	<u>15,541,344</u>
Unassigned							
General Fund	4,160,976	-	-	-	-	-	4,160,976
Special Revenue Funds	-	-	-	-	-	(131,599)	(131,599)
Capital Projects Funds	-	-	-	(1,387,794)	-	-	(1,387,794)
	<u>4,160,976</u>	<u>-</u>	<u>-</u>	<u>(1,387,794)</u>	<u>-</u>	<u>(131,599)</u>	<u>2,641,583</u>
Total fund balances (deficit)	<u>\$ 29,897,333</u>	<u>\$ 7,578,918</u>	<u>\$ 31,951,579</u>	<u>\$ (1,387,794)</u>	<u>\$ 56,063,997</u>	<u>\$ 18,138,637</u>	<u>\$ 142,242,670</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Private Development Fund	\$ (5,239,717)
Capital Grants Fund	(1,387,794)
Operating Grants Fund	(131,599)
Remediation Fund	(1)
Central Garage Fund	(2,376,665)
Municipal Building Maintenance Fund	(1,772,515)
Information Services Fund	(3,562,748)
Total Deficit Funds	<u>\$ (14,471,039)</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 and the OPEB liability under GASB No. 75.

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 and the OPEB liability under GASB No. 75. 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. RESTRICTED NET POSITION/FUND BALANCES (Continued)

C. OTHER FUND DISCLOSURES

The following funds had an excess of expenditures over appropriations on June 30, 2020:

General Fund Department	Expenditures over Appropriations
Administrative services department	\$ 191,138
Community development department	90,694
Total Deficit Funds	<u>\$ 281,832</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	\$ 31,951,579
Bond Proceeds	142,321
Public Infrastructure	2,891,976
Transportation	4,591,142
Public Infrastructure	1,735,116
Total	\$ 41,312,134
Restricted for Housing	
Affordable housing loans	7,578,918
CDBG housing loans	<u>56,063,997</u>
Total	63,642,915
Restricted for Maintenance Districts	
Maintenance districts	4,002,016
Restricted for Other Government Programs	
Retirement Funding	1,861,254
Telecommunications equipment	477,376
Abandoned Vehicle Program	39,753
Total	2,378,383
Restricted for Public Safety	
Grants and Donations	236,434
Asset Forfeiture	26,720
Total	<u>263,154</u>
Total restricted component of net position - governmental activities	<u>\$ 111,598,602</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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, 2020, 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 \$5,592,972 for insurance losses through June 30, 2020 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
2018-19	\$ 6,644,631	\$ 991,197	\$ (1,516,357)	\$ 6,119,471	\$ 1,538,618
2019-20	6,119,471	1,187,268	(1,713,767)	5,592,972	1,318,521

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 \$10,000 deductible for vehicles, and in the Authority’s property insurance program which provides property

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

9. RISK MANAGEMENT (Continued)

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, 2020, were \$445,138.

The claims liability reported in the Self Insurance Internal Service Fund at June 30, 2020, was also based on the requirements of GASB Statement No. 10, as described. The City’s provision of \$2,498,786 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
2018-19	\$ 1,295,938	\$ 162,864	\$ (260,618)	\$ 1,198,184	\$ 638,875
2019-20	1,198,184	2,488,650	(1,188,048)	2,498,786	638,875

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 \$6,840,895 in the Capital Grants Fund for contracts awarded but not completed as of June 30, 2020. The major contracts outstanding are \$3,847,533 for 2020 Esplanade Road Rehabilitation and Neal Dow and 5th Avenue Rehabilitation, \$1,678,720 for SR 99 corridor Bikeway Facility Phase 4, \$1,249,687 for Comanche Creek Greenway Improvements Phase 2 and \$64,955 for Streetlight Replacements.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. DEFINED BENEFIT PENSION PLAN

Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2020 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	\$ 6,548,147	\$ (65,189,897)	\$ (1,086,436)	\$ 9,407,520
CALPERS Safety Agent Multiple Employer Plan	<u>11,945,269</u>	<u>(71,749,500)</u>	<u>(2,194,187)</u>	<u>8,589,906</u>
Total	<u>\$ 18,493,416</u>	<u>\$ (136,939,397)</u>	<u>\$ (3,280,623)</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, 2020

11. DEFINED BENEFIT PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2020, 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	13.235%	13.235%	13.235%
	<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	21.843%		21.843%

Employees Covered – At June 30, 2020, 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	378	231
Inactive employees entitled to but not yet receiving benefits	171	66
Active employees	206	146
Total	<u>755</u>	<u>443</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, 2020

11. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability

The City’s net pension liability for each plan was measured as of June 30, 2019 and the total pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019. 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, 2018 actuarial valuations was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	3.30% to 14.20%	3.30% to 14.20% (1)
Investment Rate of Return	7.375%	7.375%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 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, 2020

11. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Assumed Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
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	<u>100%</u>		

Discount Rate – The discount rate used to measure the total pension liability was 7.15%, unchanged from the June 30, 2019 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, 2020

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	\$ 89,590,415	\$ 104,662,723	\$ 194,253,138
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 65,189,897	\$ 71,749,500	\$ 136,939,397
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 44,851,630	\$ 44,893,606	\$ 89,745,236

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, 2020, the City recognized pension expense of \$ 16,031,725. At June 30, 2020, 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	\$ 5,733,855	\$ -
Differences between actual and expected experience	814,292	-
Changes in assumption	-	(348,676)
Net difference between projected and actual earnings on plan investments	-	(737,760)
Total	<u>\$ 6,548,147</u>	<u>\$ (1,086,436)</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. DEFINED BENEFIT PENSION PLAN (Continued)

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 7,068,846	\$ -
Differences between actual and expected experience	832,465	(980,161)
Changes in assumption	4,043,958	(497,274)
Net difference between projected and actual earnings on plan investments	-	(716,752)
Total	<u>\$ 11,945,269</u>	<u>\$ (2,194,187)</u>
Total of all plans	<u>\$ 18,493,416</u>	<u>\$ (3,280,623)</u>

The amounts of \$5,299,890 for the Miscellaneous plan, and \$ \$6,289,265 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, 2021. 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
2020	\$ 696,459	\$ 2,915,412	\$ 3,611,871
2021	(870,508)	(378,191)	(1,248,699)
2022	(220,696)	(18,525)	(239,221)
2022	122,601	163,540	286,141
	<u>\$ (272,144)</u>	<u>\$ 2,682,236</u>	<u>\$ 2,410,092</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS – (OPEB)

Plan Description - The City of Chico Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the City. The plan allows retirees the option to participate in the City’s group medical insurance plan, which covers both active and retired participants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The City of Chico is the governing authority over the plan.

Benefits Provided - The premium amount retirees pay is a blended rate for covering both active and retired OPEB Plan members. Retirees participating in the City’s medical insurance plan pay the full premium. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees, and the unions representing City employees. Employees are eligible to participate in the City’s Retiree Healthcare Plan if they retire directly from the City under CalPERS and pay the full premium. Since premiums are determined for actives and retirees on a combined basis, an implied subsidy must be reflected under GASB 75.

Employees covered by benefit terms -

Inactive employees or beneficiaries currently receiving benefit payments	76
Active employees	<u>297</u>
Total membership	<u>373</u>

Total OPEB Liability – The City’s total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The liability is paid out of operating funds based on a percentage of covered payroll.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.75%
Projected Salary Increase	3.25%
Mortality	Based on CalPERS tables (*)
Healthcare cost trend rate	5.50% trending down to 5.00% in later years

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 year mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the CalPERS 2014 experience study report available on CalPERS website.

The discount rate of 3.50 percent is based on the Bond Buyer 20-Bond General Obligation Index at June 30, 2019. Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (Continued)

<i>Changes in Total OPEB Liability</i>	<i>Total OPEB liability</i>
Balance at June 30, 2019	\$ 8,143,776
Changes for the year	
Service Cost	436,457
Interest	310,084
Changes in assumptions	948
Benefit payments	<u>(262,526)</u>
Net change in total OPEB liability	<u>(7,842,187)</u>
Balance at June 30, 2020	<u><u>\$ 301,589</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current discount rate.

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% Decrease (2.50%)	
Total OPEB Liability	\$304,163
Current Discount Rate (3.50%)	
Total OPEB Liability	\$301,589
1% Increase (4.50%)	
Total OPEB Liability	\$299,064

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0% to 4.5%) or 1-percentage point higher (6.0% to 6.5%) than the current healthcare cost trend rates:

<u>Healthcare Cost Trend Rate</u>	<u>Total OPEB Liability</u>
1% Decrease (4.0% to 4.5%)	
Total OPEB Liability	\$297,664
Assumed Rate (5.00% to 5.5%)	
Total OPEB Liability	\$301,589
1% Increase (6.0% to 6.5%)	
Total OPEB Liability	\$305,530

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB– For the year ended June 30, 2020, the City recognized an OPEB expense of \$(7,864,807). At June 30, 2020, the City reported deferred outflows of resources and inflow of resources related to OPEB from the following sources:

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

12. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 84,191
Changes of Assumptions	191,738	58,145
	<u>\$ 191,738</u>	<u>\$ 142,336</u>

The \$191,738 reported as deferred outflow of resources relates to benefits provided by the City subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ended June 30:	
2021	\$ 49,402
Total	<u>\$ 49,402</u>

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

13. 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, 2020.

CAPITAL ASSETS - LAND

As of June 30, 2020, 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, 2020, the balances of the Successor Agency long-term obligations are presented below:

	Beginning Balance		Ending Balance	Due within
	June 30, 2019	Deductions	June 30, 2020	One Year
2017 Successor Agency to the Chico RDA Tax Allocation Refunding Bonds Series A	\$ 65,475,000	\$ (2,590,000)	\$ 62,885,000	\$ 4,860,000
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>\$ 67,620,000</u>	<u>\$ (4,735,000)</u>	<u>\$ 62,885,000</u>	<u>\$ 4,860,000</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, 2020 was \$392,321 and is reported as a deferred inflow of resources.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

13. 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

\$62,885,000

Total Successor Agency long-term liabilities
 Total Successor Agency long-term debt

\$62,885,000

\$62,885,000

The following is a schedule of total debt service requirements to maturity as of June 30, 2020 for the tax allocation bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,860,000	\$ 1,846,395	\$ 6,706,395
2022	4,665,000	1,773,357	6,438,357
2023	4,795,000	1,636,305	6,431,305
2024	4,925,000	1,504,752	6,429,752
2025	4,830,000	1,369,533	6,199,533
2026-2030	26,940,000	4,730,127	31,670,127
2031-2032	11,870,000	999,690	12,869,690
Total	<u>\$ 62,885,000</u>	<u>\$ 13,860,159</u>	<u>\$ 76,745,159</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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

14. SPECIAL ITEMS

Special items are unusual and infrequent in nature but within the control of management.

Historically, the City medical insurance plan was a blended pool that consisted of active and retired employees. This blended plan resulted in an “implied subsidy” to retirees, as the retirees paid a lower premium rate when combined with the active employees. This subsidy was reported as an “Other Post-Employment Benefit (OPEB)”

Beginning January 1, 2018, the City split the two categories of insured into two pools, one for active and one for retired employees. As a result, the implied subsidy would be eliminated. To ensure the least amount of impact on employees and retirees, the City opted to phase the premium increase over three years. The subsidy will be fully eliminated as of December 31, 2020.

During fiscal year 2019-20, the gain from the OPEB elimination was as follows:

	Governmenta
	<u>Activities</u>
Special item gain from OPEB elimination	\$ <u><u>8,012,165</u></u>
	Business-type
	<u>Activities</u>
Special item gain from OPEB elimination	\$ <u><u>1,622,829</u></u>

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*

Measurement Period	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability						
Service cost	\$2,764,446	\$2,702,893	\$2,762,977	\$2,352,654	\$2,441,836	\$3,139,806
Interest	13,311,689	12,817,844	12,410,522	12,292,564	12,098,168	11,852,134
Differences between expected & actual experience	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	(9,798,874)	(9,357,597)	(8,680,046)	(8,251,225)	(8,129,122)	(7,723,542)
Net change in total pension liability	<u>7,210,921</u>	<u>5,735,284</u>	<u>12,995,358</u>	<u>2,629,869</u>	<u>(188,218)</u>	<u>7,268,398</u>
Total pension liability -- beginning	<u>188,761,026</u>	<u>183,025,742</u>	<u>170,030,384</u>	<u>167,400,515</u>	<u>167,588,733</u>	<u>160,320,335</u>
Total pension liability -- ending (a)	<u><u>\$195,971,947</u></u>	<u><u>\$188,761,026</u></u>	<u><u>\$183,025,742</u></u>	<u><u>\$170,030,384</u></u>	<u><u>\$167,400,515</u></u>	<u><u>\$167,588,733</u></u>
Plan fiduciary net position						
Contributions - employer	\$5,289,597	\$4,892,157	\$4,835,288	\$3,774,160	\$3,273,509	\$3,326,062
Contributions - employee	1,452,949	1,211,601	1,042,124	960,903	950,096	991,678
Net investment income	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	(9,798,874)	(9,357,597)	(8,680,046)	(8,251,225)	(8,129,122)	(7,723,542)
Administrative Expense	(89,683)	(185,995)	(162,567)	(68,942)	(127,469)	-
Miscellaneous income (expense)	293	(353,207)	-	-	-	-
Net change in fiduciary net position	<u>5,108,749</u>	<u>6,314,010</u>	<u>9,251,274</u>	<u>(3,013,793)</u>	<u>(1,496,573)</u>	<u>13,927,928</u>
Plan fiduciary net position -- beginning	<u>125,673,301</u>	<u>119,359,291</u>	<u>110,108,017</u>	<u>113,121,810</u>	<u>114,618,383</u>	<u>100,690,455</u>
Plan fiduciary net position -- ending (b)	<u><u>\$130,782,050</u></u>	<u><u>\$125,673,301</u></u>	<u><u>\$119,359,291</u></u>	<u><u>\$110,108,017</u></u>	<u><u>\$113,121,810</u></u>	<u><u>\$114,618,383</u></u>
Net pension liability -- ending (a) - (b)	<u><u>\$65,189,897</u></u>	<u><u>\$63,087,725</u></u>	<u><u>\$63,666,451</u></u>	<u><u>\$59,922,367</u></u>	<u><u>\$54,278,705</u></u>	<u><u>\$52,970,350</u></u>
Plan fiduciary net position as a percentage of the total pension liability	66.74%	66.58%	65.21%	64.76%	67.58%	68.39%
Covered payroll	\$13,266,370	\$12,101,584	\$12,743,802	\$12,095,926	\$11,927,104	\$14,799,933
Net pension liability as a percentage of covered payroll	491.39%	521.32%	499.59%	495.39%	455.09%	357.91%

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation, therefore, only five 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*

Measurement Period	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total pension liability						
Service cost	\$4,380,793	\$4,390,653	\$4,563,295	\$3,944,837	\$4,060,125	\$4,587,446
Interest	15,784,596	15,059,804	14,578,548	13,926,474	13,452,675	12,801,088
Differences between expected & actual experience	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	(10,712,608)	(10,094,391)	(9,308,811)	(8,981,039)	(8,373,881)	(7,428,081)
Net change in total pension liability	10,547,717	6,733,002	22,647,765	6,306,029	5,085,816	9,960,453
Total pension liability -- beginning	222,834,559	216,101,557	193,453,792	187,147,763	182,061,947	172,101,494
Total pension liability -- ending (a)	\$233,382,276	\$222,834,559	\$216,101,557	\$193,453,792	\$187,147,763	\$182,061,947
Plan fiduciary net position						
Contributions - employer	\$6,272,865	\$5,601,393	\$5,349,238	\$4,852,766	\$4,398,219	\$4,361,304
Contributions - employee	1,783,895	1,542,571	1,550,187	1,404,504	1,236,718	1,260,761
Net investment income	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	(10,712,608)	(10,094,391)	(9,308,811)	(8,981,039)	(8,373,881)	(7,428,081)
Administrative Expense	(110,105)	(227,002)	(197,150)	(82,684)	(152,694)	-
Miscellaneous income (expense)	359	(431,079)	-	-	-	-
Net change in fiduciary net position	7,341,970	8,615,803	12,143,804	(2,139,662)	86,929	18,555,340
Plan fiduciary net position -- beginning	154,290,807	145,675,004	133,531,200	135,670,862	135,583,933	117,028,593
Plan fiduciary net position -- ending (b)	\$161,632,777	\$154,290,807	\$145,675,004	\$133,531,200	\$135,670,862	\$135,583,933
Net pension liability -- ending (a) - (b)	\$71,749,499	\$68,543,752	\$70,426,553	\$59,922,592	\$51,476,901	\$46,478,014
Plan fiduciary net position as a percentage of the total pension liability	69.26%	69.24%	67.41%	69.02%	72.49%	74.47%
Covered payroll	\$13,801,250	\$13,938,580	\$14,048,439	\$14,048,202	\$14,089,826	\$15,179,163
Net pension liability as a percentage of covered payroll	519.88%	491.76%	501.31%	426.55%	365.35%	306.20%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$5,733,855	\$5,299,889	\$4,898,914	\$4,840,128	\$3,774,896	\$3,273,509
Contributions in relation to the actuarially determined contribution	<u>(5,733,855)</u>	<u>(5,299,889)</u>	<u>(4,898,914)</u>	<u>(4,840,128)</u>	<u>(3,774,896)</u>	<u>(3,273,509)</u>
Covered payroll	\$13,266,370	\$12,101,584	\$12,101,584	\$12,743,802	\$12,095,926	\$11,927,104
Contributions as a percentage of covered-payroll	43.22%	43.80%	40.48%	37.98%	31.21%	27.45%

Notes to Schedule

Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Average remaining period	29 Years as of the valuation date
Asset valuation method	Fair Value of Assets
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age, service and type of employment
Payroll Growth	3.00%
Discount Rate	7.15%
Retirement age	50 or 57 years depending on type of employment and entry date
Mortality	The probabilities of mortality are based on the 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include five years of projected mortality improvement using Scale AA.

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$7,068,846	\$6,289,265	\$5,618,264	\$5,352,995	\$4,943,984	\$4,398,219
Contributions in relation to the actuarially determined contribution	<u>(7,068,846)</u>	<u>(6,289,265)</u>	<u>(5,618,264)</u>	<u>(5,352,995)</u>	<u>(4,943,984)</u>	<u>(4,398,219)</u>
Covered payroll	\$13,715,620	\$13,715,620	\$13,938,580	\$14,048,439	\$14,048,202	\$14,089,826
Contributions as a percentage of covered payroll	51.54%	45.85%	40.31%	38.10%	35.19%	31.22%

Notes to Schedule

Valuation date:	6/30/2016	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll
Average remaining period	29 Years as of the valuation date
Asset valuation method	Fair Value of Assets
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age, service and type of employment
Payroll Growth	3.00%
Discount Rate	7.15%
Retirement age	50 or 57 years depending on type of employment and entry date
Mortality	The probabilities of mortality are based on the 2010 CalPERS experience study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include five years of projected mortality improvement using Scale AA

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

CITY OF CHICO, CALIFORNIA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
LAST TEN YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Period	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB liability			
Service cost	\$436,457	\$390,946	\$411,300
Interest	310,084	346,132	292,769
Differences between expected and actual experience	-	(1,869,037)	-
Changes in assumptions	337,485	(252,572)	(1,047,604)
Benefit payments, including refunds of employee contributions	<u>(262,526)</u>	<u>(280,350)</u>	<u>(240,838)</u>
Net change in total OPEB liability	821,500	(1,664,881)	(584,373)
Total OPEB liability -- beginning	<u>8,143,777</u>	<u>9,808,658</u>	<u>10,393,031</u>
Total OPEB liability -- ending	<u><u>\$8,965,277</u></u>	<u><u>\$8,143,777</u></u>	<u><u>\$9,808,658</u></u>
 Covered employee payroll	 \$26,981,990	 \$25,817,204	 \$25,211,635
 Total OPEB liability as a percentage of covered payroll	 33.23%	 31.54%	 38.91%

* Fiscal year 2018 was the first year of implementation, therefore,

CITY OF CHICO, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 16,837,415	\$ 17,998,301	\$ 18,616,363	\$ 618,062
Sales and use taxes	22,662,386	22,735,000	24,434,685	1,699,685
Other taxes	13,513,000	13,525,861	14,805,059	1,279,198
Licenses and permits	140,700	140,700	91,294	(49,406)
Intergovernmental	282,500	4,850,732	3,641,521	(1,209,211)
Charges for services	223,240	250,822	294,323	43,501
Fines, forfeitures, and penalties	667,000	667,000	699,712	32,712
Use of money and property	187,267	352,377	687,132	334,755
Miscellaneous	600,000	396,890	616,866	219,976
Total revenues	55,113,508	60,917,683	63,886,955	2,969,272
EXPENDITURES:				
Current:				
Administrative services department	2,040,093	2,137,093	2,328,231	(191,138)
City attorney department	640,717	673,585	673,425	160
City clerk department	1,013,231	1,084,656	991,823	92,833
City manager department	2,197,457	2,362,038	2,142,688	219,350
Less - indirect costs	(1,921,399)	(1,918,091)	(1,918,091)	-
General government	3,970,099	4,339,281	4,218,076	121,205
Police department	27,054,335	27,187,195	26,200,326	986,869
Fire department	13,110,497	13,769,023	13,563,017	206,006
Public safety	40,164,832	40,956,218	39,763,343	1,192,875
Public works department	4,261,956	4,322,560	4,289,123	33,437
Parks department	3,319,212	3,304,868	3,131,513	173,355
Community development department	1,161,081	1,221,211	1,311,905	(90,694)
Arts & Culture	-	28,346	28,346	-
Community agencies	30,000	60,000	10,249	49,751
Capital outlay:				
Capital outlay - Operations	915,955	8,248,994	1,254,496	6,994,498
Debit Service:				
Principal retirement	447,513	458,183	458,182	1
Interest and fiscal charges	99,768	89,098	89,099	(1)
Total expenditures	54,370,416	63,028,759	54,554,332	8,474,427
Excess (deficiency) of revenues over (under) expenditures	743,092	(2,111,076)	9,332,623	11,443,699

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, 2020**

Continued from previous page

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers in	2,334,925	2,698,458	2,712,253	13,795
Transfers out	(2,991,325)	(2,809,345)	(2,431,397)	377,948
Capital leases	-	-	-	-
Total other financing sources (uses)	(656,400)	(110,887)	280,856	391,743
Net change in fund balance	86,692	(2,221,963)	9,613,479	11,835,442
Fund balance, beginning of year	20,283,854	20,283,854	20,283,854	-
Fund balance, end of year	\$ 20,370,546	\$ 18,061,891	\$ 29,897,333	\$ 11,835,442

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Other taxes	1,372,430	1,395,528	-	(1,395,528)
Intergovernmental	\$ 1,325,460	\$ 1,837,878	\$ 524,122	\$ (1,313,756)
Use of money and property	320	320	62,011	61,691
Miscellaneous	4,840	4,840	-	(4,840)
Total revenues	<u>2,703,050</u>	<u>3,238,566</u>	<u>586,133</u>	<u>(2,652,433)</u>
EXPENDITURES:				
Current:				
Community development	302,328	332,146	620,973	(288,827)
Capital outlay	2,690,583	3,220,494	-	3,220,494
Total expenditures	<u>2,992,911</u>	<u>3,552,640</u>	<u>620,973</u>	<u>2,931,667</u>
Excess (deficiency) of revenues over (under) expenditures	(289,861)	(314,074)	(34,840)	279,234
OTHER FINANCING SOURCES (USES):				
Transfers in	41,926	44,600	29,244	(15,356)
Total other financing sources (uses)	<u>41,926</u>	<u>44,600</u>	<u>29,244</u>	<u>(15,356)</u>
Net change in fund balance	(247,935)	(269,474)	(5,596)	263,878
Fund balance, beginning of year	7,584,514	7,584,514	7,584,514	-
Fund balance, end of year	<u>\$ 7,336,579</u>	<u>\$ 7,315,040</u>	<u>\$ 7,578,918</u>	<u>\$ 263,878</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Other taxes	\$ 17,971	\$ 17,971	\$ 18,830	\$ 859
Charges for services	-	-	1,348	1,348
Use of money and property	170,000	170,000	380,876	210,876
Miscellaneous	30,000	30,000	-	(30,000)
Total revenues	<u>217,971</u>	<u>217,971</u>	<u>401,054</u>	<u>183,083</u>
EXPENDITURES:				
Current:				
Community development	397,315	397,315	299,445	97,870
Capital outlay	1,215,000	1,215,000	-	1,215,000
Total expenditures	<u>1,612,315</u>	<u>1,612,315</u>	<u>299,445</u>	<u>1,312,870</u>
Excess (deficiency) of revenues over (under) expenditures	(1,394,344)	(1,394,344)	101,609	1,495,953
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,667	-	(4,667)
Transfers out	(41,926)	(498,901)	(486,219)	12,682
Total other financing sources (uses)	<u>(41,926)</u>	<u>(494,234)</u>	<u>(486,219)</u>	<u>8,015</u>
Net change in fund balance	<u>(1,436,270)</u>	<u>(1,888,578)</u>	<u>(384,610)</u>	<u>1,503,968</u>
Fund balance, beginning of year	56,448,607	56,448,607	56,448,607	-
Fund balance, end of year	<u>\$ 55,012,337</u>	<u>\$ 54,560,029</u>	<u>\$ 56,063,997</u>	<u>\$ 1,503,968</u>

CITY OF CHICO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

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):

- Public Facilities Impact Fee Funds
- Capital Grants Fund

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 6,907,700	\$ 6,907,700	\$ 9,426,589	\$ 2,518,889
Use of money and property	-	-	679,989	679,989
Total revenues	<u>6,907,700</u>	<u>6,907,700</u>	<u>10,106,578</u>	<u>3,198,878</u>
EXPENDITURES:				
Current:				
Community development	-	-	268,950	(268,950)
Capital outlay	6,148,994	14,887,427	1,643,454	13,243,973
Debit Service:				
Principal retirement	54,175	54,175	54,175	-
Interest and fiscal charges	4,765	4,765	4,765	-
Total expenditures	<u>6,148,994</u>	<u>14,887,427</u>	<u>1,971,344</u>	<u>12,975,023</u>
Excess (deficiency) of revenues over (under) expenditures	758,706	(7,979,727)	8,135,234	16,114,961
OTHER FINANCING SOURCES (USES):				
Transfers in	-	456,975	456,975	-
Transfers out	(69,077)	(69,077)	(94,290)	(25,213)
Total other financing sources (uses)	<u>(69,077)</u>	<u>387,898</u>	<u>362,685</u>	<u>(25,213)</u>
Net change in fund balance	689,629	(7,591,829)	8,497,919	16,089,748
Fund balance, beginning of year	<u>23,453,660</u>	<u>23,453,660</u>	<u>23,453,660</u>	<u>-</u>
Fund balance, end of year	<u>\$ 24,143,289</u>	<u>\$ 15,861,831</u>	<u>\$ 31,951,579</u>	<u>\$ 16,089,748</u>

CITY OF CHICO, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL GRANTS
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 15,761,076	\$ 41,089,998	\$ 1,583,615	\$ (39,506,383)
Miscellaneous	-	10,000	10,000	-
Total revenues	15,761,076	41,099,998	1,593,615	(39,506,383)
EXPENDITURES:				
Current:				
General government	-	1,134,821	291,580	843,241
Capital outlay	15,761,076	41,314,894	1,769,901	39,544,993
Total expenditures	15,761,076	42,449,715	2,061,481	40,388,234
Excess (deficiency) of revenues over (under) expenditures	-	(1,349,717)	(467,866)	(79,894,617)
Net change in fund balance	-	(1,349,717)	(467,866)	(79,894,617)
Fund balance, beginning of year	(919,928)	(919,928)	(919,928)	-
Fund balance, end of year	\$ (919,928)	\$ (2,269,645)	\$ (1,387,794)	\$ (79,894,617)

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 21st 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.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS (Continued)

Public Infrastructure Replacement

Accounts for revenue from waste hauler franchise fee received and dedicated to capital projects.

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 12,272,655	\$ 6,662,692	\$ 18,935,347
Receivables:			
Interest	-	571	571
Taxes	39,580	-	39,580
Accounts	48,855	-	48,855
Intergovernmental	1,629,728	17,500	1,647,228
Loans	28,664	-	28,664
Deposits with others	13,775	26,675	40,450
Restricted cash and investments	-	141,749	141,749
	<u>14,033,257</u>	<u>6,849,187</u>	<u>20,882,444</u>
Total assets	<u>\$ 14,033,257</u>	<u>\$ 6,849,187</u>	<u>\$ 20,882,444</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,681,460	\$ 616,615	\$ 2,298,075
Accrued salaries and benefits	35,543	49,654	85,197
Intergovernmental payable	25,443	-	25,443
Due to other funds	260,487	-	260,487
Advances from other funds	45,851	-	45,851
	<u>2,048,784</u>	<u>666,269</u>	<u>2,715,053</u>
Total liabilities	<u>2,048,784</u>	<u>666,269</u>	<u>2,715,053</u>
Deferred inflows of resources:			
Deferred housing loan principal payments			
development impact fees and grants	28,754	-	28,754
	<u>28,754</u>	<u>-</u>	<u>28,754</u>
Total deferred inflows of resources	<u>28,754</u>	<u>-</u>	<u>28,754</u>
Restricted	12,087,318	1,877,437	13,964,755
Assigned	-	4,305,481	4,305,481
Unassigned	(131,599)	-	(131,599)
	<u>11,955,719</u>	<u>6,182,918</u>	<u>18,138,637</u>
Total fund balances	<u>11,955,719</u>	<u>6,182,918</u>	<u>18,138,637</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,033,257</u>	<u>\$ 6,849,187</u>	<u>\$ 20,882,444</u>

CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Intergovernmental	\$ 8,722,778	\$ -	\$ 8,722,778
Charges for services	1,806,880	1,589,711	3,396,591
Fines, forfeitures, and penalties	31,138	-	31,138
Use of money and property	232,319	119,222	351,541
Miscellaneous	2,000	85,530	87,530
Total revenues	10,795,115	1,794,463	12,589,578
EXPENDITURES:			
Current:			
General government	341,429	784,860	1,126,289
Public safety	1,038,163	-	1,038,163
Public works	2,302,511	1,433,901	3,736,412
Parks and recreation	143,136		143,136
Capital outlay:			
Capital outlay - Operations	1,849,427	1,771,224	3,620,651
Debt service:			
Interest and fiscal charges	2,466	-	2,466
Total expenditures	5,677,132	3,989,985	9,667,117
Excess (deficiency) of revenues over (under) expenditures	5,117,983	(2,195,522)	2,922,461
OTHER FINANCING SOURCES (USES):			
Transfers in	87,313	2,622,743	2,710,056
Transfers out	(2,152,394)	(173,478)	(2,325,872)
Total other financing sources (uses)	(2,065,081)	2,449,265	384,184
Net change in fund balances	3,052,902	253,743	3,306,645
Fund balances, beginning of year	8,902,817	5,929,175	14,831,992
Fund balances, end of year	<u>\$ 11,955,719</u>	<u>\$ 6,182,918</u>	<u>\$ 18,138,637</u>

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	Operating Grants	Community Maintenance Districts	Transportation	Gas Tax	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
ASSETS						
Cash and investments	\$ 58,106	\$ 4,131,023	\$ 3,095,442	\$ 4,444,315	\$ 543,769	\$ 12,272,655
Receivables:						
Taxes	-	39,580				39,580
Accounts	-	575	-	-	48,280	48,855
Intergovernmental	151,882	-	7,500	1,450,740	19,606	1,629,728
Loans	-	-	-	-	28,664	28,664
Deposits with others			-	13,775		13,775
Total assets	\$ 209,988	\$ 4,171,178	\$ 3,102,942	\$ 5,908,830	\$ 640,319	\$ 14,033,257
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 26,903	\$ 97,868	\$ 203,651	\$ 1,317,688	\$ 35,350	\$ 1,681,460
Accrued salaries and benefits	25,443	-	7,315	-	2,785	35,543
Intergovernmental payable	-	25,443	-	-	-	25,443
Due to other funds	260,487	-	-	-	-	260,487
Advances from other funds	-	45,851	-	-	-	45,851
Total liabilities	312,833	169,162	210,966	1,317,688	38,135	2,048,784
Deferred inflows of resources:						
Unavailable revenue	28,754	-	-	-	-	28,754
Total deferred inflows of resources	28,754	-	-	-	-	28,754
Fund balances:						
Restricted	-	4,002,016	2,891,976	4,591,142	602,184	12,087,318
Unassigned	(131,599)	-	-	-	-	(131,599)
Total fund balances (deficit)	(131,599)	4,002,016	2,891,976	4,591,142	602,184	11,955,719
Total liabilities, deferred inflows of resources, and fund balances	\$ 209,988	\$ 4,171,178	\$ 3,102,942	\$ 5,908,830	\$ 640,319	\$ 14,033,257

CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Operating Grants	Community Maintenance Districts	Transportation	Gas Tax	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
REVENUES:						
Intergovernmental	\$ 1,097,334	\$ -	\$ 1,893,605	\$ 5,731,839	\$ -	\$ 8,722,778
Charges for services	-	1,543,557	270	-	263,053	1,806,880
Fines, forfeitures, and penalties	-	-	-	-	31,138	31,138
Use of money and property	-	81,943	52,685	84,369	13,322	232,319
Miscellaneous	2,000	-	-	-	-	2,000
Total revenues	1,099,334	1,625,500	1,946,560	5,816,208	307,513	10,795,115
EXPENDITURES:						
Current:						
General government	18,946	-	-	-	322,483	341,429
Public safety	1,027,830	-	-	-	10,333	1,038,163
Public works	-	1,370,308	588,987	343,216	-	2,302,511
Parks and recreation	143,136	-	-	-	-	143,136
Capital outlay	2,969	-	133,029	1,713,429	-	1,849,427
Debt service:						
Interest	-	2,466	-	-	-	2,466
Total expenditures	1,192,881	1,372,774	722,016	2,056,645	332,816	5,677,132
Excess (deficiency) of revenues over (under) expenditures	(93,547)	252,726	1,224,544	3,759,563	(25,303)	5,117,983
OTHER FINANCING SOURCES (USES):						
Transfers in	39,057	36,632	11,624	-	-	87,313
Transfers out	-	-	(100,000)	(2,050,000)	(2,394)	(2,152,394)
Total other financing sources (uses)	39,057	36,632	(88,376)	(2,050,000)	(2,394)	(2,065,081)
Net change in fund balances	(54,490)	289,358	1,136,168	1,709,563	(27,697)	3,052,902
Fund balances, beginning of year	(77,109)	3,712,658	1,755,808	2,881,579	629,881	8,902,817
Fund balances, end of year	\$ (131,599)	\$ 4,002,016	\$ 2,891,976	\$ 4,591,142	\$ 602,184	\$ 11,955,719

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, 2020

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 911,381	\$ 1,643,465	\$ 1,097,334	\$ (546,131)
Other	-	2,000	2,000	-
Total revenues	<u>911,381</u>	<u>1,645,465</u>	<u>1,099,334</u>	<u>(546,131)</u>
EXPENDITURES:				
Current:				
General government	-	-	18,946	(18,946)
Public safety	1,107,563	1,329,104	1,027,830	301,274
Parks and recreation	6,439	-	143,136	(143,136)
Capital outlay	-	28,141	2,969	25,172
Total expenditures	<u>1,114,002</u>	<u>1,357,245</u>	<u>1,192,881</u>	<u>164,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(202,621)</u>	<u>288,220</u>	<u>(93,547)</u>	<u>(381,767)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>166,537</u>	<u>251,196</u>	<u>39,057</u>	<u>(212,139)</u>
Total other financing sources (uses)	<u>166,537</u>	<u>251,196</u>	<u>39,057</u>	<u>(212,139)</u>
Net change in fund balance	(36,084)	539,416	(54,490)	(593,906)
Fund balance, beginning of year	<u>(77,109)</u>	<u>(77,109)</u>	<u>(77,109)</u>	-
Fund balance, end of year	<u>\$ (113,193)</u>	<u>\$ 462,307</u>	<u>\$ (131,599)</u>	<u>\$ (593,906)</u>

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 1,305,390	\$ 1,571,879	\$ 1,543,557	\$ (28,322)
Use of money and property	-	-	81,943	81,943
Total revenues	1,305,390	1,571,879	1,625,500	53,621
EXPENDITURES:				
Current:				
Public works	1,128,256	1,396,254	1,370,308	25,946
Debt Service				
Interest	-	2,466	2,466	-
Total expenditures	1,128,256	1,398,720	1,372,774	25,946
Excess (deficiency) of revenues over (under) expenditures	177,134	173,159	252,726	79,567
OTHER FINANCING SOURCES (USES):				
Transfers in	16,444	35,916	36,632	-
Total other financing sources (uses)	16,444	35,916	36,632	-
Net change in fund balance	193,578	209,075	289,358	80,283
Fund balance, beginning of year	3,712,658	3,712,658	3,712,658	-
Fund balance, end of year	<u>\$ 3,906,236</u>	<u>\$ 3,921,733</u>	<u>\$ 4,002,016</u>	<u>\$ 80,283</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, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 1,906,570	\$ 2,369,585	\$ 1,893,605	\$ (475,980)
Charges for services	-	-	270	270
Use of money and property	17,220	17,220	52,685	35,465
Total revenues	<u>1,923,790</u>	<u>2,386,805</u>	<u>1,946,560</u>	<u>(440,245)</u>
EXPENDITURES:				
Current:				
Public works	549,829	549,829	588,987	(39,158)
Capital outlay	320,120	2,831,190	133,029	2,698,161
Total expenditures	<u>869,949</u>	<u>3,381,019</u>	<u>722,016</u>	<u>2,659,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,053,841</u>	<u>(994,214)</u>	<u>1,224,544</u>	<u>2,218,758</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	36,000	3,483	11,624	8,141
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(64,000)</u>	<u>(96,517)</u>	<u>(88,376)</u>	<u>8,141</u>
Net change in fund balance	989,841	(1,090,731)	1,136,168	2,226,899
Fund balance, beginning of year	<u>1,755,808</u>	<u>1,755,808</u>	<u>1,755,808</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,745,649</u>	<u>\$ 665,077</u>	<u>\$ 2,891,976</u>	<u>\$ 2,226,899</u>

**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, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 4,835,085	\$ 5,719,023	\$ 5,731,839	\$ 12,816
Use of money and property	-	-	84,369	84,369
Total revenues	4,835,085	5,719,023	5,816,208	97,185
EXPENDITURES:				
Current:				
Public works	-	-	343,216	(343,216)
Capital outlay	2,505,750	5,425,070	1,713,429	3,711,641
Total expenditures	2,505,750	5,425,070	2,056,645	3,368,425
Excess (deficiency) of revenues over (under) expenditures	2,329,335	293,953	3,759,563	3,465,610
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(2,050,000)	(2,050,000)	-
Total other financing sources (uses)	-	(2,050,000)	(2,050,000)	-
Net change in fund balance	2,329,335	(1,756,047)	1,709,563	3,465,610
Fund balance, beginning of year	2,881,579	2,881,579	2,881,579	-
Fund balance, end of year	\$ 5,210,914	\$ 1,125,532	\$ 4,591,142	\$ 3,465,610

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 253,000	\$ 253,000	\$ 263,053	\$ 10,053
Fines, forfeitures and penalties	31,138	40,000	31,138	(8,862)
Use of money and property	-	1,680	13,322	11,642
	284,138	294,680	307,513	12,833
EXPENDITURES:				
Current:				
General government	164,647	175,647	322,483	(146,836)
Public safety	20,333	20,333	10,333	10,000
Capital outlay	168,800	208,347	-	208,347
	353,780	404,327	332,816	71,511
Excess (deficiency) of revenues over (under) expenditures	(69,642)	(109,647)	(25,303)	84,344
OTHER FINANCING SOURCES (USES):				
Transfers in	5,936	10,490	-	(10,490)
Transfers out	(50,000)	(15,258)	(2,394)	12,864
	(44,064)	(4,768)	(2,394)	2,374
Net change in fund balance	(113,706)	(114,415)	(27,697)	86,718
Fund balance, beginning of year	629,881	629,881	629,881	-
Fund balance, end of year	\$ 516,175	\$ 515,466	\$ 602,184	\$ 86,718

CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

	Capital Improvements Fund	Bond Proceeds Fund	Fleet Replacement and Facility Maintenance	Remediation Fund	Public Infrastructure Replacement	Total Nonmajor Capital Projects Funds
ASSETS						
Cash and investments	\$ 2,181,203	\$ -	\$ 2,304,044	\$ 26,675	\$ 2,150,770	\$ 6,662,692
Receivables:						
Interest	-	571	-	-	-	571
Intergovernmental	17,500	-	-	-	-	17,500
Deposits with others	-	22,169	-	-	4,506	26,675
Restricted cash and investments	-	141,749	-	-	-	141,749
Total assets	<u>\$ 2,198,703</u>	<u>\$ 164,489</u>	<u>\$ 2,304,044</u>	<u>\$ 26,675</u>	<u>\$ 2,155,276</u>	<u>\$ 6,849,187</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 19,772	\$ 22,168	\$ 127,839	\$ 26,676	\$ 420,160	\$ 616,615
Accrued salaries and benefits	49,654	-	-	-	-	49,654
Total liabilities	<u>69,426</u>	<u>22,168</u>	<u>127,839</u>	<u>26,676</u>	<u>420,160</u>	<u>666,269</u>
Fund balances:						
Restricted	-	142,321	-	-	1,735,116	1,877,437
Assigned	2,129,277	-	2,176,205	(1)	-	4,305,481
Total fund balances (deficit)	<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>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,198,703</u>	<u>\$ 164,489</u>	<u>\$ 2,304,044</u>	<u>\$ 26,675</u>	<u>\$ 2,155,276</u>	<u>\$ 6,849,187</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, 2020

	Capital Improvements Fund	Bond Proceeds Fund	Fleet Replacement and Facility Maintenance	Remediation Fund	Public Infrastructure Replacement	Total Nonmajor Capital Projects Funds
REVENUES:						
Charges for services	\$ 1,589,711	\$ -	\$ -	\$ -	\$ -	\$ 1,589,711
Use of money and property	17,863	4,761	62,351	(32)	34,279	119,222
Miscellaneous	-	-	85,530	-	-	85,530
Total revenues	<u>1,607,574</u>	<u>4,761</u>	<u>147,881</u>	<u>(32)</u>	<u>34,279</u>	<u>1,794,463</u>
EXPENDITURES:						
Current:						
General government	-	-	784,860	-	-	784,860
Public works	922,291	828	-	144,706	366,076	1,433,901
Capital outlay:						
Capital outlay - Operations	15,396	21,822	1,173,784	-	560,222	1,771,224
Debt service:						
Total expenditures	<u>937,687</u>	<u>22,650</u>	<u>1,958,644</u>	<u>144,706</u>	<u>926,298</u>	<u>3,989,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>669,887</u>	<u>(17,889)</u>	<u>(1,810,763)</u>	<u>(144,738)</u>	<u>(892,019)</u>	<u>(2,195,522)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	1,222,752	133,754	1,266,237	2,622,743
Transfers out	-	(173,478)	-	-	-	(173,478)
Total other financing sources (uses)	<u>-</u>	<u>(173,478)</u>	<u>1,222,752</u>	<u>133,754</u>	<u>1,266,237</u>	<u>2,449,265</u>
Net change in fund balances	669,887	(191,367)	(588,011)	(10,984)	374,218	253,743
Fund balances (deficit), beginning of year	<u>1,459,390</u>	<u>333,688</u>	<u>2,764,216</u>	<u>10,983</u>	<u>1,360,898</u>	<u>5,929,175</u>
Fund balances (deficit), end 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>

**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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 540,000	\$ 720,000	\$ 1,589,711	\$ 869,711
Use of money and property	-	-	17,863	17,863
Total revenues	<u>540,000</u>	<u>720,000</u>	<u>1,607,574</u>	<u>887,574</u>
EXPENDITURES:				
Current:				
Public works	2,666,015	2,744,423	922,291	1,822,132
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>15,396</u>	<u>184,604</u>
Total expenditures	<u>2,866,015</u>	<u>2,944,423</u>	<u>937,687</u>	<u>2,006,736</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,326,015)</u>	<u>(2,224,423)</u>	<u>669,887</u>	<u>2,894,310</u>
Transfers in	-	1,622	-	(1,622)
Total other financing sources (uses)	-	1,622	-	(1,622)
Net change in fund balance	<u>(2,326,015)</u>	<u>(2,222,801)</u>	<u>669,887</u>	<u>2,891,066</u>
Fund balance, beginning of year	<u>1,459,390</u>	<u>1,459,390</u>	<u>1,459,390</u>	<u>-</u>
Fund balance, end of year	<u>\$ (866,625)</u>	<u>\$ (763,411)</u>	<u>\$ 2,129,277</u>	<u>\$ 2,891,066</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4,761	\$ 4,761
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,761</u>	<u>\$ 4,761</u>
EXPENDITURES:				
Current:				
Public works			828	(828)
Capital outlay	-	104,358	21,822	82,536
Total expenditures	<u>-</u>	<u>104,358</u>	<u>22,650</u>	<u>81,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(104,358)</u>	<u>(17,889)</u>	<u>86,469</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(183,584)	(173,478)	(10,106)
Total other financing sources (uses)	<u>-</u>	<u>(183,584)</u>	<u>(173,478)</u>	<u>(10,106)</u>
Net change in fund balance	-	(287,942)	(191,367)	76,363
Fund balance, beginning of year	333,688	333,688	333,688	-
Fund balance, end of year	<u>\$ 333,688</u>	<u>\$ 45,746</u>	<u>\$ 142,321</u>	<u>\$ 76,363</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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 62,351	\$ 62,351
Miscellaneous	20,000	20,000	85,530	65,530
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>147,881</u>	<u>127,881</u>
EXPENDITURES:				
Current:				
General government	-	-	784,860	(784,860)
Capital outlay:				
Capital outlay	1,372,568	3,702,608	1,173,784	2,528,824
Total expenditures	<u>1,372,568</u>	<u>3,702,608</u>	<u>1,958,644</u>	<u>1,743,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,352,568)</u>	<u>(3,682,608)</u>	<u>(1,810,763)</u>	<u>1,871,845</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,215,087	1,223,074	1,222,752	(322)
Total other financing sources (uses)	<u>1,215,087</u>	<u>1,223,074</u>	<u>1,222,752</u>	<u>(322)</u>
Net change in fund balance	<u>(137,481)</u>	<u>(2,459,534)</u>	<u>(588,011)</u>	<u>1,871,523</u>
Fund balance, beginning of year	2,764,216	2,764,216	2,764,216	-
Fund balance, end of year	<u>\$ 2,626,735</u>	<u>\$ 304,682</u>	<u>\$ 2,176,205</u>	<u>\$ 1,871,523</u>

CITY OF CHICO, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REMEDIATION FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (32)	\$ (32)
Total revenues	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>(32)</u>
EXPENDITURES:				
Current:				
Public works	-	-	144,706	(144,706)
Capital outlay	<u>265,150</u>	<u>482,093</u>	<u>-</u>	<u>482,093</u>
Total expenditures	<u>265,150</u>	<u>482,093</u>	<u>144,706</u>	<u>337,387</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(265,150)</u>	<u>(482,093)</u>	<u>(144,738)</u>	<u>337,355</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>263,043</u>	<u>471,110</u>	<u>133,754</u>	<u>(337,356)</u>
Total other financing sources (uses)	<u>263,043</u>	<u>471,110</u>	<u>133,754</u>	<u>(337,356)</u>
Net change in fund balance	(2,107)	(10,983)	(10,984)	(1)
Fund balance, beginning of year	<u>10,983</u>	<u>10,983</u>	<u>10,983</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,876</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 34,279	\$ (34,279)
Total revenues	<u>-</u>	<u>-</u>	<u>34,279</u>	<u>(34,279)</u>
EXPENDITURES:				
Current:				
Public works			366,076	(366,076)
Capital outlay	<u>1,366,674</u>	<u>1,870,991</u>	<u>560,222</u>	<u>1,310,769</u>
Total expenditures	<u>1,366,674</u>	<u>1,870,991</u>	<u>926,298</u>	<u>944,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,366,674)</u>	<u>(1,870,991)</u>	<u>(892,019)</u>	<u>978,972</u>
Transfers in	<u>904,000</u>	<u>904,000</u>	<u>1,266,237</u>	<u>362,237</u>
Total other financing sources (uses)	<u>904,000</u>	<u>904,000</u>	<u>1,266,237</u>	<u>-</u>
Net change in fund balance	(462,674)	(966,991)	374,218.00	978,972
Fund balance, beginning of year	<u>1,360,898</u>	<u>1,360,898</u>	<u>1,360,898</u>	<u>-</u>
Fund balance, end of year	<u>\$ 898,224</u>	<u>\$ 393,907</u>	<u>\$ 1,735,116</u>	<u>\$ 978,972</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, 2020

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
ASSETS						
Current assets:						
Cash and investments	\$ 7,837,373	\$ 10,485	\$ 75,151	\$ 226,974	\$ 2,412,312	\$ 10,562,295
Receivables:						
Accounts	191,533	-	-	-	-	191,533
Intergovernmental	-	2,088	-	-	-	2,088
Due from other funds	260,487	-	-	-	-	260,487
Inventories	-	42,019	-	-	-	42,019
Prepaid items	1,244	-	-	114,997	-	116,241
Total current assets	<u>8,290,637</u>	<u>54,592</u>	<u>75,151</u>	<u>341,971</u>	<u>2,412,312</u>	<u>11,174,663</u>
Noncurrent assets:						
Restricted cash and investments	300,000	-	-	-	-	300,000
Land and construction in progress net of accumulated depreciation	-	30,391	-	-	-	30,391
Total noncurrent assets	<u>300,000</u>	<u>30,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,391</u>
Total noncurrent assets	<u>300,000</u>	<u>54,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,751</u>
Total assets	<u>8,590,637</u>	<u>109,343</u>	<u>75,151</u>	<u>341,971</u>	<u>2,412,312</u>	<u>11,529,414</u>
DEFERRED OUTFLOWS OF						
Deferred amounts related to OPEB	-	7,631	5,465	11,715	-	24,811
Deferred amounts related to pensions	-	260,616	186,622	400,092	-	847,330
Total deferred outflows of resources	<u>-</u>	<u>268,247</u>	<u>192,087</u>	<u>411,807</u>	<u>-</u>	<u>872,141</u>
LIABILITIES						
Current liabilities:						
Accounts payable	198,184	45,001	60,240	155,467	-	458,892
Accrued salaries and benefits	-	17,884	17,425	30,563	-	65,872
Compensated absences - current	-	4,026	12,744	6,043	-	22,813
Claims liability - current portion	2,177,493	-	-	-	-	2,177,493
Total current liabilities	<u>2,375,677</u>	<u>66,911</u>	<u>90,409</u>	<u>192,073</u>	<u>-</u>	<u>2,725,070</u>
Noncurrent liabilities:						
Compensated absences	-	31,878	47,817	47,846	-	127,541
Claims liability	5,914,265	-	-	-	-	5,914,265
Net OPEB liability	-	12,003	8,595	18,427	-	39,025
Net pension liability	-	2,594,557	1,857,912	3,983,103	-	8,435,572
Total noncurrent liabilities	<u>5,914,265</u>	<u>2,638,438</u>	<u>1,914,324</u>	<u>4,049,376</u>	<u>-</u>	<u>14,516,403</u>
Total liabilities	<u>8,289,942</u>	<u>2,705,349</u>	<u>2,004,733</u>	<u>4,241,449</u>	<u>-</u>	<u>17,241,473</u>
DEFERRED INFLOWS OF						
Deferred amounts related to OPEB	-	5,665	4,057	8,696	-	18,418
Deferred amounts related to pensions	-	43,241	30,963	66,381	-	140,585
Total deferred inflows of resources	<u>-</u>	<u>48,906</u>	<u>35,020</u>	<u>75,077</u>	<u>-</u>	<u>159,003</u>
NET POSITION						
Net investment in capital assets	-	54,751	-	-	-	54,751
Restricted for insurance	300,000	-	-	-	-	300,000
Unrestricted	695	(2,431,416)	(1,772,515)	(3,562,748)	2,412,312	(5,353,672)
Total net position (deficit)	<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>

CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
OPERATING REVENUES:						
Charges for services - internal	\$ 3,653,577	\$ 1,624,413	\$ 1,314,468	\$ 2,201,922	\$ 9,683,957	\$ 18,478,337
Charges for services - external	-	32,293	-	-	-	32,293
Total operating revenues	<u>3,653,577</u>	<u>1,656,706</u>	<u>1,314,468</u>	<u>2,201,922</u>	<u>9,683,957</u>	<u>18,510,630</u>
Salaries and benefits	-	777,915	724,693	1,419,456	-	2,922,064
Materials and supplies	499	310,320	79,751	47,661	-	438,231
Purchased services	2,658,183	49,002	293,026	691,536	-	3,691,747
Other Expenses	1,605,980	621,133	287,479	254,062	8,741,616	11,510,270
Depreciation	-	2,753	-	-	-	2,753
Total operating expenses	<u>4,264,662</u>	<u>1,761,123</u>	<u>1,384,949</u>	<u>2,412,715</u>	<u>8,741,616</u>	<u>18,565,065</u>
Operating income (loss)	<u>(611,085)</u>	<u>(104,417)</u>	<u>(70,481)</u>	<u>(210,793)</u>	<u>942,341</u>	<u>(54,435)</u>
NONOPERATING REVENUES						
Investment earnings	173,785	-	-	-	(44,242)	129,543
Miscellaneous	32,444	-	-	-	-	32,444
Miscellaneous expense	-	-	-	(2,595)	-	(2,595)
Total nonoperating revenues	<u>206,229</u>	<u>-</u>	<u>-</u>	<u>(2,595)</u>	<u>(44,242)</u>	<u>159,392</u>
Income (loss) before transfers	(404,856)	(104,417)	(70,481)	(213,388)	898,099	104,957
Transfers out	(398,275)	(17,941)	(29,056)	-	-	(445,272)
Special item OPEB elimination	-	224,525	116,560	333,256	-	674,341
Change in net position	<u>(803,131)</u>	<u>102,167</u>	<u>17,023</u>	<u>119,868</u>	<u>898,099</u>	<u>334,026</u>
Net position (deficit), beginning of of year	<u>1,103,826</u>	<u>(2,478,832)</u>	<u>(1,789,538)</u>	<u>(3,682,616)</u>	<u>1,514,213</u>	<u>(5,332,947)</u>
Net position (deficit), end 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>

**CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from services provided	\$ 3,843,742	\$ 1,658,486	\$ 1,314,468	\$ 2,199,327	\$ 9,639,715	\$ 18,655,738
Payments to suppliers and claimants	(3,688,941)	(998,416)	(649,280)	(927,946)	(8,741,616)	(15,006,199)
Payments to employees	-	(615,042)	(606,643)	(1,262,414)	-	(2,484,099)
Net cash provided (used) by operating activities	<u>154,801</u>	<u>45,028</u>	<u>58,545</u>	<u>8,967</u>	<u>898,099</u>	<u>1,165,440</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Interfund borrowings	1,154,336	-	-	-	-	1,154,336
Transfers out	(398,275)	(17,941)	(29,056)	-	-	(445,272)
Net cash provided (used) by noncapital financing activities	<u>756,061</u>	<u>(17,941)</u>	<u>(29,056)</u>	<u>-</u>	<u>-</u>	<u>709,064</u>
Net increase (decrease) in cash and cash equivalents	910,862	989	29,489	8,967	898,099	1,848,406
Cash and cash equivalents, beginning of year	7,226,511	9,496	45,662	218,007	1,514,213	9,013,889
Cash and cash equivalents, end of year	<u>\$ 8,137,373</u>	<u>\$ 10,485</u>	<u>\$ 75,151</u>	<u>\$ 226,974</u>	<u>\$ 2,412,312</u>	<u>\$ 10,862,295</u>
RECONCILIATION TO STATEMENT OF NET POSITION:						
Cash and investments	\$ 7,837,373	\$ 10,485	\$ 75,151	\$ 226,974	\$ 2,412,312	\$ 10,562,295
Restricted cash and investments	300,000	-	-	-	-	300,000
CASH AND INVESTMENTS, end of year	<u>\$ 8,137,373</u>	<u>\$ 10,485</u>	<u>\$ 75,151</u>	<u>\$ 226,974</u>	<u>\$ 2,412,312</u>	<u>\$ 10,862,295</u>

CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
RECONCILIATION OF OPERATING INCOME						
(LOSS) TO NET CASH PROVIDED (USED)						
BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (611,085)	\$ (104,417)	\$ (70,481)	\$ (210,793)	\$ 942,341	\$ (54,435)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	2,753	-	-	-	2,753
OPEB expense	-	(7,622)	(5,458)	(11,701)	-	(24,781)
Pension expense	-	146,622	104,993	225,089	-	476,704
Miscellaneous revenue	206,229	-	-	(2,595)	(44,242)	159,392
Accounts receivable	(16,064)	-	-	-	-	(16,064)
Intergovernmental receivable	-	1,780	-	-	-	1,780
Prepaid	(36)	-	-	(40,759)	-	(40,795)
Inventories	-	16,539	-	-	-	16,539
Accounts payable	(198,646)	(34,600)	10,976	106,072	-	(116,198)
Deposits	300	100	-	-	-	400
Accrued salaries and benefits	-	7,313	11,347	5,919	-	24,579
Compensated absences	-	16,560	7,168	(62,265)	-	(38,537)
Claims liability	774,103	-	-	-	-	774,103
Total adjustments	765,886	149,445	129,026	219,760	(44,242)	1,219,875
Net cash provided (used) by operating activities	<u>\$ 154,801</u>	<u>\$ 45,028</u>	<u>\$ 58,545</u>	<u>\$ 8,967</u>	<u>\$ 898,099</u>	<u>\$ 1,165,440</u>
NONCASH INVESTING, CAPITAL AND						
FINANCING ACTIVITIES:						
Special item: OPEB elimination	<u>\$ -</u>	<u>\$ 224,525</u>	<u>\$ 116,560</u>	<u>\$ 333,256</u>	<u>\$ -</u>	<u>\$ 674,341</u>

AGENCY FUNDS



CITY OF CHICO, CALIFORNIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Assessment Districts			
	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS				
Restricted cash and investments	\$ 600,164	\$ 9,047	\$ (6,621)	\$ 602,590
Receivables:				
Loans	39,726	-	(6,621)	33,105
Total assets	<u>\$ 639,890</u>	<u>\$ 9,047</u>	<u>\$ (13,242)</u>	<u>\$ 635,695</u>
LIABILITIES				
Special assessment deposits	<u>\$ 639,890</u>	<u>\$ 9,047</u>	<u>\$ (13,242)</u>	<u>\$ 635,695</u>

STATISTICAL SECTION (UNAUDITED)

This part of the City of Chico's comprehensive annual 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.

Contents:	Page
Financial Trends	105-109
<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	110-117
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	118-120
<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	121-126
<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	127-129
<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 comprehensive annual 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>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>
Governmental activities										
Net investment in capital assets	\$ 223,393	\$ 310,074	\$ 305,769	\$ 306,134	\$ 311,705	\$ 313,120	\$ 314,106	\$ 311,573	\$ 312,439	\$ 323,203
Restricted	85,568	64,494	69,526	82,485	89,720	87,015	91,661	94,268	98,771	108,002
Unrestricted	(44,346)	(43,720)	(11,653)	(3,972)	(92,205)	(82,202)	(77,226)	(77,243)	(70,952)	(56,462)
Total governmental activities net position	<u>\$ 264,615</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 108,507	\$ 114,359	\$ 75,135	\$ 79,617	\$ 85,684	\$ 85,451	\$ 90,874	\$ 94,581	\$ 95,524	\$ 105,603
Restricted	2,449	3,588	5,230	6,857	8,804	10,641	12,519	14,427	16,369	17,283
Unrestricted	(2,573)	(990)	12,553	12,621	(743)	1,786	3	4	1,749	5,951
Total business-type activities net position	<u>\$ 108,383</u>	<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>
Primary government										
Net investment in capital assets	\$ 331,900	\$ 424,433	\$ 380,904	\$ 385,751	\$ 397,389	\$ 398,571	\$ 404,980	\$ 406,155	\$ 407,963	\$ 428,806
Restricted	88,017	68,082	74,756	89,342	98,524	97,656	104,180	108,695	115,140	125,285
Unrestricted	(46,919)	(44,710)	900	8,649	(92,948)	(80,416)	(77,223)	(77,243)	(69,203)	(50,511)
Total primary government net position	<u>\$ 372,998</u>	<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>

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

	<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>
Expenses										
Governmental activities:										
General government	\$ 3,125	\$ 2,341	\$ 2,667	\$ 2,636	\$ 3,218	\$ 3,972	\$ 4,577	\$ 5,059	\$ 5,160	\$ 7,182
Public safety	37,521	37,436	37,797	34,599	36,709	39,324	41,972	41,214	42,712	45,845
Public works	16,694	18,764	19,555	16,823	18,954	18,530	18,589	19,763	20,062	18,097
Parks and recreation	3,525	3,476	3,531	3,360	3,582	3,388	3,537	3,567	3,849	3,901
Arts and culture										28
Community development	4,355	4,088	2,575	2,654	2,296	2,588	3,360	2,432	2,207	2,679
Community agencies	381	354	323	162	53	99	100	50	2	10
Redevelopment	13,867	5,187	-	-	-	-	-	-	0	0
Interest on long-term debt	6,511	2,424	3	3	3	85	80	82	140	46
Total governmental activities expenses	<u>85,979</u>	<u>74,070</u>	<u>66,451</u>	<u>60,237</u>	<u>64,815</u>	<u>67,986</u>	<u>72,215</u>	<u>72,167</u>	<u>74,131</u>	<u>77,788</u>
Business-type activities:										
Sewer	8,921	10,383	12,161	12,235	11,428	10,986	11,451	12,092	11,867	13,340
Parking	965	1,034	1,017	825	714	839	849	1,027	1,333	1,093
Private development	2,291	1,794	1,993	2,479	2,746	3,001	3,488	3,686	4,099	4,648
Airport	1,584	1,786	2,001	2,263	2,036	1,927	104,180	2,167	2,593	2,044
Waste management	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>13,761</u>	<u>14,997</u>	<u>17,172</u>	<u>17,802</u>	<u>16,924</u>	<u>16,753</u>	<u>119,968</u>	<u>18,972</u>	<u>19,892</u>	<u>21,125</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	117	97	-	-	349	188	247	318	1,226	7,721
Public safety	1,219	1,283	1,139	962	1,163	1,118	1,176	1,395	1,592	5,215
Public works	1,702	1,934	3,439	5,641	8,674	9,462	8,715	8,288	5,894	1,389
Community development	4,089	5,793	2	17	1	94	215	237	16	67
Other activities	125	120	106	155	86	282	4,487	1,338	56	10
Operating grants and contributions	7,743	13,102	9,297	10,874	11,855	10,752	9,976	8,229	5,537	9,677
Capital grants and contributions	15,062	4,064	3,261	2,235	4,565	2,075	929	3,808	6,714	5,790
Total governmental activities program revenues	<u>30,057</u>	<u>26,393</u>	<u>17,244</u>	<u>19,884</u>	<u>26,693</u>	<u>23,971</u>	<u>25,745</u>	<u>23,612</u>	<u>21,034</u>	<u>29,869</u>
Business-type activities:										
Charges for services:										
Sewer	8,168	10,000	14,857	14,942	16,465	14,333	14,737	13,802	14,788	15,433
Private development	1,538	1,461	2,026	2,470	2,539	3,166	3,906	1,876	2,210	5,061
Other activities	1,586	1,525	1,496	1,506	1,453	1,633	1,745	3,923	4,191	2,110
Operating grants and contributions	-	130	318	303	-	270	3,252	2,649	2,266	8,817
Capital grants and contributions	2,901	10,655	8,713	4,535	7,352	812	1,942	292	77	2,588
Total business-type activities program revenues	<u>14,193</u>	<u>23,771</u>	<u>27,410</u>	<u>23,756</u>	<u>27,809</u>	<u>20,214</u>	<u>25,582</u>	<u>22,543</u>	<u>23,532</u>	<u>34,010</u>
Total primary government program revenues	<u>44,250</u>	<u>50,164</u>	<u>44,654</u>	<u>43,640</u>	<u>54,502</u>	<u>44,185</u>	<u>51,327</u>	<u>46,155</u>	<u>44,567</u>	<u>63,878</u>
Net (expenses)/revenue										
Governmental activities	(55,922)	(47,677)	(49,207)	(40,353)	(38,122)	(44,015)	(46,470)	(48,555)	(53,097)	(47,920)
Business-type activities	432	8,774	10,238	5,954	10,885	3,461	(94,385)	3,571	3,641	12,885
Total primary government net expense	<u>\$ (55,490)</u>	<u>\$ (38,903)</u>	<u>\$ (38,969)</u>	<u>\$ (34,399)</u>	<u>\$ (27,237)</u>	<u>\$ (40,554)</u>	<u>\$ (140,855)</u>	<u>\$ (44,984)</u>	<u>\$ (49,456)</u>	<u>\$ (35,035)</u>

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

	<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>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 41,041	\$ 25,998	\$ 11,604	\$ 12,327	\$ 13,649	\$ 14,564	\$ 15,169	\$ 15,410	\$ 16,750	\$ 18,616
Sales and use tax	11,603	12,367	12,783	13,945	14,597	17,320	21,134	21,832	25,173	24,435
Sales tax in-lieu	3,896	4,128	4,261	4,597	4,812	2,589	-	-	0	0
Utility users tax	6,632	6,655	6,241	6,305	6,203	6,552	6,895	7,052	7,200	7,317
Other taxes	3,763	3,976	4,078	4,324	5,536	4,836	5,200	6,332	7,890	7,507
Unrestricted grants and contributions	469	33	2,483	8,576	8,837	5,854	0	1,776	5,627	14,110
Unrestricted investment earnings	229	54	168	136	231	250	109	266	1,162	1,568
Miscellaneous	93	200	158	921	155	83	182	588	1,180	714
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	² (1,814)	200	(9,729)	(222)	(718)	(601)	(370)	(428)	(195)	125
Business-type activities:										
Unrestricted investment earnings	(5)	-	-	-	-	70	149	322	793	812
Special item	-	-	-	-	-	-	-	-	-	1,623
Transfers	² 1,814	(200)	9,729	222	718	601	370	428	195	(125)
Total business-type activities	<u>1,808</u>	<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>
Total primary government	<u>\$ 67,721</u>	<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>
Change in Net Position										
Governmental activities	\$ 9,992	\$ 76,129	\$ (11,467)	\$ 21,005	\$ 14,635	\$ 7,432	\$ 10,607	\$ 2,103	\$ 11,663	\$ 34,485
Business-type activities	2,242	8,574	19,968	6,177	11,603	4,133	8,409	4,321	4,629	15,194
	<u>\$ 12,234</u>	<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>

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

	Fiscal Year Ending June 30									
	<u>2011 (a)</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>
General Fund:										
Nonspendable	\$ 3,213	\$ 1,088	\$ 554	\$ 52	\$ 236	\$ 243	\$ 224	\$ 235	\$ 64	\$ 67
Restricted	-	-	-	-	-	-	-	-	1,831	2,229
Committed	4,072	4,262	-	-	988	1,025	2,461	3,650	5,017	12,205
Assigned	-	-	-	-	2,980	678	3,837	4,576	5,602	11,236
Unassigned	-	-	(8,219)	(2,858)	-	4,643	2,454	3,835	7,770	4,161
Total General Fund	<u>\$ 7,285</u>	<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>
All other Governmental funds:										
Nonspendable	\$ 52,102	\$ 56,356 ²	\$ 3,008	\$ 1,841	\$ 757	\$ 55	\$ 41	\$ -	\$ 5	\$ 152
Restricted	45,845	5,411 ²	70,020	82,397	84,034	87,431	92,390	94,714	99,757 ³	109,407
Committed	2,831	2,924	-	-	-	-	-	3,650	-	-
Assigned	66	-	848	2,871	4,263	4,429	4,926	9,233	4,232	4,305
Unassigned	(1,901)	(2,333)	(7,871)	(4,985)	(4,413)	(3,527)	(6,560)	(1,416)	(2,594)	(1,519)
Total other Governmental Funds	<u>\$ 98,943</u>	<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>

(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 CAFR.

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>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>	
Revenues											
Property taxes	\$ 41,041	\$ 25,991	\$ 11,589	\$ 12,311	\$ 13,649	\$ 14,564	\$ 15,169	\$ 15,410	\$ 16,750	\$ 18,616	
Sales and use taxes	15,508	16,502	17,044	18,542	19,408	19,908	21,134	21,832	25,174	24,435	
Other taxes	10,283	10,517	10,198	10,509	11,739	11,389	12,095	13,383	15,089	14,824	
Licenses and permits	114	121	136	133	131	108	91	147	139	91	
Intergovernmental	18,179	15,993	10,831	12,215	14,951	12,817	10,137	11,261	15,450	14,472	
Charges for services	5,587	7,327	3,118	5,619	7,994	6,875	9,083	8,811	6,118	13,119	
Fines, forfeitures, and penalties	945	882	776	743	854	777	840	806	904	731	
Use of money and property	992	502	426	361	528	728	814	989	1,834	2,161	
Miscellaneous	233	414	360	1,138	247	216	524	348	1,180	714	
Total revenues	<u>92,882</u>	<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>	
Expenditures											
General government	2,553	1,762	2,278	2,232	2,397	3,692	4,265	4,615	4,456	5,636	
Public safety	35,289	35,085	35,332	32,853	34,203	37,820	37,896	37,554	39,528	40,552	
Public works	7,615	9,248	9,794	7,652	9,119	9,219	9,639	9,982	10,041	8,026	
Parks and recreation	3,014	2,916	3,044	2,883	2,976	3,074	3,153	3,022	3,312	3,275	
Arts and culture									27	28	
Community development	4,335	4,050	2,468	2,589	2,228	2,657	3,189	2,393	2,131	2,501	
Community agencies	377	350	323	162	53	99	100	50	2	10	
Redevelopment	12,206	5,312	-	-	-	-	-	-	-	-	
Contribution to other governments	1,904	-	-	-	-	-	-	-	-	-	
Capital outlay	17,256	6,941	4,357	2,581	8,290	7,427	6,793	7,153	7,897	8,537	
Principal retirement	5,787	2,793	-	-	-	279	384	381	392	512	
Interest and fiscal charges	6,444	3,726	3	3	3	85	80	82	90	96	
Total expenditures	<u>96,779</u>	<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>	
Excess of revenues over (under) expenditures	(3,897)	6,066	(3,122)	10,616	10,232	3,030	4,389	138,219	14,763	19,989	
Other financing sources (uses)											
Transfers in	10,612	5,834	6,424	5,864	5,038	5,620	4,692	4,624	6,596	5,909	
Transfers out	(10,646)	(5,613)	(16,306)	(6,069)	(5,742)	(5,651)	(4,754)	(5,737)	(6,962)	(5,338)	
Capital leases	-	-	-	-	-	3,132	473	-	870	-	
Issuance of long-term debt	1,336	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>1,302</u>	<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>	
Net change in fund balance	<u>\$ (2,595)</u>	<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>	
Debt service as a percentage of noncapital expenditures	\$ (33,061)	15%	10%	0% ¹	0%	0%	0%	1%	0%	12%	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.

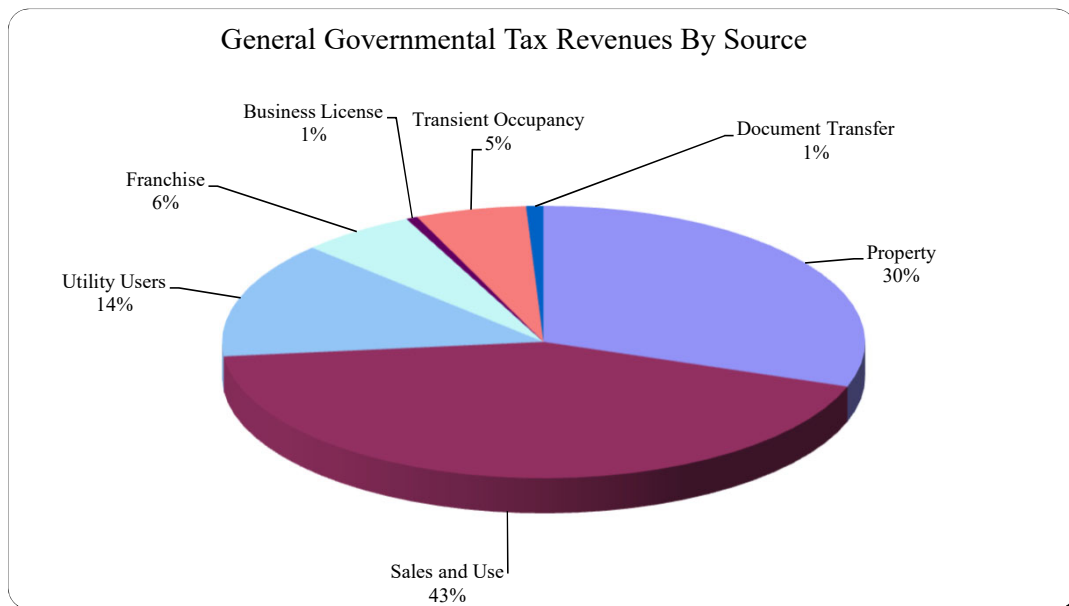
City of Chico, California
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property	Sales and Use	Utility Users	Other Taxes				Total
				Franchise	Business License	Transient Occupancy	Document Transfer	
2011	41,041	15,508	6,632	1,238	498	1,880	147	66,944
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

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.



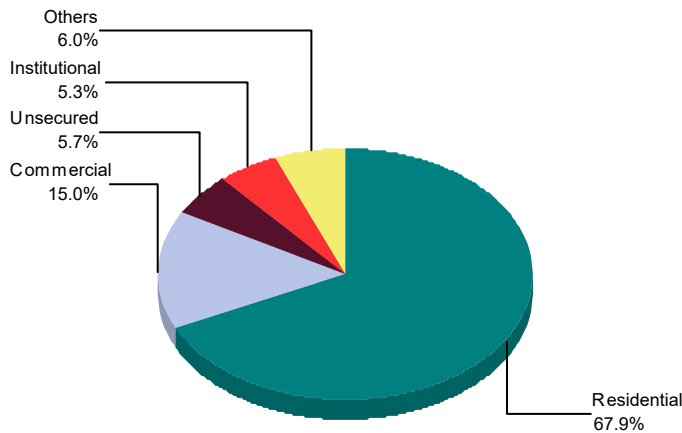
THE CITY OF CHICO

2019/20 USE CATEGORY SUMMARY

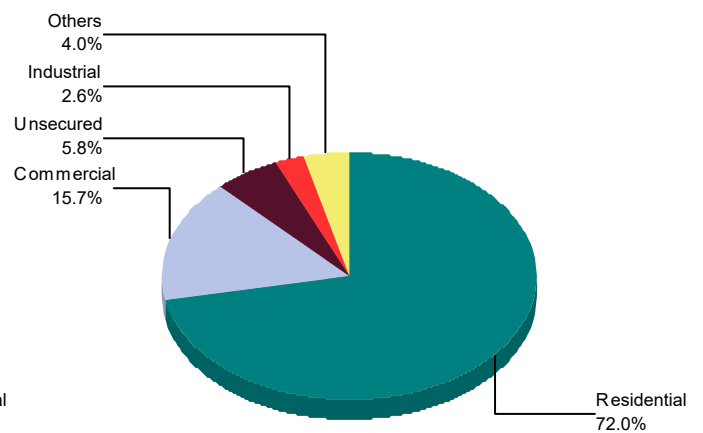
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value	Net Taxable Value
Residential	22,921	\$7,287,335,443 (67.9%)	\$7,125,393,790 (72.0%)
Commercial	1,608	\$1,614,262,524 (15.0%)	\$1,551,167,299 (15.7%)
Industrial	297	\$265,462,250 (2.5%)	\$252,599,098 (2.6%)
Institutional	125	\$570,554,509 (5.3%)	\$120,568,490 (1.2%)
Irrigated	11	\$1,039,890 (0.0%)	\$1,038,200 (0.0%)
Miscellaneous	77	\$16,679,699 (0.2%)	\$16,476,140 (0.2%)
Recreational	16	\$19,427,555 (0.2%)	\$19,427,555 (0.2%)
Vacant	741	\$188,154,202 (1.8%)	\$187,916,157 (1.9%)
Exempt	689	\$104,111,180 (1.0%)	\$0 (0.0%)
SBE Nonunitary	[6]	\$527,084 (0.0%)	\$527,084 (0.0%)
Cross Reference	[1,306]	\$45,591,818 (0.4%)	\$45,339,819 (0.5%)
Unsecured	[4,038]	\$615,424,765 (5.7%)	\$571,141,070 (5.8%)
TOTALS	26,485	\$10,728,570,919	\$9,891,594,702

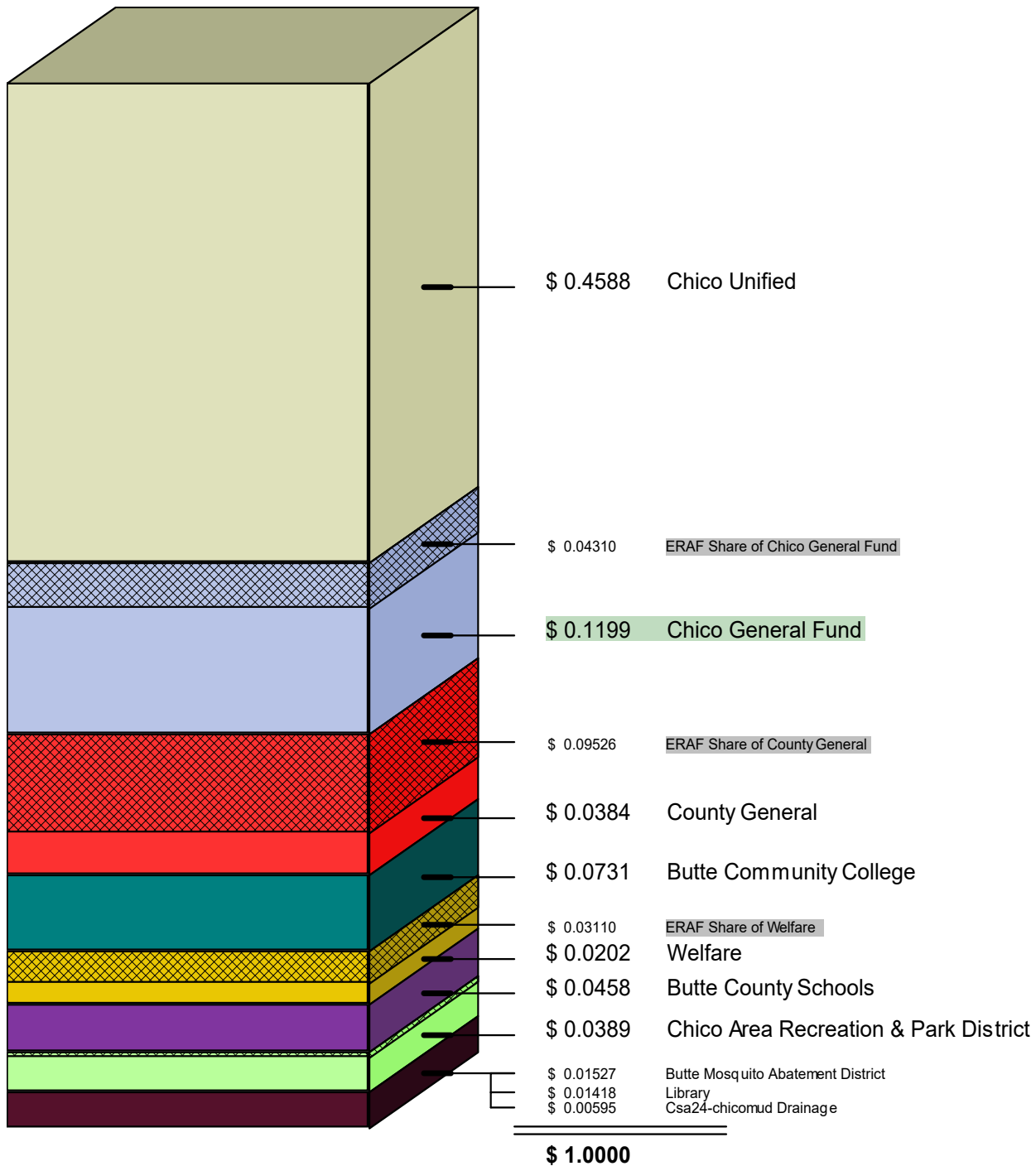
ASSESSED VALUE



NET TAXABLE VALUE



THE CITY OF CHICO PROPERTY TAX DOLLAR BREAKDOWN



ATI (Annual Tax Increment) Ratios for Tax Rate Area 002-001, Excluding Redevelopment Factors & Additional Debt Service

Data Source: Butte County Assessor 2019/20 Annual Tax Increment Tables

Prepared On 9/25/2020 By MV

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THE CITY OF CHICO

2019/20 ROLL SUMMARY

Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	25,796	6	4,038
TRAs	161	5	128
Values			
Land	3,408,054,070	527,084	11,806,960
Improvements	6,425,957,317	0	156,638,437
Personal Property	120,293,929	0	228,513,143
Fixtures	54,202,574	0	175,605,194
Aircraft	0	0	42,861,031
Total Value	\$10,008,507,890	\$527,084	\$615,424,765
Exemptions			
Real Estate	618,192,297	0	35,415,849
Personal Property	41,223,539	0	3,349,201
Fixtures	29,165,506	0	592,715
Aircraft	0	0	4,925,930
Homeowners*	84,406,381	0	4,393
Total Exemptions*	\$688,581,342	\$0	\$44,283,695
Total Net Value	\$9,319,926,548	\$527,084	\$571,141,070

Combined Values	Total
Total Values	\$10,624,459,739
Total Exemptions	\$732,865,037
Net Total Values	\$9,891,594,702

* Note: Homeowner Exemptions are not included in Total Exemptions

Data Source: Butte County Assessor 2019/20 Combined Tax Rolls
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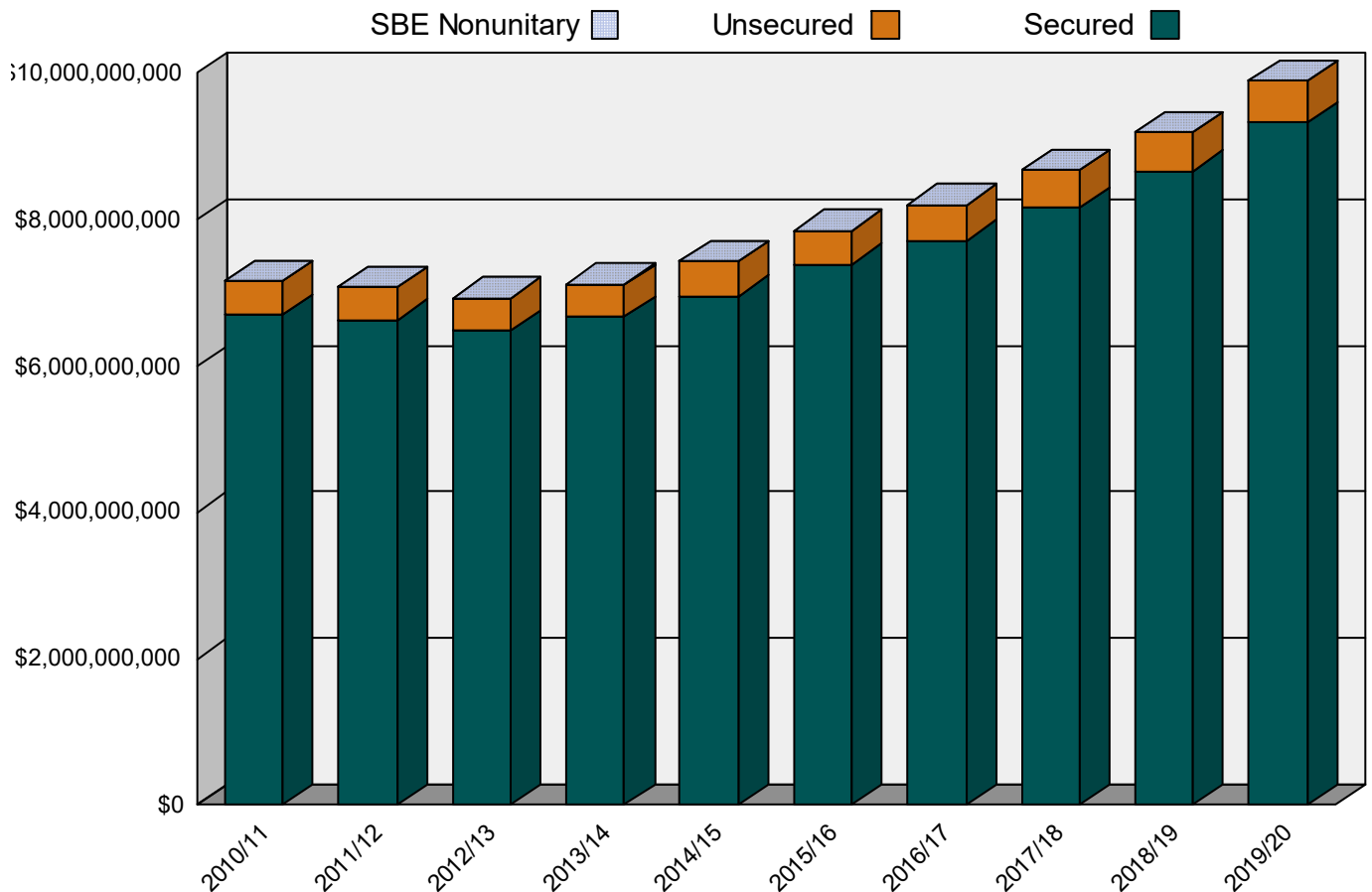
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THE CITY OF CHICO

NET TAXABLE ASSESSED VALUE HISTORY

2010/11 - 2019/20 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2010/11	\$6,702,248,627	\$456,507,981	\$1,023,605	7,159,780,213	
2011/12	\$6,626,708,835	\$456,795,761	\$969,105	7,084,473,701	-1.05%
2012/13	\$6,486,829,229	\$444,727,253	\$969,105	6,932,525,587	-2.14%
2013/14	\$6,671,744,260	\$441,721,854	\$969,105	7,114,435,219	2.62%
2014/15	\$6,961,972,403	\$462,294,205	\$766,241	7,425,032,849	4.37%
2015/16	\$7,387,241,512	\$461,855,481	\$766,241	7,849,863,234	5.72%
2016/17	\$7,715,156,260	\$490,740,220	\$766,241	8,206,662,721	4.55%
2017/18	\$8,161,339,715	\$519,482,687	\$662,241	8,681,484,643	5.79%
2018/19	\$8,662,502,884	\$532,877,387	\$1,057,084	9,196,437,355	5.93%
2019/20	\$9,319,926,548	\$571,141,070	\$527,084	9,891,594,702	7.56%
Average % Change					4.54%



* Net AV changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Data Source: Butte County Assessor 0/ - 2019/20 Combined Tax Rolls

Prepared On 9/25/2020 By MV

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THE CITY OF CHICO

ASSESSED VALUE OF TAXABLE PROPERTY

2010/11 - 2019/20 Taxable Property Values

Category	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Residential	4,819,693,355	4,785,614,895	4,686,718,804	4,844,375,468	5,109,629,878	5,465,757,961	5,757,937,993	6,132,925,887	6,542,442,372	7,125,393,790
Commercial	1,275,395,859	1,258,017,478	1,300,149,764	1,323,893,986	1,332,664,086	1,393,544,776	1,393,636,343	1,438,032,111	1,486,987,205	1,551,167,299
Industrial	211,436,395	209,736,437	206,202,628	206,672,800	211,661,944	212,161,587	220,932,492	228,031,553	240,436,725	252,599,098
Institutional	55,189,764	54,198,841	55,959,573	56,483,438	57,049,321	69,860,881	66,521,901	67,720,413	103,405,209	120,568,490
Irrigated	2,338,573	2,355,794	2,402,701	859,148	870,464	883,511	930,042	997,609	1,018,117	1,038,200
Miscellaneous	50,356,531	62,114,340	52,265,745	55,294,303	16,799,870	16,065,060	21,570,020	22,158,839	23,503,167	16,476,140
Recreational	17,304,867	17,705,772	15,856,475	16,520,231	14,752,181	15,459,453	15,534,939	15,917,001	16,508,237	19,427,555
Vacant	261,807,904	229,417,548	160,851,516	161,063,041	189,841,242	183,407,138	196,544,991	212,384,264	203,914,047	187,916,157
SBE Nonunitary	1,023,605	969,105	969,105	969,105	766,241	766,241	766,241	662,241	1,057,084	527,084
Cross Reference	8,725,379	7,547,730	6,422,023	6,581,845	22,478,282	23,632,898	36,293,954	38,245,200	38,996,123	45,339,819
Unsecured	456,507,981	456,795,761	444,727,253	441,721,854	462,294,205	461,855,481	490,740,220	519,482,687	532,877,387	571,141,070
Exempt					[0]			[78,317,642]	[85,263,922]	[104,111,180]
Unknown					6,225,135	6,468,247	5,253,585	4,926,838	5,291,682	
TOTALS	7,159,780,213	7,084,473,701	6,932,525,587	7,114,435,219	7,425,032,849	7,849,863,234	8,206,662,721	8,681,484,643	9,196,437,355	9,891,594,702
Total Direct Rate	0.53496	0.53181	0.52958	0.11342	0.11281	0.11296	0.11239	0.11140	0.11208	0.11231

Notes:

Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

THE CITY OF CHICO

2019/20 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) SIERRA NEVADA BREWING COMPANY	15	\$24,545,471	0.25%	3	\$103,576,849	17.32%	\$128,122,320	1.25%	Unsecured Successor Agency
2) MERLE A WEBB AND SONS LP	24	\$91,798,424	0.95%				\$91,798,424	0.89%	Residential Chico General Fund
3) AMCAL CHICO LLC	1	\$57,244,120	0.59%				\$57,244,120	0.56%	Residential Successor Agency
4) MP CORE CHICO LLC	7	\$57,179,880	0.59%				\$57,179,880	0.56%	Residential Successor Agency
5) CHICO CROSSROADS LP	9	\$40,769,906	0.42%				\$40,769,906	0.40%	Commercial Successor Agency
6) NORTH CHICO LLC	2	\$40,577,544	0.42%				\$40,577,544	0.39%	Residential Successor Agency
7) COMCAST	1	\$714,878	0.01%	13	\$34,065,492	5.70%	\$34,780,370	0.34%	Unsecured Successor Agency
8) ECP TPB1 LLC	20	\$32,774,490	0.34%				\$32,774,490	0.32%	Commercial Successor Agency
9) SMUCKER QUALITY BEVERAGES INC	2	\$17,740,198	0.18%	3	\$14,719,673	2.46%	\$32,459,871	0.32%	Industrial Successor Agency
10) CHICO SENIOR LIVING LP	3	\$31,319,631	0.32%				\$31,319,631	0.30%	Institutional Successor Agency
Top Ten Total	84	\$394,664,542	4.08%	19	\$152,362,014	25.48%	\$547,026,556	5.32%	
City Total		\$9,679,314,417			\$598,046,688		\$10,277,361,105*		

*Value includes Outer TRAs

Top Owners last edited on 9/18/20 by MaheaV using sales through 06/30/20 (Version R.1)

Data Source: Butte County Assessor 2019/20 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 9/25/2020 By MV

THE CITY OF CHICO

2010/11 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) SIERRA NEVADA BREWING COMPANY	27	\$33,655,424	0.48%	2	\$97,049,994	20.69%	\$130,705,418	1.74%	Unsecured Successor Agency
2) CHICO MALL LP	21	\$61,661,314	0.87%	1	\$51,535	0.01%	\$61,712,849	0.82%	Commercial Successor Agency
3) MERLE A WEBB AND SONS LP	16	\$39,161,833	0.56%				\$39,161,833	0.52%	Residential Chico General Fund
4) CALIFORNIA WATER SERVICE COMPANY	71	\$33,881,380	0.48%				\$33,881,380	0.45%	Miscellaneous Successor Agency
5) SMUCKER QUALITY BEVERAGES INC	2	\$30,518,782	0.43%				\$30,518,782	0.41%	Miscellaneous Successor Agency
6) AERO UNION CORPORATION	1	\$115,953	0.00%	16	\$30,158,413	6.43%	\$30,274,366	0.40%	Unsecured Successor Agency
7) CHICO CROSSROADS LP	9	\$29,925,000	0.42%				\$29,925,000	0.40%	Commercial Successor Agency
8) NORTH VALLEY MALL LLC	5	\$25,884,577	0.37%				\$25,884,577	0.34%	Commercial Chico General Fund
9) COMCAST	1	\$567,466	0.01%	8	\$24,900,492	5.31%	\$25,467,958	0.34%	Unsecured Successor Agency
10) CARWOOD SKYPARK LLC ETAL	8	\$25,463,708	0.36%				\$25,463,708	0.34%	Commercial Successor Agency
Top Ten Total	161	\$280,835,437	3.98%	27	\$152,160,434	32.44%	\$432,995,871	5.76%	
City Total		\$7,049,451,255			\$469,016,601		\$7,518,467,856*		

**Value includes Outer TRAs*

Top Owners last edited on 9/18/20 by MaheaV using sales through 06/30/11 (Version R.1)

Data Source: Butte County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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Prepared On 9/25/2020 By MV

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Loans	Capital Leases	Revenue Bonds	Loans			
2011	106,955	51,153	-	-	13,693	171,801	2.33	1,977
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

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.

THE CITY OF CHICO

DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER \$100 OF TAXABLE VALUE)

Last 10 Fiscal Years										
Agency	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Basic Levy¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Butte College Debt	0.01305	0.01312	0.02088	0.02088	0.02088	0.02088	0.02088	0.04656	0.04132	0.00000
Butte College Election 2002	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02057
Butte College Election 2016	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02056
Chico Unified School District	0.02229	0.02631	0.02113	0.06368	0.04011	0.04513	0.02910	0.08167	0.08738	0.00000
Cusd Election 1998	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02271
Cusd Election 2012	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01130
Cusd Election 2016	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.05214
Total Direct & Overlapping² Tax Rates	1.03534	1.03944	1.04201	1.08456	1.06099	1.06601	1.04998	1.12823	1.12870	1.12727
City's Share of 1% Levy Per Prop 13³	0.12159	0.12152	0.11989	0.11989	0.11989	0.11989	0.11989	0.11989	0.11989	0.11989
Voter Approved City Debt Rate										
Redevelopment Rate⁴	1.00000	1.00000								
Total Direct Rate⁵	0.53496	0.53181	0.52958	0.11342	0.11281	0.11296	0.11239	0.11140	0.11208	0.11231

Notes:
¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.
³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.
⁴Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
⁵Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

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

	Fiscal Year									
	<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>
Total Assessed Valuation (less other exemptions)	\$ 7,079,798	\$ 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
Debt Limit - 15 Percent of Assessed Valuation (1)	\$ 1,061,970	\$ 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
Amount of Debt Applicable to Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,061,970	\$ 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
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:

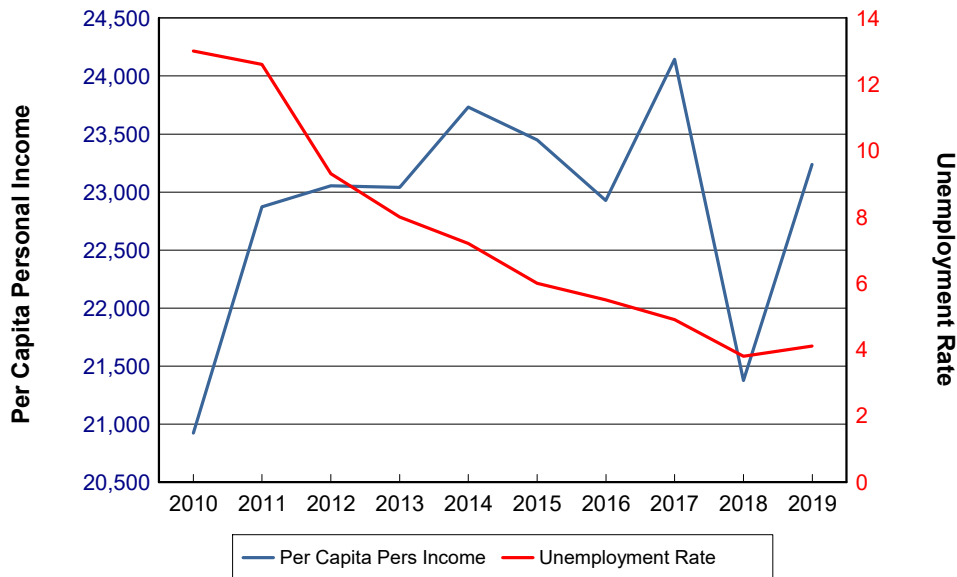
"A city shall not incur an indebtedness for public improvements which exceeds in the aggregate 15 percent of the assessed value of all real and personal property of the city. Within the meaning of this section 'indebtedness' means bonded indebtedness of the city payable from the proceeds of taxes levied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

THE CITY OF CHICO

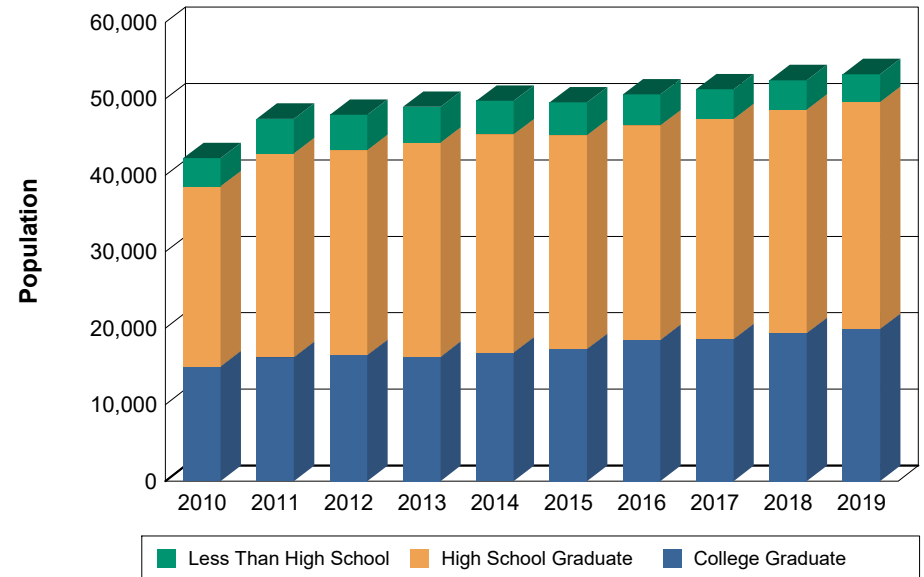
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2010	88,228	\$1,845,906	\$20,922	13.0%	25.3	91.3%	35.5%
2011	87,500	\$2,001,300	\$22,872	12.6%	28.2	90.5%	34.2%
2012	87,671	\$2,021,255	\$23,055	9.3%	28.4	90.4%	34.4%
2013	88,389	\$2,036,483	\$23,040	8.0%	28.8	90.5%	33.2%
2014	88,614	\$2,103,076	\$23,733	7.2%	29.3	91.2%	33.8%
2015	92,464	\$2,168,266	\$23,449	6.0%	29.4	91.4%	34.9%
2016	93,383	\$2,141,073	\$22,927	5.5%	29.7	92.0%	36.5%
2017	92,348	\$2,229,757	\$24,145	4.9%	29.8	92.4%	36.2%
2018	112,111	\$2,396,470	\$21,375	3.8%	29.9	92.7%	36.9%
2019	110,326	\$2,563,908	\$23,239	4.1%	29.8	93.2%	37.4%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



Notes and Data Sources:

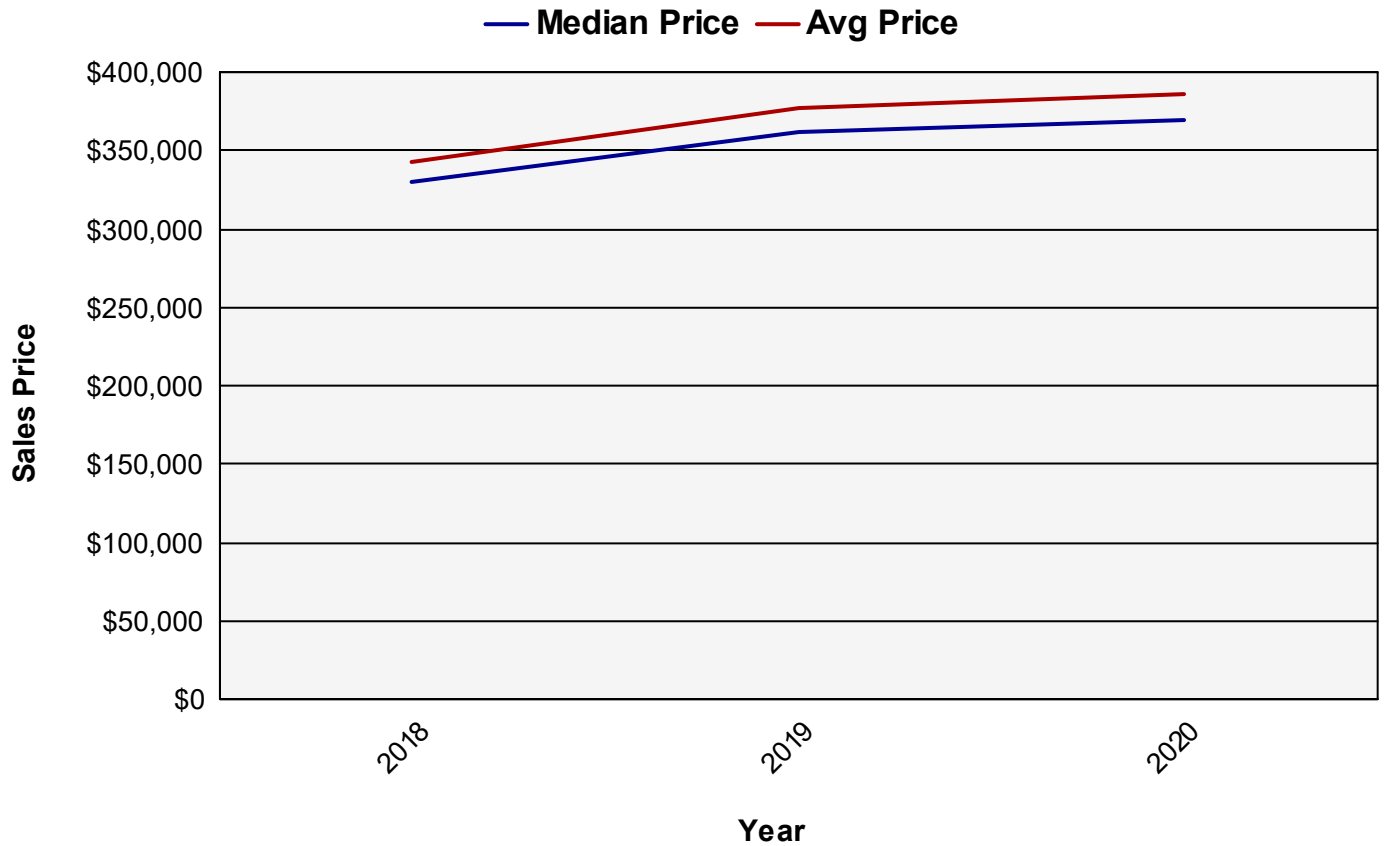
Population: California State Department of Finance. Unemployment Data: California Employment Development Department
 2000-2009 Income, Age, and Education Data: ESRI - *Demographic Estimates are based on the last available Census.* Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries
 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

THE CITY OF CHICO

SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2018 - 7/31/2020)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2018	1,440	\$342,463	\$329,500	
2019	1,558	\$376,875	\$361,250	9.64%
2020	678	\$385,475	\$370,000	2.42%



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

Data Source: Butte County Recorder

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Prepared On 9/25/2020 By MV

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

<u>Employer</u>	<u>2020¹</u>			<u>2011²</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
Total	8,828		21.53%	7,277		16.31%

¹ 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.

² 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, California
Full-time and Part-time City of Chico Employees by Function
Last Ten Fiscal Years

Function	Full-time and Part-time Employees									
	<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>
General government	45	45	42	29	29	31	30	30	31	31
Public safety										
Police	150 ⁴	148 ⁴	143 ⁴	131 ⁴	136 ⁴	143 ⁴	143 ⁴	148 ⁴	153 ⁴	154 ⁴
Fire	72	70	67	74	74	74	59	59	59	60
Public works	60	59	67 ²	69	69	72	73	73	76	81
Parks and recreation	21	21	21	12	13	13	14	14	13	14
Community development	6 ¹	8 ¹	36 ³	20	21	22	22	22	24	27
Sewer	15	16	0	0	0	0	0	0	0	0
Parking	2	2	0	0	0	0	0	0	0	0
Private development	31	24	0	0	0	0	0	0	0	0
Airport	0	0	0	0	0	0	2	0	0	2
Total	402	393	376	334	342	355	343	346	356	369

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 whole number. Hourly

- 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

Function	Fiscal Year									
	<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>
Police										
Calls for service*	131,709	129,790	132,143	132,030	126,577	131,077	135,013	126,669	128,699	129,340
Arrests*	5,539	5,272	4,762	4,965	5,150	4,696	6,243	7,120	9,386	9,280
Fire										
Service calls answered*	760	789	827	883	851	969	929	1,026	1037	1134
Medical emergencies*	7,922	8,498	8,969	8,919	9,390	9,696	9,537	8,751	8,428	5,365
Public works										
Street resurfacing (tons of asphalt)	635	683	1,070	491	1,092	1,196	1,401	550	323	575
Community development										
Annexation activity (net acreage)*	16,192	16,252	16,252	16,252	16,278	16,280	16,288	16,376	16,385	16,798
Code violation notices issued	476	260	355	361	434	441	175	214	120	462
Sewer										
Maximum daily treatment capacity (million gallons)	12	12	12	12	12	12	12	12	12	12
Parking										
Parking meter repairs	701	765	769	1090	1366	573 3	624	819	620	846
Private development										
Residential building permits*	105	117	211	226	242	317	306	401	348	311
Commercial building permits*	52	52	51	64	87	81	88	118	125	33
Airport										
Passengers per year (loading/unloading)	43,394 1	41,832 1	37,813 1	39,246 1	16,825 1	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, redevelopment and

Source: City of Chico departments.

- 1 - Represents passengers through December 2, 2014. Commercial air service terminated in its entirety as of
- 2 - Represents actual letter notices generated and sent. This amount does not reflect the verbal notices to gain
- 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

Function	Fiscal Year									
	<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>
Police										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	25	24	24	24	24	25	25	25	28	33
Fire										
Fire stations	6	6	6	6	6	6	4	4	4	4
Fire hydrants*	3,285	3,299	3,322	3,357	3,834	3896	4030	4042	4,148	4,136
Public works										
Street (miles)**	257.9	257.9	258.3	289.2	296.3	293.8	300	300.8	303.7	312.2
Traffic signals	98	99	99	100	101	102	102	103	103	103
Parks and recreation										
Park acreage***	3751.2	3751.2	3751.2	3679.0	3679.0	3836.0	3836.0	3836.0	3744.0	3744.0
Sanitary sewer (miles)	212.9	213.4	213.8	214.6	216.2	217.3	219.32	220.33	221.97	226.64
Storm sewer (miles)	221.8	222.4	222.8	223.4	225.6	226.67	228.4	229.33	230.94	235.55
Parking lots	5	5	5	5	5	5	5	5	5	5
Parking structures	1	1	1	1	1	1	1	1	1	1
Airport										
Runway lengths 13L/31R (feet)	6724	6724	6724	6724	6724	6724	6724	6724	6724	6724
Runway lengths 13R/31L (feet)	3005	3005	3005	3005	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.